



bringing pain relief closer to you

SINGAPORE PAINCARE HOLDINGS LIMITED

(Company Registration No.: 201843233N)
(Incorporated in Singapore on 31 December 2018)

**Placement of 24,246,000
Placement Shares at S\$0.22
for each Placement Share,
payable in full on application**



OFFER DOCUMENT DATED 13 JULY 2020

(Registered by the Singapore Exchange Securities Trading Limited (the "SGX-ST"), acting as agent on behalf of the Monetary Authority of Singapore (the "Authority") on 13 July 2020)

This offer is made in or accompanied by an offer document (the "Offer Document") that has been registered by the SGX-ST, acting as agent on behalf of the Authority on 13 July 2020. The registration of this Offer Document by the SGX-ST, acting as agent on behalf of the Authority does not imply that the Securities and Futures Act (Chapter 289) of Singapore, or any other legal or regulatory requirements, or requirements under the SGX-ST's listing rules, have been complied with.

This document is important. Before making any investment in the securities being offered, you should consider the information provided in this document carefully, and consider whether you understand what is described in this document. You should also consider whether an investment in the securities being offered is suitable for you, taking into account your investment objectives and risk appetite. If you are in any doubt as to the action you should take, you should consult your legal, financial, tax or other professional adviser(s). You are responsible for your own investment choices.

Novus Corporate Finance Pte. Ltd. (the "Sponsor") has made an application to the SGX-ST for permission to deal in, and for the listing and quotation of, all the ordinary shares (the "Shares") in the capital of Singapore Paincare Holdings Limited (the "Company") that are already issued and the new Shares which are the subject of this Placement (the "Placement Shares"), and the new Shares which may be issued under the SPCH Performance Share Plan (the "Performance Shares") and upon the exercise of the options to be granted under the SPCH Employee Share Option Scheme (the "Option Shares") on Catalist. Acceptance of applications will be conditional upon, *inter alia*, issue of the Placement Shares and permission being granted by the SGX-ST for the listing and quotation of all our existing issued

Shares, the Placement Shares, the Performance Shares and the Option Shares on Catalist. Monies paid in respect of any application accepted will be returned if the admission and listing do not proceed. The dealing in and quotation of the Shares will be in Singapore dollars.

Companies listed on Catalist may carry higher investment risk when compared with larger or more established companies listed on the Main Board of the SGX-ST. In particular, companies may list on Catalist without a track record of profitability and there is no assurance that there will be a liquid market in the shares or units of shares traded on Catalist. You should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with your professional adviser(s).

Neither the Authority nor the SGX-ST has examined or approved the contents of this Offer Document. Neither the Authority nor the SGX-ST assumes any responsibility for the contents of this Offer Document, including the correctness of any of the statements or opinions made or reports contained in this Offer Document. The SGX-ST does not normally review the application for admission to Catalist but relies on the Sponsor confirming that the Company is suitable to be listed and complies with the Catalist Rules (as defined herein). Neither the Authority nor the SGX-ST has in any way considered the merits of the Shares or units of Shares being offered for investment.

We have not lodged this Offer Document in any other jurisdiction.

INVESTING IN OUR SHARES INVOLVES RISKS WHICH ARE DESCRIBED IN THE SECTION ENTITLED "RISK FACTORS" OF THIS OFFER DOCUMENT.

After the expiration of six months from the date of registration of this Offer Document, no person shall make an offer of securities, or allot, issue or sell any securities, on the basis of this Offer Document; and no officer or equivalent person or promoter of our Company will authorise or permit the offer of any securities or the allotment, issue or sale of any securities, on the basis of this Offer Document.

Sponsor and Issue Manager



NOVUS CORPORATE FINANCE PTE. LTD.

(Company Registration No.: 201723484W)
(Incorporated in the Republic of Singapore)

Placement Agent



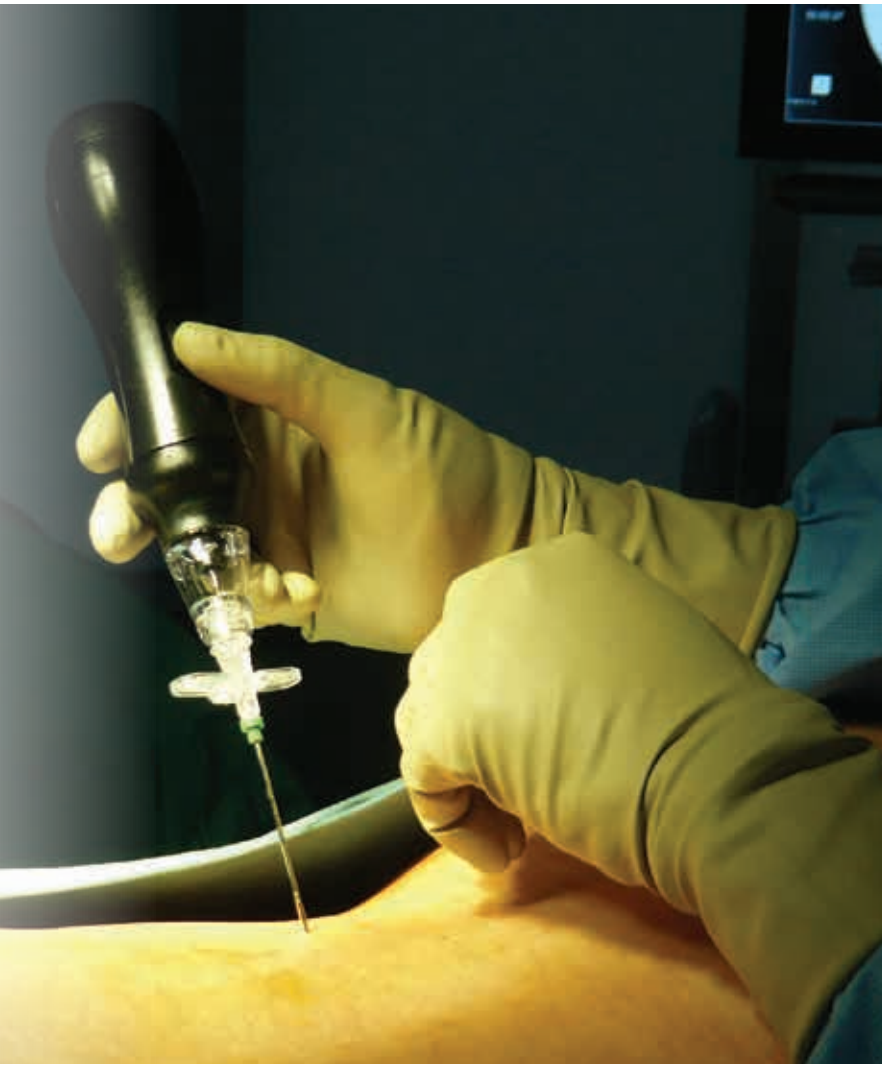
UOB KAY HIAN PRIVATE LIMITED

(Company Registration No.: 197000447W)
(Incorporated in the Republic of Singapore)

ABOUT SINGAPORE PAINCARE HOLDINGS LIMITED

We are a medical services group engaged in the following services:

- Pain care services.** We focus on the treatment of patients suffering from chronic pain. Our pain care services include, among others, minimally invasive procedures, cancer pain treatment, specialised injections, pharmacotherapy, and cognitive behavioural therapy.
- Primary care and other services.** We provide general medical consultations, management of chronic and acute conditions, and dermatology services. Through our Associated Company, we also provide health screening services.

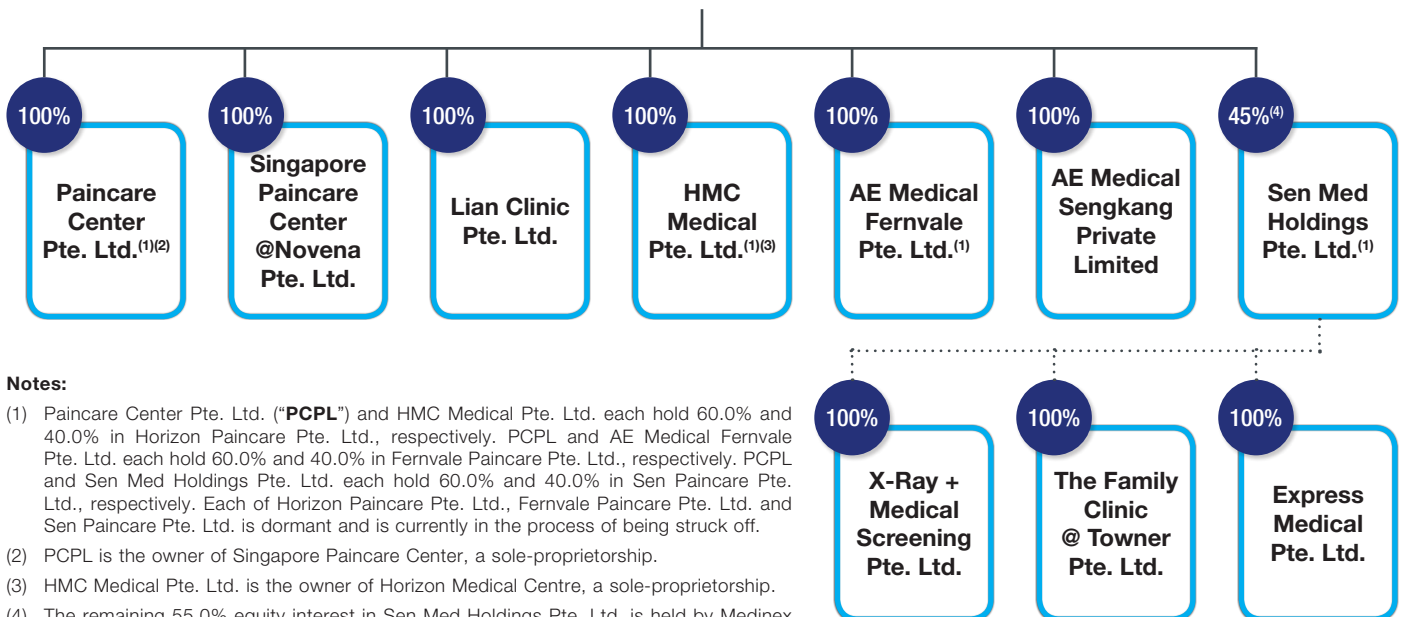


OUR GROUP STRUCTURE



bringing pain relief closer to you

SINGAPORE PAINCARE HOLDINGS LIMITED



Notes:

- (1) Paincare Center Pte. Ltd. ("PCPL") and HMC Medical Pte. Ltd. each hold 60.0% and 40.0% in Horizon Paincare Pte. Ltd., respectively. PCPL and AE Medical Fernvale Pte. Ltd. each hold 60.0% and 40.0% in Fernvale Paincare Pte. Ltd., respectively. PCPL and Sen Med Holdings Pte. Ltd. each hold 60.0% and 40.0% in Sen Paincare Pte. Ltd., respectively. Each of Horizon Paincare Pte. Ltd., Fernvale Paincare Pte. Ltd. and Sen Paincare Pte. Ltd. is dormant and is currently in the process of being struck off.
- (2) PCPL is the owner of Singapore Paincare Center, a sole-proprietorship.
- (3) HMC Medical Pte. Ltd. is the owner of Horizon Medical Centre, a sole-proprietorship.
- (4) The remaining 55.0% equity interest in Sen Med Holdings Pte. Ltd. is held by Medinex Limited, a company listed on Catalist.



COMPETITIVE STRENGTHS

A medical services group at the forefront of providing accessible pain care treatment in Singapore and providing alternative non-surgical treatment solutions for chronic pain patients

- We are one of the few medical services groups in Singapore focused on providing pain care treatments by either removing pain generators and/or interrupting pain signals through, among others, minimally invasive procedures and specialised injections.
- Bridging the gap between using open surgery which may entail higher risks and longer recovery periods, and conservative physical therapies which may not be as immediately effective, to treat pain.

We believe that we are able to uphold patient care and outcome satisfaction through regular training, stringent management and clinical standards

- The SPCH medical practitioners have undergone, in aggregate approximately 180 hours of initial training with Dr. Bernard Lee, our Executive Director and Chief Executive Officer in respect of pain care services, and continue to receive on-going training.
- Our clinics adhere strictly to stringent clinical standards imposed by various healthcare authorities in Singapore in respect of clinical governance.

A team of qualified, experienced and committed medical practitioners

- Our Executive Directors, Dr. Bernard Lee and Dr. Jeffrey Loh, collectively have more than 35 years of experience in the medical industry, and the SPCH medical practitioners have approximately between 12 to 28 years of experience in the medical industry.

PROSPECTS

Spread or outbreak of any infectious diseases such as Covid-19

- Governments of multiple countries around the world, including Singapore, imposed travel restrictions and lock-down measures in response to COVID-19.
- Due to the recommendations from the MOH to limit healthcare to essential services and the travel restrictions, the SPCH specialist clinics, the SPCH medical clinics and the clinic and/or facilities of our Associated Company, have generally experienced a decrease in number of patients.
- However, our Group's operations generally remain essential services, and as such, any impact of Covid-19 on our Group is not expected to be long term.

Rising income and educational levels

- The rising income levels, rising affluence and higher educational standards in Singapore increases the affordability, awareness of, and drive the demand for, high quality and comprehensive medical services.

Increasing ageing population and chronic disease prevalence

- While life expectancy in Singapore has increased, gains in life expectancy have not been matched by gains in healthy life expectancy.
- As Singapore's population ages, it is expected that there could be a corresponding increase in chronic ailments for which pain may be a symptom.

Long-term growth in the medical tourism industry

- The efforts of the Singapore government to promote medical tourism in Singapore will likely boost medical travel and encourage foreign patients to seek out medical treatment in Singapore.

Increasing number of insured patients in Singapore and the region

- The total personal accident and health premium in Southeast Asia is expected to grow between 2010 to 2020.
- Singaporeans becoming more well insured would likely increase their willingness and ability to seek out private healthcare services such as those offered by our Group.



OUR BUSINESS STRATEGIES AND FUTURE PLANS

Expand the range of pain care services which we provide to become a one-stop centre for pain care treatment

- May expand services to provide pain treatments which are alternatives to western medicines such as TCM, as well as other non-medical services such as physiotherapy and rehabilitation services.
- May provide pain education services such as pain accreditation training workshops to other medical practitioners.

Expand our business operations locally and regionally

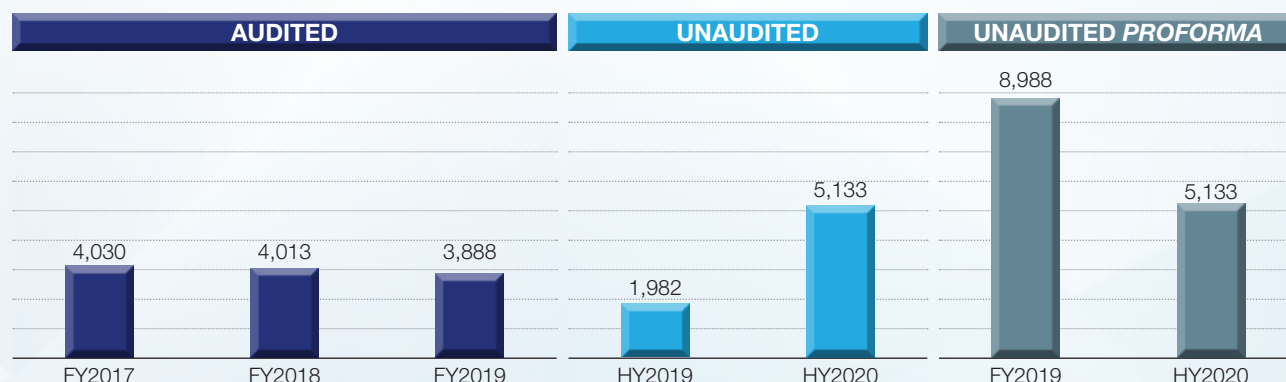
- Intend to expand our present business operations organically through the incorporation of new clinics or the expansion of our existing clinics, or inorganically through franchising, joint ventures, acquisitions or strategic alliances.
- Intend to acquire new pain specialists clinics and/or clinics in other residential areas in Singapore (where we do not already have a presence) to increase the accessibility of pain care treatment for pain sufferers.
- May expand our business in the region to countries such as Indonesia, the Philippines, Malaysia, Vietnam and the People's Republic of China.

Grow our Group's patient base

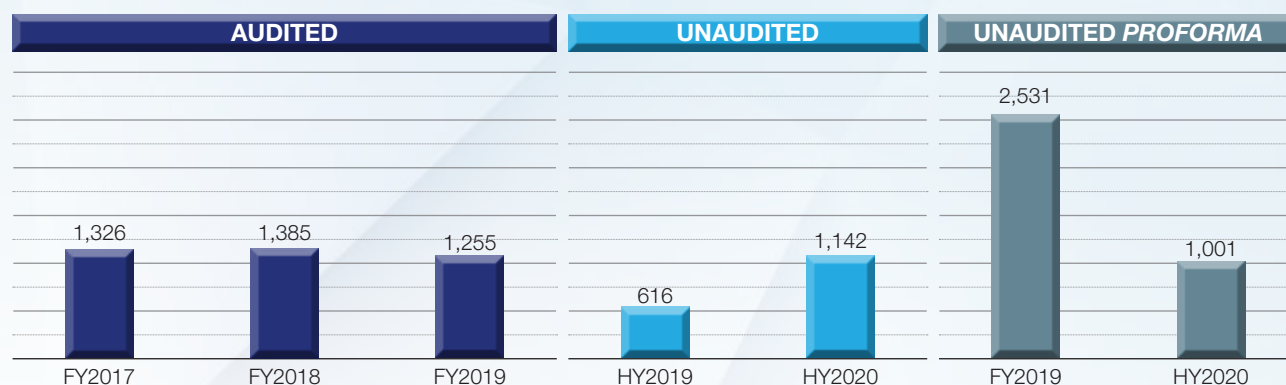
- Intend to diversify our patient base for pain care services, which presently comprises mainly of individual patients, to include more corporate clients.
- Increase awareness of the medical conditions treated and services provided by our Group through holding seminars and talks on our capabilities at corporate events.

FINANCIAL HIGHLIGHTS⁽¹⁾

REVENUE (S\$'000)



PROFIT ATTRIBUTABLE TO OWNERS OF OUR COMPANY (S\$'000)



Note:

(1) Please refer to Appendices A, B and C of the Offer Document for further details.



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CORPORATE INFORMATION

BOARD OF DIRECTORS	:	Ms. Lai Chin Yee (Non-executive Chairman and Independent Director) Dr. Lee Mun Kam Bernard (Executive Director and Chief Executive Officer) Dr. Loh Foo Keong Jeffrey (Executive Director and Chief Operating Officer) Mr. Chong Weng Hoe (Independent Non-executive Director) Mr. Yap Beng Tat, Richard (Ye Mingda, Richard) (Independent Non-executive Director)
COMPANY SECRETARY	:	Wong Yoen Har (member of the Chartered Secretaries Institute of Singapore)
REGISTERED OFFICE	:	150 Orchard Road #07-18 Orchard Plaza Singapore 238841
SPONSOR AND ISSUE MANAGER	:	Novus Corporate Finance Pte. Ltd. 9 Raffles Place #17-05 Republic Plaza Tower 1 Singapore 048619
PLACEMENT AGENT	:	UOB Kay Hian Private Limited 8 Anthony Road #01-01 Singapore 229957
SOLICITORS TO THE PLACEMENT AND LEGAL ADVISER TO OUR COMPANY ON SINGAPORE LAW	:	Baker & McKenzie.Wong & Leow 8 Marina Boulevard #05-01 Marina Bay Financial Centre Tower 1 Singapore 018981
INDEPENDENT AUDITORS AND REPORTING ACCOUNTANTS	:	BDO LLP 600 North Bridge Road #23-01 Parkview Square Singapore 188778 Partner-in-charge: Leong Hon Mun Peter (a member of the Institute of Singapore Chartered Accountants)
SHARE REGISTRAR AND SHARE TRANSFER AGENT	:	Boardroom Corporate & Advisory Services Pte. Ltd. 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623
RECEIVING BANKER	:	Oversea-Chinese Banking Corporation Limited 63 Chulia Street #06-00 OCBC Centre East Singapore 049514

DEFINITIONS

In this Offer Document and the accompanying Application Forms, unless the context otherwise requires, the following definitions apply throughout where the context so admits:

Companies within our Group and our Associated Company

<i>“AE Medical Fernvale”</i>	:	AE Medical Fernvale Pte. Ltd.
<i>“AE Medical Sengkang”</i>	:	AE Medical Sengkang Private Limited
<i>“Company”</i>	:	Singapore Paincare Holdings Limited
<i>“HMC Medical”</i>	:	HMC Medical Pte. Ltd.
<i>“LCPL”</i>	:	Lian Clinic Pte. Ltd.
<i>“PCN”</i>	:	Singapore Paincare Center@Novena Pte. Ltd.
<i>“PCPL”</i>	:	Paincare Center Pte. Ltd.
<i>“Sen Med”</i>	:	Sen Med Holdings Pte. Ltd., our Associated Company

Other Companies, Organisations and Agencies

<i>“Acctax”</i>	:	Acctax Management Consultancy Private Limited with its registered address at 338 Ang Mo Kio Avenue 1, #01-1647, Singapore 560338
<i>“Authority”</i>	:	Monetary Authority of Singapore
<i>“CDP” or “Depository”</i>	:	The Central Depository (Pte) Limited
<i>“CPF”</i>	:	Central Provident Fund
<i>“HCSS”</i>	:	HC Surgical Specialists Limited
<i>“IRAS”</i>	:	Inland Revenue Authority of Singapore
<i>“Issue Manager”, “Sponsor” or “NCF”</i>	:	Novus Corporate Finance Pte. Ltd.
<i>“MedBridge Marketing”</i>	:	MedBridge Marketing Pte. Ltd. (formerly known as Paincare Marketing Int’l Pte. Ltd.)
<i>“PCC”</i>	:	Paincare Consultancy Pte. Ltd.
<i>“PCMS”</i>	:	Paincare Medical Services Pte. Ltd.
<i>“Placement Agent” or “UOBKH”</i>	:	UOB Kay Hian Private Limited

DEFINITIONS

<i>“RKH”</i>	:	Ryobi Kiso Holdings Ltd.
<i>“RSM Risk Advisory”</i>	:	RSM Risk Advisory Pte. Ltd. with its registered address at 8 Wilkie Road, #03-08 Wilkie Edge, Singapore 228095
<i>“SGX-ST” or “Exchange”</i>	:	Singapore Exchange Securities Trading Limited
<i>“Share Registrar”</i>	:	Boardroom Corporate & Advisory Services Pte. Ltd.
<i>“Shine Medi-Capital”</i>	:	Shine Medi-Capital Pte. Ltd.
<i>“Shinex Capital”</i>	:	Shinex Capital Pte. Ltd.
<i>“SPCA”</i>	:	Singapore Paincare Associates Pte. Ltd.

General

<i>“Adjustment Events”</i>	:	Has the meaning ascribed to it in the section entitled “Selected Combined Financial Information” of this Offer Document
<i>“Administration Committee”</i>	:	Comprising the members of the Nominating Committee and the Remuneration Committee of our Company
<i>“Application Forms”</i>	:	The printed application forms to be used for the Placement Shares and which form part of this Offer Document
<i>“Application List”</i>	:	The list of applications for the subscription of the Placement Shares
<i>“Associate”</i>	:	As defined in the Securities and Futures Regulations: (a) in relation to an entity means: (i) in a case where the entity is a substantial shareholder, controlling shareholder, substantial interest-holder or controlling interest-holder, its related corporation, related entity, associated company or associated entity; or (ii) in any other case: (A) a director or an equivalent person, (B) where the entity is a corporation, a controlling shareholder, (C) where the entity is not a corporation, a controlling interest-holder, (D) a subsidiary, a subsidiary entity, an associated company, or an associated entity, or (E) a subsidiary, a subsidiary entity, an associated company, or an associated entity, of the controlling shareholder or controlling interest-holder, as the case may be, of the entity;

DEFINITIONS

(b) in relation to any individual means:

- (i) any member of the individual's immediate family;
- (ii) any trustee of any trust of which the individual or any member of the individual's immediate family is (A) a beneficiary, or (B) where the trust is a discretionary trust, a discretionary object, when the trustee acts in that capacity, or
- (iii) any corporation in which the individual, one or more members of the individual's immediate family, or the individual and one or more members of the individual's immediate family together, whether directly or indirectly, has or have interests in voting shares of an aggregate of not less than 30.0% of the total votes attached to all voting shares,

or, if the context so requires, may have the meaning ascribed to it in the Catalist Rules

<i>"Associated Company"</i>	:	In relation to a company, means a company in which at least 20.0% but not more than 50.0% of its shares are held by the listed company or group, or such other definition as set out in the Securities and Futures Regulations
<i>"Audit Committee"</i>	:	The audit committee of our Company as at the date of this Offer Document
<i>"Awards"</i>	:	The awards which may be granted pursuant to the Performance Share Plan
<i>"Board" or "Board of Directors"</i>	:	The board of Directors of our Company as at the date of this Offer Document, unless otherwise stated
<i>"Catalist"</i>	:	The sponsor-supervised listing platform of the SGX-ST
<i>"Catalist Rule" or "Catalist Rules"</i>	:	Any or all of the rules in the SGX-ST Listing Manual Section B: Rules of Catalist, as the case may be
<i>"Companies Act"</i>	:	The Companies Act (Chapter 50) of Singapore, as amended, supplemented or modified from time to time
<i>"Consideration Shares"</i>	:	The 3,458 new shares issued in favour of Dr. Bernard Lee pursuant to the IP Assignment
<i>"Constitution"</i>	:	Constitution of our Company, as amended, supplemented or modified from time to time

DEFINITIONS

<i>“Consultancy Agreement”</i>	:	The consultancy agreement entered into between the Consultant, PCPL and PCN dated 30 December 2018, in respect of the consultancy services provided by the Consultant in connection with the Placement
<i>“Consultant”</i>	:	Tan Lee Meng c/o 111 North Bridge Road #23-04 Peninsula Plaza Singapore 179098
<i>“Controlling Shareholder”</i>	:	As defined in the Catalist Rules, a person who: (a) holds directly or indirectly 15.0% or more of the nominal amount of all voting shares in the company. The SGX-ST may determine that a person who satisfies this paragraph is not a controlling shareholder; or (b) in fact exercises control over a company
<i>“Conversion Shares”</i>	:	The 20,454,542 new shares issued in connection with the conversion of the Redeemable Convertible Loan
<i>“Convertible Loan Agreement”</i>	:	The convertible loan agreement dated 30 July 2019, and as amended on 12 May 2020, entered into between our Company and the Pre-Placement Investors in respect of the Redeemable Convertible Loan
<i>“Director”</i>	:	A director of our Company as at the date of this Offer Document
<i>“EPS”</i>	:	Earnings per Share
<i>“Executive Directors”</i>	:	The executive Directors of our Company as at the date of this Offer Document, unless otherwise stated
<i>“Executive Officers”</i>	:	The executive officers of our Company as at the date of this Offer Document, who are also key executives as defined under the Securities and Futures Regulations, unless otherwise stated
<i>“FY”</i>	:	Financial year ended or, as the case may be, ending 30 June
<i>“GST”</i>	:	Goods and Services Tax
<i>“HY”</i>	:	Half year period ended or, as the case may be, ending 31 December

DEFINITIONS

<i>“Independent Directors”</i>	:	The independent, Non-executive Directors of our Company as at the date of this Offer Document, unless otherwise stated
<i>“IP Assignment”</i>	:	The assignment of trademarks under the application numbers T1415309G, 40201506243Y and T1308386I under the deed of assignment dated 10 March 2020 entered into between MedBridge Marketing and our Company
<i>“ISCA”</i>	:	Institute of Singapore Chartered Accountants
<i>“Latest Practicable Date”</i>	:	15 June 2020, being the latest practicable date before the lodgement of this Offer Document with the SGX-ST
<i>“Listing”</i>	:	The listing of the Shares on Catalist
<i>“Management Agreement”</i>	:	The full sponsorship and management agreement dated 13 July 2020 between our Company and NCF pursuant to which NCF shall sponsor and manage the Listing as described in the sections entitled “Plan of Distribution” and “General and Statutory Information – Management and Placement Arrangements” of this Offer Document
<i>“Market Day”</i>	:	A day on which the SGX-ST is open for trading in securities
<i>“Medical and Ethics Committee”</i>	:	The committee which oversees our Group’s clinical practices, standards and governance
<i>“NAV”</i>	:	Net asset value
<i>“Nominating Committee”</i>	:	The nominating committee of our Company as at the date of this Offer Document
<i>“Non-executive Directors”</i>	:	The non-executive Directors of our Company (including the Independent Directors) as at the date of this Offer Document, unless otherwise stated
<i>“NTA”</i>	:	Net tangible assets
<i>“Offer Document”</i>	:	This offer document dated 13 July 2020 issued by our Company in respect of the Placement
<i>“Option(s)”</i>	:	The share options which may be granted pursuant to the Share Option Scheme
<i>“Option Shares”</i>	:	The new Shares which may be issued and allotted upon exercise of the Options

DEFINITIONS

<i>“PER”</i>	:	Price earnings ratio
<i>“Period Under Review”</i>	:	The period comprising FY2017, FY2018, FY2019 and HY2020
<i>“Performance Share Plan”</i>	:	The SPCH Performance Share Plan
<i>“Performance Shares”</i>	:	The new Shares which may be issued and allotted pursuant to the Performance Share Plan
<i>“Placement”</i>	:	The placement of the Placement Shares by the Placement Agent on behalf of our Company for subscription at the Placement Price subject to and on the terms and conditions set out in this Offer Document
<i>“Placement Agreement”</i>	:	The placement agreement dated 13 July 2020 entered into between our Company and the Placement Agent pursuant to which the Placement Agent shall subscribe and/or procure subscribers for the Placement Shares at the Placement Price as described in the sections entitled “Plan of Distribution” and “General and Statutory Information – Management and Placement Arrangements” of this Offer Document
<i>“Placement Price”</i>	:	S\$0.22 for each Placement Share
<i>“Placement Shares”</i>	:	The 24,246,000 new Shares which are the subject of the Placement
<i>“Pre-Placement Investors”</i>	:	Medinex Limited, Shinex Capital, Lim Ewe Ghee, Sia Ling Sing, Lim Bee Leng Stephanie, Kum Shen Wei Ronald, and Lim Kheng Moh
<i>“Redeemable Convertible Loan”</i>	:	The redeemable convertible loan of an aggregate sum of S\$2,700,000, convertible into the Conversion Shares at 13.20 cents per Conversion Share upon the terms and conditions of the Convertible Loan Agreement
<i>“Relevant Shares”</i>	:	The 90,000 new Shares issued and allotted to Dr. Bernard Lee, Dr. Jeffrey Loh, Dr. Wong Shing Yip, Dr. Huang Guoliang, Eugene, Dr. Chee Hsing Gary Andrew, Dr. Lee Peng Khow, HCSS and Dr. Jitendra Kumar Sen, pursuant to the terms of the Restructuring Agreement
<i>“Remuneration Committee”</i>	:	The remuneration committee of our Company as at the date of this Offer Document

DEFINITIONS

<i>“Restructuring Agreement”</i>	:	The restructuring agreement dated 5 July 2019, and as amended and restated on 1 April 2020, entered into between our Company, Dr. Bernard Lee, Dr. Jeffrey Loh, Wong Jing Yi Joyce, Dr. Wong Shing Yip, Dr. Huang Guoliang, Eugene, Dr. Chee Hsing Gary Andrew, Dr. Lee Peng Khow, HCSS, and Dr. Jitendra Kumar Sen in connection with the Restructuring Exercise
<i>“Restructuring Exercise”</i>	:	The restructuring exercise implemented in connection with the Listing, more fully described in the section entitled “Restructuring Exercise” of this Offer Document
<i>“Securities Account”</i>	:	The securities account maintained by a Depositor with CDP but does not include a securities sub-account
<i>“Securities and Futures Act”</i>	:	The Securities and Futures Act (Chapter 289) of Singapore, as amended, supplemented or modified from time to time
<i>“Securities and Futures Regulations”</i>	:	The Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore, as amended, supplemented or modified from time to time
<i>“Service Agreements”</i>	:	The service agreements entered into between, among others, our Company and each of Dr. Bernard Lee, Dr. Jeffrey Loh, and Ms. Ng Phick Suan, as described in the section entitled “Directors, Executive Officers and Employees – Service Agreements” of this Offer Document
<i>“SFRS(I)”</i>	:	Singapore Financial Reporting Standards (International)
<i>“SGXNET”</i>	:	Singapore Exchange Network, a system network used by listed companies in sending information and announcements to the SGX-ST or any other system networks prescribed by the SGX-ST
<i>“Share(s)”</i>	:	Ordinary share(s) in the capital of our Company
<i>“Shareholder(s)”</i>	:	Registered holders of Shares, except where the registered holder is CDP, the term “Shareholder” shall, in relation to such Shares mean the Depositors whose Securities Accounts are credited with Shares
<i>“Share Option Scheme”</i>	:	The SPCH Employee Share Option Scheme
<i>“Share Split”</i>	:	The sub-division of each existing issued share capital of our Company into 1,095 ordinary shares in the capital of our Company

DEFINITIONS

<i>“SPCH Medical Clinics”</i>	:	Lian Clinic, Horizon Medical Centre, AE Medical Clinic and New City Skin Clinic
<i>“SPCH medical practitioners”</i>	:	Comprises Dr. Bernard Lee, Dr. Jeffrey Loh, Dr. Wong Shing Yip, Dr. Huang Guoliang, Eugene, Dr. Chee Hsing Gary Andrew, Dr. Lee Peng Khow and Dr. Jitendra Kumar Sen
<i>“SPCH Specialist Clinics”</i>	:	Singapore Paincare Center and Paincare Center
<i>“Substantial Shareholders”</i>	:	Persons who have an interest in one or more voting shares, and the total votes attaching to that share or those shares, represent not less than 5.0% of the total votes attaching to all the voting shares in our Company
<i>“Take-Over Code”</i>	:	The Singapore Take-Over Code on Take-Overs and Mergers, as amended, supplemented or modified from time to time
<i>“Tax Indemnity”</i>	:	Has the meaning ascribed to it in the section entitled “Risk Factors – Risks relating to our Business – We may be subject to penalties imposed by the IRAS” of this Offer Document
<i>“TLM Consultancy Fees”</i>	:	The consultancy fees payable to the Consultant in connection with the Placement, as described in the section entitled “Use of Proceeds and Listing Expenses” of this Offer Document
<i>“TLM Shares”</i>	:	The 3,636,364 new Shares issued and allotted by our Company to the Consultant in connection with the TLM Consultancy Fees
<i>“YA”</i>	:	Years of assessment

Currencies, Units and Others

<i>“S\$” and “cents”</i>	:	Singapore dollars and cents respectively
<i>“%” or “per cent.”</i>	:	Per centum
<i>“sq m”</i>	:	Square metres

For the purpose of this Offer Document, the following persons named in the second column below are also known by the names set out in the first column:

Name used in this Offer Document	Name in National Registration Identity Card
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<i>“Dr. Bernard Lee”</i>	:	Lee Mun Kam Bernard
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DEFINITIONS

“Dr. Jeffrey Loh” : Loh Foo Keong Jeffrey

“Mr. Richard Yap” : Yap Beng Tat, Richard (Ye Mingda, Richard)

The expressions “associated entity”, “related corporation” and “Subsidiary” shall have the meanings ascribed to them respectively in the Securities and Futures Act, the Securities and Futures Regulations, the Companies Act and/or the Catalist Rules, as the case may be.

The expressions “Depositor”, “Depository Agent” and “Depository Register” shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act.

References in this Offer Document to Appendix or Appendices are references to an appendix or appendices respectively to this Offer Document.

Any discrepancies in tables included herein between the total sum of amounts listed and the totals thereof are due to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall include corporations.

Any reference in this Offer Document and the Application Forms to any statute or enactment is a reference to that statute or enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the Securities and Futures Act, the Securities and Futures Regulations or any statutory modification thereof and used in this Offer Document and the Application Forms shall, where applicable, have the meaning ascribed to it under the Companies Act, the Securities and Futures Act, the Securities and Futures Regulations or any statutory modification thereto, as the case may be.

Any reference in this Offer Document and the Application Forms to Shares being allotted to you includes allotment to CDP for your account.

Any reference to a time of day in this Offer Document and the Application Forms is a reference to Singapore time unless otherwise stated.

Any reference in this Offer Document to “we”, “our”, “us” or their other grammatical variations is a reference to our Company, our Group, or any member of our Group, as the context requires.

Unless we indicate otherwise, all information in this Offer Document is presented on the basis of our Group comprising of our Company and our Subsidiaries, namely, PCPL, PCN, LCPL, AE Medical Fernvale, AE Medical Sengkang and HMC Medical, save in relation to the combined financial statements for FY2017, FY2018 and FY2019 (including the combined financial statements for HY2019) where our Group refers to our Company and our Subsidiaries, namely, PCPL and PCN.

GLOSSARY OF TECHNICAL TERMS

To facilitate a better understanding of the business of our Group, the following glossary provides a description of some of the technical terms and abbreviations commonly used in our industry. The terms and abbreviations and their assigned meanings may not correspond to standard industry or common meanings or usage of these terms.

<i>“epidural”</i>	:	On or around the dura mater, in particular (of an anaesthetic) introduced into the space around the dura mater of the spinal cord
<i>“cerebrospinal”</i>	:	Relating to the brain and spine
<i>“dura mater”</i>	:	A thick membrane made of dense irregular connective tissue that surrounds the brain and spinal cord
<i>“Dip (Family Medicine)”</i>	:	Diploma in Family Medicine
<i>“FFPMANZCA (ANZCA, Australia)”</i>	:	Fellow of the Faculty of Pain Medicine, Australian and New Zealand College of Anaesthetists
<i>“hernia”</i>	:	When an organ or fatty tissue squeezes through a weak spot in a surrounding muscle or connective tissue
<i>“myofascial”</i>	:	Of or relating to muscles
<i>“MBBS”</i>	:	Bachelor of Medicine and Bachelor of Surgery
<i>“M Med (Anaes)”</i>	:	Master of Medicine (Anaesthesia)
<i>“M Med (Family Medicine)”</i>	:	Master of Medicine (Family Medicine)
<i>“MRCP (UK)”</i>	:	Membership of the Royal Colleges of Physicians of the United Kingdom
<i>“MOH”</i>	:	Ministry of Health of Singapore
<i>“NEHR”</i>	:	National Electronic Health Record
<i>“pharmacotherapy”</i>	:	The use of medication to treat disease
<i>“PG Dip (Clinical Derm)”</i>	:	Postgraduate Diploma in Clinical Dermatology
<i>“PHPC”</i>	:	Public Health Preparedness Clinic
<i>“PRP”</i>	:	Platelet Rich Plasma
<i>“RFA”</i>	:	Radio Frequency Ablation
<i>“SCS”</i>	:	Spinal Cord Stimulator
<i>“SMA”</i>	:	Singapore Medical Association
<i>“SMC”</i>	:	Singapore Medical Council
<i>“TCM”</i>	:	Traditional Chinese Medicine

CAUTIONARY NOTE ON FORWARD LOOKING STATEMENTS

All statements contained in this Offer Document, statements made in press releases and oral statements that may be made by us or our Directors, Executive Officers or employees acting on our behalf, that are not statements of historical fact, constitute “forward-looking statements”. You can identify some of these forward-looking statements by terms such as “expects”, “believes”, “plans”, “intends”, “estimates”, “anticipates”, “may”, “will”, “would” and “could” or similar words. However, you should note that these words are not the exclusive means of identifying forward-looking statements. All statements regarding our expected financial position, business strategies, plans and prospects are forward-looking statements.

These forward-looking statements, including without limitation, statements as to our revenue and profitability, planned strategy and anticipated expansion plans, trends in demand and costs, expected industry prospects and trends as well as any other matters discussed in this Offer Document regarding matters that are not historical fact are only predictions.

These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expected, expressed or implied by these forward-looking statements. These risks, uncertainties and other factors include, *inter alia*, the following:

- (a) changes in political, social and economic conditions, the regulatory environment, laws and regulations and interpretation thereof in the jurisdictions where we conduct business or expect to conduct business;
- (b) the risk that we may be unable to realise our anticipated growth strategies and expected internal growth;
- (c) changes in the availability and cost of professional staff which we require to operate our business;
- (d) changes in clients’ preferences and needs;
- (e) changes in competitive conditions and our ability to compete under such conditions;
- (f) changes in our future capital needs and the availability of financing and capital to fund such needs;
- (g) changes in currency exchange rates; and
- (h) other factors beyond our control.

Some of these risk factors are discussed in greater detail in this Offer Document, in particular, but not limited to, the discussions under the sections entitled “Risk Factors” and “General Information on Our Group” of this Offer Document. All forward-looking statements by or attributable to us, or persons acting on our behalf, contained in this Offer Document are expressly qualified in their entirety by such factors. These forward-looking statements are applicable only as of the date of this Offer Document.

Given the risks and uncertainties that may cause our actual future results, performance or achievements to be materially different from that expected, expressed or implied by the forward-looking statements in this Offer Document, undue reliance must not be placed on these statements. None of us, the Sponsor and Issue Manager, the Placement Agent nor any other

CAUTIONARY NOTE ON FORWARD LOOKING STATEMENTS

person represents or warrants that our Group's actual future results, performance or achievements will be as discussed in those statements.

Our actual future results may differ materially from those anticipated in these forward-looking statements as a result of the risks faced by us. We, the Sponsor and Issue Manager, and the Placement Agent disclaim any responsibility to update any of those forward-looking statements or publicly announce any revisions to those forward-looking statements to reflect future developments, events or circumstances, even if new information becomes available or other events occur in the future.

We are, however, subject to the provisions of the Securities and Futures Act, the Securities and Futures Regulations and the Catalist Rules regarding corporate disclosure. In particular, pursuant to Section 241 of the Securities and Futures Act, if after this Offer Document is registered by the SGX-ST, acting as agent on behalf of the Authority, but before the close of the Placement, we become aware of:

- (a) a false or misleading statement or matter in this Offer Document;
- (b) an omission from this Offer Document of any information that should have been included in it under Section 243 of the Securities and Futures Act; or
- (c) a new circumstance that has arisen since this Offer Document was lodged with the SGX-ST, acting as agent on behalf of the Authority and would have been required by Section 243 of the Securities and Futures Act, the Securities and Futures Regulations or the Catalist Rules to be included in this Offer Document if it had arisen before this Offer Document was lodged,

and that is materially adverse from the point of view of an investor, we may lodge a supplementary or replacement offer document with the SGX-ST, acting as agent on behalf of the Authority.

SELLING RESTRICTIONS

This Offer Document does not constitute an offer, solicitation or invitation to subscribe for our Placement Shares in any jurisdiction in which such offer, solicitation or invitation is unlawful or is not authorised or to any person to whom it is unlawful to make such offer, solicitation or invitation. No action has been or will be taken under the requirements of the legislation or regulations of Singapore, or of the legal or regulatory requirements of any jurisdiction, except for the lodgement and/or registration of this Offer Document in Singapore in order to permit an offering of our Placement Shares and the distribution of this Offer Document in Singapore. The distribution of this Offer Document and the offering of our Placement Shares in certain jurisdictions may be restricted by the relevant laws in such jurisdictions. Persons who may come into possession of this Offer Document are required by us, the Sponsor and Issue Manager, and the Placement Agent to inform themselves about, and to observe and comply with, any such restrictions at their own expense and without liability to us, the Sponsor and Issue Manager, and the Placement Agent. Persons to whom a copy of this Offer Document has been issued shall not circulate to any other person, reproduce or otherwise distribute this Offer Document or any information herein for any purpose whatsoever nor permit or cause the same to occur.

DETAILS OF THE PLACEMENT

LISTING ON CATALIST

A copy of this Offer Document has been lodged with and registered by the SGX-ST, acting as agent on behalf of the Authority. The registration of this Offer Document by the SGX-ST, acting as agent on behalf of the Authority does not imply that the Securities and Futures Act, the Securities and Futures Regulations, the Catalist Rules or any other legal or regulatory requirements, have been complied with. The SGX-ST has not, in any way, considered the merits of our existing issued Shares, the Placement Shares, the Performance Shares or the Option Shares, as the case may be, being offered or in respect of which the Placement is made, for investment. We have not lodged this Offer Document in any other jurisdiction.

An application has been made to the SGX-ST for permission to deal in, and for the listing and quotation of, all our Shares already issued, the Placement Shares, which are the subject of the Placement, as well as the Performance Shares and the Option Shares on Catalist. Such permission will be granted when we have been admitted to Catalist. Our acceptance of applications will be conditional upon, *inter alia*, the issue of the Placement Shares and upon permission being granted by the SGX-ST for the listing and quotation of all of our existing and issued Shares, the Placement Shares, as well as the Performance Shares and the Option Shares on Catalist. If the admission, listing and trading of our Shares do not occur or the said permission is not granted for any reason, monies paid in respect of any application accepted will be returned, without interest or any share of revenue or other benefit arising therefrom and at the applicant's own risk, and the applicant will not have any claim against us, the Sponsor and Issue Manager, and the Placement Agent.

No Shares will be allotted on the basis of this Offer Document later than six months after the date of registration of this Offer Document by the SGX-ST, acting as agent on behalf of the Authority.

Companies listed on Catalist may carry higher investment risk when compared with larger or more established companies listed on the Main Board of the SGX-ST. In particular, companies may list on Catalist without a track record of profitability and there is no assurance that there will be a liquid market in the shares or units of shares traded on Catalist. You should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with your professional adviser(s).

Neither the Authority nor the SGX-ST has examined or approved the contents of this Offer Document. Neither the Authority nor the SGX-ST assumes any responsibility for the contents of this Offer Document, including the correctness of any of the statements or opinions made or reports contained in this Offer Document. The SGX-ST does not normally review the application for admission to Catalist but relies on the Sponsor to confirm that our Company is suitable to be listed and complies with the Catalist Rules. Neither the Authority nor the SGX-ST has in any way considered the merits of the Shares or units of Shares being offered for investment.

Admission to Catalist is not to be taken as an indication of the merits of the Placement, our Company, our Subsidiaries, our Associated Company, our existing issued Shares, the Placement Shares, the Performance Shares or the Option Shares.

We are subject to the provisions of the Securities and Futures Act, Securities and Futures Regulations and the Catalist Rules regarding corporate disclosure. In particular, if after the registration of this Offer Document, but before the close of the Placement, we become aware of:

- (a) a false or misleading statement or matter in this Offer Document;

DETAILS OF THE PLACEMENT

- (b) an omission from this Offer Document of any information that should have been included in it under Section 243 of the Securities and Futures Act, the Securities and Futures Regulations or under the Catalist Rules; or
- (c) a new circumstance that has arisen since this Offer Document was lodged with the SGX-ST, acting as agent on behalf of the Authority and which would have been required by Section 243 of the Securities and Futures Act, the Securities and Futures Regulations and the Catalist Rules to be included in this Offer Document if it had arisen before this Offer Document was lodged,

that is materially adverse from the point of view of an investor, we may lodge a supplementary or replacement offer document with the SGX-ST, acting as agent on behalf of the Authority.

In the event that a supplementary or replacement offer document is lodged with the SGX-ST, acting as agent on behalf of the Authority, the Placement shall be kept open for at least 14 days after the lodgement of such supplementary or replacement offer document.

Where prior to the lodgement of the supplementary or replacement offer document, applications have been made under this Offer Document to subscribe for the Placement Shares and:

- (a) where the Placement Shares have not been issued to the applicants, our Company shall either:
 - (i) (A) within two days (excluding any Saturday, Sunday or public holiday) from the date of lodgement of the supplementary or replacement offer document, give applicants notice in writing of how to obtain, or arrange to receive, a copy of the supplementary or replacement offer document, as the case may be, and provide applicants with an option to withdraw their applications; and (B) take all reasonable steps to make available within a reasonable period the supplementary or replacement offer document, as the case may be, to applicants who have indicated that they wish to obtain, or have arranged to receive, a copy of the supplementary or replacement offer document;
 - (ii) within seven days from the date of lodgement of the supplementary or replacement offer document, give applicants the supplementary or replacement offer document, as the case may be, and provide applicants with an option to withdraw their applications; or
 - (iii) (A) treat the applications as withdrawn and cancelled, in which case the applications shall be deemed to have been withdrawn and cancelled; and (B) within seven days from the date of lodgement of the supplement or replacement offer document, we shall return all monies paid in respect of any application, without interest or a share of revenue or other benefit arising therefrom and at the applicants' own risk; or
- (b) where the Placement Shares have been issued to the applicants, our Company shall either:
 - (i) (A) within two days (excluding any Saturday, Sunday or public holiday) from the date of lodgement of the supplementary or replacement offer document, give applicants notice in writing of how to obtain, or arrange to receive, a copy of the supplementary or replacement offer document, as the case may be, and provide applicants with an option to return to us the Placement Shares which they do not wish to retain title in; and (B) take all reasonable steps to make available within a reasonable period the supplementary or replacement offer document, as the case may be, to applicants who have indicated that they wish to obtain, or have arranged to receive, a copy of the supplementary or replacement offer document;

DETAILS OF THE PLACEMENT

- (ii) within seven days from the date of lodgement of the supplementary or replacement offer document, give the applicants the supplementary or replacement offer document, as the case may be, and provide the applicants with an option to return to us the Placement Shares, which they do not wish to retain title in; or
- (iii) (A) treat the issue of the Placement Shares as void, in which case the issue of the Placement Shares shall be deemed void; and (B) within seven days from the date of lodgement of supplementary or replacement offer document, we shall return all monies paid in respect of any application without interest or any share of revenue or other benefit arising therefrom and at the applicants' own risk.

Any applicant who wishes to exercise his option under paragraph (a)(i) or (a)(ii) to withdraw his application shall, within 14 days from the date of lodgement of the supplementary or replacement offer document, notify us of this, whereupon we shall, within seven days from the receipt of such notification, return the application monies without interest or any share of revenue or other benefit arising therefrom and at his own risk, and he will not have any claim against us, the Sponsor and Issue Manager, and the Placement Agent.

An applicant who wishes to exercise his option under paragraph (b)(i) or (b)(ii) to return the Placement Shares issued to him shall, within 14 days from the date of lodgement of the supplementary or replacement offer document, notify us of this and return all documents, if any, purporting to be evidence of title to those Placement Shares to us, whereupon we shall, within seven days from the receipt of such notification and documents, if any, pay to him all monies paid by him for those Placement Shares, without interest or any share of revenue or other benefit arising therefrom and at his own risk, and the issue of those Placement Shares shall be deemed void, and he will not have any claim against us, the Sponsor and Issue Manager, and the Placement Agent, provided however, that such monies shall be returned to the applicant subject to and against the return or transfer of the Placement Shares free from and clear of any liens, pledges, encumbrances or other third party rights to our Company or in accordance with the instructions set out in the notice (as referred to in paragraph (b)(i)), or the supplementary or replacement offer document, as the case may be, and our Company shall, at our discretion, act with respect to and dispose of the Placement Shares, in such manner as may be permitted by the applicable laws.

Pursuant to Section 242 of the Securities and Futures Act, the Authority may, in certain circumstances issue a stop order (the "**Stop Order**") to our Company, directing that no Shares or no further Shares to which this Offer Document relates, be allotted or issued. Such circumstances will include a situation where this Offer Document (i) contains any statement or matter which, in the Authority's opinion, is false or misleading, (ii) omits any information that should have been included in it under the Securities and Futures Act, or (iii) does not, in the Authority's opinion, comply with the requirements of the Securities and Futures Act, or (iv) the Authority is of the opinion that it is in the public interest to do so.

In the event that the Authority issues a Stop Order and applications to subscribe for the Placement Shares have been made prior to the Stop Order, then:

- (a) where the Placement Shares have not been issued to the applicants, the applications for the Placement Shares shall be deemed to have been withdrawn and cancelled and our Company shall, within 14 days from the date of the Stop Order, pay to the applicants all monies the applicants have paid on account of their applications for the Placement Shares; or

DETAILS OF THE PLACEMENT

- (b) where the Placement Shares have been issued to the applicants, the issue of the Placement Shares shall be deemed to be void and our Company shall, within 14 days from the date of the Stop Order, pay to the applicants all monies paid by them for the Placement Shares.

Such monies paid in respect of an application will be returned to the applicants at their own risk, without interest or any share of revenue or other benefit arising therefrom, and they will not have any claims against us, the Sponsor and Issue Manager, and the Placement Agent, provided however, that such monies shall be returned to the applicant subject to and against the return or transfer of the Placement Shares free from and clear of any liens, pledges, encumbrances or other third party rights to our Company or in accordance with our Company's instructions in relation to the return of such monies or return or transfer of the Placement Shares, and our Company shall, at our discretion, act with respect to and dispose of the Placement Shares, in such manner as may be permitted by the applicable laws.

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

Neither our Company, the Sponsor and Issue Manager, the Placement Agent nor any other parties involved in the Placement is making any representation to any person regarding the legality of an investment by such person under any investment or other laws or regulations. No information in this Offer Document should be considered as being business, legal or tax advice regarding an investment in our Shares. Each prospective investor should consult his own professional or other advisers for business, legal or tax advice regarding an investment in our Shares.

No person has been or is authorised to give any information or to make any representation not contained in this Offer Document in connection with the Placement and, if given or made, such information or representation must not be relied upon as having been authorised by us the Sponsor and Issue Manager, or the Placement Agent. Neither the delivery of this Offer Document and the Application Forms nor any documents relating to the Placement, nor the Placement shall, under any circumstances, constitute a continuing representation or create any suggestion or implication that there has been no change or development reasonably likely to create any change in our affairs, conditions or prospects, or the Placement Shares or in the statements of fact or information contained in this Offer Document since the date of this Offer Document. Where such changes occur and are material or are required to be disclosed by law, the SGX-ST and/or any other regulatory or supervisory body or agency, we may make an announcement of the same to the SGX-ST and/or the Authority and the public and if required, we may lodge a supplementary or replacement offer document with the SGX-ST, acting as agent on behalf of the Authority, and will comply with the requirements of the Securities and Futures Act and/or any other requirements of the SGX-ST and/or Authority. All applicants should take note of any such announcements, or supplementary or replacement offer document and, upon the release of such an announcement, or supplementary or replacement offer document, shall be deemed to have notice of such changes.

DETAILS OF THE PLACEMENT

In connection with Section 309B of the Securities and Futures Act and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore, our Company has determined the classification of our Shares as prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore).

Save as expressly stated in this Offer Document, nothing herein is, or may be relied upon as, a promise or representation as to our future performance or policies. The Placement Shares are offered for subscription solely on the basis of the information contained and representations made in this Offer Document.

This Offer Document has been prepared solely for the purpose of the Placement and may not be relied upon by any other persons other than the applicants in connection with their application for the Placement Shares or for any other purposes.

This Offer Document does not constitute an offer, solicitation or invitation of the Placement Shares in any jurisdiction in which such offer, solicitation or invitation is unlawful or unauthorised nor does it constitute an offer, solicitation or invitation to any person to whom it is unlawful to make such offer, solicitation or invitation.

Copies of this Offer Document and the Application Forms may be obtained on request, subject to availability, during office hours, from:

Novus Corporate Finance Pte. Ltd.

9 Raffles Place
#17-05 Republic Plaza Tower 1
Singapore 048619

UOB Kay Hian Private Limited

8 Anthony Road
#01-01
Singapore 229957

A copy of this Offer Document is also available on the SGX-ST website at <http://www.sgx.com>.

The Placement will open from 13 July 2020 (immediately upon the registration of this Offer Document by the SGX-ST, acting as agent on behalf of the Authority) and will remain open until 12.00 noon on 21 July 2020.

The Application List will open immediately upon registration of this Offer Document on 13 July 2020 and will remain open until 12.00 noon on 21 July 2020 or for such further period or periods as our Directors may, in consultation with the Sponsor and Issue Manager, and the Placement Agent, in their absolute discretion decide, subject to any limitation under all applicable laws and regulations. In the event a supplementary offer document or a replacement offer document is lodged with the SGX-ST, acting as agent on behalf of the Authority, the Application List will remain open for at least 14 days after the lodgement of the supplementary or replacement offer document.

Details of the procedures for application of the Placement Shares are set out in “Appendix H – Terms, Conditions and Procedures for Applications and Acceptance” of this Offer Document.

DETAILS OF THE PLACEMENT

INDICATIVE TIMETABLE FOR LISTING

An indicative timetable on the trading of our Shares is set out below:

Indicative date/time	Event
13 July 2020 (immediately upon registration of this Offer Document)	Open of Placement
21 July 2020 at 12.00 noon	Close of Application List
23 July 2020 at 9.00 a.m.	Commence trading on a “ready” basis
28 July 2020	Settlement date for all trades done on a “ready” basis

The above timetable is indicative only as it assumes that the date of closing of the Application List will be on 21 July 2020, the date of admission of our Company to Catalist will be on 23 July 2020, the shareholding spread requirement will be complied with and the Placement Shares will be issued and fully paid-up prior to 23 July 2020. The actual date on which our Shares will commence trading on a “ready” basis will be announced when it is confirmed by the SGX-ST.

The above timetable and procedures may be subject to such modification(s) as the SGX-ST may, in its absolute discretion, decide, including the commencement of trading on a “ready” basis.

In the event of any changes in the closure of the Application List or the time period during which the Placement is open, we will publicly announce the same:

- (a) through a SGXNET announcement to be posted on the Internet at the SGX-ST website <http://www.sgx.com>; and
- (b) in a local newspaper(s) in Singapore.

We will publicly announce the level of subscription and the results of the distribution of the Placement Shares pursuant to the Placement, as soon as it is practicable after the close of the Application List through channels in (a) and (b) above.

You should consult the SGX-ST’s announcement on the “ready” trading date released on the internet (at the SGX-ST website <http://www.sgx.com>), or the local newspapers or check with your brokers on the date on which trading on a “ready” basis will commence.

The commencement of trading on a “ready” basis will be entirely at the discretion of the SGX-ST. All persons trading in our Shares before their Securities Accounts with CDP are credited with the relevant number of Shares do so at the risk of selling Shares which neither they nor their nominees, as the case may be, have been allotted or are otherwise beneficially entitled to.

PLAN OF DISTRIBUTION

The Placement

The Placement is for 24,246,000 Placement Shares offered in Singapore and the Listing is managed and sponsored by NCF.

Prior to the Placement, there has been no public market for our Shares. The Placement Price is determined by us, in consultation with the Sponsor and Issue Manager, and the Placement Agent, taking into consideration, among others, prevailing market conditions and the estimated market demand for the Placement Shares determined through a book-building process. The Placement Price is the same for all Placement Shares and is payable in full on application.

Pursuant to the Management Agreement, details of which are set out in the section entitled “General and Statutory Information – Management and Placement Arrangements” of this Offer Document, our Company has appointed NCF to manage and to act as full sponsor for the Listing.

The Placement Shares are made available to members of the public and institutional investors who may apply through their brokers or financial institutions by way of the Application Forms. Applications for the Placement Shares may only be made by way of printed Application Forms as described in “Appendix H – Terms, Conditions and Procedures for Applications and Acceptance” of this Offer Document.

Pursuant to the Placement Agreement entered into between us and the Placement Agent as set out in the section entitled “General and Statutory Information – Management and Placement Arrangements” of this Offer Document, our Company has appointed UOBKH as the Placement Agent and UOBKH has agreed to subscribe and/or procure subscriptions for the Placement Shares for a commission of 4.0% of the Placement Price, payable by us, for the total number of Placement Shares which the Placement Agent has agreed to subscribe or procure subscriptions for. Subject to any applicable laws and regulations, our Company agrees that the Placement Agent shall be at liberty at its own expense to appoint one or more sub-placement agents under the Placement Agreement upon such terms and conditions as the Placement Agent may deem fit.

Subscribers of the Placement Shares may be required to pay brokerage of up to 1.0% of the Placement Price (and the prevailing GST thereon, if applicable) to the Placement Agent or any sub-placement agent that may be appointed by the Placement Agent.

Subscription for Placement Shares

To the best of our knowledge and belief, none of our Directors or Substantial Shareholders intends to subscribe for the Placement Shares pursuant to the Placement. As far as we are aware, none of our Independent Directors, members of our Company’s management or employees intends to subscribe for more than 5.0% of the Placement Shares in the Placement.

To the best of our knowledge, we are not aware of any person who intends to subscribe for more than 5.0% of the Placement Shares in the Placement. However, through a book-building process to assess market demand for our Shares, there may be person(s) who may indicate an interest to subscribe for Shares amounting to more than 5.0% of the Placement Shares. If such person(s) were to make an application for more than 5.0% of the Placement Shares pursuant to the Placement and are subsequently allotted such number of Shares, we will make the necessary announcements at an appropriate time. The final allotment of Shares will be in accordance with the shareholding spread and distribution guidelines as set out in the Catalist Rules.

No Shares shall be issued and allotted on the basis of this Offer Document later than six months after the date of registration of this Offer Document by the SGX-ST, acting as agent on behalf of the Authority.

PLAN OF DISTRIBUTION

Interests of the Consultant

In the reasonable opinion of our Directors, the Consultant, Tan Lee Meng, does not have a material relationship with our Company, save as disclosed below and in the sections entitled “General and Statutory Information – Material Contracts” and “Shareholders” of this Offer Document:

- (a) he is the consultant in relation to the Listing pursuant to the terms of the Consultancy Agreement;
- (b) he is a non-controlling shareholder of Medinex Limited and HCSS and a non-majority shareholder of Shinex Capital (through Shine Medi-Capital), who are shareholders of our Company; and
- (c) he is a non-executive director of Medinex Limited and Shine Medi-Capital, and an executive director of Shinex Capital.

Interests of Sponsor and Issue Manager

In the reasonable opinion of our Directors, the Sponsor and Issue Manager, NCF, does not have a material relationship with our Company, save as disclosed below and in the section entitled “General and Statutory Information – Management and Placement Arrangements” of this Offer Document:

- (a) NCF is the Sponsor and Issue Manager in relation to the Listing;
- (b) NCF will be the continuing Sponsor of our Company for a minimum period of three years from the date our Company is admitted and listed on Catalist; and
- (c) NCF is the continuing sponsor of Medinex Limited and HCSS, who are shareholders of our Company.

Interests of Placement Agent

In the reasonable opinion of our Directors, UOBKH does not have a material relationship with our Company other than as the Placement Agent in relation to the Placement.

OFFER DOCUMENT SUMMARY

The following summary is qualified in its entirety by, and is subject to, the more detailed information (including the notes thereto) appearing elsewhere in this Offer Document. Terms defined elsewhere in this Offer Document have the same meaning when used herein. You should carefully consider all the information presented in this Offer Document, especially the section entitled “Risk Factors” of this Offer Document, before deciding to invest in our Shares.

OUR COMPANY

Our Company was incorporated on 31 December 2018 in Singapore under the Companies Act as a private company limited by shares under the name of “Singapore Paincare Holdings Pte. Ltd.”. On 16 June 2020, our Company was converted into a public company and was renamed “Singapore Paincare Holdings Limited”. Our Company’s registration number is 201843233N.

OUR BUSINESS

We are a medical services group engaged in the following services:

- **Pain care services.** We focus on the treatment of patients suffering from chronic pain. Our pain care services include, among others, minimally invasive procedures, cancer pain treatment, specialised injections, pharmacotherapy, and cognitive behavioural therapy.
- **Primary care and other services.** We provide general medical consultations, management of chronic and acute conditions, and dermatology services. Through our Associated Company, we also provide health screening services.

Our Subsidiaries operate through two SPCH Specialist Clinics, and four SPCH Medical Clinics. Through our interest in our Associated Company, we operate one additional medical clinic and two health screening facilities. The SPCH Specialist Clinics are located centrally while the SPCH Medical Clinics and the clinic and/or facilities operated by our Associated Company are located in both central and residential areas. Through the relevant SPCH Medical Clinics and The Family Clinic @ Towner (the medical clinic operated by our Associated Company), we expect to be able to treat a majority of our patients seeking pain care services through specialised injections and pharmacotherapy. To the extent our patients require further pain care services, this may be sought at the SPCH Specialist Clinics. Our patients who require on-going and routine check-ups may also access the relevant SPCH Medical Clinics and The Family Clinic @ Towner for convenience.

Please refer to the section entitled “General Information on Our Group – Business Overview” of this Offer Document for more details.

SUMMARY OF OUR FINANCIAL INFORMATION

The following summary financial information should be read in conjunction with the full text of this Offer Document, including the sections entitled “Management’s Discussion and Analysis of Results of Operations and Financial Position”, the “Independent Auditors’ Report and Audited Combined Financial Statements of Singapore Paincare Holdings Limited and its Subsidiaries for the Financial Years Ended 30 June 2017, 2018 and 2019”, the “Independent Auditors’ Review Report and Unaudited Interim Condensed Combined Financial Statements of Singapore Paincare Holdings Limited and its Subsidiaries for the Financial Period from 1 July 2019 to 31 December 2019” and “Independent Auditors’ Assurance Report and Compilation of Unaudited *Pro Forma* Combined Financial Information of Singapore Paincare Holdings Limited and its Subsidiaries for the Financial Year Ended 30 June 2019 and for the Financial Period from 1 July 2019 to 31 December 2019” as set out in Appendix A, Appendix B and Appendix C of this Offer Document respectively.

OFFER DOCUMENT SUMMARY

Results of operations of our Group

(S\$'000)	← Audited →			← Unaudited →		← Unaudited Pro Forma →	
	FY2017	FY2018	FY2019	HY2019	HY2020	FY2019	HY2020
Revenue	4,030	4,013	3,888	1,982	5,133	8,988	5,133
Profit before income tax ⁽¹⁾	1,523	1,592	1,392	701	1,378	2,887	1,237
Profit attributable to owners of our Company⁽¹⁾	1,326	1,385	1,255	616	1,142	2,531	1,001
Profit attributable to owners of our Company (excluding listing expenses)	1,326	1,385	1,315	616	1,670	2,591	1,529
EPS ⁽²⁾ (cents)	0.97	1.01	0.91	0.45	0.83	1.84	0.73
Adjusted EPS ⁽¹⁾⁽³⁾ (cents)	0.82	0.86	0.78	0.38	0.71	1.57	0.62

Notes:

- (1) Had the Service Agreements (set out in the section entitled “Directors, Executive Officers and Employees – Service Agreements” of this Offer Document) been in place since 1 July 2018, our *pro forma* profit before income tax, *pro forma* profit attributable to owners of our Company and *pro forma* adjusted EPS for FY2019 based on our post-Placement share capital of 161,623,416 Shares would have been approximately S\$2.29 million, S\$2.01 million and 1.24 cents respectively.
- (2) For illustrative purposes, the EPS for the financial periods under review have been computed based on profit attributable to owners of our Company and the pre-Placement share capital of 137,377,416 Shares.
- (3) For illustrative purposes, the adjusted EPS for the financial periods under review have been computed based on profit attributable to owners of our Company and the post-Placement share capital of 161,623,416 Shares.

Financial position of our Group

(S\$'000)	Audited	Unaudited	← Unaudited Pro Forma →	
	As at 30 June 2019	As at 31 December 2019	As at 30 June 2019	As at 31 December 2019
Non-current assets	256	10,629	8,204	10,829
Current assets	2,424	6,123	6,597	6,123
Total assets	2,680	16,752	14,801	16,952
Non-current liabilities	–	2,010	58	2,010
Current liabilities	2,379	5,255	3,498	2,499
Total liabilities	2,379	7,265	3,556	4,509
Total equity	301	9,487	11,245	12,443
Total equity and liabilities	2,680	16,752	14,801	16,952
NAV per Share ⁽¹⁾ (cents)	0.22	6.91	8.19	9.06
NTA per Share ⁽²⁾ (cents)	0.22	2.50	3.56	4.50

Notes:

- (1) NAV per Share is computed based on total equity and the pre-Placement share capital of 137,377,416 Shares.
- (2) NTA per Share is computed based on total equity net of intangible assets and the pre-Placement share capital of 137,377,416 Shares.

OFFER DOCUMENT SUMMARY

OUR COMPETITIVE STRENGTHS

We believe our main competitive strengths are:

- We are a medical services group at the forefront of providing accessible pain care treatment in Singapore and we provide alternative non-surgical treatment solutions for chronic pain patients;
- We believe that we are able to uphold patient care and outcome satisfaction through regular training, stringent management and clinical standards;
- We have a team of qualified, experienced and committed medical practitioners; and
- We believe that the long-term healthcare trends are favourable to our business.

Please refer to the section entitled “General Information on Our Group – Competitive Strengths” of this Offer Document for more details.

OUR BUSINESS STRATEGIES AND FUTURE PLANS

Our business strategies and future plans are to:

- Expand the range of pain care services which we provide to become a one-stop centre for pain care treatment;
- Expand our business operations locally and regionally; and
- Grow our Group’s patient base.

A detailed discussion of our business strategies and future plans is set out in the section entitled “General Information on Our Group – Business Strategies and Future Plans” of this Offer Document.

OUR CONTACT DETAILS

Our registered office and business address is at 150 Orchard Road, #07-18 Orchard Plaza, Singapore 238841. The telephone and facsimile numbers of our business address are +65 6972 2256 and +65 6972 2258 respectively. Our Company’s website is <https://www.sgpaincareholdings.com> and our email contact is enquiries@sgpaincareholdings.com. **Information contained on our website does not constitute part of this Offer Document.**

THE PLACEMENT

- Placement Size** : 24,246,000 Placement Shares. The Placement Shares, upon issue and allotment, will rank *pari passu* in all respects with our existing issued Shares.
- Placement Price** : S\$0.22 for each Placement Share, payable in full on application.
- The Placement** : The Placement comprises a placement by the Placement Agent on behalf of our Company of 24,246,000 Placement Shares at the Placement Price by way of placement, subject to and on the terms and conditions of this Offer Document.
- Purpose of the Placement** : Our Directors are of the view that the listing of our Company and quotation of our Shares on Catalist will enhance our public image internationally and enable us to raise funds from the capital markets to fund the expansion of our business operations.
- The Placement will also provide the members of the public with an opportunity to participate in the equity of our Company. In addition, the proceeds from the Placement Shares will provide us with additional capital to fund our business expansion and acquisition plans and to be used for general working capital purposes.
- Listing Status** : Prior to the Placement and the Listing, there has been no public market for our Shares. Our Shares will be quoted in Singapore dollars on Catalist, subject to the admission of our Company to Catalist and permission to deal in, and for quotation of, all our Shares that are already issued, the Placement Shares, the Performance Shares and the Option Shares.
- Risk Factors** : Investing in our Shares involves risks which are described in the section entitled “Risk Factors” of this Offer Document.
- Use of Proceeds** : Please refer to the section entitled “Use of Proceeds and Listing Expenses” of this Offer Document for more details.

PLACEMENT STATISTICS

PLACEMENT PRICE 22.00 cents

NAV

NAV per Share based on the unaudited combined statement of financial position of our Group as at 31 December 2019 after adjusting for the issuance of the Relevant Shares and the Consideration Shares, and the conversion of the Redeemable Convertible Loan (the “**Adjusted NAV**”):

- | | |
|---|------------|
| (a) before adjusting for the estimated net proceeds from the issue of Placement Shares and based on our Company’s pre-Placement share capital of 137,377,416 Shares | 9.02 cents |
| (b) after adjusting for the estimated net proceeds from the issue of Placement Shares and based on our Company’s post-Placement share capital of 161,623,416 Shares | 9.86 cents |

Premium of Placement Price over the Adjusted NAV per Share as at 31 December 2019:

- | | |
|---|---------|
| (a) before adjusting for the estimated net proceeds from the issue of Placement Shares and based on our Company’s pre-Placement share capital of 137,377,416 Shares | 143.90% |
| (b) after adjusting for the estimated net proceeds from the issue of Placement Shares and based on our Company’s post-Placement share capital of 161,623,416 Shares | 123.12% |

NTA

NTA per Share based on the unaudited combined statement of financial position of our Group as at 31 December 2019 after adjusting for the issuance of the Relevant Shares and the Consideration Shares, and the conversion of the Redeemable Convertible Loan (the “**Adjusted NTA**”):

- | | |
|---|------------|
| (a) before adjusting for the estimated net proceeds from the issue of Placement Shares and based on our Company’s pre-Placement share capital of 137,377,416 Shares | 4.61 cents |
| (b) after adjusting for the estimated net proceeds from the issue of Placement Shares and based on our Company’s post-Placement share capital of 161,623,416 Shares | 6.11 cents |

Premium of Placement Price over the Adjusted NTA per Share as at 31 December 2019:

- | | |
|---|---------|
| (a) before adjusting for the estimated net proceeds from the issue of Placement Shares and based on our Company’s pre-Placement share capital of 137,377,416 Shares | 377.22% |
| (b) after adjusting for the estimated net proceeds from the issue of Placement Shares and based on our Company’s post-Placement share capital of 161,623,416 Shares | 260.07% |

PLACEMENT STATISTICS

EPS⁽¹⁾

Pro forma unaudited EPS of our Group for FY2019 based on our Company's post-Placement share capital of 161,623,416 Shares 1.57 cents

Pro forma unaudited EPS of our Group for FY2019 based on our Company's post-Placement share capital of 161,623,416 Shares, assuming the Service Agreements have been in place since 1 July 2018 1.24 cents

PER

Pro forma unaudited PER based on the Placement Price and the *pro forma* unaudited EPS of our Group for FY2019 14.01 times

Pro forma unaudited PER based on the Placement Price and the *pro forma* unaudited EPS of our Group for FY2019, assuming the Service Agreements have been in place since 1 July 2018 17.74 times

Net operating cash flow⁽²⁾

Pro forma unaudited net operating cash flow per Share of our Group for FY2019 based on our Company's post-Placement share capital of 161,623,416 Shares 1.30 cents

Pro forma unaudited net operating cash flow per Share of our Group for FY2019 based on our Company's post-Placement share capital of 161,623,416 Shares, assuming the Service Agreements have been in place since 1 July 2018 0.93 cents

Price to net operating cash flow

Ratio of Placement Price to the *pro forma* unaudited net operating cash flow per Share of our Group for FY2019 based on our Company's post-Placement share capital of 161,623,416 Shares 16.92 times

Ratio of Placement Price to the *pro forma* net operating cash flow per Share of our Group for FY2019 based on our Company's post-Placement share capital of 161,623,416 Shares, assuming the Service Agreements have been in place since 1 July 2018 23.66 times

Market capitalisation

Market capitalisation based on the Placement Price and our Company's post-Placement share capital of 161,623,416 Shares S\$35.56 million

Notes:

(1) EPS of our Group is calculated based on the *pro forma* unaudited profit attributable to owners of our Company and the post-Placement share capital of 161,623,416 Shares.

(2) Net operating cash flow refers to net cash generated from operating activities.

RISK FACTORS

Prospective investors should carefully consider and evaluate each of the following considerations and all the other information set forth in this Offer Document (including the combined financial statements and the notes thereto) before deciding to invest in our Shares. Some of the following considerations relate principally to the industry in which we operate and our business in general. Other considerations relate principally to general economic, political and regulatory conditions, the securities markets and ownership of our Shares, including possible future dilution in the value of our Shares. These are not the only risks we face. Some risks are not yet known to us and there may be others which we currently believe are not material but may subsequently turn out to be so. Factors that affect the price of our Shares may change, and the following should not be construed as a comprehensive listing of all the risk factors. Prospective investors are advised to apprise themselves of all factors involving the risks of investing in our Shares from their professional advisers before making any decision to invest in our Shares.

This Offer Document also contains forward-looking statements having direct and/or indirect implications on our future performance. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks and uncertainties faced by us described below and elsewhere in this Offer Document including in the section entitled "Management's Discussion and Analysis of Results of Operations and Financial Position".

RISKS RELATING TO OUR BUSINESS

Pain care treatment has yet to be widely recognised as an established medical speciality in Singapore

We believe that the treatment of pain care (particularly through minimally invasive procedures or specialised injections) has yet to be widely recognised by the medical community and patients as an established medical speciality in Singapore, unlike traditional medical specialities such as cardiology, ophthalmology or neurology. It was only recently in 2014 that the Section of Pain Medicine was established under the College of Anaesthesiology within the Academy of Singapore. Due to the lack of widespread recognition of the treatment of pain, and the common perception that pain care treatment is palliative or temporary, pain sufferers may not seek out our pain care services which are available to them. While we believe that a majority of insurance companies, which our patients make claims from, do not view our pain care services as being elective medical procedures, there are certain insurance companies which may do so from time to time. This may affect our patients' ability to recover their insurance claims from insurance companies particularly if insurers prefer to cover medical procedures from traditional medical sub-specialities. If pain care treatment does not become further recognised and established, this may affect our ability to grow our patient base thereby adversely affecting our Group's business, results of operations, financial condition and prospects.

We are dependent on our Executive Directors, Dr. Bernard Lee and Dr. Jeffrey Loh, and the SPCH medical practitioners

Our Group's overall business strategies and corporate development are formulated and implemented by Dr. Bernard Lee, our Executive Director and Chief Executive Officer, and Dr. Jeffrey Loh, our Executive Director and Chief Operating Officer. In particular, Dr. Bernard Lee is responsible for operating the SPCH Specialist Clinics which provide the full range of pain care services including minimally invasive procedures which can only be executed by Dr. Bernard Lee. Our revenue derived from the SPCH Specialist Clinics accounted for approximately 40.00% of our Group's revenue for HY2020, of which the minimally invasive procedures contributed approximately 17.00% of our Group's revenue for HY2020. The remaining 83.00% of our Group's

RISK FACTORS

revenue for HY2020 was derived from the provision of the pain care services which can be carried out by Dr. Bernard Lee as well as the other SPCH medical practitioners, and primary care services. While we believe that certain minimally invasive procedures which Dr. Bernard Lee provides can be covered and performed by our external specialist, details of whom are set out under the section entitled “General Information on Our Group – External Specialist” of this Offer Document, in the event that we lose the services of Dr. Bernard Lee and the minimally invasive procedures cannot be performed by our external specialist, we may not be able to continue providing a full suite of minimally invasive procedures to our patients. To the extent that Dr. Bernard Lee’s ability to carry out minimally invasive procedures in certain private hospitals are restricted, this may also have an adverse effect on our Group’s revenue arising from our pain care services. Please refer to the section entitled “Risk Factor – Risks Relating to Our Business – We are dependent on certain private hospitals to conduct our minimally invasive procedures” for further details. Further, Dr. Jeffrey Loh manages Lian Clinic which contributed approximately 31.71% of our Group’s revenue for HY2020. Although we have entered into Service Agreements with each of Dr. Bernard Lee and Dr. Jeffrey Loh, and we continue to develop our talent pool to ensure management continuity, the loss of the services of our Executive Directors may have a material adverse effect on our Group’s business, results of operations, financial condition and prospects.

In addition to Dr. Bernard Lee and Dr. Jeffrey Loh, our provision of medical services is dependent on the experience and reputation of the SPCH medical practitioners who operate the other SPCH Medical Clinics and clinic and/or facilities of our Associated Company. The SPCH medical practitioners have approximately 12 to 28 years of experience in the medical industry. While the SPCH medical practitioners have entered into long-term service contracts with an initial term of five years, subject to subsequent annual renewal, with our Group or our Associated Company (as the case may be), there is no assurance that the SPCH medical practitioners will continue to renew their service contracts and continue to operate their existing clinics and/or facilities. If any of the SPCH medical practitioners choose to terminate their service contracts prematurely, their patients may not continue using our services. This may have an adverse effect on our Group’s business, results of operations, financial condition and prospects.

Our Group does not have a long operating history and there is no assurance that our future plans will be successful

While our clinics have been in operation for between four to twenty years, our Company was incorporated on 31 December 2018, and we only started operations as a Group following the completion of the Restructuring Exercise in July 2019. As such, we may not have a long history of running an integrated group with standardised policies and procedures. Further details on the Restructuring Exercise are set out in the section entitled “Restructuring Exercise” of this Offer Document. Although the SPCH medical practitioners and healthcare professionals have extensive medical experience, our Group does not have a long operating history on which our past performance may be judged.

As part of our future plans, we intend to expand our business operations organically through the incorporation of new clinics or the expansion of our existing clinics, or inorganically through franchising, joint ventures, acquisitions, or strategic alliances. We may expand our suite of medical services or enter into new geographic markets, depending on the demand for our services as well as opportunities for growth. Overseas expansion involves numerous risks, including but not limited to the, legal and regulatory risks, and financial costs. We cannot assure you that our operations overseas, if any, will be profitable. Furthermore, these endeavours require substantial management attention and efforts, and may require significant additional expenditures. The successful implementation of our growth strategies depends on a variety of factors including our

RISK FACTORS

ability to hire and retain medical practitioners, healthcare professionals, and key management personnel, identify suitable locations for new clinics, negotiate attractive terms for such acquisitions or expansions that may command high valuations, and obtain sufficient financing for our capital expenditure. While we may rely on internal resources to finance the required capital outlay, we may need to take up facilities from banks and other financial institutions, the terms of which may not be favourable to us. There is no assurance that we will be able to obtain the required financing or that we will continue to have sufficient cash flow to fund our Group's expansion.

Furthermore, we may be subject to risks related to the expansion of our Group such as, among others:

- difficulties arising from operating a significantly larger and more complex organisation;
- difficulties in integrating the assets and business operations of new clinics, strategic alliances and joint ventures with our existing facilities and clinics;
- failure to realise expected profitability or growth;
- failure to realise expected synergies and cost savings; and
- unforeseen legal, regulatory, contractual, labour or other issues whether in Singapore or overseas.

The above challenges associated with our growth plans may place increased demands on our management, operational systems and other resources, as well as increase our exposure to unanticipated risks and liabilities.

As such, there is no assurance that our Group will be successful in implementing our future growth plans or that we would be able to realise the expected profits, growth, or synergies expected from our Group's expansion. In the event that we are unable to effectively or successfully execute our expansion strategies, our business, results of operations, financial condition, and prospects may be materially and adversely affected.

We are dependent on private hospitals to conduct our minimally invasive procedures

The revenue derived from minimally invasive procedures contributed approximately 17.00% of our Group's revenue for HY2020. Our minimally invasive procedures are conducted in hospitals such as Mount Alvernia Hospital, Mount Elizabeth Novena Hospital, Mount Elizabeth Hospital, Parkway East Hospital, Farrer Park Hospital and Gleneagles Hospital, depending on a patient's preference and the availability of equipment at the hospital. Dr. Bernard Lee (or any other specialist medical practitioner which may be engaged by our Group) is and will be subject to the qualifications and conditions imposed by these private hospitals, from time to time. To the extent that we do not comply with such qualifications or conditions, we may not be permitted to carry out certain procedures at their premises. There is no guarantee that we would be able to find alternative premises or comply with their requirements and conditions in a timely manner. In such an event, our ability to render minimally invasive procedures may be restricted, thereby materially adversely affecting our Group's business, results of operations, financial condition and prospects.

In March 2018, Dr. Bernard Lee performed an endoscopic lumbar disc decompression procedure to remove a bone spur on a patient with a slipped disc condition in one of the hospitals when an electric burr which he was using failed during the procedure. Dr. Bernard Lee proceeded with the procedure without the electric burr but was unable to completely remove the bone spur without the

RISK FACTORS

said equipment. The patient suffered a minor dural tear (which is a tear in the tissue surrounding the spinal cord) as a result. While the patient did not have any nerve disability and the consequences from the dural tear were managed conservatively, a written enquiry was made by the patient's son to the hospital, and a review was subsequently conducted by the hospital's group. In February 2019, the hospital's group issued a general circular providing that all endoscopic disc procedures (of which endoscopic lumbar disc decompression is one such endoscopic disc procedure) have to be performed together with neurosurgeons or orthopaedic surgeons. In connection with the findings of the review, the hospital's group retained Dr. Bernard Lee's clinical privileges to perform core anaesthetic procedures but suspended his ability to use its operating theatres and endoscopy suites as a proceduralist (that is, for non-surgical procedures) for three months from 1 June 2019 to 31 August 2019 ("**Temporary Suspension**"). Dr. Bernard Lee was also issued demerit points under the hospital group's compliance improvement system. For the avoidance of doubt, Dr. Bernard Lee has continued to be able to list and carry out procedures at the relevant hospital following the lifting of the Temporary Suspension. Further details of which are set out in the section entitled "General and Statutory Information – Information on Directors, Executive Officers and Controlling Shareholders" of this Offer Document.

Other than the said hospital, none of the other hospitals where we conduct minimally invasive procedures requires endoscopic disc procedures to be conducted by pain specialists together with neurosurgeons or orthopaedic surgeons. However, there is no guarantee that the other hospitals may not impose such requirements. In the event that our Group is unable to collaborate with other neurosurgeons or orthopaedic surgeons, or we are unable to hire such medical practitioners, our ability to continue carrying out endoscopic lumbar disc decompression procedures might be limited.

In addition to requiring the permission of the private hospitals, we are also dependent on the availability of certain private hospitals to provide us with the requisite facilities and equipment to carry out the minimally invasive procedures. While the abovementioned past incident did not have a material adverse impact on our Group's business, results of operations, financial condition and prospects, if there is any disruption to the operations of the hospitals which we conduct minimally invasive procedures in, their facilities or their equipment, for instance, due to a major fire, or a change in their public reputation, or an outbreak of certain diseases resulting in closure of hospital(s) for quarantine purposes, or if these hospitals impose additional requirements in order for us to carry out minimally invasive procedures, our ability to carry out certain minimally invasive procedures may be curtailed thereby affecting our Group's business, results of operations, financial condition and prospects.

We are dependent on our ability to attract and retain healthcare professionals and key management personnel

Our Group's performance depends on our ability to attract and retain healthcare professionals such as, nurses and clinical staff to support our Group's services. Healthcare professionals are required to hold professional licences which can only be attained after several years of training. As such, there has been competition within the medical industry in respect of the recruitment of skilled and qualified healthcare professionals.

In order to attract and retain healthcare professionals and key management personnel, we may be required to enhance our various remuneration packages to remain competitive when recruiting or retaining our staff. Such enhancements may result in increased operating costs. If we are unable to find suitable and timely replacements for our healthcare professionals and key management personnel, this may affect the quality of our Group's services, thereby adversely affecting our Group's business, results of operations, financial condition and prospects.

RISK FACTORS

We are reliant, to some extent, on the brand names and trademarks in our business

We are identified by our trademarks, and our Group relies on it in our business. Please refer to the section entitled “General Information on Our Group – Intellectual Property” of this Offer Document for further details. If we fail to protect and enhance our brand identities or intellectual property, the market recognition of each of our brands and trademarks may deteriorate. Any claims and legal actions brought forward by our patients may also have a negative impact on our brand image.

In addition, there may also be a number of companies and organisations that have similar names or trademarks to ours, with some of these companies and organisations engaging in similar business activities as us, albeit in different jurisdictions. These companies and organisations are unrelated to us and we have no control over their actions and business conduct. Any infringements of our intellectual property or negative publicity may cause us to be viewed in a negative light, affect our ability to expand into those other jurisdictions, and/or adversely affect the perception of our services with regards to our credibility, creditworthiness and abilities. If we were to enforce our intellectual property rights or bring other proceedings through litigation, such litigation, whether successful or unsuccessful, could result in substantial costs and diversion of resources.

We may face disruptions to our business operations due to rental revisions and re-location of our clinics

We operate all our clinics in properties leased from private landlords (who may have leased the premises from other private landlords), or from the Housing and Development Board. Our lease agreements generally have a term of one to three years, with an option to renew for an additional one to three years (if any). Upon the expiry of these tenures, the landlords have the right to review and revise the terms and conditions of the agreements, including the rental rates. In the event we are unable to renew the tenancies or leases on terms and conditions favourable to us, if at all, or our landlords are not in compliance with their head lease agreements and terminate our leases prior to the expiry of the term of our leases, or we no longer have the right to use certain premises, we would have to discontinue or relocate our clinics. In particular, the SPCH Specialist Clinics are located in key private practice medical centres, and SPCH Medical Clinics generally have an established patient base from the residents living in its proximity. Any re-location of the SPCH Specialist Clinics and the SPCH Medical Clinics may adversely affect our ability to grow or maintain our existing patient base. If we are unable to find suitable alternative locations which are convenient, or have sufficient population density and footfall, at rental rates which are favourable to us, we may be subject to increased rentals which would result in higher operating costs. The relocation of our clinics or discontinuation of our business may materially and adversely affect our business, results of operations, financial condition and prospects.

We have to rely on certain external medical practitioners from time to time

We may also occasionally engage locum doctors at the SPCH Medical Clinics and the clinic and/or facilities operated by our Associated Company, for short periods of time, when the SPCH medical practitioners are unable to work for any reason. While we generally engage locum doctors who are experienced and whom we are familiar with, there is no assurance that the quality of service will exceed or be equivalent to the level of service provided by the SPCH medical practitioners. Though there has not been any prior incidence of poor quality of service arising from locum doctors resulting in a materially adverse effect on our Group, in the event any of the SPCH Medical Clinics and the clinic and/or facilities operated by our Associated Company have to be managed by locum doctors for extended periods of time, or frequently, this may adversely affect our Group's business, results of operations, financial condition and prospects.

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While each of the health screening facilities operated by our Associated Company is registered as licensed premises to operate an X-Ray laboratory, the licensees to operate an X-ray laboratory and to use the ionising irradiating apparatus are external radiologists whom our Associated Company has engaged through an independent third-party contractor. Though such a third-party contractor has not previously discontinued providing services to our Associated Company in the past, in the event that the third-party contractor discontinues its operations in the future, and our Associated Company is subsequently unable to find replacement radiologists (whether or not through a new third-party contractor) in a timely manner, our Associated Company may experience significant disruption to its provision of health screening services.

We may not be able to compete successfully with our competitors

We operate in a highly competitive industry and we face competition from other healthcare service providers in Singapore and overseas from both the public and private sectors, some of whom may have longer operating histories, offer a wider range of services, have greater brand recognition and/or greater financial resources at their disposal. Such competitors may be in a better position to expand their market share. Due to the nature of our services rendered, we have to remain at the forefront of pain care services (particularly in relation to minimally invasive procedures). We need to consistently keep a lookout for suitable new medical technology that will improve our Group's business, including advanced medical equipment and specialist medical practitioners with specialised technical skills. If we are unable to adapt to and acquire such advances in technology, such as the use of telemedicine, we cannot remain competitive, and this may result in lower profit margins and a loss of market share for our Group. There is no assurance that we will be able to compete against our competitors effectively in the future and this could have a material adverse effect on our business, results of operations, financial condition and prospects.

We have limited or no control over our suppliers and the quality of the products supplied to us and if such products are not manufactured in accordance with the applicable quality standards, our business and reputation could be materially and adversely affected

Most of our devices, equipment and facilities used in rendering our services are sourced from third party suppliers. While we have only relied on reputable brands which are generally holders of "Good Clinical Practice" (an international quality standard issued by the International Council for Harmonisation of Technical requirements for Pharmaceuticals for Human Use), we have no control over the operations of such third party suppliers and the quality of the products which they supply to us. We cannot guarantee that such products will be free of defects and meet the applicable quality standards. Failure to detect quality defects in these products supplied to us could result in injuries, death, product recalls or withdrawals, licence revocation, fines or other problems which would have a material adverse effect on our business, results of operations, financial condition and prospects.

We may be subject to fines and/or other penalties for non-compliance with certain statutory provisions

In the past, certain of our Subsidiaries have made inadvertent breaches of certain statutory provisions, arising from corporate secretarial, and other administrative matters, including those breaches as set out under the sections entitled "General Information on Our Group – Government Regulations – Past non-compliances with other statutory provisions" and "General Information on Our Group – Government Regulations – Private Hospitals and Medical Clinics (Advertisement) Regulations 2019" of this Offer Document. While we have since rectified and taken certain steps and procedures to prevent the recurrence of such past non-compliances, and no enforcement action has been taken against us at the Latest Practicable Date, there is no guarantee that the

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relevant regulators will not bring administrative or other enforcement actions against us or our Directors and/or officers in respect of such past breaches for which our Subsidiaries, their directors and/or officers may be liable upon conviction for statutory penalties such as fines ranging from S\$1,000 to S\$20,000 and/or imprisonment (depending on the nature and severity of the breach), which may have an adverse effect on our results of operations and financial condition.

The value of our intangible assets and costs of investment may become impaired

As a result of our past acquisitions carried out pursuant to the Restructuring Exercise in July 2019, goodwill and other intangible assets represented a significant portion of our assets. Goodwill and other intangible assets (comprising customer contracts) were approximately S\$6.00 million and S\$0.06 million, respectively, as at 31 December 2019, representing in aggregate approximately 36.17% of our total assets. If we make additional acquisitions, it is likely that we will record additional intangible assets such as goodwill on our combined statement of financial position.

Other intangible assets are amortised over their estimated useful lives. In accordance with applicable accounting standards, we periodically evaluate our goodwill and other intangible assets to determine whether all or a portion of their carrying values may no longer be recoverable, in which case a charge to the profit or loss statement may be necessary. Such impairment testing is complex and requires us to make assumptions and judgements regarding the estimated recoverable amount of our cash-generating units to which the goodwill is allocated. If estimated recoverable amounts are less than the carrying values for goodwill in future annual impairment tests, we may be required to record impairment losses in future periods.

Any future evaluations requiring an impairment of our goodwill could materially affect our results of operations and shareholders' equity in the period in which the impairment occurs. A material decrease in shareholders' equity could, in turn, potentially impact our ability to pay dividends.

Our unaudited *pro forma* combined financial information is presented for illustrative purposes only and is not necessarily indicative of our results of operations, financial position or cash flow for the period covered

Our unaudited *pro forma* combined financial information included in this Offer Document has been prepared on an illustrative basis to show what our combined statement of comprehensive income and combined statement of cash flow would have been for FY2019 and HY2020 if the Adjustment Events had occurred on 1 July 2018, and what our combined statement of financial position would have been as at 30 June 2019 and 31 December 2019 if the Adjustment Events had occurred on 30 June 2019 and 31 December 2019 respectively. Our unaudited *pro forma* combined financial information reflects the estimates, assumptions and judgements made by us. These estimates, assumptions and judgements affect the reported amounts of assets and liabilities as of the dates presented as well as revenue and expenses reported for the periods presented. As a result, our unaudited *pro forma* combined financial information is not necessarily indicative of what our actual results of operations, financial position and cash flow would have been on or as of such dates, nor does it purport to project our results of operations, financial position or cash flows for any future period or date. Our unaudited *pro forma* combined financial information does not include all of the information required for financial statements under the SFRS(I) and should be read in conjunction with our historical combined financial statements included elsewhere in this Offer Document.

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We may be subject to penalties imposed by the IRAS

In 2018, the IRAS commenced a general review of medical practices with business arrangements that are considered to be set up for tax avoidance. In August 2018, PCPL received a letter from the IRAS in respect of a compliance review to be conducted on PCPL, PCN and certain other entities held by Dr. Bernard Lee, namely, PCC, PCMS, SPCA and MedBridge Marketing.

Our Group appointed Acctax, a wholly-owned subsidiary of Medinex Limited, as our tax consultant in relation to the review undertaken by the IRAS which concerns, among others, whether the PCC, PCMS, SPCA and/or MedBridge Marketing should be treated as an extension of the business of PCPL and not take advantage of tax exemption and tax rebate on an individual company basis, whether certain transactions such as rent and management fees should be disregarded, whether certain entertainment expenses were private expenses in nature, and whether the remuneration (if any) to the ex-director of PCPL and Dr. Bernard Lee were on arm's length. The IRAS had in December 2018 and December 2019 filed notices of assessment of additional tax payable by PCPL for YA2014 and YA2015 of S\$182,875.43 and S\$212,097.88, respectively, and indicated that the IRAS' assessment of additional tax payable by PCPL for YA2014 and YA2015 will be deferred until the completion of the IRAS review. On behalf of PCPL, Acctax had in January 2019 and January 2020 objected to the notices of assessment for YA2014 and YA2015 respectively. For the avoidance of doubt, Acctax is of the opinion that as at the date of this Offer Document, the IRAS is treating the abovementioned tax review as tax avoidance instead of tax evasion based on the following factors, namely, (a) Acctax's previous experience representing other medical companies in this general review conducted by the IRAS with similar circumstances and situations, (b) Acctax's correspondence with the IRAS in the course of the IRAS review, (c) the fact that tax evasion cases are usually handled by the Investigation and Forensic Division of the IRAS, whereas the abovementioned IRAS review is currently being handled by the Corporate Tax Division of the IRAS, and (d) the circular issued by the IRAS in November 2019 on the concept of tax avoidance and its consequences. Based on the calculations and discussions of Acctax with the IRAS, the additional taxes payable by PCPL for YA2014 to YA2019 is estimated to be approximately S\$265,000 to S\$403,000.

In connection with the IRAS review, our Executive Director and Chief Executive Officer, Dr. Bernard Lee, who is also a Controlling Shareholder of our Group has undertaken to indemnify our Group against any additional tax liabilities, penalties or fines suffered or incurred by our Group for the years of assessment under the IRAS review (i.e. YA2014 to YA2017), and for YA2018 and YA2019 following the conclusion of the IRAS review, pursuant to a deed of indemnity dated 15 April 2020 ("**Tax Indemnity**"). There is no termination event in respect of the Tax Indemnity and there are no limits of indemnification (save that the indemnity is solely in respect of additional tax liabilities, penalties or fines suffered or incurred by our Group for the years of assessment under the IRAS review (i.e. YA2014 to YA2017) and for YA2018 and YA2019).

We have made a tax provision of S\$308,000 in the financial statements of our Group for HY2020 in respect of the potential additional tax liabilities to be incurred by PCPL for YA2014 to YA2019. As at the date of this Offer Document, Dr. Bernard Lee has paid S\$308,000 in advance to be used solely for claims under the Tax Indemnity.

As at the Latest Practicable Date, we have not received any notice, penalty, fine or decision from the IRAS apart for the notices of assessment for YA2014 and YA2015. In the event that the IRAS disagrees with our Group's assessment and imposes more serious penalties or additional tax liabilities on PCPL and to the extent that these penalties or additional tax liabilities are not adequately addressed by the Tax Indemnity (i.e. we are unable to claim the full amounts available to us under the Tax Indemnity), our financial position and profitability will be adversely affected.

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Our operations are subject to the political, economic and social developments as well as laws, regulations and licensing requirements in Singapore and globally

While our Group's clinics operate in Singapore, a considerable number of our patients come from the ASEAN region such as Indonesia, Vietnam and Malaysia, and globally from countries such as Australia and the United Arab Emirates. As such, our Group's business, prospects, financial position and results of operations may be adversely affected by political, economic, social and legal developments in Singapore and globally that are beyond our control. Such political and economic uncertainties include, but are not limited to, the risks of war, terrorism, changes in interest rates, rates of economic growth, fiscal and monetary policies of the government, inflation, deflation, methods of taxation and tax policy, unemployment trends, and other matters that influence consumer confidence, spending and tourism. In particular, factors such as gross domestic product growth, disposable income and unemployment rates, both in Singapore and globally, may affect the number of patients who opt for private healthcare and indirectly affect our business operations.

Given the uncertainties of the future economic outlook, there is no assurance that we will be able to grow our business, or that we will be able to react promptly to any changes in economic conditions. In the event that we fail to react promptly to changing economic conditions, our business performance, future plans and operations may be adversely affected.

