**CITICODE LTD.**
(Incorporated in the Republic of Singapore)
(Company Registration No. 200404283C)

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**PROPOSED ACQUISITION OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF LIVINGSTONE HEALTH LTD.**

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1. **INTRODUCTION**

1.1 The board of directors (the "**Board**" and each director, a "**Director**") of Citicode Ltd. (the "**Company**" and together with its subsidiaries, the "**Group**") wishes to announce that the Company has, on 29 July 2020, entered into a conditional sale and purchase agreement (the "**SPA**") with Livingstone Health Consolidated Pte. Ltd. (formerly known as Ardmore Consolidated Pte. Ltd., "**LVS**"), ICH Capital Pte. Ltd. ("**ICH Capital**"), Dax Ng Yung Sern ("**Dax Ng**") and Chua Hshan Cher ("**Dr Chua**") (collectively, the "**Vendors**") and Livingstone Health Ltd. (formerly known as Ardmore Medical Group Limited, the "**Target Company**"), pursuant to which the Company will acquire the entire issued and paid up share capital of the Target Company (the "**Sale Shares**") from the Vendors, upon the terms and conditions of the SPA (the "**Proposed Acquisition**").

1.2 The aggregate consideration for the Proposed Acquisition as determined by mutual agreement between the parties to the SPA (each, a "**Party**" and collectively, the "**Parties**") is up to S$72,000,000 (the "**Total Consideration**"). The Total Consideration comprises the Base Consideration of S$47,000,000 and Deferred Consideration of S$25,000,000 (as defined and set out in further detail in Paragraph 4.2 of this announcement).

1.3 The Total Consideration shall be satisfied by (i) the payment of up to S$3,500,000 in cash; and (ii) the issuance and allotment of up to 342,500,000 new ordinary shares in the capital of the Company on a post-Share Consolidation basis (as defined in Paragraph 7 of this announcement) (the "**Consideration Shares**"). For the avoidance of doubt, the number of Consideration Shares as set out in this Paragraph 1.3 and throughout this announcement has been calculated based on the total number of issued and paid-up shares of the Company ("**Shares**") upon completion of the Proposed Share Consolidation (as defined in Paragraph 7 of this announcement) at an issue price of S$0.20 (the "**Issue Price**") per Consideration Share.

1.4 The Proposed Acquisition, if undertaken and completed, will constitute a "reverse takeover" pursuant to Chapter 10 of the Listing Manual (the "**Listing Manual**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**). In connection with the Proposed Acquisition, the Company intends to seek a Proposed Listing Transfer (as defined in Paragraph 6 of this announcement). The Proposed Acquisition and the Proposed Listing Transfer are subject to, *inter alia*, the approval of the shareholders of the Company (the "**Shareholders**") at an extraordinary general meeting of the Company (the "**EGM**") to be convened.

1.5 The Company has appointed SAC Capital Private Limited ("**SAC Capital**") as its financial adviser in relation to the Proposed Acquisition. Pursuant to completion of the Proposed Acquisition and the Proposed Listing Transfer, SAC Capital shall be appointed as the full sponsor of the Company.

## 2. INFORMATION ON THE TARGET GROUP AND THE VENDORS

*The information on the Target Company, the Target Group (as defined below) and the Vendors in this Paragraphs 2 and 10 was provided by the Target Company and the Vendors. In respect of such information, neither the Company nor any of its Directors has independently verified the accuracy or correctness of the same and the responsibility of the Company and the Board is limited to ensuring that such information has been properly extracted and reproduced herein in the context that the information is being disclosed in this announcement.*

### 2.1 Information on the Target Group

2.1.1 The Target Company is a public company limited by shares incorporated in Singapore on 1 December 2017. The Target Company (together with its subsidiaries, the "**Target Group**") is a Singapore-based multidisciplinary specialist healthcare group whose core competencies lie in specialist healthcare and as at the date of this announcement, include the fields of orthopaedic surgery, anaesthesiology and pain management, aesthetics and wellness, cardiology and family medicine. In addition, the Target Group has also ventured into other paramedical products and services, such as a joint venture in Cambodia to provide general health screening and aesthetics and wellness services in clinical premises located in Soriya Hospital (the "**Cambodia JV**"), and the provision of medical consultancy services to The Olympia City Development Co., Ltd. for the development of two key levels of its medical hub at Olympia City, a mixed use development in Phnom Penh, Cambodia (the "**Cambodia Consulting Project**").

2.1.2 A list of the Target Company's subsidiaries (the "**Target Subsidiaries**") and the Target Company's effective shareholding interest in each Target Subsidiary is appended hereto as **Annex A.**

2.1.3 As at the date of this announcement, the Target Group has thirteen (13) medical doctors practising at ten (10) medical clinics and operates one (1) medical spa in Singapore.

2.1.4 Further information on the business of the Target Group will be set out in the circular (the "**Circular**") to be despatched to Shareholders in due course.

### 2.2 Information on the Vendors

2.2.1 The Target Company has an issued and paid-up share capital of S$3,267,867.50 comprising 176,168,027 ordinary shares. As at the date hereof, its entire issued and paid up share capital is legally and beneficially owned by LVS, ICH Capital, Dax Ng and Dr Chua in the respective shareholding proportion of approximately 95.70%, 2.00%, 1.15% and 1.15% (in relation to LVS, ICH Capital, Dax Ng and Dr Chua, their "**Respective Shareholdings**").

2.2.2 LVS was incorporated in Singapore in 2017 as the investment holding company of the Target Company for the founding medical doctors who manage the core practices and business of the Target Group. As at the date of this announcement, LVS is currently owned in aggregate by Dr Tay Ching Yit, Wilson ("**Dr Wilson**"), Dr Tan Tze Sheng, Edwin ("**Dr Edwin**"), Dr Chua Meng Hui, Sebastian ("**Dr Sebastian**"), Dr Lim Pang Yen, Rachel ("**Dr Rachel**"), and Dax Ng in the respective shareholding proportion of 34.80%, 21.45%, 21.40%, 17.35% and 5.00%.

2.2.3 ICH Capital is a business management consultancy company wholly owned by ICH Singapore Holdings Pte. Ltd., and ICH Singapore Holdings Pte. Ltd. is in turn wholly owned by ICH Group Ltd. The ultimate beneficial owners of ICH Group Ltd are Toe Teow Heng and Toe Teow Teck.

2.2.4 Toe Teow Heng is also the legal and beneficial owner of ICH Partners Ltd. As at the date of this announcement, ICH Partners Ltd. holds 1.95 billion Shares, amounting to a 4.72% interest in the Company.

2.2.5 Dax Ng is the Chief Business Officer of the Target Group and a shareholder of LVS. Dr Chua co-founded the Target Group's family medicine segment under Phoenix Medical Group Pte. Ltd. ("**PMG**") in 2011. Dr Chua currently heads the operations of the PMG group and has a 21.1% shareholding interest in PMG, a 51.0% subsidiary of the Target Company [1].

2.2.6 Save as disclosed above, the Vendors do not have any shareholding interests, direct or indirect, in the Company, and are not related to any of the Directors, chief executive officer, controlling shareholders or their respective associates.

## 3. RATIONALE FOR THE PROPOSED ACQUISITION

### 3.1 Legacy issues of the Company under its former management

Under its former management, the Company (under its former name of Advance SCT Limited, "**Advance SCT**") had in the past been involved in various businesses and ventures which faced financing and liquidity issues in its operations, including being subjected to various lawsuits. On 4 March 2015, Advance SCT was placed on the watch-list by the SGX-ST pursuant to Rule 1311 of the Listing Manual. Various parties, including creditors of Advance SCT commenced to demand and/or filed claims against Advance SCT, which resulted in the administration of various schemes of arrangement and debt restructuring exercises as initiated by the former management (the "**Legacy Debt Restructuring Exercises**"). Concurrently with the Legacy Debt Restructuring Exercises, Advance SCT had also raised funds via an issuance of redeemable convertible bonds (the "**Legacy RCB**"). Part of the settlement of the Legacy Debt Restructuring Exercises had resulted in the disposal of all of Advance SCT's subsidiaries and businesses except for one subsidiary, Asiapac Recycling Pte. Ltd., which is in the business of trading of copper-related products. In connection with the Legacy Debt Restructuring Exercises, trading of Advance SCT's shares was suspended from January 2016 to February 2018. Subsequently, Advance SCT exited the watch-list of the SGX-ST in June 2018 after complying with the financial exit criteria under Rule 1314(1) of the Listing Manual based on its audited full year consolidated results for the financial year ended 31 December 2017.

[1] Dr Chua owns a 21.1% interest in PMG while the remaining 27.9% interest is held by two (2) other doctors practising under the PMG group.

3.2 **New Controlling Shareholder and New Board of Directors**

In June 2018, the Company announced the appointment of Mr Teh Wing Kwan ("**Mr Teh**" or the "**Chairman**") as non-executive Chairman after he acquired approximately 28.73% equity interest to become the single largest shareholder of the Company. In July 2018, Mr Teh was appointed as Executive Chairman and Chief Executive Officer ("**CEO**") with the key role to initiate corporate strategic reviews, set new business directions, lead in the implementation of growth initiatives and execute new investment strategies. Since then, the Board has completely changed, and the Company is currently led by Mr Teh and two independent directors, Mr Fong Heng Boo and Mr Chan Yu Meng. The Company changed its name to Citicode Ltd. in February 2019.

