

# Proposed Reverse Takeover of Livingstone Health Ltd. by Citicode Ltd.



**LIVINGSTONE HEALTH LTD.**  
(Incorporated in the Republic of Singapore)  
(Company Registration Number: 201734626G)



**CITICODE LTD.**  
(Incorporated in the Republic of Singapore)  
(Company Registration Number: 200404283C)

## CIRCULAR DATED 31 DECEMBER 2020

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.**

**BEFORE MAKING ANY INVESTMENT IN THE SHARES (AS DEFINED BELOW), YOU SHOULD CONSIDER THE INFORMATION PROVIDED IN THIS CIRCULAR CAREFULLY, AND CONSIDER WHETHER YOU UNDERSTAND WHAT IS DESCRIBED IN THIS CIRCULAR. YOU SHOULD ALSO CONSIDER WHETHER AN INVESTMENT IN THE SHARES IS SUITABLE FOR YOU, TAKING INTO ACCOUNT YOUR INVESTMENT OBJECTIVES AND RISK APPETITE. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR LEGAL, FINANCIAL, TAX OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY. YOU ARE RESPONSIBLE FOR YOUR OWN INVESTMENT CHOICES.**

If you have sold or transferred all your ordinary shares (the “**Shares**”) in the capital of Citicode Ltd. (“**Citicode**” or the “**Company**”) held through The Central Depository (Pte) Limited (the “**CDP**”), you need not forward this Circular to the purchaser or transferee as arrangements will be made by CDP for a separate Circular to be sent to the purchaser or transferee. If you have sold or transferred all your Shares represented by physical share certificate(s), you should immediately forward this Circular, the enclosed Notice of Extraordinary General Meeting and the accompanying Proxy Form to the purchaser or the transferee, or to the bank, stockbroker or agent through whom the sale or the transfer was effected for onward transmission to the purchaser or the transferee.

Neither the Monetary Authority of Singapore (the “**Authority**”) nor the Singapore Exchange Securities Trading Limited (the “**SGX-ST**” or the “**Exchange**”) has examined or approved the contents of this Circular. Neither the Authority nor the SGX-ST assumes any responsibility for the contents of this Circular, including the correctness or accuracy of any of the statements or opinions or reports contained in this Circular. The SGX-ST does not normally review the application for admission but relies on the Sponsor confirming that the listing applicant is suitable to be listed and complies with the rules. Neither the Authority nor the SGX-ST has in any way considered the merits of the Shares or units of Shares. The lodgement of this Circular with the SGX-ST, acting as agent on behalf of the Authority, does not imply that the Securities and Futures Act, Cap. 289 (the “**SFA**”), or any other legal or regulatory requirements, or requirements under the Catalyst Rules (as defined herein), have been complied with. The SGX-ST assumes no responsibility for the accuracy of any of the statements made, reports contained or opinions expressed in this Circular.

An application has been made to the SGX-ST for the transfer of the Company from the SGX-ST Mainboard to the Catalyst Board, and for permission for the listing and quotation of the Shares, the Consolidated Shares, the Consideration Shares, the Capitalisation Shares, the Placement Shares and the SAC Capital Shares on the Catalyst Board. The listing and quotation notice, if issued by the SGX-ST, is not to be taken as an indication of the merits of the Proposed Transactions, the Company, the Group, the Target Group, the Enlarged Group, the Shares, the Consolidated Shares, the Consideration Shares, the Capitalisation Shares, the Placement Shares or the SAC Capital Shares (all as defined herein).

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

Terms appearing on the cover of this Circular bear the same meanings as defined in this Circular.

**YOUR ATTENTION IS DRAWN TO SECTION 2.7 TITLED “RISK FACTORS” OF THIS CIRCULAR WHICH HIGHLIGHTS CERTAIN MATERIAL RISKS RELATING TO THE TARGET GROUP, ITS BUSINESS AND INDUSTRY AND OWNERSHIP OF THE SHARES FOLLOWING COMPLETION.**

**IF ANY OF THE RISKS SET OUT IN THE SECTION ABOVE DEVELOPS INTO ACTUAL EVENTS, THE ENLARGED GROUP’S BUSINESS, FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS COULD BE MATERIALLY AND ADVERSELY AFFECTED. IN SUCH CASES, THE TRADING PRICES OF THE SHARES COULD DECLINE AND YOU MAY LOSE ALL OR PART OF YOUR INVESTMENTS.**

IN ADDITION, YOUR ATTENTION IS DRAWN TO SECTION 7 TITLED “THE PROPOSED SHARE CONSOLIDATION” OF THIS CIRCULAR WHICH HIGHLIGHTS THE PROPOSED SHARE CONSOLIDATION RATIO. IN PARTICULAR, SHAREHOLDERS SHOULD NOTE THAT UNDER THE PROPOSED SHARE CONSOLIDATION, THE COMPANY IS PROPOSING TO CONSOLIDATE EVERY FIVE HUNDRED (500) SHARES INTO ONE (1) CONSOLIDATED SHARE. SHAREHOLDERS ARE ADVISED TO TAKE THIS SHARE CONSOLIDATION RATIO INTO CONSIDERATION WHEN DECIDING ON THE PROPOSED TRANSACTIONS.

## CIRCULAR TO SHAREHOLDERS IN RELATION TO:

- (1) THE PROPOSED ACQUISITION OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF LIVINGSTONE HEALTH LTD. FOR AN AGGREGATE CONSIDERATION OF UP TO S\$72,000,000, BEING A REVERSE TAKEOVER;
- (2) THE PROPOSED ALLOTMENT AND ISSUANCE OF UP TO 342,500,000 CONSIDERATION SHARES TO THE VENDORS FOR THE PROPOSED ACQUISITION AT THE ISSUE PRICE OF S\$0.20 FOR EACH CONSIDERATION SHARE;
- (3) THE PROPOSED WHITEWASH RESOLUTION FOR THE WAIVER BY INDEPENDENT SHAREHOLDERS OF THEIR RIGHT TO RECEIVE A MANDATORY TAKEOVER OFFER FROM LVS (AS DEFINED HEREIN);
- (4) THE PROPOSED ALLOTMENT AND ISSUANCE OF 2,814,000 CAPITALISATION SHARES PURSUANT TO THE LOAN CAPITALISATION OF OUTSTANDING ICH LOAN (AS DEFINED HEREIN) AT THE ISSUE PRICE OF S\$0.20 FOR EACH CAPITALISATION SHARE;
- (5) THE PROPOSED PLACEMENT OF UP TO 5,000,000 PLACEMENT SHARES;
- (6) THE PROPOSED ISSUANCE OF 500,000 SAC CAPITAL SHARES AT THE ISSUE PRICE OF S\$0.20 FOR EACH SAC CAPITAL SHARE;
- (7) THE PROPOSED SHARE CONSOLIDATION OF EVERY FIVE HUNDRED (500) ORDINARY SHARES INTO ONE (1) CONSOLIDATED SHARE;
- (8) THE PROPOSED TRANSFER OF THE LISTING OF THE COMPANY FROM THE MAINBOARD TO CATALIST BOARD;
- (9) THE PROPOSED DISPOSAL (AS DEFINED HEREIN);
- (10) THE PROPOSED CHANGE OF CORE BUSINESS;
- (11) THE PROPOSED CHANGE OF NAME OF THE COMPANY FROM “CITICODE LTD.” TO “LIVINGSTONE HEALTH HOLDINGS LIMITED”;
- (12) THE PROPOSED APPOINTMENT OF THE PROPOSED NEW DIRECTORS TO THE COMPANY;
- (13) THE PROPOSED ADOPTION OF THE NEW CONSTITUTION OF THE COMPANY;
- (14) THE PROPOSED NEW SHARE ISSUE MANDATE; AND
- (15) THE PROPOSED CHANGE OF INDEPENDENT AUDITOR.

Financial Adviser to the Company in respect of the Proposed Acquisition and Sponsor of the Company upon the Proposed Listing Transfer



**SAC CAPITAL PRIVATE LIMITED**  
(Incorporated in the Republic of Singapore)  
(Company Registration Number: 200401542N)

Independent Financial Adviser in respect of the  
Proposed Whitewash Resolution



**HONG LEONG FINANCE**

**HONG LEONG FINANCE LIMITED**  
(Incorporated in the Republic of Singapore)  
(Company Registration Number: 196100003D)

# OVERVIEW OF LIVINGSTONE HEALTH



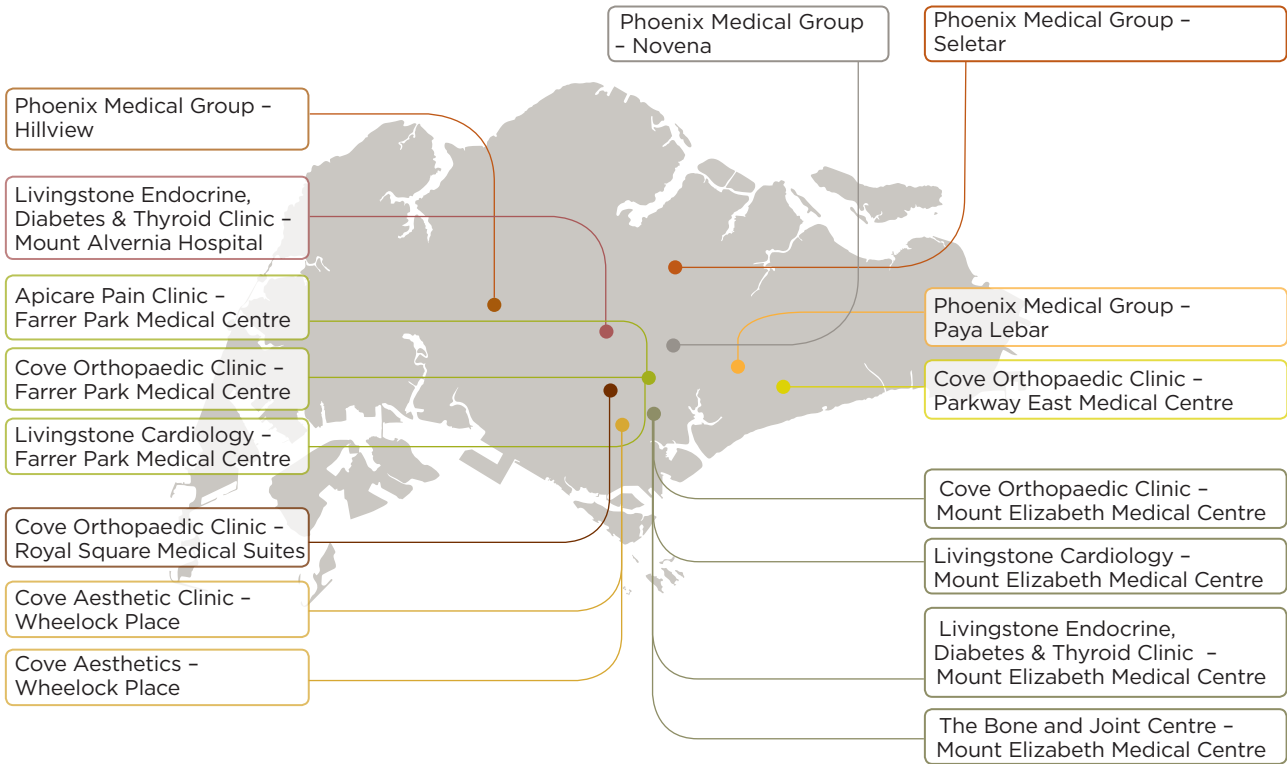
Livingstone Health Ltd. (the “Target Company”, and together with its subsidiaries, the “Target Group”) is a Singapore-based multidisciplinary specialist healthcare group, whose core competencies include aesthetics and wellness, anaesthesiology and pain management, family medicine, internal medicine and orthopaedic surgery.

The name “Livingstone” is inspired from the succulent plant Lithops, also known as “living stones”. They symbolise the Target Group’s resilience, growth and determination to be recognised as a trusted integrated healthcare provider for patients and as a centre of excellence for medical professionals.

In line with its belief in a more patient-centric and multidisciplinary approach to specialist healthcare management and treatment, the Target Group expanded into the new internal medicine segment with the introduction of cardiology services in November 2019, and acquired a 51.0% interest in Phoenix Medical Group (“PMG”) a month later. PMG is a combined practice group comprising family medicine, aesthetics and men’s health services.

The Target Group has 15 medical doctors practising at 12 medical clinics and 1 medical spa located at convenient and accessible locations throughout Singapore. In addition, the Target Group has also ventured into other paramedical products and services, such as physiotherapy services, a joint venture to provide aesthetics and wellness services in Cambodia, and the provision of project consultancy services to Olympia City Development Co., Ltd. for the development of two key levels of its medical hub in Olympia City, a mixed-use development in Phnom Penh, Cambodia.

## LOCATIONS



# OVERVIEW OF PROPOSED ACQUISITION

## CONSIDERATION FOR LIVINGSTONE HEALTH LTD.

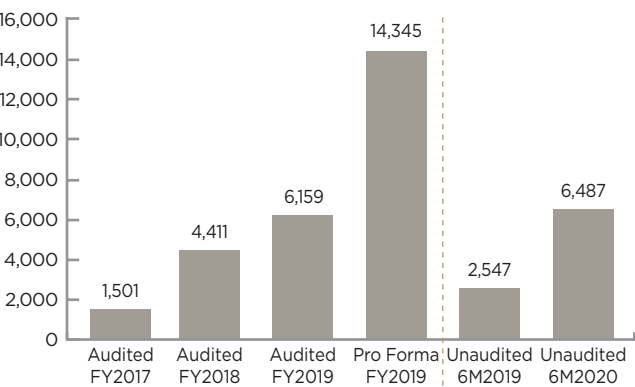
- The allotment and issue of new Shares follows the Proposed Share Consolidation pursuant to which the Company will consolidate every 500 Shares into one (1) Consolidated Share, which reduces its number of shares from approximately 41.3 billion Shares to approximately 82.6 million Consolidated Shares.
- Total Consideration of up to S\$72.0 million comprising and to be satisfied by:

Base Consideration of S\$47.0 million	Deferred Consideration of up to S\$25.0 million <sup>(1)</sup>
<ul style="list-style-type: none"><li>• S\$45.0 million shall be satisfied by the allotment and issue of 225,000,000 new Consolidated Shares at S\$0.20 per share to the Vendors</li><li>• S\$2.0 million shall be paid in cash to the Vendors</li></ul>	<ul style="list-style-type: none"><li>• Up to S\$23.5 million shall be satisfied by the allotment and issue of up to 117,500,000 new Consolidated Shares at S\$0.20 per share to the Vendors</li><li>• Up to S\$1.5 million shall be paid in cash to the Vendors</li></ul>

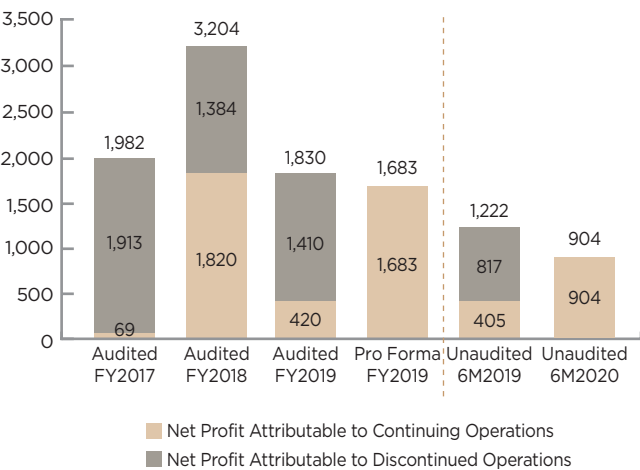
<sup>(1)</sup> For more information on the Deferred Consideration, please refer to Section 2.5.2(b) titled “Deferred Consideration” of this Circular.

# FINANCIAL HIGHLIGHTS

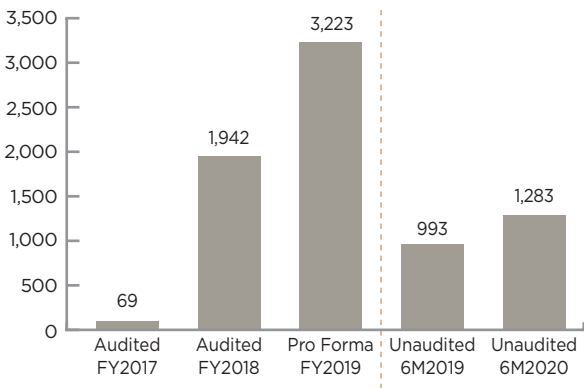
Revenue (S\$'000)



Net Profit Attributable to Owners of the Target Company (S\$'000)



Adjusted NPAT<sup>(2)</sup> (S\$'000)



<sup>(2)</sup> For illustrative purposes only, Adjusted NPAT is computed as 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. Please refer to Section 22.2 titled “Adjusted NPAT” of the Target’s Letter to Shareholders for more information.

# IMPORTANT DATES & TIMES

In relation to the EGM

Last date and time for submission of questions to be asked during the EGM:	Friday, 15 January 2021 at 10.00 a.m.
Last date and time for submission of Proxy Form:	Tuesday, 19 January 2021 at 10.00 a.m.
Last date and time for pre-registration for the EGM to be held by electronic means:	Tuesday, 19 January 2021 at 10.00 a.m.
Date and time of EGM to be held by electronic means:	Friday, 22 January 2021 at 10.00 a.m.

## INVESTMENT MERITS

- Multidisciplinary specialist healthcare group with an asset-light business model and a track record of reliability and profitability.
- Well-positioned to capture growing market share amid trends such as ageing population, rising affluence, healthier and more active lifestyles, growing uptake of private healthcare insurance and medical tourism in Singapore.
- Plans to grow its existing specialist healthcare services, expand into new services, and to expand into the Asia Pacific region.

## PROSPECTS



### Ageing population in Singapore and globally

As the population in Singapore and the world ages, such demographic changes and the prevalent medical conditions linked to an ageing population will drive demand for more and better healthcare services.



### Rising affluence in Singapore and Asia Pacific region

The increase in disposable income will increase the affordability of private healthcare services and higher educational standards may also increase awareness of and drive the demand for high-quality specialist healthcare services.



### Healthier and more active lifestyles in Singapore

Demand for high-quality specialist healthcare services likely to increase, alongside growing interest in the prevention, early detection and treatment of ailments and diseases.



### Growing uptake of private healthcare insurance

An increased demand for protection products and health coverage and an uplift in the purchase of policies for retirement may suggest increased coverage for the population.



### Medical tourism in Singapore

Singapore continues to remain resilient, placing 2<sup>nd</sup> in the world by the Medical Tourism Index 2020 – 2021<sup>(3)</sup>, thanks to its developed healthcare infrastructure, top medical expertise, political stability and reputation of being safe.

## COMPETITIVE STRENGTHS

- **Multidisciplinary approach to specialist healthcare** – The Target Group's integrated network allows for a more patient-centric and multidisciplinary approach to healthcare management and treatment, as the Target Group's patients have the benefit of having different healthcare professionals working together and viewing their individual healthcare needs in entirety.
- **Organic growth model underpinned by a dynamic and experienced management team** – 15 medical doctors with between 8 years to 24 years of clinical experience in their respective fields of specialty.
- **Track record of profitability and operates on an asset-light business model** – The Target Group has a track record of profitability from FY2017 to 6M2020. It maintains an asset-light business model by leasing its operating premises; this allows the Target Group to make efficient use of the facilities and equipment and keep its capital expenditure low. The Target Group's business model allows it to generate recurring cash flows, enabling it to fund its future expansion plans.

## BUSINESS STRATEGIES

### GROW THE TARGET GROUP'S EXISTING SERVICES AND EXPAND

- The Target Group intends to capitalise on the fast-growing healthcare sector, by exploring other healthcare-related fields to complement its multidisciplinary approach and recruiting highly-qualified management and healthcare professionals.

### EXPAND THROUGHOUT ASIA AND BEYOND

- This will be achieved via mergers and acquisitions, joint ventures and/or partnerships. The Target Group established a joint venture in Cambodia on 11 March 2019 and plans to continue exploring future avenues of growth in Cambodia and around Asia.



### TO BE PROGRESSIVE AND BUILD THE "LIVINGSTONE" BRAND

- The Target Group plans to continue building its brand as a trustworthy and premier integrated healthcare provider; it will focus on enhancing its brand name regionally by leveraging upon its success in Singapore, as well as Singapore's established reputation as a regional medical hub.

Source:

<sup>(3)</sup> Information obtained from the website of The Medical Tourism Association, Medical Tourism Index 2020-2021.

<<http://www.medicaltourism.com/mti/home>> (last accessed on 27 December 2020)



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## CORPORATE INFORMATION

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<b>BOARD OF DIRECTORS</b>	:	Teh Wing Kwan	Executive Chairman and Chief Executive Officer
		Fong Heng Boo	Lead Independent and Non-Executive Director
		Chan Yu Meng	Independent and Non-Executive Director
<b>PROPOSED NEW BOARD OF DIRECTORS</b>	:	Teh Wing Kwan	Non-Executive and Non-Independent Chairman
		Tay Ching Yit, Wilson	Executive Director and Chief Executive Officer
		Fong Heng Boo	Lead Independent and Non-Executive Director
		Chan Yu Meng	Independent and Non-Executive Director
		Lim Jun Xiong Steven	Independent and Non-Executive Director
<b>COMPANY SECRETARY</b>	:	Gn Jong Yuh Gwendolyn	
<b>REGISTERED OFFICE OF THE COMPANY</b>	:	1 Robinson Road #17-00 AIA Tower Singapore 048542	
<b>REGISTERED OFFICE OF THE TARGET COMPANY</b>	:	380 Jalan Besar #08-12 ARC 380 Singapore 209000	
<b>SHARE REGISTRAR AND SHARE TRANSFER AGENT</b>	:	<b>Boardroom Corporate &amp; Advisory Services Pte. Ltd.</b> 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623	
<b>FINANCIAL ADVISER TO THE COMPANY IN RESPECT OF THE PROPOSED ACQUISITION AND SPONSOR OF THE COMPANY UPON THE PROPOSED LISTING TRANSFER</b>	:	<b>SAC Capital Private Limited</b> 1 Robinson Road #21-00 AIA Tower Singapore 048542	

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## CORPORATE INFORMATION

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<b>INDEPENDENT AUDITOR TO THE COMPANY</b>	<b>:</b> <b>Foo Kon Tan LLP</b> 24 Raffles Place #07-03 Clifford Centre Singapore 048621  Partner-in-charge: Ong Soo Ann (Member of the Institute of Singapore Chartered Accountants)
<b>INDEPENDENT AUDITOR TO THE TARGET GROUP AND REPORTING ACCOUNTANT TO THE ENLARGED GROUP</b>	<b>:</b> <b>Mazars LLP</b> 135 Cecil Street #10-01 MYP Plaza Singapore 069536  Partner-in-charge: Ooi Chee Keong (Member of the Institute of Singapore Chartered Accountants)
<b>LEGAL ADVISER ON SINGAPORE LAW ON THE PROPOSED TRANSACTIONS</b>	<b>:</b> <b>Morgan Lewis Stamford LLC</b> 10 Collyer Quay #27-00 Ocean Financial Centre Singapore 049315
<b>LEGAL ADVISER IN RESPECT OF THE PROPOSED ACQUISITION AS TO CAMBODIA LAW</b>	<b>:</b> <b>Heng &amp; Partners Law Group</b> #16-01, Oval Office Tower No. 1, Street 360, BKK 1 Phnom Penh Cambodia
<b>INDEPENDENT FINANCIAL ADVISER IN RESPECT OF THE PROPOSED WHITEWASH RESOLUTION</b>	<b>:</b> <b>Hong Leong Finance Limited</b> 16 Raffles Quay #01-05 Hong Leong Building Singapore 048581
<b>INDEPENDENT BUSINESS VALUER</b>	<b>:</b> <b>AVA Associates Limited</b> 138 Cecil Street #08-03 Cecil Court Singapore 069538
<b>PRINCIPAL BANKERS OF THE TARGET GROUP</b>	<b>:</b> <b>DBS Bank Ltd.</b> 12 Marina Boulevard Marina Bay Financial Centre Singapore 018982  <b>United Overseas Bank Limited</b> 80 Raffles Place UOB Plaza Singapore 048624

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## DEFINITIONS

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Save where the context otherwise requires, the following definitions apply throughout this Circular:

### Enlarged Group Companies

<b>“Activfix”</b>	:	Activfix Pte. Ltd.
<b>“Alo Ambulance Services”</b>	:	Alo Ambulance Services Pte. Ltd.
<b>“Apicare Medical”</b>	:	Apicare Medical Pte. Ltd.
<b>“Apicare Pain Specialist”</b>	:	Apicare Pain Specialist Pte. Ltd.
<b>“Ardennes Healthcare”</b>	:	Ardennes Healthcare Pte. Ltd.
<b>“Company”</b>	:	Citicode Ltd. (formerly known as Advance SCT Limited)
<b>“Cove Sports”</b>	:	Cove Sports & Reconstruction Pte. Ltd.
<b>“Cove Wellness”</b>	:	Cove Wellness Pte. Ltd.
<b>“Enlarged Group”</b>	:	The enlarged group of companies comprising the Company and the Target Group upon Completion, and the term “Enlarged Group Company” shall be construed accordingly
<b>“Group”</b>	:	The Company and its subsidiaries, and the term “Group Company” shall be construed accordingly
<b>“LHI”</b>	:	Livingstone Health International Pte. Ltd.
<b>“Livingstone Cardiology”</b>	:	Livingstone Cardiology Pte. Ltd.
<b>“Livingstone Endocrine”</b>	:	Livingstone Endocrine Pte. Ltd.
<b>“LSH” or “Target Company”</b>	:	Livingstone Health Ltd.
<b>“LSMS”</b>	:	Livingstone Soriya Medical Specialist Co., Ltd
<b>“PMG”</b>	:	Phoenix Medical Group Pte. Ltd.
<b>“PMG CACTIII”</b>	:	PMG CACTIII Pte. Ltd.
<b>“PMG HV”</b>	:	PMG HV Pte. Ltd.
<b>“PMG PL”</b>	:	PMG PL Pte. Ltd.
<b>“RL Aesthetics”</b>	:	RL Aesthetics Pte. Ltd.

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## DEFINITIONS

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<b>“S Chua”</b>	:	S Chua Pte. Ltd.
<b>“Sebastian Chua MH”</b>	:	Sebastian Chua MH Pte. Ltd.
<b>“Target Group”</b>	:	The Target Company and the Target Subsidiaries
<b>“Target Group Company”</b>	:	Any of the Target Company and the Target Subsidiaries
<b>“Target Subsidiaries”</b>	:	Collectively, the following subsidiaries of the Target Group as at the Latest Practicable Date:  Alo Ambulance Services;  Apicare Medical;  Apicare Pain Specialist;  Cove Sports;  Cove Wellness;  LHI;  Livingstone Cardiology;  Livingstone Endocrine;  RL Aesthetics;  S Chua;  Sebastian Chua MH;  The Bone and Joint Centre;  Activfix;  Venture Investment;  LSMS;  PMG;  Ardennes Healthcare;  PMG HV;  PMG PL; and  PMG CACTIII.

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## DEFINITIONS

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**“The Bone and Joint Centre”** : The Bone and Joint Centre Pte. Ltd.

**“Venture Investment”** : Venture Investment Pte. Ltd.

### Other Organisations, Persons and Entities

**“ACRA”** : The Accounting and Corporate Regulatory Authority of Singapore

**“APR”** : Asiapac Recycling Pte. Ltd.

**“Audit Committee”** : The existing audit committee of the Board

**“Authority” or “MAS”** : The Monetary Authority of Singapore

**“Board”** : The existing board of directors of the Company

**“CDP”** : The Central Depository (Pte) Limited

**“CEO”** : Chief Executive Officer

**“Cindy Lau”** : Cindy Lau Sok Mui

**“Citicode-SNAP”** : Citicode-SNAP AI Pte. Ltd.

**“Citicode Corporation”** : Citicode Corporation Pte. Ltd.

**“CPF”** : The Central Provident Fund

**“Dax Ng”** : Dax Ng Yung Sern

**“Directors”** : Directors of the Company from time to time

**“Dr. Angela Foong”** : Dr. Foong Ching Ching, Angela

**“Dr. Edwin Tan”** : Dr. Tan Tze Sheng, Edwin

**“Dr. Rachel Lim”** : Dr. Lim Pang Yen Rachel

**“Dr. Sean Ng”** : Dr. Ng Yung Chuan, Sean

**“Dr. Sebastian Chua”** : Dr. Chua Meng Hui, Sebastian

**“Dr. Wilson Tay”** : Dr. Tay Ching Yit, Wilson

**“Executive Officers”** : Executive officers of the Company from time to time

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## DEFINITIONS

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<b>“ICH Capital”</b>	:	ICH Capital Pte Ltd, a business management consultancy company wholly owned by ICH Singapore Holdings Pte. Ltd., where 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
<b>“Independent Auditor” or “Reporting Accountant”</b>	:	Mazars LLP
<b>“Independent Business Valuer”</b>	:	AVA Associates Limited
<b>“Independent Directors”</b>	:	The independent directors of the Company from time to time
<b>“Independent Financial Adviser” or “IFA”</b>	:	Hong Leong Finance Limited, the independent financial adviser to the Independent Recommending Directors in respect of the Proposed Whitewash Resolution
<b>“Independent Recommending Directors”</b>	:	Directors who are considered independent for the purpose of the Proposed Whitewash Resolution, being Teh Wing Kwan, Fong Heng Boo and Chan Yu Meng
<b>“Independent Shareholders”</b>	:	Shareholders who are considered independent for the purpose of the Proposed Whitewash Resolution
<b>“IRAS”</b>	:	The Inland Revenue Authority of Singapore
<b>“LVS”</b>	:	Livingstone Health Consolidated Pte. Ltd.
<b>“LVS Concert Party Group”</b>	:	LVS and Dax Ng, being a concert party of LVS
<b>“MOH”</b>	:	The Ministry of Health of Singapore
<b>“N&amp;T Smart”</b>	:	N&T Smart Engineering (Pte.) Ltd.
<b>“New Audit Committee”</b>		The new audit committee of the board of directors of the Company upon Completion
<b>“New Nominating Committee”</b>	:	The new nominating committee of the board of directors of the Company upon Completion
<b>“New Remuneration Committee”</b>	:	The new remuneration committee of the board of directors of the Company upon Completion
<b>“Nominating Committee”</b>	:	The existing nominating committee of the Board



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## DEFINITIONS

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<b>“NUS”</b>	:	The National University of Singapore
<b>“Proposed Independent Directors”</b>	:	The proposed independent directors of the Company upon Completion, being Fong Heng Boo, Chan Yu Meng and Steven Lim
<b>“Proposed Lead Independent Director”</b>	:	The proposed lead independent director of the Company upon Completion being Fong Heng Boo
<b>“Proposed New Board”</b>	:	The proposed new board of directors of the Company upon Completion being Teh Wing Kwan, Dr. Wilson Tay, Fong Heng Boo, Chan Yu Meng and Steven Lim
<b>“Proposed New Directors”</b>	:	The proposed new directors to be appointed to the board of the Company upon Completion being Dr. Wilson Tay and Steven Lim
<b>“Proposed New Executive Director and CEO”</b>	:	The proposed new executive director and CEO of the Company upon Completion being Dr. Wilson Tay
<b>“Proposed New Executive Officers”</b>	:	The proposed new executive officers of the Company upon Completion being Dr. Rachel Lim, Dr. Sebastian Chua, Dr. Edwin Tan, Dax Ng, Leow Chin Yew and Cindy Lau
<b>“Proposed Non-Executive Chairman”</b>	:	The proposed non-executive, non-independent Chairman of the Company upon Completion being Teh Wing Kwan
<b>“Relevant SC Companies”</b>	:	S Chua, Sebastian Chua MH and SCPL
<b>“Remuneration Committee”</b>	:	The existing remuneration committee of the Board
<b>“SAC Capital”, “Financial Adviser”, or “Sponsor”</b>	:	SAC Capital Private Limited
<b>“SC Companies”</b>	:	S Chua and Sebastian Chua MH
<b>“SCPL”</b>	:	Sebastian Chua Pte. Ltd.
<b>“SC SPA”</b>	:	Sale and purchase agreement dated 10 July 2018 pursuant to which the Target Company acquired all of the issued and paid-up ordinary shares of the SC Companies
<b>“SGH”</b>	:	Singapore General Hospital
<b>“SGX-ST”</b>	:	Singapore Exchange Securities Trading Limited
<b>“Share Registrar”</b>	:	Boardroom Corporate & Advisory Services Pte. Ltd.

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## DEFINITIONS

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<b>“SIC”</b>	:	The Securities Industry Council of Singapore
<b>“SMC”</b>	:	The Singapore Medical Council
<b>“SN Orthopaedics”</b>	:	SN Orthopaedics Pte. Ltd.
<b>“Steven Lim”</b>	:	Lim Jun Xiong Steven
<b>“Vendors”</b>	:	LVS, ICH Capital, Dax Ng and Dr. Chua Hshan Cher
<b>“VS Investment Holdings”</b>	:	VS Investment Holdings Pte. Ltd. (formerly known as Ardmore Orthopaedics Pte. Ltd.)
<b>“VS Venture”</b>	:	VS Venture Pte. Ltd. (formerly known as Ardmore Aesthetics (Novena) Pte. Ltd.)
<b>“Year of Assessment” or “YA”</b>	:	Year of assessment as determined by IRAS

### General

<b>“2019 Target Restructuring”</b>	:	Has the meaning ascribed to it in Section 17.3 of the Target’s Letter to Shareholders
<b>“2021 Adjusted NPAT”</b>	:	Adjusted NPAT in respect of the Target Group for FY2021
<b>“6M”</b>	:	The six-month financial period ended or ending 30 June, as the case may be
<b>“Act” or “Companies Act”</b>	:	The Companies Act (Cap. 50) of Singapore, as amended, varied or supplemented from time to time
<b>“Adjusted NPAT”</b>	:	For the purposes of the SPA and in relation to the Deferred Consideration formula, the audited consolidated net profit after tax, adjusted to exclude the Adjustment Items
<b>“Adjustment Items”</b>	:	For the purposes of determining Adjusted NPAT, (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, <i>inter alia</i> , 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
<b>“Advance SCT”</b>	:	Advance SCT Limited (now known as Citicode Ltd.)
<b>“AGM”</b>	:	An annual general meeting of the Company;

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## DEFINITIONS

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<b>“Announcement”</b>	:	The Company’s announcement of its entry into the SPA in connection with the Proposed Acquisition dated 29 July 2020
<b>“Base Consideration”</b>	:	The sum of S\$47,000,000, payable in cash and Base Consideration Shares
<b>“Base Consideration Shares”</b>	:	225,000,000 new Shares to be allotted and issued at the Issue Price on a post-consolidation basis to the Vendors as part satisfaction of the Base Consideration upon Completion
<b>“Business Day”</b>	:	A day on which banks are open for business in Singapore (other than Saturdays, Sundays and days which are gazetted as public holidays)
<b>“Business Valuation Report”</b>	:	The independent business valuation report prepared by the Independent Business Valuer, a summary of which has been set out in Appendix F of the Circular
<b>“Cambodia Consultancy Project”</b>	:	The Target Group’s provision of project consultancy services to Olympia City Development Co., Ltd. for the development of two key levels of its medical hub in Olympia City, a mixed use development in Phnom Penh, Cambodia
<b>“Cambodian JVA”</b>	:	The joint venture agreement dated 11 March 2019, entered into between, <i>inter alia</i> , LHI and Dr Hy Soryaphea as supplemented, modified and/or amended from time to time
<b>“Capital Variation Events”</b>	:	Any share consolidation (other than the Proposed Share Consolidation), share sub-division or bonus issue
<b>“Capitalisation Completion”</b>	:	Has the meaning given to it in Section 4.2.2 of this Circular
<b>“Capitalisation Shares”</b>	:	2,814,000 new Shares to be allotted and issued to ICH Capital at the Issue Price on a post-consolidation basis as full and final settlement of all obligations owed by the Company to ICH Capital under the ICH Capital Facility Agreements
<b>“Catalist Board”</b>	:	The Catalist board of the SGX-ST
<b>“Catalist Rules”</b>	:	The SGX-ST’s Listing Manual Section B: Rules of Catalist, as may be amended, modified, supplemented or revised from time to time

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## DEFINITIONS

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<b>“Circuit Breaker”</b>	:	The period from 7 April 2020 to 1 June 2020 during which restrictions and other drastic measures were put in place in Singapore by the Singapore Government to prevent the spread of COVID-19
<b>“Circular”</b>	:	This circular to Shareholders dated 31 December 2020 including all its appendices attached hereto
<b>“Citicode-SNAP Disposal Agreement”</b>	:	The agreement dated 16 December 2020 between Citicode Corporation and Dr. Ting Shang Ping for the disposal of Citicode Corporation’s entire shareholding interest in Citicode-SNAP
<b>“Citicode Corporation Disposal Agreement”</b>	:	The agreement dated 16 December 2020 between the Company and Wong Kong Leong for the disposal of the Company’s entire shareholding interest in Citicode Corporation
<b>“Code”</b>	:	The Singapore Code on Take-overs and Mergers, as may be amended, modified, supplemented or revised from time to time
<b>“Completion”</b>	:	Completion of the Proposed Acquisition
<b>“Completion Date”</b>	:	The date on which Completion occurs
<b>“Conditional Resolutions”</b>	:	The conditional resolutions in this Circular being Ordinary Resolution 4 on the Proposed Loan Capitalisation, Ordinary Resolution 5 on the Proposed Placement, Ordinary Resolution 6 on the Proposed Issuance of SAC Capital Shares, Ordinary Resolution 11 on the proposed appointment of Steven Lim as a Proposed New Director, Ordinary Resolution 12 on the Proposed New Share Issue Mandate and Ordinary Resolution 13 on the Proposed Change of Independent Auditor
<b>“Conditions Precedent”</b>	:	Has the meaning given to it in Section 2.5.5 of this Circular
<b>“Consideration Shares”</b>	:	The Base Consideration Shares and the Deferred Consideration Shares collectively
<b>“Consolidated Shares”</b>	:	The consolidated Shares after completion of the Proposed Share Consolidation, being shares in the capital of the Company

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## DEFINITIONS

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<b>“Consolidation Books Closure Date”</b>	:	The time and date to be determined by the Board after consultation with the Sponsor for compliance with the relevant Catalist Rules, at and on which the Register of Members and share transfer books of the Company will be closed to determine the entitlements of Consolidated Shares of Shareholders under the Proposed Share Consolidation
<b>“Constitution”</b>	:	The constitution of the Company, as amended, modified or supplemented from time to time
<b>“COVID-19”</b>	:	Coronavirus disease 2019
<b>“Deferred Consideration”</b>	:	The sum of up to S\$25,000,000 payable in cash and Deferred Consideration Shares
<b>“Deferred Consideration Shares”</b>	:	Up to 117,500,000 new Shares to be allotted and issued at the Issue Price on a post-consolidation basis to the Vendors in part satisfaction of the Deferred Consideration within three (3) months from the date of issuance of the Target Group’s FY2021 audited consolidated financial statements
<b>“Dios”</b>	:	Dios Asset Management Pte. Ltd.
<b>“Disposal Agreements”</b>	:	The Citicodex-SNAP Disposal Agreement and the Citicodex Corporation Disposal Agreement
<b>“Effective Trading Date”</b>	:	The date on which the Consolidated Shares will trade on the Catalist Board in board lots of 100 Consolidated Shares
<b>“EGM”</b>	:	The extraordinary general meeting of the Company to be held on 22 January 2021 by electronic means, the notice of which is set out in this Circular
<b>“Enlarged Share Capital”</b>	:	The enlarged issued and paid-up share capital of the Company immediately after Completion, being after the completion of the Proposed Share Consolidation, the allotment and issuance of the Base Consideration Shares, the Capitalisation Shares, the SAC Capital Shares and the Placement Shares, being 315,947,815 Shares
<b>“EPS”</b>	:	Earnings per share
<b>“ET Business Injection”</b>	:	The acquisition of Dr. Edwin Tan’s orthopaedic practice by the Target Company from Dr. Edwin Tan pursuant to an agreement dated 28 May 2020

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## DEFINITIONS

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<b>“Existing Business”</b>	:	The existing business of the Group as at the Latest Practicable Date, being the business of mechanical and electrical (“M&E”) engineering for smart facilities management and smart city applications
<b>“Existing Constitution”</b>	:	The existing constitution of the Company
<b>“Existing Share Capital”</b>	:	The existing issued and paid-up share capital of the Company as at the Latest Practicable Date, being 41,316,907,761 Shares
<b>“Fifth Schedule”</b>	:	The fifth schedule of the SFR
<b>“Further Enlarged Share Capital”</b>	:	The Enlarged Share Capital of the Company, and further enlarged immediately after the issuance and allotment of the maximum number of Deferred Consideration Shares, being 433,447,815 Shares
<b>“FY”</b>	:	In relation to the Company, the Target Company and the Target Subsidiaries, the financial year ended or ending 31 December, as the case may be
<b>“Healthcare EPC Project”</b>	:	Has the meaning given to it in Section 2.2.4 of this Circular
<b>“ICH Capital Facility Agreements”</b>	:	The two facility agreements dated 7 November 2018 and 30 September 2020 entered into by the Company and ICH Capital
<b>“IFA Letter”</b>	:	Appendix E to this Circular, titled “Letter from Hong Leong Finance Limited to the Independent Recommending Directors”
<b>“Issue Price”</b>	:	S\$0.20, being the issue price per share of each of the Consideration Shares, Capitalisation Shares, Placement Shares and SAC Capital Shares, as the case may be, assuming that the Proposed Share Consolidation has been completed
<b>“Key Resolutions”</b>	:	The key resolutions in this Circular being Ordinary Resolution 1 on the Proposed Acquisition, Ordinary Resolution 2 on the Proposed Issuance of Consideration Shares, Ordinary Resolution 3 on the Proposed Whitewash Resolution, Ordinary Resolution 7 on the Proposed Share Consolidation, Ordinary Resolution 8 on the Proposed Disposal, Ordinary Resolution 9 on the Proposed Change of Core Business, Ordinary Resolution 10 on the proposed appointment of Dr. Wilson Tay as a Proposed New Director, Special Resolution 1 on the Proposed Listing Transfer and Special Resolution 2 on the Proposed Change of Name



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## DEFINITIONS

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<b>“Latest Practicable Date”</b>	:	17 December 2020, being the latest practicable date prior to the lodgement of this Circular
<b>“Legacy Debt Restructuring Exercises”</b>	:	Has the meaning given to it in Section 2.2.1 of this Circular
<b>“Legacy RCB”</b>	:	Has the meaning given to it in Section 2.2.1 of this Circular
<b>“Listing Manual”</b>	:	The Listing Manual of the SGX-ST, as may be amended, modified, supplemented or revised from time to time
<b>“Long-Stop Date”</b>	:	Has the meaning given to it in Section 2.5.6 of this Circular
<b>“Mainboard”</b>	:	The Mainboard of the SGX-ST
<b>“Medical Malpractice Indemnity”</b>	:	The medical malpractice indemnity under the Medical Protection Society or Marsh JLT Specialty maintained by the Target Group’s medical doctors
<b>“NAV”</b>	:	Net asset value
<b>“NEHR”</b>	:	National Electronic Health Record
<b>“New Constitution”</b>	:	The proposed new constitution of the Company upon Completion, the full text of which is set out in Appendix H of this Circular
<b>“NTA”</b>	:	Net tangible assets
<b>“NTL”</b>	:	Net tangible liabilities
<b>“Notice of EGM”</b>	:	The notice of EGM which is set out on pages EGM-1 to EGM-8 of this Circular
<b>“Outstanding ICH Loan”</b>	:	The sum of S\$562,800 owing to ICH Capital as at 31 December 2020 in connection with the ICH Capital Facility Agreements
<b>“Parties”</b>	:	The Company and the Vendors
<b>“Period Under Review”</b>	:	The period which comprises FY2017, FY2018, FY2019 and 6M2020
<b>“PHMC Regulations”</b>	:	The Private Hospitals and Medical Clinics Regulations (Chapter 248, Section 22) of Singapore
<b>“PHMC(A)R”</b>	:	The Private Hospitals and Medical Clinics (Advertisement) Regulations 2019

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## DEFINITIONS

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<b>“Placement Agreement”</b>	:	The placement agreement to be entered into between the Company and SAC Capital as the placement agent
<b>“Placement Shares”</b>	:	New Shares to be allotted and issued at the Issue Price on a post-consolidation basis pursuant to the Proposed Placement
<b>“PMG Acquisition”</b>	:	The acquisition of 51.0% interest in PMG by the Target Company on 31 December 2019, as described in Section 17.4 titled “The PMG Acquisition” of this Circular
<b>“Prior Listing Attempt”</b>	:	Has the meaning given to it in Section 17.2 of the Target’s Letter to Shareholders
<b>“Proposed Acquisition”</b>	:	The proposed acquisition by the Company of the entire issued and paid-up share capital of the Target Company subject to the terms and conditions of the SPA
<b>“Proposed Adoption of the New Constitution”</b>	:	The proposed adoption of the New Constitution, which will replace the Existing Constitution of the Company entirely
<b>“Proposed Appointment of the Proposed New Directors”</b>	:	The proposed appointment of the Proposed New Directors to the board of directors of the Company upon Completion
<b>“Proposed Change of Independent Auditor”</b>	:	The proposed change of the Company’s independent auditor from Foo Kon Tan LLP to Mazars LLP
<b>“Proposed Change of Name”</b>	:	The proposed change of name from “Citicode Ltd.” to “Livingstone Health Holdings Limited”
<b>“Proposed Disposal”</b>	:	The proposed disposal of all of the Company’s Existing Business, investments and shareholding interests in its subsidiaries, comprising the submission of a striking-off application in respect of APR, the Proposed Disposal of Citicode-SNAP and the Proposed Disposal of Citicode Corporation
<b>“Proposed Disposal of Citicode-SNAP”</b>	:	The proposed disposal of all of the Company’s indirect interest in Citicode-SNAP by Citicode Corporation as part of the Proposed Disposal
<b>“Proposed Disposal of Citicode Corporation”</b>	:	The proposed disposal of all of the Company’s interest in Citicode Corporation as part of the Proposed Disposal
<b>“Proposed HSA”</b>	:	The Proposed Healthcare Services Act

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## DEFINITIONS

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<b>“Proposed Issuance of the Consideration Shares”</b>	:	The proposed issuance of the Consideration Shares to the Vendors and/or their nominees
<b>“Proposed Issuance of SAC Capital Shares”</b>	:	The proposed issuance of the SAC Capital Shares to SAC Capital at the Issue Price, as described in Section 6 of the Circular
<b>“Proposed Listing Transfer”</b>	:	The proposed transfer of the listing of the Company from the Mainboard to the Catalist Board
<b>“Proposed Loan Capitalisation”</b>	:	The proposed loan capitalisation of S\$562,800 into Capitalisation Shares at the Issue Price, as referred to in Section 4 of the Circular
<b>“Proposed New Business”</b>	:	The proposed new core business of the Enlarged Group, being the business of the Target Group, further details of which are set out in the Target’s Letter to Shareholders
<b>“Proposed New Share Issue Mandate”</b>	:	The proposed grant of a general mandate and authority to the directors of the Company pursuant to Section 161 of the Companies Act to, amongst others, issue and allot new Shares, as described in Section 14 of the Circular
<b>“Proposed Placement”</b>	:	The proposed issue of up to 5,000,000 Placement Shares at the Issue Price, as described in Section 5 of the Circular
<b>“Proposed Share Consolidation”</b>	:	The proposed consolidation of every 500 existing Shares into one (1) Consolidated Share
<b>“Proposed Shareholding Structure of the Enlarged Group”</b>	:	Has the meaning given to it in Section 2.5.3 of this Circular
<b>“Proposed Transactions”</b>	:	The Proposed Acquisition, the Proposed Issuance of Consideration Shares, the Proposed Whitewash Resolution, the Proposed Loan Capitalisation, the Proposed Placement, the Proposed Issuance of SAC Capital Shares, the Proposed Listing Transfer, the Proposed Share Consolidation, the Proposed Disposal, the Proposed Change of Core Business, the Proposed Change of Name, the Proposed Appointment of the Proposed New Directors, the Proposed Adoption of the New Constitution, the Proposed New Share Issue Mandate and the Proposed Change of Independent Auditor

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## DEFINITIONS

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<b>“Proposed Whitewash Resolution”</b>	:	The resolution proposed as Ordinary Resolution 3 in the Notice of EGM which, if approved by a majority of the Independent Shareholders in a general meeting of the Company in accordance with the requirement set out in Appendix 1 of the Code, would result in a waiver of their rights to receive a mandatory general offer from LVS who would incur an obligation to make a mandatory general offer under Rule 14 of the Code for all the Shares not already owned, controlled or agreed to be acquired by the LVS as a result of the allotment and issuance of the Base Consideration Shares under the Proposed Acquisition, provided that parties not being Independent Shareholders abstain from voting on such resolution
<b>“Proxy Form”</b>	:	The proxy form in respect of the EGM as set out in this Circular
<b>“Registrar”</b>	:	Registrar of Companies appointed under the Companies Act and includes any Deputy or Assistant Registrar of Companies
<b>“Relevant Period”</b>	:	The Period Under Review and the period from 1 July 2020 to the Latest Practicable Date
<b>“SAC Capital Shares”</b>	:	500,000 new Shares to be issued by the Company at the Issue Price to SAC Capital on a post-consolidation basis as part payment of SAC Capital’s management fees as the Financial Adviser to the Company in respect of the Proposed Acquisition
<b>“Sale Shares”</b>	:	The entire issued and paid-up share capital of the Target Company
<b>“Service Agreement”</b>	:	The service agreement of Dr. Wilson Tay
<b>“SFA”</b>	:	The Securities and Futures Companies Act (Cap. 289) of Singapore, as amended, varied or supplemented from time to time
<b>“SFR”</b>	:	Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore, as amended, varied or supplemented from time to time
<b>“SGXNET”</b>	:	A system network used by listed companies to send information and announcements to the SGX-ST or any other system networks prescribed by the SGX-ST
<b>“Shares”</b>	:	Ordinary shares in the capital of the Company

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## DEFINITIONS

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<b>“Shareholders”</b>	:	Registered holders of Shares, except where the registered holder is CDP, in which case the term “Shareholders” shall in relation to such Shares mean the Depositors whose securities accounts maintained with CDP are credited with Shares
<b>“SNPL Disposal”</b>	:	The sale of the entire paid-up share capital of SN Orthopaedics from the Target Company to Dr. Sean Ng pursuant to an agreement dated 26 December 2019, as supplemented by a supplemental agreement dated 28 May 2020
<b>“SPA”</b>	:	The sale and purchase agreement between the Company, the Vendors and the Target Company dated 29 July 2020, as supplemented, modified and/or amended from time to time
<b>“Striking Off of APR”</b>	:	The striking-off by the Company of APR
<b>“Substantial Shareholder”</b>	:	A person (including a corporation) who has an interest in not less than 5.0% of the issued shares of a company
<b>“Target’s Letter to Shareholders”</b>	:	Appendix A to this Circular, titled “Letter to Shareholders from the Proposed New Board”
<b>“Total Consideration”</b>	:	The aggregate consideration of the Proposed Acquisition of up to S\$72,000,000, comprising the Base Consideration and the Deferred Consideration
<b>“Vendors’ Respective Shareholdings”</b>	:	Has the meaning given to it in Section 2.4 of this Circular
<b>“Whitewash Waiver”</b>	:	Has the meaning ascribed to it in Section 3.3 of the Circular

### **Currencies, Units and Others**

<b>“%” or “per cent.”</b>	:	Per centum or percentage
<b>“KHR”</b>	:	Cambodian Riel, the lawful currency of the Kingdom of Cambodia
<b>“N.A.”</b>	:	Not applicable
<b>“n.m.”</b>	:	Not meaningful
<b>“S\$” and “cents”</b>	:	Singapore dollars and cents, respectively, the lawful currency of Singapore
<b>“sq ft”</b>	:	Square feet

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## DEFINITIONS

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**“US\$”** : United States dollars, the lawful currency of the United States of America

Unless the context otherwise requires:

- (a) the terms **“depositor”**, **“depository register”** and **“depository agent”** shall have the meanings ascribed to them respectively in Section 81SF of the SFA and the terms **“subsidiary”**, **“related company”** and **“substantial shareholder”** shall have the meanings ascribed to them in Sections 5, 6 and 81 of the Companies Act respectively;
- (b) the terms **“acting in concert”** and **“whitewash resolution”** shall have the meanings ascribed to them in the Code;
- (c) the terms **“associate”**, **“associated company”** and **“controlling shareholder”** shall have the meanings ascribed to them in the Section titled “Definitions and Interpretation” of the Listing Manual or the Catalist Rules, where relevant;
- (d) the terms **“entity-at-risk”** and **“interested person”** shall be persons falling within the scope of the definitions for the same set out in Section 1 of the Fourth Schedule of the SFR or the Listing Manual or the Catalist Rules, where relevant;
- (e) words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. Unless the context otherwise requires, any references to persons shall include individuals, corporate bodies (wherever incorporated), unincorporated associations and partnerships;
- (f) any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the SFA, the SFR, the Listing Manual, the Catalist Rules or the Code or any modification thereof and not otherwise defined in this Circular shall, where applicable, have the same meaning ascribed to it under the Companies Act, the SFA, the SFR, the Listing Manual, the Catalist Rules or the Code or such modification thereof, as the case may be, unless the context otherwise requires;
- (g) any reference to a time of a day in this Circular shall be a reference to Singapore time unless otherwise stated;
- (h) any reference in this Circular to Shares and/or new Shares being allotted and/or allocated to a person includes allotment and/or allocation to CDP for the account of that person;
- (i) any discrepancies between the figures listed and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures that precede them; and
- (j) the headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.



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## GLOSSARY OF TECHNICAL TERMS

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To facilitate a better understanding of the business of the Target Group, the following glossary contains an explanation and description of certain terms used in the Target's Letter to Shareholders in connection with the Target Group's business. The terms and their assigned meanings may not correspond to standard industry or common meanings, as the case may be, or usage of these terms.

<b>"adhesive capsulitis"</b>	:	A medical problem, in which the capsule, the connective tissue surrounding the shoulder joint, becomes inflamed and stiff
<b>"adrenal gland"</b>	:	Adrenal glands, also known as suprarenal glands, are small, triangular-shaped glands located on top of both kidneys. They produce hormones that help regulate metabolism, immune system, blood pressure, response to stress and other essential functions
<b>"allograft"</b>	:	A bone or tissue that is transplanted from one person to another
<b>"andropause"</b>	:	A condition that is associated with the decrease in the male hormone testosterone
<b>"ankle-foot orthosis"</b>	:	A support intended to control the position and motion of the ankle, compensate for weakness, or correct deformities
<b>"ankle arthroscopic debridement"</b>	:	The removal of damaged tissue or foreign objects from a wound in or around the ankle, via arthroscopy
<b>"annuloplasty"</b>	:	A procedure involving the insertion of a special needle into the annulus, or covering of the intervertebral disc, and heating it up using radiofrequency energy
<b>"annulus"</b>	:	The ring around a valve in the heart
<b>"anterior cruciate ligament"</b>	:	A major ligament in the knee
<b>"arthritis"</b>	:	Any disease involving pain or stiffness of the joints in the musculoskeletal system
<b>"arthroscope"</b>	:	An instrument that is inserted into the joint through a small incision
<b>"arthroscopic capsular release"</b>	:	Keyhole surgery that involves the release of the tight, constricted capsule resulting from adhesive capsulitis
<b>"arthroscopy" or "arthroscopic surgery"</b>	:	A minimally invasive surgical procedure on a joint in which an examination and sometimes treatment of damage is performed using an arthroscope

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## GLOSSARY OF TECHNICAL TERMS

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<b>“artificial prosthesis”</b>	:	An artificial device that replaces a missing body part, which may be lost through trauma, disease, or a condition present at birth
<b>“aseptic loosening”</b>	:	The failure of an implant to bond with the bone, even in the absence of infection
<b>“asthma”</b>	:	A chronic disease of the respiratory system that causes narrowing of the airways resulting in shortness of breath and difficulty breathing
<b>“atrial fibrillation”</b>	:	A heart condition that causes an irregular and often abnormally fast heart rate
<b>“autograft”</b>	:	A graft of tissue from one point to another of the same individual’s body
<b>“Baby Bonus”</b>	:	A scheme introduced by the Singapore Government to help lighten the financial costs of raising children
<b>“bariatric surgery”</b>	:	Weight loss surgical procedures that are done for the treatment of obesity
<b>“bone spur”</b>	:	An outgrowth or ridge that forms from extra bony tissue
<b>“Botulinum toxin”</b>	:	A toxin that, when injected into the target muscle, reduces the contracting strength of the muscle, resulting in weakness and paralysis of the muscle
<b>“bunions”</b>	:	Painful bony bumps that develop on the inside of the foot at the big toe joint
<b>“cardiac pacing wire”</b>	:	A wire that is inserted through a large vein in the leg or neck, and are directly placed in the heart chamber before being connected to a computer (box) which will transmit electrical signals to the heart chamber to enable the heart to beat
<b>“cardiology”</b>	:	A branch of internal medicine that studies and treats disorders of the heart, its blood vessels, electrical conduction system, as well as some parts of the body’s circulatory system
<b>“cartilage”</b>	:	A specialised, fibrous connective tissue that is generally found in the joints between bones, such as the elbows, knees and ankles
<b>“cellulite”</b>	:	Fat and fibrous tissue deposits beneath the skin that result in dimpling of the skin

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## GLOSSARY OF TECHNICAL TERMS

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<b>“chondroplasty”</b>	:	Surgical treatment of cartilage defects and involves debridement of unhealthy cartilage edge and stabilisation of the ulcer rim, followed by microfracture of the ulcer base. Additionally, the latest techniques include the use of a scaffold to aid in regeneration of cartilage tissue, hence leading to a normal cartilage surface
<b>“collarbone” or “clavicle”</b>	:	The prominent bone in front of either side of the shoulders
<b>“Community Health Assist Scheme”</b>	:	A scheme introduced by the Singapore Government that enables all Singapore Citizens to receive subsidies for medical and/or dental care at participating General Practitioner (GP) and dental clinics
<b>“conservative management”</b>	:	The avoidance of invasive measures or procedures for treatment
<b>“coronary angiogram”</b>	:	A minimally invasive procedure done under local anaesthetic and/or sedation if needed, used to look at the heart blood vessels for changes in the blood vessels, such as narrowing, and blockages
<b>“coronary angioplasty”</b>	:	A minimally invasive procedure done under local anaesthetic and/or sedation if needed, used to treat a narrowed coronary artery (ballooning and or stenting)
<b>“Computer Tomography” or “CT”</b>	:	An imaging procedure that uses special x-ray equipment to create detailed pictures, or scans, of areas inside the body
<b>“cosmesis”</b>	:	A concern in therapeutics for the appearance of the patient
<b>“cryolipolysis”</b>	:	A non-invasive form of treatment that reduces body fat content by the use of cooling panels
<b>“cysts”</b>	:	Abnormal, closed sac-like structures within a tissue that contain a liquid, gaseous, or semisolid substance
<b>“dermal fillers”</b>	:	Gel-like substances that are injected beneath the skin to restore lost volume, smooth lines and soften creases, or enhance facial contours
<b>“diabetes”</b>	:	A general term referring to any of various disorders characterised by increased blood sugar levels and its associated complications
<b>“drug holiday”</b>	:	A planned period of time that a patient stops taking a medication for anywhere from a few days to up to a year or more

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## GLOSSARY OF TECHNICAL TERMS

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<b>“dyslipidemia”</b>	:	The presence of abnormally high or low amount of lipids in the blood stream
<b>“echocardiogram (ECHO)”</b>	:	A non-invasive and risk-free ultrasound heart scan which is a diagnostic procedure that uses ultrasound waves to see the heart
<b>“eCO2 Plus™ laser”</b>	:	A proprietary non-invasive system that delivers a fractional laser in skin resurfacing treatments
<b>“electrocardiogram (ECG)”</b>	:	A non-invasive test done to record the electrical signals in your heart
<b>“endocrinology”</b>	:	A branch of internal medicine that deals with the disorder of the endocrine system (system of glands) and its specific secretions called hormones
<b>“endoscope”</b>	:	An instrument used for direct visual inspection of hollow organs or body cavities
<b>“epidural anaesthesia”</b>	:	Anaesthetic injected into the epidural space surrounding the fluid-filled sac around the spinal cord
<b>“extensor tendons”</b>	:	Tendons located on the back of the hand and feet, which allow the straightening of fingers, thumbs, feet and toes
<b>“facet block”</b>	:	A minimally invasive procedure in which a medical doctor uses imaging modalities to guide the placement of a needle to inject medications into a facet joint to provide pain relief
<b>“family medicine”</b>	:	A medical specialty dedicated to the comprehensive health care and treatment for the individual, family and community across all ages, sex and diseases
<b>“fibromyalgia”</b>	:	A neurosensory disorder characterised by widespread body ache and pain, joint stiffness, fatigue, and sleep and cognitive disturbance
<b>“flat foot”</b>	:	A condition in which one or more arches of the foot have flattened out
<b>“foot drop”</b>	:	A condition where the patient is unable to actively lift the foot
<b>“ganglion”</b>	:	A benign balloon-like cyst, which commonly develops on the joints of the wrist, hand or foot
<b>“geriatric care” or “geriatrics”</b>	:	Health care and well-being of the elderly people

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## GLOSSARY OF TECHNICAL TERMS

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<b>“gestational diabetes”</b>	:	A condition in which blood sugar levels become high during pregnancy
<b>“holter”</b>	:	A non-invasive monitoring test whereby the heartbeat is continuously recorded over a period by a portable ECG recording device that is stuck on the chest area
<b>“hyaluronic acid”</b>	:	A sugar found naturally in our skin that holds water and helps keep the skin hydrated and plump
<b>“hypertension”</b>	:	Also known as High Blood Pressure, it is a condition in which the blood is pumped around the body at too high a pressure
<b>“impingement”</b>	:	A degenerative alteration in a joint in which there is excessive friction between joint tissues. This typically causes limitations in range of motion and the perception of joint pain
<b>“insufficiency fracture”</b>	:	A fracture that results from normal stress exerted on weakened bone
<b>“insulin initiation”</b>	:	Starting a patient on insulin therapy
<b>“internal medicine”</b>	:	The medical specialty that deals with the prevention, diagnosis and treatment of adult diseases
<b>“interventional treatment”</b>	:	Percutaneous or minor surgical procedures
<b>“intervertebral discs”</b>	:	A fibrocartilage cushion between two vertebrae in the spinal column
<b>“intra-aortic balloon pump”</b>	:	A therapeutic device that is inserted to increase blood flow into the coronary arteries, as well as reduce the workload of the pumping heart, improving blood flow to the rest of the body
<b>“keyhole surgery”</b>	:	Surgery that utilises an endoscope and surgical instruments inserted through small incisions
<b>“lateral epicondylitis”</b>	:	The inflammation of the extensor tendon originating at the elbow
<b>“ligaments”</b>	:	Bundles of a tough, fibrous, elastic protein that act as binding and supporting connector between bones, especially in and around joints

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## GLOSSARY OF TECHNICAL TERMS

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<b>“manipulation under anaesthesia”</b>	:	A procedure performed under anaesthesia, in which adhesive capsulitis is treated by moving the shoulder through a range of motion which causes the capsule and scar tissue to stretch or tear, and as such the affected capsule is released allowing increased range of motion
<b>“median nerve”</b>	:	The nerve that runs from the forearm through the carpal tunnel in the wrist to the hand
<b>“MediSave500 Scheme”</b>	:	MediSave is a national medical savings scheme that helps individuals set aside part of their income to meet healthcare needs. The MediSave500 scheme allows individuals to use up to S\$500 per MediSave account a year from June 2018 for Outpatient Care
<b>“melasma”</b>	:	Dark, discoloured patches on the skin
<b>“meniscus”</b>	:	A rubbery, C-shaped structure found in the knee which acts as a shock absorber between the shinbone and thighbone
<b>“Merdeka Generation”</b>	:	People who were born on or before 31 December 1949; and became Singapore citizens on or before 31 December 1996; and do not receive the Pioneer Generation Package
<b>“Merdeka Generation Package”</b>	:	Introduced by the Singapore Government to support the Merdeka Generation in their silver years, as they age actively and purposefully
<b>“MIS” or “minimally invasive surgery”</b>	:	A surgical procedure done in a manner that causes less trauma or injury to the patient, through smaller than usual incisions
<b>“modality”</b>	:	A form of application or employment of a therapeutic agent or regimen
<b>“MRI”</b>	:	Magnetic resonance imaging
<b>“neuromuscular diseases”</b>	:	A broad group of diseases that affects the nerves and muscles, leading to muscle weakness, which will worsen over time
<b>“neuropathic pain”</b>	:	A complex, chronic pain state that is usually accompanied by tissue injury
<b>“neuroplasty”</b>	:	A MIS procedure to mechanically or chemically reduce the pressure and/or adhesions on the nerves, caused by excessive scar tissues in the epidural space



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## GLOSSARY OF TECHNICAL TERMS

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<b>“nucleoplasty”</b>	:	A MIS procedure where a wand is inserted into the symptomatic intervertebral disc through a needle, and radiofrequency energy is used to surgically decompress inside the nucleus of the intervertebral disc, reducing the bulge
<b>“obstetric anaesthesia”</b>	:	A sub-specialty of anesthesiology that provides peripartum (time directly preceding, during or following childbirth) pain relief for labour and anaesthesia for caesarean deliveries
<b>“obstetric caesarean sections”</b>	:	The surgical delivery of a baby through incisions made in the mother’s abdomen
<b>“orthopaedic”</b>	:	A branch of medicine that focuses on the diagnosis, correction, prevention, and treatment of patients with disorders of the musculoskeletal system comprising the bones, joints, muscles, ligaments, tendons, nerves and skin
<b>“osteoporosis”</b>	:	A condition that results in a decrease of bone mineral density
<b>“paramedical”</b>	:	Relating to services and professions which supplement and support medical work but do not require a fully qualified doctor
<b>“percutaneous”</b>	:	Denoting a procedure performed through the skin
<b>“pericardiocentesis”</b>	:	A procedure done using a needle and small catheter to drain excess fluid that has built up in the sac around the heart (pericardium)
<b>“physiotherapy”</b>	:	Treatment technique that helps to restore wellness to patients following an injury, pain or disability
<b>“Pioneer Generation”</b>	:	Singapore Citizens born on or before 31 December 1949; and obtained citizenship on or before 31 December 1986
<b>“Pioneer Generation Package”</b>	:	Introduced by the Singapore Government, the package includes a host of initiatives aimed at making healthcare affordable for the pioneer generation for life
<b>“pituitary gland”</b>	:	A small pea-sized gland situated in a bony hollow, just behind the bridge of the nose. It plays a major role in regulating vital body functions and general well-being. It is referred to as the body’s master gland because it controls several other hormone glands in the body

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## GLOSSARY OF TECHNICAL TERMS

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<b>“platelet-rich plasma injection”</b>	:	An injection of a concentration of a patient’s own platelets, cells that are involved in the clotting of blood, to accelerate the healing of injured tendons, ligaments, muscles and joints
<b>“Primary Care Network”</b>	:	A scheme introduced by the Ministry of Health to encourage private General Practitioner (GP) clinics to organise themselves into networks that support more holistic and team-based care
<b>“Public Health Preparedness Clinic (PHPC)”</b>	:	A consolidation of the primary care clinic response to public health emergencies such as influenza pandemic, haze and anthrax outbreak into a single scheme for better management
<b>“Q-switched laser”</b>	:	A non-invasive laser that creates high-intensity and pulsed beams of light
<b>“radiofrequency thermoablation”</b>	:	A treatment involving the use of radiofrequency energy to create thermal injury in selected nerves to treat pain, by interrupting and blocking pain signals from a pain generator, such as a degenerated joint
<b>“resurfacing”</b>	:	Repair of damaged body surfaces, such as skin
<b>“rotator cuff”</b>	:	An anatomical structure composed of the tendons of muscles that control rotation of the shoulder and of parts of the capsule of the shoulder joint
<b>“scarf osteotomy”</b>	:	A surgery for bunion removal or correction at the base of the big toe, by removing and realigning parts of the bone
<b>“Screen for Life”</b>	:	A national screening programme that encourages Singapore Citizens and Permanent Residents to go for regular health screenings and follow up
<b>“secondary osteoporosis”</b>	:	Osteoporosis that is caused by certain medical conditions or medications that can cause bone loss, increase fracture risk, directly or indirectly affect bone remodelling or interfere with the attainment of peak bone mass in younger individuals. Treatment of secondary osteoporosis is often more complex than treatment of primary osteoporosis, as it depends on the underlying disease
<b>“shoulder labrum”</b>	:	Cup-shaped rim of cartilage that lines and reinforces the ball and socket joint of the shoulder

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## GLOSSARY OF TECHNICAL TERMS

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<b>“splinting”</b>	:	The insertion of a splint, a rigid or flexible material that renders displaced or movable body parts immovable once applied
<b>“sprain”</b>	:	Wrenching or twisting of a joint, with partial rupture of its ligaments
<b>“stenosing tenosynovitis”</b>	:	A condition occurring when the tendons become inflamed and swollen
<b>“steroidal injection”</b>	:	An injection of steroid
<b>“suture”</b>	:	A stitch or row of stitches holding together the edges of a wound or surgical incision
<b>“Swab-And-Send-Home (SASH) clinic”</b>	:	SASH-accredited clinics are allowed to swab suspect cases who exhibit indicators of COVID-19 and then sent home to wait for their results
<b>“synovectomy”</b>	:	Excision of the tissues that line a joint
<b>“synovitis”</b>	:	An inflammation of the tissues that line a joint
<b>“tendon”</b>	:	A cord or band of strong white fibrous tissue that connects a muscle to a bone
<b>“tendon sheath”</b>	:	The layer of tissue surrounding a tendon
<b>“thyroid”</b>	:	A butterfly-shaped gland in the front of the neck which produces hormones that control the speed of your metabolism
<b>“thyroid nodule fine needle aspiration cytology”</b>	:	A procedure that removes a small sample of tissue from the thyroid gland. Cells are removed through a small, hollow needle and the sample is then sent to the lab for analysis
<b>“tissue scaffolds”</b>	:	A technique which aims to regenerate damaged tissues by combining cells from the body with highly porous scaffold biomaterials, which act as templates for tissue regeneration, to guide the growth of new tissue
<b>“trigger point injection”</b>	:	A medical procedure designed to reduce or relieve pain due to trigger points, which are small muscle knots, by injecting medication or manually manipulating them using a needle
<b>“Ultherapy®”</b>	:	A proprietary non-invasive system that delivers focused ultrasound waves to the skin on the face, neck, and under the chin

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## GLOSSARY OF TECHNICAL TERMS

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<b>“ultrasound”</b>	:	Sound waves of a frequency greater than 20,000 hertz
<b>“Venus Legacy™”</b>	:	A proprietary non-invasive system that delivers radio frequency and electromagnetic waves to the skin

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## EXCHANGE CONTROLS AND TAXATION

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### 1. EXCHANGE CONTROLS

As at the Latest Practicable Date, there are no foreign exchange control restrictions in Singapore and in Cambodia.

### 2. TAXATION

#### SINGAPORE TAX

The following is a summary of certain Singapore income tax, stamp duty and Goods and Services Tax (“**GST**”) consequences of purchasing, owning or disposing of the Shares. This summary is not intended to be and does not constitute legal or tax advice.

The summary is based on existing tax laws of Singapore in force as at the Latest Practicable Date and is subject to any changes in such laws, or in interpretation of such laws, occurring after such date, which changes could be made on a retrospective basis. These laws are also subject to various interpretations and no assurance can be given that the courts or fiscal authorities responsible for the administration of such laws will agree with this interpretation. The summary is limited to a general description of certain tax consequences in Singapore with respect to the purchase, ownership or disposition of the Shares by Singapore investors, and does not purport to be a comprehensive or exhaustive description of all of the tax considerations that may be relevant in a decision to purchase, own or dispose of the Shares. This summary does not take into account the effect of any applicable tax treaty.

Prospective investors should consult their own tax advisers regarding Singapore income tax and other tax consequences of purchasing, owning and disposing of the Shares. It is emphasised that neither the Company, the Group, the Directors, the Target Group, the Proposed New Board nor any other persons involved in this Circular accept the responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of the Shares.

#### Individual Income Tax

An individual taxpayer (both resident and non-resident) is subject to Singapore income tax on income accrued in or derived from Singapore. Foreign-sourced income received or deemed received in Singapore by an individual is exempt from income tax in Singapore except for such income received through a partnership in Singapore.

An individual is regarded as tax resident in Singapore if in the calendar year preceding the year of assessment, he was physically present in Singapore or exercised an employment in Singapore (other than as a director of a company) for 183 days or more, or if he ordinarily resides in Singapore.

Currently, a Singapore tax resident individual is subject to tax at the progressive resident rates, ranging from 0.0% to 22.0%, after deductions of qualifying personal reliefs where applicable.

A non-Singapore tax resident individual is taxed at the rate of 22.0%, except that Singapore employment income derived is taxed at a flat rate of 15.0% or at progressive resident rates, whichever yields a higher tax.

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## EXCHANGE CONTROLS AND TAXATION

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### Corporate Income Tax

Corporate taxpayers (both resident and non-resident) are subject to Singapore income tax on income accrued in or derived from Singapore (i.e. Singapore-sourced) and income received in Singapore from outside Singapore (i.e. foreign-sourced income received or deemed received in Singapore) unless specifically exempt from income tax.

Foreign-sourced income in the form of branch profits, dividends and service fee income ("**specified foreign income**") received or deemed received in Singapore by a Singapore tax resident company are exempted from Singapore tax provided that the following qualifying conditions are met:

- (a) such income is subject to tax of a similar character to income tax (by whatever named called) under the law of the territory from which such income is received;
- (b) at the time the income is received in Singapore, the highest rate of tax of a similar character to income tax (by whatever named called) levied under the law of the territory from which the income is received is at least 15.0%; and
- (c) the Comptroller of Income Tax is satisfied that the tax exemption would be beneficial to the recipient of the specified foreign income.

Pursuant to a tax concession granted with effect from 30 July 2004, the above foreign income exemption has been extended to include specified foreign income which is exempted from tax (i.e. underlying and withholding tax) in the foreign jurisdiction as a result of a tax incentive granted by that foreign jurisdiction for carrying out substantive business activities in that foreign jurisdiction.

If the foreign income is not tax exempt in Singapore, a Singapore tax resident corporate taxpayer is entitled to claim foreign tax credit ("**FTC**") for the overseas tax paid on such foreign income, subject to meeting the relevant conditions. The amount of foreign tax credit available to a Singapore tax resident corporate taxpayer is based on the lower of:

- (a) the Singapore tax payable on the particular source of income which qualifies for foreign tax credit; or
- (b) the actual foreign tax suffered on the same income.

Under the FTC pooling system, Singapore resident companies may elect to claim FTC on a pooled basis on any items of its foreign-sourced income, rather than the usual source-by-source and country-by-country basis, subject to meeting the relevant conditions as follows:

- (a) income tax must have been paid on the income in the foreign jurisdiction from which the income is derived;
- (b) at the time the foreign-sourced income is received in Singapore, the highest corporate tax rate (headline tax rate) of the foreign jurisdiction from which the income is derived is at least 15.0%;
- (c) there must be Singapore income tax payable on the foreign-sourced income; and

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## EXCHANGE CONTROLS AND TAXATION

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- (d) the taxpayer is entitled to claim foreign tax credits under sections 50, 50A or 50B of the Singapore Income Tax Act on its foreign-sourced income.

The amount of foreign tax credit to be granted under the FTC pooling system is based on the lower of the total Singapore tax payable on the pooled foreign-sourced income and the pooled foreign taxes paid on that income.

The prevailing corporate income tax rate in Singapore is 17.0% with the first S\$300,000 of a company's normal chargeable income exempt from tax as follows (Year of Assessment 2019 and before):

- (a) 75.0% of the first S\$10,000 of chargeable income; and
- (b) 50.0% of the next S\$290,000 of chargeable income.

With effect from Year of Assessment 2020, the first S\$200,000 of a company's normal chargeable income exempt from tax shall be as follows:

- (a) 75.0% of the first S\$10,000 of chargeable income; and
- (b) 50.0% of the next S\$190,000 of chargeable income.

As announced in the 2020 Budget by the Minister of Finance, all companies will enjoy a corporate income tax rebate of 25.0% of the tax payable up to a maximum tax rebate of \$15,000 for the Year of Assessment 2020.

A company is regarded as a tax resident in Singapore if the control and management of its business is exercised in Singapore. Generally, control and management of a company is vested in its board of directors and its tax residency is generally where its board of directors meet to make strategic business decisions of the company.

### **Dividend Distributions**

Singapore operates a one-tier corporate tax system under which the tax on corporate profits is a final tax and all dividends paid by Singapore tax resident companies to their shareholders are exempt from Singapore income tax in the hands of the shareholders, regardless of whether the shareholder is a company or an individual and whether or not the shareholder is a Singapore tax resident.

There is no withholding tax on the dividend payments to both resident and non-resident shareholders.

Foreign shareholders receiving tax exempt (one-tier) dividends are advised to consult their own professional tax advisers to take into account the tax laws of their respective countries of residence and the applicability of any double taxation agreement which their country of residence may have with Singapore.

### **Capital Gains Tax**

Singapore currently does not impose tax on capital gains. However, gains from the disposal of the Shares may be construed to be an income nature and subject to Singapore income tax

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## EXCHANGE CONTROLS AND TAXATION

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if they arise from activities which the Comptroller of Income Tax regards as the carrying on of a trade or business in Singapore.

Section 13Z of the Income Tax Act provides for certainty on non-taxability of gains derived by a corporate taxpayer from the disposal of ordinary shares during the period from 1 June 2012 to 31 December 2027 (both dates inclusive) where:

- (a) the divesting company had legally and beneficially held a minimum shareholding of 20.0% of the ordinary shares of the company whose shares are being disposed; and
- (b) the divesting company had maintained the minimum 20.0% shareholding for a continuous period of at least 24 months immediately prior to the disposal.

The abovementioned “safe harbour rule” prescribed under Section 13Z of the Income Tax Act is not applicable under the following scenarios:

- (a) during the period from 1 June 2012 to 31 May 2022, on the disposal(s) of shares in an unlisted investee company which is in the business of trading or holding Singapore immovable properties (other than the business of property development); and
- (b) during the period from 1 June 2022 to 31 December 2027, on the disposals of unlisted shares in investee companies that are in the business of trading, holding or developing immovable properties in Singapore or abroad.

In addition, corporate Shareholders who have adopted, or who are required to adopt, the Singapore Financial Reporting Standard International (“**SFRS(I)**”) 9 (Financial Instruments) which replaces the existing SFRS(I) 1-39 (Financial Instruments – Recognition and Measurement) for accounting purposes may be required to recognise gains or losses in accordance with the provisions of SFRS(I) 9 regardless of any disposal of our Shares being made. If so, the gain or loss on the Shares may be taxed or allowed as a deduction for Singapore income tax purposes notwithstanding being unrealised.

Shareholders are advised to consult their own professional tax advisers on the Singapore tax consequences on their subscription, purchase, holding and disposal of the Shares.

### **Bonus Shares**

Any bonus shares received by our Shareholders are not taxable in Singapore.

### **Stamp Duty**

There is no stamp duty payable on the subscription for, allotment or holding of the Shares.

Stamp duty is generally payable on instruments of transfer of shares at the rate of 0.2% of the consideration paid or the net asset value of the shares whichever is higher.

The purchaser is liable for stamp duty, unless there is an agreement to the contrary.

No stamp duty is payable if no instrument of transfer is executed (such as in the case of scripless shares, the transfer of which does not require instruments of transfer to be executed) or if the instrument of transfer is executed outside Singapore (unless the instrument of transfer which is executed outside Singapore is received in Singapore).



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## EXCHANGE CONTROLS AND TAXATION

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### **Goods and Services Tax (“GST”)**

The sale of the Shares by a GST-registered investor belonging in Singapore to another person belonging in Singapore is an exempt supply not subject to GST. Any GST incurred by the investor in making such an exempt supply is not recoverable from the Comptroller of Income Tax.

Where the Shares are sold by a GST-registered investor in the course of a business to a person belonging outside Singapore, and who is outside Singapore at the time the sale is executed, the sale will be considered a taxable supply subject to GST at zero-rate (i.e. 0%). Subject to the provision of the GST Act, any GST incurred by the GST-registered investor in the making of such taxable supply in the course of or furtherance of a business, may be recoverable from the Comptroller of GST.

Services such as brokerage, handling and clearing services, or advising on the issue, allotment, or transfer of ownership of the Shares, rendered by a GST-registered person to an investor belonging in Singapore in connection with the investor’s subscription for, acquisition, sale or disposal of the Shares will be subject to GST at the prevailing standard rate of 7.0%. Similar services rendered to an investor belonging outside Singapore, and who is outside Singapore when the services are supplied, will generally be subject to GST at zero-rate, provided that the services provided do not benefit any Singapore persons.

### **Estate Duty**

Singapore estate duty has been abolished since 15 February 2008.

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## CAUTIONARY NOTE ON FORWARD LOOKING STATEMENTS

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All statements contained in this Circular, statements made in press releases and oral statements that may be made by the Company, the Group, the Target Company, the Target Group, the Enlarged Group, their directors, executive officers or employees acting on their behalf, that are not statements of historical fact, constitute “forward looking statements”. Some of these statements can be identified by words that have a bias towards, or are, forward looking such as “anticipate”, “believe”, “could”, “estimate”, “expect”, “forecast”, “if”, “intend”, “may”, “plan”, “possible”, “probable”, “project”, “should”, “will” and “would” or similar words. However, Shareholders should note that these words are not the exclusive means of identifying forward looking statements. All statements regarding the Company’s, the Group’s, the Target Company’s, the Target Group’s and the Enlarged Group’s expected financial position, business strategies, plans and prospects are forward looking statements.

These forward looking statements including but not limited to, statements as to revenue and profitability; any expected growth; any expected industry prospects and trends; planned strategy and future expansion plans; any other matters that are not historical facts; and any other matters discussed in this Circular, are only predictions. These forward looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company’s, the Group’s, the Target Company’s, the Target Group’s, and the Enlarged Group’s actual future results, performance or achievements to be materially different from any future results, performance or achievements expected, expressed or implied by such forward looking statements. These risk factors and uncertainties are discussed in more detail in this Circular, in particular, but not limited to, discussions in Section 2.7 titled “Risk Factors”.

Given the risks and uncertainties that may cause the Company’s, the Group’s, the Target Company’s, the Target Group’s and the Enlarged Group’s actual future results, performance or achievements to be materially different from that expected, expressed or implied by the forward looking statements in this Circular, undue reliance must not be placed on these statements.

The Company, the Group, the Target Company, the Target Group, the Enlarged Group, their respective directors and executive officers and the Financial Adviser are not representing or warranting to you that the actual future results, performance or achievements of the Company, the Group, the Target Company, the Target Group and the Enlarged Group will be as those discussed in those statements. The respective actual future results may differ materially from those anticipated in these forward looking statements as a result of the risks faced. Further, the Company, the Group, the Target Company, the Target Group, the Enlarged Group and the Financial Adviser disclaim any responsibility for updating any of those forward looking statements or publicly announcing any revisions to those forward looking statements to reflect their future developments, events or circumstances.

Upon Completion, the Enlarged Group will be subject to the Catalist Rules regarding corporate disclosure.

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## TAKEOVER LIMITS

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The Code regulates the acquisition of ordinary shares of, amongst others, corporations with a listing on the SGX-ST, including the Company. Except with the consent of the SIC, where:

- (a) any person acquires whether by a series of transactions over a period of time or not, shares which (taken together with shares held or acquired by parties acting in concert with him) carry 30.0% or more of the voting rights of the company; or
- (b) any person who, together with parties acting in concert with him, holds not less than 30.0% but not more than 50.0% of the voting rights and such person, or any party acting in concert with him, acquires in any period of six (6) months additional shares carrying more than 1.0% of the voting rights,

such person must extend a mandatory general offer immediately to the shareholders for the remaining shares in the company in accordance with the provisions of the Code. In addition to such person, each of the principal members of the group of persons acting in concert with him may, according to the circumstances of the case, have the obligation to extend an offer.

In general, the acquisition of instruments convertible into securities which carry voting rights does not give rise to an obligation to make a mandatory general offer under the Code but the exercise of any conversion rights will be considered an acquisition of voting rights for the purposes of the Code.

Shareholders who are in doubt as to their obligations, if any, to make a mandatory general offer under the Code as a result of the Proposed Transactions should consult the SIC and/or their professional advisers.

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## INDICATIVE TIMETABLE

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The following indicative timetable assumes that approval for all the resolutions proposed at the EGM is obtained.

Last date and time for submission of questions to be asked during the EGM	:	15 January 2021 at 10.00 a.m.
Last date and time for submission of Proxy Form	:	19 January 2021 at 10.00 a.m.
Last date and time for pre-registration for the EGM to be held by electronic means	:	19 January 2021 at 10.00 a.m.
Date and time of EGM to be held by electronic means	:	22 January 2021 at 10.00 a.m.
Expected completion of the Proposed Disposal	:	26 January 2021
Expected completion of the Proposed Listing Transfer	:	28 January 2021
Expected date and time of voluntary suspension of trading of the Shares <sup>(1)</sup>	:	2 February 2021 at 9.00 a.m.
Expected Consolidation Books Closure Date for the Proposed Share Consolidation	:	3 February 2021
Expected effective date of the Proposed Share Consolidation	:	4 February 2021
Expected completion of the Proposed Acquisition, the Proposed Placement, the Proposed Loan Capitalisation and the Proposed Issuance of SAC Capital Shares	:	5 February 2021
Expected date and time of the resumption of trading of the Shares <sup>(1)</sup>	:	8 February 2021 at 9.00 a.m.

**Note:**

- (1) The voluntary suspension is to facilitate the completion of the Proposed Transactions, including without limitation, the Proposed Share Consolidation, the Proposed Acquisition, the Proposed Placement, the Proposed Loan Capitalisation and the Proposed Issuance of SAC Capital Shares. An application to the SGX-ST to lift the suspension will be made upon Completion. The Company will make such announcement(s) as may be necessary and/or appropriate on the Proposed Transactions and resumption of trading of the Company's Shares on the SGX-ST in due course.

Save for the date of the EGM, the dates set out in the above timetable are indicative and may be subject to change. The Company will make further announcements on the exact dates of such events.

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## LETTER TO SHAREHOLDERS

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### CITICODE LTD.

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

### LETTER TO SHAREHOLDERS

**Board of Directors:**

Teh Wing Kwan (Executive Chairman and Chief Executive Officer)  
Fong Heng Boo (Lead Independent and Non-Executive Director)  
Chan Yu Meng (Independent and Non-Executive Director)

**Registered Office:**

1 Robinson Road  
#17-00 AIA Tower  
Singapore 048542

31 December 2020

To: The Shareholders of Citicod Ltd.

Dear Sir/Madam

**CIRCULAR TO SHAREHOLDERS IN RELATION TO:**

- (1) THE PROPOSED ACQUISITION OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF LIVINGSTONE HEALTH LTD. FOR AN AGGREGATE CONSIDERATION OF UP TO S\$72,000,000, BEING A REVERSE TAKEOVER;
- (2) THE PROPOSED ALLOTMENT AND ISSUANCE OF UP TO 342,500,000 CONSIDERATION SHARES TO THE VENDORS FOR THE PROPOSED ACQUISITION AT THE ISSUE PRICE OF S\$0.20 FOR EACH CONSIDERATION SHARE;
- (3) THE PROPOSED WHITEWASH RESOLUTION FOR THE WAIVER BY INDEPENDENT SHAREHOLDERS OF THEIR RIGHT TO RECEIVE A MANDATORY TAKEOVER OFFER FROM LVS;
- (4) THE PROPOSED ALLOTMENT AND ISSUANCE OF 2,814,000 CAPITALISATION SHARES PURSUANT TO THE LOAN CAPITALISATION OF OUTSTANDING ICH LOAN AT THE ISSUE PRICE OF S\$0.20 FOR EACH CAPITALISATION SHARE;
- (5) THE PROPOSED PLACEMENT OF UP TO 5,000,000 PLACEMENT SHARES;
- (6) THE PROPOSED ISSUANCE OF 500,000 SAC CAPITAL SHARES AT THE ISSUE PRICE OF S\$0.20 FOR EACH SAC CAPITAL SHARE;
- (7) THE PROPOSED SHARE CONSOLIDATION OF EVERY FIVE HUNDRED (500) ORDINARY SHARES INTO ONE (1) CONSOLIDATED SHARE;
- (8) THE PROPOSED TRANSFER OF THE LISTING OF THE COMPANY FROM THE MAINBOARD TO THE CATALIST BOARD;
- (9) THE PROPOSED DISPOSAL;
- (10) THE PROPOSED CHANGE OF CORE BUSINESS;
- (11) THE PROPOSED CHANGE OF NAME OF THE COMPANY FROM "CITICODE LTD." TO "LIVINGSTONE HEALTH HOLDINGS LIMITED";

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## LETTER TO SHAREHOLDERS

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- (12) THE PROPOSED APPOINTMENT OF THE PROPOSED NEW DIRECTORS TO THE COMPANY;
  - (13) THE PROPOSED ADOPTION OF THE NEW CONSTITUTION OF THE COMPANY;
  - (14) THE PROPOSED NEW SHARE ISSUE MANDATE; AND
  - (15) THE PROPOSED CHANGE OF INDEPENDENT AUDITOR.
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### 1. INTRODUCTION

#### 1.1. Overview

On 29 July 2020, the Company announced that it had entered into a sale and purchase agreement (“SPA”) with the Vendors and the Target Company for the Proposed Acquisition of the entire issued and paid-up share capital of the Target Company upon the terms and conditions of the SPA.

The Total Consideration for the Proposed Acquisition as determined by mutual agreement between the Parties to the SPA is up to S\$72,000,000. The Total Consideration comprises the Base Consideration of S\$47,000,000 and the Deferred Consideration of up to S\$25,000,000.

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 Shares in the capital of the Company. The Shares to be issued as consideration are to be issued after completion of the Proposed Share Consolidation (the “**Consideration Shares**”) at the issue price of S\$0.20 per Consideration Share.

The Proposed Acquisition constitutes a reverse takeover as set out under Rule 1015 of the Listing Manual as the relative figures under Rules 1006(b), 1006(c) and 1006(d) of the Listing Manual exceed 100% and on Completion will result in the change in control of the Company. The Company will be seeking the approval of Shareholders for, among other things, the Proposed Acquisition and the Proposed Issuance of the Consideration Shares at the EGM.

Upon the allotment and issuance of the Base Consideration Shares, LVS will incur an obligation to make a mandatory general offer for the Shares under Rule 14 of the Code unless such obligation is waived by the SIC. The Whitewash Waiver was obtained by LVS on 9 October 2020 and is subject to, among other things, the Proposed Whitewash Resolution being approved by Independent Shareholders at the EGM within three (3) months from the date of the whitewash waiver. On 23 December 2020, the SIC granted an extension of one (1) month for the company to convene the EGM to obtain the approval of Independent Shareholders for the Proposed Whitewash Regulation. Accordingly, the Company is seeking the approval of Shareholders for the Proposed Whitewash Resolution at the EGM.

The Company has appointed SAC Capital as its Financial Adviser in relation to the Proposed Acquisition. Pursuant to the completion of the Proposed Acquisition and the Proposed Listing Transfer, SAC Capital shall be appointed as the continuing sponsor of

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## LETTER TO SHAREHOLDERS

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the Company. The Company has also appointed Hong Leong Finance Limited as the IFA to advise the Independent Recommending Directors in respect of the Proposed Whitewash Resolution.

### 1.2. Purpose of Circular

The purpose of this Circular is to provide Shareholders with the relevant information relating to the Proposed Transactions for which the approval of Shareholders will be sought at the EGM. Shareholders' approval for the Proposed Transactions shall be sought by way of ordinary resolutions, except for the Proposed Listing Transfer, the Proposed Change of Name and the Proposed Adoption of the New Constitution for which approval shall be sought by way of special resolutions.

The Notice of EGM is set out in the Section titled "Notice of Extraordinary General Meeting" of this Circular.

This Circular has been prepared solely for the purposes set out herein and may not be relied upon by any persons (other than the Shareholders to whom this Circular is despatched to) or for any other purpose.

**The SGX-ST assumes no responsibility for the accuracy of any of the statements made, reports contained or opinions expressed in this Circular.**

### 1.3. Conditionality of Resolutions

Shareholders are advised that the key resolutions in this Circular being Ordinary Resolution 1 on the Proposed Acquisition, Ordinary Resolution 2 on the Proposed Issuance of Consideration Shares, Ordinary Resolution 3 on the Proposed Whitewash Resolution, Ordinary Resolution 7 on the Proposed Share Consolidation, Ordinary Resolution 8 on the Proposed Disposal, Ordinary Resolution 9 on the Proposed Change of Core Business, Ordinary Resolution 10 on the proposed appointment of Dr. Wilson Tay as the Proposed New Executive Director and CEO, Special Resolution 1 on the Proposed Listing Transfer and Special Resolution 2 on the Proposed Change of Name are inter-conditional (collectively, the "**Key Resolutions**"). This means that if any of the Key Resolutions are not approved, none of the Key Resolutions will be duly passed. The Key Resolutions are inter-conditional as the subject matter of the Key Resolutions will facilitate the conduct of business of the Enlarged Group upon Completion.

Additionally, the inter-conditionality of the proposed appointment of Dr. Wilson Tay as the Proposed New Executive Director and CEO with the other Key Resolutions underscore his key involvement in the Target Group. Please refer to Section 25.2 titled "Proposed New Board" of the Target's Letter to Shareholders for the profile of Dr. Wilson Tay.

Shareholders should also note that save for Special Resolution 3 on the Proposed Adoption of the New Constitution, Ordinary Resolution 4 on the Proposed Loan Capitalisation, Ordinary Resolution 5 on the Proposed Placement, Ordinary Resolution 6 on the Proposed Issuance of SAC Capital Shares, Ordinary Resolution 11 relating to the proposed appointment of Steven Lim as a Proposed New Director, Ordinary Resolution 12 on the Proposed New Share Issue Mandate and Ordinary Resolution 13 on the Proposed Change of Independent Auditor (collectively, the "**Conditional Resolutions**") are conditional upon the passing of the Key Resolutions.

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## LETTER TO SHAREHOLDERS

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### 2. THE PROPOSED ACQUISITION AND PROPOSED ISSUANCE OF CONSIDERATION SHARES

#### 2.1. Overview

As announced on 29 July 2020, the Company had entered into an SPA with the Vendors and the Target Company for the Proposed Acquisition of the entire issued and paid-up share capital of the Target Company for an aggregate consideration of up to S\$72,000,000.

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 Consideration Shares at the Issue Price.

The Proposed Acquisition constitutes a reverse takeover as set out under Rule 1015 of the Listing Manual as the relative figures under Rule 1006(b), Rule 1006(c) and Rule 1006(d) of the Listing Manual exceed 100.0% and on Completion will result in a change in control of the Company. The Company will be seeking the approval of Shareholders for, among other things, the Proposed Acquisition and the Proposed Issuance of Consideration Shares at the EGM.

#### 2.2. Rationale for and benefits of the Proposed Acquisition

##### 2.2.1. 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. On 30 October 2015, the SGX-ST publicly reprimanded Advance SCT on the failures to promptly disclose material information and to seek shareholder’s approval on certain transactions under Chapter 9 and Chapter 10 of the Listing Manual and also two (2) of Advance SCT’s then directors on their involvement in Advance SCT’s aforementioned breaches of the Listing Manual (the “**Public Reprimand**”). For further details on the Public Reprimand, please refer to the SGX-ST’s announcement dated 30 October 2015.

In addition, 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, APR, which was 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.



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## LETTER TO SHAREHOLDERS

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### 2.2.2. Existing Controlling Shareholder and Board of Directors

In June 2018, the Company announced the appointment of Teh Wing Kwan as non-executive chairman after he acquired approximately 28.73% equity interest to become the single largest shareholder of the Company. In July 2018, Teh Wing Kwan was appointed as Executive Chairman and 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 Teh Wing Kwan and two independent directors, Fong Heng Boo and Chan Yu Meng. The Company changed its name to Citicode Ltd. in February 2019.

### 2.2.3. The existing businesses and fund-raising constraint

The Company's trading business is largely dependent on various macroeconomic factors and the commodities market has been affected by renewed uncertainty, weak market sentiment, slowing economic activities and more recently, an imminent recession. In its announcement dated 14 August 2020 on its unaudited financial results for the 6-month financial period ended 30 June 2020 the Company updated that the metal commodities markets are likely to remain volatile following the abrupt fall in prices particularly in March 2020 as a result of the COVID-19 pandemic, and is likely that it will discontinue the trading business. On 7 October 2020, the Company further announced that its copper trading business had been discontinued. Further, most of the Company's 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 COVID-19 situation has disrupted the supply chain of its businesses. In light of the foregoing, the Board has decided to undertake the Proposed Disposal. Please refer to Section 9 titled "The Proposed Disposal" of the Circular for further details of the Proposed Disposal.

Furthermore, and as set out in Section 2.2.1 of this Circular, 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 been enlarged substantially 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 Company's legacy of having a high base of 41.3 billion Shares, unless viable corporate turnaround plans can be initiated and completed.

### 2.2.4. Viable corporate turnaround plans being necessary and beneficial to Shareholders

The Company, in its announcement dated 12 November 2019 of its unaudited financial results for the 3rd quarter and 9-month 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.

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## LETTER TO SHAREHOLDERS

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The Executive Chairman and CEO, Teh Wing Kwan, 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."*

Consistent with the Executive Chairman and CEO'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 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 relationship with its existing Citicode-SNAP joint venture partner, SNAP Innovations Pte. Ltd. ("**SNAP Innovations**") to improve part of its administrative functions and training systems with basic artificial intelligence (AI) assisted technology. Following the Proposed Disposal, the Enlarged Group will continue to evaluate business opportunities and work on project collaboration models with SNAP Innovations. 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.

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.

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.

### 2.3. **Information on the Target Group and the Enlarged Group**

#### 2.3.1. Information on the Target Group

The Target Group is a Singapore-based multidisciplinary specialist healthcare group whose core competencies lie in specialist healthcare and include the fields of aesthetics and wellness, anaesthesiology and pain management, family medicine, internal medicine and orthopaedic surgery. As at the Latest Practicable Date, the Target Group has fifteen (15) medical doctors practicing at twelve (12) medical clinics and one (1) medical spa in Singapore. Further information on the Target Group and its business can be found in the Target's Letter to Shareholders.

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## LETTER TO SHAREHOLDERS

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### 2.3.2. Information on the Enlarged Group

Pursuant to the completion of the Proposed Transactions, the business of the Enlarged Group will comprise wholly of the business of the Target Group.

Please refer to Appendix J titled “Enlarged Group Structure” for the Group structure of the Company after completion of, *inter alia*, the Proposed Disposal and the Proposed Acquisition.

### 2.4. **Information on the Vendors**

The Target Company is a public company limited by shares incorporated in Singapore on 1 December 2017. 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 Latest Practicable Date, its entire issued and paid up share capital are legally and beneficially owned by LVS, ICH Capital, Dax Ng and Dr. Chua Hshan Cher in the respective shareholding proportion of approximately 95.70%, 2.00%, 1.15% and 1.15% (the “**Vendors’ Respective Shareholdings**”).

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 Latest Practicable Date, LVS is currently legally and beneficially owned by Dr. Wilson Tay, Dr. Edwin Tan, Dr. Sebastian Chua, Dr. Rachel Lim and Dax Ng in the respective shareholding proportion of 34.80%, 21.45%, 21.40%, 17.35% and 5.00%. The shareholding proportion of LVS was commercially agreed between the past and current shareholders of LVS and was determined pursuant to restructuring exercises carried out by the Target Group. For more information on the restructuring exercises carried out by the Target Group, please refer to Section 17 titled “Restructuring Exercise and Further Developments of the Target Group” of the Target’s Letter to Shareholders. In determining the shareholding proportion of LVS, the shareholders of LVS had taken into account, *inter alia*, the respective contribution and performance of each of the medical doctors relative to their aggregate performance at the relevant time. Dr. Wilson Tay and Dax Ng are directors of LVS.

As at the Latest Practicable Date, 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.

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

Dax Ng is the Chief Business Officer of the Target Group, a shareholder of LVS and a Proposed New Executive Officer upon Completion. Further information on Dax Ng can be found in Section 25.3 titled “Proposed New Executive Officers” of the Target’s Letter to Shareholders.

Prior to the PMG Acquisition, Dr. Chua Hshan Cher co-founded Target Group’s family medicine segment under PMG in 2011. Dr. Chua Hshan Cher has a 21.07% shareholding interest in PMG and currently heads the operations of the family medicine segment of the Target Group. Further information on Dr. Chua Hshan Cher can be found in Section 3.3.3 titled “Family Medicine segment” of the Target’s Letter to Shareholders.

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## LETTER TO SHAREHOLDERS

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### 2.5. Principal Terms of the Sale and Purchase Agreement

#### 2.5.1. 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.

#### 2.5.2. Consideration

The Total Consideration of up to S\$72,000,000 shall be payable in the following manner:

- (i) Base Consideration of S\$47,000,000 in the manner as set out in Paragraph 2.5.2(a) below; and
- (ii) Deferred Consideration of up to S\$25,000,000 in the manner as set out in Paragraph 2.5.2(b) below.

##### (a) **Base Consideration**

The Company shall pay the Base Consideration as follows:

- (i) on Completion, the sum of S\$45,000,000 shall be satisfied by the allotment and issue of 225,000,000 Base Consideration Shares at the Issue Price to the Vendors in proportion to the Vendors' Respective Shareholdings; and
- (ii) the remaining S\$2,000,000 shall be paid in cash to the Vendors in proportion to the Vendors' Respective Shareholdings within 18 months from Completion, unless otherwise agreed in writing.

##### (b) **Deferred Consideration**

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

- (i) if the Adjusted NPAT in respect of the Target Company for FY2021 ("**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;
- (ii) 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 = FY2021 Adjusted NPAT

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## LETTER TO SHAREHOLDERS

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For the purposes of the SPA and the Deferred Consideration formula, “Adjusted NPAT” shall mean the audited consolidated net profit after tax, adjusted to exclude the Adjustment Items. The Adjustment Items will be prepared by the Group Financial Controller of the Enlarged Group, being a party independent of the Vendors, and will be agreed upon and reviewed by the Enlarged Group’s external auditor and the New Audit Committee. In the event the Adjustment Items are disputed, the Parties shall negotiate in good faith to come to an agreement, failing which, an independent public accounting firm reporting directly to the New Audit Committee shall be engaged to resolve the items under dispute;

- (iii) 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;
  - (iv) 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
  - (v) 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 Sections 2.5.2(c)(i) and 2.5.2(c)(ii) below.
- (c) Upon determining the amount of Deferred Consideration payable to the Vendors in accordance with Sections 2.5.2(b)(i) to 2.5.2(b)(iii) above, the Company shall pay the Deferred Consideration in the following manner:
- (i) 94.0% of the Deferred Consideration (of up to S\$23,500,000), or such other amount as adjusted in accordance with Section 2.5.2(b), shall be satisfied by the allotment and issuance to the Vendors of up to 117,500,000 Deferred Consideration Shares, subject to any Variation (as defined in Section 2.5.2(d) herein) at the Issue Price in proportion to the Vendors’ Respective Shareholdings within three (3) months from the date of issuance of the Target Group’s FY2021 audited consolidated financial statements; and
  - (ii) 6.0% of the Deferred Consideration (of up to S\$1,500,000), or such other amount as adjusted in accordance with Section 2.5.2(b), shall be paid in cash to the Vendors in proportion to the Vendors’ Respective Shareholdings within 18 months from the date of issuance of the Deferred Consideration Shares, unless otherwise agreed in writing.
- (d) In the event of any non-dilutive changes in the capital of the Company, which refers only to any share consolidation (other than the Proposed Share Consolidation), share sub-division or bonus issue (the “**Capital Variation Events**”) undertaken by the Company 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 Section 2.5.2(d) (the “**Variation**”). For the avoidance of doubt, adjustments are made such that the Vendors or the other Shareholders of the Company will not

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## LETTER TO SHAREHOLDERS

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indirectly benefit as a result of the Capital Variation Events; as such the Capital Variation Events shall not include any fund-raising exercises whether by way of the issuance of equity securities, convertible securities or otherwise. Any Variation shall be made by the Proposed New Board in consultation with the Company's external auditor 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) the commercial objective of the Parties for the Vendors to own approximately 80.0% of the Enlarged Group upon the issuance of the full number of Deferred Consideration Shares (where there is no Variation) will be achieved. Pursuant to Regulation 96(2) of the Constitution, a Director shall not vote in respect of any arrangement in which he has directly or indirectly a personal material interest. As such, Dr. Wilson Tay, who is the Proposed New Executive Director and CEO and a shareholder of LVS, will not participate in the discussions and vote in respect of any matters in relation to any Variation, if any.

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 distributions, the record date for which falls before the date of issue of the Consideration Shares.

### 2.5.3. Bases and Rationale for the Total Consideration, Issue Price and Deferred Consideration Formula

#### **Total Consideration**

The Total Consideration was agreed on 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.

#### **Issue Price**

The Issue Price, which was derived following the Parties' negotiations, took into consideration, *inter alia*, (a) the minimum issue price requirement pursuant to Rule 1015(3)(c) of the Catalist Rules, where in relation to a reverse takeover, the issue price of each share after adjusting for any share consolidation must not be lower than S\$0.20; (b) the premium of the pre-consolidation issue price of S\$0.0004 to the Group's net tangible liabilities ("NTL") per share of approximately S\$0.0008 as at 31 December 2019 based on the latest audited financial statements available prior to the Announcement; and (c) the historical traded prices of the Shares (being at the minimum trading price) and its low trading liquidity with no market price recovery.



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The Issue Price of S\$0.20, which forms the same reference price for the Deferred Consideration Shares, was derived following the Parties' negotiations, after taking into consideration, *inter alia*, (a) that the Vendors agreed to fix and cap the amount of the Deferred Consideration at S\$25,000,000; and (b) to avoid or minimise any uncertainties to the Parties should any of the risks relating to unexpected market volatility arise in the future, which may cause the share price to change and/or the agreed business valuation to vary.

In arriving at the Issue Price of S\$0.20, which represents (i) a premium to the Group's audited NTL per share as at 31 December 2019 (the "**Premium**"); and (ii) a 60.0% discount to the post-consolidation price of S\$0.50 (the "**Discount**"), the Parties have considered the following:

- (a) the Premium was negotiated by the Company based on a mutually agreed commercial rationale which would (i) ascribe a value of approximately S\$16,500,000 to the Company for the existing Shareholders; and (ii) enable the existing Shareholders and the Vendors to own approximately 20.0% and 80.0% 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**"); and
- (b) the Discount can reasonably be attributed to the existing low trading liquidity of the Shares which has no real price recovery based on its historical share prices and the market capitalisation of S\$41.3 million (being at the minimum trading price of S\$0.001) based on the closing price as at the date of the Announcement.

In addition, the Company had negotiated with the Vendors on the basis that it will be more meaningful for the existing Shareholders of the Company to own a diluted interest in the Enlarged Group instead of owning a full interest in the Company in view of the fact that the Target Group is in a fast-growing healthcare industry and expected to remain profitable upon Completion barring unforeseen circumstances, while the Company was in an NTL position as at 31 December 2019 and has low trading liquidity and no price recovery in its Shares, despite its existing market capitalisation of S\$41.3 million.

The Company also took into consideration the existing high market capitalisation of the Company that had previously been enlarged by new Shares issued in relation to the Legacy Debt Restructuring Exercises and the issuance of the Legacy RCB, which does not practically allow for any fund-raising exercise in any form and/or structure given the Company's legacy of having a high base of 41.3 billion Shares without any viable corporate turnaround plans.

### **Deferred Consideration formula**

The Deferred Consideration formula as set out in Section 2.5.2(b) of this Circular contemplates that if the Adjusted NPAT of the Target Company 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 payable to the Vendors.

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In arriving at this Deferred Consideration formula, the Parties took into consideration that FY2020 is a challenging year given the COVID-19 pandemic which has brought about unprecedented travel restrictions and the implementation of the Circuit Breaker by the Singapore Government. 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 exceeds the threshold of S\$2,800,000 despite the COVID-19 pandemic, the Company is of the view that it will be of strategic importance to recognise the Target Group's capability in sustaining its operations during this difficult time by allowing any excess over the expected Adjusted NPAT of S\$2,800,000 to be added to the FY2021 Adjusted NPAT for the purposes of determining the final Deferred Consideration.

In deciding on the Deferred Consideration formula, the Parties had also agreed that it would be imprudent to increase the Base Consideration by assuming that the Target Group can achieve a higher NPAT target for FY2020 before Completion. On the other hand, it would be commercially justifiable to allow the excess Adjusted NPAT for FY2020, if any, to be added on to the FY2021 Adjusted NPAT for the benefit of the Vendors after Completion, if the Target Group can perform better than expected in FY2020 despite the challenges brought about by the COVID-19 pandemic.

In this respect, the Parties are of the view that 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 any event, the Deferred Consideration has been capped at a maximum of S\$25,000,000.

### 2.5.4. Independent Valuation

Pursuant to Rule 1015(3)(a) of the Catalist Rules, the Company has commissioned the Independent Business Valuer to undertake an independent business valuation to determine the Market Value (as defined below) of 100% equity interest in the Target Group as at 30 June 2020.

"Market Value" is defined in the Business Valuation Report as "*The estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arms' length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion*".

In estimating the value of the Target Group, the Independent Business Valuer calculated the Market Value of the 100.0% equity interest in the Target Group through a sum-of-the-parts income approach. The sum-of-the-parts approach was determined by the Independent Business Valuer to be suitable to value the Target Group as each medical practice or business is housed under a separate entity and accounted for independently. Financial information is available for each business and the Independent Business Valuer is able to understand and analyse each business and model a financial forecast based on each business' own operating model and structure.



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Financial projections prepared for each operating company in the Target Group are consolidated and a discounted cash flow analysis is performed to arrive at the value of the Target Group, adjusted based on the Target Company's effective interest in the companies.

The value of the equity interest in the Target Group is derived based on the following formula:

$$\text{Market value of the equity interest} = \text{enterprise value} - \text{debt} + \text{excess cash} + \text{non-operating assets/(liabilities)}$$

Enterprise value is a measure of a company's value or business to its stakeholders, namely debt holders and equity owners. It is generally defined with the following formula:

$$\text{Enterprise value} = \text{equity value} + \text{debt} - \text{excess cash} - \text{non-operating assets/(liabilities)}$$

The Independent Business Valuer had also conducted a comparative analysis of the pricing multiples of selected comparable listed companies in Singapore to ensure the reasonableness of the valuation results.

The independent valuation was performed, and the Business Valuation Report was prepared, in accordance with the International Valuation Standards (2017 edition) as published by the International Valuation Standard Committee.

Based on the Business Valuation Report, the Market Value of the 100.0% equity interest in the Target Group as at 30 June 2020 is reasonably stated in the amount that ranges from S\$63.6 million to S\$82.2 million, with an average of S\$72.9 million. Please refer to Appendix F of this Circular titled "Business Valuation Report" for the summary report of the Business Valuation Report. The full text of the Business Valuation Report will be made available for inspection at the principal place of business of the Company during normal business hours for a period of six (6) months from the date of this Circular.

### 2.5.5. Conditions Precedent to the Proposed Acquisition

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

- (a) there being no delisting of the existing Shares from the Mainboard prior to Completion;
- (b) 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 valuation reports 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;
- (c) 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;

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- (d) 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;
- (e) 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;
- (f) the SIC having granted the LVS Concert Party Group (and not having revoked or repealed such grant) a waiver of their obligation to make a mandatory general offer under Rule 14 of 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 approving at the EGM of the Company the proposed ordinary resolution 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"**);
- (g) the approval of the Shareholders of the Company being obtained at the EGM (or any adjournment thereof) to be convened, in respect of, *inter alia*:
  - (i) the Proposed Acquisition on the terms and conditions set out in the SPA;
  - (ii) the Proposed Issuance of Consideration Shares;
  - (iii) Proposed Change of Name;
  - (iv) the Proposed Whitewash Resolution;
  - (v) the Proposed Share Consolidation;
  - (vi) the Proposed Disposal;
  - (vii) the Proposed Listing Transfer;
  - (viii) the Proposed Appointment of Dr. Wilson Tay as the Proposed New Executive Director and CEO;
  - (ix) the Proposed Adoption of the New Constitution;
  - (x) the Proposed New Share Issue Mandate;
  - (xi) the Proposed Change of Core Business; and
  - (xii) such other corporate action(s) in connection with the Proposed Acquisition as may be necessary;

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- (h) an opinion from an independent financial adviser appointed by the Company expressing an opinion which contains a recommendation by the independent financial adviser to the Independent Recommending Directors to recommend to the shareholders to vote in support of the Whitewash Resolution;
- (i) the completion of the Proposed Share Consolidation;
- (j) the completion of the Proposed Disposal including the novation of all existing contracts in relation to the Existing Business;
- (k) approval in-principle for the listing and quotation of the Consideration Shares, and the 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 on or prior to Completion) and, where such approval is subject to conditions, such conditions being reasonably acceptable to the Company and the Vendors;
- (l) 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;
- (m) 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 Total Consideration will be admitted to and listed for quotation on the Catalist Board without undue delay after their allotment and issuance;
- (n) 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;
- (o) 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 of the Company and the 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;
- (p) 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 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;

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- (q) 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 Section 2.5.6 of this Circular) (whichever is earlier) and if any such consents, approvals or waivers are subject to conditions, such conditions being reasonably acceptable to the Parties;
- (r) the Enlarged Group meeting and complying with all the requirements for listing on the Catalist Board;
- (s) all representations, undertakings and warranties of the Vendors and the Company under the SPA being complied with, 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;
- (t) 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:
  - (i) make the transactions contemplated under the SPA void, illegal and/or unenforceable or otherwise frustrate or be adverse to the same; and/or
  - (ii) render the Company being unable to acquire all or any of the Sale Shares or control the Target Company;
- (u) 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;
- (v) approval of the respective boards of directors of the Target Company and the Company for the Proposed Transactions;
- (w) the Company being free from all liabilities, contingent or otherwise, save for:
  - (i) 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;
  - (ii) 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
  - (iii) the loans for the working capital of the Company granted by Teh Wing Kwan and the third-party loans granted by ICH Capital;

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- (x) the delivery of the disclosure by the Vendors to the Company and the Company being satisfied with the contents thereof as on the Completion Date (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
- (y) the individuals comprising the key management team of the Target Group, including but not limited to Dr. Wilson Tay, having entered into service agreements with the Target Group for a minimum term of three (3) full financial years after Completion.

### 2.5.6. 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.

As at the date of this Circular, the Conditions Precedent in Sections 2.5.5(b), (c), (d), (e), (f), (h), (k), (p), (q), (r), (v), (w) and (y) of this Circular have been fulfilled or satisfied.

The Company will make immediate announcement(s) on SGXNET of (a) any conditions precedent waived pursuant to the SPA (including the basis for such waiver); (b) the fulfilment of the conditions precedent under the SPA; and (c) the termination of the SPA.