RISKS RELATING TO THE MEDICAL HEALTHCARE INDUSTRY

Our business may be affected by health pandemics and the spread or outbreak of any infectious diseases

We face risks from epidemics, pandemics and natural disasters. During the last 20 years, there have been outbreaks of various communicable diseases, such as SARS, Avian influenza and MERS. In late 2019, a novel strain of coronavirus was reported to have surfaced in the People's Republic of China. On 11 March 2020, the World Health Organization declared COVID-19 a pandemic. Globally, the Governments of multiple countries have undertaken drastic action to limit the spread of COVID-19 including, safe distancing measures, lock-downs, travel restrictions and various travel advisories. In late March 2020, Singapore began to restrict the entry of short-term visitors into Singapore, and from early April 2020, Singapore implemented "circuit breakers" to minimise the further spread of COVID-19 by elevating the safe distancing measures and restricting businesses to essential services and selected economic sectors critical for local and global supply chains. In late April 2020, the "circuit breaker" measures were further extended to June 2020. In early May 2020, the Singapore Government announced an easing of tighter "circuit breaker" measures in preparation for the gradual resumption of activity after 1 June 2020.

Pursuant to an internal circular issued by the MOH to private and public healthcare institutions in March 2020, private and public healthcare institutions were instructed to conserve limited healthcare resources for Singapore to cater to managing COVID-19 cases as well as the existing needs of the local patients. The MOH also advised that, where possible, services suitable for tele-consultation should be delivered remotely. Examples of essential services include, among others, COVID-19 related care and services, emergency medical and psychiatric conditions, acute stroke and neurosurgical services, acute cardiac and cardiothoracic procedures, chronic diseases with recent relapses and/or poor control, and medication refills. Examples of non-essential services include, among others, aesthetic services, outpatient rehabilitation and/or therapy services, stable sports medicine related conditions, and elective joint replacement surgeries for stable joint arthropathies.

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Due to the travel restrictions, we have experienced a decrease in number of foreign patients seeking our pain care services at the SPCH Specialist Clinics. In particular, approximately 15.93% of our revenue in HY2020 was derived from foreign patients seeking our pain care services at the SPCH Specialist Clinics. For the purpose of a full year comparison (assuming that the Restructuring Exercise was completed from 1 July 2018), approximately 16.88% of our Group's total *pro forma* revenue was derived from foreign patients seeking our pain care services at the SPCH Specialist Clinics. While Lian Clinic, Horizon Medical Centre, and AE Medical Clinic are PHPCs which provide special subsidies to Singapore citizens and permanent residents diagnosed with respiratory illnesses, due to the recommendations from the MOH to limit healthcare to essential services and the travel restrictions, the SPCH Specialist Clinics, the SPCH Medical Clinics and the clinic and/or facilities of our Associated Company, have generally experienced a decrease in the number of patients. Notwithstanding the evolving COVID-19 situation, we note the abovementioned announcement in relation to the easing of tighter "circuit breaker" measures. Our Directors expect that the COVID-19 situation may have a material adverse impact on the revenue and cash flow position of our Group for FY2020, in particular for the last quarter of FY2020 in view of the "circuit breaker" measures imposed in April 2020, and on the operations and financial position of our Group in the next 12 months from the Latest Practicable Date. However, as our Group's operations generally remain essential services, such impact is not expected to be long term. In the event that the abovementioned restrictions are sustained for a long period of time, our business, results of operations, and financial conditions in the long-term may be negatively affected as well. Further details on the impact of COVID-19 are set out under the section entitled "General Information on Our Group – Prospects" of this Offer Document.

Furthermore, the SPCH medical practitioners and other healthcare professionals, as frontline workers to any such outbreak, will be particularly susceptible to any epidemic or pandemic, given their close contact with patients. We have certain measures, procedures and protocols in place to mitigate the effects of such outbreaks. These include, among others, ensuring a sufficient supply of effective personal protection equipment for all staff (for example, surgical gloves, gowns and caps, and N95 respirator masks), having stringent infection control protocols in place to prevent person-to-person contamination and keeping full records of the contact details of patients to facilitate contact tracing if necessary. However, there is no assurance that our patients, our employees, and/or the SPCH medical practitioners and other healthcare professionals will not be infected with communicable diseases, which may disrupt our business or require the affected clinics to be temporarily shut down for quarantine purposes. Such disruptions to our business and operations may have a negative impact on our business, results of operations, financial condition and prospects.

We are subject to regulations and licensing requirements for our operations

The medical healthcare industry is highly regulated. Our business is subject to various laws, regulations, licensing and accreditation requirements in Singapore which govern, among others:

- the conduct of our business operations;
- the adequacy of medical care;
- the quality of our medical facilities, equipment and services;
- the medications and drugs prescribed to our patients;
- the handling and disposal of regulated items and associated environmental regulations for medical facilities;

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- the qualifications of the SPCH medical practitioners and healthcare professionals; and
- the confidentiality and use of health-related information and medical records.

If a relevant licensee does not comply with the requisite terms of licence, or the SPCH medical practitioners and healthcare professionals fail to comply with their relevant professional licensing requirements or applicable codes of professional conduct or ethics, we may be subject to administrative penalties including fines, loss of licences or restrictions on our medical facility operations, which could materially and adversely affect our Group's reputation, business, results of operations, financial condition and prospects. Further details are set out in the section entitled "General Information on Our Group – Government Regulations" of this Offer Document.

While we have not experienced any issues with obtaining or renewing the requisite approvals, licences and/or permits as at the Latest Practicable Date, there is no assurance that we will be able to do so upon their expiration. Regulatory authorities may exercise broad discretion in assessing our compliance with licensing requirements, varying licensing requirements or introducing new licensing requirements, and we may incur significant costs and suffer operational restrictions that could be harmful to our business. Any changes to the existing laws and regulations may require us to apply for new approvals, licences and/or permits and there is no assurance that we will be able to obtain these new approvals, licences and/or permits. In the event that we are unable to obtain or renew the requisite approvals, licences and/or permits, or such approvals, licences and/or permits are withdrawn by us, we may be required to cease operations and our business, results of operations, financial condition and prospects of our Group may be adversely affected.

We may be affected by the proposed Healthcare Services Act

The MOH had recently announced its intention to repeal the Private Hospital and Medical Clinics Act and replace it with a new Healthcare Services Act which is expected to come into force in 2019 and be implemented in three phases beginning December 2019. As of January 2020, the MOH announced that all consultation sessions, in respect of the Healthcare Services Act, have been postponed till further notice.

Any adverse changes in laws and regulations or the introduction of new applicable laws and regulations could result in, among others, more stringent requirements. For instance, under the proposed Healthcare Services Act, it was proposed that licensees will be required to contribute to the NEHR. The NEHR is a platform that centralises patient records such as their medication and laboratory reports from different care providers, and allows a patient's health record to follow them regardless of where they seek treatment. In compliance with the proposed Healthcare Services Act, we have implemented additional safeguards to ensure that our patient's records are kept confidential. There is no assurance that our compliance with additional requirements imposed by new laws and regulations would not increase our compliance costs or result in additional administrative burdens, which may materially and adversely affect our business, results of operations, financial condition and prospects.

Regulation of healthcare costs and an increase in the number of medical practitioners may adversely affect our Company

In November 2018, the MOH published fee benchmarks for private sector professional fees for common surgical procedures (the "**Fee Benchmarks**"). The Fee Benchmark stipulates a range of fees for each procedure and takes into account factors including the complexity of medical procedures and the time, effort and expertise required. While the Fee Benchmarks are a guideline,

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and medical practitioners are not required to price their services within the guidelines, all of our services are currently priced within the Fee Benchmarks. However, there is no assurance that the Fee Benchmarks may not be revised in the future, and to the extent that the Fee Benchmarks are lowered, we may reduce our fees to conform with these lowered Fee Benchmarks, and any such lower fees may reduce our revenues and profitability.

Further, there has been a move to increase the number of medical practitioners in Singapore. The increase in competition within the private healthcare sector will likely exert pressure on rates and thereby reduce the amount we can charge for our services.

We are subject to risks of medical and legal claims, regulatory actions and professional liability arising from the provision of our healthcare services

The provision of professional healthcare services entails inherent risks of liability. Furthermore, the provision of novel medical services that involves the treatment of more complex medical conditions do not have guaranteed positive outcomes. As such, we may be susceptible to complaints, allegations and legal actions, with or without merit which may be made or taken against us, the SPCH medical practitioners and/or healthcare professionals in relation to, *inter alia*, our services, pricing, marketing activities, negligence or medical malpractice.

Thus, we may from time to time be involved in material disputes with various parties in the ordinary course of our business. Such complaints, allegations and legal actions, regardless of their merit, may result in public scrutiny and negative publicity thereby harming the professional standing and market reputation of our Group and the SPCH medical practitioners and/or healthcare professionals. Our resources may also be diverted to defend the claims, thereby adversely affecting our Group's business, results of operations, financial condition and prospects.

In 2010, a suit was brought by a patient of Dr. Bernard Lee against Medtronic International Ltd Singapore, Dr. Bernard Lee, and Tan Tock Seng Hospital Pte Ltd alleging, *inter alia*, that Medtronic International Ltd Singapore breached the implied terms of the contract and it had been negligent in that it failed in its duty of care to the patient following the sale of the infusion system, and each of Dr. Bernard Lee and Tan Tock Seng Hospital Pte Ltd had been negligent in that they had failed in their respective duty of care to the patient. On 28 November 2012, parties entered into a settlement agreement whereby, among others, the plaintiff discharged the defendants of and from any claims and complaints arising out of, in connection with, or resulting from the matter. For the avoidance of doubt, parties agreed that the entry into the settlement agreement shall not in any event be construed or else deemed as any express or implied admission of liability or wrongdoing by the defendants. On 10 January 2013, the notice of discontinuance was filed by the plaintiff against each of the abovementioned defendants.

Any complaint against the SPCH medical practitioners, our healthcare professionals or us may also result in investigations and/or disciplinary actions by the relevant governing professional body (including the SMC and MOH) which could in turn result in fines, suspension and/or the revocation of licences. The occurrence of any of the foregoing events may have a material adverse impact on the staff morale, business, results of operations, financial condition and prospects of our Group.

In January 2014, the SMC notified Dr. Jitendra Kumar Sen that certain complaints had been made against him and that the Complaints Committee of the SMC directed an investigation to be conducted in respect of these complaints. Dr. Jitendra Kumar Sen addressed these queries accordingly. In December 2018, the SMC sent out a notice of inquiry by the Disciplinary Tribunal of the SMC in relation to, among others, whether Dr. Jitendra Kumar Sen had undertaken an

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adequate clinic assessment before certifying certain patients as fit for employment. In March 2019, Dr. Jitendra Kumar Sen responded to the SMC that, *inter alia*, the complaints made were frivolous, and his response was supported by expert witness statements. In April 2019, the SMC considered Dr. Jitendra Kumar Sen's representations and consented to the withdrawal of the charges set out in the notice of inquiry.

We have also been subject, from time to time, to notifications from the SMC in connection with publicity requirements under the Private Hospitals and Medical Clinics (Advertisement) Regulations 2019. Further details are set out under the section entitled "General Information on Our Group – Government Regulations" of this Offer Document.

In the event of litigation, there is also no assurance that the medical and legal claims made against us would not be in excess of the amount covered by our insurance policies or that such insurance policies are sufficiently comprehensive to cover all types of claims. If our arrangements for insurance or indemnification do not adequately cover potential claims, we may be required to make substantial payments, which may have a material adverse effect on our Group's business, results of operations, financial condition and prospects.

Further, the businesses and clinics which we may acquire, and the medical practitioners and healthcare professionals which we have hired or may hire, may have unknown or contingent liabilities and we may become liable for the past activities of such businesses and clinics.

Our insurance coverage and indemnities may not cover all our damages and losses

Our clinics and medical equipment face the risk of suffering physical damage caused by fire, natural disasters, or other causes, as well as potential public liability claims, which could disrupt our business operations. While we believe that we have insured our business operations and our clinics in line with industry practice in Singapore, there is no assurance that there will not be any such damage or that liability claims will not be in excess of the amount covered by our insurance policies or that such insurance policies are comprehensive and cover all types of damage suffered or public liability claims. As such, should there be adverse developments such as terrorist attacks and other natural or man-made disasters such as earthquakes and floods, fire hazards and other events beyond our control, we may not have adequate insurance coverage to cover these liabilities and risks and our business, results of operations, financial condition, and prospects may be materially and adversely affected. We expect to renew our insurance policies on an annual basis and there is no assurance that we will be able to renew all of our policies or obtain new policies on similar terms.

Further, any material change in the terms of the SPCH medical practitioners' insurance policies may have a disproportionate and material adverse effect on our business, financial condition, results of operations and prospects. Any material changes to the terms of the insurance policies may result in claims for which we may not be compensated for by insurance proceeds (if any) and/or contractual indemnities (if any). In the event that there are any such material changes, we may have to make provisions in our accounts and this may have a material adverse effect on our business, results of operations, financial condition, and prospects.

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Our business operations may be affected by the challenges affecting the healthcare industry

Our business, financial condition, results of operations and prospects may be affected by the challenges currently faced by the healthcare industry such as:

- general economic, business and demographic conditions at local, regional, national and international levels;
- an increase in the threat of terrorism or armed conflict and the occurrence of natural and man-made disasters that affect travel security which could reduce the volume of medical tourism;
- improvements in the level of quality of healthcare services in neighbouring countries that may affect the stream of medical tourists coming to our Group's clinics;
- technological and pharmaceutical improvements that reduce the demand for our healthcare services;
- rising costs of medicines and pharmaceutical drugs;
- prevalence of third party administrators in the healthcare industry which may increase the cost of medical services;
- stricter regulations governing the purchase of medications and pharmaceutical drugs, which are highly regulated;
- stricter regulations governing protection of sensitive or confidential patient information from unauthorised disclosure;
- changes in the supply distribution chain or other factors that increase the cost of supplies, as well as increased cost of rental and staff salaries and benefits;
- reputational and potential financial risk to our operations caused by the independent actions of medical practitioners, including the prices they charge patients for their services;
- changes in methods of taxation and tax policy (particularly in response to clarificatory circulars issued by the tax authority as to tax avoidance); and
- credit and collection risks due to difficulties in collecting payments from patients for procedures performed and services rendered.

In particular, a slowdown in the global economy might lead to a decrease in demand for private healthcare services as more patients opt for subsidised public healthcare services or treatments which are more price competitive.

Any failure by us to effectively manage these challenges may have a material adverse effect on our business, financial position, results of operations and prospects.

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Our business may be affected if we are removed from the panel of preferred healthcare providers of insurance companies and medical corporations

Certain of our clinics are currently on the panel of preferred healthcare providers of various medical corporations and insurance companies. Our business and results of operations may be materially and adversely affected in the event that the relevant clinics are removed from such panels of preferred healthcare providers of insurance companies and medical corporations.

Many of our patients rely on public insurance and healthcare schemes. If there are any changes to these schemes that affect subsidies to patients, they may then choose to go to public clinics or hospitals instead. There can be no assurance that our business, results of operations, financial condition and prospects of our Group would not be affected as a result of any such changes to the policies and laws relating to the healthcare system.

We may be exposed to risks in relation to the disposal of medical waste and the use of certain medical equipment

Our Group's operations involve the disposal of medical waste such as needles, and other common by-products of clinics. We are required to dispose of medical waste and use our medical equipment in accordance with procedures prescribed by law. Failure to comply with these procedures may expose us to fines or suspension by the relevant authorities and any injury or damage caused by the wrongful disposal of medical waste or misuse of medical equipment may expose us to civil claims from injured parties. If the above were to occur, our financial performance, financial condition, professional standing and market reputation will be materially and adversely affected.

We could be exposed to risks relating to the handling of medical and personal data

We are subject to laws, rules and regulations that require medical institutions to protect the privacy of their patients and prohibit unauthorised disclosure of personal information. We may be exposed to the risk of liability as a result of any theft, leakages or misuse of personal information stored in our systems.

Regulations to which we are subject may require licensees of a private medical clinic or healthcare establishment to keep and maintain proper medical records. In this regard, such licensees are generally required to take all reasonable steps, including implementing such processes as are necessary, to ensure that such medical records are accurate, complete and up-to-date, and to implement adequate safeguards (whether administrative, technical or physical) to protect the medical records against accidental or unlawful loss, modification or destruction, or unauthorised access, disclosure, copying, use or modification. Our business requires us to handle, store and manage personal information pertaining to our patients, as well as transmit personal, confidential and proprietary information, such as customers' credit card details, over public networks. Any contravention of these laws and regulations may render the person committing the offence to be liable on conviction to a fine or imprisonment. These laws, rules and regulations are subject to change. Compliance with new privacy and security laws, regulations and requirements may result in increased operating costs and may constrain or require us to alter our business model or operations which may in turn affect our business, results of operations, financial condition and prospects.

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We have taken measures to maintain the confidentiality of the medical and personal information relating to our patients. However, these measures may not always be effective in protecting the relevant medical information.

While we believe that our current collection and usage of medical and personal information is in compliance with applicable laws and regulations governing the collection and use of such information, there can be no assurance that we will not be exposed to risks relating to the handling of medical and personal data. We cannot assure you that there will not in the future be data leakage or improper use of medical and personal information due to technology failures, human error or lapses in our controls over access to such information. Any breach of our confidentiality obligations could expose us to potential liabilities such as litigation or regulatory proceedings and adversely impact our reputation.

As at the Latest Practicable Date, we have not encountered any incidents in relation to the foregoing that have materially and adversely affected our business, results of operations, financial condition or prospects.

RISKS RELATING TO AN INVESTMENT IN OUR SHARES

Investments in securities quoted on Catalist involve a higher degree of risk and can be less liquid than shares quoted on the Main Board of the SGX-ST

An application has been made for our Shares to be listed for quotation on Catalist, a listing platform designed primarily for fast-growing and emerging or smaller companies to which a higher investment risk tends to be attached, as compared to larger or more established companies. An investment in shares quoted on Catalist may carry a higher risk than an investment in shares quoted on the Main Board of the SGX-ST.

An active trading market for our Shares may not develop and could affect the trading price of our Shares

Prior to the Placement, there has been no public market for our Shares. Although an application has been made to the SGX-ST for the listing and quotation of our Shares on Catalist, there can be no assurance that there will be a liquid public market for our Shares after the Placement. If an active public market for our Shares does not develop after the Placement, the market price and liquidity of our Shares may be adversely affected.

The Catalist Rules require that companies applying for listing of their equity securities on Catalist meet certain minimum shareholding spread and distribution requirements. While we will need to meet these requirements in order to list our Shares on Catalist, these requirements are only minimum requirements and our shareholding spread and distribution in the Placement and our post-Placement shareholding spread may not substantially exceed these limits or may even fall below these limits after the Placement. In the case where the percentage of our post-Placement share capital held by public shareholders is less than 10.0%, the SGX-ST may suspend trading of our Shares. As a result, liquidity of our Shares can be materially curtailed and there may be no or limited trading in our Shares, and you may not be able to acquire Shares or sell your Shares in our Company, either at a favourable price, or at all. In addition, if shares, such as our Shares, have only limited liquidity, the price of such shares can fluctuate significantly as a result of only one or a small number of trades in these shares.

RISK FACTORS

Our share price may fluctuate significantly in future and you may lose all or part of your investment, and litigation may be brought against us

There is no assurance that the market price for our Shares will not decline below the Placement Price. The Placement Price was determined after consultation between our Company, the Sponsor and Issue Manager, and the Placement Agent after taking into consideration, among others, market conditions and estimated market demand for our Shares. The Placement Price may not necessarily be indicative of the market price for our Shares after the completion of the Placement. Investors may not be able to sell their Shares at or above the Placement Price. The prices at which our Shares will trade after the Placement may fluctuate significantly and rapidly as a result of, among others, the following factors, some of which are beyond our control:

- (a) variation in our results of operations;
- (b) perceived prospects and future plans for our business and the general outlook of our industry;
- (c) changes in securities analysts' estimates of our results of operations and recommendations;
- (d) announcements by us of significant contracts, acquisitions, strategic alliances or joint ventures or capital commitments;
- (e) the valuation of publicly-traded companies that are engaged in business activities similar to ours;
- (f) additions or departures of key personnel;
- (g) fluctuations in stock market prices and volume;
- (h) involvement in litigation;
- (i) general economic and stock market conditions; and
- (j) discrepancies between our actual operating results and those expected by investors and securities analysts.

The stock markets have from time to time experienced significant price and volume fluctuations that have affected the market prices of securities. These fluctuations often have been unrelated or disproportionate to the operating performance of publicly-traded companies. In the past, following periods of volatility in the market price of a particular company's securities, an investor may lose all or part of his investment and litigation has sometimes been brought against that company. If similar litigation is instituted against us, it could result in substantial costs and divert management's attention and resources from our core business.

Investors in our Shares would face immediate and substantial dilution in the NAV per Share and may experience future dilution

The Placement Price of S\$0.22 per Share is substantially higher than our Group's unaudited NAV per Share as at 31 December 2019 of approximately 9.86 cents based on the post-Placement share capital and after adjusting for the estimated net proceeds due to our Company from the Placement. If we were liquidated immediately following this Placement, each investor subscribing for this Placement would receive less than the price they paid for their Shares. Please refer to the section entitled "Dilution" of this Offer Document for more information.

RISK FACTORS

In addition, we may issue Performance Shares or Option Shares under our Performance Share Plan or Share Option Scheme. To the extent that such Performance Shares or Option Shares are issued, there may be further dilution to investors participating in the Placement. Please refer to the sections entitled “The SPCH Performance Share Plan”, “The SPCH Employee Share Option Scheme”, “Appendix F – Rules of the SPCH Employee Share Option Scheme” and “Appendix G – Rules of the SPCH Performance Share Plan” of this Offer Document for more information.

Future issuance of Shares by us and sale of Shares by our existing Shareholders may adversely affect the price of our Shares

In the event we issue or our Shareholders sell substantial amounts of our Shares in the public market following this Placement, the price of our Shares may be adversely affected. Such issues or sales may also make it difficult for us to issue new Shares and raise the necessary funds in the future at a time and price we deem appropriate.

Except as otherwise described in the section entitled “Shareholders – Moratorium” of this Offer Document, there will be no restriction on the ability of our Shareholders to sell their Shares either on Catalist or otherwise.

We may require additional funding in the form of equity or debt for our future growth which will cause dilution in Shareholders’ equity interest

We may pursue opportunities to grow our business through joint ventures, strategic alliance, acquisitions or investment opportunities, following the Placement. However, there can be no assurance that we will be able to obtain additional funding on terms that are acceptable to us or at all. If we are unable to do so, our future plans and growth may be adversely affected.

An issue of Shares or other securities to raise funds will dilute Shareholders’ equity interests and may, in the case of a rights issue, require additional investments by Shareholders. Further, an issue of Shares below the then prevailing market price will also affect the value of Shares then held by investors.

Dilution in Shareholders’ equity interests may occur even if the issue of shares is at a premium to the market price. In addition, any additional debt funding may restrict our freedom to operate our business as it may have conditions that:

- (a) limit our ability to pay dividends or require us to seek consents for the payment of dividends;
- (b) increase our vulnerability to general adverse economic and industry conditions;
- (c) require us to dedicate a portion of our cash flow from operations to repayments of our debt, thereby reducing the availability of our cash flow for capital expenditures, working capital and other general corporate purposes; and
- (d) limit our flexibility in planning for, or reacting to, changes in our business and our industry.

The current disruptions, volatility or uncertainty of the credit markets could limit our ability to borrow funds or cause our borrowings to be more expensive in future. As such, we may be forced to pay unattractive interest rates, thereby increasing our interest expense, decreasing our profitability and reducing our financial flexibility if we take on additional debt financing.

RISK FACTORS

Investors may not be able to participate in future issues or certain other equity issues of our Shares

In the event that we issue new Shares, we will be under no obligation to offer those Shares to our existing Shareholders at the time of issue, except where we elect to conduct a rights issue. However, in electing to conduct a rights issue or certain other equity issues, we will have the discretion and may also be subject to certain regulations as to the procedures to be followed in making such rights available to Shareholders or in disposing of such rights for the benefit of such Shareholders and making the net proceeds available to them. In addition, we may not offer such rights to our existing Shareholders having an address in jurisdictions outside of Singapore.

Accordingly, certain Shareholders may be unable to participate in future equity offerings by us and may experience dilution in their shareholdings as a result.

Certain transactions may dilute the ownership of holders of our Shares

As a result of adjustments from rights offerings, certain issuances of new Shares and certain other actions we may take to modify our capital structure, Shareholders may experience a dilution in their ownership of our Shares. There can be no assurance that we will not take any of the foregoing actions, and such actions in the future may adversely affect the market price of our Shares.

Negative publicity including those relating to any of our Directors, Executive Officers, Substantial Shareholders and Controlling Shareholders may materially and adversely affect our Share price

Negative publicity or announcements including those relating to any of our Directors, Executive Officers, Substantial Shareholders, and Controlling Shareholders, with or without merit, may materially and adversely affect the market perception of our Group or the performance of our Share price, whether or not they are justified. Such negative publicity includes, among others, unsuccessful attempts in joint venture, acquisitions or take-overs, or involvement in litigation or insolvency proceedings. For instance, our Substantial Shareholder, HCSS has recently been the subject of negative press, queries from the regulator and an on-going dispute in connection with one of its specialist doctors.

Control by our Controlling Shareholders of our share capital after the Placement may limit your ability to influence the outcome of decisions requiring the approval of Shareholders

After the completion of the Placement, our Controlling Shareholders, Dr. Bernard Lee will hold 30.01% and Dr. Jeffrey Loh will hold approximately 17.11% of our issued share capital of our Company, respectively. As a result, the Controlling Shareholders will be able to significantly influence our corporate actions and mergers or takeover attempts in a manner which may not be in line with the interests of our public Shareholders. The Controlling Shareholders will also have veto power in relation to any shareholder action or approval requiring the passing of a special resolution except in situations where they are required by the Catalist Rules, the SGX-ST or undertakings given by them and their Associates to abstain from voting. Such concentration of ownership may also have the effect of delaying, preventing or deterring a change in control of our Group which may not benefit our Shareholders.

RISK FACTORS

We may not be able to pay dividends in the future

Our ability to declare dividends to our Shareholders in the future will be contingent on our future financial performance and distributable reserves of our Company. This is in turn dependent on our ability to implement our future plans, and on regulatory, competitive, technical and other factors such as general economic conditions, demand for and selling prices of our products and services and other factors exclusive to the medical industry. Any of these factors could have a material adverse effect on our business, financial position and results of operations, and hence there is no assurance that we will be able to pay dividends to our Shareholders after the completion of the Placement.

Further, in the event that we are required to enter into any loan arrangements with any financial institutions, covenants in the loan agreements may also limit when and how much dividends we can declare and pay out.

Singapore take-over laws contain provisions which could adversely affect the market price of the Shares

The Take-Over Code contains certain provisions that may possibly delay, deter or prevent a future take-over or change in control. Under the Take-Over Code, except with the consent of the Securities Industry Council of Singapore, any person acquiring an interest, whether by a series of transactions over a period of time or not, either on his own or together with persons acting in concert with him, in 30.0% or more of the voting Shares, is required to extend a take-over offer for the remaining voting Shares in accordance with the Take-Over Code. Except with the consent of the Securities Industry Council of Singapore, such a take-over offer is also required to be made if a person holding between 30.0% and 50.0% (both inclusive) of the voting Shares, either on his own or together with persons acting in concert with him, acquires additional voting Shares representing more than 1.0% of the voting Shares in any six-month period. While the Take-Over Code seeks to ensure an equality of treatment among Shareholders, its provisions could substantially impede the ability of the Shareholders to benefit from a change of control and, as a result, may adversely affect the market price of the Shares and the ability to realise any benefits from a potential change of control.

USE OF PROCEEDS AND LISTING EXPENSES

Use of Proceeds

The estimated net proceeds to be raised by our Company from the Placement, after deducting the aggregate estimated cash expenses in relation to the Placement of approximately S\$1.79 million, will be approximately S\$3.54 million.

We intend to use our gross proceeds from the issue of the Placement Shares in the following manner:

Use of proceeds	Amount (S\$'000)	Estimated amount allocated for each dollar of the gross proceeds raised from the Placement (as a% of the gross proceeds)
Expand range of pain care services	1,100	20.62
Expand our business operations locally and regionally	1,400	26.25
Working capital	1,041	19.52
Listing expenses	1,793	33.61
Total	5,334	100.00

Further details of our use of proceeds may be found in the section entitled “General Information on Our Group – Business Strategies and Future Plans” of this Offer Document.

The abovementioned represents the best estimate of our allocation of the net proceeds of the Placement based on our current plans and estimates regarding our anticipated expenditures. Our actual expenditures may vary from these estimates and we may find it necessary or advisable to reallocate the proceeds within the categories described above or to use portions of the proceeds for other purposes. In the event we decide to reallocate such proceeds for other purposes, we will publicly announce our intention to do so through a SGXNET announcement on the internet at the SGX-ST website, <http://www.sgx.com>. In addition, we will make periodic announcements on the use of the proceeds from the Placement as and when the proceeds from the Placement are materially disbursed, and provide a status report on the use of the proceeds from the Placement in our annual reports.

Pending the deployment of the net proceeds from the issue of Placement Shares as aforesaid, the funds will be placed in short-term deposits or money making instruments as our Directors may, in their absolute discretion, deem fit.

Our Directors are of the opinion that there is no minimum amount which must be raised from the Placement.

None of the proceeds raised from the Placement will be used to discharge, reduce or retire any indebtedness of our Group.

USE OF PROCEEDS AND LISTING EXPENSES

Listing Expenses

The estimated expenses payable by us in connection with the Placement and the application for Listing, including the placement commission, management fees, legal and audit fees, fees payable to the SGX-ST and all other incidental expenses in relation to the Placement are estimated to amount to approximately S\$1.79 million.

A breakdown of these expenses is as follows:

Expenses	Estimated Amount (S\$'000)	Estimated amount allocated for each dollar of the gross proceeds raised from the Placement (as a% of the gross proceeds)
Listing and application fees	60	1.12
Professional fees ⁽¹⁾	1,400	26.25
Placement commission ⁽²⁾	214	4.01
Miscellaneous expenses	119	2.23
Total	1,793	33.61

Notes:

- (1) These refer to the cash expenses payable by us in connection with the Placement and excludes the TLM Consultancy Fees of S\$400,000 payable by way of issuance of TLM Shares to the Consultant pursuant to the Consultancy Agreement. Please refer to the sections entitled "Shareholders" and "General and Statutory Information – Material Contracts" of this Offer Document for more details.
- (2) The amount of placement commission per Placement Share, agreed upon between the Placement Agent and our Company is 4.00% of the Placement Price payable for each Placement Share. Please refer to the section entitled "General and Statutory Information – Management and Placement Arrangements" of this Offer Document for more details.

Subscribers of the Placement Shares may be required to pay brokerage of up to 1.00% of the Placement Price (and the prevailing GST thereon, if applicable) to the Placement Agent or any sub-placement agent that may be appointed by the Placement Agent.

DIVIDEND POLICY

Our Company was incorporated on 31 December 2018 and has not distributed any cash dividend on our Shares since incorporation. Save as disclosed below, none of our Subsidiaries has declared or paid dividends in respect of FY2017, FY2018, and FY2019:

Subsidiary	FY2017 ⁽¹⁾		FY2018 ⁽¹⁾		FY2019 ⁽¹⁾	
	Total (\$\$)	Per share ⁽²⁾ (\$\$)	Total (\$\$)	Per share ⁽²⁾ (\$\$)	Total (\$\$)	Per share ⁽²⁾ (\$\$)
PCN	215,000	107,500	2,138,000	1,069,000	700,000	350,000
PCPL	–	–	–	–	1,015,000	507,500

Notes:

- (1) For each of FY2017, FY2018 and FY2019, our Group comprised of our Company and our Subsidiaries, namely, PCPL and PCN.
- (2) Based on the number of outstanding shares for the respective Subsidiaries.

No dividends have been declared by our Group in respect of the period from 1 July 2019 to the Latest Practicable Date. For the avoidance of doubt, LCPL declared dividends of S\$368,500 per share amounting to S\$737,000, to its then shareholders, on 29 June 2019, which were paid by our Group in April 2020.

Our Directors intend to recommend and distribute dividends of not less than 70.0% of our net profit after tax attributable to owners of our Company (excluding the share of results of associate) for each of FY2020, FY2021 and FY2022 (the “**Proposed Dividends**”) as we wish to reward Shareholders for participating in our Group’s growth. However, investors should note that all the foregoing statements including the statement on the Proposed Dividends are merely statements of our present intention and shall not constitute legally binding statements in respect of our future dividends which may be subject to modification (including reduction or non-declaration thereof) in our Directors’ sole and absolute discretion.

While our Directors intend to recommend and distribute the Proposed Dividends, we currently do not have a fixed dividend policy. The form, frequency and amount of future dividends on our Shares that our Directors may recommend or declare in respect of any particular financial year or period will be subject to the factors outlined below as well as any other factors deemed relevant by our Directors:

- (a) the level of our cash and retained earnings;
- (b) our actual and projected financial performance;
- (c) our projected levels of capital expenditure and expansion plans;
- (d) our working capital requirements and general financing condition; and
- (e) restrictions on payment of dividends imposed on us by our financing arrangements (if any).

The amount of dividends declared and paid by us in the past should not be taken as an indication of the dividends payable in the future. No inference shall or can be made from any of the foregoing statements as to our actual future profitability or ability to pay dividends in any of the periods discussed. There can be no assurance that dividends will be paid in the future or of the amount or timing of any dividends that will be paid in the future. Please refer to the section entitled “Risk Factors – Risks relating to an investment in our Shares – We may not be able to pay dividends in the future” of this Offer Document for further details.

DIVIDEND POLICY

We may declare an annual dividend subject to the approval of our Shareholders in a general meeting but the amount of such dividend shall not exceed the amount recommended by our Directors. Our Directors may also declare an interim dividend without the approval of our Shareholders. Our Company may pay all dividends to our shareholders out of our profits.

All dividends are paid pro-rata among the Shareholders in proportion to the amount paid up on each Shareholder's Shares, unless the rights attached to an issue of any Shares provides otherwise. Notwithstanding the foregoing, the payment by our Company to CDP of any dividend payable to a Shareholder whose name is entered in the Depository Register shall, to the extent of payment made to CDP, discharge our Company from any liability to that Shareholder in respect of that payment.

Information relating to taxes payable on dividends is set out in the section entitled "Taxation" of this Offer Document.

SHARE CAPITAL

Our Company (Company Registration Number: 201843233N) was incorporated in Singapore on 31 December 2018 under the Companies Act as a private company limited by shares under the name of “Singapore Paincare Holdings Pte. Ltd.”. On 16 June 2020, our Company was converted into a public company and was renamed “Singapore Paincare Holdings Limited”.

Our issued and paid-up share capital as at the date of incorporation was S\$2.00 comprising two shares of S\$1.00 each. As at the date of this Offer Document, our issued and paid-up share capital was S\$6,731,898, comprising 137,377,416 Shares.

Pursuant to the shareholders’ resolutions passed by our Shareholders on 16 June 2020 and 9 July 2020, our Shareholders approved, *inter alia*, the following:

- (a) adoption of the new Constitution;
- (b) the sub-division of each existing issued share capital of our Company into 1,095 ordinary shares in the capital of our Company (“**Share Split**”);
- (c) the allotment and issue of the following Shares:
 - (i) the 90,000 Relevant Shares pursuant to the Restructuring Agreement;
 - (ii) the 3,458 Consideration Shares pursuant to the IP Assignment;
 - (iii) the 3,636,364 TLM Shares to the Consultant in connection with the TLM Consultancy Fees;
 - (iv) the 20,454,542 Conversion Shares to the Pre-Placement Investors in connection with the conversion of the Redeemable Convertible Loan; and
 - (v) the 24,246,000 Placement Shares which are the subject of the Placement;

which when allotted, issued and fully paid, will rank *pari passu* in all respects with the existing issued Shares;

- (d) the adoption of the Performance Share Plan, details of which are set out in the sections entitled “The SPCH Performance Share Plan” and “Appendix G – Rules of the SPCH Performance Share Plan” of this Offer Document;
- (e) the adoption of the Share Option Scheme, details of which are set out in the sections entitled “The SPCH Share Option Scheme” and “Appendix F – Rules of the SPCH Employee Share Option Scheme” of this Offer Document;
- (f) the authority be given to our Directors to allot and issue Shares upon the grant of Awards under the Performance Share Plan and the exercise of all Options (including the allotment of Shares arising from the exercise of the Options to the selected individuals) granted under the Share Option Scheme;
- (g) the listing and quotation of all the issued Shares (including the Placement Shares to be issued and allotted pursuant to the Placement, Performance Shares and Option Shares) to be issued (if any) on Catalist;

SHARE CAPITAL

(h) the authority be given to our Directors pursuant to Section 161 of the Companies Act and Rule 806 of the Catalist Rules to:

- (A) (i) 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) warrants, debentures or other instruments convertible into Shares;
- (iii) notwithstanding that such authority may have ceased to be in force at the time that Instruments are to be issued, issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or other capitalisation issues,

at any time and upon such terms and conditions and for such purposes and to such persons as our Directors may in their absolute discretion deem fit,

(B) issue Shares in pursuance of any Instrument made or granted by the Directors pursuant to (h)(A)(ii) and/or (h)(A)(iii) above, while such authority was in force (notwithstanding that such issue of Shares pursuant to the Instruments may occur after the expiration of the authority contained in this resolution), provided that:

- (1) the aggregate number of Shares to be issued pursuant to this mandate (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this mandate) shall not exceed 100.0% of the total number of issued Shares (excluding treasury shares) in the capital of our Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued (including Shares to be issued pursuant to the Instruments) other than on a pro rata basis to existing Shareholders shall not exceed 50.0% of the total number of issued Shares (excluding treasury shares) in the capital of our Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares (including Shares to be issued pursuant to the Instruments) that may be issued under sub-paragraph (1) above, the percentage of Shares that may be issued shall be based on the total number of issued Shares of our Company (excluding treasury shares) immediately after the Placement, after adjusting for: (a) new Shares arising from the conversion or exercise of the Instruments or any convertible securities, (b) new Shares arising from exercising share options or vesting of share awards, provided that the options or awards were granted in compliance with the Catalist Rules, and (c) any subsequent bonus issue, consolidation or sub-division of Shares. Adjustments made in accordance with (a) and (b) above are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of the resolution approving the mandate;
- (3) in exercising such authority, our Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of our Company; and

SHARE CAPITAL

- (4) unless revoked or varied by our Company in a general meeting, such authority shall continue in force until (i) the conclusion of the next annual general meeting of our Company or (ii) the date by which the next annual general meeting of our Company is required by law to be held, whichever is the earlier; and
- (i) that without prejudice to the generality of, pursuant and subject to the approval of the general mandate to issue Shares set out in (h) above, any Director be and is hereby authorised to issue Shares other than on a pro rata basis to the Shareholders, at a discount not exceeding 10.0% of the weighted average price of the Shares for trades done on the SGX-ST for the full Market Day on which the placement or subscription agreement is signed (or if not available, the weighted average price based on the trades done on the preceding Market Day up to the time the placement or subscription agreement is signed), at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit, provided that,
 - (1) in exercising such authority so conferred in this paragraph (i), our Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of our Company; and
 - (2) unless revoked or varied by our Company in general meeting, the authority so conferred in this paragraph (i) shall continue in force until the conclusion of the next annual general meeting of our Company or the date by which the next annual general meeting of our Company is required by law to be held, whichever is the earlier.

A summary of the Constitution of our Company relating to, among others, the voting rights and privileges of our Shareholders is set out in the section entitled “Appendix D – Selected Extracts of our Constitution” of this Offer Document.

There are no founders, management, deferred or unissued Shares reserved for issuance for any purpose. The Placement Shares shall have the same interest and voting rights as our existing issued Shares that were issued prior to this Placement.

Save for the Options which may be granted under the Share Option Scheme, no person has, or has the right to be given by the Administration Committee, an option to subscribe for or purchase any securities of our Company or any of our Subsidiaries. No participant has been identified and/or granted an Award for any Performance Shares by the Administration Committee pursuant to the Performance Share Plan.

Upon the allotment and issue of Placement Shares, the resultant issued and paid-up share capital of our Company will be increased to S\$11,570,233 comprising 161,623,416 Shares.

SHARE CAPITAL

Details of the changes in the issued and paid-up share capital of our Company since incorporation and the resultant issued and paid-up share capital immediately after the Placement are set out below:

	Number of Issued Shares	Issued and paid-up share capital (S\$)
Issued and fully paid-up Shares as at the date of incorporation of our Company	2	2
Issue of 9,998 Shares pursuant to the Restructuring Agreement ⁽¹⁾	9,998	3,431,888
Issue of the Relevant Shares pursuant to the Restructuring Agreement ⁽¹⁾	90,000	8
Issue of the Consideration Shares pursuant to the IP Assignment	3,458	200,000
Issued and paid-up share capital immediately before the Share Split	103,458	3,631,898
Share Split	113,286,510	3,631,898
Issue of TLM Shares	3,636,364	400,000
Issue of the Conversion Shares upon the conversion of the Redeemable Convertible Loan	20,454,542	2,700,000
Issued and paid-up share capital immediately before the Placement	137,377,416	6,731,898
Issue of Placement Shares pursuant to the Placement	24,246,000	4,838,335 ⁽²⁾
Issued and paid-up share capital immediately after the Placement	161,623,416	11,570,233

Notes:

(1) Pursuant to the Restructuring Agreement, our Company (a) acquired our Subsidiaries and Associated Company on 5 July 2019 for a total consideration of approximately S\$3.43 million, which was arrived at taking into account, *inter alia*, the unaudited profit after tax of each of our Subsidiaries and Associated Company for the financial period from 1 July 2018 to 30 June 2019, and (b) issued and allotted 9,998 Shares to the vendors of our Subsidiaries and Associated Company in satisfaction of the consideration. On 17 June 2020, 90,000 Relevant Shares were further issued to the vendors to adjust their respective shareholdings in our Company to reflect the performance of our Subsidiaries and Associated Company for the financial period from 1 July 2018 to 31 March 2020. Each vendor subscribed for the relevant number of Relevant Shares at a nominal value of S\$1.00. Please refer to the section entitled "Restructuring Exercise" of this Offer Document for further details.

(2) Takes into account the set-off of listing expenses of approximately S\$0.50 million against share capital.

SHARE CAPITAL

The issued share capital and the shareholders' equity of our Company after adjustments to reflect the issue and allotment of the Relevant Shares, the Consideration Shares and the TLM Shares, the conversion of the Redeemable Convertible Loan and the Share Split are set forth below. This should be read in conjunction with the "Independent Auditors' Report and Audited Combined Financial Statements of Singapore Paincare Holdings Limited and its Subsidiaries for the Financial Years Ended 30 June 2017, 2018 and 2019" and "Independent Auditors' Review Report and Unaudited Interim Condensed Combined Financial Statements of Singapore Paincare Holdings Limited and its Subsidiaries for the Financial Period from 1 July 2019 to 31 December 2019" as set out in Appendix A and Appendix B of this Offer Document respectively.

	As at Incorporation	As at 31 December 2019 ⁽¹⁾	After the issue of Relevant Shares, the Consideration Shares and the TLM Shares, the conversion of the Redeemable Convertible Loan and the Share Split	After the Placement
Issued and fully paid-up shares (number of shares)	2	10,000	137,377,416	161,623,416
Issued and fully paid-up share capital (S\$)	2	13,597,282	16,897,288	21,735,623 ⁽²⁾
Retained earnings (S\$)	–	1,442,869	921,385 ⁽⁴⁾	(374,395) ⁽³⁾⁽⁴⁾
Merger reserve (S\$)	–	(5,552,876)	(5,552,876)	(5,552,876)
Other reserve (S\$)	–	–	177,484	177,484
Total equity	2	9,487,275	12,443,281	15,985,836

Notes:

- (1) This takes into account the fair value adjustment in share capital amounting to approximately S\$10.17 million which relates to the issue of Shares on 5 July 2019 pursuant to the Restructuring Agreement in accordance with SFRS(I) 3 *Business Combination*.
- (2) Takes into account the set-off of listing expenses of approximately S\$0.50 million against share capital.
- (3) Includes the listing expenses of approximately S\$1.70 million.
- (4) Includes the estimated fair value loss arising from the derivative financial instruments of approximately S\$0.09 million, gain on de-recognition of convertible loan of approximately S\$0.18 million and interest expense of approximately S\$0.21 million upon conversion of the Redeemable Convertible Loan.

Save as disclosed above, there have been no other changes in the share capital of our Company since the date of its incorporation.

SHARE CAPITAL

Save as set out in this section, the section entitled “Restructuring Exercise” of this Offer Document, and in the following table, there was no change in the issued/registered share capital or the number and classes of shares of our Company and/or our Subsidiaries within the last three years preceding the Latest Practicable Date:

AE Medical Sengkang

Date of issue	Number of Share(s) issued	Subscription price/ consideration	Purpose of issue	Resultant issued share capital
28 March 2018	1	S\$1.00	Incorporation	S\$1.00

HMC Medical

Date of issue	Number of Share(s) issued	Subscription price/ consideration	Purpose of issue	Resultant issued share capital
29 November 2017	498	S\$498.00	Capital injection	S\$503.00
29 November 2017	497	S\$497.00	Capital injection	S\$1,000.00

SHAREHOLDERS

SHAREHOLDING AND OWNERSHIP STRUCTURE

The Directors and Substantial Shareholders of our Company and their respective shareholdings immediately before and after the Placement (as at the date of this Offer Document) are summarised below:

	Before the Placement				After the Placement			
	Direct Interest		Deemed Interest		Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%
Directors								
Ms. Lai Chin Yee	–	–	–	–	–	–	–	–
Dr. Bernard Lee	48,508,500	35.31	–	–	48,508,500	30.01	–	–
Dr. Jeffrey Loh	27,659,700	20.13	–	–	27,659,700	17.11	–	–
Mr. Chong Weng Hoe	–	–	–	–	–	–	–	–
Mr. Richard Yap	–	–	–	–	–	–	–	–
Substantial Shareholders (other than Directors)								
Dr. Jitendra Kumar Sen	12,647,250	9.21	–	–	12,647,250	7.83	–	–
HCSS ⁽¹⁾⁽²⁾	5,937,090	4.32	5,681,818	4.14	5,937,090	3.67	5,681,818	3.52
Lim Ewe Ghee ⁽³⁾	3,787,878	2.76	5,681,818	4.14	3,787,878	2.34	5,681,818	3.52
Other Shareholders								
Dr. Wong Shing Yip ⁽⁴⁾	7,864,290	5.72	–	–	7,864,290	4.87	–	–
Dr. Huang Guoliang, Eugene	4,964,730	3.61	–	–	4,964,730	3.07	–	–
Dr. Chee Hsing Gary Andrew	2,852,475	2.08	–	–	2,852,475	1.76	–	–
Dr. Lee Peng Khow	2,852,475	2.08	–	–	2,852,475	1.76	–	–
Consultant ⁽⁵⁾	3,636,364	2.65	–	–	3,636,364	2.25	–	–
Shinex Capital ⁽³⁾	5,681,818	4.14	–	–	5,681,818	3.52	–	–
Sia Ling Sing ⁽³⁾⁽⁴⁾	2,272,727	1.65	5,681,818	4.14	2,272,727	1.41	5,681,818	3.52
Shine Medi-Capital ⁽³⁾	–	–	5,681,818	4.14	–	–	5,681,818	3.52
Tan Tin Nam ⁽³⁾	–	–	5,681,818	4.14	–	–	5,681,818	3.52
Medinex Limited ⁽²⁾⁽⁶⁾	5,681,818	4.14	–	–	5,681,818	3.52	–	–
Jessie Low Mui Choo ⁽⁶⁾	–	–	5,681,818	4.14	–	–	5,681,818	3.52
Lim Bee Leng Stephanie	1,515,151	1.10	–	–	1,515,151	0.94	–	–
Kum Shen Wei Ronald	946,969	0.69	–	–	946,969	0.59	–	–
Lim Kheng Moh	568,181	0.41	–	–	568,181	0.35	–	–
Dr. Heah Sieu Min ⁽¹⁾	–	–	5,937,090	4.32	–	–	5,937,090	3.67
Dr. Chia Kok Hoong ⁽¹⁾	–	–	5,937,090	4.32	–	–	5,937,090	3.67
Public	–	–	–	–	24,246,000	15.00	–	–
Total	137,377,416	100.00			161,623,416	100.00		

Notes:

- (1) As at the Latest Practicable Date, each of Dr. Heah Sieu Min and Dr. Chia Kok Hoong holds 42.50% and 23.08% of the issued share capital of HCSS respectively, and is deemed interested in the Shares of our Company which are held by HCSS by virtue of Section 4 of the Securities and Futures Act.

SHAREHOLDERS

- (2) As at the Latest Practicable Date, HCSS holds 22.92% of the issued share capital of Medinex Limited, and is deemed interested in the Shares of our Company which are held by Medinex Limited by virtue of Section 4 of the Securities and Futures Act.
- (3) Each of Lim Ewe Ghee, Sia Ling Sing, Shine Medi-Capital and Tan Tin Nam (through his interest in Shine Medi-Capital) is deemed interested in the Shares of our Company which are held by Shinex Capital by virtue of Section 4 of the Securities and Futures Act. For completeness, as at the Latest Practicable Date, Shinex Capital is a controlling shareholder of Medinex Limited, but is not deemed interested in the Shares of our Company through Medinex Limited by virtue of Section 4 of the Securities and Futures Act.
- (4) Each of Dr. Wong Shing Yip and Sia Ling Sing is a Substantial Shareholder immediately before the Placement, but is not a Substantial Shareholder of our Company immediately after the Placement.
- (5) Pursuant to the Consultancy Agreement and in connection with the TLM Consultancy Fees, our Company has issued and allotted to the Consultant an aggregate number of 3,636,364 TLM Shares, representing 2.65% of the issued share capital of our Company prior to the Placement. After the completion of the relevant moratorium periods as set out in the section entitled “Shareholders – Moratorium” of this Offer Document, the Consultant may dispose of his shareholding interests in our Company at his discretion.
- (6) As at the Latest Practicable Date, Jessie Low Mui Choo (and her spouse) hold 21.22% of the issued share capital of Medinex Limited, and is deemed interested in the Shares of our Company which are held by Medinex Limited by virtue of Section 4 of the Securities and Futures Act.

Our Non-executive Chairman and Independent Director, Ms. Lai Chin Yee was previously an independent director of RKH and our Financial Controller, Ms. Ng Phick Suan, was previously a financial controller of RKH. Our Independent Non-executive Director, Mr. Chong Weng Hoe, is currently an independent director of HCSS, our Substantial Shareholder. Further details are set out under the section entitled “Interested Person Transactions – Potential Conflicts of Interest”. Save as disclosed, there are no relationships among our Directors, Substantial Shareholders and Executive Officers.

As at the Latest Practicable Date, our Company has only one class of shares, being our Shares which are in registered form. There is no restriction on the transfer of fully paid Shares in scripless form except where required by law or the Catalist Rules and as described in the section entitled “Shareholders – Moratorium” of this Offer Document.

The Shares held by our Directors, Chief Executive Officer and Substantial Shareholders do not carry voting rights that are different from the Placement Shares.

Our Directors are not aware of any arrangement, the operation of which may, at a subsequent date, result in a change in control of our Company. Save as disclosed above, our Company is not directly or indirectly owned or controlled, whether severally or jointly by any other corporation, government or person.

Save as disclosed in the sections entitled “Restructuring Exercise” and “Share Capital” of this Offer Document, no shares or debentures were issued or agreed to be issued by our Company for cash or for a consideration other than cash since the date of incorporation of our Company.

There are no Shares in our Company that are held by or on behalf of our Company or our Subsidiaries.

SIGNIFICANT CHANGES IN PERCENTAGE OF OWNERSHIP

Save as disclosed in the sections entitled “Restructuring Exercise” and “Share Capital” of this Offer Document, there were no significant changes in the percentage of ownership of Shares in our Company since its incorporation.

SHAREHOLDERS

MORATORIUM

In compliance with Catalist Rule 422, the following persons have agreed to provide the following moratoriums:

Executive Directors, the SPCH medical practitioners and HCSS

To demonstrate their commitment to our Group, our Executive Directors, the SPCH medical practitioners and HCSS who collectively hold an aggregate of 113,286,510 Shares representing 70.09% of the issued and paid-up share capital of our Company immediately after the Placement, have each undertaken not to, among others, sell, contract to sell, realise, assign, transfer, pledge, grant any option to, dispose of or enter into any agreement that will directly or indirectly constitute or will be deemed as a disposal of any part of (a) their entire shareholding interests in our Company as at the date of Listing for a period of one year commencing from the date of our admission to Catalist (the “**Initial Moratorium Period**”), (b) two-thirds of their shareholding interests in our Company as at the date of Listing for a period of one year commencing immediately from the expiry of the Initial Moratorium Period (the “**Second Moratorium Period**”), and (c) the remaining one-third of their shareholding interests in our Company as at the date of Listing for a period of one year commencing immediately from the expiry of the Second Moratorium Period.

HCSS’ indirect shareholding in our Company is held through Medinex Limited, a company listed on Catalist, and accordingly, HCSS’ shareholding in Medinex Limited is excluded from the moratorium.

Pre-Placement Investors

Each of the Pre-Placement Investors who collectively hold the Conversion Shares representing 12.67% of the issued and paid-up share capital of our Company immediately after the Placement, have each undertaken not to, among others, sell, contract to sell, realise, assign, transfer, pledge, grant any option to, dispose of or enter into any agreement that will directly or indirectly constitute or will be deemed as a disposal of any part of the profit portion of each of their investment in our Company (the “**Pre-Placement Investors’ Moratorium Shares**”) for a period of 12 months commencing from the date of our admission to Catalist.

Pre-Placement Investor	Number of Pre-Placement Investors’ Moratorium Shares	% of the post-Placement share capital
Medinex Limited	2,272,728	1.41
Shinex Capital	2,272,728	1.41
Lim Ewe Ghee	1,515,151	0.94
Sia Ling Sing	909,091	0.56
Lim Bee Leng Stephanie	606,061	0.37
Kum Shen Wei Ronald	378,788	0.23
Lim Kheng Moh	227,272	0.14

SHAREHOLDERS

The number of Pre-Placement Investors' Moratorium Shares being the profit portion of the Pre-Placement Investors' investments was calculated based on the difference between the Placement Price and the conversion price of 13.20 cents per share, at which the Redeemable Convertible Loan was converted into Conversion Shares pursuant to the Convertible Loan Agreement.

Shareholders of Shinex Capital

Each of Shine Medi-Capital, Sia Ling Sing, and Lim Ewe Ghee respectively holds 37.50%, 25.00% and 37.50% of the issued and paid-up share capital of Shinex Capital, has undertaken not to, among others, sell, contract to sell, realise, assign, transfer, pledge, grant any option to, dispose of or enter into any agreement that will directly or indirectly constitute or will be deemed as a disposal of any part of their respective interests in Shinex Capital for a period of 12 months commencing from the date of our admission to Catalist.

Tan Lee Meng and Tan Tin Nam, who respectively hold approximately 33.33% and 66.67% of the issued and paid-up share capital of Shine Medi-Capital, have undertaken not to, among others, sell, contract to sell, realise, assign, transfer, pledge, grant any option to, dispose of or enter into any agreement that will directly or indirectly constitute or will be deemed as a disposal of any part of their respective interests in Shine Medi-Capital for a period of 12 months commencing from the date of our admission to Catalist.

Consultant

In connection with the TLM Consultancy Fees, our Company has issued and allotted to the Consultant an aggregate number of 3,636,364 TLM Shares representing 2.25% of the issued and paid-up share capital of our Company immediately after the Placement at an issue price of 50.0% discount to the Placement Price. The Consultant has undertaken not to, among others, sell, contract to sell, realise, assign, transfer, pledge, grant any option to, dispose of or enter into any agreement that will directly or indirectly constitute or will be deemed as a disposal of 1,818,183 TLM Shares representing 1.12% of the issued and paid-up share capital of our Company immediately after the Placement (being the profit portion of his Shares), for a period of 12 months commencing from the date of our admission to Catalist. Upon completion of the aforesaid relevant moratorium period, the Consultant may dispose of his shareholding interest in our Company at his own discretion.

DILUTION

Dilution is the amount by which the Placement Price paid by the subscribers of our Shares in this Placement exceeds our NAV per Share of our Group immediately after the Placement. Our NAV per Share as at 31 December 2019 after adjusting for the issue of the Relevant Shares and the Consideration Shares, and the conversion of the Redeemable Convertible Loan, but before adjusting for the estimated net proceeds due to our Company from the Placement and based on the pre-Placement issued and paid-up share capital of 137,377,416 Shares was 9.02 cents per Share.

Pursuant to the Placement in respect of 24,246,000 Placement Shares at the Placement Price, our NAV per Share after adjusting for the issue of the Relevant Shares and the Consideration Shares, the conversion of the Redeemable Convertible Loan, and the estimated net proceeds due to our Company from the Placement and based on the post-Placement issued and paid-up share capital of 161,623,416 Shares would have been 9.86 cents. This represents an immediate increase in NAV per Share of 0.84 cents to our existing Shareholders and an immediate dilution in NAV per Share of 12.14 cents or approximately 55.18% to our new public investors.

The following table illustrates the dilution per Share as at 31 December 2019:

	Cents
Placement Price for each Share	22.00
NAV per Share adjusted for the issue of the Relevant Shares and Consideration Shares, and the conversion of the Redeemable Convertible Loan and based on the pre-Placement ordinary share capital comprising 137,377,416 Shares	9.02
Increase in NAV per Share attributable to existing Shareholders	0.84
NAV per Share after the issue of Placement Shares and based on the post-Placement share capital comprising 161,623,416 Shares	9.86
Dilution in NAV per Share to new public investors	12.14
Dilution in NAV per Share to new public investors (%)	55.18

DILUTION

The following table summarises the total number of Shares acquired by and/or issued to our existing Shareholders since the incorporation of our Company to the date of this Offer Document, the total consideration and the average effective cash cost per Share to them and to the new public investors who subscribe for the Placement Shares pursuant to the Placement:

	Number of Shares	Aggregate consideration (S\$)	Average effective cash cost per Share (cents)
Existing Shareholders			
Dr. Bernard Lee	48,508,500	1,715,283	3.54
Dr. Jeffrey Loh	27,659,700	936,001	3.38
Dr. Wong Shing Yip	7,864,290	233,983	2.98
Dr. Huang Guoliang, Eugene	4,964,730	139,033	2.80
Dr. Chee Hsing Gary Andrew	2,852,475	79,370	2.78
Dr. Lee Peng Khow	2,852,475	79,370	2.78
Dr. Jitendra Kumar Sen	12,647,250	283,639	2.24
HCSS	5,937,090	165,219	2.78
Medinex Limited	5,681,818	750,000	13.20
Shinex Capital	5,681,818	750,000	13.20
Lim Ewe Ghee	3,787,878	500,000	13.20
Sia Ling Sing	2,272,727	300,000	13.20
Lim Bee Leng Stephanie	1,515,151	200,000	13.20
Kum Shen Wei Ronald	946,969	125,000	13.20
Lim Kheng Moh	568,181	75,000	13.20
Consultant ⁽¹⁾	3,636,364	400,000	11.00
New Public Shareholders	24,246,000	5,334,120	22.00

Note:

(1) Pursuant to the Consultancy Agreement and in connection with the TLM Consultancy Fees, our Company has issued and allotted to the Consultant an aggregate number of 3,636,364 TLM Shares, representing 2.65% of the issued share capital of our Company prior to the Placement. After the completion of the relevant moratorium periods as set out in the section entitled “Shareholders – Moratorium” of this Offer Document, the Consultant may dispose of his shareholding interests in our Company at his discretion.

Save as disclosed above and in the sections entitled “Share Capital”, “Shareholders”, and “General and Statutory Information – Share Capital” of this Offer Document, none of our Directors or Substantial Shareholders of our Company or their respective Associates have acquired any Shares during the period of three years prior to the date of this Offer Document.

SELECTED COMBINED FINANCIAL INFORMATION

The following financial information of our Group should be read in conjunction with the full text of this Offer Document, including the sections entitled “Management’s Discussion and Analysis of Results of Operations and Financial Position” of this Offer Document, the “Independent Auditors’ Report and Audited Combined Financial Statements of Singapore Paincare Holdings Limited and its Subsidiaries for the Financial Years Ended 30 June 2017, 2018 and 2019”, “Independent Auditors’ Review Report and Unaudited Interim Condensed Combined Financial Statements of Singapore Paincare Holdings Limited and its Subsidiaries for the Financial Period from 1 July 2019 to 31 December 2019” and “Independent Auditors’ Assurance Report and Compilation of Unaudited *Pro Forma* Combined Financial Information of Singapore Paincare Holdings Limited and its Subsidiaries for the Financial Year Ended 30 June 2019 and for the Financial Period from 1 July 2019 to 31 December 2019” as set out in Appendix A, Appendix B and Appendix C of this Offer Document respectively.

Our Group’s historical financial statements for FY2017, FY2018 and FY2019 were prepared in accordance with the Recommended Accounting Practice 12 (Merger Accounting for Common Control Combinations) where the financial statements of the common controlled entities, namely our Company, PCPL and PCN, are combined as if the combination of these common controlled entities had occurred from the date when the entities first came under the common control of our Executive Director and Chief Executive Officer, Dr. Bernard Lee. The other acquired entities of our Group, LCPL, HMC Medical, AE Medical Fernvale, AE Medical Sengkang and Sen Med were not under common control, and accordingly, the acquisition accounting method was adopted for the acquisition of these entities for the half-year financial period from 1 July 2019 to 31 December 2019. Such adoption of the acquisition accounting method was made in accordance with SFRS(I) 3 *Business Combination*, and will continue to be adopted after the listing of our Group, in compliance with SFRS(I), unless varying circumstances arise which may entail the application of merger accounting.

The *pro forma* adjustments were made based on the following assumptions (“**Adjustment Events**”):

- (a) the acquisition of the entire issued and paid-up share capital of LCPL, HMC Medical, AE Medical Fernvale and AE Medical Sengkang had taken place on 1 July 2018, being the beginning of FY2019;
- (b) the acquisition of 45.0% of the issued and paid-up share capital of Sen Med had taken place on 1 July 2018, being the beginning of FY2019;
- (c) the Redeemable Convertible Loan of S\$2,700,000 had been granted on 1 July 2018, being the beginning of FY2019;
- (d) the deed of amendment to the Convertible Loan Agreement was entered into, and the conversion of the Redeemable Convertible Loan into 20,454,542 Conversion Shares, had taken place on 1 July 2018, being the beginning of FY2019 and 1 July 2019, being the beginning of HY2020; and
- (e) the IP Assignment had taken place on 1 July 2018, being the beginning of FY2019 and 1 July 2019, being the beginning of HY2020.

SELECTED COMBINED FINANCIAL INFORMATION

A summary of the audited combined financial statements of our Group in respect of the financial years ended 30 June 2017, 30 June 2018 and 30 June 2019, the unaudited interim condensed combined financial statements of our Group in respect of the financial period ended 31 December 2019 and 31 December 2020 and the unaudited *pro forma* combined financial information of our Group in respect of the financial year ended 30 June 2019 and the financial period from 1 July 2019 to 31 December 2019 is set out below:

Results of operations of our Group

(S\$'000)	← Audited →			← Unaudited →		← Unaudited Pro Forma →	
	FY2017	FY2018	FY2019	HY2019	HY2020	FY2019	HY2020
Revenue	4,030	4,013	3,888	1,982	5,133	8,988	5,133
Other items of income							
Other income	125	155	447	3	61	226	61
Items of expense							
Changes in inventories and consumables used	(44)	(25)	(1)	20	243	196	243
Employee benefits expense	(868)	(832)	(697)	(427)	(1,439)	(2,210)	(1,439)
Depreciation and amortisation expenses	(852)	(838)	(839)	(369)	(1,431)	(2,154)	(1,431)
Operating lease expenses	(30)	(21)	(17)	(8)	(411)	(244)	(430)
Other expenses	(405)	(405)	(408)	(203)	–	(592)	–
Finance costs	(433)	(455)	(970)	(297)	(911)	(1,437)	(822)
Share of profits of associate, net of tax	–	–	(11)	–	(91)	(312)	(300)
Profit before income tax ⁽¹⁾	–	–	–	–	222	426	222
Income tax expense	1,523	1,592	1,392	701	1,378	2,887	1,237
	(197)	(207)	(137)	(85)	(236)	(356)	(236)
Profit for the financial year/period, representing total comprehensive income for the financial year/period	1,326	1,385	1,255	616	1,142	2,531	1,001
Profit and total comprehensive income attributable to owners of our Company ⁽¹⁾	1,326	1,385	1,255	616	1,142	2,531	1,001
Profit and total comprehensive income (excluding listing expenses) attributable to owners of our Company	1,326	1,385	1,315	616	1,670	2,591	1,529
EPS (cents) ⁽²⁾	0.97	1.01	0.91	0.45	0.83	1.84	0.73
Adjusted EPS (cents) ⁽¹⁾⁽³⁾	0.82	0.86	0.78	0.38	0.71	1.57	0.62

Notes:

- (1) Had the Service Agreements (set out in the section entitled “Directors, Executive Officers and Employees – Service Agreements” of this Offer Document) been in place since 1 July 2018, our *pro forma* profit before income tax, *pro forma* profit attributable to owners of our Company and *pro forma* adjusted EPS for FY2019 based on our post-Placement share capital of 161,623,416 Shares would have been approximately S\$2.29 million, S\$2.01 million and 1.24 cents respectively.
- (2) For illustrative purposes, the EPS for the financial periods under review have been computed based on profit attributable to owners of our Company and the pre-Placement share capital of 137,377,416 Shares.
- (3) For illustrative purposes, the adjusted EPS for the financial periods under review have been computed based on profit attributable to owners of our Company and the post-Placement share capital of 161,623,416 Shares.

SELECTED COMBINED FINANCIAL INFORMATION

Financial position of our Group

(S\$'000)	Audited As at 30 June 2019	Unaudited As at 31 December 2019	Unaudited <i>Pro Forma</i> As at 30 June 2019	Unaudited <i>Pro Forma</i> As at 31 December 2019
ASSETS				
Non-current assets				
Plant and equipment	21	2,535	43	2,535
Investment in associates	–	2,028	1,806	2,028
Intangible assets	–	6,059	6,355	6,259
Financial assets at fair value through profit or loss	235	–	–	–
Other receivables	–	7	–	7
	256	10,629	8,204	10,829
Current assets				
Inventories	123	880	638	880
Trade and other receivables	1,048	1,436	1,594	1,436
Prepayments	9	15	9	15
Cash and cash equivalents	1,244	3,792	4,356	3,792
	2,424	6,123	6,597	6,123
Total assets	2,680	16,752	14,801	16,952
EQUITY AND LIABILITIES				
Equity				
Share capital	n.m. ⁽³⁾	13,597	16,234	16,497
Merger reserve	–	(5,553)	(5,553)	(5,553)
Other reserve	–	–	263	177
Retained earnings	301	1,443	301	1,322
Total equity	301	9,487	11,245	12,443
Non-current liabilities				
Lease liabilities	–	1,971	–	1,971
Deferred tax liabilities	–	10	29	10
Provision	–	29	29	29
	–	2,010	58	2,010
Current liabilities				
Trade and other payables	239	1,140	1,075	1,140
Bank borrowings	1,996	–	1,996	–
Lease liabilities	–	585	–	585
Redeemable convertible loans	–	2,490	–	–
Derivative financial instrument	–	266	–	–
Current income tax payable	144	774	427	774
	2,379	5,255	3,498	2,499
Total liabilities	2,379	7,265	3,556	4,509
Total equity and liabilities	2,680	16,752	14,801	16,952
NAV per Share (cents) ⁽¹⁾	0.22	6.91	8.19	9.06
NTA per Share (cents) ⁽²⁾	0.22	2.50	3.56	4.50

Notes:

- (1) NAV per Share is computed based on the total equity and the pre-Placement share capital of 137,377,416 Shares.
- (2) NTA per Share is computed based on the total equity net of intangible assets and the pre-Placement share capital of 137,377,416 Shares.
- (3) Not meaningful as this figure is less than S\$1,000.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

The following discussion of our results of operations and financial position should be read in conjunction with the full text of this Offer Document, including the sections entitled "Independent Auditors' Report and Audited Combined Financial Statements of Singapore Paincare Holdings Limited and its Subsidiaries for the Financial Years ended 30 June 2017, 30 June 2018 and 30 June 2019" as set out in Appendix A of this Offer Document and the "Independent Auditors' Review Report and the Unaudited Interim Condensed Combined Financial Statements of Singapore Paincare Holdings Limited and its Subsidiaries for the Financial Period from 1 July 2019 to 31 December 2019" as set out in Appendix B of this Offer Document.

OVERVIEW

We are a medical services group engaged in the following services:

- **Pain care services.** We focus on the treatment of patients suffering from chronic pain. Our pain care treatments include, among others, minimally invasive procedures, cancer pain treatment, specialised injections, pharmacotherapy, and cognitive behavioural therapy.
- **Primary care and other services.** We provide general medical consultations, management of chronic and acute conditions and dermatology services. Through our Associated Company, we also provide health screening services.

Our Subsidiaries operate through two SPCH Specialist Clinics, and four SPCH Medical Clinics. Through our interest in our Associated Company, we operate one additional medical clinic and two health screening facilities.

The SPCH Medical Clinics do not include The Family Clinic @ Towner (which is operated by our Associated Company, Sen Med, through its subsidiaries) as the financial information for Sen Med and its subsidiaries are recorded as share of profits of associate in the combined financial statements of our Group.

Please refer to the section entitled "General Information on Our Group" of this Offer Document for more details on our Group.

Revenue

Revenue derived from the provision of medical services amounted to approximately S\$4.03 million, S\$4.01 million, S\$3.89 million, S\$1.98 million and S\$5.13 million for FY2017, FY2018, FY2019, HY2019 and HY2020 respectively.

Revenue from the provision of medical services is recognised when a performance obligation to provide medical consultations, procedures and medications is completed, and measured based on the consideration of what our Group expects to be entitled in exchange for transferring promised goods or services to the patient, net of discounts provided to the patients and amounts collected on behalf of third parties (i.e. sales related taxes).

Our revenue is mainly dependent on the following factors:

- (a) the general affluence of our patients and their decision to use private doctors over public doctors;

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

- (b) recognition of the availability of pain care treatments by our potential patients;
- (c) ability to retain our existing patients;
- (d) demand from medical tourists for our services;
- (e) ability to maintain accreditations with private hospitals and continue our use of the hospitals' facilities and equipment to carry out pain care treatments;
- (f) ability to maintain the relevant licences, registrations, permits, approvals or exemptions necessary for our business;
- (g) changes in the economic, political, social and legal environment in the countries where we have a business presence; and
- (h) ability to retain and attract skilled, qualified and experienced healthcare professionals and key management personnel to support our Group's services.

Please refer to the section entitled "Risk Factors" of this Offer Document for other factors which may affect our revenue.

Other income

Other income relates mainly to dividend income from our Associated Company, government grants, sponsorship income from forums conducted, administrative fees charged by our Group for administrative support services provided to imaging centres and laboratories and fair value gain on financial assets at fair value through profit or loss (arising from the acquisition of the 20.00% equity interest in Sen Med by PCPL in March 2019). Other income amounted to approximately S\$0.13 million, S\$0.16 million, S\$0.45 million, S\$3,000 and S\$0.06 million in FY2017, FY2018, FY2019, HY2019 and HY2020 respectively, accounting for approximately 3.23%, 3.99%, 11.57%, 0.15% and 1.17% of our total revenue in FY2017, FY2018, FY2019, HY2019 and HY2020 respectively.

Items of Expense

Items of expense comprise mainly (a) changes in inventories, and inventories and consumables used, (b) employee benefits expense, (c) depreciation and amortisation expenses, (d) other expenses, (e) operating lease expenses, and (f) finance costs. Our total expenses amounted to approximately S\$2.63 million, S\$2.58 million, S\$2.94 million, S\$1.28 million and S\$4.04 million in FY2017, FY2018, FY2019, HY2019 and HY2020 respectively and accounted for approximately 65.26%, 64.34%, 75.58%, 64.65% and 78.75% of our total revenue in FY2017, FY2018, FY2019, HY2019 and HY2020 respectively.

Changes in inventories, and inventories and consumables used

Changes in inventories, and inventories and consumables used comprise mainly (a) medications and consumables, and (b) laboratory and hospital charges. Changes in inventories and inventories and consumables used amounted to approximately S\$0.91 million, S\$0.86 million, S\$0.70 million, S\$0.41 million, and S\$1.20 million in FY2017, FY2018, FY2019, HY2019 and HY2020 respectively and accounted for approximately 34.60%, 33.33%, 23.81%, 32.03%, and 29.70% of total expense in FY2017, FY2018, FY2019, HY2019 and HY2020 respectively.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Employee benefits expense

Employee benefits expense comprise mainly (a) director's fees, (b) salaries, bonuses and other staff benefits, and (c) contributions to defined contribution plans. Employee benefits expense accounted for approximately S\$0.85 million, S\$0.84 million, S\$0.84 million, S\$0.37 million and S\$1.43 million in FY2017, FY2018, FY2019, HY2019 and HY2020 respectively and accounted for approximately 32.32%, 32.56%, 28.57%, 28.91% and 35.40% of total expenses in FY2017, FY2018, FY2019, HY2019 and HY2020 respectively.

Depreciation and amortisation expenses

Depreciation of plant and equipment and amortisation of intangible assets accounted for approximately S\$0.03 million, S\$0.02 million, S\$0.02 million, S\$0.01 million and S\$0.41 million in FY2017, FY2018, FY2019, HY2019 and HY2020 respectively and accounted for approximately 1.14%, 0.78%, 0.68%, 0.78% and 10.15% of total expenses in FY2017, FY2018, FY2019, HY2019 and HY2020 respectively. Amortisation of intangible assets arose from our Group's customer contracts which accounted for approximately S\$0.11 million in HY2020 and depreciation of right-of use assets amounted to approximately S\$0.28 million in HY2020.

Other expenses

Other expenses include mainly (a) listing expenses, (b) professional fees relating to accounting and tax services, (c) loss allowance on doubtful receivables, (d) marketing entertainment and advertising expenses, (e) administrative charges, (f) credit card fees, and (g) bad debts written off.

Other expenses amounted to approximately S\$0.43 million, S\$0.46 million, S\$0.97 million, S\$0.30 million and S\$0.91 million in FY2017, FY2018, FY2019, HY2019 and HY2020 respectively and accounted for approximately 16.35%, 17.83%, 32.99%, 23.44% and 22.52% of total expenses in FY2017, FY2018, FY2019, HY2019 and HY2020 respectively.

Operating lease expenses

Operating lease expenses comprise of rental of our business premises. Operating lease expenses amounted to approximately S\$0.41 million, S\$0.41 million, S\$0.41 million and S\$0.20 million in FY2017, FY2018, FY2019 and HY2019 respectively and accounted for approximately 15.59%, 15.89%, 13.95% and 15.63% of total expenses in FY2017, FY2018, FY2019 and HY2019 respectively. No operating leases was recorded in HY2020 due to the adoption of SFRS(I) 16 Leases in HY2020, where all leases are accounted for by recognising right-of-use assets and lease liabilities.

Finance costs

Finance costs comprise of interest incurred on term loans and the Redeemable Convertible Loan. Finance costs amounted to approximately S\$0.01 million and S\$0.09 million in FY2019 and HY2020 respectively and accounted for approximately 0.34% and 2.23% of total expenses for FY2019 and HY2020.

Share of profits of associate, net of tax

Our Group's share of profits of associate relates to our Associated Company, Sen Med and its subsidiaries.

Our Group's share of associate's profit, net of tax amounted to approximately S\$0.22 million in HY2020.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Income tax expense

Our overall effective tax rate was 13.16%, 13.21%, 10.07%, 12.86% and 17.39% for FY2017, FY2018, FY2019, HY2019 and HY2020 respectively. The effective tax rates were lower than the Singapore statutory corporate tax rate of 17% in FY2017, FY2018, FY2019 and HY2019 due mainly to tax exempt income and corporate tax rebate. The effective tax rate was higher than the Singapore statutory corporate tax rate of 17% in HY2020 due mainly to an increase in non-deductible expenses such as the listing expenses, which was partially offset by tax exempt income.

REVIEW OF RESULTS OF OPERATIONS

Breakdown of our past performance by business segments and geographical segments

For the periods under review, our Group operated under one business segment and our revenue and assets were mainly derived from Singapore. Accordingly, no breakdown of our past performance by business segment or geographical segment is presented.

A breakdown of our revenue by the SPCH Specialist Clinics and the SPCH Medical Clinics for the financial periods under review is summarised as follows:

	FY2017		FY2018		FY2019		HY2019		HY2020	
	S\$'000	%	S\$'000	%	S\$'000	%	S\$S'000	%	S\$'000	%
SPCH Specialist Clinics	4,030	100	4,013	100	3,888	100	1,982	100	2,053	40
SPCH Medical Clinics	-	-	-	-	-	-	-	-	3,080	60
Total	4,030	100	4,013	100	3,888	100	1,982	100	5,133	100

REVIEW OF PAST PERFORMANCE

FY2018 compared to FY2017

Revenue

Our revenue remained relatively constant for FY2017 and FY2018 at S\$4.03 million and S\$4.01 million respectively.

Other income

Other income increased by approximately S\$0.03 million or 23.08% from S\$0.13 million in FY2017 to S\$0.16 million in FY2018 mainly due to increase in administrative fees charged by our Group to imaging centres and laboratories and sponsorship income of approximately S\$0.04 million and S\$0.02 million respectively, partially offset by the decrease in government grants of S\$0.03 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Items of expense

Our items of expense decreased by approximately S\$0.05 million or 1.90% from S\$2.63 million in FY2017 to S\$2.58 million in FY2018 due mainly to decrease in (a) changes in inventories, and inventories and consumables used, (b) employee benefits expenses, and (c) depreciation expenses, and slightly offset by an increase in other expenses.

Changes in inventories, and inventories and consumables used

Changes in inventories and inventories and consumables used decreased by approximately S\$0.05 million or 5.49% from S\$0.91 million in FY2017 to S\$0.86 million in FY2018 mainly due to a decrease in the cost of laboratory and hospital usage of S\$0.08 million, partially offset by an increase in medications and consumables of S\$0.03 million.

Employee benefits expense

Employee benefits expense decreased by approximately S\$0.01 million or 1.18% from S\$0.85 million in FY2017 to S\$0.84 million in FY2018 mainly due to the decrease in staff welfare of S\$0.03 million and reimbursement of staff cost of approximately S\$0.12 million from MedBridge Marketing in respect of staff seconded to MedBridge Marketing in FY2018 to assist in certain marketing projects undertaken by MedBridge Marketing. The decrease in employee benefits expense was partially offset by an increase in director's remuneration and staff costs of S\$0.05 million and S\$0.09 million respectively.

Depreciation expenses

Depreciation expenses has decreased by approximately S\$0.01 million or 33.33% from S\$0.03 million in FY2017 to S\$0.02 million in FY2018. This was due to decrease in depreciation charge on renovation.

Other expenses

Other expenses have increased by approximately S\$0.03 million or 6.98% from S\$0.43 million in FY2017 to S\$0.46 million in FY2018 mainly due to an increase in doctor's fees paid to a pain specialist of S\$0.03 million, an increase in entertainment expenses and credit card fees of approximately S\$0.01 million, and partially offset with a decrease in advertising and promotion expenses of S\$0.01 million.

Operating lease expenses

Our operating lease expenses remain constant at approximately S\$0.41 million in FY2017 and FY2018.

Profit before income tax

Our profit before income tax increased by approximately S\$0.07 million or 4.61% from S\$1.52 million in FY2017 to S\$1.59 million in FY2018, arising from an increase in other income of approximately S\$0.03 million and a decrease in items of expense of approximately S\$0.05 million, and partially offset by a slight decrease in revenue of approximately S\$0.02 million. Our profit before income tax margin also improved by approximately 1.93% from 37.72% in FY2017 to 39.65% in FY2018, mainly due to a decrease in the usage of laboratories and hospital facilities.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Income tax expense

Income tax expense increased by approximately S\$0.01 million or 5.00% from S\$0.20 million in FY2017 to S\$0.21 million in FY2018 and the effective income tax rates increased from 13.16% in FY2017 to 13.21% in FY2018. Such increase in our effective income tax rate was due to lower tax rebates received by our Group.

FY2019 compared to FY2018

Revenue

Our total revenue decreased by approximately S\$0.12 million or 2.99% from S\$4.01 million in FY2018 to S\$3.89 million in FY2019 due to a decrease in pain care services rendered for day procedures. In FY2019, there was an influx of pain specialists entering the pain care management industry, which resulted in more selections for patients seeking pain care treatments.

Other income

Other income increased by approximately S\$0.29 million or 181.25% from S\$0.16 million in FY2018 to S\$0.45 million in FY2019 mainly due to an increase in (a) dividend income from our Associated Company and fair value gain on financial assets at fair value (arising from the acquisition of 20% equity interest in Sen Med by PCPL in March 2019) of an aggregate of approximately S\$0.36 million, and (b) administrative fee charged by our Group to imaging centre and laboratories of approximately S\$0.02 million, partially offset by a decrease in government grants, sponsorship income and other miscellaneous income of approximately S\$0.09 million.

Items of expense

Our items of expense increased by approximately S\$0.36 million or 13.95% from S\$2.58 million in FY2018 to S\$2.94 million in FY2019 mainly due to an increase in other expenses and finance cost, and slightly offset by a decrease in changes in inventories and inventories and consumables used.

Changes in inventories and inventories and consumables used

Changes in inventories and inventories and consumables used decreased by approximately S\$0.16 million or 18.60% from S\$0.86 million in FY2018 to S\$0.70 million in FY2019 due mainly to the decrease in the purchase of medications and consumables of S\$0.20 million which was partially offset by an increase in laboratory costs of S\$0.04 million.

Employee benefits expense

Employee benefits expense remained relatively constant in FY2018 and FY2019 at approximately S\$0.84 million.

Depreciation expenses

Depreciation expenses remained relatively constant in FY2018 and FY2019 at S\$0.02 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Other expenses

Other expenses increased by approximately S\$0.51 million or 110.87% from approximately S\$0.46 million in FY2018 to S\$0.97 million in FY2019 mainly due to an increase in (a) professional fees of S\$0.11 million which include listing expenses of approximately S\$0.06 million, (b) bad debts written off and loss allowance for doubtful receivables of S\$0.04 million, (c) doctor's fees paid to an external specialist of S\$0.34 million, and (d) marketing and entertainment expenses of S\$0.02 million.

Operating lease expenses

Our operating lease expenses remained relatively constant at approximately S\$0.41 million in FY2018 and FY2019.

Finance costs

Finance costs has increased by approximately S\$0.01 million, incurred for a working capital loan drawdown during the financial year.

Profit before income tax

Our profit before income tax decreased by approximately S\$0.20 million or 12.58% from approximately S\$1.59 million in FY2018 to S\$1.39 million in FY2019 mainly due to a decrease in revenue of approximately S\$0.12 million and an increase in items of expense of approximately S\$0.36 million, and slightly offset by an increase in other income of approximately S\$0.29 million. Our profit before income tax margin had also declined by 3.92% from 39.65% in FY2018 to 35.73% in FY2019, due mainly to the listing expenses and hiring cost of a pain specialist engaged in May 2018.

Income tax expense

Income tax expense decreased by approximately S\$0.07 million or 33.33% from S\$0.21 million in FY2018 to S\$0.14 million in FY2019 and the effective income tax rates decreased from 13.21% in FY2018 to 10.07% in FY2019. Such decrease in our effective income tax rate was due to lower tax rebates received by our Group.

HY2020 compared to HY2019

Revenue

Our total revenue increased by approximately S\$3.15 million or 159.09% from S\$1.98 million in HY2019 to S\$5.13 million in HY2020 following the completion of the Restructuring Exercise on 5 July 2019. The increase in revenue was mainly due to a slight increase in revenue from the SPCH Specialist Clinics of S\$0.07 million and the revenue contribution from the newly acquired Subsidiaries which operate the SPCH Medical Clinics of approximately S\$3.08 million.

Other Income

Other income has increased by approximately S\$0.06 million from S\$3,000 in HY2019 to approximately S\$0.06 million in HY2020, due mainly to (a) an increase of government grant received of S\$0.02 million, (b) an increase in management fee income from our Associated Company of S\$0.02 million, and (c) an increase in sponsorship income and other income, and reversal of impairment of doubtful receivables of S\$0.02 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Items of expense

Our items of expense increased by approximately S\$2.76 million or 215.63% from S\$1.28 million in HY2019 to S\$4.04 million in HY2020 mainly due to an increase in changes in inventories and inventories and consumables used, employee benefits expense, depreciation and amortisation expenses, other expenses and finance cost, and partially offset by a decrease in operating lease expenses.

Changes in inventories and inventories and consumables used

Changes in inventories and inventories and consumables used increased by approximately S\$0.79 million or 192.68% from approximately S\$0.41 million in HY2019 to S\$1.20 million in HY2020 which was mainly due to the usage of inventories and consumables by the newly acquired SPCH Medical Clinics of approximately S\$0.85 million and partially offset with a decrease in the usage of inventories and consumables by the SPCH Specialist Clinics of approximately S\$0.06 million.

Employee benefits expense

Employee benefits expense increased by approximately S\$1.06 million or 286.49% from S\$0.37 million in HY2019 to S\$1.43 million in HY2020 mainly due to the increase in our Group's headcount from 10 as at 31 December 2018 to 43 as at 31 December 2019, following the completion of Restructuring Exercise on 5 July 2019.

Depreciation and amortisation expenses

Depreciation and amortisation expenses increased by approximately S\$0.40 million from S\$0.01 million in HY2019 to S\$0.41 million in HY2020 mainly due to (a) the adoption of SFRS(I) 16 Leases in HY2020 where the depreciation for the right-of-use assets amounted to approximately S\$0.29 million, and (b) amortisation of intangible assets amounted to S\$0.11 million.

Other expenses

Other expenses increased by approximately S\$0.61 million or 203.33% from S\$0.30 million in HY2019 to S\$0.91 million in HY2020. The increase was mainly due to an increase in (a) listing expenses of approximately S\$0.53 million, (b) other professional fees of approximately S\$0.04 million, and (c) administration fees, bank charges and credit card fees of S\$0.04 million.

Operating lease expenses

Operating lease expenses decreased by approximately S\$0.20 million from S\$0.20 million in HY2019 to nil in HY2020 due to the adoption of SFRS(I) 16 Leases where in HY2020, where all leases are accounted for by recognising right-of-use assets and lease liabilities.

Finance cost

Finance costs incurred in HY2020 of approximately S\$0.09 million was due to interest incurred on term loans of S\$0.01 million, lease interest expense of S\$0.03 million (arising from the adoption of SFRS(I) 16 Leases), and interest expense on the Redeemable Convertible Loan of S\$0.05 million. The term loans have been fully repaid during the financial period.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Share of profits of associate, net of tax

Our Group's share of profits of associate, net of tax increased by approximately S\$0.22 million in HY2020 following the acquisition of 45% equity interest in our Associated Company, Sen Med in July 2019.

Profit before income tax

Our profit before income tax increased by approximately S\$0.68 million or 97.14% from S\$0.70 million in HY2019 to S\$1.38 million in HY2020, mainly due to an increase in (a) revenue of approximately S\$3.15 million, (b) other income of approximately S\$0.06 million, and (c) share of profits of associate of approximately S\$0.22 million, and partially offset by an increase in items of expense of approximately S\$2.76 million. Despite the increase in profit before income tax, our profit before income tax margin had declined by 8.45% from 35.35% in HY2019 to 26.90% in HY2020 due mainly to the listing expenses incurred in HY2020, the adoption of SFRS(I) 16 Leases and amortisation of intangible assets.

Income tax expense

Income tax expense increased by approximately S\$0.15 million or 166.67% from S\$0.09 million in HY2019 to S\$0.24 million in HY2020 and the effective income tax rates increased from 12.86% in HY2019 to 17.39% in HY2020. Such increase in our effective income tax rate was due to effect of non-deductible tax losses from the losses incurred by our Company (as an investment holding company).

REVIEW OF FINANCIAL POSITION

As at 30 June 2019

Non-current assets

Non-current assets comprise plant and equipment and financial assets at fair value through profit or loss. As at 30 June 2019, our non-current assets of approximately S\$0.26 million accounted for approximately 9.70% of our total assets.

Plant and equipment as at 30 June 2019 comprise computers, medical equipment, furniture and fittings, office equipment and renovation, which accounted for approximately S\$0.02 million or 7.69% of our total non-current assets.

Financial assets at fair value through profit or loss, which relates to the acquisition of 20% equity interest in Sen Med by PCPL in March 2019, accounted for approximately S\$0.24 million or 92.31% of our total non-current assets.

Current assets

As at 30 June 2019, our current assets of approximately S\$2.42 million accounted for 90.30% of our total assets. Our current assets comprise mainly inventories, trade and other receivables, prepayments and cash and cash equivalents.

Inventories comprise mainly medicines and accounted for approximately S\$0.12 million or 4.96% of our total current assets.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Trade and other receivables comprise mainly trade receivables from non-related parties, and other receivables comprising mainly amount due from director and deposits. Trade and other receivables accounted for approximately S\$1.05 million or 43.39% of our total current assets as at 30 June 2019.

Prepayments for professional services accounted for approximately S\$0.01 million or 0.41% of the total current assets as at 30 June 2019.

Cash and cash equivalents comprise cash at bank and on hand. Cash and cash equivalents accounted for approximately S\$1.24 million or 51.24% of our total current assets as at 30 June 2019.

Total equity

As at 30 June 2019, our equity which comprised of share capital and retained earnings amounted to approximately S\$0.30 million.

Current liabilities

As at 30 June 2019, our current liabilities amounted to approximately S\$2.38 million and accounted for 100% of our total liabilities. Our current liabilities comprise mainly trade and other payables, bank borrowings and current income tax payable.

Trade and other payables as at 30 June 2019 comprise trade payables to non-related parties, accruals, other creditors, advance payment from patients arising from credits from medicine returns and net goods and services tax payable. Trade and other payables accounted for approximately S\$0.24 million or 10.09% of our total current liabilities as at 30 June 2019.

Bank borrowings accounted for approximately S\$2.00 million or 84.03% of our total current liabilities as at 30 June 2019. Our Group had, during FY2019, made arrangements for the early settlement of a term loan, and accordingly, the non-current portion of approximately S\$1.17 million was classified as current liabilities as at 30 June 2019.

Current income tax payable accounted for approximately S\$0.14 million or 5.88% of our total current liabilities as at 30 June 2019.

As at 31 December 2019

Non-current assets

As at 31 December 2019, our non-current assets of approximately S\$10.63 million accounted for approximately 63.46% of our total assets. Non-current assets comprise plant and equipment, investment in associates, intangible assets and other receivables.

As at 31 December 2019, plant and equipment comprise computers, medical equipment, furniture and fittings, office equipment, renovation and office premises. Plant and equipment accounted for approximately S\$2.53 million or 23.80% of our total non-current assets.

Investment in associates, which relates to our 45% equity interest in our Associated Company, Sen Med, accounted for approximately S\$2.03 million or 19.10% of our total non-current assets as at 31 December 2019. Investment in associates comprises of (a) unquoted equity investment (i.e. cost of investing in Sen Med) of approximately S\$1.81 million (of which goodwill arising from this acquisition of 45% equity interest in Sen Med accounted for approximately S\$1.76 million); and (b) share of post-acquisition results of associates of S\$0.22 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Intangible assets comprise of customer contracts and goodwill arising from the acquisition of our Group's Subsidiaries, which amounted to approximately S\$0.06 million and S\$6.00 million respectively as at 31 December 2019. Intangible assets accounted for an aggregate of approximately 57.01% of our total non-current assets as at 31 December 2019. The goodwill arising on acquisition is recognised as an asset at the acquisition date and initially measured at cost, being the excess of the sum of the consideration for the acquisitions over the fair value amounts of the identifiable assets acquired and the liabilities assumed.

Other receivables which comprise of lease receivables accounted for approximately S\$0.01 million or 0.09% of our total non-current assets as at 31 December 2019.

Current assets

As at 31 December 2019, our current assets of approximately S\$6.12 million accounted for approximately 36.54% of our total assets. Our current assets comprise mainly inventories, trade and other receivables, prepayments and cash and cash equivalents.

Inventories comprise of mainly medicines. Inventories accounted for approximately S\$0.88 million or 14.38% of our total current assets.

Trade and other receivables comprise mainly trade receivables from non-related parties, and other receivables comprising mainly amount due from director, amount due from shareholders and deposits. Trade and other receivables accounted for approximately S\$1.44 million or 23.53% of our total current assets as at 31 December 2019.

Prepayments for professional services accounted for approximately S\$0.01 million or 0.16% of the total current assets.

Cash and cash equivalents comprise cash at bank and on hand. Cash and cash equivalents accounted for approximately S\$3.79 million or 61.93% of our total current assets as at 31 December 2019.

Total equity

As at 31 December 2019, our equity which comprised of share capital, retained earnings and merger reserve, amounted to approximately S\$9.49 million. The merger reserve arose from the excess of consideration against the issued and fully paid share capital for those entities that are under common control.

Non-current liabilities

Our non-current liabilities of S\$2.01 million as at 31 December 2019 accounted for 27.65% of our total liabilities. Our non-current liabilities comprise of lease liabilities amounting to approximately S\$1.97 million or 98.01% of our total non-current liabilities arising from the adoption of SFRS (I) 16, where all leases are accounted for by recognising right-of-use assets and lease liabilities, provision for business premises reinstatement cost and deferred tax liabilities.

Provision, which comprise of reinstatement cost, accounted for approximately S\$0.03 million or 1.49% of our total non-current liabilities as at 31 December 2019.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Deferred tax liabilities, arising from the temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and for taxation purposes, accounted for approximately S\$0.01 million or 0.50% of our total non-current liabilities as at 31 December 2019.

Current liabilities

As at 31 December 2019, our current liabilities amounted to approximately S\$5.26 million and accounted for approximately 72.35% of our total liabilities. Our current liabilities comprise mainly trade and other payables, lease liabilities, the Redeemable Convertible Loan, derivative financial instrument and current income tax payable.

Trade and other payables as at 31 December 2019 comprised trade payables to non-related parties, accruals, other creditors, advance payment from customers arising from credits from medicine returns and net goods and services tax payable. Trade and other payables accounted for approximately S\$1.14 million or 21.67% of our total current liabilities as at 31 December 2019.

Lease liabilities accounted for approximately S\$0.59 million or 11.22% of our total current liabilities as at 31 December 2019.

The Redeemable Convertible Loan accounted for approximately S\$2.49 million or 47.34% of our total current liabilities as at 31 December 2019. Our Company had, on 30 July 2019, entered into the Convertible Loan Agreement with the Pre-Placement Investors for the grant of the Redeemable Convertible Loan of S\$2.70 million by the Pre-Placement Investors to our Company. Please refer to the section entitled "Restructuring Exercise" of the Offer Document for more details.

Derivative financial instrument represents the fair value of the conversion option of the Redeemable Convertible Loan. Derivative financial instrument accounted for approximately S\$0.27 million or 5.13% of our total current liabilities as at 31 December 2019.

Current income tax payable accounted for approximately S\$0.77 million or 14.64% of our total current liabilities as at 31 December 2019.

LIQUIDITY AND CAPITAL RESOURCES

Our operations have been funded through a combination of internal and external sources. Our internal sources of funds comprise cash generated from our Group's operating activities and our external sources of funds comprise mainly the Redeemable Convertible Loan provided by the Pre-Placement Investors. Our principal use of cash has been to finance our working capital in the hiring and retention of our healthcare professionals and staff and expenses such as the purchase of medical products, administrative expenses and capital expenditure.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

The following table sets out a summary of our Group's cash flow for FY2017, FY2018, FY2019, HY2019 and HY2020:

(S\$'000)	← Audited →			← Unaudited →	
	FY2017	FY2018	FY2019	HY2019	HY2020
Net cash from operating activities	1,752	1,688	665	518	1,233
Net cash (used in)/from investing activities	(638)	(451)	(87)	–	405
Net cash from/(used in) financing activities	416	(2,357)	(124)	(36)	910
Net change in cash and cash equivalents	1,530	(1,120)	454	482	2,548
Cash and cash equivalents at beginning of financial year/period	380	1,910	790	790	1,244
Cash and cash equivalents at end of financial year/period	1,910	790	1,244	1,272	3,792

FY2017

In FY2017, we recorded net cash generated from operating activities of approximately S\$1.75 million, which was a result of operating cash flows before changes in working capital of S\$1.58 million and net working capital inflow of approximately S\$0.22 million and adjusted for income tax paid of approximately S\$0.05 million. Our working capital inflows were mainly due to (a) a decrease in inventories of approximately S\$0.04 million, and (b) an increase in trade and other payables of approximately S\$0.22 million, partially offset by an increase in trade and other receivables of approximately S\$0.04 million.

Net cash used in investing activities amounted to approximately S\$0.64 million, which was due to advances to related parties of approximately S\$0.59 million and purchase of plant and equipment of approximately S\$0.05 million.

Net cash generated from financing activities amounted to approximately S\$0.42 million, which was due to the drawdown from bank borrowings of approximately S\$0.60 million and advances from directors of S\$0.09 million, partially offset by the repayment of bank borrowings of approximately S\$0.06 million and dividend paid of approximately S\$0.21 million.

As a result of the above, there was a net increase of approximately S\$1.53 million in our cash and cash equivalents, from approximately S\$0.38 million as at 1 July 2016 to approximately S\$1.91 million as at 30 June 2017.

FY2018

In FY2018, we recorded net cash generated from operating activities of approximately S\$1.69 million, which was a result of operating cash flows before changes in working capital of approximately S\$1.62 million and net working capital inflow of approximately S\$0.27 million, and adjusted for income tax paid of approximately S\$0.20 million. Our working capital inflows were

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

mainly due to a decrease in inventories of approximately S\$0.02 million and a decrease in trade and other receivables of approximately S\$0.31 million, partially offset by a decrease in trade and other payables of approximately S\$0.06 million.

Net cash used in investing activities amounted to approximately S\$0.45 million, which was due to advances to related parties.

Net cash used in financing activities amounted to approximately S\$2.36 million, which was due to the repayment of bank borrowings of approximately S\$0.08 million, repayment to director of S\$0.25 million and dividend paid of approximately S\$2.14 million and partially offset by the drawdown from bank borrowings of approximately S\$0.05 million and advance from directors of S\$0.06 million.

As a result of the above, there was a net decrease of approximately S\$1.12 million in our cash and cash equivalents, from approximately S\$1.91 million as at 1 July 2017 to approximately S\$0.79 million as at 30 June 2018.

FY2019

In FY2019, we recorded net cash generated from operating activities of approximately S\$0.67 million, which was a result of operating cash flows before changes in working capital of S\$1.12 million and adjusted for net working capital outflow of approximately S\$0.24 million, and income tax paid of approximately S\$0.21 million. Our working capital outflows were mainly due to a decrease in trade and other payables of approximately S\$0.27 million and partially offset by a decrease in trade and other receivables of approximately S\$0.03 million.