3.3 **The existing businesses and fund-raising constraint**

3.3.1 While the Company's existing trading business models are highly scalable and were moderately profitable in 2019, the trading business is largely dependent on various macroeconomic factors. The commodities market has been affected by renewed uncertainty, weak market sentiment, slowing economic activities and more recently, an imminent recession. These concerns require the Company to be more prudent in managing its trading business. Further, the Company notes that most of its projects under evaluation for its business in mechanical and electrical ("**M&E**") engineering for smart facilities management and smart city applications have long gestation periods, and the coronavirus disease 2019 ("**COVID-19**") situation has disrupted the supply chain of its businesses.

3.3.2 As set out in Paragraph 3.1 of this announcement, the Board notes that the market capitalisation of the Company had previously been enlarged by the Legacy Debt Restructuring Exercises and the issuance of the Legacy RCB in relation to its legacy business under the former management, and upon completion of these corporate exercises, the number of Shares (under the former name of Advance SCT) had substantially been enlarged from approximately 14.9 billion Shares to 41.3 billion Shares. The Board further notes that the Company's existing high market capitalisation does not practically allow for any fund-raising exercises in any form and/or structure given the said legacy high base of the 41.3 billion Shares, unless viable corporate turnaround plans can be initiated and completed.

3.4 **Viable corporate turnaround plans being necessary and beneficial to Shareholders**

3.4.1 The Company, in its announcement dated 12 November 2019 of its unaudited financial results for the financial period ended 30 September 2019, had previously disclosed that it was engaged in ongoing discussions with an established specialist consultancy firm and a healthcare group in Singapore (being the Target Group) to evaluate bidding details in relation to a design and operations consultancy project for the development of a new medical centre located in Southeast Asia (the "**Healthcare EPC Project**"). Due to confidentiality reasons, the Company did not disclose the names of the working partners, including the Target Group, in the said results announcement. The Company also stated that it would continue to evaluate other key acquisition strategies.

3.4.2 The Chairman, Mr Teh, had also provided further guidance on his strategies in his Chairman's Statement in the Company's annual report for the financial year ("**FY**") ended 31 December 2019. An extract of the "Outlook and Strategies" portion of his statement to shareholders states as follows:

"*Against this backdrop, we continue to seek acquisitional growth as some sectors may still gain traction in meeting returns expectation reasonably well. From our perspective, there exists an opportunity for us to potentially strengthen an existing strategic partnership which emerges from a good form of collaboration – specifically with whom we have been working very well and in a sector which we continue to see indicative signs of profitability growth.*

*I strongly believe that if we could forge ahead with this acquisition strategy, we could shore up much broader revenues, sustain more visibility in earnings and embark in a less volatile sector*."

3.4.3 Consistent with the Chairman's guided strategies for the Company and arising from the business relationship and the ongoing discussions on the Healthcare EPC Project, the Chairman recognised the future strategic collaboration opportunities and potential synergies between the Company and the Target Group (together, the "**Enlarged Group**") for the provision of integrated healthcare consultancy services in the emerging markets of Asia as one of the growth initiatives for the Enlarged Group, culminating in the Proposed Acquisition. At the same time, the Enlarged Group will be able to leverage the Company's existing collaboration with its joint venture partner, SNAP Innovations Pte. Ltd. to improve part of its administrative functions and training systems with basic artificial intelligence (AI) assisted technology. More importantly, the Proposed Acquisition represents an expansion and further diversification of the Company's business into the fast-growing healthcare sector in Singapore and other parts of emerging Asia. With the above in mind, the Chairman initiated discussions with the Vendors to explore the possibility of the Proposed Acquisition.

3.4.4 The Board is of the view that the Proposed Acquisition is in line with the Company's corporate turnaround strategy to sustain its revenue stream, improve its financial performance and enhance Shareholders' value in the long term. The Proposed Acquisition, if completed, will also mean a successful transformation plan for the Company, lead to an improvement in leverage position for future fund-raising exercises and help to mitigate market risks relating to the Company's existing businesses.

3.4.5 Based on the above considerations, the Board believes that the Proposed Acquisition will be beneficial to and is in the best interests of the Company and its Shareholders.

## 4. SALIENT TERMS OF THE PROPOSED ACQUISITION

### 4.1 Sale Shares

Pursuant to the SPA, the Vendors have agreed to sell to the Company and the Company has agreed to purchase from the Vendors the Sale Shares on the terms and conditions contained in the SPA, free from all and any encumbrances together with all rights, dividends, entitlements and benefits attaching thereto as at completion of the Proposed Acquisition (the "**Completion**").

### 4.2 Purchase Consideration

4.2.1 The Total Consideration for the Sale Shares of up to S$72,000,000 shall be payable in the following manner:

(a) S$47,000,000 in the manner set out in Paragraph 4.2.2 below (the "**Base Consideration**"); and

(b) up to S$25,000,000 in the manner set out in Paragraph 4.2.3 below (the "**Deferred Consideration**").

4.2.2 **Base Consideration**

The Company shall pay the Base Consideration as follows:

(a) on Completion, the sum of S$45,000,000 shall be satisfied by the allotment and issue of 225,000,000 new Shares following completion of the Proposed Share Consolidation (the "**Base Consideration Shares**") at the Issue Price to the Vendors in proportion to their Respective Shareholdings; and

(b) the remaining S$2,000,000 shall be paid in cash to the Vendors in proportion to their Respective Shareholdings within 18 months from Completion, unless otherwise agreed in writing.

4.2.3 **Deferred Consideration**

The amount of the Deferred Consideration shall be determined in the following manner:

(a) if the Adjusted NPAT (as defined below) in respect of the Target Group for FY2021 (the "**2021 Adjusted NPAT**") is no less than S$4,800,000, the amount of the Deferred Consideration payable shall be S$25,000,000. For the avoidance of doubt, the amount of the Deferred Consideration shall be capped at S$25,000,000 even if the 2021 Adjusted NPAT is higher than S$4,800,000;

(b) if the 2021 Adjusted NPAT is less than S$4,800,000, the amount of Deferred Consideration payable shall be reduced proportionately as follows:

$$\frac{A}{S\$4{,}800{,}000} \times S\$25{,}000{,}000$$

Where:

A = 2021 Adjusted NPAT

For the purposes of this announcement, "Adjusted NPAT" shall mean the audited consolidated net profit after tax, adjusted to exclude (i) any profit or loss attributable to non-controlling interests or minority interest; (ii) any non-recurrent items mutually agreed by the Parties, which includes, *inter alia*, gains or losses from disposal of assets and businesses, one-off listing expenses; and (iii) non-recurrent expenses and the initial set up costs for new recruitments and practices (collectively, the "**Adjustment Items**");

(c) if the Adjusted NPAT in respect of the Target Group for FY2020 exceeds S$2,800,000, the excess amount shall be carried forward and added to the 2021 Adjusted NPAT for the purposes of determining the final Deferred Consideration amount to be paid to the Vendors;

(d) there shall be no adjustment to the Deferred Consideration in the event that the variance between the 2021 Adjusted NPAT and S$4,800,000 is less than 5.0%; and

(e) in the event the Deferred Consideration is required to be proportionately reduced, the cash and Deferred Consideration Shares portions shall be adjusted based on the respective percentages set out in Paragraphs 4.2.4(a) and 4.2.4(b) below.

4.2.4 Upon determining the amount of Deferred Consideration payable to the Vendors in accordance with Paragraphs 4.2.3(a) to 4.2.3(d) of this announcement, the Company shall pay the Deferred Consideration in the following manner:

(a) 94.0% of the Deferred Consideration (of up to S$23,500,000), or such other amount as adjusted in accordance with Paragraph 4.2.3 of this announcement, shall be satisfied by the allotment and issue to the Vendors of up to 117,500,000 new Shares, subject to any Variations (as defined in Paragraph 4.2.5 of this announcement), at the Issue Price in proportion to their Respective Shareholdings (the "**Deferred Consideration Shares**") within three (3) months from the date of issuance of the Target Group's FY2021 audited consolidated financial statements; and

(b) 6.0% of the Deferred Consideration (of up to S$1,500,000), or such other amount as adjusted in accordance with Paragraph 4.2.3 of this announcement, shall be paid in cash to the Vendors in proportion to their Respective Shareholdings within 18 months from the date of issuance of the Deferred Consideration Shares, unless otherwise agreed in writing.

4.2.5 In the event of any changes in the capital of the Company, save for changes arising from all fund-raising exercises whether by way of the issuance of equity securities, convertible securities or otherwise, (the "**Capital Variation Events**") during the period between Completion and the date of issuance of the Deferred Consideration Shares, the Issue Price for the issue of the Deferred Consideration Shares and/or the number of Deferred Consideration Shares (as the case may be) shall be subject to adjustment which shall be made in accordance with this Paragraph 4.2.5 (the "**Variation**"). Any Variation shall be made by the Directors of the Company in consultation with the Company's auditors to ensure that (i) the Vendors are not given any unintended benefits that Shareholders do not receive as a result of the Capital

Variation Events; and (ii) to achieve the Proposed Shareholding Structure of the Enlarged Group (as defined in Paragraph 4.2.8 of this announcement), where there is Variation.