### 2.5.7. Completion

Completion shall take place on the date falling seven (7) business days after the date on which the Conditions Precedent 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**”).

On Completion, the Company shall allot and issue the Base Consideration Shares to the Vendors in proportion to the Vendors’ Respective Shareholdings. For the avoidance of doubt, the Base Consideration Shares will be issued after completion of the Proposed Share Consolidation.

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### 2.6. Reverse Takeover Transaction

The relative figures in relation to the Proposed Acquisition computed on the relevant bases set out in Rule 1006 of the Listing Manual, based on the Group's latest announced unaudited consolidated financial statements for the 6-month financial period ended 30 June 2020 ("6M2020"), are as follows:

Rule 1006	Bases	Relative Figures
(a)	Net asset value of the assets to be disposed Net asset value of the Group <b>Size of relative figure</b>	Not applicable to acquisition of assets
(b)	Net profits <sup>(1)</sup> attributable to the Target Group (S\$'000) Net losses <sup>(1)</sup> of the Group (S\$'000) <b>Size of relative figure</b>	1,099 <sup>(2)</sup> 608 <sup>(3)</sup> <b>180.8%<sup>(4)</sup></b>
(c)	Aggregate value of the Total Consideration (S\$'000) Market capitalisation of the Company (S\$'000) <b>Size of relative figure</b>	72,000 <sup>(5)</sup> 41,317 <sup>(5)(6)</sup> <b>174.3%<sup>(5)</sup></b>
(d)	Number of equity securities issued for the Proposed Acquisition on a post- consolidation basis ( <i>comprising the Base Consideration Shares and Deferred Consideration Shares</i> ) Number of shares of the Company in issue on a post-consolidation basis <b>Size of relative figure</b>	342,500,000 82,633,815 <sup>(7)</sup> <b>414.5%</b>
(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 the unaudited profit before tax of the Target Group for 6M2020.
- (3) Based on the unaudited loss before tax of the Group for 6M2020.
- (4) With reference to paragraph 4.3 and 4.4 of Practice Note 10.1 of the Listing Manual, the relative figure is computed on the absolute basis of each of the amounts. Nonetheless, as the relative figure under Rule 1006(b) is negative, it may not give a meaningful indication of the significance of the Proposed Acquisition to the Company.

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- (5) Based on the Total Consideration of S\$72.0 million as agreed between the Company and the Vendors. Rule 1003(3) of the Listing Manual requires that, where the consideration is in the form of shares, the value of the consideration is the higher of market value or net asset value represented by such shares. Pursuant to 1003(3) of the Listing Manual, the aggregate value of the consideration would be S\$174.75 million, and is derived by (a) multiplying the number of Consideration Shares (adjusted to 171.25 billion pre-consolidation Shares) issued in satisfaction of the Total Consideration by 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, and (b) the full cash consideration payable of S\$3.5 million. The net asset value represented by such Shares is not applicable as the Group was in a net liability position of S\$0.9 million as at 30 June 2020. Accordingly, the size of the relative figures would have been 423.0%, determined by dividing the value of consideration of S\$174.75 million by the market capitalisation of the Company of S\$41.3 million.
- (6) 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.
- (7) The number of Consolidated Shares of the Company is derived based on 41,316,907,761 Shares, consolidated on a basis of every 500 Shares into one (1) Consolidated Share. The Capitalisation Shares, the SAC Capital Shares and the Placement Shares have been excluded from the computation as they do not form part of the Total Consideration for the Proposed Acquisition.

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 100.0% and given that the Completion will result in a change in control of the Company, the Proposed Acquisition is classified as a “reverse takeover” and shall be conditional upon, *inter alia*, the approval of Shareholders at the EGM to be convened pursuant to Rule 1015 of the Listing Manual.

### 2.7. Risk Factors

Shareholders and prospective investors should carefully consider and evaluate each of the following risk factors and all of the other information set forth in this Circular. Before deciding to invest in the Shares, Shareholders and prospective investors should seek professional advice from the relevant advisers about their particular circumstances.

The following describes some of the significant risks known to the Target Group now that could directly or indirectly affect the Target Group and the value or trading price of the Shares. Some of the following considerations relate principally to the industry in which the Target Group operates and its business in general. Other considerations relate principally to general economic and political conditions. The risks factors stated below are not intended to be exhaustive and do not state risks unknown to the Target Group now but which could occur in future, and risks which the Target Group currently believe to be immaterial, which could turn out to be material. Should these risks occur or turn out to be material, they could materially and adversely affect the Target Group’s business operations, financial position and/or results of operations. New risk factors may emerge from time to time and it is not possible for the Proposed New Board to predict all risk factors, nor can the Company assess the impact of all factors or the extent to which any factor or combination of factors may affect the Target Group and the Proposed Acquisition.

Save as disclosed below, to the best of the Proposed New Board’s knowledge and belief, all risk factors which could directly and/or indirectly affect the Target Group and are material to Shareholders in making an informed judgement of the Target Group have been set out below. If any of the following considerations, uncertainties or material risks develops into actual events, the Target Group’s business operations, financial position and/or results of operations could be materially and adversely affected. In such cases, the trading price of the Shares could decline due to any of these considerations, uncertainties or material risks, and Shareholders may lose all or part of their investment in the Shares. Following Completion, the risk factors in relation to the Target Group will also be relevant to the Enlarged Group.



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Shareholders should also note that certain of the statements set forth below constitute “forward looking statements” that involve risks and uncertainties. For more information, please also refer to the Section titled “Cautionary Note on Forward Looking Statements” of this Circular.

### **Risks relating to the Target Group and its business**

#### **(a) The Target Group is dependent on its key management personnel who are its key medical doctors**

The Target Group attributes their success to the leadership and contributions of the current founding members of the Target Group, namely Dr. Wilson Tay, Dr. Sebastian Chua, Dr. Rachel Lim and Dax Ng who have been instrumental in charting the Target Group’s business direction and spearheading the Target Group’s growth. The current founding members of the Target Group have managed to attract and retain a significant number of medical doctors, healthcare professionals and key management personnel who share the same vision as the Target Group.

The Target Group’s continued success and growth will depend, to a large extent, on its ability to retain the services of the Target Group’s key management personnel who are also its key medical doctors, namely Dr. Edwin Tan (orthopaedic surgery segment), Dr. Wilson Tay and Dr. Sebastian Chua (both of whom are in the anaesthesiology and pain management segment) and Dr. Rachel Lim (aesthetics and wellness segment), for their extensive knowledge and experience in their respective fields of specialty and business practices of the medical industry. Accordingly, the Target Group is dependent on their contribution to the orthopaedic surgery segment, anaesthesiology and pain management segment and the aesthetics and wellness segment, which accounted for approximately 30.8%, 24.1% and 12.7% of the Target Group’s unaudited pro forma revenue for FY2019 respectively.

The Target Group’s continued success is therefore dependent to a large extent on the Target Group’s ability to retain its key management personnel who have extensive clinical experience and/or are responsible for its continued growth, corporate development and overall business strategies. Although the Target Group has entered into service agreements and employment contracts with each of its key management personnel, any loss of their services without a suitable and timely replacement can materially and adversely affect the business, financial position and results of operations of the Target Group. The Target Group also expects to face increasing competition for management personnel from its competitors. The demand for such experienced personnel is intense and the search for persons with the relevant skill sets can be time consuming. The Target Group cannot assure you that it will be able to attract or retain key management personnel who are needed to implement its growth, corporate development and overall business strategies. Additionally, the Target Group does not maintain insurance coverage for the loss of the services of any of its key management personnel as at the Latest Practicable Date, which it believes is generally in line with industry practices in Singapore. The loss of its key management personnel without suitable and timely replacements, or its inability to attract and retain qualified management personnel, can materially and adversely affect the Target Group’s business, financial position, results of operations and prospects.



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As a result of the 2019 Target Restructuring, Dr. Sean Ng, one of the initial founding members of the Target Group, left the Target Group and relinquished his role as CEO of the Target Group. This led to a re-organisation of the Target Group's management team, with Dr. Wilson Tay succeeding Dr. Sean Ng as CEO of the Target Group. For further information on the 2019 Target Restructuring, please refer to Section 17.3 titled "The 2019 Target Restructuring" of the Target's Letter to Shareholders.

While the Target Group was able to find suitable replacements for Dr. Sean Ng in a timely manner for the continued management of the Target Group, there is no assurance that suitable and timely replacements will be found for other members of the Target Group's management team should they leave the Target Group, and this may have a material adverse effect on the Target Group's business, financial position, results of operations and prospects.

**(b) The Target Group is dependent on its ability to attract and retain skilled and qualified healthcare professionals, including medical doctors**

The Target Group's performance, reputation and growth depends on its ability to attract and retain skilled and qualified medical doctors with the requisite expertise. The demand for medical doctors is high and the supply in this field is particularly limited due to the long training period. The Target Group's ability to attract such medical doctors depends on, *inter alia*, the Target Group's reputation, professional relationships and compensation, and it may not compare favourably with other healthcare providers on one or more of these factors. While all of its medical doctors have entered into employment contracts with the Target Company, there is no assurance that they will not terminate or that they will renew their employment upon the expiry of their employment contracts. Many of the Target Group's existing medical doctors have large patient bases and referral networks. If any of them chooses to leave the Target Group, it may lose such patient bases and referral networks. As such, its patient base may be adversely affected if it cannot obtain suitable and timely replacements and this may have a material adverse effect on the Target Group's business, financial position, results of operations and prospects.

In addition, the Target Group's performance also depends on its ability to attract and retain other skilled and qualified healthcare professionals such as nurses and clinical staff, which are crucial in supporting the services provided by the Target Group. Healthcare professionals require professional licences to practise and it may take years to train a healthcare professional. In addition, the nursing shortage in Singapore makes it challenging for the Target Group to employ nurses who are qualified to work in Singapore.

If the Target Group is unable to attract or retain the necessary personnel, this may adversely affect the quality of the services provided by the Target Group as well as its expansion plans. Increased manpower costs to recruit and retain the requisite personnel may also adversely affect the Target Group's business, financial position, results of operations and prospects. Further, the potential loss of Target Group's healthcare professionals without suitable and timely replacements, or its potential inability to attract and retain qualified healthcare professionals, can materially and adversely affect the Target Group's business, financial position, results of operations and prospects.

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**(c) The Target Group experiences competition from other similar healthcare providers within each of its business segments**

The healthcare business in Singapore is highly competitive and competition among healthcare providers for patients has intensified in recent years. The Target Group competes with other government-owned hospitals, private hospitals, clinics, and other aesthetics and wellness centres which provide services similar to those offered by it. Some of these competitors may have longer operating histories, greater brand recognition, be more established and have greater financial, personnel and other resources than the Target Group. Competitors may price their services at a lower quantum than the Target Group and exert pricing pressures on it. Moreover, the Target Group will also have to compete with any future healthcare business operators. Some of the Target Group's competitors may also have plans to expand their facilities, which may exert further pricing and recruitment pressure on it. Increased competition may result in lower profit margins and a loss of market share for the Target Group and as such, the Target Group's success depends on its ability to compete effectively against its competitors. There is no assurance that the Target Group will be able to compete against its competitors effectively in the future and this can materially and adversely affect its business, financial position, results of operations and prospects.

**(d) The Target Group does not have a long operating history**

While the Target Group's history can be traced back to 2015 and 2016, the Target Company was only incorporated on 1 December 2017 and the Target Group only began operations as a group in November 2018. Although the Target Group's medical doctors each have extensive medical experience, the Target Group does not have a long operating history on which its past performance may be judged. This will make it more difficult for investors to assess the Target Group's future performance and for investors to determine if the Target Group will be able to meet its projected business plan.

**(e) The Target Group leases the premises of its medical clinics from private landlords and there is no certainty that the Target Group will be able to lease new premises or renew its existing leases on terms acceptable to it, or at all**

The Target Group leases the premises of its existing clinics and centres. The details of the leases of each of the Target Group's clinics and centres are set out in Section 6 titled "Properties and Fixed Assets" of the Target's Letter to Shareholders.

The current lease terms for most of the Target Group's clinics and centres are for a period of three (3) years or less. Upon the expiry of the leased tenure, the landlords have the right to review and revise the terms and conditions of the lease agreements. The Target Group therefore faces the possibility of an increase in rental payable to the landlords or being unable to renew the leases on terms and conditions favourable to it, or at all. Any increase in rentals would inevitably increase its operating expenses. In the event that its existing lease arrangements are not renewed upon their expiry and suitable alternative locations cannot be found in a timely manner or at all, the Target Group may have to suspend the operations of its affected clinics.

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Further, certain of the Target Group's existing leases include provisions that are not favourable to it. For example, under the terms of some of its existing leases, the lease may be terminated and the lessor may re-enter and take possession of the property in certain circumstances. Such circumstances generally include: (a) failure to pay the rent or any other sum payable under the lease within a specified time; (b) failure to comply with the terms of the lease and, if the default is capable of remedy, failure to remedy the default within a specified time; and (c) failure to discharge any distress or execution levied on the property within a specified time. In such an event, the Target Group's business and operations will be disrupted and the Target Group may incur additional expenses in sourcing for and renovating new premises.

If the Target Group is unable to lease new premises or renew existing leases on terms acceptable to it, or at all, or if its leases are prematurely terminated, the Target Group's business, financial position and results of operations may be materially and adversely affected.

During the Relevant Period, the Target Group did not experience any difficulties in leasing new premises and/or renewing existing leases on terms acceptable to it which had a material adverse impact on the Target Group's business, financial position and results of operations.

**(f) If the Target Group fails to effectively estimate, price and manage its business costs, the profitability of the Target Group can decline**

The Target Group is subject to the risks of rising business costs. These costs include the cost of manpower, medicines and pharmaceutical drugs, medical implants, diagnostic services, day surgery room charges, overheads and various other costs incurred for the provision of its services. While the Target Group seeks to impute these costs in its fee pricing, it may not always be able to do so due to the competitive nature of its business or for any number of reasons beyond its control. Any such increases in its business costs may affect the Target Group's profits adversely if it is unable to raise its fees commensurately. Any changes in the amount and manner in which it is able to charge for its services may have a material adverse impact on the Target Group's business, financial position and results of operations.

**(g) The Target Group is reliant, to some extent, on the brand names and trademarks of its business as well as the reputation of its medical professionals**

The Target Group relies, to some extent, upon certain brand names in its business. For example, the Target Group has taken steps to register "Livingstone", "Cove", "Apicare Pain Clinic" and "Phoenix Medical Group" as trademarks in Singapore. For more information, please refer to the Section 11 titled "Intellectual Property Rights" of the Target's Letter to Shareholders. If the Target Group fails to protect and enhance its brand identities, or if it fails to properly supervise the use of, and compliance with, its intellectual property rights by third party healthcare or other facility providers, the market recognition of each of its brands and trademarks may deteriorate. Any claims and legal actions brought against the Target Group by its patients may also have a negative impact on its brand image. As such, the Target Group may not be able to operate its healthcare businesses at an optimum level and, as a result, its business, financial position, results of operations and prospects may be materially and adversely affected.

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The brand names and reputation of the Target Group are linked, to some extent, to the reputation of its medical doctors. Any negative publicity against the Target Group's medical doctors may tarnish their reputation and standing in the medical industry and may adversely affect the Target Group's reputation and business by causing the number of patients who visit its clinics to decrease.

In August 2019, the Target Company withdrew its preliminary offer document that was lodged with the SGX-ST in connection with its Prior Listing Attempt. A number of articles were published in local media in relation to the withdrawal. Notwithstanding the foregoing, the Target Group is of the view that there was no material adverse impact on the Target Group's business, financial position or results of operations, including on the Target Group's insurance premiums and coverage, arising in connection with the Prior Listing Attempt or the media coverage related to it. For further information on the Prior Listing Attempt, please refer to Section 17.2 titled "Prior Listing Attempt by the Target Group" of the Target's Letter to Shareholders.

During the Relevant Period, save as disclosed above, the Target Group did not experience any negative publicity which had a material adverse impact on its business, financial position and results of operations.

**(h) The Target Group is dependent on the continuing operations of the private hospitals where it conducts its business**

The Target Group conducts some of its business in private hospitals, namely, Farrer Park Hospital, Mount Elizabeth Hospital, Mount Elizabeth Novena Hospital, Parkway East Hospital and Mount Alvernia Hospital. If there are any disruptions in the operations of these hospitals or medical centres, for instance, due to a major fire, a change in public reputation of these hospitals or medical centres or an outbreak of certain diseases resulting in closure of or restrictions in the usage of the hospitals or medical centres, the Target Group's clinical business in these hospitals or medical centres may decrease due to a reduction in its patient base or a reduction in its access to facilities.

In February 2020, the MOH sent a directive to public hospitals requiring doctors in the public sector to restrict their work to one hospital. This was put in place so as to minimise the risk of cross-institutional transmission of COVID-19. Healthcare professionals in private hospitals and specialist clinics were similarly advised to avoid cross-institutional movement. All private specialists were restricted to one private hospital and one public hospital (the "**Movement Restrictions**"), thereby restricting their ability to continue their operations across various private and public hospitals and also restricting their patient's choice of hospitals. Please refer to Section 2.7 titled "Risk Factors – The Target Group may be affected by pandemics and the spread or outbreak of any contagious or virulent diseases" of this Circular and Section 22 titled "Management's Discussion and Analysis of Results of Operations of the Target Group" of the Target's Letter to Shareholders for further information on the impact of COVID-19 on the Target Group.

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Notwithstanding the lifting of the Movement Restrictions in 17 July 2020, there is no assurance that the Movement Restrictions or other more stringent restrictions will not be implemented if COVID-19 becomes more widespread in Singapore. Any restrictions on the Target Group's usage of and access to private hospitals may adversely affect its business, financial position, results of operations and prospects.

In addition, while most of the Target Group's medical clinics are equipped with the facilities needed to perform a variety of procedures on-site and minor surgical services, major surgeries and procedures will be carried out at Farrer Park Hospital, Mount Elizabeth Hospital, Mount Elizabeth Novena Hospital, Parkway East Hospital, Mount Alvernia Hospital, Gleneagles Hospital and other day surgery centres. For the medical doctors of the Target Group to be able to carry out medical procedures at the premises of the private hospitals, they are required to be accredited with the private hospitals and will be subject to the qualifications and conditions imposed by these private hospitals to maintain such accreditation with them. To the extent that the medical doctors do not comply with such qualifications and conditions, the Target Group's medical doctors may not be permitted to carry out procedures at the private hospitals' premises. While the choice of where the procedures can be performed depends on the patient's preference and/or the availability of the required equipment of the private hospitals, there is no guarantee that the Target Group would be able to find alternative premises or comply with the private hospitals' requirements and conditions in a timely manner. In such an event, the Target Group's medical doctors' ability to perform procedures may be restricted, thereby adversely affecting the Target Group's business, financial position, results of operations and prospects. For completeness and purely on a voluntary disclosure basis, Dr. Wilson Tay was subject to a hospital group's internal inquiry in 2016 in relation to his medical care of a patient on whom he had administered anaesthesia. The patient recovered and was discharged uneventfully. In connection with Dr. Wilson Tay's explanations and findings from the internal inquiry, the hospital group suspended his accreditation and clinical privileges at the hospital group for one (1) month from February 2017 for, *inter alia*, insufficient documentation and inappropriate assessment and handover. Dr. Wilson Tay's accreditation and clinical privileges were reinstated by the hospital group from March 2017 and he continues to be accredited by the hospital group as at the Latest Practicable Date. During the said period, Dr. Wilson Tay continued to practise in other private hospitals and day surgery centres that he is accredited with. To the best of Dr. Wilson Tay's knowledge and belief, there are no further developments in relation to this matter.

In addition, for completeness of disclosure, Dr. Edwin Tan was issued a letter of warning by a hospital group in December 2020 in connection with the admission of a patient that was conveyed to the hospital by an ambulance service that the hospital group had ceased to accept, which also led to the disruption of the hospital's triage process. To the best of Dr. Edwin Tan's knowledge and belief, as at the Latest Practicable Date, no further action has been taken against him and there have not been any further developments in relation to this matter. To this end, the Target Group has in place policies and procedures to, *inter alia*, prevent similar reoccurrence of such non-compliances. Please refer to Section 3.5 titled "Service Quality Control" of the Target's Letter to Shareholders for more information. In addition, the Target Group had reminded all medical doctors of the Target Group on the adherence to the abovementioned hospital group's internal administrative policies.

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Save as disclosed above, the Target Group did not experience any of the abovementioned incidents, including any disruption in the operations of these hospitals and medical centres, during the Relevant Period which had a material adverse impact on its business, financial position and results of operations.

**(i) The Target Group has limited or no control over its suppliers and the quality of the products supplied to it**

The Target Group utilises a variety of pharmaceuticals, medical equipment, consumables and other supplies in its operations, all of which are procured from third-party suppliers. As the Target Group does not engage in the direct manufacture of such supplies, there is no assurance that such supplies are free of defects and meet relevant quality standards or, in the case of imported supplies, verify the origin of such products.

Although the Target Group has only relied on reputable brands and suppliers for the provision of supplies and the Target Group has not in the past experienced any issues with the quality of the pharmaceuticals, medical equipment, medical consumables and other supplies used in its operations that have had a material adverse impact on its business, financial position and results of operations, there is no assurance that the Target Group will not encounter incidents relating to defective products used by the Target Group or that such incidents will not materially and adversely affect the Target Group. If the products provided by the Target Group's suppliers are defective, of poor quality or are otherwise unsafe or ineffective, the Target Group may be subject to liability claims, complaints or adverse publicity, any of which would have a material adverse impact on the Target Group's business, financial position and results of operations.

**(j) The Target Group may rely on certain external medical practitioners from time to time**

The Target Group may also occasionally engage locum doctors at the PMG clinics for short periods of time when its in-house medical practitioners are unable to work for any reason. The Target Group generally engages locum doctors who are experienced and whom it is familiar with. Locum doctors are selected through an interview process conducted by the lead doctors of the family medicine segment and the practicing certificate(s) of the locum doctors are obtained and verified by the Target Group. Notwithstanding the foregoing, there is no assurance that the quality of service will exceed or be equivalent to the level of service provided by the in-house medical practitioners.

Though there has not been any prior incidents arising from locum doctors resulting in a material adverse effect on the Target Group, in the event any of the PMG clinics have to be managed by locum doctors for extended periods of time, or frequently, this may adversely affect the Target Group's business, results of operations, financial condition and prospects.



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**(k) There is no assurance that any damage or liability claims against the Target Group will not be in excess of its available insurance coverage**

The Target Group's medical clinics, centres and medical equipment face the risk of suffering physical damage caused by fire or natural disasters or other causes, which could disrupt its business operations. Further, the Target Group is exposed to potential liability risks that are inherent to the provision of healthcare services. While the Target Group believes that it has insured its business operations in line with industry practices in Singapore, there is no assurance that there will not be any such damage, that liability claims will not be in excess of its available insurance coverage or that such insurance coverage is sufficiently comprehensive and covers all types of damage suffered or all liability claims. As such, should there be adverse developments such as terrorist attacks and other natural or man-made disasters such as earthquakes and floods, fire hazards and other events beyond its control, the Target Group may not have adequate insurance coverage to cover these liabilities and risks, and its business, financial position, results of operations and prospects may be materially and adversely affected. The details of the insurance policies maintained by the Target Group are set out in Section 13 titled "Insurance" of the Target's Letter to Shareholders.

Further, any material change in the terms of the Target Group's medical doctors' insurance policies may have a material adverse effect on its business, financial position, results of operations and prospects. While the Target Group's medical doctors currently maintain medical malpractice indemnity under the Medical Protection Society or Marsh JLT Specialty (the "**Medical Malpractice Indemnity**"), any material changes to the terms of the Medical Malpractice Indemnity may result in claims for which the Target Group may not be compensated by insurance proceeds (if any) and/or contractual indemnities (if any). Should any such material changes occur, the Target Group may have to make provisions in its accounts and this may have a material adverse effect on its business, financial position, results of operations and prospects.

In addition, the Target Group's insurance policies are renewed on an annual basis and there is no assurance that it will be able to renew all of its policies or obtain new policies on similar terms.

During the Relevant Period, the Target Group was not subject to any damage or liability claims in excess of its available insurance coverage which had a material adverse impact on its business, financial position and results of operations.

**(l) There is no assurance that the Target Group's future plans will be commercially successful or that it will be able to realise the anticipated benefits of past or future investments or acquisitions, or be able to integrate such investments or acquisitions**

The Target Group has in the past three (3) years, expanded its operations in a gradual manner. Such expansion included the setting-up of new medical clinics and the expansion of its existing medical facilities and equipment. The Target Group intends to continue to expand its business operations in Singapore, Cambodia and in the Asia Pacific region through the setting up of new subsidiaries, establishment of joint ventures, expansion of existing facilities, recruitment of talents, and the acquisition of and investment in assets, businesses and companies that are

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complementary to its existing businesses. For more information, please refer to Section 24.3 titled “Business Strategies and Future Plans” of the Target’s Letter to Shareholders. There is no assurance that the Target Group’s business strategies and future plans will be commercially successful. Such plans may be expensive and may divert the Target Group’s management’s attention and expose its business to unforeseen liabilities or risks associated with entering new markets, new investments or new businesses.

The Target Group may not be able to identify suitable expansion opportunities. The Target Group’s growth depends, to a certain extent, on its ability to fund, establish or acquire and manage additional clinics, strategic alliances and joint ventures. Such expansions are capital expenditure intensive. The Target Group may not be able to identify suitable sites for new clinics or facilities, or expand, improve or augment its existing businesses. The number of attractive acquisition or expansion opportunities may be limited and the Target Group may not be able to negotiate attractive terms for such acquisitions or expansions. For instance, the deferred payment structures for the ET Business Injection and the PMG Acquisition were negotiated by the Target Group after considering that such deferred payment structures are beneficial to the Target Group as a prudent form of risk management so as to minimise excessive upfront cash outlay, and to protect the interests of the Target Group. However, the Target Group’s ability to fulfil such payment obligations in a timely manner is dependent on the Target Group’s financial condition and operating performance, which are subject to prevailing market conditions, economic conditions and various other factors, some of which may be beyond the Target Group’s control.

While the Target Group’s cash flows and capital resources have in the past been sufficient to meet its payment obligations and barring any unforeseen circumstances, the Target Group does not expect to have any difficulties fulfilling its payment obligations under the deferred payment structures under the ET Business Injection and the PMG Acquisition, there is no assurance that the Target Group’s future cash flows and capital resources will continue to be able to meet its payment obligations. In the unlikely event that the Target Group is unable to fulfil its payment obligations, the Target Group may have to seek additional capital through alternative means, restructure its indebtedness or renegotiate alternative payment arrangements, which may not necessarily be on favourable terms. In the event that the Target Group is unable to do so, it may be subject to, *inter alia*, legal proceedings due to a breach of the contractual obligations in respect of the ET Business Injection and the PMG Acquisition, as the case may be. The Target Group’s financial performance may be materially and adversely affected if (a) the damages are assessed and the legal costs incurred in connection with any legal action are substantial; and/or (b) judgement is made against the Target Group which may harm its professional standing and market reputation. Please refer to Section 17.4 titled “The PMG Acquisition – Deferred payment structure” of the Target’s Letter to Shareholders for more details on the deferred payment structures of the Target Group.

In addition, the Target Group may not secure the necessary financing for such opportunities. If the Target Group is unable to successfully identify opportunities for the aforementioned expansions or face difficulties in the process of such expansions, the Target Group’s business, financial position, results of operations and prospects may be materially and adversely affected.



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There is also no assurance that the Target Group's future plans will achieve the expected results or outcome that will be commensurate with its investment costs. The Target Group may not be able to effectively integrate cross-disciplinary businesses across a larger enterprise or achieve the desired profitability from such expansion. To this end, the Target Group has taken measures to integrate its operations and administrative processes across the various businesses of the Target Group, including, *inter alia*, the following steps:

- (i) establishing a common management team and centralised framework to address the finance and human resources needs of the Target Group, including the adoption of a centralised accounting and enterprise resource planning systems;
- (ii) implementing a common set of internal control policies and procedures to regulate the key processes in all key businesses of the Target Group; and
- (iii) establishing a corporate headquarters for the Target Group's finance, human resource, investor relations and operations functions.

The Target Group intends to continue integrating its existing businesses as well as future acquisitions or business expansions into the centralised framework under the Target Group. However, there is no guarantee that these measures will be effective in ensuring cross-disciplinary integration whether now or in the future. Significant funding will also be required for such expansion plans. In the event that the Target Group does not have sufficient internal funds available and is unable to secure third party financing on acceptable terms, or at all, to fund such expansion plans, the Target Group may not be able to proceed with its expansion plans.

The scope and complexity of the Target Group's operations would also increase significantly due to the expansion of its geographical reach. The future ventures the Target Group plans to undertake could be subject to certain potential risks, including but not limited to:

- (i) difficulties arising from operating a significantly larger and more complex organisation, and expanding into new territories such as having to comply with unfamiliar laws and regulations and/or to deal with unfamiliar government authorities;
- (ii) difficulties in the integration of the assets and operations of strategic alliances and joint ventures with its existing facilities and clinics;
- (iii) diversion of the Target Group's management's attention and resources from daily business operations during the investment or acquisition process;
- (iv) the failure to realise expected profitability or growth;
- (v) the failure to realise expected synergies for revenue growth and cost savings;
- (vi) unforeseen legal, regulatory, contractual, labour or other issues; and
- (vii) difficulties arising from language, cultural and geographical barriers.

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**(m) The Target Group may be subject to risks associated with joint ventures or strategic alliances**

The Target Group may seek growth opportunities through joint ventures or strategic alliances, which involve numerous business or execution risks, including (a) inability of the Target Group to exert control over the actions of its partners, including any non-performance, default or bankruptcy of its partners; (b) difficulty in integrating management, operations, services and personnel; (c) strain on resources in order to coordinate internal systems, controls, procedures and policies; and (d) exposure to unknown liabilities incurred by its partners. In addition, to the extent that the Target Group has no control over the board of or does not hold a majority shareholding interest in the relevant joint venture company, the Target Group is dependent on its joint venture partners to manage and handle the daily operations, as well as ensure compliance with applicable laws and regulations.

In the event of any major disagreement with its business partners on the day-to-day operations and strategic direction of its joint ventures or strategic alliances, there is no assurance that the Target Group will be able to arrive at a fair resolution. Furthermore, its partners may have economic or business interests or goals that are inconsistent with the Target Group's, take actions which are contrary to its instructions, requests or policies and/or be unable or unwilling to fulfil their obligations. The Target Group may not always be the major shareholder in such joint venture companies, which may limit its ability to influence the management and directors of and decisions made under these joint ventures. Any of these and other factors may materially and adversely affect the performance of its joint ventures, which may in turn materially and adversely affect the Target Group's business, financial performance and position.

Political uncertainties or new government regulations (such as restrictions on ownership) or changes in economic, business and operating conditions may also result in a decrease in the Target Group's investments in these joint ventures or further limit the Target Group's ability to influence the management and directors of and decisions made under these joint ventures. Such business risks may have a material adverse effect on its business, financial position, results of operations and prospects.

On 11 March 2019, the Target Group, through LHI, signed the Cambodian JVA with Dr. Hy Soryaphea, the founder of Soriya Hospital in Phnom Penh, Cambodia, with the intention to provide, *inter alia*, general health screening and aesthetics and wellness services in clinical premises located in Soriya Hospital. Soriya Hospital is a well-known privately-owned hospital in Cambodia serving both local and international patients, and is equipped with modern medical facilities providing, *inter alia*, obstetrics and gynaecology services, and cardiovascular and gastroenterology services. Under the Cambodian JVA, LHI agreed to subscribe for 57.0% of the entire issued share capital of LSMS for a total subscription amount of US\$342,000, with the remaining 43.0% of the issued share capital of LSMS to be subscribed for and held by Dr. Hy Soryaphea. In addition, the board of LSMS consists of three (3) directors, of which, LHI has the right to nominate two (2) directors. The parties also agreed that LSMS will enter into a leasing agreement with Dr. Hy Soryaphea in respect of the premises in Soriya Hospital in Phnom Penh, Cambodia. Please refer to Section 6 titled "Properties and Fixed Assets" of the Target's Letter to Shareholders for more details on the lease. The Cambodian JVA

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will terminate immediately upon the occurrence of any of the termination events expressly provided in the Cambodian JVA, including but not limited to the written agreement of all shareholders to terminate the Cambodian JVA, the appointment of a receiver or administrator, and a shareholder transferring its shares in the capital of LSMS to any third party other than a permitted transferee. As at the Latest Practicable Date, the Target Company has implemented procedures in relation to the financial reporting and review of monthly management accounts of LSMS.

While the Target Group has not faced any issues with its joint venture partners and has thus far had a positive working relationship with its joint venture partners, there is no assurance that the Target Group will not have any disagreements with its joint venture partners in the future and that such disagreements can be amicably resolved.

There is also no assurance that the Target Group may be able to integrate its joint ventures effectively into the Target Group. For more information on the risks associated with the integration of the joint venture companies' businesses into the Target Group, please refer to Section 2.7 titled "Risk Factors – There is no assurance that the Target Group's future plans will be commercially successful or that it will be able to realise the anticipated benefits of past or future investments or acquisitions, or be able to integrate such investments or acquisitions" of this Circular.

**(n) The Target Group is subject to the general risks of doing business overseas**

There are risks inherent in operating businesses overseas, which include unexpected changes in regulatory requirements, difficulties in staffing and managing foreign operations, social and political instability, fluctuations in currency exchange rates, potentially adverse tax consequences, legal uncertainties regarding the Target Group's liability and enforcement of legal rights, tariffs and other trade barriers, variable and unexpected changes in local laws and controls on the repatriation of capital or profits.

The Target Group, through its joint venture LSMS, operates a clinic in Soriya Hospital in Phnom Penh, Cambodia. The Target Group has also entered into a business consultancy agreement with Olympia City Development Co., Ltd. for the development of two key levels of its medical hub in Olympia City, a mixed-use development in Phnom Penh, Cambodia.

Any unfavourable changes in the economic, social and political conditions of Cambodia may adversely affect the Target Group's business, financial condition, results of operations and prospects. The economy of Cambodia is still developing. In addition, companies may have to deal with inadequate telecommunications, transportation and other infrastructure, and shortage of utilities and other essential services, which will affect the ease and cost of doing business in Cambodia. There is no certainty that political, economic and social reforms of the current Cambodia government will continue or be successful, and there is no certainty that the business and investment environment in Cambodia will continue to improve or be sustainable. Ethnic and sectarian tensions may possibly hamper investor confidence, and the growth and stability of the economy. In such circumstances, the Target Group's business can be adversely affected.

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The Target Group's operations in Cambodia are subject to laws, rules and regulations adopted by the Cambodian Parliament or the Cambodian Government. The laws in Cambodia and its legal system are still in a developmental stage and are subject to change. The absence of full publication of court decisions and the limited access to formal written legal interpretation by public authorities or travaux préparatoires means that there is a lack of consistency and predictability in the interpretation and enforcement of laws and regulations and dispute resolution. Accordingly, conducting business in Cambodia entails a certain degree of risk, in the event that the interpretation or enforcement of laws, rules, regulations or policies are adopted in a way which is adverse to the Target Group's operations.

In October 2019, LSMS commenced limited operations of its clinic by providing aesthetics services. LSMS had been advised that it could commence such operations on the basis that LSMS had operated under a joint venture arrangement with Dr. Hy Soryaphea, the founder of Soriya Hospital, and within the clinical premises in Soriya Hospital. However, under the relevant Cambodian laws and regulations as advised by Heng & Partners Law Group, based on LSMS' then operations offering aesthetics services, LSMS was considered a "beauty treatment center" and required a licence to operate. For prudence, the Target Group has applied for the relevant licence to operate the clinic and has also decided to cease all operations in the interim. As at the Latest Practicable Date, LSMS has yet to obtain the relevant licence. Barring any unforeseen circumstances, the Target Group expects the relevant licence to be obtained in the first quarter of FY2021 and the Target Group does not foresee any difficulties for LSMS to obtain the requisite licence for the provision of aesthetics services. Under the relevant Cambodian laws and regulations, LSMS may be subject to (a) a fine of between KHR1,000,000 (approximately US\$250) and KHR5,000,000 (approximately US\$1,250); and/or (b) the suspension of its operations for one (1) to three (3) months. For repeated offences, the fines will be doubled and/or lead to the suspension or termination of operations. The management of the Target Group is of the view that any such potential fines or remedial actions, if imposed, will not have a material impact on the Target Group's operations and financial condition, after taking into consideration, *inter alia*, (a) that the Target Group's investments in LSMS and the contributions of LSMS to the Target Group are not material as at the Latest Practicable Date; and (b) any such potential fines, if imposed, are not material to the Target Group.

Under the current business environment in Cambodia, it may be difficult to obtain up-to-date information and statistics on other businesses in Cambodia that may be relevant to the Target Group such as business activities, track record, operating and financial leverage, liquidity, quality of earnings and accounting, economic outlook, growth statistics and other relevant data. Inaccurate information may make it difficult for the Target Group to assess the prospects and potential of any business opportunities available to them from time to time and may consequently adversely affect the Target Group's business decisions, which could in turn materially and adversely affect the Target Group's financial condition and operations.

In addition, political uncertainties, new government regulations (such as restrictions on ownership) or changes in economic, business and operating conditions in overseas jurisdictions may also hinder the Target Group's plans for overseas expansion and strategic alliances.

During the Relevant Period, save as disclosed above, the Target Group has not experienced any issues related to economic, social and political conditions or the

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laws, rules and regulations overseas which had a material adverse impact on its business, financial position and results of operations.

**(o) The Target Group's operations are subject to the political, economic and social developments as well as laws and regulations in Singapore and globally**

While the Target Group's current clinics and centres pre-dominantly operate in Singapore, a number of its patients come from countries such as the People's Republic of China ("**PRC**"), Indonesia and Malaysia. As such, the Target Group's business, prospects, financial position and results of operations may be adversely affected by political, economic, social and legal developments in Singapore and globally that are beyond its control. Such political and economic uncertainties include, but are not limited to, the risks of war, terrorism, changes in interest rates, rates of economic growth, fiscal and monetary policies of the government, inflation, deflation, methods of taxation and tax policy, unemployment trends, and other matters that influence consumer confidence, spending and tourism. In particular, factors such as gross domestic product growth, disposable income and unemployment rates in Singapore may affect the number of patients who opt for private healthcare, which could indirectly affect its business operations. Further, negative developments in geo-political events such as the US-China trade issues may bring uncertainty to the global economy. In 2018, the United States of America ("**USA**") imposed and/or threatened to impose tariffs on a range of goods imported into the USA from certain regions or countries, including in particular the PRC. This has led to retaliatory and/or threat of retaliatory measures being adopted by the PRC and other relevant countries. The fear of a potential trade war has led to volatility in the financial markets. The nature and extent of such changes are difficult to predict, and may bring uncertainty to the global economy and/or political environment. There is no assurance that the Target Group will be able to grow its business, or that it will be able to react promptly to any change in economic conditions. In the event that the Target Group fails to react promptly to the changing economic conditions, its performance and profitability could be adversely affected. The Target Group's business, financial position, results of operations and prospects may be materially and adversely affected if these conditions deteriorate in the future.

During the Relevant Period, the Target Group has not encountered any changes in the political, economic, social and legal developments in Singapore and globally that had a material adverse impact on its business, financial position and results of operations.

**(p) The Target Group's business may be affected if it is removed from the panel of preferred healthcare providers of insurance companies, fail to maintain arrangements with third party administrators and/or if there are any changes to public insurance and healthcare schemes**

Certain of the Target Group's clinics are currently on the panel of preferred healthcare providers of various insurance companies and/or have entered into contractual arrangements with third party administrators that provide the Target Group with patient volume. Patients who have taken up insurance policies with the relevant insurance companies may conveniently direct the payment of the Target Group's fees for medical services provided at its clinics to their insurers and/or through their arrangements with third party administrators. Though the Target Group believes that its business or profitability is not materially dependent on any particular panel, contract or arrangement, if its relevant clinics are removed from a significant

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number of such panels of preferred healthcare providers of insurance companies and/or a significant number of the third party administrators terminate or decide not to renew their arrangements with it, its business and results of business operations may be adversely affected.

Many of the Target Group's patients rely on public insurance and healthcare schemes. If there are any changes to these schemes that affect subsidies to patients, they may choose to seek medical services from public clinics or hospitals instead. There can be no assurance that the business, financial position and results of operations of the Target Group would not be affected as a result of any such changes to the policies and laws relating to the healthcare system.

During the Relevant Period, the Target Group was not subject to (i) any removal or termination from any panel of preferred healthcare providers of insurance companies and third party administrators; (ii) any audits or inspections by insurance companies or third party administrators; or (iii) changes to public insurance and healthcare schemes, which had a material adverse impact on its business, financial position and results of operations.

**(q) Delays or failures in collecting receivables from the insurance companies and private hospitals related to the Target Group's customers can have a material and adverse impact on the Target Group's financial condition**

The Target Group's customer base comprises individual patients who pay for services and treatment(s) rendered by way of cash (including electronic payments) or credit card at the time of consultation in its clinics. For patients whose fees are covered by insurance, payment at the time of consultation and/or surgery is not required as the Target Group would seek payment directly from the relevant insurance companies. The general processing time with respect to insurance companies ranges from 30 to 90 days. Where the Target Group's services are provided in conjunction with the use of private hospital facilities, its patients pay medical fees owing to its clinics to the private hospitals directly, and the private hospitals will then disburse the relevant portion to the Target Group. The general processing time with respect to the private hospitals ranges from 30 to 90 days.

To the extent that revenue recognised in respect of a patient has not been received, the Target Group records it as trade receivables. There is no assurance that the Target Group's past practice for the making of provisions will not change in the future or that the provisions it has made will be sufficient to cover defaults in its trade receivables. The Target Group's liquidity and cash flows from operations may be materially and adversely affected if its receivable cycles or collection periods are lengthened significantly or if it encounters a material increase in defaults of payment or an increase in provisions for impairment of its receivables. Should these events occur, the Target Group may be required to obtain working capital from other sources, such as third party financing, in order to maintain its daily operations and such financing may not be available to it on commercially acceptable terms, or at all.

During the Relevant Period, the Target Group did not experience any delays or failures in collecting receivables from the insurance companies and private hospitals related to its customers that had a material adverse impact on our business, financial position and results of operations.



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- (r) **Tax authorities in Singapore may assert that the Target Group's activities have been or are subject to a greater tax burden than that reported by it to such authorities. Such increased tax burden can materially and adversely affect the amount of cash available for investment in the Target Group's business and the results of its business operations**

Tax authorities in Singapore may take the position that the Target Group has not complied with all applicable tax laws or may disagree with the amount of taxes that it believes are required to be paid based on consultations with its professional tax and legal advisers.

Between June 2018 and September 2018, the SC Companies, wholly-owned subsidiaries of the Target Company, were selected for compliance review by IRAS for the Years of Assessment 2014 to 2017, and IRAS had consequently raised protective assessments in respect of the SC Companies and in the name of Dr. Sebastian Chua for the Year of Assessment 2014. Dr. Sebastian Chua provides, or had in the past provided, his medical services through the SC Companies for which fees were paid to the SC Companies. Please refer to Section 25.6 titled "Material Background Information – Events involving Dr. Sebastian Chua" of the Target's Letter to Shareholders for more details.

As at the Latest Practicable Date, the Target Company understands that the income derived by the SC Companies will be deemed as individual income of Dr. Sebastian Chua earned through Dr. Sebastian Chua's personal efforts and accordingly, there will be tax adjustments to counteract any tax advantage under such past arrangements with the SC Companies. As at the Latest Practicable Date, the Target Group is also given to understand that IRAS has finalised the income tax assessment and a payment plan with Dr. Sebastian Chua and there is nothing to suggest that the SC Companies may be exposed to any penalties or sanctions by IRAS arising from this matter.

Dr. Sebastian Chua has, pursuant to the terms of the SC SPA, undertaken to keep the SC Companies harmless, fully and effectively indemnified against, *inter alia*, all costs and potential tax liabilities that the SC Companies may suffer arising from the aforementioned IRAS review. The said indemnity does not have any specified quantum limit, and there are no provisions for the termination of the said indemnity. Accordingly, the Target Group does not expect this matter to have a material effect on the Target Group's financial position or results.

There can be no assurance that the tax authorities will not assert that a tax greater than the amount paid and/or reserved is due and owing with respect to the Target Group's income for prior or future fiscal years, and therefore the Target Group's present or future tax provisions may not be adequate. The Target Group will continue to evaluate its tax position and, with the advice of its professional tax and legal advisers, may decide to change its tax reporting and/or tax provision policies in future periods. If any tax authorities assess that a tax greater than the amount paid and/or provided for is due and owing with respect to the Target Group's income for prior or future fiscal years, the Target Group's business, financial position and results of operations may be adversely affected.

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**(s) The value of the Target Group's intangible assets and costs of investment may become impaired**

As a result of the Target Group's past acquisitions carried out pursuant to the 2019 Target Restructuring, goodwill represented a significant portion of its assets. As at 30 June 2020, the Target Group's goodwill amounted to S\$3,635,651. Please also refer to Appendix B titled "Independent Auditors' Report on the Consolidated Financial Statements of the Target Group for the Financial Years ended 31 December 2017, 2018 and 2019" and Appendix C titled "Independent Auditors' Review Report on the Unaudited Interim Condensed Consolidated Financial Statements of the Target Group for the Financial Period from 1 January 2020 to 30 June 2020" for more information on the goodwill of the Target Group. For more information on the internal restructuring exercise undertaken in December 2019, please refer to Sections 17.3 and 17.4 titled "The 2019 Target Restructuring" and "The PMG Acquisition" of the Target's Letter to Shareholders respectively.

If the Target Group makes additional acquisitions, it is likely that it will record additional intangible assets such as goodwill on its consolidated statement of financial position.

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

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

There has been no impairment of goodwill by the Target Group during the Period Under Review. Based on the financial performance and financial position of the Target Group as at 30 June 2020, and barring any unforeseen circumstances, there are no indications to the management of the Target Group as at the Latest Practicable Date that would suggest any expected impairment of goodwill to be made after Completion.

### **Risks relating to the healthcare industry**

**(a) The Target Group may be affected by pandemics and the spread or outbreak of any contagious or virulent diseases**

The Target Group faces risks from epidemics and pandemics. In late 2019, COVID-19 surfaced in the PRC and on 11 March 2020, the World Health Organisation declared COVID-19 a pandemic. Countries around the world started to implement measures such as lock-downs and travel restrictions in order to prevent the spread of COVID-19. In Singapore, restrictions on the entry of short-term visitors



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into Singapore were put in place and travel advisories were issued to discourage Singapore citizens and permanent residents from travelling overseas. In April 2020 and May 2020, Circuit Breaker measures were put in place to minimise the spread of COVID-19. During the Circuit Breaker, amongst other restrictions, schools and non-essential workplaces were shut, and only a limited list of businesses providing essential activities were allowed to remain open.

In addition to the Movement Restrictions that were imposed on the healthcare workers of the Target Group, the Target Group was also required to reduce the number of services that it provides. For further information on the Movement Restrictions, please refer to Section 2.7 titled “Risk Factors – The Target Group is dependent on the continuing operations of the private hospitals where it conducts its business” of this Circular.

In April 2020, healthcare institutions were directed by the MOH to defer healthcare services which were triaged as non-essential services. This included aesthetic services, elective joint replacement surgeries, adult vaccination and screening services. As a result, there was a reduction in the number of services that the Target Group’s clinics could provide. Additionally, the Target Group’s aesthetics clinic had to be closed from 7 April 2020 to 1 June 2020 and could only provide a portion of its usual services between 2 June 2020 to 18 June 2020, only resuming full operations on 19 June 2020. Activfix’s physiotherapy clinic had to be closed from 6 April 2020 to 4 May 2020, resuming full operations on 5 May 2020. The Target Group therefore experienced a lower footfall across its clinics. Please refer to Section 22 titled “Management’s Discussion and Analysis of Results of Operations of the Target Group” for more information on the impact of COVID-19 on the Target Group’s financial position and results of operation.

In addition, there have also been outbreaks of contagious and virulent diseases such as SARS, the Middle East Respiratory Syndrome influenza such as H5N1 and H7N9, the avian influenza and the Zika virus in the recent decades. The resurgence of such diseases in Singapore or the region could potentially affect the Target Group’s operations.

While the Target Group has put in place measures and protocols to contain the spread of COVID-19 and other contagious and virulent diseases, the Target Group’s medical doctors and other healthcare practitioners nonetheless remain susceptible to infection as frontline workers in the event of disease outbreaks. Despite the Target Group’s strict infection control protocols, there is no assurance that the Target Group’s patients, employees, medical doctors and other healthcare professionals will not be infected with such diseases. The Target Group may, as a result, be required to temporarily shut down its clinics and centres for an uncertain period of time to contain the spread of such diseases. Such disruptions to the Target Group’s business and operations may have a negative impact on the Target Group’s financial position, results of operations and prospects.

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### (b) Challenges faced by the healthcare industry may have an effect on the Target Group

The Target Group is impacted by the challenges currently facing the healthcare industry. The Target Group believes that the key ongoing industry-wide challenges are providing high quality patient care in a competitive environment and managing expenses. The Target Group's business, financial position, results of operations and prospects may be affected by the challenges currently faced by the healthcare industry, including but not limited to:

- (i) general economic and business climate, and demographic conditions at local, regional and international levels;
- (ii) increase in the threat of terrorism and occurrence of natural and man-made disasters that affect travel security or the global economy which may reduce the number of medical travellers;
- (iii) improvements in the quality of healthcare services in other countries which may affect the number of medical travellers coming to the Target Group's clinics and facilities for its services;
- (iv) technological and pharmaceutical improvements that increase the cost of providing, or reduce the demand for healthcare;
- (v) rising costs of medicines and pharmaceutical drugs;
- (vi) stricter laws and regulations relating to the protection of sensitive or confidential patient information from unauthorised disclosure;
- (vii) stricter laws and regulations governing the purchase and dispensation of medicines and pharmaceutical drugs;
- (viii) reputational and potential financial risk to its operations caused by the independent actions of doctors, including the fees they charge for their services; and
- (ix) stricter laws and regulations in relation to the payment of fees to managed care companies, third party administrators, insurance entities or patient referral services.

#### The SMC Ethical Code and Ethical Guidelines

In 2016, the SMC issued the 2016 edition of the SMC's Ethical Code and Ethical Guidelines ("**2016 ECEG**"). Guideline H3(7) of the 2016 ECEG prohibits doctors from paying managed care companies, third party administrators, insurance entities or patient referral services (for the purposes of this risk factor, "**Third Parties**"): (a) fees that are based primarily on the services the doctors provide or the fees doctors collect; (b) fees that are so high as to constitute "fee splitting" or "fee sharing"; or (c) fees which render doctors unable to provide the required standard of care. Guideline H3(7) of the 2016 ECEG came into effect on 1 July 2017.

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Subsequently on 13 December 2016, the SMC issued an advisory (the “**First Advisory**”) in which it clarified that guideline H3(7) of the 2016 ECEG does not restrict fees being paid to Third Parties, insofar that such fees reflect the work done by Third Parties in handling and processing the patients and not the work done by the medical doctors. In addition, the First Advisory clarified that paying Third Parties fees that are based on a percentage of what doctors charge patients may be construed as a form of fee splitting, since the work done by Third Parties in handling and processing patients does not vary depending on the fees doctors charge patients. On 23 June 2017, the SMC issued an additional advisory (the “**Second Advisory**”) under which the SMC reiterated that the fees paid should reflect the work done by Third Parties in handling and processing patients. To this end, fee structures should adequately explain how the fees reflect such work done by Third Parties. The SMC also emphasised that the onus of complying with the 2016 ECEG rests solely on doctors and not Third Parties. On 30 June 2017, the SMC issued an announcement (the “**2017 Announcement**”) in which it stated that where the relevant Third Parties have set out the rationale for different tiers of fees payable, for example, higher administrative fees where the claims involve greater complexity of clinical work, and medical professionals are satisfied that the fees payable to the relevant Third Parties reflect the amount of work to be done by such companies, the payment of such fees by the medical doctors would not be in breach of the 2016 ECEG.

As at the Latest Practicable Date, the fees paid by the Target Group to Third Parties are based on fee schedules that have been agreed upon after taking into consideration the 2016 ECEG, read with the First Advisory, the Second Advisory and the 2017 Announcement (collectively, the “**Guidelines**”). In particular, the fees that are paid are reflective of the actual work done by the relevant Third Parties in processing claims and are based on the level of complexity involved in the handling and processing of patients, and not on the clinical work done or the fees charged by the Target Group’s medical doctors.

In the event that the SMC receives a complaint or information pertaining to the Target Group’s arrangements with Third Parties which they assess to be valid, the SMC will refer such complaint or information to the chairman of the Complaints Panel, and a Complaints Committee will enquire into the complaint or information. This may result in disciplinary actions being taken against the Target Group’s medical doctors. While the Target Group is currently in compliance with the Guidelines, there is no guarantee that it will not be subject to a complaint or investigation in the future arising from current or previous arrangements with Third Parties. Conversely, if the Target Group refrains from entering into any arrangements with Third Parties, the services it provides will no longer be subsidised or covered by such Third Parties and current and potential patients may choose not to engage the Target Group’s services as they have inadequate or no cover. In such an event, the Target Group’s business, financial position and results of operations may be materially and adversely affected.

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### The Private Hospitals and Medical Clinics (Advertisement) Regulations 2019

Advertisements relating to the services of healthcare institutions, which include any private hospitals, medical clinics, clinical laboratories and healthcare establishments licensed under the Private Hospitals and Medical Clinics Act (Chapter 248) of Singapore, are regulated under the Private Hospitals and Medical Clinics (Advertisement) Regulations 2019 (the “**PHMC(A)R**”).

As at the Latest Practicable Date, the Target Group and its marketing and advertising partners are in compliance with all the advertising requirements under the PHMC(A)R.

### The Fee Benchmarks for Private Sector Surgeon Fees

The MOH had in January 2018 appointed a 13-member committee (comprising academics, representatives from hospitals and insurance associations) to formulate fee benchmarks to provide a recommended range of medical fees to the public to assist them in making informed choices about the type and cost of medical services they would like to consume. In November 2018, the MOH published the fee benchmarks for private sector professional fees for common surgical procedures including, *inter alia*, benchmarks relating to orthopaedic surgery. The fee benchmarks are meant to be a point of reference and strict adherence to it by medical practitioners is not required. Such fee benchmarks will provide potential patients with a reference point to compare the Target Group’s fees against and may cause such potential patients to, *inter alia*, make assumptions on the quality of care that the Target Group provides or to “shop” for alternative service providers. There is no assurance that any deviation from the fee benchmarks by the Target Group’s medical doctors will not adversely impact the demand from potential patients for the Target Group’s services.

### The Proposed Healthcare Services Act

The MOH intends to replace the Private Hospitals and Medical Clinics Act (Chapter 248) of Singapore with the new Healthcare Services Act (the “**Proposed HSA**”) which will come into effect in several phases beginning in late 2021.

Under the Proposed HSA, the basis for licensing will be shifted from a “premises-based” licensing regime to a “services-based” licensing regime, in which healthcare providers will be licensed based on the types of services they provide, instead of based on the premises at which the services are provided. Under the Proposed HSA, the regulatory scope will be broadened to include healthcare services, allied health and nursing services, and complementary and alternative medicine. While the MOH has stated that it will not be licensing such services at the moment, such licensing regime is likely to take effect in the future.

In addition, to ensure good governance and leadership over healthcare providers, the Proposed HSA will introduce (a) new requirements for the governing body of a healthcare service provider to possess the competence and skills to carry out its role; (b) an enhanced role for the principal officer responsible for overseeing the day-to-day operations of the healthcare service provider and ensuring compliance with the Proposed HSA; and (c) the requirement for the appointment of a clinical governance officer for certain services that are more complex and require

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specialised expertise. Further, under the Proposed HSA, a new National Electronic Health Record (“**NEHR**”) will be introduced, which is a common database for the medical records of patients. Generally, healthcare providers will need to contribute the medical records of their patients to the NEHR.

Finally, in addition to the aforementioned, there are several other regulatory requirements that healthcare providers will need to adhere to. These changes may represent, *inter alia*, increased compliance costs for the Target Group. If the Target Group is unable to effectively address the abovementioned challenges, or meet any of the new standards or requirements that are imposed under the Proposed HSA, there may be a material adverse effect on the Target Group’s business, financial position, results of operations and prospects.

Barring unforeseen circumstances, the Target Group does not foresee any difficulties in complying with the Proposed HSA when it comes into effect.

During the Relevant Period, the abovementioned challenges did not have a material adverse impact on the Target Group’s business and financial performance and position. For further details on the material laws, regulations and guidelines applicable to the Target Group, please refer to Section 16 titled “Government Regulations” of the Target’s Letter to Shareholders.

**(c) The Target Group’s revenue is dependent on the provision of healthcare services to individual patients who opt for private healthcare services**

The demand for the Target Group’s healthcare services is dependent on the financial ability and the willingness of individual patients to pay for private healthcare services. Negative market sentiment, a slowdown in the economy or a higher unemployment rate may lead to a decrease in demand for private healthcare services as more individual patients may opt for subsidised public healthcare services or treatment from other private healthcare providers that are more price competitive. In addition, many of the services which the Target Group provides are elective in nature and individual patients may consider delaying or postponing such procedures and/or healthcare services. The Target Group’s revenue may be adversely affected if individual patients are more cautious about their medical expenses and less keen to pay for private healthcare services. Any decrease in the demand for private healthcare services and/or private specialist care from individual patients may have a material adverse effect on the Target Group’s business, financial position, results of operations and prospects.

**(d) The Target Group is subject to risks of medical and legal claims and regulatory actions arising from the provision of medical services and business operations**

The provision of healthcare and medical services entails inherent risks of liability. The Target Group may be subject to complaints or legal action arising out of the conduct of its business and the performance of services provided by it. Complaints, allegations and legal actions, with or without merit, may be made or taken against the Target Group and/or its medical doctors in relation to, *inter alia*, its services, the marketing activities it conducts, negligence or medical malpractice. Such complaints, allegations and legal actions, regardless of their validity, may lead to negative publicity, which may affect the reputation of its medical doctors and the

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number of patients visiting its medical clinics. The Target Group's financial performance may be materially and adversely affected if (a) the damages assessed and the legal costs incurred in connection with any legal action are substantial; and/or (b) judgment is made against the Target Group which may harm its professional standing and market reputation.

Medical malpractice litigation or disciplinary actions from governing professional bodies may be brought against the Target Group's medical doctors, which could in turn result in fines, suspension and/or revocation of licences. As some of the Target Group's medical businesses involve surgery, which does not have guaranteed positive outcomes, the Target Group's medical doctors are exposed to the risk of such medical malpractice litigation or disciplinary actions. If such medical malpractice litigation or disciplinary actions are not decided in the medical doctor's favour resulting in their suspension and/or the revocation of their licences, the Target Group's business, financial position, results of operations and prospects may be adversely affected. There is also no assurance that the medical and legal claims that may be made against the Target Group will not be in excess of the amount covered by its insurance policies or that such insurance policies are comprehensive and cover all types of claims. Please refer to Section 2.7 titled "Risk Factors – There is no assurance that any damage or liability claims against the Target Group will not be in excess of its available insurance coverage" of this Circular for further details.

In 2018, a complaint was submitted to the SMC against Dr. Edwin Tan. The SMC reviewed the complaint and concluded that the complaint against Dr. Edwin Tan was misconceived and accordingly dismissed the complaint against Dr. Edwin Tan in June 2020. Please refer to Section 25.6 titled "Material Background Information – Events Involving Dr. Edwin Tan" of the Target's Letter to Shareholders for more information. Nonetheless, there is no assurance that there will not be any future complaints against the Target Group's medical doctors that may lead to material adverse outcomes such as the suspension and/or the revocation of the medical doctors' licences, which may materially and adversely affect the Target Group's business, financial condition and results of operations.

The Target Group may from time to time be involved in material disputes with various parties in the ordinary course of its business. These disputes may lead to legal or other proceedings, and may result in damage to the Target Group's reputation, substantial costs and diversion of its resources and management's attention. If such legal proceedings occur, there can be no assurance as to their outcome, and any negative outcome may materially and adversely affect its business, financial condition and results of operations.

Further, the businesses and medical clinics and centres which the Target Group may acquire, and the medical doctors and healthcare professionals which the Target Group has hired or may hire, may have unknown or contingent liabilities and the Target Group may become liable for the past activities of such businesses, medical clinics and centres and medical personnel.

Save as disclosed above, during the Relevant Period, the Target Group was not subjected to any medical and legal claims or regulatory actions arising from the provision of its medical services and business operations that had a material adverse impact on its business, financial position and results of operations, including on the Target Group's insurance premiums and coverage.



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**(e) The Target Group is subject to regulations and licensing requirements for its operations, the compliance of which may be costly**

The healthcare industry is highly regulated. The Target Group and its healthcare professionals are subject to various laws and regulations issued by various governmental agencies in Singapore such as the MOH, the Health Sciences Authority, the MOM and, in relation to the medical doctors, the SMC, governing, *inter alia*:

- (i) conduct of the operations of its medical services;
- (ii) additions to medical facilities and services;
- (iii) adequacy of its medical care;
- (iv) quality of medical facilities, equipment and services;
- (v) purchase of medications and pharmaceutical drugs;
- (vi) qualifications of healthcare professionals and support personnel;
- (vii) handling and disposal of bio-medical and other hazardous waste; and
- (viii) confidentiality and maintenance of patient records and information.

For more information, please refer to Section 16 titled “Government Regulations” of the Target’s Letter to Shareholders.

Any adverse changes in such laws and regulations or the introduction of new applicable laws and regulations could result in, among others, more stringent requirements and/or increase in compliance costs, which could materially and adversely affect the Target Group’s business, financial position and results of operations. For more information on regulations that were recently introduced and proposed regulations that may be introduced, please refer to Section 2.7 titled “Risk Factors – Challenges faced by the healthcare industry may have an effect on the Target Group” of this Circular. If the Target Group is held to be in violation of the relevant regulatory requirements, including conditions in the licences required for its operations, by courts or governmental agencies, it may have to pay fines, modify, suspend or discontinue its operations, incur additional operating costs or make capital expenditures. Further, the relevant authorities such as the MOH and the SMC may suspend or deny renewal of the Target Group’s existing licences or qualifications in respect of its business operations and healthcare professionals if they determine that the Target Group or its healthcare professionals do not meet applicable standards. As such, the occurrence of any of the foregoing events may have a material and adverse effect on the Target Group’s business, financial position, results of operations and prospects.

Although the Target Group has satisfied the licensing requirements for its present business and operations that are material to the Target Group, there is no assurance that it will be able to maintain these licences or obtain these licences for its future operations. If it fails to obtain, maintain or renew such relevant governmental licences, permits, qualifications and approvals, its business, financial position, results of operations and prospects may be adversely affected.

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**(f) The Target Group may not be able to obtain, retain or renew the requisite approvals, licences and/or permits necessary for the operation of its business**

Currently, the Target Group and its healthcare professionals have in place a number of existing regulatory approvals, licences and permits for the purposes of its business operations. The licences and permits the Target Group and its healthcare professionals have obtained are subject to conditions stipulated in the licences and permits and/or in the relevant laws, rules and regulations under which they have been issued. These conditions must be complied with for the duration of the licences and permits and where there is a failure to comply fully, the relevant authorities have the power to revoke the licences and permits. Whilst the Target Group and its healthcare professionals have not in the past experienced any such occurrence as at the Latest Practicable Date, in the event the foregoing happens, the Target Group may be required to cease its operations and its business, financial position, results of operations and prospects of the Target Group may be adversely affected. Further, if the licences and permits the Target Group and its healthcare professionals hold are revoked or the renewal of such licences and permits cannot be obtained, or the terms imposed for renewal are not acceptable or favourable to the Target Group and its healthcare professionals, its business, financial position, results of operations and prospects may be adversely affected.

Whilst the Target Group has not in the past experienced any difficulty in renewing its approvals, licences or permits as at the Latest Practicable Date, there is no assurance that upon the expiration of the approvals, licences or permits under which the Target Group carries on its business operations, the Target Group will be able to successfully renew them in a timely manner or at all, or that the renewal of these licences will be granted on terms acceptable to the Target Group. In addition, any changes to the existing laws and regulations may require the Target Group to apply for new approvals, licences and/or permits and there is no assurance that the Target Group will be able to successfully comply with these requirements to obtain these new approvals, licences and/or permits.

**(g) The Target Group may be exposed to risks in relation to the disposal of medical waste and the use of certain medical equipment**

The Target Group's operations involve the disposal of medical waste such as needles, used surgical items and other common by-products of clinics and day surgery centres, which it disposes of through the hospitals in which it operates and accredited contractors. It is necessary for the Target Group to dispose of such medical waste and use such medical equipment in accordance with procedures prescribed under the law. Failure to comply with these procedures may expose the Target Group to fines or suspension by the relevant authorities. In addition, any injury or damage caused by the wrongful disposal of medical waste or misuse of medical equipment may expose the Target Group to civil claims from injured parties. Whilst the Target Group has not in the past had any issues of misuse of medical equipment or non-compliance with the prescribed procedures for disposal of medical waste as at the Latest Practicable Date, if any of the above were to occur, its financial position, results of operations, professional standing and market reputation will be adversely affected.

For more information on the material laws, regulations and guidelines applicable to the Target Group, please refer to Section 16 titled "Government Regulations" of the Target's Letter to Shareholders.



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**(h) Rapid technological advances, technological failures and other challenges related to the Target Group's medical equipment and information technology systems can adversely affect its business**

The Target Group uses sophisticated and expensive medical equipment in the provision of some of its services. In the event that the medical equipment breaks down, the Target Group may incur significant costs to replace or repair the equipment. During this time, the Target Group may not be able to provide certain services. Some of the equipment used by the Target Group are owned, acquired and maintained by the private hospitals in which the Target Group's medical doctors operate. If these equipment are not maintained or upgraded regularly, this may impact the services that the Target Group is able to provide to its patients. In the event that the equipment used by the Target Group malfunctions or fails while they are in use, it may result in negative outcomes for the Target Group's patients or customers. While the Target Group may not suffer financial losses where the equipment used belongs to and is maintained by the private hospitals in which the Target Group's medical doctors operate, any malfunction or equipment failure experienced by the Target Group's medical doctors while in use on patients may subject the Target Group to civil claims, negative publicity or reputational damage.

The Target Group intends to continue updating its existing equipment and facilities in order to keep up with advances in medical technology which are relevant to its medical services. In addition, the Target Group constantly keeps a lookout for medical doctors with specialised technical skills and suitable new medical technology that will improve the Target Group's business, including advanced medical equipment. As at the Latest Practicable Date, the Target Group does not have any planned material capital expenditure within the twelve (12) months from Completion for any such foreseeable new medical technology and/or advanced medical equipment. If it is unable to adapt to and acquire such advances in technology, demand for its healthcare services may decline. There is also no assurance that it will be able to recover the financial outlay for these equipment and technology should patients' expectations for these services not be met. As a result, there may be a material and adverse effect on the business, financial position and results of operations of the Target Group. In addition, as the healthcare industry is characterised by rapid developments in medical technology, the Target Group may be exposed to changes in technology in the fields in which it operates, including alternative procedures, treatments, medical equipment, drugs and other products that may be more effective, easier to use or more economical than those currently utilised by it. There is no assurance that the procedures, treatments, medical equipment and drugs used by the Target Group will not become obsolete or that it will be able to acquire suitable alternative procedures, treatments, medical equipment or drugs. In such an event, the demand for the Target Group's services, its reputation, business, financial position, results of operations and prospects may be materially and adversely affected.

The information technology systems of the Target Group are a critical part of its business and internal control and management systems, which help the Target Group manage its clinical systems, medical records and inventory. Any technical failures associated with its information technology systems, including those caused by power failures, computer viruses and other unauthorised tampering, may cause interruptions in its ability to provide services to its patients. Also, if the Target Group's information technology systems are not upgraded as needed, it may be unable to adequately manage its clinical systems, medical records and inventory.

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In addition, the Target Group may be subject to liability as a result of any theft or misuse of personal information stored on its system. In Singapore, regulations governing the operation of private hospitals and medical clinics require licensees of a private hospital, medical clinic or healthcare establishment to keep and maintain proper medical records. In this regard, such licensees are required to take all reasonable steps, including implementing such processes as are necessary, to ensure that such medical records are accurate, complete and up-to-date and to implement adequate safeguards (whether administrative, technical or physical) to protect the medical records against accidental or unlawful loss, modification or destruction, or unauthorised access, disclosure, copying, use or modification. Any contravention of these regulations would render the person committing the offence liable on conviction to a fine or imprisonment.

During the Relevant Period, the Target Group did not experience any of the foregoing incidents which had a material adverse impact on the Target Group's business, financial position, results of operations and prospects.

**(i) The Target Group can be exposed to risks relating to the handling of medical and personal data**

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

The Target Group is required under the PHMC Regulations to take all reasonable steps, including implementing such processes as are necessary, to ensure that the medical records are as accurate, complete and up-to-date as are necessary for the purposes for which they are to be used, and to implement adequate safeguards (whether administrative, technical or physical) to protect the medical records against accidental or unlawful loss, modification or destruction, or unauthorised access, disclosure, copying, use or modification. The Target Group is also required to periodically monitor and evaluate the safeguards to ensure that they are effective and being complied with by the persons involved in handling the medical records, as well as to take reasonable care in the disposal or destruction of the medical records so as to prevent unauthorised access to the records. The Target Group's business requires it to handle, store and manage personal information pertaining to its patients, as well as transmit personal, confidential and proprietary information over public networks. Any contravention of these laws and regulations may render the person committing the offence to be liable on conviction to a fine or imprisonment. In addition, these laws, rules and regulations are subject to change. Compliance with new privacy and security laws, regulations and requirements may result in increased operating costs and may constrain or require it to alter its business model or operations which may in turn affect its business, results of operations, financial condition and prospects.

The Target Group has taken measures to maintain the confidentiality of the medical and personal information relating to its patients as well as the employees and by setting internal rules requiring its employees to maintain the confidentiality of such medical and personal information. Sensitive data is held at an external data centre which employs its own security. However, these measures may not always be effective in protecting the relevant medical information.

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While the Target Group believes that its current usage of medical and personal information is in compliance with applicable laws and regulations governing the use of such information, there can be no assurance that it will not be exposed to risks relating to the handling of medical and personal data due to technology failures, human error or lapses in its controls over access to such information. Any breach of the Target Group's confidentiality obligations could expose it to potential liabilities such as litigation or regulatory proceedings and adversely impact its reputation.

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

### **Risks relating to the Enlarged Group and the ownership of the Shares following Completion**

#### **(a) The Vendors will have significant control over the Company, allowing them to influence the outcome of matters requiring the approval of Shareholders**

Immediately after Completion, the Proposed Loan Capitalisation, the Proposed Issuance of SAC Capital Shares and the Proposed Placement, the Vendors will hold in aggregate approximately 72.10% of the Enlarged Share Capital. Upon the issue and allotment of the Deferred Consideration Shares, assuming that the full amount of the Deferred Consideration is payable to the Vendors, the Vendors will hold in aggregate approximately 79.66% of the Further Enlarged Share Capital. As a result, the Vendors will be able to exercise significant influence over the outcome of matters submitted to Shareholders for approval, including, amongst others, election of the directors of the Company, the approval of significant corporate transactions and the affairs and policies of the Company unless they are required by the Catalist Rules to abstain from voting. Control of a majority and a significant portion of the Shares by the Vendors can delay, defer or prevent future transactions including a takeover or a change in control of the Company, and can make some transactions more difficult or impossible to complete without the support of the Vendors, even if it may benefit the Shareholders.

#### **(b) The Share price may be volatile, which can result in substantial losses for investors in the Shares after Completion**

The market price of the Shares may fluctuate significantly and rapidly as a result of, amongst others, the following factors, some of which are beyond the control of the Company and the Enlarged Group:

- (i) variation in the results of operations of the Enlarged Group;
- (ii) changes in securities analysts' estimates of the results of operations and recommendations of the Enlarged Group;
- (iii) discrepancies between the Enlarged Group's actual operating results and those expected by investors and securities analysts;
- (iv) changes in market valuations and share prices of companies with businesses that are similar to those of the Enlarged Group that may be listed in Singapore or elsewhere;

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## LETTER TO SHAREHOLDERS

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- (v) announcements by the Enlarged Group of significant contracts, acquisitions, capital commitments, joint ventures or strategic alliances;
- (vi) any negative publicity on the Enlarged Group, its joint ventures, business partners or suppliers;
- (vii) unforeseen contingent liabilities of the Enlarged Group;
- (viii) additions or departures of key personnel;
- (ix) fluctuations in stock market prices and volume;
- (x) the Enlarged Group's involvement in material litigation, arbitration proceedings and/or investigations by government authorities;
- (xi) success or failure of the Enlarged Group's management in implementing business and growth strategies;
- (xii) changes in conditions affecting the industry, general economic conditions or stock market sentiments or other events or factors;
- (xiii) unforeseen contingent liabilities of the Enlarged Group;
- (xiv) fluctuations in the share prices of companies in the same industry as the Enlarged Group that are also listed in Singapore; and
- (xv) foreign exchange fluctuations and translations.

In recent years, the stock markets including the SGX-ST have experienced price and volume fluctuations. This volatility has had a significant impact on the market price of securities issued by many companies. Those changes may occur without regard to the operating performance of these companies. The price of the Shares may therefore fluctuate based on factors that have little or nothing to do with the Company or the Enlarged Group, and these fluctuations may materially affect the price of the Shares.

**(c) Existing Shareholders will face immediate and substantial dilution following Completion and may experience future dilution to shareholdings**

Immediately after Completion, the Proposed Loan Capitalisation, the Proposed Issuance of SAC Capital Shares and the Proposed Placement, the existing Shareholders will, on a collective basis, own approximately 26.16% of the Enlarged Share Capital and the shareholdings of the Vendors will be approximately 72.10%. Upon the issue and allotment of the Deferred Consideration Shares, assuming that the full amount of the Deferred Consideration is payable to the Vendors, the existing Shareholders will, on a collective basis, own approximately 19.07% of the Further Enlarged Share Capital and the shareholdings of the Vendors will be approximately 79.66%.

The Company may also issue new shares or convertible securities, share options or share awards under any employee share schemes that may be implemented after Completion. This may lead to further dilution to the shareholdings of the existing Shareholders.

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**(d) Investments in securities quoted on the Catalist Board involve a higher degree of risk and can be less liquid than securities quoted on the Mainboard of the SGX-ST**

Following Completion, the Company's listing will be transferred to the Catalist Board, a listing platform designed primarily for fast-growing and emerging or smaller companies to which a higher investment risk tends to be attached as compared to larger or more established companies. An investment in shares quoted on the Catalist Board may carry a higher risk than an investment in shares quoted on the Mainboard of the SGX-ST. The future success and liquidity in the market of the Shares cannot be guaranteed.

Pursuant to the Catalist Rules, the Company will be required, *inter alia*, to retain a sponsor at all times after its admission to the Catalist Board. In particular, unless approved by the SGX-ST, the Financial Adviser and Sponsor must act as the Company's continuing sponsor for at least three (3) years after its admission to the Catalist Board. In addition, the Company may be delisted in the event that the Company does not have a sponsor for more than three (3) continuous months. There is no guarantee that following the expiration of the three-year period, the Financial Adviser and Sponsor will continue to act as the Company's sponsor or that the Company will be able to find a replacement sponsor within the three-month period.

**(e) The Enlarged Group does not have a fixed dividend policy and may not be able to pay dividends in the future**

There is no assurance that the Company will pay dividends in the future or, if the Company does pay dividends in the future, when the Company will pay them. The declaration and payment of future dividends will depend upon, *inter alia*, the Enlarged Group's actual and future financial performance and financial condition, level of its cash and retained earnings, its current capital commitments, projected capital expenditure and other investment plans, the terms of the borrowing arrangements (if any), future plans for expansion, and any other factors which the Proposed New Board may deem appropriate. This may be affected by numerous factors including but not limited to general economic conditions, market sentiment, market competition and the success of the Enlarged Group's future plans and business strategies, many of which are beyond the Enlarged Group's control. Any of these factors could have a material adverse effect on the business, financial position and results of the Enlarged Group's operations, and hence, there is no assurance that the Company will be able to pay dividends to Shareholders after Completion. Please refer to Section 19 titled "Dividend Policy of the Enlarged Group" of this Circular for further details.

Pursuant to the terms governing the existing credit facilities granted to some of the Target Group Companies, the relevant companies may not declare or make payment of any dividends or any income or capital distribution in the event of, among others, any outstanding monies (whether principal, interest or otherwise) payable to the financial institutions. The Enlarged Group's future loan agreements may also include covenants which may limit when and how much dividends the Enlarged Group can declare and pay. Such restrictions on the ability of the Target Group Companies to pay dividends to the Company may adversely limit the Company's ability to grow, or make investments or acquisitions that could be beneficial to the Company's business. Please refer to Section 23 titled "Capitalisation and Indebtedness" of the Target's Letter to Shareholders for more details on the Target Group's covenants under the existing credit facilities.

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**(f) Negative publicity may adversely affect the price of the Shares**

Negative publicity or announcements including those relating to the Target Company, the Target Group or any of the Proposed New Board, Proposed New Executive Officers or Controlling Shareholders of the Enlarged Group may adversely affect the market perception of the Company or the price of the Shares, whether or not they are justified. For instance, such negative publicity may arise from unsuccessful attempts at acquisitions or takeovers, joint ventures or involvement in litigation or insolvency proceedings. Negative publicity may also arise from any negligence claims and disciplinary proceedings made against any of the Proposed New Board or Proposed New Executive Officers, regardless of whether such claims can be substantiated.

**(g) Future sale of securities may adversely affect the price of the Shares**

Any future issue of Shares by the Company or sale of the Shares by the Controlling Shareholders of the Company may have a downward pressure on the Share price. The issue or sale of a significant number of Shares in the public market after Completion, or the perception that such issues or sales may occur, could adversely affect the market price of the Shares. These factors may also affect the Company's ability to attract subscriptions for additional equity securities in the future, at a time and price the Company deems appropriate. Save as disclosed in the Section 23 titled "Moratorium" of this Circular and subject to applicable laws and regulations, there are no other restrictions imposed on the Vendors and Teh Wing Kwan to dispose of their shareholdings. The Share price may be under downward pressure if the Vendors and Teh Wing Kwan sell their Shares upon the expiry of the moratorium period.

**(h) Shareholders and prospective investors may not be able to participate in future issues of the Shares**

In the event that the Company issues new Shares, the Company will be under no obligation to offer those Shares to the existing Shareholders at the time of issue, except where the Company elects to conduct a rights issue. However, in electing to conduct a rights issue or other equity issues, the Company will have the discretion and may also be subject to certain regulations as to the procedures to be followed in making such rights offering available to existing Shareholders or in disposing of such rights for the benefit of such Shareholders and making the net proceeds available to them. In addition, the Company may not offer such rights to existing Shareholders having an address in jurisdictions outside of Singapore. Accordingly, certain Shareholders may be unable to participate in future equity offerings by the Company and may experience dilution in their shareholdings as a result.

**(i) The Company may require additional funding in the form of equity or debt for the Company's future growth which may cause dilution in Shareholders' equity interest and/or restrict its business operations**

The Target Group has attempted to estimate its funding requirements for the implementation of its growth plans as set out in Section 24.3 titled "Business Strategies and Future Plans" of the Target's Letter to Shareholders. In the event that the costs of implementing such plans exceed these estimates significantly or if the Enlarged Group comes across opportunities to grow through acquisitions, joint ventures, strategic alliances or investment opportunities, which cannot be predicted



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at this juncture, and if funds generated from the Enlarged Group's operations prove insufficient for such purposes, the Enlarged Group may need to raise additional funds to meet these funding requirements. Under such circumstances, the Enlarged Group may require additional funding either by way of secondary issue of securities after Completion or by way of borrowings to raise the required capital to develop these growth opportunities.

The Company cannot ensure that it will be able to obtain any additional financing on terms that are acceptable to the Company, or at all. If the Company fails to obtain additional financing on terms that are acceptable to it, the Enlarged Group will not be able to implement such plans fully. If new Shares placed to new and/or existing Shareholders are issued after Completion, they may be priced at a discount to the then prevailing market price of the Shares trading on the Catalist Board and existing Shareholders' equity interest may also be diluted. Further, in the event that the Company raises additional funds to meet its financing needs and existing Shareholders do not participate in the pro-rata fund raising activities such as rights issue, such Shareholders may experience a dilution in their shareholdings. If the Company fails to utilise the new equity to generate a commensurate increase in earnings, the Enlarged Group's earnings per share will be diluted, and this could lead to a decline in the trading price of the Shares. Any additional debt financing, apart from increasing interest expense and gearing, may be accompanied by conditions that limit the Enlarged Group's ability to pay dividends or require the Enlarged Group to seek lenders' consent for the payment of dividends, or restrict the Enlarged Group's freedom to operate its business by requiring lenders' consent for certain corporate actions. If the Enlarged Group is unable to procure the additional funding that may be required on acceptable terms or at all or if the Enlarged Group is unable to service its potential new debt financing, the Enlarged Group's financial position and results, business operations, future growth and prospects may be adversely affected.

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

**(j) Foreign exchange control policies may affect the ability of overseas entities to remit monies**

Certain countries implement foreign exchange control policies to regulate the remittance of local currencies overseas. Under the Law on Foreign Exchange of Cambodia, the Royal Government of Cambodia is empowered to promulgate foreign exchange control measures in the event of a 'foreign exchange crisis' as declared by the Royal Government of Cambodia.

Any new legislation or amendments to existing legislation in the jurisdictions in which the Enlarged Group intends to operate will affect its ability to repatriate income generated from its overseas entities back to Singapore. If such an event occurs, the value of the Enlarged Group's investments overseas and the business, financial condition, results of operations and prospects of the Enlarged Group may be materially and adversely affected.

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### 3. THE PROPOSED WHITEWASH RESOLUTION

#### 3.1. Rule 14 of the Code

Under Rule 14 of the Code and Section 139 of the SFA, where (a) any person acquires, whether by a series of transactions over a period of time or not, shares which (taken together with shares held or acquired by persons acting in concert with him) carry 30.0% or more of the voting rights of a company; or (b) any person who, together with persons acting in concert with him, holds not less than 30.0% but not more than 50.0% of the voting rights and such person, or any person acting in concert with him, acquires in any period of six (6) months additional shares carrying more than 1.0% of the voting rights, such person must extend offers immediately to the holders of any class of share capital of the company which carries votes and in which such person, or persons acting in concert with him, hold shares.

#### 3.2. LVS and its concert parties

As at the Latest Practicable Date, LVS and its concert parties, being Dr. Wilson Tay, Dr. Edwin Tan, Dr. Sebastian Chua, Dr. Rachel Lim and Dax Ng, do not hold any interest in any Shares.

Immediately after Completion, the Proposed Loan Capitalisation, the Proposed Issuance of SAC Capital Shares and the Proposed Placement, LVS will hold approximately 68.15% of the Enlarged Share Capital.

In view of the requirements under Rule 14 of the Code, LVS and its concert parties will have an obligation to make a mandatory general offer as a result of the allotment and issue of the Base Consideration Shares to the Vendors, unless the obligation is waived by the SIC.

Please refer to Appendix G of this Circular titled “Changes in Shareholding Structure” for shareholding effects of, among other things, the Proposed Acquisition on the shareholding of the existing Shareholders and LVS.

**Shareholders should note that the Proposed Acquisition is conditional upon the approval for the Proposed Whitewash Resolution, and hence the Proposed Acquisition will not be completed in the event that the Proposed Whitewash Resolution is not approved.**

#### 3.3. Conditional Waiver by the SIC

As announced by the Company, the SIC had on 9 October 2020 granted LVS a waiver of the requirement to make a general offer under Rule 14 of the Code as a result of the allotment and issuance of the Base Consideration Shares to the Vendors under the Proposed Acquisition (the “**Whitewash Waiver**”), subject to the following conditions:

- (a) a majority of holders of voting rights of the Company approve at the EGM, before the issue of the Base Consideration Shares to the Vendors, a resolution by way of poll to waive their rights to receive a general offer from LVS (the “**Proposed Whitewash Resolution**”);
- (b) the Proposed Whitewash Resolution is separate from other resolutions;



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- (c) LVS and its concert parties (as well as parties not independent of the LVS Concert Party Group and the Proposed Acquisition) abstain from voting on the Proposed Whitewash Resolution;
- (d) LVS and its concert parties did not acquire and are not to acquire any Shares or instruments convertible into and options in respect of the Shares (other than subscriptions for, rights to subscribe for, instruments convertible into or options in respect of new Shares which have been disclosed in the Circular):
  - (i) during the period between 29 July 2020 (being the date of the Announcement) and the date Shareholders' approval is obtained for the Proposed Whitewash Resolution; and
  - (ii) in the six (6) months prior to 29 July 2020 (being the date of the Announcement), but subsequent to negotiations, discussions or the reaching of understandings or agreements with the Directors in relation to the Proposed Acquisition;
- (e) the Company appoints an independent financial adviser to advise its Independent Shareholders on the Proposed Whitewash Resolution;
- (f) the Company sets out clearly in the Circular:
  - (i) details of the Proposed Acquisition including the issue of the Base Consideration Shares and the maximum number of Deferred Consideration Shares;
  - (ii) the dilution effect to existing holders of voting rights of the Company upon the issue of the Base Consideration Shares and the maximum number of Deferred Consideration Shares;
  - (iii) the number and percentage of voting rights in the Company as well as the number of instruments convertible into, rights to subscribe for and options in respect of Shares held by LVS and its concert parties as at the Latest Practicable Date;
  - (iv) the number and percentage of voting rights to be issued to LVS as a result of the Proposed Acquisition;
  - (v) specific and prominent reference to the fact that the issuance of the Base Consideration Shares would result in LVS holding Shares carrying over 49.0% of the voting rights of the Company, and that LVS and its concert parties will be free to acquire further shares without incurring any obligation under Rule 14 of the Code to make a general offer;
  - (vi) specific and prominent reference to the fact that Independent Shareholders, by voting for the Proposed Whitewash Resolution, are waiving their rights to a general offer from LVS at the highest price paid by LVS and its concert parties for the Shares in the past six (6) months preceding the commencement of the offer;

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- (g) the Circular states that the waiver granted by the SIC to LVS from the requirement to make a general offer under Rule 14 of the Code is subject to the conditions stated at paragraphs (a) to (f) above;
- (h) the Company obtains the SIC's approval in advance for those parts of the Circular that refer to the Proposed Whitewash Resolution; and
- (i) to rely on the Proposed Whitewash Resolution, the approval of the Whitewash Resolution must be obtained within three (3) months of 9 October 2020 and the issue of the Base Consideration Shares under the Proposed Acquisition must be completed within three (3) months of the approval of the Proposed Whitewash Resolution. On 23 December 2020, the SIC granted an extension of one (1) month for the Company to convene the EGM to obtain the approval of Shareholders for the Proposed Whitewash Resolution.

As at the date of this Circular, all the above conditions imposed by the SIC, save and except for the condition under sub-paragraph (a), have been satisfied.

### 3.4. Implications of the Proposed Whitewash Resolution

**Independent Shareholders should note that:**

- (a) their approval of the Proposed Whitewash Resolution is a condition precedent to Completion pursuant to the terms of the SPA, and if Independent Shareholders do not vote in favour of the Proposed Whitewash Resolution, the Proposed Acquisition will not take place;**
- (b) the issue of the Base Consideration Shares will result in LVS holding Shares carrying over 49.0% of the voting rights of the Company, and LVS and its concert parties will be free to acquire further Shares without incurring any obligation under Rule 14 of the Code to make a general offer; and**
- (c) by voting in favour of the Proposed Whitewash Resolution, they will be waiving their rights to receive a general offer for all of their Shares from LVS at the highest price paid by LVS and its concert parties for the Shares in the past six (6) months preceding the commencement of the offer.**

### 3.5. Advice of the IFA

In connection with one of the conditions imposed by the SIC for granting the Whitewash Waiver, Hong Leong Finance Limited has been appointed as the Independent Financial Adviser to the Independent Recommending Directors in relation of the Proposed Whitewash Resolution.

A summary of the advice of the IFA is set out in Section 25 titled "Advice of the Independent Financial Adviser in relation to the Proposed Whitewash Resolution" of this Circular.

The IFA Letter setting out the IFA's advice in full is reproduced in Appendix E to this Circular titled "Letter from Hong Leong Finance Limited to the Independent Recommending Directors".

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The Proposed Whitewash Resolution is one of the Key Resolutions to be voted upon at the EGM whereby if any of the Key Resolutions are not approved, the other Key Resolutions will not be duly passed.

### 4. THE PROPOSED LOAN CAPITALISATION

#### 4.1. Sums Owing to ICH Capital

As announced on 17 December 2020, the Company entered into a loan capitalisation agreement (the **“Loan Capitalisation Agreement”**) with ICH Capital, pursuant to which it was agreed that the sum of S\$562,800 owing to ICH Capital as at 31 December 2020 (including all interests accrued) (the **“Outstanding ICH Loan”**) will be repaid by way of the issue of 2,814,000 new Shares on a post-consolidation basis at the Issue Price in full and final settlement of all of the Company’s obligations to ICH Capital arising out of and in connection with two facility agreements dated 7 November 2018 and 30 September 2020 (the **“ICH Capital Facility Agreements”**) (the **“Proposed Loan Capitalisation”**).

As the Issue Price is priced at more than 10.0% discount to the weighted average price for trades done on the SGX-ST (on a post-consolidation basis) for the preceding market day on which the Loan Capitalisation Agreement was signed, the Company is seeking the approval of Shareholders for the allotment and issuance of the Capitalisation Shares pursuant to the Proposed Loan Capitalisation, in accordance with Rule 811(3) of the Listing Manual.

#### 4.2. Salient Terms of the Proposed Loan Capitalisation

##### 4.2.1. Capitalisation Price

The capitalisation price of S\$0.20 was mutually agreed on between the Company and ICH Capital after taking into consideration (i) the rationale for the Issue Price and the Proposed Share Consolidation as stated in Sections 2.5.3 titled “Bases and Rationale for the Total Consideration, Issue Price and Deferred Consideration formula” and 7.2 titled “Rationale for the Proposed Share Consolidation” of this Circular, respectively; and (ii) ICH Capital’s long-standing support for the Group by providing the working capital loans under the ICH Capital Facility Agreements.

##### 4.2.2. Allotment and issue of Capitalisation Shares

Upon completion of the Proposed Loan Capitalisation (the **“Capitalisation Completion”**), an aggregate of 2,814,000 Capitalisation Shares will be issued and allotted in full and as final settlement of all obligations owing to ICH Capital under the ICH Capital Facility Agreements, which will represent approximately 0.89% of the Enlarged Share Capital. Please refer to Appendix G of this Circular titled “Changes in Shareholding Structure” for shareholding effects of, amongst other things, the Proposed Loan Capitalisation on the shareholding of the existing Shareholders.

The Capitalisation Shares will be issued upon completion of the Proposed Share Consolidation and upon its allotment and issuance, be credited as fully paid-up and free from all encumbrances and will rank *pari passu* in all respects with the issued Shares save for any rights, benefits, dividends and entitlements the record date of which is before the Capitalisation Completion.

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### 4.2.3. Conditions precedent

The Capitalisation Completion shall be conditional upon, amongst others, the following conditions being satisfied on or before the Capitalisation Completion:

- (a) completion of the Proposed Share Consolidation;
- (b) completion of the Proposed Acquisition;
- (c) specific Shareholders' approval being obtained at the EGM for the issuance of the Capitalisation Shares at the Issue Price to ICH Capital;
- (d) approval in-principle for the listing and quotation of the Capitalisation Shares being obtained from the SGX-ST (and not having been revoked or withdrawn on or prior to Completion) and, where such approval is subject to conditions, such conditions being reasonably acceptable to the Company and ICH Capital; and
- (e) the allotment and issue of the Capitalisation Shares as at the Capitalisation Completion not being prohibited by any statute, order, rule or regulation promulgated after the date of the Loan Capitalisation Agreement by any legislative, executive or regulatory body or authority of Singapore which is applicable to the Company.

If any of the conditions stated above are not satisfied or waived, the Loan Capitalisation Agreement shall terminate and the provisions thereunder shall cease and be of no further effect (save for certain clauses as specified in the Loan Capitalisation Agreement), and no party shall have any claim against any other parties for any costs, damages, losses or compensation, other than in respect of any antecedent breach of the Loan Capitalisation Agreement. In the event of termination of the Loan Capitalisation Agreement in this Section 4.2.3 of this Circular, the Company's obligations under the ICH Capital Facility Agreements shall not be discharged.

### 4.2.4. Capitalisation Completion

Capitalisation Completion shall occur within seven (7) Business Days after the date on which the conditions precedent in Section 4.2.3 of this Circular have been fulfilled or waived by the Company and ICH Capital, or on such other date as mutually agreed between the Company and ICH Capital.

### 4.3. **Further Announcements**

The Company will make immediate announcement(s) on SGXNET of (a) any conditions precedent waived pursuant to the Loan Capitalisation Agreement and the basis of such waiver; (b) the fulfilment of the conditions under the Loan Capitalisation Agreement; and/or (c) the termination of the Loan Capitalisation Agreement.

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### 5. THE PROPOSED PLACEMENT

#### 5.1. Proposed Placement

The Company intends to carry out a placement exercise for the proposed allotment and issuance of up to 5,000,000 Placement Shares at the Issue Price by way of a private placement pursuant to Section 272B of the SFA. Please refer to Appendix G of this Circular titled “Changes in Shareholding Structure” for shareholding effects of, among other things, the Proposed Placement on the shareholding of the existing Shareholders.

The Placement Shares will represent approximately 1.58% of the Enlarged Share Capital of the Company. The Placement Shares will not be placed to any person who is a Director, a Proposed Director or a Substantial Shareholder of the Target Company or the Enlarged Group (as the case may be), or any other person in the categories set out in Rule 812(1) of the Catalist Rules.

Rule 811(1) of the Listing Manual requires that issue of shares must not be priced at more than a 10.0% discount to the weighted average price for trades done on the SGX-ST for the full market day on which the placement or subscription agreement is signed. Rule 811(3) provides that Rule 811(1) is not applicable if specific Shareholders’ approval is obtained for the issuance of shares at a greater discount. As the Placement Shares will be issued at the Issue Price which may be more than 10.0% discount to the weighted average price for trades done on the SGX-ST (on a post-consolidation basis) prior to the signing of the Placement Agreement, the Company is seeking the specific approval of Shareholders for the allotment and issuance of the Placement Shares in accordance with Rule 811(3) of the Listing Manual.

The Company will be appointing SAC Capital as the placement agent for the Proposed Placement. The final terms of the Proposed Placement (including the placement commission) shall be determined following the entry into a definitive placement agreement.

#### 5.2. Terms of the Proposed Placement

The Placement Shares will be issued upon completion of the Proposed Share Consolidation and upon their allotment and issuance, be credited as fully paid-up and free from all encumbrances and will rank *pari passu* in all respects with the existing issued Shares save for any rights, benefits, dividends and entitlements the record date of which is before completion of the Proposed Placement.

The Proposed Placement shall be subject to, *inter alia*, the following conditions being fulfilled:

- (a) completion of the Proposed Share Consolidation;
- (b) completion of the Proposed Acquisition;
- (c) approval by Shareholders for the allotment and issuance of the Placement Shares;  
and

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## LETTER TO SHAREHOLDERS

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- (d) approval in-principle for the listing and quotation of the Placement Shares being obtained from the SGX-ST (and not having been revoked or withdrawn on or prior to completion of the Proposed Placement) and, where such approval is subject to conditions, such conditions being reasonably acceptable to the Company.

The Proposed Placement will not result in any transfer of controlling interest in the Company. The Company will not proceed with the Proposed Placement without the prior approval of Shareholders in a general meeting if such issuance would bring about a transfer of controlling interest.

### 5.3. Use of Proceeds from the Proposed Placement

**For illustrative purposes, information in this Section has been presented assuming that the Proposed Placement is in respect of all of the 5,000,000 Placement Shares at the Issue Price. Shareholders should note that the foregoing terms are only indicative, and should not be construed as a representation that the Proposed Placement will be made on those terms.**

The Proposed Placement will raise up to S\$1,000,000 gross proceeds, which will be fully used to fund the expenses in connection with the Proposed Transactions. The total estimated listing expenses is approximately S\$1.10 million, comprising (a) professional fees and expenses of S\$0.77 million<sup>(1)</sup>; (b) placement commission of S\$0.03 million<sup>(2)</sup>; and (c) miscellaneous expenses of S\$0.30 million. Accordingly, there will be no net proceeds from the Proposed Placement, and the remaining amount of listing expenses will be funded by the Target Group's internal resources.

Shareholders should note that the terms and timing of the Proposed Placement, including the actual number of Placement Shares will depend on various factors such as market conditions, as well as potential investors' interest in the Shares upon Completion, and there is no certainty or assurance that the Company will be able to place out all or any of the Placement Shares and raise the gross proceeds therefrom.

In the reasonable opinion of the Proposed New Board, there is no minimum amount which must be raised from the Proposed Placement.

None of the proceeds to be raised from the issue of the Placement Shares will be used, directly or indirectly, to acquire or refinance the acquisition of any asset, business or entity, or to discharge, reduce or retire any indebtedness of the Enlarged Group.

### 5.4. Further Information

The Company will make the necessary follow-up announcements as and when required and/or as and when material developments arise in respect of the Proposed Placement.

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<sup>(1)</sup> The professional fees refer to the cash expenses incurred by the Company in connection with the Proposed Transactions, and exclude part of the management fee of S\$0.10 million payable to SAC Capital, which will be satisfied in full by the allotment and issuance of the SAC Capital Shares to SAC Capital.

<sup>(2)</sup> The Company will pay SAC Capital, as compensation for their services in connection with the Proposed Placement and pursuant to the placement agreement to be entered into, assuming the Issue Price and a commission of 3.0% of the Issue Price for each new Placement Share.

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### 6. THE PROPOSED ISSUANCE OF SAC CAPITAL SHARES

The Company is seeking the approval of the Shareholders for the allotment and issuance of 500,000 new Shares at the Issue Price (“**SAC Capital Shares**”) to the Financial Adviser, as part payment of SAC Capital’s management fees as the Financial Adviser to the Company in respect of the Proposed Acquisition. On the Completion Date, the Company shall allot and issue the SAC Capital Shares to the Financial Adviser, representing approximately 0.16% of the Enlarged Share Capital.

The SAC Capital Shares will, upon its allotment and issuance, be credited as fully paid-up and free from all encumbrances and will rank *pari passu* in all respects with the existing issued Shares save for any rights, benefits, dividends and entitlements the record date of which is before the Completion Date.

### 7. THE PROPOSED SHARE CONSOLIDATION

#### 7.1. Details of the Proposed Share Consolidation

In connection with the Proposed Acquisition, the Company proposes to undertake the Proposed Share Consolidation pursuant to which the Company will consolidate every 500 Shares into one (1) Consolidated Share. Each Consolidated Share will rank *pari passu* in all respects with each other. Subject to approval of Shareholders being obtained for the Proposed Listing Transfer, the Consolidated Shares will be traded on the Catalist Board of the SGX-ST in board lots of 100 Consolidated Shares.

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 Consolidation Books Closure 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.

As the proceeds of the sale of fractions of Consolidated Shares arising from the Proposed Share Consolidation are likely to be less than the administrative costs and expenses involved in dispatching such proceeds to the Shareholders, fractions of Consolidated Shares arising from the Proposed Share Consolidation will be aggregated and dealt with in such manner as the Proposed New Board may, in their absolute discretion, deem fit in the interest of the Company.

Shareholders or depositors (as the case may be) who hold less than 500 Shares as at the Consolidation Books Closure 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 Consolidation Books Closure Date.**

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**”).



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**Shareholders”). 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. However, Odd Lot Shareholders should note that the market for trading of such odd lots of Consolidated Shares may be illiquid and they may have to bear disproportionate transaction costs in trading their Shares in the Unit Share Market.**

For illustrative purposes, if a Shareholder holds 1,499 Shares as at the Consolidation Books Closure Date, following the Proposed Share Consolidation and rounding down to the nearest whole Consolidated Share and disregarding any fractions of Consolidated Shares arising from the Proposed Share Consolidation, the Shareholder will be entitled to two (2) Consolidated Shares.

**Shareholders are reminded to check their respective shareholdings in the Company after the Consolidation Books Closure Date before trading.**

As at the Latest Practicable Date, the Company has a total issued share capital of approximately S\$209,581,000 divided into 41,316,907,761 Shares. Following the completion of the Proposed Share Consolidation, the Company will have a total issued share capital of approximately S\$209,581,000 divided into approximately 82,633,815 Consolidated Shares.

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 equity of the Company. Shareholders are not required to make any payment to the Company in respect of the Proposed Share Consolidation. Subject to approval of Shareholders being obtained for the Proposed Share Consolidation at the EGM, the number of Consolidated Shares held by Shareholders arising from the Proposed Share Consolidation will be ascertained on the Consolidation Books Closure Date.

### 7.2. **Rationale for the Proposed Share Consolidation**

As set out in Section 2.2 titled “Rationale for and benefits of the Proposed Acquisition” of this Circular, the Board noted that the market capitalisation of the Company had previously been enlarged by new Shares issued for its Legacy Debt Restructuring Exercises and Legacy RCB as initiated under the former management. Upon the completion of these corporate exercises, the number of Shares 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 billion (based on the closing price of S\$0.001 per Share as at the date of the 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 exercise in any form and/or structure given the legacy high base of the 41.3 billion Shares, unless viable corporate turnaround plans can be initiated and completed. Therefore, in line with the Company’s past announcements 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

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that a commercial value can reasonably be negotiated and set for mutual agreements in relation to the Proposed Acquisition.

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 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.

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.

In view that the 1-month and 6-month volume weighted average share price (“VWAP”) of the Company is S\$0.001 as at the Latest Practicable Date, and assuming that the share price remains unchanged, the Company will have to consider a high consolidation ratio (of minimally 200 existing Shares for every one (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. Assuming that the Proposed Share Consolidation had been in place for the one (1) month or six (6) months prior to the Latest Practicable Date, the theoretical adjusted 1-month and 6-month VWAP of the Company would be S\$0.50.

### Assessment by the Company on the impact to Shareholders

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 15.0% of the Enlarged Share Capital such that it will not result in a disorderly market upon Completion. The Company notes that when comparing all consolidation ratios from 200 – 1,000 in multiples of 100, a consolidation ratio of 500:1 will result in the second least number of odd lots. In this respect, the Company also notes that a consolidation ratio of 1,000:1 will result in the least number of odd lots, which had also been considered in the Company’s discussion and negotiation with the Vendors for the Proposed Acquisition. Assuming that there are no changes to the shareholding distribution of the Company between the Latest Practicable Date and as at the Consolidation Books Closure Date, the number of Affected Shareholders ranges from approximately 185 to 220 for consolidation ratios from 200 to 1,000. Based on the Company’s analysis, the Company is of the view that the incremental number of Affected Shareholders due to higher share consolidation ratios is not significant against the total number of Shareholders of the Company.

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### Measures and safeguards considered by the Company

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. However, Odd Lot Shareholders should note that the market for trading of such odd lots of Consolidated Shares may be illiquid and they may have to bear disproportionate transaction costs in trading their shares in the unit share market.

The Company has recognised that the Affected Shareholders may cease to be Shareholders while the Odd Lot Shareholders may be unable to trade on the ready market of SGX-ST after completion of the Proposed Share Consolidation. Accordingly, the Company will ensure that the Consolidation Books Closure Date will be announced early such that there will be a sufficient lead up time to the Consolidation Books Closure Date to provide the opportunity for Shareholders to dispose of their shareholdings or take up more shares such that their shareholdings on the Consolidation Books Closure Date will be a whole number post consolidation.

The Company has also considered various options to safeguard the interest of the Affected Shareholders such as aggregating the fractional entitlements of the Affected Shareholders, selling them in the market and paying the Affected Shareholders the proceeds of the sale, or making direct compensation to the Affected Shareholders, with such amount to be compensated based on the number of existing Shares held by such Affected Shareholders and the closing price of the existing Shares as traded on the SGX-ST on the Consolidation Books Closure Date. These options would have allowed the Affected Shareholders to monetise their investment in the Company. To this end, the Company has considered and noted that at the proposed consolidation ratio of 500:1, the market value of the Shares owned by the 199 Affected Shareholders is not significant when viewed in the context of the Proposed Acquisition for the Company. For context and illustrative purposes only, based on the market value of the Shares as at the Latest Practicable Date of S\$0.001 and the 199 Affected Shareholders holding collectively 10,756 Shares, the total market value of the Shares owned by the 199 Affected Shareholders is approximately S\$10.76. The monetary entitlement of each of the 199 Shareholders is on average approximately S\$0.06 or less. As such, monetising their investment is not a meaningful exercise considering the amounts involved and likely that the associated costs of implementing such a plan would far outweigh the benefits.

The Company has also considered the same options to safeguard the interest of the Odd Lot Shareholders with less than one (1) consolidated board lot through means of direct compensation. However, such selective compensation may be seen as prejudicial to the other Odd Lot Shareholders who will hold more than one board lot but are still left with odd lots post-consolidation. In arriving at its view, the Company has also considered the availability of the unit share market which will enable all Shareholders (including the Odd Lot Shareholders) to trade their odd lots post-consolidation, and Company's assessments and efforts to reduce the number of odd lots.

Lastly, 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 Board is of the view that the the

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Proposed Share Consolidation ratio of 500:1 brings the value ascribed to the Company to an amount that is commercially acceptable by the Parties for the successful implementation of the Proposed Acquisition. Accordingly, the Board believes 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.

The Financial Adviser, having considered the Company's views and assessments, including (i) the commercial aspects of the Proposed Acquisition and it being a viable turnaround plan necessary and beneficial for the Company and the Shareholders given the legacy high base of the 41.3 billion Shares; (ii) compliance with Catalist Rule 1015(3)(c) on the minimum share price of S\$0.20; and (iii) the assessment by the Company on the impact of the Proposed Share Consolidation to the Shareholders, concurs with the Company that, on balance, 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.

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.

### 7.3. Conditions

**Shareholders should note that the implementation of the Proposed Share Consolidation is subject to Shareholders' approval. Shareholders should also note that under the SPA, Shareholders' approval for the Proposed Share Consolidation is a Condition Precedent to completion of the Proposed Acquisition and if Shareholders' approval of the Proposed Share Consolidation is not obtained, the Proposed Acquisition will not proceed to Completion. Shareholders should refer to Section 1.3 titled "Conditionality of Resolutions" of this Circular on the inter-conditionality/conditionality of the resolutions contained in this Circular.**

Subject to Shareholders' approval being obtained for, among other things, the Proposed Share Consolidation at the EGM, and the listing approval from the SGX-ST for the listing of and quotation for the Consolidated Shares on the Catalist Board being received, Shareholders' holdings of the Consolidated Shares arising from the Proposed Share Consolidation will be determined on the Consolidation Books Closure Date. The Company will in due course make an announcement to notify Shareholders of the Consolidation Books Closure Date and the Effective Trading Date.

### 7.4. Administrative procedures

#### (a) Updating of Register of Members and Depository Register

After Shareholders' approval has been obtained for the Proposed Share Consolidation at the EGM, Shareholders' entitlements of the Consolidated Shares will be determined on the Consolidation Books Closure Date, whereupon the Register of Members and the depository register will be updated to reflect the number of Consolidated Shares held by Shareholders (or depositors, as the case may be) based on their shareholdings in the Company as at the Consolidation Books Closure Date.

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### (b) **Deposit of Old Share Certificates with CDP**

Shareholders who hold old physical share certificates for the existing Shares ("**Old Share Certificates**") in their own names and who wish to deposit the same with CDP and have their Consolidated Shares credited to their Securities Accounts maintained with CDP must deposit their Old Share Certificates, together with the duly executed instruments of transfer in favour of CDP, no later than twelve (12) Market Days before the Consolidation Books Closure Date.

After the Consolidation Books Closure Date, CDP will only accept for deposit share certificates for Consolidated Shares ("**New Share Certificates**"). Shareholders who wish to deposit their New Share Certificates with CDP after the Consolidation Books Closure Date must first deliver their Old Share Certificates to the Company's Share Registrar and Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, for cancellation and issue of New Share Certificates in replacement thereof as described below.

### (c) **Issue of New Share Certificates**

Shareholders who have deposited their existing share certificates with CDP at least twelve (12) Market Days prior to the Consolidation Books Closure Date need not take any action. The Company will arrange with CDP to facilitate the exchange of New Share Certificates pursuant to the Proposed Share Consolidation.

Shareholders who have not deposited their existing share certificates as aforesaid or who do not wish to deposit their existing share certificates with CDP are advised to forward all their existing share certificates to the Company's Share Registrar and Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, as soon as possible after they have been notified of the Consolidation Books Closure Date and no later than five (5) Market Days after the Consolidation Books Closure Date for cancellation and exchange for New Share Certificates. New Share Certificates will be sent by ordinary mail to the registered addresses of the Shareholders at their own risk within ten (10) Market Days from the Consolidation Books Closure Date or the date of receipt of the existing share certificates, whichever is the later.

Shareholders are to deliver their respective existing share certificates to the Company's Share Registrar and Share Transfer Agent or CDP only after the announcement of the Consolidation Books Closure Date by the Company.

No receipt will be issued by the Company's Share Registrar and Share Transfer Agent for the receipt of the existing share certificates tendered. Shareholders should note that New Share Certificates will not be issued to Shareholders unless their existing share certificates have been tendered to the Company's Share Registrar and Share Transfer Agent for cancellation.

Please notify the Company's Share Registrar and Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, if you have lost any of your existing share certificates or if there is any change in your address from that reflected in the Register of Members of the Company.

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**(d) Share certificates not valid for settlement of trades on SGX-ST**

Shareholders who hold physical share certificates are reminded that their existing share certificates will not be valid for settlement of trading in the new Consolidated Shares on the SGX-ST (as the Company is under a book-entry (scripless) settlement system) but will continue to be accepted for cancellation and issue of New Share Certificates in replacement thereof for an indefinite period by the Company's Share Registrar and Share Transfer Agent. Notwithstanding the above, the New Share Certificates will not be valid for delivery for trades done on the SGX-ST although they will continue to be *prima facie* evidence of legal title.

**(e) Trading arrangements for the Consolidated Shares and for odd lots**

Subject to Shareholders' approval for the Proposed Share Consolidation being obtained at the EGM, with effect from 9.00 a.m. on the Effective Trading Date, trading in the Consolidated Shares will be in board lots of 100 Consolidated Shares. Accordingly, 500 existing Shares as at 5.00 p.m. on the Market Day immediately preceding the Effective Trading Date will represent one (1) Consolidated Share with effect from 9.00 a.m. on the Effective Trading Date. Trading in the existing Shares will cease after 5.00 p.m. on the Market Day immediately preceding the Effective Trading Date.

The Shares are currently traded in board lots of 100 Shares in the ready market. Following the Proposed Share Consolidation, the Securities Accounts of depositors may be credited with odd lots of Consolidated Shares (i.e. lots other than board lots of 100 Consolidated Shares). Depositors 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 the Proposed Share Consolidation, would allow trading in odd lots with a minimum size of one (1) Consolidated Share. However, Shareholders should note that the market for trading of such odd lots of Consolidated Shares may be illiquid and they may have to bear disproportionate transaction costs in trading their shares in the unit share market.

**7.5. Consolidation Books Closure Date and Effective Trading Date**

The announcement on the Consolidation Books Closure Date and the Effective Trading Date in respect of the Proposed Share Consolidation will be made by the Company in due course, after consultation with the Financial Adviser and Sponsor for compliance with the relevant Catalist Rules. Please refer to the Section titled "Indicative Timetable" of this Circular for further details.

**8. THE PROPOSED LISTING TRANSFER**

Upon Completion, it is proposed that the Company will transfer the listing of its Shares from the Mainboard to the Catalist Board. Shareholders' approval for the Proposed Listing Transfer is a Condition Precedent to the Proposed Acquisition. SAC Capital will be appointed as the continuing sponsor of the Company following completion of the Proposed Listing Transfer.



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### 8.1. Rationale for the Proposed Listing Transfer

Under Rule 1015(3)(a) of the Listing Manual, in order to maintain a Mainboard listing after a reverse takeover, the new business to be acquired by the Company and the Enlarged Group must satisfy one of the quantitative criteria set out in Rule 210(2)(a), (b) or (c) of the Listing Manual, being:

- (a) Rule 210(2)(a): minimum consolidated pre-tax profit (based on the latest full year consolidated audited accounts) of at least S\$30.0 million for the latest financial year and an operating track record of at least three (3) years;
- (b) Rule 210(2)(b): profitable in the latest financial year (pre-tax profit based on the latest full year consolidated audited accounts), an operating track record of at least three (3) years and has a market capitalisation of not less than S\$150.0 million based on the issue price and post-invitation issued share capital;
- (c) Rule 210(2)(c): operating revenue (actual or pro forma) in the latest completed financial year and a market capitalisation of not less than S\$300.0 million based on the issue price and post-invitation issued share capital.

In connection with the Proposed Acquisition, the Company is proposing to transfer its listing from the Mainboard to the Catalist Board for the following reasons:

- (a) in view of the financial performance of the Target Group, the Company believes that the Enlarged Group and the new business to be acquired by the Company pursuant to the Proposed Acquisition will not satisfy the quantitative criteria for Mainboard listings under Rule 210(2) of the Listing Manual; and
- (b) the Enlarged Group and the new business to be acquired by the Company pursuant to the Proposed Acquisition will not need to meet any minimum operating track record, profit, share capital or market capitalisation requirements.

The Proposed Listing Transfer will provide the Company with a more suitable platform for the listing and trading of its Shares as the Catalist Board provides a more conducive listing platform for companies who require a flexible regulatory system to float their shares. In light of the new business, market capitalisation and risk profile of the Enlarged Group, the Proposed New Board is of the view that the Proposed Listing Transfer and a listing on the Catalist Board will position the Company appropriately and better allow the Company to attract investors in the future.

### 8.2. Requirements for the Proposed Listing Transfer

A transfer of listing from the Mainboard to the Catalist Board is governed by Rule 410 of the Catalist Rules. As set out below, subject to Shareholders' approval for the Proposed Listing Transfer, the Company will meet all the requirements for a transfer to the Catalist Board.

#### 8.2.1. Rule 410(1) – Compliance with Rules 406(1), (2)(b), (3), (4) and 407(2) and (3)

Based on the shareholding statistics available to the Company as at the Latest Practicable Date, and assuming Completion, the Proposed Loan Capitalisation, the Proposed Issuance of SAC Capital Shares, and the Proposed Placement, approximately 22.53% of the Enlarged Share Capital will be held in the hands of the public and the



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number of shareholders is expected to be more than 200. As such, the Company will fulfil the requirements stipulated under the Catalist Rules in relation to the shareholding spread and distribution by having at least 15.0% of the Company's shares in the hands of the public and more than 200 public shareholders.

The overall distribution of shareholdings is expected to provide an orderly secondary market in the securities when trading commences, and is unlikely to lead to a corner situation in the Shares.