Net cash used in investing activities amounted to approximately S\$0.09 million, which was mainly due to (a) the investment in financial asset at fair value through profit or loss of approximately S\$0.63 million, (b) advances to related parties of approximately S\$0.20 million, and (c) purchase of plant and equipment of S\$0.01 million, partially offset by the receipt of dividend from our Associated Company of approximately S\$0.12 million and consideration received from investment in financial assets at fair value through profit or loss of S\$0.63 million.

Net cash used in financing activities amounted to approximately S\$0.12 million, which was mainly due to (i) the dividend paid of approximately S\$0.89 million, (ii) interest paid of approximately S\$0.01 million, and (iii) repayment of bank borrowings of approximately S\$0.06 million, partially offset by the drawdown from bank borrowings of approximately S\$0.83 million and advance from directors of S\$0.01 million.

As a result of the above, there was a net increase of approximately S\$0.45 million in our cash and cash equivalents, from approximately S\$0.79 million as at 1 July 2018 to approximately S\$1.24 million as at 30 June 2019.

HY2020

In HY2020, we recorded net cash generated from operating activities of approximately S\$1.23 million, which was a result of operating cash flows before changes in working capital of approximately S\$1.67 million and adjusted for net working capital outflow of approximately S\$0.22 million and income tax paid of approximately S\$0.22 million. Our working capital outflows were mainly due to (i) an increase in inventories of approximately S\$0.24 million and (ii) an increase in trade and other receivables of S\$0.04 million, partially offset by an increase in trade and other payables of approximately S\$0.06 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Net cash from investing activities amounted to approximately S\$0.41 million, which was mainly due to the acquisition of subsidiaries of approximately S\$0.41 million.

Net cash generated from financing activities amounted to S\$0.91 million, which was due to repayment from directors of S\$0.01 million and proceeds from the Redeemable Convertible Loan of S\$2.70 million, and partially offset by interest expenses of S\$0.01 million, repayment of bank borrowings of S\$0.84 million, partial repayment of lease liabilities of S\$0.32 million and dividends paid of S\$0.63 million.

As a result of the above, there was a net increase of approximately S\$2.55 million in our cash and cash equivalents, from approximately S\$1.24 million as at 1 July 2019 to approximately S\$3.79 million as at 31 December 2019.

CAPITAL EXPENDITURE AND DIVESTMENTS

Save as disclosed in the section entitled "Restructuring Exercise" of this Offer Document, the capital expenditure and divestments made by our Group in FY2017, FY2018, FY2019, HY2020, and for the period from 1 January 2020 up to the Latest Practicable Date were as follows:

Capital Expenditure

(\$'000)	FY2017	FY2018	FY2019	HY2020	1 January 2020 up to the Latest Practicable Date
<u>Additions</u>					
Computers	–	–	4	2	–
Medical equipment	48	–	–	5	–
Office equipment	–	–	3	–	–
Renovation	–	–	–	–	–
	48	–	7	7	–
<u>Arising from acquisition of our Subsidiaries</u>					
Computers	–	–	–	4	–
Medical equipment	–	–	–	3	–
Furniture and fittings	–	–	–	0.4	–
Office equipment	–	–	–	5	–
Renovation	–	–	–	0.6	–
Premises	–	–	–	344	–
	–	–	–	357	–
Total	48	–	7	364	–

The above capital expenditure was primarily financed by internally generally cash resources.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Divestments

(\$'000)	FY2017	FY2018	FY2019	HY2020	1 January 2020 up to the Latest Practicable Date
<u>Write-offs</u>					
Computers	(88)	–	–	–	(2)
Office equipment	–	–	–	–	(2)
Total	(88)	–	–	–	(4)

FOREIGN EXCHANGE MANAGEMENT

As at the Latest Practicable Date, our business operations are wholly based in Singapore. Our revenue, cost of inventories, consumables and operating expenses are denominated in Singapore dollars and accordingly, our Group is not exposed to financial risks of changes in foreign currency exchange rates.

We current do not have a formal foreign currency hedging policy with respect to any possible foreign currency exposure. We will continue to monitor any foreign exchange exposure in the future and will consider formalising a hedging policy to manage the foreign exchange exposure should the need arise. Such policies will be reviewed and approved by our Audit Committee and our Board. However, we may, subject to the approval of the Board, enter into relevant transactions when necessary, to hedge our exposure to foreign currency fluctuations.

SEASONALITY

Due to the nature of our business, we have not observed any significant seasonal trends during the Period Under Review. Our Directors believe that there is no apparent seasonality affecting the business of providing pain care, primary care and other related services.

INFLATION OR DEFLATION

Our financial performance for the Period Under Review was not materially affected by inflation or deflation.

SIGNIFICANT CHANGES IN ACCOUNTING POLICIES

The accounting policies have been consistently applied by our Group during the Period Under Review, except for the adoption of the new and revised SFRS (I) and SFRS(I) Interpretations that are relevant to our operations with effect from 1 July 2019. The impact of the adoption of new accounting standards are disclosed in the section entitled "Summary of Significant Accounting Policies" in the "Independent Auditors' Review Report and Unaudited Interim Condensed Combined Financial Statements of Singapore Paincare Holdings Limited and its Subsidiaries for the Financial Period from 1 July 2019 to 31 December 2019" as set out in Appendix B of this Offer Document.

We expect that the adoption of new or revised accounting standards issued but not yet effective for the Period Under Review will have no material impact on our future financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Please refer to the section entitled "Summary of Significant Accounting Policies" in the "Independent Auditors' Report and Audited Combined Financial Statements of Singapore Paincare Holdings Limited and its Subsidiaries for the Financial Years Ended 30 June 2017, 30 June 2018 and 30 June 2019" as set out in Appendix A of this Offer Document, for details on our Group's accounting policies.

Standards and interpretations issued, but not yet effective, up to the date of issuance of our Group's financial statements are listed below. Our Group intends to adopt these standards, if applicable, when they become effective. The impact of adoption of these standards and interpretations has been assessed by our Group and our Group evaluates that they will not have a material impact on our operating results and financial position.

	Effective date (annual periods beginning on or after)
SFRS(I) 1-1 and SFRS(I) 1-8 (Amendments) :	Definition of Material 1 January 2020
SFRS(I) 3 (Amendments) :	Definition of a Business 1 January 2020
SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7 :	Interest Rate Benchmark Reform 1 January 2020
SFRS(I) 16 (Amendments) :	COVID-19 Related Rent Concessions 1 June 2020
SFRS(I) 17 :	Insurance Contracts 1 January 2021
SFRS(I) 10 and SFRS(I) 1-28 (Amendments) :	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture To be determined
SFRS(I) 1-1 (Amendments) :	Classification of Liabilities as Current or Non-current 1 January 2022
Various amendments :	Amendments to References to the Conceptual Framework in SFRS(I) Standards 1 January 2020

CAPITALISATION AND INDEBTEDNESS

The following table, which should be read in conjunction with the full text of this Offer Document, including the sections entitled “Management’s Discussion and Analysis of Results of Operations and Financial Position”, the “Independent Auditors’ Report and Audited Combined Financial Statements of Singapore Paincare Holdings Limited and its Subsidiaries for the Financial Years Ended 30 June 2017, 2018 and 2019” as set out in Appendix A of this Offer Document, “Independent Auditors’ Review Report and Compilation of Unaudited Interim Condensed Combined Financial Statements of Singapore Paincare Holdings Limited and its Subsidiaries for the Financial Period from 1 July 2019 to 31 December 2019” as set out in Appendix B of this Offer Document and “Independent Auditors’ Assurance Report and Compilation of Unaudited *Pro Forma* Combined Financial Information of Singapore Paincare Holdings Limited and its Subsidiaries for the Financial Year Ended 30 June 2019 and for the Financial Period from 1 July 2019 to 31 December 2019” as set out in Appendix C of this Offer Document, shows our cash and cash equivalents, capitalisation and indebtedness which are prepared:

- (a) based on our unaudited combined financial statements as at 31 December 2019;
- (b) based on our unaudited combined management accounts as at 30 April 2020;
- (c) based on our unaudited combined management accounts as at 30 April 2020 as adjusted to give effect to the issue of the Relevant Shares, the Consideration Shares and the TLM Shares, the conversion of the Redeemable Convertible Loan and the Share Split; and
- (d) based on our unaudited combined management accounts as at 30 April 2020 as adjusted to give effect to the application of the estimated net proceeds from the Placement, after deducting estimated listing expenses related to the Placement.

(S\$'000)	As at 31 December 2019	As at 30 April 2020	As adjusted for the issue of the Relevant Shares, the Consideration Shares and the TLM Shares, the conversion of the Redeemable Convertible Loan and the Share Split	As adjusted for the net proceeds from the Placement
Cash and cash equivalents	3,792	4,371	4,371	7,912
Indebtedness				
<u>Current</u>				
– unsecured (non-guaranteed)	2,700	2,700	–	–
Total indebtedness	2,700	2,700	–	–
Total equity	9,487	10,852	13,375	16,917
Total capitalisation and indebtedness	12,187	13,552	13,375	16,917

We do not have any non-current indebtedness (whether guaranteed, non-guaranteed, secured or unsecured). We do not have any secured and guaranteed, secured and non-guaranteed, or unsecured and guaranteed current indebtedness.

CAPITALISATION AND INDEBTEDNESS

Save for (i) the changes in working capital and (ii) changes in our shareholders' equity and reserves arising from the day-to-day operations in the ordinary course of our business, there were no material changes in our total capitalisation and indebtedness since 1 May 2020 to the Latest Practicable Date.

Credit Facilities

As at the Latest Practicable Date, we do not have any outstanding banking facilities.

Operating Lease Commitments

As at 31 December 2019 and the Latest Practicable Date, we have the following operating lease payment commitments relating to the non-cancellable operating leases as disclosed in the section entitled "General Information on Our Group – Properties and Fixed Assets" of this Offer Document. The leases are negotiated for an average term of one to three years, with an option to renew for an additional one to three years (if any), and rentals are fixed for the initial term of the lease.

(S\$'000)	As at 31 December 2019	As at the Latest Practicable Date
Within one financial year	632	631
After one financial year but within five financial years	1,787	1,543
	<u>2,419</u>	<u>2,174</u>

We intend to finance the above operating lease commitments with internally generated funds.

Capital Commitments

As at the Latest Practicable Date, our Group does not have any material capital commitments.

Contingent Liabilities

As at the Latest Practicable Date, our Group does not have any contingent liabilities.

WORKING CAPITAL

Our material sources of liquidity are obtained through internal and external sources, which we use for funding our Group's operations. Our internal sources of funds mainly comprise cash generated from our Group's operating activities. Our external sources of funds comprise mainly credit granted by our suppliers and the funds arising from the Redeemable Convertible Loan from the Pre-Placement Investors.

Our Group had cash and cash equivalents of approximately S\$1.91 million, S\$0.79 million, S\$1.24 million and S\$3.79 million as at 30 June 2017, 30 June 2018, 30 June 2019 and 31 December 2019 respectively. As at the Latest Practicable Date, our material unused sources of liquidity was S\$4.83 million comprising mainly of our cash and cash equivalents.

Net cash generated from our Group's operating activities was S\$1.75 million, S\$1.69 million, S\$0.67 million and S\$1.23 million in FY2017, FY2018, FY2019 and HY2020 respectively. Our Group recorded positive working capital of approximately S\$2.69 million, S\$1.93 million, S\$0.04 million and S\$0.87 million as at 30 June 2017, 30 June 2018, 30 June 2019 and 31 December 2019 respectively.

Please refer to the section entitled "Capitalisation and Indebtedness" of this Offer Document for further details.

Our Directors are of the reasonable opinion that, after having made due and careful enquiry and after taking into account net cash generated from our Group's operating activities and our existing cash and cash equivalents (as well as the potential impact of COVID-19 on our Group and the Proposed Dividends), the working capital available to our Group as at the date of lodgement of this Offer Document is sufficient for our present working capital requirements and for at least 12 months after the admission of our Company on Catalist.

The Sponsor is of the reasonable opinion that, after having made due and careful enquiry and after taking into account net cash generated from our Group's operating activities and our existing cash and cash equivalents (as well as the potential impact of COVID-19 on our Group and the Proposed Dividends), the working capital available to our Group as at the date of lodgement of this Offer Document is sufficient for our present working capital requirements and for at least 12 months after the admission of our Company on Catalist.

RESTRUCTURING EXERCISE

Pursuant to a restructuring exercise to rationalise the structure of our Group in preparation for the Listing, our Company became the holding company of our Group. The Restructuring Exercise involved the following:

(a) Incorporation of our Company

Our Company was incorporated on 31 December 2018 in Singapore under the Companies Act as a private company limited by shares. Our principal activity is that of an investment holding company. At the time of incorporation, we had an issued and paid-up share capital of S\$2.00 comprising two Shares. Our Shares were solely held by our Executive Director and Chief Executive Officer, Dr. Bernard Lee.

(b) Acquisition and subsequent sale of our interest in Sen Med

On 1 March 2019, PCPL acquired 20.0% of the issued share capital of Sen Med from Dr. Jitendra Kumar Sen for a cash consideration of S\$630,000 which was arrived at on a willing-buyer willing-seller basis taking into consideration, among others, the expected contributions of Sen Med and its subsidiaries. On 20 June 2019, PCPL entered into a letter of intent to sell 20.0% of the issued share capital of Sen Med back to Dr. Jitendra Kumar Sen for the same cash consideration of S\$630,000. The sale was completed on 27 June 2019. The acquisition of 20.0% of the issued share capital of Sen Med by PCPL was carried out prior to the negotiations in connection with the Restructuring Agreement, and the sale of 20.0% of the issued share capital of Sen Med back to Dr. Jitendra Kumar Sen was carried out in order to rationalise our Group in its present structure.

(c) Restructuring of our Group

On 5 July 2019, we entered into a Restructuring Agreement with:

- (i) Dr. Bernard Lee to acquire 100.0% of the issued share capital of PCPL for a consideration of S\$399,384, and 100.0% of the issued share capital of PCN for a consideration of S\$1,115,896;
- (ii) Dr. Jeffrey Loh to acquire 50.0% of the issued share capital of LCPL for a consideration of S\$468,000;
- (iii) Ms. Wong Jing Yi Joyce, spouse of Dr. Jeffrey Loh, to acquire 50.0% of the issued share capital of LCPL for a consideration of S\$468,000;
- (iv) Dr. Wong Shing Yip to acquire 50.0% of the issued share capital of AE Medical Fernvale for a consideration of S\$67,032, and 100.0% of the issued share capital of AE Medical Sengkang for a consideration of S\$166,950;
- (v) Dr. Huang Guoliang, Eugene to acquire 50.0% of the issued share capital of AE Medical Fernvale for a consideration of S\$139,032;

RESTRUCTURING EXERCISE

- (vi) Dr. Chee Hsing Gary Andrew to acquire 24.5% of the issued share capital of HMC Medical for a consideration of S\$79,369;
- (vii) Dr. Lee Peng Khow to acquire 24.5% of the issued share capital of HMC Medical for a consideration of S\$79,369;
- (viii) HCSS to acquire 51.0% of the issued share capital of HMC Medical for a consideration of S\$165,218; and
- (ix) Dr. Jitendra Kumar Sen to acquire 45.0% of the issued share capital of Sen Med for a consideration of S\$283,638.

The consideration for the respective target companies was arrived at on a willing-buyer willing-seller basis, taking into account, *inter alia*, the unaudited profit after tax of each of the target companies for the financial period from 1 July 2018 to 30 June 2019. The consideration was satisfied by the allotment and issue of 4,413 Shares, 2,727 Shares, 682 Shares, 405 Shares, 231 Shares, 231 Shares, 482 Shares and 827 Shares to each of Dr. Bernard Lee, Dr. Jeffrey Loh, Dr. Wong Shing Yip, Dr. Huang Guoliang, Eugene, Dr. Chee Hsing Gary Andrew, Dr. Lee Peng Khow, HCSS and Dr. Jitendra Kumar Sen respectively.

The Restructuring Agreement was amended and restated on 1 April 2020, whereby 36,427 Shares, 22,533 Shares, 6,500 Shares, 4,129 Shares, 2,374 Shares, 2,374 Shares, 4,940 Shares and 10,723 Shares (the “**Relevant Shares**”) were further issued to each of Dr. Bernard Lee, Dr. Jeffrey Loh, Dr. Wong Shing Yip, Dr. Huang Guoliang, Eugene, Dr. Chee Hsing Gary Andrew, Dr. Lee Peng Khow, HCSS, and Dr. Jitendra Kumar Sen respectively. The Relevant Shares were issued to adjust the shareholding interest held by each vendor in our Company based on, *inter alia*, the target companies’ unaudited profit after tax for the financial period between 1 July 2018 to 31 March 2020.

Information on the structure of our Group and Associated Company (and its subsidiaries) is set out in the section entitled “Our Group Structure” of this Offer Document.

(d) Pre-Placement Redeemable Convertible Loan

Our Company entered into the Convertible Loan Agreement dated 30 July 2019, as amended on 12 May 2020, with the Pre-Placement Investors for the grant of the Redeemable Convertible Loan by the Pre-Placement Investors to our Company upon the terms and conditions of the Convertible Loan Agreement.

RESTRUCTURING EXERCISE

The Redeemable Convertible Loan was granted by the Pre-Placement Investors in the following proportions:

Pre-Placement Investors	Loan Amount (S\$)	Percentage of the Redeemable Convertible Loan (%)	Number of Conversion Shares	Shareholding in our Company ⁽¹⁾ after the issue of the Conversion Shares
Medinex Limited	750,000	27.78	5,681,818	4.14
Shinex Capital	750,000	27.78	5,681,818	4.14
Lim Ewe Ghee	500,000	18.52	3,787,878	2.76
Sia Ling Sing	300,000	11.11	2,272,727	1.65
Lim Bee Leng Stephanie	200,000	7.41	1,515,151	1.10
Kum Shen Wei Ronald	125,000	4.63	946,969	0.69
Lim Kheng Moh	75,000	2.78	568,181	0.41
Total	2,700,000	100.00	20,454,542	14.89

Note:

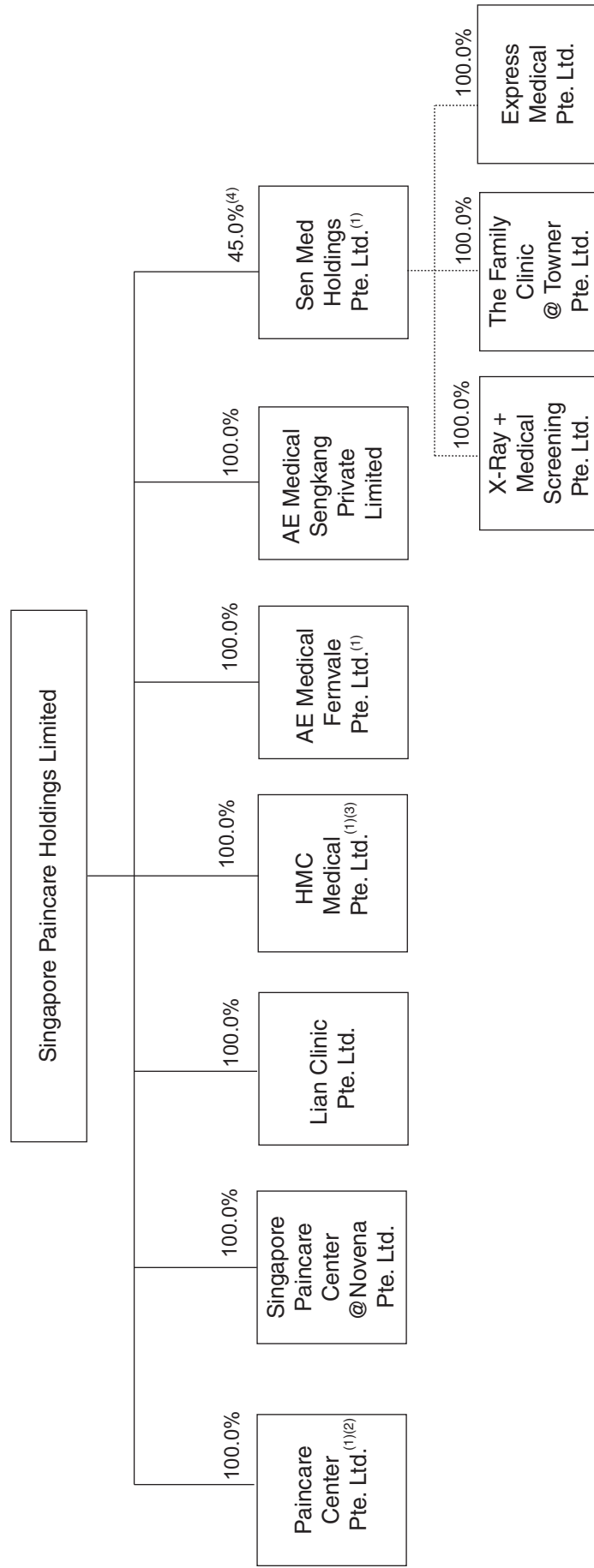
(1) Based on the pre-Placement share capital of our Company of 137,377,416 Shares.

The Redeemable Convertible Loan shall be converted (at the option of our Company) into Conversion Shares at a conversion price of 13.20 cents, as soon as practicable after delivery of the conversion notice in writing to each of the Pre-Placement Investors (in the form prescribed in the Convertible Loan Agreement signed by an authorised signatory of our Company). For the avoidance of doubt, such conversion notice may only be delivered to the Pre-Placement Investors upon or after the receipt of the notification from SGX-ST for registration of the final Offer Document.

The Redeemable Convertible Loan was used as working capital, and as part of Listing fees and expenses incurred by our Group.

OUR GROUP STRUCTURE

The structure of our Group and our Associated Company (and its subsidiaries) as at the date of this Offer Document is as follows:



Notes:

- (1) PCPL and HMC Medical each hold 60.0% and 40.0% in Horizon Paincare Pte. Ltd., respectively. PCPL and AE Medical Fernvale each hold 60.0% and 40.0% in Fernvale Paincare Pte. Ltd., respectively. PCPL and Sen Med each hold 60.0% and 40.0% in Sen Paincare Pte. Ltd., respectively. Each of Horizon Paincare Pte. Ltd., Fernvale Paincare Pte. Ltd. and Sen Paincare Pte. Ltd. is dormant and is currently in the process of being struck off.
- (2) PCPL is the owner of Singapore Paincare Center, a sole-proprietorship.
- (3) HMC Medical is the owner of Horizon Medical Centre, a sole-proprietorship.
- (4) The remaining 55.0% equity interest in Sen Med is held by Medinex Limited, a company listed on Catalist.

OUR GROUP STRUCTURE

Our Subsidiaries and Associated Company

Information on our Subsidiaries and our Associated Company (and its subsidiaries) as at the date of this Offer Document is set out in the table below:

Name	Date and place of incorporation	Principal business activities	Principal place of business	Proportion of ownership interest held by our Company
PCPL ⁽¹⁾	14 April 2007/ Singapore	Operation of medical clinic and the provision of medical services	290 Orchard Road, #18-03, Singapore 238859	100.0%
PCN	9 September 2013/ Singapore	Operation of medical clinic and the provision of medical services	38 Irrawaddy Road, #07-33, Singapore 329563	100.0%
LCPL	4 September 2015/ Singapore	Operation of medical clinic and the provision of medical services	Blk 18 Marsiling Lane, #01-269, Singapore 730018	100.0%
HMC Medical ⁽²⁾	17 August 2005/ Singapore	Operation of medical clinic and the provision of medical services	200 Upper Thomson Road, #01-11 Thomson Imperial Court, Singapore 574424	100.0%
AE Medical Fernvale	16 February 2016/ Singapore	Operation of medical clinic and the provision of medical services	Blk 467B Fernvale Link, #01-529, Singapore 792467	100.0%
AE Medical Sengkang	28 March 2018/ Singapore	Operation of medical clinic and the provision of medical services	35 Selegie Road, #03-02 Parklane Shopping Mall, Singapore 188307	100.0%
Sen Med	7 December 2018/ Singapore	Holding company	111 North Bridge Road, #23-04 Peninsula Plaza, Singapore 179098	45.0% ⁽³⁾

OUR GROUP STRUCTURE

Name	Date and place of incorporation	Principal business activities	Principal place of business	Proportion of ownership interest held by our Company
The Family Clinic @ Towner Pte. Ltd.	14 February 2006/ Singapore	Operation of medical clinic and the provision of medical services	Blk 101 Towner Road, #01-202, Singapore 322101	100.0% held by Sen Med
X-Ray + Medical Screening Pte. Ltd.	16 February 2006/ Singapore	Provision of medical services	Blk 101 Towner Road, #01-202, Singapore 322101	100.0% held by Sen Med
Express Medical Pte. Ltd.	8 April 2007/ Singapore	Provision of medical services	Blk 640 Rowell Road, #01-56, Singapore 200640	100.0% held by Sen Med
Horizon Paincare Pte. Ltd.	17 January 2019/ Singapore	Dormant ⁽⁴⁾	150 Orchard Road, #07-18, Orchard Plaza Singapore 238841	100.0%
Fernvale Paincare Pte. Ltd.	26 February 2019/ Singapore	Dormant ⁽⁴⁾	150 Orchard Road, #07-18, Orchard Plaza Singapore 238841	100.0%
Sen Paincare Pte. Ltd.	18 June 2019/ Singapore	Dormant ⁽⁴⁾	150 Orchard Road, #07-18, Orchard Plaza Singapore 238841	60.0% held by PCPL and 40.0% held by Sen Med

Notes:

- (1) PCPL is the sole owner of Singapore Paincare Center, a sole-proprietorship registered on 26 May 2008. We registered the business name, Singapore Paincare Center, in connection with our Group's branding and to prevent others from registering a similar business name. Singapore Paincare Center has the same principal business activities and principal place of business as PCPL. For avoidance of doubt, the accounts of Singapore Paincare Center are prepared and reported under PCPL and we believe that such a sole-proprietorship structure is not uncommon in the medical industry in Singapore.
- (2) HMC Medical is the sole owner of Horizon Medical Centre, a sole-proprietorship registered on 25 November 2009. We registered the business name, Horizon Medical Centre, to prevent others from registering a similar business name. Horizon Medical Centre has the same principal business activities and principal place of business as HMC Medical. For avoidance of doubt, the accounts of Horizon Medical Centre are prepared and reported under HMC Medical and we believe that such a sole-proprietorship structure is not uncommon in the medical industry in Singapore.
- (3) The remaining 55.0% equity interest in Sen Med is held by Medinex Limited, a company listed on Catalist.
- (4) Each of Horizon Paincare Pte. Ltd., Fernvale Paincare Pte. Ltd. and Sen Paincare Pte. Ltd. is dormant and is currently in the process of being struck off.

Save as disclosed above, our Group does not have any subsidiaries or associated companies. Our Subsidiaries are not listed on any stock exchange in any jurisdiction.

GENERAL INFORMATION ON OUR GROUP

HISTORY

Our Company was incorporated on 31 December 2018 as a private company limited by shares under the name “Singapore Paincare Holdings Pte. Ltd.”. On 16 June 2020, we changed our name to “Singapore Paincare Holdings Limited” in connection with our conversion into a public company.

Our first SPCH Specialist Clinic, Singapore Paincare Center, was founded by Dr. Bernard Lee in 2007 as one of the first clinics in Singapore specialising in the treatment of persistent pain. In 2014, we opened our second SPCH Specialist Clinic, the Paincare Center. Through the SPCH Specialist Clinics, we focus on providing pain care services by either removing pain generators and/or interrupting pain signals through, among others, minimally invasive procedures and specialised injections thereby bridging the gap between using open surgery which may entail higher risks and longer recovery periods, and conservative physical therapies which may not be as immediately effective, to treat pain. We seek to provide effective pain relief to chronic pain sufferers.

In the middle of 2018, Dr. Bernard Lee recognised the need to extend the provision of pain care services to primary care providers in residential areas, who are generally the first point of contact for pain sufferers, to increase the accessibility of pain care treatment. As such, we began to collaborate with primary care providers to extend our provision of pain care services to the relevant SPCH Medical Clinics and The Family Clinic @ Towner thereby increasing the accessibility of pain care services to patients in the residential areas. Upon completion of the Restructuring Exercise, our Company acquired our Subsidiaries and Associated Company, and became the holding company of our Group.

Our Group is one of few medical services groups in Singapore focused on providing pain care services by either removing pain generators and/or interrupting pain signals through, among others, minimally invasive procedures and specialised injections. Our vision is to be the leading provider of interventional pain procedures in Asia in terms of both specialist and primary care.

Some key milestones of our Group and the SPCH medical practitioners are set out below:

2002	Dr. Bernard Lee, as one of the first pain specialists in Singapore, established the Pain Clinic in Tan Tock Seng Hospital and was appointed as a director of the pain management unit under the Department of Anaesthesia at Tan Tock Seng Hospital from 2002 to 2006.
2007	We opened our first SPCH Specialist Clinic, Singapore Paincare Center.
2014	We opened our second SPCH Specialist Clinic, Paincare Center.
2018	PCPL entered into various joint venture agreements with, among others, LCPL, HMC Medical and AE Medical Fernvale in connection with the provision of certain pain care services at each of Lian Clinic, Horizon Medical Centre and AE Medical Clinic.
2018	Our Company was incorporated as the holding company for our Group.
2019	PCPL entered into a joint venture agreement with Sen Med in connection with, among others, the provision of certain pain care services at The Family Clinic @ Towner.

GENERAL INFORMATION ON OUR GROUP

- | | |
|------|--|
| 2019 | PCPL attained the “Singapore Quality Class with People and Service certification for Business Excellence”, in recognition of its commendable management practices, commitment towards continuous improvement and sustainable business performance. |
| 2019 | Completion of our Restructuring Exercise. |

BUSINESS OVERVIEW

We are a medical services group engaged in the following services:

- **Pain care services.** We focus on the treatment of patients suffering from chronic pain. Our pain care services include, among others, minimally invasive procedures, cancer pain treatment, specialised injections, pharmacotherapy, and cognitive behavioural therapy.
- **Primary care and other services.** We provide general medical consultations, management of chronic and acute conditions, and dermatology services. Through our Associated Company, we also provide health screening services.

Our Subsidiaries operate through two SPCH Specialist Clinics, and four SPCH Medical Clinics. Through our interest in our Associated Company, we operate one additional medical clinic and two health screening facilities. The SPCH Specialist Clinics are located centrally while the SPCH Medical Clinics and the clinic and/or facilities operated by our Associated Company are located in both central and residential areas. Through the relevant SPCH Medical Clinics and The Family Clinic @ Towner (the medical clinic operated by our Associated Company), we expect to be able to treat a majority of our patients seeking pain care services through specialised injections and pharmacotherapy. To the extent our patients require further pain care services, this may be sought at the SPCH Specialist Clinics. Our patients who require on-going and routine check-ups may also access the relevant SPCH Medical Clinics and The Family Clinic @ Towner for convenience.

Pain Care Services

We provide specialised treatment of pain conditions occurring anywhere in the body such as acute pain from injury, chronic back and neck pain, post-surgical pain, as well as cancer pain. The conditions which our patients suffer from include degenerative pain conditions (e.g. slipped discs, bone spurs, and knee arthritis), acute post traumatic injury (e.g. muscle and tendon sprains, ligament and tendon tears, and spinal fractures), and idiopathic functional pain conditions (e.g. irritable bowel and/or bladder syndrome, fibromyalgia, post-stroke pain, and post-nerve injury pain). Patients who seek our pain care services are primarily from Singapore as well as the ASEAN region such as Indonesia, Vietnam, and Malaysia, and globally from countries such as Australia and the United Arab Emirates. Information on some of the conditions we treat and the related treatments commonly carried out by us are set out below.

GENERAL INFORMATION ON OUR GROUP

Minimally Invasive Procedures

We offer a variety of minimally invasive procedures using specialised catheters, needles and scopes to enter into certain parts of the body thereby minimising surgical incision. Examples of minimally invasive procedures include, among others:

- *Neuroplasty*

This procedure entails placing a needle precisely into the spine under X-ray guidance. Through that, a catheter is inserted into the epidural space of the spinal cord and medicine is then administered to decrease the swelling in that area. The catheter frees the trapped pinched nerve by dilating the narrowed area of the spine by breaking down adhesions and scar tissue thereby creating more space around the compressed nerves (akin to the ballooning of blocked heart vessels done on patients with heart problems).

- *Nucleoplasty*

This procedure is used to decompress a slipped disc with pinched nerves (i.e. a herniated disc in the spine that may irritate nearby nerve roots) without the usual surgical cut down. A long needle is placed in the centre of the disc herniation. This percutaneous technique avoids cutting of the external spinal skeleton to reach into the disc, reducing side effects and nerve injury. A device is then applied through the needle to generate radio frequency energy that vaporises and removes excess tissue, thereby reducing the pressure to the neighbouring nerves. Different needles and decompression applicable may be used to target the right amount of shrinkage of the slipped disc depending on the size of disc herniation and the decompression of the disc.

- *Endoscopic Lumbar Disc Decompression*

This procedure is generally used to treat patients who suffer from severe chronic back pain due to severe spinal stenosis and nerve impingement, do not want open surgery, and/or have experienced prior failed back surgeries. This type of nucleoplasty decompresses a larger volume of disc herniation, giving better clearance of the spinal narrowing and freeing the trapped nerve. A small incision is first made for a rigid port, with which to insert a scope into the spinal canal. There is a camera attached to the end of the scope, allowing real time visualisation of the slipped disc, pinched nerve, bone spur and thickened ligament. Apart from gross manual decompression, a fibre laser within the scope can be used to burn disc tissue or free scarred nerves (which can then be removed).

- *Radio Frequency Ablation (“RFA”)*

This procedure uses radio frequency energy to heat and “burn” nerves to prevent such painful nerves from transmitting pain, and is often used for back pain arising from facet inflammation and degenerative bone spur pain. RFA is delivered through a needle into the facet joints. Once the needle and electrode placements are verified, a radio frequency current is sent to each facet joint and nerve for a certain period of time to heat and “burn” the afflicted nerve.

GENERAL INFORMATION ON OUR GROUP

- *Pulsed Radio Frequency*

This procedure is similar to RFA save that the radio frequency is applied to the afflicted nerves at shorter intervals and lower temperatures so as to “stun” rather than “burn” the nerves. Pulsed radio frequency is generally used to treat pain arising from hypersensitive neuralgia, and overly sensitised nerves in the spine such as referred pain into legs or arms, together with numbness and/or weakness along a neurological dermatomal distribution.

- *Platelet Rich Plasma (“PRP”)*

This procedure is generally used for treating musculoskeletal conditions such as tendon injury, ligament sprains, back and neck pain, tennis/golfers elbow, ankle pain, joint laxity and instability, jogger’s heel pain, shoulder pain, knee pain and other joint pain. It is a method of injection treatment designed to stimulate healing by causing temporary, low-grade inflammation at the injection site, thereby raising growth factor levels and promoting tissue repair and growth.

- *Spinal Cord Stimulator (“SCS”)*

This procedure is generally used to treat conditions such as persistent chest pain, phantom arm or leg pain, chronic pelvic pain and other persistent nerve pain. SCS is implemented in two parts. In the first part, the patient carries out a trial of the SCS whereby a lead will be connected to a portable external pulse generator. The patient will be given various combinations of electrical signals to assess if the pulses reduce their pain. This trial mimics the actual treatment. If the trial is successful, the entire SCS system (including the electrodes, leads, cables and pulse generator) will be implanted into the patient. An external remote controller communicates with the device in order to instruct the release of pulses. The patient is subsequently monitored after the entire SCS system is installed.

- *Intrathecal Pump Implants*

This procedure is generally used to treat cancer pain, pain from failed back surgeries, or where high doses of opioid and/or morphine are required. A pump, which is surgically placed under the skin of the abdomen, delivers medicine through a catheter to the cerebrospinal fluid in the patient’s spinal cord. This facilitates delivery of a more directed dose of medication compared to oral medicines. The amount, duration and frequency of the medicines released can be programmed depending on a patient’s changing needs, and can be refilled by way of an injection through a patient’s skin.

Neuroplasty, Nucleoplasty, RFA, Pulsed Radio Frequency and PRP are usually carried out under local anaesthesia and as day-surgery procedures. The implantation of the SCS system and the intrathecal pump are usually carried out under general anaesthesia.

Cancer Pain Treatment

We also offer an alternative mode of cancer pain treatment to what is traditionally provided e.g. through medications such as opioid analgesia. Minimally invasive procedures can be used to treat the pain arising from refractory cancers such as cancer pain with bone metastasis, and neuropathic pain secondary to a tumour invasion of surrounding tissue and nerves structures. For instance, chemical ablation of painful nerves (through alcohol neurolysis) aims to stop transmission of painful nerves while intrathecal drug infusion treatment via either an externalised pump or an implantable pump can deliver targeted low dose medication into the spine of the painful nerves, stopping pain transmission. Such treatment is recommended to patients who may experience unpleasant side effects to opioid analgesia, such as nausea, drowsiness and constipation, from other pain medications.

GENERAL INFORMATION ON OUR GROUP

Specialised Injections

We administer specialised injections (also known as myofascial pain injections) at the SPCH Specialist Clinics, the relevant SPCH Medical Clinics and The Family Clinic @ Towner. Injections are administered into specific tender muscle and fascia to break muscle spasms and improve healing. This procedure is generally used to treat a wide variety of painful conditions such as mechanical pain and neuropathic pain. We seek to provide patients suffering from neck or back pain, frozen shoulders, tennis elbow and arthritis of knee or foot sustained pain relief from these specialised injections.

Pharmacotherapy

Apart from minimally invasive procedures, we also prescribe a wide range of medications such as:

- *Nonsteroidal anti-inflammatory drugs*, to relieve swelling, aches and pain;
- *Anti-depressants*, to treat pain, relax muscles and improve sleep quality;
- *Anticonvulsants*, to reduce the transmission of pain signals, stabilise overly excited nerves and, consequently, reduce the amount of pain signals to the brain; and
- *Opioids*, to manage chronic refractory pain by blocking the pain signals in the central nervous system.

Cognitive Behavioural Therapy

We seek to provide a holistic approach to pain care treatment. In particular, we provide training directed at patients and their families in respect of, *inter alia*, understanding the differences between acute and chronic pain, coping with pain, and managing pain flares and attacks. For instance, our multidisciplinary team will meet with each patient to conduct evaluations and gather information that will help us to correctly diagnose the problem, determine a customised treatment plan and allow us to make referrals to appropriate specialists (if required).

Primary care and other services

Apart from our pain care services, our Subsidiaries and Associated Company also provide primary care and other services. Patients who visit the SPCH Medical Clinics may be walk-in patients, employees of corporations, or policyholders of insurance companies with whom we have entered into arrangements to provide healthcare services. The SPCH Medical Clinics are generally located in residential areas thereby facilitating patients' accessibility to pain care services as well as primary care services.

The SPCH Medical Clinics provide services that include, among others, general medical consultations, management of acute conditions such as aches and pains, and chronic conditions such as diabetes, heart disease and asthma. The SPCH Medical Clinics also offer children's health services, geriatric care, dermatology, minor surgical procedures as well as vaccinations for travel and occupational requirements. We believe that our pain care services complement our provision of primary care services by addressing the pain of our patients due to chronic and acute conditions.

GENERAL INFORMATION ON OUR GROUP

The SPCH Medical Clinics participate in a number of the Singapore government's initiatives such as Baby Bonus, MBS@Gov, Community Health Assist Scheme, Pioneer Generation, Screen for Life, Medisave500 as well as Primary Care Network, introduced by the MOH in Singapore. All the SPCH Medical Clinics are also Medisave accredited, which enables us to further enhance our accessibility and broaden our market base. Further, Lian Clinic, Horizon Medical Centre, and AE Medical Clinic have also been designated as PHPCs which provide special subsidies to Singapore citizens and permanent residents diagnosed with respiratory illnesses.

Our Associated Company (through its subsidiaries) also operates a primary care clinic which provides similar services as above through The Family Clinic @ Towner and two health screening facilities known as The X-Ray Laboratory @ Towner and Express Medical X-Ray Laboratory in connection with pre-employment and work permit applications.

FACILITIES AND CLINICS

The SPCH Specialist Clinics, the relevant SPCH Medical Clinics and The Family Clinic @ Towner are equipped with facilities to render medical services such as specialised injections and/or perform minor surgical services. Our minimally invasive procedures are generally conducted in hospitals such as Mount Alvernia Hospital, Mount Elizabeth Novena Hospital, Mount Elizabeth Hospital, Parkway East Hospital, Farrer Park Hospital and Gleneagles Hospital, depending on a patient's preference and the availability of equipment at the relevant hospital. In addition to the SPCH medical practitioners, our clinics are staffed with experienced, trained and dedicated healthcare professionals and non-clinical support staff.

The clinics and/or facilities operated by our Subsidiaries and Associated Company (and its subsidiaries) are set out as follows:

Clinics/facilities	Services	Locations
Singapore Paincare Center	Specialist clinic (pain care services)	290 Orchard Road, #18-03, Singapore 238859
Paincare Center	Specialist clinic (pain care services)	38 Irrawaddy Road, #07-33, Singapore 329563
Lian Clinic	Medical clinic (certain pain care services and primary care services)	Blk 18 Marsiling Lane, #01-269, Singapore 730018
Horizon Medical Centre	Medical clinic (certain pain care services and primary care services)	200 Upper Thomson Road, #01-11, Thomson Imperial Court, Singapore 574424
AE Medical Clinic	Medical clinic (certain pain care services and primary care services)	Blk 467B Fernvale Link, #01-529, Singapore 792467
New City Skin Clinic	Medical clinic (dermatology services)	35 Selegie Road, #03-02, Parklane Shopping Mall, Singapore 188307

GENERAL INFORMATION ON OUR GROUP

Clinics/facilities	Services	Locations
The Family Clinic @ Towner	Medical Clinic (certain pain care services and primary care services)	Blk 101 Towner Road, #01-202, Singapore 322101
The X-Ray Laboratory @ Towner	Health screening	Blk 101 Towner Road, #01-202, Singapore 322101 (Second Floor)
Express Medical Clinic and Express Medical X-Ray Laboratory	Health screening	Blk 640 Rowell Road, #01-56, Singapore 200640

Further details of the licences issued in relation to the abovementioned clinics are set out under the section entitled “General Information on Our Group – Government Regulations” of this Offer Document.

THE SPCH MEDICAL PRACTITIONERS

Our Group’s market presence and reputation are built upon the experience and reputation of the following specialist and general practitioners whose medical experiences and achievements are set out as follows:

Dr. Bernard Lee

MBBS (NUS, Singapore), M Med (Anaes) (NUS, Singapore), FFPMANZCA (ANZCA, Australia)

Dr. Bernard Lee started his private practice, through Singapore Paincare Center in 2007. Prior to setting up his private practice, Dr. Bernard Lee established the Pain Clinic in Tan Tock Seng Hospital in 2002, and was appointed as a director of the pain management unit under the Department of Anaesthesia at Tan Tock Seng Hospital from 2002 to 2006. Dr. Bernard Lee was also instrumental in establishing the Women’s Pain Centre at KK Women’s and Children’s Hospital in 2009, where he held the position of director of the Women’s Pain Centre between 2009 to 2018. Dr. Bernard Lee had also contributed to the education sector, where he was a clinical lecturer at the National University of Singapore from 2011 to 2017, and an associate professor lecturer at the Faculty of Medicine and Surgery at the University of Santo Tomas, Philippines from 2011 to 2018.

Dr. Bernard Lee obtained, from the National University of Singapore, a Bachelor’s degree in Medicine and Surgery in 1994 and a Masters of Medicine (Anaesthesiology) in 1999. In 2003, he became a fellow of the Faculty of Pain Medicine of the Australian and New Zealand College of Anaesthetists. He is also currently a member of the Singapore Society of Anaesthesiologists and the Pain Association of Singapore.

Please also refer to the section entitled “Directors, Executive Officers and Employees – Directors” for more details.

GENERAL INFORMATION ON OUR GROUP

Dr. Jeffrey Loh

MBBS (NUS, Singapore)

Dr. Jeffrey Loh has 19 years of experience in the medical field. Between 2001 to 2007, Dr. Jeffrey Loh worked as a house officer and medical officer in various hospital departments within the National Healthcare Group, namely the departments of respiratory medicine, obstetrics and gynaecology, orthopaedics, Accident & Emergency, and neurosurgery. In particular, during the SARS outbreak in Singapore in 2003, Dr. Jeffrey Loh was actively engaged in running the SARS Intensive Care Unit at Tan Tock Seng Hospital. He joined Lian Clinic as a primary care physician in 2006. He was accredited as a Family Physician by the SMC in 2012. Dr. Jeffrey Loh is also presently a Designated Workplace Doctor by the Ministry of Manpower.

Dr. Jeffrey Loh graduated from the National University of Singapore in 2001 with a Bachelor's degree in Medicine and Surgery. In 2012, he obtained a graduate diploma in Occupational Medicine from the National University of Singapore.

Please also refer to the section entitled "Directors, Executive Officers and Employees – Directors" for more details.

Dr. Chee Hsing Gary Andrew

MBBS (NUS, Singapore)

Dr. Chee Hsing Gary Andrew graduated from the University of Nottingham in 1989 with a Bachelor of Medical Sciences and from the National University of Singapore in 1992 with a Bachelor's degree in Medicine and Surgery. He has over 26 years of experience in the medical field. From 1992 to 2000, Dr. Chee Hsing Gary Andrew trained in family medicine and did various rotations in the paediatrics, otolaryngology, psychiatry, dermatology and general medicine departments of various hospitals. He has also practised in the Singapore Government Polyclinics. In 2000, he set up a private medical practice, Horizon Medical Centre, jointly with Dr. Lee Peng Khaw. Dr. Chee Hsing Gary Andrew sub-specialises in visco-supplementation of the knee for osteoarthritis and intra-articular steroid injections for various conditions such as rotator cuff tendinitis and tennis elbow.

Dr. Lee Peng Khaw

MBBS (NUS, Singapore), M Med (Family Medicine)

Dr. Lee Peng Khaw graduated from the National University of Singapore in 1992 with a Bachelor's degree in Medicine and Surgery. He has over 26 years of experience in the medical field. After graduation, he completed his year-long houseman programme and went on to serve as a medical officer at various hospitals in Singapore for another year. From 1994 to 1996, Dr. Lee Peng Khaw served as a medical officer in the Singapore Armed Forces. He was then trained in family medicine. He obtained his Master of Medicine (Family Medicine) from the National University of Singapore in 1999. Dr. Lee Peng Khaw subsequently practised for one year in the Ang Mo Kio Polyclinic. In 2000, he set up a private medical practice, Horizon Medical Centre, jointly with Dr. Chee Hsing Gary Andrew. He was registered as a Family Physician in 2011.

GENERAL INFORMATION ON OUR GROUP

Dr. Wong Shing Yip

MBBS (NUS, Singapore), MRCP (UK) (RCP, United Kingdom), PG Dip (Clinical Derm) (Queen Mary University of London, United Kingdom)

Dr. Wong Shing Yip graduated from the National University of Singapore in 2007 with a Bachelor's degree in Medicine and Surgery. He has over 12 years of experience in the medical field. Between 2007 and 2013, he trained at various hospitals such as Singapore General Hospital, National University Hospital and Changi General Hospital. Dr. Wong Shing Yip was then admitted into the Royal College of Physicians of the United Kingdom in 2013, before going on to complete a Postgraduate Diploma in Clinical Dermatology at Queen Mary University of London, United Kingdom in 2015. Dr. Wong Shing Yip joined New City Skin Clinic as its resident physician in 2015 and co-founded AE Medical Clinic in 2016.

In 2019, Dr. Wong Shing Yip was appointed the Contract Resident Physician at the Ling Kwang Home for Senior Citizens. He is also a member of the Executive Committee of Singhealth DOT Primary Care Network. This is part of an initiative by the MOH, introduced to encourage private general practitioner clinics to organise themselves into networks that support holistic and team-based care in the community.

Dr. Huang Guoliang, Eugene

MBBS (NUS, Singapore), Dip (Family Medicine) (NUS, Singapore)

Dr. Huang Guoliang, Eugene graduated from the National University of Singapore in 2007 with a Bachelor's degree in Medicine and Surgery. He has over 12 years of experience in the medical field. Between 2007 and 2020, he practised in various hospitals, namely, Singapore General Hospital, National University Hospital and Changi General Hospital, where he did rotations in, among others, general medicine, general surgery, orthopaedics, obstetrics, gynaecology and accident and emergency departments. Dr. Huang Guoliang, Eugene had also served as a medical officer in the Singapore Armed Forces between 2009 to 2011. He went on to complete a Diploma in Family Medicine from the National University of Singapore in 2015. Since 2016, Dr. Huang Guoliang, Eugene co-founded AE Medical Clinic and has served as its primary care physician. Dr. Huang Guoliang, Eugene sub-specialises in chronic pain management.

Dr. Jitendra Kumar Sen

MBBS (NUS, Singapore)

Dr. Jitendra Kumar Sen graduated from the National University of Singapore in 1990 with a Bachelor's degree in Medicine and Surgery. He is a general physician with over 28 years of experience in the medical field. He was accredited as a Family Physician by the MOH in October 2012. In 2003, during the SARS outbreak in Singapore, Dr. Jitendra Kumar Sen received the Courage Medal, awarded by The Courage Fund, which was set up as a fund-raising effort to provide relief to SARS victims and healthcare workers.

Dr. Jitendra Kumar Sen is also responsible for the overall management, strategic planning and business development of The Family Clinic @ Towner and the two health screening facilities, namely The X-Ray Laboratory @ Towner and Express Medical X-Ray Laboratory.

GENERAL INFORMATION ON OUR GROUP

External Specialist

Apart from the SPCH medical practitioners, we have engaged Dr. Ivyer Uma Shridhar as an anaesthetist to assist in our minimally invasive procedures. Pursuant to the agreement entered into between our Company and Uma Iyer Anaesthesia Solutions Private Limited (“UIAS”) dated 20 March 2020, our Company will engage Dr. Ivyer Uma Shridhar, an employee of UIAS, to provide medical and anaesthetic services to our Company. Such services include, among others, epidural analgesia, peripheral nerve blocks, RFA of facets joints, PRP, shoulders and knees injections and myofascial injections. Dr. Ivyer Uma Shridhar has been engaged for an initial term of six months from 20 March 2020, and this term shall be automatically renewed for each six month period unless terminated by either party by giving a 60 days written notice of termination or otherwise in accordance with the agreement. Fees shall be payable to UIAS on a monthly basis, based on 20.0% to 40.0% of the surgeon’s fees charged and payable by the patient (depending on the complexity and duration of the cases handled by Dr. Ivyer Uma Shridhar) for services performed by Dr. Ivyer Uma Shridhar for our Group.

Dr. Ivyer Uma Shridhar

MBBS, DM (Anaesthesia), M Med (Anaes), European Diploma of Regional Anaesthesia

Dr. Iyer Uma Shridhar is an anaesthesiologist by training, which enables her to perform specialist pain care services. Dr. Iyer Uma Shridhar graduated from Grant Medical College, Mumbai, India with a Bachelor’s degree in Medicine and Surgery in 1994, and a Doctor of Medicine (Anaesthesia) in 1997. She obtained the Master of Medicine (Anaesthesia) from the National University of Singapore in 2006, and the European Diploma of Regional Anaesthesia from the European Society of Regional Anaesthesia in 2011. She is currently practising as a Consultant in Anaesthesia in private practice, as well as a visiting consultant anaesthetist at Khoo Teck Puat Hospital and the Singapore National Eye Centre, Singapore. She was previously a consultant in anaesthesiology at Khoo Teck Puat Hospital from 2010 to 2013. Prior to this, she worked in various roles in Alexandra Hospital between 2003 to 2010, namely as Associate Consultant, Advanced Speciality Trainee Registrar in Anaesthesiology, and Medical Officer.

We are constantly assessing suitable medical practitioners with the intention of expanding our medical services if such opportunity arises. We intend to employ competent medical practitioners who are able to support our current operations, particularly in relation to pain care services, and we will also look into engaging other medical practitioners who are able to complement our Group’s existing suite of services.

MARKETING AND BUSINESS DEVELOPMENT

We conduct our general marketing activities and corporate business development under the supervision of our Executive Directors, Dr. Bernard Lee and Dr. Jeffrey Loh. We market our services in compliance with the applicable MOH guidelines, laws and regulations and develop our business through:

- *Personal referrals.* We are able to attract new patients through our past and existing patient’s referrals by “word of mouth” i.e. based on the experience and reputation of the SPCH medical practitioners. Through this marketing approach, we intend to continue to cultivate brand loyalty and goodwill of our Group within the industry.

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- *Public health seminars and publicity.* The SPCH medical practitioners actively participate in public health seminars in Singapore and overseas. These events provide opportunities for the SPCH medical practitioners as, among others, guest speakers or participants, to raise the awareness of our Group's services. The SPCH medical practitioners have also contributed articles to medical journals which increases the industry awareness of our Group, and participated in public forum programmes that have been advertised in mainstream newspapers in Singapore. In particular, Dr. Bernard Lee is an article reviewer for the ASEAN Journal of Anaesthesiology and the Singapore Medical Journal on research pertaining to pain advances. He has also written a book entitled "Dr. Pain" (printed in Chinese) featuring techniques and home remedies for pain management.
- *Corporate website.* Our corporate website provides a comprehensive overview of the pain management services we offer, and information on the range of medical conditions most commonly seen in Singapore that we treat. This allows us to boost awareness of our Group and reach out to a bigger market than we could reach using traditional marketing methods such as the distribution of brochures or by word of mouth.
- *Referrals from primary care physicians and medical centres.* We are also occasionally referred patients from other general practitioners outside our Group. In line with guidelines prescribed by the SMC, we do not have any fee-sharing or commission arrangements for any of the referrals.
- *Securing strategic locations for our clinics at cost effective rental rates.* We also seek to continue securing strategic locations for our clinics at cost effective rental rates in order to reach out to more patients in the heartlands.

Further details on the applicable publicity guidelines issued by the MOH are set out in the section entitled "General Information on Our Group – Government Regulations" of this Offer Document.

AWARDS AND ACCREDITATIONS

Our Group has received the following award and accreditation:

Date of issue and/ or expiry	Recipient	Name of award or accreditation	Awarding organisation
30 April 2019 to 30 April 2022	PCPL	Singapore Quality Class with People and Service certification in recognition of commendable performance in business excellence	Enterprise Singapore

OUR MAJOR CUSTOMERS

Our Group's customer base constitutes mainly individual patients. We are not materially dependent on any individual or corporate client and no single customer accounts for 5.0% or more of our Group's total revenue for the Period Under Review.

As at the date of this Offer Document, none of the Directors or Substantial Shareholders of our Company, or their respective Associates, has any interest, direct or indirect, in any of our customers.

GENERAL INFORMATION ON OUR GROUP

OUR MAJOR SUPPLIERS

Our major suppliers which accounted for 5.0% or more of our Group's total purchases for the Period Under Review are as follows:

Supplier	Product supplied	Percentage of total purchases (%)			
		FY2017 ⁽¹⁾	FY2018 ⁽¹⁾	FY2019 ⁽¹⁾	HY2020
Zuellig Pharma Pte. Ltd. ⁽²⁾	Provision of medicine and consumables	19.76	18.16	17.80	52.42
DKSH Singapore Pte. Ltd. ⁽²⁾	Provision of medicine and consumables	22.90	17.74	25.39	14.75
TruMed International Pte. Ltd. ⁽³⁾	Rental of medical equipment and provision of consumables	14.64	21.53	17.30	2.87
Eplus Healthcare Pte. Ltd. ⁽⁴⁾	Rental of medical equipment and provision of consumables	16.79	13.67	1.51	0.80
Kromax South Asia Pte. Ltd. ⁽⁵⁾	Rental of medical equipment and provision of consumables	5.90	4.46	12.44	3.39
Wellchem Pharmaceuticals Pte Ltd ⁽⁶⁾	Provision of medicine and consumables	2.00	3.85	5.79	2.66

Notes:

- (1) References to our Group for FY2017, FY2018 and FY2019 comprise of our Company and our Subsidiaries, PCPL and PCN.
- (2) The change in percentage of total purchases from Zuellig Pharma Pte. Ltd. and DKSH Singapore Pte. Ltd. for HY2020 compared to FY2019 was largely attributable to the acquisition by our Company of LCPL, AE Medical Fernvale, AE Medical Sengkang and HMC Medical, whereby we increased our purchases of medicine and consumables in connection with the provision of primary care and other services. For the avoidance of doubt, Zuellig Pharma Pte. Ltd. and DKSH Singapore Pte. Ltd. are suppliers of medicine and consumables, and our Group purchases pharmaceutical products from a variety of pharmaceutical distributors and/or manufacturers depending on, *inter alia*, the brand of pharmaceutical drugs and the price for such drugs. As such, the percentage of total purchases of medicine and consumables varied throughout the Period Under Review.
- (3) TruMed International Pte. Ltd. provides medical equipment and consumables to the SPCH Specialist Clinics (and not to any of the SPCH Medical Clinics). The increase in the percentage of total purchases from TruMed International Pte. Ltd. for FY2018 compared to FY2017 was due to the ability of TruMed International Pte. Ltd. to customise consumables for our Group resulting in an increase in our demand for their consumables. The decrease in the percentage of total purchases from TruMed International Pte. Ltd. for FY2019 compared to FY2018 was due to a decrease in demand from our patients due to equipment requirements, and the increased use from other suppliers. The decrease in the percentage of total purchases from TruMed International Pte. Ltd. for HY2020 compared to FY2019 was largely attributable to (a) the acquisition by our Company of LCPL, AE Medical Fernvale, AE Medical Sengkang and HMC Medical, and (b) the decrease in demand from our patients requiring their equipment.

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- (4) Eplus Healthcare Pte. Ltd. provides medical equipment and consumables to the SPCH Specialist Clinics (and not to any of the SPCH Medical Clinics). The decrease in the percentage of total purchases from Eplus Healthcare Pte. Ltd. for FY2019 compared to FY2018 was largely attributable to the availability of endoscopic equipment from other suppliers.
- (5) Kromax South Asia Pte. Ltd. provides medical equipment and consumables to the SPCH Specialist Clinics (and not to any of the SPCH Medical Clinics). The increase in the percentage of total purchases from Kromax South Asia Pte. Ltd. for FY2019 compared to FY2018 was largely attributable to our rental of more endoscopic equipment from this supplier.
- (6) The decrease in the percentage of total purchases from Wellchem Pharmaceuticals Pte Ltd for HY2020 compared to FY2019 was largely attributable to (a) the acquisition by our Company of LCPL, AE Medical Fernvale, AE Medical Sengkang and HMC Medical, (b) the fact that we held a large holding inventory in FY2019, and (c) the decrease in demand from our patients requiring their medicines.

Our Directors are of the view that, as at the Latest Practicable Date, our business and profitability are not materially dependent on any of our suppliers. To the best of our Directors' knowledge, we are not aware of any information or arrangement which would lead to a cessation or termination of our current relationship with any of our major suppliers.

As at the Latest Practicable Date, none of our Directors, our Substantial Shareholders, or their respective Associates has any interest, direct or indirect, in any of our major suppliers.

INVENTORY MANAGEMENT

As at 31 December 2019, our inventories comprised approximately 5.25% of our total assets. These constitute mainly medical supplies such as medicine and drugs. The amount of inventory we stock is only as required for the general operations of our clinics.

Our average inventory turnover days during the Period Under Review were as follows:

	FY2017	FY2018	FY2019	HY2020
Average inventory turnover days ⁽¹⁾⁽²⁾	68	58	65	116

Notes:

- (1) Average inventory turnover days is computed as follows:

$$\frac{\text{Average inventory balances}}{\text{Cost of sales}} \times \text{Number of days}$$

Where:

"Average inventory balances" is based on the average of the opening and closing inventory balances for the relevant financial year/period.

"Number of days" is defined as the number of calendar days in the relevant financial year/period.

- (2) The increase or decrease in inventory turnover days depends on whether certain specific medications are in demand for the relevant year or period. The increase in average inventory turnover of 65 days in FY2019 to 116 days in HY2020 was largely attributable to (a) the acquisition by our Company of LCPL, AE Medical Fernvale, AE Medical Sengkang and HMC Medical, and (b) a bulk purchase of inventories being made following the completion of the Restructuring Exercise, resulting in an increase in average inventory turnover days. We believe that the risk of provisions and/or write-offs being made on the inventories is low given the typical rate of usage of these inventories.

GENERAL INFORMATION ON OUR GROUP

CREDIT MANAGEMENT

The majority of our bills are paid for in cash or covered by customers' insurance plans. We accept various modes of payments namely cash (including electronic payments), cheques and credit cards. The electronic payments and credit card payments are usually settled within three working days, while reimbursement from insurance companies for treatments and services rendered usually take an average of three months for settlement.

Our trade receivables comprise mainly amounts due from hospitals, insurance companies and corporate clients (following the completion of the Restructuring Exercise). As a result of such payments, our average trade receivables' turnover days during the Period Under Review were as follows:

	FY2017	FY2018	FY2019	HY2020
Average trade receivables' turnover days ⁽¹⁾⁽²⁾	25	24	31	33

Notes:

(1) Average trade receivables' turnover days is computed as follows:

$$\frac{\text{Average trade receivables balances}}{\text{Revenue}} \times \text{Number of days}$$

Where:

"Average trade receivables balances" is based on the average of the opening and closing trade receivables balances for the relevant financial year/period.

"Number of days" is defined as the number of calendar days in the relevant financial year/period.

(2) The increase in average trade receivables' turnover days of 24 days in FY2018 to 31 days in FY2019 was due to more procedures performed towards the end of FY2019. This resulted in higher amount due from hospitals as our Group has granted longer credit term to the hospitals.

Specific provision or write-off are assessed and determined based on the assessment of the recoverability and extended credit terms being given (typically based on trade receivables that have aged over 90 days). We would consider historical credit loss experiences, and present and anticipated macroeconomic factors affecting the ability of our customers to settle the receivables in order to adjust their credit terms accordingly.

Our bad third parties trade receivables written off for the Period Under Review were as follows:

	← FY2017	Audited FY2018	FY2019 →	Unaudited HY2020
Bad third parties receivables written off (S\$'000)	–	–	9	–
As a percentage of our revenue (%)	–	–	0.23	–
As a percentage of our profit before income tax (%)	–	–	0.65	–

GENERAL INFORMATION ON OUR GROUP

As at 31 December 2019, our allowance for impairment on doubtful third parties trade receivables was S\$69,033.

The aged analysis of trade receivables past due but not impaired as at the end of the respective reporting periods were as follows:

(S\$'000)	← As at 30 June →			As at 31 December
	2017	2018	2019	2019
Past due less than one month	–	0.17	16.00	35.36
Past due one to two months	0.62	1.53	0.87	4.41
Past due two to three months	0.03	6.01	0.37	6.69
Past due over three months	26.9	10.19	1.39	39.52

As at 31 December 2019, our total trade receivables, past due but not impaired amounted to S\$85,990 of which approximately 91.29% has been collected as at the Latest Practicable Date.

Credit terms from our suppliers

Generally, our suppliers grant us credit terms ranging from 30 to 60 days from delivery of products. Our average trade payables' turnover days during the Period Under Review were as follows:

	FY2017	FY2018	FY2019	HY2020
Average trade payables' turnover days ⁽¹⁾⁽²⁾	33	25	11	20

Notes:

(1) Average trade payables' turnover days is computed as follows:

$$\frac{\text{Average trade payables balances}}{\text{Cost of sales}} \times \text{Number of days}$$

Where:

"Average trade payables balances" is based on the average of the opening and closing trade payables balances for the relevant financial year/period.

"Number of days" is defined as the number of calendar days in the relevant financial year/period.

(2) The decrease in average trade payables' turnover days of 33 days in FY2017 to 11 days in FY2019 was due to prompt payment. The increase in average trade payables' turnover days of 11 days in FY2019 to 20 days in HY2020 was largely attributable to our purchases made toward the end of December 2019 which resulted in a higher creditor balance outstanding as at 31 December 2019.

QUALITY CONTROL AND ASSURANCE

In connection with our Restructuring Exercise, Dr. Bernard Lee has trained the SPCH medical practitioners to carry out certain pain care services at the relevant SPCH Medical Clinics and The Family Clinic @ Towner. In particular, the SPCH medical practitioners have undergone, in aggregate approximately 180 hours, of initial training with Dr. Bernard Lee in order to carry out certain pain care services at the relevant SPCH Medical Clinics and The Family Clinic @ Towner. After our Group was formed in July 2019, Dr. Bernard Lee continues to conduct training for the SPCH medical practitioners in respect of the pain care services.

GENERAL INFORMATION ON OUR GROUP

In order to ensure compliance with the best practices within the medical industry and to address any medical challenges faced by our Group, we have also put in place a Medical and Ethics Committee comprising certain of our SPCH medical practitioners, namely, Dr. Chee Hsing Gary Andrew, Dr. Wong Shing Yip, Dr. Bernard Lee and Dr. Jeffrey Loh, our Non-executive Chairman and Independent Director, Ms. Lai Chin Yee, and the clinic manager of the SPCH Specialist Clinics (who is a nurse by training), Ms. Ng Aiwei. The chairman of our Medical and Ethics Committee is Dr. Chee Hsing Gary Andrew. Our Medical and Ethics Committee will serve as an advisory body to ensure the standard of our Group's medical practice. Our Medical and Ethics Committee meets on a quarterly basis and each member of our Medical and Ethics Committee has a service term of two years, save that a retiring member shall be eligible for re-election (subject to the Board) at the meeting at which he or she retires.

The roles and responsibilities of the Medical and Ethics Committee include the following:

- (a) ensuring flow of communication between our Board of Directors, our SPCH medical practitioners and management of our Group;
- (b) providing clinical governance for our Group's medical practitioners;
- (c) advising on standard procedures and providing guidance on practice guidelines and the conduct of medical audits of the clinics under our Group;
- (d) development of medical and ethical policies relating to clinical services;
- (e) review and investigate complaints, adverse clinical events or untoward clinical practices of our Group;
- (f) advise on infection control and monitoring drug utilisation policies and practices in our Group;
- (g) provide recommendations and advise the Board on the appointment of medical practitioners and other healthcare professionals, including reviewing and evaluating the professional qualifications of these individuals; and
- (h) provide recommendations on appropriate medical or professional courses with Continuing Medical Education requirements.

In addition, we hold trainings for our medical staff on a quarterly basis. During these trainings, our staff are given updates on the latest advances and innovations in medical treatments and technology, in an effort to ensure they remain well-versed in the field of pain care treatment services. New hires must undergo a probationary period during which they are assessed to confirm that they have the requisite skills and experience. They are also given on-the-job training during which they shadow another employee to familiarise themselves with the operations of our clinics.

ENVIRONMENTAL MATTERS

Our business is subject to various laws and regulations (including those relating to medical waste disposal). We have internal policies and systems in place designed with a view to implementing and ensuring compliance with such requirements, including procedures and guidelines in relation to handling equipment, needle-sticks, sharp objects and medical waste.

GENERAL INFORMATION ON OUR GROUP

INSURANCE




As at the Latest Practicable Date, our Group maintains insurance to cover, among others, situation risk, business interruption, money loss or theft monies, work injury compensation and public liability. Further, all the SPCH medical practitioners take up personal professional medical and specialist indemnity insurance (where applicable).

The above insurance policies are reviewed annually to ensure that our Group has sufficient insurance coverage. Our Directors believe that we have adequate insurance coverage for the purposes of our business operations and we will procure the necessary additional insurance coverage for our business operations, properties and assets as and when the need arises.

INTELLECTUAL PROPERTY

Pursuant to the IP Assignment, MedBridge Marketing assigned the trademarks under the application numbers T1415309G, 40201506243Y, and T1308386I to our Company for a consideration of S\$200,000, payable in Consideration Shares. A letter of direction dated 7 April 2020 was issued by MedBridge Marketing to our Company requiring the Consideration Shares to be issued in favour Dr. Bernard Lee. Further, MedBridge Marketing entered into a deed of assignment dated 5 May 2020 with our Company in connection with the assignment of the trademark under the application number IDM000590602 for a consideration of US\$10.00, payable in cash.

As at the date of this Offer Document, our Company is the registered proprietor of the following trademarks:

Trademark	Country of Application	Class	Trade Mark Application Number	Expiry Date
	Singapore	44 ⁽¹⁾	T1308386I	7 June 2023
	Singapore	44 ⁽¹⁾	T1415309G	24 September 2024
	Singapore	44 ⁽¹⁾	40201506243Y	14 April 2025

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Note:

- (1) Healthcare and medical services; medical treatment services; advisory and consultancy services relating to healthcare; information services relating to health and healthcare; provision of information relating to health of persons; health and health risk assessment surveys; health screening; healthcare rehabilitation services; palliative care (healthcare) services; provision of medical information including online about health and healthcare; providing information relating to medicines, vaccination, pharmaceuticals, diseases, doctors, medical clinics and hospitals; medical consultancy and advisory services relating to medical problems, diseases, medical services, alternate medical services, medical treatment, medical lifestyle; health and medical clinic services; medical counselling; advisory services relating to medical products; advisory services relating to pharmaceutical products; medical evaluation services; private hospital services; radiology services; preparation and compilation of medical reports; all included in Class 44.

As at the Latest Practicable Date, applications have been made to IPOS and the Indonesian Trademark Office, as the case may be, for our Company to be the registered proprietor of the following trademarks:

Trademark	Country of Application	Class	Trade Mark Application Number	Expiry Date	Status
 <i>bringing pain relief closer to you</i>	Singapore	44 ⁽¹⁾	40202012348Y	18 June 2030	Pending
 <i>free yourself from pain</i>	Indonesia	44 ⁽¹⁾	IDM000590602	22 April 2025	Pending

Note:

- (1) Healthcare and medical services; medical treatment services; advisory and consultancy services relating to healthcare; information services relating to health and healthcare; provision of information relating to health of persons; health and health risk assessment surveys; health screening; healthcare rehabilitation services; palliative care (healthcare) services; provision of medical information including online about health and healthcare; providing information relating to medicines, vaccination, pharmaceuticals, diseases, doctors, medical clinics and hospitals; medical consultancy and advisory services relating to medical problems, diseases, medical services, alternate medical services, medical treatment, medical lifestyle; health and medical clinic services; medical counselling; advisory services relating to medical products; advisory services relating to pharmaceutical products; medical evaluation services; private hospital services; radiology services; preparation and compilation of medical reports; all included in Class 44.

Save as disclosed above and in the section entitled “General Information of Our Group – Government Regulations” of this Offer Document, our Group does not own or use any trademark, patent or other licence which are material to our business or profitability.

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GOVERNMENT REGULATIONS

We are subject to all relevant laws and regulations of Singapore and may be affected by policies which may be introduced by the government from time to time. We have identified the main laws and regulations (apart from those pertaining to general business requirements) that materially affect our operations, the relevant regulatory bodies and the licences, permits and approvals typically required for the conduct of our business.

Save as disclosed herein, we do not require any other material licences, registrations, permits or approvals in respect of our operations apart from those pertaining to general business registration requirements. As at the Latest Practicable Date, our Directors believe that we are not in breach of any laws or regulations applicable to our business operations that would materially affect our business operations, and our Group has obtained all requisite approvals, and is in compliance with all the laws and regulations that would materially affect our business operations.

Private Hospitals and Medical Clinics Act, Chapter 248 of Singapore (the “Private Hospital and Medical Clinics Act”)

Private hospitals, medical clinics, clinical laboratories and healthcare establishments in Singapore are regulated by the Private Hospitals and Medical Clinics Act and the relevant subsidiary legislation, primarily the Private Hospitals and Medical Clinics Regulations and the Private Hospitals and Medical Clinics (Advertisement) Regulations 2019.

Section 5 of the Private Hospitals and Medical Clinics Act requires that a licence issued by the Director of Medical Services (“DMS”) be obtained before any premises or conveyance is used as a private hospital, medical clinic, clinical laboratory or healthcare establishment.

In determining whether to issue or refuse to issue a licence, the DMS shall have regard to, *inter alia*, the following:

- (a) the character and fitness of the applicant to be issued with a licence or, where the applicant is a body corporate, the character and fitness of the members of the board of directors or committee or board of trustees or other governing body of the body corporate;
- (b) the ability of the applicant to operate and maintain a private hospital, medical clinic, clinical laboratory or healthcare establishment, as the case may be, in accordance with the prescribed standards;
- (c) the suitability of the premises or conveyance (including the facilities and equipment therein) to be licensed for use as a private hospital, medical clinic, clinical laboratory or healthcare establishment, as the case may be; and
- (d) the adequacy of the nursing and other staff that is to be employed at the premises or conveyance to be licensed.

The DMS may, at any time, vary or revoke existing terms and conditions imposed under subsisting licences or impose new terms and conditions. The licence may also be suspended or revoked if there is amongst others, a breach of any of the provisions of the Private Hospitals and Medical Clinics Act. If a private hospital, medical clinic, clinical laboratory or healthcare establishment is not licensed or is used otherwise than in accordance with the terms and conditions of its licence, every person having the management or control thereof shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S\$20,000 or to imprisonment for a term not exceeding two years or to both.

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As at the date of this Offer Document, our Subsidiaries and Associated Company (and its subsidiaries) have obtained the following licences and approvals under the Private Hospitals and Medical Clinics Act:

Name of licenced premise	Licensee	Licence number	Duration	Approved/Licenced activity
Singapore Paincare Center	Singapore Paincare Center	9404891/05/195	27 June 2019 to 26 June 2024	Operation of a medical clinic
Paincare Center	PCN	14M0261/03/185	28 August 2018 to 27 August 2023	Operation of a medical clinic
Lian Clinic	LCPL	15C0403/01/55	1 January 2016 to 31 December 2020	Operation of a medical clinic
Horizon Medical Centre	HMC Medical	9402640/09/202	7 April 2020 to 6 April 2022	Operation of a medical clinic
AE Medical Clinic	AE Medical Fernvale	16M0147/02/185	19 May 2018 to 18 May 2023	Operation of a medical clinic
New City Skin Clinic	AE Medical Sengkang	18M0027/02/192	11 June 2019 to 10 June 2021	Operation of a medical clinic
The Family Clinic @ Towner	The Family Clinic @ Towner Pte. Ltd.	9404014/10/202	9 July 2020 to 8 July 2022	Operation of a medical clinic
The X-Ray Laboratory @ Towner	Dr. Kho Kwang Mui ⁽¹⁾⁽²⁾	18X0121/02/202	19 April 2020 to 18 April 2022	Operation of an X-ray laboratory
Express Medical Clinic ⁽³⁾	Express Medical Pte. Ltd.	9404438/07/185	14 May 2018 to 13 May 2023	Operation of a medical clinic
Express Medical X-Ray Laboratory ⁽³⁾	Dr. Oon Chong Lin ⁽¹⁾⁽²⁾	15X0145/04/201	10 July 2020 to 9 July 2021	Operation of an X-ray laboratory

Notes:

- (1) The licensees are external radiologists whom our Associated Company has engaged through an independent third-party contractor. We believe that we are not materially dependent on such external radiologists to operate our X-ray laboratories as there are other alternative radiologists should the third-party contractor discontinue its services to our Associated Company.
- (2) According to the MOH, the licensee of an X-ray laboratory must be a L5 licence holder (i.e. radiologist). L5 licence is issued by the National Environment Agency to a licensee who is an individual to use an ionising irradiating apparatus. Accordingly, our Associated Company currently relies on external radiologists who hold such L5 licences. Please refer to the section entitled “Risk Factors – Risks relating to our Business – We have to rely on certain external medical practitioners from time to time” of this Offer Document for further details.

Details of the L5 licences held by the external radiologists who operate at each of The X-Ray Laboratory @ Towner and Express Medical X-Ray Laboratory are set out under the section entitled “General Information on Our Group – Government Regulations – Radiation Protection Act, Chapter 262 of Singapore (the “Radiation Protection Act”) and the Radiation Protection (Ionising Radiation) Regulations” of this Offer Document.

- (3) The Express Medical Clinic and the Express Medical X-Ray Laboratory are located within a single premise. Express Medical Clinic holds the licence to operate a medical clinic, and supports Express Medical X-Ray Laboratory in its health screening services.

Barring any unforeseen circumstances, we are not aware of any potential issues or difficulties in relation to the renewal of our licences expiring in 2020 on the basis of, among others, (a) the character and fitness of the SPCH medical practitioners, the SPCH Specialist Clinics, the SPCH Medical Clinics and the clinic and/or health screening facilities operated by our Associated Company (in particular, there is no breach of the Private Hospitals and Medical Clinics Act as at the Latest Practicable Date), (b) the ability of our Group to operate the SPCH Specialist Clinics

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and the SPCH Medical Clinics and, through our Associated Company, its clinic and health screening facilities, (c) the suitability of our premises (including its upkeep and maintenance), and (d) the adequacy of our nurses and support staff.

Private Hospitals and Medical Clinics Regulations

In addition, pursuant to Regulation 37 of the Private Hospitals and Medical Clinics Regulations, where the licensee of a medical clinic intends to establish any special care service specified in the Third Schedule of the Private Hospitals and Medical Clinics Regulations, the licensee is required to obtain the prior approval of the DMS. All surgical operations, other than those which would normally be carried out by a medical practitioner or a dentist in the licensee's consultation room, shall be performed in an operating theatre.

Every licensee of a private hospital, medical clinic or healthcare establishment shall keep and maintain proper medical records. Licensees are required under Regulation 12 of the Private Hospitals and Medical Clinics Regulations to take all reasonable steps, including implementing such processes as are necessary, to ensure that the medical records are as accurate, complete and up-to-date as are necessary for the purposes for which they are to be used; and to implement adequate safeguards (whether administrative, technical or physical) to protect the medical records against accidental or unlawful loss, modification or destruction, or unauthorised access, disclosure, copying, use or modification. Licensees are also required to periodically monitor and evaluate the safeguards to ensure that they are effectively being complied with by the persons involved in handling the medical records, as well as take reasonable care in the disposal or destruction of the medical records so as to prevent unauthorised access to the records. As at the Latest Practicable Date, our Directors believe that we are in compliance with Regulation 12 of the Private Hospitals and Medical Clinics Regulations.

Any changes in the appointment of any person as the manager or deputy manager of a licensee of a private hospital, medical clinic, clinical laboratory, healthcare establishment, or any intention by a licensee to cease operating or to let, sell or in any way dispose of a private hospital, medical clinic, clinical laboratory or healthcare establishment shall require notification to be made to the DMS.

Private Hospitals and Medical Clinics (Advertisement) Regulations 2019

Regulation 4 of the Private Hospitals and Medical Clinics (Advertisement) Regulations 2019 provides that a licensee of a healthcare institution, defined as private hospitals, medical clinics, clinical laboratories and healthcare establishments, must ensure that any advertisement of the services of the healthcare institution conducted by the licensee or any other person on his behalf in Singapore complies with the following requirements:

- (a) the information contained in the advertisement must be factually accurate and capable of being substantiated, and must not be exaggerated, false, misleading or deceptive;
- (b) the advertisement must not be offensive, ostentatious or in bad taste or undermine the honour and dignity of the medical, dental or nursing profession;
- (c) the advertisement must not contain any information that implies that the healthcare institution can obtain results from treatment not achievable by other healthcare institutions or create an unjustified expectation from the treatment provided, or compares and contrasts the quality of the services of the healthcare institution with those provided by other healthcare institutions or deprecate the services of other healthcare institutions;

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- (d) the advertisement does not contain any photograph, picture, video or film showing the appearance or a feature of a person before and after, or only after, receiving any treatment, whether or not the photograph, picture, video or film creates an unjustified expectation from the treatment provided and whether all the photographs, pictures, videos or films relating to the same treatment are contained in one advertisement or more than one advertisement;
- (e) the advertisement must not contain any laudatory statements (including statements of prominence or uniqueness) or superlatives to describe the services of the healthcare institution;
- (f) the information contained in the advertisement must not contain any testimonial or endorsement about the services of the healthcare institution, including the services of any employee of the healthcare institution, except in accordance with Regulation 12 of the Private Hospitals and Medical Clinics (Advertisement) Regulations 2019; and
- (g) the advertisement must not provide information to the public in such a manner as to amount to soliciting or encouraging the use of the services provided by or at any healthcare institution.

The licensee of a healthcare institution shall also ensure that any advertisement of the services of the healthcare institution, which is not displayed within the premises of the healthcare institution, appears only in newspapers, directories, medical journals, magazines, brochures, leaflets, pamphlets and the Internet. Where the advertisement of the services of a healthcare institution appears on the Internet, the licensee of the healthcare institution shall ensure that the Internet is not used for patient consultation with any employee of the healthcare institution if the patient is not an existing patient of the healthcare institution. Where the advertisement of the services of a healthcare institution appears in brochures, leaflets or pamphlets, the licensee of the healthcare institution shall ensure that the brochures, leaflets or pamphlets contain the date of publication. As at the Latest Practicable Date, our Directors believe that we are in compliance with the requirements under the Private Hospitals and Medical Clinics (Advertisement) Regulations 2019.

On 10 July 2018, DMS notified Singapore Paincare Center that certain of its publicity materials potentially contravened the Private Hospitals Medical Clinics (Publicity) Regulations (which has since been revoked as of 15 April 2019, and replaced by the Private Hospitals and Medical Clinics (Advertisement) Regulations 2019), namely, (a) the provision of one-time free consultation (as stated in a clinic brochure), (b) the reference to Singapore Paincare Center being the “first” fully-established pain management centre in South-east Asia on our corporate website, (c) stating the volume of patients serviced, the number of successful procedures done and the satisfaction rate on our corporate website, and (d) the inclusion of various feature articles in a magazine written by a newspaper journalist on our corporate website.

On 18 July 2018, we responded to DMS that, among others, (i) though the clinic brochure was not intended for public distribution, due to the negative response received, the clinic brochure providing the one-time free consultation would be removed, (ii) the reference “first” would be removed, (iii) the requisite data substantiating the findings can be provided and the satisfaction rate be amended, and (iv) the various feature articles were not solicited by us and there was no engagement of third-party services nor payment made to the publisher, and these articles were merely reposted on our website as a form of education and not testimonial nor endorsement.

In connection with the above, DMS issued a composite fine of S\$4,000 (i.e. two breaches resulting in penalties of S\$2,000 each in relation to the clinic brochure, and the corporate website).

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Medical Registration Act, Chapter 174 of Singapore (the “Medical Registration Act”)

The Medical Registration Act provides for, *inter alia*, the establishment of the SMC and the registration of medical practitioners in Singapore.

Some of the important functions of the SMC are:

- (a) to keep and maintain registers of registered medical practitioners;
- (b) to approve or reject applications for registration under the Medical Registration Act or to approve any such application subject to such restrictions as it may think fit;
- (c) to issue practising certificates to registered medical practitioners;
- (d) to make recommendations to the appropriate authorities for the training and education of registered medical practitioners; and
- (e) to determine and regulate the conduct and ethics of registered medical practitioners.

Section 13 of the Medical Registration Act further provides that no person shall practise as a medical practitioner or do any act as a medical practitioner unless such person is registered under the Medical Registration Act and has a valid practising certificate. Any person who is not qualified and, *inter alia*, (a) practises medicine, (b) wilfully and falsely pretends to be a duly qualified medical practitioner, (c) practises medicine or any branch of medicine, under the style or title of physician, surgeon, doctor, or (d) advertises or holds himself out as a medical practitioner, shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S\$100,000 or to imprisonment for a term not exceeding 12 months or to both. In the case of a second or subsequent conviction, a fine not exceeding S\$200,000 or imprisonment for a term not exceeding two years or both will be imposed. As at the Latest Practicable Date, the SPCH medical practitioners are registered with the SMC.

Radiation Protection Act, Chapter 262 of Singapore (the “Radiation Protection Act”) and the Radiation Protection (Ionising Radiation) Regulations

The Radiation Protection Act regulates, *inter alia*, the import, export, manufacture, sale, disposal, transport, storage, use and possession of radioactive materials and irradiating apparatus. Sections 5 and 6 of the Radiation Protection Act provides that no person shall, except under and in accordance with a licence:

- (a) import into, or export out of, Singapore any radioactive material;
- (b) keep, have in his possession or under his control, or use any radioactive material;
- (c) manufacture, sell or otherwise deal in any radioactive material;
- (d) transport any radioactive material;
- (e) import into, or export out of, Singapore any irradiating apparatus;
- (f) keep, have in his possession or under his control, or use any irradiating apparatus;
- (g) manufacture, or otherwise produce, any irradiating apparatus; or

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(h) sell, deal with or otherwise deal in any irradiating apparatus.

Any person who contravenes (a) to (h) above shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S\$100,000 or to imprisonment for a term not exceeding five years or to both.

The Radiation Protection Act also provides that:

- (i) every person who sells any irradiating apparatus shall immediately give notice of the sale to the Director-General of Environmental Protection (“**Director-General**”), together with the name, address and prescribed particulars of the person to whom it was sold, in such form and manner as may be prescribed;
- (ii) every person who purchases any irradiating apparatus shall immediately give notice of the purchase to the Director-General, together with the name, address and prescribed particulars of the person from whom it was purchased, in such form and manner as may be prescribed; and
- (iii) no person shall dispose of any irradiating apparatus, whether in a working condition or otherwise, without the prior approval in writing of the Director-General.

Any person who contravenes (i) to (iii) above shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S\$50,000 or to imprisonment for a term not exceeding 12 months or to both.

The Radiation Protection (Ionising Radiation) Regulations provide for, *inter alia*, the various purposes a licence can be granted for, the control of radiation exposure, medical and radiological supervision, labelling of irradiating apparatus and radioactive materials, storage of radioactive materials and the use of irradiating apparatus for medical, dental and veterinary diagnostic purposes.

As at the Latest Practicable Date, the health screening facilities operated by our Associated Company (and its subsidiaries) have obtained the following licences and approvals under the Radiation Protection Act:

Name of licenced premise	Licensee	Licence number	Duration	Approved/Licenced activity
The X-Ray Laboratory @ Towner	The X-Ray Laboratory @ Towner	L3/04701/0004	1 March 2020 to 28 February 2022	To possess or keep ionising irradiating apparatus
The X-Ray Laboratory @ Towner	Dr. Kho Kwang Mui ⁽¹⁾	L5/11695/001	23 January 2019 to 22 January 2021	To use ionising irradiating apparatus
Express Medical X-Ray Laboratory	Express Medical X-Ray Laboratory	L3/03331/0001	1 May 2019 to 30 April 2021	To possess or keep ionising irradiating apparatus

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Name of licenced premise	Licensee	Licence number	Duration	Approved/Licenced activity
Express Medical X-Ray Laboratory	Dr. Oon Chong Lin ⁽¹⁾	L5/13571/0001	3 April 2020 to 2 April 2022	To use ionising irradiating apparatus

Note:

(1) L5 licence is issued by the National Environment Agency to a licensee who is an individual to use an ionising irradiating apparatus. Accordingly, our Associated Company currently relies on external radiologists who hold such L5 licences. Please refer to the section entitled “Risk Factors – Risks relating to our Business – We have to rely on certain external medical practitioners from time to time” of this Offer Document for further details.

Nurses and Midwives Act, Chapter 209 of Singapore (the “Nurses and Midwives Act”)

The Nurses and Midwives Act provides for, *inter alia*, the establishment of the Singapore Nursing Board and the registration of nurses in Singapore as well as other related matters.

Some of the important functions of the Singapore Nursing Board are:

- (a) to approve or reject applications for registration and enrolment of nurses and for registration of midwives;
- (b) to issue practising certificates;
- (c) to regulate standards for the training and education of, among others, registered nurses and enrolled nurses; and
- (d) to regulate the professional conduct and ethics of, among others, registered nurses and enrolled nurses.

Section 28 of the Nurses and Midwives Act provides that no person shall employ or engage a person who is not a qualified nurse to carry out any act of nursing. Any person who contravenes Section 28 as above shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S\$10,000 and, in the case of a second or subsequent conviction, to a fine not exceeding S\$20,000 or to imprisonment for a term not exceeding six months or to both. In any proceeding for such an offence, it shall be a defence for a defendant to prove that (a) the licensee did not know that the person concerned was not a qualified nurse, and (b) the licensee had exercised due diligence to ascertain if that person was a qualified nurse. As at the Latest Practicable Date, all our nurses are registered with the Singapore Nursing Board.

Medicines Act, Chapter 176 of Singapore (the “Medicines Act”)

The Medicines Act stipulates, *inter alia*, general provisions for the manufacturing of and dealing in medicinal products, the considerations of the licensing authority for granting licences, including wholesale dealer’s licences, regulation of pharmacies, the labelling of medicines, the packaging of medicines and the content of materials advertising and/or promoting the sale of medical products.

Save as provided for in the Medicines Act, all persons and corporations must obtain licences to sell, supply, export, procure the sale of, procure the supply or exportation of, procure the manufacture or assembly for sale, supply or exportation of, or import any medicinal product.

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Any person who contravenes the aforesaid provisions in relation to, *inter alia*, the dealing, manufacture and wholesale dealing of medicinal products shall be guilty of an offence. The licensing authority also has the right to revoke a licence as it deems apt.

Ancillary laws and regulations

The operation of healthcare business in Singapore is also subject to other ancillary laws and regulations, including:

- (a) the Poisons Act Chapter 234 of Singapore, which regulates the importation, possession, manufacture, compounding, storage, transport and sale of poisons;
- (b) the Sale of Drugs Act Chapter 282 of Singapore (pending repeal subject to change to the Medicines Act), which makes provisions for the sale of drugs, in a pure state so that consumers are supplied with the quantity and quality of drugs demanded by them, explicitly or implicitly;
- (c) the Health Products Act Chapter 122D of Singapore, which regulates the manufacture, import, supply, presentation and advertisement of health products and of active ingredients used in the manufacture of health products; and
- (d) the Infectious Diseases Act Chapter 137 of Singapore, which relates to the quarantine and the prevention of infectious diseases such as COVID-19. The DMS may, for the purpose of investigating into any outbreak or suspected outbreak of an infectious disease, preventing the spread or possible outbreak of an infectious disease, or treating any person who is, or is suspected to be, a case or carrier or contact of an infectious disease (i) require any healthcare professional (such as medical practitioners) to obtain from his patient such information as the DMS may reasonably require for that purpose and transmit such information to the DMS, and (ii) with the approval of the appropriate Minister, prescribe by order any general or specific measures or procedures for that purpose for compliance by any healthcare professional, hospital, medical clinic, clinical laboratory or healthcare establishment.

Proposed Healthcare Services Act

The MOH had recently announced its intention to repeal the Private Hospital and Medical Clinics Act and replace it with a new Healthcare Services Act which was expected to come into force in 2019 and be implemented in three phases beginning December 2019. The Singapore Parliament passed the Healthcare Services Bill on 6 January 2020. As of January 2020, the MOH announced that all consultation sessions, in respect of the Healthcare Services Act, have been postponed till further notice.

Under the proposed Healthcare Services Act, the regulatory scope will be broadened to include healthcare services, nursing and allied health services (such as physiotherapy and radiation therapy), traditional medicine as well as complementary and alternative medicine. In recognition of new and emerging healthcare services such models and businesses that are not based out of physical locations, such as telemedicine and mobile medical services, the regulatory basis will be shifted from a “premises-based” licensing regime to a “services-based” licensing regime in which healthcare providers will be licensed based on the types of services they provide, instead of the physical premises on which the services are provided. The roles, responsibilities and requirements of the key personnel involved in the licensed healthcare service and its governing bodies, such as the principal officer and the clinical governance officer, will also be strengthened.

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Additionally, under the Healthcare Services Act, it was proposed that licensees will be required to contribute to the NEHR. The NEHR is envisaged to be a platform that centralises patient records such as their medication and laboratory reports from different care providers, and allows a patient's health record to follow them regardless of where they seek treatment. It is expected that safeguards will be put in place to ensure that patients' NEHR records are kept confidential.

The Healthcare Services Act also aims to update the penalties for offences to be aligned with comparable offences under other recently enacted legislations.

The proposed Healthcare Services Act will also authorise the MOH to obtain and publish information on non-compliant licensees and unlicensed providers. Publicity restrictions will also be tightened to prohibit unlicensed persons from advertising healthcare services claims.

SMC Ethical Code and Ethical Guidelines 2016

The SMC Ethical Code and Ethical Guidelines 2016 sets out the fundamental tenets of conduct and behaviour expected of doctors practising in Singapore. For instance, a doctor is generally expected, *inter alia*, to:

- (a) be dedicated to providing medical care that is competent, compassionate and of a quality that is accepted by the profession;
- (b) provide access to good medical care and treat patients without unfair discrimination, prejudice or personal bias against any characteristic of patients, such as gender, race, religion, creed, social or economic standing, disability or sexual orientation;
- (c) maintain the highest standards of moral integrity and intellectual honesty;
- (d) keep confidential (apart from legitimate disclosures) all medical information about patients; and
- (e) maintain competence by keeping abreast of medical knowledge relevant to practise and ensure that clinical and technical skills are maintained.

In addition, the Ethical Guidelines provide that, among others:

- (a) doctors who have any material financial or significant professional, governance or management relationships with healthcare organisations must ensure that the information put out about themselves or their practice or their organisation's services abide by the standards required of medical advertising; and
- (b) doctors may provide information about their SMC-registered qualifications, experience, areas of practice and their expertise in procedures. Such information, where permitted, shall be factual, accurate, verifiable and shall not be, among others, an extravagant claim, misleading, sensational, unduly persuasive, laudatory, comparative or disparaging.

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Past non-compliances with other statutory provisions

There have been certain past non-compliances with statutory provisions concerning our Subsidiaries, the details of which are set out below and in the section entitled “General Information on our Group – Government Regulations – Private Hospitals and Medical Clinics (Advertisement) Regulations 2019” of this Offer Document. Our Company has since taken the following steps and procedures to prevent the recurrence of such past non-compliances with statutory provisions in future:

- (a) we have established a centralised human resources department and finance function;
- (b) we have appointed Ms. Ng Phick Suan, our Financial Controller, and a business manager, who will assist to ensure that our Group complies with the necessary corporate and regulatory requirements;
- (c) our Company has three independent directors on our Board who will have, *inter alia*, overall responsibility in overseeing and managing the corporate governance of our Group; and
- (d) our Company will further appoint a competent and independent third party to review the internal control system and procedures of our Group on an annual basis and whenever necessary to ensure that our Group’s internal controls are robust and effective in order to maintain an effective control environment.

Companies Act

On 19 July 2019, one of our Subsidiaries inadvertently made payments on behalf of Advance Property Holdings Sdn. Bhd. and Ark Group Holdings Sdn. Bhd. (which our Executive Director and Chief Executive Officer, Dr. Bernard Lee holds a 49.0% and 24.5% equity interest respectively), amounting to an aggregate amount of S\$9,213. Such payments made on behalf of Advance Property Holdings Sdn. Bhd. and Ark Group Holdings Sdn. Bhd. were made in contravention to Section 163(1)(a) of the Companies Act as our Subsidiary had ceased to be an exempt private company from 5 July 2019 (the date of completion of the Restructuring Exercise), and no prior approval by its shareholder (i.e. our Company) was obtained in a general meeting before such payments were made. The amounts due from these companies to our Group have been fully settled as at the Latest Practicable Date.

Employment Act, Chapter 91 of Singapore

Two of our Subsidiaries had in the past inadvertently omitted to issue written key employment terms to certain employees, as prescribed under Section 95A of the Employment Act, read with the Employment (Employment Records, Key Employment Terms and Pay Slips) Regulations 2016. For the avoidance of doubt, such employees have been paid their salaries throughout the period of their employment. The employment contracts have since been issued to these employees. As at the Latest Practicable Date, all employees of our Group have entered into written employment contracts with our Group.

Central Provident Fund Act, Chapter 36 of Singapore

In 2019, one of our Subsidiaries had inadvertently omitted to contribute CPF to certain employees in a timely manner. Such outstanding CPF contributions of S\$6,103 and the corresponding late payment interests of S\$185 have been duly and fully contributed by our Group in November 2019, February 2020 and April 2020. As of the Latest Practicable Date, our Group has paid all outstanding CPF contributions to our staff or the CPF board.

GENERAL INFORMATION ON OUR GROUP

PROPERTIES AND FIXED ASSETS

As at the Latest Practicable Date, our Group does not own any properties. The following table sets out the material properties leased or licensed by our Subsidiaries and Associated Company (and its subsidiaries) as at the Latest Practicable Date.

Tenant/Lessee	Lessor/ Sub-lessor	Location	Area (sq m)	Tenure	Description of Use
Company	Chiu Mei Hui	150 Orchard Road, #07-18, Orchard Plaza, Singapore 238841	51.0	1 November 2019 to 31 October 2021 (with an option to renew for a further term of one year)	Office
Singapore Paincare Center	MedBridge Marketing ⁽¹⁾	290 Orchard Road, #18-03, Singapore 238859	124.0	1 July 2019 to 30 June 2021	Clinic/ Medical centre
PCN	MedBridge Marketing ⁽¹⁾	38 Irrawaddy Road, #07-33 Mount Elizabeth Novena Specialist Centre, Singapore 329563	72.0	1 August 2019 to 31 July 2022 (with an option to renew for a further term of three years)	Clinic/ Medical centre
HMC Medical	Siew Hoy Yean	200 Upper Thomson Road, #01-11 Thomson Imperial Court, Singapore 574424	150.0	1 April 2020 to 31 March 2021 (with an option to renew for a further term of one year)	Clinic
AE Medical Fernvale	Housing and Development Board	Blk 467B Fernvale Link, #01-529, Singapore 792467	43.4	16 February 2019 to 15 February 2022	Clinic
AE Medical Sengkang	EL Family Enterprise Pte. Ltd. ⁽²⁾	35 Selegie Road, #03-02, Parklane Shopping Mall, Singapore 188307	42.0	1 July 2019 to 30 June 2021 (with an option to renew for a further term of two years)	Clinic
The Family Clinic @ Towner Pte. Ltd.	The Family Clinic Pte. Ltd. ⁽³⁾	101 Towner Road, #01-202, Singapore 322101	168.0	1 January 2019 to 31 December 2021 (with an option to renew for a further term of three years and a subsequent term of three years)	Clinic
X-Ray + Medical Screening Pte. Ltd.	The Family Clinic Pte. Ltd. ⁽³⁾	101 Towner Road, #01-202, Singapore 322101 (Second Floor) ⁽⁴⁾			
Express Medical Pte. Ltd.	Lee Ee Jin	Blk 640 Rowell Road, #01-56, Singapore 200640 ⁽⁴⁾	73.0	1 May 2020 to 30 April 2023	Shop

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Our Subsidiary, LCPL, also operates the Lian Clinic at the premise Block 18 Marsiling Lane, #01-269, Singapore 730018 which is leased from the Housing and Development Board to Dr. Jeffrey Loh, our Executive Director and Chief Operating Officer, as tenant for clinic purposes for term of one year and four months from 1 March 2020 (with an option to renew for a further term of three years). The size of the premises is 130.3 sq m.

Notes:

- (1) The entire issued and paid-up share capital of MedBridge Marketing is held by Dr. Bernard Lee, our Executive Director and Chief Executive Officer. Please refer to the section entitled “Interested Person Transactions” of this Offer Document for further details.
- (2) The entire issued and paid-up share capital of EL Family Enterprise Pte. Ltd. is held by Dr. Wong Shing Yip, one of the SPCH medical practitioners.
- (3) The entire issued and paid-up share capital of The Family Clinic Pte. Ltd. is held by each of Dr. Jitendra Kumar Sen, our Substantial Shareholder and one of the SPCH medical practitioners, and his spouse, in equal proportions.
- (4) These premises are used by the health screening facilities operated by our Associated Company.