4.2.6 The Consideration Shares shall be issued as fully-paid Shares and rank *pari passu* in all respects with and carry all rights similar to the Shares in issue then, except that they will not rank for any dividend, right, allotment or other distribution, the record date for which falls on or before the date of issue of the Consideration Shares.

4.2.7 The Total Consideration was agreed at after arm's length negotiations between the Company and the Vendors, based on a willing-buyer willing-seller basis, after taking into account, *inter alia*, (a) the financial performance of the Target Group in FY2018 and FY2019; (b) the Target Group's multidisciplinary healthcare business segments and its potential business expansion plans; (c) the medical licences, qualifications and experiences of the medical doctors under the Target Group in their respective medical fields; (d) the Target Group's existing client and patient base; (e) the Target Group's business prospects; and (f) the proposed payment terms of the Total Consideration, including the Deferred Consideration formula.

4.2.8 In arriving at the Total Consideration and the Deferred Consideration formula, the Company had taken into account that FY2020 is likely to be a challenging year given the COVID-19 pandemic which has triggered unprecedented traveling restrictions and the implementation of the "circuit breaker" period by the Government of Singapore. These measures have affected many businesses, including the Target Group's. Notwithstanding the foregoing, the Target Group is expanding through acquisitions, recruitment plans and diversification strategies amidst the pandemic. Assuming the Target Group's expansion plans and strategies can be substantially implemented as planned and the Adjusted NPAT for FY2020 can exceed S$2.8 million despite the pandemic, the Company is of the view that it is of strategic importance to recognise the Target Group's capability in sustaining its operations during this difficult time by allowing the said excess to be added on to the 2021 Adjusted NPAT for the purposes of determining the final Deferred Consideration. In this respect, the Company and the Vendors are of the view that the Total Consideration and the Deferred Consideration formula would reasonably reflect and support the commercial rationale behind the willing-buyer willing-seller negotiation basis under the current market conditions. In addition, the Company has also considered the commercial aspects of the Proposed Acquisition, including the fact that (i) the Issue Price ascribes a value of approximately S$16.5 million for existing Shareholders; and (ii) the existing Shareholders and the Vendors of the Target Group will own approximately 20% and 80% of the Enlarged Group, respectively upon the issuance of the Deferred Consideration Shares and on the assumption that the Deferred Consideration Shares are to be issued in full to the Vendors (the "**Proposed Shareholding Structure of the Enlarged Group**").

4.2.9 The Company will appoint a competent and independent valuer to conduct and furnish an independent valuation report on the value of the Target Group (the "**Independent Valuation Report**").

4.2.10 The Total Consideration shall be fixed at up to S$72,000,000, unless (i) the valuation of the Target Group as determined in the Independent Valuation Report materially deviates from the Total Consideration; and/or (ii) any material issues and/or irregularities are uncovered in the course of the Company's due diligence which would or would reasonably be expected to cause the valuation of the Target Group to be materially lower than the Total Consideration, and which issues and/or irregularities are not rectified to the reasonable satisfaction of the Company. In the event any of the above occurs, the Company and Vendors shall negotiate in good faith of any reasonable adjustments to the Total Consideration.

4.3 **Conditions Precedent**

Completion of the Proposed Acquisition shall be conditional upon, *inter alia*, the following conditions being satisfied on or before Completion (each, a "**Condition Precedent**"):

4.3.1 there being no delisting of the existing Shares from the Mainboard of SGX-ST prior to the Completion Date (as defined in Paragraph 4.5 of this announcement);

4.3.2 the completion of a legal, business and financial due diligence review of the Target Group by the Company and/or its appointed advisers, including the provision of the Independent Valuation Report with regard to the valuation of the Target Group which comply with the requirements of the SGX-ST, the outcome of which is to be satisfactory to the Company (acting reasonably) for the purposes of the Proposed Acquisition;

4.3.3 the rectification, or the procurement of such rectification, to the satisfaction of the Company (acting reasonably) by the Vendors, of all issues or irregularities uncovered by the Company during the legal, business and financial due diligence review of the Target Group;

4.3.4 the completion of a legal, business and financial due diligence review of the Company by the Vendors and/or their appointed advisers, the outcome of which is to be satisfactory to the Vendors (acting reasonably) for the purposes of the Proposed Acquisition;

4.3.5 the Proposed Acquisition on the terms and conditions in the SPA being approved by the SGX-ST as a reverse takeover by the Company pursuant to Chapter 10 of the Listing Manual and, where approval from the SGX-ST is obtained subject to any conditions, such conditions being reasonably acceptable to the Parties;

4.3.6 the Securities Industry Council (the "**SIC**") having granted the LVS Concert Party Group (as defined in Paragraph 9.1 of this announcement) (and not having revoked or repealed such grant) a waiver of their obligation to make a mandatory general offer under Rule 14 of the Singapore Code of Take-overs and Mergers (the "**Code**") for the Shares not held by the LVS Concert Party Group and from having to comply with the requirements of Rule 14 of the Code, subject to (a) any conditions that the SIC may impose, provided that such conditions are reasonably acceptable to the LVS Concert Party Group; and (b) the independent Shareholders ("**Independent Shareholders**") approving at a general meeting of the Company the proposed ordinary resolutions of the Company which if passed by the Independent Shareholders would result in a waiver by the Independent Shareholders of their right to receive a mandatory general offer from the LVS Concert Party Group in connection with the issue of the Base Consideration Shares under the Proposed Acquisition ("**Whitewash Resolution**");

4.3.7 the approval of the Shareholders being obtained at an EGM (or any adjournment thereof) to be convened, in respect of, *inter alia*:

(a) the Proposed Acquisition on the terms and conditions set out in the SPA;

(b) the issuance and allotment of the Consideration Shares for the Proposed Acquisition;

(c) the change of name of the Company to such name as may be determined (subject to prior approval for the new name being obtained from the Accounting and Corporate Regulatory Authority of Singapore);

(d) the Whitewash Resolution;

(e) the Proposed Listing Transfer (as defined in Paragraph 6 of this announcement);

(f) the Proposed Share Consolidation (as defined in Paragraph 7 of this announcement);

(g) the Proposed Disposal (as defined in Paragraph 8 of this announcement);

(h) the proposed appointment of new directors to the Board;

(i) the proposed adoption of a new constitution of the Company (the "**Constitution**");

(j) the proposed new general share issue mandate;

(k) the diversification of the Company's business to include the business of the Target Group; and

(l) such other corporate action(s) in connection with the Proposed Acquisition as may be necessary;

4.3.8 an opinion from an independent financial adviser (the "**IFA**") appointed by the Company expressing an opinion which contains a recommendation by the IFA to the relevant directors of the Company to recommend to Shareholders to vote in support of the Whitewash Resolution;

4.3.9 the completion of the Proposed Share Consolidation (as defined in Paragraph 7 of this announcement);

4.3.10 the completion of the Proposed Disposal (as defined in Paragraph 8 of this announcement) and the novation of all existing contracts in relation to the Company's existing businesses;

4.3.11 approval in-principle for the listing and quotation of the Consideration Shares, and the newly consolidated Shares pursuant to the Proposed Share Consolidation and the Proposed Listing Transfer being obtained from the SGX-ST (and not having been revoked or withdrawn such approval in-principle on or prior to Completion) and, where such approval is subject to conditions, such conditions being reasonably acceptable to the Company and the Vendors;

4.3.12 the allotment, issue and subscription of the Base Consideration Shares as at Completion not being prohibited by any statute, order, rule or regulation promulgated after the date of the SPA by any legislative, executive or regulatory body or authority of Singapore which is applicable to the Company;

4.3.13 the Vendors being reasonably satisfied, as at Completion, that the Base Consideration Shares and the Deferred Consideration Shares to be allotted and issued on the Completion Date and within three (3) months from the date of issuance of the Target Group's FY2021 audited consolidated financial statements, respectively, in satisfaction of the Consideration will be admitted to and listed for quotation on Catalist without undue delay after their allotment and issuance;

4.3.14 the approval of the shareholders of the Vendors (where applicable) being obtained at general meetings of the Vendors (or any adjournment thereof) to be convened, in respect of the sale by the Vendors of the Sale Shares on the terms and conditions set out in the SPA;

4.3.15 the appointment of such directors nominated by the Vendors to form the Board on the date of Completion provided always that (a) the directors nominated by the Vendors shall be subject to the review of the nominating committee and full sponsor of the Company; and (b) the right of the Vendors to nominate the directors shall at all times be subject to the prevailing laws in Singapore and the Constitution, including the requirement for retirement by rotation and re-election of such directors and the appointment and removal of such directors as prescribed by law and the Constitution;

4.3.16 approval in-principle being received from the SGX-ST (and not having been revoked or withdrawn on or prior to Completion) for the Proposed Acquisition and such other corporate action(s) in connection with the Proposed Acquisition, including the receipt of a notification by the SGX-ST confirming that it has no further comments to the Company's draft Circular prepared in relation to the Proposed Acquisition, as may be necessary, and where such approval is obtained subject to any condition(s), such condition(s) being reasonably acceptable to the Vendors and the Company;

4.3.17 such consents, approvals or waivers as may be required (or deemed necessary by the Parties hereto) being obtained from any other person(s), including but not limited to any governmental, regulatory body or competent authority having jurisdiction over the Parties in respect of the transactions contemplated in the SPA and such consents, approvals or waivers not having been amended or revoked before Completion or the Long-Stop Date (as defined in Paragraph 4.6 of this announcement) (whichever is earlier) and if any such consents, approvals or waivers are subject to conditions, such conditions being reasonably acceptable to the Parties;