The Company will comply with Rule 406(3) of the Catalist Rules in that:

- (a) the Proposed New Board and Proposed New Executive Officers of the Enlarged Group have the appropriate experience and expertise to manage the Enlarged Group's business. In addition, Teh Wing Kwan, Fong Heng Boo and Chan Yu Meng, who are existing Directors and will remain as Directors after Completion, as well as Steven Lim who is a Proposed New Director, have relevant experience as directors of public listed companies in Singapore, and are familiar with the roles and responsibilities of a director of a public listed company in Singapore. Dr. Wilson Tay does not have prior experience as a director of a public listed company in Singapore but he has been briefed by the Legal Adviser on Singapore Law on the Proposed Transactions on the roles and responsibilities of a director of a public listed company in Singapore. In addition, Dr. Wilson Tay has attended the relevant courses organised by the Singapore Institute of Directors as prescribed by the SGX-ST;
- (b) nothing materially adverse has come to the attention of the Sponsor to suggest that the Proposed New Board, Proposed New Executive Officers and Controlling Shareholders of the Enlarged Group do not have the character and integrity expected of a listed issuer;

For more information on the Proposed New Board and the Proposed New Executive Officers, please refer to Section 25 titled "Proposed New Board and Proposed New Executive Officers" of the Target's Letter to Shareholders; and

- (c) the Enlarged Group will have at least two (2) non-executive directors who are independent and free of any material business or financial connection with the Enlarged Group. Please refer to Section 27.4 titled "New Nominating Committee – The New Nominating Committee's View of the Proposed Independent Directors" of the Target's Letter to Shareholder for further information. In addition, the Enlarged Group will establish the New Audit Committee, the New Remuneration Committee and the New Nominating Committee, with written terms of reference clearly set out the authority and duties of the committees.

For further information on the board committees that will be established upon Completion, please refer to Sections 27.3, 27.4 and 27.5 titled "New Audit Committee", "New Nominating Committee" and "New Remuneration Committee" respectively of the Target's Letter to Shareholders.

As Rule 406(4) of the Catalist Rules is not applicable in relation to reverse takeovers, the Sponsor has provided the confirmation required in Appendix 10A of the Catalist Rules that the Enlarged Group is suitable for listing and complies with the Catalist Rules.

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Pursuant to Rule 407(2) of the Catalist Rules, in the reasonable opinion of the Proposed New Board, barring unforeseen circumstances and after taking into account (a) the cash flows generated from the Target Group's operations; (b) the Target Group's cash and cash equivalents of S\$7.62 million as at the Latest Practicable Date; (c) the potential impact of COVID-19 on the Target Group; (d) the available credit facilities from financial institutions; (e) the payment of the remaining cash consideration in relation to the PMG Acquisition and the ET Business Injection; (f) the repayment of S\$865,000 owing by the Company to Teh Wing Kwan; (g) outstanding dividends payable by 31 March 2021 of S\$156,756; (h) the staggered payment of the cash consideration amounting up to S\$3.5 million as part of the SPA (being S\$2.0 million within 18 months from Completion and up to S\$1.5 million within 18 months from the date of issuance of the Deferred Consideration Shares); and (i) all other current liabilities of the Target Group as at 30 June 2020, the working capital available to the Enlarged Group as at the date of this Circular is sufficient for its present requirements and for at least twelve (12) months after Completion.

Pursuant to Rule 407(3) of the Catalist Rules, in the reasonable opinion of the Sponsor, barring unforeseen circumstances and after taking into account (a) the cash flows generated from the Target Group's operations; (b) the Target Group's cash and cash equivalents of S\$7.62 million as at the Latest Practicable Date; (c) the potential impact of COVID-19 on the Target Group; (d) the available credit facilities from financial institutions; (e) the payment of the remaining cash consideration in relation to the PMG Acquisition and the ET Business Injection; (f) the repayment of S\$865,000 owing by the Company to Teh Wing Kwan; (g) outstanding dividends payable by 31 March 2021 of S\$156,756; (h) the staggered payment of the cash consideration amounting up to S\$3.5 million under the terms of the SPA (being S\$2.0 million within 18 months from Completion and up to S\$1.5 million within 18 months from the date of issuance of the Deferred Consideration Shares); and (i) all other current liabilities of the Target Group as at 30 June 2020, the working capital available to the Enlarged Group as at the date of this Circular is sufficient for its present requirements and for at least twelve (12) months after Completion.

Accordingly, Rule 410(1) of the Catalist Rules will be complied with upon Completion.

8.2.2. Rule 410(2) – The Company is sponsored and the Sponsor provides SGX-ST with a completed Appendix 4D (Transfer Confirmation by Sponsor)

The Proposed New Board proposes to appoint SAC Capital as the Company's continuing sponsor, subject to the Proposed Listing Transfer taking effect. The Sponsor had on 18 November 2020 provided the SGX-ST with the completed Appendix 4D (Transfer Confirmation by Sponsor) of the Catalist Rules.

Accordingly, Rule 410(2) of the Catalist Rules has been complied with.

8.2.3. Rule 410(3) – The Company provides SGX-ST with a completed Appendix 4E (Applicant's Listing Agreement)

The Company had on 31 December 2020 in its application to the SGX-ST for the Proposed Listing Transfer provided the SGX-ST with the completed Appendix 4E (Applicant's Listing Agreement) of the Catalist Rules.

Accordingly, Rule 410(3) of the Catalist Rules has been complied with.

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### 8.2.4. Rule 410(4) – The Company’s Shareholders have approved the Proposed Listing Transfer by special resolution

The Proposed Listing Transfer is subject to the approval of the Shareholders by way of special resolution at the EGM, the notice of which is set out in the Section titled “Notice of Extraordinary General Meeting” of this Circular.

Accordingly, subject to the approval of the Shareholders for the Proposed Listing Transfer at the EGM, Rule 410(4) of the Catalist Rules will be complied with.

### 8.2.5. Rule 410(5) – The Company is in compliance with all applicable Mainboard Rules

The Company confirms that it is in compliance with all applicable Mainboard Rules.

Accordingly, Rule 410(5) of the Catalist Rules has been complied with.

## 9. THE PROPOSED DISPOSAL

### 9.1. Details of the Proposed Disposal

As announced on 7 October 2020 and 17 December 2020, the Company has undertaken and completed an internal reorganisation exercise, where, *inter alia*, its existing engineering consultancy contract was novated to its wholly-owned subsidiary, N&T Smart and the entire shareholdings in the capital of N&T Smart were transferred from the Company to Citicode Corporation to facilitate the Proposed Disposal, as a condition precedent to the Proposed Acquisition. The Company also announced that it has applied to ACRA for the voluntary striking off of APR.

Further to the internal restructuring exercise, as part of the Company’s steps to fulfil its obligations under the SPA, the Company had on 17 December 2020, further announced that (i) Citicode Corporation had entered into the Citicode-SNAP Disposal Agreement with Dr. Ting Shang Ping for the Proposed Disposal of Citicode-SNAP; and (ii) the Company had entered into the Citicode Corporation Disposal Agreement with Wong Kong Leong for the Proposed Disposal of Citicode Corporation.

While the Proposed Disposal constitutes a non-discloseable transaction under Chapter 10 of the Listing Manual, the Company will nonetheless be seeking the approval of Shareholders for the Proposed Disposal. Accordingly, it is a condition precedent to each of (i) the Proposed Disposal of Citicode-SNAP; and (ii) the Proposed Disposal of Citicode Corporation that Shareholders’ approval is obtained for the Proposed Disposal. For further details of the other conditions precedent to the Citicode-SNAP Disposal Agreement and the Citicode Corporation Disposal Agreement, please refer to Section 9.3.1 titled “Salient Terms of the Disposal Agreements” of the Circular.

### 9.2. Rationale for the Proposed Disposal

On 12 February 2019, the Company obtained Shareholders’ approval for the diversification of its core business to include M&E and infrastructure engineering business and smart M&E business. Since the diversification of its business, the Company noted that most of its projects under evaluation for its business in M&E engineering for smart facilities management and smart city applications have long gestation periods, and the COVID-19 situation has disrupted the supply chain of its businesses. The Group as a result was faced with renewed challenges in the aforesaid business segment.

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The trading business is largely dependent on various macroeconomic factors. The commodities market has been affected by waves of uncertainty, weak market sentiment, slowing economic activities and more recently, an imminent recession. On 7 October 2020, the Company announced that the Group had ceased its copper trading business and intended to apply for the striking off of APR. On 17 December 2020, the Company announced that it had applied for the striking off of APR.

As the Group entered into negotiations with the Vendors for the Proposed Acquisition, in addition to the rationale stated above, it was also commercially agreed that the Proposed Disposal is to be undertaken as the Vendors do not have the intention of retaining the Existing Business. The Board, having regard to the rationale for the Proposed Acquisition as well as the challenges that the Company faces in its Existing Business, are of the view that the Proposed Disposal in conjunction with the Proposed Acquisition will allow the Company to focus entirely on the business of the Target Group and will be in the best interests of the Shareholders. The Proposed Disposal will also allow the Company to fulfil its obligations under the SPA.

### 9.3. Proposed Disposal of Citicode-SNAP and Citicode Corporation

#### 9.3.1. Salient Terms of the Disposal Agreements

##### (a) Sale and Purchase

Pursuant to the Citicode-SNAP Disposal Agreement and the Citicode Corporation Disposal Agreement (collectively, the “**Disposal Agreements**”), (i) Citicode Corporation has agreed to sell to Dr. Ting Shang Ping its entire shareholding interest in Citicode-SNAP, comprising 500 ordinary shares in the capital of Citicode-SNAP (the “**Citicode-SNAP Sale Shares**”); and (ii) the Company has agreed to sell to Wong Kong Leong the entire paid up share capital of Citicode Corporation comprising 1,000 ordinary shares (the “**Citicode Corporation Sale Shares**”), respectively, on the terms and conditions set out therein, free from all and any encumbrances together with all rights, benefits and entitlements attaching thereto as at completion of the sale.

##### (b) Consideration

The consideration payable by (i) Dr. Ting Shang Ping to Citicode Corporation for the purchase of the Citicode-SNAP Sale Shares shall be S\$1.00 (the “**Citicode-SNAP Consideration**”); and (ii) Wong Kong Leong to the Company for the purchase of the Citicode Corporation Sale Shares shall be S\$1.00 (the “**Citicode Corporation Consideration**”).

The Citicode-SNAP Consideration and the Citicode Corporation Consideration was determined by the Company together with Dr. Ting Shang Ping and Wong Kong Leong (as the case may be) on an arm’s length and willing-buyer willing-seller basis, taking into account the net liabilities value of Citicode-SNAP and Citicode Corporation (as the case may be).

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(c) Conditions Precedent

Completion under each of the Disposal Agreements shall be conditional upon, *inter alia*, the following conditions being satisfied (or otherwise waived by the relevant parties to the relevant Disposal Agreements) before completion:

- (i) (in relation to the Citicode Corporation Disposal Agreement) the Company having procured the completion of the disposal of Citicode Corporation's entire shareholding interest in the capital of Citicode-SNAP;
- (ii) the approval of shareholders of the Company being obtained at the EGM (or any adjournment thereof) to be convened in respect of the Proposed Disposal of Citicode-SNAP and the Proposed Disposal of Citicode Corporation and other key inter-conditional resolutions to be tabled at the EGM, and such other corporate action(s) in connection thereto as may be necessary;
- (iii) such consents, approvals or waivers as may be required (or deemed necessary by parties of the relevant Disposal Agreement) 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 transaction contemplated herein and such consents, approvals or waivers not having been amended or revoked before completion or the long stop date (whichever is earlier) and if any such consents, approvals or waivers are subject to conditions, such conditions being reasonably acceptable to the parties;
- (iv) all representations, undertakings and warranties of the relevant parties of the relevant Disposal Agreement being complied with and are true, accurate and correct as at the date of the relevant Disposal Agreement and as at completion or the long stop date (whichever is earlier), unless expressly specified otherwise;
- (v) 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 Disposal Agreements void, illegal and/or unenforceable or otherwise frustrate or be adverse to the same; and/or
  - (B) render Dr. Ting Shang Ping or Wong Kong Leong (as the case may be) being unable to acquire all or any of the Citicode-SNAP Sale Shares or the Citicode Corporation Sale Shares (as the case may be);

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- (vi) the relevant parties to the Disposal Agreements not having received notice of any injunction or other order, directive or notice restraining or prohibiting the consummation of the transactions contemplated by the relevant Disposal Agreement, 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; and
- (vii) approval of the board of directors of the Company for the transactions contemplated herein and all such transactions ancillary thereto as may be necessary.

(d) Completion

Completion under each of the Disposal Agreements shall take place on such date and at such place as the parties to the agreement may agree, provided that the date of completion shall be no later than the long stop date (as described in Section 9.3.1(e)).

(e) Long Stop Date

If any of the conditions precedent as set out in relevant Disposal Agreement are not fulfilled (or otherwise waived by the relevant parties to the relevant Disposal Agreement) on or before the date falling nine (9) months from 29 July 2020 (being the date of the SPA), the provisions of the relevant Disposal Agreement shall automatically terminate and (save as provided in said agreement or for any antecedent breach of said agreement) none of the parties to the agreement shall have any claim against the other for costs, damages, compensation or losses.

9.3.2. Information on Citicode-SNAP, Citicode Corporation and the purchasers

(a) Citicode-SNAP

As at the latest Practicable Date, the Company has a 50.0% effective interest in Citicode-SNAP, which is indirectly held by the Company through Citicode Corporation. Citicode-SNAP is a private company incorporated in Singapore on 17 July 2019 and has an issued and paid-up share capital of S\$1,000 consisting of 1,000 ordinary shares.

Citicode-SNAP is the Company's joint venture company with Snap Innovations. Citicode-SNAP was incorporated to allow the Company to form a technology alliance with Snap Innovations to build its expertise in developing algorithms for machine learning and deep learning in the field of artificial intelligence, which is required in supporting smart city applications.

(b) Dr. Ting Shang Ping

Dr. Ting Shang Ping is the chief executive officer and founder of Snap Innovations, the Company's joint venture partner in Citicode-SNAP. Dr. Ting Shang Ping is involved in research and development in the area of artificial intelligence for the implementation of machine learning and deep learning capabilities for various industries.



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(c) Citicode Corporation

Citicode Corporation is a private company incorporated in Singapore on 16 May 2019. Citicode Corporation has an issued and paid-up share capital of S\$1,000 consisting of 1,000 ordinary shares. The entire issued and paid-up share capital of Citicode Corporation is legally and beneficially owned by the Company.

Citicode Corporation is the holding company of N&T Smart, the subsidiary of the Company's business in mechanical and electrical engineering for smart facilities management and smart city applications.

(d) Wong Kong Leong

Wong Kong Leong is the technical director of N&T Smart and an experienced mechanical and electrical engineer.

**9.4. Use of Proceeds**

As the aggregate consideration under the Disposal Agreements is S\$2.00, it is not meaningful to discuss the use of proceeds from the Proposed Disposal.

**9.5. Financial Information on the Proposed Disposal**

Based on the Group's latest announced unaudited consolidated financial statements for the 6-month financial period ended 30 June 2020 and assuming that the internal restructuring of N&T Smart as a subsidiary of Citicode Corporation had been completed as at 30 June 2020, the net liability positions of Citicode-SNAP and Citicode Corporation and its subsidiary would have been approximately S\$2,000 and S\$4,000, respectively. There is no open market value for the Citicode-SNAP Sale Shares or the Citicode Corporation Sale Shares as they are not publicly traded.

As at 30 June 2020, the deficit of the consideration received over the book value of the Citicode-SNAP Sale Shares was approximately S\$500, while the excess of the consideration received over the book value of the Citicode Corporation Sale Shares was approximately S\$5,000.

As the relative figures computed in Section 9.7 of this Circular below do not exceed 75%, in accordance with Rule 1014(5) of the Listing Manual, no valuation was commissioned on the Citicode-SNAP Sale Shares and the Citicode Corporation Sale Shares in connection with the Proposed Disposal. In addition, the Board is of the view that such a valuation will not be meaningful taking into account the net liability positions of Citicode-SNAP and Citicode Corporation.

The proposed disposal of the Citicode-SNAP Sale Shares will not affect the substance of the Company's existing strategic relationship established with SNAP Innovations and Dr. Ting Shang Ping such that the business relationship may be further extended with the Enlarged Group even after completion of the disposal of the Citicode-SNAP Sale Shares and the Completion should business collaboration opportunities arise.



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### 9.6. Directors' Service Contracts

No person is proposed to be appointed as a director of the Company in connection with the Proposed Disposal. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

### 9.7. Chapter 10 of the Listing Manual

The relative figures for the Proposed Disposal computed on the relevant bases of comparison set out in Rule 1006 of the Listing Manual, based on the Group's latest announced unaudited consolidated financial statements for the 6-month financial period ended 30 June 2020 ("6M2020"), are as follows:

Rule 1006	Bases	Relative Figures
(a)	Net liabilities of the assets to be disposed (S\$'000)	6
	Net liabilities of the Group (S\$'000)	908
	<b>Size of relative figure</b>	<b>0.7%<sup>(1)</sup></b>
(b)	Net losses <sup>(2)</sup> attributable to the Citicode-SNAP Sale Shares and the Citicode Corporation Sale Shares (S\$'000)	4 <sup>(3)</sup>
	Net losses <sup>(2)</sup> of the Group (S\$'000)	608 <sup>(4)</sup>
	<b>Size of relative figure</b>	<b>0.7%<sup>(1)</sup></b>
(c)	Aggregate value of the consideration received (S\$)	2
	Market capitalisation of the Company (S\$)	41,316,908 <sup>(5)</sup>
	<b>Size of relative figure</b>	<b>0.0%</b>
(d)	Number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue	This basis is not applicable as the Proposed Disposal relates to the disposal of assets and no equity securities are issued by the Company.
(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) With reference to paragraph 4.3 and 4.4 of Practice Note 10.1 of the Listing Manual, the relative figure is computed on the absolute basis of each of the amounts.
- (2) 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.
- (3) Based on the total unaudited loss before tax attributed to the Citicode Corporation Sale Shares and Citicode-SNAP Sale Shares for 6M2020.
- (4) Based on the unaudited profit before tax of the Group for 6M2020.
- (5) 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 25 November 2020, being the last traded market day immediately preceding the date of the Disposal Agreements.

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Pursuant to Rule 1005 of the Listing Manual, the Proposed Disposal of Citicode-SNAP and the Proposed Disposal of Citicode Corporation have been aggregated and treated as a single transaction. As all of the relative figures computed on the bases set out under Rule 1006(a), 1006(b) and 1006(c) of the Listing Manual amount to 5% or less, the Proposed Disposal is classified as a “non-discloseable transaction”.

Notwithstanding the foregoing, the Company is of the view that it shall obtain Shareholders’ approval in relation to the Proposed Disposal as the Proposed Disposal involves the disposal of the Existing Business and subsidiaries and, together with the Proposed Acquisition, will result in a fundamental change in the business and risk profile of the Group.

### 9.8. Further Announcements

The Company will make immediate announcement(s) on SGXNET of (a) any conditions precedent waived pursuant to the Citicode-SNAP Disposal Agreement or the Citicode Corporation Disposal Agreement and the basis of such waiver; (b) the fulfilment of the conditions under the Citicode-SNAP Disposal Agreement or the Citicode Corporation Disposal Agreement; (c) the termination of the Citicode-SNAP Disposal Agreement or the Citicode Corporation Disposal Agreement; and/or (d) the completion of the Striking Off of APR.

### 10. THE PROPOSED CHANGE OF CORE BUSINESS

Upon Completion, which is contingent upon completion of the Proposed Disposal, the business of the Enlarged Group will comprise wholly of the business of the Target Group. Therefore, in connection with the Proposed Acquisition, the Company will be changing its core business to that of the Target Group’s business (the “**Proposed Change of Core Business**”).

Please refer to the Target’s Letter to Shareholders for more information on the Target Group and its business. Please refer to Section 2.7 of this Circular for the risk factors associated with the Proposed Change of Core Business.

### 11. THE PROPOSED CHANGE OF NAME

In connection with the Proposed Transactions, the Company is proposing to change the name of the Company from “**Citicode Ltd.**” to “**Livingstone Health Holdings Limited**” to better reflect the status of the Enlarged Group and the new business and activities of the Enlarged Group. The change of name of the Company will only take effect upon Completion.

An application had been made to ACRA on 9 November 2020 for the name “Livingstone Health Holdings Limited” and the name has been reserved with ACRA until 11 March 2021.

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In line with the Proposed Change of Name of the Company, the Company also intends to adopt the corporate logo as shown below:



Subject to the resolution of the Proposed Change of Name being carried as a special resolution at the EGM, the Company will, upon Completion, lodge the requisite notification with ACRA relating to its change of name. Accordingly, the name “Citicode Ltd.” will be substituted with “Livingstone Health Holdings Limited” wherever the name “Citicode Ltd.” appears in the Constitution.

The Company will issue an announcement to notify Shareholders of the coming into effect of the Company’s new name. The Proposed Change of Name does not affect any of the rights of the Shareholders and the legal status of the Company. All existing share certificates of the Company in issue bearing the existing name of the Company will, after the Proposed Change of Name becoming effective, continue to be evidence of title to Shares and will remain valid for trading, settlement, registration and delivery purposes. Shareholders should take note that notwithstanding the change of the Company’s name, the Company will not recall any existing share certificates bearing the current name of the Company, which will continue to be prima facie evidence of legal title. No further action is required on the part of the Shareholders.

### 12. THE PROPOSED APPOINTMENT OF THE PROPOSED NEW DIRECTORS

Upon Completion, the Company proposes to appoint the Proposed New Directors who are as follows:

- (a) Dr. Wilson Tay (*Executive Director and CEO*); and
- (b) Steven Lim (*Independent and Non-Executive Director*).

The Company’s Executive Chairman and CEO, Teh Wing Kwan, will be re-designated as the Non-Executive Chairman upon Completion. Fong Heng Boo and Chan Yu Meng will remain as Independent Directors of the Proposed New Board following Completion. For further information on each of the Directors of the Proposed New Board, please refer to Section 25 titled “Proposed New Board and Proposed New Executive Officers” of the Target’s Letter to Shareholders.

### 13. THE PROPOSED ADOPTION OF THE NEW CONSTITUTION OF THE COMPANY

#### 13.1. Rationale

The Company is taking this opportunity to incorporate and amend regulations in its Constitution to allow the Company to convene, hold and conduct virtual meetings, allow members to submit instruments appointing proxies by electronic means and allow the Company to issue documents to members of the Company by electronic means.

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### 13.2. New Constitution

The Company is proposing to adopt the New Constitution, which will replace the Existing Constitution entirely. The following is a summary of the key differences between the New Constitution and the Existing Constitution. Shareholders are advised to read the summary in conjunction with (a) the New Constitution, which is set out in its entirety in Appendix H of this Circular; and (b) the extracts of the proposed key amendments to the Existing Constitution, which is set out in Appendix I of this Circular before deciding on the Special Resolution relating to the Proposed Adoption of the New Constitution.

#### 13.2.1. New Regulation 66A

Regulation 66A provides for general meetings to be conducted by electronic means.

#### 13.2.2. Regulation 85

Regulation 85 is amended to provide that instruments of proxy may be submitted by electronic means.

#### 13.2.3. Regulation 156(a)

Regulation 156(a) is amended to clarify that circulars and instruments appointing proxies can be given to members of the Company by electronic means.

## 14. THE PROPOSED NEW SHARE ISSUE MANDATE

### 14.1. Proposed New Share Issue Mandate

The Company is proposing to seek Shareholders' approval at the EGM for the Proposed New Share Issue Mandate for the aggregate number of shares which may be issued, to be determined based on the total number of Consolidated Shares (excluding treasury shares) after Completion. This is in addition to the authorisation to be sought for the proposed share issue in relation to the allotment and issuance of the Consideration Shares as set out in Section 2 of this Circular, the allotment and issuance of the Capitalisation Shares as set out in Section 4 of this Circular, the allotment and issuance of the Placement Shares as set out in Section 5 of this Circular and the allotment and issuance of the SAC Capital Shares as set out in Section 6 of this Circular.

Specifically, approval from the Shareholders will be sought for, amongst others, authority to be granted pursuant to Regulation 8 of the Constitution and Rule 806 of the Catalist Rules to the Proposed New Board to:

- (a) (i) allot and issue new shares in the capital of the Company (whether by way of rights issue, bonus issue or otherwise); and/or
- (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other Instruments convertible into shares,

at any time and upon such terms and conditions, and for such purposes and to such persons as the Proposed New Board shall in their absolute discretion deem fit; and

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- (b) (notwithstanding that the authority conferred by the ordinary resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the ordinary resolution was in force, provided that:
  - (i) the aggregate number of new shares and convertible securities to be issued pursuant to such authority shall not exceed 100.0% of the then-existing issued share capital of the Company and that the aggregate number of shares and convertible securities to be issued other than on a pro-rata basis to the then-existing Shareholders shall not exceed 50.0% of the then-existing issued share capital of the Company; and
  - (ii) unless revoked or varied by the Shareholders in general meeting, such authority shall continue in full force until the conclusion of the next AGM or the date by which the next AGM is required by law or the Catalist Rules to be held, whichever is earlier.

For this purpose, the “**then-existing issued share capital**” shall mean the Enlarged Share Capital.

The Proposed New Share Issue Mandate falls within the limits set out in Rule 806(2)(a) of the Catalist Rules.

### 14.2. **Validity of the Proposed New Share Issue Mandate**

The Proposed New Share Issue Mandate, if approved by Shareholders at the EGM, shall take force and effect from the date of the EGM and shall continue in force until the earliest of the following:

- (a) the conclusion of the next AGM; or
- (b) the expiration of the period within which the next AGM is required to be held pursuant to the Constitution or any applicable laws of Singapore; or
- (c) it is carried out to the full extent mandated; or
- (d) it is revoked or varied by ordinary resolution of the Shareholders in a general meeting.

Subject to its continued relevance to the Company, the Proposed New Share Issue Mandate will be put to Shareholders for renewal at subsequent general meetings of the Company.

## 15. **THE PROPOSED CHANGE OF INDEPENDENT AUDITOR**

### 15.1. **Background and Rationale for the Proposed Change of Independent Auditor**

The Company's existing auditor is Foo Kon Tan LLP. The Proposed New Board is proposing the appointment of Mazars LLP as independent auditor of the Company in place of the existing independent auditor, Foo Kon Tan LLP, with effect from the Completion Date and for the financial year ending 31 December 2020 and to hold office until the conclusion of the next AGM.

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The Board is proposing the Proposed Change of Independent Auditor at the request of the Vendors and for the purpose of continuity as Mazars LLP is the existing independent auditor of the Target Group. Following Completion, the principal business of the Enlarged Group will be the business of the Target Group. As such, the Board is of the opinion that Mazars LLP will be more familiar with the Target Group's business and be better positioned to act as the independent auditor of the Company following Completion. In addition, the Proposed Change of Independent Auditor is not due to any dismissal of Foo Kon Tan LLP, or due to Foo Kon Tan LLP declining to stand for election. It is also not a reflection of any concerns over the integrity of the Company's operations or management or effectiveness of the Company's internal controls or the capability of the auditor of the Company.

Foo Kon Tan LLP had on 7 December 2020 applied to ACRA to seek its consent to resign as the independent auditor of the Company. In accordance with Section 205AB(5) and 205AF of the Companies Act and Rule 712(3) of the Catalist Rules, the resignation of Foo Kon Tan LLP as independent auditor of the Company and the appointment of Mazars LLP in place of Foo Kon Tan LLP shall take effect on the Completion Date, subject to (i) the written approval from ACRA; and (ii) the Proposed Change of Independent Auditor being approved by Shareholders at the EGM.

Mazars LLP had on 9 December 2020 issued its consent to act as independent auditor of the Company subject to among other things, the approval of Shareholders at the EGM. Accordingly, the resignation of Foo Kon Tan LLP as independent auditor of the Company will take effect upon the approval of the Proposed Change of Independent Auditor by Shareholders at the EGM and subject to Completion.

### 15.2. Information on Mazars LLP

Mazars LLP is an internationally integrated partnership, specialising in audit, accountancy, advisory, tax and legal services. Operating in 89 countries and territories around the world, Mazars LLP draws on the expertise of 40,000 professionals – 24,000 in the Mazars LLP integrated partnership and 16,000 via the Mazars North America Alliance – to assist clients at every stage in their development. On 11 July 2019, an alliance agreement, known as the Mazars North America Alliance, was created between Mazars LLP and five leading firms in the United States and Canada – BKD, Dixon Hughes Goodman, Moss Adams, Plante Moran (United States firms) and MNP (Canadian firm). Geographically, these five Alliance firms will complement Mazars United States and Mazars Canada, enabling Mazars LLP to achieve full national coverage in North America.

Mazars LLP in Singapore is a globally integrated firm that provides meaningful audit and advisory advice to the world's leading organisations and fastest growing businesses. With more than 200 professionals, the firm is a fast growing and independent firm servicing clients across Asia Pacific. In Singapore, Mazars LLP audits more than 20 locally listed companies in addition to the Singapore subsidiaries of many internationally listed clients. The teams with familiarity in multiple jurisdictions help international large corporations, mid-market companies, small and medium enterprises, start-ups and public bodies to find solutions to meet their objectives. To support its international clients, Mazars LLP offers Chinese, French, Japanese, United Kingdom and United States desks.

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Mr. Ooi Chee Keong is the audit engagement partner who will be assigned to the audit of the Enlarged Group. Mr. Ooi Chee Keong has more than 14 years of experience with international public accounting firms in Singapore and Malaysia. He has extensive knowledge in auditing listed companies in Singapore and Hong Kong, small and medium enterprises, multi-national companies, private funds and private companies. His industry experience spans from oil and gas, logistics, property development and construction, retail and distribution, manufacturing, plantation and more. He is a member of the Association of Chartered Certified Accountants and a practising member of the Institute of Singapore Chartered Accountants.

More information about Mazars LLP, its values and its services can be found on Mazars LLP's website at <https://www.mazars.sg>.

### 15.3. Disclosure pursuant to Rule 712(3) of the Catalist Rules

#### 15.3.1. Rule 712(3)(a) – Confirmation from the outgoing auditor

The outgoing auditor, Foo Kon Tan LLP, has confirmed that they are not aware of any professional reasons why Mazars LLP should not accept appointment as the new auditor of the Company.

#### 15.3.2. Rule 712(3)(b) – Confirmation from the issuer on any disagreements with outgoing auditor

The Company confirms that there were no disagreements with Foo Kon Tan LLP on accounting treatments within the last twelve (12) months.

#### 15.3.3. Rule 712(3)(c) – Confirmation from the issuer on circumstances connected with change of auditor

The Company confirms that it is not aware of any circumstances connected with the Proposed Change of Independent Auditor that should be brought to the attention of the Shareholders which has not been disclosed in this Circular.

#### 15.3.4. Rule 712(3)(d) – Specific reasons for change of auditor

The Company confirms that the specific reasons for the Proposed Change of Independent Auditor are disclosed in Section 15.1 above. The Proposed Change of Independent Auditor is neither due to the dismissal of Foo Kon Tan LLP nor Foo Kon Tan LLP declining to stand for re-election.

#### 15.3.5. Rule 712(3)(e) – Confirmation from issuer on compliance with Rules 712 and 715 or 716

The Company confirms that it complies with Rules 712, 715 and 716 of the Catalist Rules in relation to the proposed appointment of Mazars LLP as auditor of the Company.



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### 16. FINANCIAL EFFECTS OF THE PROPOSED TRANSACTIONS

#### 16.1. Bases and Assumptions

The financial effects of the Proposed Transactions 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 pro forma consolidated financial statements of the Target Group for FY2019. For the purpose of this Section 16, the financial information computed in relation to before and after the Proposed Transactions are in respect of the Company and the Enlarged Group, respectively.

Shareholders should note that the pro forma financial effects of the Proposed Transactions are for illustrative purposes only. The objective is to illustrate what the historical information might have been had the Proposed Transactions been completed at an earlier date. However, such information is not necessarily indicative of the actual results of the operations or the related effects in the financial position that would have been attained had the Proposed Transactions been completed at such an earlier date. Given that the financial effects presented below are pro forma in nature and only for illustrative purposes, it does not necessarily represent the actual financial position and/or results of the Enlarged Group immediately after the completion of the Proposed Transactions.

For the purposes of illustration, the financial effects of the Proposed Transactions are computed based on, *inter alia*, the following key assumptions:

- (a) the financial effects of the Proposed Transactions on the earnings and EPS of the Enlarged Group are computed assuming that the Proposed Transactions were completed on 1 January 2019;
- (b) the financial effects of the Proposed Transactions on the NAV, NTA and gearing of the Enlarged Group are computed assuming that the Proposed Transactions were completed on 31 December 2019;
- (c) the Proposed Share Consolidation involves the consolidation of every 500 Shares into one (1) Consolidated Share;
- (d) the Base Consideration and the full Deferred Consideration shall be satisfied in the matter as set out in Section 2.5.2 of this Circular, which includes the full cash consideration of S\$3,500,000;
- (e) the proposed allotment and issuance of 2,814,000 Capitalisation Shares upon Completion;
- (f) the proposed allotment and issuance of up to 5,000,000 Placement Shares;
- (g) the proposed allotment and issuance of 500,000 SAC Capital Shares upon Completion. Save for the SAC Capital Shares, any costs and expenses relating to the Proposed Transactions have been disregarded;
- (h) the Proposed Disposal of Citicode-SNAP and the Proposed Disposal of Citicode Corporation at an aggregate consideration of S\$2.00; and

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- (i) the difference between the deemed consideration for the Proposed Acquisition and the fair value of the net assets of the Group, if any, have not been considered and will be determined on the Completion Date when the Vendors have effectively obtained control of the Company. The actual difference could be materially different from the aforementioned assumption.

### 16.2. Financial Effects assuming the Adjustment Items are included

#### 16.2.1. Share Capital

	Before Proposed Transactions	After Proposed Transactions (Base Consideration only)	After Proposed Transactions (Base Consideration and full Deferred Consideration)
Number of Shares or Consolidated Shares	41,316,907,761	315,947,815	433,447,815
Issue and paid-up share capital (S\$'000)	209,581	256,244	279,744

#### 16.2.2. NAV

	Before Proposed Transactions	After Proposed Transactions (Base Consideration only)	After Proposed Transactions (Base Consideration and full Deferred Consideration)
Net (liability)/asset value as at 31 December 2019 (before accounting for consideration payable in cash) (S\$'000)	(315)	3,834	3,834
Less: Consideration payable in cash (S\$'000)	–	(2,000)	(3,500)
<b>Net (liability)/asset value of the Company as at 31 December 2019 (S\$'000)</b>	<b>(315)</b>	<b>1,834</b>	<b>334<sup>(1)</sup></b>
Number of Shares or Consolidated Shares	41,316,907,761	315,947,815	433,447,815
Net (liability)/asset value per Share or Consolidated Share as at 31 December 2019 (cents)	(0.00)	0.58	0.08

**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\$5.1 million and the adjusted NAV per share will be 1.18 cents.

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### 16.2.3. NTA

	Before Proposed Transactions	After Proposed Transactions (Base Consideration only)	After Proposed Transactions (Base Consideration and full Deferred Consideration)
Net tangible (liability)/asset value as at 31 December 2019 <i>(before accounting for consideration payable in cash)</i> (S\$'000)	(315)	198	198
Less: Consideration payable in cash (S\$'000)	–	(2,000)	(3,500)
<b>Net tangible liability value as at 31 December 2019 (S\$'000)</b>	<b>(315)</b>	<b>(1,802)</b>	<b>(3,302)<sup>(1)</sup></b>
Number of Shares or Consolidated Shares	41,316,907,761	315,947,815	433,447,815
Net tangible liability value per Share or Consolidated Share as at 31 December 2019 (cents)	(0.00)	(0.57)	(0.76)

**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\$1.5 million and the adjusted NTA per share will be 0.35 cents.

### 16.2.4. EPS

	Before Proposed Transactions	After Proposed Transactions (Base Consideration only)	After Proposed Transactions (Base Consideration and full Deferred Consideration)
Net profit attributable to owners of the Company for FY2019 (S\$'000)	13	1,024	1,024
Weighted average number of Shares or Consolidated Shares	41,316,907,761	315,947,815	433,447,815
EPS for FY2019 (cents)	0.00	0.32	0.24

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### 16.2.5. Net Gearing

	Before Proposed Transactions	After Proposed Transactions (Base Consideration only)	After Proposed Transactions (Base Consideration and full Deferred Consideration)
Net debts <sup>(1)</sup> (S\$'000)	473	1,042	1,042
Total shareholders' (deficit)/equity (S\$'000)	(315)	1,834	334
Net gearing ratio	N.M. <sup>(2)</sup>	0.57	3.12

**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.

### 16.3. **Financial effects assuming the Adjustment Items are excluded**

#### 16.3.1. Share Capital

	Before Proposed Transactions	After Proposed Transactions (Base Consideration only)	After Proposed Transactions (Base Consideration and full Deferred Consideration)
Number of Shares or Consolidated Shares	41,316,907,761	315,947,815	433,447,815
Issue and paid-up share capital (S\$'000)	209,581	256,244	279,744

#### 16.3.2. NAV

	Before Proposed Transactions	After Proposed Transactions (Base Consideration only)	After Proposed Transactions (Base Consideration and full Deferred Consideration)
Net (liability)/asset value as at 31 December 2019 (before accounting for consideration payable in cash) (S\$'000)	(315)	5,375	5,375
Less: Consideration payable in cash (S\$'000)	–	(2,000)	(3,500)
<b>Net (liability)/asset value of the Company as at 31 December 2019 (S\$'000)</b>	<b>(315)</b>	<b>3,375</b>	<b>1,875<sup>(1)</sup></b>

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	Before Proposed Transactions	After Proposed Transactions (Base Consideration only)	After Proposed Transactions (Base Consideration and full Deferred Consideration)
Number of Shares or Consolidated Shares	41,316,907,761	315,947,815	433,447,815
Net (liability)/asset value per Share or Consolidated Share as at 31 December 2019 (cents)	(0.00)	1.07	0.43

**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\$6.7 million and the adjusted NAV per share will be 1.54 cents.

### 16.3.3. NTA

	Before Proposed Transactions	After Proposed Transactions (Base Consideration only)	After Proposed Transactions (Base Consideration and full Deferred Consideration)
Net tangible (liability)/asset value as at 31 December 2019 <i>(before accounting for consideration payable in cash)</i> (S\$'000)	(315)	1,739	1,739
Less: Consideration payable in cash (S\$'000)	–	(2,000)	(3,500)
<b>Net tangible liability value as at 31 December 2019 (S\$'000)</b>	<b>(315)</b>	<b>(261)</b>	<b>(1,761)<sup>(1)</sup></b>
Number of Shares or Consolidated Shares	41,316,907,761	315,947,815	433,447,815
Net tangible liability value per Share or Consolidated Share as at 31 December 2019 (cents)	(0.00)	(0.08)	(0.41)

**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\$3.0 million and the adjusted NTA per share will be 0.70 cents.

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### 16.3.4. EPS

	Before Proposed Transactions	After Proposed Transactions (Base Consideration only)	After Proposed Transactions (Base Consideration and full Deferred Consideration)
Net profit attributable to owners of the Company for FY2019 (S\$'000)	13	2,565	2,565
Weighted average number of Shares or Consolidated Shares	41,316,907,761	315,947,815	433,447,815
EPS for FY2019 (cents)	0.00	0.81	0.59

### 16.3.5. Net Gearing

	Before Proposed Transactions	After Proposed Transactions (Base Consideration only)	After Proposed Transactions (Base Consideration and full Deferred Consideration)
Net debts <sup>(1)</sup> (S\$'000)	473	(499)	(499)
Total shareholders' (deficit)/equity (S\$'000)	(315)	3,375	1,875
Net gearing ratio	N.M. <sup>(2)</sup>	N.M. <sup>(3)</sup>	N.M. <sup>(3)</sup>

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

## 17. APPLICATIONS TO THE SGX-ST

### 17.1. **Waiver of Rules 1015(1)(a)(ii) and 1015(4)(a) of the Catalist Rules**

Pursuant to Rules 1015(1)(a)(ii) and 1015(4)(a) of the Catalist Rules (read with Rule 407(1) of the Catalist Rules), the Company is required to disclose the following:

- (a) last two (2) years of historical financial information (of the assets to be acquired) and one year of pro forma financial information (of the enlarged group); and
- (b) information required under Parts 2 to 11 of the Fifth Schedule of the SFR (the "**Fifth Schedule**"). In particular, paragraph 24 of Part 9 of the Fifth Schedule requires the pro forma financial statements of the Enlarged Group for the most recent completed financial year, and if applicable for the period covered by any interim financial statements, to be included in the Circular.

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The Company applied to the SGX-ST for a waiver from Rules 1015(1)(a)(ii) and 1015(4)(a) of the Catalist Rules in respect of disclosure of pro forma financial information of the Enlarged Group, specifically, the requirement to present pro forma financial statements of the Enlarged Group in relation to the Proposed Acquisition in the Circular, for the following reasons:

- (a) pursuant to the Proposed Disposal, the Company will cease all existing operating businesses and will dispose of all subsidiaries. Upon Completion, which will take place only after the completion of the Proposed Disposal, the Enlarged Group's business will comprise wholly of the business of the Target Group. Accordingly, the operations and financial position of the Company's existing subsidiaries, investments and businesses are not relevant to, and will not form part of, the operations and financial position of the Enlarged Group after Completion;
- (b) the Company is of the view that it would be more meaningful for Shareholders to consider only the pro forma financial information of the Target Group, as opposed to the pro forma financial information of the Enlarged Group, as the pro forma financial information of the Target Group reflects the economic substance of the Company's business upon completion of the Proposed Acquisition and the Proposed Disposal, and will allow Shareholders to make a more informed and meaningful assessment of the assets to be acquired. Therefore, in view that the future business and assets of the Company will be represented only by the business and assets of the Target Group following the completion of the Proposed Disposal and the Proposed Acquisition, the Company is of the view that presentation of the pro forma financial statements of the Target Group would already provide the financial information required by Shareholders in arriving at their decision on whether or not to approve the Proposed Transactions at the EGM, including the Proposed Acquisition, and the pro forma financial information of the Enlarged Group would not be more meaningful nor material to Shareholders in any way;
- (c) the audited financial information of the Target Group for FY2017, FY2018 and FY2019, and unaudited financial information for any relevant interim financial period will be prepared in accordance with the Singapore Financial Reporting Standards (International), and will be reflective of the actual financial performance and position of the Target Group. In addition, the presentation of the pro forma financial statements of the Target Group for FY2019 and the relevant interim period instead of the pro forma financial statements of the Enlarged Group, will allow for a more reflective comparison of pro forma effects arising from the 2019 Target Restructuring that the Target Group had undergone, including key developments of the Target Group;
- (d) the Company and the Reporting Accountant, Mazars LLP, are of the view that the pro forma financial information of the Target Group that is proposed to be presented would not be materially different from the pro forma financial information of the Enlarged Group, save for (i) certain corporate and operating expenses of the Company, such as regulatory compliance costs and other expenses expected to be incurred in the day-to-day running of the Company; (ii) non-cash expenses in connection with the Proposed Acquisition, mainly arising from reverse acquisition accounting in accordance with the prevailing financial reporting standards; and (iii) any gain or loss as a result of the Proposed Disposal, all of which are non-operational or non-recurring in nature;



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- (e) Shareholders would already be familiar with the historical financial performance and position of the Group's existing business and if they wish to, can refer to the Group's annual reports and periodic financial results announcements; and
- (f) the Company would have to incur additional costs in connection with mandating the Reporting Accountant to report on the pro forma financial information of the Enlarged Group, which will reduce its available cash holdings. The Company is of the view that the cost of preparation and reporting the pro forma financial information on the Enlarged Group outweighs the benefits to its Shareholders as the inclusion of the audited and unaudited financial information and the pro forma financial statement of the Target Group that is proposed to be presented would adequately reflect the economic substance of the Enlarged Group following the completion of the Proposed Disposal and the Proposed Acquisition, and accordingly, a waiver of its exclusion would not be materially prejudicial to the Shareholders in any way.

Pursuant to a letter dated 10 September 2020, the SGX-ST granted a waiver of Catalist Rules 1015(1)(a)(ii) and 1015(4)(a) subject to the following:

- (a) the Company making an announcement of the waiver granted, stating the reasons for seeking the waiver and the conditions as per Catalist Rule 106, and that the Company and/or its Directors are not aware of any other material information in respect of the Company and the Proposed Acquisition which was not formerly disclosed to investors;
- (b) the disclosure of the waiver granted and the bases for seeking the waiver in the Circular; and
- (c) the submission of a written confirmation from the Company that the waiver does not contravene any laws and regulations governing the Company and its constituent documents.

As at the Latest Practicable Date, all the above conditions have been satisfied.

### 17.2. Submission to the SGX-ST

On 18 November 2020, the Financial Adviser and Sponsor had submitted the pre-admission notification to the SGX-ST. A copy of this Circular has been lodged by the Financial Adviser and Sponsor with the SGX-ST, acting as agent on behalf of the Authority, on 31 December 2020 for posting on the SGX-ST website.

Pursuant to Part II of Appendix 4F of the Catalist Rules, the SGX-ST is expected to issue a listing and quotation notice in respect of the issuance and allotment of the Consolidated Shares, Consideration Shares, the Capitalisation Shares, the Placement Shares and the SAC Capital Shares upon lodgement of this Circular with the SGX-ST, acting as agent on behalf of the Authority.

It should be noted that approval in-principle by the SGX-ST is not to be taken as an indication of the merits of the Proposed Transactions, the Company, the Group, the Target Company, the Target Group, the Enlarged Group, the Shares, the Consolidated Shares, the Consideration Shares, the Capitalisation Shares, the Placement Shares or the SAC Capital Shares.

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### 18. SHARE CAPITAL

As at the date of this Circular, there is only one (1) class of shares in the capital of the Company, being ordinary shares. There are no treasury, founder, management, deferred or unissued shares. The existing Shares (including, but not limited to, the Shares held by the Directors and Substantial Shareholders) do not carry voting rights which are different from the Consideration Shares, the Capitalisation Shares, the Placement Shares or the SAC Capital Shares. The rights of and privileges attached to the Shares are stated in the Constitution. None of the Shareholders have pre-emptive purchase rights in respect of the Shares.

As at the Latest Practicable Date:

- (a) save as disclosed in Appendix G titled “Changes in Shareholding Structure” of this Circular, the Company is not directly or indirectly owned or controlled, whether severally or jointly, by any person or government;
- (b) save for the Proposed Acquisition, the Directors are not aware of any arrangement the operation of which will result in a change in control of the Company;
- (c) the Directors are not aware of any event which has occurred since the beginning of the most recent completed financial year and the Latest Practicable Date, which may have a material effect on the financial position and results of the Company; and
- (d) there has not been any public takeover offer by a third party in respect of any of the Shares or by the Company in respect of the shares of another corporation or the units of a business trust, which has occurred between the beginning of the most recent completed financial year and the Latest Practicable Date.

Save as disclosed below, there were no changes in the issued and paid-up share capital of the Company or any issue of Shares for a consideration other than cash within the three (3) years preceding the Latest Practicable Date:

Date	Number of Shares issued	Purpose of change in capital	Consideration per Share (S\$)	Resultant number of Shares	Resultant issued and paid-up capital (S\$'000)
28 February 2018 <sup>(1)</sup>	22,374,343,660	Legacy Debt Restructuring Exercises	0.0005	41,316,907,761	209,581
	4,000,000,000	Conversion of Legacy RCB	0.0005		

**Note:**

- (1) As disclosed in the Company's announcement dated 27 February 2018.

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The issued and paid-up share capital of the Company as at the Latest Practicable Date was approximately S\$209,581,000.

As at the Latest Practicable Date:

- (a) no person has, or has the right to be given, an option to subscribe for or purchase any securities or securities-based derivative contracts of the Company;
- (b) there is no arrangement which involves the employees of the Company that involves the issue or grant of options or Shares or any other securities in the Company, and no option to subscribe for or purchase Shares has been granted to, or was exercised by, any Director or the CEO of the Company; and
- (c) none of the Shares are held by or on behalf of the Company.

### 19. DIVIDEND POLICY OF THE ENLARGED GROUP

The Company has not declared or paid any dividends for FY2017, FY2018 and FY2019. Neither the Company nor the Target Group currently has a formal dividend policy. Please refer to Section 20 titled “Dividends” of the Target’s Letter to Shareholders for information on the dividends declared by the Target Group during the Relevant Period.

There can be no assurance that dividends will be paid in the future or on the amount or timing of any dividends that may be paid in the future. The declaration and payment of dividends will be determined at the sole discretion of the Proposed New Board, subject to the approval of the Shareholders.

The Company may, by ordinary resolution of its Shareholders at a general meeting, declare dividends but the amount of such dividends shall not exceed the amount recommended by the Proposed New Board. The Proposed New Board may also declare an interim dividend without seeking Shareholders’ approval. The Company may only pay dividends out of its distributable profits pursuant to the Companies Act.

In making their dividend recommendation, the Proposed New Board will take into consideration, *inter alia*, the performance of the Enlarged Group and the following factors:

- (a) the actual and future financial performance and financial condition;
- (b) the level of cash and retained earnings;
- (c) the current capital commitments, projected capital expenditure and other investment plans;
- (d) the terms of the borrowing arrangements (if any);
- (e) future plans for expansion; and
- (f) any other factors which the Proposed New Board may deem appropriate.

Shareholders and prospective investors should note that all the foregoing statements are statements of the intention of the Proposed New Board and shall not constitute legally binding statements in respect of future dividends which may be subject to the sole and absolute discretion of the Proposed New Board. No inference should or can be made from any of the foregoing statements as to actual future profitability of the Enlarged Group or the ability of the Enlarged Group to pay dividends in the future.

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### **20. INTERESTED PERSON TRANSACTIONS AND POTENTIAL CONFLICTS OF INTERESTS**

#### **20.1. Interested Person Transactions involving the Target Group and the Enlarged Group**

Shareholders should note that upon Completion and the Proposed Listing Transfer, any material transaction entered into between the Enlarged Group and any of the interested persons (namely, the Proposed New Board, the CEO and Controlling Shareholders of the Enlarged Group and/or their respective associates) would constitute interested person transactions for the purpose of Chapter 9 of the Catalist Rules.

Please refer to Section 28 titled “Interested Person Transactions” of the Target’s Letter to Shareholders for more information on the Enlarged Group’s transactions with interested persons which are material in the context of the Proposed Acquisition for the Relevant Period.

Following Completion, the Enlarged Group will not enter into any interested person transactions unless it complies with the requirements under Chapter 9 of the Catalist Rules as well as the procedures set out under Section 28.5 titled “Review Procedures for Future Interested Person Transactions” in the Target’s Letter to Shareholders, where applicable.

#### **20.2. Potential Conflicts of Interest**

In general, a conflict of interest arises when any of the Proposed New Board, Controlling Shareholders or their associates (immediately after Completion) carries on or has any interest in any other corporation carrying on the same business or dealing in similar products as the Enlarged Group.

Please refer to Section 29 titled “Potential Conflicts of Interest” in the Target’s Letter to Shareholders for more information on such conflicts of interest pertaining to the Enlarged Group.

### **21. MATERIAL LITIGATION**

The Group is not engaged in any legal or arbitration proceedings, including those which are pending or known to be contemplated, which may have or have had in the twelve (12) months immediately preceding the date of this Circular, a material effect on the Group’s financial position or profitability. The Directors have no knowledge of any proceedings pending or threatened against the Group or any facts likely to give rise to any litigation, claims or proceedings which might materially affect the financial position or the business of the Group.

### **22. MATERIAL CONTRACTS**

Save for the SPA, the Citicodex-SNAP Disposal Agreement, the Citicodex Corporation Disposal Agreement, the ICH Capital Facility Agreements, the Loan Capitalisation Agreement and the joint venture agreement dated 16 May 2019 between Citicodex Corporation and Snap Innovations, as announced by the Company on SGXNET, the Group has not entered into any contracts not in the ordinary course of business in the two (2) years preceding the Latest Practicable Date.

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### 23. MORATORIUM

#### 23.1. Moratorium in respect of Shares held by LVS and existing Controlling Shareholder

Rule 1015(3)(b) of the Catalist Rules provides that moratorium requirements specified in Rules 420, 421 and 422 are applicable to the following persons:

- (a) persons who are existing controlling shareholders or who will become controlling shareholders of the issuer as a result of the asset acquisition; and
- (b) associates of any person in (a).

Upon Completion, LVS will receive the Base Consideration Shares in accordance with the terms of the SPA, and will become a new Controlling Shareholder of the Company.

Accordingly, in compliance with the moratorium requirements and to demonstrate their commitment to the Enlarged Group, the following persons have provided undertakings in favour of the Company and the Sponsor as set out below:

##### Teh Wing Kwan

Teh Wing Kwan, who is an existing Controlling Shareholder of the Company and will hold 23,743,922 Consolidated Shares immediately after Completion, the Proposed Loan Capitalisation, the Proposed Issuance of SAC Capital Shares and the Proposed Placement (representing approximately 7.52% of the Enlarged Share Capital), has irrevocably and unconditionally undertaken not to directly or indirectly, offer, sell, contract to sell, realise, transfer, assign, pledge, grant any option or right to purchase, grant any security over, encumber or otherwise dispose of:

- (i) all or any part of his Shares (adjusted for any bonus issues or sub-division of Shares) for a period of six (6) months from the date of Completion; and
- (ii) more than 50.0% of his Shares (adjusted for any bonus issues or sub-division of Shares) for a period of six (6) months thereafter.

##### LVS

LVS, who will hold an aggregate of 215,311,056 Shares immediately after Completion, the Proposed Loan Capitalisation, the Proposed Issuance of SAC Capital Shares and the Proposed Placement (representing approximately 68.15% of the Enlarged Share Capital), has irrevocably and unconditionally undertaken not to directly or indirectly, offer, sell, contract to sell, realise, transfer, assign, pledge, grant any option or right to purchase, grant any security over, encumber or otherwise dispose of:

- (i) all or any part of its Shares (adjusted for any bonus issues or sub-division of Shares) for a period of six (6) months from the date of Completion; and
- (ii) no more than 50.0% of its Shares (adjusted for any bonus issues or sub-division of Shares) for a period of six (6) months thereafter.

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Further, Dr. Rachel Lim, Dr. Wilson Tay, Dr. Sebastian Chua, Dr. Edwin Tan and Dax Ng, who collectively hold the entire issued share capital of LVS (“**LVS Shares**”), have each irrevocably and unconditionally undertaken to the Sponsor and the Company, not directly or indirectly, offer, contract to sell, assign, pledge, grant any option or right to purchase, grant any security over or encumber all or any part of his/her interests in the issued share capital of LVS for a period of twelve (12) months commencing on the date of Completion.

### 23.2. Other Voluntary Moratorium

To demonstrate their commitment to the Enlarged Group, the following persons have provided undertakings in favour of the Company and the Sponsor (as the case may be) as set out below:

#### Dax Ng and Dr. Chua Hshan Cher

Dax Ng and Dr. Chua Hshan Cher, each of whom is a Vendor, and will each hold 2,594,472 Shares immediately after Completion, the Proposed Loan Capitalisation, the Proposed Issuance of SAC Capital Shares and the Proposed Placement (each representing approximately 0.82% of the Enlarged Share Capital).

Both Dax Ng and Dr. Chua Hshan Cher have irrevocably and unconditionally undertaken not to directly or indirectly, offer, sell, contract to sell, realise, transfer, assign, pledge, grant any option or right to purchase, grant any security over, encumber or otherwise dispose of:

- (i) all or any part of each of their Shares (adjusted for any bonus issues or sub-division of Shares) for a period of six (6) months from the date of Completion; and
- (ii) more than 50.0% of each of their Shares (adjusted for any bonus issues or sub-division of Shares) for a period of six (6) months thereafter.

#### SAC Capital

As part payment of the SAC Capital’s management fees as the Financial Adviser to the Company in respect of the Proposed Acquisition, the Company will allot and issue the SAC Capital Shares to SAC Capital, representing approximately 0.16% of the Enlarged Share Capital.

SAC Capital has irrevocably and unconditionally undertaken not to directly or indirectly, offer, sell, contract to sell, realise, transfer, assign, pledge, grant any option or right to purchase, grant any security over, encumber or otherwise dispose of all or any part of its Shares (adjusted for any bonus issues or sub-division of Shares) for a period of six (6) months from the date of Completion. Upon the expiry of the aforementioned moratorium period, SAC Capital has the discretion to dispose of its shareholding interest in the Company.

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## LETTER TO SHAREHOLDERS

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### 24. VOTING UNDERTAKINGS

Shareholders with an aggregate interest of 28,590,400,119 Shares representing approximately 69.20% of the issued Shares as at the Latest Practicable Date have provided undertakings 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 tabled at the EGM.

### 25. ADVICE OF THE INDEPENDENT FINANCIAL ADVISER IN RELATION TO THE PROPOSED WHITEWASH RESOLUTION

Pursuant to the condition imposed by SIC in granting the Whitewash Waiver set out in Section 3.3 titled “Conditional Waiver by the SIC” of this Circular, Hong Leong Finance Limited has been appointed as IFA to the Independent Recommending Directors in respect of the Proposed Whitewash Resolution. A copy of the IFA Letter in relation to the above is reproduced in Appendix E of this Circular. Shareholders are advised to read the IFA Letter in its entirety.

**Based on the IFA’s analysis, and after having considered carefully the information available to the IFA as at the Latest Practicable Date, the IFA is of the opinion that, on balance, the financial terms of the Proposed Acquisition, being the subject of the Proposed Whitewash Resolution, are fair and reasonable, and are not prejudicial to the interests of the Independent Shareholders.**

**Accordingly, the IFA advises the Independent Recommending Directors to recommend that Independent Shareholders vote in favour of the Proposed Whitewash Resolution.**

### 26. INTERESTS OF THE FINANCIAL ADVISER AND SPONSOR, INDEPENDENT BUSINESS VALUER AND INDEPENDENT FINANCIAL ADVISER

#### 26.1. Interests of SAC Capital

In the reasonable opinion of the Directors, SAC Capital does not have a material relationship with the Company and/or the Target Group, save for the following:

- (a) SAC Capital is the Financial Adviser to the Company in respect of the Proposed Acquisition and will be appointed as the placement agent in respect of the Proposed Placement;
- (b) the SAC Capital Shares to be allotted and issued as part payment of SAC Capital's management fees as the Financial Adviser to the Company in respect of the Proposed Acquisition; and
- (c) SAC Capital will be the continuing sponsor of the Company pursuant to the Proposed Listing Transfer for a period of three (3) years from the Completion Date.



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## LETTER TO SHAREHOLDERS

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### 26.2. **Interests of AVA Associates Limited**

In the reasonable opinion of the Directors, the Independent Business Valuer, AVA Associates Limited, does not have a material relationship with the Company and/or the Target Group save for AVA Associates Limited being the Independent Business Valuer.

### 26.3. **Interests of Hong Leong Finance Limited**

In the reasonable opinion of the Directors, the Independent Financial Adviser, Hong Leong Finance Limited, does not have a material relationship with the Company and/or the Target Group, save for Hong Leong Finance Limited being the Independent Financial Adviser in relation to the Proposed Whitewash Resolution.

## 27. **INTERESTS OF EXPERTS**

No experts named in this Circular are employed on a contingent basis by the Company and/or the Target Group, or has a material interest, whether direct or indirect, in the shares of the Company and/or Target Group, or has a material economic interest, whether direct or indirect, in the Company and/or the Target Group, including an interest in the Proposed Transactions.

## 28. **INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

None of the Directors or Substantial Shareholders of the Company or their associates has any interest, direct or indirect, in the Proposed Transactions, save for their respective shareholdings in the Company.

## 29. **ABSTENTION FROM VOTING**

In accordance with the conditions of the Whitewash Waiver, LVS, its concert parties and parties not independent of them and the Proposed Acquisition will abstain from voting at the EGM on the ordinary resolution relating to the Proposed Whitewash Resolution. They will also decline to accept appointment as proxies for voting at the EGM in respect of the resolution relating to the Proposed Whitewash Resolution unless the Independent Shareholders appointing them as proxies give specific instructions in their proxy forms as to the manner in which their votes are to be cast in respect of such resolution.

The Company will disregard any votes cast by LVS, its concert parties and parties not independent of them and the Proposed Acquisition on the resolution relating to the Proposed Whitewash Resolution.

Save for LVS, its concert parties and parties not independent of them and the Proposed Acquisition who will abstain from voting at the EGM on the ordinary resolution relating to the Proposed Whitewash Resolution, there are no other parties who are required to abstain from voting on any of the resolutions tabled in the Notice of EGM contained in this Circular.

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## LETTER TO SHAREHOLDERS

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### 30. DIRECTORS' RECOMMENDATION

Having considered and reviewed, amongst other things, the terms of the SPA, the rationale for the Proposed Transactions, the risk factors and other investment considerations, and all other relevant facts set out in this Circular, the Directors are of the opinion that the Proposed Transactions are not prejudicial to the Shareholders and are in the interest of the Company, and accordingly, they recommend that Shareholders vote in favour of all of the resolutions in relation to the Proposed Transactions as set out in the Notice of EGM contained in this Circular.

### 31. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out in the Section titled "Notice of Extraordinary General Meeting", will be held by electronic means on 22 January 2021 at 10.00 a.m., for the purpose of considering, and if thought fit, passing with or without any modifications, the resolutions set out in the Notice of EGM.

### 32. ACTION TO BE TAKEN BY SHAREHOLDERS

#### 32.1. Appointment of Proxies

Due to the current COVID-19 restriction orders in Singapore, Shareholders will NOT be able to attend the EGM in person. Shareholders who wish to appoint the Chairman of the EGM as his/her/its proxy to attend, speak and vote at the EGM on their behalf should complete and sign the Proxy Form attached to this Circular in accordance with the instructions printed thereon. The completed and signed Proxy Form should then be returned as soon as possible and in any event so as to:

- (a) if submitted by post, be lodged with the registered office of the Company at 1 Robinson Road, #17-00, AIA Tower, Singapore 048542; or
- (b) if submitted electronically, be submitted via email in Portable Document Format (PDF) format to the Company at [admin@citicode.com.sg](mailto:admin@citicode.com.sg),

not less than seventy-two (72) hours before the time fixed for the EGM.

#### 32.2. When a Depositor is Regarded as a Shareholder

A depositor shall not be regarded as a member of the Company entitled to appoint the Chairman of the EGM and to attend, speak and vote thereat on his/her/its behalf unless he/she/it is shown to have Shares entered against his/her/its name in the depository register, as certified by the CDP, at least seventy-two (72) hours before the EGM.

### 33. CONSENTS

- 33.1. SAC Capital, the Financial Adviser to the Company in respect of the Proposed Acquisition and the Sponsor of the Company upon the Proposed Listing Transfer, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and all references thereto in the form and context in which they appear in this Circular and to act in such capacity in relation to this Circular.

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## LETTER TO SHAREHOLDERS

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- 33.2. Hong Leong Finance Limited, the Independent Financial Adviser in respect of the Proposed Whitewash Resolution, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion herein of its name, the IFA Letter and all references thereto in the form and context in which they appear in this Circular and to act in such capacity in relation to this Circular.
- 33.3. AVA Associates Limited, the Independent Business Valuer commissioned by the Company to conduct a valuation of the Target Group has given and has not withdrawn its written consent to the issue of this Circular with the inclusion herein of its name, the Business Valuation Report, and all references thereto in the form and context in which they appear in this Circular and to act in such capacity in relation to this Circular.
- 33.4. Mazars LLP, the Independent Auditor to Target Group and the Reporting Accountant to the Enlarged Group, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name, the “Independent Auditors’ Report on the Consolidated Financial Statements of the Target Group for the Financial Years ended 31 December 2017, 2018 and 2019” as set out in Appendix B, “Independent Auditors’ Review Report on the Unaudited Interim Condensed Consolidated Financial Statements of the Target Group for the Financial Period from 1 January 2020 to 30 June 2020” as set out in Appendix C, “Independent Auditors’ Assurance Report and the Compilation of the Unaudited Pro Forma Consolidated Financial Information of the Target Group for the Financial Year ended 31 December 2019 and the Six-Month Period Ended 30 June 2020” as set out in Appendix D and all references thereto in the form and context in which they appear in this Circular and to act in such capacity in relation to this Circular.
- 33.5. Foo Kon Tan LLP, the independent auditor to the Company for the financial year ended 31 December 2019, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and references thereto in the form and context in which they appear in this Circular and to act in such capacity in relation to this Circular.
- 33.6. Morgan Lewis Stamford LLC, the legal adviser on Singapore law on the Proposed Transactions, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and references thereto in the form and context in which they appear in this Circular and to act in such capacity in relation to this Circular.
- 33.7. Heng & Partners Law Group, the legal adviser in respect of the Proposed Acquisition as to Cambodia law, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and references thereto in the form and context in which they appear in this Circular and to act in such capacity in relation to this Circular.
- 33.8. Save for the statement attributed to Heng & Partners Law Group in Section 2.7 titled “Risk Factors – The Target Group is subject to the general risks of doing business overseas” of this Circular (which was given for the purpose of incorporation into this Circular), each of Morgan Lewis Stamford LLC and Heng & Partners Law Group does not make or purport to make any statement in this Circular or any statement upon which a statement in this Circular is based and each of them makes no representation regarding any statement in this Circular and, to the maximum extent permitted by law, expressly disclaim and take no responsibility for any liability to any persons which is based on, or arises out of any statement, information or opinion included or omitted from this Circular.

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## LETTER TO SHAREHOLDERS

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### **34. DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Transactions, and the Company and its subsidiaries (save in respect of information pertaining to the Vendors and the Target Group) and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular (save for information in respect of 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 Circular in its proper form and context.

### **35. PROPOSED NEW BOARD'S RESPONSIBILITY STATEMENT**

The Proposed New Board collectively and individually accept full responsibility for the accuracy of the information given in the Target's Letter to Shareholders and any information in this Circular relating to the Vendors and the Target Group in connection with the Proposed Transactions and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Vendors and the Target Group in connection with the Proposed Transactions (insofar as they relate to the Vendors and the Target Group) and the Proposed New Board are not aware of any facts the omission of which would make any statement in this Circular misleading.

Where information in the Target's Letter to Shareholders and any information in this Circular relating to the Vendors and the Target Group in connection with the Proposed Transactions has been extracted from, published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Proposed New Board has been to ensure that such information have been accurately and correctly extracted from those sources and/or reproduced in the Target's Letter to Shareholders and this Circular in its proper form and context.

### **36. FINANCIAL ADVISER AND SPONSOR'S RESPONSIBILITY STATEMENT**

To the best of the Financial Adviser and Sponsor's knowledge and belief, this Circular and the Target's Letter to Shareholders constitutes full and true disclosure of all material facts about the Proposed Transactions and the Enlarged Group, and the Financial Adviser and Sponsor is not aware of any facts the omission of which would make any statement in this Circular and the Target's Letter to Shareholders misleading.

### **37. MISCELLANEOUS**

There has been no public takeover by third parties in respect of the Shares or shares of the Target Group, or by the Company or the Target Group in respect of other companies' shares or units of a business trust which has occurred from the beginning of the most recently completed financial year to the Latest Practicable Date.

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## LETTER TO SHAREHOLDERS

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The Company, while it was known as Advance SCT under its former management, faced a trading suspension from 12 January 2016 to 28 February 2018. Please refer to Section 2.2.1 titled “Legacy issues of the Company under its former management” of this Circular for further details on the Company’s legacy issues under its former management.

Save as disclosed in this Circular and all public announcements made by the Company, the Proposed New Board are not aware of any event which has occurred since the end of the most recently concluded financial year to the Latest Practicable Date, which may have a material effect on the financial position and results of the Company.

### **38. DOCUMENTS FOR INSPECTION**

Copies of the following documents may be inspected at the registered office of the Company during normal business hours for a period of six (6) months from the date of this Circular:

- (a) the SPA;
- (b) the Citicode-SNAP Disposal Agreement;
- (c) the Citicode Corporation Disposal Agreement;
- (d) the Loan Capitalisation Agreement;
- (e) the joint venture agreement between Citicode Corporation and Snap Innovations dated 16 May 2019;
- (f) the Independent Auditors’ Report on the Consolidated Financial Statements of the Target Group for the Financial Years ended 31 December 2017, 2018 and 2019 as set out in Appendix B to this Circular;
- (g) the Independent Auditors’ Review Report on the Unaudited Interim Condensed Consolidated Financial Statements of the Target Group for the Financial Period from 1 January 2020 to 30 June 2020 as set out in Appendix C to this Circular;
- (h) the Independent Auditors’ Assurance Report and the Compilation of Unaudited Pro Forma Consolidated Financial Information of the Target Group for the Financial Year ended 31 December 2019 and the Six-Month Period Ended 30 June 2020 as set out in Appendix D to this Circular;
- (i) the IFA Letter as set out in Appendix E to this Circular;
- (j) the Business Valuation Report;
- (k) the material contracts referred to in Section 30.1 titled “Material Contracts” of the Target’s Letter to Shareholders;

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## LETTER TO SHAREHOLDERS

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- (l) the Service Agreement;
- (m) the letters of consent referred to in Section 33 of this Circular;
- (n) the Existing Constitution; and
- (o) the New Constitution as set out in Appendix H to this Circular.

### **39. ADDITIONAL INFORMATION**

Your attention is drawn to the additional information set out in the Target's Letter to Shareholders and the other appendices to this Circular.

Yours faithfully,

For and on behalf of the Board of Directors of  
**CITICODE LTD.**

Teh Wing Kwan  
Executive Chairman and Chief Executive Officer

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## APPENDIX A – LETTER TO SHAREHOLDERS FROM THE PROPOSED NEW BOARD

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### LIVINGSTONE HEALTH LTD.

(Incorporated in the Republic of Singapore)  
(Company Registration No. 201734626G)

#### Proposed New Board:

Teh Wing Kwan (Non-Executive and Non-Independent Chairman)  
Tay Ching Yit, Wilson (Executive Director and CEO)  
Fong Heng Boo (Lead Independent and Non-Executive Director)  
Chen Yu Meng (Independent and Non-Executive Director)  
Lim Jun Xiong Steven (Independent and Non-Executive Director)

#### Registered Office:

380 Jalan Besar  
#08-12 ARC 380  
Singapore 209000

31 December 2020

To: The Shareholders of Citicode Ltd.

Dear Sir/Madam,

### THE PROPOSED ACQUISITION OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF LIVINGSTONE HEALTH LTD. FOR AN AGGREGATE CONSIDERATION OF UP TO S\$72,000,000

#### 1. INTRODUCTION

This letter (the “**Target’s Letter to Shareholders**”) has been prepared by the Target Group for inclusion in this Circular.

Unless the context otherwise requires, all the terms as defined in this Circular shall bear the same meaning when used in the Target’s Letter to Shareholders.

#### 2. HISTORY

The Target Company was incorporated in the Republic of Singapore on 1 December 2017 under the Companies Act as a private company limited by shares and was converted into a public limited company on 26 June 2019.

The history of the Target Group can be traced back to 2015 and 2016 when its initial founders, Dr. Rachel Lim and Dr. Sean Ng, established their respective private practices. Recognising the strong growth potential and demand for healthcare in Singapore, the Target Group’s initial founders envisioned bringing like-minded medical doctors on board to expand the Target Group’s range of multi-disciplinary specialist services.

From a single clinic in 2015, the Target Group has grown into a network of clinics and centres dedicated to multidisciplinary specialist care, led by the Target Group’s team of medical doctors.

In December 2017, the Target Group expanded to include the business of Dr. Wilson Tay, an anaesthesiology and pain management specialist, where Dr. Wilson Tay assumed the role of the Chief Operating Officer of the Target Group. Pursuant to the completion of the 2019 Target Restructuring, Dr. Wilson Tay was appointed as an executive director and CEO of the Target Group.



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## APPENDIX A – LETTER TO SHAREHOLDERS FROM THE PROPOSED NEW BOARD

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In October 2018, in line with the Target Group's future plans to expand its business operations, Dr. Sebastian Chua, who specialises in anaesthesia and perioperative care, joined the Target Group as the Chief Medical Officer.

In December 2018, Dr. Edwin Tan joined the Target Group as a consultant orthopaedic surgeon in the orthopaedic surgery segment. Dr. Edwin Tan is currently the Head of Orthopaedic Surgery and carries out his practice in the Target Group's medical clinics located in Mount Elizabeth Medical Centre and Farrer Park Medical Centre. In addition, Dax Ng joined the Target Group to provide strategic advice and improve the Target Group's access to capital markets. Dax Ng is currently the Target Group's Chief Business Officer.

In line with the Target Group's belief in a more patient-centric and multidisciplinary approach to specialist healthcare management and treatment, the Target Group expanded its capabilities into the new internal medicine segment with the introduction of cardiology services in November 2019. In December 2019, the Target Group acquired a 51.0% interest in PMG, a combined practice group comprising family medicine, aesthetics and men's health services. As at the Latest Practicable Date, the PMG group comprises six (6) medical doctors who operate out of four (4) medical clinics.

As part of its discussions with the Company on the Proposed Acquisition, the Target Group undertook and completed a restructuring and rebranding exercise in December 2019, pursuant to which, *inter alia*, Dr. Sean Ng departed from the Target Group and the Target Company changed its name from "Ardmore Medical Group Limited" to "Livingstone Health Ltd.". For more information on the Target Group's internal restructuring exercise, please refer to Section 17 titled "Restructuring Exercise and Further Developments of the Target Group" of this Target's Letter to Shareholders.

In November 2020, the Target Group's internal medicine segment expanded its capabilities with the introduction of endocrinology services.

As at the Latest Practicable Date, the business of the Target Group currently consists of the following segments and each segment is headed by the following medical doctors:

Aesthetics and wellness segment	:	Dr. Rachel Lim
Anaesthesiology and pain management segment	:	Dr. Sebastian Chua
Family medicine segment	:	Dr. Chua Hshan Cher
Internal medicine segment	:	Dr. Wilson Tay
Orthopaedic surgery segment	:	Dr. Edwin Tan

As at the Latest Practicable Date, the Target Group has grown to fifteen (15) medical doctors practising at twelve (12) medical clinics and one (1) medical spa in Singapore.

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## APPENDIX A – LETTER TO SHAREHOLDERS FROM THE PROPOSED NEW BOARD

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### *Overseas Ventures*

In light of the Target Group's expansion plans, the Target Group has explored, and will continue to explore, viable overseas opportunities. On 11 March 2019, the Target Group, through LHI, entered into a joint venture with Dr. Hy Soryaphea, the founder of Soriya Hospital in Phnom Penh, Cambodia, to provide aesthetics and wellness services through LSMS in clinical premises located in Soriya Hospital (the "**Cambodia JVA**"). Soriya Hospital is a well-known privately-owned hospital in Cambodia serving both local and international patients, and is equipped with modern medical facilities providing, *inter alia*, obstetrics and gynaecology services, cardiovascular services and gastroenterology services. LSMS commenced limited operations in October 2019 but had in the interim, ceased all operations. Please refer to Section 2.7 titled "Risk Factors – The Target Group is subject to the general risks of doing business overseas" of the Circular for further information.

In July 2019, the Target Group entered into a contract with Olympia City Development Co., Ltd. for the provision of project consultancy services for the development of two key levels of its medical hub in Olympia City, a mixed-use development in Phnom Penh, Cambodia.

### KEY MILESTONES

The key milestones in the growth and development of the Target Group are highlighted chronologically below:

- |      |  |
|------|--|
| 2015 | <p>The Target Group was conceptualised by its initial founders, Dr. Rachel Lim and Dr. Sean Ng.</p> <p>The Target Group's first aesthetics clinic, RL Aesthetics, was established by Dr. Rachel Lim in April 2015.</p>   |
| 2016 | <p>The Target Group's first specialist clinic, through Ardmere Orthopaedics Pte. Ltd. (now known as VS Investment Holdings), was established by Dr. Sean Ng in April 2016.</p>   |
| 2017 | <p>The Target Company was incorporated on 1 December 2017.</p> <p>The Target Company acquired Apicare Medical and Apicare Pain Specialist from Dr. Wilson Tay in December 2017. Dr. Wilson Tay is now the Target Group's executive director and CEO, and part of the Target Group's anaesthesiology and pain management segment.</p> |
| 2018 | <p>In October 2018, the Target Group acquired Sebastian Chua MH and S Chua from Dr. Sebastian Chua, and Dr. Sebastian Chua now heads the Target Group's anaesthesiology and pain management segment.</p> <p>Dr. Edwin Tan joined the Target Group as an orthopaedic surgeon in December 2018.</p>                                    |

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## APPENDIX A – LETTER TO SHAREHOLDERS FROM THE PROPOSED NEW BOARD

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2019      The Target Group's first foray overseas through a joint venture agreement in March 2019 with Dr. Hy Soryaphea, the founder of Soriya Hospital in Phnom Penh, Cambodia, to provide aesthetics and wellness services in clinical premises located in Soriya Hospital.

In November 2019, Dr. Ang Teck Kee joined the Target Group as a cardiologist.

In December 2019, the Target Group expanded into family medicine by acquiring a 51.0% interest in PMG.

In addition, the Target Group undertook and completed its restructuring and rebranding exercise to "Livingstone Health Ltd.".

2020      In November 2020, the Target Group embarked on providing endocrinology services under the internal medicine segment with Dr. Tay Tunn Lin joining the Target Group.

Following the abovementioned acquisitions and expansions, the Target Group has successfully integrated the various services of the Target Group under a common management team and centralised framework to address the finance and human resources needs of the group. The Target Group has also implemented a common set of internal control policies and procedures to regulate key processes of all businesses within the Target Group.

### 3. BUSINESS OVERVIEW

The Target Group is a Singapore-based multidisciplinary specialist healthcare group that aims to be recognised as the leading healthcare provider in Singapore and the Asia Pacific region. The Target Group aims to build a name that is synonymous with excellent, yet affordable medical specialist services, without compromise.

The name "Livingstone" is derived from the succulent plant Lithops, which is often called "living stones". Both a stone and a plant, living stones symbolise the Target Group's resilience, growth and determination to be recognised as a trusted integrated healthcare provider for patients, as well as a centre of excellence of growth opportunities for medical professionals.

As at the Latest Practicable Date, the Target Group's core competencies lie in specialist healthcare and include the fields of aesthetics and wellness, anaesthesiology and pain management, family medicine, internal medicine and orthopaedic surgery. In addition, the Target Group has also ventured into other paramedical products and services, such as physiotherapy services, the Cambodia JVA, and the provision of project consultancy services to Olympia City Development Co., Ltd. for the development of two key levels of its medical hub in Olympia City, a mixed use development in Phnom Penh, Cambodia (the "**Cambodia Consultancy Project**").

The Target Group's key businesses are principally categorised as follows:

- (a) **Aesthetics and wellness:** offering a range of services including laser and resurfacing therapies, radiofrequency, light and ultrasound-based treatments, botulinum toxin and filler injections, chemical peels and various facial and body wellness treatments;

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## APPENDIX A – LETTER TO SHAREHOLDERS FROM THE PROPOSED NEW BOARD

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- (b) **Anaesthesiology and pain management:** providing comprehensive anaesthetic services and perioperative care for a wide range of surgeries and procedures, assisting to manage high risk and unstable patients who have undergone high risk surgeries, and who may need high dependency or intensive care monitoring in the intensive care unit. The Target Group also specialises in the management of chronic and acute pain conditions in the neck, back, nerve, abdominal, pelvic regions as well as cancer pain and fibromyalgia. Apart from medication and physical therapy, the Target Group also provides interventional pain procedures and ultrasound-guided chronic pain interventions;
- (c) **Family medicine:** PMG is a combined practice group comprising family medicine, aesthetics and men's health services. The team's primary care focus is primarily preventive – and these include chronic disease risk management, vaccinations and health screening. PMG aims to enable patients to take charge of their own health, with the doctors as their mentors and counsellors. The team's vision is to impart this knowledge to each and every person to enable them to make informed decisions with regards to their health;
- (d) **Internal medicine:** offering services to deal with the prevention, diagnosis and treatment of adult diseases. The internal medicine segment is further sub-specialised into cardiology and endocrinology; and
- (e) **Orthopaedic surgery:** providing specialised care for patients with orthopaedic problems, the Target Group offers treatment techniques such as computer-guided, robotic, percutaneous and minimally invasive surgery/keyhole surgery. This helps to potentially reduce complications and allow for faster and more functional recovery for its patients. Other than general orthopaedics in areas such as neck and back pain, the Target Group also provides a range of services for a variety of orthopaedic problems, including, without limitation, upper and lower limb conditions, trauma, sports surgery, and arthritis (conservative and surgical management).

### 3.1 Key Healthcare Services and Treatments

The Target Group's practice focuses on areas of multidisciplinary healthcare that help individuals maintain an active and pain-free lifestyle. Information on some of the key healthcare services and treatments carried out by the Target Group as at the Latest Practicable Date are set out as follows.

#### 3.1.1 Aesthetics and Wellness Services

The aesthetics and wellness treatments of the Target Group can be categorised as follows:

##### (a) **Minimally Invasive Treatments**

###### Botulinum Toxin Injections

Botulinum toxin may be injected into areas affected with fine lines and wrinkles. During such procedure, a numbing cream is applied and botulinum toxin is then injected into the particular area where facial muscle resides. This relaxes and weakens the muscle over time leading to smoother skin for the area.

In addition, dermal fillers are used to restore volume and reshape the face. It can also be used to enhance facial features such as the nose, lips and chin.

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## APPENDIX A – LETTER TO SHAREHOLDERS FROM THE PROPOSED NEW BOARD

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### (b) **Non-Invasive Treatments**

#### Lasers for Resurfacing

The team utilises the eCO2 Plus™ laser in some of its treatments, which uses precise laser microbeams to safely target affected areas and remove acne scars.

#### Lasers for Acne, Pigmentation, Skin Toning and Rejuvenation

The team may apply a Q-switched laser to treat melasma and other skin pigmentation. The Q-switched laser is a laser beam pulsed at a specific wavelength which is applied to the skin and is absorbed by coloured pigments in the skin. As such, energy is delivered in a way that maximise lightening effects while minimising damage to surrounding tissue.

#### High Intensity Focused Ultrasound with Visualisation for Skin Tightening and Firming

The team utilises Ultherapy® to lift and tighten skin in affected areas such as the face, neck and under the chin.

#### Cryolipolysis for Body Slimming and Contouring

The team provides cryolipolysis treatments, a non-invasive treatment that reduces body fat content. A vacuum applicator with cooling panels is placed on the skin to target fat cells. The fat cells are frozen, broken down and naturally eliminated by the body.

#### Radiofrequency for Skin Tightening

Venus Legacy™ is a non-invasive treatment for fat reduction, skin tightening, cellulite reduction and body shaping. It combines several technologies which utilise radiofrequency and electromagnetic radiation to penetrate the skin tissue with minimal pain and side effects.

#### Other Services

The team also provides other aesthetics and wellness services, such as plasma for skin rejuvenation, wrinkles, fine lines and lifting, boosters for skin rejuvenation and hydration, and chemical peels for brightening, acne and pigmentation.

### 3.1.2 Anaesthesiology and Pain Management Services

#### (a) **Anaesthesiology and Perioperative Medicine Services**

Anaesthesiology and Perioperative Medicine is a medical speciality addressing and managing the care of patients before, during and after surgery. It encompasses pre-surgical assessment and optimisation of patients' health and medical conditions, the conduct of anaesthesia during surgical and non-surgical procedures, post-surgery intensive medical care and acute pain management.

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## APPENDIX A – LETTER TO SHAREHOLDERS FROM THE PROPOSED NEW BOARD

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Anaesthesia refers to the administration of medicine that blocks the feeling of pain and other sensations, or to produce a state of unconsciousness for most surgery to take place. The core role of an anaesthetist is to provide a safe and comfortable anaesthetic state while the patient undergoes surgery and diagnostic or therapeutic procedures.

Anaesthesia can be broadly divided into the following categories:

- (i) **General Anaesthesia:** the administration of anaesthetic medicine to induce a state of temporary unconsciousness and loss of sensation while the surgery or procedure is being performed. General anaesthesia is provided either via injections and/or inhaled methods. The patient will be monitored throughout the procedure or surgery until recovery from anaesthesia; and
- (ii) **Regional Anaesthesia:** the alternate form of anaesthesia which involves the blocking of nerve impulse transmission for a specific part of the body without the loss of consciousness. The aim of regional anaesthesia is to block the sensation of pain and movement to that part of the body where surgery is being performed. It may involve injecting medicine referred to as local anaesthetics into a specific part of a body. At times, it may instead involve blocking peripheral nerves that supply the whole region. Other options like spinal and/or epidural anaesthesia can be used to block the whole lower half of the body. Spinal or epidural procedures are frequently performed for lower limb surgeries just as hips, knee and foot surgeries, or lower abdomen surgeries like obstetric caesarean sections for the delivery of babies and gynaecological procedures.

Most major surgeries will require one or a combination of the types of anaesthesia as mentioned above. A list of surgeries or procedures that may require anaesthesia are listed below:

- (i) Neurosurgery (brain);
- (ii) Ophthalmic (eye) Surgery;
- (iii) Ear, Nose and Throat Surgery;
- (iv) Dental Surgery;
- (v) Plastic Surgery;
- (vi) Thoracic (chest) Surgery;
- (vii) Cardiac (heart) Surgery;
- (viii) Colorectal and General Surgery;
- (ix) Orthopaedic (bone, limb, joint and muscle) Surgery;
- (x) Obstetric and Gynaecological (O&G) Surgery;
- (xi) Vascular Surgery; and
- (xii) Radiological Diagnostic and Therapeutic Procedures.

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Perioperative care refers to the pre surgical medical assessment that an anaesthetist, together with a team of medical specialists, may perform on a patient in order to assess his or her suitability for surgery, in particular for major operations. The aim is to minimise the risk of complications during surgery, and also to enhance the post-surgery outcome for patients. Patients with higher medical risks for surgery may need to be optimised and made fitter before surgery. For example, such patients may require treatment with medications or other therapies before embarking on the surgery. An experienced anaesthetist will be able to advise on the suitability for the patient to go for surgery, or to postpone the surgery for further optimisation and risk reduction.

In addition, perioperative care also refers to the immediate care of patients after surgery by the anaesthetist, together with the surgeon and/or other medical specialists. The aim is to ensure the stability of the patient after surgery and to also minimise acute post-surgical pain.

The team of anaesthetic specialists have many years of experience in providing comprehensive anaesthetic services and perioperative care for a wide range of surgeries and procedures. The team's anaesthetists may also assist to manage high risks or unstable patients who had surgery, and may need post-surgical high dependency or intensive care monitoring in the intensive care unit.

### (b) **Chronic Pain Management Services**

Chronic pain management involves identifying and treating of the pain generators, and chronic pain interventions can be performed in a minimally invasive way. The common pain interventions for treating chronic pain are percutaneous in nature, and can be done using specialised needles and probes.

Some of the minimally invasive interventional pain treatment procedures are listed below:

- (i) **Annuloplasty:** a common procedure performed on patients with chronic spine (neck and low back) pain originating from the intervertebral discs, usually due to a tear in the disc covering. The procedure involves inserting a specially made needles into the covering of the intervertebral disc and heating it up using radiofrequency energy. This causes thermal disruption of pain sensitive nerve endings in the disc wall. The heat also induces contraction of tissue within the disc wall, potentially sealing these painful tears;
- (ii) **Nucleoplasty:** a treatment for a prolapsed/herniated intervertebral disc that commonly occurs in the neck and lower back. It decompresses the bulging disc in a minimally invasive way by ablative “cool” radiofrequency energy to vaporise the disc material in the centre to reduce the pressure inside a disc to relieve pain;
- (iii) **Radiofrequency Thermoablation or Lesioning:** a treatment involving the application of radiofrequency energy to create thermal injury in selected nerves to treat pain, by interrupting and blocking pain signals from a pain generator, such as a degenerated joint;



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- (iv) **Pulsed Radiofrequency:** a procedure targeting pain caused by irritation or the malfunction of a nerve that sensitises the central nervous system. This technique avoids thermal injury and is used to modulate the nerve activity by inducing microarchitectural changes within the target nerve;
- (v) **Neuromodulation Using a Spinal Cord Stimulator:** a treatment that involves implanting electrodes via a minimally invasive way into the spinal canal, attached to a pulse generator/battery. This enables the nerve transmissions in the spinal cord to be modulated via the application of an electric field from the pulse generator through the electrodes to treat severe and/or intractable pain conditions. The pulse generator is a small device, similar to a cardiac pacemaker, that delivers electrical pulses to the spinal cord via the electrodes. It helps people who suffer from severe and/or intractable pain conditions to better manage their pain, hence reducing their usage of strong pain relieving medications such as opioids. It is also a good option for patients who have not found relief with other standard therapies;
- (vi) **Facet joint block/epidural nerve root block:** a simple procedure that is commonly used to diagnose and treat pain arising from degenerated facet joints or nerve root irritation/impingement; and
- (vii) **Ultrasound Guided Pain Intervention:** a modality of treatment that uses ultrasound to provide direct visualisation of various soft tissues of the body such as nerve, tendon and muscle, enabling real-time needle advancement to the targeted affected area that is causing pain. This then allows the delivery of medications to the affected area with precision, improving outcome. Such direct visualisation also ensures the safe conduct of the procedures, as blood vessels and other vital structures can be visualised and avoided, minimising risks such as bleeding or tissue injury. As modern ultrasound machines are very portable, such interventions can be performed in an outpatient clinic, reducing the need for hospital admission and also exposure to X-ray (which is the traditional method to guide pain interventions).

### 3.1.3 Family Medicine Services

The Target Group's family medicine services are provided through PMG. PMG provides services that include, amongst others, the management of general acute conditions such as simple respiratory/gastrointestinal infections, musculoskeletal complaints, headaches and dermatological conditions as well as chronic conditions such as diabetes, hypertension, dyslipidemia and asthma.

PMG also offers children's health services, geriatric care, minor surgical procedures as well as vaccinations for travel and occupation requirements. Embracing holistic care, PMG also offers simple aesthetic services such as chemical peels, laser and intense pulsed light (IPL) treatments at selected branches.

PMG's men's health segment focuses on the management of sexually transmitted infections, premature ejaculation and andropause-related issues such as erectile dysfunction and low testosterone.

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PMG also participates in a number of the Singapore Government's initiatives such as Baby Bonus, Community Health Assist Scheme (CHAS), Pioneer and Merdeka Generation schemes, Screen for Life, Medisave500 as well as being an active member of the Primary Care Network, headed by Sengkang General Hospital. With the recent COVID-19 pandemic, PMG has also stepped up to the MOH's call and all PMG clinics have been designated as Public Health Preparedness Clinics. Most of the PMG clinics have also been designated as Swab-And-Send-Home clinics. Most recently, two of the PMG clinics have been granted approval to participate in the pilot scheme to swab travellers leaving Singapore via the Reciprocal Green Lane arrangements.

### 3.1.4 Internal Medicine Services

The internal medicine services that the Target Group provides can be categorised as follows:

#### (a) **Cardiology**

The Target Group's cardiology team offers a comprehensive range of cardiac services from screening to interventional treatment procedures, while adopting reliable and accurate technology to provide the highest quality of care for all patients. Featured services that the team offers include cardiac screening that comprises of electrocardiogram, exercise stress testing (treadmill), holter and echocardiogram, stroke prevention in patients with abnormal heart rhythm (e.g. atrial fibrillation), management of cardiovascular risk factors such as diabetes, hypertension and dyslipidemia, as well as interventional procedures such as pericardiocentesis, temporary cardiac pacing wire insertion, intra-aortic balloon pump insertion, coronary angioplasty, and coronary angiogram.

#### (b) **Endocrinology**

The Target Group's endocrinology team offers a comprehensive range of services from general to subspecialised endocrinology. General endocrinology services provided include specialised expertise in diabetes and complications, including insulin initiation and difficult to control diabetes cases, treatment of thyroid conditions, including thyroid nodule fine needle aspiration cytology and thyroid cancers, and holistic care for osteoporosis including complex cases such as decisions regarding drug holidays, severe osteoporosis, and secondary osteoporosis. Subspecialised endocrinology services include the treatment of pituitary and adrenal problems, calcium and vitamin D disorders, holistic care for obesity and weight management including preparation for bariatric surgery, and the diagnosis and management of endocrine causes of hypertension, and hormone-related infertility.

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### 3.1.5 Orthopaedic Surgery Services

In general, the orthopaedic surgery services that the Target Group provides can be categorised as follows:

- (a) **Surgical services:** the orthopaedic surgery services team provides surgical services to treat a wide range of common orthopaedic conditions. The Target Group adopts techniques such as computer-guided, robotic, percutaneous and minimally invasive surgery/keyhole surgery, which help to potentially reduce complications, allow faster and better functional recovery for its patients, and enhance surgical precision and hence clinical outcomes. The Target Group's medical doctors are experienced with many years of clinical and surgical experience.
- (b) **Non-Surgical/Conservative:** the team recognises that not every patient is suitable for surgery. As such, the team also provide a wide range of non-surgical services and conservative management methods for such patients. These include general consultations to diagnostic investigations, and other conservative therapeutic management techniques such as medications, injections, splinting and physiotherapy in the outpatient setting.

Common medical problems treated by the orthopaedic surgery team, and key procedures and treatments include but are not limited to the following:

- (a) **Foot and Ankle**

Inflammation, synovitis, impingement or other orthopaedic problems relating to the ankle joint

Ankle arthroscopy is a minimally invasive technique that involves inserting a small camera into the joint, and uses specialised keyhole instrumentation to perform surgery. It can potentially result in less pain, lower risk of infection and bleeding and other complications, better functional recovery, shortened hospitalisation and improved cosmesis.

Ankle arthroscopy is used to help address problems in the ankle joint, such as inflammation, synovitis or impingement, from bone spurs or loose bodies such as debris and cartilage. It can also be used in the treatment of cartilage problems, to help foster the regeneration of lost or damaged cartilage.

Bunions

Bunions are painful bony bumps that develop on the inside of the foot at the big toe joint. They are very common, and cause pain, inability to wear shoes, and affect function and activities. They are formed due to the misalignment and deformity of the joint at the base of the big toe. If left untreated and mismanaged, the bunion will worsen over time. This can lead to further pain and deformity of the other toes and foot. Treatment for bunions differ depending on its severity. Mild cases can be treated conservatively, and more severe ones may have to be treated via surgical correction. The Target Group generally utilises MIS or keyhole surgeries to correct such bunions as it potentially results in less pain, lower risk of infection and bleeding and other complications, better functional recovery, shortened hospitalisation and improved cosmesis. More severe deformities may require open techniques such as a scarf osteotomy.

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### Ankle Sprains

Ankle sprains are extremely common. Severe ankle sprains can result in ruptures of one or more of the stabilising ligaments of the ankle. This causes either chronic ankle instability or chronic pain, and hence limitations in activities of daily living and sporting activity. Long-term joint problems such as arthritis may also develop if the problem is not managed well.

Ankle ligament reconstruction is performed to address ankle instability. This helps to stabilise the ankle and reduce pain, with the ultimate aim of getting the patients back to their usual daily living and return to sporting activity. Currently, ankle ligament reconstruction can be performed via MIS or keyhole techniques.

### Ankle Cartilage Injury

Cartilage injury is an often overlooked, but common problem resulting in ankle pain. Depending on the size, severity and location of the cartilage defects, the Target Group is able to help in the repair and regeneration of these defects, either via arthroscopic or open techniques. The team may also utilise technologies such as tissue scaffolds that may aid in faster recovery.

### Ankle Arthritis

Chronic ankle pain is often a result of arthritis. Management of the condition include both conservative (medication and physiotherapy) and surgical techniques. MIS techniques such as ankle arthroscopic debridement, synovectomy and chondroplasty may be performed to address mild cases, and more severe cases are managed with either an ankle replacement or an ankle fusion procedure.

### Foot Drop

Foot drop refers to a condition where the patient is unable to actively lift the front of the foot. It occurs when the muscles and tendons pulling the foot up are unable to function. Common causes include neuromuscular diseases, resulting in the inadequate functioning of the nerves that supply the muscles and tendons. As their foot or toes are constantly dragging on the ground, these patients would have difficulty walking.

Mild cases can be managed with a brace such as an ankle-foot orthosis or physical therapy. Severe cases may require tendon transfer surgery, where functioning tendons and its muscles are taken from another part of the foot to replace those causing the foot drop.

### Deformities of the Foot or Ankle

Complex deformity correction and joint replacement surgery for feet and ankles are not common. They may however, be required in cases where there are severe deformities, where there is very limited motion in the joint(s), or where there is extreme pain. They are also used as salvage procedures where there are complications with the primary surgery (due to aseptic loosening, poor alignment or infection).

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### Flat Foot

Flat feet are extremely common. Most do not require surgery, and are treated via physical therapy or insoles. However, some cases of flat feet may cause persistent and extreme pain as a result of the deformities. The abnormal foot structure causes the stretching of ligaments and tendons and result in impingement. Severe and neglected cases of flat foot may progress to arthritis of the midfoot and hindfoot joints, such as the ankle.

If managed properly and treated early, correction of this deformity may result in better functional outcomes, and reduced occurrence of long-term complications such as ankle arthritis. Flat foot surgery is highly specific and tailored to the individual patient. A thorough physical and functional assessment of the feet is done, and procedures that help the correction include both soft tissue and bony techniques.

### Complications Concerning the Foot Arising from Diabetes

Diabetes affects a large percentage of the population. It results in complications affecting the nerves and blood circulation. These complications can lead to development of problems in the extremities, such as foot sores and ulcers that are difficult to treat. Foot amputation may be required in severe cases where there is poor diabetes management and a lack of proper and adequate foot care.

## (b) **Shoulder**

### Rotator Cuff Injury

The shoulder joint is an extremely mobile joint, and this mobility is dependent on the muscles around the joint, also known as the rotator cuff. The rotator cuff is important for both protection and stability of the joint, as well as for the movement of the upper limb. Consequently, a tear in any of the muscles will result in pain and weakness, and hence a reduction in movement and function of the shoulder. Mild cases can be treated via conservative methods such as physical therapy and medication. However, more severe cases may be addressed through arthroscopic surgery via an MIS repair of the torn rotator cuff.

### Dislocated Shoulders and Tears to the Shoulder Labrum

Due to the extreme mobility and range of the shoulder joint, the shoulder tends to dislocate easily. It often results in a tear of the shoulder labrum, which is a protective covering of the shoulder joint. If left untreated, it can result in persistent instability with subsequent multiple dislocations and further damage to the joint. Tears to the shoulder labrum can be repaired using arthroscopic techniques.

### Adhesive Capsulitis (“Frozen Shoulder”)

Adhesive Capsulitis is a very common medical problem, in which the capsule, the connective tissue surrounding the shoulder joint, becomes inflamed and stiff. This can occur from a previous rotator cuff tear which was inadequately treated. Symptoms include a gross reduction in the range of motion of the shoulder and chronic pain. Treatment involves conservative management such as anti-inflammatory medications and physical therapy, or surgical techniques such as a manipulation under general anaesthesia and arthroscopic capsular release.

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### Collarbone Fractures

The collarbone, also known as the clavicle, is the prominent bone in front of either side of the shoulders which is susceptible to fractures, especially from contact sports or accidental falls. Depending on the location, configuration and other factors, clavicle fractures may be managed either conservatively or via surgery. Surgical fixation can be either open or via MIS techniques. MIS fixation is performed via the insertion of a flexible metallic rod inside the canal of the broken clavicle through a very small incision.

### Shoulder Joint Arthritis

Shoulder joint arthritis is a disease resulting in pain and stiffness of the shoulder joint. Causative factors include previous injury or fractures, overuse, or unrepaired or poorly managed rotator cuff tears. Arthritis includes the wearing out and thinning of the cartilage in the joint, formation of bone spurs and cysts, and hardening of the damaged joint surfaces. Treatment can be conservative or surgical. Conservative treatments include medication, physical therapy, or lubrication/pain relief injections into the joint. Surgical techniques involve joint replacement surgery via a normal or a reverse shoulder joint replacement, which involves removing the worn-out joint surfaces and replacing them with metal and plastic components. The type of replacement would depend on several factors, to be decided after a thorough consultation and physical examination. After a joint replacement, the patient will experience a greater range of motion of the shoulder and lower pain, with an overall improved function and quality of life.

### (c) **Elbow**

#### Lateral Epicondylitis (“Tennis Elbow”)

“Tennis elbow” is one of the most common causes of elbow pain, being injury resulting from the overuse of the elbow and an inflammation of the extensor tendon originating at the elbow. Racquet sports such as tennis are known to cause this condition, but frequent repetitive movement and heavy lifting may also result in lateral epicondylitis. The mainstay of treatment usually involves medication, rest and physical therapy. Mild steroidal injections are sometimes recommended. For recurring cases, other techniques such as platelet-rich plasma injection or a surgical release may be performed.

#### Elbow Arthritis

Elbow arthroscopy is a MIS technique and is usually recommended to patients suffering from arthritis of the elbow, which results in chronic pain, reduced range of motion of the elbow and locking sensation from loose bodies. The arthroscopic procedure includes debridement or cleaning up of the elbow joint, and removal of the loose bodies and extra bone spurs. Such surgical procedures would result in pain relief and a greater range of motion for the patient. Severe cases of elbow arthritis may necessitate a joint replacement, which involves removing the worn-out joint surfaces and replacing them with metal and plastic components.

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### Tears to the Elbow Ligament

Strong and repetitive overhead throwing motions of the arm, such as those carried out in the midst of sporting activities, can cause tearing to elbow ligaments. To address this, ligament reconstruction may be carried out, which involves either an autograft or allograft. An incision is made along the side of the elbow, which exposes the damaged ligament. Tunnels are then drilled through the upper arm bone and lower arm bone at the points where the damaged ligament attaches. The new tendon is then looped through the tunnels and then sutured to itself, thereby stabilising the joint.

#### (d) **Hand and Wrist**

### Finger, Hand and Wrist Fractures

Hand and wrist fractures commonly occur from accidental falls where a person lands hard on an outstretched hand. Such trauma to the hand and fingers from accidents at home or at worksites are common. Management of such injuries depend on several factors, including age, level of activity, severity of injury and presence of arthritis. Fractures which are not displaced or are aligned may only require a splint or cast. Surgery may be required for open fractures or fractures in which bone alignment and/or stabilisation is required.

### Stenosing Tenosynovitis (“Trigger Finger”)

A “trigger finger” is an extremely common condition occurring when the tendons in the finger become inflamed and swollen. Such conditions are usually very painful and results in the locking of fingers when bending or flexing. Management of this condition include both conservative and surgical modalities. Medication and splints are usually adequate for the mild cases. More severe cases may require a mild steroidal injection into the tendon sheath. For patients who have failed to respond to conservative management techniques, “trigger finger” release surgery may be performed.

### Carpal Tunnel Syndrome

Another common disorder of the hand and wrist is carpal tunnel syndrome, which results from pressure on the median nerve. This causes numbness, tingling, pain and weakness in the hand and arm. Early diagnosis and treatment of carpal tunnel syndrome is important to prevent long-term damage to the median nerve, which may affect strength and sensation in the hand. Early symptoms can be managed via medication and splinting. For patients who have failed to respond to conservative management techniques, carpal tunnel release surgery may be performed via an open surgery or keyhole technique.

### Ganglion

A ganglion is a benign balloon-like cyst, which commonly develops on the joints of the wrist or hand. The cyst is filled with jelly-like fluid, which is similar to the fluid that lubricates joints. Most ganglions are usually harmless and require no medical treatment. However, if a ganglion expands and causes pain or other symptoms, it may be surgically removed.



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### (e) **Knee**

#### Ligament Injuries

The anterior cruciate ligament (“**ACL**”) is a major stabilising ligament of the knee. Damage to the ACL commonly results from sporting activity such as soccer, basketball or skiing. Long-term complications from untreated ACL injuries may include early post-traumatic arthritis, with persistent knee pain and stiffness. To address damage to the ACL, ACL reconstruction techniques may be carried out via arthroscopic techniques, potentially allowing patients to have early functional recovery and return to activity.

Other ligamentous injuries of the knee are also seen and managed, and both conservative and surgical techniques are utilised. The ultimate aim is for the patient to return to function, both for daily activities and sports, and to reduce the occurrence of potential complications in future.

#### Meniscus Tears

Meniscus tears are a very common knee injury. The meniscus is a rubbery, C-shaped structure in the knee that acts as a shock absorber between the shinbone and thighbone. Each knee has two menisci that help to keep the knee stable and evenly distribute the pressure across the knee joint. People who engage in regular sporting activity or heavy lifting are at higher risk of experiencing a meniscus tear, which occurs after a sudden twisting movement in the knee while the knee is loaded. Mild cases may be treated conservatively with medication, bracing and physical therapy. Severe and complicated cases may necessitate arthroscopic surgery to help debride or repair the meniscus.

#### Knee Arthritis

Knee pain from arthritis may be treated by injecting steroidal painkillers, hyaluronic acid as lubrication, platelet-rich plasma or stem cells to the affected area.

#### Severe Pain, Deformity and/or Loss of Function of the Knee

When a patient suffers from severe knee pain, deformity and loss of function, knee joint replacement surgery is usually performed. Such patients have generally attempted all conservative management methods but continue to suffer from persistent pain, which results in a loss of function. These patients are hindered from leading productive lives.

Treatment includes the surgical implantation of an artificial prosthesis to replace a diseased knee joint. Depending on surfaces affected, a knee replacement can be either partial or total. Metal, ceramic or plastic implants are utilised. Further precision and better outcomes in such knee replacement surgery can be achieved via computer assisted or navigated techniques and robotic surgery. In addition, using three-dimensional computer imaging based on a CT scan, optimal implant size, positioning and alignment for each patient can be precisely calculated. This allows accurate removal of bone and preservation of healthy tissues and ligaments during the operation, resulting in better patient functional outcomes as well as a more natural feeling knee.

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### (f) **Hip**

#### Hip Fractures

Hip fractures commonly occur as a result of falls or direct impact to the side of the hip. Due to osteoporosis, older patients have a higher incidence of hip insufficiency fractures. Unless the patient is too ill from other medical problems, are bedridden or not able to undergo anaesthesia, surgical management is almost always the mainstay of treatment.

Depending on the location, configuration and severity of the hip fracture, surgery would include either pinning or insertion of screws, or a half or full hip replacement.

#### Severe Pain, Deformity and/or Loss of Function of the Hip

When a patient suffers from severe hip pain, deformity and loss of function, hip joint replacement surgery is usually performed. Such patients have generally attempted all conservative management methods but continue to suffer from persistent pain, resulting in a loss of function. These patients are hindered from leading productive lives.

Treatment includes the surgical implantation of an artificial prosthesis to replace a diseased hip joint. Metal, ceramic or plastic implants are utilised. Further precision and better outcomes in such hip replacement surgery can be achieved via computer assisted or navigated techniques.

### (g) **Spine**

#### Neck and Back Pain

Pain to the neck and back areas are extremely common complaints of the Target Group's patients. There are many causative factors, including degeneration of the intervertebral discs, wear and tear of the spine, slipped discs, compression of the nerves, and arthritis of the many small joints in the spine. Patients undergo a thorough physical examination as well as comprehensive radiological assessment, so as to pinpoint the cause of the pain. Once identified, management is then targeted. Most neck and back pain can be managed via conservative means, such as medication, bracing or physical therapy. In collaboration with pain management specialists, the Target Group is able to perform highly specialised and targeted injections or pain procedures for some of its patients that suffer from chronic pain. These include radiofrequency thermoablation, nucleoplasty, annuloplasty, facet blocks or trigger point injections. This helps to further alleviate the pain and help them lead productive and pain-free lives.

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### 3.2 Medical Clinics and Facilities

The Target Group operates a network of clinics and centres that are affiliated to the “Livingstone” brand at convenient and accessible locations throughout Singapore. Most of the Target Group’s clinics are equipped with the facilities needed to perform a variety of procedures on site and minor surgical services. Major surgeries will be carried out at Mount Elizabeth Hospital, Parkway East Hospital, Mount Elizabeth Novena Hospital, Farrer Park Hospital, Mount Alvernia Hospital, Gleneangles Hospital and other day surgery centres. In addition to its medical doctors, the Target Group’s clinics and centres are staffed with experienced, trained and dedicated nurses.

As at the Latest Practicable Date, the Target Group operates twelve (12) clinics and one (1) medical spa at the following locations in Singapore:

Medical Clinics/Facilities	Location
Apicare Pain Clinic – Farrer Park Medical Centre	1 Farrer Park Station Road, #15-05 Connexion, Singapore 217562
Cove Aesthetic Clinic – Wheelock Place	501 Orchard Road, #04-07 Wheelock Place, Singapore 238880
Cove Aesthetics – Wheelock Place	501 Orchard Road, #04-07B Wheelock Place, Singapore 238880
Cove Orthopaedic Clinic – Farrer Park Medical Centre	1 Farrer Park Station Road, #15-05 Connexion, Singapore 217562
Cove Orthopaedic Clinic – Mount Elizabeth Medical Centre	3 Mount Elizabeth #11-13, Singapore 228510
Cove Orthopaedic Clinic – Parkway East Medical Centre	319 Joo Chiat Place #02-05 Parkway East Medical Centre, Singapore 427989
Cove Orthopaedic Clinic – Royal Square Medical Suites	101 Irrawaddy Road, #10-08 Royal Square Medical Centre, Singapore 329565
Livingstone Cardiology – Farrer Park Medical Centre	1 Farrer Park Station Road, #15-05 Connexion, Singapore 217562
Livingstone Cardiology – Mount Elizabeth Medical Centre	3 Mount Elizabeth #14-13, Singapore 228510
Livingstone Endocrine, Diabetes & Thyroid Clinic – Mount Alvernia Hospital	820 Thomson Road #06-07 Mount Alvernia Hospital, Medical Centre A, Singapore 574623
Livingstone Endocrine, Diabetes & Thyroid Clinic – Mount Elizabeth Medical Centre	3 Mount Elizabeth #14-13, Singapore 228510

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Medical Clinics/Facilities	Location
The Bone and Joint Centre – Mount Elizabeth Medical Centre	3 Mount Elizabeth #14-15, Singapore 228510
Phoenix Medical Group – Hillview	4 Hillview Rise, #02-20 Hill V2, Singapore 667979
Phoenix Medical Group – Paya Lebar	60 Paya Lebar Road, #02-09 Paya Lebar Square, Singapore 409051
Phoenix Medical Group – Seletar	1 Seletar Road, #02-11, Greenwich V, Singapore 807011
Phoenix Medical Group – Novena	275 Thomson Road #01-05 Novena Regency, Singapore 307645 <sup>(1)</sup>

**Note:**

- (1) On 18 December 2020, the Target Group relocated its family medicine clinic operated by PMG CACTIII to 275 Thomson Road #01-05 Novena Regency, Singapore 307645. The Target Group does not intend to renew the lease at 7 Ang Mo Kio Street 66 #01-17 Floravista, Singapore 567708. Please refer to the Section 6 titled “Properties and Fixed Assets” of this Target’s Letter to Shareholders for more details.

### 3.3 Medical Doctors

As at the Latest Practicable Date, the Target Group has fifteen (15) medical doctors practising at its clinics and centres in Singapore. The Target Group’s market presence and reputation are built upon the experience and reputation of its medical doctors, whose working experiences are set out briefly below:

#### 3.3.1 Aesthetics and Wellness segment

**Dr. Rachel Lim**

M.B.B.S. (Singapore), G.D.F.M. (Singapore)

Dr. Rachel Lim, the Target Group’s Chief Operating Officer, is a medical doctor with a special interest in aesthetics, weight management and wellness with 15 years of clinical experience. She obtained her Bachelor of Medicine and Bachelor of Surgery from NUS in 2005 and a Graduate Diploma of Family Medicine from NUS in 2009. Having a keen interest in anti-ageing, Dr. Rachel Lim’s clinical interests include non-surgical medical aesthetics and she performs a wide range of non-invasive aesthetic procedures. She is trained in age-reversing injectables, dermal fillers, laser and light treatments, and overall non-surgical rejuvenation of the face and body.

**Dr. Ng Hong Yi**

M.B.B.S. (Singapore), G.D.F.M (Singapore)

Dr. Ng Hong Yi is an aesthetic doctor with more than 10 years of clinical experience. Dr. Ng Hong Yi believes in a multi-pronged and all-rounded approach to aesthetics in order to produce natural and balanced results. He has special interests in the areas of laser treatment of pigmentary disorders such as melasma as well as total face rejuvenation with judicious use of Botox and injectable fillers.

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### 3.3.2 Anaesthesiology and Pain Management segment

#### **Dr. Wilson Tay**

M.B.B.S. (Singapore), M.Med Anaes (Singapore), F.A.M.S. (Anaes), F.I.P.P. (WIP, USA), C.I.P.S. (WIP, USA)

Dr. Wilson Tay is the Target Group's executive director and CEO with over 15 years of clinical experience. He specialises in anaesthesiology and graduated from NUS in 2004 and was awarded Master of Medicine (Anaesthesiology) in 2009. After completing his specialist training in Singapore, he pursued and completed a multi-disciplinary chronic pain clinical fellowship programme at St. Joseph's Health Care in the city of London in Ontario, Canada in 2012. Upon returning from his fellowship programme, Dr. Wilson Tay was an associate consultant in SGH till 2013, a consultant from 2013 and 2014 and a visiting consultant from 2014 to 2016 at the Pain Management Centre and Department of Anaesthesiology of SGH. He has extensive experience in managing and treating various chronic pain conditions such as neck/back pain, headache, abdominal/pelvic pain and cancer pain, and is experienced in performing ultrasound-guided chronic pain interventions using high frequency sound waves. He has published a number of articles in peer reviewed medical journals and is frequently invited to speak at local and overseas conferences on pain-related topics. Dr. Wilson Tay is also actively involved in teaching and conducting hands-on chronic pain intervention workshops locally and around the region.

#### **Dr. Sebastian Chua**

M.B.B.S. (Singapore), M.Med Anaes (Singapore)

Dr. Sebastian Chua, the Target Group's Chief Medical Officer, specialises in anaesthesiology and perioperative care and has 24 years of clinical experience. He graduated with a Bachelor of Medicine and Bachelor of Surgery, and obtained a Master of Medicine (Anaesthesiology) from NUS in 1996 and 2003 respectively. Dr. Sebastian Chua received training experience in obstetric anaesthesia in King Edward Memorial Hospital for Women in Perth, Western Australia and perioperative medicine in Geelong Hospital in Geelong, Victoria, Australia in 2005. Dr. Sebastian Chua currently practises anaesthesia and perioperative care at Mount Elizabeth Hospital and other private hospitals. He is involved in pre-surgical optimisation of patients, provision and management of anaesthesia during surgery, as well as post-surgical care of patients, including pain management and intensive care. He was also the director of the Perioperative Evaluation Clinic at SGH from 2007 to 2010, where he formulated guidelines for perioperative assessment and optimisation of patients for surgery.

### 3.3.3 Family Medicine segment

#### **Dr. Chua Hshan Cher**

M.B.B.S. (Singapore), PgDip (Cardiff)

Dr. Chua Hshan Cher heads the Target Group's family medicine segment. He has 17 years of clinical experience. Dr. Chua Hshan Cher graduated with a Bachelor of Medicine and Bachelor of Surgery from NUS in 2003 and completed his hospital rotations in various departments including internal medicine, adult and pediatric emergency, dermatology, family medicine and psychiatry. In 2011, Dr. Chua Hshan Cher also obtained a postgraduate Diploma of Dermatology in Cardiff University.