To the best of our Directors’ knowledge and belief, there are no regulatory requirements and environmental issues that may materially affect our Group’s utilisation of tangible fixed assets.

Pursuant to the terms of the abovementioned leases, the lessor is entitled to unilaterally terminate the relevant lease in the event of, among others, unpaid rent after a prescribed period, any breach of conditions, covenants or stipulations in such lease, or in the event of liquidation of the tenant. Our Directors are of the view that any unilateral termination by any lessor is unlikely to have a material impact on our business or operations as we believe that we will be able to secure leases for alternative premises in the event of such termination.

RESEARCH AND DEVELOPMENT

Save for the research articles written by our Executive Director and Chief Executive Officer, Dr. Bernard Lee, including an article entitled “Endoscopic Spinal Decompression from an Interventional Spine Physician’s Perspective” for the Journal of Spine in 2018, and a publication entitled “Pain Management in General Practice” with the SMA in April 2019, our Group does not undertake any research and development activities.

ORDER BOOK

Due to the nature of our business, we may maintain registers for advance clinic appointments, however these appointments may be cancelled or postponed, and order books are not relevant to our Group.

COMPETITION

Our Group generally faces competition from both medical practitioners and non-medical practitioners. The medical practitioners are namely doctors and surgeons in specialties such as orthopaedic surgeons, neurosurgeons, neurologists, and rheumatologists who offer similar medical procedures to treat pain or alternative medical treatments to what our Group has to offer. We believe that our competitors, particularly in relation to pain care services include, among others, the Pain Management Centre of Singapore General Hospital, Novena Pain Management Centre and Pain Management Centre at Raffles Hospital. The non-medical practitioners comprise, among others, TCM physicians, physiotherapists, and chiropractors, who provide alternative services to our pain care services that may target painful conditions suffered by our patients.

GENERAL INFORMATION ON OUR GROUP

CORPORATE SOCIAL RESPONSIBILITY

Our Group has developed an annual corporate social responsibility initiative. Each year, we select a worthwhile beneficiary that we will engage with, so as to play our part in contributing to the welfare of the community. Some past efforts include volunteering our time at nursing homes for the elderly, namely the All Saints Home Jurong East and the Lions Home for the Elders.

In particular, in commemoration of World Osteoporosis Day 2017, we provided free bone density checks and basic health screenings for residents of the Geylang East Home for the Aged. We also conducted pain assessments for many of the elderly residents of Geylang East Home for the Aged and shared some of our pain care knowledge with the caregivers present.

COMPETITIVE STRENGTHS

(a) We are a medical services group at the forefront of providing accessible pain care treatment in Singapore and we provide alternative non-surgical treatment solutions for chronic pain patients

Our Group is one of the few medical services groups in Singapore focused on providing pain care treatments by either removing pain generators and/or interrupting pain signals through, among others, minimally invasive procedures and specialised injections thereby bridging the gap between using open surgery which may entail higher risks and longer recovery periods, and conservative physical therapies which may not be as immediately effective, to treat pain. We seek to provide our patients with sustained outcomes as to their pain conditions.

Our Group is led by Dr. Bernard Lee who has been a consultant pain specialist for more than 15 years and is one of Singapore's pioneer interventional pain specialists. In particular, Dr. Bernard Lee established the Pain Clinic in Tan Tock Seng Hospital. We have operated the Singapore Paincare Center, our first SPCH Specialist Clinic, for more than 12 years. We further expanded our business through our second SPCH Specialist Clinic, Paincare Center, which has been in operation for more than five years.

In addition, we have been at the forefront of providing accessible pain care treatment in Singapore. We have sought to increase the accessibility of pain care treatment (particularly through specialised injections and pharmacotherapy) in the residential areas in Singapore through the relevant SPCH Medical Clinics and The Family Clinic @ Towner. This increases the awareness of possible pain care services to our current patient base. To the extent that our patients at the relevant SPCH Medical Clinics and The Family Clinic @ Towner require further pain care treatment, we may also refer such patients to the SPCH Specialist Clinics.

In 2019, our Subsidiary, PCPL also attained the "Singapore Quality Class with People and Service certification for Business Excellence", in recognition of its commendable management practices, commitment towards continuous improvement and sustainable business performance. We believe that this accreditation has provided us with further experience to scale up our business operations.

The SPCH medical practitioners also seek to explore new avenues to deliver improved and more effective pain care services to our patients.

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(b) We believe that we are able to uphold patient care and outcome satisfaction through regular training, stringent management and clinical standards

Apart from Dr. Bernard Lee who has been a consultant pain specialist for more than 15 years, each of the other SPCH medical practitioners has been trained to carry out certain pain care services at their respective clinics as well. In particular, the SPCH medical practitioners have undergone, in aggregate approximately 180 hours of initial training with Dr. Bernard Lee in order to carry out certain pain care services at the relevant SPCH Medical Clinics and The Family Clinic @ Towner. After our Group was formed in July 2019, Dr. Bernard Lee continues to conduct training for the other SPCH medical practitioners in respect of the pain care services. The SPCH medical practitioners also continue to be involved in our Group's management meetings, performance and strategy reviews and related executive level discussions to ensure that our Group is able to maintain the requisite levels of patient care and outcome satisfaction.

Further, our clinics adhere strictly to stringent clinical standards imposed by various healthcare authorities in Singapore in respect of clinical governance in order to maintain our reputation as a provider of high-quality medical services. Our Group's policy is for all of our clinics to adhere to these management and healthcare standards to maintain the long-term reputation of our Group.

(c) We have a team of qualified, experienced and committed medical practitioners

Our market presence and reputation are built upon the skills and experience of the SPCH medical practitioners. Our Executive Directors, Dr. Bernard Lee and Dr. Jeffrey Loh, collectively have more than 35 years of experience in the medical industry. Further, the SPCH medical practitioners have approximately between 12 to 28 years of experience in the medical industry as well. Our clinics have also been in operation for between four to twenty years. We believe that under the leadership of our Executive Directors and the SPCH medical practitioners, we are well-positioned to capitalise on the trends and developments in the healthcare industry.

(d) We believe that long-term healthcare trends are favourable to our business

With Singapore's ageing population, it is expected that there could be an increase in chronic ailments of which pain may be a symptom. Coupled with Singapore's rising income levels, we believe that there may be increased demand for our pain care services as more patients seek our treatments to alleviate their pain. Further, approximately 15.93% of our revenue in HY2020 was derived from foreign patients seeking our pain care services at the SPCH Specialist Clinics. As we provide pain care services which are not readily available in the region, and the SPCH Specialist Clinics are located in prominent medical centres in Singapore with central locations, we believe that we are in a position to tap on the increasing long-term demand for medical tourism in Singapore as well.

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PROSPECTS

The prospects for medical services in Singapore are dependent on the following factors:

(a) Spread or outbreak of any infectious diseases such as COVID-19

During the last twenty years, there have been outbreaks of various communicable diseases, such as SARS, Avian influenza and MERS. In late 2019, a novel strain of coronavirus was reported to have surfaced in the People's Republic of China. On 11 March 2020, the World Health Organization declared COVID-19 a pandemic. Globally, the Governments of multiple countries have undertaken drastic action to limit the spread of COVID-19 including, safe distancing measures, lock-downs, travel restrictions and various travel advisories. In late March 2020, Singapore began to restrict the entry of short-term visitors into Singapore, and from early April 2020, Singapore implemented "circuit breakers" to minimise the further spread of COVID-19 by elevating the safe distancing measures and restricting businesses to essential services and selected economic sectors critical for local and global supply chains. In late April 2020, the "circuit breaker" measures were further extended to June 2020. In early May 2020, the Singapore Government announced an easing of tighter "circuit breaker" measures in preparation for the gradual resumption of activity after 1 June 2020.

In February 2020, the MOH sent a directive to public hospitals requiring doctors in the public sector to restrict their work to one hospital. This was imposed in a bid to reduce the risk of cross-institutional transmission of COVID-19. The healthcare professionals in the private hospitals and specialist clinics were also advised to similarly avoid cross-institutional movement. All private specialists were restricted to one private hospital and one public hospital, thereby restricting their patient's choice in hospitals.

Pursuant to an internal circular issued by the MOH to private and public healthcare institutions in March 2020, private and public healthcare institutions were instructed to conserve limited healthcare resources for Singapore to cater to managing COVID-19 cases as well as the existing needs of the local patients. The MOH also advised that, where possible, services suitable for tele-consultation should be delivered remotely. Examples of essential services include, among others, COVID-19 related care and services, emergency medical and psychiatric conditions, acute stroke and neurosurgical services, acute cardiac and cardiothoracic procedures, chronic diseases with recent relapses and/or poor control, and medication refills. Examples of non-essential services include, among others, aesthetic services, outpatient rehabilitation and/or therapy services, stable sports medicine related conditions, and elective joint replacement surgeries for stable joint arthropathies.

The MOH has also implemented a PHPC scheme which consolidates the primary care clinic response to public health emergencies such as the influenza pandemic, haze and anthrax outbreak into a single scheme for better management. As a PHPC, the clinic will be responsible for, among others, dispensing medications (e.g. Tamiflu, antibiotics), administering vaccinations (e.g. flu vaccines) and providing subsidised treatment. The MOH will also provide logistical support such as personal protection equipment and prophylaxis for staff to participating clinics to ensure that the doctors and clinic staff are adequately protected in times of public health emergencies. Similarly, priority for pharmaceuticals and vaccine supply from the national stockpile will be given to PHPCs in such situations. Clinics have to be accredited for Chronic Disease Management Programme (CDMP) and Community Health Assist Scheme (CHAS) in order to be on the PHPC scheme.

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Due to the travel restrictions, we have experienced a decrease in the number of foreign patients seeking our pain care services at the SPCH Specialist Clinics. In particular, foreign patients seeking our pain care services at the SPCH Specialist Clinics accounted for approximately 15.93% of our revenue for HY2020. While Lian Clinic, Horizon Medical Centre, and AE Medical Clinic are PHPCs which provide special subsidies to Singapore citizens and permanent residents diagnosed with respiratory illnesses, due to the recommendations from the MOH to limit healthcare to essential services and the travel restrictions, the SPCH Specialist Clinics, the SPCH Medical Clinics and the clinic and/or facilities of our Associated Company, have generally experienced a decrease in number of patients.

Notwithstanding the evolving COVID-19 situation, we note the abovementioned announcement in May 2020 in relation to the easing of tighter “circuit breaker” measures. Our Directors expect that the COVID-19 situation may have a material adverse impact on the revenue and cash flow position of our Group for FY2020, in particular for the last quarter of FY2020 in view of the “circuit breaker” measures imposed in April 2020, and on the operations and financial position of our Group in the next 12 months from the Latest Practicable Date. However, as our Group’s operations generally remain essential services, such impact is not expected to be long term.

(b) Rising income and educational levels

Singapore has been experiencing rising income levels, with gross national income per capita (at current market prices) increasing from S\$80,705 in 2018 to S\$80,778 in 2019¹, along with median monthly household income of S\$9,293 in 2018 to S\$9,425 in 2019². The rising affluence in Singapore increases the affordability of private healthcare services. Together with higher educational standards, this may increase awareness of, and drive the demand for, high-quality and comprehensive medical services.

¹ Source: Statistics as of 10 June 2020 on the Department of Statistics Singapore’s website: <https://www.singstat.gov.sg/whats-new/latest-data>. The Department of Statistics Singapore has not provided its consent, for the purpose of Section 249 of the Securities and Futures Act, to the inclusion of the above information extracted from its website and thereby is not liable for such information under Section 253 and 254 of the Securities and Futures Act. While we, the Sponsor and Issue Manager and the Placement Agent have taken reasonable actions to ensure that the relevant information has been reproduced in its proper form and context, neither we, the Sponsor and Issue Manager, the Placement Agent nor any other party has conducted an independent review or verified the accuracy or completeness of such information. The last accessed date of this source was the Latest Practicable Date.

² Source: Statistics as of 20 February 2020 on the Department of Statistics Singapore’s website: <https://www.tablebuilder.singstat.gov.sg/publicfacing/createDataTable.action?refId=12307>. The Department of Statistics Singapore has not provided its consent, for the purpose of Section 249 of the Securities and Futures Act, to the inclusion of the above information extracted from its website and thereby is not liable for such information under Section 253 and 254 of the Securities and Futures Act. While we, the Sponsor and Issue Manager and the Placement Agent have taken reasonable actions to ensure that the relevant information has been reproduced in its proper form and context, neither we, the Sponsor and Issue Manager, the Placement Agent nor any other party has conducted an independent review or verified the accuracy or completeness of such information. The last accessed date of this source was the Latest Practicable Date.

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(c) Increasing ageing population and chronic disease prevalence

In 2017, people in Singapore had a life expectancy at birth of 84.8 years and healthy life expectancy of 74.2 years³. Declining birth rates coupled with increasing life expectancies is also predicted to result in an ageing population.

While life expectancy in Singapore has increased, gains in life expectancy have not been matched by gains in a healthy life expectancy i.e. this has resulted in longer lives, but lives containing more time spent with disability. As Singapore's population ages, it is expected that there could be a corresponding increase in chronic ailments for which pain may be a symptom. For instance, approximately 85.0% of the global population suffered from both body and head pain in their lifetime⁴.

Further, based on "Pain Prevalence in Singapore" published in the Annals Academy of Medicine Singapore in November 2009⁵, (i) 8.7% of all adult Singaporeans suffer from chronic pain (defined as pain persisting at least three months in a six month duration), of which an average of 19.7% of them are older patients (age more than 65 years old), and (ii) prevalence of chronic pain in Singapore will increase significantly with an ageing population. The most common chronic pain symptoms being knee, leg and back pain.

³ Source: "The Burden of Disease in Singapore, 1990 – 2017" provided by the MOH on its website: https://www.moh.gov.sg/docs/librariesprovider5/default-document-library/gbd_2017_singapore_reportce6bb0b3ad1a49c19ee6ebadc1273b18.pdf. The MOH has not provided its consent, for the purpose of Section 249 of the Securities and Futures Act, to the inclusion of the above information extracted from its website and thereby is not liable for such information under Section 253 and 254 of the Securities and Futures Act. While we, the Sponsor and Issue Manager and the Placement Agent have taken reasonable actions to ensure that the relevant information has been reproduced in its proper form and context, neither we, the Sponsor and Issue Manager, the Placement Agent nor any other party has conducted an independent review or verified the accuracy or completeness of such information. The last accessed date of this source was the Latest Practicable Date.

⁴ Source: Information provided from GSK Global Pain Index 2017 Global Research Report on GSK's website: <https://www.gsk.com/media/3814/global-pain-index-2017-report.pdf>. GSK has not provided its consent, for the purpose of Section 249 of the Securities and Futures Act, to the inclusion of the above information extracted from its website and thereby is not liable for such information under Section 253 and 254 of the Securities and Futures Act. While we, the Sponsor and Issue Manager and the Placement Agent have taken reasonable actions to ensure that the relevant information has been reproduced in its proper form and context, neither we, the Sponsor and Issue Manager, the Placement Agent nor any other party has conducted an independent review or verified the accuracy or completeness of such information. The last accessed date of this source was the Latest Practicable Date.

⁵ Source: "Pain Prevalence in Singapore" provided by Annals Academy of Medicine on its website: <http://www.annals.edu.sg/pdf/38VolNo11Nov2009/V38N11p937.pdf>. Annals Academy of Medicine has not provided its consent, for the purpose of Section 249 of the Securities and Futures Act, to the inclusion of the above information extracted from its website and thereby is not liable for such information under Section 253 and 254 of the Securities and Futures Act. While we, the Sponsor and Issue Manager and the Placement Agent have taken reasonable actions to ensure that the relevant information has been reproduced in its proper form and context, neither we, the Sponsor and Issue Manager, the Placement Agent nor any other party has conducted an independent review or verified the accuracy or completeness of such information. The last accessed date of this source was the Latest Practicable Date.

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(d) Long-term growth in the medical tourism industry

Singapore is a regional medical hub which has been attracting an increasing number of foreign patients. The Singapore Tourism Board (a statutory board under Singapore's Ministry of Trade and Industry) works with the industry to cement Singapore's position as a destination for high-quality advanced healthcare services.⁶

With a world ranking of the fourth position in the Medical Tourism Index, as at 2014, approximately 550,000 overseas patients visit Singapore to seek medical treatment annually.⁷

The efforts of the Singapore government to promote medical tourism in Singapore will likely boost medical travel and encourage foreign patients to seek out medical treatment in Singapore.

(e) Increasing number of insured patients in Singapore and the region

The total personal accident and health premium in Southeast Asia is expected to grow from US\$6 billion in 2010 to US\$24 billion in 2020⁸. This is due to the growing demand for private healthcare insurance as a result of increasing healthcare costs and interest in healthcare services. In addition, Singapore's ageing population has led to changes being made to the national insurance scheme in Singapore. With the introduction of MediShield Life, all Singapore citizens and permanent residents now have insurance coverage regardless of their age. These factors have resulted in Singaporeans becoming more well insured, which would likely increase their willingness and ability to seek out private healthcare services such as those offered by our Group.

⁶ Source: Information provided from a news article on the Singapore Business Review which discusses medical tourism in Singapore on the website: <https://sbr.com.sg/source/zuu-online/heres-what-you-need-know-about-singapores-medical-tourism>. The Singapore Business Review has not provided its consent, for the purpose of Section 249 of the Securities and Futures Act, to the inclusion of the above information extracted from its website and thereby is not liable for such information under Section 253 and 254 of the Securities and Futures Act. While we, the Sponsor and Issue Manager and the Placement Agent have taken reasonable actions to ensure that the relevant information has been reproduced in its proper form and context, neither we, the Sponsor and Issue Manager, the Placement Agent nor any other party has conducted an independent review or verified the accuracy or completeness of such information. The last accessed date of this source was the Latest Practicable Date.

⁷ Source: "Singapore-A regional medical-tourism hub" provided by the Intelligence Unit of The Economist's website: <http://country.eiu.com/article.aspx?articleid=1992338383&Country=Singapore&topic=Economy>. The Economist has not provided its consent, for the purpose of Section 249 of the Securities and Futures Act, to the inclusion of the above information extracted from its website and thereby is not liable for such information under Section 253 and 254 of the Securities and Futures Act. While we, the Sponsor and Issue Manager and the Placement Agent have taken reasonable actions to ensure that the relevant information has been reproduced in its proper form and context, neither we, the Sponsor and Issue Manager, the Placement Agent nor any other party has conducted an independent review or verified the accuracy or completeness of such information. The last accessed date of this source was the Latest Practicable Date.

⁸ Source: "Southeast Asia – The New Frontier for Health Insurers" provided by Roland Berger Strategy Consultants on the website: https://www.rolandberger.com/publications/publication_pdf/roland_berger_tas_health_insurance_in_southeast_asia_20130906.pdf. Roland Berger Strategy Consultants has not provided its consent, for the purpose of Section 249 of the Securities and Futures Act, to the inclusion of the above information extracted from its website and thereby is not liable for such information under Section 253 and 254 of the Securities and Futures Act. While we, the Sponsor and Issue Manager and the Placement Agent have taken reasonable actions to ensure that the relevant information has been reproduced in its proper form and context, neither we, the Sponsor and Issue Manager, the Placement Agent nor any other party has conducted an independent review or verified the accuracy or completeness of such information. The last accessed date of this source was the Latest Practicable Date.

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TREND INFORMATION

Save as disclosed in this Offer Document and barring unforeseen circumstances, our Directors have observed the following which may have an impact on our business and financial prospects for the next 12 months from the Latest Practicable Date:

- (a) the impact of COVID-19 on our Group. Please refer to the section entitled “General Information on Our Group – Prospects – Spread or outbreak of any infectious diseases such as COVID-19” of this Offer Document for further details;
- (b) a portion of our listing expenses incurred in connection with the Placement that will be charged as expenses in our financial statements and ongoing compliance costs as a listed company may affect our financial results. Please refer to the section entitled “Use of Proceeds and Listing Expenses” of this Offer Document for further details in relation to our listing expenses. General and administrative expenses are expected to increase due to the Directors’ remuneration pursuant to the Service Agreements; and
- (c) while we are in preliminary discussions with potential partners, and it is our current intention to expand our business operations locally and regionally, there is however, no assurance that the business expansion and investments will have any material impact on the profitability of our Group in the future. Please refer to the section entitled “General Information on Our Group – Business Strategies and Future Plans” of this Offer Document for further details.

Save as disclosed above, and as disclosed in the section entitled “Risk Factors”, “Management’s Discussion and Analysis of Results of Operations and Financial Position”, “General Information on Our Group – Prospects” and “General Information on Our Group – Business Strategies and Future Plans” of this Offer Document and barring any unforeseen circumstances, our Directors are not aware of any other prospects for the next 12 months from the Latest Practicable Date, or any other significant recent trends in the costs and selling prices of our treatment or any other known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on our net sales or revenue, profitability, liquidity or capital resources for the current financial year, or that may cause financial information disclosed in this Offer Document to be not necessarily indicative of our future operating results or financial condition.

BUSINESS STRATEGIES AND FUTURE PLANS

- (a) Expand the range of pain care services which we provide to become a one-stop centre for pain care treatment**

Apart from our current range of pain care services where we provide, namely, minimally invasive procedures, specialised injections, pharmacotherapy, and cognitive behavioural therapy, we intend to expand our range of treatments in order to become a one-stop centre of pain care treatment.

We may expand our services to provide pain treatments which are alternatives to western medicines such as TCM, as well as other non-medical services such as physiotherapy and rehabilitation services. The expansion to such services would enable our Group to provide a wider spectrum of pain treatments such as acupuncture, as well as rehabilitation, exercise and training programmes. There is also potential for an increased patient base from such alternative services for our specialist and primary care services. We may also provide pain education services such as pain accreditation training workshops to other medical

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practitioners outside our Group. As such, we aim for the “Singapore Paincare Center” name to be synonymous with long-term sustained pain treatment as well as business and clinical excellence.

We intend to use approximately S\$1.10 million from the net proceeds raised from the Placement to fund the expansion of our range of pain care services.

(b) Expand our business operations locally and regionally

We also intend to expand our present business operations organically through the incorporation of new clinics or the expansion of our existing clinics, or inorganically through franchising, joint ventures, acquisitions or strategic alliances. In particular, we intend to acquire new pain specialists clinics and/or clinics in other residential areas in Singapore (where we do not already have a presence) to increase the accessibility of pain care treatment for pain sufferers and to increase the stream of patient base through referrals from primary care physicians. As at the Latest Practicable Date, our Company is in preliminary discussions with potential partners but has not entered into agreements or arrangements in connection with any acquisition targets.

While our operations are currently solely based in Singapore, we may expand our business in the region to countries such as Indonesia, the Philippines, Malaysia, Vietnam and the People’s Republic of China. Our Group’s vision is to be the leading provider of interventional pain procedures in Asia in terms of both specialist and primary care. We may expand abroad through franchising, joint ventures, acquisitions or strategic alliances.

Medical practitioners or any other integrated healthcare providers which may, from time to time, join our Group are expected to be subject to rigorous training, and will be subject to our review at regular intervals.

We intend to use approximately S\$1.40 million from the net proceeds raised from the Placement to fund the expansion of our business operations locally and regionally.

(c) Grow our Group’s patient base

In connection with the above future plans, we intend to diversify our patient base for pain care services, which presently comprises mainly of individual patients, to include more corporate clients. Our Group intends to target corporate clients by, among others, holding seminars and talks on our capabilities at corporate events to increase awareness of the medical conditions treated and services provided by our Group.

INTERESTED PERSON TRANSACTIONS

In general, transactions between our Group and any of its interested persons (namely, our Directors, Chief Executive Officer, Controlling Shareholders or any associates (as defined in the Catalist Rules) of the abovementioned persons) (“**Interested Persons**” and each, an “**Interested Person**”) would constitute interested person transactions for the purposes of Chapter 9 of the Catalist Rules. Where we have entered into transactions with associates of our Directors, Chief Executive Officer and Controlling Shareholders, we have set out the relationship in the section entitled “Interested Person Transactions – Interested Persons” of this Offer Document or in the respective disclosure in this section.

Details of the present and ongoing transactions as well as past transactions between our Group and Interested Persons which are material in the context of the Placement are set out below. Save as disclosed in this section and in the section entitled “Restructuring Exercise” and “General and Statutory Information – Material Contracts” of this Offer Document, there are no material interested person transactions for FY2017, FY2018, FY2019, HY2020 and for the period from 1 January 2020 to the Latest Practicable Date (the “**Relevant Period**”).

Save as otherwise provided in this section, investors, upon subscription of the Placement Shares, are deemed to have specifically approved these transactions with our Interested Persons and as such, these transactions are not subject to Rules 905 and 906 of the Catalist Rules to the extent there are no subsequent changes to the terms of the agreements in relation to each of these transactions.

INTERESTED PERSONS

We set out below the persons or companies who are Associates of our Directors, Chief Executive Officer or Controlling Shareholders whom we have transacted with during the Relevant Period.

Interested Person	Relationship and Description
Advance Core Pte. Ltd.	: Dr. Bernard Lee holds 100.0% of the equity interest in Advance Core Pte. Ltd., an investment holding company. Accordingly, Advance Core Pte. Ltd. is an Associate of Dr. Bernard Lee and is thus an Interested Person.
Advance Property Holdings Sdn. Bhd.	: Dr. Bernard Lee holds 49.0% of the equity interest in Advance Property Holdings Sdn. Bhd., an investment holding company. Accordingly, Advance Property Holdings Sdn. Bhd. is an Associate of Dr. Bernard Lee and is thus an Interested Person.
Brilliance Core Pte. Ltd. (“ Brilliance Core ”)	: Dr. Bernard Lee holds 100.0% of the equity interest in Brilliance Core, an investment holding company which holds the Havelock Property (as defined herein). Accordingly, Brilliance Core is an Associate of Dr. Bernard Lee and is thus an Interested Person.

INTERESTED PERSON TRANSACTIONS

Interested Person	Relationship and Description
MedBridge Marketing	: Dr. Bernard Lee holds 100.0% of the equity interest in MedBridge Marketing, an investment holding company which holds properties. Accordingly, MedBridge Marketing is an Associate of Dr. Bernard Lee and is thus an Interested Person.
PCC	: Dr. Bernard Lee holds 100.0% of the equity interest in PCC, an investment holding company whose principal business was in pain care management in day surgery procedures and in-patient consultations. Accordingly, PCC is an Associate of Dr. Bernard Lee and is thus an Interested Person. PCC is currently dormant.
PCMS	: Dr. Bernard Lee holds 100.0% of the equity interest in PCMS, an investment holding company whose principal business was in the business of selling pain care medical products and the provision of pain care therapy and medical reports. Accordingly, PCMS is an Associate of Dr. Bernard Lee and is thus an Interested Person. PCMS is currently dormant.

PAST INTERESTED PERSON TRANSACTIONS

Rental of the premises of Singapore Paincare Center from MedBridge Marketing

Singapore Paincare Center entered into a tenancy agreement dated 1 July 2016 with MedBridge Marketing for the purposes of renting its premises located at 290 Orchard Road for a period of three years from 1 July 2016 to 30 June 2019. The rate of rental for the premises of Singapore Paincare Center, was S\$26,000 per month. The monthly rate of rental was supported by an independent valuation report.

Based on the independent valuation conducted on the monthly rental rate, we are of the view that the rental and other terms and conditions of the tenancy agreed between Singapore Paincare Center and MedBridge Marketing were on an arm's length basis, on normal commercial terms and market rates, and the lease was not prejudicial to the interests of our Group or the minority Shareholders of our Group.

We expect to continue leasing the abovementioned premises from MedBridge Marketing after the Listing. Please refer to the section entitled "Interested Person Transactions – Present and On-going Interested Person Transactions – Rental of the premises of Singapore Paincare Center from MedBridge Marketing".

INTERESTED PERSON TRANSACTIONS

Rental of the premises of Paincare Center from MedBridge Marketing

PCN entered into a tenancy agreement dated 1 August 2014 with MedBridge Marketing for the purposes of renting its premises located at Mount Elizabeth Novena Specialist Centre for a period of five years from 1 August 2014 to 31 July 2019. The rate of rental for the premises of Paincare Center was S\$7,750 per month. The monthly rate of rental was supported by an independent valuation report.

Based on the independent valuation conducted on the monthly rental rate, we are of the view that the rental and other terms and conditions of the tenancy agreed between PCN and MedBridge Marketing were on an arm's length basis, on normal commercial terms and market rates, and the lease was not prejudicial to the interests of our Group or the minority Shareholders of our Group.

We expect to continue leasing the abovementioned premises from MedBridge Marketing after the Listing. Please refer to the section entitled "Interested Person Transactions – Present and On-going Interested Person Transactions – Rental of the premises of Paincare Center from MedBridge Marketing".

Payment of Marketing Fees by PCPL to MedBridge Marketing

During the Relevant Period, Medbridge Marketing provided marketing services to PCPL, namely, organising and conducting public forums, marketing activities through print and online media, as well as engaging with external marketing vendors. In connection with the provision of these services, PCPL made payments of S\$120,000 to MedBridge Marketing for each of FY2017, FY2018, and FY2019. We do not expect to enter into any future transactions of a similar nature after the Listing.

We are of the view that the payments of marketing fees by PCPL to MedBridge Marketing were not on an arm's length basis and were not on normal commercial terms and market rates. As PCPL was previously focused on solely providing medical services, while the marketing services required of the SPCH Specialist Clinics were provided by MedBridge Marketing, we are of the view that the provision of such marketing services by MedBridge Marketing to PCPL was not prejudicial to the interests of our Group or the minority Shareholders of our Group.

Advances between our Group and Dr. Bernard Lee and his Associates

During the Relevant Period, our Group (a)(i) extended advances and payment on behalf of MedBridge Marketing for working capital purposes including salaries charged to Medbridge Marketing arising from employees seconded from PCN, (ii) extended advances and payment on behalf of Advance Core Pte. Ltd. for working capital purposes, and (iii) made payment on behalf of Advance Property Holdings Sdn. Bhd., PCC and PCMS in connection with its operating expenses, (b) extended advances to Dr. Bernard Lee for his personal investments into properties, and (c) received advances from Dr. Bernard Lee and Dr. Bernard Lee made certain payments on our behalf for working capital purposes (collectively, the "**Advances**"). As at 30 June 2019, the Advances made on behalf of the Associates of Dr. Bernard Lee were assigned to Dr. Bernard Lee. For the avoidance of doubt, the Advances exclude the amounts paid by PCPL to Malayan Banking Berhad in connection with the Havelock Property (as defined herein) which were recorded as amounts due from Brilliance Core to PCPL.

INTERESTED PERSON TRANSACTIONS

The aggregate amount of Advances extended by our Group to the Associates of Dr. Bernard Lee, extended by our Group to Dr. Bernard Lee, and extended to our Group by Dr. Bernard Lee during the Relevant Period are as follows:

(\$)	FY2017	FY2018	FY2019	HY2020	1 January 2020 to the Latest Practicable Date
Advances extended by our Group to the Associates of Dr. Bernard Lee	125,881	623,329	243,250	25,185	15,774
Advances extended by our Group to Dr. Bernard Lee	305,829	1,192,260	817,085	–	–
Advances extended by Dr. Bernard Lee to our Group	–	56,198	43,286	31,485	–

Details of the net amounts due from Dr. Bernard Lee and his Associates, and due to Dr. Bernard Lee, as at 30 June 2017, 30 June 2018, 30 June 2019, 31 December 2019 and as at the Latest Practicable Date are set out below:

(\$)	As at 30 June 2017	As at 30 June 2018	As at 30 June 2019	As at 31 December 2019	As at the Latest Practicable Date
Amount due from the Associates of Dr. Bernard Lee	–	130,240	– ⁽¹⁾	6,142	–
Amounts due from Dr. Bernard Lee	–	–	608,299 ⁽²⁾	–	–
Amount due to Dr. Bernard Lee	577,699	381,328	–	12,122	–

Notes:

(1) As at 30 June 2019, all amounts due to our Group from the Associates of Dr. Bernard Lee were assigned to Dr. Bernard Lee.

(2) As at 30 June 2019, certain amounts due to our Group from the Associates of Dr. Bernard Lee which were assigned to Dr. Bernard Lee were settled by way of cash, dividends declared, and set-off against the amounts due to Dr. Bernard Lee. This figure represents the amount outstanding as at 30 June 2019.

The largest amount outstanding due from Dr. Bernard Lee and his Associates to our Group during the Relevant Period, based on the amounts as at the end of each calendar month, was approximately S\$1.26 million.

The largest amount outstanding due to Dr. Bernard Lee from our Group during the Relevant Period, based on the amounts as at the end of each calendar month, was approximately S\$1.28 million.

INTERESTED PERSON TRANSACTIONS

As at the Latest Practicable Date, all outstanding amounts (a) due to our Group from Dr. Bernard Lee and the Associates of Dr. Bernard Lee, and (b) due from our Group to Dr. Bernard Lee, have been fully repaid. Accordingly, there are no outstanding amounts due to our Group from the Associates of Dr. Bernard Lee and due to Dr. Bernard Lee from our Group. We do not expect to enter into any future transactions of a similar nature after the Listing.

The Advances were unsecured, non-interest bearing and had no fixed terms of repayment. The Advances were not made on an arm's length basis and were not based on normal commercial terms as there was no interest paid on the Advances, but were not prejudicial to our Group and the minority Shareholders of our Company.

Payments to an external pain care specialist engaged by SPCA

For the period of 1 May 2018 to 30 April 2019, we engaged an external pain care specialist, through SPCA, for the provision of specialist pain care services at the SPCH Specialist Clinics. Our Group paid the external pain care specialist (instead of SPCA), a fee of S\$21,456 in FY2018 and S\$373,429 in FY2019. During the abovementioned period, Dr. Bernard Lee held 60.0% of the equity interest in SPCA, with the remaining interest held by the external pain care specialist. As at the Latest Practicable Date, SPCA has been struck off. We do not expect to enter into any future transactions of a similar nature after the Listing.

We are of the view that the payments by PCPL and PCN to the external pain care specialist, on behalf of SPCA, were on an arm's length basis, on normal commercial terms and market rates, and the receipt of such services by the external pain care specialist through SPCA was not prejudicial to the interests of our Group or the minority Shareholders of our Group.

Loan from Malayan Banking Berhad to PCPL

On 11 November 2014, Malayan Banking Berhad provided a term loan of S\$1.30 million to PCPL for a period of 25 years from the date of first draw down to finance the acquisition of a property held by Brilliance Core at 2 Havelock Road, #01-21 Havelock II, Singapore 059763 (the "**Havelock Property**"). The interest was 3.65% per annum below the non-residential mortgage board rate ("**NMBR**") of 5.0% per annum for the first year, 3.25% per annum below NMBR for the second year, and 2.05% per annum below NMBR for the third year, with an interest rate of 0.75% per annum below NMBR thereafter, or such other rate as may be determined by Malayan Banking Berhad, from time to time. The largest amount of the loan outstanding during the Relevant Period was S\$1.30 million. During the Relevant Period, the amounts paid by PCPL to Malayan Banking Berhad were recorded as amounts due from Brilliance Core to PCPL.

Details of the amounts due from Brilliance Core as at the end of the relevant financial periods during the Relevant Period are as follows:

(S\$)	As at 30 June 2017	As at 30 June 2018	As at 30 June 2019	As at 31 December 2019	As at the Latest Practicable Date
Amount due from Brilliance Core	1,338,763	1,387,616	— ⁽¹⁾	—	—

Note:

- (1) As at 30 June 2019, all amounts due to our Group from the Associates of Dr. Bernard Lee were assigned to Dr. Bernard Lee. Further details of the Advances due to our Group from Dr. Bernard Lee as at 30 June 2019 are set out under the section entitled "Interested Person Transactions – Past Interested Person Transactions – Advances between our Group and Dr. Bernard Lee and his Associates" of this Offer Document.

INTERESTED PERSON TRANSACTIONS

As at the Latest Practicable Date, there are no outstanding amounts due from Brilliance Core to PCPL. As PCPL did not receive any consideration (monetary or otherwise) in relation to the above, this transaction was not carried out on an arm's length basis or on normal commercial terms, but was not prejudicial to the interests of our Group. We do not expect to enter into any future transactions of a similar nature after the Listing.

In connection with this facility, PCPL took up an insurance policy with Etiqa Insurance Pte. Ltd. on 4 August 2016, in respect of fire risks for a sum insured of S\$80,000 for the period commencing 4 August 2016 to 3 August 2020. PCPL paid the premiums of S\$80.25 per year in respect of this insurance policy. This insurance policy will not be renewed upon the expiry of this policy.

In addition, Dr. Bernard Lee provided a personal guarantee to Malayan Banking Berhad in favour of PCPL in relation to this facility. The largest amount guaranteed during the Relevant Period was S\$1.30 million. As at 30 October 2019, the facility with Malayan Banking Berhad was repaid.

As Dr. Bernard Lee did not receive any consideration (monetary or otherwise) for the provision of the above guarantee, the above transaction was not carried out on an arm's length basis or on normal commercial terms, but was not prejudicial to the interests of our Group.

Guarantee of loan from Hong Leong Finance Limited to PCPL

On 11 March 2019, PCPL had entered into a revolving working capital loan agreement with Hong Leong Finance Limited for a revolving working capital loan of S\$800,000 at an interest of 4.88% per annum (the "**HLF Loan**"). In connection with the HLF Loan, Dr. Bernard Lee provided a personal guarantee in relation to this facility. The largest amount guaranteed during the Relevant Period was S\$798,187. As at 30 September 2019, the HLF Loan was repaid in full. We do not expect to obtain personal guarantees from Dr. Bernard Lee or enter into any future transactions of a similar nature in relation to such personal guarantees after the Listing.

As Dr. Bernard Lee did not receive any consideration (monetary or otherwise) for the provision of the above guarantee, the above transaction was not carried out on an arm's length basis or on normal commercial terms, but was not prejudicial to the interests of our Group.

Assignment of IP Rights to our Company

MedBridge Marketing entered into a deed of assignment with our Company dated 10 March 2020 whereby MedBridge Marketing assigned the trademarks under the application numbers T1415309G, 40201506243Y and T1308386I, for a consideration of S\$200,000 ("**IP Assignment**"), payable by the issuance of 3,458 Consideration Shares, and a deed of assignment with our Company dated 5 May 2020 whereby MedBridge Marketing assigned the trademark under application number IDM000590602 for a consideration of US\$10.00, payable in cash. A letter of direction dated 7 April 2020 was issued by MedBridge Marketing to our Company, requiring the Consideration Shares to be issued in favour Dr. Bernard Lee. The consideration for the IP Assignment was arrived at taking into consideration, *inter alia*, the amount of time spent in designing and registering the trademarks, marketing the brand, and the expected earnings associated with the trademarks. We do not expect to enter into any future transactions of a similar nature after the Listing.

We are of the view that the IP Assignment was not on an arm's length basis and not based on normal commercial terms and market rates. As it would be in the interests of our Group to hold the trademarks used by our Group, the IP Assignment was not prejudicial to the interests of our Group or the minority Shareholders of our Group.

INTERESTED PERSON TRANSACTIONS

Assignment of the loan from Orix Leasing Singapore Limited from LCPL to Dr. Jeffrey Loh

A loan was provided by Orix Leasing Singapore Limited to LCPL dated 18 November 2015, for working capital purposes (including the acquisition of the medical practice of Lian Clinic, as a practice), for an amount of S\$1,800,000 at an interest of 4.75% per annum. On 5 July 2019, following the completion of the Restructuring Exercise, LCPL assigned the outstanding amount of S\$254,972 to Dr. Jeffrey Loh. We do not expect to enter into any future transactions of a similar nature after the Listing.

As Dr. Jeffrey Loh did not receive any consideration (monetary or otherwise) for the assignment of the loan, the assignment was not granted on an arm's length basis or on normal commercial terms, but was not prejudicial to the interests of our Group.

Guarantee of loan from Orix Leasing Singapore Limited to LCPL

Dr. Jeffrey Loh, together with three of his relatives provided joint and several personal guarantees to Orix Leasing Singapore Limited in connection with an aggregate loan of S\$1,800,000 provided to LCPL. The largest amount guaranteed during the Relevant Period was an aggregate sum of S\$1,800,000. We do not expect to obtain personal guarantees from Dr. Jeffrey Loh or enter into any future transactions of a similar nature in relation to such personal guarantees, after the Listing.

As Dr. Jeffrey Loh and his relatives did not receive any consideration (monetary or otherwise) for the provision of the above guarantees, the personal guarantees were not granted on an arm's length basis or on normal commercial terms, but were not prejudicial to the interests of our Group.

PRESENT AND ON-GOING INTERESTED PERSON TRANSACTIONS

Rental of the premises of Singapore Paincare Center from MedBridge Marketing

Singapore Paincare Center entered into a tenancy agreement dated 1 July 2019 (as amended on 15 May 2020) with MedBridge Marketing for the purposes of renting its premises located at 290 Orchard Road for the period of 1 July 2019 to 30 June 2021. The lease is for a fixed term for which if any party decides to terminate this agreement before its expiry, for reasons other than as provided for in the lease agreement, then the other party shall be entitled to enforce the terms of the lease agreement for specific performance and/or damages (to recover any losses suffered).

The rate of rental for the premises of Singapore Paincare Center is S\$26,000 per month. The monthly rate of rental is supported by an independent valuation report.

Based on the independent valuation conducted on the monthly rental rate, we are of the view that the rental and other terms and conditions of the tenancy agreed between Singapore Paincare Center and MedBridge Marketing are on an arm's length basis, based on normal commercial terms and market rates and are not prejudicial to the interests of our Group or the minority Shareholders of our Group. The tenancy will continue to be in force following the admission of our Company on Catalist and Chapter 9 of the Catalist Rules will apply if the terms of the tenancy agreement are amended.

INTERESTED PERSON TRANSACTIONS

Rental of the premises of Paincare Center from MedBridge Marketing

PCN entered into a tenancy agreement dated 1 August 2019 with MedBridge Marketing for the purposes of renting its premises located at Mount Elizabeth Novena Specialist Centre for a period of three years from 1 August 2019 to 31 July 2022 (with an option to renew for a further term of three years at the prevailing market rate). The lease is for a fixed term for which if any party decides to terminate this agreement before its expiry, for reasons other than as provided for in the lease agreement, then the other party shall be entitled to enforce the terms of the lease agreement for specific performance and/or damages (to recover any losses suffered).

The rate of rental for the premises of Paincare Center is S\$9,000 per month. The monthly rate of rental is supported by an independent valuation report.

Based on the independent valuation conducted on the monthly rental rate, we are of the view that the rental and other terms and conditions of the tenancy agreed between PCN and MedBridge Marketing are on an arm's length basis, based on normal commercial terms and market rates and are not prejudicial to the interests of our Group or the minority Shareholders of our Group. The tenancy will continue to be in force following the admission of our Company on Catalist and Chapter 9 of the Catalist Rules will apply if the terms of the tenancy agreement are amended.

Provision of indemnity by Dr. Bernard Lee in relation to the potential additional tax liabilities which our Group may face

In 2018, the IRAS commenced a general review of medical practices with business arrangements that are considered to be set up for tax avoidance. In August 2018, PCPL received a letter from the IRAS in respect of a compliance review to be conducted on PCPL, PCN and certain other entities held by Dr. Bernard Lee, namely, PCC, PCMS, SPCA and MedBridge Marketing.

Our Group appointed Acctax, a wholly-owned subsidiary of Medinex Limited, as our tax consultant in relation to the review undertaken by the IRAS which concerns, among others, whether the PCC, PCMS, SPCA and/or MedBridge Marketing should be treated as an extension of PCPL's business and not take advantage of tax exemption and tax rebate on an individual company basis, whether certain transactions such as rent and management fees should be disregarded, whether certain entertainment expenses were private expenses in nature, and whether the remuneration (if any) to the ex-director of PCPL and Dr. Bernard Lee were on arm's length. The IRAS had in December 2018 and December 2019 filed notices of assessment of additional tax payable by PCPL for YA2014 and YA2015 of S\$182,875.43 and S\$212,097.88, respectively, and indicated that the IRAS' assessment of additional tax payable by PCPL for YA2014 and YA2015 will be deferred until the completion of the IRAS review. On behalf of PCPL, Acctax had in January 2019 and January 2020 objected to the notices of assessment for YA2014 and YA2015 respectively. For the avoidance of doubt, Acctax is of the opinion that as at the date of this Offer Document, the IRAS is treating the abovementioned tax review as tax avoidance instead of tax evasion based on the following factors, namely, (a) Acctax's previous experience representing other medical companies in this general review conducted by the IRAS with similar circumstances and situations, (b) Acctax's correspondence with the IRAS in the course of the IRAS review, (c) the fact that tax evasion cases are usually handled by the Investigation and Forensic Division of the IRAS, whereas, the abovementioned IRAS review is currently being handled by the Corporate Tax Division of the IRAS, and (d) the circular issued by the IRAS in November 2019 on the concept of tax avoidance and its consequences. Based on the calculations and discussions of Acctax with the IRAS, the additional taxes payable by PCPL for YA2014 to YA2019 is estimated to be approximately S\$265,000 to S\$403,000.

INTERESTED PERSON TRANSACTIONS

In connection with the IRAS review, our Executive Director and Chief Executive Officer, Dr. Bernard Lee, who is also a Controlling Shareholder of our Group has undertaken to provide a Tax Indemnity in favour of our Group against any additional tax liabilities, penalties or fines suffered or incurred by our Group for the years of assessment under the IRAS review (i.e. YA2014 to YA2017), and for YA2018 and YA2019 following the conclusion of the IRAS review, pursuant to a deed of indemnity dated 15 April 2020. There is no termination event in respect of the Tax Indemnity and there are no limits of indemnification (save that the indemnity is solely in respect of additional tax liabilities, penalties or fines suffered or incurred by our Group for the years of assessment under the IRAS review (i.e. YA2014 to YA2017) and for YA2018 and YA2019).

We have made a tax provision of S\$308,000 in the financial statements of our Group for HY2020 in respect of the potential additional tax liabilities to be incurred by PCPL for YA2014 to YA2019. As at the date of this Offer Document, Dr. Bernard Lee has paid S\$308,000 in advance to PCPL to be used solely for claims under the Tax Indemnity.

As no fees were paid by us to Dr. Bernard Lee for the Tax Indemnity, we are of the view that though the Tax Indemnity is not on an arm's length basis and is not based on normal commercial terms and market rates, the Tax Indemnity is not prejudicial to the interests of our Group or the minority Shareholders of our Group.

Use of the Lian Clinic premises

Our Subsidiary, LCPL, operates the Lian Clinic at the premise Block 18 Marsiling Lane, #01-269, Singapore 730018 which is leased from the Housing and Development Board to Dr. Jeffrey Loh, as tenant (the "**HDB Lease**") for clinic purposes for a term of one year and four months from 1 March 2020 (with an option to renew for a further term of three years) at a rental rate of S\$3,100 per month plus monthly service and conservancy charges pursuant to the terms of the HDB Lease. The premises are solely used by LCPL.

On 13 May 2020, Dr. Jeffrey Loh provided our Group with an undertaking that LCPL has the right to use the abovementioned premises for the period under the HDB Lease (as extended and renewed from time to time). In return for the undertaking, our Group shall reimburse the rental amounts of S\$3,100 per month plus monthly service and conservancy charges pursuant to the terms of the HDB Lease, on a monthly basis.

We are of the view that the above transaction is on an arm's length basis, is based on normal commercial terms and market rates, and is not prejudicial to the interests of our Group or the minority Shareholders of our Group.

Our future transactions in connection with the HDB Lease will be subject to review by our Audit Committee to ensure that they are carried out on an arm's length basis and on normal commercial terms. Dr. Jeffrey Loh will abstain from participating in the review and approval process in relation to the above transaction and all future transactions will be in compliance with Chapter 9 of the Catalist Rules.

INTERESTED PERSON TRANSACTIONS

GUIDELINES AND REVIEW PROCEDURES FOR ON-GOING AND FUTURE INTERESTED PERSON TRANSACTIONS

Our Audit Committee will review and approve all interested person transactions to ensure that they are on normal commercial terms and on arm's length basis, that is, the transactions are transacted in terms and prices not more favourable to the Interested Persons than if they were transacted with a third party and are not prejudicial to the interests of our Group and our Shareholders in any way.

To ensure that all future interested person transactions are carried out on normal commercial terms and will not be prejudicial to the interests of our Group or our Shareholders, the following procedures will be implemented by our Group:

- (a) when purchasing any products or engaging any services from an Interested Person, two other quotations from non-Interested Persons will be obtained for comparison to ensure that the interests of our Group and Shareholders are not disadvantaged. The purchase price or fee for services shall not be higher than the most competitive price or fee of the two other quotations from non-Interested Persons. In determining the most competitive price or fee, all pertinent factors, including but not limited to quality, requirements, specifications, delivery time and track record will be taken into consideration;
- (b) when selling any products or providing any services to an Interested Person, the price or fee charged to the Interested Person for the products or the services shall be in line with the price or fee charged or discount rates given to at least two unrelated third party patients, to ensure that the interests of our Group and Shareholders are not disadvantaged;
- (c) in the case of renting properties from or to an Interested Person, the Board shall take appropriate steps to ensure that the rent is commensurate with the prevailing market rates, including adopting measures such as making relevant inquiries with landlords of similar properties and/or obtaining necessary reports or reviews published by property agents (including an independent valuation report by a property valuer, where considered appropriate). The amount payable shall be based on the most competitive market rental rate of similar property in terms of size, suitability for purpose and location, based on the results of the relevant inquiries;
- (d) where it is not possible to compare against the terms of other transactions with unrelated third parties and given that the products or services may be purchased only from an Interested Person, the interested person transaction will be approved by our Chief Executive Officer, if he has no interest in the transaction, or failing which, our Audit Committee, in accordance with our usual business practices and policies. In determining the transaction price payable to the Interested Person for such products and/or service, factors such as, but not limited to, quantity, requirements and specifications will be taken into account; and
- (e) in addition, we shall monitor all interested person transactions entered into by us and categorise these transactions as follows:
 - (i) a Category 1 interested person transaction is one where the value thereof is equal or in excess of 3.0% of the latest audited NTA of our Group; and
 - (ii) a Category 2 interested person transaction is one where the value thereof is below 3.0% of the latest audited NTA of our Group.

INTERESTED PERSON TRANSACTIONS

All Category 1 interested person transactions must be approved by our Audit Committee prior to entry whereas Category 2 interested person transactions need not be approved by our Audit Committee prior to entry but shall be reviewed once every six months by our Audit Committee.

Our Audit Committee will review all interested person transactions, if any, once every six months to ensure that they are carried out on an arm's length basis and in accordance with the procedures outlined above, taking into account all relevant non-quantitative factors. In the event that a member of our Audit Committee is interested in any such transaction, he will abstain from participating in the review and approval process in relation to that particular transaction.

We shall prepare all the relevant information to assist our Audit Committee in its review and will keep a register recording all interested person transactions. The register shall also record the basis for entry into the transactions, including the quotations and other evidence obtained to support such basis.

In addition, our Audit Committee and our Board will also ensure that all disclosure, approval and other requirements on interested person transactions, including those required by prevailing legislation, the Catalist Rules (in particular, Chapter 9) and relevant accounting standards, are complied with. The annual internal audit plan shall incorporate a review of all interested person transactions entered into. Such transactions will also be subject to the approval of our Shareholders if required by the Catalist Rules. We will also endeavour to comply with the recommendations set out in the Code of Corporate Governance 2018.

These internal audit reports will be reviewed by our Audit Committee to ascertain whether the guidelines and procedures established to monitor interested person transactions have been complied with. Our Audit Committee shall also review from time to time such guidelines and procedures to determine if they are adequate and/or commercially practicable in ensuring that interested person transactions are conducted on normal commercial terms, on an arm's length basis and do not prejudice our interests and the interests of our Shareholders. Further, if during these periodic reviews by our Audit Committee, our Audit Committee is of the opinion that the guidelines and procedures as stated above are not sufficient to ensure that interested person transactions will be on normal commercial terms, on an arm's length basis and not prejudicial to our interests and the interests of our Shareholders, our Audit Committee will adopt such new guidelines and review procedures for future interested person transactions as may be appropriate.

Disclosure will be made in our annual report of the aggregate value of interested person transactions during the relevant financial year under review.

POTENTIAL CONFLICTS OF INTEREST

Save as disclosed below and in the sections entitled "Interested Person Transactions" and "Restructuring Exercise" of this Offer Document, none of our Directors, Controlling Shareholders or any of their Associates has an interest, direct or indirect:

- (a) in any transaction to which our Group was or is to be a party;
- (b) in any entity carrying on the same business or dealing in similar services which competes materially and directly with the existing business of our Group; and
- (c) in any enterprise or company that is our Group's client or supplier of goods and services.

INTERESTED PERSON TRANSACTIONS

One of our Substantial Shareholders, HCSS, is a medical services group primarily engaged in the provision of endoscopic procedures, including gastroscopies and colonoscopies, and general surgery services with a focus on colorectal procedures across a network of clinics located throughout Singapore. HCSS is listed on Catalist. Our Independent Non-executive Director, Mr. Chong Weng Hoe, is currently the non-executive chairman and independent director on the board of directors of HCSS. Mr. Chong Weng Hoe will abstain from participating in the discussions and the review and approval process in relation to any potential transaction between our Company and HCSS (where applicable).

Each of Dr. Bernard Lee and Dr. Jeffrey Loh hold 51.0% and 49.0%, respectively, of the issued and paid-up share capital of Lian Paincare Pte. Ltd. which was incorporated as a joint venture company in connection with the joint venture agreement dated 27 June 2018 which PCPL entered into with LCPL for the provision of certain pain care services at the Lian Clinic. Lian Paincare Pte. Ltd. has been dormant since incorporation and is in the process of being struck off.

Dr. Bernard Lee is the sole director and shareholder of PCMS, PCC and MedBridge Marketing. PCMS and PCC were incorporated to carry out pain care related services. However, following a change in business plan, the business activities of PCMS and PCC have ceased from July 2015 and both entities have since been dormant. MedBridge Marketing was previously involved in conducting pain care related seminars and conferences. MedBridge Marketing currently exists solely as a property investment holding company which owns the property which Paincare Center operates in, and leases the property which Singapore Paincare Center operates in. In connection with the Tax Indemnity, Dr. Bernard Lee has undertaken that:

- (i) for as long as Dr. Bernard Lee remains a Director, Chief Executive Officer and/or Controlling Shareholder of our Company and he (or his Associates, if applicable) is a director and shareholder of PCMS, PCC and MedBridge Marketing, Dr. Bernard Lee shall not carry out any business through PCMS, PCC and MedBridge Marketing (save for MedBridge Marketing being a property investment holding company); and
- (ii) for as long as Dr. Bernard Lee remains a Director, Chief Executive Officer and/or Controlling Shareholder of our Company, Dr. Bernard Lee shall, and shall procure that his Associates shall, not carry out any business similar to or competing with the business carried out by our Group from time to time; and
- (iii) he shall procure the striking off of PCMS and PCC as soon as practicable upon the conclusion of the IRAS review.

The undertaking shall commence from the date of listing of our Company on Catalist and shall terminate with immediate effect upon the date of privatisation of our Company.

Save as disclosed herein and in the sections entitled “Restructuring Exercise”, “Interested Person Transactions” and “Directors, Executive Officers and Employees – Service Agreements” of this Offer Document, none of our Directors has any interests in any existing contract or arrangement which is significant in relation to the business of our Company and our Subsidiaries, taken as a whole.

INTERESTED PERSON TRANSACTIONS

Interests of Experts

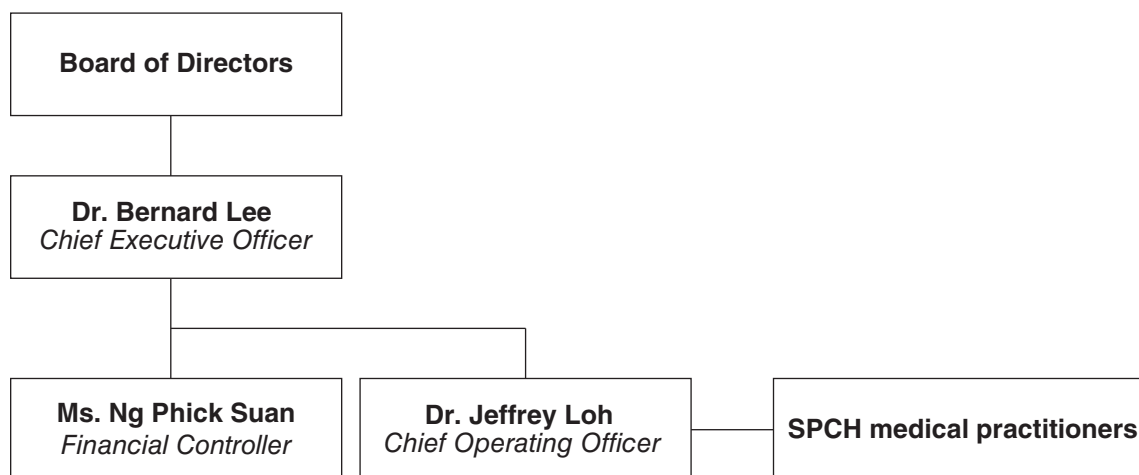
No expert is interested, directly or indirectly, in the promotion of, or in any property or assets which have, within the two years preceding the date of this Offer Document, been acquired or disposed of by or leased to our Company or our Subsidiaries or are proposed to be acquired or disposed of by or leased to our Company or our Subsidiaries.

No expert (a) is employed on a contingent basis by our Company or our Subsidiaries; or (b) has a material interest, whether direct or indirect, in our Shares or the shares of our Subsidiaries; or (c) has a material economic interest, whether direct or indirect, in our Company, including an interest in the success of the Placement.

DIRECTORS, EXECUTIVE OFFICERS AND EMPLOYEES

MANAGEMENT REPORTING STRUCTURE

Our management reporting structure is as follows:



DIRECTORS

Our Board of Directors is entrusted with the responsibility for the overall management of our Group. The particulars of each of our Directors are set out below:

Name	Age	Singapore Office Address	Position
Ms. Lai Chin Yee	54	150 Orchard Road #07-18 Orchard Plaza Singapore 238841	Non-executive Chairman and Independent Director
Dr. Bernard Lee	51	150 Orchard Road #07-18 Orchard Plaza Singapore 238841	Executive Director and Chief Executive Officer
Dr. Jeffrey Loh	43	150 Orchard Road #07-18 Orchard Plaza Singapore 238841	Executive Director and Chief Operating Officer
Mr. Chong Weng Hoe	56	150 Orchard Road #07-18 Orchard Plaza Singapore 238841	Independent Non-executive Director
Mr. Richard Yap	38	150 Orchard Road #07-18 Orchard Plaza Singapore 238841	Independent Non-executive Director

DIRECTORS, EXECUTIVE OFFICERS AND EMPLOYEES

The business and working experience and areas of responsibility of our Directors are set out below:

Ms. Lai Chin Yee was appointed Non-executive Chairman and Independent Director of our Group on 17 June 2020. Ms. Lai has more than 30 years of experience in areas of auditing, finance and accounting, taxation and treasury. She started her career in 1987 as a graduate assistant in KPMG LLP (Singapore) (formerly known as KPMG Peat Marwick), where she was later promoted to audit supervisor before being seconded to KPMG Australia (Melbourne) in 1991. In 1993, she was promoted to audit manager. Subsequently, she joined Arthur Andersen Shanghai Business Consulting Co. Ltd. in 1997 as a senior audit manager. She later rejoined KPMG LLP (Singapore) in 1998 as a senior audit manager. In 2000, she joined Qian Hu Corporation Limited, a company listed on the SGX-ST, as its group financial controller and company secretary. She is currently the finance director of Qian Hu Corporation Limited, where she is responsible for overseeing the accounting, finance, treasury and taxation functions of the company and for ensuring the company's compliance with accounting standards in the countries it operates in. She is also the independent director of Micro-Mechanics (Holdings) Ltd., a company listed on the SGX-ST, since 2014. She was previously the lead independent director of China Sports International Limited, RKH and CCM Group Limited (currently known as Singapore eDevelopment Limited), companies listed on the SGX-ST.

Ms. Lai graduated in 1987 with a Bachelor of Accountancy from the National University of Singapore. She was appointed by the Ministry of Finance as a member of the Tax Advisory Committee from 2004 to 2006, and served as a council member of the Council on Corporate Disclosure and Governance from 2006 to 2007. Ms. Lai is currently a fellow of the ISCA and a member of the Singapore Institute of Directors. She is also a council member of the ISCA, and a member of its Continuing Professional Education Committee and Membership Committee. She was also a member of the CFO Committee of the ISCA from 2009 to 2012 and the Corporate Governance and Risk Management Committee of the ISCA from 2018 to 2020. In April 2019, she was appointed by the Ministry of Finance as a board member of the Accounting and Corporate Regulatory Authority.

Dr. Bernard Lee was appointed as our Executive Director and Chief Executive Officer on 31 December 2018. He is our pain care specialist and he is responsible for the overall management, strategic planning and business development of our Group. He started his private practice, through Singapore Paincare Center in 2007. Prior to setting up his private practice, Dr. Bernard Lee established the Pain Clinic in Tan Tock Seng Hospital in 2002, and was appointed as a director of the pain management unit under the Department of Anaesthesia at Tan Tock Seng Hospital from 2002 to 2006. Dr. Bernard Lee was also instrumental in establishing the Women's Pain Centre at KK Women's and Children's Hospital in 2009 where he held the position of director of the Women's Pain Centre between 2009 to 2018. Dr. Bernard Lee had also contributed to the education sector, where he was a clinical lecturer at the National University of Singapore from 2011 to 2017, and an associate professor lecturer at the Faculty of Medicine and Surgery at the University of Santo Tomas, Philippines from 2011 to 2018.

Dr. Bernard Lee obtained, from the National University of Singapore, a Bachelor's degree in Medicine and Surgery in 1994 and a Master of Medicine (Anaesthesiology) in 1999. In 2003, he became a fellow of the Faculty of Pain Medicine of the Australian and New Zealand College of Anaesthetists. He is also currently a member of the Singapore Society of Anaesthesiologists and the Pain Association of Singapore.

DIRECTORS, EXECUTIVE OFFICERS AND EMPLOYEES

Dr. Jeffrey Loh was appointed as our Executive Director and Chief Operating Officer on 5 July 2019. He is responsible for the overall business operations of our Group. Dr. Jeffrey Loh has 19 years of experience in the medical field. Between 2001 to 2007, Dr. Jeffrey Loh worked as a house officer and medical officer in various hospital departments within the National Healthcare Group, namely the departments of respiratory medicine, obstetrics and gynaecology, orthopaedics, Accident & Emergency, and neurosurgery. In particular, during the SARS outbreak in Singapore in 2003, Dr. Jeffrey Loh was actively engaged in running the SARS Intensive Care Unit at Tan Tock Seng Hospital. He joined Lian Clinic as a primary care physician in 2006. He was accredited as a Family Physician by the SMC in 2012. Dr. Jeffrey Loh is also presently a Designated Workplace Doctor by the Ministry of Manpower.

Dr. Jeffrey Loh graduated from the National University of Singapore in 2001 with a Bachelor's degree in Medicine and Surgery. In 2012, he obtained a graduate diploma in Occupational Medicine from the National University of Singapore.

Mr. Chong Weng Hoe was appointed Independent Non-executive Director of our Group on 17 June 2020. Mr. Chong is currently the Executive Vice President of TÜV SÜD Asia Pacific Pte. Ltd., a position he has held since 2016, where he supervised a global network of wireless laboratories. He has held numerous positions within TÜV SÜD PSB Pte. Ltd. since 1991 where he joined as an engineer and was subsequently promoted to vice president, senior vice president, chief executive officer and then a director of the board. Mr. Chong was an independent director of Regal International Group Ltd. from 2008 to 2019, and is presently also an independent director of Keong Hong Holdings Limited, both of which are listed on the mainboard of the SGX-ST. Mr. Chong is presently an independent director of HCSS which is listed on Catalist.

Mr. Chong graduated from the National University of Singapore with a Bachelor of Engineering (Electrical) in 1989 and obtained a Master of Business Administration (Accountancy) from the Nanyang Technological University in 1997. Mr. Chong was also awarded the Standards Council Merit Award by SPRING Singapore (currently known as Enterprise Singapore) in 2004 for his contribution to the national standardisation programme in his industry.

Mr. Richard Yap was appointed Independent Non-executive Director of our Group on 17 June 2020. Mr. Yap is currently a director at Cushman and Wakefield VHS Pte Ltd where he is responsible for the overall operations of the business valuation team in Singapore and other parts of Southeast Asia since 2017. He was an assistant manager and then director at Censere Singapore Pte. Ltd. between 2011 to 2017, and a principal accountant at JTC Corporation between 2010 to 2011. Between 2008 to 2010, he worked as an analyst and then assistant manager at Asian Corporate Advisors Pte. Ltd., and as a financial analyst at DBS Bank Ltd. between 2007 to 2008. Mr. Yap started his career as an associate at KPMG LLP (Singapore) in 2005, where he was subsequently promoted to senior associate.

Mr. Yap obtained his Bachelor of Accountancy from the Nanyang Technological University in 2005, and was registered as a Chartered Financial Analyst in 2011. He obtained his Chartered Accountant of Singapore (previously known as Certified Public Accountant Singapore) qualification from the ISCA in 2012. Mr. Yap obtained his Chartered Valuer and Appraiser qualification from the Singapore Accountancy Commission and the Institute of Valuers and Appraisers, Singapore in 2017.

Rule 406(3)(a) of the Catalist Rules states that as a pre-quotation disclosure requirement, a listing applicant must release a statement (via SGXNET or in the offer document) identifying for each director, whether the person has prior experience as a director of an issuer listed on SGX-ST or if he has other relevant experience, and if so, provide details of his directorship and other relevant

DIRECTORS, EXECUTIVE OFFICERS AND EMPLOYEES

experience. If the director has no prior experience as a director of a Company listed on SGX-ST and has no other relevant experience, the listing applicant must confirm that the person has undertaken training prescribed by SGX-ST. With regards to Rule 406(3)(a) of the Catalist Rules, Ms. Lai Chin Yee and Mr. Chong Weng Hoe have current and/or prior experience as a director of public listed companies in Singapore and are therefore familiar with the roles and responsibilities of a director of a public listed company in Singapore. Dr. Bernard Lee, Dr. Jeffrey Loh and Mr. Richard Yap attended the Listed Entity Director Programme – Listed Entity Director Essentials at the Singapore Institute of Directors on 4 March 2020 to familiarise themselves with the roles and responsibilities of a director of a public listed company in Singapore, and will complete the mandatory training prescribed under Practice Note 4D of the Catalist Rules, within the first year of our Company's Listing.

Save as disclosed in the section entitled "Interested Person Transactions – Potential Conflicts of Interest", our Independent Directors do not have any existing business or professional relationship of a material nature with our Group, our Directors or Substantial Shareholders.

None of our Independent Directors sits on the board of our Subsidiaries.

EXECUTIVE OFFICERS

The particulars of our Executive Officers (save for our Executive Directors) are set out below:

Name	Age	Singapore Office Address	Position
Ms. Ng Phick Suan	43	150 Orchard Road #07-18 Orchard Plaza Singapore 238841	Financial Controller

The business and working experience and areas of responsibility of our Executive Officers (save for the Executive Directors) are set out below:

Ms. Ng Phick Suan was appointed as our Financial Controller on 12 November 2019. She is responsible for our Group's accounting, finance and tax functions. Prior to joining our Group, she was a group financial controller at Design Studio Group Ltd. in 2019. Between 2015 to 2019, she was the financial controller at RKH. Between 2014 to 2015, she was appointed financial controller at Casa Holdings Limited, and was financial controller of ITE Electric Co. Ltd. between 2013 to 2014. Prior to that, she worked as the group finance manager of Brothers (Holdings) Limited from late 2011 to 2013, and as financial controller at Mewah International Inc. in 2011. She was financial controller at Propell Integrated Pte. Ltd. between late 2010 to early 2011, and group financial controller (promoted from group accounting manager) at Koh Brothers Group Limited from late 2006 to 2010. In 2006, Ms. Ng was an audit assistant manager at PricewaterhouseCoopers LLP (Singapore) and KPMG LLP (Singapore). In 2005, she was a senior accountant at Ernst & Young, Shanghai (seconded from Ernst & Young, Hong Kong). Between 2000 to 2004, Ms. Ng was an audit assistant manager at Ernst & Young, Kuala Lumpur.

Ms. Ng was made a member of the Association of Chartered Certified Accountants in 2003, a member of the Malaysian Institute of Accountants in 2003, a fellow of the Association of Chartered Certified Accountants in 2008, and a member of the ISCA in 2013. She also obtained a Diploma in Business Administration from the Association of Business Executives in 1996.

DIRECTORS, EXECUTIVE OFFICERS AND EMPLOYEES

Our Audit Committee is of the view that Ms. Ng Phick Suan is suitable for the position of Financial Controller of our Group, after having considered:

- (a) the qualifications and past working experiences of Ms. Ng Phick Suan which are compatible with her position as Financial Controller of our Group;
- (b) her past audit, financial and accounting related experiences;
- (c) her demonstration of the requisite competency in finance-related matters of our Group in connection with the preparation for the listing of our Company;
- (d) the absence of any negative feedback from our Group's Independent Auditors and Reporting Accountants, BDO LLP and the independent internal control advisers, RSM Risk Advisory; and
- (e) the absence of internal control weaknesses attributable to Ms. Ng Phick Suan identified during the internal control review conducted.

Further, after making all reasonable enquiries, and to the best of their knowledge and belief, nothing has come to the attention of our Audit Committee members to cause them to believe that Ms. Ng Phick Suan does not have the competence, character and integrity expected of a Financial Controller of a listed issuer.

In addition, our Financial Controller shall be subject to performance appraisal by our Audit Committee on an annual basis to ensure satisfactory performance.

There is no arrangement or understanding with any of our Substantial Shareholders, clients, suppliers or any other person, pursuant to which any of our Directors or Executive Officers was selected as our Director or Executive Officer.

DIRECTORS AND EXECUTIVE OFFICERS REMUNERATION

The remuneration (including salary, bonus, contributions to CPF, directors' fees, allowances and benefits-in-kind) paid in FY2018 and FY2019 and the estimated remuneration (excluding bonus and benefits-in-kind) to be paid in FY2020 to our Directors and Executive Officers for services rendered to our Group on an individual basis are set out in the following remuneration bands⁽¹⁾:

	FY2018	FY2019	Estimated for FY2020
Directors			
Ms. Lai Chin Yee	–	–	–
Dr. Bernard Lee	B	B	B
Dr. Jeffrey Loh	– ⁽²⁾	– ⁽²⁾	B
Mr. Chong Weng Hoe	–	–	–
Mr. Richard Yap	–	–	–
Executive Officers (save for Executive Directors)			
Ms. Ng Phick Suan	–	–	A

DIRECTORS, EXECUTIVE OFFICERS AND EMPLOYEES

Notes:

- (1) Remuneration bands:
 - “Band A” means from S\$0 up to S\$250,000 per annum.
 - “Band B” means from S\$250,001 up to S\$500,000 per annum.
- (2) The remuneration of Dr. Jeffrey Loh was not paid by our Group for FY2018 and FY2019 as LCPL was not a Subsidiary of our Group.

Certain of our employees may receive incentive payments based on their performance as well as the performance of our Group. These payments are meant to promote our Group’s profitability by incentivising, and aligning the interests of our employees with those of our Group.

As at the Latest Practicable Date, we have not set aside or accrued any amounts to provide pension, retirement or similar benefits to our employees and Directors.

SERVICE AGREEMENTS

On 16 June 2020, our Company entered into separate service agreements (collectively, the “**Service Agreements**” and individually, the “**Service Agreement**”) with our Executive Director and Chief Executive Officer, Dr. Bernard Lee, our Executive Director and Chief Operating Officer, Dr. Jeffrey Loh and our Financial Controller, Ms. Ng Phick Suan (collectively, the “**Executives**” and individually, the “**Executive**”).

The Service Agreements are for an initial period of five years in respect of the Executive Directors and three years in respect of the Financial Controller (the “**Initial Term**”) with effect from the date of admission of our Company to Catalist, subject to renewal annually thereafter unless otherwise agreed in writing between our Company and the Executive or terminated in accordance with the Service Agreements. During the Initial Term, the parties may terminate the respective service agreement by either party giving not less than six months’ notice in writing to the other. We may also terminate the Service Agreements by notice upon the occurrence of certain events such as serious misconduct, bankruptcy or failure to perform duties and responsibilities imposed by laws.

Pursuant to the terms of the respective Service Agreements, Dr. Bernard Lee, Dr. Jeffrey Loh and Ms. Ng Phick Suan will receive a monthly remuneration of S\$50,000, S\$40,000 and S\$9,000 respectively. They will also be entitled to variable bonuses based on their personal performance as well as the performance of our Group for that year.

Our Group will also extend to each of the Executives, among others, outpatient medical and dental benefits in line with our Group’s prevailing policy. Any expenses, travelling, hotel, entertainment and other out-of-pocket expenses reasonably incurred by them in connection with our Group’s business will also be borne by our Group.

Under the terms of the Service Agreements, each of the Executives is subject to certain restrictive covenants as described below. Each of them shall, during the term of their Service Agreements and their expiry or termination thereof, keep secret and shall not use for their own or another’s advantage any trade secrets, business methods, or information, which they know or ought to reasonably know to be confidential concerning the business of our Group, so far as the information had come to their knowledge during their appointment with our Company.

DIRECTORS, EXECUTIVE OFFICERS AND EMPLOYEES

Each of the Executives shall not (a) at any time during the period of their employment, and (b) for a period of one year after the expiry or termination of their employment for whatever reason, do or permit, *inter alia*, the following without the prior written consent of the Board:

- (i) directly or indirectly carry on or be engaged or interested in any capacity in any other business, trade or occupation whatsoever, except in a business, trade or occupation which does not compete with any business carried on or proposed to be carried on by our Group;
- (ii) carry on or be engaged in the conduct of any business similar to or competing with those of the business conducted by our Group; and/or
- (iii) solicit the relevant persons who have been employed or engaged by our Group.

For the period of one year after the expiry or termination of the employment of the Executive Directors for whatever reason, the restrictions under (i) and (ii) above shall only apply in respect of a two kilometre radius from the respective clinic(s) which the Executive Directors operate at.

Had the Service Agreements for the Executives been effective on 1 July 2018, the total remuneration payable to the Executives for FY2019 would have been approximately S\$1.22 million instead of S\$0.63 million and the *pro forma* net profit attributable to owners of our Company would have been approximately S\$2.01 million instead of S\$2.53 million.

Our Group has previously entered into various contracts of employment with our Executive Directors and Executive Officers. Such contracts typically provide for the salaries payable to them, their working hours, annual leave and grounds of termination.

Save as disclosed above, there are no other existing or proposed Service Agreements between our Company or our Subsidiaries and any of our Directors. There are no existing or proposed service agreements entered into or to be entered into by our Directors with our Company or any of our Subsidiaries which provide for benefits upon termination of employment.

Each of the SPCH medical practitioners, apart from Dr. Bernard Lee and Dr. Jeffrey Loh, has entered into a service contract with the relevant entity of our Group or Associated Company (which operates the clinic that the respective SPCH medical practitioner works at). The key terms of the service contracts with the SPCH medical practitioners, apart from Dr. Bernard Lee and Dr. Jeffrey Loh, are as follows:

- (A) the term of the service contract is for an initial term of five years commencing from 1 July 2019, and automatically renewed annually for each annual period thereafter, unless otherwise agreed in writing between the relevant Group entity and the respective SPCH medical practitioner, or terminated in accordance with the terms of their respective service contracts;
- (B) each SPCH medical practitioner receives a monthly salary, with a variable bonus (to be determined by the relevant Group entity) to be paid on a yearly basis based on his personal performance as well as the performance of the relevant Group entity; and
- (C) each SPCH medical practitioner will be reimbursed certain expenses reasonably incurred by him in the course of his employment e.g. medical and dental expenses.

The key performance indicators for determining the variable bonuses of the SPCH medical practitioners (including the Executive Directors) will be reviewed and approved by our Remuneration Committee.

DIRECTORS, EXECUTIVE OFFICERS AND EMPLOYEES

EMPLOYEES

As at the Latest Practicable Date, our Group had a workforce of 43 employees who are all located within our office and/or clinics within Singapore.

The functional distribution of our Group's employees as at 30 June 2017, 30 June 2018 and 30 June 2019, 31 December 2019 and the Latest Practicable Date are as follows:

Functions	← As at 30 June ⁽¹⁾ →			As at 31 December 2019	As at the Latest Practicable Date
	2017	2018	2019		
Medical practitioners	1	1	1	8	8
Medical support staff/nurses	6	6	5	27	26
Finance	0	0	2	3	3
Operations	3	3	2	5	6
Total	10	10	10	43	43

Note:

(1) As at 30 June 2017, 2018 and 2019, our Group comprised our Company and our Subsidiaries, PCPL and PCN.

There were no material changes to the number of employees hired by our Group in the last three financial years. The number of employees increased from 10 as at 30 June 2019 to 43 as at 31 December 2019 due to the acquisition of LCPL, HMC Medical, AE Medical Fernvale and AE Medical Sengkang. As at the Latest Practicable Date, save as disclosed in the section entitled "Directors, Executive Officers and Employees – Employees – Related Employees" of this Offer Document, none of our employees are related to our Directors and Substantial Shareholders.

We do not employ a significant number of temporary employees. Our employees are not covered by any collective bargaining agreements and are not unionised. The relationship and co-operation between the management and staff have been good and are expected to continue and remain as such in the future. There has not been any incidence of work stoppages or labour disputes which affected our operations.

Related Employees

There is no family relationship between any of our Directors and/or Executive Officers, or between any of our Directors, Executive Officers and Substantial Shareholders. For completeness, (i) Wong Jing Yi Joyce, the spouse of Dr. Jeffrey Loh, our Executive Director and Chief Operating Officer, is employed as the clinic manager of Lian Clinic, (ii) Wong Shoon Jern, the father of Dr. Huang Guoliang, Eugene, one of the SPCH medical practitioners, is employed as the clinic manager of AE Medical Clinic, and (iii) Yeo Lae Lyn, the spouse of Dr. Jitendra Kumar Sen, one of the SPCH medical practitioners, is employed as the clinic manager of Express Medical Clinic. Each of these abovementioned persons does not hold a managerial position in our Group (their roles are restricted to the individual clinics and they do not manage the affairs of our Group) and the remuneration of these employees are determined on the same basis as those of unrelated employees. Any new employment of related employees and the proposed terms of their

DIRECTORS, EXECUTIVE OFFICERS AND EMPLOYEES

employment will be subject to the review and approval of our Remuneration Committee. In the event that a member of our Remuneration Committee is related to the employee under review, he will abstain from the review.

The remuneration (including salary, bonus, contributions to CPF, directors' fees, allowances and benefits-in-kind) paid in FY2018 and FY2019 and the estimated remuneration (excluding bonus and benefits-in-kind) to be paid in FY2020 to Wong Jing Yi Joyce, the spouse of our Executive Director and Chief Operating Officer, Dr. Jeffrey Loh, for services rendered to our Group on an individual basis are set out in the following remuneration bands⁽¹⁾:

	FY2018	FY2019	Estimated for FY2020
Wong Jing Yi Joyce	_(2)	_(2)	C

Notes:

(1) Remuneration bands:

“Band A” means from S\$0 up to S\$50,000 per annum.

“Band B” means from S\$50,001 up to S\$100,000 per annum.

“Band C” means from S\$100,001 up to S\$150,000 per annum.

(2) The remuneration of Wong Jing Yi Joyce was not paid by our Group for FY2018 and FY2019 as LCPL was not a Subsidiary of our Group.

STAFF TRAINING POLICY

The SPCH medical practitioners are required by the SMC under the Continuing Medical Education (“CME”) programme to maintain, develop or increase the knowledge, skills and professional performance of a doctor. Under the SMC guidelines, in order to comply with a two-year practising certificate, medical practitioners have to obtain at least 50 CME points of which 20.0% (or 10 points) shall be core points in their registered speciality and/or in family medicine. The SPCH medical practitioners have complied with the SMC requirements and have undertaken programmes such as conferences, workshops and structured trainings. Further, Dr. Bernard Lee also provides the SPCH medical practitioners with regular trainings in relation to pain care treatment methods such as specialised injections. In particular, the SPCH medical practitioners have undergone, in aggregate approximately 180 hours of initial training with Dr. Bernard Lee in order to carry out certain pain care services at the relevant SPCH Medical Clinics and The Family Clinic @ Towner. After our Group was formed in July 2019, Dr. Bernard Lee continues to conduct training for the other SPCH medical practitioners in respect of the pain care services. In addition, we provide our employees with in-house orientation in order to familiarise them with knowledge as to the operation of our equipment, patient procedures, and clinic standard policies.

THE SPCH PERFORMANCE SHARE PLAN

On 16 June 2020, our Shareholders adopted the Performance Share Plan.

We recognise that the contributions and continued dedication of the employees of our Group and Non-executive Directors, are critical to the future growth and development of our Group and have undertaken a review of employee remuneration and benefits to this end. The Performance Share Plan is a new compensation scheme that promotes higher performance goals and recognises exceptional achievement. We have taken steps to align ourselves with and embrace local trends and best practices in compensation.

Unlike the Options granted under the Share Option Scheme, the Performance Share Plan contemplates the award of fully-paid Shares to participants after certain pre-determined benchmarks have been met. Although we may, where appropriate, continue to distribute cash bonuses to the employees of our Group and Non-executive Directors, we believe that the Performance Share Plan will be more effective than pure cash bonuses in motivating employees of our Group to work towards pre-determined goals.

As at the Latest Practicable Date, no Awards have been granted under the Performance Share Plan.

Objectives of the Performance Share Plan

The Performance Share Plan is based on the principle of pay-for-performance and is designed to enable us to reward, retain and motivate employees of our Group to achieve superior performance. The purpose of adopting the Performance Share Plan in addition to the Share Option Scheme is to give us greater flexibility to align the interests of employees of our Group, especially key executives, with the interests of Shareholders.

The objectives of the Performance Share Plan are as follows:

- (a) to provide an opportunity for participants of the Performance Share Plan to participate in the equity of our Company, thereby inculcating a stronger sense of identification with the long-term prosperity of our Group and promoting organisational commitment, dedication and loyalty of participants towards our Group;
- (b) to motivate participants to strive towards performance excellence and to maintain a high level of contribution to our Group;
- (c) to give recognition to contributions made or to be made by participants by introducing a variable component into their remuneration package; and
- (d) to make employee remuneration sufficiently competitive to recruit new participants and/or to retain existing participants whose contributions are important to the long-term growth and profitability of our Group.

Overview of the Performance Share Plan

The Performance Share Plan is designed to reward its participants through the issue of fully-paid Shares according to the extent to which they complete certain time-based service conditions or achieve their performance targets over set performance periods.

THE SPCH PERFORMANCE SHARE PLAN

Awards granted shall take into account, *inter alia*, (a) the financial performance of our Group, (b) an employees' criteria such as his rank, job performance, potential for future development and his contribution to the success and development of our Group, and (c) in respect of a participant being a Non-executive Director, criteria such as his contribution to the success and development of our Group.

No minimum vesting periods are prescribed under the Performance Share Plan for Awards, and the length of the vesting period in respect of each Award will be determined on a case-by-case basis.

We will announce the following information to the SGX-ST and the public immediately upon the grant of awards under the Performance Share Plan, among others:

- (a) the date of the grant;
- (b) total number of shares granted;
- (c) the market price of its securities on the date of the grant; and
- (d) range of number of shares granted to each participant.

Summary of the Performance Share Plan

The rules of the Performance Share Plan may be inspected by Shareholders at the registered office of our Company for a period of six months from the date of registration of this Offer Document. The following is a summary of the rules of the Performance Share Plan:

Participants

The Performance Share Plan allows for participation by full-time employees of our Group (including the Executive Directors) and Non-executive Directors (including Independent Directors) who have attained the age of 21 years and above on or before the relevant date of grant of the Award, provided that none shall be an undischarged bankrupt or have entered into a composition with his creditors.

Controlling Shareholders and their Associates are also eligible to participate in the Performance Share Plan provided they have met the eligibility criteria and that all conditions for their participation in the Performance Share Plan as may be required by the Catalist Rules from time to time, including but not limited to obtaining the necessary approvals of independent Shareholders for such participation, are satisfied.

Management of the Performance Share Plan

The Performance Share Plan shall be managed by the Administration Committee, which has the absolute discretion to determine persons who will be eligible to participate in the Performance Share Plan. However, in compliance with the requirements of the Catalist Rules, a participant who is a member of the Administration Committee shall not be involved in any deliberation or decision in respect of Awards (as the case may be) to be granted to or held by that participant.

Our Board is responsible for reviewing and approving remuneration packages of our key executives (other than Executive Directors). Our Remuneration Committee will recommend to our Board a framework of remuneration for our Directors and Executive Officers and determine

THE SPCH PERFORMANCE SHARE PLAN

specific remuneration packages for each Executive Director and Executive Officer. Our Board and Remuneration Committee aim to build a capable and committed management team and workforce for our Group, through focused management and progressive policies and competitive remuneration packages which can attract and retain a pool of talented executive officers to meet the current and future growth of our Group.

Size of the Performance Share Plan

The aggregate number of Shares which may be issued and/or transferred pursuant to Awards granted under the Performance Share Plan on any date, when added to the number of Shares issued and issuable and/or transferred and transferrable in respect of (a) all Awards granted under the Plan, and (b) all options granted under any other share option, share incentive, performance share or restricted Performance Share Plan implemented by our Company and for the time being in force, shall not exceed 15.0% of the number of all issued Shares (excluding treasury shares) on the day preceding that date.

To enjoy greater flexibility in structuring remuneration and compensation packages, our Company believes that it should have a sufficient number of Shares to accommodate Awards issued under the Performance Share Plan. Taking into consideration the size of the post-Placement share capital of our Company as well as the number of eligible participants in the Performance Share Plan, our Directors believe that such limit is necessary to accommodate the existing number of participants to whom Awards may be granted under the Performance Share Plan annually over the 10-year period of the Performance Share Plan so as to create a meaningful compensation for the participants' contributions.

Awards Entitlement

Awards represent the right of a participant to receive fully-paid Shares free of charge. Awards granted under the Performance Share Plan may be time-based or performance-related as set out above.

In respect of time-based Awards, a participant is entitled to receive fully-paid Shares free of charge, upon the expiry of the prescribed vesting periods.

In the case of performance-related Awards, a participant is entitled to receive fully-paid Shares free of charge subject to certain prescribed performance targets being met.

The vesting periods of Awards (whether time-based or performance-related) will be determined by the Administration Committee and may not be subject to such time restrictions before vesting.

The selection of a participant, the type of Award (whether time-based or performance-related), the number of Performance Shares to be granted to him, and the prescribed vesting period shall be determined at the absolute discretion of the Administration Committee, which shall take into account:

- (a) in respect of a participant being an employee of our Group, criteria such as his rank, job performance, potential for future development and his contribution to the success and development of our Group; and
- (b) in respect of a participant being a Non-executive Director, criteria such as his contribution to the success and development of our Group.

THE SPCH PERFORMANCE SHARE PLAN

In addition, for performance-related Awards, the extent of effort required to achieve the performance condition(s) within the performance period shall also be considered.

The Administration Committee shall decide, in relation to each Award (whether time-based or performance related) to be granted to a participant:

- (a) the date on which the Award is to be granted;
- (b) the number of Performance Shares;
- (c) the prescribed vesting period(s); and
- (d) the extent to which Performance Shares shall be released at the end of each prescribed vesting period.

In the case of performance-related Awards, the Administration Committee shall also decide on:

- (a) the prescribed performance condition(s);
- (b) the performance period during which the prescribed performance condition(s) are to be satisfied; and
- (c) the extent to which Performance Shares shall be released on the prescribed performance condition(s) being satisfied (whether fully or partially) or exceeded or not being satisfied, as the case may be, at the end of the performance period.

Grant of Awards

Awards may be granted at any time during the period when the Performance Share Plan is in force. An Award letter confirming the Award and specifying, amongst others, in relation to a performance-related Award, the prescribed performance condition(s) and the performance period during which the prescribed performance condition(s) are to be satisfied, will be sent to each participant as soon as is reasonably practicable after making an Award.

Vesting of Awards

Special provisions for the vesting and lapsing of Awards (some at the discretion of the Administration Committee) under certain circumstances include:

- (a) a participant, being an employee of our Group, ceasing for any reason whatsoever, to be in the employment of a company in our Group or in the event the company by which the participant is employed ceases to be a company in our Group;
- (b) a participant, being a Non-executive Director, ceasing to be a director of a company in our Group, for any reason whatsoever;
- (c) upon the bankruptcy of the participant, or any other event which results in him being deprived of the legal or beneficial ownership of or interest in such Award;
- (d) ill health, injury, disability or death of a participant;
- (e) a participant committing any breach of any of the terms of his Award;

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- (f) misconduct on the part of a participant as determined by the Company in its discretion;
- (g) a general offer being made of all or any part of our Shares;
- (h) a scheme of arrangement or compromise between our Company and our Shareholders being sanctioned by the Court;
- (i) an order for the compulsory winding-up of our Company being made;
- (j) a resolution for a voluntary winding-up (other than for amalgamation or reconstruction) of our Company being made; and/or
- (k) any other event approved by the Administration Committee.

Upon the occurrence of any of the events specified in paragraphs (g) to (j) above, the Administration Committee may consider, in its absolute discretion, whether or not to release any Award. If the Administration Committee decides to release any Award, then in determining the number of Shares to be vested in respect of such Award, the Administration Committee will have regard to the proportion of the vesting period(s) which has elapsed and the extent to which the prescribed performance condition(s) (if any) has been satisfied.

Upon the occurrence of any of the events specified in paragraphs (a) to (f) above, an Award then held by a participant shall, subject as provided in the rules of the Performance Share Plan and to the extent not yet released, immediately become void and cease to have effect and the participant shall have no claim whatsoever against our Company.

Our Company will have the flexibility to deliver Performance Shares to participants upon the vesting of their Awards by way of:

- (a) an issue of new Shares; and/or
- (b) the purchase of existing Shares on behalf of the participants.

It is the intention of our Company that Performance Shares will typically be delivered to participants upon the vesting of their Awards by way of an issue of new Shares. However, our Company anticipates that our Company may, in very limited circumstances, purchase existing Shares on behalf of the participants upon the vesting of their Awards. These circumstances include situations when our Shares are undervalued or when it otherwise makes economic sense to purchase existing Shares.

New Shares, when issued and allotted, and existing Shares, when transferred to the participants upon the release of Awards shall be subject to all the provisions of the Constitution of our Company and shall rank *pari passu* in all respects with the then existing issued Shares, save for any dividends, rights, allotments or distributions on the record date of which falls on or before the relevant vesting date of the Shares which are the subject of the Awards. For such purposes, record date means the date as at the close of business on which our Shareholders must be registered in order to participate in any dividends, rights, allotments or other distributions.

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Shares which are the subject of:

- (a) a time-based Award shall, vest upon the expiry of each vesting period in relation to such Award and our Company shall release to the relevant participant the Performance Shares to which his Award relates on the vesting date; and
- (b) a performance-related Award shall be vested with a participant on the vesting date, which shall be a Market Day falling as soon as practicable after the review by the Administration Committee of the performance condition(s) prescribed in respect of such Award and determine whether it has been satisfied and, if so, the extent to which it has been satisfied, and, on the vesting date, the Administration Committee will procure the allotment or transfer to each participant of the number of Performance Shares so determined.

For the purposes of determining if performance condition(s) in respect of performance-related Awards have been achieved, the Administration Committee has the right to make computational adjustments to the audited results of our Company or our Group, as the case may be, to take into account such factors as the Administration Committee may determine to be relevant, including changes in accounting methods, taxes and extraordinary events. The Administration Committee also has the discretion to amend the performance condition(s) if the Administration Committee decides that a changed performance target would be a fairer measure of performance, or to waive the performance target where the participant has achieved a level of performance that the Administration Committee considers satisfactory notwithstanding that the performance target has not been fulfilled.

Adjustments and Alterations under the Performance Share Plan

If a variation in the share capital of our Company (whether by way of a bonus issue or reserves, rights issue, reduction, subdivision, consolidation or distribution) shall take place, then:

- (a) the class and/or number of Performance Shares to the extent not yet vested and the rights attached thereto; and/or
- (b) the class and/or number of Shares over which future Awards may be granted under the Performance Share Plan,

may, at the option of the Administration Committee, be adjusted in such manner as the Administration Committee may determine to be appropriate. However, any adjustment shall be made in such a way that a participant will not receive a benefit that a Shareholder does not receive.

The issue of securities as consideration for an acquisition or a private placement of securities or the cancellation of issued shares purchased or acquired by our Company by way of a market purchase of such shares undertaken by our Company on the SGX-ST during the period when a share purchase mandate granted by our Shareholders (including any renewal of such mandate) is in force shall not normally be regarded as a circumstance requiring adjustment.

Any adjustment (except in relation to a bonus issue) must be confirmed in writing by the auditors to be in their opinion, fair and reasonable.

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Modifications to the Performance Share Plan

The Performance Share Plan may be modified and/or altered from time to time by a resolution of our Board, subject to the prior approval of the SGX-ST and such other regulatory authorities as may be necessary.

However, no modification or alteration shall adversely affect the rights attached to Awards granted prior to such modification or alteration except with the written consent of such number of participants under the relevant Plan who, if their Awards were released to them, would thereby become entitled to not less than 75.0% of the aggregate number of all our Shares which would be issued upon exercise in full of all outstanding Awards under the Performance Share Plan.

No alteration shall be made to certain rules of the Performance Share Plan to the advantage of the holders of the Awards, as the case may be, except with the prior approval of our Shareholders in general meeting.

Duration of the Performance Share Plan

The Performance Share Plan shall continue in operation at the discretion of the Administration Committee for a maximum period of 10 years commencing on the date on which the Performance Share Plan is adopted by our Company in general meeting, provided that the Performance Share Plan may continue beyond the above stipulated period with the approval of our Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

The Performance Share Plan may be terminated at any time by the Administration Committee and by resolution of our Company in general meeting, subject to all relevant approvals which may be required being obtained. The termination of the Performance Share Plan shall not affect Awards which have been granted in accordance with the Performance Share Plan.

Abstention from voting

Participants who are Shareholders are to abstain from voting on any Shareholders' resolution relating to the Performance Share Plan and any modification thereof. All Shareholders who are eligible to participate in the Performance Share Plan will abstain from voting on the resolutions in relation to the participation by and grant of Awards to Controlling Shareholders and their Associates. Participation in a scheme by Controlling Shareholders and their associates must be approved by independent shareholders of our Company. Participants may, however, act as proxies of Shareholders in respect of the votes of such Shareholders in relation to any such resolutions, provided that specific instructions have been given in the proxy forms on how the votes are to be cast in respect of the resolution.

Rationale for participation by employees of our Group in the Performance Share Plan

The grant of Awards to the employees of our Group allows us to have a fair and equitable system to reward our Directors and employees of our Group who have made and who continue to make significant contributions to the long-term growth of our Group.

We believe that the grant of Awards to the employees of our Group will enable us to attract, retain and provide incentives to our Directors and employees of our Group to produce higher standards of performance as well as encourage greater dedication and loyalty by enabling our Company to give recognition to past contributions and services as well as motivating participants generally to contribute towards the long-term growth of our Group.

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Rationale for participation by Non-executive Directors (including Independent Directors) in the Performance Share Plan

Our Non-executive Directors come from diverse professions and working backgrounds. Although they are not involved in the day-to-day running of our Group's operations, they are able to contribute their extensive experience, knowledge, expertise and business contacts to the benefit of our Group and assist in our Group's business interests. Leveraging on their contacts, they may also be able to provide our Group with strategic or significant alliances or opportunities. Our Company therefore regards our Non-executive Directors as a resource pool from which we are able to tap business contacts, knowledge, expertise and experience.

Our Non-executive Directors are presently also members of our Audit Committee, Remuneration Committee and Nominating Committee. Each of these committees plays an important role in the corporate governance of our group.

Currently, our Non-executive Directors are remunerated only by way of directors' fees. Allowing the participation by our Non-executive Directors in the Performance Share Plan provides our Company with a further avenue of acknowledging the services and contributions to our Group and to reward and give recognition to such services and contributions by way of remuneration comprising a combination of fees and Awards. This flexibility is important since it may not always be possible to compensate Non-executive Directors fully or appropriately by increasing the directors' fees or other forms of cash payment. Having a flexible remuneration system will enable our Company to continue to attract individuals of great ability and aptitude to serve as Non-executive Directors. In the long-term, this will help ensure the continuity of good corporate governance in our Company.

However, as the Performance Share Plan is intended to cater primarily to employees of our Group who will comprise the bulk of the participants of the Performance Share Plan, our Directors anticipate that awards that may be granted to our Non-executive Directors pursuant to the Performance Share Plan, would not comprise a significant portion of the shares available under the Performance Share Plan. Further, in order to minimise any potential conflict of interests which may arise as a result of granting Awards to Non-executive Directors who are also members of our Audit Committee, Remuneration Committee or Nominating Committee, any grant of awards to Non-executive Directors is anticipated to be minimal, with such grants being made as a token of our Company's appreciation for their contributions to our Company and to help further align their interests with those of our Shareholders. Our Non-executive Directors would generally continue to be remunerated for their services by way of directors' fees.

The Administration Committee shall act judiciously in the exercise of its discretion in respect of the grant of Awards to our Non-executive Directors. In deciding whether to grant Awards to our Non-executive Directors, the Administration Committee will take into consideration, among other things, the services and contributions made to the growth of our Group, attendance and participation in meetings and the years of service of a particular Non-executive Director. The Administration Committee may also, where it considers relevant, take into account other factors such as prevailing economic conditions and our performance. A Non-executive Director will abstain from voting as a Director or a member of the Administration Committee when the grant of Awards to him is being deliberated.

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Rationale for participation by Controlling Shareholders and their Associates of our Group in the Performance Share Plan

The objectives of the Performance Share Plan are to motivate employees to maximise their performance and efficiency, and to also provide alternative forms of remuneration to reward employees for their significant contributions, and to align the interests of our Group with those of our employees. As such, employees of our Group who are also Controlling Shareholders and their Associates should be given equal treatment, notwithstanding that they are Controlling Shareholders or Associates of Controlling Shareholders, and no differentiation should be made between them and other employees or Directors.

As a safeguard, the Performance Share Plan will be managed by Board members who are not Controlling Shareholders or their Associates. In addition, specific approval of independent Shareholders is required for the grant of Awards under the Performance Share Plan to Controlling Shareholders and their Associates, in terms of the actual number of Awards and the terms of such Awards to be granted. Justification for participation in the Performance Share Plan will be disclosed in the process of seeking independent Shareholders' approval.

Financial Effects of the Performance Share Plan

Singapore Financial Reporting Standards (International) 2 *Share-based Payment* ("**SFRS (I) 2**") relating to share-based payment took effect for all entities to apply for annual reporting periods beginning on or after 1 January 2018. Participants who receive Shares and the Awards would be accounted for as equity-settled share-based transactions, as described in the following paragraphs.