4.3.18 the Enlarged Group meeting and complying with all the requirements for listing on Catalist;

4.3.19 all representations, undertakings and warranties of the Vendors and the Company under the SPA being complied with and are true, accurate and correct as at the date of the SPA and as at Completion or the Long-Stop Date (whichever is earlier), unless expressly specified otherwise;

4.3.20 no relevant government authority taking, instituting, implementing or threatening to take, institute or implement any action, proceeding, suit, investigation, inquiry or reference, or making, proposing or enacting any statute, regulation, decision, ruling, statement or order or taking any steps to do so, and there not continuing to be in effect or outstanding any statute, regulation, decision, ruling, statement or order which would or might:

(a) make the transactions contemplated under the SPA void, illegal and/or unenforceable or otherwise frustrate or be adverse to the same; and/or

(b) render the Company being unable to acquire all or any of the Sale Shares or control the Target Company;

4.3.21 the Vendors and the Company not having received notice of any injunction or other order, directive or notice restraining or prohibiting the consummation of the transactions contemplated by the SPA, and there being no action seeking to restrain or prohibit the consummation thereof, or seeking damages in connection therewith, which is pending or any such injunction, order or action which is threatened;

4.3.22 approval of the respective boards of directors of the Target Company and the Company for the Proposed Acquisition and transactions in connection thereto as may be necessary;

4.3.23 the Company being free from all liabilities, contingent or otherwise, save for:

(a) the costs and expenses incurred in the ordinary course of the Company's business including the usual administrative and operational costs and expenses for the maintenance of the Company as a company listed on the Mainboard prior to completion of the Proposed Listing Transfer;

(b) the costs and expenses in connection with the proposed transactions contemplated in the SPA and/or in connection with the Proposed Acquisition and other transaction costs; and

(c) the loans for the working capital of the Company granted by Mr Teh and the third-party loans granted by ICH Capital;

4.3.24 the delivery of the disclosure by the Vendors to the Company and the Company being satisfied with the contents thereof as at the Completion (which shall include, by reference, any disclosures pertaining to Target Group and its business as will be found in the Circular to be issued by the Company in connection with the Proposed Acquisition); and

4.3.25 the individuals comprising the key management team of the Target Group, including but not limited to Dr Wilson, having entered into service agreements with the Company and/or the Target Group for a minimum term of three (3) full financial years after Completion.

4.4 **Undertakings, Representations and Warranties**

4.4.1 The Proposed Acquisition is subject to such further undertakings, representations and warranties from the Parties as are customary for transactions of similar nature.

4.4.2 The Company will be procuring undertakings from substantial Shareholders to exercise or procure the exercise of all the voting rights attributable to the Shares held by them to vote in favour of the resolutions to be tabled at the EGM seeking approval of Shareholders for the Proposed Acquisition and all transactions contemplated in connection therewith (the "**Voting Undertakings**").

4.4.3 As at the date of this announcement, Mr Teh, a substantial shareholder of the Company with an approximately 28.73% voting interest in the Company, has given a Voting Undertaking. Specific details of further Voting Undertakings to be obtained will be set out in the Circular.

4.5 **Completion**

4.5.1 Completion shall take place on the date falling seven (7) business days after the date on which the Condition Precedents have been fulfilled or waived by the relevant Party, or such other date as to be mutually agreed between the Company and the Vendors (the "**Completion Date**").

4.5.2 On Completion, the Company shall allot and issue the Base Consideration Shares to the Vendors in proportion to their Respective Shareholdings. For the avoidance of doubt, the Base Consideration Shares will be issued after completion of the Proposed Share Consolidation (as defined in Paragraph 7 of this announcement).

4.6 **Long-Stop Date**

If any of the Conditions Precedent is not fulfilled or waived by the relevant Party by the date falling nine (9) months after the date of the SPA (the "**Long-Stop Date**") (or such other date and time as the Parties may agree in writing), the SPA shall automatically terminate and (save as provided in the SPA, or for any antecedent breach of the SPA) none of the Parties shall have any claim against any other Party for costs, damages, compensation or anything whatsoever.

5. **MORATORIUM**

Each of the Vendors have undertaken to comply, and have procured that their respective associates shall comply, with any applicable moratorium requirements imposed by the SGX-ST (including without limitation, such undertakings not to sell, transfer, dispose, realise, deal and/or create any encumbrance over Shares held directly or indirectly by each of them for such periods as may be required by the Listing Manual Section B: Rules of the Catalist (the "**Catalist Rules**") of the SGX-ST unless such applicable moratorium requirements have been waived by the SGX-ST.

6. **PROPOSED LISTING TRANSFER**

As set out in Paragraph 1.4 of this announcement, in connection with the Proposed Acquisition, the Company intends to seek a transfer of its listing from the Mainboard to the Catalist Board of the SGX-ST (the "**Proposed Listing Transfer**").

7. **PROPOSED SHARE CONSOLIDATION**

7.1 In conjunction with the Proposed Acquisition and subject to Shareholders' approval being obtained, the Company will undertake a share consolidation exercise to consolidate every 500 Shares into one (1) share (the "**Consolidated Share**") (the "**Proposed Share Consolidation**" or "**Share Consolidation**") on or before Completion.

7.2 For the avoidance of doubt, the Consideration Shares and the SAC Capital Shares (as defined in Paragraph 13.2 of this announcement) will be allotted and issued after completion of the Proposed Share Consolidation.

7.3 **Terms of the Proposed Share Consolidation**

7.3.1 Under the Proposed Share Consolidation, every 500 Shares registered in the name or standing to the credit of the securities account of each Shareholder or depositor (as the case may be) as at a record date to be determined by the Directors at a later date (the "**Record Date**") will be consolidated into one (1) Consolidated Share. Each Consolidated Share will rank *pari passu* in all respects with each other. The Consolidated Shares will be traded on the Catalist of the SGX-ST in board lots of 100 Consolidated Shares.

7.3.2 Shareholders should note that the number of Consolidated Shares which they will be entitled to pursuant to the Proposed Share Consolidation, based on their holdings of Shares as at the Record Date, will be rounded down to the nearest whole Consolidated Share and any fractions of a Consolidated Share arising from the Proposed Share Consolidation will be disregarded. All fractional entitlements arising from the implementation of the Proposed Share Consolidation will be aggregated and/or dealt with in such manner as the Board may, in its absolute discretion, deem appropriate in the interests of the Company. Shareholders will not be paid for any fractions of a Consolidated Share which are disregarded. Shareholders or depositors (as the case may be) who hold less than 500 Shares as at the Record Date (the "**Affected Shareholders**") will not be entitled to any Consolidated Shares and will no longer be Shareholders upon completion of the Proposed Share Consolidation. **Such Affected Shareholders who wish to remain as Shareholders upon completion of the Proposed Share Consolidation are advised to purchase additional Shares so as to increase the number of Shares held to a minimum of 500 Shares as at the Record Date.**

7.3.3 The Shares are currently traded in board lots of 100 Shares in the ready market. Following completion of the Proposed Share Consolidation, the securities accounts of Shareholders or depositors (as the case may be) may be credited with odd lots of Consolidated Shares (that is, lots other than board lots of 100 Consolidated Shares) (the "**Odd Lot Shareholders**"). The market for trading of such odd lots of Consolidated Shares may be illiquid. **Odd Lot Shareholders who receive odd lots of Consolidated Shares pursuant to the Proposed Share Consolidation and who wish to trade such odd lots of Consolidated Shares on the SGX-ST should note that odd lots of Consolidated Shares can be traded on the Unit Share Market which, following completion of the Proposed Share Consolidation, would allow trading in odd lots with a minimum size of one (1) Consolidated Share.**

7.3.4 As at the date of this announcement, the Company has an issued and paid-up share capital of approximately S$209,581,000 comprising 41,316,907,761 Shares, and has no treasury shares. On the assumption that there will be no new Shares issued by the Company up to the Record Date and no fractions of Consolidated Shares arising from the Proposed Share Consolidation, and subject to Shareholders' approval being obtained for the Proposed Share Consolidation, the Company will have an issued and paid-up share capital of approximately S$209,581,000 comprising 82,633,815 Consolidated Shares following the completion of the Proposed Share Consolidation.

7.3.5 The Proposed Share Consolidation will have no impact on the dollar value of the issued and paid-up share capital of the Company. The Proposed Share Consolidation will not involve the diminution of any liability in respect of unpaid capital or the payment to any Shareholder of any paid-up capital of the Company, and has no effect on the Shareholders' funds of the Group. Shareholders will not be required to make any payment to the Company in respect of the Proposed Share Consolidation. The Proposed Share Consolidation will not cause any material changes to the percentage shareholding of each Shareholder, other than non-material changes due to rounding and the disregard of the fractional entitlement.

7.3.6 Subject to Shareholders' approval being obtained for the Proposed Share Consolidation at the EGM, Shareholders' holdings of the Consolidated Shares arising from the Proposed Share Consolidation will be based on their holdings of Shares as at the Record Date.

