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**Issuer:** Singapore Paincare Holdings Limited

**Stock code:** FRQ

**Meeting details:**

Date: 25 Oct 2024

Time: 2.00 p.m.

Venue: Seletar Country Club, 101 Seletar Club Road, Singapore 798273

**Q1.** Revenue for the financial year increased from \$22.1 million to \$26.9 million, led by an increase in revenue from GP clinics, specialist clinics and the newly acquired and newly incorporated clinics. Recent additions to the network are two general practitioner (“GP”) clinics – Boon Lay Clinic and Surgery (“BLC”) and DR+ Medical and Paincare Alexandra (“Alexandra Clinic”).

As at 30 June 2024, the group’s network has a total of 11 GP clinics, 5 specialist clinics and 3 other facilities providing physiotherapy and traditional Chinese medicine.

- (i) **Could management elaborate on the integration process of the newly acquired clinics?**

In particular, BLC was acquired at a cash consideration of approximately \$1.0 million, of which \$990,000 has been recognised as goodwill.

- (ii) **Has the board evaluated the risks associated with the group’s acquisition strategy, especially given the high proportion of goodwill in these transactions? How does the board evaluate the acquisition’s long-term value creation, and what criteria does the board use to mitigate impairment risks in underperforming clinics?**

The group has also disposed of its 51% interest in GM Medical Paincare Pte. Ltd. and recognised a recognised a loss of \$(150,000). On 16 September 2024, the company entered into a sale and purchase agreement with a third party to dispose entire equity interest in AE Medical Fernvale Pte Ltd (“AEF”) for a cash consideration of \$829,000.

- (iii) **What were the strategic reasons for these disposals? Was the disposal of AEF announced on SGXNet?**
- (iv) **Is the acquisition-driven growth strategy showing inconsistent results, and how is the board reassessing its approach to ensure more consistent success?**
- (v) **How does the board evaluate the merits of setting up new clinics versus pursuing inorganic growth through acquisitions? What criteria are used to decide between these two strategies?**

**Q2.** The group invested in PuXiang Healthcare Holding Limited by subscribing to 2,777,778 new Series A+ preferred shares for a purchase price of RMB40 million (approximately \$7.6 million) through Singapore Paincare Capital Pte Ltd, a 51% owned subsidiary.

- (i) **Can the board/management shed light on the roles and expected contributions of the other shareholders, i.e. Trident Investment Pte Ltd (44%) (“Trident”) and Glory Partners Capital Pte Ltd (5%) (“GPC”)?**

In addition, Glory Partners Consultancy Pte. Ltd. (“GP”) has been engaged as the investment consultant.

- (ii) **Could the board provide insights into the key management personnel of GP, their credentials, and their performance obligations in this consulting role?**
- (iii) **What was the level of due diligence carried out by the board prior to the investment?**

The group recognised a fair value gain of \$1.35 million, with the group’s share of results from the fair value gain being \$690,000.

- (iv) **Who was the independent valuation firm that performed the valuation?**
- (v) **Could management provide an update on PuXiang’s progress toward an initial public offering (IPO)? Which exchange is being considered, and what are the anticipated timelines for this listing??**
- (vi) **With regard to the associate, Beijing Puxin Hospital Management Limited (“BPHM”), can the board elaborate on the group’s expected contributions beyond capital? Specifically, will there be any involvement in medical expertise, headcount, or manpower contributions from the group?**
- (vii) **How does Shanghai Gong Pu Sheng Jia Medical Management Center align with the group’s broader long-term strategy?**

**Q3.** On 17 January 2024, the company announced that it received a letter of demand from Medbridge Marketing Pte Ltd in relation to the tenancy agreement for the premises at #07-33 Mount Elizabeth Novena Specialist Centre.

Details of the letter of demand could be read from the company's announcement:  
[https://links.sgx.com/FileOpen/SPCH-Receipt\\_of\\_LOD.ashx?App=Announcement&FileID=783158](https://links.sgx.com/FileOpen/SPCH-Receipt_of_LOD.ashx?App=Announcement&FileID=783158)

It was noted that Medbridge is 100% owned by Dr Lee Mun Kam Bernard, then-executive director and chief executive officer of the company. As at the date of this announcement, Dr Lee had a direct interest of 28.48% in the company.

Further updates were provided by the company:

- 27 January 2024: [https://links.sgx.com/FileOpen/SPCH-UPDATE\\_ON\\_RECEIPT\\_OF\\_LETTER\\_OF\\_DEMAND.ashx?App=Announcement&FileID=784063](https://links.sgx.com/FileOpen/SPCH-UPDATE_ON_RECEIPT_OF_LETTER_OF_DEMAND.ashx?App=Announcement&FileID=784063)
- 14 February 2024: [https://links.sgx.com/FileOpen/SPCH-LOD\\_Update.ashx?App=Announcement&FileID=786752](https://links.sgx.com/FileOpen/SPCH-LOD_Update.ashx?App=Announcement&FileID=786752)

The parties entered into a tenancy agreement on 14 February 2024 for a period of eighteen (18) months from 1 August 2023 to 31 January 2025 at monthly rental of S\$21,200 per month, with an option to renew for a further term of one year from the date of expiry of the Tenancy Agreement.