The fair value of employee services received in exchange for the grant of the Awards will be recognised as a charge to profit or loss over the period between the grant date and the vesting date of an Award. The total amount of the charge over the vesting period is determined by reference to the fair value of each Award granted at the grant date and the number of Performance Shares vested at the vesting date, with a corresponding credit to reserve account. Before the end of the vesting period, at each accounting year end, the estimate of the number of Awards that are expected to vest by the vesting date is subject to revision, and the impact of the revised estimate will be recognised in profit or loss with a corresponding adjustment to the reserve account. After the vesting date, no adjustment to the charge to profit or loss is made.

The amount charged to profit or loss would be the same whether our Company settles the Awards by issuing new Shares or by purchasing existing Shares. The amount of the charge to profit or loss also depends on whether or not the performance target attached to an Award is measured by reference to the market price of the Performance Shares. This is known as a market condition. If the performance target is a market condition, the probability of the performance target being met is taken into account in estimating the fair value of the Award granted at the grant date, and no adjustments to amounts charged to profit or loss are made if the market condition is not met. However, if the performance target is not a market condition, the fair value per Performance Share of the Awards granted at the grant date is used to compute the amount to be charged to profit or loss at each accounting date, based on an assessment at that date of whether the non-market conditions would be met to enable the Awards to vest. Thus, where the vesting conditions do not include a market condition, there would be no charge to profit or loss if the Awards do not ultimately vest.

In the event that the Participants receive cash, our Company shall measure the fair value of the liability at the grant date. Until the liability is settled, our Company shall re-measure the fair value of the liability at each accounting date and at the date of settlement, with changes in the fair value recognised in profit or loss.

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On 16 June 2020, our Shareholders adopted the Share Option Scheme.

The Share Option Scheme will provide eligible participants with an opportunity to participate in the equity of our Company and to motivate them towards better performance through increased dedication and loyalty. The Share Option Scheme, which forms an integral and important component of a compensation plan, is designed to primarily reward and retain employees whose services are vital to our success.

As at the Latest Practicable Date, no Options have been granted under the Share Option Scheme.

Objectives of the Share Option Scheme

The objectives of the Share Option Scheme are as follows:

- (a) to motivate participants to optimise their performance standards and efficiency and to maintain a high level of contribution to our Group;
- (b) to retain key employees whose contributions are essential to the long-term growth and profitability of our Group;
- (c) to instil loyalty to, and a stronger identification by participants with the long-term prosperity of, our Group;
- (d) to attract potential employees with relevant skills to contribute to our Group and to create value for our Shareholders; and
- (e) to align the interests of participants with the interests of our Shareholders.

The purpose of adopting the Share Option Scheme in addition to the Performance Share Plan is to give us greater flexibility to align the interests of our employees, especially key executives, with interests of Shareholders.

Summary of the Share Option Scheme

The rules of the Share Option Scheme may be inspected by Shareholders at the registered office of our Company for a period of six months from the date of registration of this Offer Document. The following is a summary of the rules of the Share Option Scheme:

Participants

The Share Option Scheme allows for participation by confirmed employees of our Group (including our Executive Directors) and Non-executive Directors (including Independent Directors), who have attained the age of 21 years on or before the relevant date of grant of the Option, provided that none of them shall be an undischarged bankrupt or have entered into a composition with his creditors.

Controlling Shareholders and their Associates are also eligible to participate in the Performance Share Plan provided they have met the eligibility criteria and that all conditions for their participation in the Performance Share Plan as may be required by the Catalist Rules from time to time, including but not limited to obtaining the necessary approvals of independent Shareholders for such participation, are satisfied.

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Administration of the Scheme

The Share Option Scheme shall be administered by a committee comprising of members of the Administration Committee, with powers to determine, *inter alia*, the following:

- (a) persons to be granted Options;
- (b) number of Options to be offered; and
- (c) recommendations for modifications to the Share Option Scheme.

However, in compliance with the requirement of the Catalist Rules, a participant of the Share Option Scheme who is a member of the Administration Committee will not be involved in any deliberation or decision in respect of Options to be granted to that participant.

Size of the Share Option Scheme

The total number of Shares over which the Administration Committee may grant Options on any date, when added to the number of Shares issued and issuable in respect of all Options granted under the Share Option Scheme (including the Performance Share Plan and any other share option schemes of our Company) shall not exceed 15.0% of the number of issued Shares (excluding treasury shares) on the day preceding the date of the relevant grant.

Our Directors believe that this limit gives us sufficient flexibility to decide upon the number of Option Shares to offer to the employees of our Group under the Share Option Scheme. The number of eligible participants is expected to grow over the years. Our Company, in line with its goals of ensuring sustainable growth, is constantly reviewing its position and considering the expansion of its talent pool which may involve employing new employees. The employee base and the number of eligible participants will increase as a result. The number of Options offered must also be significant enough to serve as a meaningful reward for contribution to our Group. The Administration Committee shall exercise its discretion in deciding the number of Shares to be granted to each employee under the Share Option Scheme which will depend on the performance and value of the employee to our Group.

Options entitlements

The number of Option Shares to be offered to a participant shall be determined by the Administration Committee, in their absolute discretion. The Administration Committee shall consider criteria such as rank and responsibilities within our Group, performance, years of service/appointment and potential for future development of that participant and the performance of our Group.

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Options, exercise period and exercise price

The Options that are granted under the Share Option Scheme may have exercise prices that are, at the absolute discretion of the Administration Committee:

- (a) set at a discount to a price (the “**Market Price**”) equal to the average of the last dealt prices for the Shares on the SGX-ST for the five consecutive trading days immediately preceding the relevant date of grant of the relevant Option of a Share (the “**Incentive Option**”), provided that:
 - (i) the maximum discount shall not exceed 20.0% of the Market Price (or such other percentage or amount as may be determined by the Administration Committee and permitted by the SGX-ST); and
 - (ii) the Shareholders in general meeting shall have authorised, in a separate resolution, the making of offers and grants of Options under the Scheme at a discount not exceeding the maximum discount as aforesaid,

in which event, such Options may be exercised after the second anniversary of the Date of Grant and expiring on the tenth anniversary of such Date of Grant; or

- (b) fixed at the Market Price (the “**Market Price Option**”). Market Price Options may be exercised after the first anniversary of the Date of Grant and expiring on the tenth anniversary of such Date of Grant.

Grant of Options

There are no fixed periods for the grant of Options. As such, offers of the grant of Options may be made at any time from time to time at the discretion of the Administration Committee.

However, in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is imminent, offers may only be made after the second market day from the date on which the aforesaid announcement is made.

Termination of Options

Options may lapse or be exercised earlier in circumstances which include the termination of the employment of the participant in our Group, the bankruptcy of the participant, the death of the participant, a take-over of our Company, and the winding-up of our Company.

Acceptance of Options

The grant of Options shall be accepted within 30 days from the date of the grant of the Options. Grant of Options made to grantees, if not accepted before the closing date, will lapse. Upon acceptance of the grant, the grantee must pay our Company a consideration of S\$1.00.

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Rights of Shares arising from the exercise of Options

New Shares arising from the exercise of Options, when issued and allotted shall be subject to all the provisions of the Constitution of our Company and shall rank in full for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the Record Date for which is on or after the relevant date upon which such exercise occurred, and shall in all other respects rank pari passu with other existing Shares then in issue.

Duration of the Share Option Scheme

The Share Option Scheme shall continue in operation for a maximum period of 10 years commencing on the date on which the Share Option Scheme is adopted by our Company in general meeting, provided that the Share Option Scheme may continue for any further period thereafter with the approval of our Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

Abstention from voting

Participants who are Shareholders are to abstain from voting on any Shareholders' resolution relating to the Share Option Scheme and any modification thereof. All Shareholders who are eligible to participate in the Share Option Scheme will abstain from voting on the resolutions where applicable in relation to the discount quantum and participation by and Options to be granted to Controlling Shareholders and their Associates. Participation in a scheme by Controlling Shareholders and their Associates must be approved by independent shareholders of our Company. Participants may act as proxies of Shareholders of our Company in respect of the votes of such Shareholders in relation to any such resolution provided that specific instructions have been given in the proxy forms on how the votes are to be cast in respect of the resolution.

Modifications to the Share Option Scheme

The Share Option Scheme may be modified and/or altered from time to time by a resolution of the Administrative Committee, subject to the compliance with the requirements of the Catalist Rules and the requirements of any other regulatory authorities as may be necessary.

However, no modification or alteration shall adversely affect the rights attached to Options granted prior to such modification or alteration except with the written consent of such number of participants under the Share Option Scheme who, if they exercised their Options in full, would thereby become entitled to not less than 75.0% of the number of all the Shares which would fall to be allotted upon exercise in full of all outstanding Options under the Share Option Scheme.

No alteration to certain rules of the Share Option Scheme which would be to the advantage of participants under the Share Option Scheme, such as the repricing of the exercise price of the Options and the replacement of existing Options, shall be made except with the prior approval of our Shareholders in general meeting.

Grant of Incentive Options with a discounted exercise price

The ability to offer Options to participants of the Share Option Scheme with exercise prices set at a discount to the prevailing market prices of our Shares will operate as a means to recognise the performance of participants. This would motivate them to continue to excel while encouraging them to focus more on improving the profitability and return of our Group above a certain level, which will benefit all Shareholders when these are eventually reflected through share price

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appreciation. Incentive Options would be perceived in a more positive light by the participants, inspiring them to work hard and produce results in order to be offered Incentive Options, as only employees who have made outstanding contributions to the success and development of our Group would be granted Incentive Options.

The flexibility to grant Options with discounted prices is also intended to cater to situations where the stock market performance has overrun the general market conditions. In such events, the Administration Committee will have absolute discretion to:

- (a) grant Options set at a discount to Market Price of a Share (subject to a maximum limit of 20.0%); and
- (b) determine the participants to whom, and the Options to which, such reduction in exercise prices will apply.

In determining whether to give a discount and the quantum of the discount, the Administration Committee shall be at liberty to consider factors including the performance of our Company, our Group, the performance of the participant concerned, the contribution of the participant to the success and development of our Group and the prevailing market conditions. The Administration Committee will determine on a case-by-case basis whether a discount will be given, and if so, the quantum of the discount, taking into account the objective that is desired to be achieved by our Company and the prevailing market conditions. As the actual discount given will depend on the relevant circumstances, the extent of the discount may vary from one case to another, and from time to time, subject to a maximum discount of 20.0% of the Market Price of a Share. The discretion to grant Incentive Options will, however, be used judiciously.

It is envisaged that our Company may consider granting the Incentive Options under circumstances including (but not limited to) the following:

- (a) where, due to speculative forces in the stock market resulting in an overrun of the market, the market price of our Shares at the time of the grant of Incentive Options is not a true reflection of the financial performance of our Company;
- (b) to enable our Company to offer competitive remuneration packages in the event that the practice of granting Incentive Options become more significant components of executive remuneration packages, a discretion to grant Incentive Options will provide our Company with a means to maintain the competitiveness of our Group compensation strategy; and/or
- (c) where our Group needs to provide more compelling motivation for specific business units to improve their performance, grants of Incentive Options will help to align the interests of employees with those of our Shareholders by encouraging them to focus more on improving the profitability and return of our Group above a certain level which will benefit all Shareholders when these are eventually reflected through share price appreciation. As such, Incentive Options would be perceived more positively by the employees who receive such Incentive Options.

Such flexibility in determining the quantum of discount would enable the Administration Committee to tailor the incentives in the grant of Incentive Options to be commensurate with the performance and contribution of each individual participant. By individually recognising the degree of performance and contribution of each participant, the granting of Incentive Options at a commensurate discount would enable the Administration Committee to provide incentives for better performance, greater dedication and loyalty of the participants.

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Our Company may also grant Market Price Options without any discount to the market price of our Company's shares. Additionally, our Company may, if it deems fit, impose conditions on the exercise of the Options (whether such Options are granted at the market price or at a discount to the market price), such as restricting the number of Shares for which the Option may be exercised during the initial years following its vesting.

Rationale for participation by employees of our Group in the Share Option Scheme

The extension of the Share Option Scheme to employees of our Group allows us to have a fair and equitable system to reward directors and employees of our Company and/or Subsidiaries who have made and who continue to make significant contributions to the long-term growth of our Group.

We believe that the grant of Options to the employees of our Group will enable us to attract, retain and provide incentives to its participants to produce higher standards of performance as well as encourage greater dedication and loyalty to our Group. This would enable our Company to give recognition to past contributions and services as well as motivating participants generally to contribute towards the long-term growth of our Group.

Rationale for participation by Non-executive Directors (including Independent Directors) in the Share Option Scheme

Although Non-executive Directors are not involved in the day-to-day running of our operations, they play an invaluable role in furthering the business interests of our Group by contributing their experience and expertise. The participation by Non-executive Directors in the Share Option Scheme will provide our Company with a further avenue to acknowledge and recognise their services and contributions to our Group as it may not always be possible to compensate them fully or appropriately by increasing the directors' fees or other forms of cash payment. For instance, Non-executive Directors may bring strategic or other value to our Company which may be difficult to quantify in monetary terms. The grant of Options to Non-executive Directors will allow our Company to attract and retain experienced and qualified persons from different professional backgrounds to join our Company as Non-executive Directors, and to motivate our existing Independent Directors to take extra efforts to promote the interests of our Company and/or our Group.

In deciding whether to grant Options to Non-executive Directors, the Administration Committee will take into consideration, among other things, the services and contributions made to the growth, development and success of our Group and the years of service of a particular Non-executive Director. The Administration Committee may also, where it considers relevant, take into account other factors such as the economic conditions and our Company's performance.

In order to minimise any potential conflict of interests and not to compromise the independence of the Non-executive Directors, our Company intends to grant only a nominal number of Options granted under the Share Option Scheme to such Non-executive Directors. In addition, in the event that any conflict of interests arises in any matter to be decided by the Board, our Company shall procure that the relevant Independent Directors abstain from voting on such matter at the Board meeting.

Pursuant to Section 77 of the Companies Act, any Options granted to our Non-Executive Directors shall be voided five years from the date of grant of such Options.

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Rationale for participation by Controlling Shareholders and their Associates of our Group in the Share Option Scheme

The Share Option Scheme has been implemented to motivate employees to maximise their performance and efficiency, and to also provide alternative forms of remuneration to reward employees for their significant contributions, and to align the interests of our Group with those of our employees. As such, employees of our Group who are also Controlling Shareholders and their Associates should be given equal treatment, notwithstanding that they are Controlling Shareholders or Associates of Controlling Shareholders, and no differentiation should be made between them and other employees or Directors.

As a safeguard, the Share Option Scheme will be managed by Board members who are not Controlling Shareholders or their Associates. In addition, specific approval of independent Shareholders is required for the grant of awards under the Share Option Scheme to Controlling Shareholders and their Associates, in terms of the actual number of awards and the terms of such awards to be granted. Justification for participation in the Share Option Scheme will be disclosed in the process of seeking independent Shareholders' approval.

Cost of Options granted under the Share Option Scheme to our Company

Any Options granted under the Share Option Scheme would have a fair value. In the event that such Options are granted at prices below the fair value of the Options, there will be a cost to our Company. The amounts of such costs may be more significant in the case of Incentive Options, where such Options are granted with exercise prices set at a discount to the prevailing market price of our Shares. The cost to our Company of granting Options under the Share Option Scheme would be as follows:

- (a) the exercise of an Option at the exercise price would translate into a reduction of the proceeds from the exercise of such Option, as compared to the proceeds that our Company would have received from such exercise had the exercise been made at the prevailing market price of our Shares. Such reduction of the exercise proceeds would represent the monetary cost to our Company;
- (b) as the monetary cost of granting Options with a discounted exercise price is borne by our Company, the earnings of our Company would effectively be reduced by an amount corresponding to the reduced interest earnings that our Company would have received from the difference in proceeds from the exercise price with no discount versus the discounted exercise price. Such reduction would, accordingly, result in the dilution of our Company's EPS; and
- (c) the effect of the issue of new Shares upon the exercise of Options, is that our Company's NTA per Share will increase if the exercise price is above the NTA per Share and decrease, if the exercise price is below the NTA per Share.

The costs as discussed above would only materialise upon the exercise of the relevant Options. Share options have value because the option to buy a company's share for a fixed price during an extended future time period is a valuable right, even if there are restrictions attached to such an option. As our Company is required to account for share-based awards granted to our employees, the cost of granting Options will affect our financial results as this cost to our Company would be required to be charged to our Company's profit and loss account commencing from the time Options are granted. Subject as aforesaid, as and when Options are exercised, the cash inflow will add to the net tangible assets of our Company and its share capital base will grow.

THE SPCH EMPLOYEE SHARE OPTION SCHEME

Where Options are granted with subscription prices that are set at a discount to the market prices for our Shares prevailing at the time of the grant of such Options, the amount of the cash inflow to our Company on the exercise of such Options would be diminished by the quantum of the discount given, as compared with the cash inflow that would have been receivable by our Company had the Options been granted at the market price of our Shares prevailing at the time of the grant.

The grant of Options will have an impact on our Company's reported profit under the accounting rules in the SFRS(I) 2 which is effective for the financial period beginning on or after 1 January 2018. It requires the recognition of an expense in respect of Options granted. The expenses will be based on the fair value of the Options at the date of grant (as determined by an option-pricing model) and will be recognised over the vesting period.

Details of the number of Options granted pursuant to the Share Option Scheme, the number of Options exercised and the exercise price (as well as any applicable discounts) will be disclosed in our annual report.

CORPORATE GOVERNANCE

Our Directors recognise the importance of corporate governance and the offering of high standards of accountability to our Shareholders, and will use best efforts to implement the good practices recommended in the Code of Corporate Governance 2018. Our Board of Directors has formed three committees, namely, our Audit Committee, our Remuneration Committee and our Nominating Committee.

Our Directors are appointed by our Shareholders at a general meeting, and an election of Directors takes place annually. One third (or the number nearest one third) of our Directors, are required to retire from office at each annual general meeting. Further, all our Directors are required to retire from office at least once in every three years. However, a retiring Director is eligible for re-election at the meeting at which he retires. Further details on the appointment and retirement of Directors can be found in the section entitled “Appendix D – Selected Extracts of our Constitution” of this Offer Document.

Audit Committee

The members of our Audit Committee are Ms. Lai Chin Yee, Mr. Chong Weng Hoe and Mr. Richard Yap, and the Chairman of our Audit Committee is Ms. Lai Chin Yee. Our audit committee will assist our Board in discharging its responsibility to safeguard our assets, maintain adequate accounting records, and develop and maintain effective systems of internal control, with the overall objective of ensuring that our management creates and maintains an effective control environment in our Group.

Our Audit Committee will, *inter alia*, carry out the following responsibilities:

- (a) assist our Board in the discharge of its responsibilities on financial reporting matters;
- (b) review the assurance from the Chief Executive Officer and Financial Controller on the financial records and financial statements of our Group;
- (c) review, with the internal and external auditors, the audit plans, scope of work, their evaluation of the system of internal accounting controls, their management letter and our management’s response, and results of our audits compiled by our internal and external auditors;
- (d) review the half-yearly and annual financial statements and results announcements before submission to our Board for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with financial reporting standards as well as compliance with the Catalist Rules and any other statutory/regulatory requirements;
- (e) review the effectiveness and adequacy of our internal control and procedures, including accounting and financial controls and procedures and ensure coordination between our internal and external auditors, and our management, reviewing the assistance given by our management to the auditors, and discuss problems and concern, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of our management where necessary);
- (f) review the adequacy, effectiveness, independence, scope and results of the external audit and our Company’s internal audit function;

CORPORATE GOVERNANCE

- (g) review and discuss with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on our Group's operating results or financial position, and our management's response;
- (h) make recommendations to our Board on the proposals to the Shareholders on the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors;
- (i) review significant financial reporting issues and judgements, with the Financial Controller and the external auditors, so as to ensure the integrity of the financial statements of our Group and any formal announcements relating to our Group's financial performance, before their submission to our Board of Directors;
- (j) review and report to our Board at least annually the adequacy and effectiveness of our Group's internal controls and risk management systems with the Financial Controller and the internal and external auditors, including financial, operation, compliance and information technology controls via reviews carried out by the internal auditors;
- (k) review and approve transactions falling within the scope of Chapter 9 and Chapter 10 of the Catalist Rules (if any);
- (l) review any potential conflicts of interest;
- (m) set out a framework to resolve or mitigate any potential conflicts of interest, as well as monitor compliance with such framework;
- (n) review and approve all hedging policies and instruments (if any) to be implemented by our Group;
- (o) undertake such other reviews and projects as may be requested by our Board and report to our Board its findings from time to time on matters arising and requiring the attention of our Audit Committee;
- (p) review of our Group's financial risk areas, with a view to providing an independent oversight on our Group's financial reporting, with the outcome of such review to be disclosed in the annual reports, or if the findings are material, to be immediately announced via SGXNET;
- (q) review and establish procedures for receipt, retention and treatment of complaints received by our Group, *inter alia*, criminal offences involving our Group or its employees, questionable accounting, auditing, business, safety or other matters that impact negatively on our Group;
- (r) review policies and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, to ensure that such policies and arrangements continue to be in place for independent investigation and appropriate follow-up, and to ensure that our Company publicly discloses, and clearly communicates to employees the existence of a whistle-blowing policy and the procedures for raising such concerns;
- (s) review of the cash management processes of our Group; and
- (t) generally undertake such other functions and duties as may be required by statute or the Catalist Rules, and by such amendments made thereto from time to time.

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Our Audit Committee will meet, at minimum, once every six months. Apart from the duties listed above, our Audit Committee shall commission an annual internal controls audit until such time that it is satisfied that the internal controls of our Group are sufficiently robust and effective in mitigating any key internal control weaknesses our Group may have. Prior to decommissioning such annual internal controls audit, our Board shall report to the Sponsor and the SGX-ST, the basis for deciding to decommission the annual internal controls audit and the measures taken to rectify our key weaknesses and/or strengthen our internal controls. Thereafter, our Audit Committee shall commission such audits as and when it deems fit for the purposes of satisfying itself that our Group's internal controls have remained robust and effective. Upon the completion of an internal control audit, our Board shall make the appropriate disclosures via SGXNET of any material or price-sensitive weaknesses in our Group's internal controls, and also announce any follow-up actions to be taken by our Board.

Our Audit Committee shall also commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rules or regulations which has or is likely to have a material impact on our Group's operating results and/or financial position. Each member of our Audit Committee shall abstain from reviewing any particular transaction or voting on such resolution in respect of which he is or may be interested in.

In preparation for our Listing, our Audit Committee has held discussions with our Financial Controller in relation to our internal controls. During the course of discussions, our Audit Committee was briefed on our Group's current internal control procedures, with emphasis on our Group's internal controls of cash and bank balances.

Our Board of Directors has also noted that no material internal control weaknesses have been raised by our Independent Auditors and Reporting Accountants, BDO LLP, in the course of their audit and review of the financial statements of our Group for the Period Under Review.

Based on the foregoing, the work performed by our independent internal control advisers, RSM Risk Advisory, and our Independent Auditors and Reporting Accountants, BDO LLP, and the internal controls established and maintained by our Group, our Board of Directors and our Audit Committee, after making all reasonable enquiries and to the best of its knowledge and belief, are of the opinion that our Company has adequate and effective systems of internal controls (including financial, operational, compliance and information technology controls) and risk management systems.

Following our Listing on Catalist, our Audit Committee will continually review the effectiveness of the internal control procedures within our Group and, if necessary, outsource our Group's internal audit function to ensure the adequacy and sufficiency of internal controls procedures within our Group.

Nominating Committee

Our Nominating Committee comprises Mr. Richard Yap, Ms. Lai Chin Yee and Mr. Chong Weng Hoe, and the Chairman of our Nominating Committee is Mr. Richard Yap. Our Nominating Committee will:

- (a) recommend to our Board for approval, the objective performance criteria and process for the evaluation of the effectiveness of our Board as a whole, and of each board committee separately, as well as the contribution by the Chairman and individual director to our Board;

CORPORATE GOVERNANCE

- (b) review and approve any new employment of persons related to our Directors or Controlling Shareholders, and proposed terms of their employment;
- (c) recommend to our Board on board appointments, including re-nominations of existing directors for re-election in accordance with our Constitution, taking into account the director's contribution and performance;
- (d) review board succession plans for the Directors;
- (e) determine on an annual basis whether or not a director of our Company is independent;
- (f) decide whether or not a director of our Company is able to and has been adequately carrying out his duties as a director;
- (g) review training and professional development programmes for our Board; and
- (h) decide how our Board's performance may be evaluated and propose objective performance criteria, as approved by our Board that allows comparison with its industry peers, and address how our Board has enhanced long-term shareholders' value.

The Nominating Committee will decide how our Board's performance is to be evaluated and propose objective performance criteria, subject to the approval of our Board, which address how our Board has enhanced long-term shareholders' value. The performance evaluation may also include consideration of our Share price performance over a five-year period vis-à-vis the Singapore Straits Times Index and a benchmark index of our industry peers.

Each member of the Nominating Committee shall abstain from voting on any resolutions in respect of the assessment of his performance or re-nomination as director of our Company. In the event that any member of the Nominating Committee has an interest in a matter being deliberated upon by the Nominating Committee, he will abstain from participating in the review and approval process relating to that matter.

Our Nominating Committee are of the view that each of Dr. Bernard Lee, our Executive Director and Chief Executive Officer, and Dr. Jeffrey Loh, our Executive Director and Chief Operating Officer, notwithstanding their roles as SPCH medical practitioners, spend an adequate amount of time and resources on our Group, taking into consideration the following factors, namely:

- (i) our Group is principally involved in the business of providing medical services. As key management and medical practitioners of our Group, and given the current scale of operations of our Group, it is pertinent that our Executive Directors spend sufficient amount of their time on medical consultations to keep abreast of the latest advances in medical research and technologies to ensure that their skills are kept relevant to the operations of our Group;
- (ii) our Executive Directors are supported on a day-to-day basis by a team of experienced management personnel, including our Financial Controller, Ms. Ng Phick Suan and the other SPCH medical practitioners, who have been in charge of the operation of their respective SPCH Medical Clinics, clinic and/or facilities of our Associated Company;
- (iii) our Executive Directors and our Financial Controller are kept abreast of the day-to-day operations of our Group; and

CORPORATE GOVERNANCE

- (iv) our Executive Directors and the SPCH medical practitioners also meet on a monthly basis to discuss the strategies, affairs and operations of our Group.

Notwithstanding the disclosures made in the section entitled “General and Statutory Information – Information on Directors, Executive Officers and Controlling Shareholders” of this Offer Document, our Board (save for Dr. Bernard Lee) and our Nominating Committee are of the opinion that Dr. Bernard Lee is suitable to be appointed as the Executive Director and Chief Executive Officer of our Company, in view of (a) Dr. Bernard Lee’s qualifications and extensive working experience in the medical industry, particularly in pain care treatments, (b) the considerations set out in the section entitled “General and Statutory Information – Information on Directors, Executive Officers and Controlling Shareholders” of this Offer Document in respect of his disclosures, and (c) the absence of any issues concerning the character and integrity of Dr. Bernard Lee.

Nominating Committee’s view of our Independent Directors

The Nominating Committee, having taken into consideration the following:

- (a) the number of listed company directorships by each of our Independent Directors;
- (b) the principal commitments of our Independent Directors;
- (c) the confirmations by our Independent Directors stating that they are each able to devote sufficient time and attention to the matters of our Company;
- (d) the confirmations by our Independent Directors that each of them is not accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of any controlling shareholder of our Company, has no relationship with our Company, its related corporations or with any directors of these corporations, its Substantial Shareholders or its officers that could interfere or be reasonably perceived to interfere, with the exercise of his or her independent business judgement with a view to the best interests of our Company;
- (e) our Independent Directors’ working experience and expertise in different areas of specialisation; and
- (f) the composition of our Board,

is of the view that (i) each of our Independent Directors is individually, and the Independent Directors are collectively able to devote sufficient time to the discharge of their duties and are suitable and possess relevant experience as Independent Directors of our Company and (ii) our Independent Directors, as a whole, represent a strong and independent element on our Board which is able to exercise objective judgement on corporate affairs independently from our Controlling Shareholders.

Our Independent Non-executive Director, Mr. Chong Weng Hoe, is currently an independent director of HCSS, our Substantial Shareholder. Our Board and our Nominating Committee (save for Mr. Chong Weng Hoe) are of the opinion that Mr. Chong Weng Hoe can be appointed as an independent director of our Company, based on the following reasons:

- (A) Mr. Chong Weng Hoe, as non-executive chairman and independent director of HCSS, is independent of the operations and businesses of HCSS;

CORPORATE GOVERNANCE

- (B) he does not have any other business relationship with HCSS or our Company and will thus be able and entitled to exercise independent business judgement with a view to the best interests of our Company and our Group;
- (C) he is not accustomed, obligated or bound, whether on formal or informal basis, to take instructions or directions from the board of HCSS in deciding on matters relating to our Group;
- (D) he is not an executive director of HCSS, he will not be influenced or affected by HCSS' views or interests in our Group's matters;
- (E) the considerations on independence, as set out in provision 2.1 of the Code of Corporate Governance 2018, read together with Practice Guidance 2 of the Code of Corporate Governance 2018;
- (F) Mr. Chong Weng Hoe's extensive past and present experience as independent director of various companies listed on SGX-ST including Regal International Group Ltd, Keong Hong Holdings Limited and HCSS; and
- (G) the absence of any character and integrity issues in respect of Mr. Chong Weng Hoe.

Mr. Chong Weng Hoe will however abstain from participating in the discussions and the review and approval process in relation to any potential transaction between our Company and HCSS (where applicable).

Our Board and our Nominating Committee (save for Ms. Lai Chin Yee) is of the view that Lai Chin Yee is suitable to be appointed as an independent director of our Company, taking into account the following:

- (1) the considerations on independence, as set out in provision 2.1 of the Code of Corporate Governance 2018 read together with Practice Guidance 2 of the Code of Corporate Governance 2018;
- (2) Ms. Lai Chin Yee's extensive past and present experience as independent director of various companies listed on SGX-ST including Micro-Mechanics (Holdings) Ltd, China Sports International Limited, RKH and CCM Group Limited (currently known as Singapore eDevelopment Limited);
- (3) the considerations set out in the section entitled "General and Statutory Information – Information on Directors, Executive Officers and Controlling Shareholders" in respect of her past involvement with RKH; and
- (4) the absence of any character and integrity issues in respect of Ms. Lai Chin Yee.

Remuneration Committee

The members of our Remuneration Committee are Mr. Chong Weng Hoe, Mr. Richard Yap and Ms. Lai Chin Yee and the Chairman of our Remuneration Committee is Mr. Chong Weng Hoe. Our Remuneration Committee shall recommend to our Board a framework of remuneration for the Directors and Executive Officers, as well as specific remuneration packages for each Director and Executive Officer. The quantum of the bonus of our Executive Directors and Executive Officers will

CORPORATE GOVERNANCE

be subject to the approval of our Remuneration Committee. The Remuneration Committee shall also review and approve the key performance indicators for determining the variable bonuses of the SPCH medical practitioners.

The recommendations of our Remuneration Committee shall be submitted for endorsement by our entire Board. The scope of responsibilities of our Remuneration Committee encompasses all aspects of remuneration, including but not limited to our Directors' fees, salaries, allowances, bonuses, options and benefits-in-kind. Our Remuneration Committee shall also review the remuneration of senior management and employees related to our Directors, if any. Each member of our Remuneration Committee shall abstain from voting on any resolutions in respect of his or her remuneration package.

If necessary, our Remuneration Committee shall seek expert advice inside and/or outside our Company on remuneration matters. Our Remuneration Committee shall ensure that existing relationships, if any, between our Company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants.

Our whistle-blowing policy

We are committed to a high standard of compliance with accounting, financial reporting, internal controls, corporate governance and auditing requirements, and any legislation relating thereto. We have put in place a whistle-blowing policy aimed to, among others, deter wrongdoing and to promote standards of good corporate practices, and provide proper avenues (including direct access to Ms. Lai Chin Yee) for employees to raise concerns about or suspected improprieties in matters of financial reporting or other matters. Whistle-blowing reports may be sent directly to Ms. Lai Chin Yee, our Non-executive Chairman and Independent Director, and Chairman of the Audit Committee via the following email address: report@sgpaincareholdings.com.

DESCRIPTION OF OUR SHARES

The following statements are brief summaries of the more important rights and privileges of our Shareholders. Please also refer to the section entitled “Appendix D – Selected Extracts of our Constitution” of this Offer Document for further details. The following are summaries of our capital structure and the more important rights and privileges of our Shareholders as conferred by the laws of Singapore and our Constitution. These statements summarise material provisions of our Constitution but are qualified in entirety by reference to our Constitution and the laws of Singapore. A copy of our Constitution will be available for inspection at our offices during normal business hours for a period of six months from the date of the registration of this Offer Document with the SGX-ST.

Shares

Our Constitution provides that we may issue shares of a different class with preferential, deferred, qualified or special rights, privileges or conditions as our Directors may think fit and may issue preference shares which are, or at our option, redeemable, subject to certain limitations. Our Shares do not have a par value. Any such issuance of different classes of shares are subject to compliance with the Catalist Rules.

As at the date of this Offer Document, all the Shares have been issued and fully paid. All of our shares are in registered form. We may, subject to the provisions of the Companies Act and the listing rules of the SGX-ST, purchase our own Shares. However, we may not, except in circumstances permitted by the Companies Act, grant any financial assistance for the acquisition or proposed acquisition of our Shares.

Shareholders

Only persons who are registered on our register of shareholders and, in cases in which the person so registered is CDP, the persons named as the depositors in the depository register maintained by CDP for our Shares, are recognised as our Shareholders. We will not, except as required by law, recognise any equitable, contingent, future or partial interest in any Share or other rights for any Share or unit of Share, other than the absolute right to the entirety thereof in the registered holder of that Share or of the person whose name is entered in the depository register for that share. We may close our register of members for any time or times if we provide the SGX-ST at least five clear market days’ notice. However, the register may not be closed for more than 30 days in aggregate in any calendar year. We typically close the register to determine our shareholders’ entitlement to receive dividends and other distributions.

Transfer of Shares

There is no restriction on the transfer of fully paid Shares except where required by law or the listing rules or the rules or by-laws of the SGX-ST. Our Directors may, in their discretion, decline to register any transfer of Shares on which we have a lien. Shares may be transferred by a duly signed instrument of transfer in a form approved by the SGX-ST. Our Directors may also decline to register any instrument of transfer unless, among other things, it has been duly stamped and is presented for registration together with the share certificate and such other evidence of title as they may require. We will replace lost or destroyed certificates for shares if we are properly notified and the applicant pays a fee which will not exceed S\$2 and furnishes any evidence and indemnity that our Directors may require.

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General Meetings of Shareholders

We are required to hold an annual general meeting every year. Our Directors may convene an extraordinary general meeting whenever they think fit and must do so if our Shareholders representing not less than 10.0% of the total number of paid-up shares, request in writing that such a meeting be held. In addition, two or more of our Shareholders holding not less than 10.0% of our issued share capital may call a meeting. Unless otherwise required by law or by our Constitution, voting at general meetings is by ordinary resolution, requiring an affirmative vote of a simple majority of the votes cast at that meeting. An ordinary resolution suffices, for example, for the appointment of Directors. A special resolution, requiring the affirmative vote of at least 75.0% of the votes cast at the meeting, is necessary for certain matters under Singapore law, including voluntary winding up, amendments to our Constitution, a change of our corporate name and a reduction in our share capital. We must give at least 21 days' notice in writing for every general meeting convened for the purpose of passing a special resolution. Ordinary resolutions generally require at least 14 days' notice in writing. The notice must be given to each of our shareholders who have supplied us with an address in Singapore for the giving of notices and must set forth the place, the day and the hour of the meeting and, in the case of special business, the general nature of that business.

Voting Rights

A holder of our Shares is entitled to attend, speak and vote at any general meeting, in person or by proxy. A proxy does not need to be a Shareholder. A person who holds Shares through the SGX-ST book-entry settlement system will only be entitled to vote at a general meeting as a Shareholder if his name appears on the depository register maintained by CDP not less than 72 hours before the general meeting. Except as otherwise provided in our Constitution, two or more Shareholders must be present in person or by proxy to constitute a quorum at any general meeting. Under our Constitution, on a poll, every Shareholder present in person or by proxy shall have one vote for each Share which he holds or represents. A poll may be required by the listing rules of any stock exchange upon which our Shares are listed. In the case of a tie vote, the Chairman of the meeting shall be entitled to a casting vote.

Dividends

We may, by ordinary resolution of our Shareholders, declare dividends at a general meeting, but we may not pay dividends in excess of the amount recommended by our Board. No dividend shall be paid otherwise than out of profits available for distribution. We may satisfy dividends by the issue of Shares to our shareholders. Please refer to the section entitled "Bonus and Rights Issue" below. All dividends are paid pro-rata amongst our shareholders, but where shares are partly paid, all dividends must be apportioned and paid proportionately to the amounts paid or credited as paid on the partly paid shares. Unless otherwise directed, dividends are paid by cheque or warrant sent through the post to each shareholder at his registered address. Notwithstanding the foregoing, the payment by us to CDP of any dividend payable to a shareholder whose name is entered in the depository register shall, to the extent of payment made to CDP, discharge us from any liability to that shareholder in respect of that payment.

Bonus and Rights Issue

Our Board may, with the approval of our Shareholders at a general meeting, capitalise any reserves or profits and distribute the same as bonus shares credited as paid-up to our Shareholders in proportion to their shareholdings. Our Board may also issue rights to take up

DESCRIPTION OF OUR SHARES

additional Shares to other Shareholders in proportion to their shareholdings. Such rights are subject to any conditions attached to such issue and the regulations of any stock exchange on which we are listed.

Takeovers

Under the Singapore Take-over Code issued by the Authority pursuant to Section 321 of the Securities and Futures Act, any person acquiring an interest, either on his own or together with persons acting in concert with him, in 30.0% or more of our voting rights of our Company must extend a takeover offer for the remaining shares which carries votes in accordance with the provisions of the Singapore Take-over Code. In addition, a mandatory takeover offer is also required to be made if a person holding, either on his own or together with persons acting or presumed to be acting in concert with him, between 30.0% and 50.0% of the voting rights of our Company acquires additional shares which carries votes representing more than 1.0% of the voting shares in any six-month period.

Liquidation or Other Return of Capital

If we are liquidated or in the event of any other return of capital, holders of our Shares will be entitled to participate in any surplus assets in proportion to their shareholdings, subject to any special rights attaching to any other class of shares.

Indemnity

As permitted by Singapore law, our Constitution provides that, subject to the Companies Act, our Board and officers shall be entitled to be indemnified by us against any liability incurred in defending any proceedings which relate to anything done, among others, in the execution and discharge of his duties. We may not indemnify our Directors and officers against any liability which by law would otherwise attach to them in respect of any negligence, default, breach of duty or breach of trust of which they may be guilty in relation to us.

Limitations on Rights to Hold or Vote Shares

Except as described in "Voting Rights" and "Takeovers" above, there are no limitations imposed by Singapore law or by our Constitution on the rights of non-resident Shareholders to hold or vote ordinary Shares.

Minority Rights

The rights of minority shareholders of Singapore-incorporated companies are protected under Section 216 of the Companies Act, which gives the Singapore courts a general power to make any order, upon application by any of our shareholders, as they think fit to remedy any of the following situations where:

- (a) our affairs are being conducted or the powers of our Directors are being exercised in a manner oppressive to, or in disregard of the interests of, one or more of the shareholders; or
- (b) we take an action, or threaten to take an action, or our shareholders pass a resolution, or propose to pass a resolution, which unfairly discriminates against, or is otherwise prejudicial to, one or more of our shareholders, including the applicant.

DESCRIPTION OF OUR SHARES

Singapore courts have a wide discretion as to the relief they may grant and such relief is in no way limited to those listed in the Companies Act itself. Without prejudice to the foregoing, the Singapore courts may:

- (a) direct or prohibit any act or cancel or vary any transaction or resolution;
- (b) regulate the conduct of our affairs in the future;
- (c) authorise civil proceedings to be brought in our name, or on our behalf, by a person or persons and on such terms as the court may direct;
- (d) provide for the purchase of a minority shareholder's shares by our other shareholders or by us and, in the case of a purchase of shares by us, a corresponding reduction of our share capital;
- (e) in the case of a purchase of shares by our Company, provide for a reduction accordingly of our Company's capital; or
- (f) provide that we be wound up.

Treasury Shares

Our Constitution expressly permits our Company to purchase or acquire shares or stocks of our Company and to hold such shares or stocks (or any of them) as treasury shares in accordance with requirements of Section 76 of the Companies Act. Our Company may make a purchase or acquisition of our own shares (a) on a securities exchange if the purchase or acquisition has been authorised in advance by our Company in general meeting; or (b) otherwise than on a securities exchange if the purchase or acquisition is made in accordance with an equal access scheme authorised in advance by our Company in general meeting. The aggregate number of Shares held as treasury shares shall not at any time exceed 10.0% of the total number of Shares of our Company at that time. Any excess shares shall be disposed or cancelled before the end of a period of six months beginning with the day on which that contravention of limit occurs, or such further period as the Registrar may allow. Where shares or stocks are held as treasury shares by our Company through purchase or acquisition by our Company, our Company shall be entered in the register as the member holding those shares or stocks.

Our Company shall not exercise any right in respect of the treasury shares and any purported exercise of such a right is void. Such rights include any right to attend or vote at meetings and our Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution (whether in cash or otherwise) of our Company's assets (including any distribution of assets to members on a winding up) may be made, to our Company in respect of the treasury shares. However, this would not prevent an allotment of shares as fully paid bonus shares in respect of the treasury shares or the subdivision or consolidation of any treasury share into treasury share of a smaller amount, if the total value of the treasury shares after the subdivision or consolidation is the same as the total value of the treasury share before the subdivision or consolidation, as the case may be.

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Where Shares are held as treasury shares, our Company may at any time (i) sell the Shares (or any of them) for cash; (ii) transfer the Shares (or any of them) for the purposes of or pursuant to an employees' share scheme; (iii) transfer the Shares (or any of them) as consideration for the acquisition of shares in or assets of another company or assets of a person; or (iv) cancel the Shares (or any of them).

EXCHANGE CONTROLS

There are no Singapore government laws, decrees, regulations or other legislation that may affect the following:

- (a) the import or export of capital, including the availability of cash and cash equivalents for use by our Group; and
- (b) the remittance of dividends, interest or other payments to non-resident holders of our Company's securities.

TAXATION

The following is a discussion of certain tax matters relating to Singapore income tax, capital gains tax, stamp duty, estate duty and GST consequences in relation to the purchase, ownership and disposal of our Shares based on the current tax laws in Singapore. The discussion is limited to a general description of certain tax consequences in Singapore with respect to ownership of our Shares by Singapore investors, and does not purport to be a comprehensive nor exhaustive description of all of the tax considerations that may be relevant to a decision to purchase our Shares. It is also not intended to be and does not constitute legal or tax advice. The discussion below is based on the assumption that our Company is a tax resident in Singapore for Singapore income tax purposes. The laws, regulations and interpretations, may change at any time, and any change could be made on a retroactive basis. These laws and regulations are also subject to various interpretations and no assurance can be given that the relevant tax authorities or the courts of Singapore will agree with the explanations or conclusions set out below or that changes in such laws and regulations will not occur.

Prospective subscribers should consult their tax advisers and/or legal advisers concerning the tax consequences of owning and disposing of our Shares. Neither our Company, our Directors nor any other persons involved in this Placement accepts responsibility for any tax effects or liabilities resulting from the subscription, purchase, holding or disposal of our Shares.

INCOME TAX

Individual Taxpayers

An individual taxpayer (both resident and non-resident) is subject to Singapore income tax on income accrued in or derived from Singapore, subject to certain exceptions. Foreign-sourced income received or deemed received by a Singapore tax resident individual is generally exempt from income tax in Singapore except for such income received through a partnership in Singapore. Certain Singapore-sourced investment income received or deemed received by individuals is also exempt from tax.

Currently, a Singapore tax resident individual is subject to tax at the progressive rates, ranging from 0.0% to 22.0%, after deductions of qualifying personal reliefs where applicable. While a non-Singapore tax resident individual is generally taxed at the rate of 22.0% except that Singapore employment income is taxed at a flat rate of 15.0% or at progressive resident rates, whichever yields a higher tax.

An individual is regarded as a tax resident in Singapore if in the calendar year preceding the year of assessment, he was physically present in Singapore or exercised an employment in Singapore (other than as a director of a company) for 183 days or more, or if he ordinarily resides in Singapore.

Corporate Taxpayers

A company is tax resident in Singapore if the control and management of its business is exercised in Singapore.

Corporate taxpayers are subject to Singapore income tax on income accrued in or derived from Singapore and, subject to certain exceptions, on foreign-source income received or deemed to be received in Singapore from outside Singapore. Foreign-source income in the form of dividends, branch profits and services income received or deemed to be received in Singapore by Singapore tax resident companies on or after 1 June 2003 are exempt from tax if certain prescribed conditions are met.

TAXATION

The prevailing corporate tax rate in Singapore is 17.0%. In addition, 75.0% of up to the first S\$10,000 of normal chargeable income, and 50.0% of up to the next S\$190,000 is exempt from corporate tax. The remaining chargeable income (after the partial tax exemption) will be taxed at 17.0%. For the YA2019 and YA2020, companies will be granted a 20.0% corporate tax rebate capped at S\$10,000 for YA2019 and a 25.0% corporate tax rebate capped at S\$15,000 for YA2020.

Dividend Distributions

Singapore adopts the One-Tier Corporate Taxation System (“**One-Tier System**”). Under the One-Tier System, the tax collected from corporate profits is a final tax. Distributable profits of the company resident in Singapore can be distributed to the shareholders as tax exempt (One-Tier) dividends. Such dividends are tax exempt in the hands of the shareholders.

Singapore does not currently impose withholding tax on dividends paid to resident or non-resident shareholders.

Foreign shareholders are advised to consult their own tax advisers to take into account the tax laws of their respective home countries/countries of residence and the applicability of any double taxation agreement which their country of residence may have with Singapore.

CAPITAL GAINS TAX

There is no tax on capital gains in Singapore.

Thus, any gains derived from the disposal of our Shares acquired for long-term investment will not be taxable in Singapore.

On the other hand, where the taxpayer is deemed by the IRAS to be carrying on a trade or business of dealing in shares in Singapore, gains from disposal of shares are of an income nature (rather than capital gains) and thus subject to Singapore income tax.

Subject to certain conditions being met, gains derived from the disposal of ordinary shares by companies, during the period 1 June 2012 to 31 December 2027 (both dates inclusive) will not be subjected to Singapore tax, if the divesting company holds a minimum shareholding of 20.0% of the ordinary shares in the company whose shares are being disposed for a minimum period of 24 months immediately before the disposal.

Other than the above, there are no specific laws or regulations which deal with the characterisation of capital gains, and hence, gains may be construed to be of an income nature and subject to tax especially if they arise from activities which the IRAS regards as the carrying on of a trade in Singapore.

Foreign sellers are advised to consult their own tax advisers to take into account the applicable tax laws of their respective home countries or countries of residence as well as the provisions of any applicable double taxation agreement.

STAMP DUTY

No stamp duty is payable on the subscription and issuance of our Shares.

TAXATION

Where existing Shares evidenced in certificated form are acquired in Singapore, stamp duty is payable on the instrument of transfer of the Shares at the rate of 0.20% of the consideration for, or market value of the Shares, whichever is higher. The purchaser is liable for stamp duty, unless otherwise agreed.

No stamp duty is payable if no instrument of transfer is executed (such as in the case of scripless shares, the transfer of which does not require instruments of transfer to be executed) or if the instrument of transfer is executed outside Singapore. However, stamp duty will be payable if the instrument of transfer which is executed outside Singapore is subsequently received in Singapore.

Stamp duty is not applicable to electronic transfers of our Shares through the CDP system.

ESTATE DUTY

Singapore estate duty has been abolished with effect from 15 February 2008.

GOODS AND SERVICES TAX (“GST”)

The sale of our Shares by a GST-registered investor belonging in Singapore to another person belonging in Singapore is an exempt supply and would not be subject to GST. Any GST incurred by the GST-registered investor in respect of such exempt supplies is not recoverable from the Comptroller of GST, Singapore.

Where our Shares are sold by a GST-registered investor to a person belonging to a country other than Singapore, the sale is a zero-rated supply (i.e. subject to GST at zero rate). Any GST incurred by a GST-registered investor in making a zero-rated supply may be recoverable as input GST from the Comptroller of GST, Singapore, subject to the conditions.

Services such as brokerage, handling and clearing services rendered by a GST-registered person to an investor belonging in Singapore in connection with the investor’s purchase, sale or holding of our Shares will be subject to GST at the standard rate of 7.0%. Similar services rendered contractually to an investor belonging outside Singapore should qualify for zero-rating (i.e. subject to GST at zero rate) provided that the investor is not physically present in Singapore at the time the services are performed and the services do not directly benefit a person who belongs in Singapore.

Investors should seek their own tax advice on the recoverability of GST incurred on expenses in connection with purchase and sale of our Shares.

CLEARANCE AND SETTLEMENT

Upon listing and quotation on Catalist, our Shares will be traded under the book-entry settlement system of the CDP, and all dealings in and transactions of the Shares through Catalist will be effected in accordance with the terms and conditions for the operation of securities accounts with the CDP, as amended from time to time.

Our Shares will be registered in the name of CDP or its nominee and held by CDP for and on behalf of persons who maintain, either directly or through Depository Agents, securities accounts with CDP. Persons named as direct securities account holders and Depository Agents in the Depository Register maintained by the CDP, rather than CDP itself, will be treated, under our Constitution, as members of our Company in respect of the number of Shares credited to their respective securities accounts.

Persons holding our Shares in securities account with CDP may withdraw the number of Shares they own from the book-entry settlement system in the form of physical share certificates. Such share certificates will, however, not be valid for delivery pursuant to trades transacted on Catalist, although they will be prima facie evidence of title and may be transferred in accordance with our Constitution. A fee of S\$10.00 for each withdrawal of 1,000 Shares or less and a fee of S\$25.00 for each withdrawal of more than 1,000 Shares is payable upon withdrawing the Shares from the book-entry settlement system and obtaining physical share certificates. In addition, a fee of S\$2.00 or such other amount as our Directors may decide, is payable to the share registrar for each share certificate issued and a stamp duty of S\$10.00 is also payable where our Shares are withdrawn in the name of the person withdrawing our Shares or S\$0.20 per S\$100.00 or part thereof of the last-transacted price where it is withdrawn in the name of a third party. Persons holding physical share certificates who wish to trade on Catalist must deposit with CDP their share certificates together with the duly executed and stamped instruments of transfer in favour of CDP, and have their respective securities accounts credited with the number of Shares deposited before they can effect the desired trades. A fee of S\$10.00 is payable upon the deposit of each instrument of transfer with CDP. The above fees may be subject to such charges as may be in accordance with CDP's prevailing policies or the current tax policies that may be in force in Singapore from time to time.

Transactions in our Shares under the book-entry settlement system will be reflected by the seller's securities account being debited with the number of Shares sold and the buyer's securities account being credited with the number of Shares acquired. No transfer of stamp duty is currently payable for the Shares that are settled on a book-entry basis.

A Singapore clearing fee for trades in our Shares on Catalist is payable at the rate of 0.0325% of the transaction value. The clearing fee, instrument of transfer deposit fee and share withdrawal fee may be subject to Singapore GST at 7.0% (or such other rate prevailing from time to time).

Dealings of our Shares will be carried out in S\$ and will be effected for settlement on CDP on a scripless basis. Settlement of trades on a normal "ready" basis on Catalist generally takes place on the third Market Day following the transaction date, and payment for the securities is generally settled on the following business day. CDP holds securities on behalf of investors in securities accounts. An investor may open a direct account with CDP or a sub-account with a CDP Depository Agent. The CDP Depository Agent may be a member company of the SGX-ST, bank, merchant bank or trust company.

GENERAL AND STATUTORY INFORMATION

INFORMATION ON DIRECTORS, EXECUTIVE OFFICERS AND CONTROLLING SHAREHOLDERS

1. Save as disclosed below, none of our Directors, Executive Officers and Controlling Shareholders:
 - (a) has, at any time during the last 10 years, had an application or a petition under any bankruptcy laws of any jurisdiction filed against him or her or against a partnership of which he or she was a partner at the time when he or she was a partner or at any time within two years from the date he or she ceased to be a partner;
 - (b) has, at any time during the last 10 years, had an application or a petition under any law of any jurisdiction filed against an entity (not being a partnership) of which he or she was a director or an equivalent person or a key executive at the time when he or she was a director or an equivalent person or a key executive of that entity, or at any time within two years after the date he or she ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency;
 - (c) has any unsatisfied judgement against him or her;
 - (d) has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he or she is aware) for such purpose;
 - (e) has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he or she is aware) for such breach;
 - (f) has, at any time during the last 10 years, had judgement entered against him or her in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his or her part, nor has he or she been the subject of any civil proceedings (including any pending civil proceedings of which he or she is aware) involving an allegation of fraud, misrepresentation or dishonesty on his or her part;
 - (g) has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust;
 - (h) has ever been disqualified from acting as a director or equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust;
 - (i) has ever been the subject of any order, judgement or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him or her from engaging in any type of business practice or activity;

GENERAL AND STATUTORY INFORMATION

- (j) has ever, to his or her knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:
- (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere;
 - (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere;
 - (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or
 - (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,
- in connection with any matter occurring or arising during the period when he or she was so concerned with the entity or business trust; and
- (k) has ever been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Authority or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere.

In 2010, a suit was brought by a patient of Dr. Bernard Lee, against Medtronic International Ltd Singapore, Dr. Bernard Lee, and Tan Tock Seng Hospital Pte Ltd alleging, *inter alia*, that Medtronic International Ltd Singapore breached the implied terms of the contract and it had been negligent in that it failed in its duty of care to the patient following the sale of the infusion system, and each of Dr. Bernard Lee and Tan Tock Seng Hospital Pte Ltd had been negligent in that they had failed in their respective duty of care to the patient. On 28 November 2012, parties entered into a settlement agreement whereby, among others, the plaintiff discharged the defendants of and from any claims and complaints arising out of, in connection with, or resulting from the matter. For the avoidance of doubt, parties agreed that the entry into the settlement agreement shall not in any event be construed or else deemed as any express or implied admission of liability or wrongdoing by the defendants. On 10 January 2013, the notice of discontinuance was filed by the plaintiff against each of the abovementioned defendants.

In September 2012, Dr. Bernard Lee made a claim against Pacific Healthcare Specialist Centre (“PHSC”) for certain amounts which were payable to him in connection with his annual bonus for 2008. In the same month, PHSC countersued Dr. Bernard Lee for, among others, amounts due to PHSC on the grounds of Dr. Bernard Lee’s negligence in submitting patients’ Medisave and/or Medishield claims, and the conversion of drugs and medical supplies, and Singapore Paincare Center for, among others, monies had and received by Singapore Paincare Center to the use of PHSC. In April 2014, PHSC paid a certain sum in full and final settlement of Dr. Bernard Lee’s claim, and a notice of discontinuance was filed by Dr. Bernard Lee in August 2014 and by PHSC in September 2014, in respect of each of the claim and counterclaim.

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In March 2018, Dr. Bernard Lee performed an endoscopic lumbar disc decompression procedure to remove a bone spur on a patient with a slipped disc condition in a private hospital when an electric burr which he was using failed during the procedure. Dr. Bernard Lee proceeded with the procedure without the electric burr but was unable to completely remove the bone spur without the said equipment. The patient suffered a minor dural tear (which is a tear in the tissue surrounding the spinal cord) as a result.

In the same month, a written enquiry was made by the patient's son to the hospital and Dr. Bernard Lee, questioning the hospital in respect of, *inter alia*, the nature of the operation failure. The written enquiry had been answered by Dr. Bernard Lee and the supplier of the equipment stating, *inter alia*, the details of the procedure. There were no further enquiries made by the patient or the patient's son.

A review was subsequently conducted by the hospital's group medical advisory board. In February 2019, the hospital's group issued a circular providing that all endoscopic disc procedures had to be performed together with neurosurgeons or orthopaedic surgeons.

In May 2019, a letter was issued by the hospital's group to Dr. Bernard Lee stating, *inter alia*, that:

- (A) there was a violation of the standards of documentation as the procedure indicated in the operating theatre listing differed from the actual procedure being performed;
- (B) the use of the electric burr was inappropriate for a laminectomy (the procedure indicated in the operating theatre listing) and the equipment failure was due to its inappropriate use, and that Dr. Bernard Lee should have abandoned the procedure, and Dr. Bernard Lee's election to continue with the procedure with another inappropriate instrument was likely the direct cause of the complication of the dural tear;
- (C) there was concern that Dr. Bernard Lee lacks the necessary training and/or experience to perform surgeries including but not limited to laminectomies. In any case, Dr. Bernard Lee was not privileged to perform laminectomies at any of the hospitals within their group;
- (D) Dr. Bernard Lee's management of the patient during the pre-operative and intra-operative period did not meet the standard of care and compromised patient safety;
- (E) the hospital permitted Dr. Bernard Lee to retain his clinical privileges to perform the core anaesthetic procedures, but will be suspending Dr. Bernard Lee's clinical privileges to list cases in all its hospitals' operating theatres and endoscopy suites as a proceduralist for a period of three months from 1 June 2019 to 31 August 2019 ("**Temporary Suspension**"); and
- (F) Dr. Bernard Lee will be issued 20 demerit points under the hospital's compliance improvement point system.

In connection with the abovementioned review, Dr. Bernard Lee had informed the relevant committee convened by the hospital's group that he had inadvertently written in the post-operative notes that the procedure was laminectomy although the procedure which was carried out, and which was originally quoted to the patient, was not laminectomy. For completeness, Dr. Bernard had conducted a nucleoplasty (endoscopic lumbar disc decompression), and no laminectomy was conducted on the patient.

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Dr. Bernard Lee has performed more than 50 nucleoplasty (endoscopic lumbar disc decompression) (with an electric burr) at the said hospital since 2014. For the avoidance of doubt, Dr. Bernard Lee has continued to be able to list and carry out procedures at the relevant hospital following the lifting of the Temporary Suspension. Further to the above, Dr. Bernard Lee has taken steps to verify operational records. To the best of Dr. Bernard Lee's knowledge, no complaint has been made to the SMC or the SMA by the patient, the patient's son or the hospital's group in respect of the written enquiry from the patient's son and as a result of the findings from the hospital's group medical advisory board, and accordingly, no investigation was conducted by the SMC and the SMA.

Ms. Lai Chin Yee, our Non-executive Chairman and Independent Director, was the lead independent director of RKH, a company listed on the Main Board of the SGX-ST, from July 2009 to May 2019. On 31 July 2018, RKH announced that they had applied to the High Court of Singapore to commence a court supervised reorganisation process with the intention of proposing a scheme of arrangement to reorganise its liabilities. RKH further announced that intense competition among fellow industry players resulted in thin margins for piling and ground engineering projects, which eventually added to their cash flow pressures. RKH was placed under interim judicial management in early March 2019, with PricewaterhouseCoopers Advisory Services Pte Ltd being appointed as the interim judicial managers of the company. In May 2019, RKH was placed under judicial management. Ms. Lai Chin Yee had, together with all the independent directors of RKH, stepped down as the independent director of RKH following the judicial management orders being made on RKH in May 2019. For the avoidance of doubt, as an independent director of RKH, Ms. Lai Chin Yee was not involved in the day-to-day operations of RKH.

Ms. Ng Phick Suan, our Financial Controller, was previously employed by RKH as financial controller from October 2015 to March 2019. Following the appointment of PricewaterhouseCoopers Advisory Services Pte Ltd as the interim judicial managers of RKH, Ms. Ng Phick Suan ceased to act as financial controller of RKH in mid-March 2019. For the avoidance of doubt, her role in RKH was solely in respect of the group's accounting and tax matters. Ms. Ng Phick Suan was not involved in the day-to-day operations of the group (other than the reporting function of the finance department).

Ms. Ng Phick Suan was also previously the financial controller of ITE Electric Co. Ltd ("**ITE Electric**") (currently known as Sunrise Shares Holdings Ltd.) from August 2013 to July 2014. In April 2014, the Commercial Affairs Department ("**CAD**") issued notices to ITE Electric and its wholly-owned subsidiary, ITE Assets Holdings Pte Ltd ("**ITE Assets**") to provide CAD with access to information for the period commencing from 1 January 2011, relating to, *inter alia*, (1) corporate electronic data, information technology equipment, and data storage devices belonging to ITE Assets (including all records pertaining to securities trading and in relation to accounts held with financial institutions), (2) the chief executive officer and executive director of ITE Electric, Mr. Ho Cheng Leong, (3) the non-executive independent director of ITE Electric, Mr. Goh Hin Calm, and (4) the chief operating officer of ITE Electric and director of ITE Assets, Mr. Ang Cheng Gian. Ms. Ng Phick Suan had assisted the CAD with the abovementioned investigations between April 2014 to July 2014 (in her capacity as financial controller). There were no further follow-up actions by the CAD after their inquiries, and there were no charges brought against her arising from the investigations. For the avoidance of doubt, she was not the subject of the investigations.

2. There is no shareholding qualification for Directors under the Constitution.

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3. Save as disclosed in the sections entitled “Restructuring Exercise” and “Interested Persons Transactions” of this Offer Document, none of our Directors is interested, directly or indirectly, in the promotion of, or in any property or assets which have, within the two years preceding the date of this Offer Document, been acquired or disposed of by or leased to, our Company or our Subsidiaries.
4. No sum or benefit has been paid or is agreed to be paid to any Director or expert, or to any firm in which such Director or expert is a partner or any corporation in which such Director or expert holds shares or debentures, in cash or shares or otherwise, by any person to induce him to become, or to qualify him as, a Director, or otherwise for services rendered by him or by such firm or corporation in connection with the promotion or formation of our Company.
5. Save as disclosed in the sections entitled “Interested Person Transactions” and “Restructuring Exercise” of this Offer Document:
 - (a) none of our Directors, Executive Officers, Controlling Shareholders or any of their Associates has had any interest, direct or indirect, in any transactions to which our Company was or is to be a party;
 - (b) none of our Directors, Executive Officers, Controlling Shareholders or any of their Associates has any interest, direct or indirect, in any company carrying on the same business or a similar trade which competes materially and directly with the existing business of our Group;
 - (c) none of our Directors, Executive Officers, Controlling Shareholders or any of their Associates has any interest, direct or indirect, in any company that is our client or supplier of goods and services; and
 - (d) none of our Directors has any interest in any existing contract or arrangement which is significant in relation to the business of our Company and our Subsidiaries, taken as a whole.

SHARE CAPITAL

6. As at the Latest Practicable Date, there is only one class of shares in the capital of our Company. There are no founder, management or deferred shares. The rights and privileges attached to our Shares are stated in our Constitution.
7. Save as disclosed in the sections entitled “Share Capital” and “Restructuring Exercise” of this Offer Document, there are no changes in the issued and paid-up share capital of our Company, and our Subsidiaries within the last three years preceding the date of this Offer Document.
8. Save as disclosed in the sections entitled “Share Capital” and “Restructuring Exercise” of this Offer Document, no shares in, or debentures of, our Company or any of our Subsidiaries have been issued, or are proposed to be issued, as fully or partially paid, and whether for cash or for a consideration other than cash.
9. Apart from the Performance Share Plan and the Share Option Scheme, our Company does not have any arrangement that involves the issue or grant of options or Shares to the directors or employees of our Group.

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MATERIAL CONTRACTS

10. Save as disclosed below, our Group and our Subsidiaries have not entered into any material contracts, not being contracts entered into in the ordinary course of business, within the two years preceding the date of lodgement of this Offer Document:
- (a) the Convertible Loan Agreement;
 - (b) the Restructuring Agreement;
 - (c) the Tax Indemnity;
 - (d) the joint venture agreement dated 27 June 2018 entered into between PCPL and LCPL to incorporate a joint venture with an issued and paid-up capital of S\$100.00 whereby, among others, the SPCH Specialist Clinics shall provide LCPL with all necessary and desirable training, know-how, instruction, information and bedside manners in relation to certain pain care treatment methods, and LCPL shall offer services relating to such pain care treatment methods from the commencement of the joint venture. In connection with the provision of such pain care treatment methods, PCPL shall receive 51.0% of such amount of actual profit after tax exceeding the projected profit after tax for the relevant financial period of LCPL;
 - (e) the joint venture agreement dated 13 November 2018 entered into between PCPL, HMC Medical, HCSS, Dr. Chee Hsing Gary Andrew and Dr. Lee Peng Khaw, to incorporate a joint venture with an issued and paid-up capital of S\$100.00 whereby, among others, the SPCH Specialist Clinics shall provide HMC Medical with all necessary and desirable training, know-how, instruction, information and bedside manners in relation to certain pain care treatment methods, and HMC Medical shall offer services relating to such pain care treatment methods from the commencement of the joint venture. In connection with the provision of such pain care treatment methods, PCPL shall receive 60.0% of such amount of actual profit after tax exceeding the projected profit after tax for the relevant financial period of HMC Medical;
 - (f) the joint venture agreement dated 1 December 2018 entered into between PCPL and AE Medical Fernvale to incorporate a joint venture with an issued and paid-up capital of S\$100.00 whereby, among others, the SPCH Specialist Clinics shall provide AE Medical Fernvale with all necessary and desirable training, know-how, instruction, information and bedside manners in relation to certain pain care treatment methods, and AE Medical Fernvale shall offer services relating to such pain care treatment methods from the commencement of the joint venture. In connection with the provision of such pain care treatment methods, PCPL shall receive 60.0% of such amount of actual profit after tax exceeding the projected profit after tax for the relevant financial period of AE Medical Fernvale;
 - (g) the joint venture agreement dated 1 January 2019 entered into between PCPL and Sen Med to incorporate a joint venture with an issued and paid-up capital of S\$100.00 whereby, among others, the SPCH Specialist Clinics shall provide Sen Med with all necessary and desirable training, know-how, instruction, information and bedside manners in relation to certain pain care treatment methods, and Sen Med shall offer services relating to such pain care treatment methods from the commencement of the joint venture. In connection with the provision of such pain care treatment methods,

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PCPL shall receive 60.0% of such amount of actual profit after tax exceeding the projected profit after tax for the relevant financial period of the requisite subsidiary of Sen Med;

- (h) the Consultancy Agreement dated 30 December 2018 entered into between PCPL, PCN and the Consultant pursuant to which our Group engaged the Consultant to provide consultancy services in respect of the Placement to our Company, which includes, among others, assisting us with our preparation for the Placement, in consideration of the TLM Consultancy Fees;
- (i) the sale and purchase agreement dated 23 March 2019 entered into between Dr. Jitendra Kumar, Medinex Limited and PCPL in connection with the acquisition of shares in Sen Med, and the letter of intent dated 20 June 2019 in relation to the disposal of PCPL's interest in Sen Med;
- (j) the deed of assignment dated 10 March 2020 between MedBridge Marketing and our Company in relation to the IP Assignment;
- (k) the licensing agreement dated 1 April 2020 entered into between PCPL and The Family Clinic @ Towner Pte. Ltd. in respect of the licence and right to use the pain care treatment methods in Singapore in the conduct of the business of The Family Clinic @ Towner Pte. Ltd. whereby The Family Clinic @ Towner Pte. Ltd. shall pay PCPL an annual royalty in arrears in respect of each completed financial year commencing 1 April 2020 being 60.0% of the actual profit after tax of The Family Clinic @ Towner Pte. Ltd. exceeding the projected profit after tax (and pro-rated to the relevant period, if necessary); and
- (l) a management consultancy agreement dated 1 June 2019 entered into between our Company and Medinex Healthcare Pte. Ltd., a wholly-owned subsidiary of Medinex Limited, in connection with the provision of management consultancy services for a period of nine years commencing from the date of this agreement, which shall continue to be renewed in the same manner after every consecutive nine year period, for so long as such renewal is in compliance with applicable laws and regulations. The services comprise, *inter alia*, facilitating the development of the growth plan of our Company through finance strategy, and providing on-going business insights for corporate development. Our Company shall pay Medinex Healthcare Pte. Ltd. fees of S\$12,000 per month in relation to the above services. Our Company also agreed to appoint Medinex Limited as the preferred partner to provide corporate secretarial services in relation to entities acquired by our Group after listing, based on market rates.

Each of the material contracts set out in (d) to (g) have been terminated pursuant to the terms of the Restructuring Agreement.

LITIGATION

11. To the best of our knowledge and belief, having made all reasonable enquiries, neither our Company nor any of our Subsidiaries is engaged in any legal or arbitration proceedings as plaintiff or defendant, including those which are pending or known to be contemplated, which may have or which have had in the 12 months immediately preceding the date of lodgement of this Offer Document, a material effect on our Group's financial position or profitability of our Company or our Subsidiaries.

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MANAGEMENT AND PLACEMENT ARRANGEMENTS

12. Pursuant to the Management Agreement dated 13 July 2020 entered into between our Company and NCF as the Sponsor and Issue Manager, our Company appointed NCF to sponsor and manage the Placement. NCF will receive a management fee for such services rendered.
13. Pursuant to the Placement Agreement dated 13 July 2020 entered into between our Company and UOBKH as the Placement Agent, the Placement Agent has agreed to subscribe and/or procure subscribers for the Placement Shares, on the terms and subject to the conditions of this Offer Document and in accordance with the Placement Agreement. UOBKH will receive a placement commission from our Company, of 4.00% of the Placement Price multiplied by the total number of Placement Shares which the Placement Agent has agreed to subscribe and/or procure subscribers for pursuant to the Placement Agreement. Subject to any applicable laws and regulations, our Company agrees that the Placement Agent shall be at liberty at its own expense to sub-place its placement obligations under the Placement Agreement and/or appoint such sub-placement agents upon such terms and conditions as the Placement Agent may deem fit.
14. The Management Agreement may be terminated by NCF at any time before the close of the Application List (or such other time and date our Company and the Sponsor and Issue Manager, and the Placement Agent may agree) ("**Closing Date**") on the occurrence of certain events including:
 - (a) NCF becomes aware of any breach by the Company of any of the representations, warranties, covenants or undertakings contained in the Management Agreement or that any of the representations, warranties, covenants or undertakings by the Company in the Management Agreement is untrue or incorrect;
 - (b) NCF becomes aware of any event occurring after the date of the Management Agreement and prior to the Closing Date which would render any of the representations, warranties or undertakings contained in the Management Agreement untrue or incorrect;
 - (c) any of the conditions specified in the Management Agreement not having been fulfilled or waived by NCF on or before the Closing Date;
 - (d) there shall have been or come into effect, since the date of the Management Agreement:
 - (i) any adverse change, or any development involving a prospective adverse effect, in the condition (financial or otherwise), performance or general affairs of the Company and/or its subsidiaries or of the Group as a whole;
 - (ii) any introduction or prospective introduction of or any change or prospective change in any legislation, regulation, order, policy, rule, guideline or directive (whether or not having the force of law) and including without limitation, any directive, notice or request issued by the Authority, the Securities Industry Council of Singapore, the SGX-ST or any other relevant authority in Singapore or elsewhere;
 - (iii) any adverse change, fluctuations, or any development involving a prospective adverse change, or any crisis in local, national, regional or international financial (including, without limitation, to the conditions in the stock market, foreign

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exchange market, inter-bank market or interest rates or money market in Singapore or any other jurisdictions), political, industrial, economic, legal or monetary conditions, taxation or exchange controls (including without limitation, the imposition of any moratorium, suspension or material restriction on trading in securities generally on the SGX-ST due to exceptional financial circumstances or otherwise, adverse changes in foreign exchange controls in Singapore and overseas or any combination of any such changes or developments or crisis or any deterioration of any such conditions);

- (iv) any imminent threat or occurrence of any local, national, regional or international outbreak or escalation of hostilities, insurrection, terrorist attacks or armed conflict whether or not war has been declared or not, or any riot, uprising against constituted authority, civil commotion, disorder, rebellion, insurrection, military or usurped power or any natural catastrophe or other acts of God (whether or not involving financial markets in any jurisdiction);
- (v) save as disclosed in this Offer Document, any epidemic or pandemic that may have an adverse effect on the financial markets;
- (vi) any event or series of events in the nature of *force majeure* (including without limitation, acts of government, strikes, lock-outs, fire, explosion, civil commotion, acts of war, acts of terrorism, and acts of God);
- (vii) there shall have been, since the date of the Management Agreement, any change or prospective change in or any introduction or prospective introduction of any legislation, regulation, policy, directive, guideline, rule or byelaw by any relevant government or regulatory body, whether or not having the force of law, or any other occurrence of similar nature that would materially change the scope of work, responsibility or liability required of NCF;
- (viii) the issue of a stop order by the Authority (in accordance with Section 242 of the Securities and Futures Act), the SGX-ST (acting as agent on behalf of the Authority) (to the extent applicable), or any other competent authority, notwithstanding that a supplementary or replacement offer document is subsequently lodged with the SGX-ST (acting as agent on behalf of the Authority) pursuant to Section 241 of the Securities and Futures Act; or
- (ix) any occurrence of any nature whatsoever,

which shall in the opinion of NCF:

- (1) result or be likely to result in an adverse fluctuation or adverse conditions in the stock market in Singapore;
- (2) be likely to materially prejudice the success of the Placement (whether in the primary market or in respect of dealings in the secondary market);
- (3) make it impracticable, inadvisable, inexpedient or uncommercial to proceed with any of the transactions contemplated under the Management Agreement;

GENERAL AND STATUTORY INFORMATION

- (4) be likely to have an adverse effect on the business, trading position, operations or prospects of the Company or of the Group;
 - (5) be such that no reasonable sponsor or issue manager would have entered into the Management Agreement;
 - (6) result or be likely to result in the issue of a stop order by the Authority (pursuant to the Securities and Futures Act), the SGX-ST (acting as agent on behalf of the Authority), or any other competent authority (notwithstanding that a supplementary prospectus or replacement prospectus is subsequently registered with the Authority pursuant to Section 241 of the Securities and Futures Act);
 - (7) make it uncommercial or otherwise contrary to or outside the usual commercial practices of full sponsor in Singapore for NCF to observe or perform or be obliged to observe or perform the terms of the Management Agreement;
- (e) if it comes to the notice of NCF that (i) any statement contained in this Offer Document or the Application Forms which, in the opinion of NCF has become untrue, incorrect or misleading in any respect; or (ii) circumstances or matters have arisen or have been discovered, which would, if this Offer Document was to be issued at that time, constitute in the opinion of NCF, a material omission of such information, and the Company fails to lodge a supplementary or replacement offer document within a reasonable time after being notified of such material misrepresentation or omission or fails to promptly take such steps as the Placement Agent may require to inform investors of the lodgement of such supplementary or replacement offer document. In such an event, NCF and the Placement Agent reserve the right, at its absolute discretion, to inform the SGX-ST and the Authority (to the extent applicable) and to cancel the Placement and any application monies received will be refunded (without interest or any share of revenue or other benefit arising therefrom) to the applicants for the Placement Shares by ordinary post or telegraphic transfer at the applicant's own risk within fourteen (14) days of the termination of the Placement;
- (f) there shall come to the knowledge of NCF any information, matter or event which may result or be likely to result in the issue of a stop order by the Authority in accordance with Section 242 of the Securities and Futures Act, the SGX-ST (acting as agent on behalf of the Authority) (to the extent applicable), or any other competent authority, notwithstanding that a supplementary or replacement offer document is subsequently registered with the SGX-ST (acting as agent on behalf of the Authority) pursuant to Section 241 of the Securities and Futures Act;
- (g) if the SGX-ST or the Authority or other regulatory body having authority over the Company shall make any ruling (or revoke any ruling previously made) the effect of which would restrict or impede the listing of and quotation for the Placement Shares;
- (h) if the issue and subscription of the Placement Shares in accordance with the provisions of the Management Agreement shall be prohibited by any statute, order, regulation or directive issued by, or objected to by, any legislative, executive or regulatory body or authority of Singapore or elsewhere (including without any limitation, the Authority and the SGX-ST); or
- (i) the Company wilfully fails to comply with any advice from or recommendation of NCF.

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The Placement Agreement and the obligations of the Placement Agent under the Placement Agreement are conditional upon, among others:

- (a) this Offer Document having been registered by the SGX-ST, acting as agent on behalf of the Authority by the date of registration in accordance with the Catalist Rules, and all the issued Shares, including the Placement Shares, the Performance Shares and the Option Shares being admitted to Catalist;
- (b) such approvals of governmental or regulatory authorities (including governmental or regulatory authorities in Singapore) and corporate or shareholder approvals of our Company as may be required for the transactions described in the Placement Agreement and in the Offer Document being obtained, and not withdrawn or amended, on or before the date on which our Company is admitted to Catalist (or such other date as our Company, the Sponsor and Issue Manager and the Placement Agent may agree), and the compliance in full to the satisfaction of all the relevant authorities granting such approvals of all conditions (if any) attaching or in relation thereto on or before the date on which our Company is admitted to Catalist (or such other date as our Company, the Sponsor and Issue Manager and the Placement Agent may agree);
- (c) the notice of registration ("**Registration Notice**") being issued by the SGX-ST in relation to the listing and quotation by the SGX-ST of the issued Shares, Placement Shares, Performance Shares and Option Shares on Catalist, and such Registration Notice not being revoked or withdrawn on or prior to the date of Listing;
- (d) the compliance by our Company to the satisfaction of the SGX-ST with all the conditions imposed by the SGX-ST in granting the Registration Notice, where such conditions are required to be complied with by the Closing Date or the date of Listing, as the case may be;
- (e) the compliance with all applicable laws and regulations concerning the Placement, the Listing and the transactions contemplated in the Placement Agreement and this Offer Document and no new laws, regulations and directives having been promulgated, published and/or issued and/or having taken effect or other similar matter having occurred which, in the opinion of the Placement Agent, have or may have a material adverse effect on the Placement and the Listing; and
- (f) there having been, in the opinion of the Placement Agent, no material adverse change or any development likely to result in a material adverse change in the business, trading, operational, financial or other condition of our Group between the date of the Placement Agreement and the date of Listing nor the occurrence of any event nor the discovery of any fact rendering untrue, incorrect or misleading in any material respect, as at the date of Listing, any of the warranties or representations contained in Clause 3 of the Placement Agreement nor any breach by our Company of any of its respective obligations hereunder;
- (g) the delivery by our Company to the Placement Agent on the Closing Date of a certificate, in the form set out in the Placement Agreement, signed by a Director;
- (h) the delivery to the Placement Agent on the date of this Offer Document of comfort letters dated the date of this Offer Document from the reporting auditors for the Placement in the form and substance satisfactory to the Placement Agent;

GENERAL AND STATUTORY INFORMATION

- (i) the delivery to the Placement Agent on the date of this Offer Document of the duly executed moratorium undertakings by the respective shareholders as set out in section entitled “Moratorium” of this Offer Document;
- (j) the delivery by our Company to the Placement Agent on or before the Closing Date (or such other date as the Parties hereto may agree) of evidence that all necessary steps have been taken, all necessary approvals and consents have been obtained, all necessary formalities have been completed and all applicable laws, regulations and directives having been complied with in all material respects to enable the Placement Shares to be allotted, issued and listed and traded on the SGX-ST, such evidence to be in the form and substance satisfactory to the Placement Agent;
- (k) there being no amendment or supplemental to this Offer Document announced, issued, published or delivered to investors without the prior approval of the Placement Agent;
- (l) all necessary steps have been taken, all necessary approvals and consents have been obtained (including the in-principle approval for the Listing), all necessary formalities in Singapore have been completed and all applicable laws, regulations and directives have been complied with to enable our Shares to be allotted, issued, transferred, sold, listed and traded on the SGX-ST (including, but not limited to, compliance with the shareholding spread and distribution requirements under the Catalist Rules), and there shall not have occurred any withdrawal of such approval or any ruling or any event or condition that would prevent the commencement of trading of our Shares;
- (m) the representations, warranties and undertakings in the Placement Agreement remaining true and accurate in all respects as at the date of Listing;
- (n) the execution of the Management Agreement on the date of this Offer Document and the Management Agreement not being terminated or rescinded pursuant to the provisions of the Management Agreement; and
- (o) there being no stop order or similar order served by the MAS or any court or other judicial, governmental or regulatory authority in Singapore in relation to the Listing and the subscription, allotment or issue, as the case may be, and delivery of our Shares in accordance with the provisions of the Placement Agreement not being prohibited by any statute, order, rule, regulation or directive issued by, or objected to, by any legislative, executive or regulatory body or authority in Singapore (including, without limitation, the Authority and the SGX-ST).

MISCELLANEOUS

15. There has been no public take-over offer by a third party in respect of our Shares or by our Company in respect of the shares of another corporation or units of business trust which has occurred between the date of the incorporation of our Company to the Latest Practicable Date.
16. No expert is employed on a contingent basis by our Company or our Subsidiaries, or has a material interest, whether direct or indirect, in the shares of our Company or our Subsidiaries, or has a material economic interest, whether direct or indirect, in our Company, including an interest in the success of the Placement.

GENERAL AND STATUTORY INFORMATION

17. No amount of cash or securities or benefit has been paid or given to any promoter within the two years preceding the Latest Practicable Date or is proposed or intended to be paid or given to any promoter at any time.
18. Save as disclosed in the section entitled “General and Statutory Information – Management and Placement Arrangements” of this Offer Document, no commission, discount or brokerage has been paid or other special terms granted within the two years preceding the Latest Practicable Date or is payable to any Director, promoter, expert, proposed director or any other person for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any shares in, or debentures of, our Company or our Subsidiaries.
19. Application monies received by our Company in respect of successful applications (including successful applications which are subsequently rejected) will be placed in a separate non-interest bearing account with the Receiving Banker. In the ordinary course of business, the Receiving Banker may deploy these monies in the inter-bank money market. All profits derived from the deployment of such monies will accrue to the Receiving Bank. Any refund of all or part of the application monies to unsuccessful or partially successful applicants will be made without any interest or any share of revenue or any other benefit arising therefrom.
20. Save as disclosed in the sections entitled “Risk Factors”, “Management’s Discussion and Analysis of Results of Operations and Financial Position”, “General Information on Our Group”, “Interested Person Transactions” and “General and Statutory Information” of this Offer Document, our Directors are not aware of any relevant material information including trading factors or risks which are unlikely to be known or anticipated by the general public and which could materially affect the profits of our Company and our Subsidiaries.
21. Save as disclosed in the sections entitled “Risk Factors”, “Management’s Discussion and Analysis of Results of Operations and Financial Position”, “General Information on Our Group”, “Interested Person Transactions” and “General and Statutory Information” of this Offer Document, the financial condition and operations of our Group are not likely to be affected by any of the following:
 - (a) known trends, uncertainties, demands, commitments, or events that are reasonably likely to have a material effect on net sales or revenues, profitability, liquidity or capital resources for at least the current financial year, or that may cause financial information disclosed in the Offer Document to be not necessarily indicative of the future operating results or financial condition of our Company;
 - (b) material commitments for capital expenditure; and
 - (c) unusual or infrequent events or transactions or any significant economic changes that will materially affect the amount of reported income from operations.
22. Save as disclosed in the sections entitled “Risk Factors”, “Capitalisation and Indebtedness”, “General Information on Our Group”, “Interested Person Transactions” and “General and Statutory Information” of this Offer Document, our Directors are not aware of any event which has occurred since the end of 31 December 2019 to the Latest Practicable Date which may have a material effect on the financial position and results of our Group or the financial information provided in this Offer Document.

GENERAL AND STATUTORY INFORMATION

23. Details, including the name, address and professional qualifications including membership in a professional body of the auditors of our Company for the Period Under Review are as follows:

Name and address	Partner-in-charge/Professional qualification
BDO LLP 600 North Bridge Road #23-01 Parkview Square Singapore 188778	Leong Hon Mun Peter (a member of the ISCA)

We currently have no intention of changing our auditors after the listing of our Company on Catalist.

CONSENTS

24. The Independent Auditors and Reporting Accountants, BDO LLP, has given and has not withdrawn their written consent to the issue of this Offer Document with the inclusion herein of its name and all references thereto, the “Independent Auditors’ Report and Audited Combined Financial Statements of Singapore Paincare Holdings Limited and its Subsidiaries for the Financial Years Ended 30 June 2017, 2018 and 2019” as set out in Appendix A of this Offer Document, “Independent Auditors’ Review Report and Unaudited Interim Condensed Combined Financial Statements of Singapore Paincare Holdings Limited and its Subsidiaries for the Financial Period from 1 July 2019 to 31 December 2019” as set out in Appendix B of this Offer Document, and “Independent Auditors’ Assurance Report and Compilation of Unaudited *Pro Forma* Combined Financial Information of Singapore Paincare Holdings Limited and its Subsidiaries for the Financial Year Ended 30 June 2019 and for the Financial Period from 1 July 2019 to 31 December 2019” as set out in Appendix C of this Offer Document, in the form and context in which they are included in this Offer Document and to act in such capacity in relation to this Offer Document.
25. The Sponsor and Issue Manager has given and has not withdrawn its written consent to the issue of this Offer Document with the inclusion herein of its name and all references thereto in the form and context in which they are included in this Offer Document and to act in such capacity in relation to this Offer Document.
26. The Placement Agent has given and has not withdrawn its written consent to the issue of this Offer Document with the inclusion herein of its name and all references thereto in the form and context in which they are included in this Offer Document and to act in such capacity in relation to this Offer Document.
27. Acctax has given and has not withdrawn its written consent to the issue of this Offer Document with the inclusion herein of its name and all references thereto, and the statements in the sections entitled “Risk Factors – Risks relating to our Business – We may be subject to penalties imposed by the IRAS” and “Interested Person Transactions – Present and on-going Interested Person Transactions – Provision of indemnity by Dr. Bernard Lee in relation to the potential additional tax liabilities which our Group may face” attributed to it in this Offer Document, in the form and context in which they are included in this Offer Document and to act in such capacity in relation to this Offer Document.

GENERAL AND STATUTORY INFORMATION

28. Our Group's independent internal control advisers, RSM Risk Advisory, has given and has not withdrawn its written consent to the issue of this Offer Document with the inclusion herein of its name and all references thereto in the form and context in which they are included in this Offer Document and to act in such capacity in relation to this Offer Document.
29. The Solicitors to the Placement and Legal Adviser to our Company on Singapore Law has given and has not withdrawn its written consent to the issue of this Offer Document with the inclusion herein of its name and all references thereto in the form and context in which they are included in this Offer Document and to act in such capacity in relation to this Offer Document.
30. Each of the Solicitors to the Placement and Legal Adviser to our Company on Singapore Law, the Share Registrar and Share Transfer Agent and the Receiving Banker does not make or purport to make any statement in this Offer Document or any statement upon which a statement in this Offer Document is based and each of them makes no representation regarding any statement in this Offer Document and to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any liability to any person which is based on, or arises out of, any statement, information or opinions in, or omission from, this Offer Document.

RESPONSIBILITY STATEMENT BY OUR DIRECTORS

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

DOCUMENTS FOR INSPECTION

32. The following documents or copies thereof may be inspected at our registered office during normal business hours for a period of six months from the date of registration of this Offer Document with the SGX-ST (acting as agent on behalf of the Authority):
 - (a) the Constitution of our Company;
 - (b) Independent Auditors' Report and Audited Combined Financial Statements of Singapore Paincare Holdings Limited and its Subsidiaries for the Financial Years Ended 30 June 2017, 2018 and 2019;
 - (c) Independent Auditors' Review Report and Unaudited Interim Condensed Combined Financial Statements of Singapore Paincare Holdings Limited and its Subsidiaries for the Financial Period from 1 July 2019 to 31 December 2019;

GENERAL AND STATUTORY INFORMATION

- (d) Independent Auditors' Assurance Report and Compilation of Unaudited *Pro Forma* Combined Financial Information of Singapore Paincare Holdings Limited and its Subsidiaries for the Financial Year Ended 30 June 2019 and for the Financial Period from 1 July 2019 to 31 December 2019;
- (e) the Service Agreements referred to in this Offer Document;
- (f) the material contracts referred to in this Offer Document;
- (g) the letters of consent referred to in this Offer Document;
- (h) the Performance Share Plan; and
- (i) the Share Option Scheme.

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**APPENDIX A – INDEPENDENT AUDITORS’ REPORT AND
AUDITED COMBINED FINANCIAL STATEMENTS OF
SINGAPORE PAINCARE HOLDINGS LIMITED AND ITS SUBSIDIARIES
FOR THE FINANCIAL YEARS ENDED 30 JUNE 2017, 2018 AND 2019**

**SINGAPORE PAINCARE HOLDINGS LIMITED
and its subsidiaries**

Independent Auditors’ Report And Audited Combined Financial Statements
For the financial years ended 30 June 2017, 2018 and 2019

**AUDITED COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 30 JUNE 2017, 2018 AND 2019**

STATEMENT BY DIRECTORS

We, Lee Mun Kam Bernard and Loh Foo Keong Jeffrey, being two of the directors of Singapore Paincare Holdings Limited (the “Company”), do hereby state that, in the opinion of the Board of Directors,

- the accompanying combined financial statements together with notes thereon as set out on pages A-6 to A-62 are drawn up in accordance with the Singapore Financial Reporting Standards (International) so as to give a true and fair view of the combined financial position of the Company and its subsidiaries (the “Group”) as at 30 June 2017, 2018 and 2019, and of the combined financial performance, combined changes in equity and combined cash flows of the Group for the financial years ended on those dates; and
- at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors

Lee Mun Kam Bernard
Director

Loh Foo Keong Jeffrey
Director

Singapore
13 July 2020

**INDEPENDENT AUDITORS' REPORT ON THE AUDITED COMBINED
FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED
30 JUNE 2017, 2018 AND 2019**

13 July 2020

The Board of Directors
Singapore Paincare Holdings Limited
150 Orchard Road
#07-18 Orchard Plaza
Singapore 238841

Report on the audit of the combined financial statements

Opinion

We have audited the combined financial statements of Singapore Paincare Holdings Limited (the "Company") and its subsidiaries (collectively the "Group"), which comprise the combined statements of financial position of the Group as at 30 June 2017, 2018 and 2019, and the combined statements of comprehensive income, combined statements of changes in equity and combined statements of cash flows of the Group for each of the financial years ended 30 June 2017, 2018 and 2019, and notes to the financial statements including a summary of significant accounting policies, as set out on pages A-6 to A-62.

In our opinion, the accompanying combined financial statements of the Group are properly drawn up in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the combined financial position of the Group as at 30 June 2017, 2018 and 2019, and of the combined financial performance, combined changes in equity and combined cash flows of the Group for each of the financial years ended 30 June 2017, 2018 and 2019.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the combined 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 combined 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.

Responsibilities of management and directors for the combined financial statements

Management is responsible for the preparation of the combined financial statements that give a true and fair view in accordance with 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 combined financial statements and to maintain accountability of assets.

**INDEPENDENT AUDITORS' REPORT ON THE AUDITED COMBINED
FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED
30 JUNE 2017, 2018 AND 2019 (Continued)**

Report on the audit of the combined financial statements (Continued)

***Responsibilities of management and directors for the combined financial statements
(Continued)***

In preparing the combined 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 combined financial statements

Our objectives are to obtain reasonable assurance about whether the combined 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 combined 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 combined 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 combined 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.

**INDEPENDENT AUDITORS' REPORT ON THE AUDITED COMBINED
FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED
30 JUNE 2017, 2018 AND 2019 (Continued)**

Report on the audit of the combined financial statements (Continued)

Auditors' responsibilities for the audit of the combined financial statements (Continued)

- Evaluate the overall presentation, structure and content of the combined financial statements, including the disclosures, and whether the combined 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 combined financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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.

Restriction on distribution and use

This report is made solely to you as a body for the inclusion in the Offer Document to be issued in relation to the proposed initial public offering of the shares of the Company in connection with the Company's listing on Catalist, the sponsor-supervised listing platform of the Singapore Exchange Securities Trading Limited.

BDO LLP
Public Accountants and
Chartered Accountants

Singapore

Leong Hon Mun Peter
Partner-in-charge

**SINGAPORE PAINCARE HOLDINGS LIMITED
AND ITS SUBSIDIARIES**

**COMBINED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2017, 2018 AND 2019**

	Note	2017 \$	2018 \$	2019 \$
ASSETS				
Non-current assets				
Plant and equipment	5	52,137	30,667	20,729
Intangible asset	6	–	–	–
Financial asset at fair value through profit or loss (“FVTPL”)	7	–	–	235,000
		<u>52,137</u>	<u>30,667</u>	<u>255,729</u>
Current assets				
Inventories	8	149,120	124,180	123,334
Trade and other receivables	9	1,627,055	1,762,059	1,047,881
Prepayments		–	2,221	8,761
Cash and cash equivalents	10	1,909,716	789,544	1,243,695
		<u>3,685,891</u>	<u>2,678,004</u>	<u>2,423,671</u>
Total assets		<u><u>3,738,028</u></u>	<u><u>2,708,671</u></u>	<u><u>2,679,400</u></u>
EQUITY AND LIABILITIES				
Equity				
Share capital	11	4	4	6
Retained earnings		1,513,174	760,543	301,085
Total equity		<u>1,513,178</u>	<u>760,547</u>	<u>301,091</u>
Non-current liabilities				
Bank borrowings	12	1,228,909	1,200,830	–
Current liabilities				
Trade and other payables	13	751,300	505,521	238,872
Bank borrowings	12	33,877	28,079	1,995,878
Current income tax payable		210,764	213,694	143,559
		<u>995,941</u>	<u>747,294</u>	<u>2,378,309</u>
Total liabilities		<u>2,224,850</u>	<u>1,948,124</u>	<u>2,378,309</u>
Total equity and liabilities		<u><u>3,738,028</u></u>	<u><u>2,708,671</u></u>	<u><u>2,679,400</u></u>

The accompanying notes form an integral part of these financial statements.

**SINGAPORE PAINCARE HOLDINGS LIMITED
AND ITS SUBSIDIARIES**

**COMBINED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEARS ENDED 30 JUNE 2017, 2018 AND 2019**

	Note	2017 \$	2018 \$	2019 \$
Revenue	14	4,030,322	4,012,621	3,888,001
<i>Other items of income</i>				
Other income	15	125,358	155,490	447,155
<i>Items of expense</i>				
Changes in inventories		(43,835)	(24,940)	(846)
Inventories and consumables used		(868,094)	(831,633)	(696,806)
Employee benefits expense	16	(852,293)	(837,988)	(838,695)
Depreciation expense of plant and equipment		(30,581)	(21,470)	(17,261)
Operating lease expenses		(405,000)	(405,000)	(408,000)
Other expenses		(432,933)	(454,752)	(970,130)
Finance costs	17	–	–	(11,053)
Profit before income tax	18	1,522,944	1,592,328	1,392,365
Income tax expense	19	(197,369)	(206,959)	(136,823)
Profit for the financial year, representing total comprehensive income for the financial year		<u>1,325,575</u>	<u>1,385,369</u>	<u>1,255,542</u>
Profit and total comprehensive income attributable to owners of the parent		<u>1,325,575</u>	<u>1,385,369</u>	<u>1,255,542</u>
Earnings per share				
– Basic and diluted (cents)	20	<u>1.17</u>	<u>1.22</u>	<u>1.11</u>

The accompanying notes form an integral part of these financial statements.

**SINGAPORE PAINCARE HOLDINGS LIMITED
AND ITS SUBSIDIARIES**

**COMBINED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEARS ENDED 30 JUNE 2017, 2018 AND 2019**

	Note	Share capital \$	Retained earnings \$	Total equity \$
Balance at 1 July 2016		4	402,599	402,603
Profit for the financial year		–	1,325,575	1,325,575
Total comprehensive income for the financial year		–	1,325,575	1,325,575
Distributions to owners				
Dividends	21	–	(215,000)	(215,000)
Total transactions with owners		–	(215,000)	(215,000)
Balance at 30 June 2017		4	1,513,174	1,513,178
Balance at 1 July 2017		4	1,513,174	1,513,178
Profit for the financial year		–	1,385,369	1,385,369
Total comprehensive income for the financial year		–	1,385,369	1,385,369
Distributions to owners				
Dividends	21	–	(2,138,000)	(2,138,000)
Total transactions with owners		–	(2,138,000)	(2,138,000)
Balance at 30 June 2018		4	760,543	760,547
Balance at 1 July 2018		4	760,543	760,547
Profit for the financial year		–	1,255,542	1,255,542
Total comprehensive income for the financial year		–	1,255,542	1,255,542
Contributions by and distributions to owners				
Issue of shares	11	2	–	2
Dividends	21	–	(1,715,000)	(1,715,000)
Total transactions with owners		2	(1,715,000)	(1,714,998)
Balance at 30 June 2019		6	301,085	301,091

The accompanying notes form an integral part of these financial statements.

**SINGAPORE PAINCARE HOLDINGS LIMITED
AND ITS SUBSIDIARIES**

**COMBINED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEARS ENDED 30 JUNE 2017, 2018 AND 2019**

	2017 \$	2018 \$	2019 \$
Operating activities			
Profit before income tax	1,522,944	1,592,328	1,392,365
Adjustments for:			
Depreciation of plant and equipment	30,581	21,470	17,261
Loss allowance on doubtful receivables	22,104	10,250	46,107
Bad debts written-off	–	–	9,054
Interest expense	–	–	11,053
Dividend income	–	–	(120,000)
Fair value gain on financial asset at FVTPL	–	–	(235,000)
Operating cash flows before working capital changes	1,575,629	1,624,048	1,120,840
Inventories	43,835	24,940	846
Trade and other receivables	(44,259)	305,746	31,880
Prepayments	–	(2,221)	(6,540)
Trade and other payables	222,752	(60,161)	(274,420)
Cash generated from operations	1,797,957	1,892,352	872,606
Income tax paid	(45,928)	(204,029)	(206,958)
Net cash from operating activities	1,752,029	1,688,323	665,648
Investing activities			
Purchase of plant and equipment	(48,000)	–	(7,323)
Dividend received	–	–	120,000
Investment in financial asset at FVTPL	–	–	(630,000)
Consideration received from investment in financial asset at FVTPL	–	–	630,000
Advances to related parties	(589,557)	(451,000)	(200,000)
Net cash used in investing activities	(637,557)	(451,000)	(87,323)
Financing activities			
Proceeds from issuance of shares	–	–	2
Proceeds from borrowings (Note A)	599,638	48,853	828,853
Repayment of borrowings (Note A)	(60,081)	(82,730)	(61,884)
Advances from director	90,829	56,198	7,771
Repayment to director	–	(241,816)	–
Interest paid	–	–	(11,053)
Dividends paid (Note B)	(215,000)	(2,138,000)	(887,863)
Net cash from/(used in) financing activities	415,386	(2,357,495)	(124,174)
Net change in cash and cash equivalents	1,529,858	(1,120,172)	454,151
Cash and cash equivalents at beginning of financial year	379,858	1,909,716	789,544
Cash and cash equivalents at end of financial year	1,909,716	789,544	1,243,695

The accompanying notes form an integral part of these financial statements.

**SINGAPORE PAINCARE HOLDINGS LIMITED
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**COMBINED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEARS ENDED 30 JUNE 2017, 2018 AND 2019 (Continued)**

Note A: Reconciliation of liabilities arising from financing activities

	Balance at the beginning of the financial year \$	Cash flows \$	Balance at the end of the financial year \$
2019			
Bank borrowings	<u>1,228,909</u>	<u>766,969</u>	<u>1,995,878</u>
2018			
Bank borrowings	<u>1,262,786</u>	<u>(33,877)</u>	<u>1,228,909</u>

Note B

The advances to directors are offset with dividend declared of \$215,000, \$2,138,000 and \$1,715,000 for the financial years ended 30 June 2017, 2018 and 2019 respectively.