7.4 **Rationale for the Proposed Share Consolidation**

7.4.1 As set out in the rationale for the Proposed Acquisition in Paragraph 3 of this announcement, the Board notes that the market capitalisation of the Company had previously been enlarged by the Legacy Debt Restructuring Exercises and the Legacy RCB in relation to its legacy business under the former management. Upon the completion of these corporate exercises, the number of Shares (under the former name of Advance SCT) had been substantially enlarged from approximately 14.9 billion Shares to 41.3 billion Shares. As such, the existing high market capitalisation of S$41.3 million (based on the last closing price of S$0.001 per Share as at the date of this announcement) is not intended to represent a value which would commercially be deemed acceptable by the Parties as a base for the share swap in connection with the Proposed Acquisition. The Board further notes that its existing high market capitalisation does not practically allow for any fund-raising exercises in any form and/or structure given the said legacy high base of the 41.3 billion Shares, unless viable corporate turnaround plans can be initiated and completed. In line with the Company's past announcements and the Chairman's responses to the questions submitted by Shareholders in the annual general meeting of the Company held on 29 June 2020, which stated its intention to consolidate its Shares, the Company believes that it would have to first undertake a share consolidation exercise at a high ratio in order to substantially reduce the existing number of Shares to a base so that a commercial value can reasonably be negotiated and set for mutual agreements in relation to the Proposed Acquisition.

7.4.2 The Company has considered and had negotiated with the Vendors on the basis that it will be more meaningful for existing Shareholders to own a diluted interest in the Enlarged Group considering that the Target Group is in the fast-growing healthcare industry and expected to remain profitable upon Completion barring any unforeseen circumstances, instead of owning a full interest in the Company which recorded a net tangible liability position as at 31 December 2019, with low trading liquidity and no price recovery in its Shares based on its historical traded prices, despite its existing market capitalisation of S$41.3 million.

7.4.3 More importantly, the Company has also considered the commercial aspects of the Proposed Acquisition, including the fact that (i) the Issue Price ascribes a value of approximately S$16.5 million for existing Shareholders; and (ii) the Proposed Shareholding Structure of the Enlarged Group. Therefore, it appears to the Company that it will be technically and commercially impossible for the Parties to achieve the commercial objectives and attain the Proposed Shareholding Structure of the Enlarged Group without first undertaking the Proposed Share Consolidation.

7.4.4 In addition, in view of the Company's last closing share price of S$0.001 per Share as at the date of this announcement, and assuming that the share price remains unchanged, the Company will have to consider a high consolidation ratio (of minimally 200 Shares for every 1 Consolidated Share) such that the share price will meet the minimum share price requirement that is prescribed by Rule 1015(3)(c) of the Catalist Rules, where the consideration for the acquisition of assets by issuer is to be satisfied by the issue of shares, the price per share after adjusting for any share consolidation must not be lower than S$0.20.

7.4.5 The Proposed Share Consolidation has also been assessed by the Company through various scenario testing using different share consolidation ratios to manage and, as far as possible, minimise the impact on the number of odd lots and number of Affected Shareholders, and at the same time maintaining the proportion of share capital in public hands to be more than 15% of the enlarged share capital of the Company such that it will not result in a disorderly market upon Completion.

7.4.6 While the Company is mindful of the impact to the Affected Shareholders and the Odd Lot Shareholders, the Company is of the view that a viable corporate turnaround plan is necessary and will be beneficial to the Company and its Shareholders in the long term. Given the above considerations and assessment, the Company is of the view that the Proposed Share Consolidation strikes a fair and appropriate balance between safeguarding the minority Shareholders' interests, and business and commercial factors leading to the successful implementation of the Proposed Acquisition.

7.4.7 Shareholders should note, however, that there is no assurance that the Proposed Share Consolidation will achieve the above desired results, nor is there assurance that such results (if achieved) can be sustained in the longer term.

## 8. PROPOSED DISPOSAL OF THE EXISTING SUBSIDIARIES, INVESTMENTS AND BUSINESSES

8.1 As one of the Conditions Precedent to Completion, the Company will complete the disposal of all of its existing subsidiaries, investments and businesses (the "**Proposed Disposal**") within three (3) months of the date of the EGM, or such other time period to be mutually agreed between Parties in writing.

8.2 The Company will make the necessary announcements as and when there are further developments on the Proposed Disposal.

## 9. WHITEWASH WAIVER

9.1 As at the date of this announcement, LVS and Dax Ng, being a party acting in concert with LVS pursuant to the definition in the Code (collectively, the "**LVS Concert Party Group**"), have an aggregate of 170,613,276 shares in the capital of the Target Company, representing approximately 96.85% of the total number of issued shares in the capital of the Target Company.

9.2 Upon completion of the allotment and issue of the Base Consideration Shares to the LVS Concert Party Group, the LVS Concert Party Group will hold approximately 70.72% of the enlarged share capital of the Company. Upon completion of the allotment and issue of the Deferred Consideration Shares to the LVS Concert Party Group, and assuming that the full amount of the Deferred Consideration is payable to the Vendors, the LVS Concert Party Group will hold approximately 77.93% of the enlarged share capital of the Company. Please refer to **Annex B** for the shareholding structure of the Company after the allotment and issue of the Base Consideration Shares and the full amount of the Deferred Consideration Shares.

9.3 Pursuant to Rule 14 of the Code, as the LVS Concert Party Group will have acquired 30.0% or more of the voting rights of the Company upon completion of the allotment and issue of the Base Consideration Shares, they will be required to make a mandatory general offer for the Shares not held by them, except where the SIC grants them a waiver of their obligation to make a mandatory general offer under Rule 14 of the Code.

9.4 An application will be made to the SIC for the waiver of the obligation of the LVS Concert Party Group to make a mandatory general offer under Rule 14 of the Code as a result of the allotment and issue of the Base Consideration Shares to the Vendors.

## 10. FURTHER INFORMATION ON THE TARGET GROUP

### 10.1 Prior Listing Attempt by the Target Group

10.1.1 In June 2019, the Target Company, under its former name of Ardmore Medical Group Limited, lodged its preliminary offer document with the SGX-ST for its proposed listing on the Catalist Board (the "**Prior Listing Attempt**"). The preliminary offer document was subsequently withdrawn in August 2019 in view of ongoing developments to its then business operations and the change in market conditions at the relevant time.

10.1.2 As set out in Paragraph 3.4 of this announcement, arising from the business relationship and ongoing discussions on the Healthcare EPC Project, the Chairman had initiated discussions with the Target Company to explore the possibility of the Proposed Acquisition. In its discussions and taking into consideration the Target Company's Prior Listing Attempt, including the then-circumstances leading to the withdrawal, the Chairman had suggested that the Target Group should carry out an internal restructuring and rebranding exercise. Such an exercise would allow the Target Group to re-position itself for expansion and prepare better for future collaborations. Following this suggestion, both the Company and the Target Company agreed to progress with discussions on the basis that the Target Group undertake and complete an internal restructuring and rebranding prior to effecting the Proposed Acquisition.

10.1.3 In light of the discussions above, the Target Group undertook and completed the following internal restructuring exercise:

(a) the disposal of SN Orthopaedics Pte. Ltd. ("**SNPL**") to Dr Sean Ng Yung Chuan ("**Dr Sean**")[2], after taking into account the unaudited net asset value of SNPL as at 31 December 2019 (the "**SNPL Disposal**");

(b) the reorganisation of the shares in LVS resulting in the sale of Dr Sean's entire shareholding interest in LVS to Dr Wilson, Dr Edwin, Dr Rachel and Dr Sebastian (the "**SN LVS Sale**");

(c) following the SNPL Disposal and the SN LVS Sale, the Target Company initiated discussions with Dr Edwin to explore an injection of his medical practice and business into a wholly-owned subsidiary of the Target Company. In addition, the Target Company renegotiated with Dr Edwin on his involvement and remuneration structure, with a view that Dr Edwin will assume greater responsibilities in the Target Group. This included (i) the termination of Dr Edwin's employment under SNPL; (ii) his continued service and contribution to the Target Group through his orthopaedic practice under a wholly-owned subsidiary of the Target Company, thereby resulting in the Target Group having full economic benefit and control of his medical practice and business; and (iii) his added involvement as an equity partner and taking on a management role in the Target Group, assuming the role of the head of the orthopaedic surgery segment of the Target Group and leading the business segment. With the above considerations, Dr Edwin and the Target Company agreed that Dr Edwin would inject his medical practice and business into the Target Group, and that Dr Edwin would conduct his orthopaedic practice under a newly-incorporated subsidiary of the Target Company, Cove Sports & Reconstruction Pte. Ltd. (the "**ET Business Injection**"). The consideration for the ET Business Injection was determined on a willing-buyer willing-seller basis, after taking into account, *inter alia*, Dr Edwin's (i) net profit performance and contribution to the Target Group in FY2019; (ii) qualifications and experience in the medical field; (iii) existing patient base; (iv) potential earnings and contribution to the Target Group; and (v) future contributions to the management of the Target Group;

(d) upon the completion of the SNPL Disposal and the SN LVS Sale on 31 December 2019, Dr Sean ceased to be a shareholder and/or have any involvement in the business and management of the Target Group. In addition, Dr Sean relinquished his role as the executive director and CEO of the Target Group and Dr Wilson was appointed to succeed the role; and

(e) a rebranding exercise undertaken by the Target Group to "Livingstone Health",

(collectively, the "**Target Restructuring**").

[2] Dr Sean is the spouse of Dr Rachel and brother of Dax Ng.

