
CORPORATE AND BUSINESS UPDATE

1) INTRODUCTION & SUMMARY OF STRATEGIC OBJECTIVES

The Board of Directors (“**Directors**” or “**Board**”) of Livingstone Health Holdings Limited (“**Livingstone Health**”, or the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that the Group has recently completed a strategic review conducted under the leadership of Chief Executive Officer (“**CEO**”) Dr Wilson Tay and the senior management. The review follows: i) completion of its reverse takeover (“**RTO**”) of Citicode Limited on 5 February 2021; ii) commencement of trading of its shares on the Catalist Board of Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 8 February 2021 after a voluntary suspension; and iii) the announcement on 23 February 2021 of the change of financial year end from 31 December to 31 March. The audited financial statements of the Company for the financial year ended 31 March 2021 (“**FY2021**”) will cover a period of 15 months from 1 January 2020 to 31 March 2021, in comparison with the 12-month reporting period from 1 January 2019 to 31 December 2019 (“**FY2019**”).

The RTO involved, *inter alia*, (i) a 500-to-1 share consolidation (“**Consolidation**”) (which reduced the total number of issued shares (“**Shares**”) of the former Citicode Ltd from 41.3 billion Shares to 82.6 million Shares) and (ii) the issue of 225.0 million new post-Consolidation shares at 20 Singapore cents each to the vendors (for a Base Consideration of S\$47.0 million). As a result, the issued Shares of the Company has increased to 315.9 million currently.

The Group operates 12 clinics and one medical spa in Singapore currently, with a total strength of 16 doctors supported by a staff of 57. Livingstone Health has recorded profitability for the calendar years (“**CY**”) ended 31 December 2017, 2018 and 2019 and it remained profitable during first half of the calendar year 2020 (“**1H CY2020**”) despite the initial impact of the COVID-19, including the Circuit Breaker (“**CB**”) in Singapore. Livingstone Health recorded revenue of S\$6.5 million and profit before tax of S\$1.1 million for 1H CY2020.

The successful RTO has provided Livingstone Health with a listed platform to pursue growth opportunities. It will leverage on its track record to achieve its vision as an asset-light multidisciplinary healthcare specialist through the following strategy outlined in the strategic review:

- a) Strengthening the Livingstone Health ecosystem by:
 - i) launching health screening services;
 - ii) improving synergies between primary healthcare under the Phoenix Medical Group (“**PMG**”) and tertiary healthcare operations to improve engagement with patients; and
 - iii) increasing cross-disciplinary patient referrals.
- b) Deepening market penetration within Singapore via the existing footprint of clinics;

- c) Enlarging the pool of doctors and range of surgical specialisations; and
- d) Building up its network and alliances in the Asian region to pursue opportunities in patient flow and partnerships in integrated healthcare infrastructure projects.

The Directors and management believe that these strategies will position the Group to manifest its vision in Singapore and the Asian region. Its listed status will also avail the Group to pursue merger and acquisition opportunities.

2) CORPORATE STRATEGIES

2.1 Strengthening the Livingstone Ecosystem – Launch of Health Screening and Improving Synergies Between Primary and Tertiary Healthcare

i) Ardennes Healthcare Pte Ltd (“**Ardennes**”), a wholly-owned subsidiary of PMG, intends to launch a health screening service, in the coming weeks following the date of this announcement. Ardennes will offer laboratory and radiology-based services and personalise each review. It is expected to increase its range of services over the next financial year. The screening service will allow the Group to extend its reach to more patients, which can translate to an increase in referrals for primary and tertiary healthcare services of the Group.

ii) The acquisition of PMG in 2019 is part of a broader strategy to expand the range of medical services provided by the Group to include the following:

- a) improving patient engagement which can lead to improved and more personalised medical care and patient “stickiness”;
- b) cross-referrals among various medical disciplines; and
- c) better clinical outcomes and improved internal efficiencies during patient administration.

Livingstone Health has already reaped the early fruits of this integration. The number of referrals in the three-month period between January to March 2021 rose by 50% compared to the three-month period from October to December 2020. The Group expects referrals to rise as the integration matures and more doctors are added.