**SINGAPORE PAINCARE HOLDINGS LIMITED
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**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 30 JUNE 2017, 2018 AND 2019**

These notes form an integral part and should be read in conjunction with the combined financial statements.

These combined financial statements have been prepared for inclusion in the Offer Document of Singapore Paincare Holdings Limited (the “Company”) and its subsidiaries (the “Group”) and were authorised for issue by the Directors of the Company on 13 July 2020.

1. General corporate information

1.1 Domicile and activities

The Company is a private limited company, incorporated and domiciled in Singapore with its registered office and principal place of business at 150 Orchard Road #07-18 Orchard Plaza, Singapore 238841. In connection with its conversion into a public company limited by shares, the Company changed its name from Singapore Paincare Holdings Pte. Ltd. to Singapore Paincare Holdings Limited on 16 June 2020. The registration number of the Company is 201843233N.

The principal activity of the Company is that of an investment holding company.

The principal activities of the subsidiaries (collectively the “Group”) are set out in Note 1.3 to the combined financial statements.

1.2 Restructuring exercise

Prior to the Placement, a restructuring exercise (the “Restructuring Exercise”) was carried out which resulted in the Company becoming the holding company of the Group. The following steps were taken in the Restructuring Exercise:

(a) Incorporation of Singapore Paincare Holdings Pte. Ltd. (“SPH”)

SPH was incorporated in Singapore on 31 December 2018 in accordance with Companies Act as an exempt private company limited by shares with an initial paid-up capital of \$2 comprising 2 ordinary shares held by the Company’s director, Dr. Lee Mun Kam Bernard.

(b) Acquisition of subsidiaries

On 5 July 2019, the Company entered into a Restructuring Agreement with the respective shareholders (“Vendors”) of Paincare Center Pte. Ltd., Singapore Paincare Center @ Novena Pte. Ltd., Lian Clinic Pte. Ltd., AE Medical Sengkang Private Limited, AE Medical Fernvale Pte. Ltd. and HMC Medical Pte. Ltd. (“Subsidiaries”) to acquire the entire issued and paid-up share capital of the Subsidiaries at the following purchase consideration:

- (i) \$399,384 for Paincare Center Pte. Ltd.;

**SINGAPORE PAINCARE HOLDINGS LIMITED
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**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 30 JUNE 2017, 2018 AND 2019 (Continued)**

1. General corporate information (Continued)

1.2 Restructuring exercise (Continued)

(b) Acquisition of subsidiaries (Continued)

- (ii) \$1,115,896 for Singapore Paincare Center @ Novena Pte. Ltd.;
- (iii) \$936,000 for Lian Clinic Pte. Ltd.;
- (iv) \$166,950 for AE Medical Sengkang Private Limited;
- (v) \$206,064 for AE Medical Fernvale Pte. Ltd.; and
- (vi) \$323,956 for HMC Medical Pte. Ltd.

Pursuant to the Restructuring Agreement, the purchase consideration shall be satisfied by the allotment and issuance of ordinary shares of the Company (“Consideration Shares”) as follows:

- (i) 4,413 Consideration Shares to Dr Lee Mun Kam Bernard to 100% equity interest of Paincare Center Pte Ltd and Singapore Paincare @ Novena Pte. Ltd.;
- (ii) 1,364 Consideration Shares to Dr Loh Foo Keong Jeffrey to acquire 50% equity interest of Lian Clinic Pte. Ltd.;
- (iii) 1,363 Consideration Shares to Joyce Wong Jing Yi to acquire 50% equity interest of Lian Clinic Pte. Ltd.;
- (iv) 682 Consideration Shares to Dr Wong Shing Yip to acquire 50% equity interest of AE Medical Fernvale Pte. Ltd. and 100% equity interest of AE Medical Sengkang Private Limited;
- (v) 405 Consideration Shares to Dr Huang Guoliang, Eugene to acquire 50% equity interest of AE Medical Fernvale Pte. Ltd.;
- (vi) 231 Consideration Shares to Dr Chee Hsing Gary Andrew to acquire 24.5% equity interest of HMC Medical Pte. Ltd.;
- (vii) 231 Consideration Shares to Dr Lee Peng Khow to acquire 24.5% of the equity interest of HMC Medical Pte. Ltd.; and
- (viii) 482 Consideration Shares to HC Surgical Specialists Limited (“HCSS”) to acquire 51% equity interest of HMC Medical Pte. Ltd.

**SINGAPORE PAINCARE HOLDINGS LIMITED
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**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 30 JUNE 2017, 2018 AND 2019 (Continued)**

1. General corporate information (Continued)

1.2 Restructuring exercise (Continued)

(b) Acquisition of subsidiaries (Continued)

The Restructuring Agreement was amended and restated on 1 April 2020, whereby 36,427, 22,533, 6,500, 4,129, 2,374, 2,374 and 4,940 ordinary shares were further issued to each of Dr. Bernard Lee, Dr. Jeffrey Loh, Dr. Wong Shing Yip, Dr. Huang Guoliang, Eugene, Dr. Chee Hsing Gary Andrew, Dr. Lee Peng Khow and HCSS respectively. The shares were issued to reflect the agreed shareholding interest in the Company based on the subsidiaries' unaudited profit after tax over the Group's unaudited profit after tax for the financial period between 1 July 2018 to 31 March 2020.

(c) Acquisition of Sen Med Holdings Pte. Ltd. ("SMH")

The Group acquired 20% equity interest in SMH and classified it as financial asset at fair value through profit or loss on 1 March 2019. On 20 June 2019, the Group sold 20% of the issued share capital of SMH back to Dr. Jitendra Kumar Sen for the same consideration of S\$630,000. The sale was completed on 21 June 2019. The Group re-acquired 45% equity interest of SMH through a Restructuring Agreement entered on 5 July 2019 after which SMH became an associate of the Company. The consideration for the acquisition amounted to \$283,638, of which was satisfied by way of issuance 827 of the Company's shares.

The Restructuring Agreement was amended and restated on 1 April 2020, whereby 10,723 ordinary shares were further issued to Dr. Jitendra Kumar Sen. The ordinary shares were issued to reflect the agreed shareholding interest in the Company based on the associate's over the Group's unaudited profit after tax for the financial period between 1 July 2018 to 31 March 2020.

(d) Redeemable convertible loan

On 30 July 2019, the Company entered into a convertible loan agreement ("the RCL") with the RCL lenders for an aggregate sum of \$2,700,000. The RCL shall be converted into ordinary shares at a discount of 40% to the placement price upon the terms and conditions of the convertible loan agreement.

On 12 May 2020, the Company entered into a deed of amendment to the RCL, and the conversion of the RCL into the Company's ordinary shares are fixed at 20,454,542 number of ordinary shares of the Company upon conversion.

**SINGAPORE PAINCARE HOLDINGS LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 30 JUNE 2017, 2018 AND 2019 (Continued)**

1. General corporate information (Continued)

1.3 Details of subsidiaries, joint ventures and associated companies

As at 30 June 2017, 2018 and 2019, the subsidiaries and joint ventures of the Group are as follows:

Name of company	Principal place of business	Principal activities	Effective equity interest		
			2017 %	2018 %	2019 %
Paincare Center Pte. Ltd.	Singapore	Operation of medical clinic and the provision of medical services	100	100	100
Singapore Paincare Center @ Novena Pte. Ltd.	Singapore	Operation of medical clinic and the provision of medical services	100	100	100
Horizon Paincare Pte. Ltd.	Singapore	Specialised medical services (paincare management)	–	–	60
Sen Paincare Pte. Ltd.	Singapore	Clinic and other general medical services	–	–	60
Fernvale Paincare Pte. Ltd.	Singapore	Clinic and other general medical services	–	–	60

On 17 January 2019, the Group set up a joint venture company, Horizon Paincare Pte. Ltd. The Group acquired 60 ordinary shares at a cash consideration of \$60, which represents 60% of total equity.

On 26 February 2019, the Group set up a joint venture company, Fernvale Paincare Pte. Ltd. The Group acquired 60 ordinary shares at a cash consideration of \$60, which represents 60% of total equity.

On 18 June 2019, the Group set up a joint venture company, Sen Paincare Pte. Ltd. The Group acquired 60 ordinary shares at a cash consideration of \$60, which represents 60% of total equity.

**SINGAPORE PAINCARE HOLDINGS LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 30 JUNE 2017, 2018 AND 2019 (Continued)**

1. General corporate information (Continued)

1.3 Details of subsidiaries, joint ventures and associated companies (Continued)

The following table summarises, in aggregate, the Group's share of results and other comprehensive income of the Group's individually immaterial joint venture accounted for using the equity method for the financial year ended 30 June 2019:

	Group 30 June 2019
	\$
The Group's share of loss before tax	(5,714)
The Group's share of loss after tax	(5,714)
The Group's share of total comprehensive income	<u>(5,714)</u>

As at 30 June 2019, these joint venture entities were dormant and are currently in the process of being struck off. As the aggregated amount of cost of investment for these joint ventures is \$180 and the total share of loss after tax, which is insignificant to the Group, they have not been recognised in the combined statement of financial position and combined statement of comprehensive income for FY2019.

As at date of this report after the Restructuring Exercise, the Company has the following subsidiaries and associated companies:

Name of company	Principal place of business	Principal activities
<u>Subsidiaries</u>		
Paincare Center Pte. Ltd.	Singapore	Operation of medical clinic and the provision of medical services
Singapore Paincare Center @ Novena Pte. Ltd.	Singapore	Operation of medical clinic and the provision of medical services
AE Medical Sengkang Private Limited	Singapore	Operation of medical clinic and the provision of medical services
AE Medical Fernvale Pte. Ltd.	Singapore	Operation of medical clinic and the provision of medical services
HMC Medical Pte. Ltd.	Singapore	Operation of medical clinic and the provision of medical services

**SINGAPORE PAINCARE HOLDINGS LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 30 JUNE 2017, 2018 AND 2019 (Continued)**

1. General corporate information (Continued)

1.3 Details of subsidiaries, joint ventures and associated companies (Continued)

Name of company	Principal place of business	Principal activities
<u>Subsidiaries</u> (continued)		
Lian Clinic Pte. Ltd.	Singapore	Operation of medical clinic and the provision of medical services
<u>Associates</u>		
Sen Med Holdings Pte. Ltd.	Singapore	Investment holding
The Family Clinic @ Towner Pte. Ltd.	Singapore	Operation of medical clinic and the provision of medical services
X-Ray + Medical Screening Pte. Ltd.	Singapore	Provision medical diagnostic imaging centres
Express Medical Pte. Ltd.	Singapore	Operation of medical clinic and the provision of medical services

2. Basis of preparation of combined financial statements

For the purpose of the presentation of the combined financial statements, the Group consists of companies under common control, namely the Company, Paincare Center Pte Ltd. and Singapore Paincare Center @ Novena Pte. Ltd.

Entities under common control are entities which are ultimately controlled by the same parties and that control is not transitory. Control exists when the same parties have, as a result of contractual agreements, ultimate collective power to govern the financial and operating policies of each of the combining entities so as to obtain benefits from their activities, and that ultimate collective power is not transitory. The financial statements of common controlled entities are included in the combined financial statements from the day that control commences until the date that control ceases.

These combined financial statements of the Group are a combination or aggregation of the financial statements of the Company and its subsidiaries which are under common control. The combined financial statements of the Group for the financial years ended 30 June 2017, 2018 and 2019 have been prepared in a manner similar to the “pooling-of-interest” method. Such manner of presentation reflects the economic substance of the combining companies as a single economic enterprise, although the legal parent-subsidiary relationship was not established until after the Company formally acquired the share capital of the subsidiaries subsequent to the financial year ended 30 June 2019.

**SINGAPORE PAINCARE HOLDINGS LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 30 JUNE 2017, 2018 AND 2019 (Continued)**

2. Basis of preparation of combined financial statements (Continued)

The combined financial statements of the Group for the financial years ended 30 June 2017, 2018 and 2019 have been prepared in accordance with Singapore Financial Reporting Standards (International) (“SFRS(I)”) and on the historical cost except as disclosed in the accounting policies in Note 3 to the combined financial statements.

For the purpose of inclusion in the combined financial statements, BDO LLP, Singapore, audited the financial statements of Paincare Center Pte. Ltd. and Singapore Paincare Center @ Novena Pte. Ltd. for the financial years ended 30 June 2017, 2018, and 2019 and Singapore Paincare Holding Pte Ltd for the financial period from 31 December 2018 (date of incorporation) to 30 June 2019 which had prepared compilation accounts as these companies were exempt under the Singapore Companies Act.

These financial statements are the Group’s first financial statements prepared in accordance with SFRS(I)s. The Group has previously prepared its financial statements in accordance with Financial Reporting Standards in Singapore (“FRSs”). As required by SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*, the Group has consistently applied the same accounting policies in its opening statements of financial position at 1 July 2016 and throughout all financial years presented, as if these policies had always been in effect subject to the mandatory exceptions and optional exemptions under SFRS(I) 1. Comparative information for the financial year ended 30 June 2018 in the financial statement have not been restated as there are no material financial impact on the transition from FRS(s) to SFRS(I).

Items included in the combined financial statements of the Group are measured using the currency of the primary economic environment in which the entities operate (“functional currency”). The combined financial statements are presented in Singapore dollar (“\$”) which is the functional currency of the Company and presentation currency for the combined financial statements.

The preparation of combined financial statements in conformity with SFRS(I) requires the management to exercise judgement in the process of applying the Group’s accounting policies and requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the end of the reporting periods, and the reported amounts of revenue and expenses throughout the financial years. Although these estimates are based on management’s best knowledge of historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the financial year in which the estimate is revised if the revision affects only that financial year or in the financial year of the revision and future financial years if the revision affects both current and future financial years.

Critical accounting judgements and key sources of estimation uncertainty used that are significant to the combined financial statements are disclosed in Note 4 to the combined financial statements.

**SINGAPORE PAINCARE HOLDINGS LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 30 JUNE 2017, 2018 AND 2019 (Continued)**

3. Summary of significant accounting policies

3.1 Changes in accounting policies

The Group has adopted Singapore Financial Reporting Standards (International) (“SFRS (I)”) for the financial years ended 30 June 2017, 2018 and 2019 issued by the Accounting Standards Council as required by the listing requirements of the Singapore Exchange. SFRS (I) is a new financial reporting framework identical to the International Financial Reporting Standards.

In adopting the new framework, the Group will be required to apply the specific transition requirements in SFRS(I) 1 *First-time Adoption of International Financial Reporting Standards*. The adoption of the new or revised framework did not result in any substantial changes to the Group’s accounting policies and has no material effect on the amounts reported for the respective financial years.

SFRS(I) 15 Revenue from Contracts with Customers

SFRS(I) 15 *Revenue from Contracts with Customers* establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also establishes principles to report useful information about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. In addition, it also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met.

The Group adopted SFRS(I) 15 using the full retrospective method. There is no impact arising from the adoption of SFRS(I) 15 on the combined financial statements.

The accounting policy under SFRS(I) 15 is disclosed in Note 3.16 to the combined financial statements.

SFRS(I) 9 Financial Instruments

SFRS(I) 9 *Financial Instruments* is effective from annual periods beginning on or after 1 July 2018. The Group has applied SFRS(I) 9 retrospectively, with the initial application date of 1 July 2018 and elect not to restate the comparative information for the period beginning 1 July 2017. There is no impact arising from the adoption of SFRS(I) 9 on the combined financial statements.

The accounting policy under SFRS(I) 9 is disclosed in Notes 3.10, 3.13 and 3.14 to the combined financial statements.

**SINGAPORE PAINCARE HOLDINGS LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 30 JUNE 2017, 2018 AND 2019 (Continued)**

3. Summary of significant accounting policies (Continued)

3.1 Changes in accounting policies (Continued)

SFRS(I)s and SFRS(I) Interpretations (“SFRS(I) INT”) issued but not yet effective

At the date of authorisation of these financial statements, the following SFRS(I)s and SFRS(I) INT were issued but not yet effective and have not been early adopted in these financial statements:

		Effective date (annual periods beginning on or after)
SFRS(I) 9 (Amendments)	: Prepayment Features with Negative Compensation	1 January 2019
SFRS(I) 1-28 (Amendments)	: Long-term Interests in Associates and Joint Ventures	1 January 2019
SFRS(I) 16	: Leases	1 January 2019
Annual Improvements to SFRS(I)s 2015 – 2017 Cycle		
– SFRS(I) 3 (Amendments)	: Business Combinations	1 January 2019
– SFRS(I) 11 (Amendments)	: Joint Arrangements	1 January 2019
– SFRS(I) 1-12 (Amendments)	: Income Tax	1 January 2019
– SFRS(I) 1-23 (Amendments)	: Borrowing Costs	1 January 2019
SFRS(I) INT 23	: Uncertainty over Income Tax Treatments	1 January 2019
SFRS(I) 1-19 (Amendments)	: Plan Amendment, Curtailment or Settlement	1 January 2019
SFRS(I) 1-1 and SFRS(I) 1-8 (Amendments)	: Definition of Material	1 January 2020
SFRS(I) 3 (Amendments)	: Definition of a Business	1 January 2020
SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7	: Interest Rate Benchmark Reform	1 January 2020
SFRS(I) 16 (Amendments)	: Covid-19 Related Rent Concessions	1 June 2020
SFRS(I) 17	: Insurance Contracts	1 January 2021

**SINGAPORE PAINCARE HOLDINGS LIMITED
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**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 30 JUNE 2017, 2018 AND 2019 (Continued)**

3. Summary of significant accounting policies (Continued)

3.1 Changes in accounting policies (Continued)

**SFRS(I)s and SFRS(I) Interpretations (“SFRS(I) INT”) issued but not yet effective
(Continued)**

		Effective date (annual periods beginning on or after)
SFRS(I) 10 and SFRS(I) 1-28 (Amendments)	: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
SFRS(I) 1-1 (Amendments)	: Classification of Liabilities as Current or Non-current	1 January 2022
Various amendments	: Amendments to References to the Conceptual Framework in SFRS(I) Standards	1 January 2020

Consequential amendments were also made to various standards as a result of these new or revised standards.

The Group expects that the adoption of the above SFRS(I)s and SFRS(I) INT, if applicable, will have no material impact on the financial statements in the period of initial application, except as discussed below.

SFRS(I) 16 Leases

SFRS(I) 16 supersedes SFRS(I) 1-17 *Leases*, SFRS(I) INT 4 *Determining whether an Arrangement Contains a Lease* SFRS(I) INT 1-15 *Operating Leases – Incentives and SFRS(I) INT 1-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease* and introduces a new single lessee accounting model which eliminates the current distinction between operating and finance leases for lessees. SFRS(I) 16 requires lessees to capitalise all leases on the combined statements of financial position by recognising a “right-of-use” asset and a corresponding lease liability for the present value of the obligation to make lease payments, except for certain short-term leases and leases of low-value assets. Subsequently, the lease assets will be depreciated and the lease liabilities will be measured at amortised cost.

From the perspective of a lessor, the classification and accounting for operating and finance leases remains substantially unchanged under SFRS(I) 16. SFRS(I) 16 also requires enhanced disclosures by both lessees and lessors.

**SINGAPORE PAINCARE HOLDINGS LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 30 JUNE 2017, 2018 AND 2019 (Continued)**

3. Summary of significant accounting policies (Continued)

3.1 Changes in accounting policies (Continued)

SFRS(I)s and SFRS(I) Interpretations (“SFRS(I) INT”) issued but not yet effective (Continued)

SFRS(I) 16 *Leases (Continued)*

The Group completed its initial assessment on the adoption of SFRS(I) 16 based on currently available information as well as recognition exemptions under SFRS(I) 16. The Group expects to capitalise its office premises and clinic spaces on the combined statements of financial position by recognising them as ‘right-of-use’ assets and their corresponding lease liabilities for the present value of future lease payments of \$2,397,817 respectively. The Group plans to adopt the standard in the financial year beginning on 1 July 2019 with modified retrospective effect in accordance with the transitional provisions, and will include the required additional disclosures in the combined financial statements for the financial year ending 30 June 2020.

SFRS(I) INT 23 *Uncertainty over income tax treatments*

The amendments clarify how to account for uncertainties in income taxes. The Group is required to make an assessment of whether it is probable that a taxation authority will accept an uncertain tax treatment. If it is not probable the position will be accepted, then the Group reflects that uncertainty through expected value approach or most likely approach.

The Group will adopt these amendments in the financial year beginning on 1 July 2019 with in accordance with the transitional provisions specified. Due to the existence of uncertain tax treatments, the management estimated a provision of \$308,000 for additional income taxes relating to the Group’s business operation structure in prior years. One of the directors of the Company entered into a deed of indemnity in favour of the Group to undertake any additional tax liabilities, penalties or fines suffered or incurred by the Group under the Inland Revenue Authority of Singapore (“IRAS”) review. The Group recognised a corresponding receivable from that Director of the Company. There is no material impact to the opening retained earnings at 1 July 2019.

3.2 Basis of combination

The combined financial statements comprise the financial statements of the Company and entities under common control made up to end of the financial years ended 30 June 2017, 30 June 2018 and 30 June 2019.

Accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group to ensure consistency.

Subsidiaries are combined from the date on which control is transferred to the Group up to the effective date on which that control ceases. In preparing the combined financial statements, inter-company transactions and balances between group companies are eliminated.

**SINGAPORE PAINCARE HOLDINGS LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 30 JUNE 2017, 2018 AND 2019 (Continued)**

3. Summary of significant accounting policies (Continued)

3.2 Basis of combination (Continued)

Changes in the Group's interest in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of its subsidiaries, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9 or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

3.3 Business combination

The acquisitions of subsidiaries are accounted for using the acquisition method. The considerations transferred for the acquisitions are measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred. Consideration transferred also includes the fair value of any contingent consideration measured at the acquisition date. Subsequent changes in fair value of contingent consideration which is deemed to be an asset or liability will be recognised to profit or loss.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under SFRS(I) 3 *Business Combinations* are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held-for-sale in accordance with SFRS(I)5 *Non-current Assets Held for Sale and Discontinued Operations*, which are recognised and measured at the lower of cost and fair value less costs to sell.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss.

**SINGAPORE PAINCARE HOLDINGS LIMITED
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**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 30 JUNE 2017, 2018 AND 2019 (Continued)**

3. Summary of significant accounting policies (Continued)

3.3 Business combination (Continued)

Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under SFRS(I) 3 are recognised at their fair values at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with SFRS(I) 1-12 *Income Taxes* and SFRS(I) 1-19 *Employee Benefits* respectively;
- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with SFRS(I) 2 *Share-based Payment*; and
- assets (or disposal groups) that are classified as held for sale in accordance with SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date, and is subject to a maximum of one year.

Goodwill arising on acquisition is recognised as an asset at the acquisition date and initially measured at the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net acquisition date fair value amounts of the identifiable assets acquired and the liabilities and contingent liabilities assumed.

If, after reassessment, the net fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

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**NOTES TO THE COMBINED FINANCIAL STATEMENTS
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3. Summary of significant accounting policies (Continued)

3.3 Business combination (Continued)

Acquisition under common control

Business combination arising from transfers of interest in entities that are under common control are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established. The assets and liabilities acquired are recognised at the carrying amounts recognised previously and no adjustments are made to reflect the fair values or recognised any new assets or liabilities, including no goodwill is recognised as a result of the combination. The components of equity of the acquired entities are added to the same components within the Group equity. Any difference between the cash paid for the acquisition and share capital of acquiree is recognised directly to equity as merger reserve.

3.4 Plant and equipment

Plant and equipment are initially recorded at cost. Subsequent to initial recognition, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

The cost of plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the plant and equipment.

Subsequent expenditure relating to the plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that the future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Group, and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in profit or loss in the financial year the asset is derecognised.

Depreciation is calculated using the straight-line method to allocate the depreciable amounts of the plant and equipment over their estimated useful life as follows:

	Years
Computer equipment	1-3
Medical equipment	3-5
Furniture and fittings	3-5
Office equipment	3-5
Renovation	3-5

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**NOTES TO THE COMBINED FINANCIAL STATEMENTS
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3. Summary of significant accounting policies (Continued)

3.4 Plant and equipment (Continued)

The residual values, estimated useful life and depreciation method are reviewed at each financial year-end to ensure that the residual values, period of depreciation and depreciation method are consistent with previous estimates and expected pattern of consumption of the future economic benefits embodied in the items of plant and equipment.

3.5 Intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

The useful life of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite life are amortised on a straight-line basis over the estimated economic useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite useful life is recognised in profit or loss.

Intangible assets with indefinite useful life or not yet available for use are tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying amount may be impaired either individual or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Goodwill

Goodwill arising on the acquisition of subsidiary represents the excess of the consideration transferred, the amount of any non-controlling interests in the acquiree and the acquisition date fair value of any previously held equity interest in the acquiree over the acquisition date fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary recognised at the date of acquisition.

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**NOTES TO THE COMBINED FINANCIAL STATEMENTS
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3. Summary of significant accounting policies (Continued)

3.5 Intangible assets (Continued)

Goodwill (Continued)

Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

Computer software

Computer software are initially capitalised at cost which includes the purchase price (net of any discounts and rebates) and other directly attributable costs of preparing the software for its intended use. Direct expenditure which enhances or extends the performance of computer software beyond its specifications and which can be reliably measured is added to the original cost of the software. Costs associated with maintaining computer software are recognised as an expense as incurred.

Computer software is subsequently carried at cost less accumulated amortisation and accumulated impairment losses, if any. These cost of computer software are amortised to profit or loss using the straight-line method over their estimated useful life of 1 to 3 years.

The useful lives and amortisation method are reviewed at the end of each reporting period to ensure that the period of amortisation and amortisation method are consistent with previous estimates and expected pattern of consumption of the future economic benefits embodied in the computer software.

Customer contract

Customer contract was acquired through business combinations, and measured at fair value as at the date of acquisition. Subsequently, customer contract is carried at cost less accumulated amortisation and impairment losses, if any. Amortisation is recognised in profit or loss on a straight-line basis over 9 months.

Customer contract is assessed for impairment whenever there is an indication that the intangible asset may be impaired. The useful life and amortisation method are reviewed at the end of each reporting period to ensure that the period of amortisation and amortisation method are consistent with previous estimates and the expected pattern of consumption of the future economic benefits.

**SINGAPORE PAINCARE HOLDINGS LIMITED
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**NOTES TO THE COMBINED FINANCIAL STATEMENTS
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3. Summary of significant accounting policies (Continued)

3.6 Subsidiaries

Subsidiaries are entities over which the Group has control. The Group controls an investee if the Group has power over the investee, exposure to variable returns from its involvement with the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

3.7 Associates and joint ventures

Associate is entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, where the strategic, financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control.

Associate and joint venture are initially recognised in the combined statement of financial position at cost, and subsequently accounted for using the equity method less any impairment losses. Any premium paid for an associate or a joint venture above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is included in the carrying amount of the investment in associate or joint venture.

Under the equity method, the Group's share of post-acquisition profits and losses and other comprehensive income is recognised in the combined statement of comprehensive income. Post-acquisition changes in the Group's share of net assets of associates or joint ventures and distributions received are adjusted against the carrying amount of the investments.

Losses of an associate or a joint venture in excess of the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment) are not recognised, unless the Group has incurred legal or constructive obligations to make good those losses or made payments on behalf of the associate or joint venture.

Where a Group entity transacts with an associate or a joint venture, unrealised profits are eliminated to the extent of the Group's interest in the associate or joint venture. Any eliminated gain that is in excess of the carrying amount of the Group's interest in the associate or joint venture should be recognised as deferred income. Unrealised losses are also eliminated, but only to the extent that there is no impairment.

As the dates of the associate's and joint ventures' financial statements used are not co-terminous with that of the Group, the Group's share of results is arrived at based on the latest available audited financial statements and unaudited management financial statements up to the end of the reporting period. Consistent accounting policies are applied for like transactions and events in similar circumstances.

**SINGAPORE PAINCARE HOLDINGS LIMITED
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**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 30 JUNE 2017, 2018 AND 2019 (Continued)**

3. Summary of significant accounting policies (Continued)

3.8 Impairment of non-financial assets excluding goodwill

The carrying amounts of non-financial assets excluding goodwill are reviewed at the end of each reporting period to determine whether there is any indication of impairment loss and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, or when annual impairment testing for an asset is required, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups of assets. Impairment loss is recognised in profit or loss unless it reverses a previous revaluation credited to other comprehensive income, in which case it is charged to other comprehensive income up to the amount of any previous revaluation.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. Recoverable amount is determined for individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, the recoverable amount is determined for the cash-generating unit to which the assets belong. The fair value less costs to sell is the amount obtainable from the sale of an asset or cash-generating unit in an arm's length transaction between knowledgeable willing parties less costs of disposal. Value-in-use is the present value of estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life, discounted at pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the asset or cash-generating unit for which the future cash flow estimates have not been adjusted.

An assessment is made at the end of each reporting period as to whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. An impairment loss recognised in prior periods is reversed only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment loss are recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal in excess of impairment losses recognised in profit or loss in prior periods is treated as a revaluation increase. After such a reversal, the depreciation or amortisation is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

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**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 30 JUNE 2017, 2018 AND 2019 (Continued)**

3. Summary of significant accounting policies (Continued)

3.9 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is determined on a weighted average basis and includes all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price at which inventories can be realised in the ordinary course of business, less estimated costs to be incurred to make the sale. Where necessary, allowance is made for obsolete, slow-moving and defective inventories to adjust the carrying value of those inventories to the lower of cost and net realisable value.

3.10 Financial assets

The Group recognises a financial asset in its combined statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the instrument.

The Group classifies its financial assets into one of the categories below, depending on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset. The Group shall reclassify its affected financial assets when and only when the Group changes its business model for managing these financial assets. The Group's accounting policy for each category is as follows:

Amortised cost

These assets arise principally from the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment. Interest income from these financial assets is included in interest income using the effective interest rate method.

Impairment provisions for trade receivables are recognised based on the simplified approach within SFRS(I) 9 using the lifetime expected credit losses. During this process, the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised in the combined statement of comprehensive income. On confirmation that the trade receivable will not be collectible, the gross carrying value of the asset is written off against the associated provision.

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**NOTES TO THE COMBINED FINANCIAL STATEMENTS
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3. Summary of significant accounting policies (Continued)

3.10 Financial assets (Continued)

Amortised cost (Continued)

Impairment provisions for receivables from other receivables due from third parties and related parties are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether at each reporting date, there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the combined statements of financial position.

Financial asset at fair value through profit or loss ("FVTPL")

The Group has an investment in unlisted entity which is not accounted for as subsidiary, associate or jointly controlled entity. It is carried at fair value with changes in fair value recognised in profit or loss.

Dividends are recognised in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment, in which case the full or partial amount of the dividend is recorded against the associated investments' carrying amount.

Purchases and sales of financial assets measured at fair value through profit or loss are recognised on settlement date with any change in fair value between trade date and settlement date being recognised in the fair value through profit or loss.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

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**NOTES TO THE COMBINED FINANCIAL STATEMENTS
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3. Summary of significant accounting policies (Continued)

3.10 Financial assets (Continued)

Accounting policy for financial assets prior to 1 July 2018

The Group classifies its financial assets as loans and receivables. The classification depends on the nature and purpose for which the assets were acquired. Management determines the classification of the financial assets at initial recognition and re-evaluates this designation at the end of the reporting period, where allowed and appropriate.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are classified within “trade and other receivables” and “cash and cash equivalents” on the combined statements of financial position.

Recognition and derecognition

Financial assets are recognised on the combined statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instruments.

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On derecognition of a financial asset, the difference between the carrying amount and the net consideration proceeds is recognised in profit or loss.

Initial and subsequent measurement

Financial assets are initially recognised at fair value plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

After initial recognition, loans and receivables are carried at amortised cost using the effective interest method, less impairment loss, if any.

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period to the net carrying amount of the financial instrument. Income and expense are recognised on an effective interest basis for debt instruments other than those financial instruments at fair value through profit or loss.

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**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 30 JUNE 2017, 2018 AND 2019 (Continued)**

3. Summary of significant accounting policies (Continued)

3.10 Financial assets (Continued)

Impairment

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

An allowance for impairment loss of loans and receivables is recognised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed either directly or by adjusting an allowance account. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date.

3.11 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash with banks and financial institutions. Cash and cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

3.12 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are classified as equity and recognised at the fair value of the consideration received. Incremental costs directly attributable to the issuance of new equity instruments are shown in the equity as a deduction from the proceeds.

3.13 Financial liabilities

Financial liabilities are recognised on the combined statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

Trade and other payables

Trade and other payables, excluding advance payment from customers, are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method.

**SINGAPORE PAINCARE HOLDINGS LIMITED
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**NOTES TO THE COMBINED FINANCIAL STATEMENTS
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3. Summary of significant accounting policies (Continued)

3.13 Financial liabilities (Continued)

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption value is taken to profit or loss over the period of the borrowings using the effective interest method.

Borrowings which are due to be settled within 12 months after the end of the reporting period are presented as current borrowings even though the original terms were for a period longer than 12 months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the end of the reporting period and before the financial statements are authorised for issue. Other borrowings due to be settled more than 12 months after the end of the reporting period are presented as non-current borrowings in the combined statements of financial position.

Redeemable convertible loans ("RCL")

RCL with conversion option are accounted for as financial liability with an embedded equity conversion derivative based on the terms of the contract. On issuance of RCL, the embedded option is recognised at its fair value as derivative liability with subsequent changes in fair value recognised in profit or loss. The remainder of the proceeds is allocated to the liability component that is carried at amortised cost until the liability is extinguished on conversion or redemption. When an equity conversion option is exercised, the carrying amounts of the liability component and the equity conversion option are derecognised with a corresponding recognition of share capital.

Derecognition of financial liabilities

The Group derecognises its financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount and the consideration paid is recognised in profit or loss.

3.14 Derivative financial instruments

Derivative financial instruments held by the Group are recognised as assets or liabilities on the combined statements of financial position and classified as financial assets or financial liabilities at fair value through profit or loss.

The Group classified the conversion option of RCL as derivative financial instruments. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivative financial instruments are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

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**NOTES TO THE COMBINED FINANCIAL STATEMENTS
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3. Summary of significant accounting policies (Continued)

3.14 Derivative financial instruments (Continued)

Any gains or losses arising from changes in fair value on derivative financial instruments that do not qualify for hedge accounting are taken to profit or loss for the financial years, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

When the conversion option is exercised, the carrying amounts of the liability and embedded derivative components are transferred to the share capital. When the conversion option lapses, its carrying amount is transferred to retained earnings.

3.15 Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised as expenses in the profit or loss in the financial year in which they are incurred. Borrowing costs are recognised on a time-proportion basis in profit or loss using the effective interest method.

3.16 Revenue recognition

Revenue is recognised when a performance obligation is satisfied. Revenue is measured based on consideration of which the Group expects to be entitled in exchange for transferring promised good or services to a customer, excluding amounts collected on behalf of third parties (i.e. sales related taxes). The consideration promised in the contracts with customers may include fixed amounts.

Provision of medical services

Revenue from the provision of medical services generally relate to performance obligations to provide consultations, investigation, procedures and medications, net of discounts to customers. In the rendering of these services, there are no variable considerations noted in the contracts with customers. Performance obligations for all services are satisfied over a period of less than one day when services are rendered. Hence, revenue is recognised at a point in time upon completion of the services.

3.17 Grants

Grants are recognised at the fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grants relate to expenditures, which are not capitalised, the fair value of grants are credited to profit or loss over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate. Grants related to income are presented in profit or loss under "Other income". Grants related to an asset may be presented in the combined statements of financial position by deducting the grant in arriving at the carrying amount of the asset.

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**NOTES TO THE COMBINED FINANCIAL STATEMENTS
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3. Summary of significant accounting policies (Continued)

3.18 Leases

When the Group is the lessee of operating leases

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are recognised in profit or loss on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the financial year in which termination takes place.

3.19 Employee benefits

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in profit or loss in the same financial year as the employment that gives rise to the contributions.

Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated liability for unutilised leave as a result of services rendered by employees up to the end of the reporting period.

3.20 Income tax

Income tax expense comprises current and deferred taxes. Income tax expense is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity, or in other comprehensive income.

Current income tax expense is the expected tax payable on the taxable income for the financial year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to income tax payable in respect of previous financial years. Taxable income differs from profit reported as profit or loss because it excluded items of income or expenses that are taxable or deductible in other years and it further excludes items of income or expenses that are not taxable or tax deductible.

Deferred tax is provided, using the balance sheet liability method, for temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax is measured using the tax rates expected to be applied to the temporary differences when they are realised or settled, based on tax rates enacted or substantively enacted at the end of the reporting period.

**SINGAPORE PAINCARE HOLDINGS LIMITED
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**NOTES TO THE COMBINED FINANCIAL STATEMENTS
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3. Summary of significant accounting policies (Continued)

3.20 Income tax (Continued)

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same tax authority and where there is intention to settle the current tax assets and liabilities on a net basis.

Deferred tax liabilities are recognised for all taxable temporary differences associated with investments in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled by the Group and its probable that the temporary difference will not reverse in the foreseeable future.

3.21 Dividends

Dividends are recognised when they become legally payable. Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recorded in the financial year in which the dividends are approved by shareholders.

3.22 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group) and whose operating results are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance.

The Group is not required to report information separately about its operating segments in the combined financial statements as the Group only has one predominant segment.

**SINGAPORE PAINCARE HOLDINGS LIMITED
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**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 30 JUNE 2017, 2018 AND 2019 (Continued)**

4. Critical accounting judgements and key sources of estimation uncertainty

4.1 Critical judgements made in applying the accounting policies

In the process of applying the accounting policies, the management is of the opinion that there are no critical judgements involved that have a significant effect on the amounts recognised in the combined financial statements.

4.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities and the reported amounts of revenue and expenses within the next financial year are discussed below:

(i) *Loss allowance on receivables*

Upon adoption of SFRS(I) 9 on and from 1 July 2018 onwards, the management determines the expected loss based on the simplified approach arising from default for trade receivables, by categorising them based on its historical loss pattern, historical payment profile as well as credit risk profile of customers. Notwithstanding the above, the Group evaluates the expected credit loss on customers in financial difficulties separately. Specific allowance for impairment of trade receivables was made for those customers identified in financial difficulties during the financial year. For non-trade receivables, management considers the performance, financial capability as well as payment profile of these non-trade receivables in order to determine the appropriate stage of expected credit loss for these receivables. Probability or risk of default is then being estimated by considering the future conditions.

Prior to 1 July 2018, the management establishes allowance for doubtful receivables when it believes that payment of amounts owed is unlikely to occur as required by SFRS(I). If the financial condition of these customers were to deteriorate, resulting in impairment of the ability to make the required payments, additional allowance may be required.

The carrying amounts of trade and other receivables are disclosed in Note 9 to the financial statements.

(ii) *Inventory obsolescence*

Inventories are stated at the lower of cost and net realisable value. The management determines cost of inventories using the weighted average basis. The management estimates the net realisable value of inventories based on assessment of remaining shelf lives provides for excess and obsolete inventories based on historical usage, estimated future demand and related pricing. However, factors beyond its control, such as demand levels and drugs regulations could change from period to period. Such factors may require the Group to reduce the value of its inventories. The carrying amounts of inventories of the Group as at 30 June 2017, 2018 and 2019 were \$149,120, \$124,180 and \$123,334 respectively.

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5. Plant and equipment

	Computer equipment	Medical equipment	Furniture and fittings	Office equipment	Renovation	Total
	\$	\$	\$	\$	\$	\$
Cost						
Balance at 1 July 2016	145,598	53,935	19,426	10,419	217,353	446,731
Additions	–	48,000	–	–	–	48,000
Written-off	(88,312)	–	–	–	–	(88,312)
Reclassification to intangible asset	(39,721)	–	–	–	–	(39,721)
Balance at 30 June 2017	<u>17,565</u>	<u>101,935</u>	<u>19,426</u>	<u>10,419</u>	<u>217,353</u>	<u>366,698</u>
Accumulated depreciation						
Balance at 1 July 2016	145,598	53,765	16,886	10,064	185,700	412,013
Depreciation charged for the financial year	–	1,503	2,526	250	26,302	30,581
Written-off	(88,312)	–	–	–	–	(88,312)
Reclassification to intangible asset	(39,721)	–	–	–	–	(39,721)
Balance at 30 June 2017	<u>17,565</u>	<u>55,268</u>	<u>19,412</u>	<u>10,314</u>	<u>212,002</u>	<u>314,561</u>
Net carrying amount						
Balance at 30 June 2017	<u>–</u>	<u>46,667</u>	<u>14</u>	<u>105</u>	<u>5,351</u>	<u>52,137</u>
Cost						
Balance at 1 July 2017 and 30 June 2018	<u>17,565</u>	<u>101,935</u>	<u>19,426</u>	<u>10,419</u>	<u>217,353</u>	<u>366,698</u>
Accumulated depreciation						
Balance at 1 July 2017	17,565	55,268	19,412	10,314	212,002	314,561
Depreciation charged for the financial year	–	16,000	14	105	5,351	21,470
Balance at 30 June 2018	<u>17,565</u>	<u>71,268</u>	<u>19,426</u>	<u>10,419</u>	<u>217,353</u>	<u>336,031</u>
Net carrying amount						
Balance at 30 June 2018	<u>–</u>	<u>30,667</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>30,667</u>

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5. Plant and equipment (Continued)

	Computer equipment \$	Medical equipment \$	Furniture and fittings \$	Office equipment \$	Renovation \$	Total \$
Cost						
Balance at 1 July 2018	17,565	101,935	19,426	10,419	217,353	366,698
Additions	3,977	–	–	3,346	–	7,323
Balance at 30 June 2019	<u>21,542</u>	<u>101,935</u>	<u>19,426</u>	<u>13,765</u>	<u>217,353</u>	<u>374,021</u>
Accumulated depreciation						
Balance at 1 July 2018	17,565	71,268	19,426	10,419	217,353	336,031
Depreciation charged for the financial year	1,075	16,000	–	186	–	17,261
Balance at 30 June 2019	<u>18,640</u>	<u>87,268</u>	<u>19,426</u>	<u>10,605</u>	<u>217,353</u>	<u>353,292</u>
Net carrying amount						
Balance at 30 June 2019	<u>2,902</u>	<u>14,667</u>	<u>–</u>	<u>3,160</u>	<u>–</u>	<u>20,729</u>

6. Intangible asset

	2017 \$	2018 \$	2019 \$
Cost			
Balance at beginning of financial year	–	39,721	39,721
Reclassification from plant and equipment	39,721	–	–
Balance at end of financial year	<u>39,721</u>	<u>39,721</u>	<u>39,721</u>
Accumulated amortisation			
Balance at beginning of financial year	–	39,721	39,721
Reclassification from plant and equipment	39,721	–	–
Balance at end of financial year	<u>39,721</u>	<u>39,721</u>	<u>39,721</u>
Net carrying amount			
Balance at end of financial year	<u>–</u>	<u>–</u>	<u>–</u>

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7. Financial asset at fair value through profit or loss (“FVTPL”)

	2017	2018	2019
	\$	\$	\$
Investment in unquoted shares	–	–	235,000

Movements in the investment in unquoted shares are as follows:

	2017	2018	2019
	\$	\$	\$
Balance at beginning of financial year	–	–	–
Additions	–	–	630,000
Disposal	–	–	(630,000)
Fair value changes recognised in profit or loss	–	–	235,000
Balance at end of financial year	–	–	235,000

The financial asset at FVTPL is an unquoted equity investment in Sen Med Holding Pte. Ltd. (“SMH”), which represents 20% equity interest in SMH, which the Group acquired on 1 March 2019.

The Group was not involved in operating and financial activities of SMH, and did not have representation on the board of directors. They do not have direct or influence the operating and financial activities of SMH. The Group was only entitled to the rights of being a shareholder, and rights to vote for those matters that required under constitution. The Group does not have significant influence over SMH. As such, the 20% equity interest in SMH was accounted as a financial asset at FVTPL in accordance to SFRS(I) 9 *Financial Instruments*.

On 21 June 2019, the Group received \$630,000 cash from the vendor and transferred legal title of 20% equity interest to the vendor. However, the Group did not derecognise the financial asset at FVTPL and recognised a fair value gain arising at end of reporting period. The management is of the view that the Group holds the financial asset at FVTPL in substance because this is part of the arrangement of the vendor to exchange the cash consideration for shares consideration subsequent to end of reporting period.

On 5 July 2019, the Group underwent a restructuring exercise whereby the Group acquired from the vendor the 45% equity interest in SMH, comprising an aggregate of 827 ordinary shares.

The Group issued additional ordinary shares of the Company to the vendor of SMH based on the financial performance contribution of the associate over the Group’s unaudited profit after tax for the financial period between 1 July 2018 to 31 March 2020 pursuant to the Amended and Restated Restructuring Agreement dated 1 April 2020.

The total consideration of \$1,570,880 comprises of an aggregate of total issuance of 1,155 the Company’s ordinary shares.

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7. Financial asset at fair value through profit or loss (“FVTPL”) (Continued)

As at 30 June 2019, the fair value of the Group’s investment in unquoted shares was valued by an independent valuation firm and the valuation techniques used to derive the fair value is market approach by using Comparable Transactions Method and Guideline Publicly-traded Comparable Method.

The currency profile of financial asset at FVTPL as at the end of the reporting period is Singapore dollar.

8. Inventories

	2017	2018	2019
	\$	\$	\$
Medicine	149,120	124,180	123,334

The cost of inventories recognised as an expense and included in “Inventories and consumables” line item in profit or loss amounted to \$470,872, \$416,512 and \$406,620 for the financial years ended 30 June 2017, 2018 and 2019 respectively.

9. Trade and other receivables

	2017	2018	2019
	\$	\$	\$
Trade receivables			
– third parties	308,669	274,855	502,130
Less: Loss allowance on doubtful receivables	(22,104)	(32,354)	(78,461)
	286,565	242,501	423,669
Other receivables			
– third parties	–	–	11,094
– related parties	1,338,763	1,517,856	–
– director	–	–	608,299
Deposits	1,727	1,702	4,819
	1,627,055	1,762,059	1,047,881

Trade receivables generally have no credit terms for individual patients and 90 days credit terms for hospitals and corporate insurance companies.

The non-trade amounts due from related parties are unsecured, non-interest bearing and repayable on demand.

As at 30 June 2017, 2018 and 2019, included in the amount due from related party is an amount of \$1,338,763, \$1,387,616 and \$1,449,500 relating to a term loan obtained by the Company from a bank (Note 12). As at 30 June 2019, the related parties reassigned all their amount outstanding to the Group to director’s account partially offsetted against dividend payable to director of \$197,137, in amount due from director. The amount due from director was fully settled in October 2019.

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9. Trade and other receivables (Continued)

The Group assessed and determined expected credit loss rates, by reference to past default experience and expected credit losses, which incorporate forward looking estimates. No expected credit loss allowance has been made as the allowance is insignificant as at the financial year ended 30 June 2019.

However, the management has made specific provision of \$22,104, \$10,250 and \$46,107 for the financial years ended 30 June 2017, 2018 and 2019 respectively on individually impaired receivables after the assessment of the recoverability and extended credit terms being given.

The Group assessed for lifetime expected credit losses for the non-trade receivables by determining if there has been a significant increase in credit risk of the related parties since initial recognition. At the end of the reporting period, management has assessed the expected credit loss to be insignificant.

Movements in allowance for impairment loss on doubtful trade receivables were as follows:

	2017	2018	2019
	\$	\$	\$
Balance at beginning of financial year	–	22,104	32,354
Allowance made during the financial year	22,104	10,250	46,107
Balance at end of financial year	<u>22,104</u>	<u>32,354</u>	<u>78,461</u>

Third party trade receivables written off was included in “Other expenses” line item in profit or loss amounted to \$Nil, \$Nil and \$9,054 for the financial years ended 30 June 2017, 2018 and 2019 respectively as management deemed the amount to be irrecoverable.

As at the end of the respective reporting periods, the age analysis of trade receivables past due but not impaired is as follows:

	2017	2018	2019
	\$	\$	\$
Past due less than 1 month	–	167	16,001
Past due 1 to 2 months	615	1,531	874
Past due 2 to 3 months	26	6,011	374
Past due over 3 months	<u>26,902</u>	<u>10,187</u>	<u>1,393</u>

The currency profile of trade and other receivables as at the end of the respective reporting periods is Singapore dollar.

10. Cash and cash equivalents

The currency profile of cash and cash equivalents as at the end of the respective reporting periods is Singapore dollar.

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11. Share capital

	2017	2018	2019
	\$	\$	\$
Issued and fully-paid ordinary share capital of:			
– Paincare Center Pte. Ltd.	2	2	2
– Singapore Paincare Center @ Novena Pte. Ltd.	2	2	2
– Singapore Paincare Holdings Pte. Ltd.	–	–	2
	<u>4</u>	<u>4</u>	<u>6</u>

On 31 December 2018, the Company issued 2 ordinary shares of \$1 each for cash at date of incorporation.

As the Company was incorporated on 31 December 2018, for the purpose of these combined financial statements, the share capital as at 30 June 2017, 30 June 2018, 30 June 2019 represents the aggregation of the Group's interest in the issued and paid up capital of the Company and all of its subsidiaries under common control. The issued and paid up share capital of Paincare Center Pte. Ltd. and Singapore Paincare Center @ Novena Pte. Ltd. were transferred to the Company subsequent to the end of the reporting period for total shares consideration of \$5,552,880 by issuance 4,083 of the Company's ordinary shares at fair value of \$1,360 per ordinary share as a result of the Restructuring Exercise as disclosed in Note 1.2(b) to combined financial statements.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Group. All ordinary shares have no par value and carry one vote per share without restriction.

12. Bank borrowings

	2017	2018	2019
	\$	\$	\$
Current			
Term loan I	33,877	28,079	1,197,691
Term loan II	–	–	798,187
	<u>33,877</u>	<u>28,079</u>	<u>1,995,878</u>
Non-current			
Term loan I	1,228,909	1,200,830	–
	<u>1,262,786</u>	<u>1,228,909</u>	<u>1,995,878</u>
Effective interest rate per annum			
Bank borrowings	<u>3.45%</u>	<u>4.75%</u>	<u>4.88% ~ 5.25%</u>

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12. Bank borrowings (Continued)

Term loan I

Term loan I is repayable over 300 monthly instalments comprising principal and interest.

Term loan I is supported by:

- (i) A fresh first legal mortgage on the property of a related party; and
- (ii) A personal guarantee for \$1,302,000 by a director of the Company

Term loan I has been drawdown by the Group and extended to a related party as disclosed in Note 9 to the financial statements. The loan outstanding as at 30 June 2017, 2018 and 2019 amounted to \$1,262,786, \$1,228,909 and \$1,197,691 respectively.

During the financial year ended 30 June 2019, the Group made an arrangement with the bank for early settlement of Term loan I. Therefore, the non-current portion of \$1,165,388 was reclassified to current liabilities for presentation purposes. The term loan I was fully repaid on 30 October 2019.

Term loan II

Term loan II is repayable on demand.

Term loan II is supported by a guarantee given by a director of the Company.

The loan has been fully repaid as of 30 September 2019.

As at the end of the respective reporting periods, bank facilities granted to and utilised by the Group were as follows:

	2017	2018	2019
	\$	\$	\$
Facilities granted	1,302,000	1,302,000	2,102,000
Facilities utilised	1,302,000	1,302,000	2,100,187

The currency profile of the bank borrowings as at the end of the respective reporting periods is Singapore dollar.

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13. Trade and other payables

	2017	2018	2019
	\$	\$	\$
Trade payables			
– third parties	81,409	37,764	2,389
Other payables			
– third parties	–	–	94,052
– director	577,699	381,328	–
– related parties	–	8,013	26,387
Accrued expenses	9,900	13,480	43,597
Contract liabilities (Note 14(a))	30,611	24,134	27,802
Goods and services tax payable, net	51,681	40,802	44,645
	<u>751,300</u>	<u>505,521</u>	<u>238,872</u>

Trade payables are unsecured, non-interest bearing and are normally settled within 30 days' credit terms.

The non-trade amounts due to related parties and directors of the Company are unsecured, non-interest bearing and repayable on demand.

The currency profile of trade and other payables as at the end of the respective reporting periods is Singapore dollar.

14. Revenue

	2017	2018	2019
	\$	\$	\$
Provision of medical services, recognised at point-in-time	<u>4,030,322</u>	<u>4,012,621</u>	<u>3,888,001</u>

The revenue of the Group are all generated within Singapore.

(a) Contract liabilities

The information about contract liabilities from contract with customers is disclosed as follows:

	2017	2018	2019
	\$	\$	\$
Contract liabilities (Note 13)	<u>30,611</u>	<u>24,134</u>	<u>27,802</u>

Contract liabilities primarily relate to the Group's obligation to perform service to the patients for which the Group has received consideration in advance, and are recognised as revenue when the Group performs the services.

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14. Revenue (Continued)

(a) Contract liabilities (Continued)

Changes in contract liabilities are highlighted as follows:

	2017	2018	2019
	\$	\$	\$
Revenue recognised that was included in the contract liabilities balance at the beginning of the financial year	9,462	12,435	945

15. Other income

	2017	2018	2019
	\$	\$	\$
Dividend income	–	–	120,000
Government grants	70,163	37,155	7,173
Sponsorship income	33,178	48,794	–
Fair value gain on financial assets at FVTPL	–	–	235,000
Administrative fees	20,005	61,862	82,913
Others	2,012	7,679	2,069
	<u>125,358</u>	<u>155,490</u>	<u>447,155</u>

16. Employee benefits expense

	2017	2018	2019
	\$	\$	\$
Directors' fee	105,000	200,000	96,000
Salaries, bonuses and other staff benefits	674,284	561,946	671,633
Contributions to defined contribution plans	73,009	76,042	71,062
	<u>852,293</u>	<u>837,988</u>	<u>838,695</u>

Included in the employee benefits expense were the remuneration of Directors of the Company as disclosed in Note 23 to the combined financial statements.

17. Finance costs

	2017	2018	2019
	\$	\$	\$
Term loan interest	–	–	11,053

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18. Profit before income tax

In addition to the charges and credits disclosed elsewhere in the notes to the combined financial statements, the above includes the following charges:

	2017	2018	2019
	\$	\$	\$
Bad debts written off	–	–	9,054
Loss allowance on doubtful receivables	22,104	10,250	46,107
Professional fees	97,034	94,360	207,039
Administrative charges	44,188	37,930	40,959
Credit card fees	18,791	20,726	19,254
Marketing fees	120,000	120,000	138,662
Entertainment expenses	18,151	21,469	23,500
Locum fee	200	28,249	374,290
Advertising and promotion expenses	21,539	11,892	10,309

19. Income tax expense

	2017	2018	2019
	\$	\$	\$
Current income tax			
– current financial year	197,369	206,959	136,823

Reconciliation of effective income tax rate

	2017	2018	2019
	\$	\$	\$
Profit before income tax	1,522,944	1,592,328	1,392,365
Income tax calculated at Singapore's statutory income tax rate of 17%, 17%, and 17% respectively	258,900	270,696	236,702
Tax effect of income not subject to income tax	(2,510)	(4,348)	(20,400)
Tax effect of tax exempt income	(45,698)	(51,850)	(73,100)
Enhanced deduction and rebates	(6,454)	–	–
Tax rebate	(22,569)	(18,177)	(10,000)
Tax effect of non-deductible expenses for income tax purposes	7,182	6,207	6,302
Others	8,518	4,431	(2,681)
	197,369	206,959	136,823

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19. Income tax expense (Continued)

Reconciliation of effective income tax rate (Continued)

IRAS conducted a tax review on PAINCARE Center Pte. Ltd. and issued an additional tax assessment of approximately \$183,000 for year of assessment 2014 on 6 December 2018. On the same date, IRAS issued an interim discharge order for the additional assessment raised. As at 30 June 2019, there is no provision made in relation to this tax liability as the Group has no present obligation to the additional tax liabilities.

20. Earnings per share

The calculation for earning per share is based on:

	2017	2018	2019
Profit attributable to owners of the Company (\$)	<u>1,325,575</u>	<u>1,385,369</u>	<u>1,255,542</u>
Weighted average number of ordinary shares	<u>113,286,510</u>	<u>113,286,510</u>	<u>113,286,510</u>
Earnings per share (in cents) – Basic and diluted	<u>1.17</u>	<u>1.22</u>	<u>1.11</u>

The calculations of basic earnings per share for the relevant periods are based on profit attributable to owners of the Company for the financial years ended 30 June 2017, 2018 and 2019 divided by the pre-placement number of ordinary shares prior to the issue and allotment of 20,454,542 ordinary shares to the pre-placement investors in connection to the conversion of RCL and 3,636,364 ordinary shares in satisfaction of the consultancy fee as consultant to the Company in respect of the IPO exercise.

The diluted earnings per share for the relevant periods are same as the basic earnings per share as there were no dilutive potential ordinary shares for the relevant periods.

21. Dividends

	2017	2018	2019
	\$	\$	\$
Paincare Center Pte. Ltd. paid the following dividends:			
First interim tax exempt dividend of approximately \$Nil, \$Nil and \$507,500 per ordinary share in respect of financial years ended 30 June 2017, 2018 and 2019 respectively	–	–	1,015,000

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21. Dividends (Continued)

	2017	2018	2019
	\$	\$	\$
Singapore Paincare Center @ Novena Pte. Ltd. paid the following dividends:			
First interim tax exempt dividend of approximately \$107,500, \$500,000 and \$350,000 per ordinary share in respect of financial years ended 30 June 2017, 2018 and 2019 respectively	215,000	1,000,000	700,000
Second interim tax exempt dividend of approximately \$Nil, \$569,000 and \$Nil per ordinary share in respect of financial years ended 30 June 2017, 2018 and 2019 respectively	–	1,138,000	–
	<u>215,000</u>	<u>2,138,000</u>	<u>1,715,000</u>

22. Operating lease commitments

The Group as lessee

The Group leases office premises and clinic spaces under non-cancellable operating leases. The operating lease commitments are based on existing rental rates. The leases have lease term ranging from 3 to 5 years and rentals are fixed during the lease term.

As at the end of the respective reporting periods, the future minimum lease payable under non-cancellable operating leases contracted for but not recognised as liabilities were as follows:

	2017	2018	2019
	\$	\$	\$
Within one financial year	405,000	405,000	25,750
After one financial year but within five financial years	412,750	7,750	15,000
	<u>817,750</u>	<u>412,750</u>	<u>40,750</u>

23. Significant related party transactions

For the purpose of these combined financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or *vice versa*, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

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23. Significant related party transactions (Continued)

In addition to the information disclosed elsewhere in the combined financial statements, the following were significant related party transactions at rates and terms agreed between the Group and its related parties during the financial years ended 30 June 2017, 2018 and 2019:

	2017	2018	2019
	\$	\$	\$
With related parties			
Advances to	589,557	451,000	200,000
Locum fee to	–	21,456	373,429
Marketing fee	120,000	120,000	120,000
Rental fee	405,000	405,000	405,000
Term loan interest recharge	30,344	49,708	62,292
Salary recharge	–	122,304	–
Payment made on behalf of	135,962	148,878	105,134
Assignment of debt to director	340,339	13,580	1,301,880
	<u>589,557</u>	<u>451,000</u>	<u>200,000</u>
With director of the Company			
Advances from	–	56,198	7,771
Advances to	305,829	1,159,855	779,567
Dividends	215,000	2,138,000	1,715,000
Payment made on behalf by	–	–	35,515
Payment made on behalf of	–	32,405	37,518
Assignment of debts from related parties	340,339	13,580	1,301,880
	<u>340,339</u>	<u>13,580</u>	<u>1,301,880</u>

Compensation of key management personnel

Key management personnel are directors of the Group and those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly and indirectly.

The remuneration of key management personnel of the Group during the financial years ended 30 June 2017, 2018 and 2019 were as follows:

	2017	2018	2019
	\$	\$	\$
Directors of the Company			
– Directors' fees	105,000	200,000	96,000
– Short-term employee benefits	255,000	210,000	240,000
– Post employee benefits	17,340	17,340	17,340
	<u>377,340</u>	<u>427,340</u>	<u>353,340</u>

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AND ITS SUBSIDIARIES**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 30 JUNE 2017, 2018 AND 2019 (Continued)**

24. Segment information

Business segment

Management monitors the operating results of the segment separately for the purposes of making decisions about resources to be allocated and of assessing performance. Segment performance is evaluated based on operating profit or loss which is similar to the accounting profit or loss.

The Group has only one primary business segment, which is the specialist healthcare segment. Accordingly, no segmental information is prepared based on business segment as it is not meaningful.

Geographical information

During the financial years ended 30 June 2017, 30 June 2018 and 30 June 2019, the Group operated mainly in Singapore and all non-current assets were located in Singapore. Accordingly, an analysis of non-current assets and revenue of the Group by geographical distribution has not been presented.

Major customers

The Group's customers comprise mainly individual patients. The Group is not reliant on any individual or corporate customer for its revenue and no one single customer accounted for 10% or more of the Group's total revenue for each of the reporting period.

25. Financial instruments, financial risks and capital management

The Group's activities expose it to credit risks, market risks (including interest rate risks) and liquidity risks arising in the ordinary course of business. The Group is not exposed to foreign currency risks as its transactions are carried out in Singapore dollar. The Group's overall risk management strategy seeks to minimise adverse effects from the volatility of financial markets on the Group's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. The Group's management then establishes the detailed policies such as risk identification and measurement, exposure limits and hedging strategies, in accordance with the objectives and underlying principles approved by the Board of Directors.

There has been no change to the Group's exposure to these financial risks or the manner in which the risks are managed and measured. The Group does not hold or issue derivative financial instruments for trading purposes or to hedge against fluctuations, if any, in interest rates and foreign exchange rates.

**SINGAPORE PAINCARE HOLDINGS LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 30 JUNE 2017, 2018 AND 2019 (Continued)**

25. Financial instruments, financial risks and capital management (Continued)

25.1 Credit risks

Credit risks refer to the risk that counterparty will default on its contractual obligations resulting in a loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group performs ongoing credit evaluation of its counterparties' financial condition and generally do not require collaterals.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics except as follows:

- (a) 79%, 87% and 88% of the total trade receivables balance as at 30 June 2017, 2018 and 2019 were due from 2, 3 and 3 receivables respectively.

The carrying amounts of financial assets recorded in the combined financial statements, grossed up for any allowances for losses, represents the Group's maximum exposure to credit risks. The Group does not hold any collateral.

The Group's major classes of financial assets are trade and other receivables and cash and cash equivalents.

Trade receivables that are neither past due nor impaired are substantially companies with good collection track record with the Group.

Further disclosures regarding trade and other receivables, which are neither past due nor impaired are provided in Note 9 to the financial statements.

As at 30 June 2017, 2018 and 2019, the Group's bank balances are held with bank and financial institution counterparties, which are rated AA/A, based on Moody's and Fitch ratings.

The Board of Directors monitors the credit rating on regular basis and considers that its cash and bank balances have low credit risk based on the external credit ratings of the counterparties. The cash and cash equivalents are measured based on 12-month credit loss model and subject to immaterial credit loss.

25.2 Liquidity risks

Liquidity risks refer to the risks in which the Group encounters difficulties in meeting its short-term obligations. Liquidity risks are managed by matching the payment and receipt cycle.

The Group actively manages its operating cash flows so as to ensure that all payment needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash to meet its working capital requirements.

**SINGAPORE PAINCARE HOLDINGS LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 30 JUNE 2017, 2018 AND 2019 (Continued)**

25. Financial instruments, financial risks and capital management (Continued)

25.2 Liquidity risks (Continued)

Contractual maturity analysis

The following tables detail the Group's remaining contractual maturity for its non-derivative financial instruments. The tables have been drawn up based on undiscounted cash flows of financial instruments based on the earlier of the contractual date or when the Group is expected to pay.

	Within one financial year \$	After one financial year but within five financial years \$	Total \$
2017			
Financial liabilities			
Trade and other payables	669,008	–	669,008
Bank borrowings	83,585	1,312,158	1,395,743
	<u>752,593</u>	<u>1,312,158</u>	<u>2,064,751</u>
2018			
Financial liabilities			
Trade and other payables	440,585	–	440,585
Bank borrowings	90,367	1,221,785	1,312,152
	<u>530,952</u>	<u>1,221,785</u>	<u>1,752,737</u>
2019			
Financial liabilities			
Trade and other payables	166,425	–	166,425
Bank borrowings	2,055,721	–	2,055,721
	<u>2,222,146</u>	<u>–</u>	<u>2,222,146</u>

**SINGAPORE PAINCARE HOLDINGS LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 30 JUNE 2017, 2018 AND 2019 (Continued)**

25. Financial instruments, financial risks and capital management (Continued)

25.3 Interest rate risk

The Group's exposure to market risks for changes in interest rates relates primarily to interest-bearing borrowings as shown in Note 12 to the combined financial statements.

The Group's results are affected by changes in interest rates due to the impact of such changes on interest expenses from interest-bearing borrowings which are floating interest rates. It is the Group's policy to obtain quotes from reputable banks to ensure that the most favourable rates are made available to the Group.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rate risks for financial liabilities at the end of the reporting period. For floating liabilities, the analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year. The sensitivity analysis assumes an instantaneous 0.5% change in the interest rates from the end of each reporting period, with all variables held constant.

If the interest rate increases or decreases by 0.5%, the Group's profit or loss will decrease or increase by:

	Increase/(Decrease) Profit or Loss		
	2017	2018	2019
	\$	\$	\$
Bank borrowings	<u>6,314</u>	<u>6,145</u>	<u>9,979</u>

25.4 Capital management policies and objectives

The Group manages capital to ensure that it is able to continue as a going concern and maintain an optimal capital structure so as to maximise shareholders' value.

Management reviews the capital structure to ensure that the Group is able to service any debt obligations (including principal repayment and interest) based on operating cash flows. The Group's overall strategy remains unchanged during the financial years ended 30 June 2017, 2018 and 2019.

The Group monitors capital based on a gearing ratio, which is net debt divided by total equity plus net debt. The Group's net debt includes trade and other payables and bank borrowings less cash and cash equivalents. Equity attributable to the owners of the Company comprises share capital and retained earnings.

**SINGAPORE PAINCARE HOLDINGS LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 30 JUNE 2017, 2018 AND 2019 (Continued)**

25. Financial instruments, financial risks and capital management (Continued)

25.4 Capital management policies and objectives (Continued)

	2017	2018	2019
	\$	\$	\$
Trade and other payables	751,300	505,521	238,872
Bank borrowings	1,262,786	1,228,909	1,995,878
Less: Cash and cash equivalents	<u>(1,909,716)</u>	<u>(789,544)</u>	<u>(1,243,695)</u>
Net debt	104,370	944,886	991,055
Total equity	<u>1,513,178</u>	<u>760,547</u>	<u>301,091</u>
Total capital	<u>1,617,548</u>	<u>1,705,433</u>	<u>1,292,146</u>
Gearing ratio	<u>6%</u>	<u>55%</u>	<u>77%</u>

The Group complied with all externally imposed capital requirements for the financial years ended 30 June 2017, 2018 and 2019.

25.5 Fair value of financial assets and financial liabilities

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and
- the fair value of other financial assets and other financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

Fair value hierarchy

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair value of financial instruments carried at fair value

The fair value of financial asset carried at fair value in relation to financial asset at FVTPL is disclosed in Note 7 to the combined financial statements.

**SINGAPORE PAINCARE HOLDINGS LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 30 JUNE 2017, 2018 AND 2019 (Continued)**

25. Financial instruments, financial risks and capital management (Continued)

25.5 Fair value of financial assets and financial liabilities (Continued)

Fair value of financial instruments carried at fair value (Continued)

The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy:

	Level 1	Level 2	Level 3
	\$	\$	\$
2019			
Financial assets at FVTPL	–	–	235,000
2018			
Financial assets at FVTPL	–	–	–
2017			
Financial assets at FVTPL	–	–	–

There were no transfers between levels during the financial years ended 30 June 2017, 30 June 2018 and 30 June 2019 and no changes in the valuation techniques of the various classes of financial assets and financial liabilities.

Fair value of financial instruments that are not carried at fair value and whose carrying amounts approximate their fair values

The carrying amounts of current financial assets and financial liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The carrying amounts of the bank borrowings approximate their fair values as they are subjected to floating interest rates.

Valuation policies and procedures

Management oversees the Group's financial reporting valuation process and is responsible for setting and documenting of the Group's valuation policies and procedures.

For all significant financial reporting valuations using valuation models and significant unobservable inputs, it is the Group's policy to engage external valuation experts to perform the valuation. Management is responsible for selecting and engaging valuation experts that possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies, and SFRS(I) 13 *Fair Value Measurement* guidance.

For valuations performed by external valuation experts, the management reviews the appropriateness of the valuation methodologies and assumptions adopted. The management also evaluates the appropriateness and reliability of the inputs used in the valuations.

**SINGAPORE PAINCARE HOLDINGS LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 30 JUNE 2017, 2018 AND 2019 (Continued)**

25. Financial instruments, financial risks and capital management (Continued)

25.6 Categories of financial instruments

The following table sets out the financial instruments as at the end of the respective reporting periods:

	2017	2018	2019
	\$	\$	\$
Financial assets			
At amortised cost	–	–	2,291,576
Loans and receivables	3,536,771	2,551,603	–
Financial asset at FVTPL	–	–	235,000
	<u>3,536,771</u>	<u>2,551,603</u>	<u>2,526,576</u>
Financial liabilities			
Other financial liabilities, at amortised cost	1,931,794	1,669,494	2,162,303
	<u>1,931,794</u>	<u>1,669,494</u>	<u>2,162,303</u>

26. Events after the reporting period

26.1 Acquisition of subsidiaries

On 5 July 2019, the Company underwent a restructuring exercise whereby the Company acquired 100% equity interest in Lian Clinic Pte. Ltd. (“LCPL”), HMC Medical Pte. Ltd. (“HMC”), AE Medical Fernvale Pte. Ltd. (“AEFV”) and AE Medical Sengkang Private Limited (“AESK”) for share consideration of \$6,473,600. The management determined that the Group obtained control over LCPL, HMC, AEFV and AESK after the end of reporting period and recognised them as subsidiaries.

The fair values of the identifiable assets and liabilities of LCPL, HMC, AEFV and AESK as at the date of acquisition were:

	LCPL	HMC	AEFV	AESK	Total
	\$	\$	\$	\$	\$
Plant and equipment	85,765	107,009	117,261	46,975	357,010
Intangible assets	–	–	81,000	85,000	166,000
Inventories	343,176	55,511	73,205	42,265	514,157
Trade and other receivables	389,457	139,969	56,832	9,923	596,181
Cash and cash equivalents	118,164	265,754	28,366	427	412,711
Total assets	<u>936,562</u>	<u>568,243</u>	<u>356,664</u>	<u>184,590</u>	<u>2,046,059</u>

**SINGAPORE PAINCARE HOLDINGS LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 30 JUNE 2017, 2018 AND 2019 (Continued)**

26. Events after the reporting period (Continued)

26.1 Acquisition of subsidiaries (Continued)

	LCPL \$	HMC \$	AEFV \$	AESK \$	Total \$
Trade and other payables	497,090	290,581	43,896	4,450	836,017
Lease liabilities	72,800	170,710	108,769	45,921	398,200
Provision	6,893	20,000	2,455	–	29,348
Deferred tax liabilities	–	–	14,000	15,000	29,000
Income tax liabilities	219,840	63,094	136	–	283,070
Total liabilities	<u>796,623</u>	<u>544,385</u>	<u>169,256</u>	<u>65,371</u>	<u>1,575,635</u>
Net identifiable assets at fair value	139,939	23,858	187,408	119,219	470,424
Fair value of consideration paid	<u>3,435,360</u>	<u>1,445,680</u>	<u>829,600</u>	<u>762,960</u>	<u>6,473,600</u>
Goodwill arising from acquisition	<u>3,295,421</u>	<u>1,421,822</u>	<u>642,192</u>	<u>643,741</u>	<u>6,003,176</u>

The Group issued additional ordinary shares of the Company to the vendors of respective acquired subsidiaries based on the financial performance contribution of the subsidiaries over the Group's unaudited profit after tax for the financial period between 1 July 2018 to 31 March 2020 pursuant to amended and restated Restructuring Agreement on 1 April 2020.

Goodwill of \$6,003,176 arising from the acquisitions is attributable to expected synergies that can be achieved in combining the operations of these subsidiaries with the Group such as expanding the Group's presence in Singapore and tapping on the subsidiaries' workforce expertise. These intangibles identified are subsumed into goodwill as they do not meet the recognition criteria for identifiable intangible assets. The goodwill are not to be deductible for tax purposes.

If the combinations have taken place at the beginning of the financial year ended 30 June 2019, the Group's revenue for the financial year would have been \$8,988,427 and profit before tax would have been \$2,886,604.

26.2 Acquisition of associate

On 5 July 2019, the Group underwent a restructuring exercise whereby the Group acquired from the vendor the 45% equity interest in SMH, comprising an aggregate of 1,155 ordinary shares for a total consideration of \$1,570,800.

**SINGAPORE PAINCARE HOLDINGS LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 30 JUNE 2017, 2018 AND 2019 (Continued)**

26. Events after the reporting period (Continued)

26.2 Acquisition of associate (Continued)

Subsequently to this acquisition, the management assessed that the Group has significant influence over SMH as the Group has power to participate in the financial and operating policy decisions in SMH. Consequently, the Group applied the use of the equity method for the investment in SMH from 5 July 2019. On the same date, the carrying amounts of the investment in SMH as financial asset at FVTPL were derecognised and were recognised as investment in associate.

The Group issued additional ordinary shares of the Company to the vendor of SMH based on the financial performance contribution of the associate over the Group's unaudited profit after tax for the financial period between 1 July 2018 to 31 March 2020 pursuant to amended and restated Restructuring Agreement on 1 April 2020.

26.3 Redeemable Convertible loan

On 30 July 2019, the Company entered into a convertible loan agreement ("the RCL") with the RCL lenders for an aggregate sum of \$2,700,000. The RCL shall be converted into ordinary shares at a discount of 40% to the placement price upon the terms and conditions of the convertible loan agreement.

On 12 May 2020, the Company entered into a deed of amendment to the RCL, and the conversion of the RCL into ordinary shares are fixed at 20,454,542 number of ordinary shares upon conversion.

26.4 Acquisition of intellectual property

The Company entered into a deed of assignment on 10 March 2020 with a related party, Medbridge Marketing Pte. Ltd. to acquire the trademarks under the application numbers T1415309G, 40201506243Y, and T1308386I, for a consideration of \$200,000, which will be satisfied by issuance of the Company's ordinary shares, and a deed of assignment dated 5 May 2020 for the trademark under application number IDM000590602 for US\$10.00.

26.5 Changes in share constitution

Pursuant to the shareholders' resolutions passed by the shareholders on 16 June 2020 and 9 July 2020, the shareholders approved, *inter alia*, the following:

- (a) adoption of the new constitution;
- (b) the sub-division of each existing issued share capital of the Company into 1,095 ordinary shares in the capital of the Company;
- (c) the allotment and issue of the following ordinary shares:
 - (i) the 24,246,000 placement shares which are the subject of the placement;
 - (ii) the 90,000 ordinary shares pursuant to the Restructuring Agreement;

**SINGAPORE PAINCARE HOLDINGS LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 30 JUNE 2017, 2018 AND 2019 (Continued)**

26. Events after the reporting period (Continued)

26.5 Changes in share constitution (Continued)

- (iii) the 3,458 ordinary shares pursuant to the transfer of intellectual property;
- (iv) the 20,454,542 ordinary shares to the lenders in connection with the conversion of the RCL; and
- (v) the 3,636,364 ordinary shares in satisfaction of the consultancy fees.

which when allotted, issued and fully paid, will rank *pari passu* in all respects with the existing issued ordinary shares;

- (d) the adoption of the performance share plan;
- (e) the adoption of the share option scheme;
- (f) the authority be given to the directors of the Company to allot and issue ordinary shares upon the grant of awards under the performance share plan and the exercise of all options (including the allotment of ordinary shares arising from the exercise of the options to the selected individuals) granted under the share option scheme;
- (g) the listing and quotation of all the issued ordinary shares (including the placement shares to be issued and allotted pursuant to the placement, performance shares and option shares) to be issued (if any) on Catalist;
- (h) the authority be given to the Directors of the Company to:
 - (A) (i) issue ordinary shares whether by way of rights, bonus or otherwise;
 - (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require ordinary shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into ordinary shares;
 - (iii) notwithstanding that such authority may have ceased to be in force at the time that instruments are to be issued, issue additional Instruments arising from adjustments made to the number of instruments previously issued in the event of rights, bonus or other capitalisation issues,

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

**SINGAPORE PAINCARE HOLDINGS LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 30 JUNE 2017, 2018 AND 2019 (Continued)**

26. Events after the reporting period (Continued)

26.5 Changes in share constitution (Continued)

- (B) issue ordinary shares in pursuance of any instruments made or granted by the Directors of the Company pursuant to (h)(A)(ii) and/or (h)(A)(iii) above, while such authority was in force (notwithstanding that such issue of ordinary shares pursuant to the Instruments may occur after the expiration of the authority contained in this resolution), provided that:
- (1) the aggregate number of ordinary shares to be issued pursuant to this resolution (including ordinary shares to be issued in pursuance of the Instruments, made or granted pursuant to this resolution) shall not exceed 100.0% of the total number of issued ordinary shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of ordinary shares to be issued (including ordinary shares to be issued pursuant to the Instruments) other than on a pro rata basis to existing shareholders shall not exceed 50.0% of the total number of issued ordinary shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);
 - (2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of ordinary shares (including ordinary shares to be issued pursuant to the Instruments) that may be issued under sub-paragraph (1) above, the percentage of ordinary shares that may be issued shall be based on the total number of issued ordinary shares of the Company (excluding treasury shares) immediately after the placement, after adjusting for: (a) new ordinary shares arising from the conversion or exercise of the Instruments or any convertible securities, (b) new ordinary shares arising from exercising share options or vesting of share awards outstanding and subsisting at the time of the passing of this authority, provided that the options or awards were granted in compliance with the Catalist Rules, and (c) any subsequent bonus issue, consolidation or sub-division of ordinary shares. Adjustments made in accordance with (a) and (b) above are only to be made in respect of new ordinary shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this resolution;
 - (3) in exercising such authority, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and
 - (4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until (i) the conclusion of the next annual general meeting of the Company or (ii) the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier; and

**SINGAPORE PAINCARE HOLDINGS LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 30 JUNE 2017, 2018 AND 2019 (Continued)**

26. Events after the reporting period (Continued)

26.5 Changes in share constitution (Continued)

- (i) that without prejudice to the generality of, pursuant and subject to the approval of the general mandate to issue ordinary shares set out in (h) above, any Director be and is hereby authorised to issue ordinary shares other than on a pro rata basis to the shareholders, at a discount not exceeding 10.0% of the weighted average price of the ordinary shares for trades done on the SGX-ST for the full market day on which the placement or subscription agreement is signed (or if not available, the weighted average price based on the trades done on the preceding market day up to the time the placement or subscription agreement is signed), at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit, provided that;
- (1) in exercising such authority so conferred in this paragraph (i), the Company shall comply with the provisions of the Catalist Rule for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and
- (2) unless revoked or varied by the Company in general meeting, the authority so conferred in this paragraph (i) shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier.

26.6 Outbreak of Coronavirus Disease (“COVID-19”)

Globally, the Governments of multiple countries have undertaken drastic action to limit the spread of COVID-19 including, safe distancing measures, lock-downs, travel restrictions and various travel advisories. In late March 2020, Singapore began to restrict the entry of short-term visitors into Singapore, and from early April 2020, Singapore implemented “circuit breakers” to minimise the further spread of COVID-19 by elevating the safe distancing measures and restricting businesses to essential services and selected economic sectors critical for local and global supply chains. In late April 2020, the “circuit breaker” measures were further extended to June 2020. In early May 2020 the government announced an easing of tighter “circuit breaker” measures in preparation for the gradual resumption of activity after 1 June 2020.

Due to the travel restrictions, the Group has experienced a decrease in number of foreign patients and have generally experienced a decrease in number of patients during the third quarter of FY2020 as the Group is limited to providing essential medical healthcare. The current COVID-19 situation is not expected to have a material adverse impact on the Group’s financials and business operations as a whole unless the abovementioned restrictions are sustained for a long period of time. The management considered that on the basis of the majority of the Group’s revenue is derived from locals and residents in Singapore and certain subsidiaries of the Group are part of the government’s a Public Health Preparedness Clinic (“PHPC”) scheme. The Group has taken all necessary precaution measures as directed and imposed by the Ministry of Health Singapore for all healthcare workers.

**APPENDIX B – INDEPENDENT AUDITORS’ REVIEW REPORT AND
UNAUDITED INTERIM CONDENSED COMBINED FINANCIAL STATEMENTS
OF SINGAPORE PAINCARE HOLDINGS LIMITED AND ITS SUBSIDIARIES
FOR THE FINANCIAL PERIOD FROM 1 JULY 2019 TO
31 DECEMBER 2019**

**SINGAPORE PAINCARE HOLDINGS LIMITED
and its subsidiaries**

Independent Auditors’ Review Report And
Unaudited Interim Condensed Combined Financial Statements
For the financial period from 1 July 2019 to 31 December 2019

**UNAUDITED INTERIM CONDENSED COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 JULY 2019 TO 31 DECEMBER 2019**

STATEMENT BY DIRECTORS

We, Lee Mun Kam Bernard and Loh Foo Keong Jeffrey, being two of the directors of Singapore Paincare Holdings Limited (the “Company”), do hereby confirm that, in the opinion of the Board of Directors to the best of their knowledge, nothing has come to their attention which may render the accompanying unaudited interim condensed combined financial statements together with notes thereto drawn up in accordance with the Singapore Financial Reporting Standards (International) (“SFRS(I)”) for the financial period from 1 July 2019 to 31 December 2019 to be false or misleading.

On behalf of the Board of Directors

Lee Mun Kam Bernard
Director

Loh Foo Keong Jeffrey
Director

Singapore
13 July 2020

**INDEPENDENT AUDITORS' REVIEW REPORT ON THE
UNAUDITED INTERIM CONDENSED COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 JULY 2019 TO 31 DECEMBER 2019**

13 July 2020

The Board of Directors
Singapore Paincare Holdings Limited
150 Orchard Road
#07-18 Orchard Plaza
Singapore 238841

Report on the review of unaudited interim condensed combined financial statements

Introduction

We have reviewed the accompanying unaudited interim condensed combined financial statements of Singapore Paincare Holdings Limited (the "Company") and its subsidiaries (the "Group"), which comprise the unaudited interim condensed combined statement of financial position of the Group as at 31 December 2019, and the related unaudited interim condensed combined statements of comprehensive income, changes in equity and cash flows of the Group for the financial period from 1 July 2019 to 31 December 2019, and selected explanatory notes, as set out on pages B-5 to B-61. Management is responsible for the preparation and fair presentation of the unaudited interim condensed combined financial statements in accordance with the Singapore Financial Reporting Standards (International) 1-34, *Interim Financial Reporting*. Our responsibility is to express a conclusion on the unaudited interim condensed combined financial statements based on our review.

Scope of review

We conducted our review in accordance with Singapore Standard on Review Engagements 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unaudited interim condensed combined financial statements is not prepared, in all material respects, in accordance with Singapore Financial Reporting Standards (International), 1-34 *Interim Financial Reporting*.

**INDEPENDENT AUDITORS' REVIEW REPORT ON THE
UNAUDITED INTERIM CONDENSED COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 JULY 2019 TO 31 DECEMBER 2019 (Continued)**

**Report on the review of unaudited interim condensed combined financial statements
(Continued)**

Restriction on distribution and use

This report is made solely to you as a body and for the inclusion in the Offer Document to be issued in relation to the proposed offering of the shares of the Company in connection with the Company's listing on Catalist, the sponsor-supervised listing platform of the Singapore Exchange Securities Trading Limited and for no other purpose.

BDO LLP
Public Accountants and
Chartered Accountants

Singapore

Leong Hon Mun Peter
Partner-in-charge

**SINGAPORE PAINCARE HOLDINGS LIMITED
AND ITS SUBSIDIARIES**

**UNAUDITED INTERIM CONDENSED COMBINED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019**

	Note	30 June 2019 (Unaudited) \$	31 December 2019 (Unaudited) \$
ASSETS			
Non-current assets			
Plant and equipment	5	20,729	2,534,810
Investment in associates	7	–	2,028,274
Intangible assets	8	–	6,058,509
Financial asset at fair value through profit or loss (“FVTPL”)	9	235,000	–
Other receivables	10	–	7,262
		255,729	10,628,855
Current assets			
Inventories	11	123,334	880,298
Trade and other receivables	10	1,047,881	1,435,514
Prepayments		8,761	14,843
Cash and cash equivalents	12	1,243,695	3,792,354
		2,423,671	6,123,009
Total assets		2,679,400	16,751,864
EQUITY AND LIABILITIES			
Equity			
Share capital	13	6	13,597,282
Merger reserve	14	–	(5,552,876)
Retained earnings		301,085	1,442,869
Total equity		301,091	9,487,275
Non-current liabilities			
Lease liabilities	15	–	1,970,849
Deferred tax liabilities	16	–	9,667
Provision	17	–	29,440
		–	2,009,956
Current liabilities			
Trade and other payables	18	238,872	1,139,644
Bank borrowings	19	1,995,878	–
Lease liabilities	15	–	585,014
Redeemable convertible loan	20	–	2,490,000
Derivative financial instrument	21	–	266,000
Current income tax payable		143,559	773,975
		2,378,309	5,254,633
Total liabilities		2,378,309	7,264,589
Total equity and liabilities		2,679,400	16,751,864

The accompanying notes form an integral part of these financial statements.

**SINGAPORE PAINCARE HOLDINGS LIMITED
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**UNAUDITED INTERIM CONDENSED COMBINED STATEMENT OF COMPREHENSIVE
INCOME FOR THE FINANCIAL PERIOD FROM 1 JULY 2019 TO 31 DECEMBER 2019**

	Note	1 July 2018 to 31 December 2018 (Unaudited) \$	1 July 2019 to 31 December 2019 (Unaudited) \$
Revenue	22	1,982,327	5,133,490
<i>Other items of income</i>			
Other income	23	2,698	61,243
<i>Items of expense</i>			
Changes in inventories		20,089	242,807
Inventories and consumables used		(426,663)	(1,438,618)
Employee benefits expense	24	(369,354)	(1,430,774)
Depreciation and amortisation expenses	25	(8,000)	(410,710)
Operating lease expenses		(202,500)	–
Other expenses		(297,691)	(910,972)
Finance costs	26	–	(90,851)
Share of profits of associates, net of tax		–	222,474
Profit before income tax	27	700,906	1,378,089
Income tax expense	28	(84,654)	(236,305)
Profit for the financial period, representing total comprehensive income for the financial period		<u>616,252</u>	<u>1,141,784</u>
Profit and total comprehensive income attributable to owners of the Company		<u>616,252</u>	<u>1,141,784</u>
Earnings per share	29		
– Basic (cents)		<u>0.54</u>	<u>1.01</u>
– Diluted (cents)		<u>0.54</u>	<u>0.92</u>

The accompanying notes form an integral part of these financial statements.

**SINGAPORE PAINCARE HOLDINGS LIMITED
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**UNAUDITED INTERIM CONDENSED COMBINED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD FROM 1 JULY 2019 TO 31 DECEMBER 2019**

	Note	Share capital \$	Merger reserve \$	Retained earnings \$	Total equity \$
(Unaudited)					
Balance at 1 July 2018	4	—	—	760,543	760,547
Profit for the financial period		—	—	616,252	616,252
Total comprehensive income for the financial period		—	—	616,252	616,252
Balance at 31 December 2018	4	—	—	1,376,795	1,376,799
(Unaudited)					
Balance at 1 July 2019	6	—	—	301,085	301,091
Profit for the financial period		—	—	1,141,784	1,141,784
Total comprehensive income for the financial period		—	—	1,141,784	1,141,784
Contributions by owners					
Adjustment pursuant to restructuring exercise	7,13	13,597,276	(5,552,876)	—	8,044,400
Total transactions with owner of the Company		13,597,276	(5,552,876)	—	8,044,400
Balance at 31 December 2019		13,597,282	(5,552,876)	1,442,869	9,487,275

The accompanying notes form an integral part of these financial statements.

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**UNAUDITED INTERIM CONDENSED COMBINED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD FROM 1 JULY 2019 TO 31 DECEMBER 2019**

	1 July 2018 to 31 December 2018 (Unaudited) \$	1 July 2019 to 31 December 2019 (Unaudited) \$
Operating activities		
Profit before income tax	700,906	1,378,089
Adjustments for:		
Depreciation of plant and equipment	8,000	16,801
Depreciation of right-of-use assets	–	283,242
Amortisation of intangible assets	–	110,667
Interest expense	–	90,851
Fair value loss on derivative financial instrument	–	3,000
Reversal of impairment on doubtful receivables	–	9,428
Share of profit of associates	–	(222,474)
Operating cash flows before working capital changes	708,906	1,669,604
Inventories	(20,089)	(242,807)
Trade and other receivables	(478,711)	(36,347)
Trade and other payables	411,752	64,758
Prepayments	–	(6,082)
Cash generated from operations	621,858	1,449,126
Income tax paid	(103,489)	(216,292)
Net cash from operating activities	518,369	1,232,834
Investing activities		
Acquisition of subsidiaries, net of cash acquired	–	412,711
Purchase of plant and equipment	–	(7,669)
Net cash from investing activities	–	405,042
Financing activities		
Dividends paid	–	(630,000)
Repayment from director	–	9,355
Repayment of principal portion of lease liabilities (Note A)	–	(291,713)
Repayment of interest portion of lease liabilities (Note A)	–	(25,587)
Proceeds from redeemable convertible loan	–	2,700,000
Repayment of borrowings (Note A)	(36,023)	(839,031)
Interest paid	–	(12,241)
Net cash (used in)/from financing activities	(36,023)	910,783
Net change in cash and cash equivalents	482,346	2,548,659
Cash and cash equivalents at beginning of financial period	789,544	1,243,695
Cash and cash equivalents at end of financial period	1,271,890	3,792,354

The accompanying notes form an integral part of these financial statements.

**SINGAPORE PAINCARE HOLDINGS LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO THE UNAUDITED INTERIM CONDENSED COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 JULY 2019 TO 31 DECEMBER 2019**

These notes form an integral part and should be read in conjunction with the unaudited interim condensed combined financial statements.

These unaudited interim condensed combined financial statements have been prepared for inclusion in the Offer Document of Singapore Paincare Holdings Limited (the “Company”) and its subsidiaries (the “Group”) and were authorised for issue by the Directors of the Company on 13 July 2020.

1. General corporate information

The Company is a private limited company, incorporated and domiciled in Singapore with its registered office address and principal place of business at 150 Orchard Road #07-18 Orchard Plaza Singapore 238841. The registration number of the Company is 201843233N.

The principal activity of the Company is that of an investment holding company.

The principal activities of the subsidiaries, joint ventures and associates are disclosed in Note 6 to the financial statements.

These unaudited interim condensed combined financial statements have been prepared solely in connection with the proposed listing of the Company on Catalist, the sponsor-supervised board of the Singapore Exchange Securities Trading Limited (“SGX-ST”).

2. Basis of preparation of unaudited interim condensed combined financial statements

The unaudited interim condensed combined financial statements have been prepared for the financial period from 1 July 2019 to 31 December 2019 in accordance with Singapore Financial Reporting Standard (International) 1-34, *Interim Financial Reporting* (“SFRS(I) 1-34”).

The unaudited interim condensed combined financial statements do not include the information and full disclosures normally included in a complete set of financial statements and should be read in conjunction with the audited combined financial statements for the financial years ended 30 June 2017, 2018 and 2019.

The unaudited interim condensed combined financial statements are presented in Singapore dollar which is the functional currency of the Company and the presentation currency for the Group.

3. Summary of significant accounting policies

The unaudited interim condensed combined financial statements have been prepared on the historical cost convention except as disclosed in the accounting policies in the audited combined financial statements for the financial years ended 30 June 2017, 2018 and 2019, and are prepared in accordance with Singapore Financial Reporting Standards (International) (“SFRS(I)”).

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**NOTES TO THE UNAUDITED INTERIM CONDENSED COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 JULY 2019 TO 31 DECEMBER 2019 (Continued)**

3. Summary of significant accounting policies (Continued)

The accounting policies and methods of computation used in the unaudited interim condensed combined financial statements are consistent with those applied in the audited combined financial statements for the financial years ended 30 June 2017, 2018 and 2019 except for the new and revised SFRS(I) and SFRS(I) Interpretations (“SFRS(I) INT”) that are relevant to their operations effective from 1 July 2019 and additional accounting policies applied for the financial period. These accounting policies are set out in Note 3 to the audited combined financial statements for the financial years ended 30 June 2017, 2018 and 2019.

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The Group applies, for the first time, SFRS(I) 16 *Leases* and SFRS(I) INT 23 *Uncertainty over Income Tax Treatments* which do not require restatement of previous financial statements. As required by SFRS (I) 1-34, the nature and effect of these changes are disclosed below. Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the unaudited interim condensed combined financial statements of the Group.

Changes in accounting policies

New standards, amendments and interpretations effective from 1 July 2019

SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*

SFRS(I) INT 23 provides guidance on accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments.

The interpretation requires:

- The Group to contemplate whether uncertain tax treatments should be considered separately or together as a group, based on which approach provides better predictions of the resolution;
- The Group to determine if it is probable that the tax authorities will accept the uncertain tax treatment; and
- If it is not probable that the uncertain tax treatment will be accepted, measure the tax uncertainty based on the most likely amount or expected value, depending on whichever method better predicts the resolution of the uncertainty.

The Group applied this interpretation retrospectively with the cumulative effect of initially applying this interpretation as an adjustment to the opening retained earnings as at 1 July 2019. Due to the existence of uncertain tax treatments, the management estimated a provision of \$308,000 for additional income taxes relating to the Group’s business operation structure. One of the directors of the Company entered into a deed of indemnity in favour of the Group to undertake any additional tax liabilities, penalties or fines suffered or incurred by the Group under the Inland Revenue Authority of Singapore (“IRAS”) review. The Group recognised a corresponding receivable from that Director of the Company. There is no material impact to the opening retained earnings at 1 July 2019.

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**NOTES TO THE UNAUDITED INTERIM CONDENSED COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 JULY 2019 TO 31 DECEMBER 2019 (Continued)**

3. Summary of significant accounting policies (Continued)

Changes in accounting policies (Continued)

New standards, amendments and interpretations effective from 1 July 2019 (Continued)

SFRS(I) 16 Leases

SFRS(I) 16 supersedes SFRS(I) 1-17 *Leases*, SFRS(I) INT 4 *Determining whether an Arrangement Contains a Lease*, SFRS(I) INT 1-15 *Operating Leases – Incentives* and SFRS(I) INT 1-27 *Evaluating the Substance of Transaction Involving the Legal Form of a Lease*. SFRS(I) 16 provides a single lessee accounting model which eliminates the distinction between operating and finance leases for lessees. SFRS(I) 16 requires lessee to capitalise all leases on the combined statement of financial position by recognising a 'right-of-use' asset and a corresponding lease liability for the present value of the obligation to make lease payments, except for certain short-term leases and leases of low-value assets. Subsequently, the right-of-use assets will be depreciated and the lease liabilities will be measured at amortised cost. From the perspective of a lessor, the classification and accounting for operating and finance leases remains substantially unchanged under SFRS(I) 16.

The Group applied SFRS(I) 16 retrospectively with the cumulative effect of initially applying this standard as an adjustment to the opening retained earnings as at 1 July 2019 (the 'date of initial application'). The Group elected to apply the practical expedient to not reassess whether a contract is, or contains a lease at the date of initial application. Contracts entered into before the transition date that were not identified as leases under SFRS(I) 1-17, SFRS(I) INT 4, SFRS(I) INT 1-15 and SFRS(I) INT 1-27 were not reassessed. The definition of lease under SFRS(I) 16 was applied only to contracts entered into or changed on or after 1 July 2019. The details of the changes in accounting policies are disclosed below.

Accounting policy for leases from 1 July 2019

As lessee

All leases are accounted for by recognising a right-of-use asset and a lease liability except for leases of low value assets; and leases with a duration of twelve months or less.

The payments for leases of low value assets and short-term leases are recognised as an expense on a straight-line basis over the lease term.

Initial measurement

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used.

Variable lease payments are only included in the measurement of the lease liability if it is depending on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

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**NOTES TO THE UNAUDITED INTERIM CONDENSED COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 JULY 2019 TO 31 DECEMBER 2019 (Continued)**

3. Summary of significant accounting policies (Continued)

Changes in accounting policies (Continued)

New standards, amendments and interpretations effective from 1 July 2019 (Continued)

SFRS(I) 16 Leases (Continued)

Accounting policy for leases from 1 July 2019 (Continued)

As lessee (Continued)

Initial measurement (Continued)

On initial recognition, the carrying amount of lease liabilities also includes:

- a fixed payments (including in-substance fixed payments), less any lease incentives receivables;
- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Group if it is reasonably certain to assess that option; and
- any penalties payables for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right-of-use assets are initially measured at the amount of lease liabilities, reduced by any lease incentives received and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset.

The Group presents the right-of-use assets in plant and equipment and lease liabilities separately from other liabilities in the unaudited interim condensed combined statement of financial position.

Subsequent measurement

Right-of-use assets are subsequently measured at cost less any accumulated depreciation, any accumulated impairment loss and, if applicable, adjusted for any remeasurement of the lease liabilities. The right-of-use assets under cost model are depreciated on a straight-line basis over the shorter of either the remaining lease term or the remaining useful life of the right-of-use assets. If the lease transfers ownership of the underlying asset by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise the purchase option, the right-of-use assets are depreciated over the useful life over 21 months to 6 years of the underlying individual asset.

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**NOTES TO THE UNAUDITED INTERIM CONDENSED COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 JULY 2019 TO 31 DECEMBER 2019 (Continued)**

3. Summary of significant accounting policies (Continued)

Changes in accounting policies (Continued)

New standards, amendments and interpretations effective from 1 July 2019 (Continued)

SFRS(I) 16 Leases (Continued)

Accounting policy for leases from 1 July 2019 (Continued)

As lessee (Continued)

Subsequent measurement (Continued)

The carrying amount of right-of-use assets are reviewed for impairment when events changes in circumstances indicate that the right-of-use asset may be impaired accounting policy on impairment is as described in Note 3.8 to the audited combined financial statements for the financial years ended 30 June 2017, 2018 and 2019.

Subsequent to initial measurement, lease liabilities are adjusted to reflect interest charged at a constant periodic rate over the remaining lease liabilities, lease payment made and if applicable, account for any remeasurement due to reassessment or modifications.

After the commencement date, interest on the lease liabilities are recognised profit or loss, unless the costs are eligible for capitalisation in accordance with other applicable standards.

When the Group revises its estimate of any lease term (i.e. probability of extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments over the revised term. The carrying amount of lease liabilities is similarly revised when the variable element of the future lease payment dependent on a rate or index is revised. In both cases, an equivalent adjustment is made to the carrying amount of the right-of-use assets. If the carrying amount of the right-of-use assets is reduced to zero and there is a further reduction in the measurement of liabilities, the remaining amount of the remeasurement is recognised directly in profit or loss.