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### **Dr. Lee Kai Lun**

M.B.B.S. (Singapore), G.D.F.M. (Singapore)

Dr. Lee Kai Lun is a family medicine doctor with 17 years of clinical experience. After graduating with a Bachelor of Medicine and Bachelor of Surgery from NUS in 2003, Dr. Lee Kai Lun spent five years in restructured hospitals and polyclinics. In 2011, he obtained a Graduate Diploma of Family Medicine. Dr. Lee Kai Lun has a keen interest in men's health and currently spearheads PMG's men's health service.

### **Dr. Foong Ching Ching, Angela**

M.B.B.S. (Singapore), G.D.F.M. (Singapore)

Dr. Angela Foong is a family medicine doctor with 16 years of clinical experience. Dr. Angela Foong graduated with a Bachelor of Medicine and Bachelor of Surgery from NUS in 2004 and completed her hospital rotations in various departments including internal medicine, cardiology, dermatology, geriatric medicine, paediatric medicine and general surgery. In 2011, Dr. Angela Foong obtained a Graduate Diploma in Family Medicine.

### **Dr. Meera Ravindran**

M.B.B.S. (Singapore), M.Med (Family Medicine)

Dr. Meera Ravindran is a family medicine doctor with 9 years of clinical experience. Dr. Meera Ravindran graduated with a Bachelor of Medicine and Bachelor of Surgery from NUS in 2011 and completed her hospital rotations in various departments including neonatology, renal medicine, accident and emergency and anaesthesia. She subsequently entered postgraduate family medicine training and graduated with a Masters in Family Medicine from NUS in 2017.

### **Dr. Lin Shijun Cheryl**

M.B.B.S. (NSW), M.Med (Family Medicine)

Dr. Cheryl Lin is a family medicine doctor with 8 years of clinical experience. Dr. Cheryl Lin graduated with a Bachelor of Medicine and Bachelor of Surgery from the University of New South Wales in 2012 and a Masters of Family Medicine from NUS in 2017. She worked for 2 years in primary care within the public sector where she pursued her interest in geriatrics. She has published an article on geriatrics.

### **Dr. Chan Wei Chyet Rick**

M.B.B.S. (Singapore), G.D.F.M. (Singapore), G.D.O.M (Singapore)

Dr. Rick Chan is a family medicine doctor with 17 years of clinical experience. Dr. Rick Chan graduated with a Bachelor of Medicine and Bachelor of Surgery from NUS in 2003 and obtained a Graduate Diploma in Family Medicine in 2009 and a Graduate Diploma in Occupational Medicine in 2013. Dr. Rick Chan has also been a member of the Primary Care Networks (PCN) Council since 2018.

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### 3.3.4 Internal medicine segment

#### **Dr. Ang Teck Kee**

M.B.B.S. (Singapore), M.Med Internal Medicine (Singapore), M.R.C.P. (Internal Medicine, UK)

Dr. Ang Teck Kee is a consultant and interventional cardiologist with more than 15 years of clinical experience. After graduating with a Bachelor of Medicine and Bachelor of Surgery from NUS in 2004, Dr. Ang Teck Kee obtained his post-graduate internal medicine degree from the Royal College of Physicians (United Kingdom) and his Master of Medicine (Internal Medicine) from NUS in 2011. Subsequently, he underwent his Cardiology Advanced Specialty Training in Khoo Teck Puat Hospital from 2011 to 2014 and was accredited by SMC and MOH as a specialist in cardiology in 2014. In 2016, Dr. Ang Teck Kee was awarded the Human Manpower Development Program Scholarship by MOH to further sub-specialise in the field of interventional cardiology at Liverpool Hospital, New South Wales, Australia, where he spent a year under the mentorship of world-renown professors and experts in the field of interventional cardiology. Upon his return to Singapore in 2017, Dr. Ang Teck Kee was a certified senior interventional cardiologist at Khoo Teck Puat Hospital. He is proficient in performing invasive coronary angiography and percutaneous coronary intervention procedures and is experienced in the use of ultrasound guided puncture of artery. Dr. Ang Teck Kee is actively involved in clinical research and was the co-investigator in numerous international and local clinical trials. He has written numerous articles in international peer-reviewed journals and is regularly invited to speak at local and international cardiology conferences.

#### **Dr. Tay Tunn Lin**

M.B.B.S. (Singapore), M.R.C.P. (Internal Medicine, UK), FAMS

Dr. Tay Tunn Lin is an endocrinologist with more than 15 years of clinical experience. She graduated with a Bachelor of Medicine and Bachelor of Surgery from NUS in 2004 and obtained her post-graduate internal medicine degree from the Royal College of Physicians (United Kingdom) in 2008. Subsequently, she underwent specialist training in endocrinology and was accredited by SMC and MOH as a specialist in endocrinology in 2012. She has written numerous articles in international peer-reviewed journals.

### 3.3.5 Orthopaedic Surgery segment

#### **Dr. Edwin Tan**

M.B.B.S. (Singapore), M.Med Surgery (Singapore), M.R.C.S. (Edinburgh), F.R.C.S. (Edinburgh)

Dr. Edwin Tan leads the Target Group's orthopaedic surgery segment and is a qualified practising orthopaedic surgeon licensed by the SMC with 16 years of clinical experience. He graduated with a Bachelor of Medicine and Bachelor of Surgery from NUS in 2004 and was awarded the postgraduate Membership of the Royal College of Surgeons of Edinburgh in 2008, the Masters of Medicine in Orthopaedic Surgery in 2013, and the Fellowship of the Royal College of Surgeons of Edinburgh in Orthopaedic Surgery in 2014. Dr. Edwin Tan sub-specialises in sports injuries and adult reconstruction surgery. Dr. Edwin Tan has been a visiting consultant in SGH with the Department of Orthopaedic Surgery since December 2018. In addition, Dr. Edwin Tan is also an Executive Member of the Asia Pacific Knee Society.



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### **Dr. Seng Chusheng**

M.B.B.S. (Singapore), M.Med Surgery (Singapore), M.R.C.S. (Edinburgh), F.R.C.S. (Edinburgh)

Dr. Seng Chusheng is a consultant orthopaedic surgeon has 15 years of clinical experience. He graduated with a Bachelor of Medicine and Bachelor of Surgery from NUS in 2005 and later obtained a Master of Medicine (Orthopaedic Surgery) from NUS in 2016. In 2017, he was accredited by SMC and MOH as a specialist in orthopaedic surgery and was appointed as a Fellow of the Royal College of Surgeons of Edinburgh. From 2011 to 2020, he practiced as an orthopaedic surgeon at SGH. Dr. Seng Chusheng sub-specialises in foot and ankle surgery and has experience in foot deformity correction, complex foot and ankle fracture fixation, keyhole ligament reconstruction and cartilage repair for sports injuries of the ankle. He also has vast experience in general orthopaedic trauma and is proficient in surgeries for sports-related injuries of the knee and adult reconstruction in patients with hip and knee arthritis. Dr. Seng Chusheng is well-published in multiple peer-reviewed journals and has presented at many orthopaedic conferences. Dr. Seng Chusheng is also a visiting consultant with the Department of Orthopaedic Surgery at SGH.

### **Dr. Kevin Koo Oon Thien**

M.B.B.S. (Singapore), D.F.D. (CAW), M.Med Surgery (Singapore), M.R.C.S (Edinburgh), FRCSEd (Ortho), FAMS

Dr. Kevin Koo is a fellowship-trained consultant orthopaedic surgeon. He was previously the Director of Foot and Ankle Service at the Singapore General Hospital and has more than 15 years of clinical experience. Dr. Kevin Koo graduated with a Bachelor of Medicine and Bachelor of Surgery from NUS in 2003. He was appointed as a Member of the Royal College of Surgeons of Edinburgh in 2009 and subsequently as a Fellow of the Royal College of Surgeons of Edinburgh in 2014. In 2013, he obtained a Master of Medicine (Orthopaedic Surgery) from NUS and was appointed as a Fellow of the Academy of Medicine, Singapore in 2015. Dr Kevin Koo's practice interests include foot and ankle surgery, joint replacements, sports injuries and minimally invasive surgery. Dr. Kevin Koo has published in various peer-reviewed medical journals and has presented extensively at orthopaedic conferences. Dr. Kevin Koo is an Adjunct Assistant Professor at both the NUS Yong Loo Lin School of Medicine and the Duke-NUS Medical School. Dr. Kevin Koo is also a visiting consultant with the Department of Orthopaedic Surgery at SGH.

## **3.4 Sales and Marketing**

The Target Group's branding and marketing strategies are spearheaded by its Chief Operating Officer, Dr. Rachel Lim. The Target Group markets its medical services within the ambit of applicable guidelines issued by the MOH and the relevant laws and regulations in Singapore. For more information, please refer to the Section 16 titled "Government Regulations" of this Target's Letter to Shareholders.

### **(a) Personal referrals and referrals from doctors and paramedical services**

The Target Group's medical doctors are able to attract new customers through referrals from past or existing customers. "Word of mouth" is an effective and low-cost marketing strategy, especially in the digital age with the rise of social media, to grow its sales and build its brand.

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In addition, the Target Group is also referred patients who require its specialised services from other doctors (general practitioners and other medical specialists) and paramedical services. The Target Group's sales and marketing planning will ensure that the Target Group widens this network of referrals and maintains the close relationship with its referral network. The marketing of medical services is regulated by applicable guidelines issued by the MOH and the relevant laws and regulations in Singapore and the Target Group ensures that all its activities are in compliance with the relevant laws, regulations and guidelines at all times. Please refer to Section 16 titled "Government Regulations" of this Target's Letter to Shareholders.

### **(b) Advertising and online media presence**

The Target Group markets its services through a variety of traditional and alternative platforms, including but not limited to, Google advertisements, guest appearances on talk shows and radio interviews, press coverage, print media and social media.

The Target Group also engages external marketing agents to market the Target Group's services in Singapore. The marketing agents help to strategise the Target Group's marketing plans for better reach and promote its services for a service fee.

### **(c) Strategic marketing plan**

Although the Target Group provides a range of medical services, all service offerings will be marketed as complementing each other and addressing the needs of customers. While customers may not require all the services at any one time, they will be aware that these services are available when required.

### **(d) Health seminars and publications**

Through participation at health seminars in Singapore and overseas as guest speakers or panellists, the Target Group's medical doctors can raise their profiles individually and for the Target Group. The Target Group's medical doctors may also participate in media interviews or contribute articles to various publications which will improve their profile within the industry.

### **(e) Corporate websites**

The Target Group's corporate websites showcase its range of services, corporate profile, vision, mission and values, profile of its medical doctors and location of its clinics and centres. This enables it to increase awareness of the Target Group as well as its medical services and reach out to a bigger market. **Information contained in the Target Group's websites do not constitute part of this Target's Letter to Shareholders or Circular.**

### **(f) Branding**

The Target Group will continue to build the "Livingstone" brand. The increasing consumerisation of healthcare and the multitude of options available to customers means that communicating the Target Group's brand message and building the brand are of paramount importance. While not all of the Target Group's medical clinics and

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facilities bear the “Livingstone” name and such affiliation to “Livingstone” at the physical premises of certain clinics, the Target Group will work towards including such affiliation for the existing and future clinics. Notwithstanding the foregoing, the Target Group has a common corporate identity built on its common management team and centralised reporting framework. To further encapsulate the corporate identity, the Target Group’s medical clinics and medical doctors are profiled and represented under the corporate website of the Target Company to establish the affiliation to “Livingstone” brand name.

### **(g) Panel of insurance companies**

The Target Group’s clinics have been selected by several insurance providers as preferred medical care providers. The inclusion of the Target Group’s clinics on these panels provides another avenue through which it is able to reach out to new customers.

### **(h) Securing strategic locations for medical clinics at cost effective rental rates**

The Target Group also seeks to continue securing strategic locations for its medical clinics and centres at cost-effective rental rates in order to expand the Target Group’s business in Singapore. The Target Group will continue to search for new sites and review the locations of its existing clinics and centres.

## **3.5 Service Quality Control**

The Target Group is committed to ensuring that customer-focused quality healthcare services are delivered across its clinics and centres to its patients.

The Target Group’s staff are required to attend regular training sessions to be updated on innovations and developments in their respective industries, as well as to improve on customer service. The Target Group’s therapists working at its medical spa undergo training conducted by trainers in the Target Group as well as the vendors of aesthetic equipment. New hires must go through a probationary period to confirm whether they have the requisite skills and experience. They are also given on-the-job training during which they shadow another employee to familiarise themselves with the operations of the clinics and centres.

The Target Group continually seeks feedback from its patients through direct dialogue. The feedback is relayed to the medical doctors and management. Such feedback is taken seriously and is designed to contribute positively to the overall experience of the patient.

The Target Group’s medical doctors make a continuous effort to update themselves on medical developments and scientific and technological advancements. In particular, all doctors in Singapore are required to continually upgrade their knowledge and skills so that their level of medical competence is maintained, under the Continuing Medical Education Programme administered by the SMC. To the best of the Target Group’s knowledge, as there are no prescribed standardised procedures on how intra-operative procedures should be performed, the medical doctors are also encouraged to attend workshops and seminars to keep abreast of developments in the medical sector and acquire new skills to improve their job competency.

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Dr. Sebastian Chua is the Chief Medical Officer of the Target Group, overseeing the Target Group's practices, standards and governance. The roles and responsibilities of the Chief Medical Officer include the following:

- (a) provision of clinical governance for the Target Group's medical doctors;
- (b) advising on standard clinical procedures and practice guidelines in line with the Target Group's policies and standard industry practices; and
- (c) development of medical and ethical policies relating to clinical services.

The Target Group has implemented policies and procedures to require all staff (including medical doctors) to report any complaints and breaches of medical-related regulatory guidelines and/or regulations (including hospitals' internal policies and any ad-hoc advisories) to the Chief Medical Officer. The Chief Medical Officer will determine and escalate (where necessary) such complaints and breaches to the New Audit Committee and/or the Proposed New Board. To this end, the Head of Operations maintains a master file to record and keep copies of all complaints, infringement of regulations, investigations, fines and/or penalties incurred by the Target Group and/or its medical doctors. All medical doctors are also required to provide an annual declaration to the Chief Medical Officer on whether they have been subject to any complaints or committed any breaches of medical-related regulatory guidelines and/or regulations during the year. The abovementioned procedures will be reviewed by the internal auditor as part of its annual internal audit, who shall report its findings to the New Audit Committee on an annual basis.

In addition, the Chief Medical Officer, with the assistance of the Target Group's operations team, is responsible for monitoring any medical-related regulatory changes (including hospitals' internal policies and any ad-hoc advisories) and for updating the key management personnel of such changes. When necessary, the Chief Medical Officer and/or the Proposed New Board will engage an external legal adviser to advise on such medical regulatory requirements.

#### **4. COMPETITION AND COMPETITIVE STRENGTHS**

##### **4.1 Competition**

The healthcare business in Singapore is highly competitive. The Target Group faces competition from other providers of integrated healthcare services as well as providers of individual healthcare services within each of the Target Group's business segments. The Target Group considers its competitors to include government hospitals, private hospitals and individual specialist clinics which provide the same healthcare services as the Target Group.

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### 4.2 Competitive Strengths

The Target Group believes that the Target Group is able to compete effectively due to the following competitive strengths:

**(a) The Target Group’s multidisciplinary approach to specialist healthcare with integrated business segments allows it to scale its business vertically and horizontally**

The Target Group is a provider of multidisciplinary specialist healthcare services. The Target Group provides a range of healthcare services, including aesthetics and wellness, anaesthesiology and pain management, family medicine, internal medicine and orthopaedic surgery. As its business segments are complementary in nature, the Target Group believes that it is able to capture a bigger portion of patients and attend to its patients better through cross-referring services between its business segments and shared clinics. The Target Group’s integrated network allows for a more patient-centric and multidisciplinary approach to healthcare management and treatment, as the Target Group’s patients have the benefit of having different healthcare professionals working together and viewing his or her healthcare needs in their entirety.

Having a multidisciplinary approach to specialist healthcare facilitates the vertical and horizontal scalability of the Target Group’s business. Leveraging on its network, the Target Group believes that it will be able to expand into other new specialist healthcare services and/or build onto the value chain of paramedical services that will supplement and support medical work with the Target Group’s holistic and multidisciplinary approach to healthcare.

**(b) The Target Group has an organic growth model underpinned by a dynamic management team and leadership, with relevant experience and a strong network in the medical industry**

The Target Group has an organic growth model that has been established from pooling together a team of highly-experienced and knowledgeable medical doctors who share a common goal of building a dynamic and multidisciplinary private medical practice. In addition, the Target Group believes that the experience, depth and diversity of its management team and leadership is a distinct competitive advantage in the rapidly evolving healthcare industry in which it operates. The Target Group’s track record is derived from its team of fifteen (15) medical doctors who have between 8 years to 24 years of clinical experience in their respective fields of specialty. In addition, the Target Group’s medical doctors embrace and tap on new techniques in the provision of its healthcare services. Dr. Wilson Tay, the Target Group’s executive director and CEO, also utilises techniques in chronic pain intervention, such as radiofrequency thermoablation, pulsed radiofrequency and neuromodulation. Furthermore, the Target Group’s medical doctors have engaged in continued research, specialty training and clinical work in some of the world’s leading medical institutions, such as St. Joseph’s Health Care London in the city of London in Ontario, Canada. The Target Group’s market presence and reputation is built upon the skills and experience of its medical doctors and the Target Group believes that their experience in the healthcare industry was crucial to its past success and will be key to its continuing success.

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Dr. Wilson Tay will also be supported by a team of committed Proposed New Executive Officers and dedicated staff, who have significant experience in their respective fields. The Target Group believes that the number of healthcare professionals and medical specialists who have joined the Target Group and the expansion of the Target Group over the Relevant Period can be attributed to its experienced management team, who are key to attracting more healthcare professionals and growing the team in the future.

For more information on the Target Group's executive directors and executive officers, please refer to Section 25 titled "Proposed New Board and Proposed New Executive Officers" of this Target's Letter to Shareholders.

**(c) The Target Group has a track record of profitability and operates on an asset-light business model**

The Target Group has a track record of profitability in the Relevant Period. The Target Group has recorded net profit after tax of S\$2.0 million, S\$3.2 million, S\$1.8 million and S\$0.9 million in FY2017, FY2018, FY2019 and 6M2020 respectively. The Target Group maintains an asset-light business model by leasing its operating premises. Facilities such as operating theatres, wards and other medical equipment which require significant capital expenditure are made available for the Target Group's use by the hospitals where the medical doctors perform procedures. This allows the Target Group to make efficient use of the facilities and equipment and keep its capital expenditure low. The Target Group's business model allows it to generate recurring cash flows, enabling it to fund its future expansion plans.

### 5. MAJOR CUSTOMERS AND SUPPLIERS

#### 5.1 Major Customers

The following customer accounted for 5.0% or more of the Target Group's total revenue in FY2017, FY2018, FY2019 or 6M2020:

Name of customer	Products or services supplied	As a percentage of the Target Group's total revenue from continuing operations (%)			
		FY2017	FY2018	FY2019	6M2020
Olympia City Development Co., Ltd. <sup>(1)</sup>	Consultancy services	–	–	13.1	1.9

**Note:**

- (1) The revenue derived from Olympia City Development Co., Ltd. was in relation to the Cambodia Consultancy Project which commenced in FY2019, whereby the Target Group was engaged as the main contractor for the provision of consultancy services in respect of the development of two key levels at Olympia Medical Hub in Olympia Park. The revenue contribution by Olympia City Development Co., Ltd. decreased from FY2019 to 6M2020 as the Cambodia Consultancy Project was substantially completed during FY2019.

The Proposed New Board is of the opinion that the Target Group's business and profitability are currently not dependent on Olympia City Development Co., Ltd. as the Target Group's core business lies in specialist healthcare services. To the best of their knowledge, the Proposed New Board is not aware of any information or arrangement which would lead to the cessation or termination of the Target Group's current relationship with Olympia City Development Co., Ltd. prior to the end of the Cambodia Consultancy Project.



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Save as disclosed above, the majority of the Target Group's customer base comprises individual patients. The Target Group's business and profitability are not materially dependent on any single individual patient. None of the Target Group's patients accounted for more than 5.0% of its total revenue for each of FY2017, FY2018, FY2019 and 6M2020.

None of the Proposed New Board, Proposed New Executive Officers or Substantial Shareholders or their respective associates has any interest, direct or indirect, in any of the Target Group's customers.

To the best of the Proposed New Board's knowledge and belief, there are no arrangements or understanding with any customers pursuant to which any of the Proposed New Board and the Proposed New Executive Officers were appointed.

### 5.2 Major Suppliers

The following are the suppliers that supplied 5.0% or more of the Target Group's total purchases from continuing operations in FY2017, FY2018, FY2019 or 6M2020:

Name of suppliers	Products or services supplied	As a percentage of the Target Group's total purchases from continuing operations (%)			
		FY2017	FY2018	FY2019	6M2020
Zuellig Pharma Pte. Ltd. <sup>(1)</sup>	Drugs and consumables	12.6	21.4	13.8	23.5
King Asia Global Limited <sup>(2)</sup>	Architecture and interior design consultancy	–	–	61.6	9.4
DKSH Singapore Pte. Ltd. <sup>(1)</sup>	Drugs and consumables	19.0	16.1	5.3	7.1
Eplus Healthcare Pte Ltd <sup>(1)</sup>	Drugs and consumables	–	0.2	–	6.3
Gromark Consumers Enterprise Pte Ltd <sup>(3)(4)</sup>	Skincare products	35.1	22.5	4.5	1.6
PES Pte Ltd <sup>(3)(4)(5)</sup> / DermaRev Pte. Ltd. <sup>(3)(4)(5)</sup>	Skincare products	–	5.8	4.8	0.9
NeoAsia (S) Pte Ltd <sup>(4)</sup>	Medical equipment and consumables	6.4	10.5	2.5	0.5
Elogio Asia Pte Ltd <sup>(4)</sup>	Medical equipment and consumables	7.6	2.0	0.1	0.1

**Notes:**

- (1) The Target Group purchases drugs and medical consumables (such as surgical implants) as and when they are required by customers, as it is not the industry practice to keep inventory of such drugs and medical consumables. Accordingly, the year-on-year changes in the percentage of the Target Group's total purchases in respect of each of these suppliers is primarily attributed to the fluctuations in the value of purchases from these suppliers. The changes are generally dependent on the medical needs of each of the customers.
- (2) King Asia Global Limited was engaged by the Target Group as its sub-contractor and the local project manager in Cambodia in relation to the Cambodia Consultancy Project which commenced in FY2019. The services rendered by King Asia Global Limited decreased from FY2019 to 6M2020 as the Cambodia Consultancy Project was substantially completed in FY2019.
- (3) The Target Group does not keep significant inventory of skincare products. The Target Group purchases such products as and when they are required by customers. Accordingly, the year-on-year changes in the percentage of the Target Group's total purchases in respect of each of these suppliers is primarily attributed to the fluctuations in the value of the purchases from these suppliers. The changes are generally dependent on the aesthetic needs of customers.



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- (4) Gromark Consumers Enterprise Pte Ltd, PES Pte Ltd, DermaRev Pte Ltd, NeoAsia (S) Pte Ltd and Elogio Asia Pte Ltd are suppliers primarily for the Target Group's aesthetics and wellness segment. The decline in percentage of total purchases from these suppliers throughout the Period Under Review was largely attributable to the Target Group's expansion into other business segments.
- (5) PES Pte Ltd and DermaRev Pte Ltd are affiliated by way of common ownership.

The Target Group does not maintain any long-term supply or service contracts with any of its suppliers. The Proposed New Board is of the view that, as at the Latest Practicable Date, the Target Group's business and profitability are not materially dependent on any of its suppliers. In particular, the Target Group's business and profitability are currently not dependent on King Asia Global Limited as the Target Group's core business lies in specialist healthcare services.

To the best of the Proposed New Board's knowledge, they are not aware of any information or arrangement, which would lead to a cessation or termination of the Target Group's current relationship with any of its major suppliers.

None of the members of the Proposed New Board, the Proposed New Executive Officers or Substantial Shareholders or their respective associates has any interest, direct or indirect, in any of the above major suppliers.

### 6. PROPERTIES AND FIXED ASSETS

As at the Latest Practicable Date, the Target Group does not own any properties.

As at the Latest Practicable Date, the Target Group has leased the following properties:

Lessee	Location	Tenure	Approximate Gross Area (sq ft)	Lessor	Usage
Target Company <sup>(1)</sup>	1 Farrer Park Station Road #15-05 Connexion, Singapore 217562	24 months commencing 1 June 2020 to 31 May 2022	936	Desmond Wai Liver and Gastrointestinal Diseases Centre Pte. Ltd.	Specialist medical clinic
	380 Jalan Besar #08-12, ARC 380, Singapore 209000	24 months commencing 26 March 2019 to 25 March 2021 <sup>(2)</sup>	732	Law Haw Wei	Office space
Cove Sports <sup>(1)(2)</sup>	319 Joo Chiat Place, #02-05 (Part) Parkway East Medical Centre, Singapore 427989	12 months commencing 1 August 2020 to 31 July 2021	208	Parkway Hospitals Singapore Pte Ltd	Specialist medical clinic
Cove Sports <sup>(1)(3)</sup>	101 Irrawaddy Road #10-08 Room 1, Royal Square Medical Centre, Singapore 329565	6 months commencing 20 October 2020 to 19 April 2021	150	The Hand & Microreconstructive Surgery Practice Pte. Ltd.	Specialist medical clinic

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Lessee	Location	Tenure	Approximate Gross Area (sq ft)	Lessor	Usage
Dr. Edwin Tan <sup>(1)(4)</sup>	3 Mount Elizabeth #11-13, Singapore 228510	3 years commencing 1 December 2018 to 30 November 2021	555	Parkway Hospitals Singapore Pte Ltd	Specialist medical clinic
Livingstone Cardiology <sup>(1)(5)</sup>	3 Mount Elizabeth #14-13, Singapore 228510	5 years commencing 1 November 2019 to 31 October 2024	534.4	VS Investment Holdings	Specialist medical clinic
Livingstone Endocrine <sup>(1)(6)</sup>	820 Thomson Road #06-07 Mount Alvernia Hospital, Medical Centre A, Singapore 574623	3 years commencing 15 November 2020 to 14 November 2023	635	Reverend Mother Superior of the Franciscan Missionaries of the Divine Motherhood In Malaya	Specialist medical clinic
RL Aesthetics <sup>(1)</sup>	501 Orchard Road, #04-07 Wheelock Place, Singapore 238880	3 years commencing 22 June 2019 to 21 June 2022	954	Everbilt Developers Pte. Ltd.	Aesthetic clinic
	501 Orchard Road, #04-07B Wheelock Place, Singapore 238880		994	Everbilt Developers Pte. Ltd.	Medical spa
The Bone and Joint Centre <sup>(1)</sup>	3 Mount Elizabeth #14-15, Singapore 228510	18 months commencing 27 July 2020 to 26 January 2022	150	Ravi Surgery Pte. Ltd.	Specialist medical clinic
Activfix <sup>(1)</sup>	304 Orchard Road Lucky Plaza #05-34, Singapore 238863	3 years commencing 2 August 2019 to 1 August 2022	592	Hong Property Investments Pte Ltd	Physiotherapy centre
LSMS <sup>(1)</sup>	10th and 11th, Soriya Building, Number 50-52, Street 172, Sangkat Psa 3, Khan Daun Penh, Cambodia	9 years commencing 1 June 2019 to 31 May 2028	8,073	Dr. Hy Soryaphea	Aesthetic clinic

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Lessee	Location	Tenure	Approximate Gross Area (sq ft)	Lessor	Usage
PMG <sup>(1)</sup>	1 Seletar Road #02-11 Greenwich V, Singapore 807011	3 years commencing 7 January 2018 to 6 January 2021	1,281	Far East Square Pte. Ltd.	Medical clinic
		3 years commencing 7 January 2021 to 6 January 2024	1,281	Far East Square Pte. Ltd.	Medical clinic
PMG HV <sup>(1)</sup>	4 Hillview Rise #02-20 HillV2, Singapore 667979	3 years commencing 18 September 2020 to 17 September 2023	1,249	Transurban Properties Pte. Ltd.	Medical clinic
PMG PL <sup>(1)</sup>	60 Paya Lebar Road #02-09 Paya Lebar Square, Singapore 409051	4 years commencing 16 December 2018 to 15 December 2022	624	Paya Lebar Square Pte. Ltd.	Medical clinic
PMG CACTIII <sup>(1)(7)</sup>	7 Ang Mo Kio Street 66 #01-17 Floravista, Singapore 567708	24 months commencing 1 January 2019 to 31 December 2020	772	Oxley YCK Pte. Ltd.	Medical clinic
	275 Thomson Road #01-05 Novena Regency Singapore 307645	24 months commencing 2 November 2020 to 1 November 2022	893	Gao Feng Hong Yuan Investments Pte. Ltd.	Medical clinic
Ardennes Healthcare <sup>(8)</sup>	60 Paya Lebar Road #02-02/03/04 Paya Lebar Square, Singapore 409051	5 years from the tenancy commencement date	990	Paya Lebar Square Pte. Ltd.	Medical health screening clinic

**Notes:**

- (1) Under the terms of the lease agreements for these properties, the lease may terminate and/or lessor may re-enter and take possession of the relevant property under certain circumstances. Please refer to the risk factor in Section 2.7 of the Circular titled “The Target Group leases the premises of its medical clinics from private landlords and there is no certainty that the Target Group will be able to lease new premises or renew its existing leases on terms acceptable to it, or at all” for further details.
- (2) The Target Group is of the opinion that it will not face any difficulties in renewing the leases on terms acceptable to it, if required.
- (3) The Target Group does not intend to renew the lease at 101 Irrawaddy Road #10-08 Room 1 Royal Square Medical Centre, Singapore 329565 upon its expiry on 19 April 2021. The Target Group is of the opinion that the orthopaedic practice will not be materially affected as a result of the non-renewal of this tenancy agreement as there are other locations at which the orthopaedic practice is carried out.

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- (4) Dr. Edwin Tan has entered into a licence agreement with the Target Group to, *inter alia*, permit the usage of the premises to the Target Group for the entire duration of the lease. Please refer to Section 28.3 titled “Present and On-Going Interested Person Transactions” of this Target’s Letter to Shareholders for more information.
- (5) VS Investment Holdings is 90% and 10% owned by Dr. Sean Ng and Dr. Rachel Lim respectively. Please refer to Section 28.4 titled “Transactions with Dr. Sean Ng and his associates” of this Target’s Letter to Shareholders for further details on transactions between the Target Group and Dr. Sean Ng and his associates.
- (6) The lease agreement in respect of the premises at #06-07 Medical Centre A at 820 Thomson Road, Mount Alvernia Hospital, Singapore 574623 has been entered into jointly and severally with an unrelated third party, which shares the premises equally with Livingstone Endocrine.
- (7) On 18 December 2020, the Target Group relocated its family medicine clinic operated by PMG CACTIII to 275 Thomson Road #01-05 Novena Regency, Singapore 307645. The Target Group does not intend to renew the lease at 7 Ang Mo Kio Street 66 #01-17 Floravista, Singapore 567708.
- (8) The terms of the lease of the premises at 60 Paya Lebar Road #02-02/03/04 Paya Lebar Square, Singapore 409051 are as set out in a letter of offer with the lessor. As at the Latest Practicable Date, the Target Group has not received an executed version of the lease agreement from the lessor and expects to receive the executed version of the lease agreement in due course.

Other fixed assets include ultrasound and laser machines, renovation, furniture and fittings, computers and other office accessories required for the operations of a clinic or office. As at 30 June 2020, the properties and fixed assets of the Target Group had an aggregate net book value of S\$2,478,983, or approximately 51.7% of the Target Group’s net assets.

The Target Group does not have any production facility.

As at the Latest Practicable Date, the Target Group had fixed assets with net book values as follows:

Fixed Assets	(S\$)
Computers	66,016
Office equipment	16,529
Machines and equipment <sup>(1)</sup>	839,194
Renovation, furniture and fittings	472,033

**Note:**

- (1) Hire purchase agreements have been entered into for the purchase of (i) a body contouring system; (ii) a stress test system; and (iii) a cardiovascular ultrasound (the “**HP Agreements**”). The term of each of the HP Agreements is up to 48 months and the sums repayable under each of the HP Agreement are repayable in 48 monthly instalments. A hire purchase agreement has also been entered into for the purchase of a laser. The term of such hire purchase agreement is 36 months and the sums repayable under the hire purchase agreement are repayable in 36 monthly instalments.

As at the Latest Practicable Date, save as disclosed above, none of the Target Group’s properties and fixed assets was subject to any mortgage, pledge or other encumbrances or otherwise used as security for any bank borrowings.

As at the Latest Practicable Date, the Target Group is not aware of any material breach by it of any obligations under the abovementioned lease agreements that would result in their termination by the lessor or non-renewal, if required, when they expire. Certain of the Target Group’s existing lease agreements may be unilaterally terminated by the lessor under certain conditions as set out in the lease agreements. The Proposed New Board is of the view any unilateral termination by any lessor is unlikely to have a material impact on the

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Target Group's business or operations as it will be able to secure leases for alternative premises in the event of such termination.

Save as disclosed above and in Section 2.7 titled "Risk Factors" of the Circular and Section 16 titled "Government Regulations" of this Target's Letter to Shareholders, as at the Latest Practicable Date, to the best of the Proposed New Board's knowledge, there are no regulatory requirements or environmental issues that may materially affect the Target Group's utilisation of any tangible fixed assets.

### 7. RESEARCH AND DEVELOPMENT

Due to the nature of the Target Group's business, the Target Group currently does not engage in any research and development activities. However, all of the Target Group's medical doctors undertake continual education and several may undertake individual research projects for papers they write, or for seminars they will deliver, or for other purposes.

### 8. CREDIT POLICY

The Target Group's total trade receivables and average trade receivables turnover days during the Period Under Review were as follows:

	FY2017	FY2018	FY2019	6M2020
Total trade receivables (S\$)	1,373,749	2,443,080	1,803,133	2,789,503
Average trade receivables turnover days <sup>(1)(2)</sup>	66	79	126	64

**Notes:**

- (1) For FY2017 and FY2018, the average trade receivables turnover days is computed based on the average of the opening and closing trade receivables balance divided by the total revenue from continuing and discontinued operations for the relevant financial period, and multiplied by the number of calendar days in the relevant financial period.
- (2) For FY2019 and 6M2020, the average trade receivables turnover days is computed based on the average of the opening and closing trade receivables balance divided by the revenue from continuing operations for the relevant financial period, and multiplied by the number of calendar days in the relevant financial period.

The Target Group's trade receivables increased from S\$1.37 million as at 31 December 2017 to S\$2.44 million as at 31 December 2018, in line with the increase in revenue of the Target Group's existing business segments as well as the inclusion of the trade receivables of the SC Companies pursuant to the SC Companies Acquisition on 1 October 2018. Trade receivables decreased from S\$2.44 million as at 31 December 2018 to S\$1.80 million as at 31 December 2019 mainly due to the exclusion of the trade receivables of SN Orthopaedics pursuant to the SNPL Disposal on 31 December 2019, partially offset by the inclusion of the trade receivables of PMG pursuant to the acquisition of PMG on 31 December 2019 and outstanding receivables attributable to the Cambodia Consultancy Project. Trade receivables increased from S\$1.80 million as at 31 December 2019 to S\$2.79 million as at 30 June 2020 which is in line with the increase in revenue of the Target Group.

The Target Group's average trade receivables' turnover days increased from 66 days in FY2017 to 79 days in FY2018 mainly due to the inclusion of trade receivables of the SC Companies pursuant to the SC Companies Acquisition on 1 October 2018. Average trade

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receivables' turnover days increased from 79 days in FY2018 to 126 days in FY2019 mainly due to the inclusion of the trade receivables of PMG pursuant to the acquisition of PMG on 31 December 2019, and outstanding receivables attributable to the Cambodia Consultancy Project. Average trade receivables' turnover days decreased from 126 days in FY2019 to 64 days in 6M2020 due to the recognition of revenue from PMG subsequent to its acquisition and the collection of payments attributable to the Cambodia Consultancy Project. The Target Group is of the view that the average trade receivables' turnover days of 126 days in FY2019 has been distorted in part due to the 2019 Target Restructuring undertaken by the Target Group, and that the average trade receivables' turnover days of 64 days in 6M2020 would be a more reflective representation of the Target Group's current business and operations after the completion of the 2019 Target Restructuring.

The Target Group's customer base mainly includes individual patients who pay for services and treatment(s) rendered by way of cash (including electronic payments) or credit card at the time of consultation in its clinics.

Where the Target Group's services are provided in conjunction with the use of private hospital facilities, patients pay medical fees owing to the Target Group's clinics to the private hospitals directly, and the private hospitals will then disburse the relevant portion to the Target Group. The general processing time with respect to the private hospitals ranges between 30 and 90 days.

For patients whose fees are covered by insurance, payment at the time of consultation and/or surgery is not required as the Target Group would seek payment directly from the relevant insurance companies. The general processing time with respect to insurance companies also ranges between 30 and 90 days.

The Target Group's management personnel closely monitor the status of payments from the relevant insurance companies or private hospitals and follow up on long outstanding payments. Periodic reports on the status of payment collection are provided to the Target Group Financial Controller on a monthly basis. The Target Group will provide a loss allowance or write-off when it is of the view that the collectability of an outstanding debt is impaired (typically based on trade receivables that have aged over 365 days) or the debt is uncollectable.

The Target Group's loss allowance for doubtful debts and bad debts written-off for the Period Under Review were as follows:

	<b>As at 31 December 2017</b>	<b>As at 31 December 2018</b>	<b>As at 31 December 2019</b>	<b>As at 30 June 2020</b>
<b>S\$</b>				
Loss allowance for doubtful debts	2,250	–	15,417	15,246
<b>S\$</b>	<b>FY2017</b>	<b>FY2018</b>	<b>FY2019</b>	<b>6M2020</b>
Bad debts written-off	952	4,641	1,718	–

The increase in the loss allowance for doubtful debts to S\$15,417 as at 31 December 2019 mainly pertain to receivables from one of Dr. Wilson Tay's patients during the year.

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Following a reversal of loss allowance amounting to \$171 due to partial repayment received from the aforementioned patient, the loss allowance decreased to S\$15,246 as at 30 June 2020. The bad debts written-off in FY2017 pertain to receivables from one of Dr. Rachel Lim's customers, while the bad debts written-off in FY2018 and FY2019 pertain to receivables from a few of Dr. Wilson Tay's patients, that the management deemed to be uncollectable.

As at 30 June 2020, the Target Group's total trade receivables amounted to S\$2.79 million, of which approximately 73.5% has been collected as at the Latest Practicable Date. Barring any unforeseen circumstances, the Target Group does not foresee any difficulties in collecting the outstanding trade receivables.

Generally, the Target Group's suppliers grant credit terms ranging from 30 to 60 days from the date of delivery of products or provision of services (as the case may be). The Target Group's average trade payables turnover days during the Period Under Review were as follows:

	FY2017	FY2018	FY2019	6M2020
Average trade payables turnover days <sup>(1)(2)</sup>	57	37	133	105

**Notes:**

- (1) For FY2017 and FY2018, the average trade payables turnover days is computed based on the average of the opening and closing trade payables balance divided by the total cost of consumables and medical supplies used and purchased and contracted services by continuing and discontinued operations for the relevant financial period, and multiplied by the number of calendar days in the relevant financial period.
- (2) For FY2019 and 6M2020, the average trade payables turnover days is computed based on the average of the opening and closing trade payables balance divided by the total cost of consumables and medical supplies used and purchased and contracted services by continuing operations for the relevant financial period, and multiplied by the number of calendar days in the relevant financial period.

The Target Group's average trade payables turnover days decreased from 57 days in FY2017 to 37 days in FY2018 due to prompt payment by the Target Group to its suppliers. Average trade payables turnover days increased from 37 days in FY2018 to 133 days in FY2019 due to the inclusion of trade payables of PMG pursuant to the acquisition of PMG on 31 December 2019 and the build-up of trade payables arising from continued business expansion. Average trade payables turnover days decreased from 133 days in FY2019 to 105 days in 6M2020 due to the recognition of the cost of consumables and medical supplies used by PMG subsequent to its acquisition.

The Target Group is of the view that the average trade payables' turnover days of 133 days in FY2019 has been distorted in part due to the 2019 Target Restructuring undertaken by the Target Group, and that the average trade payables' turnover days of 105 days in 6M2020 would be a more reflective representation of the Target Group's current business and operations after the completion of the 2019 Target Restructuring.

### 9. INVENTORY MANAGEMENT

As at 30 June 2020, the Target Group's inventories comprised approximately 3.9% of its total assets. These mainly constitute medicine and consumable products. The Target Group's inventory is minimal and the amount of stock is only as required for the general operations of its clinics.



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	FY2017	FY2018	FY2019	6M2020
Average inventory turnover days <sup>(1)(2)</sup>	23	28	270	76

**Notes:**

- (1) For FY2017 and FY2018, the average inventory turnover days is computed based on the average of the opening and closing inventory balance divided by the total cost of consumables and medical supplies used by continuing and discontinued operations for the relevant financial period, and multiplied by the number of calendar days in the relevant financial period.
- (2) For FY2019 and 6M2020, the average inventory turnover days is computed based on the average of the opening and closing inventory balance divided by the total cost of consumables and medical supplies used by continuing operations for the relevant financial period, and multiplied by the number of calendar days in the relevant financial period.

The Target Group's average inventory turnover days increased from 23 days in FY2017 to 28 days in FY2018 due to a build-up in inventories of medication and consumables towards the end of FY2018 in preparation for Dr. Edwin Tan who joined the Target Group in December 2018. Average inventory turnover days increased from 28 days in FY2018 to 270 days in FY2019 mainly due to (a) the inclusion of inventory balances of PMG and Cove Sports pursuant to the PMG Acquisition and the ET Business Injection respectively on 31 December 2019; and (b) the disposal and deconsolidation of SN Orthopaedics from the Target Group pursuant to the SNPL Disposal on 31 December 2019. Average inventory turnover days decreased from 270 days in FY2019 to 76 days in 6M2020 due to the recognition of the cost of consumables and medical supplies used by PMG and Cove Sports subsequent to their acquisitions by the Target Group. Due to the nature of Family Medicine, PMG typically maintains a higher inventory balance and has higher inventory turnover days than the Target Group's other medical practices.

The Target Group is of the view that the average inventory turnover days of 270 days in FY2019 has been distorted in part due to the 2019 Target Restructuring undertaken by the Target Group, and that the average inventory turnover days of 76 days in 6M2020 would be a more reflective representation of the Target Group's current business and operations after the completion of the 2019 Target Restructuring.

### 10. ORDER BOOK

Save for the contract entered into in relation to the Cambodia Consultancy Project, the concept of an order book is largely not meaningful to the Target Group due to the nature of the Target Group's business. Although the Target Group's clinics maintain a register for advance patient appointments, these appointments are not legally binding and may be cancelled or postponed easily, and therefore do not constitute orders on hand. As at the Latest Practicable Date, approximately S\$159,622 in relation to the Cambodia Consultancy Project has not been recognised in revenue.

### 11. INTELLECTUAL PROPERTY RIGHTS

Currently, the Target Group's business and profitability are not materially dependent on any intellectual property such as patents, patent rights, licences and processes or other tangible assets. The Target Group has not paid or received royalties for any licence or use of an intellectual property.

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### 11.1 Trademarks

As at the Latest Practicable Date, the following trademarks have been registered by the Target Group:

Trademark	Registration Number	Place of Registration	Registered Owner	Class	Expiry Date
LIVINGSTONE	40202002739Q	Singapore	Target Company	44 <sup>(1)</sup>	7 February 2030
COVE	40201923068W	Singapore	Target Company	44 <sup>(1)</sup>	23 October 2029
	40201907718Q	Singapore	Apicare Pain Specialist	44 <sup>(2)</sup>	10 April 2029
	40201604312X	Singapore	PMG	44 <sup>(3)</sup>	8 March 2026
Phoenix Medical Group	40201604310R	Singapore	PMG	44 <sup>(3)</sup>	8 March 2026

#### Notes:

- (1) **Class 44:** Medical clinics; medical spa services; provision of medical services; provision of medical facilities; medical analysis services; medical advisory services; medical treatment services; health care consultancy services medical; consultancy services relating to beauty; therapeutic treatment of the body; surgical treatment services; Aesthetician services; Medical services; Health clinic services; Beauty therapy services; Consultation services relating to skin care; Medical services for treatment of the skin; Cosmetic treatment services; Weight control treatment services.
- (2) **Class 44:** Health care; health centre services; medical clinic services; medical assistance; medical advice for individuals with disabilities; nursing, medical; palliative care; pharmacy advice; telemedicine services; therapy services; medical services in the field of treatment of chronic pain; surgical treatment services; pharmacotherapy; pain management
- (3) **Class 44:** Anti-smoking therapy; medical and health clinic services; aesthetician services; health care services; medical services, medical services provided by physicians; medical counselling; nursing services; physical therapy and physiotherapy; plastic surgery; psychiatry; planning and supervision of weight reduction programmes; medical x-ray services; rental of medical apparatus; advisory services relating to health, medical problems, medical products, and to medical services; dietetic counselling services medical; medical analysis services; medical health assessment services; providing medical information; medical spa services; services for the preparation of medical reports; services for the provision of medical facilities; surgical diagnostic services; information services relating to health care; beauty treatment services; heat therapy medical; consultancy services relating to surgery; surgical treatment services; pharmaceutical advisory services; health screening; hygienic and beauty care for humans; psychological counselling; first aid services; medical assistance counselling relating to the treatment of medical ailments; medical information, health care consultancy services (medical); conducting of medical examinations; health assessment surveys; advisory and consultancy services relating to all the aforesaid services included in Class 44.

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In connection with the 2019 Target Restructuring, the Target Group has assigned all trademarks related to its former “Ardmore” name and brand (trademarks no. 40201522229T and 40201906494W) to SN Orthopaedics. As at the Latest Practicable Date, the trademarks are still registered to the Target Company and the change of registration of the trademarks is expected to be completed in due course.

### **11.2 Trade name**

In accordance with the terms of the Cambodian JVA, LSMS entered into a licence agreement with Soriya Hospital Co., Ltd. pursuant to which LSMS was granted the right and licence for the use of the trade name “Soriya” for a nominal one-off consideration of US\$1.00. The said licence commenced on the date of incorporation of LSMS and is effective for a period of 99 years from its incorporation date.

### **11.3 Internet Domain Names**

The Target Group owns the following internet domain names:

- (a) livingstonehealth.com.sg;
- (b) livingstonendocrine.com.sg;
- (c) coveorthopaedics.com.sg;
- (d) covesportsclinic.com.sg;
- (e) coveaestheticclinic.com.sg;
- (f) coveaesthetics.com.sg;
- (g) livingstonecardiology.com.sg;
- (h) bjc.sg;
- (i) phoenixmedical.sg; and
- (j) activfix.com.sg

## **12. LICENCES, PERMITS, REGISTRATIONS AND APPROVALS**

The Target Group’s principal business activities are located in Singapore and are subject to regulation by applicable laws, regulations and government agencies in Singapore. These regulations require us to possess various licences or approvals.

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As at the Latest Practicable Date, the Target Group has the following material licences, permits, registrations and approvals:

Licence Name/Authority/Number	Licence Holder	Effective Date	Expiry/ Renewal Date
Licence under the Private Hospitals and Medical Clinics Act (Chapter 248) of Singapore (" <b>Medical Clinic Licence</b> ") to operate a medical clinic at 1 Farrer Park Station Road #15-05 Connexion, Singapore 217562	Apicare Pain Specialist	24 September 2020	23 September 2025
Ministry of Health, Singapore			
Licence Number: 16M0187/04/205			
Medical Clinic Licence to operate a medical clinic at 3 Mount Elizabeth #11-13 Mount Elizabeth Hospital, Singapore 228510	Cove Sports	9 March 2020	31 December 2021
Ministry of Health, Singapore			
Licence Number: 19M0326/02/202			
Medical Clinic Licence to operate a medical clinic at 1 Farrer Park Station Road #15-05 Connexion, Singapore 217562	Cove Sports	9 March 2020	31 December 2021
Ministry of Health, Singapore			
Licence Number: 19M0338/03/202			
Medical Clinic Licence to operate a medical clinic at 319 Joo Chiat Place #02-05 Parkway East Medical Centre, Singapore 427989	Cove Sports	23 August 2020	22 August 2022
Ministry of Health, Singapore			
Licence Number: 20M0234/01/202			
Medical Clinic Licence to operate a medical clinic at 101 Irrawaddy Road #10-08 Royal Square Medical Centre, Singapore 329565	Cove Sports	27 April 2020	26 April 2022
Ministry of Health, Singapore			
Licence Number: 20M0132/01/202			

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Licence Name/Authority/Number	Licence Holder	Effective Date	Expiry/ Renewal Date
Medical Clinic Licence to operate a medical clinic at 3 Mount Elizabeth, Mount Elizabeth Medical Centre #14-13, Singapore 228510  Ministry of Health, Singapore  Licence Number: 19M0266/02/192	Livingstone Cardiology	30 November 2019	29 November 2021
Medical Clinic Licence to operate a medical clinic at 1 Farrer Park Station Road #15-05 Connexion, Singapore 217562  Ministry of Health, Singapore  Licence Number: 19M0265/02/192	Livingstone Cardiology	30 November 2019	29 November 2021
Medical Clinic Licence to operate a medical clinic at 820 Thomson Road #06-07 Mount Alvernia Hospital, Medical Centre A, Singapore 574623  Ministry of Health, Singapore  Licence Number: 20M0275/01/202	Livingstone Endocrine	23 September 2020	22 September 2022
Medical Clinic Licence to operate a medical clinic at 3 Mount Elizabeth #14-13 Mount Elizabeth Medical Centre, Singapore 228510  Ministry of Health, Singapore  Licence Number: 20M0283/01/202	Livingstone Endocrine	5 October 2020	4 October 2022
Medical Clinic Licence to operate a medical clinic at 501 Orchard Road #04-07 Wheelock Place, Singapore 238880  Ministry of Health, Singapore  Licence Number: 15M0238/04/195	RL Aesthetics	5 December 2019	5 July 2024

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Licence Name/Authority/Number	Licence Holder	Effective Date	Expiry/ Renewal Date
Medical Clinic Licence to operate a medical clinic at 3 Mount Elizabeth, Mount Elizabeth Medical Centre #14-15, Singapore 228510  Ministry of Health, Singapore  Licence Number: 20M0205/01/202	The Bone and Joint Centre	14 July 2020	13 July 2022
Medical Clinic Licence to operate a medical clinic at 1 Seletar Road, #02-11, Greenwich V, Singapore 807011  Ministry of Health, Singapore  Licence Number: 11C0246/04/205	PMG	30 December 2020	29 December 2025
Medical Clinic Licence to operate a medical clinic at 4 Hillview Rise, #02-20 HillV2, Singapore 667979  Ministry of Health, Singapore  Licence Number: 14M0281/03/185	PMG HV	15 September 2018	14 September 2023
Medical Clinic Licence to operate a medical clinic at 60 Paya Lebar Road, #02-09 Paya Lebar Square, Singapore 409051  Ministry of Health, Singapore  Licence Number: 14M0373/03/185	PMG PL	12 December 2018	11 December 2023
Medical Clinic Licence to operate a medical clinic at 275 Thomson Road #01-05 Novena Regency, Singapore 307645  Ministry of Health, Singapore  Licence Number: 18M0369/02/205	PMG CACTIII	15 December 2020	14 December 2025

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Licence Name/Authority/Number	Licence Holder	Effective Date	Expiry/ Renewal Date
<p>Licence under the Radiation Protection Act (Chapter 262) of Singapore to have in possession a non-ionising radiation irradiating apparatus (<b>"NEA Equipment Licence"</b>) in respect of ultrasound equipment at 1 Farrer Park Station Road #15-05 Connexion, Singapore 217562</p> <p>National Environment Agency, Singapore</p> <p>Licence Number: N2/05882/0001</p>	Apicare Pain Specialist	12 February 2020	30 April 2021 <sup>(1)</sup>
<p>NEA Equipment Licence in respect of ultrasound equipment at 3 Mount Elizabeth #14-13 Mount Elizabeth Hospital, Singapore 228510</p> <p>National Environment Agency, Singapore</p> <p>Licence Number: N2/12894/0001</p>	Livingstone Cardiology	29 September 2020	25 December 2021 <sup>(1)</sup>
<p>NEA Equipment Licence in respect of ultrasound equipment at 820 Thomson Road #06-07 Mount Alvernia Hospital, Singapore 574623</p> <p>Licence Number: N2/14587/0001</p>	Livingstone Endocrine	10 November 2020	9 November 2021
<p>NEA Equipment Licence in respect of laser equipment at 501 Orchard Road #04-07 Wheelock Place, Singapore 238880</p> <p>National Environment Agency, Singapore</p> <p>Licence Number: N2/05532/0001</p>	RL Aesthetics	8 May 2020	31 July 2021



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Licence Name/Authority/Number	Licence Holder	Effective Date	Expiry/ Renewal Date
NEA Equipment Licence in respect of laser equipment at 501 Orchard Road #04-07 Wheelock Place, Singapore 238880  National Environment Agency, Singapore  Licence Number: N2/05532/0002	RL Aesthetics	8 May 2020	31 July 2021
NEA Equipment Licence in respect of ultrasound equipment at 501 Orchard Road #04-07 Wheelock Place, Singapore 238880  National Environment Agency, Singapore  Licence Number: N2/05532/0003	RL Aesthetics	11 March 2020	31 March 2021 <sup>(1)</sup>
NEA Equipment Licence in respect of ultrasound equipment at 501 Orchard Road #04-07 Wheelock Place, Singapore 238880  National Environment Agency, Singapore  Licence Number: N2/05532/0006	RL Aesthetics	12 February 2020	1 April 2021 <sup>(1)</sup>
NEA Equipment Licence in respect of ultrasound equipment at 501 Orchard Road #04-07 Wheelock Place, Singapore 238880  National Environment Agency, Singapore  Licence Number: N2/05532/0007	RL Aesthetics	11 March 2020	10 April 2021 <sup>(1)</sup>

**Note:**

- (1) Notwithstanding that these licences are approaching their expiry dates, the Target Group is intending to renew and update these licences and the Target Group is of the opinion that it will not face any difficulties in applying for the new licences on terms acceptable to it.

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As at the Latest Practicable Date, the Target Group has all the necessary material licences and permits for its business operations. The above-mentioned Medical Clinic Licences are subject to inspections on an ad-hoc or pre-arranged basis and are specific to location and not transferable. An inspection is carried out prior to the issuance of a new Medical Clinic Licence or the renewal of an existing Medical Clinic Licence. During the Period Under Review and up to the Latest Practicable Date, there were no adverse findings arising from such inspections in relation to the Medical Clinic Licence that were newly issued and/or renewed.

The Target Group is dependent on the above Medical Clinic Licences to carry on its business. Failure to renew such licences will have a material adverse effect on its operations and profitability. To the best of the Proposed New Board's knowledge and belief, there are at present no facts or circumstances which would cause such licences and permits to be suspended, revoked or cancelled as the case may be or for any applications for, or for the renewal of, any of these licences and permits to be rejected by the relevant authorities. Please refer to Section 16 titled "Government Regulations" of this Target's Letter to Shareholders for more information on the material laws, regulations and guidelines applicable to the Target Group.

### 13. INSURANCE

As at the date of this Circular, the Target Group maintains the following insurance policies to cover, *inter alia*, its risks relating to operations, human resource and fixed assets:

- (a) All risks insurance to cover the loss or damage to its medical and surgical equipment;
- (b) Workmen injury insurance compensation for employees; and
- (c) Public liability insurance to cover any accidents relating to its employees.

In addition, each of the Target Group's medical doctors also maintains Medical Malpractice Indemnity which the Target Group pays for.

Each of the aforementioned insurance policies is renewable annually. The Target Group believes that the aforementioned insurance policies are adequate for its existing business and operations. However, there is no assurance that there will not be any such damage or that liability claims will not be in excess of the Target Group's available insurance coverage or that such insurance coverage are comprehensive and cover all types of damage suffered or liability claims. Please refer to Section 2.7 titled "Risk Factors – There is no assurance that any damage or liability claims against the Target Group will not be in excess of its available insurance coverage" of the Circular for further details.

### 14. CORPORATE SOCIAL RESPONSIBILITY

The Target Group understands the importance of corporate social responsibility to its long-term sustainability. The Target Group is committed to making a positive impact on society by supporting various causes and organisations.

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As part of the Target Group's corporate social responsibility, in 2017, the Target Group worked in Cambodia to improve access to clean and fresh water in rural areas of Cambodia. The project provided financing to build and maintain wells as well as training on how to use these wells.

In January 2020, the doctors and staff of the Target Group spent a day interacting with the patients and staff of HCA Hospice at Kwong Wai Shiu Hospital in Serangoon. HCA Hospice Care is Singapore's largest home hospice care provider that provides palliative care and palliative care training, giving comfort and support to patients with life-limiting illnesses.

In the spirit of the Chinese New Year festive period, the medical doctors and staff of the Target Group and the HCA Hospice Care patients handcrafted lanterns with red packets and sang Chinese New Year songs led by Dr. Sebastian Chua, Dax Ng and the medical doctors of PMG. To commemorate the fun-filled day, the staff of the Target Group gave out goodie bags containing daily essentials to each patient.



*Image 1: The medical doctors and staff of the Target Group at HCA HospiceCare in January 2020.*



*Image 2: Dr. Wilson Tay interacting with patients at HCA Hospice.*

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### 15. SEASONALITY

Due to the nature of the Target Group's business, there are no significant seasonal trends during the Period Under Review. The Proposed New Board believes that there is no material seasonality factor affecting the business of the Target Group.

### 16. GOVERNMENT REGULATIONS

The Target Group operates in a heavily regulated industry. There are extensive laws, regulations and guidelines governing its operations. The following description is a summary of the material laws, regulations and guidelines applicable to the Target Group under Singapore law. The laws, regulations and guidelines set out below are not exhaustive and are only intended to provide some general information to the investors and are neither designed nor intended to be a substitute for professional advice. Shareholders and prospective investors should consult their own advisers regarding the implication of Singapore laws, regulations and guidelines on the Target Group.

As at the Latest Practicable Date, the Proposed New Board believes that the Target Group is in compliance with the relevant laws or regulations applicable to and which are material to the Target Group's business operations.

#### 16.1 Private Hospitals and Medical Clinics Act (Chapter 248) of Singapore ("PHMC Act")

Private hospitals, medical clinics, clinical laboratories and healthcare establishments in Singapore are currently regulated by the PHMC Act and relevant subsidiary legislation, primarily the PHMC Regulations and the Private Hospitals and Medical Clinics (Advertisement) Regulations 2019 ("**PHMC(A)R**"). All of the Target Group's medical clinics in Singapore are medical clinics as defined under the PHMC Act.

The PHMC Act requires that a licence issued by the Director of Medical Services ("**DMS**") be obtained before any premises or conveyance is used as a private hospital, medical clinic, clinical laboratory or healthcare establishment.

All the Target Group's medical clinics in Singapore hold licences issued by the DMS which are subject to the provisions of the PHMC Act and any directions or guidelines as may be given or issued from time to time by the DMS.

For more information on the licences for the Target Group's medical clinics, please refer to Section 12 titled "Licences, Permits, Registrations and Approvals" of this Target's Letter to Shareholders.

The PHMC Act and PHMC Regulations provide for, *inter alia*, the factors that determine when a licence may be issued or refused, persons who may manage medical clinics or clinical laboratories and their duties, the suspension or revocation of licences, the establishment of quality assurance committees by the licensees of medical clinics or clinical laboratories and the powers of the DMS.

A licence for a medical clinic may be issued to a medical practitioner or such other person as the DMS thinks fit. In determining whether to issue or refuse to issue a licence, the DMS shall have regard to, *inter alia*, the following:

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

The DMS may suspend or revoke a licence if, among others, (a) the issue of the licence was obtained by fraud or misrepresentation; (b) there is a contravention of or a failure to comply with (i) any provision of the PHMC Act or any regulations made thereunder, (ii) any term or condition of the licence, or (iii) any direction given to the licensee by the DMS or an authorised officer under the PHMC Act or any regulations thereunder; or (c) it is in the public interest to do so. The DMS may also, at any time, vary or revoke any of the existing terms or conditions imposed under an existing issued licence or impose new terms and conditions on such licence. Renewals of the licences are subject to the discretion of the DMS and to such restrictions and conditions as the DMS may think fit.

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

Additionally, the licensee of a medical clinic is required to keep and maintain proper medical records. Licensees are required under the PHMC Regulations to take all reasonable steps, including implementing such processes as are necessary, to ensure that the medical records are as accurate, complete and up-to-date as are necessary for the purposes for which they are to be used, and to implement adequate safeguards (whether administrative, technical or physical) to protect the medical records against accidental or unlawful loss, modification or destruction, or unauthorised access, disclosure, copying, use or modification. Licensees are also required to periodically monitor and evaluate the safeguards to ensure that they are effective and being complied with by the persons involved in handling the medical records, as well as take reasonable care in the disposal or destruction of the medical records so as to prevent unauthorised access to the records.

If a private hospital, medical clinic, clinical laboratory or healthcare establishment is not licensed or is used otherwise than in accordance with the terms and conditions of its licence, every person having the management or control thereof shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S\$20,000 or to imprisonment for a term not exceeding two (2) years or to both.

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### 16.2 Private Hospitals and Medical Clinics (Advertisement) Regulations 2019

Advertisements relating to the services of healthcare institutions, which include any private hospitals, medical clinics, clinical laboratories and healthcare establishments licensed under the PHMC Act, are regulated under the PHMC(A)R. The PHMC(A)R came into force on 15 April 2019, superseding and revoking the Private Hospitals and Medical Clinics (Publicity) Regulations that were previously in force.

The licensee of a healthcare institution shall ensure that any advertisement of the services of the healthcare institution published by the licensee or any other person on his behalf in Singapore complies with the following requirements:

- (a) the information contained in the advertisement must be factually accurate and capable of being substantiated, and must not be exaggerated, false, misleading or deceptive;
- (b) the advertisement must not be offensive, ostentatious or in bad taste, or undermine the honour and dignity of the medical, dental or nursing profession;
- (c) the advertisement must not contain any information that (i) implies that the healthcare institution can obtain results from treatment not achievable by other healthcare institutions or create an unjustified expectation from the treatment provided; or (ii) compares and contrasts the quality of the services of the healthcare institution with those provided by other healthcare institutions or deprecate the services of other healthcare institutions;
- (d) the advertisement must not contain any photograph, picture, video or film showing the appearance or a feature of a person before and after, or only after, receiving any treatment (i) whether or not the photograph, picture, video or film creates an unjustified expectation from the treatment provided; and (ii) whether all the photographs, pictures, videos or films relating to the same treatment are contained in one advertisement or more than one advertisement;
- (e) the advertisement must not contain any laudatory statements (including statements of prominence or uniqueness) or superlatives to describe the services of the healthcare institution;
- (f) except as provided in regulation 12 of the PHMC(A)R, the information contained in the advertisement must not contain any testimonial or endorsement of the services of the healthcare institution, including the services of any employee of the healthcare institution; and
- (g) the advertisement must not provide information to the public in such a manner as to amount to soliciting or encouraging the use of the services provided by or at any healthcare institution,

(collectively, the “**Advertisement Restrictions**”).

The licensee of a healthcare institution must ensure that any advertisement that is not displayed within the premises of the healthcare institution and that is about the healthcare



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institution's services appears only in newspapers, directories, medical journals, magazines, brochures, leaflets, pamphlets and the Internet. Where the advertisement of the services of a healthcare institution appears on the Internet, the licensee of the healthcare institution shall ensure that the Internet is not used for patient consultation with any employee of the healthcare institution if the patient is not an existing patient of the healthcare institution. Where the publicity of the services of a healthcare institution appears in brochures, leaflets or pamphlets, the licensee of the healthcare institution shall ensure that the brochures, leaflets or pamphlets contain the date of publication.

The licensee of a healthcare institution must not publish on the healthcare institution's website a hyperlink to any other website that does not comply with any of the Advertisement Restrictions. Nevertheless, this requirement shall not apply if at the time of setting the hyperlink to a website, the licensee does not know, or has no reason to believe, that that website is a website that does not comply with any of the Advertisement Restrictions.

### 16.3 Medical Registration Act (Chapter 174) of Singapore (“Medical Registration Act”)

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

The functions of the SMC include, *inter alia*:

- (a) keeping and maintaining registers of registered medical practitioners;
- (b) issuing practising certificates to registered medical practitioners;
- (c) approving or rejecting applications for registration under the Medical Registration Act or approving any such application subject to such restrictions as it may think fit;
- (d) making recommendations to the appropriate authorities for the training and education of registered medical practitioners; and
- (e) determining and regulating the conduct and ethics of registered medical practitioners.

No person shall practise as a medical practitioner unless he is registered under the Medical Registration Act and has a valid practising certificate, subject to certain exemptions set out in the Medical Registration Act. Any person who is not qualified and, *inter alia*, (i) practises medicine; (ii) wilfully and falsely pretends to be a duly qualified medical practitioner; (iii) practises medicine or any branch of medicine, under the style or title of physician, surgeon, doctor; or (iv) advertises or holds himself out as a medical practitioner, shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S\$100,000 or to imprisonment for a term not exceeding twelve (12) months or to both. In the case of a second or subsequent conviction, a fine not exceeding S\$200,000 or imprisonment for a term not exceeding two (2) years or both will be imposed.



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### 16.4 The proposed Healthcare Services Act

The MOH intends to replace the PHMC Act with the Proposed HSA, which will come into effect in several in phases beginning in late 2021.

Amongst the changes envisaged under the Proposed HSA, it has been proposed that the basis for licensing will be shifted from a “premises-based” licensing regime to a “services-based” licensing regime, in which healthcare providers will be licensed based on the types of services they provide, instead of being based on the physical premises at which the services are provided. Under the Proposed HSA, the regulatory scope is intended to be broadened to include healthcare services, allied health and nursing services, and complementary and alternative medicine. While the MOH has stated that it does not intend to license such services at the moment, such a licensing regime may be implemented in the future.

Further, to ensure good governance and leadership over healthcare providers, the Proposed HSA is intended to introduce, *inter alia*, (a) new requirements for the governing body of a healthcare service to possess the competence and skills to carry out its role; (b) enhanced roles for the principal officer which would, among other things, give him the responsibility for overseeing the day-to-day operations of the healthcare service and ensuring compliance with the Proposed HSA; and (c) a new role known as the “Clinical Governance Officer”, who shall be responsible for clinical and technical oversight of certain services that are more complex and require specialised expertise.

It is further intended for the new version of the NEHR system to be implemented under the Proposed HSA. NEHR is the national integrated electronic platform for the storage, access and exchange of health information. Under the Proposed HSA, prescribed licensees will be required to contribute to the NEHR. The NEHR enables a patient’s health record to follow the patient regardless of where the patient seeks treatment. A patient’s records will not be lost should a provider cease operations. Patients who do not wish for their records to be accessed via the NEHR may opt-out under the Proposed HSA. Patients who have opted out will continue to have their information uploaded to the NEHR, but with access blocked (i.e. no healthcare providers can access their NEHR record). Such an arrangement would allow past information to be unlocked should the patient choose to opt back in at a later point in time.

MOH has stated that safeguards will be put in place to ensure that patients’ NEHR records are kept confidential. It is intended for the NEHR to only be accessible for purposes of patient care, and not for other purposes including assessment for employment and insurance, and penalties will be imposed for unauthorised access. Measures, including the provision of access logs to patients and regular audits on NEHR access, is intended to be instituted to protect against illegitimate access.

The Proposed HSA also aims to update the penalties for offences to be aligned with comparable offences under other recently enacted legislations. The Proposed HSA will also authorise the MOH to obtain and publish information on non-compliant licensees and unlicensed providers. Publicity restrictions will also be tightened to prohibit unlicensed persons from advertising healthcare services claims.

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### 16.5 Radiation Protection Act (Chapter 262) of Singapore (the “Radiation Protection Act”) and the Radiation Protection (Non-Ionising Radiation) Regulations (the “Radiation Protection Regulations”)

The Radiation Protection Act regulates, *inter alia*, the import, export, manufacture, sale, disposal, transport, storage, use and possession of radioactive materials and irradiating apparatus.

Section 6 of the Radiation Protection Act provide that no person shall, except under and in accordance with a licence:

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

Any person who contravenes items (a) to (d) above shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S\$100,000 or to imprisonment for a term not exceeding five (5) years or to both.

The Radiation Protection Act also provides that:

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

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

The Radiation Protection Regulations provide for, *inter alia*, the various purposes a licence can be granted for, the control of radiation exposure, ultrasound apparatuses and high power lasers.

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### 16.6 SMC Ethical Code and Ethical Guidelines

The 2016 ECEG sets out the fundamental tenets of conduct and behaviour expected of doctors practising in Singapore. Under the 2016 ECEG, a doctor is generally expected, *inter alia*, to:

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

The 2016 ECEG and the SMC Handbook on Medical Ethics (2016 Edition) elaborate on the application of the 2016 ECEG and are intended as a guide to all medical practitioners as to what the SMC regards as the minimum standards required of all medical practitioners in the discharge of their professional duties and responsibilities in practice in Singapore.

Some of the relevant guidelines provided in the 2016 ECEG include:

- (a) doctors who have material financial, or significant professional, governance or management responsibility for an organisation that sets fees from which the doctors directly benefit, must satisfy themselves that the fees abide by these ethical standards;
- (b) doctors who have material financial, or significant professional, governance or management relationships with healthcare organisations must ensure that the information put out about themselves and their practice or their organisation's services abide by the standards required of medical advertising;
- (c) doctors must not let business or financial considerations influence the objectivity of the doctor's clinical judgment in your management of patients;
- (d) any fees paid to managed care companies, third party administrators, insurance entities or for patient referral services must reflect the actual work done in handling and processing the patients. Such fees must not be based primarily on the services provided by or fees collected by the doctor and the doctor must not pay fees that are so high as to constitute "fee splitting" or "fee sharing" or which render the doctor unable to provide the required standard of care;

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- (e) doctors must not participate in “fee splitting” or “fee sharing” by offering, asking for or receiving gratuitous payments, gifts or other rewards for patients referred to the doctor from any source;
- (f) if fees paid to third party administrator companies are passed on to patients, the doctor must disclose this fact to the patients;
- (g) doctors participating in legitimate managed health or insurance systems must not allow any financial constraints or pressures inherent in such schemes to influence the objectivity of their clinical judgment in managing patients, such that the expected standard of care is not provided to patients; and
- (h) while doctors may provide information about their qualifications, experience, areas of practice, and expertise in procedures, they must not include information that could mislead the public as to their registered qualifications, experience or expertise.

A serious disregard of or persistent failure to meet the standards set out under the 2016 ECEG can potentially lead to harm to patients or bring disrepute to the profession with loss of confidence in the healthcare system and consequently may lead to disciplinary proceedings.

### 16.7 Ancillary laws and regulations relating to healthcare service providers

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

- (a) The Guidelines on Aesthetics Practices for Doctors (2016 Edition) (the “**Aesthetics Practices Guidelines**”), which is jointly implemented by the Academy of Medicine, Singapore, the College of Family Physicians, Singapore, the MOH and the SMC, and serve as guidelines on aesthetic practices for medical practitioners.

Some of the relevant guidelines provided under the Aesthetics Practices Guidelines are:

- (i) aesthetic practice is not regarded as a specialty or subspecialty. The use of the title of aesthetic plastic surgeon or aesthetic dermatologist or aesthetic physician (or similar titles of the same import) is therefore not allowed;
- (ii) the medical treatment provided in the context of aesthetic practice must be seen to benefit the patient positively. Doctors are under a duty to ensure that treatments involved are safe and efficacious in achieving the desired improvement in appearance and well-being. In addition, doctors must ensure that their patients have given their informed consent to any treatment undertaken, and that the patient has been advised on the side effects, adverse outcomes beyond those that are more common, including disclosing other risks that are lower than those required to be disclosed in conventional medicine;
- (iii) medical doctors are only allowed to perform procedures for aesthetic purposes that are covered under the Aesthetics Practices Guidelines. Save for certain exceptions and/or in respect of certain specialists who are deemed to have the required experience, all other medical doctors are required to obtain certificates of competence before performing such procedures;

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- (iv) medical practitioners who perform or intend to perform aesthetic procedures are encouraged to engage in a quality assurance framework or peer review and case discussions on a regular basis; and
- (v) medical practitioners performing aesthetic procedures should note the respective classification of their procedures and comply with the recommendations made on the minimum standards of training, qualification and practice laid out in the guidelines, as well as any requirements set by MOH;
- (b) the Medicines Act (Chapter 176) of Singapore, which contains, *inter alia*, general provisions for the manufacturing of and dealing in medicinal products, the considerations of the licensing authority for granting licences, the regulation of pharmacies, the labelling of medicines, the packaging of medicines and the content of materials advertising and/or promoting the sale of medical products.

All persons and corporations must obtain licences to sell, supply, export, procure the sale of, procure the supply or exportation of, procure the manufacture or assembly of, or import any medicinal product, unless, amongst others, the preparation, dispensary, assembly, of any medicinal product is carried out by or under the supervision of a medical practitioner for the purpose of administration to a patient under his care.

The Minister for Health has also set forth regulations that prescribe the conditions and requirements to be complied with by a person carrying on a retail pharmacy business, the rules for labelling, packaging and displaying medicinal products, and information on the medicinal products in advertisements. No person is allowed to issue false or misleading advertisements relating to medicinal products of any description.

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

- (c) the Poisons Act (Chapter 234) of Singapore, which regulates the importation, possession, manufacture, compounding, storage, transport and sale of poisons;
- (d) the Sale of Drugs Act (Chapter 282) of Singapore, which makes provisions for the sale of drugs in a pure state;
- (e) the Health Products Act (Chapter 122D) of Singapore, which regulates the manufacture, import, supply, presentation and advertisement of health products and of active ingredients used in the manufacture of health products;
- (f) the Nurses and Midwives Act (Chapter 209) of Singapore, which provides for the registration and enrolment of nurses and other matters connected therewith such as the regulation of standards for the training and education of, among others, registered nurses and enrolled nurses;
- (g) the Pharmacists Registration Act (Chapter 230) of Singapore, which stipulates the qualification requirements and application processes for registration of pharmacists, and regulates the practice of pharmacy in Singapore;

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- (h) the Infectious Diseases Act (Chapter 137) of Singapore, which relates to the quarantine and the prevention of infectious diseases such as COVID-19. The DMS may, for the purpose of investigating into any outbreak or suspected outbreak of an infectious disease, preventing the spread or possible outbreak of an infectious disease, or treating any person who is, or is suspected to be, a case or carrier or contact of an infectious disease (i) require any healthcare professional (such as medical practitioners) to obtain from his patient such information as the DMS may reasonably require for that purpose and transmit such information to the DMS; and (ii) with the approval of the appropriate Minister, prescribe by order any general or specific measures or procedures for that purpose for compliance by any healthcare professional, hospital, medical clinic, clinical laboratory or healthcare establishment; and
- (i) the Human Organ Transplant Act (Chapter 131A) of Singapore, which stipulates provisions for the removal of organs for transplantation, including the removal of organs after death and organ transplants from living donors.

### 16.8 Personal Data Protection Act 2012 (No. 26 of 2012) (the “PDPA”)

The PDPA governs the collection, use and disclosure of individuals’ personal data by organisations. An organisation is required to comply with the following obligations:

- (a) the consent of individuals must be obtained before collecting, using or disclosing his personal data, save in situations required and authorised under the PDPA or any other written law;
- (b) organisations must notify the individual of the purpose(s) for which it intends to collect, use or disclose the individual’s personal data on or before such collection, use or disclosure of the personal data;
- (c) organisations may collect, use or disclose personal data about an individual only for purposes that a reasonable person would consider appropriate in the circumstances and, if applicable, have been notified to the individual concerned;
- (d) organisations must upon request by the relevant individual, (i) provide an individual with his or her personal data in the possession or under the control of the organisation and information about the ways in which the personal data may have been used or disclosed during the past year; and (ii) correct an error or omission in an individual’s personal data that is in the possession or under the control of the organisation;
- (e) organisations must make a reasonable effort to ensure that personal data collected by or on behalf of the organisation is accurate and complete if the personal data is likely to be used by the organisation to make a decision that affects the individual concerned or disclosed by the organisation to another organisation;
- (f) organisations must protect personal data in its possession or under its control by making reasonable security arrangements to prevent unauthorised access, collection, use, disclosure, copying, modification, disposal or similar risks;
- (g) organisations must cease to retain documents containing personal data, or remove the means by which the personal data can be associated with particular individuals as soon as it is reasonable to assume that (i) the purpose for which the personal data was collected is no longer being served by retention of the personal data; and (ii) retention is no longer necessary for legal or business purposes;

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- (h) organisations must not transfer any personal data to a country or territory outside Singapore except in accordance with the requirements prescribed under the PDPA; and
- (i) organisations must develop and implement the necessary policies and practices in order to meet its obligations under the PDPA and make information about its policies and practices available on request.

If an organisation is found to be in breach of the PDPA, the Personal Data Protection Commission of Singapore may require it to (i) stop collecting, using or disclosing personal data in contravention of the PDPA; (ii) destroy personal data collected in contravention of the PDPA; (iii) provide access to or correct the personal data; and/or (iv) pay a financial penalty of an amount not exceeding S\$1 million. A contravention of the PDPA may also give rise to civil or criminal liabilities.

### 17. RESTRUCTURING EXERCISE AND FURTHER DEVELOPMENTS OF THE TARGET GROUP

#### 17.1 Previous Restructuring Exercise

Between 2018 and early 2019, in preparation for the Prior Listing Attempt, a restructuring exercise was undertaken to rationalise and streamline the Target Group's corporate structure, which resulted in the Target Company becoming the holding company of the Target Group (the "**Previous Restructuring Exercise**").

Immediately prior to the Previous Restructuring Exercise and the dates on which each of them was transferred into the Target Group (such dates being set out herein), SN Orthopaedics, RL Aesthetics, Cove Wellness, Apicare Medical, Apicare Pain Specialist, S Chua and Sebastian Chua MH were held directly by Dr. Sean Ng, Dr. Rachel Lim, Dr. Wilson Tay and Dr. Sebastian Chua as follows:

Entity	Shareholder	Shareholding Interest (%)
SN Orthopaedics	Dr. Sean Ng	90
	Dr. Rachel Lim	10
RL Aesthetics	Dr. Sean Ng	50
	Dr. Rachel Lim	50
Cove Wellness	Dr. Sean Ng	50
	Dr. Rachel Lim	50
Apicare Medical	Dr. Wilson Tay	100
Apicare Pain Specialist	Dr. Wilson Tay	100
S Chua	Dr. Sebastian Chua	100
Sebastian Chua MH	Dr. Sebastian Chua	100



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In addition, immediately prior to the Previous Restructuring Exercise, the medical doctors carried out their medical practice under the following entities which are not the Target Group Companies:

- (a) VS Investment Holdings (formerly known as Ardmore Orthopaedics Pte. Ltd.), which was held by Dr. Sean Ng and Dr. Rachel Lim;
- (b) VS Venture Pte. Ltd. (“**VS Venture**”) (formerly known as Ardmore Aesthetics (Novena) Pte. Ltd.), which was held by Dr. Sean Ng and Dr. Rachel Lim; and
- (c) SCPL, which was held by Dr. Sebastian Chua.

The Previous Restructuring Exercise was carried out in the following steps:

### 17.1.1 Incorporation of the Target Company

The Target Company was incorporated in the Republic of Singapore on 1 December 2017 under the Companies Act as a private company limited by shares. The Target Company's principal activity is that of an investment holding company. At the time of incorporation, the Target Company had an issued and paid-up share capital of S\$1.00 comprising one (1) share held by Dr. Sean Ng.

### 17.1.2 Consolidation of the initial Target Subsidiaries and the Target Company

Pursuant to a restructuring agreement dated 29 December 2017, as supplemented by a supplemental restructuring agreement dated 9 May 2019 (the “**Initial Restructuring Agreement**”) entered into between the Target Company and Dr. Sean Ng, Dr. Rachel Lim and Dr. Wilson Tay (the “**Initial Vendor Shareholders**”), the Target Company acquired all of the issued and paid-up ordinary shares of:

- (i) RL Aesthetics and Cove Wellness from Dr. Sean Ng and Dr. Rachel Lim on 1 December 2017;
- (ii) Apicare Medical and Apicare Pain Specialist from Dr. Wilson Tay on 29 December 2017; and
- (iii) SN Orthopaedics from Dr. Sean Ng and Dr. Rachel Lim on 1 February 2018,

at the aggregate consideration of S\$1,039,074 (the “**Initial Target Subsidiaries Consideration**”), which was determined by taking into account the unaudited NAV of the above-mentioned companies (save for SN Orthopaedics for which the consideration was based on its share capital) immediately prior to the said transfers on the abovementioned dates. The Initial Target Subsidiaries Consideration was satisfied by way of the allotment and issuance of 1,039,074 Shares (the “**Initial Target Subsidiaries Consideration Shares**”) to the Initial Vendor Shareholders, where such Initial Target Subsidiaries Consideration Shares were assigned by the Initial Vendor Shareholders to LVS in consideration for the allotment and issuance of paid-up shares in the capital of LVS (the “**LVS Shares**”) to the Initial Vendor Shareholders. In addition, Dr. Sean Ng transferred one (1) share in the capital of the Target Company to LVS.

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### 17.1.3 Re-injection of the Orthopaedic Practice into the Target Group

Dr. Sean Ng previously carried out his orthopaedic medical practice under VS Investment Holdings (formerly known as Ardmore Orthopaedics Pte. Ltd.) (the “**Orthopaedic Practice**”). Pursuant to the original restructuring agreement dated 29 December 2017, the Target Company had acquired all of the issued and paid-up ordinary shares of VS Investment Holdings from Dr. Sean Ng and Dr. Rachel Lim (the “**Initial VS Acquisition**”).

As VS Investment Holdings held a property, the Initial Vendor Shareholders agreed to divest the property out of the Target Group while keeping the Orthopaedic Practice within the Target Group. In accordance with the Initial Restructuring Agreement, and pursuant to a business transfer agreement entered into between VS Investment Holdings, SN Orthopaedics, the Target Company, LVS, Dr. Sean Ng and Dr. Rachel Lim on 9 May 2019 (the “**VS BTA**”), the relevant parties carried out the following steps:

- (i) notwithstanding that the entire issued share capital of VS Investment Holdings was transferred back to Dr. Sean Ng and Dr. Rachel Lim on 4 January 2018 on substantially the same terms as the Initial VS Acquisition, the relevant parties undertook to transfer all economic rights, benefits and liabilities attached to the shares of VS Investment Holdings from the Target Company to Dr. Sean Ng and Dr. Rachel Lim, with effect from 31 December 2017 (the “**VS Divestment**”); and
- (ii) SN Orthopaedics acquired the Orthopaedic Practice from VS Investment Holdings with effect from 1 March 2018 (the “**Orthopaedic Practice Acquisition**”),

(collectively, the “**Orthopaedic Practice Re-Injection**”).

Under the Initial Restructuring Agreement and the VS BTA:

- (i) the consideration for the Initial VS Acquisition payable by the Target Group (the “**VS Acquisition Consideration**”) was set off against the consideration for the VS Divestment payable by Dr. Sean Ng and Dr. Rachel Lim (the “**VS Divestment Consideration**”). Each of the VS Acquisition Consideration and the VS Divestment Consideration amounted to S\$10,000 which was based on the share capital of VS Investment Holdings prior to the Initial VS Acquisition and VS Divestment respectively; and
- (ii) the Orthopaedic Practice Acquisition was carried out for the consideration of S\$43,592 (the “**Orthopaedic Practice Consideration**”), which was determined taking into account the unaudited NAV of the Orthopaedic Practice as at 28 February 2018. The Target Company assumed the liability to pay the Orthopaedic Practice Consideration to VS Investment Holdings, in consideration for the allotment of 43,592 ordinary shares in the capital of SN Orthopaedics to the Target Company. VS Investment Holdings then assigned the right to the Orthopaedic Practice Consideration to Dr. Sean Ng and Dr. Rachel Lim in the proportion of their shareholding in VS Investment Holdings. In turn, Dr. Sean Ng and Dr. Rachel Lim assigned their rights to the Orthopaedic Practice Consideration to LVS, in consideration for LVS Shares issued to Dr. Sean Ng and Dr. Rachel Lim. The Orthopaedic Practice Consideration was satisfied by way of the allotment and issuance of 43,592 shares in the capital of the Target Company to LVS.

The Orthopaedic Practice Re-Injection was deemed to be completed on 1 March 2018.

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### 17.1.4 Subscription for shares in the Target Company

The Target Company entered into a subscription agreement on 31 May 2018, as amended and supplemented by a supplemental agreement dated 28 December 2018 (the “**Subscription Agreement**”) with each of ICH Capital and Dios (the “**Pre-Invitation Investors**”).

Under the Subscription Agreement, the Pre-Invitation Investors agreed to subscribe for:

- (i) in the case of ICH Capital, for a subscription amount of S\$1,000,000, such number of shares representing 4.49% of the enlarged issued and paid up share capital of the Target Company; and
- (ii) in the case of Dios, for a subscription amount of S\$100,000, such number of shares representing 0.45% of the enlarged issued and paid up share capital of the Target Company,

(collectively, the “**Pre-Invitation Investment**”).

Pursuant to the Subscription Agreement, should there be any differences in the pro forma consolidated net profit after tax of the Target Group for FY2017 which has been reviewed by the reporting accountants appointed for the Prior Listing Attempt, the shareholding of the Pre-Invitation Investors shall be adjusted, by way of further issuances or buyback of shares to and from the Pre-Invitation Investors, in accordance with the terms set out in the Subscription Agreement (the “**FY2017 Accounts Adjustment**”).

In addition, under the Subscription Agreement, should the Target Company undertake to issue shares, the Pre-Invitation Investors shall each be entitled to subscribe for such number of shares at the aggregate subscription price of S\$1.00, in order to maintain their respective shareholding percentages in the Target Company as may be varied or diluted from time to time (the “**Anti-Dilution**”).

The subscription by ICH Capital and Dios for the shares under the Subscription Agreement was completed on 28 December 2018 and 4 January 2019 respectively. On 14 May 2019, pursuant to the FY2017 Accounts Adjustment and the Anti-Dilution, the shareholdings of ICH Capital and Dios in the Target Company were adjusted to 4.61% and 0.46% respectively.

In addition, ICH Capital executed a service agreement on 8 May 2018 with LVS, under which ICH Capital provided business management consultancy services to LVS, in consideration for shares in the capital of the Target Company to be transferred to ICH Capital (the “**ICH Service Agreement**”). Pursuant to the ICH Service Agreement, it was agreed that LVS shall pay ICH Capital a success fee of 2.0% of the Target Company’s pre-invitation share capital during and/or upon the completion of the Previous Restructuring Exercise in conjunction with the Prior Listing Attempt. On 5 July 2019, LVS transferred 4,228,033 shares to ICH Capital.

On 28 December 2018, as part of the Previous Restructuring Exercise, LVS subscribed for 9,505 new shares in the capital of the Target Company for a consideration of S\$951, which was satisfied by payment in cash.

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### 17.1.5 Acquisition of the SC Companies

Pursuant to the sale and purchase agreement dated 10 July 2018 (the “**SC SPA**”), the Target Company acquired all of the issued and paid-up ordinary shares (the “**SC Shares**”) of S Chua and Sebastian Chua MH (collectively, the “**SC Companies**”) from Dr. Sebastian Chua (the “**SC Companies Acquisition**”). The Target Company acquired the entire issued share capital of the SC Shares from Dr. Sebastian Chua for an aggregate consideration of S\$1,084,248 (the “**SC Companies Consideration**”), which was determined taking into account the unaudited NAV of the SC Companies as at 30 September 2018. The SC Companies Consideration was assigned by Dr. Sebastian Chua to LVS in consideration for the allotment and issuance of LVS Shares to Dr. Sebastian Chua. The SC Companies Consideration was satisfied by way of the allotment and issuance of 1,084,248 shares in the capital of the Target Company to LVS. The SC Companies Acquisition was completed on 1 October 2018.

### 17.1.6 Streamlining of Operations of the Target Group and Disposal of VS Venture

Dr. Rachel Lim previously carried out one of her aesthetics businesses under VS Venture (formerly known as Ardmore Aesthetics (Novena) Pte. Ltd.). Pursuant to the original restructuring agreement dated 29 December 2017, the Target Company had acquired all of the issued and paid-up ordinary shares of VS Venture from Dr. Sean Ng and Dr. Rachel Lim (the “**Initial VSV Acquisition**”). Nevertheless, as VS Venture was loss-making which resulted in a net liability position and to streamline the Target Group’s aesthetics business into RL Aesthetics, the Target Group agreed to transfer VS Venture back to Dr. Sean Ng and Dr. Rachel Lim on substantially the same terms as the Initial VSV Acquisition. As such, in accordance with the Initial Restructuring Agreement, while the entire issued share capital of VS Venture was transferred back to Dr. Sean Ng and Dr. Rachel Lim on 2 May 2019, the relevant parties agreed that all economic rights, benefits and liabilities attached to the shares of VS Venture would be transferred to Dr. Sean Ng and Dr. Rachel Lim with effect from 31 July 2018 (the “**VSV Divestment**” or the “**VSV Disposal**”).

The consideration for the Initial VSV Acquisition payable by the Target Group was set off against the consideration for the VSV Divestment payable by Dr. Sean Ng and Dr. Rachel Lim. As VS Venture was in a net liability position, the gain on disposal in relation to the VSV Divestment amounted to S\$56,685.

In addition, VS Venture had certain pre-paid aesthetics packages owing to its customers under which it is obliged to provide aesthetics services, amounting to an aggregate sum of S\$30,298 as at 31 December 2018 (the “**Aesthetics Packages**”). As part of the Previous Restructuring Exercise, pursuant to a deed of novation dated 13 May 2019, VS Venture novated the liability under the Aesthetics Packages from VS Venture to RL Aesthetics, subsequent to which RL Aesthetics became liable to perform the unfulfilled obligations under the Aesthetics Packages (the “**Proposed Packages Transfer**”). In consideration for the Proposed Packages Transfer, VS Venture was obliged to transfer a sum of S\$30,298 to RL Aesthetics (the “**Aesthetics Packages Consideration**”). Further, under the said deed, VS Venture novated its liability to pay the Aesthetics Packages Consideration to Dr. Rachel Lim, subsequent to which Dr. Rachel Lim became liable to pay the Aesthetics Packages Consideration to RL Aesthetics. As at the Latest Practicable Date, the Aesthetics Packages Consideration has been fully set off against dividends declared by RL Aesthetics.

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### 17.1.7 Acquisition of the Anaesthesiology Practice of SCPL by Sebastian Chua MH

Dr. Sebastian Chua previously carried out a part of his anaesthesiology practice under SCPL (the “**Anaesthesiology Practice**”). Sebastian Chua MH, as purchaser, and SCPL, as seller, agreed for the Anaesthesiology Practice to be transferred from SCPL to Sebastian Chua MH pursuant to the terms of a business transfer agreement dated 7 November 2018 (the “**SC BTA**”) (the “**Anaesthesiology Practice Acquisition**”).

Under the SC BTA, the aggregate consideration for the Anaesthesiology Practice Acquisition was for a nominal amount of S\$1 due and payable to SCPL (the “**Anaesthesiology Practice Consideration**”), which was determined taking into account the unaudited NAV of the Anaesthesiology Practice as at 31 October 2018.

### 17.1.8 Share Split and Share Consolidation

On 26 June 2019, LVS and the Pre-Invitation Investors, being the shareholders of the Target Company at the relevant time, approved the sub-division of 2,292,714 shares in the issued and paid-up share capital of the Target Company into 211,401,632 shares. On 16 July 2019, LVS and the Pre-Invitation Investors approved the consolidation of 211,401,632 shares in the issued and paid-up capital of the Target Company into 176,168,027 shares.

Following the completion of the Previous Restructuring Exercise, the entire issued and paid up share capital of the Target Company was held by LVS, Dios, and ICH Capital.

## 17.2 **Prior Listing Attempt by the Target Group**

In June 2019, the Target Company, under its former name of Ardmore Medical Group Limited, lodged its preliminary offer document with the SGX-ST in connection with 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.

As set out in Section 2.2.4 titled “Viable corporate turnaround plans being necessary and beneficial to Shareholders” of the Circular, arising from the business relationship and ongoing discussions on the Healthcare EPC Project, the Executive Chairman and CEO of the Company 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 Executive Chairman and CEO had suggested that the Target Group 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.

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### 17.3 The 2019 Target Restructuring

In light of the discussions with the Executive Chairman and CEO, the Target Group undertook and completed the following internal restructuring exercise:

- (a) the disposal of SN Orthopaedics to Dr. Sean Ng<sup>(1)</sup> at a consideration of S\$1.83 million which was determined based on a willing-buyer willing-seller basis, after taking into account the unaudited net asset value of SN Orthopaedics as at 31 December 2019 (the “**SNPL Disposal**”);
- (b) the reorganisation of the shares in LVS resulting in, *inter alia*, the sale of Dr. Sean Ng’s entire shareholding interest in LVS for a consideration of S\$1.75 million to Dr. Wilson Tay, Dr. Edwin Tan, Dr. Rachel Lim and Dr. Sebastian Chua (the “**SN LVS Sale**”). After the completion of the SN LVS Sale on 31 December 2019, Dr Wilson, Dr Edwin, Dr Rachel and Dr Sebastian respectively hold a 34.80%, 21.45%, 17.35% and 21.40% shareholding interest in LVS. The reorganisation of the shareholdings in LVS was based on, *inter alia*, the performance of each of the respective medical doctors relative to their aggregate performance prior to the SN LVS Sale;
- (c) following the SNPL Disposal and the SN LVS Sale, the Target Company initiated discussions with Dr. Edwin Tan 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 Tan on his involvement and remuneration structure, with a view that Dr. Edwin Tan will assume greater responsibilities in the Target Group. This included (i) the termination of Dr. Edwin Tan’s employment under SN Orthopaedics; (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 aforementioned considerations, Dr. Edwin Tan and the Target Company agreed that Dr. Edwin Tan would inject his medical practice and business into the Target Group, and that Dr. Edwin Tan would conduct his orthopaedic practice under a newly-incorporated subsidiary of the Target Company, Cove Sports (the “**ET Business Injection**”), effective on 31 December 2019. The consideration for the ET Business Injection of S\$2.78 million was determined on a willing-buyer willing-seller basis, after taking into account, *inter alia*, Dr. Edwin Tan’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) for ease of administration of settlement of the consideration in relation to the SNPL Disposal, the SN LVS Sale and the ET Business Injection set out in Sections 17.3(a), (b) and (c) of this Target’s Letter to Shareholders respectively, Dr. Sean Ng, Dr. Edwin Tan and the Target Company entered into a settlement deed (the “**SNPL**”).

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<sup>(1)</sup> Save for (i) Dr. Rachel Lim, who is the proposed Chief Operating Officer of the Enlarged Group and the spouse of Dr. Sean Ng; and (ii) Dax Ng, who is the proposed Chief Business Officer of the Enlarged Group and the brother of Dr. Sean Ng, none of the other Proposed New Board, Proposed New Executive Officers or Substantial Shareholders are related, directly or indirectly, to Dr. Sean Ng.



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**Settlement Deed**”) where it was agreed, *inter alia*, that the consideration payable under the SNPL Disposal would be applied to partially set-off against the consideration payable to Dr. Edwin Tan under the ET Business Injection, with the result that the Target Company would pay Dr. Edwin Tan the net amount of S\$0.95 million (the “**Net Settlement Amount**”). Following the execution of the SNPL Settlement Deed, the Target Company and Dr. Edwin Tan have mutually agreed for the Target Company to repay the Net Settlement Amount in five (5) equal yearly instalments over a 5-year period. Save for the Net Settlement Amount, all amounts have been fully settled between the relevant parties in relation to the SNPL Disposal, the SN LVS Sale and the ET Business Injection;

- (e) upon the completion of the SNPL Disposal and the SN LVS Sale on 31 December 2019, Dr. Sean Ng ceased to be a shareholder<sup>(2)</sup> and/or have any involvement in the business and management of the Target Group. In addition, Dr. Sean Ng relinquished his role as the executive director and CEO of the Target Group and Dr. Wilson Tay was appointed to succeed the role; and
- (f) a rebranding exercise undertaken by the Target Group to “Livingstone Health”, which includes the assignment of all trademarks relating to the Target Company’s former name, being the “Ardmore” brand to SN Orthopaedics for a nominal sum,

(collectively, the “**2019 Target Restructuring**”).

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 2019 Target Restructuring, Dr. Wilson Tay has led the management of the Target Group to implement the Target Group’s organic growth strategies and acquisitional growth initiatives.

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 (the “**PMG Acquisition**”), which owns and operates four (4) family medicine clinics across Singapore as at the Latest Practicable Date. For further information on the PMG Acquisition, please refer to Section 17.4 titled “The PMG Acquisition” of the Target’s Letter to Shareholders;
- (b) embarked on the expansion of its business segments through the recruitment of six (6) new medical doctors in the aesthetic and wellness, internal medicine, family medicine and the orthopaedic surgery segments of the Target Group, and the diversification of the Target Group’s business segments to include cardiology and endocrinology; and
- (c) commenced operations in Cambodia via the Cambodia JVA and the Cambodia Consultancy Project.

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<sup>(2)</sup> The Vendors, including the shareholders of LVS, are legal and beneficial owners of their respective shareholding interests in the Target Company and/or LVS (as the case may be), and are not holding any shares on behalf of Dr. Sean Ng.



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As at the Latest Practicable Date, the Target Group has fifteen (15) medical doctors practising at twelve (12) medical clinics and one (1) medical spa in Singapore, 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.

### 17.4 The PMG Acquisition

On 31 December 2019, the Target Company entered into a sale and purchase agreement (as amended and varied by supplemental deeds dated 11 May 2020 and 17 November 2020) with Dr. Chua Hshan Cher, Dr. Lee Kai Lun and Dr. Angela Foong (the “**PMG Vendors**”), and a share subscription agreement (as amended and varied by supplemental deeds dated 11 May 2020 and 17 August 2020) with PMG and the PMG Vendors, pursuant to which the Target Group acquired 51.0% interest in PMG. As at the Latest Practicable Date, out of the aggregate consideration of S\$1,530,000, a remaining balance of S\$612,000 is payable in cash to the PMG Vendors by 31 December 2021. The remaining 49.0% interest in PMG is held by Dr. Chua Hshan Cher, Dr. Lee Kai Lun and Dr. Angela Foong in shareholding proportions of approximately 21.1%, 21.1% and 6.8%, respectively, and they are not related to the Proposed New Board, the Proposed New Executive Officers and/or the Controlling Shareholders of the Enlarged Group and their respective associates.

The PMG Acquisition is the Target Group’s inaugural venture into the family medicine business and accordingly, the Target Group’s acquisition of 51.0% of PMG was agreed upon between the Target Group and the PMG Vendors as it would give the Target Group majority control over PMG while limiting the Target Group’s investment risks of a new business segment. At the same time, it allows the PMG Vendors, who had established and who continue to manage the daily operations of PMG, to continue to share in the risks and rewards of PMG in proportion to their respective shareholdings.

As at the Latest Practicable Date, the Target Group has successfully integrated the PMG businesses under a common management team and centralised framework to address the finance and human resources needs of PMG. The Target Group has also implemented a common set of internal control policies and procedures to regulate key processes of all businesses within the Target Group, including that of PMG.

#### Deferred payment structure

The Target Group intends to continue to expand its business operations through the setting up of new subsidiaries, establishment of joint ventures, expansion of existing facilities, recruitment of talents, and the acquisition of and investment in assets, businesses and companies that are complementary to its existing businesses. For more information, please refer to Section 24.3 titled “Business Strategies and Future Plans” of the Target’s Letter to Shareholders. Therefore, the Target Group is of the view that it is important that the Target Group is able to negotiate attractive or beneficial terms for such acquisitions or expansions. For instance, the deferred payment structures for the ET Business Injection and the PMG Acquisition were negotiated by the Target Group after considering that such deferred payment structures are beneficial to the Target Group as a prudent form of risk management so as to minimise excessive upfront cash outlay, and to protect the interests of the Target Group.

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The Target Group does not expect to have any difficulties fulfilling its payment obligations under the deferred payment structures under the ET Business Injection and the PMG Acquisition. However, in the unlikely event that it is unable to fulfil its payment obligations, the Target Group reasonably believes that it will be able to renegotiate alternative payment arrangements in good faith with Dr. Edwin Tan and the PMG Vendors (as the case may be). Therefore, the Target Group is of the view that any such non-fulfilment of its payment obligations (if any) is unlikely to result in any negative implication to the Enlarged Group's business operations. For further details, please refer to Section 2.7 titled "Risk Factors – There is no assurance that the Target Group's future plans will be commercially successful or that it will be able to realise the anticipated benefits of past or future investments or acquisitions, or be able to integrate such investments or acquisitions" of the Circular for further details.

### 17.5 Other Shareholdings Reorganisation of the Target Company

Concurrently with the 2019 Target Restructuring which took place subsequent to the Prior Listing Attempt, Dios entered into a sale and purchase agreement with Dr. Sean Ng, Dr. Rachel Lim, Dr. Wilson Tay and Dax Ng on 26 December 2019 for the sale of its entire interest in the Target Company, representing approximately 0.46% of the entire paid-up share capital of the Target Company (the "**Dios Sale Shares**") for a cash consideration of S\$106,183. Dr. Sean Ng, Dr. Rachel Lim, Dr. Wilson Tay and Dax Ng nominated LVS to be the transferee of the Dios Sale Shares. Upon completion of the sale and purchase of the Dios Sale Shares, Dios ceased to be a shareholder of the Target Company.

On 21 July 2020, ICH Capital entered into a sale and purchase agreement with LVS, Dax Ng and Chua Hshan Cher for the sale of such number of shares in the capital of the Target Company for an aggregate cash consideration of S\$1,100,208 to LVS, Dax Ng and Chua Hshan Cher representing approximately 2.31%, 1.15% and 1.15% of the paid-up share capital of the Target Company, respectively (the "**ICH Capital Sale Shares**"). Upon completion of the sale and purchase of the ICH Capital Sale Shares, ICH Capital continues to hold such number of shares representing approximately 2.0% of the paid-up share capital of the Target Company.

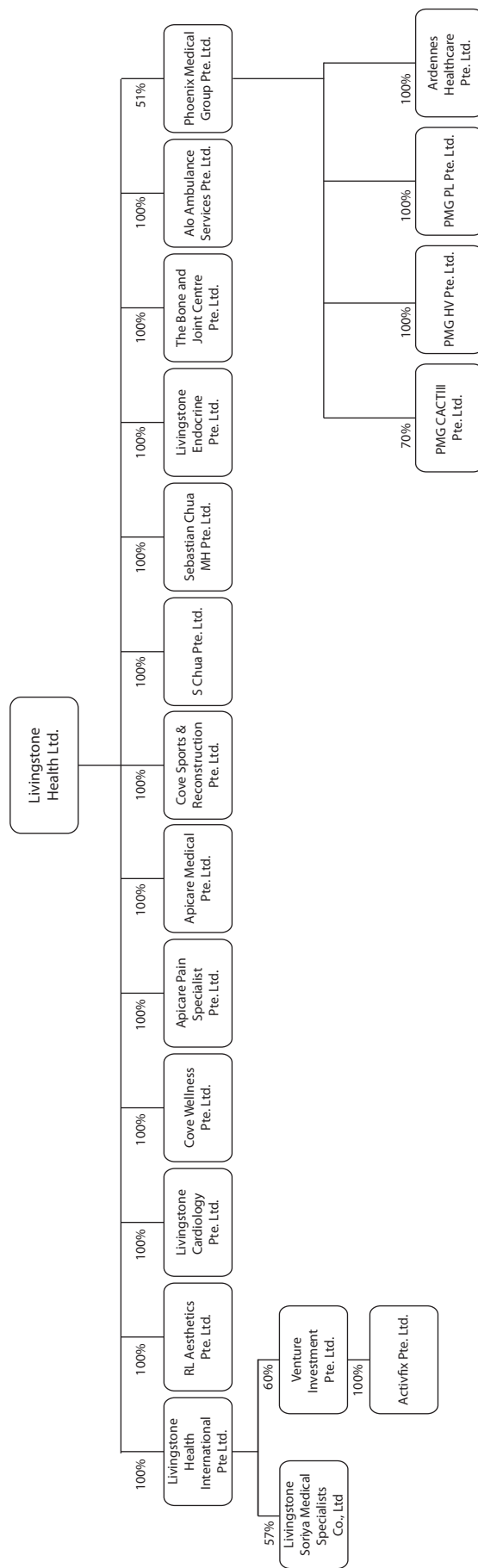
The consideration for the Dios Sale Shares and the ICH Capital Sale Shares was arrived at following arms' length negotiations between the relevant parties on a willing-buyer-willing-seller basis. In arriving at the consideration, the parties took reference to the provisions in the put option agreement entered into in 2018 between the then-shareholders of LVS, Dios and ICH Capital that provide for Dios and ICH Capital to, *inter alia*, sell their subscription shares to the then-shareholders of LVS at the initial subscription amount plus interest at 6% per annum.

The sale and purchase of both the Dios Sale Shares and the ICH Capital Sale Shares were initiated by the respective purchasers. The sales of the Dios Sale Shares and the ICH Capital Sale Shares were made to recognise the key contributors to the Target Group and to further align the financial and strategic interests of each of the purchasers and its shareholders (in the case of LVS) as key personnel of the Target Group, in order to strengthen the Target Group's position moving forward and to put the Target Group in good stead for its future growth and expansion plans.

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### 18. ORGANISATIONAL STRUCTURE

The Target Company was incorporated in Singapore on 1 December 2017 and is a holding company with an issued and paid-up share capital of S\$3,267,867.50. The structure of the Target Group as at the Latest Practicable Date is as follows:



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As at the Latest Practicable Date, details of the Target Subsidiaries are as follows:

Name of entity	Date and country of incorporation	Principal activities and place of business	Issued and paid-up share capital	Effective ownership	Directors of subsidiary	Auditor
Alo Ambulance Services	2 November 2020 Singapore	Ambulance and medical evacuation services/ Singapore	S\$100	100%	Dax Ng	.. <sup>(1)</sup>
Apicare Medical	9 March 2015 Singapore	Medical clinic/ Singapore	S\$1	100%	Dr. Wilson Tay	Mazars LLP
Apicare Pain Specialist	21 October 2015 Singapore	Medical clinic/ Singapore	S\$1	100%	Dr. Wilson Tay	Mazars LLP
Cove Sports <sup>(2)</sup>	11 November 2019 Singapore	Medical clinic/ Singapore	S\$100	100%	Dr. Wilson Tay Dr. Edwin Tan Dax Ng	Mazars LLP
Cove Wellness	7 April 2015 Singapore	Beauty spa/ Singapore	S\$87,100	100%	Dr. Rachel Lim	Mazars LLP
LHI	7 November 2018 Singapore	Holding company/ Singapore	USD\$1	100%	Dr. Rachel Lim Dax Ng	Mazars LLP
Livingstone Cardiology	30 August 2019 Singapore	Medical clinic/ Singapore	S\$100	100%	Dr. Wilson Tay	Mazars LLP
Livingstone Endocrine	8 July 2020 Singapore	Medical clinic/ Singapore	S\$100	100%	Dr. Wilson Tay Dax Ng	Mazars LLP
RL Aesthetics	10 April 2015 Singapore	Medical clinic/ Singapore	S\$112,000	100%	Dr. Rachel Lim	Mazars LLP
Sebastian Chua MH	3 January 2011 Singapore	Medical clinic/ Singapore	S\$100	100%	Dr. Sebastian Chua	Mazars LLP
S Chua	17 July 2014 Singapore	Medical clinic/ Singapore	S\$100	100%	Dr. Sebastian Chua	Mazars LLP
The Bone and Joint Centre	21 May 2020 Singapore	Medical clinic/ Singapore	S\$100	100%	Dr. Wilson Tay Dr. Edwin Tan Dax Ng	Mazars LLP
Venture Investment <sup>(3)</sup>	22 January 2020 Singapore	Holding company/ Singapore	S\$10	60%	Dax Ng	InPro Assurance <sup>(4)</sup>
Activifix <sup>(3)</sup>	19 August 2019 Singapore	Physiotherapy/ Singapore	S\$10	60%	Dax Ng Toh Wee Siong Tommi	InPro Assurance <sup>(4)</sup>

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Name of entity	Date and country of incorporation	Principal activities and place of business	Issued and paid-up share capital	Effective ownership	Directors of subsidiary	Auditor
LSMS	18 December 2018 Cambodia	Aesthetics and wellness <sup>(5)</sup> / Cambodia	US\$530,700 <sup>(6)</sup>	57% <sup>(6)</sup>	Dr. Rachel Lim Dax Ng Dr. Hy Soryaphea	-(7)
PMG <sup>(8)</sup>	1 April 2011 Singapore	Medical clinic/ Singapore	S\$728,279	51%	Dr. Chua Hshan Cher Dr. Lee Kai Lun Dr. Wilson Tay Dax Ng	Mazars LLP
Ardennes Healthcare <sup>(8)</sup>	16 October 2020 Singapore	Medical clinic/ Singapore	S\$100,000	51%	Dr. Chua Hshan Cher Dr. Lee Kai Lun Dax Ng	-(1)
PMG HV <sup>(8)</sup>	23 December 2013 Singapore	Medical clinic/ Singapore	S\$100,000	51%	Dr. Chua Hshan Cher Dr. Lee Kai Lun	Mazars LLP
PMG PL <sup>(8)</sup>	20 January 2014 Singapore	Medical clinic/ Singapore	S\$100,000	51%	Dr. Chua Hshan Cher Dr. Lee Kai Lun Dr. Angela Foong	Mazars LLP
PMG CACTIII <sup>(9)</sup>	20 September 2018 Singapore	Medical clinic/ Singapore	S\$13,000.20	35.7%	Dr. Chua Hshan Cher Dr. Lee Kai Lun	Mazars LLP

### Notes:

- (1) Under the Companies Act, a company will only need to appoint auditors within three (3) months of incorporation. Accordingly, Ardennes Healthcare and Alo Ambulance Services intend to appoint auditors within the prescribed timeline and the appointment of the auditors will be subject to the New Audit Committee's assessment and approval.
- (2) Based on the Target Group's unaudited pro forma consolidated financial statements for FY2019, Cove Sports is the only principal subsidiary (as defined in the Catalist Rules) of the Target Group.
- (3) The remaining 40.0% equity interest in Venture Investment is held by the Target Group's joint venture partner, Privilegio Pte Ltd. Privilegio Pte Ltd is an independent third party unrelated to the Target Group. Through the Target Group's 60.0% equity interest in Venture Investment and Venture Investment's 100.0% equity interest in Activfix, the Target Group's effective interest in Activfix is 60.0%.
- (4) The Proposed New Board and the New Audit Committee are satisfied that the appointment of InPro Assurance as auditor of Venture Investment and Activfix will not compromise the standard and effectiveness of the audit of the Company after Completion as Venture Investment and Activfix are not principal subsidiaries of the Target Group and their contributions to the revenue of the Target Group are immaterial as at the Latest Practicable Date.
- (5) Pursuant to the primary businesses of LSMS as at the Latest Practicable Date.
- (6) The remaining 43.0% equity interest in LSMS is held by the Target Group's joint venture partner in Cambodia, Dr. Hy Soryaphea. Dr. Hy Soryaphea is an independent third party from the Target Group. As at the Latest Practicable Date, out of the 120,000 shares issued by LSMS, 106,140 shares have been paid up, among which 60,492 shares, representing approximately 57.0% of the paid up share capital, have been paid up by LHI, and 45,648 shares, representing approximately 43.0% of the paid up share

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capital, have been paid up by Dr. Hy Soryaphea. Under Cambodian laws, the constitution of LSMS and the Cambodian JVA, the shares in LSMS that have not been paid up do not entitle their holders to voting rights. Pursuant to the terms of the Cambodian JVA and the commercial understanding of the parties thereto, the Target Group and Dr. Hy Soryaphea have agreed to progressively pay up the share capital on an as-needed basis depending on the capital requirements of LSMS, as part of parties' prudent risk management considering LSMS is a new venture and partnership by both parties. Accordingly, based on the current capital requirements of LSMS, the Target Group is of the view that the shares will not be fully paid-up prior to Completion. In addition, based on the commercial understanding of the parties, it is the intention that any capital contribution by one party is to be matched by the other party so as to maintain, at all times, the commercially agreed voting rights of 57.0% and 43.0% respectively in LSMS. Therefore, the Target Group is of the view that its interests in LSMS, business operations and/or financial performance will not be materially or adversely affected by virtue of the fact that the share capital of LSMS has not been fully paid up.

- (7) Under the relevant laws of Cambodia, LSMS is currently exempted from the requirement to appoint auditors.
- (8) The remaining 49.0% equity interest in PMG is held by Dr. Chua Hshan Cher, Dr. Lee Kai Lun and Dr. Angela Foong in shareholding proportions of approximately 21.1%, 21.1% and 6.8%, respectively. Through the Target Group's 51.0% equity interest in PMG and PMG's 100.0% equity interest in Ardennes Healthcare, PMG HV and PMG PL, the Target Group's effective interest in Ardennes Healthcare, PMG HV and PMG PL is 51.0%. Notwithstanding that the Target Company has not appointed any members of its board or management to the boards of PMG HV and PMG PL as at the Latest Practicable Date, key decisions relating to PMG HV and PMG PL are made by the board of PMG, which comprises representatives of the Target Group.
- (9) Through the Target Group's 51.0% equity interest in PMG and PMG's 70.0% equity interest in PMG CACTIII, the Target Group's effective interest in PMG CACTIII is 35.7%. Notwithstanding this, PMG CACTIII is considered a subsidiary of the Target Company pursuant to Section 5(1)(b) of the Companies Act as PMG CACTIII is a subsidiary of PMG, which is a subsidiary of the Target Company. The remaining 30.0% equity interest in PMG CACTIII is held equally by Dr. Lin Shijun Cheryl and Dr. Chan Wei Chyet Rick. Notwithstanding that the Target Company has not appointed any members of its board or management to the board of PMG CACTIII as at the Latest Practicable Date, key decisions relating to PMG CACTIII are made by the board of PMG, which comprises representatives of the Target Group.

Save as disclosed, there are no other subsidiaries, subsidiary entities, associated companies and associated entities of the Target Group.

None of the Target Group's subsidiaries are listed on any stock exchange.

### 19. SHARE CAPITAL AND SHAREHOLDING STRUCTURE

The issued and paid-up share capital of the Target Company after the 2019 Target Restructuring is S\$3,267,867.50 comprising 176,168,027 ordinary shares. Please refer to Section 17 of this Target's Letter to Shareholders titled "Restructuring Exercise and Further Developments of the Target Group" for more information on the 2019 Target Restructuring.

As at the Latest Practicable Date, there is only one (1) class of shares in the capital of the Target Company, being ordinary shares. All of the ordinary shares carry the same voting rights. The rights and privileges attached to the Target Company's shares are stated in the constitution of the Target Company.