- (i) **What was the amount of legal and professional fees incurred by the group as a result of the letter of demand from Medbridge?**
- (ii) **What would be the monthly rental rate if the option to renew for a further term of one year was exercised?**
- (iii) **Has the board, especially the independent directors, directed management to carry out a cost-benefit analysis of alternative locations for the clinic to support its operations more effectively? What are the potential savings or operational benefits of relocating the clinic?**

On 18 September 2024, the company announced that Dr Lee Mun Kam, Bernard was re-designated as the executive chairman with effect from 18 September 2024. Dr Lee will remain as chief executive officer of the company.

In addition, the company has also announced several changes to the board and senior management team.

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10 Oct 2024 07:47 AM	SINGAPORE PAINCARE HOLDINGS LIMITED	SINGAPORE PAINCARE HOLDINGS LIMITED	Change - Announcement of Cessation:RETIREMENT OF INDEPENDENT NON-EXECUTIVE DIRECTOR	Announcement of Cessation
21 Aug 2024 06:23 PM	SINGAPORE PAINCARE HOLDINGS LIMITED	SINGAPORE PAINCARE HOLDINGS LIMITED	Change - Announcement of Appointment:Appointment of Financial Controller of the Company	Announcement of Appointment
20 Jun 2024 11:55 PM	SINGAPORE PAINCARE HOLDINGS LIMITED	SINGAPORE PAINCARE HOLDINGS LIMITED	Change - Announcement of Cessation:CESSATION OF FINANCIAL CONTROLLER	Announcement of Cessation
19 Apr 2024 05:23 PM	SINGAPORE PAINCARE HOLDINGS LIMITED	SINGAPORE PAINCARE HOLDINGS LIMITED	Change - Announcement of Appointment:Appointment of Financial Controller of the Company	Announcement of Appointment
11 Apr 2024 06:09 PM	SINGAPORE PAINCARE HOLDINGS LIMITED	SINGAPORE PAINCARE HOLDINGS LIMITED	Change - Announcement of Appointment:Appointment of Independent Non-Executive Director	Announcement of Appointment
29 Jan 2024 07:44 AM	SINGAPORE PAINCARE HOLDINGS LIMITED	SINGAPORE PAINCARE HOLDINGS LIMITED	Change - Announcement of Cessation:CESSATION OF INDEPENDENT NON-EXECUTIVE DIRECTOR	Announcement of Cessation
18 Jan 2024 09:28 PM	SINGAPORE PAINCARE HOLDINGS LIMITED	SINGAPORE PAINCARE HOLDINGS LIMITED	Change - Announcement of Cessation:CESSATION OF FINANCIAL CONTROLLER	Announcement of Cessation
30 Jun 2023 05:42 PM	SINGAPORE PAINCARE HOLDINGS LIMITED	SINGAPORE PAINCARE HOLDINGS LIMITED	Change - Announcement of Appointment:Appointment of Financial Controller of the Company	Announcement of Appointment
03 Apr 2023 07:37 PM	SINGAPORE PAINCARE HOLDINGS LIMITED	SINGAPORE PAINCARE HOLDINGS LIMITED	Change - Announcement of Cessation:CESSATION OF CHIEF FINANCIAL OFFICER	Announcement of Cessation

(Source: <https://www.sgx.com/securities/company-announcements?value=SINGAPORE%20PAINCARE%20HOLDINGS%20LIMITED&type=company&pagesize=20&ANNC=ANNC03%2CANNC04>)

(iv) **Can the nominating committee (NC) elaborate on the criteria used to re-designate Dr Lee Mun Kam Bernard as executive chairman? What factors led to the decision to consolidate both the chairman and CEO roles under one individual?**

Principle 3 of the Code of Corporate Governance 2018 issued by the Monetary Authority of Singapore states the following:

*There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.*

Provision 3.1 further states that the chairman and the CEO are to be separate persons to ensure an appropriate balance of power, increased accountability, and greater capacity of the board for independent decision making.

- (v) **In light of the 2018 Code of Corporate Governance, can the NC clarify how the current board composition ensures clear accountability between the board and management, and that no one individual holds unfettered decision-making power?**

Companies are expected to comply with the Provisions, and variations from Provisions are acceptable to the extent that companies explicitly state and explain how their practices are consistent with the aim and philosophy of the Principle in question. The explanations of variations should be comprehensive and meaningful.

- (vi) **What were the challenges, if any, in the board adhering to Provision 3.1?**
- (vii) **Given the deviation from Provision 3.1, what specific assurances can the board provide to shareholders that the arrangement does not impair board independence, accountability, and governance?**

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

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