When the Group renegotiates the contractual terms of a lease with the lessor, the accounting treatment depends on the nature of the modification:

- If the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional right-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy;
- In all other cases where the renegotiation increases the scope of the lease (i.e. extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount;

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**NOTES TO THE UNAUDITED INTERIM CONDENSED COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 JULY 2019 TO 31 DECEMBER 2019 (Continued)**

3. Summary of significant accounting policies (Continued)

Changes in accounting policies (Continued)

New standards, amendments and interpretations effective from 1 July 2019 (Continued)

SFRS(I) 16 Leases (Continued)

Accounting policy for leases from 1 July 2019 (Continued)

As lessee (Continued)

Subsequent measurement (Continued)

- If the renegotiation results in a decrease in scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference being recognised in profit or loss. The lease liability is then further adjusted ensure its carrying amount reflects the amount of the renegotiated payments; over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

For lease contracts that convey a right to use an identified asset and require services to be provided by the lessor, the Group has elected to account for the entire contract as a lease. The Group does not allocate any amount of contractual payments to, and account separately for, any services provided by the lessor as part of the contract.

As a practical expedient, SFRS(I) 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient.

Subleases

When the Group is an intermediate lessor, it accounts for its interest in the head lease and the sublease separately. The Group assesses the lease classification with a sublease with reference to the right-of-use asset arising from the head lease. Sublease is classified as an operating lease if the Group applies short-term lease exemption to the head lease entered.

Accounting policy for leases prior to 1 July 2019

Operating leases

When the Company is the lessee of operating leases

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are recognised in profit or loss on a straight-line basis over the period of the lease.

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**NOTES TO THE UNAUDITED INTERIM CONDENSED COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 JULY 2019 TO 31 DECEMBER 2019 (Continued)**

3. Summary of significant accounting policies (Continued)

Changes in accounting policies (Continued)

New standards, amendments and interpretations effective from 1 July 2019 (Continued)

SFRS(I) 16 Leases (Continued)

Accounting policy for leases prior to 1 July 2019 (Continued)

Operating leases (Continued)

When the Company is the lessee of operating leases (Continued)

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the financial year in which termination takes place.

Transition and impacts on financial statements

In applying the modified retrospective approach, the Group has taken advantage of the following practical expedients:

- A single discount rate has been applied to portfolios of leases with reasonably similar characteristics;
- Initial direct costs have not been included in the measurement of the right-of-use asset at the date of initial application;
- For the purpose of measuring the right-of-use asset, hindsight has been used. Therefore, it has been measured based on prevailing estimates at the date of initial application and not retrospectively by making estimates and judgements (such as lease terms) based on circumstances on or after the lease commencement date.

As a lessee, the Group previously classified leases as finance or operating lease based on its assessment of whether the lease transferred substantially all the risks and rewards of ownership. Under SFRS(I) 16, the Group recognises right-of-use assets and lease liabilities for all leases.

On adoption of SFRS(I) 16, the Group recognised right-of-use assets and lease liabilities in relation to office space and clinic premises, which had previously been classified as operating leases.

Lease liabilities from operating leases under the principles of SFRS(I) 1-17 were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as at 1 July 2019. The incremental borrowing rate applied to lease liabilities on 1 July 2019 was 2.28% per annum.

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**NOTES TO THE UNAUDITED INTERIM CONDENSED COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 JULY 2019 TO 31 DECEMBER 2019 (Continued)**

3. Summary of significant accounting policies (Continued)

Changes in accounting policies (Continued)

New standards, amendments and interpretations effective from 1 July 2019 (Continued)

SFRS(I) 16 Leases (Continued)

Transition and impacts on financial statements (Continued)

Right-of-use assets are measured at an amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments. No leases were classified as finance leases applying SFRS(I)1-17 as at 30 June 2017, 2018 and 2019.

The effect of adopting SFRS(I) 16 as at 1 July 2019 was increasing the line items of the unaudited interim condensed combined statement of financial position as follows:

	Increase
	\$
ASSETS	
Non-current assets	
Right-of-use assets	2,397,817
LIABILITIES	
Non-current liabilities	
Lease liabilities	1,990,960
Current liabilities	
Lease liabilities	406,857
	<u>2,397,817</u>

The aggregate lease liabilities recognised in the unaudited interim condensed combined statement of financial position as at 1 July 2019 and the Group's operating lease commitments as at 30 June 2019 can be reconciled as follows:

	\$
Operating lease commitments as at 30 June 2019	40,750
Add: Effect of extension options reasonably certain to be exercised	2,521,250
	<u>2,562,000</u>
Effect of discounting using the incremental borrowing rate as at date of initial application	(164,183)
Lease liabilities as at 1 July 2019	<u>2,397,817</u>

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**NOTES TO THE UNAUDITED INTERIM CONDENSED COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 JULY 2019 TO 31 DECEMBER 2019 (Continued)**

4. Critical accounting judgements and key sources of estimation uncertainty

4.1 Critical judgements made in applying the accounting policies

In the process of applying the accounting policies, the management is of the opinion that there are critical judgements involved that have a significant effect on the amounts recognised in the unaudited interim condensed combined financial statements, as discussed below:

(i) *Determine the lease term*

The Group leases office space and clinic premises from third parties and related parties. Included in the lease arrangement, there are extension and termination option held and exercisable only by the Group. In determining the lease term, management considers the likelihood of either to exercise the extension option, or not to exercise the termination option. Management considers all facts and circumstances that create an economic incentive to extend and economic penalty or costs relating to the termination of lease.

Management has included potential cash outflows of \$2,521,250 in the measurement of lease liabilities for office space and clinic premises, as it is reasonably certain that the extension option will be exercised. The assessment on lease terms is reviewed at the end of each reporting period if there is a significant change in the Group's intentions, business plan or other circumstances unforeseen since it was first estimated.

4.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities and the reported amounts of revenue and expenses within the next financial year are discussed below:

(i) *Goodwill*

The management determines whether goodwill is impaired at least on annual basis. This requires an estimation of the recoverable amounts of the cash-generating units to which the goodwill is allocated. Recoverable amount of the cash-generating units is the higher of its fair value less costs to sell or its value in use. The value in use calculations are based on a discounted cash flow model. The recoverable amount is the most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for the extrapolation purposes. The carrying amount of the Group's goodwill as at 30 June 2019 and 31 December 2019 was \$Nil and \$6,003,176 respectively.

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**NOTES TO THE UNAUDITED INTERIM CONDENSED COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 JULY 2019 TO 31 DECEMBER 2019 (Continued)**

4. Critical accounting judgements and key sources of estimation uncertainty (Continued)

4.2 Key sources of estimation uncertainty (Continued)

(ii) *Loss allowance for receivables*

Management determines the expected loss arising from default for trade receivables, by categorised them based on its historical loss pattern, historical payment profile as well as credit risk profile of customer.

Notwithstanding the above, the Group evaluates the expected credit loss on customers in financial difficulties separately. There is no customer in financial difficulties during the financial year/period. The carrying amounts of trade and other receivables of the Group as at 30 June 2019 and 31 December 2019 were \$1,047,881 and \$1,442,776 respectively.

(iii) *Measurement of lease liabilities*

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term. The Group has determined the discount rate by reference to the respective lessee's incremental borrowing rate when the rate inherent in the lease is not readily determinable. The Group obtains the relevant market interest rate after considering the applicable geographical location where the lessee operates as well as the term of the lease. Management considers its own credit spread information from its recent borrowings, industry data available as well as any security available in order to adjust the market interest rate obtained from similar economic environment, term and value of the lease.

The average incremental borrowing rate applied to lease liabilities as at 31 December 2019 was 2.28%. The carrying amount of lease liabilities as at 31 December 2019 was \$2,555,863. If the incremental borrowing rate had been 10% higher or lower than management's estimates, the Group's lease liabilities would have been lower or higher by \$14,447.

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**NOTES TO THE UNAUDITED INTERIM CONDENSED COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 JULY 2019 TO 31 DECEMBER 2019 (Continued)**

5. Plant and equipment

	Computer equipment \$	Medical equipment \$	Furniture and fittings \$	Office equipment \$	Renovation \$	Total \$
30 June 2019 (Unaudited)						
Cost						
Balance at 1 July 2018	17,565	101,935	19,426	10,419	217,353	366,698
Additions	3,977	–	–	3,346	–	7,323
Balance at 30 June 2019	<u>21,542</u>	<u>101,935</u>	<u>19,426</u>	<u>13,765</u>	<u>217,353</u>	<u>374,021</u>
Accumulated depreciation						
Balance at 1 July 2018	17,565	71,268	19,426	10,419	217,353	336,031
Depreciation charged	1,075	16,000	–	186	–	17,261
Balance at 30 June 2019	<u>18,640</u>	<u>87,268</u>	<u>19,426</u>	<u>10,605</u>	<u>217,353</u>	<u>353,292</u>
Net carrying amount						
Balance at 30 June 2019	<u>2,902</u>	<u>14,667</u>	<u>–</u>	<u>3,160</u>	<u>–</u>	<u>20,729</u>

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5. Plant and equipment (Continued)

	Computer equipment	Medical equipment	Furniture and fittings	Office equipment	Renovation	Premises ^[1]	Total
	\$	\$	\$	\$	\$	\$	\$
31 December 2019 (Unaudited)							
Cost							
Balance at 1 July 2019	21,542	101,935	19,426	13,765	217,353	–	374,021
Acquisition of subsidiaries	4,270	2,932	360	5,153	662	343,633	357,010
Additions	2,439	5,230	–	–	–	76,627	84,296
Adoption of SFRS (I) 16	–	–	–	–	–	2,397,817	2,397,817
Disposal	–	–	–	–	–	(32,351)	(32,351)
	<u>28,251</u>	<u>110,097</u>	<u>19,786</u>	<u>18,918</u>	<u>218,015</u>	<u>2,785,726</u>	<u>3,180,793</u>
Accumulated depreciation							
Balance at 1 July 2019	18,640	87,268	19,426	10,605	217,353	–	353,292
Depreciation charged	5,048	9,367	90	1,729	567	283,242	300,043
Disposal	–	–	–	–	–	(7,352)	(7,352)
	<u>23,688</u>	<u>96,635</u>	<u>19,516</u>	<u>12,334</u>	<u>217,920</u>	<u>275,890</u>	<u>645,983</u>
Net carrying amount							
Balance at 31 December 2019	<u>4,563</u>	<u>13,462</u>	<u>270</u>	<u>6,584</u>	<u>95</u>	<u>2,509,836</u>	<u>2,534,810</u>

^[1] The Group leases office space and clinic premises for the purpose of back office operations and providing medical services respectively. Right-of-use of assets acquired under leasing arrangements are presented together with the owned assets of the same class. Details of such leased assets are disclosed below.

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5. Plant and equipment (Continued)

Right-of-use assets

	Premises \$
31 December 2019 (Unaudited) Group	
Cost	
Balance at 30 June 2019	–
Effect on adoption of SFRS(I) 16	2,397,817
Balance at 1 July 2019	2,397,817
Arising from acquisition of subsidiaries	343,633
Additions	76,627
Disposal	(32,351)
Balance at 31 December 2019	<u>2,785,726</u>
Accumulated depreciation	
Balance at 1 July 2019	–
Depreciation for the financial period	283,242
Disposal	(7,352)
Balance at 31 December 2019	<u>275,890</u>
Net carrying amount	
Balance at 31 December 2019	<u>2,509,836</u>

For the purpose of the unaudited interim condensed combined statement of cash flows, the Group's additions to plant and equipment during the financial period comprised:

	1 July 2018 to 31 December 2018 (Unaudited) \$	1 July 2019 to 31 December 2019 (Unaudited) \$
Additions of plant and equipment	–	84,296
Additions of right-of-use assets	–	76,627
Net cash payments made	<u>–</u>	<u>7,669</u>

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6. Investment in subsidiaries, associates and joint ventures

As at 31 December 2019, the subsidiaries of the Group are as follows:

Name of company	Principal place of business	Principal activities	Effective equity interest	
			30 June 2019 %	31 December 2019 %
<u>Subsidiaries</u>				
Paincare Center Pte. Ltd.	Singapore	Operation of medical clinic and the provision of medical services	100	100
Singapore Paincare Center @ Novena Pte. Ltd.	Singapore	Operation of medical clinic and the provision of medical services	100	100
AE Medical Sengkang Private Limited	Singapore	Operation of medical clinic and the provision of medical services	–	100
AE Medical Fernvale Pte. Ltd.	Singapore	Operation of medical clinic and the provision of medical services	–	100
HMC Medical Pte. Ltd.	Singapore	Operation of medical clinic and the provision of medical services	–	100
Lian Clinic Pte. Ltd.	Singapore	Operation of medical clinic and the provision of medical services	–	100

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6. Investment in subsidiaries, associates and joint ventures (Continued)

As at 31 December 2019, the subsidiaries of the Group are as follows: (Continued)

Name of company	Principal place of business	Principal activities	Effective equity interest	
			30 June 2019 %	31 December 2019 %
Horizon Paincare Pte. Ltd.	Singapore	Specialised medical services (paincare management)	60	100
Sen Paincare Pte. Ltd.	Singapore	Clinic and other general medical services	60	78
Fernvale Paincare Pte. Ltd.	Singapore	Clinic and other general medical services	60	100

On 17 January 2019, the Group set up a joint venture company, Horizon Paincare Pte. Ltd. (“HPPL”). The Group acquired 60 ordinary shares at a cash consideration of \$60, which represents 60% of total equity.

On 26 February 2019, the Group set up a joint venture company, Fernvale Paincare Pte. Ltd. (“FPPL”). The Group acquired 60 ordinary shares at a cash consideration of \$60, which represents 60% of total equity.

On 18 June 2019, the Group set up a joint venture company, Sen Paincare Pte. Ltd. (“SPPL”). The Group acquired 60 ordinary shares at a cash consideration of \$60, which represents 60% of total equity.

HPPL, FPPL and SPPL were previously classified as joint ventures as at 30 June 2019. These entities became the subsidiaries of the Group on 5 July 2019 followed by the completion of the acquisition of HMC Medical Pte. Ltd., AE Medical Fernvale Pte. Ltd. and Sen Med Holdings Pte. Ltd. which hold 40% of equity interest in HPPL, FPPL and SPPL respectively.

If these entities had been consolidated into the combined statement of comprehensive income at the beginning of the financial period ended 31 December 2019, the Group’s revenue for the financial period ended 31 December 2019 would have been \$5,133,490 and profit before tax would have been \$1,370,355.

As at 30 June 2019, the aggregated amount of cost of investment for these joint ventures is \$180 and the total share of loss after tax is \$5,714, which is insignificant to the Group, they have not been recognised in the combined statement of financial position and combined statement of comprehensive income for the financial year ended 30 June 2019.

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6. Investment in subsidiaries, associates and joint ventures (Continued)

As at end of the reporting period, these entities are joint ventures, which are dormant and in the process of being struck off.

As at 31 December 2019, the associates of the Group are as follows:

Name of company	Principal place of business	Principal activities	Effective equity interest	
			30 June 2019	31 December 2019
			%	%
<u>Associates</u>				
Sen Med Holdings Pte. Ltd.	Singapore	Investment holding	20	45
The Family Clinic @ Towner Pte. Ltd.	Singapore	Operation of medical clinic and the provision of medical services	20	45
X-Ray + Medical Screening Pte. Ltd.	Singapore	Provision of medical diagnostic imaging centres	20	45
Express Medical Pte. Ltd.	Singapore	Operation of medical clinic and the provision of medical services	20	45

7. Investment in associates

	30 June 2019 (Unaudited)	31 December 2019 (Unaudited)
	\$	\$
Unquoted equity investments, at cost	–	1,805,800
Share of post-acquisition results of associates	–	222,474
	–	2,028,274

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7. Investment in associates (Continued)

The details of associates are disclosed in Notes 6 to the unaudited interim condensed combined financial statements for the financial period from 1 July 2019 to 31 December 2019.

Sen Med Holdings Pte. Ltd. ("SMH") is a group of medical clinics which providing general healthcare services, which is in alignment with the Group's plan for growth in the medical related business.

Acquisition of equity interest in associates

On 5 July 2019, the Group acquired 45% equity interest of SMH, a company incorporated in Singapore, with consideration of \$1,570,800 which paid entirely by way of issuance of the Company's ordinary shares at fair value of \$1,360 each. The fair value of the financial asset at FVTPL which amounted to \$235,000 before the acquisition is re-measured as part of the cost of investment of associates.

Goodwill which amounted to approximately \$1,758,000 is measured as the excess of aggregate consideration transferred over the fair value of identifiable net assets acquired, and the amount forms part of carrying amount of investment in associates.

The financial year-end of SMH is 31 March. The financial statements from 1 July 2019 to 31 December 2019 was prepared by the management of SMH for the purpose of applying the equity method of accounting.

Summarised financial information of associates

The summarised financial information below reflects the amounts presented in the financial statements of associates (and not the Group's share of those amounts), adjusted for differences in accounting policies between the Group and the associates, is as follows:

	SMH	
	30 June 2019	31 December 2019
	(Unaudited)	(Unaudited)
	\$	\$
Assets and liabilities		
Current assets	–	1,109,795
Non-current assets	–	994,468
Current liabilities	–	1,505,001
Net assets	–	599,262

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7. Investment in associates (Continued)

Summarised financial information of associates (Continued)

	SMH	
	1 July 2018 to 31 December 2018 (Unaudited) \$	1 July 2019 to 31 December 2019 (Unaudited) \$
Income and expenses		
Revenue	–	1,698,611
Total comprehensive income	–	494,387

Reconciliation of summarised financial information presented, to the carrying amount of the Group's interest in associates, is as follows:

	31 December 2019 (Unaudited) \$
Net assets of SMH	599,262
Proportion of Group's ownership	45%
Group's share of interest in associates	269,668
Add: Goodwill	1,758,606
Carrying value	2,028,274

8. Intangible assets

	Computer software \$
30 June 2019 (Unaudited)	
Cost	
Balance at 1 July 2018 and 30 June 2019	39,721
Accumulated amortisation	
Balance at 1 July 2018 and 30 June 2019	39,721
Net carrying amount	
Balance at 30 June 2019	–

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8. Intangible assets (Continued)

	Computer software \$	Customer contract \$	Goodwill \$	Total \$
31 December 2019 (Unaudited)				
Cost				
Balance at 1 July 2019	39,721	–	–	39,721
Written off	(34,721)	–	–	(34,721)
Arising from acquisition of subsidiaries	–	166,000	6,003,176	6,169,176
Balance at 31 December 2019	<u>5,000</u>	<u>166,000</u>	<u>6,003,176</u>	<u>6,174,176</u>
Accumulated amortisation				
Balance at 1 July 2019	39,721	–	–	39,721
Amortisation for the financial period	–	110,667	–	110,667
Written off	(34,721)	–	–	(34,721)
Balance at 31 December 2019	<u>5,000</u>	<u>110,667</u>	<u>–</u>	<u>115,667</u>
Net carrying amount				
Balance at 31 December 2019	<u>–</u>	<u>55,333</u>	<u>6,003,176</u>	<u>6,058,509</u>

Acquisition of Lian Clinic Pte. Ltd. (“LCPL”), HMC Medical Pte. Ltd. (“HMC”), AE Medical Fernvale Pte. Ltd. (“AEFV”) and AE Medical Sengkang Private Limited (“AESK”)

Amortisation expense was included in “Other expenses” line item of profit or loss.

Goodwill arising on consolidation relates to the acquisition of subsidiaries, LCPL, HMC, AEFV and AESK.

On 5 July 2019, the Company entered into a Restructuring Agreement to acquire the 100% equity interest of LCPL, HMC, AEFV and AESK. The Restructuring Agreement was amended and restated on 1 April 2020, whereby additional ordinary shares of the Company were further issued to the vendors to reflect the agreed shareholding interest in the Company based on the subsidiaries’ unaudited profit after tax over the Group’s unaudited profit after tax for the financial period between 1 July 2018 to 31 March 2020. The total consideration of \$6,473,600 were satisfied by way of issuance of the Company’s ordinary shares.

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8. Intangible assets (Continued)

Acquisition of LCPL, HMC, AEFV and AESK (Continued)

The fair values of the identifiable assets and liabilities of LCPL, HMC, AEFV and AESK as at the date of acquisition were:

	LCPL	HMC	AEFV	AESK	Total
	\$	\$	\$	\$	\$
Plant and equipment	85,765	107,009	117,261	46,975	357,010
Intangible assets	–	–	81,000	85,000	166,000
Inventories	343,176	55,511	73,205	42,265	514,157
Trade and other receivables	389,457	139,969	56,832	9,923	596,181
Cash and cash equivalents	118,164	265,754	28,366	427	412,711
Total assets	936,562	568,243	356,664	184,590	2,046,059
Trade and other payables	497,090	290,581	43,896	4,450	836,017
Lease liabilities	72,800	170,710	108,769	45,921	398,200
Provision	6,893	20,000	2,455	–	29,348
Deferred tax liabilities	–	–	14,000	15,000	29,000
Income tax liabilities	219,840	63,094	136	–	283,070
Total liabilities	796,623	544,385	169,256	65,371	1,575,635
Net identifiable assets at fair value	139,939	23,858	187,408	119,219	470,424
Fair value of consideration paid	3,435,360	1,445,680	829,600	762,960	6,473,600
Goodwill arising from acquisition	3,295,421	1,421,822	642,192	643,741	6,003,176

Goodwill of \$6,003,176 arising from the acquisitions is attributable to expected synergies that can be achieved in combining the operations of these subsidiaries with the Group such as expanding the Group's presence in Singapore and tapping on the subsidiaries' workforce expertise. These intangibles identified are subsumed into goodwill as they do not meet the recognition criteria for identifiable intangible assets. The goodwill are not to be deductible for tax purposes.

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8. Intangible assets (Continued)

Acquisition of LCPL, HMC, AEFV and AESK (Continued)

The Group recognised downwards adjustment in the fair value of LCPL's as the vendor, who is a director of the Company of LCPL has undertaken the bank borrowings of LCPL which amounted to \$254,972 as at date of acquisition.

Revenue or profit before tax for the financial period from 1 July 2019 to 31 December 2019 contributed by LCPL, HMC, AEFV and AESK to the Group were as follows:

	LCPL	HMC	AEFV	AESK
	\$	\$	\$	\$
Revenue	1,665,318	682,781	459,245	328,134
Profit before tax	<u>619,617</u>	<u>251,909</u>	<u>101,844</u>	<u>155,828</u>

If the combination had taken place at the beginning of the financial period ended 31 December 2019, the Group's revenue for the financial period ended 31 December 2019 would have been \$5,133,490 and profit before tax would have been \$1,378,089.

The effect of acquisition of subsidiaries on the unaudited interim condensed combined statement of cash flows was as follows:

	1 July 2019 to 31 December 2019 (Unaudited) \$
Total purchase consideration	6,473,600
Less: Non-cash consideration	(6,473,600)
Less: Cash and cash equivalents of subsidiaries acquired	<u>(412,711)</u>
Net cash inflow from acquisitions	<u>(412,711)</u>

Trade and other receivables acquired comprise gross trade and other receivables amounting to \$596,181 which approximates fair value. It is expected that full contractual amount of receivables can be collected.

Impairment test of goodwill and customer contract

Goodwill and customer contract arising from the business combinations were related to acquisition of subsidiaries, of which, each subsidiary is an individual cash-generating unit ("CGU") that are expected to benefit from the business combinations.

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8. Intangible assets (Continued)

Impairment test of goodwill and customer contract (Continued)

As at 31 December 2019, the recoverable amount of the CGU has been determined based on value-in-use calculations using management-approved discounted cash flow projections covering 5 years. Management has assessed 5 years cash flows for the financial forecast of the CGU is appropriate considering the management's plan for its business plan in the near future. The revenue growth rates are based on management's best estimate, and discount rates using pre-tax rates that reflect current market assessment of the time value of money and the risks specific to the CGUs.

Key assumptions used for value-in-use calculations:

		Revenue growth rate 31 December 2019	Discount rate 31 December 2019
LCPL	2020 to 2025	5%	8%
HMC	2020 to 2025	5%	8%
AEFV	2020 to 2025	5%	8%
AESK	2020 to 2025	5%	8%

Revenue growth rate – The forecasted growth rates are based on management's expectations for each CGU from historical trends as well as average growth rates of the industry.

Discount rate – Management estimates discount rates that reflect current market assessments of the time value of money and the risks specific to the CGUs.

With regards to the assessment of value-in-use for goodwill, management believes that no reasonably possible changes in any key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

As at the end of the reporting period, the recoverable amount of the CGU was determined to be higher than its carrying amount and thus, no impairment loss recognised.

9. Financial asset at fair value through profit or loss (“FVTPL”)

	30 June 2019 (Unaudited) \$	31 December 2019 (Unaudited) \$
Investment in unquoted shares	235,000	–

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9. Financial asset at fair value through profit or loss (“FVTPL”) (Continued)

Movements in the investment in unquoted shares were as follows:

	From 1 July 2018 to 30 June 2019 (Unaudited) \$	From 1 July 2019 to 31 December 2019 (Unaudited) \$
Balance at beginning of financial year/period	–	235,000
Deemed disposal	–	(235,000)
Fair value changes recognised in profit or loss	235,000	–
Balance at end of financial year/period	235,000	–

The Group was not involved in operating and financial activities of SMH, and did not have representation on the board of directors. They do not have direct control or influence the operating and financial activities of SMH. The Group was only entitled to the rights of being a shareholder, and rights to vote for those matters that required under constitution. The Group does not have significant influence over SMH. As such, the 20% equity interest in SMH was accounted for as a financial asset at FVTPL in accordance to SFRS(I) 9 *Financial Instruments*.

On 21 June 2019, the Group received \$630,000 cash from the vendor and transferred legal title of 20% equity interest to the vendor. However, the Group did not derecognise the financial asset at FVTPL and recognised a fair value gain arising at 30 June 2019. The management is of the view that the Group holds the financial asset at FVTPL in substance because this is part of the arrangement with the vendor to exchange the cash consideration for shares consideration subsequent to 30 June 2019.

On 5 July 2019, the Group underwent a restructuring exercise whereby the Group acquired from the vendor the 45% equity interest in SMH. Subsequently to this acquisition, the management assessed that the Group has significant influence over SMH as the Group has power to participate in the financial and operating policy decisions in SMH. Consequently, the Group applied the use of the equity method for the investment in SMH from 5 July 2019. On the same date, the carrying amounts of the investment in SMH as financial asset at FVTPL were derecognised and were recognised as investment in associates.

The Group issued additional ordinary shares of the Company to the vendor of SMH based on the financial performance contribution of the associate over the Group’s unaudited profit after tax for the financial period between 1 July 2018 to 31 March 2020 pursuant to the Amended and Restated Restructuring Agreement dated 1 April 2020.

The aggregate purchase consideration of 1,570,800 for the acquisition of SMH which were satisfied by issuance of 1,155 of the Company’s ordinary shares.

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9. Financial asset at fair value through profit or loss (“FVTPL”) (Continued)

As at 30 June 2019, the fair value of the Group’s investment in unquoted shares was valued by an independent valuation firm and the valuation techniques used to derive the fair value is market approach by using Comparable Transactions Method and Guideline Publicly-traded Comparable Method.

The currency profile of financial asset at FVTPL as at the end of the reporting period is Singapore dollar.

10. Trade and other receivables

	30 June 2019 (Unaudited) \$	31 December 2019 (Unaudited) \$
Non-current		
Lease receivables	–	7,262
Current		
Trade receivables		
– third parties	502,130	984,435
Less: Loss allowance on doubtful receivables	(78,461)	(69,033)
	423,669	915,402
Other receivables		
– third parties	11,094	7,239
– associate	–	8,770
– related parties	–	6,142
– director of the Company	608,299	308,000
– shareholders	–	142,364
Deposits	4,819	18,959
Lease receivables	–	28,638
	<u>1,047,881</u>	<u>1,435,514</u>
	<u>1,047,881</u>	<u>1,442,776</u>

Lease receivables relate to a sublease of clinic premise which was classified as finance lease on adoption of SFRS(I) 16 as disclosed in Note 3.

Trade receivables are generally on cash terms for individual patients and 90 days credit terms for corporate companies.

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10. Trade and other receivables (Continued)

The non-trade amounts due from associate, related parties and shareholders are unsecured, non-interest bearing and repayable on demand.

The non-trade amount due from a director of the Company is unsecured, non-interest bearing and repayable on demand. This is in relation to a deed of indemnity provided by that Director to the Group against any additional tax liabilities, penalties or fines suffered or incurred by the Group following the conclusion of IRAS review.

The Group assessed and determined expected credit loss rates, by reference to past default experience and expected credit losses, which incorporate forward looking estimates. No expected credit loss allowance has been made as the allowance is insignificant as at the financial period ended 31 December 2019.

However, the management has made specific provision of \$78,461 and \$69,033 for the financial periods ended 30 June 2019 and 31 December 2019 respectively on individually impaired receivables after the assessment of the recoverability and extended credit terms being given.

The Group assessed for lifetime expected credit losses for the non-trade receivables by determining if there has been a significant increase in credit risk of the related parties since initial recognition. At the end of the reporting period, management has assessed the expected credit loss to be insignificant.

At the end of the reporting period, the analysis of trade receivables and the carrying amount of allowances for impairment loss are as follows:

	ECL Weightage	Gross carrying amount	Allowance for impairment loss	Net carrying amount
	\$	\$	\$	\$
31 December 2019 (Unaudited)				
Not past due	0%	829,416	–	829,416
Past due 1 to 30 days	0%	35,364	–	35,364
Past due 31 to 60 days	0%	4,413	–	4,413
Past due 61 to 90 days	0%	6,690	–	6,690
Past due over 90 days	0%	39,519	–	39,519
		915,402	–	915,402
Credit impaired customers		69,033	(69,033)	–
		984,435	(69,033)	915,402

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10. Trade and other receivables (Continued)

	ECL Weightage	Gross carrying amount	Allowance for impairment loss	Net carrying amount
	\$	\$	\$	\$
30 June 2019 (Unaudited)				
Not past due	0%	405,027	–	405,027
Past due 1 to 30 days	0%	16,001	–	16,001
Past due 31 to 60 days	0%	874	–	874
Past due 61 to 90 days	0%	374	–	374
Past due over 90 days	0%	1,393	–	1,393
		<u>423,669</u>	<u>–</u>	<u>423,669</u>
Credit impaired customers		<u>78,461</u>	<u>(78,461)</u>	<u>–</u>
		<u>502,130</u>	<u>(78,461)</u>	<u>423,669</u>

Movements in allowance for impairment loss on doubtful trade receivables were as follows:

	From 1 July 2018 to 30 June 2019 (Unaudited)	From 1 July 2019 to 31 December 2019 (Unaudited)
Balance at beginning of financial year/period	32,354	78,461
Allowance made during the financial year/period	46,107	–
Allowance written back during the financial year/period	–	<u>(9,428)</u>
Balance at end of financial year/period	<u>78,461</u>	<u>69,033</u>

The Group's loss allowance for doubtful receivables of \$46,107 and \$Nil for the financial period from 1 July 2018 to 30 June 2019 and 1 July 2019 to 31 December 2019 respectively were included in "Other expenses" line item in profit or loss.

The currency profile of trade and other receivables as at the end of the respective reporting periods is Singapore dollar.

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11. Inventories

	30 June 2019 (Unaudited) \$	31 December 2019 (Unaudited) \$
Medicine supplies	123,334	880,298

12. Cash and cash equivalents

The currency profile of cash and cash equivalents as at the end of the reporting period is Singapore dollar.

13. Share capital

	30 June 2019 (Unaudited) \$	31 December 2019 (Unaudited) \$
Issued and fully-paid ordinary share capital of:		
– Singapore Paincare Holdings Limited	2	13,597,282
– Paincare Center Pte. Ltd.	2	–
– Singapore Paincare Center @ Novena Pte. Ltd.	2	–
	<u>6</u>	<u>13,597,282</u>

For the purpose of these combined financial statements, the share capital as at 30 June 2019 represents the issued and paid up capital of the Company and the aggregation of the Group's interest in the issued and paid up capital of all subsidiaries under common control.

Movements in the share capital of Singapore Paincare Holdings Limited during the financial period from 1 July 2019 to 31 December 2019 were as follows:

	31 December 2019	
	Number of ordinary shares	\$
(Unaudited)		
Issued and fully-paid:		
At 1 July 2019	2	2
Issuance of ordinary shares pursuant to acquisition of subsidiaries	9,998	13,597,280
At 31 December 2019	<u>10,000</u>	<u>13,597,282</u>

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13. Share capital (Continued)

On 5 July 2019, the Company increased its issued and fully paid-up share capital by way of allotment and issuance of 9,998 new ordinary shares at an approximate issue price of \$1,360 per share for a total consideration of approximately \$13,597,280 as a result of restructuring exercise as disclosed which comprise the following:

- (i) The Company acquired 100% equity interests in Paincare Center Pte. Ltd. and Singapore Paincare Center @ Novena Pte. Ltd. for consideration of \$5,552,880 by issuance 4,083 of the Company's ordinary shares. This is reflected as adjustment pursuant to restructuring exercise.
- (ii) The Company acquired 100% equity interest in LCPL, HMC, AEFV and AESK for consideration of \$6,473,600 by issuance 2,526, 1063, 610, 561 of the Company's ordinary shares respectively.
- (iii) The Company acquired 45% equity interest of SMH for consideration of \$1,570,800 by issuance 1,155 of the Company's ordinary shares.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares have no par value and carry one vote per share without restriction.

14. Merger reserve

Merger reserve represents the difference between the consideration paid and the issued share capital of subsidiaries under common control that are accounted for by applying the "pooling-of-interest" method.

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15. Lease liabilities

	Premises \$
(Unaudited)	
Balance at 30 June 2019	–
Effect on adoption of SFRS(I) 16	2,397,817
Balance at 1 July 2019	2,397,817
Additions	76,627
Disposal	(25,068)
Arising from acquisition of subsidiaries	398,200
Interest expense	25,587
Lease payments	
– Principal portion	(291,713)
– Interest portion	(25,587)
Balance at 31 December 2019	<u>2,555,863</u>

The maturity analysis of lease liabilities at end of the reporting period are as follows:

	Contractual undiscounted cash flows \$	Future interest expense \$	Present value of lease liabilities \$
31 December 2019 (Unaudited)			
Current liabilities			
Not later than one financial year	637,200	52,186	585,014
Non-current liabilities			
Later than one financial year but not later than five financial years	<u>2,069,900</u>	<u>99,051</u>	<u>1,970,849</u>
	<u>2,707,100</u>	<u>151,237</u>	<u>2,555,863</u>

As at 31 December 2019, the average incremental borrowing rate applied in the lease was 2.28%.

All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

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15. Lease liabilities (Continued)

Rental of storage space of the Group qualifies as low value assets and the Group also leases certain equipment on the short-term basis (i.e. 4 to 6 months). The election of short-term leases is made by class of underlying assets with similar nature and use in the Group's operations whereas the low-value lease exemption is made on lease-by-lease basis.

The currency profile of lease liabilities as at the end of the reporting period are Singapore dollar.

16. Deferred tax liabilities

	30 June 2019 (Unaudited) \$	31 December 2019 (Unaudited) \$
Deferred tax liabilities	–	9,667
	From 1 July 2018 to 30 June 2019 (Unaudited) \$	From 1 July 2019 to 31 December 2019 (Unaudited) \$
Balance at beginning of financial year/period	–	–
Arising from acquisition of subsidiaries	–	29,000
Credited to profit or loss	–	(19,333)
Balance at end of financial year/period	–	9,667

Deferred tax liabilities are attributable to temporary differences arising from accelerated tax depreciation computed at Singapore's income tax rate of 17% (2019: 17%).

17. Provision

	From 1 July 2018 to 30 June 2019 (Unaudited) \$	From 1 July 2019 to 31 December 2019 (Unaudited) \$
Balance at beginning of financial year/period	–	–
Arising from acquisition of subsidiaries	–	29,348
Interest expense	–	92
Balance at end of financial year/period	–	29,440

The provision for reinstatement cost is the estimated cost of dismantlement, removal or restoration of plant and equipment arising from the acquisition or use of asset, which is capitalised and included in the cost of plant and equipment.

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18. Trade and other payables

	30 June 2019 (Unaudited) \$	31 December 2019 (Unaudited) \$
Trade payables		
– third parties	2,389	124,589
Other payables		
– third parties	94,052	269,613
– director of the Company	–	142,168
– related party	26,387	121,767
– shareholder	–	9,704
Accrued expenses	43,597	327,880
Contract liabilities (Note 22a)	27,802	10,690
Goods and services tax payable, net	44,645	133,233
	<u>238,872</u>	<u>1,139,644</u>

Trade payables are unsecured, non-interest bearing and are normally settled within 30 days' credit terms.

The non-trade amounts due to related party director of the Company and shareholder are unsecured, non-interest bearing and repayable on demand.

The currency profile of trade and other payables as at the end of the respective reporting periods is Singapore dollar.

19. Bank borrowings

	30 June 2019 (Unaudited) \$	31 December 2019 (Unaudited) \$
Current		
Term loan I	1,197,691	–
Term loan II	798,187	–
	<u>1,995,878</u>	<u>–</u>
Effective interest rate per annum		
Bank borrowings	<u>4.88% ~ 5.25%</u>	<u>–</u>

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19. Bank borrowings (Continued)

Term loan I

Term loan I is repayable over 300 monthly instalments comprising principal and interest.

Term loan I is supported by:

- (i) A fresh first legal mortgage on the property of a related party; and
- (ii) A personal guarantee for \$1,302,000 by a director of the Company.

Term loan I has been drawn down to the Company and extended to a related party. The loan outstanding as at 30 June 2019 and 31 December 2019 amounted to \$1,197,691 and \$Nil respectively.

During the financial year ended 30 June 2019, the Group made an arrangement with the bank for early settlement of Term loan I. Therefore, the non-current portion of \$1,165,388 was reclassified to current liabilities for presentation purposes. The term loan I was fully repaid on 30 October 2019.

Term loan II

Term loan II is repayable on demand.

Term loan II is supported by a guarantee given by a director of the Company.

The Term Loan II has been fully repaid on 30 September 2019.

As at the end of the respective reporting periods, bank facilities granted to and utilised by the Group were as follows:

	30 June 2019 (Unaudited)	31 December 2019 (Unaudited)
	\$	\$
Facilities granted	2,102,000	–
Facilities utilised	<u>2,100,187</u>	<u>–</u>

The currency profile of the bank borrowings as at the end of the respective reporting periods is Singapore dollar.

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20. Redeemable convertible loan (“RCL”)

	From 1 July 2018 to 30 June 2019 (Unaudited)	From 1 July 2019 to 31 December 2019 (Unaudited)
	\$	\$
Balance at beginning of financial year/period	–	–
Additions	–	2,700,000
Interest expense (Note 26)	–	53,000
Derivative financial instrument	–	(263,000)
Balance at end of financial year/period	<u>–</u>	<u>2,490,000</u>

On 30 July 2019, the Company entered into a convertible loan agreement with the RCL lenders for an aggregate sum of \$2,700,000. The RCL shall be converted into ordinary shares at the conversion price which is at a 40% discount to the placement price upon the conversion.

The salient features of the RCL are as follows:

- (i) the RCL will be matured on the day falling twenty four (24) months from the date of the RCL, or such other date as mutually agreed in writing between the Company and the lenders;
- (ii) the RCL constitutes direct, general, unconditional, unsubordinated and unsecured obligations of the borrower and will rank, *pari passu*, without preference among themselves. The payment obligations of the Company under this Loan will at all times rank (i) in priority to any director and/or shareholder loans to the Company; and (ii) at least equally with all its other present and future unsecured and unsubordinated obligations;
- (iii) no interest shall be paid on the RCL if the initial public offering (“IPO”) is completed on or before the maturity date;
- (iv) in the event that the IPO is not completed by maturity date or on the occurrence of events of defaults, the principal amount of the RCL shall be repaid upon the demand by the lenders in writing. The Company shall repay the principal amount of the RCL together with an amount of 10% per annum non-compounded, computed on the basis of a 365 day year and the actual number of days elapsed from the drawdown date to the date of repayment of the loan, over the principal amount of the RCL;
- (v) the entire RCL shall be converted into conversion shares upon the sponsor receiving the registration approval or at any time immediately after the Company has delivered to the lenders a conversion notice signed by an authorised signatory of the Company; and

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20. Redeemable convertible loan (“RCL”) (Continued)

- (vi) Upon the conversion of the RCL, the obligation to repay the RCL shall be deemed to be discharged by the Company and all rights accruing to the lenders shall thereby be extinguished.

The RCL is classified as current liabilities as the conversion of RCL into share capital was taken place on 9 July 2020.

The currency profile of RCL as at the end of the reporting period is Singapore dollar.

21. Derivative financial instrument

Derivative financial instrument represents the fair value of the conversion option of the RCL. It is initially measured at fair value as at 30 July 2019 and subsequently re-measured as at the end of the reporting period.

The fair value of derivative financial instrument as at end of the reporting period have been determined using the indicative placement price of the IPO as at end of the reporting period and are considered as level 3 recurring fair value measurements. Significant inputs to the valuations include volatility rate and risk-free rate.

The following table represents the reconciliation for derivative financial instrument measured at fair value based on significant unobservable inputs (Level 3):

	From 1 July 2018 to 30 June 2019 (Unaudited) \$	From 1 July 2019 to 31 December 2019 (Unaudited) \$
Balance at beginning of financial year/period	–	–
Recognition of derivative financial instrument at initial recognition	–	263,000
Fair value loss on re-measurement as at reporting period included in profit or loss	–	3,000
Balance at end of financial year/period	<u>–</u>	<u>266,000</u>

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22. Revenue

	1 July 2018 to 31 December 2018 (Unaudited) \$	1 July 2019 to 31 December 2019 (Unaudited) \$
Provision of medical services, recognised at point in time	<u>1,982,327</u>	<u>5,133,490</u>

The revenue of the Group are all generated within Singapore.

(a) Contract liabilities

The information about contract liabilities from contract with customers is disclosed as follows:

	30 June 2019 (Unaudited) \$	31 December 2019 (Unaudited) \$
Contract liabilities (Note 18)	<u>27,802</u>	<u>10,690</u>

Contract liabilities primarily relate to the Group's obligation to perform service to the patients for which the Group has received consideration in advance, and are recognised as revenue when the Group performs the services.

Changes in contract liabilities are highlighted as follows:

	30 June 2019 (Unaudited) \$	31 December 2019 (Unaudited) \$
Revenue recognised that was included in the contract liabilities balance at the beginning of the financial year/period	<u>945</u>	<u>13,924</u>

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23. Other income

	1 July 2018 to 31 December 2018 (Unaudited) \$	1 July 2019 to 31 December 2019 (Unaudited) \$
Government grants	–	21,280
Sponsorship income	2,691	700
Reversal of impairment on doubtful receivables	–	9,428
Management fees	–	20,800
Interest income	–	741
Others	7	8,294
	<u>2,698</u>	<u>61,243</u>

24. Employee benefits expense

	1 July 2018 to 31 December 2018 (Unaudited) \$	1 July 2019 to 31 December 2019 (Unaudited) \$
Directors' salary	132,240	437,340
Salaries, bonuses and other staff benefits	208,448	902,532
Contributions to defined contribution plans	28,666	90,902
	<u>369,354</u>	<u>1,430,774</u>

Included in the employee benefits expense were the remuneration of Directors of the Company as disclosed in Note 31 to the interim condensed combined financial statements.

25. Depreciation and amortisation expenses

	1 July 2018 to 31 December 2018 (Unaudited) \$	1 July 2019 to 31 December 2019 (Unaudited) \$
Depreciation of plant and equipment	8,000	16,801
Depreciation of right-of-use assets	–	283,242
Amortisation of intangible assets	–	110,667
	<u>8,000</u>	<u>410,710</u>

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26. Finance costs

	1 July 2018 to 31 December 2018 (Unaudited) \$	1 July 2019 to 31 December 2019 (Unaudited) \$
Term loan interest	–	12,172
Provision for reinstatement cost	–	92
Lease liabilities	–	25,587
Redeemable convertible loan	–	53,000
	<u>–</u>	<u>90,851</u>

27. Profit before income tax

In addition to the charges and credits disclosed elsewhere in the notes to the combined financial statements, the above includes the following charges:

	1 July 2018 to 31 December 2018 (Unaudited) \$	1 July 2019 to 31 December 2019 (Unaudited) \$
Bad debts written off	9,054	–
Professional fees	65,695	633,013
Administrative charges	19,619	52,975
Fair value loss on derivative financial instrument	–	3,000
Credit card fees	11,149	14,632
Marketing fees	61,508	24,739
Entertainment expenses	14,519	19,076
Lease expenses on:		
– short term leases	–	2,573
– low value assets	–	538
Advertising and promotion expenses	<u>309</u>	<u>360</u>

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28. Income tax expense

	1 July 2018 to 31 December 2018 (Unaudited) \$	1 July 2019 to 31 December 2019 (Unaudited) \$
Current income tax		
– current financial period	84,654	238,275
– under provision in prior financial period	–	17,363
	<u>84,654</u>	<u>255,638</u>
Deferred tax		
– current financial period	–	(19,333)
	<u>–</u>	<u>(19,333)</u>
Total income tax expense recognised in profit or loss	<u><u>84,654</u></u>	<u><u>236,305</u></u>

Reconciliation of effective income tax rate

	1 July 2018 to 31 December 2018 (Unaudited) \$	1 July 2019 to 31 December 2019 (Unaudited) \$
Profit before income tax	700,906	1,378,089
Less: Share of profits of associates	–	(222,474)
	<u>700,906</u>	<u>1,155,615</u>
Income tax calculated at Singapore's statutory income tax rate of 17% and 17% respectively	119,154	196,455
Tax effect of tax exempt income	(34,500)	(91,206)
Tax effect of non-deductible expenses	–	113,610
Under provision in prior financial period	–	17,363
Others	–	83
	<u><u>84,654</u></u>	<u><u>236,305</u></u>

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29. Earnings per share

Basic earnings per share

The calculations of basic earnings per share for the relevant periods are based on profit attributable to owners of the Company for the financial period ended 31 December 2019 and 31 December 2018 divided by the pre-placement number of ordinary shares prior to the issue and allotment of 20,454,542 ordinary shares to the pre-placement investors in connection to the conversion of RCL and 3,636,364 ordinary shares in satisfaction of the consultancy fee as consultant to the Company in respect of the IPO exercise.

Diluted earnings per share

The Company has dilutive potential ordinary shares for RCL. RCL are assumed to have been converted into ordinary shares at issuance.

The calculation of diluted earnings per share was based on profit attributable to owners of the Company for each of the financial period, and a weighted-average number of pre-placement share capital after adjustment for the effects of all dilutive potential ordinary shares.

The calculation of basic and diluted earnings per share (“EPS”) is based on the following data:

	1 July 2018 to 31 December 2018 (Unaudited) \$	1 July 2019 to 31 December 2019 (Unaudited) \$
Earnings		
Profit attributable to owners of the Company and earnings used in basic EPS	616,252	1,141,784
Add: Finance costs in RCL	–	53,000
Less: Fair value loss on derivative financial instruments	–	3,000
Earnings used in diluted EPS	616,252	1,197,784
Number of shares		
Number of shares used in basic EPS	113,286,510	113,286,510
Effect of conversion of redeemable convertible loans	–	17,213,112
Weighted-average number of ordinary shares used in diluted EPS	113,286,510	130,499,622

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30. Operating lease commitments

The Group as lessee

The Group leases office and clinic spaces under non-cancellable operating leases. The operating lease commitments are based on existing rental rates. The leases have lease term of 3 to 5 years and rentals are fixed during the lease term.

As at 30 June 2019, the future minimum lease payable under non-cancellable operating leases contracted for but not recognised as liabilities were as follows:

	30 June 2019 (Unaudited) \$
Within one financial year	25,750
After one financial year but within five financial years	15,000
	<hr/>
	40,750
	<hr/> <hr/>

31. Significant related party transactions

For the purpose of these combined financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

In addition to the related party information disclosed elsewhere in the unaudited interim condensed combined financial statements, the following were significant related party transactions at rates and terms agreed between the Group with its related parties during the respective financial periods:

	1 July 2018 to 31 December 2018 (Unaudited) \$	1 July 2019 to 31 December 2019 (Unaudited) \$
With related parties		
Advances to	100,000	–
Locum fee	174,184	–
Marketing fee	60,000	–
Rental fee	202,500	210,000
Payment made on behalf of	23,804	25,185
Term loan interest recharge	30,666	–
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31. Significant related party transactions (Continued)

	1 July 2018 to 31 December 2018 (Unaudited) \$	1 July 2019 to 31 December 2019 (Unaudited) \$
With related parties		
With director of the Company		
Assignment of debts to director	–	254,972
Payment on behalf by	–	31,485
Advances to	139,378	–

Compensation of key management personnel

Key management personnel are directors of the Company and those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly and indirectly.

The remuneration of directors of the Company and subsidiaries and key management personnel of the Group were as follows:

	1 July 2018 to 31 December 2018 (Unaudited) \$	1 July 2019 to 31 December 2019 (Unaudited) \$
Directors of the Company		
– short-term employee benefits	120,000	420,000
– post-employment benefits	12,240	17,340
	132,240	437,340

32. Segment information

Business segment

Management monitors the operating results of the segment separately for the purposes of making decisions about resources to be allocated and of assessing performance. Segment performance is evaluated based on operating profit or loss which is similar to the accounting profit or loss.

The Group has only one primary business segment, which is the healthcare segment. Accordingly, no segmental information is prepared based on business segment as it is not meaningful.

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32. Segment information (Continued)

Geographical information

During the financial period ended 30 June 2019 and 31 December 2019, the Group operated mainly in Singapore and all non-current assets were located in Singapore. Accordingly, an analysis of non-current assets and revenue of the Group by geographical distribution has not been presented.

Major customers

The Group's customers comprise mainly individual patients. The Group is not reliant on any individual or corporate customer for its revenue and no one single customer accounted for 10% or more of the Group's total revenue for each of the reporting period.

33. Financial instruments, financial risks and capital management

The Group's activities expose them to credit risks, market risks (including interest rate risk) and liquidity risks arising in the ordinary course of business. The Group is not exposed to foreign currency risks as its transactions are carried out in Singapore dollar. The Group's overall risk management strategy seek to minimise adverse effects from the volatility of financial markets on the Group's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. The Group's management then establishes the detailed policies such as risk identification and measurement, exposure limits and hedging strategies, in accordance with the objectives and underlying principles approved by the Board of Directors.

There has been no change to the Group's exposure to these financial risks or the manner in which the risks are managed and measured. The Group does not hold or issue derivative financial instruments for trading purposes or to hedge against fluctuations, if any, in interest rates and foreign exchange rates.

33.1 Credit risks

Credit risks refer to the risk that counterparty will default on its contractual obligations resulting in a loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group performs ongoing credit evaluation of its counterparties' financial condition and generally does not require collaterals. For lease receivables, the management has performed credit evaluation before entering into the sublease of the office space to the tenant. The Group adopts the policy of dealing only with reputable companies with high credit quality.

The Group does not have any significant credit exposure to any single counterparty or any group of counterparties having similar characteristics except for 3 and 2 customers which represent 88% and 41% of the total trade receivables balance as at 30 June 2019 and 31 December 2019 respectively.

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33. Financial instruments, financial risks and capital management (Continued)

33.1 Credit risks (Continued)

The carrying amounts of financial assets recorded in the combined financial statements, grossed up for any allowances for losses, represents the Group's maximum exposure to credit risks. The Group does not hold collateral.

The Group's major classes of financial assets are trade and other receivables and cash and cash equivalents.

Further disclosures regarding trade and other receivables, which are neither past due nor impaired are provided in Note 10 to the financial statements.

As at 30 June 2019 and 31 December 2019, the Group's cash and cash equivalents are held with bank and financial institution counterparties, which are rated AA/A, based on Moody's and Fitch ratings.

The Board of Directors monitors the credit rating on regular basis and considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The cash and cash equivalents are measured based on 12-month credit loss model and subject to immaterial credit loss.

33.2 Interest rate risk

The Group's exposure to market risks for changes in interest rates relates primarily to interest-bearing borrowings as shown in Note 19 to the combined financial statements.

The Group's results are affected by changes in interest rates due to the impact of such changes on interest expenses from interest-bearing borrowings which are floating interest rates. It is the Group's policy to obtain quotes from reputable banks to ensure that the most favourable rates are made available to the Group.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rate risks for financial liabilities at the end of the reporting period. For floating liabilities, the analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year. The sensitivity analysis assumes an instantaneous 0.5% change in the interest rates from the end of each reporting period, with all variables held constant.

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33. Financial instruments, financial risks and capital management (Continued)

33.2 Interest rate risk (Continued)

If the interest rate increases or decreases by 0.5%, the Group's profit or loss will decrease or increase by:

	1 July 2018 to 31 December 2018 (Unaudited) \$	1 July 2019 to 31 December 2019 (Unaudited) \$
Bank borrowings	4,990	–

33.3 Liquidity risks

Liquidity risks refer to the risks in which the Group encounters difficulties in meeting its short-term obligations. Liquidity risks are managed by matching the payment and receipt cycle.

The Group actively manages its operating cash flows so as to ensure that all payment needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash to meet its working capital requirements.

Contractual maturity analysis

The following tables detail the Group's remaining contractual maturity for its non-derivative financial instruments. The tables have been drawn up based on undiscounted cash flows of financial instruments based on the earlier of the contractual date or when the Group is expected to pay.

	Within one financial year \$	After one financial year but within five financial years \$	Total \$
30 June 2019 (Unaudited)			
<u>Financial liabilities</u>			
Trade and other payables	166,425	–	166,425
Bank borrowings	2,055,721	–	2,055,721
	<u>2,222,146</u>	<u>–</u>	<u>2,222,146</u>

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**NOTES TO THE UNAUDITED INTERIM CONDENSED COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 JULY 2019 TO 31 DECEMBER 2019 (Continued)**

33. Financial instruments, financial risks and capital management (Continued)

33.3 Liquidity risks (Continued)

Contractual maturity analysis (Continued)

	Within one financial year \$	After one financial year but within five financial years \$	Total \$
31 December 2019 (Unaudited)			
<u>Financial liabilities</u>			
Trade and other payables	995,721	–	995,721
Lease liabilities	637,200	2,069,900	2,707,100
Redeemable convertible loan	2,700,000	–	2,700,000
Derivative financial instruments	266,000	–	266,000
	4,598,921	2,069,900	6,668,821

33.4 Capital management policies and objectives

The Group manages capital to ensure that it is able to continue as a going concern and maintain an optimal capital structure so as to maximise shareholders' value.

Management reviews the capital structure to ensure that the Group is able to service any debt obligations (including principal repayment and interest) based on operating cash flows. The Group's overall strategy remains unchanged during the financial period from 1 July 2019 to 31 December 2019.

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**NOTES TO THE UNAUDITED INTERIM CONDENSED COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 JULY 2019 TO 31 DECEMBER 2019 (Continued)**

33. Financial instruments, financial risks and capital management (Continued)

33.4 Capital management policies and objectives (Continued)

The Group monitors capital based on a gearing ratio, which is net debt divided by total equity plus net debt. The Group's net debt includes trade and other payables, lease liabilities, redeemable convertible loan, derivative financial instrument and bank borrowings less cash and cash equivalents. Equity attributable to the owners of the Company comprises share capital and retained earnings.

	30 June 2019	31 December 2019
	(Unaudited)	(Unaudited)
	\$	\$
Trade and other payables	238,872	1,139,644
Lease liabilities	–	2,555,863
Redeemable convertible loan	–	2,490,000
Derivative financial instrument	–	266,000
Bank borrowings	1,995,878	–
Less: Cash and cash equivalents	(1,243,695)	(3,792,354)
Net debt	991,055	2,659,153
Total equity	301,091	9,487,275
Total capital	1,292,146	12,146,428
Gearing ratio	77%	22%

The Group did not have externally imposed capital requirements for the financial period from 1 July 2018 to 30 June 2019 and the financial period from 1 July 2019 to 31 December 2019.

33.5 Fair values of financial assets and financial liabilities

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and
- the fair value of other financial assets and other financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

Fair value hierarchy

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

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**NOTES TO THE UNAUDITED INTERIM CONDENSED COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 JULY 2019 TO 31 DECEMBER 2019 (Continued)**

33. Financial instruments, financial risks and capital management (Continued)

33.5 Fair values of financial assets and financial liabilities (Continued)

Fair value hierarchy (Continued)

- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair value of financial instruments carried at fair value

The fair value of financial asset carried at fair value in relation to financial asset at FVTPL is disclosed in Note 9 to the interim condensed combined financial statements.

The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy:

	Level 1	Level 2	Level 3
	\$	\$	\$
30 June 2019 (Unaudited)			
Financial assets at FVTPL	–	–	235,000
	<u>–</u>	<u>–</u>	<u>235,000</u>
31 December 2019 (Unaudited)			
Derivative financial instruments	–	–	266,000
	<u>–</u>	<u>–</u>	<u>266,000</u>

There were no transfers between levels during the financial year from 1 July 2018 to 30 June 2019 and the financial period from 1 July 2019 to 31 December 2019 and no changes in the valuation techniques of the various classes of financial assets and financial liabilities.

Fair value of financial instruments that are not carried at fair value and whose carrying amounts approximate their fair values

The carrying amounts of current financial assets and financial liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments and the carrying amount of bank borrowing is approximate to fair value as it is subjected to floating interest rates.

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**NOTES TO THE UNAUDITED INTERIM CONDENSED COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 JULY 2019 TO 31 DECEMBER 2019 (Continued)**

33. Financial instruments, financial risks and capital management (Continued)

33.5 Fair values of financial assets and financial liabilities (Continued)

Valuation policies and procedures

Management oversees the Group's financial reporting valuation process and is responsible for setting and documenting of the Group's valuation policies and procedures.

For all significant financial reporting valuations using valuation models and significant unobservable inputs, it is the Group's policy to engage external valuation experts to perform the valuation. Management is responsible for selecting and engaging valuation experts that possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies, and SFRS(I) 13 *Fair Value Measurement* guidance.

For valuations performed by external valuation experts, the management reviews the appropriateness of the valuation methodologies and assumptions adopted. The management also evaluates the appropriateness and reliability of the inputs used in the valuations.

33.6 Categories of financial instruments

The following table sets out the financial instruments as at the end of the respective reporting periods:

	30 June 2019 (Unaudited) \$	31 December 2019 (Unaudited) \$
Financial assets		
At amortised cost	2,291,576	5,235,130
Financial asset at FVTPL	235,000	–
	<u>2,526,576</u>	<u>5,235,130</u>
Financial liabilities		
Other financial liabilities, at amortised cost	2,162,303	6,071,024
Financial liabilities designated at fair value through profit or loss	–	266,000
	<u>2,162,303</u>	<u>6,337,024</u>

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**NOTES TO THE UNAUDITED INTERIM CONDENSED COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 JULY 2019 TO 31 DECEMBER 2019 (Continued)**

34. Events after reporting period

34.1 Acquisition of intellectual property

The Group entered into a deed of assignment on 10 March 2020 with a related party, Medbridge Marketing Pte. Ltd., to acquire the trademarks under the application numbers T1415309G, 40201506243Y, and T1308386I, for a consideration of \$200,000, which will be satisfied by issuance of the Company's ordinary shares, and a deed of assignment dated 5 May 2020 for the trademark under application number IDM000590602 for US\$10.

34.2 Changes in share constitution

Pursuant to the shareholders' resolutions passed by the shareholders on 16 June 2020 and 9 July 2020, the shareholders approved, *inter alia*, the following:

- (a) adoption of the new constitution;
- (b) the sub-division of each existing issued share capital of the Company into 1,095 ordinary shares in the capital of the Company;
- (c) the allotment and issue of the following ordinary shares:
 - (i) the 24,246,000 placement shares which are the subject of the placement;
 - (ii) the 90,000 ordinary shares pursuant to the Restructuring Agreement;
 - (iii) the 3,458 ordinary shares pursuant to the transfer of intellectual property;
 - (iv) the 20,454,542 ordinary shares to the lenders in connection with the conversion of the RCL; and
 - (v) the 3,636,364 ordinary shares in satisfaction of the consultancy fees.

which when allotted, issued and fully paid, will rank *pari passu* in all respects with the existing issued ordinary shares;

- (d) the adoption of the performance share plan;
- (e) the adoption of the share option scheme;
- (f) the authority be given to the directors of the Company to allot and issue ordinary shares upon the grant of awards under the performance share plan and the exercise of all options (including the allotment of ordinary shares arising from the exercise of the options to the selected individuals) granted under the share option scheme;
- (g) the listing and quotation of all the issued ordinary shares (including the placement shares to be issued and allotted pursuant to the placement, performance shares and option shares) to be issued (if any) on Catalist;

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**NOTES TO THE UNAUDITED INTERIM CONDENSED COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 JULY 2019 TO 31 DECEMBER 2019 (Continued)**

34. Events after reporting period (Continued)

34.2 Changes in share constitution (Continued)

(h) the authority be given to the Directors of the Company to:

- (A) (i) 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 ordinary shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into ordinary shares;
- (iii) notwithstanding that such authority may have ceased to be in force at the time that instruments are to be issued, issue additional instruments arising from adjustments made to the number of instruments previously issued in the event of rights, bonus or other capitalisation issues,

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

- (B) issue ordinary shares in pursuance of any instruments made or granted by the Directors of the Company pursuant to (h)(A)(ii) and/or (h)(A)(iii) above, while such authority was in force (notwithstanding that such issue of ordinary shares pursuant to the Instruments may occur after the expiration of the authority contained in this resolution), provided that:

- (1) the aggregate number of ordinary shares to be issued pursuant to this resolution (including ordinary shares to be issued in pursuance of the Instruments, made or granted pursuant to this resolution) shall not exceed 100.0% of the total number of issued ordinary shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of ordinary shares to be issued (including ordinary shares to be issued pursuant to the Instruments) other than on a pro rata basis to existing shareholders shall not exceed 50.0% of the total number of issued ordinary shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of ordinary shares (including Shares to be issued pursuant to the Instruments) that may be issued under sub-paragraph (1) above, the percentage of ordinary shares that may be issued shall be based on the total number of issued ordinary shares of the Company (excluding treasury shares) immediately after the Placement, after adjusting for: (a) new ordinary shares arising from the conversion or exercise of the Instruments or any convertible securities, (b) new ordinary shares arising from exercising

**SINGAPORE PAINCARE HOLDINGS LIMITED
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**NOTES TO THE UNAUDITED INTERIM CONDENSED COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 JULY 2019 TO 31 DECEMBER 2019 (Continued)**

34. Events after reporting period (Continued)

34.2 Changes in share constitution (Continued)

share options or vesting of share awards outstanding and subsisting at the time of the passing of this authority, provided that the options or awards were granted in compliance with the Catalist Rules, and (c) any subsequent bonus issue, consolidation or sub-division of ordinary shares. Adjustments made in accordance with (a) and (b) above are only to be made in respect of new ordinary shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this resolution;

- (3) in exercising such authority, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and
 - (4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until (i) the conclusion of the next annual general meeting of the Company or (ii) the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier; and
- (i) that without prejudice to the generality of, pursuant and subject to the approval of the general mandate to issue ordinary shares set out in (h) above, any Director be and is hereby authorised to issue ordinary shares other than on a pro rata basis to the shareholders, at a discount not exceeding 10.0% of the weighted average price of the ordinary shares for trades done on the SGX-ST for the full market day on which the placement or subscription agreement is signed (or if not available, the weighted average price based on the trades done on the preceding market day up to the time the placement or subscription agreement is signed), at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit, provided that;
- (1) in exercising such authority so conferred in this paragraph (i), the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and
 - (2) unless revoked or varied by the Company in general meeting, the authority so conferred in this paragraph (i) shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier.

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**NOTES TO THE UNAUDITED INTERIM CONDENSED COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 JULY 2019 TO 31 DECEMBER 2019 (Continued)**

34. Events after reporting period (Continued)

34.3 Modification of convertible loan agreement

On 12 May 2020, the Company entered into a deed of amendment to the RCL, and the conversion of the RCL into ordinary shares are fixed at 20,454,542 number of ordinary shares upon conversion.

34.4 Amended and restated restructuring agreement

The Restructuring Agreement was amended and restated on 1 April 2020, whereby additional 90,000 shares of the Company were further issued to each of the vendors of the subsidiaries and associates, in connection with certain adjustments, made attributable to the subsidiaries and associates unaudited profit after tax for the financial period between 1 July 2018 to 31 March 2020.

34.5 Outbreak of Coronavirus Disease (“COVID-19”)

Globally, the Governments of multiple countries have undertaken drastic action to limit the spread of COVID-19 including, safe distancing measures, lock-downs, travel restrictions and various travel advisories. In late March 2020, Singapore began to restrict the entry of short-term visitors into Singapore, and from early April 2020, Singapore implemented “circuit breakers” to minimise the further spread of COVID-19 by elevating the safe distancing measures and restricting businesses to essential services and selected economic sectors critical for local and global supply chains. In late April 2020, the “circuit breaker” measures were further extended to June 2020. In early May 2020, the government announced on easing of tighter “circuit breaker” measures in preparation for the gradual resumption of activity after 1 June 2020.

Due to the travel restrictions, the Group has experienced a decrease in number of foreign patients and have generally experienced a decrease in number of patients during the third quarter of FY2020 as the Group is limited to providing essential medical healthcare. The current COVID-19 situation is not expected to have a material adverse impact on the Group’s financials and business operations as a whole unless the abovementioned restrictions are sustained for a long period of time. The management considered that on the basis of the majority of the Group’s revenue is derived from locals and residents in Singapore and certain subsidiaries of the Group are part of the government’s a Public Health Preparedness Clinic (“PHPC”) scheme. The Group has taken all necessary precaution measures as directed and imposed by the Ministry of Health Singapore for all healthcare workers.

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**APPENDIX C – INDEPENDENT AUDITORS’ ASSURANCE REPORT AND
COMPILATION OF UNAUDITED PRO FORMA COMBINED FINANCIAL
INFORMATION OF SINGAPORE PAINCARE HOLDINGS LIMITED AND ITS
SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 AND FOR
THE FINANCIAL PERIOD FROM 1 JULY 2019 TO 31 DECEMBER 2019**

**Singapore Paincare Holdings Limited
and its subsidiaries**

Unaudited Pro Forma Combined Financial Information
For the financial year ended 30 June 2019 and
For the financial period from 1 July 2019 to 31 December 2019

**INDEPENDENT AUDITORS' ASSURANCE REPORT ON THE COMPILATION OF
UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION FOR
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 AND FOR
THE FINANCIAL PERIOD FROM 1 JULY 2019 TO 31 DECEMBER 2019**

13 July 2020

The Board of Directors
Singapore Paincare Holdings Limited
150 Orchard Road,
#07-18 Orchard Plaza
Singapore 238841

Report on the compilation of unaudited pro forma combined financial information

We have completed our assurance engagement to report on the compilation of unaudited pro forma combined financial information of Singapore Paincare Holdings Limited (the "Company") and its subsidiaries (the "Group") by the management. The unaudited pro forma combined financial information consists of the pro forma combined statements of financial position of the Group as at 30 June 2019 and 31 December 2019, the pro forma combined statements of comprehensive income and pro forma combined statements of cash flows of the Group for the financial year ended 30 June 2019 and for the financial period from 1 July 2019 to 31 December 2019, and related notes as set out on pages C-6 to C-22 of the Offer Document issued by the Company. The applicable criteria on the basis of which the management has compiled the unaudited pro forma combined financial information are described in Note 3.

The unaudited pro forma combined financial information has been compiled by the management to illustrate the impact of the significant events (the "Significant Events") set out in Note 2 on:

- (i) the unaudited pro forma combined financial position of the Group as at 30 June 2019 and 31 December 2019 as if the Significant Events had taken place on 30 June 2019 and 31 December 2019 respectively; and
- (ii) the unaudited pro forma combined financial performance and unaudited pro forma combined cash flows of the Group for the financial year ended 30 June 2019 and for the financial period from 1 July 2019 to 31 December 2019 as if the Significant Events had taken place on 1 July 2018 and 1 July 2019 respectively.

As part of this process, information about the Group's financial position, financial performance and cash flows have been extracted by the management from the audited combined financial statements for the financial year ended 30 June 2019 on which an audit report has been published and from the unaudited combined financial statements for the financial period from 1 July 2019 to 31 December 2019, on which a review report has been published.

Management's responsibility for the unaudited pro forma combined financial information

Management is responsible for compiling the unaudited pro forma combined financial information on the basis as described in Note 3.

**INDEPENDENT AUDITORS' ASSURANCE REPORT ON THE COMPILATION OF
UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION FOR
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 AND FOR
THE FINANCIAL PERIOD FROM 1 JULY 2019 TO 31 DECEMBER 2019 (Continued)**

**Report on the compilation of unaudited pro forma combined financial information
(Continued)**

Our independence and quality control

We have complied with the independence and other ethical requirements of the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities*, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Singapore Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditors' responsibilities

Our responsibility is to express an opinion about whether the unaudited pro forma combined financial information has been compiled, in all material respects, by the management on the basis of the as described in Note 3.

We conducted our engagement in accordance with Singapore Standard on Assurance Engagements ("SSAE") 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the Institute of Singapore Chartered Accountants. This standard requires that the auditors plan and perform procedures to obtain reasonable assurance about whether the management has compiled, in all material respects, the unaudited pro forma combined financial information on the basis of the applicable criteria as described in Note 3.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma combined financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma combined financial information.

The purpose of unaudited pro forma combined financial information included in the Offer Document is solely to illustrate the impact of the significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions at the respective dates would have been as presented.

**INDEPENDENT AUDITORS' ASSURANCE REPORT ON THE COMPILATION OF
UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION FOR
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 AND FOR
THE FINANCIAL PERIOD FROM 1 JULY 2019 TO 31 DECEMBER 2019 (Continued)**

**Report on the compilation of unaudited pro forma combined financial information
(Continued)**

Auditors' responsibilities (Continued)

A reasonable assurance engagement to report on whether the unaudited pro forma combined financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the management in the compilation of the unaudited pro forma combined financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The unaudited pro forma combined financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the auditors' judgement, having regard to the auditors' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma combined financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma combined financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) The unaudited pro forma combined financial information has been compiled:
 - (i) in a manner consistent with the accounting policies adopted by the Group in its latest audited combined financial statements for the financial year ended 30 June 2019, which are in accordance with Singapore Financial Reporting Standards (International);
 - (ii) on the basis of the applicable criteria stated in Note 3 of the unaudited pro forma combined financial information; and
- (b) each material adjustment made to the information used in the preparation of the unaudited pro forma combined financial information is appropriate for the purpose of preparing such unaudited combined financial information.

**INDEPENDENT AUDITORS' ASSURANCE REPORT ON THE COMPILATION OF
UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION FOR
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 AND FOR
THE FINANCIAL PERIOD FROM 1 JULY 2019 TO 31 DECEMBER 2019 (Continued)**

**Report on the compilation of unaudited pro forma combined financial information
(Continued)**

Restriction on distribution and use

This report is made solely to you as a body and for inclusion in the Offer Document to be issued in connection with the proposed initial public offering of ordinary shares of the Company on Catalist, the sponsor-supervised listing platform of the Singapore Exchange Securities Trading Limited.

BDO LLP
Public Accountants and
Chartered Accountants

Singapore

Leong Hon Mun Peter
Partner-in-charge

**SINGAPORE PAINCARE HOLDINGS LIMITED
AND ITS SUBSIDIARIES**

**UNAUDITED PRO FORMA COMBINED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019 AND 31 DECEMBER 2019**

	30 June 2019	31 December 2019
	\$	\$
ASSETS		
Non-current assets		
Plant and equipment	43,454	2,534,810
Investment in associates	1,805,800	2,028,274
Intangible assets	6,355,236	6,258,509
Other receivables	–	7,262
	<u>8,204,490</u>	<u>10,828,855</u>
Current assets		
Inventories	637,492	880,298
Trade and other receivables	1,594,085	1,435,514
Prepayments	8,761	14,843
Cash and cash equivalents	4,356,406	3,792,354
	<u>6,596,744</u>	<u>6,123,009</u>
Total assets	<u><u>14,801,234</u></u>	<u><u>16,951,864</u></u>
EQUITY AND LIABILITIES		
Equity		
Share capital	16,234,282	16,497,282
Merger reserve	(5,552,876)	(5,552,876)
Other reserve	263,000	177,484
Retained earnings	301,085	1,321,385
Total equity	<u>11,245,491</u>	<u>12,443,275</u>
Non-current liabilities		
Lease liabilities	–	1,970,849
Deferred tax liabilities	29,000	9,667
Provision	29,348	29,440
	<u>58,348</u>	<u>2,009,956</u>
Current liabilities		
Trade and other payables	1,074,888	1,139,644
Bank borrowings	1,995,878	–
Lease liabilities	–	585,014
Current income tax payable	426,629	773,975
	<u>3,497,395</u>	<u>2,498,633</u>
Total liabilities	<u>3,555,743</u>	<u>4,508,589</u>
Total equity and liabilities	<u><u>14,801,234</u></u>	<u><u>16,951,864</u></u>

**SINGAPORE PAINCARE HOLDINGS LIMITED
AND ITS SUBSIDIARIES**

**UNAUDITED PRO FORMA COMBINED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 AND
FOR THE FINANCIAL PERIOD FROM 1 JULY 2019 TO 31 DECEMBER 2019**

	Year ended 30 June 2019	Period from 1 July 2019 to 31 December 2019
	\$	\$
Revenue	8,988,427	5,133,490
<i>Other items of income</i>		
Other income	225,847	61,243
<i>Items of expense</i>		
Changes in inventories	196,085	242,807
Inventories and consumables used	(2,210,182)	(1,438,618)
Employee benefits expense	(2,153,696)	(1,430,774)
Depreciation and amortisation expenses	(244,460)	(430,066)
Operating lease expenses	(592,385)	–
Other expenses	(1,437,005)	(822,455)
Finance costs	(312,027)	(300,851)
Share of profits of associates, net of tax	426,000	222,474
Profit before income tax	2,886,604	1,237,250
Income tax expense	(355,649)	(236,305)
Profit for the financial year/period, representing total comprehensive income for the financial year/period	2,530,955	1,000,945
Earnings per share		
– Basic ⁽¹⁾ (cents)	2.23	0.88
– Diluted ⁽²⁾ (cents)	2.09	0.88

Note:

- (1) The calculations of pro forma basic earnings per share for the financial year is based on profit attributable to owners of the Company for the financial year ended 30 June 2019 and the pre-placement number of ordinary shares of 113,286,510 prior to the issue and allotment of 20,454,542 ordinary shares to the pre-placement investors in connection to the conversion of RCL and 3,636,364 ordinary shares in satisfaction of the consultancy fee as consultant to the Company in respect of the IPO exercise (the “Adjusted Pre-Placement shares”).
- (2) The calculations of pro forma diluted earnings per share is based on profit attributable to owners of the Company, excluding finance costs, for the financial year ended 30 June 2019 and excluding fair value gain on derivative financial instruments and finance cost for the financial period ended 31 December 2019, and a weighted-average number of Adjusted Pre-Placement shares after adjustment for the effects of dilutive potential ordinary shares for RCL of 133,741,051 and 130,499,622 for the financial year ended 30 June 2019 and financial period ended 31 December 2019 respectively. The effects of RCL for the financial period ended 31 December 2019 is non-dilutive.

**SINGAPORE PAINCARE HOLDINGS LIMITED
AND ITS SUBSIDIARIES**

**UNAUDITED PRO FORMA COMBINED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 AND
FOR THE FINANCIAL PERIOD FROM 1 JULY 2019 TO 31 DECEMBER 2019**

	Year ended 30 June 2019 \$	Period from 1 July 2019 to 31 December 2019 \$
Operating activities		
Profit before income tax	2,886,604	1,237,250
Adjustments for:		
Depreciation of plant and equipment	44,834	16,801
Depreciation of right-of-use assets	–	283,242
Amortisation of intangible assets	204,712	130,022
Interest expense	312,027	300,851
Loss allowance on doubtful receivables	46,107	–
Bad debts written-off	9,054	–
Fair value loss on derivative financial instrument	–	97,000
Reversal of impairment on doubtful receivables	–	9,428
Fair value gain on financial assets at fair value through profit and loss (“FVTPL”)	–	–
Gain on derecognition of redeemable convertible loan	–	(182,516)
Dividend income	(120,000)	–
Share of profits of associates, net of tax	(426,000)	(222,474)
Operating cash flows before working capital changes	2,957,338	1,669,604
Inventories	(196,085)	(242,807)
Trade and other receivables	(198,183)	(36,347)
Prepayments	2,221	(6,082)
Trade and other payables	(152,039)	64,758
Cash generated from operations	2,413,252	1,449,126
Income tax paid	(309,581)	(216,292)
Net cash from operating activities	2,103,671	1,232,834
Investing activities		
Purchase of plant and equipment	(18,466)	(7,669)
Dividend received	120,000	–
Acquisition of subsidiaries, net of cash acquired	406,666	412,711
Advances from related parties	(200,000)	–
Net cash from investing activities	308,200	405,042

**SINGAPORE PAINCARE HOLDINGS LIMITED
AND ITS SUBSIDIARIES**

**UNAUDITED PRO FORMA COMBINED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 AND
FOR THE FINANCIAL PERIOD FROM 1 JULY 2019 TO 31 DECEMBER 2019**

	Year ended 30 June 2019	Period from 1 July 2019 to 31 December 2019
	\$	\$
Financing activities		
Repayment from directors	–	9,355
Repayment of principal portion of lease liabilities	–	(291,713)
Repayment of interest portion of lease liabilities	–	(25,587)
Proceeds from issuance of share	2	–
Proceeds from borrowings	3,528,853	2,700,000
Repayment of borrowings	(61,884)	(839,031)
Advances from director	7,771	–
Interest paid	(49,027)	(12,241)
Dividends paid	(2,270,724)	(630,000)
Net cash from financing activities	<u>1,154,991</u>	<u>910,783</u>
Net change in cash and cash equivalents	3,566,862	2,548,659
Cash and cash equivalents at beginning of financial year/period	<u>789,544</u>	<u>1,243,695</u>
Cash and cash equivalents at end of financial year/period	<u><u>4,356,406</u></u>	<u><u>3,792,354</u></u>

**SINGAPORE PAINCARE HOLDINGS LIMITED
AND ITS SUBSIDIARIES**

**STATEMENT OF ADJUSTMENTS FOR THE UNAUDITED PRO FORMA COMBINED
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019**

As At 30 June 2019

	Audited combined statement of financial position \$	Unaudited pro forma adjustments Note 4 \$		Unaudited pro forma combined statement of financial position \$
ASSETS				
Non-current assets				
Plant and equipment	20,729	22,725	(i)	43,454
Investment in associates	–	1,805,800	(ii)	1,805,800
Intangible assets	–	6,355,236	(i), (vi)	6,355,236
Financial asset at FVTPL	235,000	(235,000)	(ii)	–
	<u>255,729</u>			<u>8,204,490</u>
Current assets				
Inventories	123,334	514,158	(i)	637,492
Trade and other receivables	1,047,881	546,204	(i)	1,594,085
Prepayments	8,761	–		8,761
Cash and cash equivalents	1,243,695	3,112,711	(i), (iii)	4,356,406
	<u>2,423,671</u>			<u>6,596,744</u>
Total assets	<u>2,679,400</u>			<u>14,801,234</u>
EQUITY AND LIABILITIES				
Equity				
Share capital	6	16,234,276	(i), (ii), (iv), (v), (vi)	16,234,282
Merger reserve	–	(5,552,876)	(i)	(5,552,876)
Other reserve	–	263,000	(iv)	263,000
Retained earnings	301,085	–	(i), (ii)	301,085
Total equity	<u>301,091</u>			<u>11,245,491</u>
Non-current liabilities				
Deferred tax liabilities	–	29,000	(i)	29,000
Provision	–	29,348	(i)	29,348
	<u>–</u>			<u>58,348</u>
Current liabilities				
Trade and other payables	238,872	836,016	(i)	1,074,888
Bank borrowings	1,995,878			1,995,878
Current income tax payable	143,559	283,070	(i)	426,629
	<u>2,378,309</u>			<u>3,497,395</u>
Total liabilities	<u>2,378,309</u>			<u>3,555,743</u>
Total equity and liabilities	<u>2,679,400</u>			<u>14,801,234</u>

**SINGAPORE PAINCARE HOLDINGS LIMITED
AND ITS SUBSIDIARIES**

**STATEMENT OF ADJUSTMENTS FOR THE UNAUDITED PRO FORMA COMBINED
STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019**

As At 31 December 2019

	Unaudited combined statement of financial position \$	Unaudited pro forma adjustments Note 4 \$		Unaudited pro forma combined statement of financial position \$
ASSETS				
Non-current assets				
Plant and equipment	2,534,810			2,534,810
Investment in associates	2,028,274			2,028,274
Intangible assets	6,058,509	200,000	(vi)	6,258,509
Other receivables	7,262			7,262
	<u>10,628,855</u>			<u>10,828,855</u>
Current assets				
Inventories	880,298			880,298
Trade and other receivables	1,435,514			1,435,514
Prepayments	14,843			14,843
Cash and cash equivalents	3,792,354			3,792,354
	<u>6,123,009</u>			<u>6,123,009</u>
Total assets	<u>16,751,864</u>			<u>16,951,864</u>
EQUITY AND LIABILITIES				
Equity				
Share capital	13,597,282	2,900,000	(iv), (v), (vi)	16,497,282
Merger reserve	(5,552,876)			(5,552,876)
Other reserve	–	177,484	(iv)	177,484
Retained earnings	1,442,869	(121,484)	(iv), (v)	1,321,385
Total equity	<u>9,487,275</u>			<u>12,443,275</u>
Non-current liabilities				
Lease liabilities	1,970,849			1,970,849
Deferred tax liabilities	9,667			9,667
Provision	29,440			29,440
	<u>2,009,956</u>			<u>2,009,956</u>
Current liabilities				
Trade and other payables	1,139,644			1,139,644
Lease liabilities	585,014			585,014
Redeemable convertible loan	2,490,000	(2,490,000)	(iv), (v)	–
Derivative financial instrument	266,000	(266,000)	(iv)	–
Current income tax payable	773,975			773,975
	<u>5,254,633</u>			<u>2,498,633</u>
Total liabilities	<u>7,264,589</u>			<u>4,508,589</u>
Total equity and liabilities	<u>16,751,864</u>			<u>16,951,864</u>

**SINGAPORE PAINCARE HOLDINGS LIMITED
AND ITS SUBSIDIARIES**

**STATEMENT OF ADJUSTMENTS FOR THE UNAUDITED PRO FORMA COMBINED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019**

For The Financial Year Ended 30 June 2019

	Audited combined statement of comprehensive income	Unaudited pro forma adjustments Note 4		Unaudited pro forma combined statement of comprehensive income
	\$	\$		\$
Revenue	3,888,001	5,100,426	(i)	8,988,427
<i>Other items of income</i>				
Other income	447,155	(221,308)	(i), (ii)	225,847
<i>Items of expense</i>				
Changes in inventories	(846)	196,931	(i)	196,085
Inventories and consumables used	(696,806)	(1,513,376)	(i)	(2,210,182)
Employee benefits expense	(838,695)	(1,315,001)	(i)	(2,153,696)
Depreciation and amortisation expenses	(17,261)	(227,199)	(i), (vi)	(244,460)
Operating lease expenses	(408,000)	(184,385)	(i)	(592,385)
Other expenses	(970,130)	(466,875)	(i)	(1,437,005)
Finance costs	(11,053)	(300,974)	(i), (iii), (v)	(312,027)
Share of profits of associates, net of tax	–	426,000	(ii)	426,000
Profit before income tax	1,392,365			2,886,604
Income tax expense	(136,823)	(218,826)	(i)	(355,649)
Profit for the financial year, representing total comprehensive income for the financial year	<u>1,255,542</u>			<u>2,530,955</u>
Earnings per share				
– Basic	<u>1.11</u>			<u>2.23</u>
– Diluted	<u>1.11</u>			<u>2.09</u>

**SINGAPORE PAINCARE HOLDINGS LIMITED
AND ITS SUBSIDIARIES**

**STATEMENT OF ADJUSTMENTS FOR THE UNAUDITED PRO FORMA COMBINED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD FROM 1 JULY 2019 TO 31 DECEMBER 2019**

For The Financial Period from 1 July 2019 to 31 December 2019

	Unaudited combined statement of comprehensive income	Unaudited pro forma adjustments Note 4		Unaudited pro forma combined statement of comprehensive income
	\$	\$		\$
Revenue	5,133,490			5,133,490
<i>Other items of income</i>				
Other income	61,243			61,243
<i>Items of expense</i>				
Changes in inventories	242,807			242,807
Inventories and consumables used	(1,438,618)			(1,438,618)
Employee benefits expense	(1,430,774)			(1,430,774)
Depreciation and amortisation expenses	(410,710)	(19,356)	(vi)	(430,066)
Other expenses	(910,972)	88,517	(iv), (v)	(822,455)
Finance costs	(90,851)	(210,000)	(iv), (v)	(300,851)
Share of profits of associates, net of tax	222,474			222,474
Profit before income tax	1,378,089			1,237,250
Income tax expense	(236,305)			(236,305)
Profit for the financial period, representing total comprehensive income for the financial period	<u>1,141,784</u>			<u>1,000,945</u>
Earnings per share				
– Basic	<u>1.01</u>			<u>0.08</u>
– Diluted	<u>0.92</u>			<u>0.08</u>

**SINGAPORE PAINCARE HOLDINGS LIMITED
AND ITS SUBSIDIARIES**

**STATEMENT OF ADJUSTMENTS FOR THE UNAUDITED PRO FORMA COMBINED
STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019**

For The Financial Year from 1 July 2018 to 30 June 2019

	Audited combined statement of cash flows	Unaudited pro forma adjustments Note 4		Unaudited pro forma combined statement of cash flows
	\$	\$		\$
Operating activities				
Profit before income tax	1,392,365	1,494,239	(i), (ii), (v)	2,886,604
Adjustments for:				
Depreciation of plant and equipment	17,261	27,573	(i)	44,834
Amortisation of intangible assets	–	204,712	(vi)	204,712
Interest expense	11,053	300,974	(i),(v)	312,027
Loss allowance on doubtful receivables	46,107			46,107
Bad debts written-off	9,054			9,054
Fair value gain on financial assets at FVTPL	(235,000)	235,000	(ii)	–
Dividend income	(120,000)			(120,000)
Share of profits of associates, net of tax	–	(426,000)	(ii)	(426,000)
Operating cash flows before working capital changes	1,120,840			2,957,338
Inventories	846	(196,931)	(i)	(196,085)
Trade and other receivables	31,880	(230,063)	(i)	(198,183)
Prepayments	(6,540)	8,761	(i)	2,221
Trade and other payables	(274,420)	122,381	(i)	(152,039)
Cash generated from operations	872,606			2,413,252
Income tax paid	(206,958)	(102,623)	(i)	(309,581)
Net cash from operating activities	665,648			2,103,671
Investing activities				
Purchase of plant and equipment	(7,323)	(11,143)	(i)	(18,466)
Dividend received	120,000			120,000
Investment in financial asset at FVTPL	(630,000)	630,000	(ii)	–
Consideration received from investment investment in financial asset at FVTPL	630,000	(630,000)	(ii)	–
Acquisition of subsidiaries, net of cash acquired	–	406,666	(i)	406,666
Advances to related parties	(200,000)			(200,000)
Net cash (used in)/from investing activities	(87,323)			308,200

**SINGAPORE PAINCARE HOLDINGS LIMITED
AND ITS SUBSIDIARIES**

**STATEMENT OF ADJUSTMENTS FOR THE UNAUDITED PRO FORMA COMBINED
STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019**

For The Financial Year from 1 July 2018 to 30 June 2019

	Audited combined statement of cash flows	Unaudited pro forma adjustments Note 4		Unaudited pro forma combined statement of cash flows
	\$	\$		\$
Financing activities				
Proceeds from issuance of shares	2			2
Proceeds from borrowings	828,853	2,700,000	(iii)	3,528,853
Repayment of borrowings	(61,884)			(61,884)
Advances from director	7,771			7,771
Interest paid	(11,053)	(37,974)	(i)	(49,027)
Dividends paid	(887,863)	(1,382,861)	(i)	(2,270,724)
Net cash (used in)/from financing activities	<u>(124,174)</u>			<u>1,154,991</u>
Net change in cash and cash equivalents	454,151			3,566,862
Cash and cash equivalents at beginning of financial year	<u>789,544</u>			<u>789,544</u>
Cash and cash equivalents at end of financial year	<u><u>1,243,695</u></u>			<u><u>4,356,406</u></u>

**SINGAPORE PAINCARE HOLDINGS LIMITED
AND ITS SUBSIDIARIES**

**STATEMENT OF ADJUSTMENTS FOR THE UNAUDITED PRO FORMA COMBINED
STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD FROM 1 JULY 2019 TO 31 DECEMBER 2019**

For The Financial Period from 1 July 2019 to 31 December 2019

	Unaudited combined statement of cash flows \$	Unaudited pro forma adjustment Noted 4 \$		Unaudited pro forma combined statement of cash flows \$
Operating activities				
Profit before income tax	1,378,089	(140,839)	(iv), (v), (vi)	1,237,250
Adjustments for:				
Depreciation of plant and equipment	16,801			16,801
Depreciation of right-of-use assets	283,242			283,242
Amortisation of intangible assets	110,667	19,355	(vi)	130,022
Interest expense	90,851	210,000	(iv), (v)	300,851
Fair value loss on derivative financial instrument	3,000	94,000	(iv)	97,000
Gain on derecognition of redeemable convertible loan	–	(182,516)	(iv)	(182,516)
Reversal of impairment on doubtful receivables	9,428			9,428
Share of profit of associates, net of tax	(222,474)			(222,474)
Operating cash flows before working capital changes	1,669,604			1,669,604
Inventories	(242,807)			(242,807)
Trade and other receivables	(36,347)			(36,347)
Prepayments	(6,082)			(6,082)
Trade and other payables	64,758			64,758
Cash generated from operations	1,449,126			1,449,126
Income tax paid	(216,292)			(216,292)
Net cash from operating activities	1,232,834			1,232,834
Investing activities				
Acquisition of subsidiaries, net of cash acquired	412,711			412,711
Purchase of plant and equipment	(7,669)			(7,669)
Net cash from investing activities	405,042			405,042

**SINGAPORE PAINCARE HOLDINGS LIMITED
AND ITS SUBSIDIARIES**

**STATEMENT OF ADJUSTMENTS FOR THE UNAUDITED PRO FORMA COMBINED
STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD FROM 1 JULY 2019 TO 31 DECEMBER 2019**

For The Financial Period from 1 July 2019 to 31 December 2019

	Unaudited combined statement of cash flows	Unaudited pro forma adjustment Noted 4	Unaudited pro forma combined statement of cash flows
	\$	\$	\$
Financing activities			
Repayment from director	9,355		9,355
Repayment of principal portion of lease liabilities	(291,713)		(291,713)
Repayment of interest portion of lease liabilities	(25,587)		(25,587)
Proceeds from redeemable convertible loan	2,700,000		2,700,000
Repayment of borrowings	(839,031)		(839,031)
Interest paid	(12,241)		(12,241)
Dividends paid	(630,000)		(630,000)
Net cash from financing activities	<u>910,783</u>		<u>910,783</u>
Net change in cash and cash equivalents	2,548,659		2,548,659
Cash and cash equivalents at beginning of financial period	<u>1,243,695</u>		<u>1,243,695</u>
Cash and cash equivalents at end of financial period	<u><u>3,792,354</u></u>		<u><u>3,792,354</u></u>

**SINGAPORE PAINCARE HOLDINGS LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 AND
FOR THE FINANCIAL PERIOD FROM 1 JULY 2019 TO 31 DECEMBER 2019**

1. General corporate information

The Company is a private limited company, incorporated and domiciled in Singapore with its registered office and principal place of business at 150 Orchard Road #07-18 Orchard Plaza, Singapore 238841. The registration number of the Company is 201843233N.

The principal activity of the Company is that of an investment holding company.

2. Significant events

Save for the following significant events relating to the acquisitions (the “Significant Events”), the Directors of the Company, as at the date of this report, are not aware of any significant acquisitions or disposals of assets which have occurred since 1 July 2019 and any significant changes made to the capital structure of the Company subsequent to 30 June 2019:

- (i) On 5 July 2019, the Company entered into a restructuring agreement with the respective shareholders (“Vendors”) of Paincare Center Pte. Ltd., Singapore Paincare Center @ Novena Pte. Ltd., Lian Clinic Pte. Ltd. (“LCPL”), AE Medical Sengkang Private Limited (“AESK”), AE Medical Fernvale Pte. Ltd. (“AEFV”) and HMC Medical Pte. Ltd. (“HMC”) (“Subsidiaries”) to acquire the entire issued and paid-up share capital of the subsidiaries.

The restructuring agreement was amended and restated on 1 April 2020, adjustment shares were also further issued to respective vendors in connection with certain adjustments, made attributable to the subsidiaries and associates’ unaudited profit after tax for the financial period between 1 July 2018 to 31 March 2020.

The aggregate purchase consideration of \$6,473,600 for the acquisition of subsidiaries which were satisfied by issuance of by way of issuance of 4,760 of the Company’s ordinary shares at fair value of approximately \$1,360 per ordinary share.

- (ii) On 5 July 2019, the Group underwent a restructuring exercise whereby the Group acquired from the vendor the 45% equity interest in Sen Med Holdings Pte. Ltd. (“SMH”). The management assessed that the Group has significant influence over SMH as the Group has power to participate in the financial and operating policy decisions in SMH. Consequently, the Group applied the use of the equity method for the investment in SMH from 5 July 2019. On the same date, the carrying amounts of the investment in SMH as financial asset at FVTPL were derecognised and were recognised as investment in associates.

The restructuring agreement was amended and restated on 1 April 2020, adjustment shares were further issued to respective vendors in connection with certain adjustments, made attributable to the subsidiaries and associates’ unaudited profit after tax for the financial period between 1 July 2018 to 31 March 2020.

The aggregate purchase consideration of \$1,570,800 for the acquisition of SMH which were satisfied by way of issuance of 1,155 of the Company’s ordinary shares at fair value of approximately \$1,360 per ordinary share.

**SINGAPORE PAINCARE HOLDINGS LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 AND
FOR THE FINANCIAL PERIOD FROM 1 JULY 2019 TO 31 DECEMBER 2019 (Continued)**

2. Significant events (Continued)

- (iii) On 30 July 2019, the Company entered into a convertible loan agreement (the “RCL”) with its lenders for an aggregate sum of \$2,700,000. The RCL shall be converted into ordinary shares at the conversion price which is at a 40% discount to the placement price upon the conversion. The key terms of the RCL are summarised in the Note 20 to the unaudited interim condensed combined financial statements of the Group for the financial period from 1 July 2019 to 31 December 2019. On 12 May 2020, the Company entered into a deed of amendment to the RCL, and the conversion of the RCL into ordinary shares are fixed at 20,454,542 number of ordinary shares of the Company upon conversion. On 9 July 2020, the Company completed the conversion of redeemable convertible loan into share capital of the Company.
- (iv) The Company entered into a deed of assignment on 10 March 2020 (as amended on 5 May 2020) to acquire trademarks for a consideration of \$200,000 to be satisfied by the issuance of 3,458 ordinary shares of the Company.

3. Basis of preparation of the unaudited pro forma combined financial information

The Group in this unaudited pro forma combined financial information relates to the companies referred to in the entities within Singapore Paincare Holdings Limited and its subsidiaries (the “Group”) subsequent to the Restructuring Exercise as referred to the Offer Document.

The unaudited pro forma combined financial information are presented in Singapore dollar (\$) except where otherwise indicated.

The unaudited pro forma combined financial information is based on the following:

- Audited combined financial statements of the Group for the financial years ended 30 June 2017, 2018 and 2019, which have been prepared in accordance with Singapore Financial Reporting Standards (International).

The audited combined financial statements of the Group for the financial years ended 30 June 2017, 2018 and 2019 were audited by BDO LLP in accordance with Singapore Standards on Auditing. The independent auditors’ report relating to the abovementioned audited financial statements was not subject to any qualification.

- Unaudited interim condensed combined financial statements of the Group for the financial period from 1 July 2019 to 31 December 2019, which have been prepared by management in accordance with Singapore Financial Reporting Standard (International) 34, *Interim Financial Reporting*.

The unaudited interim condensed combined financial statements of the Group for the financial period from 1 July 2019 to 31 December 2019 were reviewed by BDO LLP in accordance with Singapore Standards on Review Engagements 2410, *Review of Interim Financial In Financial Information Performed by the Independent Auditor of the Entity* (“SSRE 2410”). The independent auditors’ review report relating to the abovementioned unaudited interim condensed combined financial statements was not subject to any qualification.

**SINGAPORE PAINCARE HOLDINGS LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 AND
FOR THE FINANCIAL PERIOD FROM 1 JULY 2019 TO 31 DECEMBER 2019 (Continued)**

3. Basis of preparation of the unaudited pro forma combined financial information (Continued)

The unaudited pro forma combined financial information is based on the following:
(Continued)

- The unaudited management accounts of LCPL, HMC, AEFV and AESK for the financial year ended 30 June 2019 and for the financial period from 1 July 2019 to 31 December 2019, which have been prepared in accordance with Singapore Financial Reporting Standard (International).

The unaudited pro forma combined financial information is prepared using the same accounting policies as the audited combined financial statements of the Group except for those were modified upon the adoption of SFRS(I) 16 *Leases* (“SFRS (I) 16”) that are effective for financial year beginning 1 July 2019 which are disclosed in Note 3 to the unaudited interim condensed combined financial statements for the financial period from 1 July 2019 to 31 December 2019.

The unaudited pro forma combined financial information for the financial year ended 30 June 2019 and financial period from 1 July 2019 to 31 December 2019 are prepared for illustrative purposes only. These are prepared based on certain assumptions and after making certain adjustments to show what:

- the financial position of the Group as at 30 June 2019 and 31 December 2019 respectively would have been if the Significant Events had taken place on 30 June 2019 and 31 December 2019 respectively; and
- the financial performance and cash flows of the Group for the financial year ended 30 June 2019 and for the financial period from 1 July 2019 to 31 December 2019 respectively would have been if the Significant Events discussed in Note 2 had taken place from 1 July 2018 and 1 July 2019 respectively.

Based on the assumptions discussed above, the material adjustments as set out in Note 4 have been made to the audited combined financial statements of the Group in arriving at the unaudited pro forma combined financial information.

The unaudited pro forma combined financial information, because of their nature, is not necessarily indicative of the results of the operations, cash flows or the related effects on the financial position that would have been attained had the Significant Events actually occurred earlier. Save as disclosed in the explanatory notes, the Directors of the Company, for the purposes of preparing this set of unaudited pro forma combined financial information, have not considered the effects of the other events.