As at the Latest Practicable Date, the shares in the Target Company held by the Vendors were not subject to any pledge, mortgage or any other form of encumbrance. There are no shares that are held by or on behalf of the Target Company or by the Target Subsidiaries.

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Save as disclosed in Section 17 of this Target's Letter to Shareholders titled "Restructuring Exercise and Further Developments to the Target Group", no person has been, or is permitted to be, given an option to subscribe for or purchase any securities or securities-based derivatives contracts of the Target Company or any of the Target Subsidiaries. As at the Latest Practicable Date, there is no arrangement with the employees of the Target Company or the directors or employees of a Target Group Company in the capital of the Target Company that involves the issue or grant of options or shares or any other securities or securities-based derivatives of the Target Company or any Target Group Company.

As at the Latest Practicable Date, the direct and indirect shareholdings in the Target Company are as follows:

	Direct Interest		Effective Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
<b>Director</b>						
Dr. Wilson Tay <sup>(1)</sup>	–	–	58,666,496	33.30	168,581,885	95.70
<b>Substantial Shareholders</b>						
LVS	168,581,885	95.70	168,581,885	95.70	–	–
Dr. Edwin Tan <sup>(1)</sup>	–	–	36,160,814	20.53	168,581,885	95.70
Dr. Sebastian Chua <sup>(1)</sup>	–	–	36,076,524	20.48	168,581,885	95.70
Dr. Rachel Lim	–	–	29,248,957	16.60	–	–
Dax Ng	2,031,391	1.15	10,460,485	5.94	–	–
<b>Vendors who are not Substantial Shareholders</b>						
ICH Capital	3,523,360	2.00	3,523,360	2.00	–	–
Dr. Chua Hshan Cher	2,031,391	1.15	2,031,391	1.15	–	–

**Note:**

(1) As Dr. Wilson Tay, Dr. Edwin Tan and Dr. Sebastian Chua each have more than 20% interest in LVS, they are deemed interested in shares of the Target Company held by LVS by virtue of Section 4 of the SFA.

Upon Completion, the Target Company will be a wholly-owned subsidiary of the Company and the Vendors will no longer hold any shares directly in the Target Company.

As at the Latest Practicable Date, save as disclosed above, the Target Company is not directly or indirectly owned or controlled, whether severally or jointly, by any person or government.

As at the Latest Practicable Date, save for the Proposed Acquisition, there is no other arrangement the operation of which may result in a change in control of the Target Company after Completion.

There has not been any public takeover offer by a third party in respect of any of the shares of the Target Company or by the Target Company in respect of the shares of another corporation or the units of a business trust, which has occurred between the beginning of FY2019, being the most recently completed financial year, and the Latest Practicable Date.



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Save as set out below and Section 17 titled “Restructuring Exercise and Further Developments of the Target Group” of this Target’s Letter to Shareholders, there were no changes in the share capital nor significant changes in the ownership of the equity interest of the Target Company or any of the Target Subsidiaries for the period of three (3) years before the Latest Practicable Date.

### 19.1 Target Company

Date of issue	Number of shares issued <sup>(1)(2)</sup>	Issue price per share (S\$)	Purpose of issue	Resultant issued share capital (S\$)
1 December 2017	1	1.00	Incorporation	1.00
28 December 2018	9,505	0.10	Capital injection	951.50
28 December 2018	449	2,227.17	Capital injection	1,000,951.50
28 December 2018	45	2,222.22	Capital injection	1,100,951.50
14 May 2019	2,166,914	1.00	Capital injection <sup>(3)</sup>	3,267,865.50
14 May 2019	105,300	Not meaningful	Subscription pursuant to anti-dilution agreement	3,267,866.50
14 May 2019	10,500	Not meaningful	Subscription pursuant to anti-dilution agreement	3,267,867.50

**Notes:**

- (1) On 26 June 2019, the Target Company’s 2,292,714 shares were sub-divided into 211,401,632 shares.
- (2) On 16 July 2019, the Target Company’s 211,401,632 shares were consolidated into 176,168,027 shares.
- (3) Being the Initial Target Companies Consideration, Orthopaedic Practice Consideration and SC Companies Consideration. Please refer to Section 17.1 titled “Previous Restructuring Exercise” of this Target’s Letter to Shareholders.

### 19.2 Alo Ambulance Services

Date of issue	Number of shares issued	Issue price per share (S\$)	Purpose of issue	Resultant issued share capital (S\$)
2 November 2020	100	1.00	Incorporation	100.00

### 19.3 Apicare Medical

Date of issue	Number of shares issued	Issue price per share (S\$)	Purpose of issue	Resultant issued share capital (S\$)
9 March 2015	1	1.00	Incorporation	1.00

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### 19.4 Apicare Pain Specialist

Date of issue	Number of shares issued	Issue price per share (\$)	Purpose of issue	Resultant issued share capital (\$)
21 October 2015	1	1.00	Incorporation	1.00

### 19.5 Cove Sports

Date of issue	Number of shares issued	Issue price per share (\$)	Purpose of issue	Resultant issued share capital (\$)
11 November 2019	100	1.00	Incorporation	100.00

### 19.6 Cove Wellness

Date of issue	Number of shares issued	Issue price per share (\$)	Purpose of issue	Resultant issued share capital (\$)
7 April 2015	100	1.00	Incorporation	100.00
10 December 2019	87,000	1.00	Capital injection	87,100.00

### 19.7 LHI

Date of issue	Number of shares issued	Issue price per share (US\$)	Purpose of issue	Resultant issued share capital (US\$)
7 November 2018	1	1.00	Incorporation	1.00

### 19.8 Livingstone Cardiology

Date of issue	Number of shares issued	Issue price per share (\$)	Purpose of issue	Resultant issued share capital (\$)
30 August 2019	100	1.00	Incorporation	100.00

### 19.9 Livingstone Endocrine

Date of issue	Number of shares issued	Issue price per share (\$)	Purpose of issue	Resultant issued share capital (\$)
8 July 2020	100	1.00	Incorporation	100.00

### 19.10 RL Aesthetics

Date of issue	Number of shares issued	Issue price per share (\$)	Purpose of issue	Resultant issued share capital (\$)
10 April 2015	100	1.00	Incorporation	100.00
28 March 2019	99,900	1.00	Capital injection	100,000.00
2 May 2019	12,000	1.00	Capital injection	112,000.00

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### 19.11 S Chua

Date of issue	Number of shares issued	Issue price per share (\$)	Purpose of issue	Resultant issued share capital (\$)
17 July 2014	2	1.00	Incorporation	2.00
11 May 2018	98	1.00	Capital injection	100.00

### 19.12 Sebastian Chua MH

Date of issue	Number of shares issued	Issue price per share (\$)	Purpose of issue	Resultant issued share capital (\$)
3 January 2011	2	1.00	Incorporation	2.00
11 May 2018	98	1.00	Capital injection	100.00

### 19.13 The Bone and Joint Centre

Date of issue	Number of shares issued	Issue price per share (\$)	Purpose of issue	Resultant issued share capital (\$)
21 May 2020	100	1.00	Incorporation	100.00

### 19.14 Activfix

Date of issue	Number of shares issued	Issue price per share (\$)	Purpose of issue	Resultant issued share capital (\$)
19 August 2019	1,000	0.01	Incorporation	10.00

### 19.15 Venture Investment

Date of issue	Number of shares issued	Issue price per share (\$)	Purpose of issue	Resultant issued share capital (\$)
22 January 2020	10	1.00	Incorporation	10.00

### 19.16 LSMS

Date of issue	Number of shares issued	Issue price per share (US\$)	Purpose of issue	Resultant issued share capital (US\$)
18 December 2018	120,000	5.00	Incorporation	600,000.00

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### 19.17 PMG

Date of issue	Number of shares issued	Issue price per share (\$)	Purpose of issue	Resultant issued share capital (\$)
1 April 2011	100,000	1.00	Incorporation	100,000.00
1 October 2019	16,279	1.00	Capital injection	116,279.00
22 January 2020	33,721	18.15	Capital injection	728,279.00

### 19.18 Ardennes Healthcare

Date of issue	Number of shares issued	Issue price per share (\$)	Purpose of issue	Resultant issued share capital (\$)
16 October 2020	1	1.00	Incorporation	1.00
18 November 2020	99,999	1.00	Capital injection	100,000

### 19.19 PMG HV

Date of issue	Number of shares issued	Issue price per share (\$)	Purpose of issue	Resultant issued share capital (\$)
23 December 2013	1,000	1.00	Incorporation	1,000.00
20 January 2015	99,000	1.00	Capital injection	100,000.00

### 19.20 PMG PL

Date of issue	Number of shares issued	Issue price per share (\$)	Purpose of issue	Resultant issued share capital (\$)
20 January 2014	100,000	1.00	Incorporation	100,000.00

### 19.21 PMG CACTIII

Date of issue	Number of shares issued	Issue price per share (\$)	Purpose of issue	Resultant issued share capital (\$)
20 September 2018	10,000	1.00	Incorporation	10,000.00
6 November 2020	4,286	0.70	Capital injection	13,000.20

Save as disclosed above and in the Section 17 titled “Restructuring Exercise and Further Developments of the Target Group” of this Target’s Letter to Shareholders, no shares in, or debentures of, the Target Company or any of its subsidiaries have been issued, or are proposed to be issued, as fully or partly paid-up for cash, or for a consideration other than cash, during the last three (3) years preceding the date of this Circular.

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### 20. DIVIDENDS

The Target Company was incorporated on 1 December 2017. As at the Latest Practicable Date, the Target Group Companies have declared and paid out dividends during the Relevant Period as follows:

Target Group Company	Dividends in respect of:			
	FY2017 (S\$'000)	FY2018 (S\$'000)	FY2019 (S\$'000)	FY2020 (S\$'000)
Target Company	—	3,763 <sup>(1)</sup>	110 <sup>(1)</sup>	1,418 <sup>(2)</sup>
Alo Ambulance Services	—	—	—	—
Apicare Medical	1,416	537	—	630
Apicare Pain Specialist	131	989	—	580
Ardennes Healthcare	—	—	—	—
Cove Wellness	—	—	—	—
Cove Sports	—	—	—	1,060
LHI	—	—	—	—
Livingstone Cardiology	—	—	—	—
Livingstone Endocrine	—	—	—	—
RL Aesthetics	215	344	—	—
S Chua	388	324	—	—
Sebastian Chua MH	414	702	—	300
The Bone and Joint Centre	—	—	—	—
Activfix	—	—	—	—
Venture Investment	—	—	—	—
LSMS	—	—	—	—
PMG	—	—	20 <sup>(3)</sup>	250 <sup>(3)</sup>
PMG CACTIII	—	—	—	—
PMG HV	—	—	—	—
PMG PL	—	20 <sup>(3)</sup>	50 <sup>(3)</sup>	120 <sup>(3)</sup>

**Notes:**

- (1) The final dividends declared by the Target Company in respect of FY2018 and FY2019 includes profits derived from SN Orthopaedics Pte. Ltd., which is no longer part of the Target Group pursuant to the 2019 Target Restructuring. For more information on the restructuring exercise undertaken by the Target Group, please refer to Section 17 of this Target's Letter to Shareholders titled "Restructuring Exercise and Further Developments of the Target Group".
- (2) Total dividends of S\$1,418,313 declared to shareholders of the Target Company in FY2020 comprises declarations of S\$672,614, S\$588,943 and S\$156,756 made in April 2020, July 2020 and November 2020 respectively. The cash dividends of S\$672,614 and S\$588,943 in April and July 2020 respectively have been paid. As at the date of this Circular, the cash dividend of S\$156,756 in November 2020 remained unpaid. The outstanding dividend is expected to be paid by no later than March 2021, with the payment date being subject to approval by the New Audit Committee, taking into account the financial position of the Enlarged Group and/or other factors which may potentially affect the financial position of the Enlarged Group.
- (3) Dividends declared by PMG and PMG PL were in respect of the financial years ended on 31 March 2018, 2019 or 2020, prior to the PMG group's change in financial year end to 31 December.

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In arriving at the abovementioned dividends declared and paid during the Relevant Period, the shareholders of the Target Company have taken into consideration, *inter alia*, the Target Group's financial performance during the year, level of its cash and retained earnings, its projected working capital, capital expenditure and other investment plans, the terms of the borrowing arrangements (if any), and future plans.

Save as disclosed above, as at the Latest Practicable Date, no dividend payment by the Target Company or Target Subsidiaries is outstanding. Save as disclosed above, no dividends have been declared or paid by the Target Company or Target Subsidiaries during the Relevant Period.

### 21. SELECTED FINANCIAL INFORMATION OF THE TARGET GROUP

*The following selected financial information of the Target Group should be read in conjunction with the full text of this Target's Letter to Shareholders, including the "Independent Auditors' Report on the Consolidated Financial Statements of the Target Group for the Financial Years Ended 31 December 2017, 2018 and 2019", and the "Independent Auditors' Review Report on the Unaudited Interim Condensed Consolidated Financial Statements of the Target Group for the Financial Period from 1 January 2020 to 30 June 2020" as set out in Appendices B and C of the Circular respectively, and the "Management's Discussion and Analysis of Results of Operations of the Target Group" section of this Target's Letter to Shareholders.*

#### 21.1 CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME OF THE TARGET GROUP<sup>(1)</sup>

(S\$)	Audited			Unaudited	
	FY2017	FY2018	FY2019	6M2019	6M2020
Revenue	1,501,272	4,411,065	6,158,959	2,546,870	6,486,769
Other operating income	52,513	53,628	21,542	3,259	471,868
Consumables and medical supplies used	(212,106)	(317,488)	(375,961)	(148,247)	(1,078,946)
Purchased and contracted services	–	–	(701,046)	–	(110,234)
Employees benefits expense	(534,607)	(1,138,372)	(2,541,144)	(1,140,845)	(2,995,083)
Depreciation expense	(133,830)	(178,741)	(348,777)	(217,499)	(525,101)
Share of results from joint ventures	–	–	(157,074)	(40,764)	(87,892)
Other operating expenses	(494,806)	(754,979)	(1,536,352)	(526,705)	(1,007,057)
Finance costs	(30,984)	(17,669)	(29,600)	(8,105)	(55,682)
<b>Profit before income tax</b>	<b>147,452</b>	<b>2,057,444</b>	<b>490,547</b>	<b>467,964</b>	<b>1,098,642</b>
Income tax expense	(46,885)	(237,652)	(70,245)	(62,559)	(175,865)

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(S\$)	Audited			Unaudited	
	FY2017	FY2018	FY2019	6M2019	6M2020
<b>Profit from continuing operations</b>	100,567	1,819,792	420,302	405,405	922,777
Profit from discontinued operations, net of tax	1,912,814	1,383,971	1,410,085	817,323	–
<b>Profit for the financial year/period</b>	2,013,381	3,203,763	1,830,387	1,222,728	922,777
<b>Other comprehensive income:</b>					
<i>Components of other comprehensive income that will be reclassified to profit or loss, net of taxation</i>					
Exchange differences on translating foreign operations	–	–	2,869	204	(15)
<b>Total comprehensive income for the financial year/period</b>	2,013,381	3,203,763	1,833,256	1,222,932	922,762
<b>Profit attributable to:</b>					
<u>Continuing operations, net of tax</u>					
Owners of the Target Company	69,227	1,819,792	420,302	405,405	903,661
Non-controlling interests	31,340	–	–	–	19,116
	100,567	1,819,792	420,302	405,405	922,777
<u>Discontinued operations, net of tax</u>					
Owners of the Target Company	1,912,814	1,383,971	1,410,085	817,323	–
Non-controlling interests	–	–	–	–	–
	1,912,814	1,383,971	1,410,085	817,323	–



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(S\$)	Audited			Unaudited	
	FY2017	FY2018	FY2019	6M2019	6M2020
<b>Total comprehensive income attributable to:</b>					
Owners of the Target Company	1,982,041	3,203,763	1,833,256	1,222,932	903,646
Non-controlling interests	31,340	–	–	–	19,116
	<u>2,013,381</u>	<u>3,203,763</u>	<u>1,833,256</u>	<u>1,222,932</u>	<u>922,762</u>

### Earnings Per Share (cents)<sup>(2)</sup>

– Continuing Operations	0.04	1.03	0.24	0.23	0.51
– Discontinued Operations	1.09	0.79	0.80	0.46	–
– Total	<u>1.13</u>	<u>1.82</u>	<u>1.04</u>	<u>0.69</u>	<u>0.51</u>

### Adjusted NPAT

For illustrative purposes only, in accordance to the Deferred Consideration formula as part of the terms of the SPA, had the Adjustment Items been deducted from each respective financial period, the retrospective effect on the following items of the statement of comprehensive income would have been:

(S\$)	Audited		Pro Forma FY2019	Unaudited	
	FY2017	FY2018		6M2019	6M2020
Adjusted NPAT <sup>(3)</sup>	69,227	1,942,259	3,223,074	993,287	1,282,554
<b>Adjusted Earnings Per Share (cents)<sup>(4)</sup></b>	0.04	1.10	1.83	0.56	0.73

#### Notes:

- (1) The Target Group's consolidated statements of profit or loss and other comprehensive income for the Period Under Review have been prepared on the basis that the Target Group had been in existence throughout the Period Under Review.
- (2) EPS has been computed based on the profit attributable to owners of the Target Company for the financial year/period and the Target Company's share capital of 176,168,027 shares.
- (3) For illustrative purposes only, the Adjusted NPAT shows what the net profit of the Target Group would have been had the Adjustment Items been deducted from each respective financial period. For more information on the Adjusted NPAT, please refer to Section 22 titled "Management's Discussion and Analysis of Results of Operations of the Target Group" of this Target's Letter to Shareholders.
- (4) Adjusted EPS has been computed based on the Adjusted NPAT for the financial year/period and the Target Company's share capital of 176,168,027 shares.

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### 21.2 CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE TARGET GROUP<sup>(1)</sup>

(S\$)	Audited as at 31 December 2017	Audited as at 31 December 2018	Audited as at 31 December 2019	Unaudited as at 30 June 2020
<b><u>ASSETS</u></b>				
<b>Current assets</b>				
Cash and cash equivalents	1,357,727	3,256,375	1,711,040	1,220,145
Trade receivables	1,373,749	2,443,080	1,803,133	2,789,503
Other receivables	921,770	1,903,406	609,323	615,295
Inventories	87,725	95,629	461,241	444,331
<b>Total current assets</b>	<b>3,740,971</b>	<b>7,698,490</b>	<b>4,584,737</b>	<b>5,069,274</b>
<b>Non-current assets</b>				
Property, plant and equipment	887,296	891,477	2,809,494	2,478,983
Investment in joint ventures	–	–	121,423	65,088
Goodwill arising on consolidation	–	–	3,635,651	3,635,651
<b>Total non-current assets</b>	<b>887,296</b>	<b>891,477</b>	<b>6,566,568</b>	<b>6,179,722</b>
<b>Total assets</b>	<b>4,628,267</b>	<b>8,589,967</b>	<b>11,151,305</b>	<b>11,248,996</b>

### **LIABILITIES AND EQUITY**

<b>Current liabilities</b>				
Trade payables	135,198	109,740	677,413	691,164
Other payables	370,387	435,806	1,350,101	786,748
Borrowings	774,308	339,262	549,687	558,365
Lease liabilities	23,090	7,873	660,498	608,622
Deferred revenue	895,481	1,011,556	1,031,432	1,110,630
Income tax payable	582,754	523,622	254,647	361,308
<b>Total current liabilities</b>	<b>2,781,218</b>	<b>2,427,859</b>	<b>4,523,778</b>	<b>4,116,837</b>

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(S\$)	Audited as at 31 December 2017	Audited as at 31 December 2018	Audited as at 31 December 2019	Unaudited as at 30 June 2020
<b>Non-current liabilities</b>				
Other payables	–	–	1,187,754	1,016,517
Borrowings	–	–	–	397,241
Lease liabilities	7,873	–	889,623	918,103
Deferred tax liabilities	77,725	85,009	2,144	2,144
<b>Total non-current liabilities</b>	85,598	85,009	2,079,521	2,334,005
<b>Capital and reserves</b>				
Share capital	1	1,000,952	3,267,868	3,267,868
Merger reserve	96,083	152,769	57,375	57,375
Foreign currency translation reserve	–	–	2,869	2,854
Other reserve	1,050,617	2,144,865	21,543	21,543
Accumulated profits	614,750	2,778,513	735,492	966,539
Equity attributable to owners of the Target Company	1,761,451	6,077,099	4,085,147	4,316,179
Non-controlling interests	–	–	462,859	481,975
Total equity	1,761,451	6,077,099	4,548,006	4,798,154
<b>Total liabilities and equity</b>	4,628,267	8,589,967	11,151,305	11,248,996
<b>NAV per share (cents)<sup>(2)</sup></b>	1.00	3.45	2.32	2.45

**Notes:**

- (1) The Target Group's consolidated statement of financial position as at 31 December 2017, 31 December 2018, 31 December 2019 and 30 June 2020 have been prepared on the basis that the Target Group had been in existence on those dates.
- (2) NAV per share has been computed based on the equity attributable to owners of the Target Company and the Target Company's share capital of 176,168,027 shares.

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*The following selected pro forma financial information of the Target Group should be read in conjunction with the full text of this Target's Letter to Shareholders, including the "Independent Auditors' Assurance Report and the Compilation of the Unaudited Pro Forma Consolidated Financial Information of the Target Group for the Financial Year Ended 31 December 2019 and the Six-Month Period Ended 30 June 2020" as set out in Appendix D of the Circular.*

### **Basis of Preparation**

The unaudited pro forma consolidated financial information has been prepared for illustrative purposes only. It has been prepared based on certain assumptions and after making certain adjustments to show what the unaudited pro forma consolidated statement of comprehensive income and unaudited pro forma consolidated statement of cash flows of the Target Group for the financial year ended 31 December 2019 and the six-month period ended 30 June 2020 would have been if the Target Group's structure pursuant to:

- (a) the SNPL Disposal;
- (b) the acquisition of 51.0% interest in PMG;
- (c) the ET Business Injection; and
- (d) the declaration of dividends to the shareholders of the Target Company,

(collectively, the "**Significant Events**"), had been in place since 1 January 2019, and what the unaudited pro forma consolidated statement of financial position of the Target Group as at 31 December 2019 and 30 June 2020 would have been if the Target Group's structure pursuant to the Significant Events had been in place on 31 December 2019 and 30 June 2020 respectively.

However, the unaudited pro forma consolidated financial information of the Target Group may not give a true picture of the Target Group's actual financial position, financial performance and cash flows because of its nature and is not necessarily indicative of the results of the operations and cash flows or the related effects on the financial position that would have been attained had the Significant Events actually occurred earlier.

The unaudited pro forma consolidated financial information of the Target Group has been compiled based on the following:

- (a) the audited consolidated financial statements of the Target Group for the financial year ended 31 December 2019, which were prepared in accordance with SFRS(I) and audited by Mazars LLP, Public Accountants and Chartered Accountants Singapore, in accordance with Singapore Standards of Auditing; and
- (b) the unaudited interim combined financial statements of the Target Group for the six-month period ended 30 June 2020, which were prepared in accordance with SFRS(I).

The independent auditors' reports of the aforementioned audited financial statements were not subject to any qualification.

Please refer to the "*Independent Auditors' Assurance Report and the Compilation of the Unaudited Pro Forma Consolidated Financial Information of the Target Group for the Financial Year Ended 31 December 2019 and the Six-Month Period Ended 30 June 2020*" as set out in Appendix D of this Circular for the key adjustments and assumptions made for the preparation of the unaudited pro forma consolidated financial information of the Target Group.

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### 21.3 UNAUDITED PRO FORMA CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME OF THE TARGET GROUP

(S\$)	← Unaudited Pro Forma →	
	FY2019	6M2020
Revenue	14,344,536	6,486,769
Other operating income	81,136	471,868
Consumables and medical supplies used	(2,300,113)	(1,078,946)
Purchased and contracted services	(701,046)	(110,234)
Employees benefits expense	(5,915,030)	(2,995,083)
Depreciation expense	(734,842)	(525,101)
Share of results from joint ventures	(157,074)	(87,892)
Other operating expenses	(2,381,079)	(1,007,057)
Finance costs	(81,504)	(55,682)
<b>Profit before income tax</b>	<b>2,154,984</b>	<b>1,098,642</b>
Income tax expense	(340,818)	(175,865)
<b>Profit for the financial year/period</b>	<b>1,814,166</b>	<b>922,777</b>
<b>Other comprehensive income:</b>		
<i>Components of other comprehensive income that will be reclassified to profit or loss, net of taxation</i>		
Exchange differences on translating foreign operations	2,869	(15)
<b>Total comprehensive income for the financial year/period</b>	<b>1,817,035</b>	<b>922,762</b>
<b>Profit attributable to:</b>		
Owners of the Target Company	1,682,885	903,661
Non-controlling interests	131,281	19,116
	<b>1,814,166</b>	<b>922,777</b>
<b>Total comprehensive income attributable to:</b>		
Owners of the Target Company	1,685,754	903,646
Non-controlling interests	131,281	19,116
	<b>1,817,035</b>	<b>922,762</b>
<b>Earnings Per Share (cents)<sup>(1)</sup></b>	<b>0.96</b>	<b>0.51</b>

**Note:**

- (1) EPS has been computed based on the profit attributable to owners of the Target Company for the financial period and the Target Company's share capital of 176,168,027 shares.

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### 21.4 UNAUDITED PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE TARGET GROUP

(S\$)	Unaudited Pro Forma as at 31 December 2019	Unaudited Pro Forma as at 30 June 2020
<b><u>ASSETS</u></b>		
<b>Current assets</b>		
Cash and cash equivalents	292,727	474,446
Trade receivables	1,803,133	2,789,503
Other receivables	609,323	615,295
Inventories	461,241	444,331
<b>Total current assets</b>	<b>3,166,424</b>	<b>4,323,575</b>
<b>Non-current assets</b>		
Property, plant and equipment	2,809,494	2,478,983
Investment in joint ventures	121,423	65,088
Goodwill arising on consolidation	3,635,651	3,635,651
	6,566,568	6,179,722
<b>Total assets</b>	<b>9,732,992</b>	<b>10,503,297</b>
<b><u>LIABILITIES AND EQUITY</u></b>		
<b>Current liabilities</b>		
Trade payables	677,413	691,164
Other payables	1,350,101	786,748
Borrowings	549,687	558,365
Lease liabilities	660,498	608,622
Deferred revenue	1,031,432	1,110,630
Income tax payable	254,647	361,308
<b>Total current liabilities</b>	<b>4,523,778</b>	<b>4,116,837</b>

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(S\$)	Unaudited Pro Forma as at 31 December 2019	Unaudited Pro Forma as at 30 June 2020
<b>Non-current liabilities</b>		
Other payables	1,187,754	1,016,517
Borrowings	–	397,241
Lease liabilities	889,623	918,103
Deferred tax liabilities	2,144	2,144
<b>Total non-current liabilities</b>	2,079,521	2,334,005
<b>Capital and reserves</b>		
Share capital	3,267,868	3,267,868
Merger reserve	57,375	57,375
Foreign currency translation reserve	2,869	2,854
Other reserve	21,543	21,543
Accumulated (losses)/profits	(682,821)	220,840
Equity attributable to owners of the Target Company	2,666,834	3,570,480
Non-controlling interests	462,859	481,975
Total equity	3,129,693	4,052,455
<b>Total liabilities and equity</b>	9,732,992	10,503,297
<b>NAV per share (cents)<sup>(1)</sup></b>	1.51	2.03

**Note:**

- (1) NAV per share has been computed based on the equity attributable to owners of the Target Company and the Target Company's share capital of 176,168,027 shares.



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### 22. MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS OF THE TARGET GROUP

*The following discussion and analysis of financial position and results of operations of the Target Group should be read in conjunction with the full text of this Target's Letter to Shareholders, including the "Independent Auditors' Report on the Consolidated Financial Statements of the Target Group for the Financial Years Ended 31 December 2017, 2018 and 2019", the "Independent Auditors' Review Report on the Unaudited Interim Condensed Consolidated Financial Statements of the Target Group for the Financial Period from 1 January 2020 to 30 June 2020" and the "Independent Auditors' Assurance Report and the Compilation of Unaudited Pro Forma Consolidated Financial Information of the Target Group for the Financial Year Ended 31 December 2019 and the Six-Month Period Ended 30 June 2020" as set out in Appendices B, C and D respectively of the Circular.*

*This discussion contains forward-looking statements that involve risks and uncertainties. The Target Group's actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause the Target Group's future results to differ significantly from those projected in the forward-looking statements include, but are not limited to, those discussed below and elsewhere in this Target's Letter to Shareholders and the Circular, particularly in the Section 2.7 titled "Risk Factors" of the Circular. Under no circumstances should the inclusion of such forward-looking statements herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumption by the Company, the Target Group, the Sponsor and Financial Adviser or any other person. Shareholders and prospective investors are cautioned not to place undue reliance on these forward-looking statements which speak only as at the date hereof. Please refer to the section titled "Cautionary Note On Forward Looking Statements" of the Circular.*

The Target Group resulting from the restructuring exercises undertaken (please refer to Section 17 titled "Restructuring Exercise and Further Developments of the Target Group" of this Target's Letter to Shareholders) is regarded as a continuing entity throughout FY2017, FY2018 and FY2019. Accordingly, the consolidated financial statements of the Target Group for FY2017, FY2018 and FY2019 were prepared in accordance with the Recommended Accounting Practice 12 (Merger Accounting for Common Control Combinations) on the basis that the restructuring exercises undertaken, which transferred the equity interest in the combining entities under common control to the Target Company, has been effected as at the beginning of FY2017, FY2018 and FY2019. Namely, the combining entities were the Target Company, RL Aesthetics, Cove Wellness, VS Venture (which was deconsolidated from the Target Group on 31 July 2018), VS Investment Holdings (which was deconsolidated from the Target Group on 31 December 2017) and SN Orthopaedics (which was deconsolidated from the Target Group on 31 December 2019), which first came under the common control of the Target Group's initial founders Dr. Rachel Lim and Dr. Sean Ng. The other acquired entities of the Target Group, namely Apicare Medical, Apicare Pain Specialist, Sebastian Chua MH, S Chua and the PMG group of companies, were not under common control, and accordingly, the acquisition accounting method was adopted for the acquisition of these entities. Such adoption of the acquisition accounting method was made in accordance with SFRS(I) 3 *Business Combinations*, and will continue to be adopted by the Enlarged Group post Completion, in compliance with SFRS(I), unless varying circumstances arise which may entail the application of merger accounting.

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### 22.1 OVERVIEW

The Target Group is a Singapore-based multidisciplinary specialist healthcare group that aims to be recognised as the leading healthcare provider in Singapore and the Asia Pacific region. The Target Group aims to build a name that is synonymous with excellent, yet affordable medical specialist services, without compromise. The Target Group's core competencies lie in specialist healthcare and include the fields of aesthetics and wellness, anaesthesiology and pain management, family medicine, internal medicine and orthopaedic surgery. In addition, the Target Group has also ventured into other paramedical products and services, such as physiotherapy services, the Cambodia JVA, and the Cambodia Consultancy Project.

As at the Latest Practicable Date, the Target Group has fifteen (15) medical doctors practising at twelve (12) medical clinics, and operates one (1) medical spa at the following locations in Singapore:

Medical Clinics/Facilities	Location
Apicare Pain Clinic – Farrer Park Medical Centre	1 Farrer Park Station Road, #15-05 Connexion, Singapore 217562
Cove Aesthetic Clinic – Wheelock Place	501 Orchard Road, #04-07 Wheelock Place, Singapore 238880
Cove Aesthetics – Wheelock Place	501 Orchard Road, #04-07B Wheelock Place, Singapore 238880
Cove Orthopaedic Clinic – Farrer Park Medical Centre	1 Farrer Park Station Road, #15-05 Connexion, Singapore 217562
Cove Orthopaedic Clinic – Mount Elizabeth Medical Centre	3 Mount Elizabeth #11-13, Singapore 228510
Cove Orthopaedic Clinic – Parkway East Medical Centre	319 Joo Chiat Place #02-05 Parkway East Medical Centre, Singapore 427989
Cove Orthopaedic Clinic – Royal Square Medical Suites	101 Irrawaddy Road, #10-08 Royal Square Medical Centre, Singapore 329565
Livingstone Cardiology – Farrer Park Medical Centre	1 Farrer Park Station Road, #15-05 Connexion, Singapore 217562
Livingstone Cardiology – Mount Elizabeth Medical Centre	3 Mount Elizabeth #14-13, Singapore 228510
Livingstone Endocrine, Diabetes & Thyroid Clinic – Mount Alvernia Hospital	820 Thomson Road #06-07 Mount Alvernia Hospital, Medical Centre A, Singapore 574623
Livingstone Endocrine, Diabetes & Thyroid Clinic – Mount Elizabeth Medical Centre	3 Mount Elizabeth #14-13, Singapore 228510

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Medical Clinics/Facilities	Location
The Bone and Joint Centre – Mount Elizabeth Medical Centre	3 Mount Elizabeth #14-15, Singapore 228510
Phoenix Medical Group – Hillview	4 Hillview Rise, #02-20 Hill V2, Singapore 667979
Phoenix Medical Group – Paya Lebar	60 Paya Lebar Road, #02-09 Paya Lebar Square, Singapore S409051
Phoenix Medical Group – Seletar	1 Seletar Road, #02-11, Greenwich V, Singapore 807011
Phoenix Medical Group – Novena	275 Thomson Road #01-05 Novena Regency, Singapore 307645 <sup>(1)</sup>

**Note:**

- (1) On 18 December 2020, the Target Group relocated its family medicine clinic operated by PMG CACTIII to 275 Thomson Road #01-05 Novena Regency, Singapore 307645. The Target Group does not intend to renew the lease at 7 Ang Mo Kio Street 66 #01-17 Floravista, Singapore 567708. Please refer to Section 6 titled “Properties and Fixed Assets” of this Target’s Letter to Shareholders for more details.

Please refer to Section 3 titled “Business Overview” of this Target’s Letter to Shareholders for further details on the Target Group’s business.

The Target was incorporated in Singapore on 1 December 2017 under the Companies Act as a private company limited by shares and was converted into a public limited company on 26 June 2019. Please refer to Section 18 titled “Organisational Structure” of this Target’s Letter to Shareholders for further details on the Target Group’s structure.

### Revenue

During the Period Under Review, the Target Group derived its revenue mainly from its key business segments, namely aesthetics and wellness, anaesthesiology and pain management, family medicine, internal medicine and orthopaedic surgery. Its revenue from continuing operations amounted to S\$1.50 million, S\$4.41 million and S\$6.16 million in FY2017, FY2018 and FY2019 respectively, and S\$2.55 million and S\$6.49 million in 6M2019 and 6M2020 respectively. Taking into account the revenue from continuing and discontinued operations, the aggregate revenue amounted to S\$5.55 million, S\$8.86 million and S\$14.75 million in FY2017, FY2018 and FY2019 respectively, and S\$7.09 million and S\$6.49 million in 6M2019 and 6M2020 respectively. Revenue is recognised when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

Revenue from provision of aesthetics and wellness services generally relates to performance obligations to provide treatment services. Consideration is generally received upfront and recognised as deferred revenue. Revenue from the sale of medication and skincare products is recognised at the point in time when the patient has obtained the control of the medication and skincare products. Revenue from provision of anaesthesiology and pain management services and family medicine relate to performance obligations to provide consultation and treatment services. Revenue from provision of

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internal medicine and orthopaedic surgery relate to performance obligations to provide surgical and treatment services. Revenue from project consultancy services is recognised over time by reference to the stage of completion of the service contract. The stage of completion is measured by reference to the contract costs incurred to date to the estimated total costs for the contract.

As at the Latest Practicable Date, the Target Group's business segments are aesthetics and wellness, anaesthesiology and pain management, family medicine, internal medicine, orthopaedic surgery and others.

The Target Group's revenue is mainly dependent on the following factors:

- (a) the financial ability and willingness of individual patients to pay for private healthcare services;
- (b) the Target Group's ability to retain its existing patients;
- (c) the Target Group's ability to maintain a good reputation as a healthcare provider;
- (d) the Target Group's ability to maintain the relevant licences, registrations, permits, approvals or exemptions necessary for its business;
- (e) demand from the Asia Pacific market and medical tourists for the Target Group's services;
- (f) competition from other similar healthcare providers within each of the Target Group's business segments;
- (g) the Target Group's ability to keep abreast of advances in medical technology;
- (h) the Target Group's ability to attract and retain skilled and qualified healthcare professionals, including medical doctors and key management personnel to support and/or grow the Target Group's services;
- (i) demographic factors in Singapore and the region, such as age and employment profile; and
- (j) changes in the political, economic, and social developments as well as laws, regulations and licensing requirements in Singapore and globally.

Please refer to Section 2.7 titled "Risk Factors" of the Circular and Section 24 titled "Prospects, Trends and Future Plans" of this Target's Letter to Shareholders for other factors which may affect the Target Group's revenue.

### **Other operating income**

Other operating income amounted to S\$0.05 million, S\$0.05 million and S\$0.02 million in FY2017, FY2018 and FY2019 respectively, and S\$3,259 and S\$0.47 million in 6M2019 and 6M2020 respectively. Other operating income mainly comprised (a) government grants received from government agencies in relation to Productivity and Innovation Credit Scheme, IRAS Wage Credit Scheme, IRAS Job Support Scheme and grants from SPRING Singapore; (b) gain on disposal of fixed assets; (c) service fees charged to related parties; and (d) rental rebates granted by landlords as part of the COVID-19 temporary relief measures introduced by the Singapore Government.

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### **Consumables and medical supplies used**

Consumables and medical supplies used amounted to S\$0.21 million, S\$0.32 million and S\$0.38 million in FY2017, FY2018 and FY2019 respectively, and S\$0.15 million and S\$1.08 million in 6M2019 and 6M2020 respectively. Consumables and medical supplies used comprise mainly expenses incurred to purchase (a) drugs and consumables; (b) skincare products; (c) implants, braces and support; and (d) fees incurred for the use of surgical facilities and equipment and diagnostics tests.

### **Purchased and contracted services**

Purchased and contracted services amounted S\$0.70 million and S\$0.11 million in FY2019 and 6M2020 respectively. Purchased and contracted services represent the project costs incurred for the Target Group's ongoing Cambodia Consultancy Project.

### **Employees benefits expense**

Employees benefits expense amounted to S\$0.53 million, S\$1.14 million, S\$2.54 million in FY2017, FY2018 and FY2019 respectively, and S\$1.14 million and S\$3.00 million in 6M2019 and 6M2020 respectively. Employees benefits expense mainly comprised remuneration paid to the Target Group's directors, medical doctors, nurses and administrative support staff. These include fixed and variable components of salaries and wages, commissions, bonuses, CPF contributions and other related costs.

### **Depreciation expense**

Depreciation expense amounted to S\$0.13 million, S\$0.18 million and S\$0.35 million in FY2017, FY2018 and FY2019 respectively, and S\$0.22 million and S\$0.53 million in 6M2019 and 6M2020 respectively. Depreciation expense pertains to the depreciation of (a) machines and equipment, renovation, furniture and fittings, office equipment, computers and motor vehicles over their estimated useful lives and (b) right-of-use assets over their lease terms.

### **Share of results from joint ventures**

Share of results from joint ventures amounted to a loss of S\$0.16 million in FY2019, and a loss of S\$0.04 million and S\$0.09 million in 6M2019 and 6M2020 respectively. There was no share of results of joint venture prior to FY2019. Share of results of joint ventures mainly pertains to LSMS which commenced limited operations in October 2019 pursuant to the Cambodia JVA.

### **Other operating expenses**

Other operating expenses amounted to S\$0.49 million, S\$0.75 million, S\$1.54 million in FY2017, FY2018 and FY2019 respectively, and S\$0.53 million and S\$1.01 million in 6M2019 and 6M2020 respectively. Other operating expenses mainly comprised:

- (a) marketing expenses;
- (b) rental expenses;

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- (c) listing expenses in connection with the Target Group's Prior Listing Attempt and the Proposed Acquisition;
- (d) provision for doubtful debts and bad debts written off;
- (e) administrative, bank and credit card charges (including administrative fees charged by hospitals and/or third party administrators for, *inter alia*, collecting surgical fees on behalf of the Target Group);
- (f) repair and maintenance expenses;
- (g) loss on disposal of property, plant and equipment; and
- (h) general expenses (including, but not limited to, expenses incurred for professional fees, audit fees, transport and travelling expenses, and insurance premiums).

### **Finance costs**

Finance costs amounted to S\$0.03 million, S\$0.02 million and S\$0.03 million in FY2017, FY2018 and FY2019 respectively, and S\$0.01 million and S\$0.06 million in 6M2019 and 6M2020 respectively. Finance costs comprised interest expense incurred on (a) borrowings for business expansion and working capital needs, and (b) lease liabilities for the purchase of medical equipment.

### **Income tax expense**

The Target Group's overall effective tax rate for its continuing operations was approximately 31.8%, 11.6% and 14.3% in FY2017, FY2018 and FY2019 respectively, and 13.4% and 16.0% in 6M2019 and 6M2020 respectively. The effective tax rate for each of FY2018, FY2019, 6M2019 and 6M2020 was lower than the Singapore statutory corporate tax rate of 17.0% mainly due to tax concessions and tax exemptions received by the Target Group. The higher effective tax rate in FY2017 arose from the recognition of deferred tax liabilities for new assets acquired in FY2017. For illustrative purposes, the effective tax rate excluding the effects of deferred tax liabilities in FY2017 would have been 11.9%.

### **Profit from continuing operations, net of tax**

The Target Group's profit from continuing operations, net of tax amounted to S\$0.10 million, S\$1.82 million and S\$0.42 million in FY2017, FY2018 and FY2019 respectively, and S\$0.41 million and S\$0.92 million in 6M2019 and 6M2020 respectively.

### **Profit from discontinued operations, net of tax**

The Target Group's profit from discontinued operations, net of tax amounted to S\$1.91 million, S\$1.38 million, S\$1.41 million and S\$0.82 million in FY2017, FY2018, FY2019 and 6M2019 respectively. There was no profit from discontinued operations in 6M2020. Profit from discontinued operations relates to profit generated by SN Orthopaedics, which was disposed by and deconsolidated from the Target Group through the SNPL Disposal on 31 December 2019. The accounting method adopted for the deconsolidation of SN Orthopaedics was made in accordance with SFRS(I) 10 *Consolidated Financial Statements*. Please refer to Section 17.3 titled "The 2019 Target Restructuring" of this Target's Letter to Shareholders for more information on the SNPL Disposal.



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### Profit for the financial year/period

Taking into account the Target Group's profit from continuing and discontinued operations, the aggregate profit, net of tax amounted to S\$2.01 million, S\$3.20 million and S\$1.83 million in FY2017, FY2018 and FY2019 respectively, and S\$1.22 million and S\$0.92 million in 6M2019 and 6M2020 respectively.

### 22.2 ADJUSTED NPAT

For illustrative purposes only, in accordance to the Deferred Consideration formula as part of the terms of the SPA, had the Adjustment Items been deducted from each respective financial period, the retrospective effect on the following items of the statement of comprehensive income would have been:

(S\$)	← Audited →		Pro Forma	← Unaudited →	
	FY2017	FY2018	FY2019	6M2019	6M2020
Profit from Continuing Operations	100,567	1,819,792	1,814,166	405,405	922,777
Profit from Continuing Operations attributable to owners of the Target Company	69,227	1,819,792	1,682,885	405,405	903,661
Employees Benefits Expense <sup>(1)</sup>	–	–	1,062,588	480,817	–
Listing Expenses <sup>(2)</sup>	–	81,863	595,614	227,475	88,670
Initial Set Up Costs <sup>(3)</sup>	–	65,688	197,447	–	367,828
Income Tax Expense <sup>(4)</sup>	–	(25,084)	(315,460)	(120,410)	(77,605)
<b>Adjusted NPAT</b>	<b>69,227</b>	<b>1,942,259</b>	<b>3,223,074</b>	<b>993,287</b>	<b>1,282,554</b>

**Notes:**

- (1) Adjustment to exclude the one-off commission paid to Dr. Edwin Tan in FY2019 pursuant to a profit-sharing arrangement under his past employment with SN Orthopaedics. Upon the completion of the 2019 Target Restructuring, including the completion of the ET Business Injection and the termination of Dr. Edwin Tan's employment under SN Orthopaedics, the profit-sharing arrangement ceased to be in effect. Please refer to Section 17.3 titled "The 2019 Target Restructuring" of this Target's Letter to Shareholders for more information.
- (2) Adjustment to exclude the one-off listing expenses incurred in connection with the Target Group's Prior Listing Attempt and the Proposed Acquisition in FY2018, FY2019, 6M2019 and 6M2020. Please refer to Section 17.2 titled "Prior Listing Attempt" of this Target's Letter to Shareholders for more information.
- (3) Adjustment to exclude initial set up costs incurred by the Target Group for its new recruitments and practices in FY2018, FY2019 and 6M2020.
- (4) Adjustment to include tax expense of S\$0.03 million, S\$0.32 million, \$0.12 million and S\$0.08 million in FY2018, FY2019, 6M2019 and 6M2020 respectively, assuming a tax rate of 17.0% was applied on the net adjusted amounts as set out in the above notes (1), (2) and (3).

### 22.3 SEASONALITY

Generally, the Target Group's business activities are not subject to any significant seasonal fluctuations.



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### 22.4 INFLATION

The Target Group's business operations are mainly based in Singapore during the Period Under Review. Inflation in Singapore did not have a material impact on the Target Group's operating performance during the Period Under Review.

### 22.5 REVIEW OF RESULTS OF OPERATIONS

A breakdown of the Target Group's revenue by business segments for the Period Under Review is set out as follows:

Revenue	FY2017		FY2018		FY2019		6M2019		6M2020	
	S\$'000	(%)	S\$'000	(%)	S\$'000	(%)	S\$'000	(%)	S\$'000	(%)
Aesthetics and wellness	1,501	100.0	1,881	42.6	1,816	29.5	843	33.1	509	7.8
Anaesthesiology and pain management	–	–	2,530	57.4	3,454	56.1	1,704	66.9	1,954	30.1
Family Medicine	–	–	–	–	–	–	–	–	1,582	24.4
Internal Medicine	–	–	–	–	82	1.3	–	–	205	3.2
Orthopaedic surgery	–	–	–	–	–	–	–	–	2,111	32.6
Others	–	–	–	–	807	13.1	–	–	126	1.9
<b>Total</b>	<b>1,501</b>	<b>100.0</b>	<b>4,411</b>	<b>100.0</b>	<b>6,159</b>	<b>100.0</b>	<b>2,547</b>	<b>100.0</b>	<b>6,487</b>	<b>100.0</b>

#### Overall

The Target Group's revenue during the Period Under Review was mainly generated in Singapore. Revenue from the "Others" segment was generated in Cambodia. The Target Group does not have any other reportable geographical segments.

#### ***FY2017 vs FY2018***

##### **Revenue**

The Target Group's revenue increased by S\$2.91 million from S\$1.50 million in FY2017 to S\$4.41 million in FY2018 mainly due to revenue contributed by the new anaesthesiology and pain management segment of S\$2.53 million and the increase in revenue from the aesthetics and wellness segment.

The Target Group's revenue from the aesthetics and wellness segment increased by S\$0.38 million or 25.3% from S\$1.50 million in FY2017 to S\$1.88 million in FY2018 mainly due to additional customers secured via its sales and marketing channels such as personal referrals and media advertising.

The Target Group's revenue from the new anaesthesiology and pain management segment amounted to S\$2.53 million, contributing approximately 57.4% of the Target Group's total revenue in FY2018.

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### **Other operating income**

The Target Group's other operating income remained constant at S\$0.05 million in FY2017 and FY2018. Government grants were received in relation to the Productivity and Innovation Credit Scheme arising from qualified plant and equipment purchased in FY2017 and FY2016.

### **Consumables and medical supplies used**

Consumables and medical supplies used increased by S\$0.11 million or 49.7% from S\$0.21 million in FY2017 to S\$0.32 million in FY2018 which is in line with the increase in revenue from the aesthetics and wellness segment, and the addition of the new anaesthesiology and pain management segment.

### **Employees benefits expense**

The Target Group's employees benefits expense increased by S\$0.61 million from S\$0.53 million in FY2017 to S\$1.14 million in FY2018 mainly due the addition of new medical doctors to the Target Group.

### **Depreciation expense**

The Target Group's depreciation expense increased by S\$0.05 million or 33.6% from S\$0.13 million in FY2017 to S\$0.18 million in FY2018 mainly due to (a) additions to machinery and equipment for the aesthetics and wellness segment; and (b) the renovation, furniture and fittings works for the clinic at Farrer Park Medical Centre during FY2018.

### **Other operating expenses**

The Target Group's other operating expenses increased by S\$0.26 million or 52.6% from S\$0.49 million in FY2017 to S\$0.75 million in FY2018 mainly due to (a) one-off listing expenses incurred in connection with the Target Group's Prior Listing Attempt which amounted to approximately S\$0.08 million; (b) an increase in marketing expenses by S\$0.02 million; (c) an increase in administrative, bank and credit card charges by S\$0.08 million; (d) an increase in audit fee by S\$0.06 million; and (e) an increase in other general expenses by S\$0.02 million.

### **Finance costs**

The Target Group's finance costs decreased by S\$0.01 million or 43.0% from S\$0.03 million in FY2017 to S\$0.02 million in FY2018 mainly due to repayments of the Target Group's borrowings.

### **Profit from continuing operations attributable to owners of the Target Company**

As a result of the above, profit from continuing operations attributable to owners of the Target Company increased by S\$1.75 million from S\$0.07 million in FY2017 to S\$1.82 million in FY2018.

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### **Profit for the financial year**

Net profit from discontinued operations of SN Orthopaedics decreased by S\$0.53 million or 27.6% from S\$1.91 million in FY2017 to S\$1.38 million in FY2018, mainly due an increase in employees benefits expense by S\$0.63 million in FY2018, partially offset by the increase in revenue of SN Orthopaedics by S\$0.40 million from S\$4.05 million in FY2017 to S\$4.45 million in FY2018.

Taking into account the Target Group's profit from continuing and discontinued operations, the aggregate profit, net of tax increased by S\$1.19 million or 59.1% from S\$2.01 million in FY2017 to S\$3.20 million in FY2018.

### ***FY2018 vs FY2019***

#### **Revenue**

The Target Group's revenue increased by S\$1.75 million or 39.6% from S\$4.41 million in FY2018 to S\$6.16 million in FY2019 mainly due to (a) an increase in revenue from the anaesthesiology and pain management segment by S\$0.92 million; (b) revenue contributed by the new internal medicine segment of S\$0.08 million; and (c) revenue contributed by the Cambodia Consultancy Project of S\$0.81 million, partially offset by the decrease in revenue from the aesthetics and wellness segment by S\$0.06 million.

The Target Group's revenue from the anaesthesiology and pain management segment increased by S\$0.92 million or 36.5% from S\$2.53 million in FY2018 to S\$3.45 million in FY2019 mainly due to a full year contribution by Dr. Sebastian Chua in FY2019 as compared to a 3-month contribution recorded in FY2018.

The Target Group's revenue from the new internal medicine segment amounted to S\$0.08 million, contributing approximately 1.3% of the Target Group's total revenue in FY2019.

In FY2019, the Target Group embarked on the Cambodia Consultancy Project and recorded S\$0.81 million of consultancy fees, contributing approximately 13.1% of total revenue. As at the end of FY2019, the project was in its final stage whereby approximately 70% of its overall progress had been completed. Such revenue is recorded under the Others segment.

The increase in revenue is offset by decrease in revenue from the aesthetics and wellness segment. Revenue from the aesthetics and wellness segment decreased by S\$0.06 million or 3.4% from S\$1.88 million in FY2018 to S\$1.82 million in FY2019 mainly due to fewer customer visits in 2019 as compared to 2018.

#### **Other operating income**

The Target Group's other operating income decreased by S\$0.03 million or 59.8% from S\$0.05 million in FY2018 to S\$0.02 million in FY2019 mainly due to the absence of the Productivity and Innovation Credit Scheme in FY2019.

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### **Consumables and medical supplies used**

Consumables and medical supplies used increased by S\$0.06 million or 18.4% from S\$0.32 million in FY2018 to S\$0.38 million in FY2019 mainly due to an increase in consumables and medical supplies used by the aesthetics and wellness segment.

### **Purchased and contracted services**

In FY2019, the Target Group embarked on the Cambodia Consultancy Project and recorded S\$0.70 million of project costs. The recognition of project costs is in line with the recognition of the consultancy revenue explained above.

### **Employees benefits expense**

The Target Group's employees benefits expense increased by S\$1.40 million from S\$1.14 million in FY2018 to S\$2.54 million in FY2019 mainly due to (a) a full year of salary drawn by Dr Sebastian Chua as compared to 3 months in FY2018; (b) an increase in salaries for the medical doctors; and (c) the addition of new medical doctors and overall headcount arising from business expansion.

### **Depreciation expense**

The Target Group's depreciation expense increased by S\$0.17 million or 95.1% from S\$0.18 million in FY2018 to S\$0.35 million in FY2019 mainly due to (i) renovation for the new premises at Wheelock Place under the aesthetics and wellness segment and for the Target Group's new headquarters at ARC 380; and (ii) depreciation arising from the adoption of SFRS(I) 16 Leases in FY2019, where leases for the rental of premises and equipment are accounted for by recognising right-of-use assets and lease liabilities.

### **Share of results from joint ventures**

Share of results from joint ventures amounted to a loss of S\$0.16 million in FY2019, attributable to LSMS which commenced limited operations in October 2019 pursuant to the Cambodia JVA. There was no share of results of joint venture prior to FY2019.

### **Other operating expenses**

The Target Group's other operating expenses increased by S\$0.78 million from S\$0.75 million in FY2018 to S\$1.54 million in FY2019 mainly due to (a) one-off listing expenses incurred in connection with the Target Group's Prior Listing Attempt amounting to S\$0.60 million in FY2019, being an increase over FY2018 by S\$0.51 million; (b) a one-off loss on property, plant and equipment written off which amounted to S\$0.05 million; (c) an increase in marketing expenses by S\$0.15 million; (d) an increase in loss allowances and bad debts written off by S\$0.01 million; (e) an increase in repair and maintenance expenses by S\$0.09 million; (f) an increase in audit fees by S\$0.01 million; and (g) an increase in other general expenses by S\$0.06 million, partially offset by (i) a decrease in rental expenses by S\$0.08 million arising from the adoption of SFRS(I) 16 Leases in FY2019, whereby leases for the rental of premises and equipment are accounted for by recognising right-of-use assets and lease liabilities; and (ii) a decrease in administrative, bank and credit card charges by S\$0.03 million.

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### **Finance costs**

The Target Group's finance costs increased by S\$0.01 million or 67.5% from S\$0.02 million in FY2018 to S\$0.03 million in FY2019 mainly due to the recognition of interest expenses on lease liabilities, arising from the adoption of SFRS(I) 16 Leases in FY2019, whereby leases for the rental of premises and equipment are accounted for by recognising right-of-use assets and lease liabilities.

### **Profit from continuing operations attributable to owners of the Target Company**

As a result of the above, profit from continuing operations attributable to owners of the Target Company decreased by S\$1.40 million or 76.9% from S\$1.82 million in FY2018 to S\$0.42 million in FY2019.

### **Profit for the financial year**

Net profit from discontinued operations of SN Orthopaedics increased by S\$0.03 million or 1.9% from S\$1.38 million in FY2018 to S\$1.41 million in FY2019. The increase in net profit contribution was mainly due to the increase in revenue of SN Orthopaedics from S\$4.45 million in FY2018 to S\$8.59 million in FY2019, mainly attributable to the full year contribution by Dr. Edwin Tan in FY2019 as compared to a 1-month contribution recorded in FY2018, partially offset by increases in employee benefits expense and commission to doctor by S\$1.94 million and other operating expenses by S\$1.25 million.

Taking into account the Target Group's profit from continuing and discontinued operations, the aggregate profit, net of tax decreased by S\$1.37 million or 42.9% from S\$3.20 million in FY2018 to S\$1.83 million in FY2019.

### **6M2019 vs 6M2020**

#### **Impact of COVID-19 on the Target Group in 6M2020**

In late 2019, COVID-19 surfaced in the People's Republic of China and on 11 March 2020, the World Health Organisation declared COVID-19 a pandemic. Countries around the world started to implement measures such as lock-downs and travel restrictions in order to prevent the spread of COVID-19. In Singapore, restrictions on the entry of short-term visitors into Singapore were put in place and travel advisories were issued to discourage Singapore citizens and permanent residents from travelling overseas. In April 2020 and May 2020, drastic Circuit Breaker measures were put in place to minimise the spread of COVID-19. Healthcare institutions were directed by the MOH to defer healthcare services which were triaged as non-essential services.

While most of the Target Group's healthcare services were deemed essential in nature, non-essential services included aesthetic services, elective joint replacement surgeries, adult vaccination and screening services. In particular, the Target Group's aesthetic clinic and medical spa had to be closed from 7 April 2020 to 1 June 2020 and could only provide a portion of its usual services between 2 June 2020 to 18 June 2020, only resuming operations on 19 June 2020. Activifix's physiotherapy clinic had to be closed from 6 April 2020 to 4 May 2020 and resumed operations on 5 May 2020. As a result, there was a

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reduction in the number of services that the Target Group's clinics could provide. The Target Group therefore experienced lower footfall across its clinics during the above-mentioned period in 2020.

To mitigate the adverse impact of COVID-19 on the Singapore economy, the Singapore Government introduced support measures such as the Property Tax Rebate, Rental Relief Framework and wage credits under the Job Support Scheme, which the Target Group has been eligible for. In connection with this, the Target Group's founding medical doctors volunteered for temporary salary reductions to further mitigate the drop in business activity.

During the 6M2020 period, the Target Group did not experience any material disruption to its supplies or encountered any of its counter-parties exercising temporary relief, force majeure clauses or termination of contractual obligations for any of its material contracts. In addition, during the 6M2020 period, the Target Group did not make any material impairments to its assets, nor face any material adverse impact to its sources of cash or liquidity, or inability to fulfill its near-term obligations.

For further information related to the impact of COVID-19 on the Target Group, please refer to Section 2.7 titled "Risk Factors" of the Circular and Section 24.2 titled "Trend Information" of this Target's Letter to Shareholders.

### Revenue

The Target Group's revenue increased by S\$3.94 million from S\$2.55 million in 6M2019 to S\$6.49 million in 6M2020 mainly due to (a) an increase in revenue from the anaesthesiology and pain management segment by S\$0.25 million; (b) revenue contributed by the orthopaedic surgery segment of S\$2.11 million, which was absent in the continuing operations of the Target Group in 6M2019; (c) revenue contributed by the new family medicine segment of S\$1.58 million; (d) revenue contributed by the new internal medicine segment of S\$0.21 million; and (e) revenue contributed by the Cambodia Consultancy Project of S\$0.13 million, partially offset by a decrease in revenue from the aesthetics and wellness segment by S\$0.33 million.

The Target Group's revenue from the anaesthesiology and pain management segment increased by S\$0.25 million or 14.7% from S\$1.70 million in 6M2019 to S\$1.95 million in 6M2020 mainly due to an increase in internal referrals from the other medical doctors of the Target Group.

Upon the completion of the 2019 Target Restructuring on 31 December 2019, contribution from the orthopaedic surgery segment under Cove Sports was recorded as continuing operations to the Target Group from 1 January 2020 onwards. As a result, revenue from the orthopaedic surgery segment amounted to S\$2.11 million, contributing approximately 32.6% of the Target Group's total revenue in 6M2020. There was an absence in the contribution of the orthopaedic surgery segment to the continuing operations of the Target Group in 6M2019 as such contribution was recorded under the discontinued operations pursuant to the SNPL Disposal.

The Target Group's revenue from the internal medicine segment amounted to S\$0.21 million, contributing approximately 3.2% of the Target Group's total revenue in 6M2020.

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The Target Group's revenue from the new family medicine segment amounted to S\$1.58 million, contributing approximately 24.4% of the Target Group's total revenue in 6M2020.

The Target Group's revenue from the Cambodia Consultancy Project amounted to S\$0.13 million of consultancy fees, contributing approximately 1.9% of total revenue. As at the end of 6M2020, the project was in its final stage whereby approximately 85% of its overall progress had been completed. Such revenue is recorded under the Others segment.

The Target Group's revenue from the aesthetics and wellness segment decreased by S\$0.33 million or 39.7% from S\$0.84 million in 6M2019 to S\$0.51 million in 6M2020 mainly due to the temporary closure of the Target Group's aesthetic clinic and medical spa from 7 April 2020 to 1 June 2020 as a result of the Circuit Breaker measures introduced by the Singapore Government in response to COVID-19.

### **Other operating income**

The Target Group's other operating income increased by S\$0.47 million from S\$3,259 in 6M2019 to S\$0.47 million in 6M2020 mainly due to the Job Support Scheme and rental rebates received from landlords, as part of the temporary support measures announced by the Singapore Government in response to the COVID-19 situation.

### **Consumables and medical supplies used**

Consumables and medical supplies used increased by S\$0.93 million from S\$0.15 million in 6M2019 to S\$1.08 million in 6M2020 which is in line with the increase in revenue from the anaesthesiology and pain management segment, and the additional contributions from the orthopaedic surgery segment, internal medicine segment and family medicine segment in 6M2020.

### **Purchased and contracted services**

In 6M2020, the Cambodia Consultancy Project recorded S\$0.11 million of project costs which is in line with the recognition of the consultancy revenue, and such project costs were absent in 6M2019.

### **Employees benefits expense**

The Target Group's employees benefits expense increased by S\$1.85 million from S\$1.14 million in 6M2019 to S\$2.99 million in 6M2020 mainly due to (a) an increase in salaries for the medical doctors; and (b) the addition of new medical doctors and overall headcount arising from the addition of the orthopaedic surgery segment, internal medicine segment and family medicine segment in 6M2020.

### **Depreciation expense**

The Target Group's depreciation expense increased by S\$0.31 million from S\$0.22 million in 6M2019 to S\$0.53 million in 6M2020 mainly due to the addition of new premises and equipment arising from the addition of the orthopaedic surgery segment, internal medicine segment and family medicine segment in 6M2020.



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### **Share of results from joint ventures**

Share of results from joint ventures increased from a loss of S\$0.04 million in 6M2019 to a loss of S\$0.09 million in 6M2020. This was attributable to LSMS which commenced limited operations in October 2019 pursuant to the Cambodia JVA.

### **Other operating expenses**

The Target Group's other operating expenses increased by S\$0.48 million or 91.2% from S\$0.53 million in 6M2019 to S\$1.01 million in 6M2020 mainly due to increases in (a) marketing expenses by S\$0.22 million; (b) rental expenses by S\$0.05 million; (c) administrative, bank and credit card charges by S\$0.18 million; (d) audit fee by S\$0.02 million; (e) service charge by \$0.03 million; (f) insurance expenses by S\$0.03 million; (g) repair and maintenance by S\$0.02 million; and (h) other general expenses by S\$0.07 million, partially offset by one-off listing expenses incurred in connection with the Proposed Transactions amounting to S\$0.09 million in 6M2020, being a decrease of S\$0.14 million compared to the one-off listing expenses incurred in 6M2019 in connection with the Target Group's Prior Listing Attempt.

### **Finance costs**

The Target Group's finance costs increased by S\$0.05 million from S\$8,105 in 6M2019 to S\$0.06 million in 6M2020 mainly due to (a) new borrowings for business expansion and working capital needs; and (b) new finance leases for the purchase of medical equipment.

### **Profit from continuing operations attributable to owners of the Target Company**

As a result of the above, profit from continuing operations attributable to owners of the Target Company increased by S\$0.50 million from S\$0.41 million in 6M2019 to S\$0.90 million in 6M2020.

### **Profit for the financial period**

Net profit contribution from discontinued operations of SN Orthopaedics amounted to S\$0.82 million in 6M2019. There was no profit from discontinued operations in 6M2020.

Taking into account the Target Group's profit from continuing and discontinued operations, the aggregate profit, net of tax decreased by S\$0.30 million or 24.5% from S\$1.22 million in 6M2019 to S\$0.92 million in 6M2020.

## **22.6 REVIEW OF FINANCIAL POSITION**

### **As at 31 December 2019**

#### **Non-current assets**

The Target Group's non-current assets amounted to S\$6.57 million, representing 58.9% of total assets. The Target Group's non-current assets comprised property, plant and equipment, investment in joint ventures and goodwill.

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Property plant and equipment, representing 42.8% of total non-current assets, comprised (a) computers amounting to S\$0.04 million; (b) office equipment amounting to S\$0.02 million; (c) machines and equipment amounting to S\$0.71 million; (d) renovation, furniture and fittings amounting to S\$0.51 million; and (e) leasehold properties amounting to S\$1.53 million arising from the adoption of SFRS(I) 16 in FY2019 onwards, where such leases are accounted for by recognising right-of-use assets.

Investment in joint ventures amounted to S\$0.12 million, representing 1.8% of total non-current assets.

Goodwill amounted to S\$3.64 million, representing 55.4% of total non-current assets, arising from the ET Business Injection and the Target Group's acquisition of 51.0% interest in PMG. The amount of goodwill recognised was based on the purchase price allocation conducted by AVA Associates Limited, who is an independent party to the Target Group. For further information, please refer to Section 17 titled "Restructuring Exercise and Further Developments of the Target Group" of this Target's Letter to Shareholders.

### **Current assets**

The Target Group's current assets amounted to S\$4.58 million, representing 41.1% of its total assets. The Target Group's current assets comprised the following:

- (a) Cash and cash equivalents amounting to S\$1.71 million, representing 37.3% of total current assets. Cash and cash equivalents comprised cash at banks and on hand;
- (b) Trade receivables amounting to S\$1.80 million, representing 39.3% of total current assets. Trade receivables comprised trade receivables due from third parties net of loss allowance;
- (c) Other receivables amounting to S\$0.61 million, representing 13.3% of total current assets. Other receivables comprised (i) deposits in relation to the rental of premises amounting to S\$0.24 million; (ii) prepayments in relation to prepaid insurance for the medical doctors and other prepaid platform subscription fees amounting to S\$0.16 million; (iii) accrued income amounting to S\$0.02 million; (iv) amount owing from a related party amounting to S\$0.10 million; and (v) other receivables amounting to S\$0.10 million; and
- (d) Inventories amounting to S\$0.46 million, representing 10.1% of total current assets. Inventories comprised skincare products and other medical drugs and consumables.

### **Non-current liabilities**

The Target Group's non-current liabilities amounted to S\$2.08 million, representing 31.5% of total liabilities. The Target Group's non-current liabilities comprised the following:

- (a) Other payables amounting to S\$1.19 million, representing 57.1% of total non-current liabilities. Other payables comprised (i) deferred consideration arising from the ET Business Injection amounting to S\$0.64 million; and (ii) deferred consideration arising from the acquisition of PMG amounting to S\$0.55 million;

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- (b) Deferred tax liabilities amounting to S\$2,144, representing 0.1% of total non-current liabilities. Deferred tax liabilities arose from temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes; and
- (c) Lease liabilities amounting to S\$0.89 million, representing 42.8% of total non-current liabilities. Lease liabilities are attributable to leases on property, plant and equipment, arising from the adoption of SFRS(I) 16 in FY2019 onwards, where all leases are accounted for by recognising right-of-use assets and lease liabilities.

### **Current liabilities**

The Target Group's current liabilities amounted to S\$4.52 million, representing 68.5% of total liabilities. The Target Group's current liabilities comprised the following:

- (a) Trade payables amounting to S\$0.68 million, representing 15.0% of total current liabilities. Trade payables comprised payables to third party suppliers;
- (b) Other payables amounting to S\$1.35 million, representing 29.8% of total current liabilities. Other payables comprised (i) accruals amounting to S\$0.69 million mainly attributable to audit fee, administrative charges and accrued payables to third party suppliers; (ii) customer deposits amounting to S\$0.03 million; (iii) GST payables amounting to S\$0.11 million; (iv) amount due to directors of subsidiaries amounting to S\$0.03 million; (v) deferred consideration arising from the ET Business Injection amounting to S\$0.18 million; and (vi) other miscellaneous payables amounting to S\$0.31 million.
- (c) Borrowings amounting to S\$0.55 million, representing 12.2% of total current liabilities. Borrowings comprised borrowings that were obtained for the purposes of business expansion and working capital needs;
- (d) Lease liabilities amounting to S\$0.66 million, representing 14.6% of total current liabilities. Lease liabilities comprised hire purchase that were obtained for the purchase of medical equipment and leases on property, plant and equipment, arising from the adoption of SFRS(I) 16 in FY2019, where all leases are accounted for by recognising right-of-use assets and lease liabilities;
- (e) Deferred revenue amounting to S\$1.03 million, representing 22.8% of total current liabilities. Deferred revenue comprised unused aesthetics and wellness service packages. The Target Group's deferred revenue increased from S\$0.90 million as at 31 December 2017 to S\$1.01 million as at 31 December 2018, and S\$1.03 million as at 31 December 2019, which is mainly due to the increase in the aesthetics and wellness packages purchased by customers during the Period Under Review; and
- (f) Income tax payable amounted to S\$0.25 million, representing 5.6% of total current liabilities.

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### **Equity attributable to owners of the Target Company**

As at 31 December 2019, equity attributable to owners of the Target Company amounted to S\$4.09 million and comprised (a) share capital amounting to S\$3.27 million; (b) merger reserve amounting to S\$0.06 million; (c) foreign currency translation reserve amounting to S\$2,869; (d) other reserve amounting to S\$0.02 million; and (e) accumulated profits amounting to S\$0.74 million.

### **As at 30 June 2020**

### **Non-current assets**

The Target Group's non-current assets amounted to S\$6.18 million, representing 54.9% of total assets. The Target Group's non-current assets comprised property, plant and equipment, investment in joint ventures and goodwill.

Property, plant and equipment amounted to S\$2.48 million, representing 40.1% of total non-current assets, comprised (a) computers amounting to S\$0.05 million; (b) office equipment amounting to S\$0.01 million; (c) machines and equipment amounting to S\$0.69 million; (d) renovation, furniture and fittings amounting to S\$0.46 million; and (e) leasehold properties amounting to S\$1.27 million arising from the adoption of SFRS(I) 16 in FY2019 onwards, where such leases are accounted for by recognising right-of-use assets.

Investment in joint ventures amounted to S\$0.07 million, representing 1.1% of total non-current assets.

Goodwill arising on consolidation amounted to S\$3.64 million, representing 58.8% of total non-current assets.

### **Current assets**

The Target Group's current assets amounted to S\$5.07 million, representing 45.1% of its total assets. The Target Group's current assets comprised the following:

- (a) Cash and cash equivalents amounting to S\$1.22 million, representing 24.1% of total current assets. Cash and cash equivalents comprised cash at banks and on hand;
- (b) Trade receivables amounting to S\$2.79 million, representing 55.0% of total current assets. Trade receivables comprised trade receivables due from third parties net of loss allowance;
- (c) Other receivables amounting to S\$0.62 million, representing 12.1% of total current assets. Other receivables comprised (i) deposits in relation to the rental of premises amounting to S\$0.25 million; (ii) prepayments in relation to prepaid insurance for the medical doctors and other prepaid platform subscription fees amounting to S\$0.24 million; and (iii) other receivables amounting to S\$0.13 million; and
- (d) Inventories amounting to \$0.44 million, representing 8.8% of total current assets. Inventories comprised skincare products and other drugs and medical consumables.

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### **Non-current liabilities**

The Target Group's non-current liabilities amounted to S\$2.33 million, representing 36.2% of total liabilities. The Target Group's non-current liabilities comprised the following:

- (a) Other payables amounting to S\$1.02 million, representing 43.6% of total non-current liabilities. Other payables comprised (i) deferred consideration arising from the ET Business Injection amounting to S\$0.47 million; and (ii) deferred consideration arising from the acquisition of PMG amounting to S\$0.55 million;
- (b) Borrowings amounting to S\$0.40 million, representing 17.0% of total non-current liabilities. Borrowings comprised borrowings that was obtained for the purposes of business expansion and working capital needs;
- (c) Lease liabilities amounting to S\$0.92 million, representing 39.3% of total non-current liabilities. Lease liabilities comprised hire purchases that were obtained for the purchase of medical equipment and leases on property, plant and equipment, arising from the adoption of SFRS(I) 16 in FY2019 onwards, where all leases are accounted for by recognising right-of-use assets and lease liabilities; and
- (d) Deferred tax liabilities amounting to S\$2,144, representing 0.1% of total non-current liabilities. Deferred tax liabilities arose from temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes.

### **Current liabilities**

The Target Group's current liabilities amounted to S\$4.12 million, representing 63.8% of total liabilities. The Target Group's current liabilities comprised the following:

- (a) Trade payables amounting to S\$0.69 million, representing 16.8% of total current liabilities. Trade payables comprised payables to third party suppliers;
- (b) Other payables amounting to S\$0.79 million, representing 19.1% of total current liabilities. Other payables comprised (i) accruals amounting to S\$0.24 million which mainly comprised audit fee, administrative charges and accrued payables to third party suppliers; (ii) GST payables amounting to S\$0.15 million; (iii) amount due to directors of subsidiaries of S\$0.03 million; (iv) deferred consideration arising from the ET Business Injection amounting to S\$0.18 million; and (v) other miscellaneous payables of S\$0.19 million;
- (c) Borrowings amounting to S\$0.56 million, representing 13.6% of total current liabilities. Borrowings comprised borrowings that were obtained for the purposes of business expansion and working capital needs;
- (d) Lease liabilities amounting to S\$0.61 million, representing 14.8% of total current liabilities. Lease liabilities comprised hire purchases that were obtained for the purchase of medical equipment and leases on property, plant and equipment, arising from the adoption of SFRS(I) 16 in FY2019, where all leases are accounted for by recognising right-of-use assets and lease liabilities;

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- (e) Deferred revenue amounting to S\$1.11 million, representing 27.0% of total current liabilities. Deferred revenue comprised unused aesthetics and wellness service packages. The Target Group's deferred revenue increased from S\$1.03 million as at 31 December 2019 to S\$1.11 million as at 30 June 2020 mainly due to the temporary closure of the aesthetic clinic and medical spa from 7 April 2020 to 1 June 2020 as a result of the Circuit Breaker measures introduced by the Singapore Government in response to COVID-19. Accordingly, the Target Group's customers were unable to redeem their services during the said period; and
- (f) Income tax payable amounting to S\$0.36 million, representing 8.7% of total current liabilities.

### **Equity attributable to owners of the Target Company**

As at 30 June 2020, equity attributable to owners of the Target Company amounted to S\$4.32 million and comprised (a) share capital amounting to S\$3.27 million; (b) merger reserve amounting to S\$0.06 million; (c) foreign currency translation reserve amounting to S\$2,854; (d) other reserve amounting to S\$0.02 million; and (e) accumulated profits amounting to S\$0.97 million.

## **22.7 RECONCILIATION OF AUDITED AND UNAUDITED PRO FORMA CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

Based on the unaudited pro forma consolidated statement of profit or loss and other comprehensive income for the financial year ended 31 December 2019, the following adjustments were made:

### **Revenue**

The Target Group's revenue increased by S\$8.19 million, due to the recognition of the full year results of PMG amounting to S\$3.77 million and Dr. Edwin Tan's medical practice pursuant to the ET Business Injection amounting to S\$4.41 million.

### **Other operating income**

The Target Group's other operating income increased by S\$0.06 million, due to the recognition of the full year results of PMG amounting to S\$0.05 million and Dr. Edwin Tan's medical practice pursuant to the ET Business Injection amounting to S\$0.01 million.

### **Consumables and medical supplies used**

The Target Group's consumables and medical supplies used increased by S\$1.92 million, due to the recognition of the full year results of PMG amounting to S\$1.16 million and Dr. Edwin Tan's medical practice pursuant to the ET Business Injection amounting to S\$0.76 million.

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### **Employees benefits expense**

The Target Group's employees benefits expense increased by S\$3.37 million, due to the recognition of the full year results of PMG amounting to S\$1.53 million and Dr. Edwin Tan's medical practice pursuant to the ET Business Injection amounting to S\$1.84 million.

### **Depreciation expense**

The Target Group's depreciation expense increased by S\$0.39 million, due to the recognition of the full year results of PMG.

### **Other operating expenses**

The Target Group's other operating expenses increased by S\$0.84 million, due to the recognition of the full year results of PMG amounting to S\$0.38 million and Dr. Edwin Tan's medical practice pursuant to the ET Business Injection amounting to S\$0.46 million.

### **Finance costs**

The Target Group's finance costs increased by S\$0.05 million, due to the recognition of the full year results of PMG.

### **Profit from continuing operations attributable to owners of the Target Company**

As a result of the above, the Target Group's pro forma FY2019 profit from continuing operations attributable to owners of the Target Company amounted to S\$1.68 million, an increase by S\$1.26 million from the audited profit from continuing operations attributable to owners of the Target Company of S\$0.42 million.

There are no pro forma adjustments for the consolidated statement of profit or loss and other comprehensive income for the 6-month period ended 30 June 2020.

## **22.8 RECONCILIATION OF AUDITED AND UNAUDITED PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2019 AND 30 JUNE 2020**

### ***As at 31 December 2019***

Based on the unaudited pro forma consolidated statement of financial position as at 31 December 2019, the following adjustments were made:

### **Current assets**

The Target Group's current assets amounted to S\$3.17 million, representing a decrease by S\$1.42 million from S\$4.58 million. The decrease by S\$1.42 million was due to a decrease in cash and cash equivalents as a result of cash dividends of S\$0.67 million, S\$0.59 million and S\$0.16 million declared in April, July and November 2020 respectively.



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### **Total equity**

The Target Group's total equity amounted to S\$3.13 million, representing a decrease by S\$1.42 million from S\$4.55 million. The decrease by S\$1.42 million was due to a decrease in accumulated profits as a result of cash dividends of S\$0.67 million, S\$0.59 million and S\$0.16 million declared in April, July and November 2020 respectively.

### ***As at 30 June 2020***

Based on the unaudited pro forma consolidated statement of financial position as at 30 June 2020, the following adjustments were made:

### **Current assets**

The Target Group's current assets amounted to S\$4.32 million, representing a decrease by S\$0.75 million from S\$5.07 million. The decrease by S\$0.75 million was due to a decrease in cash and cash equivalents as a result of cash dividends declared of S\$0.59 million and S\$0.16 million in July and November 2020 respectively.

### **Total equity**

The Target Group's total equity amounted to S\$4.05 million, representing a decrease by S\$0.75 million from S\$4.80 million. The decrease by S\$0.75 million was due to a decrease in accumulated profits as a result of cash dividends declared of S\$0.59 million and S\$0.16 million in July and November 2020 respectively.

## **22.9 LIQUIDITY AND CAPITAL RESOURCES**

For the Period Under Review, the Target Group's operations have been financed through a combination of funds generated from its operating activities and borrowings from financial institutions. The Target Group's principal uses of cash have been for (a) general working capital, (b) capital expenditures, (c) repayment of borrowings and interest expense, and (d) dividend payments.

### **Working Capital**

The Target Group funded its operations and expansion plans through internal and external sources. Internal sources of funds mainly comprise cash generated from its operating activities. External sources of funds comprise mainly credit facilities granted by financial institutions, credit granted by suppliers and capital investments from shareholders.

Net cash generated from operating activities amounted to S\$1.91 million, S\$1.18 million and S\$2.11 million in FY2017, FY2018 and FY2019 respectively, and S\$0.96 million and S\$0.20 million in 6M2019 and 6M2020 respectively. The Target Group recorded positive working capital of S\$0.96 million, S\$5.27 million, S\$0.06 million and S\$0.95 million as at 31 December 2017, 31 December 2018, 31 December 2019 and 30 June 2020 respectively.

Based on the unaudited consolidated financial position as at 30 June 2020, the Target Group's equity attributable to owners of the Target Company amounted to S\$4.32 million and indebtedness amounted to S\$2.48 million.

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As at the Latest Practicable Date, the Target Group had cash and cash equivalents amounting to S\$7.62 million. Its available credit facilities amounted to S\$7.32 million, of which S\$6.97 million has been utilised and S\$0.35 million was unutilised. The tenure of the Target Group's utilised credit facilities range from 3 to 5 years. Please refer to Section 23 titled "Capitalisation and Indebtedness" of this Circular for further details.

The Proposed New Board are of the reasonable opinion that, after taking into account (a) the cash flows generated from the Target Group's operations, (b) the Target Group's cash and cash equivalents of S\$7.62 million as at the Latest Practicable Date, (c) the potential impact of COVID-19 on the Target Group, (d) the available credit facilities from financial institutions, (e) the payment of the remaining cash consideration in relation to the PMG Acquisition and the ET Business Injection, (f) the repayment of S\$865,000 owing by the Company to Teh Wing Kwan, (g) outstanding dividends payable by 31 March 2021 of S\$156,756, (h) the staggered payment of the cash consideration amounting up to S\$3.5 million as part of the SPA (being S\$2.0 million within 18 months from Completion and up to S\$1.5 million within 18 months from the date of issuance of the Deferred Consideration Shares), and (i) all other current liabilities of the Target Group as at 30 June 2020, the working capital available to the Enlarged Group as at the date of this Circular is sufficient for its present requirements and for at least twelve (12) months after Completion.

The Sponsor is of the reasonable opinion that, after having made due and careful enquiry and after taking into account (a) the cash flows generated from the Target Group's operations, (b) the Target Group's cash and cash equivalents of S\$7.62 million as at the Latest Practicable Date, (c) the potential impact of COVID-19 on the Target Group, (d) the available credit facilities from financial institutions, (e) the payment of the remaining cash consideration in relation to the PMG Acquisition and the ET Business Injection, (f) the repayment of S\$865,000 owing by the Company to Teh Wing Kwan, (g) outstanding dividends payable by 31 March 2021 of S\$156,756, (h) the staggered payment of the cash consideration amounting up to S\$3.5 million as part of the SPA (being S\$2.0 million within 18 months from Completion and up to S\$1.5 million within 18 months from the date of issuance of the Deferred Consideration Shares), and (i) all other current liabilities of the Target Group as at 30 June 2020, the working capital available to the Enlarged Group as at the date of this Circular is sufficient for its present requirements and for at least twelve (12) months after Completion.

The following table sets out the summary of the Target Group's cash flows for FY2017, FY2018, FY2019, 6M2019 and 6M2020:

(S\$)	Audited			Unaudited	
	FY2017	FY2018	FY2019	6M2019	6M2020
Net cash generated from operating activities	1,914,506	1,179,888	2,108,752	955,805	197,824
Net cash generated from/(used in) investing activities	392,087	51,518	(1,007,278)	(358,070)	(52,584)
Net cash (used in)/generated from financing activities	(1,586,868)	667,242	(2,646,809)	(2,379,650)	(636,135)
Net increase/(decrease) in cash and cash equivalents	719,725	1,898,648	(1,545,335)	(1,781,915)	(490,895)
Cash and cash equivalents at the beginning of the year	638,002	1,357,727	3,256,375	3,256,375	1,711,040
Cash and cash equivalents at end of the year	1,357,727	3,256,375	1,711,040	1,474,460	1,220,145

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### ***FY2017***

In FY2017, net cash from operating activities amounted to S\$1.91 million due to operating cash flows before movements in working capital of S\$2.57 million, which was partially offset by (a) net working capital outflow of S\$0.43 million; (b) interest paid amounting to S\$0.05 million; and (c) tax paid amounting to S\$0.18 million. Net cash outflow from working capital changes amounting to S\$0.43 million was a result of an increase in deferred revenue by S\$0.54 million, partially offset by (i) an increase in inventories by S\$0.02 million; (ii) an increase in trade and other receivables by S\$0.63 million; and (iii) a decrease in trade and other payables by S\$0.32 million.

Net cash from investing activities amounted to S\$0.39 million mainly due to (a) net cash inflows from the acquisition of Apicare Medical and Apicare Pain Specialist amounting to S\$0.74 million; and (b) proceeds on disposal of motor vehicle amounting to S\$0.03 million, partially offset by the purchase of new plant and equipment amounting to S\$0.37 million mainly in relation to machines and equipment for the aesthetics and wellness segment and expenditure on renovation works.

Net cash used in financing activities amounted to S\$1.59 million due to (a) dividends paid to the Target Group's shareholders amounting to S\$1.52 million; (b) repayment of borrowings amounting to S\$0.31 million; and (c) repayment of obligations under lease liabilities amounting to S\$0.02 million, partially offset by proceeds from (i) borrowings amounting to S\$0.16 million for the purpose of expanding the aesthetics and wellness segment; and (ii) the issuance of new shares in the capital of VS Investment Holdings and VS Venture to Dr. Sean Ng and Dr. Rachel Lim prior to the Previous Restructuring Exercise amounting to S\$0.10 million.

As a result of the above, there was a net increase of S\$0.72 million in cash and cash equivalents. As at 31 December 2017, the Target Group's cash and cash equivalents amounted to S\$1.36 million.

### ***FY2018***

In FY2018, net cash flows from operating activities amounted to S\$1.18 million due to operating cash flows before movements in working capital of S\$3.89 million, which was partially offset by (a) net working capital outflow of S\$2.07 million; (b) interest paid amounting to S\$0.03 million; and (c) tax paid amounting to S\$0.61 million. Net cash outflow from working capital changes amounting to S\$2.07 million was a result of increases in (a) trade and other receivables by S\$2.20 million; and (b) inventories by S\$7,904, partially offset by increases in (i) deferred revenue by S\$0.12 million; and (ii) trade and other payables by S\$0.02 million.

Net cash from investing activities amounted to S\$0.05 million due to (a) net cash inflows arising from the SC Companies Acquisition amounting to S\$0.34 million; and (b) proceeds on disposal of plant and equipment amounting to S\$0.03 million, partially offset by the (i) purchase of new plant and equipment amounting to S\$0.27 million which comprised machines and expenditure on renovation work; and (ii) net cash outflows arising from the VSV Disposal amounting to S\$0.05 million. For more information on the SC Companies Acquisition and the VSV Disposal, please refer to Section 17.1 titled "Previous Restructuring Exercise" of this Target's Letter to Shareholders.

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Net cash from financing activities amounted to S\$0.67 million due to proceeds on the issue of new shares in the capital of the Target Company to ICH Capital and LVS amounting to S\$1.00 million, partially offset by the (a) repayment of borrowings amounting to S\$0.31 million; and (b) repayment of obligations under lease liabilities amounting to S\$0.02 million.

As a result of the above, there was a net increase of S\$1.90 million in cash and cash equivalents. As at 31 December 2018, the Target Group's cash and cash equivalents amounted to S\$3.26 million.

### ***FY2019***

In FY2019, net cash flows from operating activities amounted to S\$2.11 million due to operating cash flows before movements in working capital of S\$2.98 million, which was partially offset by (a) net working capital outflow of S\$0.61 million; (b) interest paid amounting to S\$0.05 million; and (c) tax paid amounting to S\$0.22 million. Net cash outflow from working capital changes amounting to S\$0.61 million was a result of increases in (a) trade and other receivables by S\$1.55 million; and (b) inventories by S\$0.16 million, partially offset by increases in (i) trade and other payables by S\$1.08 million; and (ii) deferred revenue by S\$0.02 million.

Net cash used in investing activities amounted to S\$1.01 million due to (a) net cash outflows arising from the investment in joint ventures amounting to S\$0.28 million; (b) purchase of new property, plant and equipment amounting to S\$0.74 million, which mainly comprised renovation of the new aesthetic clinic and medical spa in Wheelock Place and the Target Group's corporate headquarters at ARC 380, and machines and equipment for the new cardiology business; (c) net cash outflows arising from the SNPL Disposal amounting to S\$0.17 million, partially offset by (ii) proceeds from the disposal of plant and equipment amounting to S\$0.08 million; and (iii) net cash inflows arising from the acquisition of PMG amounting to S\$0.10 million.

Net cash used in financing activities amounted to S\$2.65 million due to (a) dividends paid amounting to S\$2.23 million; (b) repayment of lease liabilities amounting to S\$0.23 million; and (c) repayment of borrowings amounting to S\$0.28 million, partially offset by proceeds from on the issue of new shares in the capital of the Target Company to Dios amounting to S\$0.10 million.

As a result of the above, there was a net decrease of S\$1.55 million in cash and cash equivalents. As at 31 December 2019, the Target Group's cash and cash equivalents amounted to S\$1.71 million.

### ***6M2019***

In 6M2019, net cash flows from operating activities amounted to S\$0.96 million due to operating cash flows before movements in working capital of S\$1.80 million, which was partially offset by (a) net working capital outflow of S\$0.73 million, (b) interest paid amounting to S\$0.02 million; and (c) tax paid amounting to S\$0.10 million. Net cash outflow from working capital changes amounting to S\$0.73 million was a result of increases in (i) trade and other receivables by S\$1.53 million; (ii) inventories by S\$0.04 million; and (iii) deferred revenue by S\$0.03 million, partially offset by an increase in trade and other payables by S\$0.87 million.

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## APPENDIX A – LETTER TO SHAREHOLDERS FROM THE PROPOSED NEW BOARD

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Net cash used in investing activities amounted to S\$0.36 million due to (a) investment in joint ventures amounting to S\$0.28 million; and (b) purchase of new plant and equipment amounting to S\$0.08 million which mainly comprised renovation of the Target Group's corporate headquarters at ARC 380.

Net cash used in financing activities amounted to S\$2.38 million due to (a) dividends paid amounting to S\$2.12 million; (b) repayment of lease liabilities amounting to S\$0.15 million; and (c) repayment of borrowings amounting to S\$0.21 million, partially offset by proceeds from on the issue of new shares in the capital of the Target Company to Dios amounting to S\$0.10 million.

As a result of the above, there was a net decrease of S\$1.78 million in cash and cash equivalents. As at 30 June 2019, the Target Group's cash and cash equivalents amounted to S\$1.47 million.

### **6M2020**

In 6M2020, net cash flows from operating activities amounted to S\$0.20 million due to operating cash flows before movements in working capital of S\$1.77 million, which was partially offset by (a) net working capital outflow of S\$1.45 million; (b) interest paid amounting to S\$0.06 million; and (c) tax paid amounting to S\$0.07 million. Net cash outflow from working capital changes amounting to S\$1.45 million was a result of (a) an increase in trade and other receivables by S\$0.99 million; and (b) a decrease in trade and other payables by S\$0.55 million, partially offset by (i) an increase in deferred revenue by S\$0.08 million; and (ii) a decrease in inventories by S\$0.02 million.

Net cash used in investing activities amounted to S\$0.05 million due to (a) investment in joint ventures amounting to \$0.03 million; and (b) purchase of new plant and equipment amounting to S\$0.03 million, partially offset by proceeds on disposal of plant and equipment amounting to S\$0.01 million.

Net cash used in financing activities amounted to S\$0.64 million due to (a) dividends paid amounting to S\$0.67 million; (b) repayment of lease liabilities amounting to S\$0.37 million; and (c) repayment of borrowings amounting to S\$0.19 million, partially offset by proceeds from borrowings amounting to S\$0.60 million for the purpose of business expansion and working capital.

As a result of the above, there was a net decrease of S\$0.49 million in cash and cash equivalents. As at 30 June 2020, the Target Group's cash and cash equivalents amounted to S\$1.22 million.

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### 22.10 CAPITAL EXPENDITURES, DIVESTMENTS, COMMITMENTS AND CONTINGENT LIABILITIES

#### Capital Expenditures and Divestments

The Target Group's capital expenditures during the Period Under Review and for the period from 1 July 2020 to the Latest Practicable Date are as follows:

(\$)	FY2017	FY2018	FY2019	6M2020	1 July 2020 to the Latest Practicable Date
<b><i>Capital Expenditures</i></b>					
Computers	9,079	24,220	41,115	16,562	36,343
Office equipment	3,538	6,192	6,992	570	5,724
Machines and equipment	246,524	72,358	286,214	87,572	204,548
Motor vehicle	34,816	56,500	–	–	–
Renovation and furniture and fittings	78,398	113,318	408,491	4,823	93,621
Leasehold properties	–	–	–	97,826	741,021
Total	372,355	272,588	742,812	207,353	1,081,257

The increase in capital expenditure from 1 July 2020 to the Latest Practicable Date, as compared to 6M2020, was mainly due to the addition of (a) lease properties under The Bone and Joint Centre, PMG CACTIII and Livingstone Endocrine amounting to S\$0.47 million and the renewal of lease agreement under PMG HV amounting to S\$0.27 million; (b) new equipment under Cove Aesthetic Clinic amounting to S\$0.14 million; (c) new equipment under Cove Sports amounting to S\$0.03 million; and (d) renovation of PMG CACTIII's new clinic amounting to S\$0.08 million.

The above capital expenditures were financed by internal sources and borrowings.

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The Target Group's capital divestments during the Period Under Review and for the period from 1 July 2020 to the Latest Practicable Date are as follows:

(\$)	FY2017	FY2018	FY2019	6M2020	1 July 2020 to the Latest Practicable Date
<b>Capital Divestments</b>					
Computers	–	12,000	4,960	–	–
Office equipment	–	–	–	182	182
Machines and equipment	–	–	92,858	14,164	–
Motor vehicles	40,700	34,816	–	–	–
Renovation and furniture and fittings	–	–	164,288	1,188	938
Leasehold properties	–	–	–	65,509	142,616
<b>Total</b>	<b>40,700</b>	<b>46,816</b>	<b>262,106</b>	<b>81,043</b>	<b>143,736</b>

### Capital Commitments

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

### Operating Lease Commitments

As at the Latest Practicable Date, the Target Group does not have any non-cancellable operating lease commitments.

### Contingent Liabilities

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

## 22.11 EXPOSURE TO MARKET RISKS

### Foreign Exchange Risks Management

As at the Latest Practicable Date, the Target Group's business operations are mainly based in Singapore, with a joint venture operating in Cambodia.

As the Target Group's transactions are mainly denominated in its functional currency, Singapore Dollars, it has minimal exposure to foreign exchange risk.



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In view of the above, the Target Group currently does not have a formal hedging policy. The Target Group will continue to monitor its foreign exchange exposure and may, subject to the approval of the Proposed New Board, employ hedging instruments to manage the Target Group's foreign exchange exposure should the need arise. The Target Group may also put in place, where necessary, procedures to hedge its exposure to foreign currency fluctuations. Such procedures, if in place, will be reviewed and approved by the New Audit Committee. Thereafter, all hedging transactions entered into by the Enlarged Group will be in accordance with the set policies and procedures.

### **22.12 NEW ACCOUNTING STANDARDS AND CHANGES IN ACCOUNTING POLICIES**

#### **Adoption of a new financial reporting framework**

The Target Group and the Target Company adopted the new financial reporting framework – Singapore Financial Reporting Standards (International) for the first time for financial year ended 31 December 2018 and SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International) has been applied in the first set of SFRS(I) financial statements. SFRS(I) is identical to the International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board.

As a first-time adopter of SFRS(I), the Target Group and the Target Company have applied retrospectively, accounting policies based on each SFRS(I) effective as at end of the first SFRS(I) reporting period (31 December 2018), except for areas of exceptions and optional exemptions set out in SFRS(I) 1. In the first set of SFRS(I) financial statements for the financial year ended 31 December 2018, an additional opening statement of financial position as at date of transition (1 January 2017) is presented, together with related notes. Reconciliation statements from previously reported FRS amounts and explanatory notes on transition adjustments are not presented for equity as at date of transition (1 January 2017) and as at end of last financial period under FRS (31 December 2017), and for total comprehensive income and cash flows reported for the last financial period under FRS (for the year ended 31 December 2017) as there were no changes compared to amounts previously reported.

There is no significant change to the Target Group's and the Target Company's previous accounting policies under FRS or material adjustments on the initial transition to the new framework, as (i) the management of the Target Group has not elected to take up any transition exemptions under SFRS(I) 1; (ii) the application of SFRS(I) 9 impairment requirements has not resulted in any material adjustment to allowance recognised; and (iii) no changes to the revenue recognition policy was assessed to be required upon application of SFRS(I) 15.

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### Standards issued but not effective

At the date of authorisation of these financial statements, the following new/revised SFRS(I) and amendments to SFRS(I) that are relevant to the Target Group and the Target Company were issued but not effective:

SFRS(I)	Title	Effective date (annual periods beginning on or after)
SFRS(I) 1-1, SFRS(I) 1-8	Amendments to SFRS(I) 1-1 and SFRS(I) 1-8: <i>Definition of Material</i>	1 January 2020
SFRS(I) 3	Amendments to SFRS(I) 3: <i>Definition of a Business</i>	1 January 2020
SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7	Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7: <i>Interest Rate Benchmark Reform</i>	1 January 2020
SFRS(I) 10, SFRS(I) 1-28	Amendments to SFRS(I) 10 and SFRS(I) 1-28: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be determined
SFRS(I) 16	Amendment to SFRS(I) 16: <i>Covid-19 Related Rent Concessions</i>	1 June 2020
SFRS(I) 1-1	Amendments to SFRS(I) 1-1: <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
SFRS(I) 3	Amendments to SFRS(I) 3: <i>Reference to the Conceptual Framework</i>	1 January 2022
SFRS(I) 1-16	Amendments to SFRS(I) 1-16: <i>Property, Plant and Equipment – Proceeds before Intended Use</i>	1 January 2022
SFRS(I) 1-37	Amendments to SFRS(I) 1-36: <i>Onerous Contracts – Cost of Fulfilling a Contract</i>	1 January 2022
Various	Amendments to References to the Conceptual Framework in SFRS(I) Standards	1 January 2020
	Amendments to illustrative examples, implementation guidance and SFRS(I) practice statements	1 January 2020
	Annual Improvements to SFRS(I)s 2018-2020	1 January 2022

Consequential amendments were also made to various standards as a result of these new/revised standards.

The Target Group does not intend for early adoption of any of the above new/revised standards, interpretations and amendments to the existing standards. The Proposed New Board anticipates that the adoption of the other new SFRS(I) and amendments to SFRS(I) above will not have a material impact on the consolidated statements in the future. Save for the effect of any mandatory or early adoption by the Enlarged Group of any applicable future new/revised/amendments to SFRS(I) that could result in retrospective adjustments, the Enlarged Group currently has no intention to make any changes to its accounting policy in the next 12 months that may result in material adjustments to the disclosed financials for the Period Under Review.

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### 23. CAPITALISATION AND INDEBTEDNESS

The following table shows the cash and cash equivalents as well as capitalisation and indebtedness of the Target Group:

- (a) as at 30 June 2020 based on the unaudited consolidated statement of financial position of the Target Group as at 30 June 2020; and
- (b) as at 30 November 2020, being a date no earlier than 60 days before the date of this Circular, based on the unaudited management accounts of the Target Group as at 30 November 2020.

S\$	As at 30 June 2020	As at 30 November 2020
<b>Cash and bank balances</b>	1,220,145	6,718,398
<b>Indebtedness</b>		
<i>Current:</i>		
– secured and guaranteed	62,076	60,509
– secured and non-guaranteed	–	–
– unsecured and guaranteed	558,365	869,499
– unsecured and non-guaranteed	546,546 <sup>(1)</sup>	642,445 <sup>(1)</sup>
<i>Non-current:</i>		
– secured and guaranteed	168,468	146,369
– secured and non-guaranteed	–	–
– unsecured and guaranteed	397,241	5,398,411
– unsecured and non-guaranteed	749,635 <sup>(1)</sup>	875,080 <sup>(1)</sup>
<b>Total indebtedness</b>	2,482,331	7,992,313
<b>Total equity</b>	4,798,154	5,297,784
<b>Total capitalisation and indebtedness</b>	7,280,485	13,290,097

**Note:**

- (1) Unsecured and non-guaranteed indebtedness pertains to lease liabilities in relation to the Target Group's leases on property, plant and equipment, which were substantially recognised in FY2019 onwards following the adoption of SFRS(I) 16.

#### Cash and cash equivalents

As at the Latest Practicable Date, the Target Group had cash and cash equivalents of S\$7,619,513.

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### Indebtedness

As at the Latest Practicable Date, the Target Group's current indebtedness amounted to S\$7,902,673, comprising borrowings and lease liabilities.

### Credit facilities

As at the Latest Practicable Date, the Target Group maintains the following credit facilities:

Financial institution	Nature of facilities	Amount of facilities granted (S\$)	Amount of facilities drawn down (S\$)	Amount unutilised (S\$)	Amount outstanding as at the Latest Practicable Date (S\$)	Interest rate per annum	Maturity profile
DBS Bank Ltd <sup>(1)</sup>	Hire Purchase	300,000	248,220	51,780	205,513	1.60%	48 months from the date of disbursement
DBS Bank Ltd <sup>(1)</sup>	Term Loan	700,000	700,000	–	601,062	3-month SIBOR+ 2.20%	36 months from the date of disbursement
DBS Bank Ltd <sup>(1)</sup>	Term Loan	900,000	600,000	300,000	538,602	3-month SIBOR+ 2.20%	48 months from the date of disbursement
DBS Bank Ltd <sup>(1)</sup>	Enterprise Financing Scheme Temporary Bridging Loan	4,700,000	4,700,000	–	4,700,000	2.00%	60 months from the date of disbursement
Orix Leasing Singapore Ltd <sup>(2)</sup>	Term Loan	150,000	150,000	–	17,812	5.03%	March 2021, being 36 months from the date of disbursement
Orix Leasing Singapore Ltd <sup>(2)</sup>	Term Loan	120,000	120,000	–	72,604	6.00%	September 2022, being 36 months from the date of disbursement
Hong Leong Bank Berhad <sup>(2)</sup>	Term Loan	100,000	100,000	–	61,185	2.50%	October 2023, being 60 months from the date of disbursement
United Overseas Bank Limited <sup>(3)</sup>	Hire Purchase	130,000	130,000	–	125,963	1.55%	November 2023, being 36 months from the date of disbursement

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Financial institution	Nature of facilities	Amount of facilities granted (\$)	Amount of facilities drawn down (\$)	Amount unutilised (\$)	Amount outstanding as at the Latest Practicable Date (\$)	Interest rate per annum	Maturity profile
Ethoz Capital Ltd <sup>(2)</sup>	Term Loan	100,000	100,000	–	38,097	2.95%	January 2022, being 36 months from the date of disbursement
Orix Leasing Singapore Ltd <sup>(2)</sup>	Working capital	120,000	120,000	–	85,591	6.00%	December 2022, being 36 months from the date of disbursement
<b>Total</b>		7,320,000 <sup>(4)</sup>	6,968,220	351,780	6,446,429		

### Notes:

- (1) The facilities extended by DBS Bank Ltd are secured by joint and several corporate guarantees provided by the Target Subsidiaries.
- (2) The facilities extended by financial institutions are secured by joint and several personal guarantees provided by Dr. Chua Hshan Cher and Dr. Lee Kai Lun.
- (3) The facility extended by United Overseas Bank Limited is secured by a corporate guarantee provided by LVS. For further information on this corporate guarantee, please refer to Section 28.3(c) titled “Provision of undertaking and guarantee by Interested Persons” of the Target’s Letter to Shareholders.
- (4) The Target Group has also been granted a S\$300,000 credit limit on its credit card by United Overseas Bank Limited that is secured by a corporate guarantee provided by LVS. As at the Latest Practicable Date, the credit card has not been issued to the Target Group. For further information on this corporate guarantee, please refer to Section 28.3(c) titled “Provision of undertaking and guarantee by Interested Persons” of the Target’s Letter to Shareholders.

The Target Group’s facilities contain various covenants and undertakings that contain certain restrictions and limit certain of the Target Group Company’s ability to engage in specified types of transactions, including but not limited to declaring and paying dividends, disposing of material assets, creating or permitting to subsist further security, substantially altering the nature of its business, amalgamating, consolidating, merging or undertaking a reorganisation, permitting or undertaking any change of its management, changes of shareholding and/or changes of its constitutive documents.

Pursuant to Rule 728 read with Rule 704(33) of the Catalist Rules, LVS, Dr. Wilson Tay, Dr. Edwin Tan and Dr. Sebastian Chua, who will be Controlling Shareholders of the Company post-Completion, have provided undertakings to notify the Company, as soon as it becomes aware of any share pledging relating to its shares held in the Company, and of any event which will be an event of default, an enforcement event or an event that would cause acceleration of the repayment of the principal amount of the relevant loan or debt facilities. The Company will also comply with the announcement requirements under Rule 728(2) of the Catalist Rules upon any such notification by the Controlling Shareholder.

As at the Latest Practicable Date, to the best of the Proposed New Board’s knowledge, the Target Group is not in breach of any of the terms and conditions or covenants associated with any credit arrangement or bank loan which could materially affect the Target Group’s financial position and results or business operations, or the investments of Shareholders in the Shares.

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### Contingent Liabilities

As at the Latest Practicable Date, the Target Group is not aware of any contingent liabilities which may have a material effect on the financial position and profitability of the Target Group.

## 24. PROSPECTS, TRENDS AND FUTURE PLANS

### 24.1 Prospects

Save as disclosed in Section 24.2 titled “Trend Information” of this Target’s Letter to Shareholders on the impact of COVID-19 on the Target Group and barring any unforeseen circumstances, the Proposed New Board believes that the demand for healthcare services in Singapore and the Asia Pacific region is likely to increase in the long term, for the following reasons<sup>(1)</sup>:

#### (a) Ageing population in Singapore and globally

Singapore’s population is ageing rapidly due to declining birth rates and increasing life expectancies. It was estimated that by 2035, around 32% of Singaporeans will be aged 65 and above, while the median age is also expected to rise from 39.7 in 2015 to 53.4 in 2050<sup>(2)</sup>.

Globally, the population of people aged 65 and older is projected to more than double to almost 1.5 billion by 2050. The largest increase is projected to occur in Eastern and South-Eastern Asia, growing from 261 million in 2019 to 573 million persons aged 65 years or over in 2050<sup>(3)</sup>.

As the population in Singapore and the world ages, such demographic changes and the prevalent medical conditions linked to an ageing population will drive demand for more and better healthcare services.

#### (b) Rising affluence in Singapore and the Asia Pacific region

Between 2010 and 2019, the median monthly household income from work per household member (among resident employed households) increased from S\$1,848 to S\$2,925<sup>(4)</sup>. In line with the increase in household income, total private consumption expenditure on health has also increased from S\$8.6 billion in 2012 to S\$12.8 billion in 2018<sup>(5)</sup>. According to Singapore’s Health Minister Gan Kim Yong, Singapore is also utilising more healthcare services than in the past, even after accounting for ageing and population growth, and that this is partly the result of making healthcare more accessible and affordable to all, and partly due to earlier diagnosis and closer monitoring and follow-ups for medical conditions<sup>(6)</sup>. From 2009 to 2019, Singapore’s Consumer Price Index for healthcare increased from 86.18 to 106.77<sup>(7)</sup>, or an annual growth rate of about 2.2%. The rising affluence in Singapore increases the affordability of private healthcare services and higher educational standards may also increase awareness of and drive the demand for high quality specialist healthcare services.

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In the Asia Pacific region, rising affluence and increasing disposable income of the population is likely to increase the demand for high quality specialist healthcare services. In particular, according to the World Bank, Cambodia's real growth has been strong, reaching 7.1% in 2019. While the COVID-19 outbreak has resulted in a baseline projected 1.0% contraction in 2020, Cambodia's economy is expected to recover sharply to register a 6.0% growth in 2021<sup>(8)</sup>. As a result of Cambodia's sustained high growth, the percentage of Cambodians living under the national poverty line fell from 47.8% in 2007 to 13.5% in 2014<sup>(9)</sup>.

Global healthcare spending is projected to increase at an annual rate of 5.0% for the years 2019 to 2023, up from the historic annual growth rate of 2.7% between 2014 and 2018. In Asia, healthcare spending is expected to grow at a compounded annual growth rate of 7.1% between 2019 to 2023<sup>(10)</sup>.

Ageing and increasing population, developing market expansion, advances in medical treatments, and rising labour costs in Singapore and globally are expected to drive healthcare spending growth.

### **(c) Healthier and more active lifestyle in Singapore**

The Health Promotion Board ("HPB") has introduced several initiatives, such as the Eat, Drink, Shop Healthy Challenge and the National Steps Challenge, which aim to increase awareness of the benefits of good health, provide options for a healthy lifestyle and nudge people to make informed choices for improved health outcomes<sup>(11)</sup>. In addition, according to the Sports Index Participation Trends 2015 supplied by Sports Singapore, 54% of Singaporeans participate in sports regularly (more than once a week), with participation improving with better economic status, household income, and dwelling type<sup>(12)</sup>. The Singapore Government's active encouragement for healthy living, along with the growing affluence of the population, is likely to increase the demand for high quality specialist healthcare services by bringing about greater interest in the prevention, early detection and good treatment of ailments, diseases, health hazards, and cancer, to name a few.

### **(d) Growing uptake of private healthcare insurance**

According to the Life Insurance Association Singapore, there is a continued growth in the life insurance industry despite Singapore's muted economic growth in 2019 which was the slowest in a decade. Life insurers continued to make progress in supporting the community with ongoing efforts to help narrow the protection gap, ensure continued accessibility of healthcare, support individuals better prepare for retirement, with annual increase of total sum assured for new business achieving year-on-year growth of 7% to reach S\$149.5 billion in 2019. Further, there is increasing recognition and action taken by consumers, encouraged by the industry and government, to take more pro-active effort in planning for retirement. By policy count, the industry recorded a total of 51,040 retirement policies purchased as at 31 December 2019, a significant 12,920 or 34% more policies compared to the same period in 2018<sup>(13)</sup>. An increased demand for protection products and health coverage and an uplift in purchase of policies for retirement may suggest increased coverage for the population.



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### (e) Medical tourism in Singapore

Singapore is one of the leading destinations in Asia Pacific region for medical tourism, and was placed 2nd in the world by the Medical Tourism Index 2020 – 2021<sup>(14)</sup>. Singapore is the preferred choice in offering high quality healthcare and health services, because of its developed healthcare infrastructure, top medical expertise, political stability and reputation of being safe.

#### Notes:

- (1) The information in this Section has been obtained from the respective sources as set out in the notes below. Each of Statista, the United Nations, the Singapore Department of Statistics, Channel News Asia, the Singapore Ministry of Health, The World Bank, Deloitte Touche Tohmatsu Limited, the Health Promotion Board, Sport Singapore, Life Insurance Association Singapore and the Medical Tourism Association has not provided its consent, for the purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Proposed New Board, the Target Company and the Financial Adviser have taken reasonable actions to ensure that such information has been reproduced in its proper form and context and has been extracted accurately and fairly from a source that is reliable, none of the Proposed New Board, the Target Company and the Financial Adviser or any other party has conducted an independent review of such information or verified the accuracy of the contents of such information.
- (2) Information obtained from an article by R. Hirschmann, “Aging population of Singapore – Statistics & Facts”, Statista (8 December 2020). <<https://www.statista.com/topics/5821/ageing-population-of-singapore/>> (last accessed on 27 December 2020).
- (3) Information obtained from a report titled “World Population Ageing 2019 – Highlights” published on the website of the United Nations. <<https://www.un.org/en/development/desa/population/publications/pdf/ageing/WorldPopulationAgeing2019-Highlights.pdf>> (last accessed on 27 December 2020).
- (4) Information obtained from a report titled “Key Household Income Trends, 2019” published on the website of the Singapore Department of Statistics. <<https://www.singstat.gov.sg/-/media/files/publications/households/pp-s26.pdf>> (last accessed on 27 December 2020).
- (5) Information obtained from a report titled “Yearbook of Statistics Singapore 2019” published on the website of the Singapore Department of Statistics. <[https://www.singstat.gov.sg/-/media/files/publications/reference/yearbook\\_2019/yos2019.pdf](https://www.singstat.gov.sg/-/media/files/publications/reference/yearbook_2019/yos2019.pdf)> (last accessed on 27 December 2020).
- (6) Information obtained from an article by Jalelah Abu Baker, “Healthcare spending on the rise because of higher utilisation, rising manpower costs: Gan Kim Yong”, Channel News Asia (5 March 2020). <<https://www.channelnewsasia.com/news/singapore/healthcare-spending-rise-higher-utilisation-manpower-costs-12504664>> (last accessed on 27 December 2020).
- (7) Information obtained from data published by the Singapore Ministry of Health on Data.gov.sg. <<https://data.gov.sg/dataset/consumer-price-indices-general-and-healthcare>> (last accessed on 27 December 2020).
- (8) Information obtained from a report titled “Cambodia Economic Update: Cambodia in the Time of Covid-19” published on the website of The World Bank. <<http://documents1.worldbank.org/curated/en/165091590723843418/pdf/Cambodia-Economic-Update-Cambodia-in-the-Time-of-COVID-19-Special-Focus-Teacher-Accountability-and-Student-Learning-Outcomes.pdf>> (last accessed on 27 December 2020).
- (9) Information obtained from an article, “Cambodia: Reducing Poverty and Sharing Prosperity”, The World Bank (29 October 2019). <<https://www.worldbank.org/en/results/2019/10/30/cambodia-reducing-poverty-and-sharing-prosperity>> (last accessed 27 December 2020).
- (10) Information obtained from a report titled “2020 Global health care outlook” published on the website of Deloitte Touche Tohmatsu Limited. <<https://www2.deloitte.com/content/dam/Deloitte/cz/Documents/life-sciences-health-care/2020-global-health-care-outlook.pdf>> (last accessed 27 December 2020).
- (11) Information obtained from a report titled “Health Promotion Board Annual Report 2018/2019” published on the website of Health Promotion Board (5 July 2019). <[https://www.hpb.gov.sg/docs/default-source/annual-reports/hpb-annual-report-2018\\_2019.pdf?sfvrsn=df71c372\\_0](https://www.hpb.gov.sg/docs/default-source/annual-reports/hpb-annual-report-2018_2019.pdf?sfvrsn=df71c372_0)> (last accessed 27 December 2020).
- (12) Information obtained from a report titled “Sports Index Participation Trends 2015” published on the website of Sport Singapore (June 2016). <<https://www.sportsingapore.gov.sg/-/media/SSC/Corporate/Files/About/Publications/Sports-Index-2015.pdf>> (last accessed on 27 December 2020).

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- (13) Information obtained from the website of Life Insurance Association Singapore, “Life Insurance Industry Achieved 0.4 Per Cent Growth In 2019 Uplifted By Sustained Trajectory Of Annual Premium Business” (6 February 2020). <<https://www.lia.org.sg/news-room/industry-performance/2020/life-insurance-industry-achieved-04-per-cent-growth-in-2019-uplifted-by-sustained-trajectory-of-annual-premium-business/>> (last accessed on 27 December 2020).
- (14) Information obtained from the website of The Medical Tourism Association, Medical Tourism Index 2020-2021. <<https://www.medicaltourism.com/mti/home>> (last accessed on 27 December 2020).

### 24.2 Trend Information

Barring any unforeseen circumstances, the Proposed New Board notes the following trends which may have an impact on the Target Group’s business and financial prospects for the next 12 months from the Latest Practicable Date:

- (a) in late 2019, COVID-19 surfaced in the People’s Republic of China and on 11 March 2020, the World Health Organisation declared COVID-19 a pandemic. Countries around the world started to implement measures such as lock-downs and travel restrictions in order to prevent the spread of COVID-19. In Singapore, restrictions on the entry of short-term visitors into Singapore were put in place and travel advisories were issued to discourage Singapore citizens and permanent residents from travelling overseas. As a result, Singapore has experienced a significant decline in medical tourism activity.