Currently, these referrals mostly involve PMG doctors siting patients to relevant tertiary specialists within Livingstone Health. Where the Group does not have certain specialisations, such cases are referred to third-party specialists, a gap which Livingstone Health intends to reduce gradually.

Apart from addition of health screening services, PMG is also expanding and it intends to increase its number of centres and its team of doctors.

2.2 Deepening Market Penetration in Singapore via Existing Footprint of Clinics

As a homegrown company, Livingstone Health bases its core operations in Singapore. The prospects for the healthcare sector in Singapore are underpinned by i) an ageing population; ii) rising affluence and awareness of healthcare; iii) healthy and active lifestyle; iv) growing uptake of private medical insurance; and v) continued demand from overseas patients for certain specialisations.

Currently, Livingstone Health’s services, operating through its medical clinics and a medical spa in Orchard, are located at convenient and accessible locations in Singapore as follows:

- PMG centres in Hillview, Novena, Seletar and Paya Lebar (four clinics)
- Mount Alvernia Hospital (one clinic)
- Farrer Park Medical Centre (three clinics)
- Royal Square Medical Suites (one clinic)

- Wheelock Place (two clinics)
- Parkway East Medical Centre (one clinic)
- Mount Elizabeth Medical Centre (four clinics)

PMG envisages that its primary healthcare footprint will be expanded organically or through acquisitions from four clinics currently to between six to ten clinics over the next three years.

2.3 Enlarging Pool of Doctors and Range of Medical Specialisations

Even before the completion of the RTO, Livingstone Health had increased its medical team with the additions at PMG and introduction of cardiology and endocrinology practices. The number of doctors has increased from five at the end of 2019 to 16 doctors currently as follows:

- Family medicine (six)
- Orthopaedic surgeons (three)
- Internal Medicine – One Endocrinologist and one Interventional Cardiologist (two)
- Aesthetics (two)
- Anaesthesia (three)

Over the next three years, the Group intends to grow its medical talent pool and number of doctors to approximately double from its current levels. For primary healthcare, to meet the demand as PMG centres are added, the Group will increase the number of doctors from six to 12. For tertiary healthcare, the Group intends to recruit more specialists in the surgical and internal medicine fields. The Group is also recruiting more specialists in anaesthesiology and gastroenterology to complement its internal medicine division due to the growing demand for lifestyle medicine in Singapore which is facing higher incidences of common health issues such as diabetes and obesity.

A key element of this strategy is to target suitable doctors from their late thirties to mid-forties with between eight to 24 years of clinical experience in their respective fields. Livingstone Health believes that doctors from this background would have similar growth mindsets and philosophies about career progression, adoption of technology and are more likely to be aligned with the Company's vision.

Over the same period, Livingstone Health also intends to branch into allied health services revolving around patient care, which are auxiliary services ranging from diagnostics to treatment and rehabilitation, complementing the Group's core services. The Group is looking to begin operations on one site which offers physiotherapy by the second half of FY2022 and aims to progressively increase to 10 staff in four centres, through a mixture of acquisitions and organic growth.

2.4 Expanding network, alliances and business opportunities across Asia

A key prong of Livingstone Health's strategy is to extend the brand of Singapore healthcare to the emerging Asia market. The higher standards of medical education, specialisations, processes, IT and healthcare legal framework have boosted the branding of medical care in Singapore in recent decades. However, the model of medical tourism has also changed, due in part to weaker regional currencies, rising medical standards in Malaysia and Thailand in particular, and higher medical costs in Singapore.

Several emerging Asian countries desire to upgrade their domestic healthcare capabilities in order to reduce the outflow of patients overseas. Livingstone Health believes it can offer its expertise to these countries. The Group's first foray overseas was through a joint venture in 2019 to provide aesthetics and wellness services as well as project consultancy in Cambodia. Building on this track record, the Group intends to leverage the Singapore healthcare brand and Livingstone Health's value proposition on medical expertise and experience.