**SINGAPORE PAINCARE HOLDINGS LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 AND
FOR THE FINANCIAL PERIOD FROM 1 JULY 2019 TO 31 DECEMBER 2019 (Continued)**

4. Pro forma adjustments

The following pro forma adjustments were made assuming transactions taken place on 1 July 2018 and 1 July 2019 respectively:–

- (i) Inclusion in pro forma financial information for the financial year ended 30 June 2019, where the Company entered into a restructuring agreement, pursuant to which the Company acquired 100% equity interest in LCPL, HMC, AEFV and AESK. The total consideration for the acquisition amounted to \$6,473,600 which are fully satisfied by way of issuance of 4,760 of the Company's ordinary shares at fair value of approximately \$1,360 per ordinary share.

For the purpose of pro forma financial information, the goodwill amount has been computed based on the unaudited net assets of LCPL, HMC, AEFV and AESK as at 30 June 2019 respectively, as follows:

	LCPL	HMC	AEFV	AESK	Total
	\$	\$	\$	\$	\$
Plant and equipment	12,965	215	8,492	1,053	22,725
Intangible assets	–	–	81,000	85,000	166,000
Inventories	343,176	55,511	73,205	42,266	514,158
Trade and other receivables	389,457	89,992	56,832	9,923	546,204
Cash and cash equivalents	118,164	265,754	28,366	427	412,711
Total assets	863,762	411,472	247,895	138,669	1,661,798
Trade and other payables	497,090	290,581	43,896	4,449	836,016
Provision	6,893	20,000	2,455	–	29,348
Current income tax payable	219,840	63,094	136	–	283,070
Deferred tax liabilities	–	–	14,000	15,000	29,000
Total liabilities	723,823	373,675	60,487	19,449	1,177,434
Net identifiable assets at fair value	139,939	37,797	187,408	119,220	484,364
Fair value of consideration paid	3,435,360	1,445,680	829,600	762,960	6,473,600
Goodwill arising from acquisition	3,295,421	1,407,883	642,192	643,740	5,989,236

**SINGAPORE PAINCARE HOLDINGS LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 AND
FOR THE FINANCIAL PERIOD FROM 1 JULY 2019 TO 31 DECEMBER 2019 (Continued)**

4. Pro forma adjustments (Continued)

- (ii) Inclusion in pro forma financial information for the financial year ended 30 June 2019, where the Company entered into a restructuring agreement, pursuant to which the Company acquired 45% equity interest in SMH. The total consideration for the acquisition amounted to \$1,570,800 which are fully satisfied by way of issuance of 1,155 of the Company's ordinary shares at fair value of approximately \$1,360 per ordinary share.
- (iii) Inclusion in pro forma financial information for the financial year ended 30 June 2019, where the Company entered into the into a convertible loan agreement (the "RCL") with its lenders for an aggregate sum of \$2,700,000.
- (iv) Inclusion in pro forma financial information for the financial year ended 30 June 2019 and financial period from 1 July 2019 to 31 December 2019, where the Company entered into a deed of amendment to the RCL which the conversion of the RCL into ordinary shares are fixed at 20,454,542 number of ordinary shares of the Company upon conversion.
- (v) Inclusion in pro forma financial information for the financial year ended 30 June 2019 and financial period from 1 July 2019 to 31 December 2019, where the Company converted the redeemable convertible loan of an aggregate sum of \$2,700,000 into share capital of the Company.
- (vi) Inclusion in pro forma financial information for the financial year ended 30 June 2019 and financial period from 1 July 2019 to 31 December 2019, where the Company entered into a deed of assignment to acquire trademarks which amounted to \$200,000, by the issuance of 3,458 ordinary shares of the Company. The trademarks have remaining useful life of 62 months.

APPENDIX D – SELECTED EXTRACTS OF OUR CONSTITUTION

The discussion below provides information about certain provisions of our Constitution and certain aspects of Singapore company law. This description is only a summary and is qualified by reference to the Companies Law and our Constitution. The instruments that constitute and define us is our Constitution.

REGISTRATION NUMBER

We are registered in Singapore with the Accounting and Corporate Regulatory Authority. Our company registration number is 201843233N.

SUMMARY OF OUR CONSTITUTION

1. Directors

(a) Ability of interested directors to vote

A Director shall not vote in respect of any contract, proposed contract or arrangement or any other proposal in which he has any personal material interest, and he shall not be counted in the quorum present at the meeting in relation to any resolution on which he is debarred from voting.

(b) Remuneration

The ordinary fees of our Directors shall from time to time be determined by ordinary resolution and shall not be increased except pursuant to an ordinary resolution passed at a general meeting where the requisite notice has been given.

The remuneration payable to Non-executive Directors shall be a fixed sum (not being a commission on or a percentage of profits or turnover of our Company) as shall from time to time be determined by our Company in general meeting. Fees payable to Directors shall not be increased except at a general meeting convened by a notice specifying the intention to propose such increase.

Any Director who holds any executive office, or who serves on any committee of the Directors, or who otherwise performs services which in the opinion of the Directors are outside the scope of ordinary duties of a Director, may be paid such extra remuneration by way of salary, commission or otherwise, as the Directors may determine.

The remuneration of a Managing Director (or a person holding an equivalent position) shall from time to time be fixed by the Directors and may be by way of salary or commission or participation in profits or by any or all of these modes but he shall not under any circumstances be remunerated by a commission on or a percentage of turnover. Subject to the Constitution, the Directors shall have power to pay and agree to pay pensions or other retirement, superannuation, death or disability benefits to (or to any person in respect of) any Director for the time being holding any executive office and for the purpose of providing any such pensions or other benefits, to contribute to any scheme or fund or to pay premiums.

(c) Borrowing

Subject to the relevant statutes and our Constitution, our Directors may exercise all the powers of our Company to borrow money, to mortgage or charge its undertaking,

APPENDIX D – SELECTED EXTRACTS OF OUR CONSTITUTION

property and uncalled capital, and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of our Company or of any third party.

(d) Retirement Age Limit

There is no retirement age limit for Directors under our Constitution.

(e) Shareholding Qualification

There is no shareholding qualification for Directors in the Constitution.

2. Share rights and restrictions

We currently have one class of shares, namely, ordinary shares. Only persons who are registered on our register of shareholders are recognised as our shareholders. In cases where the person so registered is CDP, the persons named as the depositors in the depository register maintained by CDP for the ordinary shares are recognised as our shareholders.

(a) Dividends and distribution

We may, by ordinary resolution of our shareholders, declare dividends at a general meeting, but we may not pay dividends in excess of the amount recommended by our Directors. No dividend shall be paid otherwise than out of profits available for distribution. We may capitalise any sum standing to the credit of any of our Company's reserve accounts and apply it to pay dividends, if such dividends are satisfied by the issue of shares to our shareholders. All dividends are paid pro-rata amongst our shareholders, but where shares are partly paid, all dividend must be apportioned and paid proportionately to the amounts paid or credited as paid on the partly paid shares. Unless otherwise directed, dividends are paid by cheque or warrant sent through the post to each shareholder at his registered address. Notwithstanding the foregoing, the payment by us to CDP of any dividend payable to a shareholder whose name is entered in the depository register shall, to the extent of payment made to CDP, discharge us from any liability to that shareholder in respect of that payment.

The payment by the Directors of any unclaimed dividends or other monies payable on or in respect of a share into a separate account shall not constitute our Company a trustee in respect thereof. All dividends and other monies payable on or in respect of a share that are unclaimed after first becoming payable may be invested or otherwise made use of by the Directors for the benefit of our Company. Any dividend or monies unclaimed after a period of six years from the date they are first payable may be forfeited and if so shall revert to our Company but the Directors may at any time thereafter at their absolute discretion annul any such forfeiture and pay the monies so forfeited to the person entitled thereto prior to the forfeiture.

The Directors may retain any dividends or other monies payable on or in respect of a share on which our Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

APPENDIX D – SELECTED EXTRACTS OF OUR CONSTITUTION

(b) Voting rights

A holder of our ordinary shares is entitled to attend and vote at any general meeting, in person or by proxy. Proxies need not be a shareholder. A person who holds ordinary shares through the SGX-ST book-entry settlement system will only be entitled to vote at a general meeting as a shareholder if his name appears on the depository register maintained by CDP at least 72 hours before the general meeting. Except as otherwise provided in our Constitution, two or more shareholders must be present in person or by proxy to constitute a quorum at any general meeting. Under our Constitution, on a poll, every shareholder present in person or by proxy shall have one vote for each ordinary share which he holds or represents. A poll may be required by the listing rules of any stock exchange upon which our Shares are listed. In the case of an equality of votes, the Chairman of the meeting shall be entitled to a casting vote.

3. Change in capital

Subject to the Catalist Rules and the Constitution, changes in the capital structure of our Company (for example, an increase, consolidation, cancellation, or sub-division) require shareholders to pass an ordinary resolution. General meetings at which ordinary resolutions are proposed to be passed shall be called by at least 14 days' notice in writing. The notice must be given to each of our shareholders who have supplied us with an address in Singapore for the giving of notices and must set forth the place, the day and the hour of the meeting. The reduction of our share capital is subject to the conditions prescribed by law.

4. Variation of rights of existing shares or classes of shares

Subject to the Companies Act, whenever the share capital of our Company is divided into different classes of shares, the special rights attached to any class may be varied or abrogated either with the consent in writing of the holders who represent at least three-quarters of the total voting rights of all the shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of the class. To every such separate general meeting, the provisions of our Constitution relating to general meetings of our Company and to the proceedings thereat shall mutatis mutandis apply, except that the necessary quorum shall be two persons holding or representing by proxy at least one-third of the total voting rights of all the shares of that class, and that every such holder of shares of the class present in person or by proxy may demand a poll and that every such holder shall on a poll have one vote for every share of the class held by him, provided always that where the necessary majority for such a special resolution is not obtained at such general meeting, consent in writing if obtained from the holders who represent at least three-quarters of the total voting rights of all the shares of that class concerned within two months of such general meeting shall be as valid and effectual as a special resolution passed at such general meeting. The foregoing provisions shall apply to the variation of the special rights attached to some only of the shares of any class as if each group of shares of the class differently treated formed a separate class the special rights whereof are to be varied. The relevant Regulation does not impose more significant conditions than the Companies Act in this regard.

5. Limitations on foreign or non-resident shareholders

There are no limitations imposed by Singapore law or by our Constitution on the rights of our shareholders who are regarded as foreign or non-residents of Singapore, to hold or exercise voting rights on their shares.

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APPENDIX E – LIST OF PRESENT AND PAST DIRECTORSHIPS OF DIRECTORS AND EXECUTIVE OFFICERS

The list of present and past directorships of each Director over the last five years preceding the date of this Offer Document, excluding those held in our Company, is set out below:

Name	Present Directorships	Past Directorships
Ms. Lai Chin Yee	<u>Group Companies</u> –	<u>Group Companies</u> –
	<u>Other Companies</u> Micro-Mechanics (Holdings) Ltd. Qian Hu Corporation Limited	<u>Other Companies</u> Ryobi Kiso Holdings Ltd.
Dr. Bernard Lee	<u>Group Companies</u> AE Medical Fernvale Pte. Ltd. AE Medical Sengkang Private Limited HMC Medical Pte. Ltd. Lian Clinic Pte. Ltd. Paincare Center Pte. Ltd. Sen Med Holdings Pte. Ltd. ⁽¹⁾ Singapore Paincare Center @Novena Pte. Ltd.	<u>Group Companies</u> –
	<u>Other Companies</u> Advance Core Pte. Ltd. Bright Horizon Pte. Ltd. Brilliance Core Pte. Ltd. Fernvale Paincare Pte. Ltd. Hillford Investments Pte. Ltd. Horizon Paincare Pte. Ltd. KJPS Invest Pte. Ltd. LB Ventures Pte. Ltd. Lian Paincare Pte. Ltd. MedBridge Marketing Pte. Ltd. Paincare Consultancy Pte. Ltd. Paincare Medical Services Pte. Ltd. Sen Paincare Pte. Ltd. Shine Group Holdings Pte. Ltd.	<u>Other Companies</u> Advance Property Holdings Pte. Ltd. Cosmo Trade Pte. Ltd. JK Group (F&B) Pte. Ltd. M&M Investment Holdings Pte. Ltd. Pellucid Networks Pte. Ltd. Singapore Paincare Associates Pte. Ltd.
Dr. Jeffrey Loh	<u>Group Companies</u> AE Medical Fernvale Pte. Ltd. HMC Medical Pte. Ltd. Lian Clinic Pte. Ltd.	<u>Group Companies</u> –
	<u>Other Companies</u> Lian Paincare Pte. Ltd.	<u>Other Companies</u> JVK Pharmaceutical Asia Pte. Ltd.

APPENDIX E – LIST OF PRESENT AND PAST DIRECTORSHIPS OF DIRECTORS AND EXECUTIVE OFFICERS

Name	Present Directorships	Past Directorships
Mr. Chong Weng Hoe	<u>Group Companies</u> –	<u>Group Companies</u> –
	<u>Other Companies</u> Keong Hong Holdings Limited HC Surgical Specialists Limited	<u>Other Companies</u> PT TÜV SÜD PSB Indonesia Regal International Group Ltd. TÜV SÜD PSB Malaysia Sdn Bhd TÜV SÜD PSB Philippines Inc TÜV SÜD PSB Pte. Ltd. TÜV SÜD PSB Thailand Ltd TÜV SÜD PSB Vietnam Ltd Zeststar Eventures Pte. Ltd.
Mr. Richard Yap	<u>Group Companies</u> –	<u>Group Companies</u> –
	<u>Other Companies</u> –	<u>Other Companies</u> –

Note:

- (1) Dr. Bernard Lee was previously appointed a director of Sen Med Holdings Pte. Ltd. on 7 December 2018 and subsequently resigned on 8 December 2018. He was again appointed a director of Sen Med Holdings Pte. Ltd. on 5 July 2019.

APPENDIX E – LIST OF PRESENT AND PAST DIRECTORSHIPS OF DIRECTORS AND EXECUTIVE OFFICERS

The list of present and past directorships of each Executive Officer (save for the Executive Directors) over the last five years preceding the date of this Offer Document, excluding those held in our Company, is set out below:

Name	Present Directorships	Past Directorships
Ms. Ng Phick Suan	<u>Group Companies</u>	<u>Group Companies</u>
	–	–
	<u>Other Companies</u>	<u>Other Companies</u>
	–	–

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APPENDIX F – RULES OF THE SPCH EMPLOYEE SHARE OPTION SCHEME

1. NAME OF THE SCHEME

The Scheme shall be called the “SPCH Employee Share Option Scheme”.

2. DEFINITIONS

2.1 In the Scheme, unless the context otherwise requires, the following words and expressions shall have the following meanings:

“Administration Committee”	The Administration Committee comprising of members of the nominating committee and remuneration committee of the Company to administer the Scheme
“Adoption Date”	The date on which the Scheme is adopted by the Company in general meeting
“Aggregate Subscription Cost”	The total amount payable for Shares which may be acquired on the exercise of an Option
“Associates”	Has the meaning ascribed to it in the SGX-ST Listing Manual
“Auditors”	The auditors of the Company for the time being
“Board”	The board of directors of the Company
“Catalist”	The sponsor-supervised listing platform of the SGX-ST
“CDP”	The Central Depository (Pte) Limited
“CPF”	Central Provident Fund
“Company”	Singapore Paincare Holdings Limited, a public company incorporated in Singapore
“Constitution”	The Constitution of the Company, as amended from time to time
“control”	The capacity to dominate decision making, directly or indirectly, in relation to the financial and operating policies of the Company
“Controlling Shareholder”	A person who: (a) holds directly or indirectly 15.0% or more of the number of all voting shares in a company; or (b) in fact exercises control over a company, unless otherwise determined
“Date of Grant”	In relation to an Option, the date on which the Option is granted pursuant to Rule 6
“Director”	A person holding office as a director for the time being of the Company and/or its Subsidiaries, as the case may be

APPENDIX F – RULES OF THE SPCH EMPLOYEE SHARE OPTION SCHEME

“Employee”	An employee or an Executive Director of the Group selected by the Administration Committee to participate in the Scheme
“Executive Director”	A director for the time being of the Company and/or any of its Subsidiaries, holding office in an executive capacity in the Company and/or such Subsidiary
“Exercise Period”	The period for the exercise of an Option, being a period commencing: (a) after the first anniversary of the Date of Grant and expiring on the tenth anniversary of such Date of Grant in the case of a Market Price Option; and (b) after the second anniversary of the Date of Grant and expiring on the tenth anniversary of such Date of Grant in the case of an Incentive Option
“Exercise Price”	The price at which a Participant shall subscribe for each Share upon the exercise of an Option which shall be the price as determined in accordance with Rule 7, as adjusted in accordance with Rule 12
“Grantee”	The person to whom an offer of an Option is made
“Group”	The Company and its Subsidiaries
“Incentive Option”	An Option granted with the Exercise Price set at a discount to the Market Price
“Market Day”	A day on which the SGX-ST is open for trading in securities
“Market Price”	A price equal to the average of the last dealt prices for the Shares on the SGX-ST over the five consecutive Trading Days immediately preceding the Date of Grant of that Option, as determined by the Administration Committee by reference to the daily official list or any other publication published by the SGX-ST, rounded to the nearest whole cent in the event of fractional prices
“Market Price Option”	An Option granted with the Exercise Price set at the Market Price
“Non-executive Director”	A director (other than an Executive Director) from time to time of the Company and/or any of its Subsidiaries
“Option”	The right to subscribe for Shares granted or to be granted to an Employee pursuant to the Scheme and for the time being subsisting
“Participant”	The holder of an Option

APPENDIX F – RULES OF THE SPCH EMPLOYEE SHARE OPTION SCHEME

“Record Date”	The date as at the close of business (or such other time as may have been prescribed by the Company) on which Shareholders must be registered in order to participate in the dividends, rights, allotments or other distributions (as the case may be)
“Rules”	Rules of the Scheme
“Rules of Catalist”	Section B of the SGX-ST Listing Manual dealing with the rules of Catalist, as from time to time amended, modified or supplemented
“Scheme”	The SPCH Employee Share Option Scheme, as the same may be modified or altered from time to time
“Securities Account”	The securities account maintained by a Depositor with CDP
“SGX-ST”	Singapore Exchange Securities Trading Limited
“SGX-ST Listing Manual”	Listing Manual of the SGX-ST
“Shareholders”	Registered holders of Shares, except where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares, mean the Depositors whose Securities Accounts are credited with Shares
“Shares”	Ordinary shares in the capital of the Company
“Singapore Companies Act”	The Companies Act, Chapter 50 of Singapore, as amended, modified or supplemented from time to time
“Subsidiary”	A company (whether incorporated within or outside Singapore and wheresoever resident) being a subsidiary for the time being of the Company within the meaning of Section 5 of the Singapore Companies Act
“Trading Day”	A day on which the Shares are traded on the SGX-ST
“S\$”	Singapore dollar
“%”	Per centum or percentage
2.2	The terms “ Depositor ”, “ Depository Agent ” and “ Depository Register ” shall have the meanings ascribed to them respectively, in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore.
2.3	Words importing the singular number shall, where applicable, include the plural number and <i>vice versa</i> . Words importing the masculine gender shall, where applicable, include the feminine and neuter gender.
2.4	Any reference to a time of a day in the Scheme is a reference to Singapore time.

APPENDIX F – RULES OF THE SPCH EMPLOYEE SHARE OPTION SCHEME

2.5 Any reference in the Scheme to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Singapore Companies Act or any statutory modification thereof and used in the Scheme shall have the meaning assigned to it under the Singapore Companies Act.

3. OBJECTIVES OF THE SCHEME

3.1 The Scheme is a share incentive plan. The Scheme is proposed on the basis that it is important to retain staff whose contributions are essential to the well-being and prosperity of the Group and to give recognition to outstanding Employees who have contributed to the growth of the Group.

3.2 The objectives of the Scheme are as follows:

- (a) the motivation of each Participant to optimise his performance standards and efficiency and to maintain a high level of contribution to the Group;
- (b) the retention of key employees of the Group whose contributions are essential to the long-term growth and profitability of the Group;
- (c) to instil loyalty to, and a stronger identification by the Participants with the long-term prosperity of, the Group;
- (d) to attract potential employees with relevant skills to contribute to the Group and to create value for the Shareholders of the Company; and
- (e) to align the interests of the Participants with the interests of the Shareholders.

4. ELIGIBILITY OF PARTICIPANTS

4.1 The Employee's eligibility to participate in the Scheme shall be at the absolute discretion of the Administration Committee. Such person must:

- (a) be confirmed in his/her employment with the Group;
- (b) have attained the age of 21 years on or before the Date of Grant; and
- (c) not be an undischarged bankrupt and must not have entered into a composition with his creditors.

4.2 Non-executive Directors who satisfy the eligibility requirements in Rule 4.1(b) and (c) shall also be eligible to participate in the Scheme.

4.3 Subject to the absolute discretion of the Administration Committee, persons who are Controlling Shareholders and their respective Associates shall be eligible to participate in the Scheme if:

- (a) they meet the eligibility requirements as set out above;
- (b) the necessary Shareholders' approvals pursuant to Rule 23 have been obtained; and
- (c) all conditions for their participation in the Scheme as may be required by the regulations of the SGX-ST from time to time are satisfied.

APPENDIX F – RULES OF THE SPCH EMPLOYEE SHARE OPTION SCHEME

- 4.4 Subject to the Singapore Companies Act and any requirement of the SGX-ST, the terms of eligibility for participation in the Scheme may be amended from time to time at the absolute discretion of the Administration Committee, which would be exercised judiciously. Section 77 of the Singapore Companies Act provides that in relation to non-employees of our Company, any options granted after 29 December 1967 by a public company in respect of unissued shares of the grantor after a period of five years have elapsed from the date on which the option was granted shall be void. Accordingly, in respect of any Options granted to our Non-executive Directors, the Options shall be voided five years from the date of grant of such Options.

5. OPTION ENTITLEMENT

Subject to Rule 4, Rule 11 and Rule 12, the aggregate number of Shares in respect of which Options may be offered to a Grantee for subscription in accordance with the Scheme shall be determined at the discretion of the Administration Committee, which would be exercised judiciously, who shall take into account criteria such as the rank and responsibilities within the Group, performance, years of service/appointment and potential for future development of the Grantee and the performance of the Company.

6. GRANT AND ACCEPTANCE OF OPTIONS

- 6.1 Subject as provided in Rule 11, the Administration Committee may grant Options at any time during the period when the Scheme is in force, provided that in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is made, Options may only be granted on or after the second Market Day from the date on which such announcement is released.
- 6.2 The Letter of Offer to grant an Option shall be in, or substantially in, the form set out in Schedule A, subject to such modification as the Administration Committee may from time to time determine.
- 6.3 An Option shall be personal to the person to whom it is granted and shall not be transferred (other than to a Participant's personal representative on the death of that Participant), charged, assigned, pledged or otherwise disposed of, in whole or in part, except with the prior approval of the Administration Committee.
- 6.4 The grant of an Option under this Rule 6 shall be accepted by the Grantee within 30 days from the Date of Grant of that Option and, in any event, not later than 5.00 p.m. on the thirtieth day from such Date of Grant by completing, signing and returning the Acceptance Form in or substantially in the form set out in Schedule B, subject to such modification as the Administration Committee may from time to time determine, accompanied by payment of S\$1.00 as consideration.
- 6.5 If a grant of an Option is not accepted in the manner as provided in Rule 6.4, such offer shall, upon the expiry of the 30-day period, automatically lapse and become null, void and of no effect.

APPENDIX F – RULES OF THE SPCH EMPLOYEE SHARE OPTION SCHEME

7. EXERCISE PRICE

Subject to any adjustment pursuant to Rule 12, the Exercise Price for each Share in respect of which an Option is exercisable shall be determined by the Administration Committee, in its absolute discretion, on the Date of Grant, at:

- (a) a price equal to the Market Price; or
- (b) a price which is set at a discount to the Market Price, provided that:
 - (i) the maximum discount shall not exceed 20.0% of the Market Price (or such other percentage or amount as may be determined by the Administration Committee and permitted by the SGX-ST); and
 - (ii) the Shareholders in general meeting shall have authorised, in a separate resolution, the making of offers and grants of Options under the Scheme at a discount not exceeding the maximum discount as aforesaid.

8. RIGHTS TO EXERCISE OPTIONS

8.1 Subject as provided in Rule 8 and Rule 9, a Market Price Option or an Incentive Option, as the case may be, shall be exercisable, in whole or in part, during the Exercise Period applicable to that Option.

8.2 An Option shall, to the extent unexercised, immediately lapse without any claim whatsoever against the Company:

- (a) in the event of misconduct on the part of the Participant as determined by the Administration Committee in its discretion;
- (b) subject to Rule 8.3(b), where the Participant ceases at any time to be in the employment of any of the Group, for any reason whatsoever;
- (c) the bankruptcy of the Participant or the happening of any other event which results in his being deprived of the legal or beneficial ownership of an Option; or
- (d) the company by which he is employed ceasing to be a company within the Group, or the undertaking or part of the undertaking of such company being transferred otherwise than to another company within the Group.

For the purpose of Rule 8.2(b), the Participant shall be deemed to have ceased to be so employed as of the last day of his employment. For avoidance of doubt, no Option shall lapse pursuant to Rule 8.2(b) in the event of any transfer of employment of a Participant between companies in the Group.

APPENDIX F – RULES OF THE SPCH EMPLOYEE SHARE OPTION SCHEME

8.3 In any of the following events, namely:

- (a) where the Participant ceases at any time to be in the employment of the Group by reason of:
 - (i) ill health, injury or disability (in each case, evidenced to the satisfaction of the Administration Committee);
 - (ii) redundancy;
 - (iii) retirement at or after the legal retirement age; or
 - (iv) retirement before the legal retirement age with the consent of the Administration Committee; or
- (b) where the Participant ceases at any time to be in the employment of any of the companies in the Group by reason of any other event approved in writing by the Administration Committee, the Participant may exercise any Option:
 - (i) in the case where the cessation of employment or cessation to be a Director, as the case may be, occurs after the first day of the Exercise Period in respect of such Option, within the period of 18 months after the date of such cessation of employment or such cessation to be a director, as the case may be, or before the expiry of the Exercise Period in respect of that Option, whichever is earlier, and upon expiry of such period the Option shall lapse; and
 - (ii) in the case where the cessation of employment or cessation to be a Director, as the case may be, occurs before the first day of the Exercise Period in respect of such Option, within the period of 18 months after the first day of the Exercise Period in respect of that Option, and upon expiry of such period the Option shall lapse.

8.4 If a Participant dies, whether or not while still in the employment of any of the companies in the Group and at the date of his death holds any unexercised Option, such Option shall continue to be exercisable by the duly appointed personal representatives of the Participant:

- (a) in the case where death occurs after the first day of the Exercise Period in respect of such Option, within the period of 18 months after the date of such cessation of employment or before the expiry of the Exercise Period in respect of that Option, whichever is earlier, and upon expiry of such period the Option shall lapse; and
- (b) in the case where the death occurs before the first day of the Exercise Period in respect of such Option, within the period of 18 months after the first day of the Exercise Period in respect of that Option, and upon expiry of such period, the Option shall lapse.

APPENDIX F – RULES OF THE SPCH EMPLOYEE SHARE OPTION SCHEME

9. TAKE-OVER AND WINDING-UP OF THE COMPANY

9.1 Notwithstanding Rule 8 but subject to Rule 9.5, in the event of a take-over being made for the Shares, a Participant shall be entitled to exercise any Option held by him and as yet unexercised, in respect of such number of Shares comprised in that Option as may be determined by the Administration Committee in its absolute discretion, in the period commencing on the date on which such offer is made or, if such offer is conditional, the date on which such offer becomes or is declared unconditional, as the case may be, and ending on the earlier of:

(a) the expiry of six months thereafter, unless prior to the expiry of such six-month period, at the recommendation of the officer and with the approvals of the Administration Committee and the SGX-ST, such expiry date is extended to a later date (in either case, being a date falling not later than the expiry of the Exercise Period relating thereto); or

(b) the date of expiry of the Exercise Period relating thereto,

whereupon the Option then remaining unexercised shall lapse.

Provided that if during such period, the offeror becomes entitled or bound to exercise rights of compulsory acquisition under the provisions of the Singapore Companies Act and, being entitled to do so, gives notice to the Participants that it intends to exercise such rights on a specified date, the Option shall remain exercisable by the Participant until the expiry of such specified date or the expiry of the Exercise Period relating thereto, whichever is earlier. Any Option not so exercised shall lapse provided that the rights of acquisition or obligations to acquire shall have been exercised or performed, as the case may be. If such rights or obligations have not been exercised or performed, the Option shall, notwithstanding Rule 8, remain exercisable until the expiry of the Exercise Period relating thereto.

9.2 If under any applicable laws, the court sanctions a compromise or arrangement proposed for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with another company or companies, each Participant shall be entitled, notwithstanding Rule 8 but subject to Rule 9.5, to exercise any Option then held by him, in respect of such number of Shares comprised in that Option as may be determined by the Administration Committee in its absolute discretion, during the period commencing on the date upon which the compromise or arrangement is sanctioned by the court and ending either on the expiry of 60 days thereafter or the date upon which the compromise or arrangement becomes effective, whichever is later (but not after the expiry of the Exercise Period relating thereto), whereupon the Option shall lapse and become null and void.

9.3 If an order is made for the winding-up of the Company on the basis of its insolvency, all Options, to the extent unexercised, shall lapse and become null and void.

9.4 In the event a notice is given by the Company to its members to convene a general meeting for the purposes of considering and, if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall on the same date as or soon after it dispatches such notice to each member of the Company give notice thereof to all Participants (together with a notice of the existence of the provision of this Rule 9.4) and thereupon, each Participant (or his personal representative) shall be entitled to exercise all or any of his Options at any time not later than two business days prior to the proposed general meeting

APPENDIX F – RULES OF THE SPCH EMPLOYEE SHARE OPTION SCHEME

of the Company by giving notice in writing to the Company, accompanied by a remittance for the Aggregate Subscription Cost whereupon the Company shall as soon as possible and in any event, no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the Participant credited as fully paid.

- 9.5 If in connection with the making of a general offer referred to in Rule 9.1 or the scheme referred to in Rule 9.2 or the winding-up referred to in Rule 9.4, arrangements are made (which are confirmed in writing by the Auditors, acting only as experts and not as arbitrators, to be fair and reasonable) for the compensation of Participants, whether by the continuation of their Options or the payment of cash or the grant of other options or otherwise, a Participant holding an Option, as yet not exercised, may not, at the discretion of the Administration Committee, be permitted to exercise that Option as provided for in this Rule 9.
- 9.6 To the extent that an Option is not exercised within the periods referred to in this Rule 9, it shall lapse and become null and void.

10. EXERCISE OF OPTIONS, ALLOTMENT AND LISTING OF SHARES

- 10.1 Subject to Rule 8.1, an Option may be exercised, in whole or in part, by a Participant giving notice in writing to the Company in or substantially in the form set out in Schedule C, subject to such modification as the Administration Committee may from time to time determine. Such notice must be accompanied by payment in cash for the Aggregate Subscription Cost in respect of the Shares for which that Option is exercised and any other documentation the Administration Committee may require. An Option shall be deemed to be exercised upon receipt by the Company of the said notice, duly completed, and the Aggregate Subscription Cost. All payments made shall be made by cheque, cashiers' order, banker's draft or postal order made out in favour of the Company or such other mode of payment as may be acceptable to the Company.
- 10.2 Subject to all such consents or other required action of any competent authority under any regulations or enactment for the time being in force as may be necessary and subject to the compliance with the terms of the Scheme and the Constitution of the Company, the Company shall, within 10 Market Days after the exercise of an Option, allot the relevant Shares and despatch to CDP the relevant share certificates by ordinary post or such other mode as the Administration Committee may deem fit. The Company shall, as soon as practicable after such allotment, apply to the SGX-ST for permission to deal in and for quotation of such Shares, if necessary.
- 10.3 Shares which are allotted on the exercise of an Option by a Participant shall be issued in the name of CDP to the credit of the securities account of that Participant maintained with CDP, the securities sub-account of that Participant maintained with a Depository Agent or the CPF investment account maintained with a CPF agent bank.

APPENDIX F – RULES OF THE SPCH EMPLOYEE SHARE OPTION SCHEME

10.4 Shares allotted and issued on exercise of an Option shall:

- (a) be subject to all the provisions of the Constitution of the Company; and
- (b) rank in full for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the Record Date for which is on or after the relevant date upon which such exercise occurred, and shall in all other respects rank pari passu with other existing Shares then in issue.

10.5 The Company shall keep available sufficient unissued Shares to satisfy the full exercise of all Options for the time being remaining capable of being exercised.

11. LIMITATION ON THE SIZE OF THE SCHEME

The total number of new Shares over which the Administration Committee may grant Options on any date, when added to the number of new Shares issued and issuable in respect of all Options granted under the Scheme, and all awards granted under any other share option, share incentive, performance share or restricted share plan implemented by the Company and for the time being in force, shall not exceed 15.0% of the number of all issued Shares (excluding treasury shares, as defined in the Singapore Companies Act) on the day preceding that date.

12. ADJUSTMENT EVENTS

12.1 If a variation in the issued ordinary share capital of the Company (whether by way of bonus issue or reserves or rights issue, reduction, subdivision, consolidation, distribution or otherwise) shall take place, then:

- (a) the Exercise Price of the Shares, class and/or number of Shares comprised in an Option to the extent unexercised; and/or
- (b) the class and/or number of Shares over which Options may be granted under the Scheme,

shall be adjusted in such manner as the Administration Committee may determine to be appropriate.

12.2 Unless the Administration Committee considers an adjustment to be appropriate, the issue of securities as consideration for an acquisition or a private placement of securities, or the cancellation of issued Shares purchased or acquired by the Company by way of a market purchase of such Shares undertaken by the Company on the SGX-ST during the period when a share purchase mandate granted by the Shareholders (including any renewal of such mandate) is in force, shall not normally be regarded as a circumstance requiring adjustment.

APPENDIX F – RULES OF THE SPCH EMPLOYEE SHARE OPTION SCHEME

12.3 Notwithstanding the provisions of Rule 12.1:

- (a) no such adjustment shall be made if as a result the Participant receives a benefit that a Shareholder does not receive; and
- (b) any adjustment (except in relation to a bonus issue) must be confirmed in writing by the Auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.

12.4 Upon any adjustment required to be made pursuant to this Rule 12, the Company shall notify the Participant (or his duly appointed personal representatives where applicable) in writing and deliver to him (or his duly appointed personal representatives where applicable) a statement setting forth the Exercise Price thereafter in effect and class and/or number of Shares thereafter to be issued on the exercise of the Option. Any adjustment shall take effect upon such written notification being given.

13. ADMINISTRATION OF THE SCHEME

13.1 The Scheme shall be administered by the Administration Committee in its absolute discretion with such powers and duties as are conferred on it by the Board, provided that no member of the Administration Committee shall participate in any deliberation or decision in respect of Options to be granted to him or held by him.

13.2 The Administration Committee shall have the power, from time to time, to make and vary such regulations (not being inconsistent with the Scheme) for the implementation and administration of the Scheme as they think fit. Any matter pertaining or pursuant to the Scheme and any dispute and uncertainty as to the interpretation of the Scheme, any rule, regulation or procedure thereunder or any rights under the Scheme shall be determined by the Administration Committee.

13.3 Neither the Scheme nor the grant of Options under the Scheme shall impose on the Company or the Administration Committee any liability whatsoever in connection with:

- (a) the lapsing or early expiry of any Options pursuant to any provision of the Scheme;
- (b) the failure or refusal by the Administration Committee to exercise, or the exercise by the Administration Committee of, any discretion under the Scheme; and/or
- (c) any decision or determination of the Administration Committee made pursuant to any provision of the Scheme.

13.4 Any decision or determination of the Administration Committee made pursuant to any provision of the Scheme (other than a matter to be certified by the Auditors) shall be final, binding and conclusive.

14. NOTICES

14.1 Any notice required to be given by a Participant to the Company shall be sent or made to the principal place of business of the Company or such other addresses (including electronic mail addresses) or facsimile number, and marked for the attention of the Administration Committee, as may be notified by the Company to him in writing.

APPENDIX F – RULES OF THE SPCH EMPLOYEE SHARE OPTION SCHEME

- 14.2 Any notices or documents required to be given to a Participant or any correspondence to be made between the Company and the Participant shall be given or made by the Administration Committee (or such person(s) as it may from time to time direct) on behalf of the Company and shall be delivered to him by hand or sent to him at his home address, electronic mail address or facsimile number according to the records of the Company or the last known address, electronic mail address or facsimile number of the Participant.
- 14.3 Any notice or other communication from a Participant to the Company shall be irrevocable, and shall not be effective until received by the Company. Any other notice or communication from the Company to a Participant shall be deemed to be received by that Participant, when left at the address specified in Rule 14.2 or, if sent by post, on the day following the date of posting or, if sent by electronic mail or facsimile transmission, on the day of despatch.

15. MODIFICATIONS TO THE SCHEME

- 15.1 Any or all the provisions of the Scheme may be modified and/or altered at any time and from time to time by resolution of the Administration Committee, except that:
- (a) no modification or alteration shall alter adversely the rights attaching to any Option granted prior to such modification or alteration except with the consent in writing of such number of Participants who, if they exercised their Options in full, would thereby become entitled to not less than 75.0% of the number of all the Shares which would fall to be allotted upon exercise in full of all outstanding Options;
 - (b) any modification or alteration which would be to the advantage of Participants under the Scheme shall be subject to the prior approval of the Shareholders in general meeting; and
 - (c) no modification or alteration shall be made without the prior approval of the SGX-ST and such other regulatory authorities as may be necessary.
- 15.2 Notwithstanding anything to the contrary contained in Rule 15.1, the Administration Committee may at any time by resolution (and without other formality, save for the prior approval of the SGX-ST) amend or alter the Scheme in any way to the extent necessary to cause the Scheme to comply with any statutory provision or the provision or the regulations of any regulatory or other relevant authority or body (including the SGX-ST).
- 15.3 Written notice of any modification or alteration made in accordance with this Rule 15 shall be given to all Participants.

16. TERMS OF EMPLOYMENT UNAFFECTED

The terms of employment of a Participant shall not be affected by his participation in the Scheme, which shall neither form part of such terms nor entitle him to take into account such participation in calculating any compensation or damages on the termination of his employment for any reason.

APPENDIX F – RULES OF THE SPCH EMPLOYEE SHARE OPTION SCHEME

17. DURATION OF THE SCHEME

- 17.1 The Scheme shall continue to be in force at the discretion of the Administration Committee, subject to a maximum period of 10 years commencing on the Adoption Date, provided always that the Scheme may continue beyond the above stipulated period with the approval of the Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.
- 17.2 The Scheme may be terminated at any time by the Administration Committee, at the discretion of the Administration Committee, or by resolution of the Company in general meeting, subject to all relevant approvals which may be required and if the Scheme is so terminated, no further Options shall be offered by the Company hereunder.
- 17.3 The termination of the Scheme shall not affect Options which have been granted and accepted as provided in Rule 6.4, whether such Options have been exercised (whether fully or partially) or not.

18. TAXES

All taxes (including income tax) arising from the exercise of any Option granted to any Participant under the Scheme shall be borne by that Participant.

19. COSTS AND EXPENSES OF THE SCHEME

- 19.1 Each Participant shall be responsible for all fees of CDP relating to or in connection with the issue and allotment of any Shares pursuant to the exercise of any Option in CDP's name, the deposit of share certificate(s) with CDP, the Participant's securities account with CDP, or the Participant's securities sub-account with a Depository Agent or CPF investment account with a CPF agent bank.
- 19.2 Save for the taxes referred to in Rule 18 and such other costs and expenses expressly provided in the Scheme to be payable by the Participants, all fees, costs and expenses incurred by the Company in relation to the Scheme including but not limited to the fees, costs and expenses relating to the allotment and issue of Shares pursuant to the exercise of any Option shall be borne by the Company.

20. DISCLAIMER OF LIABILITY

Notwithstanding any provisions herein contained, the Administration Committee and the Company shall not under any circumstances be held liable for any costs, losses, expenses and damages whatsoever and howsoever arising in any event, including but not limited to the Company's delay in issuing the Shares or applying for or procuring the listing of the Shares on the SGX-ST in accordance with Rule 10.2.

21. DISCLOSURE IN ANNUAL REPORT

The following disclosures (as applicable) will be made by the Company in its annual report for so long as the Scheme continues in operation:

- (a) the names of the members of the Administration Committee;

APPENDIX F – RULES OF THE SPCH EMPLOYEE SHARE OPTION SCHEME

- (b) the information in respect of Options granted to the following Participants in the table set out below:
 - (i) Directors of the Company;
 - (ii) Participants who are Controlling Shareholders or their Associates; and
 - (iii) Participants, other than those in (i) or (ii) above, who receive 5.0% or more of the total number of Options available under the Scheme.

Name of Participant	Number of Options granted during financial year under review (including terms)	Aggregate number of Options granted since commencement of Scheme to end of financial year under review	Aggregate number of Options exercised since commencement of Scheme to end of financial year under review	Aggregate number of Options outstanding as at end of financial year under review
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- (c) the number of Incentive Options during the financial year under review in the following bands:

Discount to the Market Price%	Aggregate number of Incentive Options granted during the financial year under review	Proportion of Incentive Options to Market Price Options granted during the financial year under review
-------------------------------	--	--

0-10
11-20

- (d) Disclosure in the annual report of information on Options granted to directors and employees of the Company’s parent company and its subsidiaries would not be necessary as such persons are not Participants.

22. ABSTENTION FROM VOTING

Participants who are Shareholders are to abstain from voting on any Shareholders’ resolution relating to the Scheme. All Shareholders who are eligible to participate in the Scheme will abstain from voting on the resolutions where applicable in relation to the discount quantum and participation by and Options to be granted to Controlling Shareholders and their Associates. Participants may act as proxies of Shareholders of the Company in respect of the votes of such Shareholders in relation to any such resolution provided that specific instructions have been given in the proxy forms on how the votes are to be cast in respect of the resolution.

APPENDIX F – RULES OF THE SPCH EMPLOYEE SHARE OPTION SCHEME

23. SHAREHOLDERS' APPROVAL

The participation of each Controlling Shareholder and each of his Associates in the Scheme be specifically approved by independent Shareholders in separate resolutions for each such person. Each grant of Options (including the actual number and the terms of the Options to be granted) to a Controlling Shareholder or his Associates must be specifically approved by independent Shareholders in separate resolutions.

24. DISPUTES

Any disputes or differences of any nature arising hereunder shall be referred to the Administration Committee and its decision shall be final and binding in all respects.

25. GOVERNING LAW

The Scheme shall be governed by, and construed in accordance with, the laws of the Republic of Singapore. In addition, the Scheme shall at all times, be in compliance with applicable laws and regulations of Singapore including the listing rules of the SGX-ST. The Participants, by accepting Options in accordance with the Scheme, and the Company submit to the exclusive jurisdiction of the courts of the Republic of Singapore.

APPENDIX F – RULES OF THE SPCH EMPLOYEE SHARE OPTION SCHEME

Schedule A

SPCH EMPLOYEE SHARE OPTION SCHEME

LETTER OF OFFER

Serial No: _____

Date: _____

To: **[Name]**
[Designation]
[Address]

Private and Confidential

Dear Sir/Madam,

1. We have the pleasure of informing you that, pursuant to the SPCH Employee Share Option Scheme (the “**Share Option Scheme**”), you have been nominated to participate in the Share Option Scheme by the Administration Committee (the “**Administration Committee**”) appointed by the Board of Directors of Singapore Pincare Holdings Limited (the “**Company**”) to administer the Share Option Scheme. Terms as defined in the Share Option Scheme shall have the same meaning when used in this letter.
2. Accordingly, in consideration of the payment of a sum of S\$1.00, an offer is hereby made to grant you an option (the “**Option**”), to subscribe for and be allotted _____ Shares at the price of S\$_____ for each Share.
3. The Option is personal to you and shall not be transferred, charged, pledged, assigned or otherwise disposed of by you, in whole or in part, except with the prior approval of the Administration Committee.
4. The Option shall be subject to the terms of the Share Option Scheme, a copy of which is available for inspection at the business address of the Company.
5. If you wish to accept the offer of the Option on the terms of this letter, please sign and return the enclosed Acceptance Form with a sum of S\$1.00 not later than 5.00 p.m. on _____, failing which this offer will lapse.

Yours faithfully,
For and on behalf of
SINGAPORE PAINCARE HOLDINGS LIMITED

Name:
Designation:

APPENDIX F – RULES OF THE SPCH EMPLOYEE SHARE OPTION SCHEME

Schedule B

SPCH EMPLOYEE SHARE OPTION SCHEME

ACCEPTANCE FORM

Serial No: _____

Date: _____

To: The Administration Committee,
SPCH Employee Share Option Scheme

Closing Date for Acceptance of Offer	:	_____
Number of Shares Offered	:	_____
Exercise Price for each Share	:	S\$_____
Total Amount Payable	:	S\$_____

I have read your Letter of Offer dated _____ and agree to be bound by the terms of the Letter of Offer and the Share Option Scheme referred to therein. Terms defined in your Letter of Offer shall have the same meanings when used in this Acceptance Form.

I hereby accept the Option to subscribe for _____ Shares at S\$_____ for each Share. I enclose cash for S\$1.00 in payment for the purchase of the Option/I authorise my employer to deduct the sum of S\$1.00 from my salary in payment for the purchase of the Option.

I understand that I am not obliged to exercise the Option.

I confirm that my acceptance of the Option will not result in the contravention of any applicable law or regulation in relation to the ownership of shares in the Company or options to subscribe for such shares.

I agree to keep all information pertaining to the grant of the Option to me confidential.

I further acknowledge that you have not made any representation to induce me to accept the offer and that the terms of the Letter of Offer and this Acceptance Form constitute the entire agreement between us relating to the offer.

APPENDIX F – RULES OF THE SPCH EMPLOYEE SHARE OPTION SCHEME

Please print in block letters

Name in full : _____

Designation : _____

Address : _____

Nationality : _____

*NRIC/Passport No. : _____

Signature : _____

Date : _____

Note:

* Delete accordingly

APPENDIX F – RULES OF THE SPCH EMPLOYEE SHARE OPTION SCHEME

Schedule C

SPCH EMPLOYEE SHARE OPTION SCHEME

FORM OF EXERCISE OF OPTION

Total number of ordinary shares (the “ Shares ”) offered at S\$_____ for each Share (the “ Exercise Price ”) under the SPCH Employee Share Option Scheme on _____ (Date of Grant)	:	_____
Number of Shares previously allotted thereunder	:	_____
Outstanding balance of Shares to be allotted thereunder	:	_____
Number of Shares now to be subscribed	:	_____

To: The Administration Committee,
SPCH Employee Share Option Scheme

1. Pursuant to your Letter of Offer dated _____ and my acceptance thereof, I hereby exercise the Option to subscribe for _____ Shares in Singapore Paincare Holdings Limited (the “**Company**”) at S\$_____ for each Share.
2. I enclose a *cheque/cashier’s order/banker’s draft/postal order no. _____ for S\$_____ by way of subscription for the total number of the said Shares.
3. I agree to subscribe for the said Shares subject to the terms of the Letter of Offer, the SPCH Employee Share Option Scheme and the Constitution of the Company.
4. I declare that I am subscribing for the said Shares for myself and not as a nominee for any other person.
5. I request the Company to allot and issue the Shares in the name of The Central Depository (Pte) Limited (“**CDP**”) for credit of my *Securities Account with CDP/Sub-Account with the Depository Agent/CPF investment account with my Agent Bank specified below and I hereby agree to bear such fees or other charges as may be imposed by CDP in respect thereof.

APPENDIX F – RULES OF THE SPCH EMPLOYEE SHARE OPTION SCHEME

Please print in block letters

Name in full : _____

Designation : _____

Address : _____

Nationality : _____

***NRIC/Passport No.** : _____

***Direct Securities Account No.** : _____

OR

***Sub-Account No.** : _____

Name of Depository Agent : _____

OR

***CPF Investment**

Account No. : _____

Name of Agent Bank : _____

Signature : _____

Date : _____

Note:

* Delete accordingly

APPENDIX G – RULES OF THE SPCH PERFORMANCE SHARE PLAN

1. NAME OF THE PLAN

This Plan shall be called the “SPCH PERFORMANCE SHARE PLAN”.

2. DEFINITIONS

2.1 In this Plan, unless the context otherwise requires, the following words and expressions shall have the following meanings:

“Administration Committee”	The Administration Committee comprising of members of the nominating committee and remuneration committee of the Company to administer the Plan
“Adoption Date”	The date on which the Plan is adopted by the Company in general meeting
“Associates”	Has the meaning ascribed to it in the Rules of Catalist
“Auditors”	The auditors for the time being of the Company
“Award”	A contingent award of Shares granted under Rule 5
“Award Letter”	A letter in such form as the Administration Committee shall approve, confirming an Award granted to a Participant by the Administration Committee
“Board”	The board of directors of the Company
“Catalist”	The sponsor-supervised listing platform of the SGX-ST
“CDP”	The Central Depository (Pte) Limited
“Company”	Singapore Paincare Holdings Limited, a public company incorporated in Singapore
“Constitution”	The Constitution of the Company, as amended from time to time
“control”	The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of a company
“Controlling Shareholder”	A person who: (a) holds directly or indirectly 15.0% or more of the number of all voting shares in a company; or (b) in fact exercises control over a company, unless otherwise determined
“Date of Grant”	In relation to an Award, the date on which the Award is granted pursuant to Rule 5
“Director”	A person holding office as a director for the time being of the Company and/or any of its Subsidiaries, as the case may be

APPENDIX G – RULES OF THE SPCH PERFORMANCE SHARE PLAN

“Employee”	An employee of the Group selected by the Administration Committee to participate in the Plan
“Executive Director”	A director for the time being of the Company and/or any of its Subsidiaries, holding office in an executive capacity in the Company and/or such Subsidiary
“Group”	The Company and its Subsidiaries
“Market Day”	A day on which the SGX-ST is open for trading of securities
“Non-executive Director”	A director (other than an Executive Director) from time to time of the Company and/or any of its Subsidiaries
“Participant”	The holder of an Award
“Performance Condition”	In relation to a Performance-related Award, the condition specified on the Date of Grant in relation to that Award
“Performance-related Award”	An Award in relation to which a Performance Condition is specified
“Performance Period”	In relation to a Performance-related Award, a period, the duration of which is to be determined by the Administration Committee on the Date of Grant, during which the Performance Condition is to be satisfied
“Plan”	The SPCH Performance Share Plan, as the same may be modified or altered from time to time
“Record Date”	The date as at the close of business (or such other time as may have been prescribed by the Company) on which Shareholders must be registered in order to participate in the dividends, rights, allotments or other distributions (as the case may be)
“Release”	In relation to an Award, the release at the end of the Vesting Period relating to that Award of all or some of the Shares to which that Award relates in accordance with Rule 7 and, to the extent that any Shares which are the subject of the Award are not released pursuant to Rule 7, the Award in relation to those Shares shall lapse accordingly, and “Released” shall be construed accordingly
“Released Award”	An Award in respect of which the Vesting Period relating to that Award has ended and which has been released in accordance with Rule 7
“Rules”	Rules of the Plan

APPENDIX G – RULES OF THE SPCH PERFORMANCE SHARE PLAN

“Rules of Catalist”	Section B of the Listing Manual dealing with the rules of Catalist, as from time to time amended, modified or supplemented
“SGX-ST”	Singapore Exchange Securities Trading Limited
“SGX-ST Listing Manual”	Listing Manual of the SGX-ST
“Securities Accounts”	The securities account maintained by a Depositor with CDP
“Shareholders”	Registered holders of Shares, except where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares, mean the Depositors whose Securities Accounts are credited with Shares
“Shares”	Ordinary shares in the capital of the Company
“Singapore Companies Act”	The Companies Act, Chapter 50 of Singapore, as amended, modified or supplemented from time to time
“Subsidiary”	A company (whether incorporated within or outside Singapore and wheresoever resident) being a subsidiary for the time being of the Company within the meaning of Section 5 of the Singapore Companies Act
“Trading Day”	A day on which the Shares are traded on the SGX-ST
“Vesting”	In relation to Shares which are the subject of a Released Award, the absolute entitlement to all or some of the Shares which are the subject of a Released Award and “Vest” and “Vested” shall be construed accordingly
“Vesting Date”	In relation to Shares which are the subject of a Released Award, the date (as determined by the Administration Committee and notified to the relevant Participant) on which those Shares have Vested pursuant to Rule 7
“Vesting Period”	In relation to an Award, a period or periods, the duration of which is to be determined by the Administration Committee at the Date of Grant
“S\$”	Singapore dollars
“%”	Per centum or percentage
2.2	The terms “ Depositor ”, “ Depository Agent ” and “ Depository Register ” shall have the meanings ascribed to them, respectively, in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore.
2.3	Words importing the singular number shall, where applicable, include the plural number and vice versa. Words importing the masculine gender shall, where applicable, include the feminine and neuter gender.
2.4	Any reference to a time of a day in the Plan is a reference to Singapore time.

APPENDIX G – RULES OF THE SPCH PERFORMANCE SHARE PLAN

2.5 Any reference in the Plan to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Singapore Companies Act and used in the Plan shall have the meaning assigned to it under the Singapore Companies Act.

3. OBJECTIVES OF THE PLAN

3.1 The Plan is a performance incentive scheme which will form an integral part of the Group's incentive compensation programme.

3.2 The objectives of the Plan are as follows:

- (a) provide an opportunity for Participants to participate in the equity of the Company, thereby inculcating a stronger sense of identification with the long-term prosperity of the Group and promoting organisational commitment, dedication and loyalty of Participants towards the Group;
- (b) motivate Participants to strive towards performance excellence and to maintain a high level of contribution to the Group;
- (c) give recognition to contributions made or to be made by Participants by introducing a variable component into their remuneration package; and
- (d) make employee remuneration sufficiently competitive to recruit new Participants and/or to retain existing Participants whose contributions are important to the long-term growth and profitability of the Group.

4. ELIGIBILITY OF PARTICIPANTS

4.1 Any person shall be eligible to participate in the Plan at the absolute discretion of the Administration Committee if at the Date of Grant such person must:

- (a) be confirmed in his/her employment with the Group;
- (b) he shall have attained the age of 21 years; and
- (c) he shall not be an undischarged bankrupt and must not have entered into a composition with his/her creditors.

4.2 Non-executive Directors who satisfy the eligibility requirements in Rule 4.1(b) and (c) shall also be eligible to participate in the Plan.

4.3 Subject to the absolute discretion of the Administration Committee, persons who are Controlling Shareholders and their respective Associates shall be eligible to participate in the Scheme if:

- (a) they meet the eligibility requirements as set out above;
- (b) the necessary Shareholders' approvals pursuant to Rule 19 have been obtained; and
- (c) all conditions for their participation in the Plan as may be required by the regulations of the SGX-ST from time to time are satisfied.

APPENDIX G – RULES OF THE SPCH PERFORMANCE SHARE PLAN

- 4.4 The eligibility of Participants to participate in the Plan, and the number of Shares which are the subject of each Award to be granted to a Participant in accordance with the Plan and the Vesting Period shall be determined at the absolute discretion of the Administration Committee, which shall take into account:
- (a) the financial performance of the Group;
 - (b) in respect of a Participant being an Employee, criteria such as his rank, job performance, potential for future development and his contribution to the success and development of the Group; and
 - (c) in respect of a Participant being a Non-executive Director, criteria such as his contribution to the success and development of the Group.

In addition, for Performance-related Awards, the extent of effort required to achieve the Performance Condition within the Performance Period shall also be considered.

- 4.5 Subject to the Singapore Companies Act and any requirement of the SGX-ST, the terms of eligibility for participation in the Plan may be amended from time to time at the absolute discretion of the Administration Committee, which would be exercised judiciously.

5. GRANT OF AWARDS

- 5.1 Subject as provided in Rule 8, the Administration Committee may grant Awards to Employees as the Administration Committee may select in its absolute discretion, at any time during the period when the Plan is in force.
- 5.2 The Administration Committee shall decide, in its absolute discretion, in relation to each Award:
- (a) the Participant;
 - (b) the Date of Grant;
 - (c) the number of Shares which are the subject of the Award;
 - (d) the prescribed Vesting Period(s);
 - (e) the extent to which Shares which are the subject of that Award shall be Released at the end of each prescribed Vesting Period; and
 - (f) in the case of a Performance-related Award, the Performance Period and the Performance Condition.
- 5.3 The Administration Committee may amend or waive the Vesting Period(s) and, in the case of a Performance related Award, the Performance Period and/or the Performance Condition in respect of any Award:
- (a) in the event of a general offer (whether conditional or unconditional) being made for all or any part of the Shares, or a scheme of arrangement or compromise between the Company and its Shareholders being sanctioned by the court, or a proposal to liquidate or sell all or substantially all of the assets of the Company; or

APPENDIX G – RULES OF THE SPCH PERFORMANCE SHARE PLAN

- (b) in the case of a Performance-related Award, if anything happens which causes the Administration Committee to conclude that:
 - (i) a changed Performance Condition would be a fairer measure of performance, and would be no less difficult to satisfy; or
 - (ii) the Performance Condition should be waived as the Participant has achieved a level of performance that the Administration Committee considers satisfactory notwithstanding that the Performance Condition may not have been fulfilled,

and shall notify the Participants of such change or waiver (but accidental omission to give notice to any Participant(s) shall not invalidate any such change or waiver).

6. EVENTS PRIOR TO THE VESTING DATE

6.1 An Award, to the extent not yet Released, shall forthwith become void and cease to have effect on the occurrence of any of the following events (and in such an event, the Participant shall have no claim whatsoever against the Company, its Directors or employees):

- (a) a Participant, being an Employee, ceasing for any reason whatsoever, to be in the employment of the Company and/or the relevant Subsidiary or in the event the company by which the Employee is employed ceases to be a company in the Group;
- (b) a Participant, being a Non-executive Director, ceasing to be a director of the Company and/or the relevant Subsidiary, as the case may be, for any reason whatsoever;
- (c) upon the bankruptcy of the Participant or the happening of any other event which results in him being deprived of the legal or beneficial ownership of or interest in such Award;
- (d) ill health, injury, disability or death of a Participant;
- (e) a Participant commits any breach of any of the terms of his Award;
- (f) misconduct on the part of a Participant as determined by the Company in its discretion;
- (g) a take-over, winding-up or reconstruction of the Company; and/or
- (h) any other event approved by the Administration Committee.

For the purpose of Rule 6.1(a) above, an Employee shall be deemed to have ceased to be in the employment of the Company or the Subsidiary (as the case may be) on the date on which he gives notice of termination of employment, unless prior to the date on which termination takes effect, the Employee has (with the consent of the Company or the Subsidiary (as the case may be)) withdrawn such notice.

For the purpose of Rule 6.1(b), a Participant shall be deemed to have ceased to be an Non-executive Director as of the date the notice of resignation of or termination of directorship, as the case may be, is tendered by or is given to him, unless such notice shall be withdrawn prior to its effective date.

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- 6.2 The Administration Committee may in its absolute discretion and on such terms and conditions as it deems fit, preserve all or any part of any Award notwithstanding the provisions of any other Rules including Rules 6.1 and 7.1. Further to such exercise of discretion, the Awards shall be deemed not to have become void nor cease to have effect in accordance with the relevant provisions in Rule 6.1.
- 6.3 Without prejudice to the provisions of Rules 5.3 and 7.1, to the extent of an Award yet to be Released, if any of the following occurs:
- (a) a general offer (whether conditional or unconditional) being made for all or any part of the Shares;
 - (b) a scheme of an arrangement or compromise between the Company and its Shareholders being sanctioned by the court;
 - (c) an order for the compulsory winding-up of the Company is made; or
 - (d) a resolution for a voluntary winding-up (other than for amalgamation or reconstruction) of the Company being made,

the Administration Committee may consider, at its discretion, whether or not to Release such Award. If the Administration Committee decides to Release such Award, then in determining the number of Shares to be Vested in respect of such Award, the Administration Committee will have regard to the proportion of the Vesting Period(s) which has elapsed and the extent to which the Performance Condition (if any) has been satisfied. Where such Award is Released, the Administration Committee will, as soon as practicable after such Release, procure the allotment or transfer to each Participant of the number of Shares so determined, such allotment or transfer to be made in accordance with Rule 7.

7. RELEASE OF AWARDS

- 7.1 (a) In relation to each Performance-related Award, as soon as reasonably practicable after the end of the relevant Performance Period, the Administration Committee shall review the Performance Condition specified in respect of that Award and determine whether it has been satisfied and, if so, the extent to which it has been satisfied.

If the Administration Committee determines in its sole discretion that the Performance Condition has not been satisfied or if the relevant Participant (being an Employee) has not continued to be an Employee from the Date of Grant up to the end of the relevant Performance Period, that Award shall lapse and be of no value and the provisions of Rule 7 (save for this Rule 7.1(a)) shall be of no effect.

The Administration Committee shall have the discretion to determine whether the Performance Condition has been satisfied (whether fully or partially) or exceeded and, in making any such determination, the Administration Committee shall have the right to make computational adjustments to the audited results of the Company or the Group, as the case may be, to take into account such factors as the Administration Committee may determine to be relevant, including changes in accounting methods, taxes and extraordinary events.

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Subject to:

- (i) (in relation to a Performance-related Award) the Administration Committee having determined that the Performance Condition has been satisfied;
- (ii) the relevant Participant (being an Employee) having continued to be an Employee from the Date of Grant up to the end of the relevant Vesting Period;
- (iii) the Administration Committee being of the opinion that the job performance of the relevant Participant has been satisfactory;
- (iv) such consents (including any approvals required by the SGX-ST) as may be necessary;
- (v) compliance with the terms of the Award, the Plan, the Constitution of the Company;
- (vi) where Shares are to be allotted or transferred on the release of an Award, the Participant having a securities account with CDP and compliance with the applicable requirements of CDP; and
- (vii) where Shares are to be allotted on the release of an Award, the Company being satisfied that the Shares which are the subject of the Released Award will be listed for quotation on the SGX-ST,

upon the expiry of each Vesting Period in relation to an Award, the Company shall Release to the relevant Participant the Shares to which his Award relates on the Vesting Date.

- (b) Shares which are the subject of a Released Award shall be Vested to a Participant on the Vesting Date, which shall be a Market Day falling as soon as practicable after the Release of such Award in accordance with Rule 7.1(a) and, on the Vesting Date, the Administration Committee will procure the allotment or transfer to each Participant of the number of Shares so determined.
- (c) Where Shares are allotted upon the Vesting of any Award, the Company shall, as soon as practicable after such allotment, apply to the SGX-ST for the listing and quotation of such Shares.

7.2 Shares which are allotted or transferred on the Release of an Award to a Participant shall be registered in the name of, or transferred to, CDP to the credit of the securities account of that Participant maintained with CDP or the securities sub-account of that Participant maintained with a Depository Agent.

7.3 Shares allotted and issued, and existing Shares procured by the Company on behalf of the Participants for transfer, upon the Release of an Award shall:

- (a) be subject to all the provisions of the Constitution of the Company; and
- (b) rank for any dividend, right, allotment or other distribution on the Record Date of which is on or after the relevant Vesting Date and (subject as aforesaid) will rank *pari passu* in all respects with the Shares then existing.

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8. LIMITATION ON THE SIZE OF THE PLAN

The aggregate number of Shares which may be issued and/or transferred pursuant to Awards granted under the Plan on any date, when added to the number of Shares issued and issuable and/or transferred and transferrable in respect of (a) all Awards granted under the Plan, and (b) all options granted under any other share option, share incentive, performance share or restricted share plan implemented by the Company and for the time being in force, shall not exceed 15.0% of the number of all issued Shares (excluding treasury shares, as defined in the Singapore Companies Act) on the day preceding that date.

9. ADJUSTMENT EVENTS

9.1 If a variation in the issued share capital of the Company (whether by way of a bonus issue or reserves, rights issue, reduction, subdivision, consolidation, distribution or otherwise) shall take place, then:

- (a) the class and/or number of Shares which are the subject of an Award to the extent not yet Vested and the rights attached thereto; and/or
- (b) the class and/or number of Shares in respect of which Awards may be granted under the Plan,

may, at the option of the Administration Committee, be adjusted in such manner as the Administration Committee may determine to be appropriate, provided that any such adjustment shall be made in such a way that a Participant will not receive a benefit that a Shareholder does not receive.

9.2 Unless the Administration Committee considers an adjustment to be appropriate, the issue of securities as consideration for an acquisition or a private placement of securities, or the cancellation of issued Shares purchased or acquired by the Company by way of a market purchase of such Shares undertaken by the Company on the SGX-ST during the period when a share purchase mandate granted by Shareholders (including any renewal of such mandate) is in force, shall not normally be regarded as a circumstance requiring adjustment.

9.3 Notwithstanding the provisions of Rule 9.1, any adjustment (except in relation to a bonus issue) must be confirmed in writing by the Auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.

9.4 Upon any adjustment being made pursuant to this Rule 9, the Company shall notify the Participant (or his duly appointed personal representatives where applicable) in writing and deliver to him (or his duly appointed personal representatives where applicable) a statement setting forth the class and/or number of Shares thereafter to be issued or transferred on the Vesting of an Award and the date on which such adjustment shall take effect.

9.5 Notwithstanding the provisions of Rule 9.1 or that no adjustment is required under the provisions of the Plan, the Administration Committee may, in any circumstances where it considers that no adjustment should be made or that it should take effect on a different date or that an adjustment should be made to any of the matters referred to in Rule 9.1 notwithstanding that no adjustment is required under the said provisions (as the case may

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be), request the Auditors to consider whether for any reasons whatsoever the adjustment or the absence of an adjustment is appropriate or inappropriate as the case may be, and, after such consideration, no adjustment shall take place or the adjustment shall be modified or nullified or an adjustment made (instead of no adjustment made) in such manner and on such date as shall be considered by such Auditors (acting only as experts and not as arbitrators) to be in their opinion appropriate.

10. ADMINISTRATION OF THE PLAN

- 10.1 The Plan shall be administered by the Administration Committee in its absolute discretion, with such powers and duties as are conferred on it by the Board, provided that no member of the Administration Committee shall participate in any deliberation or decision in respect of Awards granted or to be granted to him or held by him.
- 10.2 The Administration Committee shall have the power, from time to time, to make and vary such arrangements, guidelines and/or regulations (not being inconsistent with the Plan) for the implementation and administration of the Plan, to give effect to the provisions of the Plan and/or to enhance the benefit of the Awards and the Released Awards to the Participants, as it may, in its absolute discretion, think fit.
- 10.3 The Company shall bear the costs of establishing and administering the Plan.

11. NOTICES

- 11.1 A Participant shall not by virtue of being granted any Award be entitled to receive copies of any notices or other documents sent by the Company to Shareholders of the Company.
- 11.2 Any notice or other communication between the Company and a Participant may be given by sending the same by prepaid post or by personal delivery to, in the case of the Company, its registered office and, in the case of the Participant, his address as notified by him to the Company from time to time.
- 11.3 Any notice or other communication sent by post:
- (a) by the Company shall be deemed to have been received 24 hours after the same was put in the post properly addressed and stamped and/or;
 - (b) by the Participant shall be deemed to have been received when the same is received by the Company at the registered office of the Company.

12. MODIFICATIONS TO THE PLAN

- 12.1 Any or all the provisions of the Plan may be modified and/or altered at any time and from time to time by resolution of the Board, except that:
- (a) no modification or alteration shall be made which would adversely affect the rights attached to any Award granted prior to such modification or alteration except with the prior consent in writing of such number of Participants who, if their Awards were Released to them upon the expiry of all the Vesting Periods applicable to their Awards, would be entitled to not less than 75.0% of the aggregate number of the Shares which would fall to be vested upon the Release of all outstanding Awards upon the expiry of all the Vesting Periods applicable to all such outstanding Awards;

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- (b) no modification or alteration to the definitions of “Associate”, “Administration Committee”, “Controlling Shareholders”, “Employee”, “Participant”, “Performance Period” and “Vesting Period” and the provisions of Rules 4, 5, 7, 8, 9, 10 and this Rule 12 shall be made to the advantage of Participants except with the prior approval of the Shareholders of the Company in general meeting; and
 - (c) no modification or alteration shall be made without the prior approval of the SGX-ST and such other regulatory authorities as may be necessary.
- 12.2 Notwithstanding anything to the contrary contained in Rule 12.1, the Board may at any time by resolution (and without other formality, save for the prior approval of the SGX-ST) amend or alter the Plan in any way to the extent necessary to cause the Plan to comply with any statutory provision or the provision or the regulations of any regulatory or other relevant authority or body (including the SGX-ST).
- 12.3 Written notice of any modification or alteration made in accordance with this Rule 12 shall be given to all Participants but accidental omission to give notice to any Participant(s) shall not invalidate any such modifications or alterations.

13. TERMS OF EMPLOYMENT UNAFFECTED

Notwithstanding the provisions of any other Rule:

- (a) the Plan or any Award shall not form part of any contract of employment between the Company and/or any Subsidiary and/or any Employee and the rights and obligations of any individual under the terms of the office or employment with any such company shall not be affected by his participation in the Plan or any right which he may have to participate in it or any Award which he may be granted and the Plan or any Award shall afford such an individual no additional rights to compensation or damages in consequence of the termination of such office or employment for any reason whatsoever (whether lawful or not); and
- (b) the Plan shall not confer on any person any legal or equitable rights (other than those constituting the Awards themselves) against the Company and/or any Subsidiary directly or indirectly or give rise to any cause of action at law or in equity against any such company, its directors or employees.

14. DURATION OF THE PLAN

- 14.1 The Plan shall continue to be in operation at the discretion of the Administration Committee for a maximum period of 10 years commencing on the Adoption Date, provided always that the Plan may, subject to applicable laws and regulations, continue beyond the above stipulated period with the approval of the Shareholders of the Company by ordinary resolution in general meeting and of any relevant authorities which may then be required.
- 14.2 The Plan may be terminated at any time by the Administration Committee and by resolution of the Company in general meeting, subject to all relevant approvals which may be required and if the Plan is so terminated, no further Awards shall be granted by the Company hereunder.
- 14.3 The termination of the Plan shall not affect Awards which have been granted, whether such Awards have been Released (whether fully or partially) or not.

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15. ANNUAL REPORT DISCLOSURE

The Company shall make the following disclosures in its annual report to Shareholders for the duration of the Plan:

- (a) the names of the members of the Administration Committee;
- (b) information as required in the table below for the following Participants:
 - (i) Directors of the Company;
 - (ii) Participants who are Controlling Shareholders or their Associates; and
 - (iii) Participants, other than those in (i) or (ii) above, who receive Awards comprising Shares representing 5.0% or more of the aggregate of:
 - (1) total number of Shares available under the Plan; and
 - (2) the total number of existing Shares purchased for delivery of Released Awards under the Plan.

Name of Participant	Number of Shares allotted pursuant to Release of Awards under the Plan during financial year under review (including terms)	Number of existing Shares purchased for delivery pursuant to Release of Awards under the Plan during financial year under review (including terms)	Aggregate number of Shares allotted and existing Shares purchased for delivery since commencement of the Plan to end of financial year under review	Aggregate number of Shares comprised in Awards which have not been Released as at the end of the financial year under review
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- (c) in relation to the Plan, the following particulars:
 - (i) the aggregate number of Shares comprised in Awards granted since the commencement of the Plan to the end of the financial year under review;
 - (ii) the aggregate number of Shares comprised in Awards which have Vested during the financial year under review and in respect of such Awards, the proportion of:
 - (1) Shares issued; and
 - (2) where applicable, existing Shares purchased, including the range of prices at which such Shares have been purchased,
- upon the Vesting of Released Awards; and

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(iii) the aggregate number of Shares comprised in Awards which have not been Released as at the end of the financial year under review.

(d) if any of the disclosures above in the foregoing of this Rule 15 is not applicable, an appropriate negative statement will be included in the annual report.

16. ABSTENTION FROM VOTING

Participants who are Shareholders are to abstain from voting on any Shareholders' resolution relating to the Plan. All Shareholders who are eligible to participate in the Plan will abstain from voting on the resolutions in relation to the participation by and grant of Awards to Controlling Shareholders and their Associates. Participants may act as proxies of Shareholders of the Company in respect of the votes of such Shareholders in relation to any such resolution provided that specific instructions have been given in the proxy forms on how the votes are to be cast in respect of the resolution.

17. TAXES, COSTS AND EXPENSES OF THE PLAN

17.1 Notwithstanding anything herein, each Participant shall be responsible for all fees of CDP relating to or in connection with the issue and allotment or transfer of any Shares pursuant to the Release of any Award in CDP's name, the deposit of share certificate(s) with CDP, the Participant's securities account with CDP, or the Participant's securities sub-account with a CDP Depository Agent.

17.2 The Participants shall be responsible for obtaining any governmental or other official consent that may be required by any country or jurisdiction in order to permit the grant or Vesting of the relevant Award. All taxes (including income tax) arising from the grant or Vesting of any Award under the Plan shall be borne by that Participant. The Company shall not be responsible for any failure by the Participant to obtain any such consent or for any tax or other liability to which the Participant may become subject as a result of his participation in the Plan.

18. DISCLAIMER OF LIABILITY

Notwithstanding any provisions herein contained, the Company, its Directors or employees or the Administration Committee shall not under any circumstances be held liable for any costs, losses, expenses liabilities or damages whatsoever and howsoever arising in respect of any matter under or in connection with the Plan, including but not limited to any delay or failure to issue, or procure the transfer of, the Shares or to apply for or procure the listing of new Shares on the SGX-ST in accordance with Rule 7.1(c) (and any other stock exchange on which the Shares are quoted or listed).

19. SHAREHOLDERS' APPROVAL

The participation of each Controlling Shareholder and each of his Associates in the Scheme be specifically approved by independent Shareholders in separate resolutions for each such person. Each grant of Awards (including the actual number and the terms of the Awards to be granted) to a Controlling Shareholder or his Associates must be specifically approved by independent Shareholders in separate resolutions.

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20. DISPUTES

Any disputes or differences of any nature arising hereunder (other than matters to be confirmed by the Auditors in accordance with the Plan) shall be referred to the Administration Committee and its decision shall be final and binding in all respects (including any decisions pertaining to disputes as to interpretation of the Plan or any Rule, regulation, procedure thereunder or as to any rights under the Plan).

21. GOVERNING LAW

The Plan shall be governed by, and construed in accordance with, the laws of the Republic of Singapore. In addition, the Plan shall at all times, be in compliance with applicable laws and regulations of Singapore including the listing rules of the SGX-ST. The Participants, by being granted Awards in accordance with the Plan, and the Company submit to the exclusive jurisdiction of the courts of the Republic of Singapore.

APPENDIX H – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATIONS AND ACCEPTANCE

You are invited to apply and subscribe for the Placement Shares at the Placement Price, subject to the following terms and conditions:

1. **YOUR APPLICATION MUST BE MADE IN LOTS OF 1,000 PLACEMENT SHARES OR INTEGRAL MULTIPLES THEREOF. YOUR APPLICATION FOR ANY OTHER NUMBER OF PLACEMENT SHARES WILL BE REJECTED.**
2. Your application for Placement Shares may only be made by way of printed Placement Shares Application Forms or directly through the Sponsor and Issue Manager, and the Placement Agent and/or the sub-placement agent(s), who will determine, at their discretion, the manner and method for applications under the Placement.

YOU MAY NOT USE CPF FUNDS TO APPLY FOR THE PLACEMENT SHARES.

3. **You (not being an approved nominee company) are allowed to submit only one application in your own name for the Placement Shares. Any separate applications shall be deemed to be multiple applications and may be rejected at the discretion of our Company, the Sponsor and Issue Manager, and the Placement Agent, except in the case of applications by approved nominee companies, where each application is made on behalf of a different beneficiary.**

If you, being other than an approved nominee company, have submitted an application for Placement Shares in your own name, you should not submit any other application for Placement Shares for any other person. Such separate applications shall be deemed to be multiple applications and will be liable to be rejected at the discretion of our Company, the Sponsor and Issue Manager, and the Placement Agent.

Joint and/or multiple applications for the Placement Shares shall be rejected at the discretion of our Company, the Sponsor and Issue Manager and the Placement Agent. If you submit or procure submissions of multiple share applications for the Placement Shares, you may be deemed to have committed an offence under the Penal Code, Chapter 224 of Singapore and the Securities and Futures Act, and your applications may be referred to the relevant authorities for investigation. Multiple applications or those appearing to be or suspected of being multiple applications except in the case of applications by approved nominee companies where such applications are made on behalf of a different beneficiary, may be rejected at the discretion of our Company and the Sponsor and Issue Manager, and the Placement Agent. By submitting an application for the Placement Shares, you declare that you do not possess more than one individual direct Securities Account with CDP.

4. We will not accept applications from any person under the age of 18 years, undischarged bankrupts, sole proprietorships, partnerships, non-corporate bodies, joint Securities Account holders of CDP and from applicants whose addresses (as furnished in their Application Forms) bear post office box numbers. No person acting or purporting to act on behalf of a deceased person is allowed to apply under the Securities Account with CDP in the deceased's name at the time of application.

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5. We will not recognise the existence of a trust. Any application by a trustee or trustees must be made in his/her/their own name(s) and without qualification or, where the application is made by way of an Application Form by a nominee, in the name(s) of an approved nominee company or companies after complying with paragraph 6 below.
6. **WE WILL NOT ACCEPT APPLICATIONS FROM NOMINEES EXCEPT THOSE MADE BY APPROVED NOMINEE COMPANIES ONLY.** Approved nominee companies are defined as banks, merchant banks, finance companies, insurance companies and licensed securities dealers in Singapore and nominee companies controlled by them. Applications made by persons acting as nominees other than approved nominee companies shall be rejected.
7. **IF YOU ARE NOT AN APPROVED NOMINEE COMPANY, YOU MUST MAINTAIN A SECURITIES ACCOUNT WITH CDP IN YOUR OWN NAME AT THE TIME OF YOUR APPLICATION.** If you do not have an existing Securities Account with CDP in your own name at the time of your application, your application will be rejected. If you have an existing Securities Account with CDP but fail to provide your Securities Account number or provide an incorrect Securities Account number in Section B of the Application Form, your application is liable to be rejected. Subject to paragraph 8 below, your application shall be rejected if your particulars such as name, NRIC/passport number, nationality, permanent residence status and CDP Securities Account number provided in your Application Form differ from those particulars in your Securities Account as maintained with CDP. If you possess more than one individual direct Securities Account with CDP, your application shall be rejected.
8. **If your address as stated in the Application Form is different from the address registered with CDP, you must inform CDP of your updated address promptly, failing which the notification letter on successful allotment and other correspondence from CDP will be sent to your address last registered with CDP.**
9. **Our Company, the Sponsor and Issue Manager, and the Placement Agent reserve the right to reject any application which does not conform strictly to the instructions set out in the Application Form and in this Offer Document or with the terms and conditions of this Offer Document or, which is illegible, incomplete, incorrectly completed or which is accompanied by an improperly drawn remittance or improper form of remittance which is not honoured upon the first presentation.**
10. **Our Company, the Sponsor and Issue Manager, and the Placement Agent further reserve the right to treat as valid any application not completed or submitted or effected in all respects in accordance with the instructions set out in the Application Form or the terms and conditions of this Offer Document, and also to present for payment or other processes all remittances at any time after receipt and to have full access to all information relating to, or deriving from, such remittances or the processing thereof.**
11. Our Company, the Sponsor and Issue Manager, and the Placement Agent reserve the right to reject or to accept, in whole or in part, or to scale down, any application, without assigning any reason therefor, and no enquiry and/or correspondence on the decision with regards hereto will be entertained. In deciding the basis of allotment which shall be at the discretion of our Company, the Sponsor and Issue Manager, and the Placement Agent, due consideration will be given to the desirability of allotting the Placement Shares to a reasonable number of applicants with a view to establishing an adequate market for our Shares.

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12. Subject to your provision of a valid and correct CDP Securities Account Number, share certificates will be registered in the name of CDP or its nominee and will be forwarded only to CDP. It is expected that CDP will send to you, at your own risk, within 15 Market Days after the close of the Application List, a statement of account stating that your Securities Account has been credited with the number of Placement Shares allotted to you, if your application is successful. This will be the only acknowledgement of application monies received and is not an acknowledgement by our Company. You irrevocably authorise CDP to complete and sign on your behalf, as transferee or renounce, any instrument of transfer and/or other documents required for the issue or transfer of the Placement Shares allotted to you.
13. In the event that we lodge a supplementary or replacement Offer Document (“**Relevant Document**”) pursuant to the Securities and Futures Act or any applicable legislation in force from time to time prior to the close of the Placement, and the Placement Shares have not been issued, we will (as required by law, and subject to the Securities and Futures Act), at our sole and absolute discretion either:
- (i) (A) within two days (excluding any Saturday, Sunday or public holiday) from the date of lodgement of the Relevant Document, give you notice in writing of how to obtain, or arrange to receive, a copy of the Relevant Document, as the case may be, and provide you with an option to withdraw your application; and (B) take all reasonable steps to make available within a reasonable period the Relevant Document, as the case may be, to you who have indicated your wish to obtain, or have arranged to receive, a copy of the Relevant Document;
 - (ii) within seven days of the lodgement of the Relevant Document, give you a copy of the Relevant Document, and provide you with an option to withdraw your application; or
 - (iii) (A) treat your application as withdrawn and cancelled in which case the application shall be deemed to have been withdrawn and cancelled, and (B) within seven days from the date of lodgement of the Relevant Document, return all monies paid in respect of your application, without interest or any share of revenue or other benefit arising therefrom and at your own risk.

Where you have notified us within 14 days from the date of lodgement of the Relevant Document of your wish to exercise your option under paragraph 13(i) or 13(ii) above to withdraw your application, we shall, within seven days from the receipt of such notification, return to you all application monies paid by you in respect of your application for the Placement Shares without interest or any share or revenue or other benefit arising therefrom and at your own risk, and you will not have any claim against our Company, the Sponsor and Issue Manager or the Placement Agent.

In the event that at any time at the time of the lodgement of the Relevant Document, the Placement Shares have already been issued but trading has not commenced, we will (as required by law, and subject to the Securities and Futures Act), at our sole and absolute discretion either:

- (iv) (A) within two days (excluding any Saturday, Sunday or public holiday) from the date of lodgement of the Relevant Document, give you notice in writing of how to obtain, or arrange to receive, a copy of the Relevant Document, as the case may be, and provide you with an option to return to us the Placement Shares which you do not wish to retain

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title in; and (B) take all reasonable steps to make available within a reasonable period the Relevant Document, as the case may be, to you who have indicated your wish to obtain, or have arranged to receive, a copy of the Relevant Document; or

- (v) within seven days from the date of lodgement of the Relevant Document, give you the Relevant Document, as the case may be, and provide you with an option to return to us the Placement Shares, which you do not wish to retain title in; or
- (vi) treat the issue of the Placement Shares as void, in which case, the issue of the Placement Shares shall be deemed void and within seven days from the lodgement of the Relevant Document, we shall return all monies paid in respect of your application, without interest or any share of revenue or other benefit arising therefrom and at your own risk.

If you wish to exercise your option under paragraph (13)(iv) or (13)(v) above to return the Placement Shares issued to you, you shall, within 14 days from the date of lodgement of the Relevant Document, notify us of this and return all documents, if any, purporting to be evidence of title to those Placement Shares to us, whereupon we shall, within seven days from the receipt of such notification and documents, if any, pay to you all monies paid by you for those Placement Shares, without interest or any share of revenue or other benefit arising therefrom and at your own risk, and you will not have any claim against us, the Sponsor and Issue Manager, and the Placement Agent, provided however, that such monies shall be returned you subject to and against the return or transfer of the Placement Shares free from and clear of any liens, pledges, encumbrances or other third party rights to our Company or in accordance with the instructions set out in the notice (as referred to in paragraph (13)(iv)), or the Relevant Document, as the case may be, and our Company shall, at our discretion, act with respect to and dispose of the Placement Shares, in such manner as may be permitted by the applicable laws.

Additional terms and instructions applicable upon the lodgement of Relevant Document, including instructions on how you can exercise the option to withdraw, may be found in such Relevant Document.

- 14. You irrevocably authorise CDP to disclose the outcome of your application, including the number of Placement Shares allotted to you pursuant to your application, to us, the Sponsor and Issue Manager and the Placement Agent and, any other parties so authorised by the foregoing persons.
- 15. Any reference to “you” or the “applicant” in this section shall include an individual, a corporation, an appointed nominee and trustee applying for the Placement Shares through the Placement Agent or its designated sub-placement agent(s).
- 16. By completing and delivering an Application Form in accordance with the provisions of this Offer Document, you:
 - (i) irrevocably offer, agree and undertake to subscribe for the number of Placement Shares specified in your application (or such smaller number for which the application is accepted) at the Placement Price and agree that you will accept such Placement Shares as may be allotted to you, in each case, subject to the conditions set out in this Offer Document and the Constitution of our Company;

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- (ii) agree that the aggregate Placement Price for the Placement Shares applied for is due and payable to our Company upon your application;

- (iii) (A) consent to the collection, use, processing and disclosure of your name, NRIC/passport number or company registration number, address, nationality, permanent resident status, CDP Securities Account number, share application amount, share application details, the outcome of your application (including the number of Placement Shares allotted to you pursuant to your application), and other personal data (“**Personal Data**”) by the Share Registrar, CDP, Securities Clearing and Computer Services (Pte.) Ltd (“**SCCS**”), SGX-ST, our Company, the Sponsor and Issue Manager, the Placement Agent and/or other authorised operators (the “**Relevant Persons**”) for the purpose of facilitating and processing your application for the Placement Shares, and in order for the Relevant Persons to comply with any applicable laws, listing rules and/or guidelines (collectively, the “**Purposes**”) and warrant that such Personal Data is true, accurate and correct; (B) consent that the Relevant Persons may disclose or share the Personal Data with third parties who provide necessary services to the Relevant Persons, such as service providers working for them and providing services such as hosting and maintenance services, delivery services, handling of payment transactions, and consultants and professional advisers; (C) consent that the Relevant Persons may transfer Personal Data to any location outside of Singapore in order for them to provide the requisite support and services in connection with the Placement Shares; (D) warrant that where you, as an approved nominee company, disclose the Personal Data of the beneficial owner(s) to the Relevant Persons for the Purposes, you have obtained the consent of the beneficial owner(s) to paragraphs 16(iii)(A), (B) and (C) and that any disclosure of the Personal Data to the Relevant Persons is in compliance with all applicable laws; (E) agree that the Relevant Persons may do anything or disclose any Personal Data or matters without notice to you if our Company, the Sponsor and Issue Manager or the Placement Agent considers them to be required or desirable in respect of any applicable policy, law, regulation, government entity, regulatory authority or similar body; and (F) agree that you will indemnify the Relevant Persons in respect of any penalties, liabilities, claims, demands, losses and damages as a result of your breach of warranties. You also agree that the Relevant Persons shall be entitled to enforce this indemnity collectively, the “**Personal Data Privacy Terms**”);

- (iv) warrant the truth and accuracy of the information contained, and representations and declarations made, in your application, and acknowledge and agree that such information, representations and declarations will be relied on by our Company, Sponsor and Issue Manager, and the Placement Agent in determining whether to accept your application and/or whether to allot any Placement Shares to you; and

- (v) agree and warrant that, if the laws of any jurisdictions outside Singapore are applicable to your application, you have complied with all such laws and none of our Company, the Sponsor and/or the Placement Agent will infringe any such laws as a result of the acceptance of your application.

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17. Our acceptance of applications will be conditional upon, *inter alia*, our Company, the Sponsor and Issue Manager, and the Placement Agent being satisfied that:
- (i) permission has been granted by the SGX-ST to deal in and for quotation of all our existing Shares and the Placement Shares which are the subject of the Placement, as well as the Performance Shares and the Option Shares on Catalist;
 - (ii) the Management Agreement and the Placement Agreement referred to in the section entitled “General and Statutory Information – Management and Placement Arrangements” of this Offer Document have become unconditional and have not been terminated or cancelled prior to such date as our Company may determine; and
 - (iii) the Authority, SGX-ST or other competent authority has not served a stop order (“**Stop Order**”) which directs that no or no further shares to which this Offer Document relates be allotted.
18. In the event that a Stop Order in respect of the Placement Shares is served by the Authority, SGX-ST or other competent authority, and
- (i) the Placement Shares have not been issued, the applications for the Placement Shares shall be deemed to have been withdrawn and cancelled, and our Company shall, within 14 days from the date of the Stop Order, refund all monies you have paid in respect of your application for the Placement Shares without interest or any share of revenue or other benefit arising therefrom; or
 - (ii) if the Placement Shares have already been issued but trading has not commenced, our Company shall, within 14 days from the date of the Stop Order, pay to you all monies paid by you to us for the Placement Shares without interest or any share of revenue or other benefit arising therefrom, and the issue of the Placement Shares shall be deemed to be void.

Such monies paid in respect of an application will be returned to you at your own risk, without interest or any share of revenue or other benefit arising therefrom, and you will not have any claims against our Company, the Sponsor and Issue Manager, and the Placement Agent, provided however, that such monies shall be returned to you subject to and against the return or transfer of the Placement Shares free from and clear of any liens, pledges, encumbrances or other third party rights to our Company or in accordance with our Company’s instructions in relation to the returns of such monies or return or transfer of the Placement Shares, and our Company shall, at our discretion, act with respect to and dispose of the Placement Shares, in such manner as may be permitted by the applicable laws.

This shall not apply where only an interim stop order has been served.

19. In the event that an interim stop order in respect of the Placement Shares is served by the Authority, the SGX-ST or other competent authority, no Placement Shares shall be issued to you when the interim stop order is in force.
20. The Authority, the SGX-ST or other competent authority is not able to serve a Stop Order in respect of the Placement Shares if the Placement Shares have been issued and listed on a securities exchange and trading in them has commenced.

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21. In the event of any changes in the closure of the Application List or the time period during which the Placement is open, we will publicly announce the same through a SGXNET announcement to be posted on the Internet at the SGX-ST website <http://www.sgx.com> and through a paid advertisement in a local English newspaper.
22. We will not hold any application in reserve.
23. All payments in respect of any application for the Placement Shares, and all refunds where (a) an application is rejected or accepted in part only, or (b) the Placement does not proceed for any reason, shall be made in Singapore dollars.
24. We will not allot shares on the basis of this Offer Document later than six months after the date of registration of this Offer Document by the SGX-ST, acting as an agent on behalf of the Authority.
25. Additional terms and conditions for applications by way of Application Forms are set out on pages H-7 to H-10 of this Offer Document.

ADDITIONAL TERMS AND CONDITIONS FOR APPLICATIONS USING APPLICATION FORMS

Applications by way of an Application Form shall be made on, and subject to, the terms and conditions of this Offer Document including but not limited to the terms and conditions appearing below as well as those set out in the section entitled “Appendix H – Terms, Conditions and Procedures for Applications and Acceptance” of this Offer Document as well as the Constitution of our Company.

1. Your application for the Placement Shares must be made using the **BLUE** Application Form for Placement Shares accompanying and forming part of this Offer Document. **ONLY ONE APPLICATION** should be enclosed in each envelope.

We draw your attention to the detailed instructions contained in the Application Form and this Offer Document for the completion of the Application Form which must be carefully followed. **Our Company, in consultation with the Sponsor and Issue Manager, and the Placement Agent, reserves the right to reject applications which do not conform strictly to the instructions set out in the Application Form and this Offer Document or to the terms and conditions of this Offer Document or which are illegible, incomplete, incorrectly completed or which are accompanied by improperly drawn remittances or improper form of remittances which are not honoured upon this first presentation.**

2. Your Application Forms must be completed in English. Please type or write clearly in ink using **BLOCK LETTERS**.
3. All spaces in the Application Forms, except those under the heading “**FOR OFFICIAL USE ONLY**”, must be completed and the words “**NOT APPLICABLE**” or “**N.A.**” should be written in any space that is not applicable.
4. Individuals, corporations, approved nominee companies and trustees must give their names in full. If you are an individual, you must make your application using your full names as they appear in your identity cards (if you have such an identification document) or in your passports and, in the case of corporation, in your full name as registered with a competent

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authority. If you are not an individual, you must complete the Application Form under the hand of an official who must state the name and capacity in which he signs the Application Form. If you are a corporation completing the Application Form, you are required to affix your Common Seal (if any) in accordance with your Constitution or equivalent constitutive documents of the corporation. If you are a corporate applicant and your application is successful, a copy of your Constitution or equivalent constitutive documents must be lodged with our Company's Share Registrar and Share Transfer Agent. Our Company reserves the right to require you to produce documentary proof of identification for verification purposes.

5. (a) You must complete Sections A and B and sign on page 1 of the Application Form.
 - (b) You are required to delete either paragraph 7(a) or 7(b) on page 1 of the Application Form. Where paragraph 7(a) is deleted, you must also complete Section C of the Application Form with particulars of the beneficial owner(s).
 - (c) If you fail to make the required declaration in paragraph 7(a) or 7(b), as the case may be, on page 1 of the Application Form, your application is liable to be rejected.
6. You (whether you are an individual or corporate applicant, whether incorporated or unincorporated and wherever incorporated or constituted) will be required to declare whether you are a citizen or permanent resident of Singapore or a corporation in which citizens or permanent residents of Singapore or any body corporate constituted under any statute of Singapore having an interest in the aggregate of more than 50.0 per cent. of the issued share capital of or interests in such corporations. If you are an approved nominee company, you are required to declare whether the beneficial owner of the Placement Shares is a citizen or permanent resident of Singapore or a corporation, whether incorporated or unincorporated and wherever incorporated or constituted, in which citizens or permanent residents of Singapore or any body corporate whether incorporated or unincorporated and wherever incorporated or constituted under any statute of Singapore have an interest in the aggregate of more than 50.0 per cent. of the issued share capital of or interests in such corporation.
 7. Your application must be accompanied by a remittance in Singapore currency for the full amount payable, in respect of the number of Placement Shares applied for, in the form of a **BANKER'S DRAFT** or **CASHIER'S ORDER** drawn on a bank in Singapore, made out in favour of "**SPCH SHARE ISSUE ACCOUNT**" crossed "**A/C PAYEE ONLY**", with your name, CDP Securities Account Number and address written clearly on the reverse side. Applications not accompanied by any payment or accompanied by ANY OTHER FORM OF PAYMENT WILL NOT BE ACCEPTED. No combined Banker's Draft or Cashier's Order for different CDP Securities Accounts shall be accepted. We will reject remittances bearing "**NOT TRANSFERABLE**" or "**NON TRANSFERABLE**" crossings. No acknowledgement or receipt will be issued by us or the Sponsor and Issue Manager, and the Placement Agent for applications and application monies received.
 8. Where your application is rejected or accepted in part only, the full amount or the balance of the application monies, as the case may be, will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post at your own risk within 14 Market Days after the close of the Application List, provided that the remittance accompanying such application which has been presented for payment or other processes has been honoured and application monies have been received in the designated share issue account. In the event that the Placement is cancelled by us following the termination

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of the Management Agreement and/or the Placement Agreement or the Placement does not proceed for any reason, the application monies received will be refunded (without interest or any share of revenue or any other benefit arising therefrom) to you by ordinary post or telegraphic transfer at your own risk within 5 Market Days of the termination of the Placement. In the event that the Placement is cancelled by us following the issuance of a Stop Order by the Authority, the SGX-ST, or other competent authority, the application monies received will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post or telegraphic transfer at your own risk within 14 Market Days from the date of the Stop Order.

9. Capitalised terms used in the Application Forms and defined in this Offer Document shall bear the meanings assigned to them in this Offer Document.
10. You irrevocably agree and acknowledge that your application is subject to risks of fire, acts of God and other events beyond the control of our Company, our Directors, the Sponsor and Issue Manager, and the Placement Agent and/or any other party involved in the Placement and if, in any such event, our Company and/or the Sponsor and Issue Manager, and/or the Placement Agent do not receive your Application Form, you shall have no claim whatsoever against our Company and/or the Sponsor and Issue Manager, the Placement Agent and/or other party involved in the Placement for the Placement Shares applied for or for any compensation, loss or damage.
11. By completing and delivering the Application Form, you agree that:
 - (i) in consideration of our Company having distributed the Application Form to you and agreeing to close the Application List at 12.00 noon on 21 July 2020 or such other time or date as our Directors may, in consultation with the Sponsor and Issue Manager, and Placement Agent, in their absolute discretion decide, subject to any limitation under all applicable laws and regulations and the rules of the SGX-ST, and by completing and delivering the Application Form, you agree that:
 - (a) your application is irrevocable; and
 - (b) your remittance will be honoured on first presentation and that any application monies returnable may be held pending clearance of your payment without interest or any share of revenue or other benefit arising therefrom;
 - (ii) neither our Company, the Sponsor and Issue Manager, the Placement Agent nor any party involved in the Placement shall be liable for any delays, failures or inaccuracies in the recording, storage or in the transmission or delivery of data relating to your application to us or CDP due to breakdowns or failure of transmission, delivery or communication facilities or any notes referred to in paragraph 10 above or to any cause beyond their respective control;
 - (iii) all applications, acceptances and contracts resulting therefrom under the Placement shall be governed by and construed in accordance with the laws of Singapore and that you irrevocably submit to the non-exclusive jurisdiction of the Singapore courts;
 - (iv) in respect of the Placement Shares for which your application has been received and not rejected, acceptance of your application shall be constituted by written notification and not otherwise, notwithstanding any remittance being presented for payment by or on behalf of our Company;

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- (v) you will not be entitled to exercise any remedy of rescission for misrepresentation at any time after acceptance of your application;
- (vi) in making your application, reliance is placed solely on the information contained in this Offer Document and that none of our Company, the Sponsor and Issue Manager, the Placement Agent or any other person involved in the Placement shall have any liability for any information not so contained;
- (vii) you accept and agree to the Personal Data Privacy Terms set out in this Offer Document; and
- (viii) you irrevocably agree and undertake to subscribe for the number of Placement Shares applied for as stated in the Application Form or any smaller number of such Placement Shares that may be allotted to you in respect of your application. In the event that our Company decides to allot any smaller number of Placement Shares or not to allot any Placement Shares to you, you agree to accept such decision as final.

Applications for Placement Shares

1. Your application for Placement Shares **MUST** be made using the **BLUE** Placement Shares Application Forms or directly through the Sponsor and the Issue Manager or the Placement Agent who will determine, at their discretion, the manner and method for applications under the Placement. **ONLY ONE APPLICATION** should be enclosed in each envelope.
2. The completed and signed **BLUE** Placement Shares Application Form and the correct remittance in full in respect of the number of Placement Shares applied for (in accordance with the terms and conditions of this Offer Document) with your name, CDP Securities Account Number, and address written clearly on the reverse side, must be enclosed and sealed in an envelope to be provided by you. You must affix adequate postage on the envelope (if despatching by ordinary post) and thereafter the sealed envelope must be **DESPATCHED BY ORDINARY POST OR DELIVERED BY HAND at your own risk to Singapore Paincare Holdings Limited c/o Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, to arrive by 12.00 noon on 21 July 2020 or such other time as our Company may, in consultation with the Sponsor and Issue Manager, and the Placement Agent, in their absolute discretion decide. Local Urgent Mail or Registered Post must NOT be used. ONLY ONE APPLICATION** should be enclosed in each envelope. No acknowledgement of receipt will be issued for any application or remittance received.
3. Applications that are illegible, incomplete or incorrectly completed or accompanied by improperly drawn remittances or improper form of remittances or which are not honoured upon their first presentation are liable to be rejected.

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bringing pain relief closer to you

SINGAPORE PAINCARE HOLDINGS LIMITED

(Company Registration No.: 201843233N)
(Incorporated in Singapore on 31 December 2018)