In April 2020 and May 2020, drastic Circuit Breaker measures were put in place to minimise the spread of COVID-19. During the Circuit Breaker, amongst other restrictions, schools and non-essential workplaces were shut, and only a limited list of businesses providing essential activities were allowed to remain open. In addition to the Movement Restrictions that were imposed on the healthcare workers of the Target Group, the Target Group was also required to reduce the number of services that it could provide. For further information on the Movement Restrictions, please refer to Section 2.7 titled “Risk Factors – The Target Group is dependent on the continuing operations of the private hospitals where it conducts its business” of the Circular.

In April 2020, healthcare institutions were directed by the MOH to defer healthcare services which were triaged as non-essential services. These included aesthetics services, elective joint replacement surgeries, adult vaccination and screening services. The Target Group’s aesthetics clinic had to be closed from 7 April 2020 to 1 June 2020 and could only provide a portion of its usual services between 2 June 2020 to 18 June 2020, only resuming full operations on 19 June 2020. Activfix’s physiotherapy clinic had to be closed from 6 April 2020 to 4 May 2020, resuming full operations on 5 May 2020. As a result, there was a reduction in the number of services that the Target Group could provide and the Target Group experienced a lower footfall across its clinics during the above-mentioned period in 2020. Please refer to Section 22 titled “Management’s Discussion and Analysis of Results of Operations of the Target Group” of this Target’s Letter to Shareholders for more information on the impact of COVID-19 on the Target Group’s 6M2020 financial position and results of operations.

As at the Latest Practicable Date, most restrictions affecting the Target Group’s operations that were put in place in Singapore to curtail the spread of COVID-19 have been lifted. However, in the event that COVID-19 becomes more widespread in

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Singapore, the government may impose similar restrictions again. The Target Group's medical doctors may again face movement restrictions between private hospitals, which may result in a reduction in the services that the Target Group will be permitted to provide and some of the Target Group's clinics that provide non-essential services may have to close. This would adversely affect the Target Group's financial results. Furthermore, as international travel is still restricted, the Target Group may face delays on its regional expansion plans and it remains uncertain as to when travel restrictions will be fully lifted, for medical tourism to be restored to previous levels. For further details, please refer to the risk factors in Section 2.7 of the Circular titled "Risk Factors – The Target Group may be affected by pandemics and the spread or outbreak of any contagious or virulent diseases" and "Risk Factors – Challenges faced by the healthcare industry may have an effect on the Target Group".

COVID-19 has also resulted in a general slowdown of economic activity which is likely to impact the private healthcare industry. However, in the event that COVID-19 becomes more widespread in Singapore and the government may impose similar restrictions again, discretionary consumer spending may fall, and the Target Group's elective medical services may also be adversely impacted.

Notwithstanding the evolving COVID-19 situation, which had an adverse impact on the Target Group's operations and financial performance in the months of April 2020 and May 2020, the Target Group has observed demand returning for most of its services after June 2020, though there is no certainty that this will continue in the long term. The Proposed New Board, barring any unforeseen circumstances, is of the view that any negative impact is not expected to be long term as the Target Group's operations generally remain as essential services. In line with Singapore's gradual recovery from the COVID-19 outbreak and the easing of the tighter Circuit Breaker measures, the Target Group's revenue is expected to increase or remain stable;

- (b) MOH has published fee benchmarks for private sector professional fees for common surgical procedures to encourage appropriate charging of healthcare costs by healthcare providers and to enable patients to make better informed decisions. With greater transparency in pricing for medical procedures, the Target Group believes that patients will be more receptive to private healthcare medical services;
- (c) in line with inflation, the Target Group expects to see a general trend of increase in the cost of providing services, labour costs, cost of medical supplies and consumables, and utilities charges;
- (d) it is the Target Group's current intention to expand its network of clinics and centres, as well as to expand into paramedical services. In expanding its business, the Target Group will incur capital expenditures, acquisition or set-up costs, and may take on additional bank borrowings, if so required. The Target Group expects, barring any unforeseen circumstances, that its business expansion and investments will generate future revenue for the Target Group with corresponding increases in its operating expenses. There is however, no assurance that the business expansion and investments will have any material impact on the profitability of the Target Group in the current financial year; and

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- (e) the Target Group expects its other operating expenses to increase due to a portion of its listing expenses incurred in connection with the Proposed Acquisition, as well as the ongoing compliance costs of a public listed company.

Save as disclosed above and in Section 2.7 titled “Risk Factors” of the Circular, Section 22 titled “Management’s Discussion and Analysis of Financial Position and Results of Operations of the Target Group”, Section 24.1 titled “Prospects”, Section 24.3 titled “Business Strategies and Future Plans” of this Target’s Letter to Shareholders, the “Independent Auditors’ Report on the Consolidated Financial Statements of the Target Group for the Financial Years Ended 31 December 2017, 2018 and 2019”, the “Independent Auditors’ Review Report on the Unaudited Interim Condensed Consolidated Financial Statements of the Target Group for the Financial Period from 1 January 2020 to 30 June 2020” and the “Independent Auditors’ Assurance Report and the compilation of the Unaudited Pro Forma Consolidated Financial Information of the Target Group for the Financial Year Ended 31 December 2019 and the Six-Month Period Ended 30 June 2020” as set out in Appendices B, C and D of the Circular respectively, and barring any unforeseen circumstances, the Proposed New Board believes that there are no other significant recent known trends in the costs and prices of the Target Group’s products and services since the end of FY2019, or any other known uncertainties, demands, commitments or events that are reasonably likely to have a material and adverse effect on its sales or revenues, profitability, liquidity and capital resources for at least the current financial year. The Proposed New Board is also not aware of any such trends that would cause the financial information disclosed in the Circular or this Target’s Letter to Shareholders to be not necessarily indicative of its future operating results or financial condition. For more information, please also refer to the Section titled “Cautionary Note On Forward Looking Statements” of the Circular.

### 24.3 Business Strategies and Future Plans

The Target Group’s business strategies and future plans for the growth and expansion of its businesses are further described below:

- (a) To grow the Target Group’s existing specialist healthcare services and expand into new services**

The Target Group will continue to expand its specialist healthcare services as they represent the Target Group’s area of core competencies. The Target Group believes that attracting talent will be critical to its expansion organically and therefore, the Target Group intends to recruit and retain highly qualified and talented management and healthcare professionals to better provide for its patients as well as to expand the breadth and depth of the services it provides. In addition, the Target Group also plans to expand its existing range of medical services by exploring other healthcare-related fields through investments, joint ventures, mergers and acquisitions and/or strategic alliances to complement and expand its multidisciplinary approach to meeting the healthcare needs of patients and to capitalise on the fast-growing healthcare sector. Such areas of medical services may include internal medicine, surgical services, health screening services and paramedical products and services. In particular, such paramedical products and services may include allied health services, emergency medical services and healthcare consultancy services.

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**(b) To expand throughout Asia and beyond**

The Target Group plans to expand into the Asia Pacific region via mergers and acquisitions, joint ventures and/or partnerships. A wider regional presence will also enhance the Target Group's services to its patients through its integrated network.

Recognising the sustained growth and rising affluence of the Cambodian market, on 11 March 2019, the Target Group signed the Cambodian JVA with Dr. Hy Soryaphea, the founder of Soriya Hospital in Phnom Penh, Cambodia, to provide aesthetics and wellness services in clinical premises located in Soriya Hospital. Soriya Hospital is a well-known privately-owned hospital in Cambodia serving both local and international patients, and is equipped with modern medical facilities providing, *inter alia*, obstetrics and gynaecology services, and cardiovascular and gastroenterology services. Pursuant to the Cambodian JVA, LSMS was founded as a joint venture company between LHI and Dr. Hy Soryaphea. LSMS commenced limited operations in October 2019 providing aesthetics and wellness services in clinical premises located in Soriya Hospital. As LSMS becomes more established in Cambodia, the Target Group hopes to be able to use LSMS as a platform to expand the suite of services offered in Cambodia.

Apart from providing aesthetics and wellness services through LSMS, the Target Group plans to continue exploring future avenues of growth in Cambodia and around the Asia Pacific region.

**(c) To be progressive and build the “Livingstone” brand**

The Target Group plans to continue investing in brand building efforts, which can help patients identify “Livingstone” as a trustworthy and premier integrated healthcare provider of various healthcare services. The Target Group also intends to focus on enhancing its brand name in its plans for regional expansion and take advantage of Singapore's established reputation as a regional medical hub as well as its success in Singapore.

Apart from increasing awareness of the Target Group via its website and engaging the media, the Target Group's medical doctors may also participate in talks on health-related topics. The Target Group plans to create awareness and visibility of its services and panel of medical doctors by participating in public health forums and lectures both locally and overseas. The Target Group will also manage its media relations to raise its profile and grow its patient base.

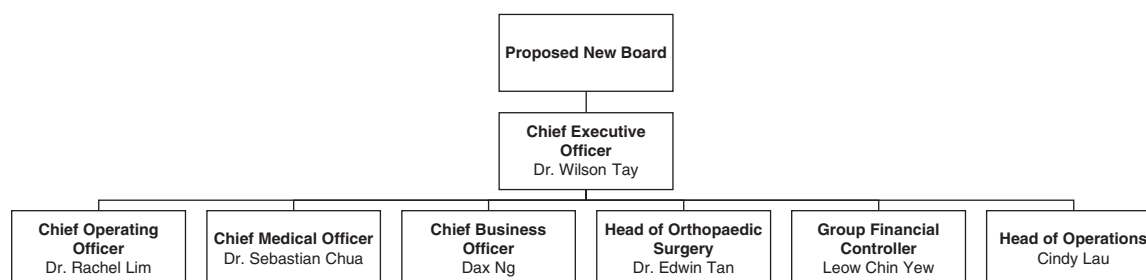
The Target Group intends to fund its strategies and future plans through its internal cash resources, external borrowings and/or other forms of funding including equity. There is no specific timeline for the Target Group's strategies and future plans to commence or be completed as such plans are opportunistic in nature and will only be executed by the Target Group at the appropriate time.

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### 25. PROPOSED NEW BOARD AND PROPOSED NEW EXECUTIVE OFFICERS

#### 25.1 Management Reporting Structure

The Company proposes to constitute the Proposed New Board and appoint a new senior management team following Completion. Accordingly, following Completion, the proposed management reporting structure of the Company will be as follows:–



#### 25.2 Proposed New Board

As at the Latest Practicable Date, the particulars of the Proposed New Board following Completion are as follows:

Name	Age	Address	Proposed Position in the Enlarged Group
Teh Wing Kwan	48	c/o 380 Jalan Besar, #08-12 ARC 380, Singapore 209000	Non-Executive and Non-Independent Chairman
Dr. Wilson Tay	42	c/o 380 Jalan Besar, #08-12 ARC 380, Singapore 209000	Executive Director and CEO
Fong Heng Boo	71	c/o 380 Jalan Besar, #08-12 ARC 380, Singapore 209000	Lead Independent and Non-Executive Director
Chan Yu Meng	49	c/o 380 Jalan Besar, #08-12 ARC 380, Singapore 209000	Independent and Non-Executive Director
Steven Lim	65	c/o 380 Jalan Besar, #08-12 ARC 380, Singapore 209000	Independent and Non-Executive Director



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Information on the business and working experience of the Proposed New Board are set out below:

### **Teh Wing Kwan**

The Proposed Non-Executive Chairman, Teh Wing Kwan, currently serves as Executive Chairman and CEO of the Company. He was first appointed as the Non-Executive Chairman on 27 June 2018 after he acquired approximately 28.73% equity interest to become the single largest shareholder of the Company, and was subsequently re-designated as the Executive Chairman and CEO with effect from 24 July 2018. Teh Wing Kwan, a sophisticated investor, specialises in corporate finance, corporate restructuring and mergers and acquisitions. Teh Wing Kwan is a Fellow of the Association of Chartered Certified Accountants (United Kingdom), a Fellow Chartered Accountant of the Institute of Singapore Chartered Accountant, an International Affiliate of the Hong Kong Institute of Certified Public Accountants, a Chartered Accountant of the Malaysian Institute of Accountants, a Full Member of the Singapore Institute of Directors and a member of the Hong Kong Securities and Investment Institute.

Teh Wing Kwan is currently the Chairman of the board for China Vanadium Titano-Magnetite Mining Company Limited (listed on the Mainboard of the Hong Kong Stock Exchange) where he led the team to the completion of a RMB1.3 billion restructuring exercise in 2019 and he is also the appointed advisor to Koda Ltd (listed on the Mainboard of the SGX-ST). Teh Wing Kwan was the Managing Director and Group CEO of Sapphire Corporation Limited (“**Sapphire**”) from October 2013 to December 2017, during which Sapphire underwent a major restructuring and corporate transformation exercise. He also served as non-executive director for other public companies listed on the Australian Securities Exchange, the Catalist Board and the Hong Kong Stock Exchange.

### **Dr. Wilson Tay**

The Proposed New Executive Director and CEO, Dr. Wilson Tay specialises in anaesthesiology and has over 15 years of clinical experience. He graduated from NUS in 2004 and was awarded Master of Medicine (Anaesthesiology) in 2009. After completing his specialist training in Singapore, he pursued and completed a multi-disciplinary chronic pain clinical fellowship programme at St Joseph’s Health Care in the city of London in Ontario, Canada in 2012. Upon returning from his fellowship programme, Dr. Wilson Tay was an associate consultant in SGH till 2013, a consultant from 2013 and 2014 and a visiting consultant from 2014 to 2016 at the Pain Management Centre and Department of Anaesthesiology of SGH. In late 2014, he left for private practice, before subsequently setting up his own private practice in 2015 prior to joining the Target Group. He has extensive experience in managing and treating various chronic pain conditions such as neck/back pain, headache, abdominal/pelvic pain and cancer pain, and is experienced in performing ultrasound-guided chronic pain interventions using high frequency sound waves. He has published a number of articles in peer reviewed medical journals and is frequently invited to speak at local and overseas conferences on pain-related topics. Dr. Wilson Tay is also actively involved in teaching and conducting hands-on chronic pain intervention workshops locally and around the region.



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### **Fong Heng Boo**

Fong Heng Boo currently serves as the Lead Independent Director of the Company and will continue as the Lead Independent Director of the Company upon Completion. He was appointed to the Board with effect from 20 July 2018 as an Independent Director, chairman of the Audit and Nominating Committees and a member of the Remuneration Committee. Fong Heng Boo was subsequently appointed as the Lead Independent Director with effect from 24 July 2018.

Fong Heng Boo has over 45 years of experience in auditing, finance, business development and corporate governance. He graduated from the University of Singapore (now known as the National University of Singapore) with a Bachelor of Accountancy (Honours) in 1973. Fong Heng Boo was with the Auditor-General's Office (“**AGO**”), Singapore and held the position of Assistant Auditor-General when he left AGO in 1993. He was also the Director (Special Duties) at the Singapore Totalisator Board, where he led the finance and investment functions.

Fong Heng Boo is also an independent director for other Singapore-based companies including Singapore General Hospital Pte Ltd, CapitaLand Retail China Trust Management Limited, Surbana Jurong Private Limited, Singapore Health Services Pte Ltd and TA Corporation Ltd.

### **Chan Yu Meng**

Chan Yu Meng currently serves as an Independent Director of the Company and will continue as an Independent Director of the Company upon Completion. He was appointed to the Board with effect from 20 July 2018 as an Independent Director, chairman of the Remuneration Committee and a member of the Audit and Nominating Committees.

Chan Yu Meng graduated from the University of Durham and is called to the Singapore Bar. He is a partner in the corporate department of Lee & Lee, a law firm in Singapore. He has more than 20 years of experience and currently practises in the areas of mergers and acquisitions, capital markets, corporate finance, corporate restructuring, securities law, stock exchange practice and corporate secretarial matters. He also has prior experience as a litigation counsel representing clients in both civil and criminal matters.

Chan Yu Meng has previously served as an independent director on several SGX-listed companies. He is an ordinary member of the Singapore Institute of Directors and currently serves on the Branding and Communications Committee of the Singapore Institute of Directors. He also serves as a member of the Information Technology Committee of the Law Society of Singapore.

### **Steven Lim**

Steven Lim is a Proposed Independent Director of the Company. Steven Lim holds a Bachelor of Commerce majoring in Accounting and Finance from the University of Newcastle, Australia. He is a fellow member of CPA Australia, the Institute of Singapore Chartered Accountants and a member of the Society of Trusts and Estate Practitioners.

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Steven Lim started his career in PricewaterhouseCoopers before transitioning to the finance industry by joining HSBC Private Bank (Suisse) SA, the global wealth solutions arm of the HSBC Group, in 1985. He took charge of accounting, operations, corporate secretarial work and systems control in the Trust Division before assuming the position of Managing Director in 1990. As Managing Director, he was responsible for growing the wealth management services in Asia, India and the Middle East. During his 23 year-stint with the HSBC Group, he was seconded to work in HSBC's office in Hong Kong and Jersey, Channel Islands. In 2010, he became the CEO of SG Trust (Asia) Ltd, a subsidiary of Société Générale Private Banking, a position he held until 2014. He currently provides consultancy advice in the field of global wealth solutions.

He is currently also the lead independent director of Bund Center Investment Ltd and Keong Hong Holdings Limited and an independent director of Sinarmas Land Limited, Emerging Towns & Cities Singapore Ltd, Mirach Energy Limited and Hong Fok Corporation Limited.

### **(a) Experience as director of a listed company**

All of the Directors on the Proposed New Board possess the appropriate experience and expertise to act as Directors on the Proposed New Board, as evidenced by their business and working experience as set out above.

Teh Wing Kwan, Fong Heng Boo and Chan Yu Meng, who are existing Directors and will remain as Directors after Completion, as well as Steven Lim who is a Proposed New Director, have relevant experience as directors of public listed companies in Singapore, and are familiar with the roles and responsibilities of a director of a public listed company in Singapore.

Dr. Wilson Tay does not have prior experience as a director of a public listed company in Singapore but he has been briefed by the Legal Adviser on Singapore Law on the Proposed Transactions on the roles and responsibilities of a director of a public listed company in Singapore. In addition, Dr. Wilson Tay has attended the relevant courses organised by the Singapore Institute of Directors as prescribed by the SGX-ST.

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**(b) Present and past directorships of the Proposed New Board**

The list of present and past directorships of the Proposed New Board over the last five (5) years up to the Latest Practicable Date, excluding that held in the Target Company is set out below:

Name	Present Directorships	Past Directorships
Teh Wing Kwan	<u>Target Group Companies</u> —  <u>Other Companies</u> <ul style="list-style-type: none"> <li>• Citicode Ltd.</li> <li>• China Vanadium Titano-Magnetite Mining Company Limited</li> <li>• Koda Ltd. (Advisor)</li> <li>• BMI Capital Partners Pte. Ltd.</li> <li>• Citicode-SNAP</li> <li>• Citicode Corporation</li> <li>• CM Capital Resources Pte. Ltd.</li> <li>• Singapore VTM Mining Pte. Ltd.</li> </ul>	<u>Target Group Companies</u> —  <u>Other Companies</u> <ul style="list-style-type: none"> <li>• Alset International Limited (f.k.a. Singapore eDevelopment Limited)</li> <li>• Asian American Medical Group Limited</li> <li>• Sapphire Corporation Limited</li> <li>• BMI Capital Partners Limited</li> <li>• Dominick &amp; Dickerman International Company Limited</li> <li>• Jatat Furniture Industries Sdn Bhd</li> <li>• Koda Woodcraft Sdn Bhd</li> <li>• Mancala Holdings Limited</li> <li>• Mancala Holdings Pty Ltd</li> <li>• National Land Investments Ltd</li> <li>• Ranken Holding Co., Limited (f.k.a. Ranken Infrastructure Limited)</li> <li>• Raffles House Sdn Bhd</li> <li>• SNAP AI Sdn Bhd</li> <li>• Zenith Heights Sdn Bhd</li> </ul>

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Name	Present Directorships	Past Directorships
Dr. Wilson Tay	<u>Target Group Companies</u> <ul style="list-style-type: none"> <li>• Apicare Medical</li> <li>• Apicare Pain Specialist</li> <li>• Cove Sports</li> <li>• Livingstone Cardiology</li> <li>• Livingstone Endocrine</li> <li>• The Bone and Joint Centre</li> <li>• PMG</li> </ul> <u>Other Companies</u> <ul style="list-style-type: none"> <li>• LVS</li> </ul>	<u>Target Group Companies</u> <p>–</p> <u>Other Companies</u> <ul style="list-style-type: none"> <li>• DC Brothers Private Limited</li> </ul>
Fong Heng Boo	<u>Target Group Companies</u> <p>–</p> <u>Other Companies</u> <ul style="list-style-type: none"> <li>• Citicode Ltd.</li> <li>• Colex Holdings Limited</li> <li>• CapitaLand Retail China Trust Management Limited</li> <li>• Kwan Yong Holdings Limited</li> <li>• Sheng Ye Capital Limited</li> <li>• TA Corporation Ltd.</li> <li>• Agency for Integrated Care Pte. Ltd.</li> <li>• CapitaLand Township Development Fund Pte. Ltd.</li> <li>• CapitaLand Township Development Fund II Pte. Ltd.</li> <li>• Singapore General Hospital Pte Ltd</li> <li>• Singapore Health Services Pte Ltd</li> <li>• Surbana Jurong Private Limited</li> <li>• Woodbridge Hospital Charity Fund Limited</li> </ul>	<u>Target Group Companies</u> <p>–</p> <u>Other Companies</u> <ul style="list-style-type: none"> <li>• Asian American Medical Group Limited</li> <li>• Sapphire Corporation Limited</li> <li>• Botanical Services Pty Ltd</li> <li>• Certis Cisco Security Pte. Ltd.</li> <li>• Eastern Health Alliance Pte. Ltd.</li> <li>• Woodbridge Hospital Charity Fund Limited</li> </ul>

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Name	Present Directorships	Past Directorships
Chan Yu Meng	<u>Target Group Companies</u> —	<u>Target Group Companies</u> —
	<u>Other Companies</u> • Citicode Ltd.	<u>Other Companies</u> • Alset International Limited (f.k.a. Singapore eDevelopment Limited) • PSL Holdings Limited
Steven Lim	<u>Target Group Companies</u> —	<u>Target Group Companies</u> —
	<u>Other Companies</u> • Bund Center Investment Ltd • Emerging Towns & Cities Singapore Ltd. • Hong Fok Corporation Limited • Keong Hong Holdings Limited • Mirach Energy Limited • Sinarmas Land Limited	<u>Other Companies</u> • Ranken Holding Co., Limited (f.k.a. Ranken Infrastructure Limited) • Sapphire Corporation Limited • Mancala Holdings Limited • Mancala Pty Ltd

None of the Proposed Independent Directors sits on the boards of the Target Subsidiaries, including any principal subsidiaries based in jurisdictions outside of Singapore.

**(c) Relationships of the Proposed New Board**

None of the Proposed New Board has any family relationship with another Director on the Proposed New Board, Proposed New Executive Officer or Substantial Shareholders of the Enlarged Group.

**(d) Appointment of the Proposed New Board**

There is no arrangement or understanding with any of the Substantial Shareholders of the Enlarged Group, customers or suppliers or other persons pursuant to which any of them or any person nominated by any of them will be or has been appointed to the Proposed New Board.

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### 25.3 Proposed New Executive Officers

As at the Latest Practicable Date, the particulars of the Proposed New Executive Officers following Completion are as follows:

Name	Age	Address	Proposed Position in the Enlarged Group
Dr. Rachel Lim	39	c/o 380 Jalan Besar, #08-12 ARC 380, Singapore 209000	Chief Operating Officer
Dr. Sebastian Chua	48	c/o 380 Jalan Besar, #08-12 ARC 380, Singapore 209000	Chief Medical Officer
Dax Ng	41	c/o 380 Jalan Besar, #08-12 ARC 380, Singapore 209000	Chief Business Officer
Dr. Edwin Tan	40	c/o 380 Jalan Besar, #08-12 ARC 380, Singapore 209000	Head of Orthopaedic Surgery
Leow Chin Yew	35	c/o 380 Jalan Besar, #08-12 ARC 380, Singapore 209000	Group Financial Controller
Cindy Lau	42	c/o 380 Jalan Besar, #08-12 ARC 380, Singapore 209000	Head of Operations

Information on the business and working experience of the Company's Proposed New Executive Officers are set out below:

**Dr. Rachel Lim** is the proposed Chief Operating Officer of the Enlarged Group. She is a medical doctor with a special interest in aesthetics, weight management and wellness with 15 years of clinical experience. She obtained her Bachelor of Medicine and Bachelor of Surgery from NUS in 2005 and a Graduate Diploma in Family Medicine from NUS in 2009. Prior to entering private practice in 2012, Dr. Rachel Lim was a medical officer with MOH Holdings Pte. Ltd. from 2005 to 2011. Dr. Rachel Lim worked in private practice as a family physician with a special interest in aesthetic medicine from 2012 to 2015 before setting up her own private practice in 2015. Having a keen interest in anti-ageing, Dr. Rachel Lim's clinical interests include non-surgical medical aesthetics and she performs a wide range of non-invasive aesthetic procedures. She is trained in age-reversing injectables, dermal fillers, laser and light treatments, and overall non-surgical rejuvenation of the face and body.

**Dr. Sebastian Chua**, the proposed Chief Medical Officer of the Enlarged Group, specialises in anaesthesiology and perioperative care with 24 years of clinical experience. He graduated with a Bachelor of Medicine and Bachelor of Surgery, and obtained a Master of Medicine (Anaesthesiology) from NUS in 1996 and 2003 respectively. Dr. Sebastian Chua received training experience in obstetric anaesthesia in King Edward Memorial Hospital for Women in Perth, Western Australia and perioperative medicine in Geelong Hospital in Geelong, Victoria, Australia in 2005. Prior to entering private practice in 2010, Dr. Sebastian Chua was an associate consultant from 2006 to 2008 and consultant from 2008 to 2010 with the Department of Anaesthesia at SGH. Dr. Sebastian Chua currently practises anaesthesia

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and perioperative care at Mount Elizabeth Hospital and other private hospitals. He is involved in pre-surgical optimisation of patients, provision and management of anaesthesia during surgery, as well as post-surgical care of patients, including pain management and intensive care. He was also the director of the Perioperative Evaluation Clinic at SGH from 2007 to 2010, where he formulated guidelines for perioperative assessment and optimisation of patients for surgery.

**Dax Ng** is the proposed Chief Business Officer of the Enlarged Group. He is responsible for developing and implementing the Target Group's investment strategies and policies so as to achieve the Target Group's plans and financing needs. He provides strategic growth advisory and recommendations for the Target Group in consultation with the board, advisers, partners and investors. He maintains key relationships and sources for opportunities for collaboration or investment. Prior to joining the Target Group, Dax Ng was an executive director in Naki Consolidated Pte. Ltd., a property investment company. He worked under TEHO Development (Cambodia) Pte. Ltd., a subsidiary of TEHO International Inc Ltd., a Catalyst company which is primarily engaged in marine offshore oil and gas and property development, as the managing director within the property development division from 2014 to 2017. From 2005 to 2014, he worked at Hongkong and Shanghai Banking Corporation Limited as a Senior Vice President (Network Director), managing teams of wealth managers and high net worth premier relationship managers, and specialising in wealth management, investment consultancy, product development and business acquisitions. He was a client adviser of Prudential Assurance Company Singapore (Pte) Limited from 2004 to 2005. Dax Ng holds a Bachelor of Chemical Engineering from the University of New South Wales, which was obtained in 2004. In 2014, he completed the Singapore Management University Financial Training Institute courses relating to sourcing private equity deals and fund raising, conducting due diligence and exit strategies. In 2016, he completed the Massachusetts Institute of Technology Fintech future commerce online course. Dax Ng is a grassroots leader at the Moulmein Goldhill Neighbourhood Committee and an associate member of the Singapore Institute of Directors.

**Dr. Edwin Tan** is the proposed Head of Orthopaedic Surgery of the Enlarged Group. He is responsible for overseeing the operations of the Target Group's orthopaedic surgery segment. Dr. Edwin Tan is also a qualified practising orthopaedic surgeon licensed by the SMC with 16 years of clinical experience. He graduated with a Bachelor of Medicine and Bachelor of Surgery from NUS in 2004 and was awarded the postgraduate Membership of the Royal College of Surgeons of Edinburgh in 2008, the Masters of Medicine in Orthopaedic Surgery in 2013, and the Fellowship of the Royal College of Surgeons of Edinburgh in Orthopaedic Surgery in 2014. Dr. Edwin Tan sub-specialises in sports injuries and adult reconstruction surgery. Dr. Edwin Tan has been a visiting consultant in SGH with the Department of Orthopaedic Surgery since December 2018. In addition, Dr. Edwin Tan is also an executive member of the Asia Pacific Knee Society.

**Leow Chin Yew** is the proposed Group Financial Controller of the Enlarged Group. He is responsible for the Target Group's financial and management accounting, treasury, taxation and other corporate compliance matters. Prior to working at the Target Company, Leow Chin Yew served as a regional accountant from 2017 to 2018 at Boardroom Limited. He worked in a managerial capacity at KPMG LLP from 2015 to 2017 and BDO LLP from 2010 to 2015. In 2008, he worked in RSM Malaysia as an audit associate. Leow Chin Yew holds a Bachelor of Commerce (Hons) Accounting from the Universiti Tunku Abdul Rahman obtained in 2008, and passed the Association of Chartered Certified Accountants



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Examinations in 2010. He was admitted as a Chartered Accountant of Singapore by the Institute of Singapore Chartered Accountants in 2018, and became a member and fellow of the Association of Chartered Certified Accountants in 2013 and 2018 respectively.

**Cindy Lau** is the proposed Head of Operations of the Enlarged Group. She assists the Chief Operating Officer in the management of the daily operations of the Target Group, and is responsible for the operations and administrative functions of the Target Group. Cindy Lau started her career at Tan Tock Seng Hospital as a staff nurse in 1999 and rose through the ranks to become a nurse clinician. In 2007, she left Tan Tock Seng Hospital to join Pacific Healthcare Specialist Centre as a nurse manager under the Pacific Paincare Center. She then joined Singapore Paincare Center as a nurse manager in 2008 and was later promoted to an operations director. Cindy Lau left Singapore Paincare Center in 2014 before joining the National Neuroscience Institute in 2015 as an assistant manager in the corporate development department. She joined Apicare Pain Specialist in 2016. Cindy Lau obtained a Diploma in Nursing from Nanyang Polytechnic and an Advanced Diploma in Nursing (Critical Care) in 1999 and 2002 respectively. In 2001, she graduated from La Trobe University Australia with a Bachelor of Health Science (Nursing). She also obtained a Master of Health Science (Education) from the University of Sydney in 2006. Cindy Lau has served as an adjunct lecturer in the School of Health Sciences of Nanyang Polytechnic and as a part-time nurse clinician at KK Women's and Children's Hospital. She was also recognised as a Fellow of the Health Manpower Development Plan in 2006, and was awarded the MOH-SingHealth Critical Talent Special Recognition Award in 2011.

### (a) Present and past directorships of the Proposed New Executive Officers

The list of present and past directorships of each Proposed New Executive Officer over the last five (5) years up to the Latest Practicable Date is set out below.

<b>Name</b>	<b>Present Directorships</b>	<b>Past Directorships</b>
Dr. Rachel Lim	<u>Target Group Companies</u> <ul style="list-style-type: none"> <li>• Cove Wellness</li> <li>• LHI</li> <li>• LSMS</li> <li>• RL Aesthetics</li> </ul> <u>Other Companies</u> <ul style="list-style-type: none"> <li>• VS Venture</li> </ul>	<u>Target Group Companies</u> <p>–</p> <u>Other Companies</u> <ul style="list-style-type: none"> <li>• Ardmore Wellness (Novena) Pte. Ltd.</li> </ul>
Dr. Sebastian Chua	<u>Target Group Companies</u> <ul style="list-style-type: none"> <li>• S Chua</li> <li>• Sebastian Chua MH</li> </ul> <u>Other Companies</u> <ul style="list-style-type: none"> <li>• SCPL</li> </ul>	<u>Target Group Companies</u> <p>–</p> <u>Other Companies</u> <ul style="list-style-type: none"> <li>• Specialist Anaesthesia Services Pte. Ltd.</li> </ul>

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Name	Present Directorships	Past Directorships
Dax Ng	<u>Target Group Companies</u> <ul style="list-style-type: none"> <li>• Activfix</li> <li>• Alo Ambulance Services</li> <li>• Ardennes Healthcare</li> <li>• Cove Sports</li> <li>• LHI</li> <li>• Livingstone Endocrine</li> <li>• LSMS</li> <li>• PMG</li> <li>• The Bone and Joint Centre</li> <li>• Venture Investment</li> </ul> <u>Other Companies</u> <ul style="list-style-type: none"> <li>• Cambodian Globepay Co., Ltd</li> <li>• LVS</li> <li>• NAKI Consolidated Pte. Ltd.</li> <li>• NSY Group Pte. Ltd.</li> </ul>	<u>Target Group Companies</u> – <u>Other Companies</u> <ul style="list-style-type: none"> <li>• AC Venture Pte. Ltd.</li> <li>• AIMS Canada Immigration Specialist Pte. Ltd. (f.k.a. Propinquity Consultancy Pte. Ltd.)</li> <li>• NAKI Hospitality Pte. Ltd.</li> <li>• Teho-SBG Development Co., Ltd</li> </ul>
Dr. Edwin Tan	<u>Target Group Companies</u> <ul style="list-style-type: none"> <li>• Cove Sports</li> <li>• The Bone and Joint Centre</li> </ul> <u>Other Companies</u> <ul style="list-style-type: none"> <li>• AAS Insurance Agency Pte. Ltd.</li> <li>• Auspiciium Investments Pte. Ltd.</li> <li>• Res Q ME Pte. Ltd.</li> </ul>	<u>Target Group Companies</u> – <u>Other Companies</u> <ul style="list-style-type: none"> <li>• Seven8 Pte. Ltd.<sup>(1)</sup></li> </ul>
Leow Chin Yew	<u>Target Group Companies</u> – <u>Other Companies</u> –	<u>Target Group Companies</u> – <u>Other Companies</u> –
Cindy Lau	<u>Target Group Companies</u> – <u>Other Companies</u> –	<u>Target Group Companies</u> – <u>Other Companies</u> –

**Note:**

- (1) In the process of striking off. In the event that the striking off of Seven8 Pte. Ltd. is not completed prior to Completion, Dr. Edwin Tan has undertaken to procure that Seven8 Pte. Ltd. is struck off within three (3) months after the Completion Date.

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### (b) Relationships of the Proposed New Executive Officers

Save that Dr. Rachel Lim is the sister-in-law of Dax Ng, as at the Latest Practicable Date, none of the Proposed New Executive Officers has any family relationship with members of the Proposed New Board, Proposed New Executive Officer or Substantial Shareholders of the Enlarged Group.

Notwithstanding the familial relationship, each of Dr. Rachel Lim and Dax Ng reports to an independent party who is the Executive Director and CEO of the Target Group, Dr. Wilson Tay, directly on business affairs of the Target Group and their respective roles and responsibilities in the Target Group are distinct and segregated. Please refer to Section 25.1 titled “Management Reporting Structure” of the Target’s Letter to Shareholders for the management reporting structure of the Company following Completion.

### (c) Appointment of the Proposed New Executive Officers

There is no arrangement or understanding with any of the Substantial Shareholders of the Enlarged Group, customers or suppliers or other persons pursuant to which any of them or any person nominated by any of them will be appointed as a Proposed New Executive Officer.

## 25.4 Remuneration of the Proposed New Board and Proposed New Executive Officers

The compensation (which includes benefits-in-kind, contributions to CPF and directors’ fees and bonuses) paid during FY2018 and FY2019 to the Proposed New Board and the Proposed New Executive Officers for services rendered to the Enlarged Group in any capacity on an aggregate basis and in remuneration bands and the estimated compensation (including benefits-in-kind, contributions to CPF and directors’ fees and bonuses) expected to be paid for the current financial year is as follows:

<b>Names</b>	<b>FY2018<sup>(1)</sup></b>	<b>FY2019<sup>(1)</sup></b>	<b>FY2020 (estimated)<sup>(1)(2)</sup></b>
<b>Proposed New Board</b>			
Teh Wing Kwan	Band A	Band A	Band A
Dr. Wilson Tay	Band A	Band B	Band C
Fong Heng Boo	Band A	Band A	Band A
Chan Yu Meng	Band A	Band A	Band A
Steven Lim <sup>(3)</sup>	–	–	–
<b>Proposed New Executive Officers</b>			
Dr. Rachel Lim	Band A	Band A	Band A
Dr. Sebastian Chua	Band A	Band C	Band C
Dax Ng	Band A	Band A	Band A
Dr. Edwin Tan <sup>(4)</sup>	Band A	Band C <sup>(5)</sup>	Band C
Leow Chin Yew	Band A	Band A	Band A
Cindy Lau	Band A	Band A	Band A

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### Notes:

- (1) Band A: Compensation of between S\$0 and S\$250,000 per annum.  
  
Band B: Compensation of between S\$250,001 and S\$500,000 per annum.  
  
Band C: Compensation of between S\$500,001 and S\$750,000 per annum.  
  
Band D: Compensation of between S\$1,750,001 and S\$2,000,000 per annum.
- (2) The estimated amount of remuneration excludes any bonus or profit-sharing plan or any other profit-linked agreement or arrangement payable for the financial year ending 31 December 2020.
- (3) Steven Lim is a Proposed New Director who is proposed to be appointed upon Completion.
- (4) Dr. Edwin Tan joined the Target Group in December 2018.
- (5) Excludes a one-off commission in FY2019 of approximately S\$1.06 million paid to Dr. Edwin Tan. Taking into account this one-off commission, total remuneration paid to Dr. Edwin Tan in FY2019 would be in the range of Band D. Please refer to Section 22.2 titled “Adjusted NPAT” of the Target’s Letter to Shareholders for further details.

### 25.5 Service Agreement

The Company has entered into a separate service agreement (the “**Service Agreement**”) with the Proposed New Executive Director and CEO, namely, Dr. Wilson Tay for an initial period of three (3) years with effect from Completion. Upon the expiry of the initial period, the term of employment of Dr. Wilson Tay shall be automatically renewed on a yearly basis on the same terms and conditions thereafter unless terminated pursuant to the terms of the Service Agreement. The Service Agreement may be terminated for any reason whatsoever by giving, *inter alia*, six (6) months’ notice to the non-terminating party.

The Company may also terminate the Service Agreement immediately without notice if Dr. Wilson Tay, *inter alia*, commits a material or repeated breach (as determined by the Company in its sole discretion) of any provision in the Service Agreement, fails to obtain, maintain and renew the medical practising certificate, neglects or refuses, without reasonable cause, to attend to the business of the Company or any Group Company to which he is assigned duties, is guilty of dishonesty, fraud, criminal breach of trust or any grave or wilful misconduct, becomes bankrupt, is guilty of conduct tending to bring himself or the Company into disrepute, becomes of unsound mind, commits any act of criminal breach of trust or dishonesty or is convicted of any offence, is found to have made illegal monetary profit or received any gratuities or other rewards out of any of the Group’s affairs, or is disqualified or prohibited from acting as a director or key executive officer of managerial position in any jurisdiction. No compensation or liability whatsoever shall be payable or incurred by the Company after such immediate termination.

Pursuant to the terms of the Service Agreement, Dr. Wilson Tay is entitled to a basic monthly salary of S\$50,000. There is no fixed bonus component to the remuneration under the Service Agreement. The abovementioned salary shall be subject to annual review by the Proposed New Board and/or the New Remuneration Committee, and may be amended after such review by the Proposed New Board and/or the New Remuneration Committee. In addition, the Company shall reimburse Dr. Wilson Tay for all maintenance costs and reasonably incurred running expenses of a car. All travel, accommodation, entertainment and other out-of-pocket expenses reasonably incurred by Dr. Wilson Tay in the process of discharging his duties on the Company’s behalf will be borne by the Company.

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Pursuant to the terms of the Service Agreement, Dr. Wilson Tay shall devote substantially his whole time, attention and skill to the business of the Group and has undertaken not to, *inter alia*, without the prior written consent of the Proposed New Board be engaged in, concerned or interested in or carry on, in any capacity, any business which will compete (whether directly or indirectly) with or is similar to the business carried on by the Group in Singapore or any country in which the Group has operations or carried on business, during his period of employment and for twelve months after ceasing to be employed under the Service Agreement. However, this does not prohibit Dr. Wilson Tay from being interested in any securities which are listed on any securities exchange which does not exceed 5.0% or more of the aggregate voting rights of such securities. Dr. Wilson Tay has also undertaken not to, *inter alia*, put himself into a conflict of interest position with respect to his duties in the Group, or solicit or entice away any officer, manager, employee, customer or supplier of the Group, during his period of employment and for twelve months after ceasing to be employed under the Service Agreement.

Dr. Wilson Tay is also bound by the terms of his Service Agreement to not disclose any confidential information concerning the business or affairs of the Group.

Had the Service Agreement been in existence since the beginning of FY2019, the aggregate remuneration paid to Dr. Wilson Tay would have been approximately S\$0.61 million instead of S\$0.39 million and the unaudited pro forma PBT and unaudited pro forma profit attributable to owners of the Target Company for FY2019 would have been approximately S\$1.93 million (instead of S\$2.15 million) and S\$1.49 million (instead of S\$1.68 million), respectively.

In addition, pursuant to the service agreements with each of the Target Group's key medical doctors, namely Dr. Wilson Tay, Dr. Rachel Lim, Dr. Edwin Tan and Dr. Sebastian Chua, the Group will put in place incentive bonus plans for the key medical doctors post-Completion, which may include suitable profit-sharing terms based on the Group's and the key medical doctors' individual performance for that year. The terms of the incentive bonus plans will be determined and be subject to the approval of the New Remuneration Committee within the financial year.

Save as disclosed above, there are no existing or proposed service agreements between the Company, the Enlarged Group and the Proposed New Board. There are no existing or proposed service agreements entered or to be entered into by the Proposed New Board with the Company or the Enlarged Group which provide for benefits upon termination of employment.

### 25.6 Material Background Information

Save as disclosed below, none of the Directors on the Proposed New Board, Proposed New Executive Officers or Controlling Shareholders of the Enlarged Group is or was involved in any of the following events:

- (a) during the last ten (10) years, an application or a petition under any bankruptcy laws of any jurisdiction filed against him or her or against a partnership of which he or she was a partner at the time when he or she was a partner or at any time within two (2) years after the date he or she ceased to be a partner;

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- (b) during the last ten (10) years, an application or a petition under any law of any jurisdiction filed against an entity (not being a partnership) of which he or she was a director or an equivalent person or a key executive, at the time when he or she was a director or an equivalent person or a key executive of that entity or at any time within two (2) years after the date he or she ceased to be a director or an equivalent person or a key executive of that entity, for the winding-up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency;
- (c) any unsatisfied judgments against him or her;
- (d) a conviction of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he or she is aware) for such purpose;
- (e) a conviction of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he or she is aware) for such breach;
- (f) during the last ten (10) years, judgment entered against him or her in any civil proceeding in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his or her part, or has been the subject of any civil proceedings (including any pending civil proceedings of which he or she is aware) involving an allegation of fraud, misrepresentation or dishonesty on his or her part;
- (g) a conviction in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust;
- (h) disqualification from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust;
- (i) has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body permanently or temporarily enjoining him or her from engaging in any type of business practice or activity;
- (j) has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of affairs of:
  - (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere;
  - (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere;

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- (iii) any business trust which has been investigated for breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or
- (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,

in connection with any matter occurring or arising during the period when he was so concerned with the entity or business trust; or

- (k) has ever been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Authority or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere.

### Events involving Dr. Sebastian Chua

In March 2018, Dr. Sebastian Chua was involved in a motor accident resulting in a collision with another car. An investigation by the Traffic Police Department was carried out into the matter and in May 2018, Dr. Sebastian Chua received a letter of warning from the Traffic Police Department reminding him to refrain from similar conduct. To the best of his knowledge, there was no further action taken against him by the Traffic Police Department.

Between June 2018 and September 2018, as part of IRAS's compliance review programme, the SC Companies (together with SCPL, the "**Relevant SC Companies**") were selected for review of their Years of Assessment 2014 to 2017, and IRAS had consequently raised protective assessments under Section 74(1) of the Income Tax Act (Chapter 134 of Singapore) (the "**ITA**") in the name of the Relevant SC Companies and Dr. Sebastian Chua for the Year of Assessment 2014. Dr. Sebastian Chua provides, or had in the past provided, his medical services through the Relevant SC Companies for which fees were paid to the Relevant SC Companies. IRAS had raised questions on whether the Relevant SC Companies were set up for bona fide commercial reasons under Section 33 of the ITA and Dr. Sebastian Chua responded to IRAS in January 2019 to object to the protective assessments raised on the basis that there were *bona fide* commercial bases and reasons for setting up the Relevant SC Companies, such as risk containment and management of his anaesthesiology business, and as part of an exit strategy.

As at the Latest Practicable Date, the Target Group is given to understand that the income derived by the Relevant SC Companies will be deemed as individual income of Dr. Sebastian Chua earned through Dr. Sebastian Chua's personal efforts and accordingly, there will be tax adjustments to counteract any tax advantage under such past arrangements with the Relevant SC Companies. As at the Latest Practicable Date, the Target Group is also given to understand that IRAS has finalised the income tax assessment and a payment plan with Dr. Sebastian Chua and there is nothing to suggest that Dr. Sebastian Chua or the SC Companies may be exposed to any penalties or sanctions by IRAS arising from this matter. Furthermore, pursuant to the terms of the SC SPA, Dr. Sebastian Chua has undertaken to keep the SC Companies harmless, fully and effectively indemnified against, *inter alia*, all costs and potential tax liabilities that the SC Companies may suffer arising from the aforementioned IRAS review. The said indemnity does not have any specified quantum limit, and there are no provisions for the termination of the said indemnity.



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In connection with IRAS’s compliance review programme, IRAS had also determined that the income derived from the Relevant SC Companies were derived from medical services rendered by Dr. Sebastian Chua and therefore invoked Section 47 of the GST Act to treat Dr. Sebastian Chua and the Relevant SC Companies as a single taxable person. As such, given that the income of Dr. Sebastian Chua and the Relevant SC Companies exceeded the compulsory GST registration threshold of S\$1.0 million in the accounting year ended 31 December 2013, IRAS determined that Dr. Sebastian Chua was liable to register for GST in 2013. Upon the acquisition of the SC Companies by the Target Group and the commencement of Dr. Sebastian Chua’s employment with the Target Group in 2018, IRAS determined that Dr. Sebastian Chua and the Relevant SC Companies ceased to be liable for GST registration from 1 October 2018.

Accordingly, IRAS determined that Dr. Sebastian Chua was accountable for GST in connection with the revenue of the Relevant SC Companies for the period between 1 October 2014 to 1 October 2018.

As at the Latest Practicable Date, the Target Group is given to understand that Dr. Sebastian Chua has made full payment of all GST as assessed by IRAS and there is nothing to suggest that Dr. Sebastian Chua or the SC Companies may be exposed to any penalties or sanctions by IRAS arising from this matter.

### Events involving Dax Ng

Dax Ng was named as a witness and provided his testimony in a complaint made to the Prosecution Office in Phnom Penh, Cambodia, which concerned an altercation between two Cambodian nationals in November 2018 in Phnom Penh, Cambodia (the “**Altercation**”). In the investigations that were commenced on the Altercation, the alleged assailant (the “**Defendant**”) made a counterclaim against various parties including Dax Ng, in which it was alleged, *inter alia*, that Dax Ng had presented untrue testimony. At the conclusion of the investigations, the prosecutor had issued a concluding summons charging the Defendant with causing the Altercation. Subsequently, the Defendant filed a new complaint to a second prosecutor against the same parties including Dax Ng in respect of the Altercation, again alleging, *inter alia*, that Dax Ng had presented untrue testimony. A second investigation was commenced on the Altercation and the second prosecutor had in June 2019 filed charges with an investigating judge against the same parties. On 11 June 2020, the Defendant submitted a request to the Phnom Penh Court of First Instance to withdraw the complaint. Dax Ng has been advised that the Phnom Penh Court of First Instance has accepted the request to withdraw the complaint and is processing to drop the charge against him, and no further legal action will be taken against him. To the best of Dax Ng’s knowledge and belief, no action has been taken against him and there are no further developments in relation to the Altercation.

### Events involving Dr. Edwin Tan

Dr. Edwin Tan was issued a notice of complaint from SMC dated 4 July 2019 in relation to an allegation that was made by a patient against Dr. Edwin Tan for medical negligence due to two pieces of retained gauze left in the patient’s wound after a procedure involving an incision and drainage of the calf abscess (the “**Procedure**”) in 2018 (the “**Complaint**”). The patient alleged that the surgeon in charge was Dr. Edwin Tan, and had requested for SMC to investigate on this matter.

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Following an investigation conducted by the Complaints Committee of the SMC, the SMC issued a conclusion of inquiry to Dr. Edwin Tan on 23 June 2020, informing Dr. Edwin Tan that the Complaint had been dismissed because the allegations founding the Complaint were misconceived as Dr. Edwin Tan had not been directly involved in the Procedure. To the best of Dr. Edwin Tan's knowledge and belief, no action has been taken against him and there have not been any further developments on this matter.

### Events involving Fong Heng Boo

Fong Heng Boo was the general manager (Corporate Affairs) of Amcol Holdings Limited ("**Amcol**") between January 1995 and May 1996. In March 1998, he was subpoenaed as a prosecution witness in proceedings against three (3) directors of Amcol for breach of fiduciary duties. To the best of Fong Heng Boo's knowledge and belief, he was not the subject of the proceedings, no action has been taken against him and there are no further developments on this matter.

Fong Heng Boo was a non-executive director of China Foodzart International Private Limited ("**China Foodzart**") in March 2011 and subsequently resigned in August 2011. In September 2012, various winding up proceedings were commenced against China Foodzart on the ground that China Foodzart was unable to pay its debts and it was wound up in September 2013. To the best of Fong Heng Boo's knowledge and belief, (a) there was no wrongful act on his part that led to the winding up proceedings brought against China Foodzart; (b) the winding up proceedings had not resulted in any liability or obligations imposed on him; and (c) there is nothing to suggest that there will be any action or claim brought against Fong Heng Boo as a result of the winding up proceedings of China Foodzart.

### Events involving Chan Yu Meng

In 2012, a complaint was lodged against Chan Yu Meng with the Law Society of Singapore ("**Law Society**"). The Law Society subsequently determined that a formal investigation was unnecessary and accordingly the complaint was dismissed with no adverse orders made against him. To the best of his knowledge and belief, Chan Yu Meng confirmed that no further action has been taken against him and there are no further developments on this matter.

## 26. EMPLOYEES

As of the Latest Practicable Date, the Target Group had a workforce of 69 full-time employees who are all located within its clinics, centres and/or offices in Singapore.

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The breakdown of the number of full-time employees of the Target Group by business function as at 31 December 2017, 31 December 2018, 31 December 2019, 30 June 2020 and as the Latest Practicable Date is as follows:

<b>Function</b>	<b>As at 31 December 2017</b>	<b>As at 31 December 2018</b>	<b>As at 31 December 2019</b>	<b>As at 30 June 2020</b>	<b>As at the Latest Practicable Date</b>
Medical doctors	3	5	10	12	15
Management and finance	0	2	6	7	8
Administration	1	1	8	9	15
Nurses/Therapists	9	11	25	24	31
<b>Total</b>	<b>13</b>	<b>19</b>	<b>49</b>	<b>52</b>	<b>69</b>

As at the Latest Practicable Date, none of the Target Group's employees are related to its Proposed New Board and Substantial Shareholders save for the following employees:

- (a) Dr. Rachel Lim (the Target Group's Chief Operating Officer) is the sister-in-law of Dax Ng (the Target Group's Chief Business Officer); and
- (b) Ng Chor Hoon, a part-time administrative assistant of Cove Sports, is the mother of Dr. Edwin Tan (the Target Group's Head of Orthopaedics). Ng Chor Hoon's involvement in Cove Sports is limited to administrative tasks and she has no involvement in the finance function of the Target Group.

Any new employment of related employees and the proposed terms of their employment will be subject to the review and approval of the New Remuneration Committee. In the event that a member of the New Remuneration Committee is related to the employee under review, he will abstain from the review.

The Target Group does not hire a significant number of temporary employees.

The Target Group's employees are not unionised. The relationship and cooperation between the management team and staff has been good and is expected to continue to remain so in the future. There has not been any incidence of work stoppages or labour disputes which affected the Target Group's operations.

No remuneration was paid or is to be paid to any of the Proposed New Board, Proposed New Executive Officers or employees through any arrangement that involves the issue or grant of options or shares or any other securities or securities-based derivatives contracts of the Target Company.

As at the Latest Practicable Date, other than the amounts set aside or accrued as required for compliance with the applicable laws of Singapore, no amounts have been set aside or accrued by the Target Group to provide for pension, retirement or similar benefits for any of its employees.

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### 27. CORPORATE GOVERNANCE

#### 27.1 Board Practices

The Proposed New Board recognises the importance of corporate governance to the Shareholders and will use their best efforts to implement the good practices recommended in the Code of Corporate Governance 2018.

Following the appointment of the Proposed New Directors, the Company will have five (5) Directors, of which three (3) will be Independent Directors.

None of the Proposed Independent Directors have any existing business or professional relationship of a material nature with the Enlarged Group, members of the Proposed New Board and/or the Substantial Shareholders of the Enlarged Group. None of the Proposed Independent Directors are related to any of the current Directors, the Proposed New Directors and/or Substantial Shareholders of the Enlarged Group.

The Proposed New Board will have overall responsibility for the corporate governance of the Enlarged Group so as to protect and enhance long-term Shareholder value. It will set the overall strategy for the Enlarged Group and supervise executive management and monitor their performance. Apart from its statutory responsibilities, the Proposed New Board will be responsible for:

- (a) reviewing the financial performance and condition of the Enlarged Group;
- (b) approving the Enlarged Group's strategic plans, key operational initiatives, major investment and funding decisions; and
- (c) identifying principal risks of the Enlarged Group's business and ensuring the implementation of appropriate systems to manage the risks.

The Proposed New Board will hold half yearly meetings every year, with additional meetings for particular matters convened when necessary. The Proposed New Board will also periodically review the internal controls and risk management systems of the Enlarged Group to ensure that there are sufficient guidelines and procedures in place to monitor its operations.

The Proposed New Board will continue to implement a policy of providing full disclosure of material corporate information as commercially appropriate through announcements, press releases, Shareholders' circulars as well as through the interim and annual financial results announcements.

Every Director on the Proposed New Board will be expected, in the course of carrying out his duties, to act in good faith, provide insights and consider at all times the interests of the Company.

All other matters will be delegated to various committees whose actions will be monitored by the Proposed New Board. These committees include the New Audit Committee, the New Nominating Committee and the New Remuneration Committee. Each committee operates within clearly defined terms of reference and functional procedures. Please see Sections 27.3, 27.4 and 27.5 titled "New Audit Committee", "New Nominating Committee" and "New Remuneration Committee" respectively of this Target's Letter to Shareholders.

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### **27.2 Proposed Lead Independent Director**

In view of the Proposed Non-Executive Chairman, Teh Wing Kwan, not being regarded as independent, in accordance with the Code of Corporate Governance 2018, the Proposed Lead Independent Director of the Company upon Completion is Fong Heng Boo.

As the Proposed Lead Independent Director, he will be available to Shareholders where they have concerns for which contact through the normal channels of communication with the Proposed Non-Executive Chairman or management are inappropriate or inadequate.

### **27.3 New Audit Committee**

The New Audit Committee will comprise Fong Heng Boo, Chan Yu Meng, Steven Lim and Teh Wing Kwan. The chairman of the New Audit Committee will be Fong Heng Boo.

The New Audit Committee will assist the board of Directors in discharging its responsibility to safeguard the Enlarged Group's assets, maintain adequate accounting records and develop and maintain effective systems of internal control, with the overall objective of ensuring that the management creates and maintains an effective control environment in the Enlarged Group. The New Audit Committee shall meet, at a minimum, twice a year.

The New Audit Committee will provide a channel of communication between the Directors, the management and the external auditors on matters relating to audit.

The New Audit Committee shall meet periodically to perform the following functions:

- (a) review the audit plans and scope of work of the external auditors and internal auditors, the results of the external and internal auditors' review and evaluation of the Enlarged Group's system of internal controls, and their management letters on the internal controls and the management's response, and monitor the implementation of the internal control recommendations made by the external and internal auditors;
- (b) review and report to the board of Directors at least annually on the adequacy and effectiveness of the Enlarged Group's internal controls (addressing financial, operational, compliance and information technology risks) and risk management systems (such review to be carried out internally or with the assistance of any competent third parties) and discuss issues and concerns, if any, prior to the incorporation of the Directors' comments in the Enlarged Group's annual report;
- (c) review the adequacy, effectiveness, independence, scope and results of the external audit and the Enlarged Group's internal audit function;
- (d) make recommendations to the Directors on establishing an adequate, effective and independent internal audit function (which can be in-house or outsourced to a reputable accounting/auditing firm or corporation), and ensure that the internal audit function is adequately resourced and staffed with persons with the relevant qualifications and experience and that the internal auditors comply with the standards set by nationally or internationally recognised professional bodies;

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- (e) review the interim financial results and annual consolidated financial statements and the external auditor's report on the annual consolidated financial statements, and review and discuss any significant adjustments, major risk areas, changes in accounting policies and practices, significant financial reporting issues and judgements, compliance with Singapore financial reporting standards as well as compliance with the Catalist Rules and other statutory or regulatory requirements, concerns and issues arising from their audits, to ensure the integrity of the financial statements of the Enlarged Group and any announcements relating to the Enlarged Group's financial performance, before submission to the Directors for approval;
- (f) meet with the external auditor, and with the internal auditor, in each case without the presence of the management, at least annually;
- (g) review and discuss with the Enlarged Group's external and internal auditors, any suspected fraud, irregularity or infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Enlarged Group's operating results or financial position and the management's response;
- (h) review and ensure the co-ordination among the Enlarged Groups' internal auditor, external auditor and management, including assistance given by management to the auditors;
- (i) consider the independence and objectivity of the external auditor, taking into account the non-audit services provided by the external auditor and the fees paid for such non-audit services, if any;
- (j) review and ratify any interested person transactions falling within the scope of Chapter 9 of the Catalist Rules, and approve interested person transactions where the value thereof amounts to 3.0% or more of the latest audited NTA of the Enlarged Group (either individually or as part of a series or aggregated with other transactions involving the same interested person during the same financial year), or any agreement or arrangement with an interested person that is not in the ordinary course of business of the Enlarged Group, prior to the Enlarged Group's entry into the transaction, agreement or arrangement;
- (k) review and monitor the Enlarged Group's transactions with Dr. Sean Ng and/or his associates on an internal basis, to ensure that such transactions are not prejudicial to the interest of the Enlarged Group and its Shareholders. For more information, please refer to Section 28.4 titled "Transactions with Dr. Sean Ng and his associates – Ongoing Internal Monitoring for transactions with Dr. Sean Ng and/or his associates" of this Target's Letter to Shareholders;
- (l) make recommendations to the Board of Directors on the proposals to the Company's Shareholders with regard to the appointment, re-appointment and removal of the external auditor, and the remuneration and terms of engagement of the external auditor;
- (m) review and approve the Enlarged Group's hedging policies (if any), and conduct periodic reviews of the hedging policies, together with the transactions and hedging activities undertaken by the Enlarged Group;

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- (n) review the Enlarged Group's compliance with such functions and duties as may be required under the relevant statutes or the Catalist Rules, including such amendments as may be made thereto from time to time;
- (o) review any potential conflicts of interests and set out a framework to resolve or mitigate such potential conflicts of interests, and monitor compliance with such framework;
- (p) establish and review the policy and arrangements by which employees of the Enlarged Group or any other persons may safely raise concerns about possible improprieties in financial reporting or other matters and ensure that there are arrangements in place for independent investigation of such concerns and appropriate follow-up actions in relation thereto, and ensure that the Enlarged Group publicly discloses, and clearly communicates to employees, the existence of a whistle-blowing policy and procedures for raising such concerns;
- (q) review the assurance from the CEO and the Group Financial Controller on the financial records and financial statements;
- (r) assisting the Board in the discharge of its responsibilities on financial reporting matters;
- (s) review of the Enlarged Group's financial risk areas, with a view to providing an independent oversight on the Enlarged Group's financial reporting, with the outcome of such review to be disclosed in the annual reports, or if the findings are material, to be immediately announced via SGXNET;
- (t) review and establish procedures for receipt, retention and treatment of complaints received by the Enlarged Group, *inter alia*, criminal offences involving the Enlarged Group or its employees, questionable accounting, auditing, business, safety or other matters that impact negatively on the Enlarged Group;
- (u) reviewing the risk profile of the Enlarged Group and the appropriate steps to be taken to mitigate and manage risks at acceptable levels determined by the Board;
- (v) undertake such other reviews and projects as may be requested by the board of Directors and report to the board of Directors its findings from time to time on matters arising and requiring the attention of the New Audit Committee;
- (w) monitor whether the terms of the non-competition deeds provided to the Company have been complied with;
- (x) reviewing and deliberating on the approval for the exercise of the Call Option and ROFR granted by the Grantor; and
- (y) review and approve transactions falling within the scope of Chapter 10 of the Catalist Rules (if any).



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Apart from the duties listed above, the New Audit Committee shall commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls, or infringement of any law, rule or regulation which has or is likely to have a material impact on the Enlarged Group's operating results and/or financial position. Each member of the New Audit Committee shall abstain from reviewing and deliberating on any transactions or voting on any resolutions in respect of matters in which he is interested.

Pursuant to the completion of the Proposed Transactions, the business of the Enlarged Group will comprise wholly of the business of the Target Group, and thus the internal controls of the Company and the Target Group will be harmonised. Therefore, in preparation for the Proposed Acquisition, the Target Group has commissioned Nexia TS Risk Advisory Pte Ltd as internal auditor to conduct an internal control review of key business processes for identifying gaps within the internal controls framework and recommending controls improvement plans to the Target Group.

The New Audit Committee has held discussions with Leow Chin Yew, the proposed new Group Financial Controller, the internal auditor, as well as Mazars LLP, in relation to the Target Group's internal controls. The Proposed New Board has noted that no material internal control weakness had been raised by Mazars LLP in the course of their audit of the Target Group's financial statements for FY2017, FY2018 and FY2019. The Proposed New Board also noted that the internal auditor has reviewed the implementation of the recommendations for observations raised in relation to the Target Group's internal control weaknesses and noted that management has implemented the recommendations as agreed. As such, based on the internal control review report, there was no material internal control weakness not addressed by the management of the Target Group relating to the Target Group's systems of internal controls (including financial, operational, compliance and information technology controls) and risk management systems that remained unresolved.

Based on the foregoing, the risk management system and internal controls established and maintained by the Target Group, work performed by the internal and external auditors, and reviews performed by management, the Proposed New Board, after making all reasonable enquiries and to the best of its knowledge and belief, with the concurrence of the New Audit Committee, is satisfied that the internal controls (including financial, operational, compliance and information technology controls) and risk management systems of the Target Group are adequate and effective as at the Latest Practicable Date to address the financial, operational, compliance and information technology risks which the Target Group considers relevant and material to its operations.

The Proposed New Board notes that the system of internal controls and risk management systems provides reasonable, but not absolute, assurance that the Target Group will not be adversely affected by any event that could be reasonably foreseen as it works to achieve its business objectives. In this regard, the Proposed New Board also note that no system of internal controls and risk management systems can provide absolute assurance against the occurrence of material errors, poor judgment in decision making, human error, losses, fraud or other irregularities.

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The New Audit Committee shall establish and maintain on an ongoing basis, an effective internal audit function that is adequately resourced and independent, to ensure that the Enlarged Group's internal controls remain adequate and effective. Following Completion, the Enlarged Group will be appointing a reputable accounting or auditing firm to conduct annual reviews, based on the internal audit plan approved by the New Audit Committee, of the effectiveness of the Enlarged Group's systems of internal controls (including financial, operational, compliance and information technology controls) and its risk management systems. Upon completion of the internal control audit, appropriate disclosure will be made via SGXNET of any material, price-sensitive internal control weaknesses and any follow-up actions to be taken by the Proposed New Board.

### **Proposed Group Financial Controller**

The New Audit Committee, after having:

- (a) conducted an interview with Leow Chin Yew;
- (b) considered the qualifications and past working experience of Leow Chin Yew (as described in Section 25.3 titled "Proposed New Executive Officers" of this Target's Letter to Shareholders);
- (c) observed Leow Chin Yew's abilities, familiarity, diligence and competency in relation to the financial matters and information of the Target Group; and
- (d) noted the absence of negative feedback on Leow Chin Yew from the Target Group's Independent Auditor and Reporting Accountant and internal auditor,

is of the view that Leow Chin Yew is suitable for the position of Group Financial Controller of the Enlarged Group and he will be able to discharge his duties satisfactorily.

The New Audit Committee confirms that, after making all reasonable enquiries, and to the best of its knowledge and belief, nothing has come to its attention to cause it to believe that Leow Chin Yew does not have the competence, character and integrity expected of a financial controller of a listed issuer.

### **27.4 New Nominating Committee**

The New Nominating Committee will comprise Steven Lim, Fong Heng Boo, Chan Yu Meng and Teh Wing Kwan. The chairman of the New Nominating Committee will be Steven Lim.

The New Nominating Committee shall meet periodically to perform the following functions:

- (a) develop and maintain a formal and transparent process for the selection, appointment and re-appointment of Directors, taking into account the need for progressive renewal of the board of Directors, and make recommendations to the board of Directors on the appointment and re-appointment of Directors (including alternate Directors, if any), taking into consideration each Director's competencies, commitment, contribution and performance (for example, attendance, preparedness, participation and candour) including, if applicable, his performance as an Independent Director;

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- (b) review succession plans for the Directors, in particular, the appointment and/or replacement of the Chairman, CEO and Executive Officers;
- (c) ensure that all Directors submit themselves for re-nomination and re-election at least once every three (3) years;
- (d) determine the composition of the board of Directors, taking into account the future requirements of the Enlarged Group, as well as the need for Directors who, as a group, provide an appropriate balance and diversity of skills, experience, gender and knowledge of the Enlarged Group, and other considerations as set out in the Code, and set the objectives for achieving board diversity and review the Enlarged Group's progress towards achieving these objectives;
- (e) determine on an annual basis, and as and when circumstances require, whether or not a Director is independent having regard to the Code and any other salient factors;
- (f) in respect of a Director who has multiple board representations on various companies, if any, review and decide, on an annual basis (or more frequently as the New Nominating Committee deems fit), whether such Director is able to and has been adequately carrying out his duties as a Director, having regard to the competing time commitments that are faced by the Director when serving on multiple boards and discharging his duties towards other principal commitments, and establish guidelines on what a reasonable and maximum number of directorships and principal commitments for each Director (or type of Director) shall be;
- (g) review training and professional development programmes for the board of Directors;
- (h) assess whether each Director is able to and has been adequately carrying out his duties as a Director; and
- (i) ensure that new Directors are aware of their duties and obligations.

In addition, the New Nominating Committee will develop a process for evaluating the performance of the board of Directors, its board committees and recommend for the board of Directors' approval the objective performance criteria and process for the evaluation of the effectiveness of the board of Directors as a whole, and of each board committee separately, as well as the contribution by the chairman of the board of Directors and each individual Director to the board of Directors. The evaluation should consider the composition of the board of Directors (balance of skills, gender, experience, independence, knowledge of the Company, and diversity), board practices and conduct, and how the board of Directors as a whole adds value to the Company. The New Nominating Committee shall consider the use of peer comparisons and other objective third party benchmarks. These performance criteria shall not be changed from year to year, and where circumstances deem it necessary for any of the criteria to be changed, the onus shall be on the board of Directors to justify its decision. The evaluation of individual Director's performance shall aim to assess whether each Director is willing and able to constructively challenge and contribute effectively to the board of Directors, and demonstrate commitment to his roles on the board of Directors (including the roles of the Chairman of the board of Directors and chairman of a board committee). The chairman of the board of Directors shall act on the results of the performance evaluation and, in consultation with the New Nominating Committee, propose, where appropriate, new members to be appointed to the board of Directors or seek the resignation of Directors.

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Each member of the New Nominating Committee shall abstain from deliberating and voting on resolutions in respect of the assessment of his performance or independence or re-nomination as a Director. In the event that any member of the New Nominating Committee has an interest in a matter being deliberated upon by the New Nominating Committee, he will abstain from participating in the review and approval process relating to that matter.

### The New Nominating Committee's view on Fong Heng Boo and Steven Lim

Under the Code of Corporate Governance 2018, directors are required to attend and actively participate in Board and board committee meetings, and that directors with multiple board representations must ensure that sufficient time and attention are given to the affairs of the company.

As at the Latest Practicable Date, in addition to his existing appointment as an Independent Director of the Company, Fong Heng Boo is an independent director of three (3) companies listed on the SGX-ST and two (2) companies listed on the Stock Exchange of Hong Kong Limited. Notwithstanding his multiple directorships, Fong Heng Boo has confirmed that he is able to devote sufficient time and attention to the affairs of the Enlarged Group. In this regard, the New Nominating Committee (other than Fong Heng Boo) has also considered various factors, including the following:

- (a) Fong Heng Boo is a retiree and does not hold any full-time executive positions or commitments in any company or committee, thereby granting himself flexibility in the planning of his schedule;
- (b) Fong Heng Boo has over 45 years of experience in auditing, finance and business development and more than 20 years of experience as an independent director of listed companies. He is therefore familiar with accounting and finance matters, the SGX-ST listing rules, and his roles and responsibilities as an independent director, translating into time efficiency when dealing with matters relating thereto;
- (c) Fong Heng Boo has thus far recorded full attendance for board and committee meetings in relation to his present appointments in FY2017, FY2018 and FY2019;
- (d) Fong Heng Boo did not receive any objections from the nominating committee members of the other boards about his continued appointment on the board of the Company following the completion of the Proposed Acquisition; and
- (e) there being no adverse findings noted, such as financial distress or major non-compliances, after a review of the state of affairs of the companies which Fong Heng Boo is presently on the board of.

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In addition to his proposed appointment as an Independent Director of the Company, Steven Lim is an independent director of six (6) other SGX-ST listed companies. Notwithstanding his multiple directorships, Steven Lim has confirmed that he is able to devote sufficient time and attention to the affairs of the Enlarged Group. In this regard, the New Nominating Committee (other than Steven Lim) has also considered various factors, including the following:

- (a) Steven Lim is a retiree and does not hold any full-time executive positions or commitments in any company or committee, thereby granting himself flexibility in the planning of his schedule;
- (b) Steven Lim has over 40 years of experience in auditing, finance, wealth management and business development and more than 11 years of experience as an independent director of listed companies. He is therefore familiar with accounting and finance matters, the SGX-ST listing rules, and his roles and responsibilities as an independent director, translating into time efficiency when dealing with matters relating thereto;
- (c) Steven Lim has thus far recorded full attendance for board and committee meetings in relation to his present appointments in FY2017, FY2018 and FY2019. In addition, by virtue of the “nine-year rule” introduced by the SGX-ST in August 2018, it is the intention that Steven Lim will not seek re-election to the boards of two (2) companies in their upcoming annual general meetings;
- (d) Steven Lim did not receive any objections from the nominating committee members of the other boards about his proposed appointment on the board of the Company; and
- (e) there being no adverse findings noted, such as financial distress or major non-compliances, after a review of the state of affairs of the companies which Steven Lim is presently on the board of.

Taking into account the foregoing, their experience and expertise in their respective backgrounds, as well as their extensive experience and understanding of the role as a director of listed companies, and their confirmations referred to above, the New Nominating Committee and the Proposed New Board (other than Fong Heng Boo and Steven Lim, as the case may be) have determined that Fong Heng Boo and Steven Lim will be able to adequately carry out their duties as Proposed Independent Directors of the Enlarged Group. Fong Heng Boo and Steven Lim have abstained from participating in the deliberations on their ability to adequately carry out their duties as a Proposed Independent Director.

### The New Nominating Committee’s View of the Proposed Independent Directors

The New Nominating Committee, after having considered the following:

- (a) the principal occupation and commitments of the Proposed Independent Directors;
- (b) the confirmations by the Proposed Independent Directors that they are able to devote sufficient time and attention to the affairs of the Enlarged Group;

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- (c) the confirmations by the Proposed Independent Directors that each of them is not accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of any Controlling Shareholder, and has no relationship with the Enlarged Group, its related corporations, its Substantial Shareholders or its officers that could interfere or be reasonably perceived to interfere, with the exercise of his or her independent business judgement with a view to the best interests of the Enlarged Group;
- (d) none of the Proposed Independent Directors is or was in the past three (3) financial years employed by the Target Company or any of its related corporations;
- (e) none of the immediate family members of the Proposed Independent Directors is or was in the past three (3) financial years employed by the Target Company or its related corporations and whose remuneration was or is determined by the Remuneration Committee;
- (f) the Proposed Independent Directors' working experience and expertise in different areas of specialisation; and
- (g) the composition of the board of Directors,

is of the view that (i) the Proposed Independent Directors are individually and collectively able to commit sufficient time and resources to discharge their respective duties, and are suitable and possess the relevant experience to be appointed as Proposed Independent Directors of the Enlarged Group; and (ii) the Proposed Independent Directors, as a whole, represent a strong and independent element on the board of Directors which is able to exercise objective judgment on corporate affairs independently from the Controlling Shareholders.

### 27.5 New Remuneration Committee

The New Remuneration Committee will comprise Chan Yu Meng, Fong Heng Boo, Steven Lim and Teh Wing Kwan. The chairman of the New Remuneration Committee will be Chan Yu Meng.

The New Remuneration Committee shall meet periodically to perform the following functions:

- (a) review and recommend to the board of Directors for approval a framework of remuneration for the Directors and Executive Officers as well as the specific remuneration packages for each Executive Director and Executive Officer, ensuring that a significant and appropriate proportion of the remuneration is structured so as to link rewards to corporate and individual performance. All aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, benefits-in-kind and termination payments shall be covered, with the aim to be fair and avoid rewarding poor performance;
- (b) review annually the remuneration, bonuses, pay increase and/or promotions of employees who are related to the Directors or Substantial Shareholders to ensure that their remuneration packages are in line with staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities, and

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review and approve any new employment of related employees and the proposed terms of their employment, and reviewing and recommending to the board of Directors, for endorsement, the specific remuneration packages for each of the Directors and the Executive Officers;

- (c) review the Enlarged Group's obligations arising in the event of termination of service contracts entered into between the Enlarged Group and the Directors or Executive Officers, as the case may be, to ensure that the service contracts contain fair and reasonable termination clauses which are not overly generous;
- (d) if necessary, seek expert advice within and/or outside the Enlarged Group on remuneration matters, ensuring that existing relationships, if any, between the Company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants;
- (e) perform an annual review of the remuneration packages in order to maintain their attractiveness to retain and motivate the Directors and the Executive Officers, and to align the interests of the Directors and the Executive Officers with the interests of the Shareholders and other stakeholders and promote the long-term success of the Enlarged Group; and
- (f) ensure that the remuneration of non-executive Directors is appropriate to the level of contribution, taking into account factors such as effort, time spent, and responsibilities.

Each member of the New Remuneration Committee shall abstain from reviewing, deliberating and voting on any resolution in respect of his remuneration package or that of any employees who are related to him.

### 27.6 Arrangements or Understandings

None of the members of the Proposed New Board and the Proposed New Executive Officers has any arrangement or understanding with any of the Substantial Shareholders, customers or suppliers or other persons pursuant to which such director or executive officer will be appointed as a director or executive officer.

### 28. INTERESTED PERSON TRANSACTIONS

Shareholders should note that upon Completion and the Proposed Listing Transfer, any material transaction entered into between the Enlarged Group and any of the interested persons (namely, the Proposed New Board, CEO and Controlling Shareholders of the Enlarged Group and/or their respective Associates, "**Interested Persons**" and each, an "**Interested Person**") would constitute interested person transactions for the purpose of Chapter 9 of the Catalist Rules.

This section sets out the material interested person transactions entered into by the Target Group and Enlarged Group for the Relevant Period. Save as disclosed in this section, and in Section 17 titled "Restructuring Exercise and Further Developments of the Target Group" and Section 29 titled "Potential Conflicts of Interest" of this Target's Letter to Shareholders, there has been no interested person transaction which is material in the context of the Proposed Acquisition for the Relevant Period.



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In line with Chapter 9 of the Catalist Rules, a transaction which value is less than S\$100,000 is not considered material in the context of the Proposed Acquisition and is not taken into account for the purposes of aggregation in this section.

The Enlarged Group may continue to transact with some of the Interested Persons as disclosed below after Completion. Save as otherwise provided in this section, Shareholders are deemed to have specifically approved the interested person transactions set out below with the relevant Interested Persons and as such, these transactions shall accordingly not be aggregated with further transactions with the same interested person during the same financial year for the purpose of Rules 905 and 906 of the Catalist Rules.

### 28.1 Interested Persons

The following is a list of Interested Persons who had transacted with the Target Group and the Enlarged Group during the Relevant Period:

- (a) Teh Wing Kwan, who is an existing Controlling Shareholder and the Executive Chairman and CEO of the Company as at the Latest Practicable Date, and who will be the Proposed Non-Executive Chairman of the Company upon Completion;
- (b) LVS, which will be a Controlling Shareholder of the Company upon Completion;
- (c) Dr. Wilson Tay, who will be a Controlling Shareholder of the Company upon Completion through his shareholding interest in LVS and the Proposed New Executive Director and CEO of the Company;
- (d) Dr. Sebastian Chua, who will be a Controlling Shareholder of the Company upon Completion through his shareholding interest in LVS and the Proposed New Executive Officer of the Company; and
- (e) Dr. Edwin Tan, who will be a Controlling Shareholder of the Company upon Completion through his shareholding interest in LVS and the Proposed New Executive Officer of the Company.

### 28.2 Past Interested Person Transactions

Details of the past transactions between the Target Group and Interested Persons, for the Relevant Period are as follows:

#### (a) Amounts due from and owing to Dr. Wilson Tay and Dr. Sebastian Chua

From time to time during the Relevant Period, the Target Group extended advances to, and made payment on behalf of, Dr. Wilson Tay and Dr. Sebastian Chua for certain of their expenses. In addition, advances were made to the Target Group from Dr. Wilson Tay and Dr. Sebastian Chua for working capital purposes.

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The outstanding amounts due from and owing to such Interested Persons as at 31 December 2017, 2018 and 2019, 30 June 2020 and as at the Latest Practicable Date, and the largest amount outstanding during the Relevant Period (based on respective month-end balances) were as follows:

S\$'000	As at 31 December 2017	As at 31 December 2018	As at 31 December 2019	As at 30 June 2020	As at the Latest Practicable Date	Largest amount outstanding during the Relevant Period
<b>Amount due from</b>						
Dr. Wilson Tay <sup>(1)</sup>	–	368	–	–	–	368
Dr. Sebastian Chua <sup>(2)</sup>	–	824	–	–	–	824
<b>Amount due to</b>						
Dr. Wilson Tay <sup>(3)</sup>	19	1	–	–	–	20
Dr. Sebastian Chua <sup>(4)</sup>	–	52	–	–	–	52

**Notes:**

- (1) From time to time during the Relevant Period, the Target Group extended interest-free advances to Dr. Wilson Tay as ad-hoc cash advances. Though there were similar advances made by Apicare Pain Specialist and Apicare Medical to Dr. Wilson Tay in FY2017, the transactions stated above in respect of Dr. Wilson Tay have been presented on the basis that Apicare Pain Specialist and Apicare Medical were acquired by the Target Group on 29 December 2017.
- (2) Amounts due from Dr. Sebastian Chua relate to (i) the Target Group's extension of interest-free advances, from time to time, to Dr. Sebastian Chua for the payment of miscellaneous expenses as well as ad-hoc cash advances; and (ii) the collection of customer payments by SCPL on behalf of the Target Group and payments made by the Target Group on behalf of SCPL amounting to approximately S\$154,000 as at 31 December 2018, which were novated to Dr. Sebastian Chua. Though there were similar transactions with Dr. Sebastian Chua in FY2017, the transactions stated above in respect of Dr. Sebastian Chua have been presented on the basis that the SC Companies were acquired by the Target Group on 1 October 2018. Accordingly, an outstanding balance from past amounts due from Dr. Sebastian Chua of approximately S\$523,300 was acquired by the Target Group.
- (3) Dr. Wilson Tay made payments on behalf of the Target Group for the Target Group's working capital purposes. Though there were similar payments on behalf of Apicare Pain Specialist and Apicare Medical made by Dr. Wilson Tay in FY2017, the transactions stated above in respect of Dr. Wilson Tay have been presented on the basis that Apicare Pain Specialist and Apicare Medical were acquired by the Target Group on 29 December 2017. Pursuant to the said acquisition, a balance of approximately S\$18,800 owing to Dr. Wilson Tay was acquired by the Target Group and subsequently repaid to him in FY2018.
- (4) Amounts due to Dr. Sebastian Chua relate to (i) payments made on behalf of the Target Group by Dr. Sebastian Chua for the Target Group's working capital purpose, and (ii) the collection of customer payments by the Target Group on behalf of SCPL and payments made by SCPL on behalf of the Target Group amounting to approximately S\$19,900 as at 31 December 2018, which were novated to Dr. Sebastian Chua. Though there were similar transactions with Dr. Sebastian Chua in FY2017, the transactions stated above in respect of Dr. Sebastian Chua have been presented on the basis that the SC Companies were acquired by the Target Group on 1 October 2018. Accordingly, an outstanding balance from past amounts due to Dr. Sebastian Chua of approximately S\$51,400 was acquired by the Target Group.

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The transactions which gave rise to the above outstanding amounts were not entered into on an arm's length basis nor on normal commercial terms, as they were interest-free, unsecured and had no fixed terms of repayment. However, they are not prejudicial to the interests of the Enlarged Group and the minority Shareholders as they have been repaid prior to the Latest Practicable Date.

As at the Latest Practicable Date, all of the above amounts due from Dr. Wilson Tay and Dr. Sebastian Chua and their associates, net of amounts owing to Dr. Wilson Tay and Dr. Sebastian Chua and their associates, were fully settled by way of dividends declared by the respective Target Subsidiaries.

The Enlarged Group does not intend to enter into such arrangements with the above Interested Persons after Completion (including any future loans or advances to the above Interested Persons). However, should the Interested Persons provide any future loans or advances to the Enlarged Group after Completion, any new loans and advances from Interested Persons will be entered into in accordance with such guidelines as described in the Section 28.5 titled "Review Procedures for Future Interested Person Transactions" of the Target's Letter to Shareholders and the relevant provisions under Chapter 9 of the Catalist Rules.

### 28.3 Present and On-Going Interested Person Transactions

#### (a) Amounts owing to Teh Wing Kwan

Since the acquisition of approximately 28.73% equity interest to become the single largest shareholder of the Company in June 2018, Teh Wing Kwan provided financial assistance to the Company in the form of interest-free loans which have no value at risk to the Group pursuant to Rule 909(3) of the Catalist Rules.

As at the Latest Practicable Date, Teh Wing Kwan has extended and made available loan facilities of up to S\$865,000 to the Company for working capital purposes. The outstanding loans and advances owing to Teh Wing Kwan as at 31 December 2017, 2018 and 2019, 30 June 2020 and as at the Latest Practicable Date, and the largest amount outstanding during the Relevant Period (based on respective month-end balances) were as follows:

	As at 31 December 2017	As at 31 December 2018	As at 31 December 2019	As at 30 June 2020	As at the Latest Practicable Date	Largest amount outstanding during the Relevant Period
<b>S\$'000</b>						
<b>Loans and advances owing to Teh Wing Kwan</b>	—	85	435	576	865	865

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Teh Wing Kwan has provided a financial undertaking to the Company to provide or procure financial support to the Company for its operations. In addition to the above loans and advances owing to Teh Wing Kwan, and including other accruals, the total amount owing to Teh Wing Kwan was approximately nil, S\$138,800, S\$488,600, S\$672,700 and S\$865,000 as at 31 December 2017, 31 December 2018, 31 December 2019, 30 June 2020 and as at the Latest Practicable Date respectively.

These loans, advances and accruals were not made on an arm's length basis and on normal commercial terms as they were interest-free, unsecured and had no fixed terms of repayment, but they were beneficial as they were utilised for Company's working capital purposes and thus not prejudicial to the interests of the Company and its minority Shareholders.

Following Completion, the outstanding balance of these past amount owing to Teh Wing Kwan as at the Latest Practicable Date will continue to subsist and the Company has on 16 December 2020 entered into a settlement agreement with Teh Wing Kwan to repay such outstanding balance as and when the Enlarged Group has sufficient working capital or by a date no later than 31 December 2022. Teh Wing Kwan has also further undertaken not to call for the repayment of the outstanding balances before 31 December 2022. In addition, the Group Financial Controller, with the concurrence of the New Audit Committee (save for Teh Wing Kwan), shall be responsible for monitoring the repayment of the outstanding balance to Teh Wing Kwan.

The Enlarged Group does not expect to have any difficulties fulfilling its payment obligation under the settlement agreement given the 2-year repayment period. However, in the unlikely event that it is unable to fulfil its payment obligations, the Enlarged Group reasonably believes that it will be able to renegotiate alternative payment arrangements in good faith with Teh Wing Kwan. Therefore, the Enlarged Group is of the view that any such non-fulfilment of its payment obligations (if any) is unlikely to result in any negative implication to the Enlarged Group.

The Enlarged Group does not intend to enter into any new loans or advances with Teh Wing Kwan after Completion. However, should Teh Wing Kwan provide any future loans or advances to the Enlarged Group after Completion, any new loans and advances from Teh Wing Kwan will be entered into in accordance with such guidelines as described in the Section 28.5 titled "Review Procedures for Future Interested Person Transactions" of the Target's Letter to Shareholders and the relevant provisions under Chapter 9 of the Catalist Rules.

### (b) Licensing of clinic premises from Dr. Edwin Tan

Pursuant to a tenancy agreement dated 12 December 2018 (the "**Tenancy Agreement**"), Dr. Edwin Tan has leased the premises at 3 Mount Elizabeth #11-13, Mount Elizabeth Medical Centre, Singapore 228510 from an unrelated third party for a term commencing on 1 December 2018 and expiring on 30 November 2021.

As there is no intention to novate the Tenancy Agreement to the Target Group and the Target Group is carrying out part of its operations at the said premise, the Target Group has entered into a licence agreement (the "**Licence Agreement**") with Dr. Edwin Tan to permit the usage of the said premise by the Target Group for the entire duration of the Tenancy Agreement. The Target Group has notified the landlord of the Tenancy

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Agreement, who had acknowledged and had not objected to the Licence Agreement. Under the Licence Agreement and as at the Latest Practicable Date, the Target Group pays a monthly rental fee of S\$3,996 (and such other monthly fee as may be varied year on year) and any other additional charges that may be payable under the Licence Agreement. For further information, please refer to Section 6 titled “Properties and Fixed Assets” of this Target’s Letter to Shareholders.

As the rental rates payable by the Target Group under the Licence Agreement for the usage of the said premises is pegged to rental rates payable by Dr. Edwin Tan under the Tenancy Agreement, the Proposed New Board is of the view that the above arrangement is carried out on an arm’s length basis and on normal commercial terms, and is not prejudicial to the Enlarged Group.

### **(c) Provision of undertaking and guarantees by Interested Persons**

Between June 2018 and September 2018, S Chua and Sebastian Chua MH, both Target Subsidiaries, were selected for compliance review by IRAS for the Years of Assessment 2014 to 2017. Subsequently in December 2018, the IRAS raised protective assessment in respect of these Target Subsidiaries and in the name of Dr. Sebastian Chua for the Year of Assessment 2014. Please refer to Section 25.6 titled “Material Background Information – Events Involving Dr. Sebastian Chua” of this Target’s Letter to Shareholders for more details.

In order to mitigate any possible risks arising from the ongoing IRAS compliance review that the Enlarged Group may face, Dr. Sebastian Chua has undertaken to keep S Chua and Sebastian Chua MH harmless, fully and effectively indemnified against, *inter alia*, all costs and potential tax liabilities S Chua and Sebastian Chua MH may suffer arising from the aforementioned IRAS compliance review. The said indemnity does not have any specified quantum limit, and there are no provisions for the termination of the said indemnity.

In addition, during the Relevant Period and in the ordinary course of business, Apicare Pain Specialist entered into a third party service provider agreement to provide anaesthesiology and pain management services. Dr. Wilson Tay, being an Interested Person and a director of Apicare Pain Specialist, has provided personal guarantee to secure Apicare Pain Specialist’s obligations under the said agreement, including, *inter alia*, the punctual performance of Apicare Pain Specialist and any amounts owing by Apicare Pain Specialist under the said agreement. Dr. Wilson Tay has undertaken to continue to provide the aforesaid guarantee until the full and final discharge of the said agreement.

As at the Latest Practicable Date, LVS has provided corporate guarantees in respect of the Target Group’s obligations under a hire purchase facility and a credit line facility granted to the Target Company by United Overseas Bank Limited (“UOB”). The amounts of facility guaranteed by LVS under the hire purchase facility and the credit line facility are S\$130,000 and S\$300,000, respectively. The amounts guaranteed as at the Latest Practicable Date and the largest amounts guaranteed during the Relevant Period under the hire purchase facility were S\$126,000 and S\$130,000, respectively. As at the Latest Practicable Date, the credit line facility has yet to be utilised and accordingly, no amount was guaranteed during the Relevant Period.

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Please refer to Section 23 titled "Capitalisation and Indebtedness" of the Target's Letter to Shareholders for information on the above facilities.

Following Completion and subject to the approval of UOB, the Target Group intends to obtain a release and discharge of the corporate guarantees granted by LVS. In the event that UOB does not agree to the release and discharge of the corporate guarantees provided by LVS, LVS has undertaken in favour of the Target Company to continue to provide the corporate guarantees to UOB without charge, fee, commission, benefit-in-kind or other interest payable to it, and on the same terms and conditions of the relevant credit facilities as currently maintained.

As no fee, commission, interest, compensation or benefit-in-kind was paid to Dr. Sebastian Chua, Dr. Wilson Tay and LVS for the provision of the above undertaking and guarantees, the above arrangement was not entered into on an arm's length basis nor on normal commercial terms, but the Proposed New Board is of the view that the above arrangement is beneficial to facilitate the operations and safeguard the interests of the Enlarged Group at no cost, thus the above arrangements are not prejudicial to the Enlarged Group or its minority Shareholders.

### 28.4 Transactions with Dr. Sean Ng and his associates

Following the completion of the 2019 Target Restructuring, the Target Group disposed of SN Orthopaedics, and Dr. Sean Ng ceased to be a shareholder and/or have any involvement in the business and management of the Target Group. As at the Latest Practicable Date, SN Orthopaedics is a company wholly-owned by Dr. Sean Ng. For further details on the 2019 Target Restructuring, please refer to Section 17 titled "Restructuring Exercises and Further Developments of the Target Group" of the Target's Letter to Shareholders.

**Dr. Sean Ng therefore ceased to be an Interested Person of the Enlarged Group and after Completion, all present and ongoing transactions entered into between the Enlarged Group and Dr. Sean Ng and/or his associates will not be considered interested person transactions and such transactions shall not be subject to the guidelines as described in the Section 28.5 titled "Review Procedures for Future Interested Person Transactions" of the Target's Letter to Shareholders and the relevant provisions under Chapter 9 of the Catalist Rules.**

Nonetheless, in the spirit of good corporate governance, details of the present and ongoing transactions between the Enlarged Group and Dr. Sean Ng and/or his associates for the Relevant Period have been disclosed as follows:

#### **(a) Leasing of clinic premises from Dr. Sean Ng**

Livingstone Cardiology has entered into a tenancy agreement with VS Investment Holdings<sup>(3)</sup> (the "**VS Tenancy Agreement**") in respect of the premises at 3 Mount Elizabeth #14-13, Mount Elizabeth Medical Centre, Singapore 228510 for a term of five (5) years commencing on 1 November 2019 and expiring on 31 October 2024. For further information, please refer to Section 6 titled "Properties and Fixed Assets" of this Target's Letter to Shareholders.

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<sup>(3)</sup> VS Investment Holdings, an investment holding company which is owned by Dr. Sean Ng (90.0%) and Dr. Rachel Lim (10.0%) as at the Latest Practicable Date.



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The monthly rent payable by Livingstone Cardiology under the VS Tenancy Agreement is S\$11,800 per month and was supported by an independent valuation report. As such, the Proposed New Board is of the view that the above arrangement is carried out on an arm's length basis and on normal commercial terms, and is not prejudicial to the Enlarged Group or its minority Shareholders.

### **(b) Licensing of clinic premises to SN Orthopaedics**

The Target Company entered into a tenancy agreement pursuant to which it has leased the premises at 1 Farrer Park Station Road #15-05, Singapore 217562 ("**Farrer Park Clinic**") from an unrelated third party for a term commencing on 1 June 2020 and expiring on 31 May 2022 (the "**Farrer Park Tenancy Agreement**"). For further information, please refer to Section 6 titled "Properties and Fixed Assets" of this Target's Letter to Shareholders.

SN Orthopaedics has entered into a licence agreement with the Target Company for the use of a consultation room and the common area at the Farrer Park Clinic. In return, SN Orthopaedics reimburses an amount of S\$401 per month to the Target Company, which is a pro-ration of the rental payable by the Target Company under the Farrer Park Tenancy Agreement based on SN Orthopaedics' usage of the Farrer Park Clinic.

As the reimbursement payable by SN Orthopaedics is a pro-ration of the rental payable by the Target Company under the Farrer Park Tenancy Agreement based on the usage of the Farrer Park Clinic by SN Orthopaedics, the Proposed New Board is of the view that the above arrangement is carried out on an arm's length basis and on normal commercial terms, and is not prejudicial to the Enlarged Group or its minority Shareholders.

### Ongoing internal monitoring for transactions with Dr. Sean Ng and/or his associates

As and when required in its ordinary course of business, the Enlarged Group may enter into other transactions with Dr. Sean Ng and/or his associates where such transactions are beneficial and not prejudicial to the Enlarged Group. For example, in its ordinary course of business, the Enlarged Group may, from time to time, purchase medical drugs and/or other inventories from other third-party medical clinics, including SN Orthopaedics, to satisfy any short-term shortages or when the Enlarged Group may require such supplies urgently.

While all present and ongoing transactions entered into between the Enlarged Group and Dr. Sean Ng and/or his associates after Completion will not be considered interested person transactions for the purpose of Chapter 9 of the Catalist Rules, in the spirit of good corporate governance and on a voluntary basis, the New Audit Committee will review and monitor the Enlarged Group's transactions with Dr. Sean Ng and/or his associates on an internal basis.

To this extent, to ensure that transactions with Dr. Sean Ng and/or his associates are not prejudicial to the interest of the Enlarged Group and its Shareholders, the Target Group will be implementing internal monitoring procedures whereby its ongoing transactions with Dr. Sean Ng and/or his associates shall be subject to monthly monitoring and review by the Group Financial Controller on a post-transactional basis, and subject to further review by



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the New Audit Committee on a half-yearly basis. In addition, any transactions where the value amounts to 5.0% or more of the latest audited NTA of the Enlarged Group (either individually or as part of a series or aggregated with other transactions involving Dr. Sean Ng and/or his associates during the same financial year) shall obtain the approval of the New Audit Committee prior to entering into the transaction. In assessing whether the transactions with Dr. Sean Ng and/or his associates are not prejudicial to the interests of the Enlarged Group, the Enlarged Group will consider whether such transactions are carried out in accordance with the Enlarged Group's usual business practices and policies, and where possible, obtain and/or review quotes from unrelated third parties in respect of the same or substantially the same type of transactions to be used as comparisons. These internal monitoring procedures shall be in place for FY2021 and FY2022, and thereafter, the New Audit Committee shall reassess whether such internal monitoring procedures should continue or that the New Audit Committee is satisfied that there are other procedures or mitigating factors in place that are sufficiently robust and effective to ensure that the transactions are not prejudicial to the interest of the Enlarged Group and its Shareholders.

### **28.5 Review Procedures for Future Interested Person Transactions**

To ensure that future transactions with Interested Persons are undertaken on normal commercial terms and are consistent with the Enlarged Group's usual business practices and policies, and on terms which are generally no more favourable than those extended to unrelated third parties, the following procedures will be implemented by the Enlarged Group.

In relation to any purchase of products or procurement of services from Interested Persons, quotes from at least two (2) unrelated third parties in respect of the same or substantially the same type of transactions will be used as comparisons wherever possible. The purchase price, procurement price or fee for services shall not be higher than the most competitive price of two (2) comparative prices from two (2) unrelated third parties. In determining the most competitive price or fee, the New Audit Committee will review the comparables, taking into account all pertinent factors, including but not limited to, the suitability, quality and cost of the product or service and the experience and expertise of the supplier.

In relation to any sale of products or provision of services to Interested Persons, the price, fee, profit margin and terms of at least two (2) other completed transactions of the same or substantially the same type of transactions to unrelated third parties are to be used as bases for comparison wherever possible. The Interested Persons shall not be charged at rates more favourable than that charged to unrelated third parties, taking into account all pertinent factors, including but not limited to customer requirements, creditworthiness and discounts that may be extended to regular clients of the relevant medical doctors.

In relation to the leasing of properties from or to an Interested Person, the New Audit Committee shall take appropriate steps to ensure that the rent charged is comparable to the prevailing market rates, including adopting measures such as making relevant enquiries with landlords of similar properties, obtaining suitable reports or reviews published by property agents, and obtaining independent valuation reports by property valuers, where appropriate. The rent payable shall be based on the most competitive market rental rate of similar properties in terms of size, suitability and location.

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Where it is not possible to compare against the terms of other transactions with unrelated third parties and given that the products and/or services may be purchased only from an interested person, the interested person transaction will be approved by the Group Financial Controller, if he has no interest in the transaction, or failing which, the New Audit Committee, in accordance with the Enlarged Group's usual business practices and policies. In determining the transaction price payable to the interested person for such products and/or services, factors such as, but not limited to, quantity, quality, requirements and specifications will be taken into account.

The Enlarged Group shall monitor all interested person transactions entered into by the Enlarged Group by categorising the transactions as follows:

- (a) all interested person transactions above S\$100,000 but below 3.0% of the latest audited NTA of the Enlarged Group (either individually or as part of a series or aggregated with other transactions involving the same Interested Person during the same financial year) shall be approved by the Group Financial Controller prior to entry. The Group Financial Controller shall be a person who has no interest, directly or indirectly, in the transaction; and
- (b) for interested person transactions where the value thereof amounts to 3.0% or more of the latest audited NTA of the Enlarged Group, the Enlarged Group shall obtain the approval of the New Audit Committee prior to entering into the transaction. Where an Audit Committee member has an interest, directly or indirectly, in the transaction, he shall abstain from participating in the review of the transaction. In the event of an equality of votes pertaining to any interested person transactions put forth to the New Audit Committee for approval, the New Audit Committee chairman shall have the casting vote. Should the casting vote be exercised, such circumstances leading to the exercise of the casting vote shall be properly minuted, including the steps taken to assess the objections of the dissenting Independent Director and attempts for consensus to be reached between the Independent Directors. Further, the dissenting view shall also be minuted.

Pursuant to Rule 905(4) of the Catalist Rules, in the event that the latest audited NTA of the Enlarged Group is negative, the Group Financial Controller shall consult the New Audit Committee, or where required under Chapter 9 of the Catalist Rules, through its Sponsor consult the SGX-ST, on the appropriate benchmark to calculate the relevant thresholds above, which may be based on the Company's market capitalisation.

Any contracts to be made with an Interested Person shall not be approved unless the pricing is determined in accordance with the Enlarged Group's usual business practices and policies, consistent with the usual rate given or price received by the Enlarged Group for the same or substantially similar type of transactions between the Enlarged Group and unrelated parties, and the terms are no more favourable than those extended to or received from unrelated parties.

For the purposes above, where applicable, contracts for the same or substantially similar type of transactions entered into between the Enlarged Group and unrelated third parties will be used as a basis for comparison to determine whether the price and terms offered to or received from an Interested Person are no more favourable than those extended to unrelated parties.

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Before any agreement or arrangement with an Interested Person that is not in the ordinary course of business of the Enlarged Group is transacted, prior approval must be obtained from the New Audit Committee. In the event that a member of the New Audit Committee is interested in any interested person transactions, he will abstain from reviewing that particular transaction. Any decision to proceed with such an agreement or arrangement would be recorded for review by the New Audit Committee.

The Enlarged Group shall maintain a register to record all interested person transactions that are entered into by the Enlarged Group, including any pertinent factor(s) considered and/or quotations obtained from unrelated third parties to support the price, fee, rental and/or terms of the interested person transaction, and the review and/or approval of the New Audit Committee. The register shall be maintained by personnel (who shall not be interested in any of the interested person transactions) who are duly delegated to do so by the New Audit Committee and any exceptions or departures from the review procedures shall be reported and highlighted to the New Audit Committee immediately. In addition, the Enlarged Group will maintain a register of Interested Persons and ensure that the list is circulated to the Enlarged Group's employees whenever it is updated.

All interested person transactions shall be subject to review by the New Audit Committee on a half-yearly basis to ensure that they are carried out at arm's length and in accordance with the procedures outlined above and to ensure that the prevailing rules and regulations of the SGX-ST (in particular, Chapter 9 of the Catalist Rules) are complied with. The finance team of the Enlarged Group will prepare the relevant information to assist the New Audit Committee in its review. Furthermore, if during these periodic reviews, the New Audit Committee believes that the guidelines and procedures as outlined above are not sufficient to ensure that the interested person transactions will be conducted on normal commercial terms, on an arms' length basis and that the interests of the Enlarged Group and its minority Shareholders are not prejudiced, the Enlarged Group will adopt new guidelines and procedures. The New Audit Committee may request for an independent financial adviser's opinion on such guidelines and procedures as it deems fit.

In addition, the New Audit Committee will include the review of interested person transactions as part of its standard procedures while examining the adequacy of the Enlarged Group's internal controls. The Board will also ensure that all disclosures, approvals and other requirements on interested person transactions, including those required by prevailing legislation, the Catalist Rules and accounting standards, are complied with. Such transactions will also be subject to Shareholders' approval if deemed necessary by the Catalist Rules. In accordance with Rule 919 of the Catalist Rules, Interested Persons and their Associates shall abstain from voting, or acting as proxies unless given specific instructions as to voting by the Shareholder(s), on resolutions approving such interested person transactions.

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### 29. POTENTIAL CONFLICTS OF INTEREST

Save as disclosed below and in Section 28 titled “Interested Person Transactions” of this Target’s Letter to Shareholders, none of the members of the Proposed New Board or Controlling Shareholder of the Company and/or their respective associates has an interest, directly or indirectly in:

- (a) any material transaction to which any company in the Enlarged Group was or is to be a party;
- (b) any entity carrying on the same business or dealing in similar services which competes materially and directly with the business of the Enlarged Group; and
- (c) any entity that is a customer or supplier of goods or services to the Enlarged Group.

#### 29.1 Diagnostix Imaging Holding Pte. Ltd.

As at the Latest Practicable Date, Dr. Wilson Tay, the Proposed New Executive Director and CEO, is a shareholder in Diagnostix Imaging Holding Pte. Ltd. (“**Diagnostix Imaging**”), holding approximately 1.7% of its total issued share capital. Save for Dr. Sean Ng, the spouse of Dr. Rachel Lim and brother of Dax Ng, who holds a minority, non-controlling stake of approximately 1.7% in Diagnostix Imaging, the shareholders directly holding the remaining equity interests of Diagnostix Imaging are independent third parties unrelated to the Enlarged Group. The direct subsidiaries of Diagnostix Imaging, Tanglin MRI Diagnostics Pte. Ltd. (“**Tanglin MRI**”) and MRI Diagnostics Pte. Ltd. (“**MRI Diagnostics**”), are suppliers to the Enlarged Group, providing diagnostic imaging services such as MRI scans. Transactions between the Enlarged Group and Tanglin MRI and MRI Diagnostics within each financial year during the Relevant Period amounted in aggregate to a value less than S\$100,000.

The Proposed New Board (other than Dr. Wilson Tay) is of the view that there are no potential conflicts of interest arising from Dr. Wilson Tay being a shareholder of Diagnostix Imaging, as (i) Dr. Wilson Tay only holds a minority, non-controlling stake of approximately 1.7% in Diagnostix Imaging and such interest are for his personal investment purposes; (ii) none of Dr. Wilson Tay and his Associates has any directorship, executive role or involvement in the day-to-day management or operations of Diagnostix Imaging; (iii) as part of his Service Agreement as a Proposed New Executive Director and CEO, Dr. Wilson Tay has provided a non-compete undertaking to the Group; and (iv) Dr. Wilson Tay has granted a call option and right of first refusal to the Company to acquire his shares in Diagnostix Imaging.

#### 29.2 Sebastian Chua Pte. Ltd. (“SCPL”)

As at the Latest Practicable Date, Dr. Sebastian Chua owns 50.0% of the issued and paid-up share capital of SCPL, with the remainder held by Ms. Jessica Tan Kee Kwee, who is the spouse of Dr. Sebastian Chua. Dr. Sebastian Chua and Ms. Jessica Tan Kee Kwee are directors of SCPL. In addition, Dr. Sebastian Chua previously carried out part of his medical practice under SCPL. As SCPL holds a property, SCPL was not transferred to the Target Group when Dr. Sebastian Chua joined and injected his practice into the Target Group.

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## APPENDIX A – LETTER TO SHAREHOLDERS FROM THE PROPOSED NEW BOARD

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The Proposed New Board is of the view that there are no potential conflicts of interest arising from Dr. Sebastian Chua, being a shareholder and director of SCPL, as (i) SCPL is currently an investment holding company and is no longer involved in the business of the Enlarged Group; and (ii) SCPL has entered into a non-competition deed with the Company (the “**SCPL Non-Competition Deed**”).

### 29.3 Other Specialist Services outside the Enlarged Group

As at the Latest Practicable Date, Dr. Lim Xue Yan, who is the spouse of Dr. Edwin Tan, is a consultant paediatrician who carries out her own practice under the employment of another Singapore-based specialist medical group that provides specialist medical services dedicated to women’s and children’s health.

The Proposed New Board is of the view that there is no potential conflict of interest arising from Dr. Edwin Tan’s spouse being employed by and carrying out her specialist practice in another Singapore-based medical group as (i) the Enlarged Group does not currently provide paediatric services; (ii) the Enlarged Group does not currently have the intention to extend its scope of services to include the provision of paediatric services; (iii) Dr. Edwin Tan has provided an undertaking and granted a right of first refusal to the Company (the “**Abstention Undertaking and Right of First Refusal**”).

### 29.4 Mitigation of Potential Conflicts of Interest

#### SCPL Non-Competition Deed

Under the terms of the SCPL Non-Competition Deed, SCPL has irrevocably and unconditionally confirmed and undertaken to the Target Company that for the duration of the Non-Competition Deed Period (as defined below), it shall not, and shall procure that its associates shall not:

- (a) in any capacity, be engaged in, concerned or interested in or carry on any business which will compete (whether directly or indirectly) with or is similar to the Business (as defined below) within the Territory (as defined below), save for any interest in any securities which are listed on any securities exchange which does not exceed 5.0% of the aggregate voting rights of such securities;
- (b) have any interest, directly or indirectly, in any person or entity who carries on, and/or provide any assistance in any way (including but not limited to managing, providing technical or other advice, financial assistance or otherwise) to any person or entity to carry on any business or other activity which competes with or is similar to the Business of the Enlarged Group within the Territory, save for any interest in any securities which are listed on any securities exchange which does not exceed 5.0% of the aggregate voting rights of such securities;
- (c) whether directly or indirectly, solicit or entice away, or attempt to solicit or entice away from the Group, any person who is an officer, manager or employee of the Group, whether or not such person would commit a breach of his contract of employment with the Group by reason of leaving such employment;

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## APPENDIX A – LETTER TO SHAREHOLDERS FROM THE PROPOSED NEW BOARD

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- (d) whether directly or indirectly, interfere or seek to interfere with or make arrangements which have the effect of harming contractual or other trade relations between the Group and any of the Group's suppliers, customers, clients, agents or correspondents, which will cause, or is likely to cause, such supplier, customer, client, agent or correspondent to cease or reduce the amount of business conducted with the Group;
- (e) whether directly or indirectly, share resources (including employees', customers' and suppliers' information), marketing campaigns, trade secrets, operational premises and facilities with any person, company or entity engaged which will compete (whether directly or indirectly) with the Business within the Territory;
- (f) share any confidential information in relation to the Business with any person or entity outside the Group; and
- (g) use any trade mark of the Group in connection with any business.

For the purposes of this paragraph:

**"Business"** means the business of the Group from time to time, which at the time of the Non-Competition Deed, includes aesthetics and wellness services, anaesthesiology and pain management services, family medicine services, internal medicine services, and orthopaedic surgery services;

**"Territory"** means Singapore, Cambodia and/or in any other country in which the Group has operations from time to time; and

**"Non-Competition Deed Period"** means for the period commencing on the Completion Date and ending upon the earlier of the date on which:

- (a) the Company ceases to be listed on the SGX-ST (whether on the Mainboard or the Catalist Board);
- (b) Dr. Sebastian Chua, and all of his associates, cease to be, directly or indirectly, Controlling Shareholders, Substantial Shareholders and directors of any company in the Group;
- (c) Dr. Sebastian Chua and all of his respective associates, as the case may be, cease to be interested, directly or indirectly, in any of the voting rights of SCPL; or
- (d) SCPL is wound up, liquidated or struck off.

### Call Option and Right of First Refusal

To mitigate any perceived potential conflicts of interests, Dr. Wilson Tay (the **"Grantor"**) has granted the Company a call option (the **"Call Option"**) to acquire all his shares or interests in Diagnostix Imaging (each, the **"Grantor's Shares"**) and a right of first refusal (**"ROFR"**) in respect of the sale of the Grantor's Shares, for the period commencing on the Completion Date and ending upon the earlier of the following (the **"Call Option and ROFR Period"**):

- (a) the date on which the Company ceases to be listed on the SGX-ST (whether on the Mainboard or the Catalist Board);



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## APPENDIX A – LETTER TO SHAREHOLDERS FROM THE PROPOSED NEW BOARD

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- (b) Dr. Wilson Tay and all of his respective associates cease to be interested, directly or indirectly, in any of the voting rights of Diagnostix Imaging; or
- (c) Dr. Wilson Tay and all of his respective associates, as the case may be, cease to be, directly or indirectly, Controlling Shareholders, Substantial Shareholders and Directors of the Company and any company in the Group.

The Company has the right (but not the obligation) to require the Grantor to sell to the Company (or its nominee) any or all of the Grantors' Shares on the terms and subject to the conditions of the Call Option. The Call Option may be exercised at any time and from time to time for the Grantor's Shares during the Call Option and ROFR Period by the issue and delivery by the Company to the Grantor, of a written notice containing details of the Grantor's Shares the Company wishes to exercise its call option over. Upon receipt of the aforesaid notice, subject to any applicable pre-emption rights and share transfer restrictions over the Grantor's Shares, which may include the requirement for the Grantor to offer the Grantor's Shares to the existing shareholders of Diagnostix Imaging prior to selling the Grantor's Shares to any other third party at a price that is not less favourable than that offered to the third party, the Grantor is obliged to sell such Grantor's Shares that are the subject of the notice. The exercise price in respect of the Grantor's Shares subject to the Call Option notice shall be at the fair value as determined by a reputable independent accounting firm or valuer to be commissioned by the New Audit Committee (the "**Exercise Price**").

Pursuant to the terms of the ROFR, in the event (i) the Grantor decide to dispose of or sell part of, any or all of the Grantor's Shares directly or indirectly held by him to any third party; or (ii) receives any proposed offer by a third party to purchase part of, any or all of the Grantor's Shares directly or indirectly held by him, subject to existing pre-emption rights and share transfer restrictions over the Grantor's Shares, the Grantor shall provide the Company with written notice of the details of the proposed sale and grant to the Company the rights of first refusal to acquire or purchase such Grantor's Shares. The Company (or its nominee(s)) has the right (but not the obligation) to enter into a sale and purchase agreement for the purchase of the Grantor's Shares at the same price as that offered by the third party or exercise the Call Option over such Grantor's Shares at the Exercise Price, whichever price is lower.

In the event that the Company (i) does not, within one (1) month from the date of receipt of the written notice (or such other date as the Company and the Grantor may agree), indicate to the Grantor in writing its interest in the purchase of such Grantor's Shares or (ii) has indicated in writing to the Grantor that it is not interested in the purchase of such Grantor's Shares, the Grantor shall be entitled to dispose of or sell such Grantor's Shares to the third party, provided that such disposal or sale is (a) at a price that is not less than the price offered by the third party; and (b) on terms and conditions that are not more favourable than that which were presented to the Company in the notice. If the sale of the relevant Grantor's Shares is not completed within three (3) months from the date of the notice or such other period as the Company may agree in writing, any proposal to dispose of such Grantors' Shares thereafter shall then remain subject to the ROFR.



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## APPENDIX A – LETTER TO SHAREHOLDERS FROM THE PROPOSED NEW BOARD

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The New Audit Committee will evaluate the exercise of the Call Option and ROFR from time to time, and if required, will convene a general meeting to seek shareholders' approval prior to such exercise in accordance with the relevant provisions under Chapters 9 and 10 of the Catalist Rules.

### Abstention Undertaking and Right of First Refusal

To mitigate any perceived potential conflicts of interest, Dr. Edwin Tan has (i) undertaken to, with effect from the date of Completion, abstain from all decisions relating to the Group's paediatric services segment if and when the Group decides to expand its services to include paediatric services; and (ii) granted, with effect from the date on which the Group expands its services to include paediatric services, the Company a right of first refusal in respect of all paediatrics services, and ending upon the earlier of the following:

- (a) the date on which the Company ceases to be listed on the SGX-ST (whether on the Mainboard or the Catalist Board);
- (b) the date on which Dr. Edwin Tan and all of his respective associates cease to be interested, directly or indirectly, in the provision of paediatric services outside of the Group; or
- (c) the date on which Dr. Edwin Tan and all of his respective associates, as the case may be, cease to be, directly or indirectly, Controlling Shareholders, Substantial Shareholders and Directors of the Company and any company in the Group.

Pursuant to the terms of the right of first refusal, if and when Dr. Edwin Tan has the opportunity to refer patients who require paediatric services, he shall first refer the patient to the relevant Group Companies and/or the medical doctors employed by the Group who provide paediatric services. In the event that the relevant Group Company and/or the medical doctor (as the case may be), within two (2) weeks from the date of the referral, indicates that they are not willing or able to take on or consult with the referred patient, Dr. Edwin Tan shall then be entitled to refer the patient to a company or medical doctor outside the Group.