10.1.4 After the withdrawal of the preliminary offer document, the Target Group has reorganised its operational structures, reallocated its management resources and continued to focus on business expansion. In addition to the Target Restructuring, Dr Wilson has led the management of the Target Group to implement the Target Group's organic growth strategies and acquisitional growth initiatives.

10.1.5 As a result of the Target Group's continued efforts in its strategies, the Target Group has since recruited new medical doctors, acquired new medical practices, expanded its business segments and diversified its operations. More specifically, the Target Group has:

(a) completed the acquisition of 51.0% interest in PMG[3], which owns and operates four (4) family medicine clinics across Singapore as at the date of this announcement;

(b) embarked on expansion of its business segments through the recruitment of four (4) new medical doctors in the aesthetic and wellness, cardiology and the orthopaedic surgery segments of the Target Group, and the diversification of the Target Group's business segments to include cardiology; and

(c) commenced operations in Cambodia via the Cambodia JV and the Cambodia Consultancy Project.

10.1.6 As at the date of this announcement, the Target Group has 13 medical doctors practising at ten (10) medical clinics and one (1) medical spa, as compared to five (5) medical doctors practising at four (4) medical clinics and one (1) medical spa as at the date of the lodgement of its then preliminary offer document.

*[This announcement continues on the next page.]*

[3] Dr Chua owns a 21.1% interest in PMG while the remaining 27.9% interest is held by two (2) other doctors practising under the PMG group.

10.2 **Historical Financial Information on the Target Group**

A summary of the audited consolidated financial statements of the Target Group for the financial years ended 31 December 2017 ("**FY2017**") and 31 December 2018 ("**FY2018**"), and the unaudited consolidated financial statements of the Target Group for the financial year ended 31 December 2019 ("**FY2019**"), is set out below:

**Statement of Profit or Loss**

| | **Audited** | **Audited** | **Unaudited** |
|---|---|---|---|
| **S$'000** | **FY2017** | **FY2018** | **FY2019** |
| Revenue | 5,547 | 8,857 | 14,747 |
| Profit before tax | 2,364 | 3,662 | 2,245 |
| Net profit after tax attributable to owners of the Target Company *(before taking into account the Adjustment Items as set out in Paragraph 4.2.3 of this announcement)* | 1,982 | 3,204 | 1,873 |
| Adjusted net profit after tax attributable to owners of the Target Company *(after taking into account the Adjustment Items as set out in Paragraph 4.2.3 of this announcement)*[(1)] | 1,982 | 3,369 | 3,787 |

*[This announcement continues on the next page.]*

**Statement of Financial Position**

| S$'000 | Audited As at 31 December 2017 | Audited As at 31 December 2018 | Unaudited As at 31 December 2019 |
|---|---|---|---|
| Non-current assets | 887 | 891 | 7,074 |
| Current assets | 3,741 | 7,698 | 4,207 |
| Current liabilities | 2,781 | 2,427 | 4,190 |
| Non-current liabilities | 86 | 85 | 2,496 |
| Net tangible assets | 1,761 | 6,077 | 953 |
| Net asset value / shareholders' equity attributable to owners of the Target Company *(before taking into account the Adjustment Items as set out in Paragraph 4.2.3 of this announcement)* | 1,761 | 6,077 | 4,138 |
| Adjusted net asset value / shareholders' equity attributable to owners of the Target Company *(after taking into account the Adjustment Items as set out in Paragraph 4.2.3 of this announcement)*[(1)] | 1,761 | 6,242 | 6,053 |

**Note:**

(1) The adjusted net profit after tax and adjusted net asset value / shareholders' equity of the Target Group have been presented after considering the Adjustment Items as set out in Paragraph 4.2.3 of this announcement. Shareholders should note that the above presentation may not include all other pro forma events that is required to be included under the Catalist Rules and the Fifth Schedule to the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018, which is subject to ongoing due diligence to be conducted by the Company, including a review by the reporting accountants for the Enlarged Group.

**Shareholders should note that the financial information of the Target Group for FY2019 presented above, in particular, the Target Group's adjusted net profit after tax of S$3.8 million in FY2019 and the adjusted net asset value / shareholders' equity of S$6.5 million as at 31 December 2019 are based on the unaudited management accounts provided by the Target Group, and are subject to further due diligence to be conducted by the Company, including a review and audit by the reporting accountants for the Enlarged Group.**

10.3 **Pro Forma Financial Information of the Enlarged Group**

The unaudited pro forma consolidated financial statements of the Enlarged Group will be prepared on the assumption that the Enlarged Group structure has been in existence since 1 January 2019. Save for the possible impact arising from reverse acquisition accounting, the Target Group's financial information is not expected to be materially different from that of the Enlarged Group's as presented in Paragraph 10.2 of this announcement, as pursuant to the completion of the Proposed Acquisition and the Proposed Disposal, the Board envisages the business of the Enlarged Group to comprise mainly the business of the Target Group.

The unaudited pro forma consolidated financial information of the Enlarged Group will be reviewed by the reporting accountants for the Enlarged Group and will be set out in the Circular to be despatched to Shareholders in due course.

## 11. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

11.1 For illustrative purposes only, the financial effects of the Proposed Acquisition on the share capital, earnings, net assets, net tangible assets and gearing of the Enlarged Group have been prepared based on the audited consolidated financial statements of the Group for FY2019 and the unaudited consolidated financial statements of the Target Group for FY2019, as well as, *inter alia*, the following key assumptions:

(a) the financial effects of the Proposed Acquisition on the earnings and earnings per Share of the Enlarged Group are computed assuming that the Proposed Share Consolidation and Proposed Acquisition were completed on 1 January 2019;

(b) the financial effects of the Proposed Acquisition on the net assets, net tangible assets and gearing of the Enlarged Group are computed assuming that the Proposed Share Consolidation and Proposed Acquisition were completed on 31 December 2019;

(c) the Base Consideration and the full Deferred Consideration shall be satisfied in the matter as set out in Paragraphs 4.2.2 and 4.2.3 respectively, which includes the full cash consideration payable of S$3,500,000;

(d) the proposed allotment and issuance of 500,000 SAC Capital Shares (as defined in Paragraph 13.2 of this announcement) upon Completion. Save for the SAC Capital Shares, any costs relating to the Proposed Acquisition are not taken into account;

(e) the Proposed Share Consolidation involving the consolidation of every 500 Shares into 1 (one) Consolidated Share;

(f) the absence of any gain or loss arising from the Proposed Disposal, given that the terms of the Proposed Disposal are not available as at the date of this announcement; and

(g) the financial effects of accounting for reverse acquisition have not been considered and will only be assessed, determined and audited by the reporting accountants for the Enlarged Group to be reported in the financial statements of the Enlarged Group post-Completion. As such, the unaudited pro forma consolidated financial information of the Enlarged Group, after taking into consideration of the financial effects of accounting for reverse acquisition, could be materially different from the financial information presented in this announcement.

11.2 Financial effects assuming the Adjustment Items as set out in Paragraph 4.2.3 of this announcement are **included**:

11.2.1 **Share Capital**

| | **Before Proposed Share Consolidation and Proposed Acquisition** | **After Proposed Share Consolidation and Proposed Acquisition (Base Consideration only)** | **After Proposed Share Consolidation and Proposed Acquisition (Base Consideration and Deferred Consideration)** |
|---|---|---|---|
| Number of Shares or Consolidated Shares | 41,316,907,761 | 308,133,815 | 425,633,815 |
| Issue and paid-up share capital (S$'000) | 209,581 | 254,681 | 278,181 |

*[This announcement continues on the next page.]*

11.2.2 **Net Assets**

| | Before Proposed Share Consolidation and Proposed Acquisition | After Proposed Share Consolidation and Proposed Acquisition (Base Consideration only) | After Proposed Share Consolidation and Proposed Acquisition (Base Consideration and Deferred Consideration) |
|---|---|---|---|
| Net (liability)/asset value as at 31 December 2019 *(before accounting for consideration payable in cash)* (S$'000) | (315) | 3,755 | 3,755 |
| Less: Consideration payable in cash (S$'000) | - | (2,000) | (3,500) |
| **Net (liability)/asset value of the Company as at 31 December 2019 (S$'000)** | **(315)** | **1,755** | **255[(1)]** |
| Number of Shares or Consolidated Shares | 41,316,907,761 | 308,133,815 | 425,633,815 |
| Net (liability)/asset value per Share or Consolidated Share as at 31 December 2019 (cents) | (0.00) | 0.57 | 0.06 |

**Note:**

(1) Net asset value ("**NAV**") of the Company does not take into account the 2021 Adjusted NPAT of the Target Group. For illustrative purposes only, assuming that the Target Group achieves the 2021 Adjusted NPAT of S$4.8 million, the adjusted NAV of the Enlarged Group as at 31 December 2019 will be S$5.1 million and the adjusted NAV per share will be 1.19 cents.