On 13 April 2021, the Group announced that it has signed a Memorandum of Understanding with Hong Kong-listed China Machinery Engineering Corporation (“**CMEC**”) and CPG Consultants Pte Ltd (“**CPG Consultants**”) to establish a strategic working relationship in evaluating project collaboration opportunities in integrated healthcare infrastructure projects (“**Potential Healthcare EPC Projects**”) specifically in Southeast Asia and South Asia. The Group intends to provide consultancy services for such Potential Healthcare EPC Projects. Both CMEC and CPG Consultants have significant track records in their own areas of expertise. (Please refer to the announcement dated 13 April 2021 for the profiles of CMEC and CPG Consultants).

The Group seeks to tap further into the pool of middle-class patients in the region who seek quality healthcare services. In this respect, the Group has appointed its first in-market representative in Vietnam, who will serve as a conduit for patients seeking specialised treatment in Singapore and plans to add such representatives in Indonesia and Cambodia within the next 12 months.

As the Group strengthens its foothold in Singapore, it will continue to leverage on domestic success to support its regional expansion.

3) COVID-19 – IMPACT AND RESPONSE TO THE PANDEMIC

The outbreak of the COVID-19 was felt particularly during the CB imposed by the Singapore Government during April and May 2020. Movement restrictions and apprehension among patients of visiting clinics or medical centres led to the cancellation of appointments and lower patient traffic. Travel and border restrictions also prevented overseas tertiary healthcare patients from making appointments in Singapore. Whilst this affected financial performance for 1H CY2020, in particular for the family medicine and aesthetics disciplines, the Group remained profitable during this period. Subsequently, the general feedback and consensus was that patient footfall increased after the CB was lifted in June 2020.

Management Response to the Pandemic

Placing the welfare of the staff as a priority, the management of Livingstone Health proactively initiated a pay-cut of at least 50% in the second quarter of CY2020. During this period, the CEO, Dr Wilson Tay, chose not to draw any salary while non-management staff were spared pay-cuts. As a result, there was no reduction in headcount. Salaries of management were fully restored by the third quarter of CY2020. The Group also reviewed and implemented several cost-containment initiatives such as drug inventory management and support staffing movements across business divisions where required.

4) FINANCIAL EFFECTS OF THE RTO

The former Citicode Ltd disclosed in its results announcement for the 12 months ended 31 December 2020 that the financial effects arising from the reverse acquisition accounting had not been applied to its consolidated financial statements as it had yet to complete the RTO as at 31 December 2020. Following the completion of the RTO on 5 February 2021, the Group will thus have to recognise the one-off and non-operating reverse acquisition cost and other RTO-related costs in its consolidated financial statements for the 15-month period ended 31 March 2021 (“**FY2021**”).

5) CONCLUSION & OUTLOOK

Livingstone Health believes that the above strategies, together with its listed platform, will build a much stronger business foundation, moving forward. Accordingly, upon successful execution of the above strategies, the Group expects, barring unforeseen circumstances:

- (i) The number of doctors within the Group will approximately double by the financial year ending 31 March 2024 with increased medical services and specialisations;
- (ii) The number of patients and referrals to increase with expansion, with additional doctors and introduction of health screening services in Singapore and appointment of in-market representatives outside Singapore; and
- (iii) The financial performance of the Group for the 12 months period ending 31 March 2022 to improve compared to FY2021 in view of a) growth initiatives, b) reduction or absence of movement restrictions, and c) the absence of the Financial Effects of the RTO and RTO-related professional costs to be recognised in FY2021.

The Group expects to announce its unaudited results for FY2021 on or around 30 May 2021.

BY ORDER OF THE BOARD

Tay Ching Yit, Wilson

Executive Director and Chief Executive Officer

13 April 2021

*This announcement has been reviewed by the Company's sponsor, SAC Capital Private Limited ("**Sponsor**"). This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") and the SGX-ST assumes no responsibility for the contents of this announcement including the correctness of any of the statements or opinions made or reports contained in this announcement.*

The contact person for the Sponsor is Ms. Tay Sim Yee at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542, Telephone (65) 6232 3210.