## **30. GENERAL AND STATUTORY INFORMATION**

### **30.1 Material Contracts**

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Target Group within the two (2) years preceding the date of lodgment of this Circular and is or may be material:

- (a) the joint venture agreement dated 11 March 2019 entered into by LHI, Dr. Hy Soryaphea and Soriya Hospital Co. Ltd, as amended by a deed of amendment dated 3 September 2020;
- (b) a sale and purchase agreement dated 26 December 2019 entered into by the Target Company and Dr. Sean Ng (as amended and varied by a supplemental deed dated 28 May 2020) in relation to the SNPL Disposal;

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## **APPENDIX A – LETTER TO SHAREHOLDERS FROM THE PROPOSED NEW BOARD**

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- (c) a sale and purchase agreement dated 31 December 2019 entered into by the Target Company, Dr. Chua Hshan Cher, Dr. Lee Kai Lun and Dr. Angela Foong (as amended and varied by supplemental deeds dated 11 May 2020 and 17 November 2020) in relation to the Target Company's purchase of shares in the capital of PMG;
- (d) a share subscription agreement dated 31 December 2019 entered into by the Target Company, PMG, Dr. Chua Hshan Cher, Dr. Lee Kai Lun and Dr. Angela Foong (as amended and varied by supplemental deeds dated 11 May 2020 and 17 August 2020) in relation to the Target Company's subscription of shares in the capital of PMG;
- (e) a shareholders' agreement dated 22 January 2020 entered into by the Target Company, PMG, Dr. Chua Hshan Cher, Dr. Lee Kai Lun and Dr. Angela Foong in relation to the affairs of PMG;
- (f) an agreement dated 28 May 2020 entered into by the Target Company with Dr. Edwin Tan in relation to the ET Business Injection;
- (g) a settlement deed dated 28 May 2020 entered into by the Target Company with Dr. Edwin Tan and Dr. Sean Ng to set-off mutual owings arising from the SNPL Disposal and the ET Business Injection;
- (h) a joint venture agreement dated 25 September 2020 entered into by LHI, Privilegio Pte Ltd, Venture Investment, and Activfix Pte. Ltd. for the provision of physiotherapy services through Activfix;
- (i) an agreement for the assignment of trademark dated 13 October 2020 entered into between the Target Company and SN Orthopaedics;
- (j) a share subscription agreement dated 6 November 2020 entered into between PMG CACTIII, Dr. Lin Shijun Cheryl and Dr. Chan Wei Chyet Rick in relation to the subscription of such number of shares equivalent to 15% of the enlarged share capital of PMG CACTIII by each of Dr. Lin Shijun Cheryl and Dr. Chan Wei Chyet Rick;
- (k) a shareholders' agreement dated 6 November 2020 entered into between PMG, PMG CACTIII, Dr. Lin Shijun Cheryl and Dr. Chan Wei Chyet Rick to regulate the affairs of PMG CACTIII and the rights of the shareholders;
- (l) the Call Option and Right of First Refusal;
- (m) the Abstention Undertaking and Right of First Refusal; and
- (n) the SCPL Non-Competition Deed.

### **30.2 Material Litigation**

The Target Group was not engaged in any legal or arbitration proceedings, including those which are pending or known to be contemplated, which may have, or which have had in the last 12 months before the date of the lodgment of this Circular, a material effect on the financial position or profitability of the Enlarged Group.

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## APPENDIX A – LETTER TO SHAREHOLDERS FROM THE PROPOSED NEW BOARD

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### 30.3 Miscellaneous

The Proposed New Board is not aware of any relevant event which has occurred since 1 July 2020 up to the Latest Practicable Date which may have a material effect on the financial position and results of the Enlarged Group or the financial information provided in this Circular or Target's Letter to Shareholders.

The contact details of the Target Company are set out below:

Address of registered office	:	380 Jalan Besar #08-12 ARC 380 Singapore 209000
Telephone number	:	+65 6592 4855
Fax number	:	+65 6592 4859
Email address	:	hello@livingstonehealth.com.sg

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**APPENDIX B – INDEPENDENT AUDITORS’ REPORT ON THE  
CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR  
THE FINANCIAL YEARS ENDED 31 DECEMBER 2017, 2018 AND 2019**

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**LIVINGSTONE HEALTH LTD AND ITS SUBSIDIARIES  
(FORMERLY KNOWN AS ARDMORE MEDICAL GROUP LIMITED)**

**CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2017, 2018 AND 2019**

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## **APPENDIX B – INDEPENDENT AUDITORS’ REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2017, 2018 AND 2019**

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### **INDEPENDENT AUDITORS’ REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2017, 2018 AND 2019**

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31 December 2020

The Board of Directors  
Livingstone Health Ltd  
(Formerly known as Ardmore Medical Group Limited)  
380 Jalan Besar  
#08-12 ARC 380  
Singapore 209000

Dear Sirs,

#### **Report on the Audit of the Consolidated Financial Statements**

##### **Opinion**

We have audited the accompanying consolidated financial statements of Livingstone Health Ltd (formerly known as Ardmore Medical Group Limited) (the “Target Company”) and its subsidiaries (the “Target Group”). The consolidated financial statements comprise the consolidated statements of financial position as at 31 December 2017, 2018 and 2019 and the related consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statement of cash flows of the Target Group for the financial years ended 31 December 2017, 2018 and 2019, including a summary of significant accounting policies and other explanatory information, as set out on pages B-5 to B-93.

In our opinion, the accompanying consolidated financial statements of the Target Group are properly drawn up in accordance with the Singapore Financial Reporting Standards (International) (“SFRS(I)”) so as to give a true and fair view of the consolidated financial position of the Target Group as at 31 December 2017, 2018 and 2019 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Target Group for the financial years ended 31 December 2017, 2018 and 2019.

##### **Basis for Opinion**

We conducted our audit in accordance with Singapore Standards on Auditing (“SSAs”). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Target Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accounts and Accounting Entities* (“ACRA Code”) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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## **APPENDIX B – INDEPENDENT AUDITORS’ REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2017, 2018 AND 2019**

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### **INDEPENDENT AUDITORS’ REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2017, 2018 AND 2019**

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#### **Responsibilities of Management and Directors for the Consolidated Financial Statements**

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view in accordance with the SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair consolidated financial statements and to maintain accountability of assets.

In preparing the consolidated financial statements, management is responsible for assessing the Target Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Target Group or to cease operations, or has no realistic alternative but to do so.

The directors’ responsibilities include overseeing the Target Group’s financial reporting process.

#### **Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Target Group’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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## **APPENDIX B – INDEPENDENT AUDITORS’ REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2017, 2018 AND 2019**

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### **INDEPENDENT AUDITORS’ REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2017, 2018 AND 2019**

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#### **Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements (Continued)**

- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Target Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Target Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Target Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Target Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

#### **Restriction on Distribution and Use**

This report has been prepared solely for inclusion in the circular to the shareholders of Citicode Ltd to be issued in connection with the proposed acquisition of the entire issued and paid-up share capital of the Target Company.

#### **Mazars LLP**

Public Accountants and  
Chartered Accountants

Singapore

#### **Ooi Chee Keong**

Partner-in-charge



**APPENDIX B – INDEPENDENT AUDITORS’ REPORT ON THE  
CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR  
THE FINANCIAL YEARS ENDED 31 DECEMBER 2017, 2018 AND 2019**

**LIVINGSTONE HEALTH LTD AND ITS SUBSIDIARIES  
(FORMERLY KNOWN AS ARDMORE MEDICAL GROUP LIMITED)**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2017, 2018 AND 2019**

	Note	2019	2018	2017
		\$	\$	\$
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	7	1,711,040	3,256,375	1,357,727
Trade receivables	8	1,803,133	2,443,080	1,373,749
Other receivables	9	609,323	1,903,406	921,770
Inventories	10	461,241	95,629	87,725
		<u>4,584,737</u>	<u>7,698,490</u>	<u>3,740,971</u>
<b>Non-current assets</b>				
Property, plant and equipment	11	2,809,494	891,477	887,296
Investment in joint ventures	12	121,423	–	–
Goodwill arising on consolidation	13	3,635,651	–	–
		<u>6,566,568</u>	<u>891,477</u>	<u>887,296</u>
<b>Total assets</b>		<u><u>11,151,305</u></u>	<u><u>8,589,967</u></u>	<u><u>4,628,267</u></u>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities</b>				
Trade payables	14	677,413	109,740	135,198
Other payables	15	1,350,101	435,806	370,387
Borrowings	16	549,687	339,262	774,308
Lease liabilities	17	660,498	7,873	23,090
Deferred revenue	18	1,031,432	1,011,556	895,481
Income tax payable		254,647	523,622	582,754
		<u>4,523,778</u>	<u>2,427,859</u>	<u>2,781,218</u>
<b>Non-current liabilities</b>				
Other payables	15	1,187,754	–	–
Lease liabilities	17	889,623	–	7,873
Deferred tax liabilities	19	2,144	85,009	77,725
		<u>2,079,521</u>	<u>85,009</u>	<u>85,598</u>
<b>Capital and reserves</b>				
Share capital	20	3,267,868	1,000,952	1
Merger reserve	21	57,375	152,769	96,083
Foreign currency translation reserve	21	2,869	–	–
Other reserve	21	21,543	2,144,865	1,050,617
Accumulated profits		<u>735,492</u>	<u>2,778,513</u>	<u>614,750</u>
Equity attributable to owners of the Target Company		<u>4,085,147</u>	<u>6,077,099</u>	<u>1,761,451</u>
Non-controlling interests		<u>462,859</u>	<u>–</u>	<u>–</u>
<b>Total equity</b>		<u><u>4,548,006</u></u>	<u><u>6,077,099</u></u>	<u><u>1,761,451</u></u>
<b>Total liabilities and equity</b>		<u><u>11,151,305</u></u>	<u><u>8,589,967</u></u>	<u><u>4,628,267</u></u>

**APPENDIX B – INDEPENDENT AUDITORS’ REPORT ON THE  
CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR  
THE FINANCIAL YEARS ENDED 31 DECEMBER 2017, 2018 AND 2019**

**LIVINGSTONE HEALTH LTD AND ITS SUBSIDIARIES  
(FORMERLY KNOWN AS ARDMORE MEDICAL GROUP LIMITED)**

**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE  
INCOME  
FOR THE YEARS ENDED 31 DECEMBER 2017, 2018 AND 2019**

	Note	2019	2018	2017
		\$	\$	\$
<b>Revenue</b>	22	6,158,959	4,411,065	1,501,272
Other operating income	23	21,542	53,628	52,513
Consumables and medical supplies used		(375,961)	(317,488)	(212,106)
Purchased and contracted services		(701,046)	–	–
Employees benefits expense		(2,541,144)	(1,138,372)	(534,607)
Depreciation expense		(348,777)	(178,741)	(133,830)
Share of results from joint ventures	12	(157,074)	–	–
Other operating expenses	24	(1,536,352)	(754,979)	(494,806)
Finance costs	25	(29,600)	(17,669)	(30,984)
<b>Profit before income tax</b>		490,547	2,057,444	147,452
Income tax expense	26	(70,245)	(237,652)	(46,885)
<b>Profit from continuing operations</b>	27	420,302	1,819,792	100,567
Profit from discontinued operations, net of tax	28	1,410,085	1,383,971	1,912,814
<b>Profit for the year</b>		1,830,387	3,203,763	2,013,381
<b>Other comprehensive income:</b>				
<i>Components of other comprehensive income that will be reclassified to profit or loss, net of taxation</i>				
Exchange differences on translating foreign operations		2,869	–	–
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		1,833,256	3,203,763	2,013,381
<b>Profit attributable to:</b>				
Continuing operations, net of tax				
Owners of the Target Company		420,302	1,819,792	69,227
Non-controlling interests		–	–	31,340
		420,302	1,819,792	100,567
Discontinued operations, net of tax				
Owners of the Target Company		1,410,085	1,383,971	1,912,814
Non-controlling interests		–	–	–
		1,410,085	1,383,971	1,912,814
<b>Profit for the financial year</b>		1,830,387	3,203,763	2,013,381
<b>Total comprehensive income attributable to:</b>				
Owners of the Target Company		1,833,256	3,203,763	1,982,041
Non-controlling interests		–	–	31,340
		1,833,256	3,203,763	2,013,381
Basic and diluted earnings per share (cents)				
Continuing operations	31	0.24	1.03	0.04
Discontinued operations	31	0.80	0.79	1.09
<b>Total</b>	31	1.04	1.82	1.13

**APPENDIX B – INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF THE  
TARGET GROUP FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2017, 2018 AND 2019**

**LIVINGSTONE HEALTH LTD AND ITS SUBSIDIARIES  
(FORMERLY KNOWN AS ARDMORE MEDICAL GROUP LIMITED)**

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED 31 DECEMBER 2017, 2018 AND 2019**

	Share capital	Merger reserve	Other reserves	Accumulated profits	Total	Non- controlling interests	Total equity
	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 January 2017</b>	300	–	–	148,009	148,309	(9,798)	138,511
Profit for the year, representing total comprehensive income for the year Arising from group restructuring (Note 2(b))	–	–	–	1,982,041	1,982,041	31,340	2,013,381
Transaction with owner recognised directly in equity	(96,200)	96,083	1,050,617	–	1,050,500	(21,542)	1,028,958
Issue of shares (Note 20)	95,901	–	–	–	95,901	–	95,901
Dividends paid (Note 29)	–	–	–	(1,515,300)	(1,515,300)	–	(1,515,300)
<b>Balance at 31 December 2017</b>	1	96,083	1,050,617	614,750	1,761,451	–	1,761,451
Profit for the year, representing total comprehensive income for the year Arising from group restructuring (Note 2)	–	–	–	3,203,763	3,203,763	–	3,203,763
Disposal of a subsidiary (Note 2(f))	–	–	1,094,249	–	1,094,249	–	1,094,249
Transaction with owner recognised directly in equity	–	56,686	(1)	–	56,685	–	56,685
Issue of shares (Note 20)	1,000,951	–	–	–	1,000,951	–	1,000,951
Dividends paid (Note 29)	–	–	–	(1,040,000)	(1,040,000)	–	(1,040,000)
<b>Balance at 31 December 2018</b>	1,000,952	152,769	2,144,865	2,778,513	6,077,099	–	6,077,099

**APPENDIX B – INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF THE  
TARGET GROUP FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2017, 2018 AND 2019**

**LIVINGSTONE HEALTH LTD AND ITS SUBSIDIARIES  
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**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED 31 DECEMBER 2017, 2018 AND 2019**

	Share capital	Merger reserve	Other reserves	Foreign currency translation reserve	Accumulated profits	Total	Non- controlling interests	Total equity
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 31 December 2018</b>	1,000,952	152,769	2,144,865	–	2,778,513	6,077,099	–	6,077,099
Profit for the year	–	–	–	–	1,830,387	1,830,387	–	1,830,387
<i>Other comprehensive income:</i>								
Exchange differences on translating foreign operations	–	–	–	2,869	–	2,869	–	2,869
Arising from the acquisition (Note 2(j))	–	–	–	2,869	1,830,387	1,833,256	–	1,833,256
Arising from disposal of subsidiary (Note 2(i))	–	(95,394)	–	–	–	(95,394)	–	(95,394)
Transaction with owner recognised directly in equity								
Issue of shares (Note 20)	2,266,916	–	(2,123,322)	–	–	143,594	–	143,594
Dividends declared (Note 29)	–	–	–	–	(3,873,408)	(3,873,408)	–	(3,873,408)
<b>Balance at 31 December 2019</b>	3,267,868	57,375	21,543	2,869	735,492	4,085,147	462,859	4,548,006

**APPENDIX B – INDEPENDENT AUDITORS’ REPORT ON THE  
CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR  
THE FINANCIAL YEARS ENDED 31 DECEMBER 2017, 2018 AND 2019**

**LIVINGSTONE HEALTH LTD AND ITS SUBSIDIARIES  
(FORMERLY KNOWN AS ARDMORE MEDICAL GROUP LIMITED)**

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED 31 DECEMBER 2017, 2018 AND 2019**

	Note	2019	2018	2017
		\$	\$	\$
<b>Operating activities</b>				
Profit before income tax from continuing operations		490,547	2,057,444	147,452
Profit before income tax from discontinued operations	28	1,729,583	1,604,763	2,216,831
		<u>2,220,130</u>	<u>3,662,207</u>	<u>2,364,283</u>
Adjustments for:				
Depreciation expense		489,148	222,696	161,655
Interest expense		49,948	30,674	47,837
Loss allowance on trade receivables		15,417	–	2,250
Bad debts written off		1,718	4,641	952
Share of result of joint ventures, net of tax		157,074	–	–
Unrealised exchange differences		2,869	–	–
Loss/(gain) on disposal/write-off of property, plant and equipment, net		45,919	(26,953)	(7,774)
		<u>2,982,223</u>	<u>3,893,265</u>	<u>2,569,203</u>
Operating cash flows before movements in working capital				
Trade receivables		(1,703,747)	(763,060)	(14,665)
Other receivables		155,406	(1,434,697)	(611,241)
Inventories		(157,244)	(7,904)	(21,557)
Trade payables		656,100	(48,855)	(264,739)
Other payables		421,224	67,360	(55,399)
Deferred revenue		19,876	116,075	537,241
		<u>2,373,838</u>	<u>1,822,184</u>	<u>2,138,843</u>
Cash generated from operations				
Interest paid		(49,948)	(30,674)	(47,837)
Tax paid		(215,138)	(611,622)	(176,500)
		<u>2,108,752</u>	<u>1,179,888</u>	<u>1,914,506</u>
<b>Net cash generated from operating activities</b>				
<b>Investing activities</b>				
Acquisition of subsidiaries	2(j), (e), (b)	96,406	340,797	736,318
Investment in joint ventures, net	12	(278,497)	–	–
Disposal of subsidiary	2(i), (f)	(167,259)	(47,977)	–
Purchase of property, plant and equipment		(742,812)	(272,588)	(372,355)
Proceeds on disposal of property, plant and equipment		84,884	31,286	28,124
		<u>(1,007,278)</u>	<u>51,518</u>	<u>392,087</u>
<b>Net cash (used in)/generated from investing activities</b>				
<b>Financing activities</b>				
Repayment of lease liabilities		(232,870)	(23,090)	(22,214)
Repayments of borrowings		(283,844)	(310,619)	(305,255)
Proceeds from borrowings		–	–	160,000
Proceeds on issue of shares	20	100,002	1,000,951	95,901
Dividends paid	29	(2,230,097)	–	(1,515,300)
		<u>(2,646,809)</u>	<u>667,242</u>	<u>(1,586,868)</u>
<b>Net cash (used in)/generated from financing activities</b>				
<b>Net (decrease)/increase in cash and cash equivalents</b>		<u>(1,545,335)</u>	<u>1,898,648</u>	<u>719,725</u>
Cash and cash equivalents at beginning of year		3,256,375	1,357,727	638,002
<b>Cash and cash equivalents at the end of the year</b>	7	<u>1,711,040</u>	<u>3,256,375</u>	<u>1,357,727</u>

**APPENDIX B – INDEPENDENT AUDITORS’ REPORT ON THE  
CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR  
THE FINANCIAL YEARS ENDED 31 DECEMBER 2017, 2018 AND 2019**

**LIVINGSTONE HEALTH LTD AND ITS SUBSIDIARIES  
(FORMERLY KNOWN AS ARDMORE MEDICAL GROUP LIMITED)**

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED 31 DECEMBER 2017, 2018 AND 2019**

**Reconciliation of liabilities arising from financing activities:**

	Non-cash changes				
	1 January	Financing	Disposal of	Acquisition of	Initial
	2019	cash flows	Subsidiary	Subsidiaries	adoption of
			(Note 2(i))	(Note 2(j))	SFRS(I)16
	\$	\$	\$	\$	\$
Borrowings	339,262	(283,844)	–	494,269	–
Lease liabilities	7,873	(232,870)	(592,718)	436,034	1,931,802
	Non-cash changes				
	1 January	Financing	Disposal of		31 December
	2018	cash flows	Subsidiary	(Note 2(f))	2018
	\$	\$	\$	\$	\$
Borrowings	774,308	(310,619)	(124,427)		339,262
Lease liabilities	30,963	(23,090)	–		7,873
	Financing cash flows				
	1 January	Repayment	Proceeds from		31 December
	2017		borrowings		2017
	\$	\$	\$	\$	\$
Borrowings	919,563	(305,255)	160,000		774,308
Lease liabilities	53,177	(22,214)	–		30,963

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## **APPENDIX B – INDEPENDENT AUDITORS’ REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2017, 2018 AND 2019**

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### **LIVINGSTONE HEALTH LTD AND ITS SUBSIDIARIES (FORMERLY KNOWN AS ARDMORE MEDICAL GROUP LIMITED)**

#### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2017, 2018 AND 2019**

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#### **1 GENERAL**

Livingstone Health Ltd. (formerly known as Ardmore Medical Group Limited) (the “Target Company”) (Registration No. 201734626G) is incorporated in Singapore with its principal place of business and registered office at 380 Jalan Besar, #08-12 ARC 380, Singapore 209000. The financial statements are expressed in Singapore dollars, which is also the functional currency of the Target Company and its subsidiaries.

The principal activity of the Target Company is that of investment holding company. Through its operating member companies, the Target Company and its subsidiaries (the “Target Group”) is engaged in the provision of medical treatment and consultancy services.

The Target Company is a subsidiary of Livingstone Health Consolidated Pte. Ltd. (formerly known as Ardmore Consolidated Pte. Ltd.) (“LVS”) incorporated in Singapore, which is also the Target Company’s ultimate holding company.

The consolidated financial statements of the Target Group for the financial year ended 31 December 2019, was authorised for issue by the Board of Directors on 31 December 2020.

#### **2 REORGANISATION AND BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION**

Between 2018 and early 2019, in preparation for the Prior Listing Attempt, a restructuring exercise was undertaken to rationalise and streamline the Target Group’s corporate structure, which resulted in the Target Company becoming the holding company of the Target Group (the “Previous Restructuring Exercise”).

Immediately prior to the Previous Restructuring Exercise and the dates on which each of them was transferred into the Target Group (such dates being set out herein), SN Orthopaedics, RL Aesthetics, Cove Wellness, Apicare Medical, Apicare Pain Specialist, S Chua and Sebastian Chua MH were held directly by Dr. Ng Yung Chuan Sean (“Dr. Sean Ng”), Dr. Lim Pang Yen Rachel (“Dr. Rachel Lim”), Dr. Tay Ching Yit, Wilson (“Dr. Wilson Tay”) and Dr. Chua Meng Hui, Sebastian (“Dr. Sebastian Chua”) as follows:

<b>Entity</b>	<b>Shareholder</b>	<b>Shareholding Interest (%)</b>
SN Orthopaedics Pte. Ltd. (“SN Orthopaedics”)	Dr. Sean Ng	90
	Dr. Rachel Lim	10
RL Aesthetics Pte. Ltd. (“RL Aesthetics”)	Dr. Sean Ng	50
	Dr. Rachel Lim	50



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## APPENDIX B – INDEPENDENT AUDITORS’ REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2017, 2018 AND 2019

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### LIVINGSTONE HEALTH LTD AND ITS SUBSIDIARIES (FORMERLY KNOWN AS ARDMORE MEDICAL GROUP LIMITED)

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2017, 2018 AND 2019

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## 2 REORGANISATION AND BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION (Continued)

Entity	Shareholder	Shareholding Interest (%)
Cove Wellness Pte. Ltd. (formerly Ardmore Wellness Pte. Ltd.) ("Cove Wellness")	Dr. Sean Ng Dr. Rachel Lim	50 50
Apicare Medical Pte. Ltd. ("Apicare Medical")	Dr. Wilson Tay	100
Apicare Pain Specialist Pte. Ltd. ("Apicare Pain Specialist")	Dr. Wilson Tay	100
S Chua Pte. Ltd. ("S Chua")	Dr. Sebastian Chua	100
Sebastian Chua MH Pte. Ltd. ("Sebastian Chua MH")	Dr. Sebastian Chua	100

In addition, immediately prior to the Previous Restructuring Exercise, the medical doctors carried out their medical practice under the following entities which are not the Target Group’s companies:

- (i) VS Investment Holdings (formerly known as Ardmore Orthopaedics Pte. Ltd.), which was held by Dr. Sean Ng and Dr. Rachel Lim;
- (ii) VS Venture Pte. Ltd. ("VS Venture") (formerly known as Ardmore Aesthetics (Novena) Pte. Ltd.), which was held by Dr. Sean Ng and Dr. Rachel Lim; and
- (iii) Sebastian Chua Pte. Ltd. ("SCPL"), which was held by Dr. Sebastian Chua.

The Previous Restructuring Exercise was carried out in the following steps:

#### (a) Incorporation of the Target Company

The Target Company was incorporated in the Republic of Singapore on 1 December 2017 under the Companies Act as a private company limited by shares. The Target Company’s principal activity is that of an investment holding company. At the time of incorporation, the Target Company had an issued and paid-up share capital of \$1 comprising one share held by Dr. Sean Ng.

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## **APPENDIX B – INDEPENDENT AUDITORS’ REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2017, 2018 AND 2019**

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**LIVINGSTONE HEALTH LTD AND ITS SUBSIDIARIES  
(FORMERLY KNOWN AS ARDMORE MEDICAL GROUP LIMITED)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED 31 DECEMBER 2017, 2018 AND 2019**

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### **2 REORGANISATION AND BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION (Continued)**

#### **(b) Consolidation of the initial Target Subsidiaries and Target Company**

Pursuant to a restructuring agreement dated 29 December 2017, as supplemented by a supplemental restructuring agreement dated 9 May 2019 (the “Initial Restructuring Agreement”) entered into between the Target Company and Dr. Sean Ng, Dr. Rachel Lim and Dr. Wilson Tay (the “Initial Vendor Shareholders”), the Target Company acquired all of the issued and paid-up ordinary shares of:

- (i) RL Aesthetics and Cove Wellness from Dr. Sean Ng and Dr. Rachel Lim on 1 December 2017;
- (ii) Apicare Medical and Apicare Pain Specialist from Dr. Wilson Tay on 29 December 2017; and
- (iii) SN Orthopaedics from Dr. Sean Ng and Dr. Rachel Lim on 1 February 2018,

at the aggregate consideration of \$1,039,074 (the “Initial Target Subsidiaries Consideration”), which was determined by taking into account the unaudited NAV of the above-mentioned companies (save for SN Orthopaedics for which the consideration was based on its share capital) immediately prior to the said transfers on the abovementioned dates. The Initial Target Subsidiaries Consideration was satisfied by way of the allotment and issuance of 1,039,074 Shares (the “Initial Target Subsidiaries Consideration Shares”) to the Initial Vendor Shareholders, where such Initial Target Subsidiaries Consideration Shares were assigned by the Initial Vendor Shareholders to LVS in consideration for the allotment and issuance of paid-up shares in the capital of LVS (the “LVS Shares”) to the Initial Vendor Shareholders. In addition, Dr. Sean Ng transferred one (1) share in the capital of the Target Company to LVS.

## APPENDIX B – INDEPENDENT AUDITORS’ REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2017, 2018 AND 2019

**LIVINGSTONE HEALTH LTD AND ITS SUBSIDIARIES  
(FORMERLY KNOWN AS ARDMORE MEDICAL GROUP LIMITED)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED 31 DECEMBER 2017, 2018 AND 2019**

### **2 REORGANISATION AND BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION (Continued)**

#### **(b) Consolidation of the initial Target Subsidiaries and Target Company (Continued)**

The following assets, arising from the acquisition of the following Target Subsidiaries on 29 December 2017, has been transferred to the Target Group:

#### **Assets acquired and liabilities assumed at the date of acquisition:**

	<b>Apicare Pain Specialist As at date of acquisition</b>	<b>Apicare Medical As at date of acquisition</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Plant and equipment	61,994	3,510	65,504
Cash and cash equivalents	435,643	300,675	736,318
Trade receivables	621,373	102,577	723,950
Other receivables	32,214	88,286	120,500
Inventories	24,560	–	24,560
Trade payables	(8,492)	(189,978)	(198,470)
Other payables	(185,465)	(27,114)	(212,579)
Income tax payable	(113,822)	(117,003)	(230,825)
Net assets acquired	868,005	160,953	1,028,958
Other reserve <sup>(1)</sup>			(1,028,958)
Total cash consideration			–
Less: Cash and cash equivalents from acquired entities			736,318
Net inflow of cash			736,318

(1) Other reserve pertains to amounts due to LVS for the acquisition of the subsidiary, which are unsecured and interest-free and classified as part of quasi-equity.

#### **(c) Re-Injection of the Orthopaedic Practice into the Target Group**

Dr. Sean Ng previously carried out his orthopaedic medical practice under VS Investment Holdings (formerly known as Ardmore Orthopaedics Pte. Ltd.) (the “Orthopaedic Practice”). Pursuant to the original restructuring agreement dated 29 December 2017, the Target Company had acquired all of the issued and paid-up ordinary shares of VS Investment Holdings from Dr. Sean Ng and Dr. Rachel Lim (the “Initial VS Acquisition”).

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## **APPENDIX B – INDEPENDENT AUDITORS’ REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2017, 2018 AND 2019**

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**LIVINGSTONE HEALTH LTD AND ITS SUBSIDIARIES  
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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### **2 REORGANISATION AND BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION (Continued)**

#### **(c) Re-Injection of the Orthopaedic Practice into the Target Group (Continued)**

As VS Investment Holdings held a property, the Initial Vendor Shareholders agreed to divest the property out of the Target Group while keeping the Orthopaedic Practice within the Target Group. In accordance with the Initial Restructuring Agreement, and pursuant to a business transfer agreement entered into between VS Investment Holdings, SN Orthopaedics, the Target Company, LVS, Dr. Sean Ng and Dr. Rachel Lim on 9 May 2019 (the “VS BTA”), the relevant parties carried out the following steps:

- (i) notwithstanding that the entire issued share capital of VS Investment Holdings was transferred back to Dr. Sean Ng and Dr. Rachel Lim on 4 January 2018 on substantially the same terms as the Initial VS Acquisition, the relevant parties undertook to transfer all economic rights, benefits and liabilities attached to the shares of VS Investment Holdings from the Target Company to Dr. Sean Ng and Dr. Rachel Lim, with effect from 31 December 2017 (the “VS Divestment”); and
- (ii) SN Orthopaedics acquired the Orthopaedic Practice from VS Investment Holdings with effect from 1 March 2018 (the “Orthopaedic Practice Acquisition”),

(collectively, the “Orthopaedic Practice Re-Injection”).

Under the Initial Restructuring Agreement and the VS BTA:

- (i) the consideration for the Initial VS Acquisition payable by the Target Group (the “VS Acquisition Consideration”) was set off against the consideration for the VS Divestment payable by Dr. Sean Ng and Dr. Rachel Lim (the “VS Divestment Consideration”). Each of the VS Acquisition Consideration and the VS Divestment Consideration amounted to \$10,000 which was based on the share capital of VS Investment Holdings prior to the Initial VS Acquisition and VS Divestment respectively; and
- (ii) the Orthopaedic Practice Acquisition was carried out for the consideration of \$43,592 (the “Orthopaedic Practice Consideration”), which was determined taking into account the unaudited NAV of the Orthopaedic Practice as at 28 February 2018. The Target Company assumed the liability to pay the Orthopaedic Practice Consideration to VS Investment Holdings, in consideration for the allotment of 43,592 ordinary shares in the capital of SN Orthopaedics to the Target Company. VS Investment Holdings then assigned the right to the Orthopaedic Practice Consideration to Dr. Sean Ng and Dr. Rachel Lim in the proportion of their shareholding in VS Investment Holdings. In turn, Dr. Sean Ng and Dr. Rachel Lim assigned their rights to the Orthopaedic Practice Consideration to LVS, in consideration for LVS Shares issued to Dr. Sean Ng and Dr. Rachel Lim. The Orthopaedic Practice Consideration was satisfied by way of the allotment and issuance of 43,592 Shares to LVS.

The Orthopaedic Practice Re-Injection was deemed to be completed on 1 March 2018.

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## **APPENDIX B – INDEPENDENT AUDITORS’ REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2017, 2018 AND 2019**

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**LIVINGSTONE HEALTH LTD AND ITS SUBSIDIARIES  
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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### **2 REORGANISATION AND BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION (Continued)**

#### **(d) Subscription for Shares in the Target Company**

The Target Company entered into a subscription agreement on 31 May 2018, as amended and supplemented on 28 December 2018 (the “Subscription Agreement”) with each of ICH Capital and Dios Assets Management Pte. Ltd (“Dios”) (collectively, the “Pre-Invitation Investors”). Under the Subscription Agreement, the Pre-Invitation Investors agreed to subscribe for:

- (i) in the case of ICH Capital, for a subscription amount of \$1,000,000, such number of Shares representing 4.49% of the enlarged issued and paid up share capital of the Target Company; and
- (ii) in the case of Dios, for a subscription amount of \$100,000, such number of Shares representing 0.45% of the enlarged issued and paid up share capital of the Target Company,

(collectively, the “Pre-Invitation Investment”).

Pursuant to the Subscription Agreement, should there be any differences in the pro forma consolidated net profit after tax of the Target Group for FY2017 which has been reviewed by the reporting accountants appointed for the Prior Listing Attempt, the shareholding of the Pre-Invitation Investors shall be adjusted, by way of further issuances or buyback of Shares to and from the Pre-Invitation Investors, in accordance with the terms set out in the Subscription Agreement (the “FY2017 Accounts Adjustment”).

In addition, under the Subscription Agreement, should the Target Company undertake to issue Shares, the Pre-Invitation Investors shall be entitled to subscribe for such number of Shares at the aggregate subscription price of \$1, in order to maintain their respective shareholding percentages in the Target Company as may be varied or diluted from time to time (the “Anti-Dilution”).

The subscription by ICH Capital and Dios for the Shares under the Subscription Agreement was completed on 28 December 2018 and 4 January 2019 respectively. On 14 May 2019, pursuant to the FY2017 Accounts Adjustment and the Anti-Dilution, the shareholdings of ICH Capital and Dios in the Target Company were adjusted to 4.61% and 0.46% respectively.

In addition, ICH Capital executed a service agreement on 8 May 2018 with LVS, under which ICH Capital provided business management consultancy services to LVS, in consideration for shares to be transferred to ICH Capital (the “ICH Service Agreement”). Pursuant to the ICH Service Agreement, it was agreed that LVS shall pay ICH Capital a success fee of 2.0% of the Target Company’s pre-invitation share capital during and/or upon the completion of the Previous Restructuring Exercise in conjunction with the Prior Listing Attempt. On 5 July 2019, LVS transferred 4,228,033 shares to ICH Capital.

On 28 December 2018, as part of the Previous Restructuring Exercise, LVS subscribed for 9,505 new Shares for the consideration of \$951, which was satisfied by payment in cash.

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## APPENDIX B – INDEPENDENT AUDITORS’ REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2017, 2018 AND 2019

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**LIVINGSTONE HEALTH LTD AND ITS SUBSIDIARIES  
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### **2 REORGANISATION AND BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION (Continued)**

#### **(e) Acquisition of the SC Companies**

Pursuant to the sale and purchase agreement dated 10 July 2018 (the “SC SPA”), the Target Company acquired all of the issued and paid-up ordinary shares (the “SC Shares”) of S Chua and Sebastian Chua MH (collectively, the “SC Companies”) from Dr. Sebastian Chua (the “SC Companies Acquisition”). The Target Company acquired the entire issued share capital of the SC Shares from Dr. Sebastian Chua for the aggregate consideration of \$1,084,248 (the “SC Companies Consideration”), which was determined taking into account the unaudited NAV of the SC Companies as at 30 September 2018. The SC Companies Consideration was assigned by Dr. Sebastian Chua to LVS in consideration for the allotment and issuance of LVS Shares to Dr. Sebastian Chua. The SC Companies Consideration was satisfied by way of the allotment and issuance of 1,084,248 shares in the capital of the Target Company to LVS. The SC Companies Acquisition was completed on 1 October 2018.

The following assets, arising from the acquisition of SC Companies on 30 September 2018, has been transferred to the Target Group:

**Assets acquired and liabilities assumed at the date of acquisition:**

	<b>S Chua As at date of acquisition</b>	<b>Sebastian Chua MH As at date of acquisition</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Plant and equipment	1,534	2,567	4,101
Cash and cash equivalents	243,408	97,389	340,797
Trade receivables	196,550	71,325	267,875
Other receivables	400,220	195,982	596,202
Other payables	(21,696)	(1,701)	(23,397)
Income tax payable	(74,677)	(26,653)	(101,330)
Net assets acquired	745,339	338,909	1,084,248
Other reserve <sup>(1)</sup>			(1,084,248)
Total cash consideration			–
Less: Cash and cash equivalents from acquired entities			340,797
Net inflow of cash			340,797

(1) Other reserve pertains to amounts due to holding company for the acquisition of the subsidiary which are unsecured, interest-free and classified as part of quasi-equity.

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## APPENDIX B – INDEPENDENT AUDITORS’ REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2017, 2018 AND 2019

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**LIVINGSTONE HEALTH LTD AND ITS SUBSIDIARIES  
(FORMERLY KNOWN AS ARDMORE MEDICAL GROUP LIMITED)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED 31 DECEMBER 2017, 2018 AND 2019**

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### **2 REORGANISATION AND BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION (Continued)**

#### **(f) Streamlining of Operations of the Target Group and Disposal of VS Venture**

Dr. Rachel Lim previously carried out one of her aesthetics businesses under VS Venture (formerly known as Ardmore Aesthetics (Novena) Pte. Ltd.). Pursuant to the Initial Restructuring Agreement, the Target Company had acquired all of the issued and paid-up ordinary shares of VS Venture from Dr. Sean Ng and Dr. Rachel Lim (the “Initial VSV Acquisition”). Nevertheless, as VS Venture was loss-making which resulted in a net liability position and to streamline the Target Group’s aesthetics business into RL Aesthetics, the Target Group agreed to transfer VS Venture back to Dr. Sean Ng and Dr. Rachel Lim on substantially the same terms as the Initial VSV Acquisition. As such, in accordance with the Initial Restructuring Agreement, while the entire issued share capital of VS Venture was transferred back to Dr. Sean Ng and Dr. Rachel Lim on 2 May 2019, the relevant parties agreed that all economic rights, benefits and liabilities attached to the shares of VS Venture would be transferred to Dr. Sean Ng and Dr. Rachel Lim with effect from 31 July 2018 (the “VSV Divestment” or the “VSV Disposal”).

The consideration for the Initial VSV Acquisition payable by the Target Group was set off against the consideration for the VSV Divestment payable by Dr. Sean Ng and Dr. Rachel Lim. As VS Venture was in a net liability position, the gain on disposal in relation to the VSV Divestment amounted to \$56,685.

Details of the disposal are as follows:

#### **Carrying amounts of net assets over which control was lost:**

	<b>VS Venture As at date of disposal</b>
	<b>\$</b>
Plant and equipment	45,479
Cash and cash equivalents	47,977
Other receivables	19,264
Other payables	(1,941)
Deferred revenue	(43,037)
Borrowings	(124,427)
Net liabilities derecognised	(56,685)
Consideration offset against amount owing to holding company	(1)
	<u>(56,686)</u>
Total cash consideration	—
Less: Cash and cash equivalents from disposed off	(47,977)
Net outflow of cash	<u>(47,977)</u>



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## **APPENDIX B – INDEPENDENT AUDITORS’ REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2017, 2018 AND 2019**

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### **2 REORGANISATION AND BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION (Continued)**

#### **(f) Streamlining of Operations of the Target Group and Disposal of VS Venture (Continued)**

##### **Carrying amounts of net assets over which control was lost: (Continued)**

In addition, VS Venture had certain pre-paid aesthetics packages owing to its customers under which it is obliged to provide aesthetics services, amounting to an aggregate sum of \$30,298 as at 31 December 2018 (the “Aesthetics Packages”). As part of the Previous Restructuring Exercise, pursuant to a deed of novation dated 13 May 2019, VS Venture novated the liability under the Aesthetics Packages from VS Venture to RL Aesthetics, subsequent to which RL Aesthetics became liable to perform the unfulfilled obligations under the Aesthetics Packages (the “Proposed Packages Transfer”). In consideration for the Proposed Packages Transfer, VS Venture was obliged to transfer a sum of \$30,298 to RL Aesthetics (the “Aesthetics Packages Consideration”). Further, under the said deed, VS Venture novated its liability to pay the Aesthetics Packages Consideration to Dr. Rachel Lim, subsequent to which Dr. Rachel Lim became liable to pay the Aesthetics Packages Consideration to RL Aesthetics.

#### **(g) Acquisition of the Anaesthesiology Practice of SCPL by Sebastian Chua MH**

Dr. Sebastian Chua carried out a part of his anaesthesiology practice under SCPL (the “Anaesthesiology Practice”). Sebastian Chua MH, as purchaser, and SCPL, as seller, agreed to transfer the Anaesthesiology Practice to Sebastian Chua MH pursuant to terms of a business transfer agreement dated 7 November 2018 (the “SC BTA”) (the “Anaesthesiology Practice Acquisition”).

Under the SC BTA, the aggregate consideration for the transfer of the SC Business Acquisition was for a nominal amount of \$1 due and payable to SCPL (the “Anaesthesiology Practice Consideration”), which was determined taking into account the unaudited NAV of the Anaesthesiology Practice as at 31 October 2018.

#### **(h) Share Split and Share Consolidation**

On 26 June 2019, LVS and the Pre-Invitation Investors, being the shareholders of the Target Company at the relevant time, approved the sub-division of 2,292,714 shares in the issued and paid-up share capital of the Target Company into 211,401,632 shares. On 16 July 2019, LVS and the Pre-Invitation Investors approved the consolidation of 211,401,632 shares in the issued and paid-up capital of the Target Company into 176,168,027 shares.

Following the completion of the Previous Restructuring Exercise, the entire issued and paid up share capital of the Target Company was held by LVS, Dios, and ICH Capital.

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**APPENDIX B – INDEPENDENT AUDITORS’ REPORT ON THE  
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**2 REORGANISATION AND BASIS OF PREPARATION AND PRESENTATION OF  
HISTORICAL FINANCIAL INFORMATION (Continued)**

**2019 Target Restructuring**

The Target Group undertook and completed the following internal restructuring exercise:

**(i) Disposal of SN Orthopaedics**

The Target Group agreed to dispose the entire issued share capital of SN Orthopaedics for a total consideration of \$1,831,421 to Dr. Sean Ng, which was determined based on a willing-buyer willing-seller basis, after taking into account the unaudited net asset value of SN Orthopaedics as at 31 December 2019. As such, the entire issued share capital of SN Orthopaedics was transferred to Dr. Sean Ng on 31 December 2019. The relevant parties agreed that all economic rights, benefits and liabilities attached to the shares of SN Orthopaedics would be transferred to Dr. Sean Ng with effect from 31 December 2019 (the “SN Orthopaedics” Disposal).

**Carrying amounts of net assets over which control was lost:**

<b>Target Group</b>	<b>SN Orthopaedics As at date of disposal</b>
	<b>\$</b>
Property, plant and equipment	692,153
Cash and cash equivalents	167,259
Trade receivables	2,634,323
Other receivables	319,386
Inventories	55,431
Trade payables	(232,456)
Other payables	(573,090)
Lease liabilities	(592,718)
Income tax payables	(539,592)
Deferred tax liabilities	(3,881)
Net assets derecognised	1,926,815
Loss of disposal recorded in merger reserve	(95,394)
Total consideration	1,831,421
Less: Consideration received	(1,831,421)
Less: Cash and cash equivalents from disposed off	(167,259)
Net outflow of cash	(167,259)

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## **APPENDIX B – INDEPENDENT AUDITORS’ REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2017, 2018 AND 2019**

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### **2 REORGANISATION AND BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION (Continued)**

#### **(j) Acquisition of Phoenix Medical Group Pte Ltd and its subsidiaries (collectively “PMG Group of Companies”)**

On 31 December 2019, the Target Company entered into a sale and purchase agreement (as amended and varied by supplemental deeds dated 11 May 2020 and 17 November 2020) with Dr. Chua Hshan Cher, Dr. Lee Kai Lun and Dr. Angela Foong (the “PMG Vendors”), and a share subscription agreement (as amended and varied by supplemental deeds dated 11 May 2020 and 17 August 2020) with PMG and the PMG Vendors, pursuant to which the Target Group acquired 51.0% interest in PMG for an aggregate consideration of \$1,530,000. The wholly owned subsidiaries of Phoenix Medical as at 31 December 2019 which are PMG CACTIII Pte. Ltd. (“PMG CACTIII”), PMG HV Pte. Ltd. (“PMG HV”) and PMG PL Pte. Ltd (“PMG PL”) also become the subsidiaries of the Target Company. The relevant parties agreed that all economic rights, benefits and liabilities attached to the shares of Phoenix Medical Group of companies would be transferred to the Target Company with effect from 31 December 2019.

As of 31 December 2019, out of the consideration of \$1,530,000, \$306,000 has been paid in cash. As of October 2020, an additional amount of \$612,000 was paid and 33,721 new shares of Phoenix Medical was issued to the Target Company. The remaining balance of \$612,000 will be paid by 31 December 2021 with interest rate of 5.25%. The net present value of the remaining consideration of \$612,000 is \$552,391. Considering the effect of net present value, the fair value of the consideration is \$1,470,391.

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**APPENDIX B – INDEPENDENT AUDITORS’ REPORT ON THE  
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**LIVINGSTONE HEALTH LTD AND ITS SUBSIDIARIES  
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**2 REORGANISATION AND BASIS OF PREPARATION AND PRESENTATION OF  
HISTORICAL FINANCIAL INFORMATION (Continued)**

**(j) Acquisition of Phoenix Medical Group Pte Ltd and its subsidiaries (collectively  
“PMG Group of Companies”) (Continued)**

**Assets acquired and liabilities assumed at the date of acquisition:**

<b>Target Group</b>	<b>Phoenix Medical Group of Companies Total</b>
	<b>\$</b>
Plant and equipment	555,507
Cash and cash equivalents	402,406
Trade receivables	360,661
Other receivables	771,123
Inventories	263,800
Trade payables	(146,335)
Other payables	(315,221)
Bank borrowings	(494,269)
Lease liabilities	(436,034)
Income tax payable	(17,028)
Net assets acquired	944,610
Less: Non-controlling interests	(462,859)
Add: Goodwill on acquisition	988,640
Total considerations	1,470,391
Less: Considerations unpaid as of 31 December 2019	(1,164,391)
Cash paid during the year 2019	306,000
Cash paid for during the year 2019	(306,000)
Add: Cash and cash equivalents from acquired entities	402,406
Net inflow of cash	96,406

**(k) Incorporation of Cove Sports and acquisition of medical practice of Dr. Edwin Tan**

Cove Sports & Reconstruction Pte. Ltd (“Cove Sports”) was incorporated in the Republic of Singapore on 11 November 2019 as a private company limited by shares. The principal activity of Cove Sports is that of operating as an Orthopaedic Specialist Clinic. At the time of incorporation, Cove Sports & Reconstruction had an issued and paid-up share capital of \$100 comprising one hundred shares held by the Target Company.

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## **APPENDIX B – INDEPENDENT AUDITORS’ REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2017, 2018 AND 2019**

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**LIVINGSTONE HEALTH LTD AND ITS SUBSIDIARIES  
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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### **2 REORGANISATION AND BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION (Continued)**

#### **(k) Incorporation of Cove Sports and acquisition of medical practice of Dr. Edwin Tan (Continued)**

Dr. Edwin Tan was an Orthopaedic Surgeon who practised as an orthopaedic specialist doctor at SN Orthopaedics. Pursuant to Note 2(i) above, the Target Company initiated discussions with Dr. Edwin Tan 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 Tan on his involvement and remuneration structure, with a view that Dr. Edwin Tan will assume greater responsibilities in the Target Group. This included (i) the termination of Dr. Edwin Tan’s employment under SN Orthopaedics; (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 aforementioned considerations, Dr. Edwin Tan and the Target Company agreed that Dr. Edwin Tan would inject his medical practice and business into the Target Group, and that Dr. Edwin Tan would conduct his orthopaedic practice under a newly-incorporated subsidiary of the Target Company, Cove Sports with effect from 31 December 2019 for an aggregate consideration of \$2,780,000 (the “ET Business Injection”), determined on a willing-buyer willing-seller basis, after taking into account, *inter alia*, Dr. Edwin Tan’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. Considering the effect of net present value, the fair value of the consideration is \$2,647,011.

For ease of administration of settlement of the considerations in relation to the SNPL Disposal, the SN LVS Sale (as defined in Section 17.3 of the Target’s Letter to Shareholders) and the ET Business Injection, Dr. Sean Ng, Dr. Edwin Tan and the Target Company entered into a settlement deed (the “SNPL Settlement Deed”) where it was agreed, *inter alia*, that the consideration payable under the SNPL Disposal would be applied to partially set-off against the consideration payable to Dr. Edwin Tan under the ET Business Injection, with the result that the Target Company would pay Dr. Edwin Tan the net amount of \$948,580 (the “Net Settlement Amount”). Following the execution of the SNPL Settlement Deed, the Target Company and Dr. Edwin Tan have mutually agreed for the Target Company to repay the Net Settlement Amount in five (5) equal yearly instalments over a 5-year period.

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## APPENDIX B – INDEPENDENT AUDITORS’ REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2017, 2018 AND 2019

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**LIVINGSTONE HEALTH LTD AND ITS SUBSIDIARIES  
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### **2 REORGANISATION AND BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION (Continued)**

#### **(k) Incorporation of Cove Sports and acquisition of medical practice of Dr. Edwin Tan (Continued)**

As of 31 December 2019, out of the total consideration of \$2,647,011, \$1,831,421 has been paid and remaining balances will be paid in the following schedules with discount rate of 5.25% per annum:

<b>Instalments</b>	<b>Date of payment</b>	<b>Actual amount</b>	<b>Present value</b>
		<b>\$</b>	<b>\$</b>
1 <sup>st</sup> Instalment	31 December 2020	189,716	180,227
2 <sup>nd</sup> Instalment	31 December 2021	189,716	171,237
3 <sup>rd</sup> Instalment	31 December 2022	189,716	162,696
4 <sup>th</sup> Instalment	31 December 2023	189,716	154,580
5 <sup>th</sup> Instalment	31 December 2024	189,716	146,850
		948,580	815,590

Concurrently with the Target Restructuring which took place subsequent to the Prior Listing Attempt, Dios entered into a sale and purchase agreement with Dr. Sean Ng, Dr. Rachel Lim, Dr. Wilson Tay and Dax Ng on 26 December 2019 for the sale of its entire interest in the Target Company, representing approximately 0.45% of the entire paid-up share capital of the Target Company (the “Dios Sale Shares”) for a cash consideration of \$106,183. Dr. Sean Ng, Dr. Rachel Lim, Dr. Wilson Tay and Dax Ng nominated LVS to be the transferee of the Dios Sale Shares. Upon completion of the sale and purchase of the Dios Sale Shares, Dios ceased to be a shareholder of the Target Company.

On 21 July 2020, ICH Capital entered into a sale and purchase agreement with LVS, Dax Ng and Chua Hshan Cher for the sale of such number of shares in the capital of the Target Company for an aggregate cash consideration of \$1,100,208 to LVS, Dax Ng and Chua Hshan Cher representing approximately 2.31%, 1.15% and 1.15% of the paid-up share capital of the Target Company, respectively (the “ICH Capital Sale Shares”). Upon completion of the sale and purchase of the ICH Capital Sale Shares, ICH Capital continues to hold such number of shares representing approximately 2.0% of the paid-up share capital of the Target Company.

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## **APPENDIX B – INDEPENDENT AUDITORS’ REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2017, 2018 AND 2019**

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### **2 REORGANISATION AND BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION (Continued)**

The consideration for the Dios Sale Shares and the ICH Capital Sale Shares was arrived at following arms’ length negotiations between the relevant parties on a willing-buyer-willing-seller basis. In arriving at the consideration, the parties took reference to the provisions in the put option agreement entered into in 2018 between the then-shareholders of LVS, Dios and ICH Capital that provide for Dios and ICH Capital to, inter alia, sell their subscription shares to the then-shareholders of LVS at the initial subscription amount plus interest at 6% per annum.

The sale and purchase of both the Dios Sale Shares and the ICH Capital Sale Shares were initiated by the respective purchasers. The sales of the Dios Sale Shares and the ICH Capital Sale Shares were made to recognise the key contributors to the Target Group and to further align the financial and strategic interests of each of the purchasers and its shareholders (in the case of LVS) as key personnel of the Target Group, in order to strengthen the Target Group’s position moving forward and to put the Target Group in good stead for its future growth and expansion plans.

The Target Group resulting from the above Restructuring Exercise in Notes 2(b) and (c) is regarded as a continuing entity throughout the financial years ended 31 December 2017, 2018 and 2019. Accordingly, although the Target Company is only incorporated on 1 December 2017, the consolidated financial statements of the Target Group for the financial years ended 31 December 2017, 2018 and 2019 have been prepared using the principles of merger accounting on the basis that the Restructuring Exercise transfers the equity interest in the combining entities under the common control to the Target Company has been effected as at the beginning of the financial years ended 31 December 2017, 2018 and 2019 presented in these consolidated financial statements.



## APPENDIX B – INDEPENDENT AUDITORS’ REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2017, 2018 AND 2019

### LIVINGSTONE HEALTH LTD AND ITS SUBSIDIARIES (FORMERLY KNOWN AS ARDMORE MEDICAL GROUP LIMITED)

#### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2017, 2018 AND 2019

## 2 REORGANISATION AND BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION (Continued)

The principal activities of the subsidiaries as at the financial years ended 31 December 2017, 2018 and 2019 are disclosed below:

Name of subsidiary	Principal activity	Country of incorporation and operation	Proportion of equity interest and voting power held		
			2019	2018	2017
			%	%	%
<b><u>Held directly by the Target Company</u></b>					
Apicare Medical	Medical clinic	Singapore	100	100	100
Apicare Pain Specialist	Medical clinic	Singapore	100	100	100
Cove Sports*	Medical clinic	Singapore	100	–	–
Cove Wellness	Beauty Spa	Singapore	100	100	100
Livingstone Health International*	Investment holding company	Singapore	100	100	–
Livingstone Cardiology*	Medical clinic	Singapore	100	–	–
Phoenix Medical	Medical clinic	Singapore	51	–	–
RL Aesthetics	Medical clinic	Singapore	100	100	100
S Chua	Medical clinic	Singapore	100	100	–
Sebastian Chua MH	Medical clinic	Singapore	100	100	–
SN Orthopaedics	Orthopaedic clinic	Singapore	–	100	–
VS Investment	Medical clinic	Singapore	–	–	100
VS Venture	Medical clinic	Singapore	–	–	100
<b><u>Held through Phoenix Medical</u></b>					
PMG CACTIII	Medical Clinic	Singapore	51	–	–
PMG HV	Medical Clinic	Singapore	51	–	–
PMG PL	Medical Clinic	Singapore	51	–	–

\* Newly incorporated by the Target Company.

Please refer to Note 35 for subsidiaries incorporated after year end.

## APPENDIX B – INDEPENDENT AUDITORS’ REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2017, 2018 AND 2019

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### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### BASIS OF PREPARATION

The financial statements of the Target Group and the statement of financial position have been drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the “Act”) and Singapore Financial Reporting Standards (International) (“SFRS(I)s”) including related Interpretations of SFRS(I) (“SFRS(I) INT”) and are prepared on the historical cost basis, except as disclosed in the accounting policies below.

The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The financial statements of the Target Group are presented in Singapore dollar (“\$”) which is also the functional currency of the Target Group, unless otherwise indicated.

In the current year, the Target Group has adopted all the new and revised SFRS(I)s and SFRS(I) INT that are relevant to its operations and effective for annual periods beginning on or after 1 January 2019. Other than SFRS(I) 16 Leases, the adoption of these new or revised SFRS(I)s and SFRS(I) INT did not result in changes to the Target Group’s accounting policies, and has no material effect on the current or prior year’s financial statement and is not expected to have a material effect on future periods. The effects of adopting SFRS(I) 16 is disclosed in Note 17.

#### *SFRS(I) and SFRS(I) INT issued but not yet effective*

At the date of authorisation of these statements, the following SFRS(I) and SFRS(I) INT that are relevant to the Target Group were issued but not yet effective:

<b>SFRS (I)</b>	<b>Title</b>	<b>Effective date (annual periods beginning on or after)</b>
SFRS(I) 1-1, SFRS(I) 1-8	Amendments to SFRS(I) 1-1 and SFRS(I) 1-8: <i>Definition of Material</i>	1 January 2020
SFRS(I) 3	Amendments to SFRS(I) 3: <i>Definition of a Business</i>	1 January 2020
SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7	Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7: <i>Interest Rate Benchmark Reform</i>	1 January 2020
SFRS(I) 10, SFRS(I) 1-28	Amendments to SFRS(I) 10 and SFRS(I) 1-28: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be determined
SFRS(I) 16	Amendment to SFRS(I) 16: <i>Covid-19 Related Rent Concessions</i>	1 June 2020
SFRS(I) 1-1	Amendments to SFRS(I) 1-1: <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023

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## APPENDIX B – INDEPENDENT AUDITORS’ REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2017, 2018 AND 2019

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### **3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **BASIS OF PREPARATION (Continued)**

*SFRS(I) and SFRS(I) INT issued but not yet effective (Continued)*

<b>SFRS (I)</b>	<b>Title</b>	<b>Effective date (annual periods beginning on or after)</b>
SFRS(I) 3	Amendments to SFRS(I) 3: <i>Reference to the Conceptual Framework</i>	1 January 2022
SFRS(I) 1-16	Amendments to SFRS(I) 1-16: <i>Property, Plant and Equipment – Proceeds before Intended Use</i>	1 January 2022
SFRS(I) 1-37	Amendments to SFRS(I) 1-36: <i>Onerous Contracts – Cost of Fulfilling a Contract</i>	1 January 2022
Various	Amendments to References to the Conceptual Framework in SFRS(I) Standards	1 January 2020
	Amendments to illustrative examples, implementation guidance and SFRS(I) practice statements	1 January 2020
	Annual Improvements to SFRS(I)s 2018-2020	1 January 2022

Consequential amendments were also made to various standards as a result of these new/revised standards.

The Target Group does not intend to early adopt any of the above new/revised standards, interpretations and amendments to the existing standards. Management anticipates that the adoption of the aforementioned revised/new standards will not have a material impact on the financial statements of the Target Group in the period of their initial adoption.

#### **BASIS OF CONSOLIDATION**

The financial statements of the Target Group comprise the financial statements of the Target Company and its subsidiaries. Subsidiaries are entities (including structured entities) (i) over which the Target Group has power and the Target Group is (ii) able to use such power to (iii) affect its exposure, or rights, to variable returns from then through its involvement with them.

The Target Group reassesses whether it controls the subsidiaries if facts and circumstances indicate that there are changes to the one or more of the three elements of control.

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## **APPENDIX B – INDEPENDENT AUDITORS’ REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2017, 2018 AND 2019**

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### **3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **BASIS OF CONSOLIDATION (Continued)**

When the Target Group has less than a majority of the voting rights of an investee, it still has power over the investee when the voting rights are sufficient, after considering all relevant facts and circumstances, to give it the practical ability to direct the relevant activities of the investee unilaterally. The Target Group considers, among others, the extent of its voting rights relative to the size and dispersion of holdings of the other vote holders, currently exercisable substantive potential voting rights held by all parties, rights arising from contractual arrangements and voting patterns at previous shareholders’ meetings.

Subsidiaries are consolidated from the date on which control is transferred to the Target Group up to the effective date on which control ceases, as appropriate.

Intra-group assets and liabilities, equity, income, expenses and cashflows relating to intragroup transactions are eliminated on consolidation.

The financial statements of the subsidiaries used in the preparation of the financial statements are prepared for the same reporting date as that of the Target Company. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Target Group.

Non-controlling interests are identified separately from the Target Group’s equity therein. On an acquisition-by-acquisition basis, non-controlling interests may be initially measured either at fair value or at their proportionate share of the fair value of the acquiree’s identifiable net assets. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests’ share of subsequent changes in equity. Losses in the subsidiary are attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Target Group’s interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any differences between the amount by which the non-controlling interests are adjusted to reflect the changes in the relative interests in the subsidiary and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Target Company.

When the Target Group loses control over a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to accumulated profits) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9 Financial Instruments or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

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## **APPENDIX B – INDEPENDENT AUDITORS’ REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2017, 2018 AND 2019**

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### **LIVINGSTONE HEALTH LTD AND ITS SUBSIDIARIES (FORMERLY KNOWN AS ARDMORE MEDICAL GROUP LIMITED)**

#### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2017, 2018 AND 2019**

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### **3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **BASIS OF CONSOLIDATION (Continued)**

Investments in subsidiaries are carried at cost less any impairment loss that has been recognised in profit or loss in the Target Company’s separate financial statements.

#### Business combinations from 1 January 2017

The acquisition of subsidiaries is accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Target Group in exchange for control of the acquiree. For each business combination, the Target Group determines whether to measure the non-controlling interests in the acquiree at fair value or at proportionate share in the recognised amounts of the acquiree’s identifiable net assets. Acquisition-related costs are recognised in profit or loss as incurred and included in administrative expenses.

The acquiree’s identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under SFRS(I) 3 are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held-for-sale in accordance with SFRS(I) 5 Non-Current Assets Held for Sale and Discontinued Operations, which are recognised and measured at the lower of cost and fair value less costs to sell.

The Target Group recognises any contingent consideration to be transferred for the acquiree at the fair value on the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement shall be accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of SFRS(I) 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with SFRS(I) 9. Other contingent consideration that is not within the scope of SFRS(I) 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Where a business combination is achieved in stages, the Target Group’s previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Target Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree’s identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under SFRS(I) 3 are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with SFRS(I) 1-12 Income Taxes and SFRS(I) 1-19 Employee Benefits respectively;

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### **3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **BASIS OF CONSOLIDATION (Continued)**

##### Business combinations from 1 January 2017 (Continued)

- liabilities or equity instruments related to the replacement by the Target Group of an acquiree’s share-based payment awards are measured in accordance with SFRS(I) 2 Share-based Payment; and
- assets (or disposal groups) that are classified as held-for-sale in accordance with SFRS(I) 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Target Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Target Group obtains complete information about facts and circumstances that existed as of the acquisition date, and is subject to a maximum of one year.

Goodwill arising on acquisition is recognised as an asset at the acquisition date and is initially measured at cost, being the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer previously held equity interest (if any) in the entity over net acquisition-date fair value amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Target Group’s interest in the net fair value of the acquiree’s identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer’s previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

For the purpose of impairment testing, goodwill is allocated to each of the Target Group’s cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit (including the goodwill), the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

The attributable amount of goodwill is included in the determination of gain or loss on disposal of the subsidiary or jointly controlled entity.

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### **3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **BASIS OF CONSOLIDATION (Continued)**

##### Business combinations before 1 January 2017

As part of transition to SFRS(I), the Target Group elected not to restate those business combinations that occurred before the date of transition to SFRS(I), i.e. 1 January 2017. Goodwill arising from acquisitions before 1 January 2017 has been carried forward from the previous FRS framework as at the date of transition.

In comparison to the above-mentioned requirements under SFRS(I), the following differences applied:

Business combinations were accounted for by applying the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest) was measured at the proportionate share of the acquiree’s identifiable net assets.

Business combinations achieved in stages were accounted for as step acquisitions. Adjustments to those fair values relating to previously held interests were treated as a revaluation and recognised in equity.

When the Target Group acquired a business, embedded derivatives separated from the host contract by the acquiree were not reassessed on acquisition unless the business combination resulted in a change in the terms of the contract that significantly modified the cash flows that would otherwise be required under the contract.

Contingent consideration was recognised if, and only if, the Target Group had a present obligation, the economic outflow was probable and a reliable estimate was determinable. Subsequent measurements to the contingent consideration affected goodwill.

##### Common Control Business Combination Outside the Scope of SFRS(I) 3

A business combination involving entities under common control is a business combination in which all the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. A business combination involving common control entities, are outside the scope of SFRS(I) 3. For such common control business combinations, the merger accounting principles are used to include the assets, liabilities, results, equity changes and cash flows of the combining entities in the consolidated financial statements.

In applying merger accounting, financial statement items of the combining entities or businesses for the reporting period in which the common control combination occurs, and for any comparative periods disclosed, are included in the consolidated financial statements of the combined entity as if the combination had occurred from the date when the combining entities or businesses first came under the control of the controlling party or parties.



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### **3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **BASIS OF CONSOLIDATION (Continued)**

##### Common Control Business Combination Outside the Scope of SFRS(I) 3 (Continued)

A single uniform set of accounting policies is adopted by the combined entity. Therefore, the combined entity recognises the assets, liabilities and equity of the combining entities or businesses at the carrying amounts in the consolidated financial statements of the controlling party or parties prior to the common control combination. The carrying amounts are included as if such combined entity’s accounting policies and applying those policies to all periods presented. There is no recognition of any goodwill or excess of the acquirer’s interest in the net fair value of the acquiree’s identifiable assets, liabilities and contingent liabilities over cost at the time of the common control combination. The effects of all transactions between the combining entities or businesses, whether occurring before or after the combination, are eliminated in preparing the consolidated financial statements of the combined entity.

Merger reserve represents the differences between the nominal amount of the share capital of the combining entities at the date on which it was acquired by the Target Group and the nominal amount of the share capital issued as consideration for the acquisition.

All business combinations are accounted for using the acquisition method.

#### **FINANCIAL INSTRUMENTS**

The Target Group recognises a financial asset or a financial liability in its statement of financial position when, and only when, the Target Group becomes party to the contractual provisions of the instrument.

##### Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period, to the net carrying amount of the financial instrument. Income and expense are recognised on an effective interest basis for debt instruments other than those financial instruments at fair value through profit or loss.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

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## **APPENDIX B – INDEPENDENT AUDITORS’ REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2017, 2018 AND 2019**

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### **3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **FINANCIAL INSTRUMENTS (Continued)**

##### FINANCIAL ASSETS

##### Initial recognition and measurement

All financial assets are recognised on trade date – the date on which the Target Group commits to purchase or sell the asset. With the exception of trade receivables that do not contain a significant financing component or for which the Target Group applies a practical expedient, all financial assets are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value. Such trade receivables that do not contain a significant financing component or for which the Target Group applies a practical expedient are measured at transaction price as defined in SFRS(I) 15.

Financial assets are classified as subsequently measured at amortised cost, fair value through other comprehensive income (“FVTOCI”) and fair value through profit or loss (“FVTPL”). The classification at initial recognition depends on the Target Group’s business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

The Target Group’s business model refers to how the Target Group manages its financial assets in order to generate cash flows which determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both.

The Target Group determines whether the asset’s contractual cash flows are solely payments of principal and interest (“SPPI”) on the principal amount outstanding to determine the classification of the financial assets.

##### Financial assets at amortised cost

A financial asset is subsequently measured at amortised cost if the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, the financial asset at amortised cost are measured using the effective interest method and is subject to impairment. Gains or losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

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## **APPENDIX B – INDEPENDENT AUDITORS’ REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2017, 2018 AND 2019**

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### **3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **FINANCIAL INSTRUMENTS (Continued)**

##### FINANCIAL ASSETS (Continued)

##### Financial assets held at FVTOCI

A financial asset that is an investment in debt instrument is subsequently measured at FVTOCI if the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Gains or losses are recognised in other comprehensive income, except for impairment gains or losses, foreign exchange gains or losses and interest which are recognised in profit or loss.

At initial recognition, the Target Group may make an irrevocable election to classify its investment in equity instruments, for which the equity instrument is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which SFRS(I) 103 as subsequently measured at FVTOCI so as to present subsequent changes in fair value in other comprehensive income. The election is made on an investment-by-investment basis.

Upon derecognition, other than the aforementioned equity instruments for which their subsequent cumulative fair value changes would be transferred to accumulated profits, the cumulative fair value changes recognised in other comprehensive income is recycled to profit or loss.

Dividends from equity instruments are recognised in profit or loss only when the Target Group’s right to receive payment of the dividend is established, it is probable that the economic benefits associated with the dividend will flow to the Target Group and the amount of the dividend can be measured reliably.

##### Financial assets at FVTPL

A financial asset is subsequently measured at FVTPL if the financial asset is a financial asset held for trading, is not measured at amortised cost or at FVTOCI, or is irrevocably elected at initial recognition to be designated FVTPL if, by designating the financial asset as FVTPL, eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Gains or losses are recognised in profit or loss.

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### **3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **FINANCIAL INSTRUMENTS (Continued)**

##### FINANCIAL ASSETS (Continued)

##### Impairment of financial assets

The Target Group recognises a loss allowance for expected credit losses (“ECL”) on financial assets measured at amortised cost and debt instruments measured at FVTOCI. At each reporting date, the Target Group assesses whether the credit risk on a financial asset has increased significantly since initial recognition by assessing the change in the risk of a default occurring over the expected life of the financial instrument. Where the financial asset is determined to have low credit risk at the reporting date, the Target Group assumes that the credit risk on financial assets has not increased significantly since initial recognition.

The Target Group uses reasonable and supportable forward-looking information that is available without undue cost or effort as well as past due information when determining whether credit risk has increased significantly since initial recognition.

Where the credit risk on that financial instrument has increased significantly since initial recognition, the Target Group measures the loss allowance for a financial instrument at an amount equal to the lifetime ECL. Where the credit risk on that financial instrument has not increased significantly since initial recognition, the Target Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

The Target Group uses a practical expedient to recognise the ECL for trade receivables, which is to measure the loss allowance at an amount equal to lifetime ECL using an allowance matrix derived based on historical credit loss experience adjusted for current conditions and forecasts of future economic conditions.

The amount of ECL or reversal thereof that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognised in profit or loss.

The Target Group directly reduces the gross carrying amount of a financial asset when the entity has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

For details on the Target Group’s accounting policy for its impairment of financial assets, refer to Note 5.

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## **APPENDIX B – INDEPENDENT AUDITORS’ REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2017, 2018 AND 2019**

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### **3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **FINANCIAL INSTRUMENTS (Continued)**

##### FINANCIAL ASSETS (Continued)

##### Derecognition of financial assets

The Target Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Target Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset and continues to control the transferred asset, the Target Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Target Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Target Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds receivables.

##### FINANCIAL LIABILITIES AND EQUITY INSTRUMENTS

##### Classification as debt or equity

Financial liabilities and equity instruments issued by the Target Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

##### Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Target Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

##### *Ordinary share capital*

Ordinary share capital is classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity.

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### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### FINANCIAL INSTRUMENTS (Continued)

##### FINANCIAL LIABILITIES

###### Initial recognition and measurement

All financial liabilities are recognised on trade date – the date on which the Target Group commits to purchase or sell the asset. All financial liabilities are initially measured at fair value, minus transaction costs, except for those financial liabilities classified as at fair value through profit or loss, which are initially measured at fair value.

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Financial liabilities are classified as at fair value through profit or loss if the financial liability is either held for trading or it is designated as such upon initial recognition. Financial liabilities classified as at fair value through profit or loss comprise derivatives that are not designated or do not qualify for hedge accounting.

###### Other financial liabilities

###### *Trade and other payables*

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method, with interest expense recognised on an effective yield basis. A gain or loss is recognised in profit or loss when the liability is derecognised and through the amortisation process.

###### *Borrowings*

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Target Group’s accounting policy for borrowing costs. A gain or loss is recognised in profit or loss when the liability is derecognised and through the amortisation process.

###### Derecognition of financial liabilities

The Target Group derecognises financial liabilities when, and only when, the Target Group’s obligations are discharged, cancelled or they expire.

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## **APPENDIX B – INDEPENDENT AUDITORS’ REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2017, 2018 AND 2019**

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### **3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **FINANCIAL INSTRUMENTS (Continued)**

##### FINANCIAL LIABILITIES (Continued)

##### Derivative financial instruments

Derivatives are initially recognised at their fair values at the date the derivative contract is entered into and are subsequently re-measured to their fair values at the end of each financial year. The method of recognising the resulting gain or loss depends on whether the derivative is designated and effective as a hedging instrument, and if so, the nature of the item being hedged.

Fair value changes on derivatives that are not designated or do not qualify for hedge accounting are recognised in profit or loss when the changes arise.

#### **LEASES**

##### Leases from 1 January 2019

The Target Group applied SFRS(I) 16 using the modified retrospective approach and therefore the comparative information has not been restated. Accordingly, the comparative information was prepared and disclosures made in accordance with the requirements of SFRS(I) 1-17 Leases and SFRS(I) INT 4 Determining whether an Arrangement contains a lease.

##### The Target Group as a lessee from 1 January 2019

These accounting policies are applied on and after the initial application date of SFRS(I) 16 (i.e. 1 January 2019).

At inception of a contract, the Target Group assessed whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Where a contract contains more than one lease component, the Target Group allocates the consideration in the contract to each lease component on the basis of the relative standalone price of the lease component. Where the contract contains non-lease components, the Target Group applied the practical expedient to not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.



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### **3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **LEASES (Continued)**

##### The Target Group as a lessee from 1 January 2019 (Continued)

The Target Group recognises a right-of-use asset and lease liability at the lease commencement date for all lease arrangement for which the Target Group is the lessee, except for leases which have lease term of 12 months or less and leases of low value assets for which the Target Group applied the recognition exemption allowed under SFRS(I) 16. For these leases, the Target Group recognises the lease payment as an operating expense on a straight-line basis over the term of the lease.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. When the lease transfers ownership of the underlying asset to the Target Group by the end of the lease term or the cost of the right-of-use asset reflects that the Target Group will exercise a purchase option, the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. The right-of-use asset is also reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability, where applicable.

Right-of-use assets are presented in Note 17.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee’s incremental borrowing rate.

The Target Group generally uses the incremental borrowing rate as the discount rate. To determine the incremental borrowing rate, the Target Group obtains a reference rate and makes certain adjustments to reflect the terms of the lease and the asset leased.

The lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any lease incentive receivable,

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### **3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **LEASES (Continued)**

##### The Target Group as a lessee from 1 January 2019 (Continued)

- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date,
- amounts expected to be payable under a residual value guarantee,
- the exercise price under a purchase option that the Target Group is reasonably certain to exercise, and payments of penalties for terminating the lease if the Target Group is reasonably certain to terminate early and lease payments for an optional renewal period if the Target Group is reasonably certain to exercise an extension option.

The lease liability is measured at amortised cost using the effective interest method. The Target Group remeasures the lease liability when there is a change in the lease term due to a change in assessment of whether it will exercise a termination or extension or purchase option or due to a change in future lease payment resulting from a change in an index or a rate used to determine those payment.

Where there is a remeasurement of the lease liability, a corresponding adjustment is made to the right-of-use asset or in profit or loss where there is a further reduction in the measurement of the lease liability and the carrying amount of the right-of-use asset is reduced to zero.

##### The Target Group as a lessee before 1 January 2019

At the lease commencement date, the Target Group assess and classify each lease as either a finance lease or operating lease.

##### Finance Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased assets to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Target Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is recognised as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to the acquisition, construction or production of qualifying assets, in which case they are capitalised in accordance with the Target Group’s general policy on borrowing costs.

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### **3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **LEASES (Continued)**

##### Operating Leases

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

#### **INVENTORIES**

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method. Where necessary, allowance is provided for damaged, obsolete and slow-moving items to adjust the carrying value of cost and net realisable value. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

#### **PROPERTY, PLANT AND EQUIPMENT**

Leasehold buildings held for use in the production or supply of goods or services, or for administrative purposes, are shown at cost less any subsequent accumulated depreciation, and where applicable, accumulated impairment losses.

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The cost of property, plant and equipment includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

Subsequent expenditure relating to property, plant and equipment is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

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## **APPENDIX B – INDEPENDENT AUDITORS’ REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2017, 2018 AND 2019**

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**LIVINGSTONE HEALTH LTD AND ITS SUBSIDIARIES  
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### **3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **PROPERTY, PLANT AND EQUIPMENT (Continued)**

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method, on the following bases:

Leasehold properties	–	over the lease term
Computers	–	3 years
Office equipment	–	3 – 5 years
Machines and equipment	–	3 – 8 years
Motor vehicles	–	10 years or according to the Certificate of Entitlement
Renovation and furniture & fittings	–	5 years

For right-of-use assets for which ownership of the underlying asset is not transferred to the Target Group by the end of the lease term, depreciation is charged over the lease term, using the straight-line method.

For the financial years before 1 January 2019, assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The estimated useful lives, residual values and depreciation methods are reviewed, and adjusted as appropriate, at the end of each financial year.

The gain or loss, being the difference between the sales proceeds and the carrying amount of the asset, arising on disposal or retirement of an item of property, plant and equipment is recognised in profit or loss.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use.

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### **3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **INTANGIBLE ASSETS**

Intangible assets are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value at the acquisition date. Subsequent to initial recognition, the intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses.

##### Goodwill on acquisition

Goodwill represents the excess of the cost of an acquisition over the net fair value of the Target Group’s interest in the identifiable assets, liabilities and contingent liabilities of the subsidiary or jointly controlled entity carried at the date of acquisition. Goodwill is at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Target Group’s cash-generating units (“CGUs”) expected to benefit from the synergies of the combination. CGUs to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the CGU is less than the carrying amount of the unit (including the goodwill), the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

The attributable amount of goodwill is included in the determination of gain or loss on disposal of the subsidiary or jointly controlled entity.

On acquisition of an investment in an associate or joint venture, any excess of the cost of investment over the Target Group’s share of the net fair value of the identifiable assets and liabilities of the associate or joint venture is recognised as goodwill, which is included in the carrying amount of the investment. Any excess of the Target Group’s share of net fair value of the identifiable assets and liabilities of the associate or joint venture over the cost of investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

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### **3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **INVESTMENT IN JOINT VENTURES**

Investment in joint ventures are stated at cost and the result of joint ventures are incorporated in these financial statements using the equity method of accounting.

A joint arrangement is a contractual arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is classified either as a joint operation or a joint venture, based on the rights and obligations of the parties to the arrangement.

To the extent the joint arrangement provides the Target Group with rights to the assets and obligations for the liabilities relating to the arrangement, the arrangement is a joint operation. To the extent the joint arrangement provides the Target Group with rights to the net assets of the arrangement, the arrangement is a joint venture.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only decisions about the relevant activities require unanimous consent of the parties sharing control.

On acquisition of the investment, any excess of the cost of the investment over the Target Group’s share of the net fair value of the joint venture’s identifiable assets and liabilities is accounted for as goodwill and is included in the carrying amount of the investment. Any excess of the Target Group’s net fair value of the joint venture’s identifiable assets and liabilities over the cost of the investment is included as income in the determination of the Target Group’s share of the joint venture’s profit or loss in the reporting period in which the investment is acquired.

The results and assets and liabilities of joint ventures are incorporated in these financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for under SFRS(I) 5, from the date on which the investees become a joint venture. Under the equity method, investments in joint ventures are carried at cost as adjusted for post-acquisition changes in the Target Group’s share of the net assets of the joint venture, less any accumulated losses of individual investments. The profit or loss reflects the share of results of the operations of the joint venture. Distributions received from the joint venture reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the joint venture, the Target Group recognises its share of such changes in other comprehensive income. Unrealised profits and losses are eliminated to the extent of the Target Group’s interest in the joint venture. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no impairment.

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### **3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **INVESTMENT IN JOINT VENTURES (Continued)**

The Target Group’s share of losses in a joint venture in excess of the Target Group’s interest in that joint venture (which includes any long-term interests that, in substance, form part of the Target Group’s net investment in the joint venture) are not recognised, unless the Target Group has incurred legal or constructive obligations or made payments on behalf of the joint ventures.

Any goodwill arising on the acquisition of the Target Group’s interest in a joint venture is accounted for in accordance with the Target Group’s accounting policy for goodwill arising on such acquisitions (see above).

#### **IMPAIRMENT OF NON-FINANCIAL ASSETS EXCLUDING GOODWILL**

The Target Group reviews the carrying amounts of its non-financial assets as at each reporting date to assess for any indication of impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Target Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Irrespective of whether there is any indication of impairment, the Target Group also tests its intangible assets with indefinite useful lives and intangible assets not yet available for use for impairment annually by comparing their respective carrying amounts with their corresponding recoverable amounts.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value-in-use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss for the amount by which the asset’s carrying amount exceeds the recoverable amount is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.



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### **3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **PROVISIONS**

Provisions are recognised when the Target Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Target Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, which is discounted using a pre-tax discount rate.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss as they arise.

#### **REVENUE RECOGNITION**

The Target Group recognises revenue from the following major sources:

- Aesthetics and wellness;
- Anaesthesiology and pain management;
- Family medicine;
- Internal medicine;
- Orthopaedic surgery; and
- Consultancy services.

SFRS(I) 15 has a 5-step approach when recognising revenue:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract

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### **3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **REVENUE RECOGNITION (Continued)**

- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the Target Group satisfies a performance obligation

Under SFRS(I) 15, the Target Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good and service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Target Group’s performance as the Target Group performs;
- the Target Group’s performance creates and enhances an asset that the customer controls as the Target Group performs; or
- the Target Group’s performance does not create an asset with an alternative use to the Target Group and the Target Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

Deferred revenue represents the Target Group’s obligation to transfer goods or services to a customer for which the Target Group has received consideration (or an amount of consideration is due) from the customer.

Revenue from provision of aesthetics and wellness services generally relate to performance obligations to provide treatment services. Considerations are generally received upfront and recognised as deferred revenue. Revenue from sale of medication and skincare products is recognised at the point in time when the patient has obtained the control of the medication and skincare products.

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#### **3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **REVENUE RECOGNITION (Continued)**

Revenue from provision of anaesthesiology and pain management services and family medicine relate to performance obligations to provide consultation and treatment services.

Revenue from provision of internal medicine and orthopaedic surgery relate to performance obligations to provide surgical and treatment services.

Revenue from project consultancy services is recognised over time by reference to the stage of completion of the service contract. The stage of completion is measured by reference to the contract costs incurred to date to the estimated total costs for the contract.

Performance obligations for all services are satisfied over a period of less than one day.

##### **DIVIDENDS**

Equity dividends are recognised as a liability when they become legally payable. Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recorded in the financial year in which dividends are approved by shareholders. A corresponding amount is recognised in equity.

##### **FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION**

Foreign currency transactions are translated into the individual entities’ respective functional currencies at the exchange rates prevailing on the date of the transaction. At the end of each financial year, monetary items denominated in foreign currencies are retranslated at the rates prevailing as of the end of the financial year. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the year. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the year except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity through other comprehensive income.

Exchange differences relating to assets under construction for future productive use, are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency borrowings.

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### **3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION (Continued)**

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Target Group’s foreign operations (including comparatives) are expressed in Singapore dollars using exchange rates prevailing at the end of the financial year. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Target Group’s translation reserve. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the foreign currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

#### **DISCONTINUED OPERATIONS**

A discontinued operation is a component of an entity that either has been disposed of, or is classified as held for sale, and

- (i) represents a separate major line of business or geographical area of operations;
- (ii) is part of a single co-ordinated plan to dispose of a separate major line or geographical area of operations; or
- (iii) is a subsidiary acquired exclusively with a view to resale.

The results of discontinued operations are disclosed separately from continuing operations as a single amount comprising the post-tax profit or loss of discontinued operations and the post-tax gain or loss recognised on the measurement to fair value less costs to sell or on the disposal of the assets or disposal groups constituting the discontinued operation.

#### **BORROWING COSTS**

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

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## **APPENDIX B – INDEPENDENT AUDITORS’ REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2017, 2018 AND 2019**

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### **3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **RETIREMENT BENEFIT COSTS**

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Target Group’s obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

#### **EMPLOYEE LEAVE ENTITLEMENTS**

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the financial year.

#### **INCOME TAX**

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Target Group’s liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Target Company and subsidiaries operate by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Target Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interest are only recognised to the extent that it is probable that there will be sufficient taxable profit against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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### **3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **INCOME TAX (Continued)**

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Target Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity), or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer’s interest in the net fair value of the acquiree’s identifiable assets, liabilities and contingent liabilities over cost.

Revenue, expenses and assets are recognised net of the amount of sales tax except:

- when the sales tax that is incurred on purchases is not recoverable from the tax authorities, in which case the sales tax is recognised as part of cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of sales tax included.

#### **SEGMENT REPORTING**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Target Group of executive directors and the chief executive officer who make strategic decisions.

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### **4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY RESOURCES OF ESTIMATION UNCERTAINTY**

In the application of the Target Group’s accounting policies, which are described in Note 3, the Target Group made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources in the application of the Target Group’s accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors that are considered to be reasonable under the circumstances. Actual results may differ from the estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

#### ***Critical judgements in applying the Target Group’s accounting policies***

Management is of the opinion that any instances of applications of judgements are not expected to have a significant effect on the amounts recognised in the financial statements.

#### ***Key sources of estimation uncertainty***

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

#### ***Measurement of ECL of trade receivables***

The Target Group uses an allowance matrix to measure ECL for trade receivables. The ECL rates are based on the Target Group’s historical loss experience of the customers, for the last 3 years prior to the reporting date for various customer groups that are assessed by geographical locations, product types and internal ratings, adjusted for forward looking factors specific to the debtors and the economic environment which could affect the ability of the debtors to settle the trade receivables. In considering the impact of the economic environment on the ECL rates, the Target Group assesses, for example, the gross domestic production growth rates of the countries (e.g. Singapore and Malaysia) and the growth rates of the major industries in which its customers operate. The Target Group adjusts, as necessary, the allowance matrix at each reporting date. Such estimation of the ECL rates may not be representative of the actual default in the future.

#### ***Impairment of goodwill***

The Target Group tests goodwill for impairment at least on an annual basis. Determining whether goodwill is impaired requires an estimation of the value-in-use of the cash-generating units (CGU) to which goodwill has been allocated. The value-in-use calculation requires the entity to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate present value. No impairment loss was recognised during the financial year. The carrying amount of goodwill as at 31 December 2019 was \$3,635,651 (2018 and 2017: Nil) (Note 13).



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### **4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY RESOURCES OF ESTIMATION UNCERTAINTY (Continued)**

#### ***Key sources of estimation uncertainty (Continued)***

##### ***Depreciation of property, plant and equipment***

The Target Group depreciates the property, plant and equipment over their estimated useful lives after taking into account of their estimated residual values. The estimated useful life reflects management’s estimate of the period that the Target Group intends to derive future economic benefits from the use of the Target Group’s property, plant and equipment. The residual value reflects management’s estimated amount that the Target Group would currently obtain from the disposal of the asset, after deducting the estimated costs of disposal, as if the asset was already of the age and in the condition expected at the end of its useful life. Changes in the expected level of usage and technological developments could affect the economics, useful lives and the residual values of these assets which could then consequentially impact future depreciation charges. The carrying amount of the Target Group’s property, plant and equipment at 31 December 2019 was \$2,809,494 (2018: \$891,477, 2017: \$887,296). Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised (Note 11).

### **5 FINANCIAL INSTRUMENTS AND FINANCIAL RISKS**

The Target Group’s activities expose it to credit risks, market risks (including foreign currency risks, interest rate risks and equity price risks) and liquidity risks. The Target Group’s overall risk management strategy seeks to minimise adverse effects from the volatility of financial markets on the Target Group’s financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Target Group. The management then establishes the detailed policies such as authority levels, oversight responsibilities, risk identification and measurement, exposure limits and hedging strategies, in accordance with the objectives and underlying principles approved by the Board of Directors.

Financial risk management is carried out by the Target Group’s treasury department (“Target Group Treasury”) in accordance with the policies set by the management. The Target Group Treasury identifies, evaluates and manages financial risks in close co-operation with the Target Group’s operating units. The reporting team of Target Group Treasury measures actual exposures against the limits set and prepares daily reports for review by the Heads of Target Group Treasury and each operating unit. Regular reports are also submitted to the management and the Board of Directors.

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### LIVINGSTONE HEALTH LTD AND ITS SUBSIDIARIES (FORMERLY KNOWN AS ARDMORE MEDICAL GROUP LIMITED)

#### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2017, 2018 AND 2019

##### 5 FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (Continued)

There have been no changes to the Target Group’s exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

##### CREDIT RISK

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Target Group. The Target Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Target Group’s credit risk arises mainly from bank balances, trade and other receivables, other debt instruments carried at amortised cost and FVTOCI as well as bank balances are mainly deposits with banks with high credit-ratings assigned by international credit rating agencies and the Target Group does not expect the impairment loss from bank balances to be material, if any.

To assess and manage its credit risks, the Target Group categorises the aforementioned financial assets and according to their risk of default. The Target Group defines default to have taken place when internal and/or external information indicates that the financial asset is unlikely to be received, which could include a breach of debt covenant, default of interest due for more than 30 days, but not later than when the financial asset is more than 90 days past due as per SFRS(I) 9’s presumption.

The Target Group’s internal credit risk grading categories are as follows:

Category	Description	Basis of recognising ECL
1	Low credit risks <sup>Note 1</sup>	12-months ECL
2	Non-significant increase in credit risks since initial recognition and financial asset is ≤ 30 days past due	12-months ECL
3	Significant increase in credit risk since initial recognition <sup>Note 2</sup> or financial asset is > 30 days past due	Lifetime ECL
4	Evidence indicates that financial asset is credit-impaired <sup>Note 3</sup>	Difference between financial asset’s gross carrying amount and present value of estimated future cash flows discounted at the financial asset’s original effective interest rate
5	Evidence indicates that the management has no reasonable expectations of recovering the write off amount <sup>Note 4</sup>	Written off

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## **APPENDIX B – INDEPENDENT AUDITORS’ REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2017, 2018 AND 2019**

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### **5 FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (Continued)**

#### **CREDIT RISK (Continued)**

Note 1. Low credit risk

The financial asset is determined to have low credit risk if the financial assets have a low risk of default, the counterparty has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the counterparty to fulfil its contractual cash flow obligations. Generally, this is the case when the Target Group assesses and determines that the debtor has been, is in and is highly likely to be, in the foreseeable future and during the (contractual) term of the financial asset, in a financial position that will allow the debtor to settle the financial asset as and when it falls due.

Note 2. Significant increase in credit risk

In assessing whether the credit risk of the financial asset has increased significantly since initial recognition, the Target Group compares the risk of default occurring on the financial asset as of reporting date with the risk of default occurring on the financial asset as of date of initial recognition, and considered reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. In assessing the significance of the change in the risk of default, the Target Group considers both past due (i.e. whether it is more than 30 days past due) and forward looking quantitative and qualitative information. Forward looking information includes the assessment of the latest performance and financial position of the debtor, adjusted for the Target Group’s future outlook of the industry in which the debtor operates based on independently obtained information (e.g. expert reports, analyst’s reports etc) and the most recent news or market talks about the debtor, as applicable. In its assessment, the Target Group will generally, for example, assess whether the deterioration of the financial performance and/or financial position, adverse change in the economic environment (country and industry in which the debtor operates), deterioration of credit risk of the debtor, etc. is in line with its expectation as of the date of initial recognition of the financial asset. Irrespective of the outcome of the above assessment, the Target Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contract payments are >30 days past due, unless the Target Group has reasonable and supportable information that demonstrates otherwise.

Note 3. Credit impaired

In determining whether financial assets are credit-impaired, the Target Group assesses whether one or more events that have a detrimental impact on the estimated future cashflows of the financial asset have occurred. Evidence that a financial asset is credit impaired includes the following observable data:

- Significant financial difficulty of the debtor;
- Breach of contract, such as a default or being more than 90 days past due;

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## **APPENDIX B – INDEPENDENT AUDITORS’ REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2017, 2018 AND 2019**

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### **5 FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (Continued)**

#### **CREDIT RISK (Continued)**

Note 3. Credit impaired (Continued)

- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for the financial asset because of financial difficulties.

Note 4. Write off

Generally, the Target Group writes off, partially or fully, the financial asset when it assesses that there is no realistic prospect of recovery of the amount as evidenced by, for example, the debtor’s lack of assets or income sources that could generate sufficient cashflows to repay the amounts subjected to the write-off.

The Target Group performs ongoing credit evaluation of its counterparties’ financial condition and generally does not require collateral.

The Target Group does not have any significant credit exposure to any single counterparty or any groups of counterparties having similar characteristics.

As at the end of the financial year, there was no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statements of financial position.

#### Trade receivables (Note 8)

The Target Group uses the practical expedient under SFRS(I) 9 in the form of allowance matrix to measure the ECL for trade receivables, where the loss allowance is equal to lifetime ECL.

The ECL for trade receivables are estimated using an allowance matrix by reference to the historical credit loss experience of the customers for the last 3 years prior to the respective reporting dates for various customer groups that are assessed by geographical locations, product types and internal ratings, adjusted for forward looking factors specific to the debtors and the economic environment which could affect the ability of the debtors to settle the financial assets. In considering the impact of the economic environment on the ECL rates, the Target Group assesses, for example, the gross domestic production growth rates of the countries and the growth rates of the major industries which its customers operate in.

The Target Group has not rebutted the presumption included in SFRS(I) 9 that there has been a significant increase in credit risk since initial recognition when financial assets are more than 30 days past due.

# APPENDIX B – INDEPENDENT AUDITORS’ REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2017, 2018 AND 2019

## LIVINGSTONE HEALTH LTD AND ITS SUBSIDIARIES (FORMERLY KNOWN AS ARDMORE MEDICAL GROUP LIMITED)

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2017, 2018 AND 2019

#### 5 FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (Continued)

##### CREDIT RISK (Continued)

##### Trade receivables (Note 8) (Continued)

In their assessment, the management considers, amongst other factors, the latest relevant credit ratings from reputable external rating agencies where available and deemed appropriate, historical credit experiences, latest available financial information and latest applicable credit reputation of the debtor.

Trade receivables are written off when there is evidence to indicate that the customer is in severe financial difficulty such as being under liquidation or bankruptcy and there is no reasonable expectations for recovering the outstanding balances.

The loss allowance for trade receivables are determined as follows:

	Current	Past due more than 1 to 30 days	Past due more than 31 to 60 days	Past due more than 61 to 90 days	Past due more than 91 to 180 days	Past due more than 180 days	Total
<b>31 December 2019</b>							
Expected credit loss rates	0%	0%	0%	0%	0%	5.7%	0.8%
Trade receivables (gross) (\$)	918,663	240,162	166,587	105,107	118,473	269,558	1,818,550
Loss allowance (\$)	–	–	–	–	–	(15,417)	(15,417)
<b>31 December 2018</b>							
Expected credit loss rates	0%	0%	0%	0%	0%	0%	0%
Trade receivables (gross) (\$)	741,089	326,000	392,475	242,803	415,230	325,483	2,443,080
Loss allowance (\$)	–	–	–	–	–	–	–
<b>31 December 2017</b>							
Expected credit loss rates	0%	0%	0%	0%	0%	6.0%	0.2%
Trade receivables (gross) (\$)	549,117	238,691	234,462	247,719	68,376	37,634	1,375,999
Loss allowance (\$)	–	–	–	–	–	(2,250)	(2,250)

##### Other receivables (Note 9)

As of 31 December 2019, the Target Group recorded a receivable due from directors of the Target Company with principal amounts of Nil (2018: \$578,220, 2017: \$411,887) and amount due from directors of the subsidiaries with amount of Nil (2018: \$1,152,818, 2017: \$250,829) and deposits paid of \$235,741 (2018: \$104,934, 2017: \$217,096), amount due from a related party of \$100,000 (2018 and 2017: Nil) and other receivables of \$95,348 (2018: \$10,942, 2017: Nil). The Target Group assessed the latest performance and financial position of the respective debtor, adjusted for the future outlook of the industry which the debtors operate in, by referring to expert publications on the industry, and for any market talks on the debtors’ credit reputation and concluded that there has been no significant increase in the credit risk since the initial recognition of the financial asset. Accordingly, the Target Group measured the impairment loss allowance using 12-month ECL and determined that the ECL is insignificant.

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**5 FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (Continued)**

**CREDIT RISK (Continued)**

The movement in the loss allowance during the financial year and the Target Group’s and Company’s exposure to credit risk in respect of the trade receivables is as follows:

Target Group Internal credit risk grading	Note (i)	Trade receivables		Total
		Category 4	Category 5	
	\$	\$	\$	\$
<b>Loss allowance</b>				
<b>Balance at 1 January 2017</b>	–	1,298	–	1,298
Allowance for impairment loss	–	952	–	952
<b>Balance at 31 December 2017</b>	–	2,250	–	2,250
Reclassification between categories	–	(2,250)	2,250	–
Write-off of receivables	–	–	(2,250)	(2,250)
<b>Balance at 31 December 2018</b>	–	–	–	–
Allowance for impairment loss	–	15,417	–	15,417
<b>Balance at 31 December 2019</b>	–	15,417	–	15,417
<b>Gross carrying amount</b>				
At 31 December 2017	1,373,749	2,250	–	1,375,999
At 31 December 2018	2,443,080	–	–	2,443,080
At 31 December 2019	1,803,133	15,417	–	1,818,550
<b>Net carrying amount</b>				
At 31 December 2017	1,373,749	–	–	1,373,749
At 31 December 2018	2,443,080	–	–	2,443,080
At 31 December 2019	1,803,133	–	–	1,803,133

**Note (i):** For trade receivables, the Target Group uses the practical expedient under SFRS(I) 9 in the form of an allowance matrix to measure the ECL, where the loss allowance is equal to lifetime ECL. No loss allowance was recognised with respect to these trade receivables.

There is no allowance for other receivables.

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### **5 FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (Continued)**

#### **LIQUIDITY RISK**

Liquidity risks refer to the risks in which the Target Group encounters difficulties in meeting its short-term obligations. Liquidity risks are managed by matching the payment and receipt cycle.

The Target Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

The following table details the Target Group’s remaining contractual maturity for its non-derivative financial instruments. The table has been drawn up based on contractual undiscounted cash flows of financial instruments based on the earlier of the contractual date or when the Target Group is expected to receive or (pay). The table includes both interest and principal cash flows.

	<b>Effective interest rate</b>	<b>On demand or less than 1 year</b>	<b>2 to 5 year</b>	<b>Total amount</b>
	<b>%</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Undiscounted financial assets</b>				
Cash and cash equivalents	–	1,711,040	–	1,711,040
Trade receivables	–	1,803,133	–	1,803,133
Other receivables excluding prepayment	–	448,739	–	448,739
<b>As at 31 December 2019</b>		<b>3,962,912</b>	<b>–</b>	<b>3,962,912</b>
Cash and cash equivalents	–	3,256,375	–	3,256,375
Trade receivables	–	2,443,080	–	2,443,080
Other receivables excluding prepayment	–	1,846,914	–	1,846,914
<b>As at 31 December 2018</b>		<b>7,546,369</b>	<b>–</b>	<b>7,546,369</b>
Cash and cash equivalents	–	1,357,727	–	1,357,727
Trade receivables	–	1,373,749	–	1,373,749
Other receivables excluding prepayment	–	879,812	–	879,812
<b>As at 31 December 2017</b>		<b>3,611,288</b>	<b>–</b>	<b>3,611,288</b>



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**5 FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (Continued)**

**LIQUIDITY RISK (Continued)**

	Effective interest rate	On demand or less than 1 year	2 to 5 year	Total amount
	%	\$	\$	\$
<b><u>Undiscounted financial liabilities</u></b>				
Trade payables	–	677,413	–	677,413
Non-interest bearing other payables	–	1,169,874	–	1,169,874
Interest bearing other payables	5.25%	189,716	1,370,864	1,560,580
Lease liabilities	5.65%	728,193	961,340	1,689,533
Borrowings	4.03%	565,848	–	565,848
<b>As at 31 December 2019</b>		<b>3,331,044</b>	<b>2,332,204</b>	<b>5,663,248</b>
Trade payables	–	109,740	–	109,740
Other payables	–	435,806	–	435,806
Lease liabilities	3.82%	7,934	–	7,934
Borrowings	2.94%	350,381	–	350,381
<b>As at 31 December 2018</b>		<b>903,861</b>	<b>–</b>	<b>903,861</b>
Trade payables	–	135,198	–	135,198
Other payables	–	370,387	–	370,387
Lease liabilities	3.82%	23,856	7,934	31,790
Borrowings	4.03%	828,357	–	828,357
<b>As at 31 December 2017</b>		<b>1,357,798</b>	<b>7,934</b>	<b>1,365,732</b>
<b>Total undiscounted net financial assets/(liabilities)</b>				
– At 31 December 2019		631,868	(2,332,204)	(1,700,336)
– At 31 December 2018		6,642,508	–	6,642,508
– At 31 December 2017		2,253,490	(7,934)	2,245,556

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**APPENDIX B – INDEPENDENT AUDITORS’ REPORT ON THE  
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**5 FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (Continued)**

**LIQUIDITY RISK (Continued)**

Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the statements of financial position and as follows:

	2019	2018	2017
	\$	\$	\$
<b>Financial assets at amortised cost</b>			
Cash and cash equivalents	1,711,040	3,256,375	1,357,727
Trade receivables	1,803,133	2,443,080	1,373,749
Other receivables excluding prepayment	448,739	1,846,914	879,812
	<u>3,962,912</u>	<u>7,546,369</u>	<u>3,611,288</u>
<b>Financial liabilities at amortised cost</b>			
Trade payables	677,413	109,740	135,198
Other payables	2,537,855	435,806	370,387
Lease liabilities	1,550,121	7,873	30,963
Borrowings	549,687	339,262	774,308
	<u>5,315,076</u>	<u>892,681</u>	<u>1,310,856</u>

The Target Group maintains sufficient cash and cash equivalents and internally generated funds to finance its activities.

**MARKET RISKS**

The Target Group’s activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

Foreign currency risks

The Target Group’s exposure to foreign currency risks is minimal.

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## APPENDIX B – INDEPENDENT AUDITORS’ REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2017, 2018 AND 2019

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### **5 FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (Continued)**

#### **MARKET RISKS (Continued)**

##### Interest rate risks

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Target Group’s interest rate risks relate to interest bearing liabilities.

The Target Group’s policy is to maintain an efficient and optimal interest cost structure using a combination of fixed and variable rate debts, and long and short-term borrowings.

The Target Group’s interest rate risks arise primarily from the floating rate borrowings with financial institutions.

<b>Target Group</b>	<b>Principal</b>	<b>Interest rate range</b>
	<b>\$</b>	
<b><u>2019</u></b>		
Borrowings from financial institutions	549,687	4.73%-6.00%
	<u>549,687</u>	<u>4.73%-6.00%</u>
<b><u>2018</u></b>		
Borrowings from financial institutions	339,262	4.90%-6.00%
	<u>339,262</u>	<u>4.90%-6.00%</u>
<b><u>2017</u></b>		
Borrowings from financial institutions	774,308	3.53%-6.00%
	<u>774,308</u>	<u>3.53%-6.00%</u>

The sensitivity analyses below have been determined based on the exposure to interest rates for bank deposits and interest-bearing financial liabilities at the end of the financial year and the stipulated change taking place at the beginning of the year and held constant throughout the financial year in the case of instruments that have floating rates. A 100 basis point increase or decrease is used and represents management’s assessment of the possible change in interest rates.

If interest rates had been 100 basis points higher or lower and all other variables were held constant, the profit for the financial year ended 31 December 2019 of the Target Group would decrease/increase by \$4,562 (2018: \$2,816, 2017: \$6,427) respectively.

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**6 RELATED PARTY TRANSACTIONS**

Some of the Target Group’s transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest-free, and repayable on demand unless otherwise stated.

During the year, the Target Group entered into the following transactions with related parties.

	<b>2019</b>	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<u>Directors</u>			
Payment on behalf	–	2,266,689	392,022
	<u>–</u>	<u>2,266,689</u>	<u>392,022</u>
<u>Joint venture</u>			
Disposal of fixed assets	(56,194)	–	–
Payment on behalf	(3,155)	–	–
Purchase of services	24,961	–	–
	<u>24,961</u>	<u>–</u>	<u>–</u>
<u>Other related parties</u>			
Acquiring of fixed assets	87,942	–	–
Purchase of services	–	115,759	84,496
	<u>–</u>	<u>115,759</u>	<u>84,496</u>

***Compensation of directors and key management personnel***

The remuneration of directors and other members of key management during the year was as follows:

	<b>2019</b>	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Short-term benefits	1,676,000	630,990	105,600
Defined contribution plan	109,104	45,156	1,252
	<u>1,785,104</u>	<u>676,146</u>	<u>106,852</u>

The remuneration of directors and key management is determined by the board of directors and shareholders having regard to the performance of individuals.

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**7 CASH AND CASH EQUIVALENTS**

	2019	2018	2017
	\$	\$	\$
Cash at banks	1,709,505	3,255,971	1,357,326
Cash on hand	1,535	404	401
	<u>1,711,040</u>	<u>3,256,375</u>	<u>1,357,727</u>

Cash at banks earns interest at floating rates based on daily bank deposit rates. Cash and cash equivalents are denominated in Singapore Dollars.

**8 TRADE RECEIVABLES**

	2019	2018	2017
	\$	\$	\$
Trade receivables – third parties	1,818,550	2,443,080	1,375,999
Loss allowance	(15,417)	–	(2,250)
	<u>1,803,133</u>	<u>2,443,080</u>	<u>1,373,749</u>

Trade receivables are non-interest bearing and generally ranges between 30 to 90 days (2018: 30 to 90 days; 2017: 30 to 90 days) credit terms. Trade receivables are denominated in Singapore Dollars.

The details of the impairment of trade receivables and credit exposures are disclosed in Note 5.

**9 OTHER RECEIVABLES**

	2019	2018	2017
	\$	\$	\$
Amount due from directors of the Target Company*	–	578,220	411,887
Amount due from directors of the subsidiaries*	–	1,152,818	250,829
Deposits	235,741	104,934	217,096
Prepayments	160,584	56,492	41,958
Accrued income	17,650	–	–
Amount owing from a related party	100,000	–	–
Other receivables	95,348	10,942	–
	<u>609,323</u>	<u>1,903,406</u>	<u>921,770</u>

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## APPENDIX B – INDEPENDENT AUDITORS’ REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2017, 2018 AND 2019

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##### 9 OTHER RECEIVABLES (Continued)

The amount owing from a related party and other receivables are non-interest bearing, unsecured and repayable on demand.

In year 2018 and 2017, amount due from directors of the Target Company and the subsidiaries represented payment on behalf or advances which was unsecured, interest-free and repayable on demand.

\* In 2019, the Target Group has declared a dividend of \$3,873,408 (2018: \$1,040,000) of which \$1,643,311 (2018: \$1,040,000) was settled by way of offsetting the total amount due from directors of the Target Company and its subsidiaries and remaining paid by cash to the shareholders of the Target Company.

Other receivables are denominated in Singapore Dollars.

##### 10 INVENTORIES

	2019	2018	2017
	\$	\$	\$
Consumables and medical supplies	461,241	95,629	87,725

The cost of inventories recognised as an expense and included in “Consumables and medical supplies used” line item in profit or loss amounted to \$212,106, \$317,488 and \$375,961 for the years ended 31 December 2017, 2018 and 2019 respectively.

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**11 PROPERTY, PLANT AND EQUIPMENT**

	Computers	Office equipment	Machines and equipment	Motor Vehicle	Renovation and furniture and fittings	Leasehold properties	Total
	\$	\$	\$	\$	\$	\$	\$
<b>Cost:</b>							
At 1 January 2017	63,888	–	510,517	40,700	157,046	–	772,151
Additions	9,079	3,538	246,524	34,816	78,398	–	372,355
Disposals	–	–	–	(40,700)	–	–	(40,700)
Arising from acquisition (Note 2(b))	12,660	2,440	50,404	–	–	–	65,504
At 31 December 2017	85,627	5,978	807,445	34,816	235,444	–	1,169,310
Additions	24,220	6,192	72,358	56,500	113,318	–	272,588
Disposals	(12,000)	–	–	(34,816)	–	–	(46,816)
Disposal of a subsidiary (Note 2(f))	(6,456)	(598)	(6,692)	–	(44,286)	–	(58,032)
Arising from acquisition (Note 2(e))	–	–	4,101	–	–	–	4,101
At 31 December 2018	91,391	11,572	877,212	56,500	304,476	–	1,341,151
Recognition of right-of-use assets on initial application of SFRS(l) 16	–	–	–	–	–	1,931,802	1,931,802
Adjusted balance at 1 January 2019	91,391	11,572	877,212	56,500	304,476	1,931,802	3,272,953
Additions	41,115	6,992	286,214	–	408,491	–	742,812
Disposals	(4,960)	–	(92,858)	–	(164,288)	–	(262,106)
Disposal of a subsidiary (Note 2(i))	(24,278)	–	–	(56,500)	(78,145)	(639,392)	(798,315)
Arising from acquisition (Note 2(j))	6,179	2,756	3,218	–	117,575	425,779	555,507
At 31 December 2019	109,447	21,320	1,073,786	–	588,109	1,718,189	3,510,851



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**11 PROPERTY, PLANT AND EQUIPMENT (Continued)**

	Computers	Office equipment	Machines and equipment	Motor Vehicle	Renovation and furniture and fittings	Leasehold properties	Total
	\$	\$	\$	\$	\$	\$	\$
<b>Accumulated depreciation:</b>							
At 1 January 2017	21,270	–	57,355	20,350	41,734	–	140,709
Charge for the year	23,313	227	83,281	17,408	37,426	–	161,655
Disposals	–	–	–	(20,350)	–	–	(20,350)
At 31 December 2017	44,583	227	140,636	17,408	79,160	–	282,014
Charge for the year	27,775	2,290	114,827	28,432	49,372	–	222,696
Disposals	(7,667)	–	–	(34,816)	–	–	(42,483)
Disposal of a subsidiary (Note 2(f))	(2,690)	(150)	(1,046)	–	(8,667)	–	(12,553)
At 31 December 2018	62,001	2,367	254,417	11,024	119,865	–	449,674
Charge for the year	24,888	2,718	129,812	16,536	74,463	240,731	489,148
Disposals	(1,557)	–	(16,935)	–	(112,811)	–	(131,303)
Disposal of a subsidiary (Note 2(i))	(18,339)	–	–	(27,560)	(6,980)	(53,283)	(106,162)
At 31 December 2019	66,993	5,085	367,294	–	74,537	187,448	701,357
<b>Carrying amount:</b>							
At 31 December 2019	42,454	16,235	706,492	–	513,572	1,530,741	2,809,494
At 31 December 2018	29,390	9,205	622,795	45,476	184,611	–	891,477
At 31 December 2017	41,044	5,751	666,809	17,408	156,284	–	887,296

Included in machines and equipments is an asset partially financed by finance lease of carrying amount of nil (2018: \$30,963, 2017: \$53,177).

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### 12 INVESTMENT IN JOINT VENTURES

	2019	2018	2017
	\$	\$	\$
Investment in joint ventures	463,040	–	–
Amount due to joint venture	(184,543)	–	–
Share of post-acquisition results	(157,074)	–	–
	<u>121,423</u>	<u>–</u>	<u>–</u>

Details of the joint ventures are as follows:

Name of joint venture	Place of establishment and business	Principal activities	Effective equity held by the Target Group		
			2019	2018	2017
Livingstone Soriya Medical Specialists Co., Ltd (“LSMS”) <sup>(1)</sup>	Cambodia	Medical Clinic	57%	–	–
Activfix Pte Ltd (“Activfix”) <sup>(2)</sup>	Singapore	Physiotherapy	60%	–	–

(1) Reviewed by Mazars LLP, Singapore, for the purpose of equity accounting.

(2) The unaudited account has been used for the purpose equity accounting as it is not material to the Target Group’s consolidated financial statements.

#### *Summarised financial information of LSMS*

The summarised financial information in respect of LSMS based on its SFRS(I) financial statements and reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

	2019	2018	2017
	\$	\$	\$
<b>Assets and liabilities:</b>			
Non-current assets	272,527	–	–
Current assets	372,404	–	–
Total assets	<u>644,931</u>	<u>–</u>	<u>–</u>
Current liabilities	(109,194)	–	–
Total liabilities	<u>(109,194)</u>	<u>–</u>	<u>–</u>
Net assets	<u>535,737</u>	<u>–</u>	<u>–</u>

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### 12 INVESTMENT IN JOINT VENTURES (Continued)

*Summarised financial information of LSMS (Continued)*

	2019	2018	2017
	\$	\$	\$
Target Group’s share of joint ventures’ net assets	305,370	–	–
Amount due to joint venture	(184,543)	–	–
Foreign exchange differences	596	–	–
Carrying amount of the investment	<u>121,423</u>	<u>–</u>	<u>–</u>
<b>Results:</b>			
Revenue	27,008	–	–
Loss for the financial year	<u>(275,568)</u>	<u>–</u>	<u>–</u>

### 13 GOODWILL ARISING ON CONSOLIDATION

	2019	2018	2017
	\$	\$	\$
<b>At cost</b>			
At beginning of financial year	–	–	–
Arising on acquisition of subsidiaries (Note 2(j))	988,640	–	–
Arising on acquisition of business (Note 2(k))	<u>2,647,011</u>	<u>–</u>	<u>–</u>
At end of financial year	<u>3,635,651</u>	<u>–</u>	<u>–</u>

Goodwill acquired is allocated to the cash-generating units (“CGU”) that are expected to benefit from the CGU.

The carrying amount of goodwill had been allocated by CGU or groups of CGU as follows:

	2019	2018	2017
	\$	\$	\$
Phoenix Medical Group of Companies	988,640	–	–
Acquisition of Business	<u>2,647,011</u>	<u>–</u>	<u>–</u>
	<u>3,635,651</u>	<u>–</u>	<u>–</u>

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### 13 GOODWILL ARISING ON CONSOLIDATION (Continued)

The carrying amount of goodwill had been allocated by reportable operating segments as follows:

	2019	2018	2017
	\$	\$	\$
Family Medicine	988,640	–	–
Orthopaedic Surgery	2,647,011	–	–
	<u>3,635,651</u>	<u>–</u>	<u>–</u>

The Target Group tests CGU for impairment annually, or more frequently when there is an indication for impairment.

The recoverable amounts of the CGU are determined from value-in-use calculations which was performed by an independent external valuer. Cash flow projections used in the value-in-use calculations were based on financial budgets approved by Board of Directors covering a five-year period. The key assumptions for these value-in-use calculations are those regarding the discount rates, growth rates and expected changes to gross margins during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on industry growth forecasts. Changes in gross margins are based on past practices and expectations of future changes in the market.

Key assumptions on which management has based its cash flow projections for the respective periods of the significant CGU are as follows:

	Phoenix Medical Group of Companies			Acquisition of business		
	2019	2018	2017	2019	2018	2017
Gross margin <sup>(i)</sup>	71.9%	–	–	79.5%	–	–
Growth rates <sup>(ii)</sup>	-0.7% to 2.2%	–	–	-15.3% to 15%	–	–
Discount rates <sup>(iii)</sup>	8.8%	–	–	14.5%	–	–
Terminal value growth rates <sup>(iv)</sup>	1.2%	–	–	1.2%	–	–

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### 13 GOODWILL ARISING ON CONSOLIDATION (Continued)

*Key assumptions used in the value-in-use calculations*

- (i) *Budgeted gross margins* – Budgeted gross margins are determined based on past performance and its expectations of market developments.
- (ii) *Growth rates* – The forecasted growth rates are based on published industry research relevant to the CGUs, taking into account of the forecasted growth rates relevant to the environment where the CGUs operate in.
- (iii) *Discount rates* – The discount rates used are based on the weighted average cost of the CGU’s capital (the “WACC”), adjusted for the specific circumstances of the CGU and based on management’s experience, and re-grossed back to arrive at the pre-tax rates.
- (iv) *Terminal value growth rates* – The terminal growth rates are determined based on management’s estimate of the long-term industry growth rates.

*Sensitivity to changes in assumptions*

Management is of the view that any reasonable possible change in any of the above key assumptions are not likely to materially cause the CGU’s carrying amount to exceed its recoverable amount.

*Impairment loss recognised*

No impairment loss was recognised during the current financial year ended 31 December 2019.

### 14 TRADE PAYABLES

	2019	2018	2017
	\$	\$	\$
Trade payables – third parties	677,413	109,740	135,198

The average credit period on purchases of goods generally ranges between 30 to 60 days (2018: 30 to 60 days; 2017: 30 to 60 days). No interest is charged on the trade payables. Trade payables are denominated in Singapore Dollars.