*[This announcement continues on the next page.]*

### 11.2.3 **Net Tangible Assets**

| | Before Proposed Share Consolidation and Proposed Acquisition | After Proposed Share Consolidation and Proposed Acquisition (Base Consideration only) | After Proposed Share Consolidation and Proposed Acquisition (Base Consideration and Deferred Consideration) |
|---|---|---|---|
| Net tangible (liability)/asset value as at 31 December 2019 *(before accounting for consideration payable in cash)* (S$'000) | (315) | 113 | 113 |
| Less: Consideration payable in cash (S$'000) | - | (2,000) | (3,500) |
| **Net tangible liability value as at 31 December 2019 (S$'000)** | **(315)** | **(1,887)** | **(3,387)[(1)]** |
| Number of Shares or Consolidated Shares | 41,316,907,761 | 308,133,815 | 425,633,815 |
| Net tangible liability value per Share or Consolidated Share as at 31 December 2019 (cents) | (0.00) | (0.61) | (0.80) |

**Note:**

(1) Net tangible liability ("**NTL**") of the Company does not take into account the 2021 Adjusted NPAT of the Target Group. For illustrative purposes only, assuming that the Target Group achieves the 2021 Adjusted NPAT of S$4.8 million, the adjusted net tangible asset ("**NTA**") of the Enlarged Group as at 31 December 2019 will be S$1.4 million and the adjusted NTA per share will be 0.33 cents.

### 11.2.4 **Earnings per share ("EPS")**

| | Before Proposed Share Consolidation and Proposed Acquisition | After Proposed Share Consolidation and Proposed Acquisition (Base Consideration only) | After Proposed Share Consolidation and Proposed Acquisition (Base Consideration and Deferred Consideration) |
|---|---|---|---|
| Net profit attributable to owners of the Company for FY2019 (S$'000) | 13 | 1,460 | 1,460 |
| Weighted average number of Shares or Consolidated Shares | 41,316,907,761 | 308,133,815 | 425,633,815 |
| EPS for FY2019 (cents) | 0.00 | 0.47 | 0.34 |

11.2.5 **Net Gearing**

| | Before Proposed Share Consolidation and Proposed Acquisition | After Proposed Share Consolidation and Proposed Acquisition (Base Consideration only) | After Proposed Share Consolidation and Proposed Acquisition (Base Consideration and Deferred Consideration) |
|---|---|---|---|
| Net debts[(1)] (S$'000) | 473 | 1,859 | 1,859 |
| Total shareholders' (deficit)/equity (S$'000) | (315) | 1,755 | 255[(3)] |
| Net gearing ratio | N.M.[(2)] | 1.06 | 7.29[(3)] |

**Notes:**

(1) Net debt is calculated based on total borrowings and total lease liabilities less cash and cash equivalents.

(2) Not meaningful as total shareholders' equity is a negative figure.

(3) Total shareholders' equity does not take into account the 2021 Adjusted NPAT of the Target Group. For illustrative purposes only, assuming that the Target Group achieves the 2021 Adjusted NPAT of S$4.8 million, the adjusted shareholders' equity of the Company for FY2019 will be S$5.1 million and adjusted net gearing ratio will be 0.37 times.

11.3 Financial effects assuming the Adjustment Items as set out in Paragraph 4.2.3 of this announcement are **excluded**:

11.3.1 **Share Capital**

| | Before Proposed Share Consolidation and Proposed Acquisition | After Proposed Share Consolidation and Proposed Acquisition (Base Consideration only) | After Proposed Share Consolidation and Proposed Acquisition (Base Consideration and Deferred Consideration) |
|---|---|---|---|
| Number of Shares or Consolidated Shares | 41,316,907,761 | 308,133,815 | 425,633,815 |
| Issue and paid-up share capital (S$'000) | 209,581 | 254,681 | 278,181 |

*[This announcement continues on the next page.]*

11.3.2 **Net Assets**

| | Before Proposed Share Consolidation and Proposed Acquisition | After Proposed Share Consolidation and Proposed Acquisition (Base Consideration only) | After Proposed Share Consolidation and Proposed Acquisition (Base Consideration and Deferred Consideration) |
|---|---|---|---|
| Net (liability)/asset value as at 31 December 2019 *(before accounting for consideration payable in cash)* (S$'000) | (315) | 5,669 | 5,669 |
| Less: Consideration payable in cash (S$'000) | - | (2,000) | (3,500) |
| **Net (liability)/asset value of the Company as at 31 December 2019 (S$'000)** | **(315)** | **3,669** | **2,169[(1)]** |
| Number of Shares or Consolidated Shares | 41,316,907,761 | 308,133,815 | 425,633,815 |
| Net (liability)/asset value per Share or Consolidated Share as at 31 December 2019 (cents) | (0.00) | 1.19 | 0.51 |

**Note:**

(1) NAV of the Company does not take into account the 2021 Adjusted NPAT of the Target Group. For illustrative purposes only, assuming that the Target Group achieves the 2021 Adjusted NPAT of S$4.8 million, the adjusted NAV of the Enlarged Group as at 31 December 2019 will be S$7.0 million and the adjusted NAV per share will be 1.64 cents.

*[This announcement continues on the next page.]*

11.3.3 **Net Tangible Assets**

| | Before Proposed Share Consolidation and Proposed Acquisition | After Proposed Share Consolidation and Proposed Acquisition (Base Consideration only) | After Proposed Share Consolidation and Proposed Acquisition (Base Consideration and Deferred Consideration) |
|---|---|---|---|
| Net tangible asset/(liability) value as at 31 December 2019 *(before accounting for consideration payable in cash)* (S$'000) | (315) | 2,027 | 2,027 |
| Less: Consideration payable in cash (S$'000) | - | (2,000) | (3,500) |
| **Net tangible (liability)/asset value as at 31 December 2019 (S$'000)** | **(315)** | **27** | **(1,473)[(1)]** |
| Number of Shares or Consolidated Shares | 41,316,907,761 | 308,133,815 | 425,633,815 |
| Net tangible asset/(liability) value per Share or Consolidated Share as at 31 December 2019 (cents) | (0.00) | 0.01 | (0.35) |

**Note:**

(1) NTL of the Company does not take into account the 2021 Adjusted NPAT of the Target Group. For illustrative purposes only, assuming that the Target Group achieves the 2021 Adjusted NPAT of S$4.8 million, the adjusted NTA of the Enlarged Group as at 31 December 2019 will be S$3.3 million and the adjusted NTA per share will be 0.78 cents.

*[This announcement continues on the next page.]*

### 11.3.4 **Earnings per share**

| | Before Proposed Share Consolidation and Proposed Acquisition | After Proposed Share Consolidation and Proposed Acquisition (Base Consideration only) | After Proposed Share Consolidation and Proposed Acquisition (Base Consideration and Deferred Consideration) |
|---|---|---|---|
| Net profit attributable to owners of the Company for FY2019 (S$'000) | 13 | 3,374 | 3,374 |
| Weighted average number of Shares or Consolidated Shares | 41,316,907,761 | 308,133,815 | 425,633,815 |
| EPS for FY2019 (cents) | 0.00 | 1.09 | 0.79 |

### 11.3.5 **Net Gearing**

| | Before Proposed Share Consolidation and Proposed Acquisition | After Proposed Share Consolidation and Proposed Acquisition (Base Consideration only) | After Proposed Share Consolidation and Proposed Acquisition (Base Consideration and Deferred Consideration) |
|---|---|---|---|
| Net debt[(1)] (S$'000) | 473 | N.M. [(2)] | N.M. [(2)] |
| Total shareholders' (deficit)/equity (S$'000) | (315) | 3,669 | 2,169 |
| Net gearing ratio | N.M.[(3)] | N.M. [(2)] | N.M. [(2)] |

**Notes:**

(1) Net debt is calculated based on total borrowings and total lease liabilities less cash and cash equivalents.

(2) Not meaningful as the Enlarged Group is in net cash position.

(3) Not meaningful as total shareholders' equity is a negative figure.

**Shareholders are advised to note that the above financial figures are for illustrative purposes only and do not necessarily reflect the actual results and financial performance and position of the Enlarged Group after the Proposed Acquisition. No representation is made as to the actual financial position and/or results of the Company after Completion.**

12. **RELATIVE FIGURES UNDER RULE 1006 OF THE LISTING MANUAL**

12.1 The relative figures for the Proposed Acquisition computed on the relevant bases of comparison set out in Rule 1006 of the Listing Manual, based on the latest announced audited financial statements of the Group for FY2019, are as follows:

| Rule 1006 | Bases | Relative Figures |
|---|---|---|
| **(a)** | Net asset value of the assets to be disposed<br>Net asset value of the Group<br>**Size of relative figure** | Not applicable to acquisition of assets |
| **(b)** | Net profits[(1)] attributable to the Target Group (S$'000) *(before taking into account the Adjustment Items as set out in Paragraph 4.2.3 of this announcement)* | 2,245[(2)] |
| | Net profits[(1)] of the Group (S$'000) | 13[(3)] |
| | **Size of relative figure** | **17,269%** |
| **(c)** | Aggregate value of the Total Consideration (S$'000) | 72,000 |
| | Market capitalisation of the Company (S$'000) | 41,317[(4)] |
| | **Size of relative figure** | **174%** |
| **(d)** | Number of equity securities issued for the Proposed Acquisition on a post-Share Consolidation basis *(comprising the Base Consideration Shares and Deferred Consideration Shares)* | 342,500,000 |
| | Number of shares of the Company in issue on a post-Share Consolidation basis | 82,633,815[(5)] |
| | **Size of relative figure** | **414%** |
| **(e)** | Aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves | This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not applicable to an acquisition of assets |

**Notes:**

(1) Under Rule 1002(3)(b) of the Listing Manual, "net profits" is defined to be profit or loss including discontinued operations that have not been disposed and before income tax and non-controlling interests.

(2) Based on unaudited net profit before tax of the Target Group for FY2019.

