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Issuer: Singapore Paincare Holdings Limited

Stock code: FRQ

Meeting details:

Date: 15 October 2021

Time: 4.00 p.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

Q1. In November 2020, the company issued new shares to non-profit TCM services provider Sian Chay Medical Institution (“Sian Chay”) that resulted in Sian Chay owning approximately 10.02% of the group’s enlarged share capital for \$3.96 million. Following an off-market transaction, Sian Chay now holds 15.78% of the company.

- (i) **Can the board provide shareholders with greater clarity on its current growth strategy given the investment by Sian Chay and the impact COVID-19 on the operational landscape? In particular, please provide an update on the group’s regional/international expansion plans. Has the board set a limit to the capital earmarked for foreign expansion?**
- (ii) **Are there any collaborations with Sian Chay Medical Institution? Has the group appointed any adviser to help with its TCM drive (as disclosed in the company’s announcement dated 17 November 2020)?**
- (iii) In the letter to shareholders (page 4), it was stated the group will actively explore opportunities to grow its rehabilitative services through the setting up of new physiotherapy and TCM centres with the recruitment of relevant physiotherapists and TCM practitioners. **Can the board elaborate further on the mid-term growth targets (i.e. 3 to 5 years) for the group’s expansion into physiotherapy and TCM centres? How significant will be the revenue in this sub-segment?**

Q2. Despite the challenges brought about the pandemic, the company expanded its network with the addition of two specialists and three primary care clinics. The new clinics are:

- Binjai Medical and Painscare Clinic (GM Medical Clinic) (51%; August 2020)
- KCS Anaesthesia Services Pte. Ltd. (40%; December 2020)
- CS Yoong Anaesthesiology and Pain Services Pte. Ltd. (100%; March 2021)
- Kovan Medical and Painscare Clinic Pte. Ltd. (60%; May 2021)
- Medihealth Bishan Clinic & Surgery (60%; July 2021)

The group has also expanded its range of treatment options for patients suffering from acute, chronic and post-operative pain through the establishment of Ready Fit Physiotherapy Private Limited in November 2020, to offer post-operation rehabilitation services.

- (i) **How does management identify specialists and primary care providers as it expands the group’s network?**
- (ii) **How does management ensure that the doctors and practitioners who join the group fit in with the group’s culture, share the vision and are able to consistently provide a high level of care for patients?**

- (iii) Of the group's total assets of \$31.2 million (FY20: \$17.1 million), \$6.47 million (FY20: \$6.00 million) is allocated to goodwill. **How does the group ensure that it does not overpay for its acquisitions as it embarks on its expansion?** The impairment assessment of goodwill is one of the key audit matters highlighted by the independent auditors (page 46) in the independent auditors' report.
- (iv) **Has the board/management considered the benefits of a consistent/unified brand for all its clinics to further consolidate its market positioning?**

As disclosed in the letter to shareholders, management regards paincare as a specialised field that requires rigorous training and all GP doctors in the network are trained and certified as "Paincare GPs" by the group's Singapore Paincare Academy prior to offering any services.

- (v) **Can management help shareholders understand if the "Paincare GP" certification is an internal accreditation given to doctors in its network? Are there any equivalent national/international accreditation?**
- (vi) **How does the group determine the appropriate level of paincare? What safeguards are there to ensure that doctors do not overprescribe pain medication?**
- (vii) **In addition, what are the internal controls put in place by management and by the board to ensure that doctors in the group's network (including associates) keep and maintain proper medical records?**

Q3. As noted in the corporate governance report, the company has appointed RSM Risk Advisory Pte Ltd ("RSM") as the internal auditor to carry out its internal audit on the system of internal controls. RSM is a corporate member of the Institute of Internal Auditors Singapore. The internal audit team has unrestricted access to the company's documents, records, properties and personnel, including the audit committee (AC).

The internal audit team is staffed with personnel with relevant qualifications and experience and takes reference from the International Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors when performing their reviews (page 34).

- (i) **Can the AC elaborate further on the scope of the internal audit?**
- (ii) **Does the internal audit cover the medical aspects of the group's operations?**
- (iii) **Were the group's associates included in the internal audit?**

The AC disclosed that it had reviewed the findings of the internal auditors and noted that the company is closely monitored to ensure timely and proper implementation of the internal auditors' recommendation. No material internal control weaknesses had been raised by the internal and external auditors in the course of their audits for FY2021 which have not been adequately addressed (page 31).

- (iv) **What are the key findings of the internal audit? Can the AC clarify if there were any material internal control weaknesses raised by the auditors?**
- (v) **What are some of the improvements made to the group's internal controls following the recommendations made by the internal auditors?**

^On 1 October 2020, the Accounting and Corporate Regulatory Authority ("ACRA"), the Monetary Authority of Singapore ("MAS") and Singapore Exchange Regulation ("SGX RegCo") published an updated checklist to guide listed entities on the conduct of general meetings arising from the latest updates from the Multi-Ministry Taskforce.

Issuers may continue to conduct their general meetings held on or before 30 June 2021 via electronic means, and are encouraged to do so. On 9 April 2021, it was announced that the alternate arrangements for meetings ("Meetings Order") would be extend beyond 30 June 2021 until it is revoked or amended by the Ministry of Law. Accordingly, until such time, issuers may continue to utilise the Checklist issued by ACRA, MAS and SGX RegCo to guide entities on the conduct of their general meetings.

Issuers who, after due consideration of public health and other risks, wish to provide for physical attendance at their general meetings must ensure that they implement all relevant measures to comply with the safe management measures imposed by the Singapore Government.

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on [SIAS website](https://www.sias.org.sg)

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[^] Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation (<https://www.sgx.com/media-centre/20201001-guidance-conduct-general-meetings-amid-evolving-covid-19-situation>)