(3) Based on the audited net profit before tax of the Group for FY2019.

(4) The market capitalisation is computed on the basis of the total number of issued shares excluding treasury shares of 41,316,907,761 Shares and the volume-weighted average price of the Shares of S$0.001 traded on the SGX-ST on 22 July 2020, being the last traded market day immediately preceding the date of the SPA on which the Shares were traded.

(5) The number of post-Share Consolidation shares of the Company is derived based on 41,316,907,761 Shares of the Company, consolidated on a basis of every 500 Shares into one (1) Consolidated Share.

12.2 As the relative figures computed on the bases set out under Rule 1006(b), Rule 1006(c) and Rule 1006(d) of the Listing Manual exceed 100% and given that upon Completion there will be a change in control of the Company, the Proposed Acquisition, if undertaken and completed, is expected to result in a reverse takeover of the Company pursuant to Rule 1015 of the Listing Manual. Accordingly, the Proposed Acquisition is subject to, *inter alia*, the approval of the Shareholders at the EGM.

## 13. APPOINTMENT OF FINANCIAL ADVISER

13.1 The Company has appointed SAC Capital as its financial adviser in relation to the Proposed Acquisition. Following the Proposed Listing Transfer, SAC Capital shall be appointed as the full sponsor of the Company.

13.2 As part payment of professional fees in respect of the financial advisory services rendered by SAC Capital to the Company in connection with the Proposed Acquisition, the Company shall issue and allot new ordinary Shares following completion of the Proposed Share Consolidation at the Issue Price (the "**SAC Capital Shares**") amounting to S$100,000 to SAC Capital on Completion, credited as fully paid-up.

## 14. APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

The Company will also be appointing an IFA to the independent Directors of the Company in connection with the Whitewash Resolution. The advice of the IFA will be set out in the Circular to be despatched to Shareholders in due course.

## 15. RECONSTITUTION OF THE BOARD AND SERVICE CONTRACTS

15.1 As at the date of this announcement, the Company has not entered into any service contract with any person proposed to be appointed as director in connection with the Proposed Acquisition.

15.2 The details of any such appointments and service contracts will be set out in the Circular to be despatched to Shareholders in due course.

## 16. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors, controlling shareholders or their associates have any interest, direct or indirect in the Proposed Acquisition, save for their respective interests in the Shares of the Company (as the case may be).

17. **FURTHER INFORMATION**

The Company will make the necessary announcements as and when there are further material developments on the Proposed Acquisition and other matters contemplated by this announcement. The Circular together with a notice of the EGM will also be despatched to the Shareholders in due course to seek Shareholders' approval for, *inter alia*, the Proposed Acquisition, the issuance and allotment of the Consideration Shares and SAC Capital Shares, the Proposed Disposal, the Whitewash Resolution and the Proposed Share Consolidation. In the meantime, Shareholders are advised to refrain from taking any action in relation to their Shares in the Company, which may be prejudicial to their interests until they or their advisers have considered the information and the recommendations to be set out in the Circular.

18. **RESPONSIBILITY STATEMENT**

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

19. **DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the SPA will be made available for inspection during normal business hours at the Company's registered office at 1 Robinson Road #17-00 AIA Tower, Singapore 048542 for a period of three (3) months from the date of this announcement.

20. **CAUTIONARY STATEMENT**

Shareholders are advised that the Proposed Acquisition is subject to numerous conditions and further due diligence by the Vendors and the Company. As such, there is no assurance that the Parties will be able to complete the Proposed Acquisition. Shareholders are therefore asked to exercise caution when dealing in the shares of the Company and should consult their legal, financial, tax and other professional advisers if they have any doubt as to the action to take.

**BY ORDER OF THE BOARD**

**Teh Wing Kwan**
Executive Chairman and Chief Executive Officer
29 July 2020

**ANNEX A**
**TARGET SUBSIDIARIES**

| **Target Subsidiaries** | **Effective shareholding interest of the Target Company (%)** |
|---|---|
| RL Aesthetics Pte. Ltd. | 100 |
| Ardmore Wellness Pte. Ltd. | 100 |
| Apicare Pain Specialist Pte. Ltd. | 100 |
| S Chua Pte. Ltd. | 100 |
| Apicare Medical Pte. Ltd. | 100 |
| Livingstone Health International Pte. Ltd. | 100 |
| Sebastian Chua MH Pte. Ltd. | 100 |
| Cove Sports & Reconstruction Pte. Ltd. | 100 |
| Livingstone Cardiology Pte. Ltd. | 100 |
| The Bone and Joint Centre Pte. Ltd. | 100 |
| Livingstone Endocrine Pte. Ltd. | 100 |
| Livingstone Soriya Medical Specialist Co., Ltd. | 57 |
| Venture Investment Pte. Ltd. | 60 |
| Activfix Pte. Ltd. | 60 |
| Phoenix Medical Group Pte. Ltd. | 51 |
| PMG CACTIII Pte. Ltd. | 51 |
| PMG HV Pte. Ltd. | 51 |
| PMG PL Pte. Ltd. | 51 |

**ANNEX B**

Details of the changes in the aggregate interest (direct and deemed) of the Company before and after the Proposed Share Consolidation and the Proposed Acquisition are set out in the table below:

| | As at 24 July 2020 | | After the Proposed Share Consolidation and the Proposed Acquisition (Base Consideration only) | | After the Proposed Share Consolidation and the Proposed Acquisition (Base and Deferred Consideration) | |
|---|---|---|---|---|---|---|
| | **Total Interest** | **%** | **Total Interest** | **%** | **Total Interest** | **%** |
| **Existing Shareholders** | | | | | | |
| Teh Wing Kwan | 11,871,961,100 | 28.73 | 23,743,922 | 7.71 | 23,743,922 | 5.58 |
| ICH Partners Ltd[(1)] | 1,950,000,000 | 4.72 | 3,900,000 | 1.27 | 3,900,000 | 0.92 |
| Tan Tian Hong Jeffrey[(2)] | 5,323,203,014 | 12.88 | 10,646,406 | 3.46 | 10,646,406 | 2.50 |
| Apzenith Capital Pte Ltd | 4,390,918,693 | 10.63 | 8,781,837 | 2.85 | 8,781,837 | 2.06 |
| Simon Eng[(3)] | 2,363,768,875 | 5.72 | 4,727,536 | 1.53 | 4,727,536 | 1.11 |
| Other Existing Public Shareholders | 15,417,056,079 | 37.32 | 30,834,114 | 10.00 | 30,834,114 | 7.24 |
| **Vendors** | | | | | | |
| LVS[(4) (5)] | - | - | 215,311,056 | 69.88 | 327,751,276 | 77.00 |
| ICH Capital[(1) (5)] | - | - | 4,500,000 | 1.46 | 6,850,000 | 1.61 |
| Dax Ng [(4) (5)] | - | - | 2,594,472 | 0.84 | 3,949,362 | 0.93 |
| Dr Chua [(5)] | - | - | 2,594,472 | 0.84 | 3,949,362 | 0.93 |
| **Other New Shareholder** | | | | | | |
| SAC Capital[(6)] | - | - | 500,000 | 0.16 | 500,000 | 0.12 |
| **Total** | **41,316,907,761** | **100.00** | **308,133,815** | **100.00** | **425,633,815** | **100.00** |

**Notes:**

(1) Toe Teow Heng is deemed interested in shares held through (i) his 100.0% interest in ICH Partners Ltd., by virtue of Section 4 of the SFA, and (ii) ICH Capital. ICH Capital is a business management consultancy company wholly owned by ICH Singapore Holdings Pte Ltd, and ICH Singapore Holdings Pte Ltd is in turn wholly owned by ICH Group Ltd. The ultimate beneficial owners of ICH Group Ltd are Toe Teow Heng and Toe Teow Teck. ICH Singapore Holdings Pte Ltd, ICH Group Ltd, Toe Teow Heng and Toe Teow Teck are deemed to be interested in shares held by ICH Capital, by virtue of Section 4 of the SFA.

(2) Tan Tian Hong Jeffrey is deemed interested in shares held through his 100.0% interest in Platon Resources Pte Ltd by virtue of Section 4 of the SFA.

(3) Weng Hua Yu @ Simon Eng ("**Simon Eng**") is deemed interested in shares held through his 100.0% interest in Fort Canning (Asia) Pte Ltd, shares held through his 100.0% interest in Belle Forte Ltd and shares held through his 24.2% interest in Metech International Limited, by virtue of Section 4 of the SFA.

(4) LVS is an investment holding company incorporated in Singapore on 8 December 2017. As at the date of this announcement, Livingstone Consolidated is owned in the aggregate by Dr Wilson (34.80%), Dr Edwin (21.45%), Dr Sebastian (21.40%), Dr Rachel (17.35%) and Dax Ng (5.00%). Accordingly, Dr Wilson, Dr Edwin and Dr Sebastian are deemed interested in shares held by LVS by virtue of Section 4 of the SFA.

(5) Pursuant to a sale and purchase agreement dated 21 July 2020, LVS, Dax Ng and Dr Chua acquired from ICH Capital a 2.31%, 1.15% and 1.15% interest in the capital of the Target Company, respectively.

(6) As part satisfaction of SAC Capital's management fees as the financial adviser and sponsor, the Company will allot and issue 500,000 SAC Capital Shares at the Issue Price to SAC Capital.