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**15 OTHER PAYABLES**

	2019	2018	2017
	\$	\$	\$
<b><i>Non-current</i></b>			
Deferred consideration on business acquisition (Note 2(k))*	635,363	–	–
Deferred consideration on acquisition of PMG Group of companies (Note 2(j))*	552,391	–	–
	<u>1,187,754</u>	<u>–</u>	<u>–</u>
<b><i>Current</i></b>			
Accruals	692,901	288,006	188,060
Customer deposits	33,775	28,736	37,536
GST payables	105,701	119,064	51,253
Amount due to directors of the Target Company	–	–	18,802
Amount due to directors of the subsidiaries	30,800	–	–
Deferred consideration on business acquisition (Note 2(k))*	180,227	–	–
Others	306,697	–	74,736
	<u>1,350,101</u>	<u>435,806</u>	<u>370,387</u>
Total	<u><u>2,537,855</u></u>	<u><u>435,806</u></u>	<u><u>370,387</u></u>

Amount due to directors of the Target Company and the subsidiaries are unsecured, interest-free and repayable on demand.

\* The deferred considerations payable are non-trade, unsecured, interest bearing at 5.25% and repayable as according to the contracted date.

Accruals mainly consist of accrued operating expenses.

Other payables are non-trade in nature, unsecured, interest-free, repayable on demand.

Other payables are denominated in Singapore Dollars.

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**16 BORROWINGS**

	2019	2018	2017
	\$	\$	\$
Loan 1	22,570	88,078	150,280
Loan 2	32,849	108,954	181,202
Loan 3	–	13,833	40,323
Loan 4	–	12,328	27,995
Loan 5	–	116,069	218,113
Loan 6	65,265	–	–
Loan 7	120,000	–	–
Loan 8	71,271	–	–
Loan 9	78,733	–	–
Loan 10	5,421	–	–
Loan 11	110,802	–	–
Loan 12	42,776	–	–
Loan 13	–	–	15,000
Loan 14	–	–	141,395
	<u>549,687</u>	<u>339,262</u>	<u>774,308</u>

Borrowings are classified as current liabilities due to a repayment in demand clause allowing the lenders the right to request for repayments from the Target Group by the lenders, regardless of occurrence of any default events. Historically, there were no instances where the lenders have requested for repayment of the loans ahead of the due dates.

- (a) Loan 1 of \$300,000 was raised on 22 May 2015. Repayments commenced on 22 May 2015 and will continue until 22 April 2020. The loan is secured by a joint personal guarantee from certain directors of the Target Group and the Target Company. The effective interest of the loan is at 5.51% per annum.
- (b) Loan 2 of \$350,000 was raised on 5 June 2015. Repayments commenced on 5 June 2015 and will continue until 5 May 2020. The loan is secured by a joint personal guarantee from certain directors of the Target Group and the Target Company. The effective interest of the loan is at 5.51% per annum.
- (c) Loan 3 of \$100,000 was raised on 18 June 2015. Repayments commenced on 18 July 2015 and will continue until 18 June 2019. The loan is secured by a joint personal guarantee from certain directors of the Target Group and the Target Company. The effective interest of the loan is at 6.00% per annum.



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#### **16 BORROWINGS (Continued)**

- (d) Loan 4 of \$60,000 was raised on 23 October 2015. Repayments commenced on 23 October 2015 and will continue until 23 September 2019. The loan is secured by a joint personal guarantee from certain directors of the Target Group and the Target Company. The effective interest of the loan is at 6.00% per annum.
- (e) Loan 5 of \$400,000 was raised on 1 February 2016. Repayments commenced on 1 February 2016 and will continue until 1 January 2020. The loan is secured by a joint personal guarantee from certain directors of the Target Group and the Target Company. The effective interest of the loan is at 4.90% per annum.
- (f) Loan 6 of \$150,000 was raised on 17 April 2018 and is arising from the acquisition of PMG Group in 2019. Repayment commenced on 24 April 2018 and will continue until 24 March 2021. The loan is secured by a joint personal guarantee from certain directors of the Target Group. The effective interest of the loan is at 5.03% per annum.
- (g) Loan 7 of \$120,000 was raised on 16 December 2019 and is arising from the acquisition of PMG Group in 2019. Repayment commenced on 21 January 2020 and will continue until 21 December 2022. The loan is secured by a joint personal guarantee from certain directors of the Target Group. The effective interest of the loan is at 6.00% per annum.
- (h) Loan 8 of \$100,000 was raised on 18 January 2019 and is arising from the acquisition of PMG Group in 2019. Repayment commenced on 1 February 2019 and will continue until 1 February 2022. The loan is secured by a joint personal guarantee from certain directors of the Target Group. The effective interest of the loan is at 5.74% per annum.
- (i) Loan 9 of \$100,000 was raised on 28 September 2018 and is arising from the acquisition of PMG Group in 2019. Repayment commenced on 1 November 2018 and will continue until 1 October 2023. The loan is secured by a joint personal guarantee from certain directors of the Target Group. The effective interest of the loan is at 4.73% per annum.
- (j) Loan 10 of \$180,000 was raised on 23 January 2017 and is arising from the acquisition of PMG Group in 2019. Repayment commenced on 1 February 2017 and will continue until 1 January 2020. The loan is secured by a joint personal guarantee from certain directors of the Target Group. The effective interest of the loan is at 5.22% per annum.
- (k) Loan 11 of \$120,000 was raised on 13 September 2019 and is arising from the acquisition of PMG Group in 2019. Repayment commenced on 1 October 2019 and will continue until 1 September 2022. The loan is secured by a joint personal guarantee from certain directors of the Target Group. The loan carries effective interest at 6.00% per annum.
- (l) Loan 12 of \$140,000 was raised on 15 November 2017 and is arising from the acquisition of PMG Group in 2019. Repayment commenced on 1 December 2017 and will continue until 1 November 2020. The loan is secured by a joint personal guarantee from certain directors of the Target Group. The effective interest of the loan is at 4.76% per annum.

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#### 16 BORROWINGS (Continued)

- (m) Loan 13 of \$67,500 was raised on 3 September 2015. Repayments commenced on 3 September 2015 and was fully repaid on 3 August 2018. The loan was secured by a joint personal guarantee from certain directors of the Target Group and the Target Company. The effective interest of the loan is at 3.53% per annum.
- (n) Loan 14 of \$160,000 was raised on 5 May 2017 by VS Venture. Repayments commenced on 5 May 2017 and will continue until 5 April 2022. The loan is secured by a joint personal guarantee from certain directors of the Target Group and the Target Company. The loan carries effective interest at 5.90% per annum. VS Venture has been disposed on 31 July 2018. Further details of the disposal have been disclosed in Note 2 of the financial statements.

#### 17 LEASE LIABILITIES

	Minimum lease payments			Present value of minimum lease payments		
	2019	2018	2017	2019	2018	2017
	\$	\$	\$	\$	\$	\$
Amount payable under finance leases:						
Within one year	728,193	7,934	23,856	660,498	7,873	23,090
In the second to fifth year inclusive	961,340	–	7,934	889,623	–	7,873
	1,689,533	7,934	31,790	1,550,121	7,873	30,963
Less: future finance charges	(139,412)	(61)	(827)	–	–	–
Present value of lease obligations	1,550,121	7,873	30,963	1,550,121	7,873	30,963

The Target Group leased certain medical equipment and leasehold properties under leases. The lease term is one to five years. Interest rates are fixed at inception of the lease contract dates and effective interest is at 5.65% (2018: 3.82%, 2017: 3.82%) per annum. All leases are on fixed repayment basis with no contingent rental payments. The Target Group's obligations under leases are secured by the lessor's charge over the leased medical equipment and leasehold properties (Note 11).

The Target Group leases certain clinic and office for one to three years. Previously, these leases were classified as operating leases under SFRS(I)17.

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### 17 LEASE LIABILITIES (Continued)

#### Recognition exemptions

The Target Group has certain lease contracts with lease terms of 12 months or less and/or of low value. For such leases, the Target Group has elected not to recognise right-of use assets and lease liabilities.

#### Right-of-use assets

The carrying amount of right-of-use assets by class of underlying asset classified within property, plant and equipment as follows:

<b>Target Group</b>	<b>Leasehold properties</b>
	<b>\$</b>
At 1 January 2019	1,931,802
Disposal of a subsidiary (Note 2(i))	(586,109)
Arising from acquisition (Note 2(j))	425,779
Depreciation, net of disposal and acquisition of subsidiaries (Note 11)	(240,731)
At 31 December 2019	<u>1,530,741</u>

### 18 DEFERRED REVENUE

Deferred revenue represents upfront receipt from customers.

	<b>2019</b>	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
At the beginning of the year	1,011,556	895,481	358,240
Receipt from customers	1,827,922	1,839,779	1,718,232
Revenue recognised during the year	<u>(1,808,046)</u>	<u>(1,723,704)</u>	<u>(1,180,991)</u>
At the end of the year	<u>1,031,432</u>	<u>1,011,556</u>	<u>895,481</u>

There were no significant changes in the nature of deferred revenue balances during the reporting period, the deferred revenue is expected to be realised within the next financial year.

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**19 DEFERRED TAX LIABILITIES**

	<b>Accelerated tax depreciation</b>
	<b>\$</b>
Balance at 1 January 2017	48,325
Charged to profit or loss for the year (Note 26)	29,400
Balance at 31 December 2017	77,725
Charged to profit or loss for the year (Note 26)	7,284
Balance at 31 December 2018	85,009
Charged to profit or loss for the year (Noted 26)	(80,818)
Deferred tax expense for discontinued operations	1,834
Disposal of a subsidiary (Note 2(i))	(3,881)
Balance at 31 December 2019	2,144

**20 SHARE CAPITAL**

	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
	<b>Number of shares</b>			<b>\$</b>	<b>\$</b>	<b>\$</b>
Ordinary shares						
Beginning of year	9,955	1	300	1,000,952	1	300
Issue of new						
ordinary shares	2,282,759	9,954	95,901	2,266,916	1,000,951	95,901
Effect of						
restructuring	–	–	(96,200)	–	–	(96,200)
	2,292,714	9,955	1	3,267,868	1,000,952	1
Effect of sub-division of						
shares (Note 2h)	209,108,918	–	–	–	–	–
Effect of share						
consolidation						
(Note 2h)	(35,233,605)	–	–	–	–	–
End of year	176,168,027	9,955	1	3,267,868	1,000,952	1

Fully paid ordinary shares, which have no par value, carry one vote per share and a right to dividends as and when declared by the Target Company.

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**20 SHARE CAPITAL (Continued)**

The cash received for the share capital are as follows:

	2019	2018	2017
	\$	\$	\$
Issued share capital	2,266,916	1,000,951	95,901
Less: Shares converted from other reserve (Note 21)	(2,123,322)	–	–
Less: Shares issued for investment in subsidiaries (Note 2(c))	(43,592)	–	–
Cash receipts from issued of share capital	<u>100,002</u>	<u>1,000,951</u>	<u>95,901</u>

**21 RESERVES**

Merger reserve

This represents the difference between the consideration and the aggregate nominal amounts of the share capital of the entities under common control at the date when these entities were consolidated as part of the restructuring exercise to the Target Group.

Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Target Group’s presentation currency.

Other reserve

This represents amounts due to immediate holding company and are unsecured, interest-free and not expected to be repaid. During the year 2019, the Target Company converted \$2,123,322 of its quasi-loan to share capital (Note 20).

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**22 REVENUE**

	2019	2018	2017
	\$	\$	\$
<i>Segment Revenue (Continuing operations):</i>			
Aesthetics and wellness			
– Treatment services	1,785,986	1,742,270	1,281,795
– Sale of medication and skincare products	30,294	138,841	219,477
Anaesthesiology and pain management			
– Treatment services	3,454,042	2,529,954	–
Family medicine	–	–	–
Internal medicine	81,386	–	–
Other revenue	807,251	–	–
	<u>6,158,959</u>	<u>4,411,065</u>	<u>1,501,272</u>
Timing of revenue recognition:			
At a point in time	30,294	138,841	219,477
Over time	6,128,665	4,272,224	1,281,795
	<u>6,158,959</u>	<u>4,411,065</u>	<u>1,501,272</u>

**23 OTHER OPERATING INCOME**

	2019	2018	2017
	\$	\$	\$
Productivity and innovation credit cash payout	–	46,420	27,702
Wage and other employment credit scheme	3,239	4,186	4,614
Gain on disposal of fixed assets	5,271	–	–
Others	13,032	3,022	20,197
	<u>21,542</u>	<u>53,628</u>	<u>52,513</u>

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**24 OTHER OPERATING EXPENSES**

	<b>2019</b>	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Marketing expenses	345,296	194,347	170,106
Loss allowance	15,417	–	2,250
Bad debts written off	1,718	4,641	952
Rental expenses	128,454	211,770	214,311
Hospital administrative expenses	44,201	73,725	–
Listing expenses	595,614	81,863	–
Bank and credit card charges	50,256	52,423	48,473
Repair and maintenance	99,183	6,883	9,204
Loss on disposal of property, plant and equipment	51,190	–	–
Audit fees	82,105	70,000	10,000
Others	122,918	59,327	39,510
	<u>1,536,352</u>	<u>754,979</u>	<u>494,806</u>

**25 FINANCE COSTS**

	<b>2019</b>	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Interest expense on lease liabilities	22,371	–	–
Interest expense on bank overdraft	30	–	–
Interest expense on borrowings	7,199	17,669	30,984
	<u>29,600</u>	<u>17,669</u>	<u>30,984</u>



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**26 INCOME TAX EXPENSE**

	2019	2018	2017
	\$	\$	\$
<b>Current tax expense</b>			
Current financial year	470,128	451,160	321,502
Overprovision in prior financial year	(1,401)	–	–
	<u>468,727</u>	<u>451,160</u>	<u>321,502</u>
<b>Deferred tax (credit)/expense (Note 19)</b>			
Origination and reversal of temporary differences	(58,033)	7,284	29,400
Overprovision in prior financial year	(20,951)	–	–
	<u>(78,984)</u>	<u>7,284</u>	<u>29,400</u>
Income tax expense	<u>389,743</u>	<u>458,444</u>	<u>350,902</u>
Income tax expense attributable to the following:			
– Continuing operations	70,245	237,652	46,885
– Discontinued operations (Note 28)	319,498	220,792	304,017
	<u>389,743</u>	<u>458,444</u>	<u>350,902</u>

The income tax varied from the amount of taxation determined by applying the Singapore statutory income tax rate of 17% (2018 and 2017: 17%) to profit before income tax as a result of the following differences:

	2019	2018	2017
	\$	\$	\$
Profit before income tax from continuing operations	490,547	2,057,444	147,452
Profit before taxation from discontinued operation	1,729,583	1,604,763	2,216,831
Total profit before taxation	2,220,130	3,662,207	2,364,283
Add: Share of losses from equity-accounted for joint ventures	157,074	–	–
Profit before taxation and share of losses from equity-accounted joint ventures	<u>2,377,204</u>	<u>3,662,207</u>	<u>2,364,283</u>

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**26 INCOME TAX EXPENSE (Continued)**

	<b>2019</b>	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Income tax expenses calculated at statutory rate	404,125	622,575	401,928
Effect of tax concessions and tax exemptions	(206,970)	(160,115)	(98,000)
Effects of non-deductible expenses	230,589	–	–
Effects of unused tax losses not recognised as deferred tax asset	–	3,339	52,250
Overprovision income tax for prior year	(22,352)	–	–
Effects of non-taxable income	(15,620)	(7,516)	(10,309)
Others	(29)	161	5,033
	<u>389,743</u>	<u>458,444</u>	<u>350,902</u>

**27 PROFIT FROM CONTINUING OPERATIONS**

Profit from continuing operations has been arrived at after charging/(crediting):

	<b>2019</b>	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Employee benefit – directors of the Target Company			
– Short-term benefits	404,400	95,020	–
– Defined contribution plan	32,130	12,240	–
Employee benefits – directors of subsidiaries			
– Short-term benefits	1,048,000	357,000	98,240
– Defined contribution plan	52,930	5,100	–
Key management remuneration other than directors			
– Short-term benefits	223,600	178,970	7,360
– Defined contribution plan	24,044	27,816	1,252
Employee benefits expenses (including directors’ remuneration)			
Salaries and other related costs	2,373,841	1,053,324	497,321
Defined contribution plan	<u>167,303</u>	<u>85,048</u>	<u>37,286</u>

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### 28 DISCONTINUED OPERATION

On 26 December 2019, the Target Group agreed to dispose the entire issued share capital of SN Orthopaedics for a total consideration of \$1,831,421 to Dr. Sean Ng. The transaction to Dr. Sean Ng was effective on 31 December 2019.

As at 31 December 2019, the assets and liabilities relating to SN Orthopaedics are disposed as per Note 2(i).

The results of the discontinued operations were as follows:

	Target Group		
	2019	2018	2017
	\$	\$	\$
<b><u>Discontinued operations</u></b>			
Revenue	8,587,729	4,445,835	4,045,706
Other operating income	21,565	30,023	10,611
Consumables and medical supplies used	(1,611,972)	(892,106)	(800,004)
Employees benefits expense	(1,916,720)	(1,043,092)	(412,429)
Commission to doctor	(1,062,588)	–	–
Depreciation expense	(140,371)	(43,955)	(27,826)
Other operating expenses	(2,127,712)	(878,937)	(582,374)
Finance costs	(20,348)	(13,005)	(16,853)
Profit from discontinued operations, before income tax	1,729,583	1,604,763	2,216,831
Income tax expense (Note 26)	(319,498)	(220,792)	(304,017)
Profit from discontinued operations, net of tax	1,410,085	1,383,971	1,912,814

#### Earnings per share disclosures

	Target Group		
	2019	2018	2017
	\$	\$	\$
Earnings per share from discontinued operation attributable to owners of the Target Company (cents):			
Basic (Cents)	0.80	0.79	1.08

All the financial assets and liabilities held by SN Orthopaedics are denominated in Singapore Dollars.

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### 28 DISCONTINUED OPERATION (Continued)

Cash flow statement disclosures

	Target Group		
	2019	2018	2017
	\$	\$	\$
Operating	1,081,264	468,437	1,174,838
Investing	(75,570)	125,263	(16,667)
Financing	(1,054,943)	(377,193)	(1,020,896)
Net cash (outflows)/inflows	(49,249)	216,507	137,275

### 29 DIVIDENDS

During the year ended 31 December 2019, the Target Group declared total dividends of \$3,873,408, of which \$1,643,311 were used to offset the total amount due from directors of the Target Company and its subsidiaries and remaining paid by cash to shareholders of the Target Company.

During the year ended 31 December 2018, the Target Group declared total dividends of \$1,040,000, of which the full amount of \$1,040,000 were used to offset the total amount due from directors of the Target Company and its subsidiaries.

During the year ended 31 December 2017, total dividends of \$1,515,300 were declared and distributed to its shareholders.

The rate of dividends and number of shares ranking for the dividends are not presented as such information is not considered meaningful having regard to the purpose of this report.

### 30 SEGMENT INFORMATION

For management purposes and resource allocation, the Target Group is organised into business operating units based on reports reviewed by management team that are used to make strategic decisions. This forms the basis of identifying the segments of the Target Group under SFRS(I) 8 *Operating segments* as follows:

(i) Aesthetics and wellness

Provision of a range of services including laser and resurfacing therapies, radiofrequency, light and ultrasound-based treatments, botulinum toxin and filler injections, chemical peels and various facial and body wellness treatments.

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## **APPENDIX B – INDEPENDENT AUDITORS’ REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2017, 2018 AND 2019**

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### **30 SEGMENT INFORMATION (Continued)**

(ii) Anaesthesiology and pain management

Provision of comprehensive anaesthetic services and perioperative care for a wide range of surgeries and procedures, assisting to manage high risk and unstable patients who have undergone high risk surgeries, and who may need high dependency or intensive care monitoring in the intensive care unit. The Target Group also specialises in the management of chronic and acute pain conditions in the neck, back, nerve, abdominal, pelvic regions as well as cancer pain and fibromyalgia. Apart from medication and physical therapy, the Target Group also provides interventional pain procedures and ultrasound-guided chronic pain interventions.

(iii) Family medicine

Provision of general medicine services that include, amongst others, the management of general acute conditions such as simple respiratory/gastrointestinal infections, musculoskeletal complaints, headaches and dermatological conditions as well as chronic conditions such as diabetes, hypertension, dyslipidemia and asthma.

(iv) Internal medicine

Provision of cardiology and endocrinology services. Cardiac services range from screening to interventional treatment procedures, while adopting reliable and accurate technology to provide the highest quality of care for all patients. Endocrinology includes the provision of specialised expertise in both type 1 and 2 diabetes (including gestational diabetes), treatment of thyroid, pituitary and adrenal problems, holistic care for osteoporosis, obesity and metabolic issues, and the diagnosis and management of hormone-related infertility.

(v) Orthopaedic surgery

Provision of specialised care for patients with orthopaedic problems, the Target Group offers treatment techniques such as computer-guided, robotic, percutaneous and minimally invasive surgery/keyhole surgery. These help to potentially reduce complications and allows faster and more functional recovery for the patients. Other than general orthopaedics in areas such as neck and back pain, the Target Group also provides a range of services for a variety of orthopaedic problems, including without limitation, upper and lower limb conditions, trauma, sports surgery, and arthritis (conservative and surgical management).

The accounting policies of the reportable segments are the same as the Target Group's accounting policies described in Note 3. Segment profit represents the profit earned by each segment without allocation of other gains and losses, distribution and selling expenses, administrative expenses, finance income and finance cost. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and performance assessment.

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#### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2017, 2018 AND 2019

#### 30 SEGMENT INFORMATION (Continued)

##### *Segment revenue and results*

The following is an analysis of the Target Group’s revenue and results by reportable segments:

	Aesthetics and wellness	Anaesthesiology and pain management	Family Medicine	Internal Medicine	Orthopaedic surgery	Others	Target Group
	\$	\$	\$	\$	\$	\$	\$
<b>31 DECEMBER 2019</b>							
Segment revenue	1,816,280	3,454,042	–	81,386	8,587,729	807,251	14,746,688
Segment (loss)/profit	(150,343)	1,293,237	–	(139,567)	1,406,471	74,389	2,484,187
Unallocated loss							(653,800)
							1,830,387
Depreciation	232,944	23,049	–	31,908	140,374	–	428,275
Unallocated depreciation							60,873
							489,148
Share of losses from joint ventures	–	–	–	–	–	157,074	157,074
Finance costs	21,492	–	–	5,670	20,348	–	47,510
Unallocated finance cost							2,438
							49,948
Income tax (credit)/expense	(84,422)	137,400	–	–	319,498	5,154	377,630
Unallocated income tax expense							12,113
							389,743
Segment assets	2,792,755	1,902,497	2,725,969	1,036,863	1,574,329	630,855	10,663,268
Unallocated assets							488,037
							11,151,305
Segment liabilities	124,844	413,423	1,398,649	883,072	1,668,437	244,661	4,733,086
Unallocated liabilities							1,870,213
							6,603,299

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**30 SEGMENT INFORMATION (Continued)**

*Segment revenue and results (Continued)*

	<b>Aesthetics and wellness</b>	<b>Anaesthesiology and pain management</b>	<b>Orthopaedic surgery</b>	<b>Target Group</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>31 DECEMBER 2018</b>				
Segment revenue	1,881,111	2,529,954	4,445,835	8,856,900
Segment profit	406,080	1,435,845	1,383,971	3,225,896
Unallocated loss				(22,133)
				3,203,763
Depreciation	152,253	26,192	43,955	222,400
Unallocated depreciation				296
				222,696
Finance costs	17,669	–	13,005	30,674
Income tax expense	35,122	200,386	220,792	456,300
Unallocated income tax expense				2,144
				458,444
Segment assets	1,660,906	3,982,229	2,140,075	7,783,210
Unallocated assets				806,757
				8,589,967
Segment liabilities	1,447,397	426,664	638,102	2,512,163
Unallocated liabilities				705
				2,512,868



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**30 SEGMENT INFORMATION (Continued)**

*Segment revenue and results (Continued)*

	<b>Aesthetics and wellness</b>	<b>Anaesthesiology and pain management</b>	<b>Orthopaedic surgery</b>	<b>Target Group</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>31 DECEMBER 2017</b>				
Segment revenue	1,501,272	–	4,045,705	5,546,977
Segment profit	100,567	–	1,912,814	2,013,381
Depreciation	133,829	–	27,826	161,655
Finance costs	30,984	–	16,853	47,837
Income tax expenses	46,884	–	304,018	350,902
Segment assets	1,517,198	1,370,856	1,740,212	4,628,266
Unallocated assets				1
				4,628,267
Segment liabilities	1,768,953	341,896	755,967	2,866,816
Unallocated liabilities				–
				2,866,816

*Geographical location*

The Target Group’s operations are mainly located in Singapore.

The Target Group’s revenue from external customers based on the location of the Target Group’s operations are mainly from Singapore.

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### 30 SEGMENT INFORMATION (Continued)

*Geographical location (Continued)*

**Reconciliations of reportable segment revenues, profit or loss and other material items**

	2019	2018	2017
	\$	\$	\$
<b>Revenue</b>			
Total revenue for reportable segments	14,746,688	8,856,900	5,546,977
Elimination of discontinued operations	(8,587,729)	(4,445,835)	(4,045,705)
Consolidated revenue	6,158,959	4,411,065	1,501,272
<b>Profit or loss, net of tax</b>			
Total profit for reportable segments	1,830,387	3,203,763	2,013,381
Elimination of discontinued operations	(1,410,085)	(1,383,971)	(1,912,814)
<b>Consolidated profit</b>	420,302	1,819,792	100,567
<b>Other material items</b>			
Depreciation	489,148	222,696	161,655
Elimination of discontinued operations	(140,371)	(43,955)	(27,826)
Consolidated depreciation	348,777	178,741	133,829
Finance costs	49,948	30,674	47,837
Elimination of discontinued operations	(20,348)	(13,005)	(16,853)
Consolidated finance costs	29,600	17,669	30,984
Income tax expenses	389,743	458,444	350,902
Elimination of discontinued operations	(319,498)	(220,792)	(304,017)
Consolidated income tax expenses	70,245	237,652	46,885

### 31 EARNINGS PER SHARE

The basic earnings per share is calculated based on the profits attributable to the owners of the Target Company for each relevant financial year and the existing shares as at 31 December 2019 at 176,168,027 for illustrative purposes.

The fully diluted earnings per share and basic earnings per share are the same because there is no dilutive share.

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**31 EARNINGS PER SHARE (Continued)**

The calculation of the basic earnings per share attributable to the ordinary equity holders of the Target Company is based on the following data:

	<b>Target Group</b>		
	<b>2019</b>	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Profit for the financial year			
– Continued operations	420,302	1,819,792	69,227
– Discontinued operations	1,410,085	1,383,971	1,912,814
	<u>1,830,387</u>	<u>3,203,763</u>	<u>1,982,041</u>
Number of shares	<u>176,168,027</u>	<u>176,168,027</u>	<u>176,168,027</u>
Basic and diluted earnings per share (cents)			
– Continued operations	0.24	1.03	0.04
– Discontinued operations	0.80	0.79	1.09
– Total	<u>1.04</u>	<u>1.82</u>	<u>1.13</u>

**32 OPERATING LEASE ARRANGEMENTS**

The Target Group as a lessee

	<b>2019</b>	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Minimum lease payments under operating leases and recognised as an expense in the year	<u>–</u>	<u>357,986</u>	<u>367,180</u>

At the end of the reporting period, the Target Group have outstanding commitments under non-cancellable operating leases which fall due as follows:

	<b>2019</b>	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Within one year	–	214,575	346,814
More than 1 year but less than 5 years	–	154,441	207,700
	<u>–</u>	<u>369,016</u>	<u>554,514</u>

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2017, 2018 AND 2019

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#### 32 OPERATING LEASE ARRANGEMENTS (Continued)

##### The Target Group as a lessee (Continued)

In the previous year, operating lease payments represent rentals payable by the Target Group for office premises. Leases were negotiated for an average term of 2 years (2017: 2 years) and rentals are fixed for that period.

#### 33 FAIR VALUE OF ASSETS AND LIABILITIES

The carrying amounts of financial assets and financial liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

#### 34 CAPITAL MANAGEMENT POLICIES AND OBJECTIVES

The Target Group manages its capital to ensure that entities in the Target Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance except where decisions are made to exit businesses or close companies.

The capital structure of the Target Group consists of debts, which includes the borrowings and lease liabilities disclosed in Note 16 and 17 and equity attributable to owners of the Target Company, comprising issued capital and reserves as disclosed in Note 20 and 21.

The Target Group's management reviews the capital structure on a regularly basis. As part of this review, management considers the cost of capital and the risks associated with each class of capital. Upon review, the Target Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt. The Target Group's overall strategy remains unchanged from 2017 and 2018.

Management monitors capital based on a gearing ratio and the gearing ratio is calculated as net debt divided by total equity. Net debt is calculated as borrowings plus lease liabilities less cash and cash equivalents.

	2019	2018	2017
	\$	\$	\$
Net debt/(cash)	388,768	(2,909,240)	(552,456)
Total equity	4,548,006	6,077,099	1,761,451
Gearing ratio	9%	NM*	NM*

\* Not meaningful

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## **APPENDIX B – INDEPENDENT AUDITORS’ REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2017, 2018 AND 2019**

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### **LIVINGSTONE HEALTH LTD AND ITS SUBSIDIARIES (FORMERLY KNOWN AS ARDMORE MEDICAL GROUP LIMITED)**

#### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2017, 2018 AND 2019**

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#### **35 EVENTS SUBSEQUENT TO REPORTING PERIOD**

Subsequent to year end, total dividends of \$1,418,313 were declared to the shareholders of the Target Group.

Venture Investment Pte. Ltd. (“Venture Investment”), was incorporated in the Republic of Singapore on 22 January 2020 as a private company limited by shares. The principal activity of Venture Investment is that of investment holding company. At time of incorporation, Venture Investment had an issued and paid-up capital of \$10 comprising ten shares of which six shares are held by the Target Company.

The Bone and Joint Centre Pte. Ltd. (“TBJC”), was incorporated in the Republic of Singapore on 21 May 2020 as a private company limited by shares. The principal activity of TBJC is that of a medical clinic. At time of incorporation, TBJC had an issued and paid-up capital of \$100 comprising one hundred shares held by the Target Company.

Livingstone Endocrine Pte Ltd (“LEPL”) was incorporated in the Republic of Singapore on 8 July 2020 as a private company limited by shares. The principal activity of LEPL is provision of medical services. At the time of incorporation, LEPL has an issued and paid-up capital of \$100 comprising one hundred shares held by the Target Company.

Ardennes Healthcare Pte. Ltd. (“AH”), was incorporated in the Republic of Singapore on 16 October 2020 as a private company limited by shares. The principal activity of AH is that of a medical clinic. At time of incorporation, AH had an issued and paid-up capital of \$1 comprising one share of which the Target Company holds an effective equity interest of 51%.

Alo Ambulance Services Pte. Ltd. (“AAS”) was incorporated in the Republic of Singapore on 2 November 2020 as a private company limited by shares. The principal activity of AAS is that of provision of emergency medical services. At time of incorporation, AAS had an issued and paid-up capital of \$100 comprising one hundred shares held by the Target Company.

On 6 November 2020, pursuant to a share subscription agreement, Dr. Lin Shijun Cheryl and Dr. Chan Wei Chyet Rick will each subscribe to 15% of the enlarged share capital of PMG CACTIII. Consequently, PMG CACTIII issued an additional 4,286 ordinary shares and the Target Group’s effective equity interest in PMG CACTIII was reduced from 51.0% to 35.7%.

In December 2019, several cases of pneumonia associated with the Coronavirus were reported in Wuhan, China. The spread of the virus has caused business disruption beginning in January 2020 and the World Health Organisation has declared this virus to be a public health emergency on 31 January 2020. While the business disruption is currently expected to be temporary, there is uncertainty around the duration of these disruptions or the possibility of other effects on the business. The Target Group will continue to assess the situation and put in place measures to minimise impact to business. As the situation is still evolving, the full effect of the outbreak is subject to uncertainty and could not be reasonably ascertained. Barring any unforeseen circumstances, the management is of the view that any negative impact is not expected to be long term as the Target Group’s operations generally remain as essential services. In line with Singapore’s gradual recovery from the COVID-19 outbreak and the easing of the tighter “circuit breaker” measures, the Target Group’s revenue is expected to increase or remain stable.

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**APPENDIX C – INDEPENDENT AUDITORS’ REVIEW REPORT ON  
THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL  
STATEMENTS OF THE TARGET GROUP FOR THE FINANCIAL PERIOD  
FROM 1 JANUARY 2020 TO 30 JUNE 2020**

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**LIVINGSTONE HEALTH LTD AND ITS SUBSIDIARIES  
(FORMERLY KNOWN AS ARDMORE MEDICAL GROUP LIMITED)**

**UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2020 TO 30 JUNE 2020**

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**APPENDIX C – INDEPENDENT AUDITORS’ REVIEW REPORT ON  
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**INDEPENDENT AUDITORS’ REVIEW REPORT ON THE  
UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
OF LIVINGSTONE HEALTH LTD AND ITS SUBSIDIARIES  
(FORMERLY KNOWN AS ARDMORE MEDICAL GROUP LIMITED)  
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2020 TO 30 JUNE 2020**

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31 December 2020

The Board of Directors  
Livingstone Health Ltd  
(Formerly known as Ardmore Medical Group Limited)  
380 Jalan Besar  
#08-12 ARC 380  
Singapore 209000

Dear Sirs,

**Report on the review of interim condensed consolidated financial statements**

*Introduction*

We have reviewed the accompanying unaudited interim condensed consolidated financial statements of Livingstone Health Ltd (Formerly known as Ardmore Medical Group Limited) (the “Target Company”) and its subsidiaries (the “Target Group”), which comprise the unaudited interim condensed consolidated statement of financial position of the Target Group as at 30 June 2020, and the related unaudited interim condensed consolidated statements of comprehensive income, changes in equity and cash flows of the Target Group for the financial period from 1 January 2020 to 30 June 2020, and selected explanatory notes, as set out on pages C4 to C39. Management is responsible for the preparation and fair presentation of the unaudited interim condensed consolidated financial statements in accordance with the Singapore Financial Reporting Standards (International) 1-34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on the unaudited interim condensed consolidated financial statements based on our review.

*Scope of review*

We conducted our review in accordance with Singapore Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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**APPENDIX C – INDEPENDENT AUDITORS’ REVIEW REPORT ON  
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**INDEPENDENT AUDITORS’ REVIEW REPORT ON THE  
UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
OF LIVINGSTONE HEALTH LTD AND ITS SUBSIDIARIES  
(FORMERLY KNOWN AS ARDMORE MEDICAL GROUP LIMITED)  
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2020 TO 30 JUNE 2020**

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*Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unaudited interim condensed consolidated financial statements is not prepared, in all material respects, in accordance with Singapore Financial Reporting Standards (International), 1-34 *Interim Financial Reporting*.

**Restriction of Distribution and Use**

This report has been prepared solely for inclusion in the Circular to the shareholder of Citicode Ltd in connection with the proposed acquisition of the entire issued share capital of the Target Company and for no other purpose.

**MAZARS LLP**

Public Accountants and  
Chartered Accountants  
Singapore

**Ooi Chee Keong**

Partner-in-charge

**APPENDIX C – INDEPENDENT AUDITORS’ REVIEW REPORT ON  
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**LIVINGSTONE HEALTH LTD AND ITS SUBSIDIARIES  
(FORMERLY KNOWN AS ARDMORE MEDICAL GROUP LIMITED)**

**UNAUDITED INTERIM CONDENSED CONSOLIDATED  
STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2020**

	Note	30 June 2020  (Unaudited) S\$	31 December 2019  (Audited) S\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	7	1,220,145	1,711,040
Trade receivables	8	2,789,503	1,803,133
Other receivables	9	615,295	609,323
Inventories	10	444,331	461,241
		5,069,274	4,584,737
<b>Non-current assets</b>			
Property, plant and equipment	11	2,478,983	2,809,494
Investment in joint ventures	12	65,088	121,423
Goodwill arising on consolidation	13	3,635,651	3,635,651
		6,179,722	6,566,568
<b>Total assets</b>		11,248,996	11,151,305
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Trade payables	14	691,164	677,413
Other payables	15	786,748	1,350,101
Borrowings	16	558,365	549,687
Lease liabilities	17	608,622	660,498
Deferred revenue	18	1,110,630	1,031,432
Income tax payable		361,308	254,647
		4,116,837	4,523,778
<b>Non-current liabilities</b>			
Other payables	15	1,016,517	1,187,754
Borrowings	16	397,241	–
Lease liabilities	17	918,103	889,623
Deferred tax liabilities	19	2,144	2,144
		2,334,005	2,079,521
<b>Equity</b>			
Share capital	20	3,267,868	3,267,868
Merger reserve	21	57,375	57,375
Foreign currency translation reserve	21	2,854	2,869
Other reserve	21	21,543	21,543
Accumulated profits		966,539	735,492
Equity attributable to owners of the Target Company		4,316,179	4,085,147
Non-controlling interests		481,975	462,859
<b>Total equity</b>		4,798,154	4,548,006
<b>Total liabilities and equity</b>		11,248,996	11,151,305

*The accompanying notes form an integral part of and should be read in conjunction  
with these unaudited interim condensed consolidated financial statements.*

**APPENDIX C – INDEPENDENT AUDITORS’ REVIEW REPORT ON  
THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL  
STATEMENTS OF THE TARGET GROUP FOR THE FINANCIAL PERIOD  
FROM 1 JANUARY 2020 TO 30 JUNE 2020**

**LIVINGSTONE HEALTH LTD AND ITS SUBSIDIARIES  
(FORMERLY KNOWN AS ARDMORE MEDICAL GROUP LIMITED)**

**UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD  
FROM 1 JANUARY 2020 TO 30 JUNE 2020**

	Note	1 January 2020 to 30 June 2020	1 January 2019 to 30 June 2019
		(Unaudited) \$	(Unaudited) \$
<b>Revenue</b>	22	6,486,769	2,546,870
Other operating income	23	471,868	3,259
Consumables and medical supplies used		(1,078,946)	(148,247)
Purchased and contracted services		(110,234)	–
Employees benefits expense		(2,995,083)	(1,140,845)
Depreciation expense		(525,101)	(217,499)
Share of results from joint ventures		(87,892)	(40,764)
Other operating expenses	24	(1,007,057)	(526,705)
Finance costs	25	(55,682)	(8,105)
<b>Profit before income tax</b>		1,098,642	467,964
Income tax expense	26	(175,865)	(62,559)
<b>Profit from continuing operations</b>	27	922,777	405,405
Profit from discontinued operations, net of tax	28	–	817,323
<b>Profit for the financial period</b>		922,777	1,222,728
<b>Other comprehensive income:</b>			
<i>Components of other comprehensive income that will be reclassified to profit or loss, net of taxation</i>			
Exchange differences on translating foreign operations		(15)	204
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		922,762	1,222,932
<b>Profit attributable to:</b>			
Continuing operations, net of tax			
Owners of the Target Company		903,661	405,405
Non-controlling interests		19,116	–
		922,777	405,405
Discontinued operations, net of tax			
Owners of the Target Company		–	817,323
Non-controlling interests		–	–
		–	817,323
<b>Profit for the period</b>		922,777	1,222,728
<b>Total comprehensive income attributable to:</b>			
Owners of the Target Company		903,646	1,222,932
Non-controlling interest		19,116	–
		922,762	1,222,932
Basic and diluted earnings per share (cents)			
Continuing operation	31	0.51	0.23
Discontinued operation		–	0.46
<b>Total</b>		0.51	0.69

*The accompanying notes form an integral part of and should be read in conjunction  
with these unaudited interim condensed consolidated financial statements.*

**APPENDIX C – INDEPENDENT AUDITORS' REVIEW REPORT ON  
THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL  
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**LIVINGSTONE HEALTH LTD AND ITS SUBSIDIARIES  
(FORMERLY KNOWN AS ARDMORE MEDICAL GROUP LIMITED)**

**UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2020 TO 30 JUNE 2020**

	Share capital	Merger reserve	Other reserves	Foreign currency translation reserve	Accumulated profits	Total	Non-controlling interests	Total equity
	\$	\$	\$	\$	\$	\$	\$	\$
<b>(Unaudited)</b>								
<b>Balance at 1 January 2019</b>	1,000,952	152,769	2,144,865	–	2,778,513	6,077,099	–	6,077,099
Profit for the period	–	–	–	–	1,222,728	1,222,728	–	1,222,728
<i>Other comprehensive income:</i>								
Exchange differences on translating foreign operations	–	–	–	204	–	204	–	204
	–	–	–	204	1,222,728	1,222,932	–	1,222,932
<u>Transaction with owner recognised directly in equity</u>								
Issue of shares (Note 20)	2,266,916	–	(2,123,322)	–	–	143,594	–	143,594
Dividends declared (Note 29)	–	–	–	–	(3,763,408)	(3,763,408)	–	(3,763,408)
<b>Balance at 30 June 2019</b>	<u>3,267,868</u>	<u>152,769</u>	<u>21,543</u>	<u>204</u>	<u>237,833</u>	<u>3,680,217</u>	<u>–</u>	<u>3,680,217</u>
	\$	\$	\$	\$	\$	\$	\$	\$
<b>(Unaudited)</b>								
<b>Balance at 1 January 2020</b>	3,267,868	57,375	21,543	2,869	735,492	4,085,147	462,859	4,548,006
Profit for the period	–	–	–	–	903,661	903,661	19,116	922,777
<i>Other comprehensive income:</i>								
Exchange differences on translating foreign operations	–	–	–	(15)	–	(15)	–	(15)
	–	–	–	(15)	903,661	903,646	19,116	922,762
<u>Transaction with owner recognised directly in equity</u>								
Dividends declared (Note 29)	–	–	–	–	(672,614)	(672,614)	–	(672,614)
<b>Balance at 30 June 2020</b>	<u>3,267,868</u>	<u>57,375</u>	<u>21,543</u>	<u>2,854</u>	<u>966,539</u>	<u>4,316,179</u>	<u>481,975</u>	<u>4,798,154</u>

*The accompanying notes form an integral part of and should be read in conjunction with these unaudited interim condensed consolidated financial statements.*

**APPENDIX C – INDEPENDENT AUDITORS’ REVIEW REPORT ON  
THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL  
STATEMENTS OF THE TARGET GROUP FOR THE FINANCIAL PERIOD  
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**LIVINGSTONE HEALTH LTD AND ITS SUBSIDIARIES  
(FORMERLY KNOWN AS ARDMORE MEDICAL GROUP LIMITED)**

**UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2020 TO 30 JUNE 2020**

	Note	1 January 2020 to 30 June 2020 (Unaudited) \$	1 January 2019 to 30 June 2019 (Unaudited) \$
<b>Operating activities</b>			
Profit before income tax from continuing operations		1,098,642	467,964
Profit before income tax from discontinued operations		–	976,155
		1,098,642	1,444,119
Adjustments for:			
Depreciation expense		525,101	298,487
Interest expense		55,682	20,813
Reversal of loss allowance on trade receivables		(171)	–
Share of result of joint ventures, net of tax		87,892	40,764
Unrealised exchange differences		(17)	205
Loss on disposal/write-off of property, plant and equipment, net		763	–
Operating cash flows before movements in working capital		1,767,892	1,804,388
Trade receivables		(986,199)	(1,242,570)
Other receivables		(5,972)	(288,819)
Inventories		16,910	(37,690)
Trade payables		13,751	205,419
Other payables		(562,870)	668,740
Deferred revenue		79,198	(32,123)
Cash generated from operations		322,710	1,077,345
Interest paid		(55,682)	(20,813)
Tax paid		(69,204)	(100,727)
<b>Net cash generated from operating activities</b>		197,824	955,805
<b>Investing activities</b>			
Investment in joint ventures, net		(31,557)	(277,622)
Purchase of plant and equipment		(33,027)	(80,448)
Proceeds on disposal of plant and equipment		12,000	–
<b>Net cash used in investing activities</b>		(52,584)	(358,070)
<b>Financing activities</b>			
Repayment of lease liabilities		(369,440)	(151,547)
Repayments of borrowings		(194,081)	(208,008)
Proceeds from borrowings		600,000	–
Proceeds on issue of shares		–	100,002
Dividends paid		(672,614)	(2,120,097)
<b>Net cash used in financing activities</b>		(636,135)	(2,379,650)
<b>Net decrease in cash and cash equivalents</b>		(490,895)	(1,781,915)
Cash and cash equivalents at beginning of period		1,711,040	3,256,375
<b>Cash and cash equivalents at the end of the period</b>		1,220,145	1,474,460

*The accompanying notes form an integral part of and should be read in conjunction with these unaudited interim condensed consolidated financial statements.*

**APPENDIX C – INDEPENDENT AUDITORS’ REVIEW REPORT ON  
THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL  
STATEMENTS OF THE TARGET GROUP FOR THE FINANCIAL PERIOD  
FROM 1 JANUARY 2020 TO 30 JUNE 2020**

**LIVINGSTONE HEALTH LTD AND ITS SUBSIDIARIES  
(FORMERLY KNOWN AS ARDMORE MEDICAL GROUP LIMITED)**

**UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2020 TO 30 JUNE 2020**

**Reconciliation of liabilities arising from financing activities:**

	Non-cash changes						
	1 January 2020	Financing cash outflows	Proceeds from borrowings	Right-of- use assets acquisition	Assets acquired through lease liabilities	Conversion from other payables to lease liabilities	30 June 2020
	\$	\$	\$	\$	\$	\$	\$
Lease liabilities	1,550,121	(369,440)	–	97,826	76,500	171,718	1,526,725
Borrowings	549,687	(194,081)	600,000	–	–	–	955,606

				Non-cash changes		
	1 January 2019	Financing cash outflows	Initial adoption of SFRS(I)16			30 June 2019
	\$	\$	\$			\$
Lease liabilities	7,873	(151,547)	834,852			691,178
Borrowings	339,262	(208,008)	–			131,254

*The accompanying notes form an integral part of and should be read in conjunction with these unaudited interim condensed consolidated financial statements.*



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**APPENDIX C – INDEPENDENT AUDITORS’ REVIEW REPORT ON  
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**LIVINGSTONE HEALTH LTD AND ITS SUBSIDIARIES  
(FORMERLY KNOWN AS ARDMORE MEDICAL GROUP LIMITED)**

**NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL  
STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2020 TO 30 JUNE 2020**

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**1 GENERAL CORPORATE INFORMATION**

The unaudited interim condensed consolidated financial statements have been prepared for the inclusion in the Circular to the shareholders of Citicode Ltd in relation to the proposed acquisition of the entire issued and paid-up share capital of Livingstone Health Ltd (formerly known as Ardmore Medical Group Limited) (the “Target Company”) and its subsidiaries (the “Target Group”).

The Target Company is incorporated in Singapore with its principal place of business and registered office at 380 Jalan Besar, #08-12 ARC 380, Singapore 209000. The principal activity of the Target Company is that of investment holding company. Through its operating member companies, the Target Group is engaged in the provision of medical treatment and consultancy services.

The Target Company is a subsidiary of Livingstone Health Consolidated Pte. Ltd. (formerly known as Ardmore Consolidated Pte. Ltd.) (“LVS”) incorporated in Singapore, which is also the Target Company’s ultimate holding company.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**BASIS OF PREPARATION**

The unaudited interim condensed consolidated financial statements of the Target Group have been prepared in accordance with the provisions of the Singapore Financial Reporting Standards (International) 1-34 *Interim Financial Reporting* (“SFRS(I) 1-34”).

The unaudited interim condensed consolidated financial statements do not include the information and full disclosures normally included in a complete set of financial statements and should be read in conjunction with the audited consolidated financial statements for the financial years ended 31 December 2017, 2018 and 2019.

The unaudited interim condensed consolidated financial statements of the Target Group are presented in Singapore dollar (the “SGD” or “\$”) which is also the functional currency of the Target Company.

The unaudited interim condensed consolidated financial statements have been prepared on the historical cost convention except as disclosed in the accounting policies in the audited consolidated financial statements for the financial years ended 31 December 2017, 2018 and 2019, and are prepared in accordance with Singapore Financial Reporting Standards (International) (“SFRS(I)”).

The accounting policies and methods of computation used in the unaudited interim condensed consolidated financial statements are consistent with those applied in the audited consolidated financial statements for the financial years ended 31 December 2017, 2018 and 2019. These accounting policies are set out in Note 3 to the audited consolidated financial statements for the financial years ended 31 December 2017, 2018 and 2019.

**APPENDIX C – INDEPENDENT AUDITORS’ REVIEW REPORT ON  
THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL  
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**LIVINGSTONE HEALTH LTD AND ITS SUBSIDIARIES  
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**NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL  
STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2020 TO 30 JUNE 2020**

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**BASIS OF PREPARATION (Continued)**

In the current financial period, the Target Group has adopted all the new and revised Singapore Financial Reporting Standards (International) (“SFRS(I)”) including related Interpretations of SFRS(I) (“SFRS(I) INT”) that are relevant to its operations and effective for financial periods beginning on or after 1 January 2020. The adoption of these new or revised SFRS(I) and SFRS(I) INT did not result in changes to the Target Group’s accounting policies, and has no material effect on the amounts reported for the current or prior period’s unaudited interim condensed consolidated financial statements and is not expected to have material effect on future periods.

*SFRS(I) and SFRS(I) INT issued but not yet effective*

At the date of authorisation of these consolidated financial statements, the following SFRS(I) and SFRS(I) INT were issued but not yet effective:

<b>SFRS(I)</b>	<b>Title</b>	<b>Effective date (annual periods beginning on or after)</b>
SFRS(I) 17	Insurance Contracts	1 January 2021
SFRS(I) 10, SFRS(I) 1-28	Amendments to SFRS(I) 10 and SFRS(I) 1-28: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be determined
SFRS(I) 16	Amendment to SFRS(I) 16: Covid-19 Related Rent Concessions	1 June 2020
SFRS(I) 1-1	Amendments to SFRS(I) 1-1: Classification of Liabilities as Current or Non-current	1 January 2023
SFRS(I) 3	Amendments to SFRS(I) 3: Reference to the Conceptual Framework	1 January 2022
SFRS(I) 1-16	Amendments to SFRS(I) 1-16: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
SFRS(I) 1-37	Amendments to SFRS(I) 1-36: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Various	Annual Improvements to SFRS(I)s 2018-2020	1 January 2022

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**APPENDIX C – INDEPENDENT AUDITORS’ REVIEW REPORT ON  
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**LIVINGSTONE HEALTH LTD AND ITS SUBSIDIARIES  
(FORMERLY KNOWN AS ARDMORE MEDICAL GROUP LIMITED)**

**NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL  
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**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**BASIS OF PREPARATION (Continued)**

*SFRS(I) and SFRS(I) INT issued but not yet effective (Continued)*

Consequential amendments were also made to various standards as a result of these new or revised standards.

The Target Group does not intend to early adopt any of the above new or revised standards, interpretations and amendments to the existing standards. Management anticipates that the adoption of the aforementioned revised/new standards will not have a material impact on the financial statements of the Target Group in the period of their initial adoption.

**3 REORGANISATION**

There has been no changes to the reorganisation as disclosed in the Note 2 and Note 35 to the audited consolidated financial statements for the financial years ended 31 December 2017, 2018 and 2019.

**4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTIES**

The critical accounting judgements and key sources of estimation uncertainty made by management remains unchanged from the audited consolidated financial statements for the financial years ended 31 December 2017, 2018 and 2019.

**5 FINANCIAL INSTRUMENTS AND FINANCIAL RISKS**

There has been no change in the financial risk management of the Target Group and the Target Group’s overall capital risk management remains unchanged and has been disclosed in the audited consolidated financial statements for the financial years ended 31 December 2017, 2018 and 2019.

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**6 RELATED PARTY TRANSACTIONS**

Some of the Target Group’s transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest-free, and repayable on demand unless otherwise stated.

During the six-month period, the Target Group entered into the following transactions with related parties.

	1 January 2020 to 30 June 2020	1 January 2019 to 30 June 2019
	(Unaudited) \$	(Unaudited) \$
<u>Company related to a director of the Target Company</u>		
Purchase of services	11,181	–

***Compensation of directors and key management personnel***

The remuneration of directors and other members of key management during the period was as follows:

	1 January 2020 to 30 June 2020	1 January 2019 to 30 June 2019
	(Unaudited) \$	(Unaudited) \$
Short-term benefits	1,314,447	784,908
Post-employment benefits	73,348	34,020
	1,387,795	818,928

The remuneration of directors and key management is determined by the board of directors and shareholders having regard to the performance of individuals.

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**7 CASH AND CASH EQUIVALENTS**

	<b>30 June 2020</b>	<b>31 December 2019</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>\$</b>	<b>\$</b>
Cash at banks	1,217,357	1,709,505
Cash on hand	2,788	1,535
	<u>1,220,145</u>	<u>1,711,040</u>

Cash at banks earns interest at floating rates based on daily bank deposit rates. Cash and cash equivalents are denominated in Singapore Dollars.

**8 TRADE RECEIVABLES**

	<b>30 June 2020</b>	<b>31 December 2019</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>\$</b>	<b>\$</b>
Trade receivables – third parties	2,804,749	1,818,550
Loss allowance	<u>(15,246)</u>	<u>(15,417)</u>
	<u>2,789,503</u>	<u>1,803,133</u>

Trade receivables are non-interest bearing and generally ranges between 30 to 90 days (31 December 2019: 30 to 90 days) credit terms. Trade receivables are denominated in Singapore Dollars.

The details of the impairment of trade receivables and credit exposures are disclosed in Note 5.

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**9 OTHER RECEIVABLES**

	<b>30 June 2020</b>	<b>31 December 2019</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>\$</b>	<b>\$</b>
Deposits	254,099	235,741
Prepayments	234,529	160,584
Accrued income	–	17,650
Amount owing from a related party	100,000	100,000
Other receivables	26,667	95,348
	<u>615,295</u>	<u>609,323</u>

The amount owing from related parties and other receivables are non-interest bearing, unsecured and repayable on demand.

Other payables are denominated in Singapore Dollars.

**10 INVENTORIES**

	<b>30 June 2020</b>	<b>31 December 2019</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>\$</b>	<b>\$</b>
Consumables and medical supplies	444,331	461,241

The cost of inventories recognised as an expense and included in “Consumables and medical supplies used” line item in profit or loss amounted to \$606,356 and \$148,247 for the six-month periods ended 30 June 2020 and 30 June 2019, respectively.

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**11 PROPERTY, PLANT AND EQUIPMENT**

(Unaudited)	Computers	Office equipment	Machines and equipment	Motor Vehicle	Renovation and furniture and fittings	Leasehold properties	Total
	\$	\$	\$	\$	\$	\$	\$
<b>Cost:</b>							
At 1 January 2019	91,391	11,572	877,212	56,500	304,476	1,931,802	3,272,953
Additions	41,115	6,992	286,214	–	408,491	–	742,812
Disposals	(4,960)	–	(92,858)	–	(164,288)	–	(262,106)
Disposal of a subsidiary (Note 2(i) in Appendix B)	(24,278)	–	–	(56,500)	(78,145)	(639,392)	(798,315)
Arising from acquisition (Note 2(j) in Appendix B)	6,179	2,756	3,218	–	117,575	425,779	555,507
At 31 December 2019	109,447	21,320	1,073,786	–	588,109	1,718,189	3,510,851
Additions	16,562	570	87,572	–	4,823	97,826	207,353
Disposals/written off	–	(182)	(14,164)	–	(1,188)	(65,509)	(81,043)
At 30 June 2020	126,009	21,708	1,147,194	–	591,744	1,750,506	3,637,161
<b>Accumulated depreciation:</b>							
At 1 January 2019	62,001	2,367	254,417	11,024	119,865	–	449,674
Charge for the year	24,888	2,718	129,812	16,536	74,463	240,731	489,148
Disposals	(1,557)	–	(16,935)	–	(112,811)	–	(131,303)
Disposal of a subsidiary (Note 2(i) in Appendix B)	(18,339)	–	–	(27,560)	(6,980)	(53,283)	(106,162)
At 31 December 2019	66,993	5,085	367,294	–	74,537	187,448	701,357
Charge for the period	12,067	2,036	91,707	–	57,257	362,034	525,101
Disposals	–	–	(2,771)	–	–	(65,509)	(68,280)
At 30 June 2020	79,060	7,121	456,230	–	131,794	483,973	1,158,178
<b>Carrying amount:</b>							
At 30 June 2020	46,949	14,587	690,964	–	459,950	1,266,533	2,478,983
At 31 December 2019	42,454	16,235	706,492	–	513,572	1,530,741	2,809,494

Included in machines and equipment is an asset partially financed by finance lease of carrying amount of \$244,902 (31 December 2019: \$nil).



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**12 INVESTMENT IN JOINT VENTURES**

	<b>1 January 2020 to 30 June 2020</b>	<b>1 January 2019 to 31 December 2019</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>\$</b>	<b>\$</b>
<b>At cost</b>		
At beginning of financial period/year	463,040	–
Additions	–	463,040
At end of financial period/year	463,040	463,040
<b>Amount due to joint venture</b>	(167,637)	(184,543)
<b>Share of post-acquisition results</b>		
At beginning of financial period/year	(157,074)	–
Share of results during the period/year	(87,892)	(157,074)
Exchange translation differences	14,651	–
At end of financial period/year	(230,315)	(157,074)
Carrying amount	65,088	121,423

Details of the joint ventures are as follows:

<b>Name of joint venture</b>	<b>Place of establishment and business</b>	<b>Principal activities</b>	<b>Effective equity held by the Target Group</b>	
			<b>30 June 2020</b>	<b>31 December 2019</b>
Livingtone Soriya Medical Specialists Co., Ltd (“LSMS”)	Cambodia	Medical Clinic	57%	57%
Activfix Pte Ltd (“Activfix”)	Singapore	Physiotherapy	60%	60%

The board of directors of the joint ventures are jointly controlled with the remaining shareholders.

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**12 INVESTMENT IN JOINT VENTURES (Continued)**

*Summarised unaudited financial information of LSMS*

The summarised unaudited financial information in respect of LSMS based on its SFRS(I) financial statements and reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

	<b>30 June 2020</b>	<b>31 December 2019</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>\$</b>	<b>\$</b>
<b>Assets and liabilities:</b>		
Non-current assets	254,269	272,527
Current assets	257,845	372,404
Total assets	512,114	644,931
Current liabilities	(124,814)	(109,194)
Total liabilities	(124,814)	(109,194)
Net assets	387,300	535,737
Target Group’s share of joint venture’s net assets	220,761	305,370
Amount due to joint venture	(167,637)	(184,543)
Foreign exchange differences	6	596
Carrying amount of the investment	53,130	121,423
<b>Results:</b>		
Revenue	29,962	27,008
Loss for the financial period/year	(175,177)	(275,568)

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**13 GOODWILL ARISING ON CONSOLIDATION**

	<b>30 June 2020</b>	<b>31 December 2019</b>
	<b>(Unaudited) \$</b>	<b>(Audited) \$</b>
<b>At cost</b>		
At beginning of financial period/year	3,635,651	–
Arising on acquisition of subsidiaries (Note 2(j) in Appendix B)	–	988,640
Arising on acquisition of business (Note 2(k) in Appendix B)	–	2,647,011
At end of financial period/year	<u>3,635,651</u>	<u>3,635,651</u>

Goodwill acquired is allocated to the cash-generating units (“CGU”) that are expected to benefit from the CGU.

The carrying amount of goodwill had been allocated by CGU or groups of CGU as follows:

	<b>30 June 2020</b>	<b>31 December 2019</b>
	<b>(Unaudited) \$</b>	<b>(Audited) \$</b>
Phoenix Medical Group of Companies	988,640	988,640
Acquisition of Business	2,647,011	2,647,011
	<u>3,635,651</u>	<u>3,635,651</u>

The carrying amount of goodwill had been allocated by reportable operating segments as follows:

	<b>30 June 2020</b>	<b>31 December 2019</b>
	<b>(Unaudited) \$</b>	<b>(Audited) \$</b>
Family Medicine	988,640	988,640
Orthopaedic Surgery	2,647,011	2,647,011
	<u>3,635,651</u>	<u>3,635,651</u>

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**13 GOODWILL ARISING ON CONSOLIDATION (Continued)**

The Target Group tests CGU for impairment annually, or more frequently when there is an indication for impairment.

The recoverable amounts of the CGU are determined from value-in-use calculations. Cash flow projections used in the value-in-use calculations were based on financial budgets approved by Board of Directors covering a five-year period. The key assumptions for these value-in-use calculations are those regarding the discount rates, growth rates and expected changes to gross margins during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on industry growth forecasts. Changes in gross margins are based on past practices and expectations of future changes in the market.

Key assumptions on which management has based its cash flow projections for the respective periods of the significant CGU are as follows:

	<b>Phoenix Medical Group of Companies</b>		<b>Acquisition of business</b>	
	<b>30 June 2020</b>	<b>31 December 2019</b>	<b>30 June 2020</b>	<b>31 December 2019</b>
Gross margin <sup>(i)</sup>	71.9%	71.9%	79.5%	79.5%
	- 0.7% to	- 0.7% to	- 15.3% to	- 15.3% to
Growth rates <sup>(ii)</sup>	2.2%	2.2%	15%	15%
Discount rates <sup>(iii)</sup>	8.8%	8.8%	14.5%	14.5%
Terminal value growth rates <sup>(iv)</sup>	1.2%	1.2%	1.2%	1.2%

*Key assumptions used in the value-in-use calculations*

- (i) *Budgeted gross margins* – Budgeted gross margins are determined based on past performance and its expectations of market developments.
- (ii) *Growth rates* – The forecasted growth rates are based on published industry research relevant to the CGUs, taking into account of the forecasted growth rates relevant to the environment where the CGUs operate in.
- (iii) *Discount rates* – The discount rates used are based on the weighted average cost of the CGU’s capital (the “WACC”), adjusted for the specific circumstances of the CGU and based on management’s experience, and re-grossed back to arrive at the pre-tax rates.
- (iv) *Terminal value growth rates* – The terminal growth rates are determined based on management’s estimate of the long-term industry growth rates.

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**13 GOODWILL ARISING ON CONSOLIDATION (Continued)**

*Sensitivity to changes in assumptions*

Management is of the view that any reasonable possible change in any of the above key assumptions are not likely to materially cause the CGU’s carrying amount to exceed its recoverable amount.

*Impairment loss recognised*

No impairment loss was recognised during the current financial period from 1 January 2020 to 30 June 2020 and financial year ended 31 December 2019.

**14 TRADE PAYABLES**

	<b>30 June 2020</b>	<b>31 December 2019</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>\$</b>	<b>\$</b>
Trade payables – third parties	691,164	677,413

The average credit period on purchases of goods generally ranges between 30 to 60 days (31 December 2019: 30 to 60 days). No interest is charged on the trade payables. Trade payables are denominated in Singapore Dollars.

**15 OTHER PAYABLES**

	<b>30 June 2020</b>	<b>31 December 2019</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>\$</b>	<b>\$</b>
<b><i>Non-current</i></b>		
Deferred consideration on business acquisition (Note 2(k) in Appendix B)	464,126	635,363
Deferred consideration on acquisition of PMG Group of companies (Note 2(j) in Appendix B)*	552,391	552,391
	<u>1,016,517</u>	<u>1,187,754</u>

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**15 OTHER PAYABLES (Continued)**

	30 June 2020	31 December 2019
	(Unaudited) \$	(Audited) \$
<b><i>Current</i></b>		
Accruals	238,012	692,901
Customer deposits	–	33,775
GST payables	148,392	105,701
Amount due to directors of the subsidiaries	30,800	30,800
Deferred consideration on business acquisition (Note 2(k) in Appendix B)*	180,227	180,227
Others	189,317	306,697
	<u>786,748</u>	<u>1,350,101</u>
Total	<u>1,803,265</u>	<u>2,537,855</u>

Amount due to directors of the Target Company and the subsidiaries of the Target Company are unsecured, interest-free and repayable on demand.

\* The deferred considerations payable are non-trade, unsecured, interest bearing at 5.25% (31 December 2019: 5.25%) and repayable as according to the contracted date. On 15 April 2020, the Target Group has made an advance payment of future instalments.

Accruals mainly consist of accrued operating expenses.

Other payables (current) are non-trade in nature, unsecured, interest-free, repayable on demand.

Other payables are denominated in Singapore Dollars.

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**16 BORROWINGS**

	<b>30 June 2020</b>	<b>31 December 2019</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>\$</b>	<b>\$</b>
Loan 1	–	22,570
Loan 2	–	32,849
Loan 3	39,649	65,265
Loan 4	101,466	120,000
Loan 5	54,924	71,271
Loan 6	69,249	78,733
Loan 7	–	5,421
Loan 8	92,035	110,802
Loan 9	19,425	42,776
Loan 10	386,694	–
Loan 11	192,164	–
	<u>955,606</u>	<u>549,687</u>
Less: Amount due for settlement within 12 months (shown under current liabilities)	<u>(558,365)</u>	<u>(549,687)</u>
Amount due for settlement after 12 months	<u><u>397,241</u></u>	<u><u>–</u></u>

Included in borrowings as at 30 June 2020 is an amount of \$377,979 (31 December 2019: \$549,687) classified as current liabilities due to a repayment on demand clause which allows the lenders the right to request for repayments from the Target Group, regardless of occurrence of any default events. Historically, there were no instances where the lenders have requested for repayment of the loans ahead of the due dates.

- (a) Loan 1 of \$300,000 was raised on 22 May 2015. Repayments commenced on 22 May 2015 and will continue until 22 April 2020. The loan is secured by a joint personal guarantee from certain directors of the Target Group and the Target Company. The effective interest of the loan is at 5.51% per annum.
- (b) Loan 2 of \$350,000 was raised on 5 June 2015. Repayments commenced on 5 June 2015 and will continue until 5 May 2020. The loan is secured by a joint personal guarantee from certain directors of the Target Group and the Target Company. The effective interest of the loan is at 5.51% per annum.



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**16 BORROWINGS (Continued)**

- (c) Loan 3 of \$150,000 was raised on 17 April 2018. Repayment commenced on 24 April 2018 and will continue until 24 March 2021. The loan is secured by a joint personal guarantee from certain directors of the Target Group. The effective interest of the loan is at 5.03% per annum.
- (d) Loan 4 of \$120,000 was raised on 16 December 2019. Repayment commenced on 21 January 2020 and will continue until 21 December 2022. The loan is secured by a joint personal guarantee from certain directors of the Target Group. The effective interest of the loan is at 6.00% per annum.
- (e) Loan 5 of \$100,000 was raised on 18 January 2019. Repayment commenced on 1 February 2019 and will continue until 1 February 2022. The loan is secured by a joint personal guarantee from certain directors of the Target Group. The effective interest of the loan is at 5.74% per annum.
- (f) Loan 6 of \$100,000 was raised on 28 September 2018. Repayment commenced on 1 October 2018 and will continue until 1 September 2021. The loan is secured by a joint personal guarantee from certain directors of the Target Group. The effective interest of the loan is at 4.73% per annum.
- (g) Loan 7 of \$180,000 was raised on 23 January 2017. Repayment commenced on 1 February 2017 and will continue until 1 January 2020. The loan is secured by a joint personal guarantee from certain directors of the Target Group. The effective interest of the loan is at 5.22% per annum.
- (h) Loan 8 of \$120,000 was raised on 13 September 2019. Repayment commenced on 1 October 2019 and will continue until 1 September 2022. The loan is secured by a joint personal guarantee from certain directors of the Target Group. The effective interest of the loan is at 6.00% per annum.
- (i) Loan 9 of \$140,000 was raised on 15 November 2017. Repayment commenced on 1 December 2017 and will continue until 1 November 2020. The loan is secured by a joint personal guarantee from certain directors of the Target Group. The effective interest of the loan is at 4.76% per annum.
- (j) Loan 10 of \$400,000 was raised on 12 May 2020. Repayments commenced on 12 May 2020 and was fully repaid on 11 May 2023. The loan was secured by a joint corporate guarantee from certain subsidiaries of the Target Group. The effective interest of the loan is at the range of 2.76% to 3.19% per annum.
- (k) Loan 11 of \$200,000 was raised on 12 May 2020. Repayments commenced on 12 May 2020 and will continue until 11 March 2024. The loan was secured by a joint corporate guarantee from certain subsidiaries of the Target Group. The effective interest of the loan is at 3.19% per annum.

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**17 LEASE LIABILITIES**

	Minimum lease payments		Present value of minimum lease payments	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	\$	\$	\$	\$
Amount payable under finance leases:				
Within one year	641,792	728,193	608,622	660,498
In the second to fifth year inclusive	1,018,176	961,340	918,103	889,623
	1,659,968	1,689,533	1,526,725	1,550,121
Less: future finance charges	(133,243)	(139,412)	–	–
Present value of lease obligations	<u>1,526,725</u>	<u>1,550,121</u>	<u>1,526,725</u>	<u>1,550,121</u>

The Target Group leased certain medical equipment and leasehold properties under leases. The lease term is one to five years. Interest rates are fixed at inception of the lease contract dates at 5.65% (31 December 2019: 5.65%) per annum. All leases are on fixed repayment basis with no contingent rental payments. The Target Group’s obligations under leases are secured by the lessor’s charge over the leased medical equipment and leasehold properties (Note 11).

The Target Group leases certain clinic and office for one to three years. Previously, these leases were classified as operating leases under SFRS(I)17.

**Recognition exemptions**

The Target Group has certain lease contracts with lease terms of 12 months or less and/or of low value. For such leases, the Target Group has elected not to recognise right-of use assets and lease liabilities.

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**17 LEASE LIABILITIES (Continued)**

**Right-of-use assets**

The carrying amount of right-of-use assets by class of underlying asset classified within property, plant and equipment as follows:

<u>Target Group</u>	<u>Leasehold properties</u>
	<b>\$</b>
At 1 January 2019	1,931,802
Disposal of a subsidiary (Note 2(i) in Appendix B)	(586,109)
Arising from acquisition (Note 2(j) in Appendix B)	425,779
Depreciation, net of disposal and acquisition of subsidiaries (Note 11)	(240,731)
At 31 December 2019 (Audited)	1,530,741
Additions	97,826
Depreciation	(362,034)
At 30 June 2020 (Unaudited)	1,266,533

**18 DEFERRED REVENUE**

Deferred revenue represents upfront receipt from customers.

	<b>30 June 2020</b>	<b>31 December 2019</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>\$</b>	<b>\$</b>
At the beginning of the period/year	1,031,432	1,011,556
Receipt from customers	582,504	1,827,922
Revenue recognised during the period/year	(503,306)	(1,808,046)
At the end of the period/year	1,110,630	1,031,432

There were no significant changes in the nature of deferred revenue balances during the reporting period, the deferred revenue is expected to be realised within the next financial year.

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**19 DEFERRED TAX LIABILITIES**

	<b>Accelerated tax depreciation</b>
	<b>\$</b>
<b>Balance at 1 January 2019</b>	<b>85,009</b>
Charged to profit or loss for the year	(80,818)
Deferred tax expense for discontinued operations	1,834
Disposal of a subsidiary (Note 2(i) in Appendix B)	(3,881)
Balance at 31 December 2019 (Audited) and at 30 June 2020 (Unaudited)	<u>2,144</u>

**20 SHARE CAPITAL**

	<b>1 January 2020 to 30 June 2020</b>	<b>1 January 2019 to 31 December 2019</b>	<b>1 January 2020 to 30 June 2020</b>	<b>1 January 2019 to 31 December 2019</b>
	<b>(Unaudited) Number of shares</b>	<b>(Audited)</b>	<b>(Unaudited) \$</b>	<b>(Audited) \$</b>
<u>Ordinary shares</u>				
Beginning of period/year	176,168,027	9,955	3,267,868	1,000,952
Issue of new ordinary shares	–	2,282,759	–	2,266,916
Effect of sub-division of share	–	209,108,918	–	–
Effect of share consolidation	–	(35,233,605)	–	–
End of period/year	<u>176,168,027</u>	<u>176,168,027</u>	<u>3,267,868</u>	<u>3,267,868</u>

Fully paid ordinary shares, which have no par value, carry one vote per share and a right to dividends as and when declared by the Target Company.

The cash received for the share capital are as follows:

	<b>31 December 2019</b>
	<b>(Audited) \$</b>
Issued share capital	2,266,916
Less: Shares converted from other reserve (Note 21)	(2,123,322)
Less: Shares issued for investment in subsidiaries	(43,592)
Cash receipts from issued of share capital	<u>100,002</u>

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**21 RESERVES**

Merger reserve

This represents the difference between the consideration and the aggregate nominal amounts of the share capital of the entities under common control at the date when these entities were consolidated as part of the restructuring exercise to the Target Group.

Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Target Group’s presentation currency.

Other reserve

This represents amounts due to immediate holding company and are unsecured, interest-free and not expected to be repaid. During the year 2019, the Target Company converted \$2,123,322 of its quasi-loan to share capital (Note 20).

**22 REVENUE**

	<b>1 January 2020 to 30 June 2020</b>	<b>1 January 2019 to 30 June 2019</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>\$</b>	<b>\$</b>
<i>Segment Revenue (From continuing operations):</i>		
Aesthetics and wellness		
– Treatment services	471,735	755,178
– Sale of medication and skincare products	36,680	87,865
Anaesthesiology and pain management		
– Treatment services	1,953,800	1,703,827
Family Medicine	1,581,802	–
Internal medicine	205,413	–
Orthopaedic surgery		
– Treatment services	2,111,357	–
Other revenue	125,982	–
	<u>6,486,769</u>	<u>2,546,870</u>
Timing of revenue recognition:		
At a point in time	36,680	87,865
Over time	6,450,089	2,459,005
	<u>6,486,769</u>	<u>2,546,870</u>

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**23 OTHER OPERATING INCOME**

	<b>1 January 2020 to 30 June 2020</b>	<b>1 January 2019 to 30 June 2019</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>\$</b>	<b>\$</b>
Wage and other employment credit scheme	59,982	1,789
Credit scheme related to Covid-19	272,631	–
Rental rebates	111,644	–
Gain on disposal of fixed assets	771	–
Others	26,840	1,470
	<u>471,868</u>	<u>3,259</u>

**24 OTHER OPERATING EXPENSES**

	<b>1 January 2020 to 30 June 2020</b>	<b>1 January 2019 to 30 June 2019</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>\$</b>	<b>\$</b>
Marketing expenses	333,105	111,428
Loss allowance	(171)	–
Rental expenses	56,613	7,750
Printing and stationeries	16,035	2,952
Insurance	30,569	662
Service charges	28,692	–
Hospital administrative expenses	188,966	24,473
Listing expenses	88,670	227,475
Bank and credit card charges	44,354	26,346
Repair and maintenance	39,810	22,894
Loss on disposal of property, plant and equipment	1,534	–
Audit fees	55,033	31,164
Others	123,847	71,561
	<u>1,007,057</u>	<u>526,705</u>

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**25 FINANCE COSTS**

	<b>1 January 2020 to 30 June 2020</b>	<b>1 January 2019 to 30 June 2019</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>\$</b>	<b>\$</b>
Interest expense on lease liabilities	38,545	3,319
Interest expense on bank overdraft	–	30
Interest expense on borrowings	17,137	4,756
	<u>55,682</u>	<u>8,105</u>

**26 INCOME TAX EXPENSE**

	<b>1 January 2020 to 30 June 2020</b>	<b>1 January 2019 to 30 June 2019</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>\$</b>	<b>\$</b>
Current tax	175,865	261,800
Deferred tax	–	(40,409)
	<u>175,865</u>	<u>221,391</u>
Income tax expense/(credit) attributable to the following:		
– Continuing operations	175,865	62,559
– Discontinued operation (Note 28)	–	158,832
	<u>175,865</u>	<u>221,391</u>



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**26 INCOME TAX EXPENSE (Continued)**

The income tax varied from the amount of taxation determined by applying the Singapore statutory income tax rate of 17% (2019: 17%) to profit before income tax as a result of the following differences:

	<b>1 January 2020 to 30 June 2020</b>	<b>1 January 2019 to 30 June 2019</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>\$</b>	<b>\$</b>
Profit before income tax from continuing operations	1,098,642	467,964
Profit before taxation from discontinued operation	–	976,155
Total profit before taxation	1,098,642	1,444,119
Add: Share of losses from equity-accounted joint ventures	87,892	40,764
Profit before taxation and share of losses from equity-accounted joint ventures	1,186,534	1,484,883
Income tax expenses calculated at statutory rate	201,711	252,430
Effect of tax concessions and tax exemptions	(11,041)	(122,183)
Effect of non-deductible expenses	15,074	114,235
Effect of non-taxable income	–	(9,221)
Others	(29,879)	(13,870)
	175,865	221,391

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**27 PROFIT FROM CONTINUING OPERATIONS**

Profit from continuing operations has been arrived at after charging:

	1 January 2020 to 30 June 2020	1 January 2019 to 30 June 2019
	(Unaudited) \$	(Unaudited) \$
Employee benefit – directors of the Target Company		
– Short-term benefits	240,000	183,708
– Defined contribution plan	10,200	8,520
Employee benefits – directors of subsidiaries		
– Short-term benefits	971,247	498,000
– Defined contribution plan	50,908	16,140
Key management remuneration other than directors		
– Short-term benefits	103,200	103,200
– Defined contribution plan	12,240	9,360
Employee benefits expenses (including directors’ remuneration)		
Salaries and other related costs	2,813,252	1,089,757
Defined contribution plan	181,831	51,088

**28 DISCONTINUED OPERATION**

On 26 December 2019, the Target Group agreed to dispose the entire issued share capital of SN Orthopaedics Pte. Ltd. for a total consideration of \$1,831,421 to Dr. Sean Ng. The transaction to Dr. Sean Ng was effective on 31 December 2019.

As at 31 December 2019, the assets and liabilities relating to SN Orthopaedics are disposed as per Note 2(i) in Appendix B.

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**28 DISCONTINUED OPERATION (Continued)**

The results of the discontinued operations were as follows:

	<b>Target Group</b>
	<b>1 January 2019 to 30 June 2019</b>
	<b>(Unaudited)</b>
	<b>\$</b>
<b><u>Discontinued operations</u></b>	
Revenue	4,546,030
Other operating income	1,750
Consumables and medical supplies used	(805,034)
Employees benefits expense	(739,583)
Commission to doctor	(480,817)
Depreciation expense	(52,340)
Other operating expenses	(1,481,144)
Finance costs	(12,707)
Profit from discontinued operations, before income tax	976,155
Income tax expense	(158,832)
Profit from discontinued operations, net of tax	817,323

**Earnings per share disclosures**

	<b>Target Group</b>
	<b>1 January 2019 to 30 June 2019</b>
	<b>(Unaudited)</b>
	<b>\$</b>
Earnings per share from discontinued operation attributable to owners of the Target Company (cents):	
Basic (Cents)	0.46

All the financial assets and liabilities held by SN Orthopaedics are denominated in Singapore Dollars.

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**28 DISCONTINUED OPERATION (Continued)**

Cash flow statement disclosures

	<b>Target Group</b>
	<b>1 January 2019 to 30 June 2019</b>
	<b>(Unaudited)</b>
	<b>\$</b>
Operating	(107,749)
Investing	(22,620)
Financing	(40,547)
Net cash outflows	<u>(170,916)</u>

**29 DIVIDENDS**

During the period from 1 January 2020 to 30 June 2020, total dividends of \$672,614 were declared and paid.

During the period from 1 January 2019 to 30 June 2019, the Target Group declared total dividends of \$3,763,408, of which \$1,643,311 were used to offset the total amount due from directors of the Target Company and its subsidiaries and the remaining paid by cash to shareholders of the Target Company.

The rate of dividends and number of shares ranking for the dividends are not presented as such information is not considered meaningful having regard to the purpose of this report.

**30 SEGMENT INFORMATION**

For management purposes and resource allocation, the Target Group is organised into business operating units based on reports reviewed by management team that are used to make strategic decisions. This forms the basis of identifying the segments of the Target Group under SFRS(I) 8 *Operating segments* as follows:

(i) Aesthetics and wellness

Provision of a range of services including laser and resurfacing therapies, radiofrequency, light and ultrasound-based treatments, botulinum toxin and filler injections, chemical peels and various facial and body wellness treatments.

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**30 SEGMENT INFORMATION (Continued)**

(ii) Anaesthesiology and pain management

Provision of comprehensive anaesthetic services and perioperative care for a wide range of surgeries and procedures, assisting to manage high risk and unstable patients who have undergone high risk surgeries, and who may need high dependency or intensive care monitoring in the intensive care unit. The Target Group also specialises in the management of chronic and acute pain conditions in the neck, back, nerve, abdominal, pelvic regions as well as cancer pain and fibromyalgia. Apart from medication and physical therapy, the Target Group also provides interventional pain procedures and ultrasound-guided chronic pain interventions.

(iii) Family medicine

Provision of general medicine services that include, amongst others, the management of general acute conditions such as simple respiratory/gastrointestinal infections, musculoskeletal complaints, headaches and dermatological conditions as well as chronic conditions such as diabetes, hypertension, dyslipidemia and asthma.

(iv) Internal medicine

Provision of cardiology and endocrinology services. Cardiac services range from screening to interventional treatment procedures, while adopting reliable and accurate technology to provide the highest quality of care for all patients. Endocrinology includes the provision of specialised expertise in both type 1 and 2 diabetes (including gestational diabetes), treatment of thyroid, pituitary and adrenal problems, holistic care for osteoporosis, obesity and metabolic issues, and the diagnosis and management of hormone-related infertility.

(v) Orthopaedic surgery

Provision of specialised care for patients with orthopaedic problems, the Target Group offers treatment techniques such as computer-guided, robotic, percutaneous and minimally invasive surgery/keyhole surgery. These help to potentially reduce complications and allows faster and more functional recovery for the patients. Other than general orthopaedics in areas such as neck and back pain, the Target Group also provides a range of services for a variety of orthopaedic problems, including without limitation, upper and lower limb conditions, trauma, sports surgery, and arthritis (conservative and surgical management).

The accounting policies of the reportable segments are the same as the Target Group's accounting policies described in Note 3. Segment profit represents the profit earned by each segment without allocation of other gains and losses, distribution and selling expenses, administrative expenses, finance income and finance cost. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and performance assessment.

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**30 SEGMENT INFORMATION (Continued)**

*Segment revenue and results*

The following is an analysis of the Target Group’s revenue and results by reportable segments:

	<b>Aesthetics and wellness</b>	<b>Anaesthesiology and pain management</b>	<b>Family Medicine</b>	<b>Internal Medicine</b>	<b>Orthopaedic surgery</b>	<b>Others</b>	<b>Target Group</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>1 January 2020 to 30 June 2020</b>							
Segment revenue	508,415	1,953,800	1,581,802	205,413	2,111,357	125,982	6,486,769
Segment (loss)/ profit	(106,897)	1,047,621	39,011	(277,930)	750,127	(68,114)	1,383,818
Unallocated loss							(461,041)
							922,777
Depreciation	167,576	8,532	191,963	89,337	1,645	–	459,053
Unallocated depreciation							66,048
							525,101
Share of results from joint venture	–	–	–	–	–	(87,892)	(87,892)
Finance costs	12,100	–	22,887	16,814	–	–	51,801
Unallocated finance cost							3,881
							55,682
Income tax expense/(Credit)	685	168,559	2,875	(45,244)	122,114	1,930	250,919
Unallocated income tax expense							(75,054)
							175,865
<b>As at 30 June 2020</b>							
Segment assets	1,555,778	1,357,531	1,977,830	425,296	4,044,430	1,010,507	10,371,372
Unallocated assets							877,624
							11,248,996
Segment liabilities	1,753,663	642,320	848,006	13,316	456,169	881,843	4,595,317
Unallocated liabilities							1,855,525
							6,450,842

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**30 SEGMENT INFORMATION (Continued)**

*Segment revenue and results (Continued)*

	Aesthetics and wellness	Anaesthesiology and pain management	Family Medicine	Internal Medicine	Orthopaedic surgery	Others	Target Group
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	\$	\$	\$	\$	\$	\$	\$
<b>1 January 2019 to 30 June 2019</b>							
Segment revenue	843,043	1,703,827	–	–	4,546,030	–	7,092,900
Segment profit	19,273	539,007	–	–	817,323	–	1,375,603
Unallocated loss							(152,875)
							1,222,728
Depreciation	180,981	12,329	–	–	52,340	–	245,650
Unallocated depreciation							24,189
							269,839
Share of results from joint venture	–	–	–	–	–	(40,764)	(40,764)
Finance costs	6,972	–	–	–	12,707	–	19,679
Unallocated finance cost							1,133
							20,812
Income tax expense/(credit)	(33,802)	96,361	–	–	158,832	–	221,391
<b>As at 31 December 2019</b>							
Segment assets	2,792,755	1,902,497	2,725,969	1,036,863	1,574,329	630,855	10,663,268
Unallocated assets							488,037
							11,151,305
Segment liabilities	124,844	413,423	1,398,649	883,072	1,668,437	244,661	4,733,086
Unallocated liabilities							1,870,213
							6,603,299



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**30 SEGMENT INFORMATION (Continued)**

*Geographical location*

The Target Group’s operations are mainly located in Singapore.

All of the Target Group’s revenue from external customers based on the location of the Target Group’s operations are mainly from Singapore.

**Reconciliations of reportable segment revenues, profit or loss and other material items**

	1 January 2020 to 30 June 2020	1 January 2019 to 30 June 2019
	\$	\$
<b>Revenue</b>		
Total revenue for reportable segments	6,486,769	7,092,900
Elimination of discontinued operations	–	(4,546,030)
Consolidated revenue	6,486,769	2,546,870
<b>Profit or loss</b>		
Total profit for reportable segments	922,777	1,222,728
Elimination of discontinued operations	–	(817,323)
Consolidated profit	922,777	405,405
<b>Other material items</b>		
Depreciation	525,101	269,839
Elimination of discontinued operations	–	(52,340)
Consolidated depreciation	525,101	217,499
Finance costs		
Elimination of discontinued operations	55,682	20,812
Consolidated finance costs	–	(12,707)
	55,682	8,105
Income tax expenses	175,865	221,391
Elimination of discontinued operations	–	(158,832)
Consolidated income tax expenses	175,865	62,559

**APPENDIX C – INDEPENDENT AUDITORS’ REVIEW REPORT ON  
THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL  
STATEMENTS OF THE TARGET GROUP FOR THE FINANCIAL PERIOD  
FROM 1 JANUARY 2020 TO 30 JUNE 2020**

**LIVINGSTONE HEALTH LTD AND ITS SUBSIDIARIES  
(FORMERLY KNOWN AS ARDMORE MEDICAL GROUP LIMITED)**

**NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL  
STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2020 TO 30 JUNE 2020**

**31 EARNINGS PER SHARE**

The basic earnings per share is calculated based on the profits attributable to the owners of the Target Company for each relevant financial period and the existing shares as at 30 June 2020 at 176,168,027 for illustrative purposes.

The fully diluted earnings per share and basic earnings per share are the same because there is no dilutive share.

The calculation of the basic earnings per share attributable to the ordinary equity holders of the Target Company is based on the following data:

	<b>1 January 2020 to 30 June 2020</b>	<b>1 January 2019 to 30 June 2019</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>\$</b>	<b>\$</b>
Profit for the financial period (attributable to the owners of the Target Company)		
– Continued operations	903,661	405,405
– Discontinued operations	–	817,323
	903,661	1,222,728
Number of shares	176,168,027	176,168,027
Basic and diluted earnings per share (cents)		
– Continuing operation	0.51	0.23
– Discontinued operation	–	0.46
Total	0.51	0.69

**32. FAIR VALUE OF ASSETS AND LIABILITIES**

The carrying amounts of financial assets and financial liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

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**APPENDIX C – INDEPENDENT AUDITORS’ REVIEW REPORT ON  
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**LIVINGSTONE HEALTH LTD AND ITS SUBSIDIARIES  
(FORMERLY KNOWN AS ARDMORE MEDICAL GROUP LIMITED)**

**NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL  
STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2020 TO 30 JUNE 2020**

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**33 CAPITAL MANAGEMENT POLICIES AND OBJECTIVES**

The Target Group manages its capital to ensure that entities in the Target Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance except where decisions are made to exit businesses or close companies.

The capital structure of the Target Group consists of debts, which includes the borrowings disclosed in Note 16 and 17 and equity attributable to owners of the Target Company, comprising issued capital and reserves as disclosed in Note 20 and 21.

The Target Group’s management reviews the capital structure on a regularly basis. As part of this review, management considers the cost of capital and the risks associated with each class of capital. Upon review, the Target Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt. The Target Group’s overall strategy remains unchanged from 31 December 2019.

Management monitors capital based on a gearing ratio and the gearing ratio is calculated as net debt divided by total equity. Net debt is calculated as borrowings plus lease liabilities less cash and cash equivalents.

	<b>30 June 2020</b>	<b>31 December 2019</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>\$</b>	<b>\$</b>
Net debt	1,262,186	388,768
Total equity	4,798,154	4,548,006
Gearing ratio	26%	9%

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**APPENDIX D – INDEPENDENT AUDITORS’ ASSURANCE REPORT AND  
THE COMPILATION OF THE UNAUDITED PRO FORMA CONSOLIDATED  
FINANCIAL INFORMATION OF THE TARGET GROUP  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 AND  
THE SIX-MONTH PERIOD ENDED 30 JUNE 2020**

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**LIVINGSTONE HEALTH LTD AND ITS SUBSIDIARIES  
(FORMERLY KNOWN AS ARDMORE MEDICAL GROUP LIMITED)**

**REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL  
INFORMATION FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 AND THE  
SIX-MONTH PERIOD ENDED 30 JUNE 2020**

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**APPENDIX D – INDEPENDENT AUDITORS’ ASSURANCE REPORT AND  
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**INDEPENDENT AUDITORS’ ASSURANCE REPORT AND THE COMPILATION OF UNAUDITED  
PRO FORMA CONSOLIDATED FINANCIAL INFORMATION OF LIVINGSTONE HEALTH LTD  
AND ITS SUBSIDIARIES (FORMERLY KNOWN AS ARDMORE MEDICAL GROUP LIMITED)  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 AND THE SIX-MONTH PERIOD  
ENDED 30 JUNE 2020**

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31 December 2020

The Board of Directors  
Livingstone Health Ltd  
(Formerly known as Ardmore Medical Group Limited)  
380 Jalan Besar  
#08-12 ARC 380  
Singapore 209000

**Report on the Compilation of Unaudited Pro Forma Consolidated Financial Information**

We have completed our assurance engagement to report on the compilation of unaudited pro forma consolidated financial information of Livingstone Health Ltd (formerly known as Ardmore Medical Group Limited) (the “Target Company”) and its subsidiaries (the “Target Group”). The unaudited pro forma consolidated financial information consists of the unaudited pro forma consolidated statement of financial position as at 31 December 2019 and 30 June 2020, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows for the financial year ended 31 December 2019 and the six-month period ended 30 June 2020, and related notes as set out in pages D6 to D27 of the Circular issued. The applicable criteria on the basis of which management has compiled the pro forma consolidated financial information are described in Note 3.

The unaudited pro forma consolidated financial information has been compiled by management to illustrate the impact of the Significant Events set out in Note 2 on:

- (i) the Target Group’s unaudited pro forma consolidated financial position as at 31 December 2019 and 30 June 2020 as if the Significant Events had taken place on 31 December 2019 and 30 June 2020 respectively; and
- (ii) the Target Group’s unaudited pro forma consolidated financial performance and unaudited pro forma consolidated statement of cash flows for the financial year ended 31 December 2019 and six-month period ended 30 June 2020 as if the Significant Events had taken place on 1 January 2019.

As part of this process, information about the Target Group’s consolidated financial position as at 31 December 2019 and 30 June 2020, consolidated financial performance and consolidated cash flows for the financial year ended 31 December 2019 and the six-month period ended 30 June 2020 have been extracted by management of the Target Company from the Target Group’s financial statements for the financial year ended 31 December 2019 and the six-month period ended 30 June 2020, on which an audit report and a review report have been published respectively.

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**APPENDIX D – INDEPENDENT AUDITORS’ ASSURANCE REPORT AND  
THE COMPILATION OF THE UNAUDITED PRO FORMA CONSOLIDATED  
FINANCIAL INFORMATION OF THE TARGET GROUP  
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THE SIX-MONTH PERIOD ENDED 30 JUNE 2020**

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**INDEPENDENT AUDITORS’ ASSURANCE REPORT AND THE COMPILATION OF UNAUDITED  
PRO FORMA CONSOLIDATED FINANCIAL INFORMATION OF LIVINGSTONE HEALTH LTD  
AND ITS SUBSIDIARIES (FORMERLY KNOWN AS ARDMORE MEDICAL GROUP LIMITED)  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 AND THE SIX-MONTH PERIOD  
ENDED 30 JUNE 2020**

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**Management’s Responsibility for the Unaudited Pro Forma Consolidated Financial  
Information**

Management is responsible for compiling the unaudited pro forma consolidated financial information of the Target Group on the basis of the applicable criteria as described in Note 3.

**Our Independence and Quality Control**

We have complied with the independence and other ethical requirement of the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities*, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

We applied Singapore Standard on Quality Control (SSQC) 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements* and accordingly maintained a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Auditors’ Responsibilities**

Our responsibility is to express an opinion about whether the unaudited pro forma consolidated financial information of the Target Group has been compiled, in all material respects, by management on the basis as described in Note 3.

We conducted our engagement in accordance with Singapore Standard on Assurance Engagements 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Consolidated Financial Information Included in a Prospectus* (“SSAE 3420”) issued by the Institute of Singapore Chartered Accountants. This standard requires that the auditor plan and perform procedures to obtain reasonable assurance about whether management has compiled, in all material respects, the unaudited pro forma consolidated financial information of the Target Group on the basis of the applicable criteria as described in Note 3.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma consolidated financial information of the Target Group, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma consolidated financial information of the Target Group.



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**APPENDIX D – INDEPENDENT AUDITORS’ ASSURANCE REPORT AND  
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**INDEPENDENT AUDITORS’ ASSURANCE REPORT AND THE COMPILATION OF UNAUDITED  
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**Auditors’ Responsibilities (Continued)**

The purpose of the unaudited pro forma consolidated financial information of the Target Group included in the Circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at the respective dates would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma consolidated financial information of the Target Group has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by management in the compilation of the unaudited pro forma consolidated financial information of the Target Group provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- (i) The related unaudited pro forma adjustments give appropriate effect to those criteria; and
- (ii) The unaudited pro forma consolidated financial information of the Target Group reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the practitioner’s judgement, having regard to the auditors’ understanding of the nature of the Target Group, the event or transaction in respect of which the unaudited pro forma consolidated financial information of the Target Group has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma consolidated financial information of the Target Group.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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**APPENDIX D – INDEPENDENT AUDITORS’ ASSURANCE REPORT AND  
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**INDEPENDENT AUDITORS’ ASSURANCE REPORT AND THE COMPILATION OF UNAUDITED  
PRO FORMA CONSOLIDATED FINANCIAL INFORMATION OF LIVINGSTONE HEALTH LTD  
AND ITS SUBSIDIARIES (FORMERLY KNOWN AS ARDMORE MEDICAL GROUP LIMITED)  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 AND THE SIX-MONTH PERIOD  
ENDED 30 JUNE 2020**

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**Opinion**

In our opinion:

- (a) The unaudited pro forma consolidated financial information of the Target Group has been compiled:
  - (i) in a manner consistent with the accounting policies adopted by the Target Group in its latest audited financial statements, which are in accordance with Singapore Financial Reporting Standards (International) (“SFRS(I)”);
  - (ii) on the basis of the applicable criteria stated in Note 3 of the unaudited pro forma consolidated financial information of the Target Group; and
- (b) each material adjustment made to the information used in the preparation of the unaudited pro forma consolidated financial information of the Target Group is appropriate for the purpose of preparing such unaudited pro forma consolidated financial information.

**Restriction of Use and Distribution**

This report has been prepared solely for inclusion in the Circular to the shareholders of Citicode Ltd (“Citicode”) in connection with Citicode’s proposed acquisition of the entire issued share capital of the Target Company and for no other purpose.

**MAZARS LLP**

Public Accountants and  
Chartered Accountants

Singapore

**Ooi Chee Keong**

Partner-in-charge

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**APPENDIX D – INDEPENDENT AUDITORS’ ASSURANCE REPORT AND  
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**LIVINGSTONE HEALTH LTD AND ITS SUBSIDIARIES  
(FORMERLY KNOWN AS ARDMORE MEDICAL GROUP LIMITED)**

**UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT  
31 DECEMBER 2019 AND 30 JUNE 2020**

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	<b>Target Group</b>	
	<b>30 June 2020</b>	<b>31 December 2019</b>
	<b>\$</b>	<b>\$</b>
<b><u>ASSETS</u></b>		
<b>Current assets</b>		
Cash and cash equivalents	474,446	292,727
Trade receivables	2,789,503	1,803,133
Other receivables	615,295	609,323
Inventories	444,331	461,241
	4,323,575	3,166,424
<b>Non-current assets</b>		
Property, plant and equipment	2,478,983	2,809,494
Investment in joint ventures	65,088	121,423
Goodwill arising on consolidation	3,635,651	3,635,651
	6,179,722	6,566,568
<b>Total assets</b>	10,503,297	9,732,992

*The accompanying notes form an integral part of this unaudited pro forma financial information*

**APPENDIX D – INDEPENDENT AUDITORS’ ASSURANCE REPORT AND  
THE COMPILATION OF THE UNAUDITED PRO FORMA CONSOLIDATED  
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**LIVINGSTONE HEALTH LTD AND ITS SUBSIDIARIES  
(FORMERLY KNOWN AS ARDMORE MEDICAL GROUP LIMITED)**

**UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT  
31 DECEMBER 2019 AND 30 JUNE 2020**

	<b>Target Group</b>	
	<b>30 June 2020</b>	<b>31 December 2019</b>
	<b>\$</b>	<b>\$</b>
<b><u>LIABILITIES AND EQUITY</u></b>		
<b>Current liabilities</b>		
Trade payables	691,164	677,413
Other payables	786,748	1,350,101
Borrowings	558,365	549,687
Lease liabilities	608,622	660,498
Deferred revenue	1,110,630	1,031,432
Income tax payable	361,308	254,647
	<u>4,116,837</u>	<u>4,523,778</u>
<b>Non-current liabilities</b>		
Other payables	1,016,517	1,187,754
Borrowings	397,241	–
Lease liabilities	918,103	889,623
Deferred tax liabilities	2,144	2,144
	<u>2,334,005</u>	<u>2,079,521</u>
<b>Capital and reserves</b>		
Share capital	3,267,868	3,267,868
Merger reserve	57,375	57,375
Foreign currency translation reserve	2,854	2,869
Other reserve	21,543	21,543
Accumulated profits/(losses)	220,840	(682,821)
Equity attributable to owners of the Target Company	3,570,480	2,666,834
Non-controlling interests	481,975	462,859
Total equity	<u>4,052,455</u>	<u>3,129,693</u>
<b>Total liabilities and equity</b>	<u><u>10,503,297</u></u>	<u><u>9,732,992</u></u>

*The accompanying notes form an integral part of this unaudited pro forma financial information*

**APPENDIX D – INDEPENDENT AUDITORS' ASSURANCE REPORT AND  
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**LIVINGSTONE HEALTH LTD AND ITS SUBSIDIARIES  
(FORMERLY KNOWN AS ARDMORE MEDICAL GROUP LIMITED)**

**UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019 AND SIX-MONTH  
PERIOD ENDED 30 JUNE 2020**

	<b>Target Group</b>	
	<b>6 months ended 30 June 2020</b>	<b>Year ended 31 December 2019</b>
	<b>\$</b>	<b>\$</b>
<b>Revenue</b>	6,486,769	14,344,536
Other operating income	471,868	81,136
Consumables and medical supplies used	(1,078,946)	(2,300,113)
Purchased and contracted services	(110,234)	(701,046)
Employees benefits expense	(2,995,083)	(5,915,030)
Depreciation expense	(525,101)	(734,842)
Share of results from joint ventures	(87,892)	(157,074)
Other operating expenses	(1,007,057)	(2,381,079)
Finance costs	(55,682)	(81,504)
<b>Profit before income tax</b>	<b>1,098,642</b>	<b>2,154,984</b>
Income tax expense	(175,865)	(340,818)
<b>Profit for the period/year</b>	<b>922,777</b>	<b>1,814,166</b>
<b>Other comprehensive income:</b>		
<i>Components of other comprehensive income that will be reclassified to profit or loss, net of taxation</i>		
Exchange differences on translating foreign operations	(15)	2,869
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD/YEAR</b>	<b>922,762</b>	<b>1,817,035</b>
<b>Profit attributable to:</b>		
Owners of the Target Company	903,661	1,682,885
Non-controlling interests	19,116	131,281
<b>Profit for the period/year</b>	<b>922,777</b>	<b>1,814,166</b>
<b>Total comprehensive income attributable to:</b>		
Owners of the Target Company	903,646	1,685,754
Non-controlling interests	19,116	131,281
	<b>922,762</b>	<b>1,817,035</b>
Basic and diluted earnings per share (cents) (Note 6)	0.51	0.96

*The accompanying notes form an integral part of this unaudited pro forma financial information*

**APPENDIX D – INDEPENDENT AUDITORS’ ASSURANCE REPORT AND  
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**LIVINGSTONE HEALTH LTD AND ITS SUBSIDIARIES  
(FORMERLY KNOWN AS ARDMORE MEDICAL GROUP LIMITED)**

**UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE  
YEAR ENDED 31 DECEMBER 2019 AND SIX-MONTH PERIOD ENDED 30 JUNE 2020**

	<b>Target Group</b>	
	<b>6 months ended 30 June 2020</b>	<b>Year ended 31 December 2019</b>
	<b>\$</b>	<b>\$</b>
<b>Operating activities</b>		
Profit before income tax	1,098,642	2,154,984
Adjustments for:		
Depreciation expense	525,101	734,842
Interest expense	55,682	81,504
(Reversal of)/Loss allowance on trade receivables	(171)	15,417
Bad debts written off	–	1,718
Share of result of joint ventures, net of tax	87,892	157,074
Unrealised exchange differences	(17)	2,869
Loss on disposal/write-off of property, plant and equipment, net	763	45,919
Operating cash flows before movements in working capital	1,767,892	3,194,327
Trade receivables	(986,199)	(633,554)
Other receivables	(5,972)	(225,915)
Inventories	16,910	(371,770)
Trade payables	13,751	672,609
Other payables	(562,870)	(240,905)
Deferred revenue	79,198	19,876
Cash generated from operations	322,710	2,414,668
Interest paid	(55,682)	(81,504)
Tax paid	(69,204)	(446,735)
<b>Net cash generated from operating activities</b>	<b>197,824</b>	<b>1,886,429</b>
<b>Investing activities</b>		
Investment in joint ventures, net	(31,557)	(278,497)
Purchase of property, plant and equipment	(33,027)	(791,326)
Proceeds on disposal of property, plant and equipment	12,000	84,884
<b>Net cash used in investing activities</b>	<b>(52,584)</b>	<b>(984,939)</b>

*The accompanying notes form an integral part of this unaudited pro forma financial information*

**APPENDIX D – INDEPENDENT AUDITORS' ASSURANCE REPORT AND  
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THE SIX-MONTH PERIOD ENDED 30 JUNE 2020**

**LIVINGSTONE HEALTH LTD AND ITS SUBSIDIARIES  
(FORMERLY KNOWN AS ARDMORE MEDICAL GROUP LIMITED)**

**UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE  
YEAR ENDED 31 DECEMBER 2019 AND SIX-MONTH PERIOD ENDED 30 JUNE 2020**

	<b>Target Group</b>	
	<b>6 months ended 30 June 2020</b>	<b>Year ended 31 December 2019</b>
	<b>\$</b>	<b>\$</b>
<b>Financing activities</b>		
Repayment of lease liabilities	(369,440)	(439,976)
Repayment of borrowings	(194,081)	(405,292)
Proceeds from borrowings	600,000	340,000
Proceeds on issue of shares	–	100,002
Dividends paid	(1,418,313)	(3,648,410)
<b>Net cash used in financing activities</b>	<b>(1,381,834)</b>	<b>(4,053,676)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(1,236,594)</b>	<b>(3,152,186)</b>
Cash and cash equivalents at beginning of period/year	1,711,040	3,444,913
<b>Cash and cash equivalents at the end of the period/year</b>	<b>474,446</b>	<b>292,727</b>

**Reconciliation of liabilities arising from financing activities:**

	<b>Non-cash changes</b>					
	<b>1 January 2020</b>	<b>Financing cash outflows</b>	<b>Proceeds from borrowings</b>	<b>Right-of- use assets acquisition</b>	<b>Assets acquired through lease liabilities</b>	<b>Conversion from other payables to lease liabilities</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>30 June 2020</b>
Lease liabilities	1,550,121	(369,440)	–	97,824	76,500	1,526,725
Borrowings	549,687	(194,081)	600,000	–	–	955,606

	<b>Non-cash changes</b>				
	<b>1 January 2019</b>	<b>Financing cash flows</b>	<b>Proceeds from borrowings</b>	<b>Initial adoption of SFRS(I)16</b>	<b>31 December 2019</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Lease liabilities	7,873	(439,976)	–	1,982,224	1,550,121
Borrowings	614,979	(405,292)	340,000	–	549,687

*The accompanying notes form an integral part of this unaudited pro forma financial information*



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**APPENDIX D – INDEPENDENT AUDITORS’ ASSURANCE REPORT AND  
THE COMPILATION OF THE UNAUDITED PRO FORMA CONSOLIDATED  
FINANCIAL INFORMATION OF THE TARGET GROUP  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 AND  
THE SIX-MONTH PERIOD ENDED 30 JUNE 2020**

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**LIVINGSTONE HEALTH LTD AND ITS SUBSIDIARIES  
(FORMERLY KNOWN AS ARDMORE MEDICAL GROUP LIMITED)**

**NOTES TO UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION  
YEAR ENDED 31 DECEMBER 2019 AND SIX-MONTH PERIOD ENDED 30 JUNE 2020**

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**1 GENERAL INFORMATION**

Livingstone Health Ltd. (Formerly known as Ardmore Medical Group Limited) (the “Target Company”) (Registration No. 201734626G) is incorporated in Singapore with its principal place of business and registered office at 380 Jalan Besar, #08-12 ARC 380, Singapore 209000. The financial statements are expressed in Singapore dollars, which is also the functional currency of the Target Company and its subsidiaries.

The principal activity of the Target Company is that of investment holding company. Through its operating member companies, the Target Company and its subsidiaries (the “Target Group”) is engaged in the provision of medical treatment and consultancy services.

The Target Company is a subsidiary of Livingstone Health Consolidated Pte. Ltd. (formerly known as Ardmore Consolidated Pte. Ltd.) (“LVS”) incorporated in Singapore, which is also the Target Company’s ultimate holding company.

**2 SIGNIFICANT EVENTS**

Save for the following significant events relating to the Target Group (the “Significant Events”) discussed below, the directors, as at the date of this report, are not aware of other significant acquisitions, disposal of assets and subsidiaries or significant changes made to the capital structure of the Target Group as at 31 December 2019.

**(a) Disposal of Orthopaedics Practice in SN Orthopaedics Pte Ltd  
(“SN Orthopaedics”)**

On 26 December 2019, the Target Group agreed to dispose the entire issued share capital of SN Orthopaedics for a total consideration of \$1,831,421 to Dr. Sean Ng. As such, the entire issued share capital of SN Orthopaedics was transferred to Dr. Sean Ng on 31 December 2019. The relevant parties agreed that all economic rights, benefits and liabilities attached to the shares of SN Orthopaedics would be transferred to Dr. Sean Ng with effect from 31 December 2019. (the “SN Orthopaedics” Disposal).

**(b) Acquisition of Phoenix Medical Group Pte Ltd and its subsidiaries (collectively  
“PMG Group of Companies”)**

Pursuant to the sale and purchase agreement dated 31 December 2019, the Target Company acquired 51% of the issued and paid-up ordinary shares (the “PMG Shares”) of Phoenix Medical Group Pte Ltd (“Phoenix Medical”) from Dr. Chua Hshan Cher, Dr. Lee Kai Lun and Dr. Angela Foong at the aggregate consideration of \$1,530,000 which was determined by the valuation report performed by an external valuer. The wholly owned subsidiaries of Phoenix Medical as at 31 December 2019 which are PMG CACTIII Pte. Ltd. (“PMG CACTIII”), PMG HV Pte. Ltd. (“PMG HV”) and PMG PL Pte. Ltd (“PMG PL”) also become the subsidiaries of the Target Company. The relevant parties agreed that all economic rights, benefits and liabilities attached to the shares of Phoenix Medical Group of companies would be transferred to the Target Company with effect from 31 December 2019.

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**2 SIGNIFICANT EVENTS (Continued)**

**(b) Acquisition of Phoenix Medical Group Pte Ltd and its subsidiaries (collectively “PMG Group of Companies”) (Continued)**

As of 31 December 2019, out of the consideration of \$1,530,000, \$306,000 has been paid in cash. As of October 2020, an additional amount of \$612,000 was paid and 33,721 original shares of Phoenix Medical was issued to the Target Company. The remaining balance of \$612,000 will be paid by 31 December 2021 with interest rate of 5.25%. The net present value of the remaining consideration of \$612,000 is \$552,391. Considering the effect of net present value, the fair value of the consideration is \$1,470,391.

**(c) Acquisition of Dr. Edwin Tan’s Medical Practice**

Cove Sports & Reconstruction Pte. Ltd (“Cove Sports”) was incorporated in the Republic of Singapore on 11 November 2019 as a private company limited by shares. The principal activity of Cove Sports is that of operating as an Orthopaedic Specialist Clinic. At the time of incorporation, Cove Sports had an issued and paid-up share capital of \$100 comprising one hundred shares held by the Target Company.

Dr. Edwin Tan (“Dr. Edwin”) was an Orthopaedic Surgeon who practised as an orthopaedic specialist doctor at SN Orthopaedics. Pursuant to Note 2(a) above, the Target Company initiated discussion and renegotiated with Dr. Edwin for injection of his entire medical practice including his medical team, his operations in the hospital to the Target Group after divestment of SN Orthopaedics. The Target Group and Dr. Edwin agreed that Dr. Edwin shall inject his entire medical practice into Cove Sports with effect from 31 December 2019, with aggregate consideration of \$2,780,000. Considering the effect of net present value, the fair value of the consideration is \$2,647,011.

**(d) Declaration of dividends in April 2020, July 2020 and November 2020**

During the year 2020, the Target Group has declared dividends of \$672,614, \$588,943 and \$156,756 in April 2020, July 2020 and November 2020 respectively. For the purpose of pro forma adjustments, the dividends were included as adjustments.

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**3 BASIS OF PREPARATION OF THE UNAUDITED PRO FORMA CONSOLIDATED  
FINANCIAL INFORMATION OF THE TARGET GROUP**

3.1 The unaudited pro forma consolidated financial information refers to the consolidated financial information of the Target Group which is presented in Singapore dollars (“SGD” or “\$”). The unaudited pro forma consolidated financial information has been prepared for illustrative purposes only. It has been prepared based on certain assumptions and after making certain adjustments to show what:

- (a) the unaudited pro forma consolidated statement of comprehensive income and unaudited pro forma consolidated statement of cash flows of the Target Group for the financial year ended 31 December 2019 and the six-month period ended 30 June 2020 would have been if the Target Group’s structure pursuant to the Significant Events as described in Note 2 had been in place since 1 January 2019; and
- (b) the unaudited pro forma consolidated statement of financial position of the Target Group as at 31 December 2019 and 30 June 2020 would have been if the Target Group’s structure pursuant to the Significant Events as described in Note 2 had been in place on 31 December 2019 and 30 June 2020 respectively.

3.2 However, the unaudited pro forma consolidated financial information of the Target Group may not give a true picture of the Target Group’s actual financial position, financial performance and cash flows because of its nature and is not necessarily indicative of the results of the operations and cash flows or the related effects on the financial position that would have been attained had the Significant Events actually occurred earlier.

3.3 The unaudited pro forma consolidated financial information of the Target Group has been compiled based on the following:

- (a) the audited consolidated financial statements of the Target Group for the financial year ended 31 December 2019, which were prepared in accordance with Singapore Financial Reporting Standards (International) (“SFRS(I)”) and audited by Mazars LLP, Public Accountants and Chartered Accountants Singapore, in accordance with Singapore Standards of Auditing; and
- (b) the unaudited interim combined financial statements of the Target Group for the six-month period ended 30 June 2020, which were prepared in accordance with SFRS(I).

3.4 The independent auditors’ reports of the aforementioned audited financial statements were not subject to any qualification.

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**4 THE TARGET GROUP**

There has been no changes to the reorganisation as disclosed in the Note 2 and Note 35 to the audited consolidated financial statements for the financial years ended 31 December 2017, 2018 and 2019.

**5 STATEMENT OF PRO FORMA ADJUSTMENTS**

5.1 Unaudited pro forma consolidated statement of financial position of the Target Group as at 31 December 2019

	<b>Audited Consolidated Statement of Financial Position 31 December 2019</b>	<b>Unaudited Pro Forma Adjustments Event 1 Note 2(d)</b>	<b>Unaudited Pro Forma Consolidated Statement of Financial Position 31 December 2019</b>
	\$	\$	\$
<b><u>ASSETS</u></b>			
<b>Current assets</b>			
Cash and cash equivalents	1,711,040	(1,418,313)	292,727
Trade receivables	1,803,133	–	1,803,133
Other receivables	609,323	–	609,323
Inventories	461,241	–	461,241
	<u>4,584,737</u>	<u>(1,418,313)</u>	<u>3,166,424</u>
<b>Non-current assets</b>			
Property, plant and equipment	2,809,494	–	2,809,494
Investment in joint ventures	121,423	–	121,423
Goodwill arising on consolidation	3,635,651	–	3,635,651
	<u>6,566,568</u>	<u>–</u>	<u>6,566,568</u>
Total assets	<u><u>11,151,305</u></u>	<u><u>(1,418,313)</u></u>	<u><u>9,732,992</u></u>

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**5 STATEMENT OF PRO FORMA ADJUSTMENTS (Continued)**

**5.1 Unaudited pro forma consolidated statement of financial position of the Target Group as at 31 December 2019 (Continued)**

	<b>Audited Consolidated Statement of Financial Position 31 December 2019</b>	<b>Unaudited Pro Forma Adjustments Event 1 Note 2(d)</b>	<b>Unaudited Pro Forma Consolidated Statement of Financial Position 31 December 2019</b>
	\$	\$	\$
<b><u>LIABILITIES AND EQUITY</u></b>			
<b>Current liabilities</b>			
Trade payables	677,413	–	677,413
Other payables	1,350,101	–	1,350,101
Borrowings	549,687	–	549,687
Lease liabilities	660,498	–	660,498
Deferred revenue	1,031,432	–	1,031,432
Income tax payable	254,647	–	254,647
	4,523,778	–	4,523,778
<b>Non-current liabilities</b>			
Other payables	1,187,754	–	1,187,754
Lease liabilities	889,623	–	889,623
Deferred tax liabilities	2,144	–	2,144
	2,079,521	–	2,079,521

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**5 STATEMENT OF PRO FORMA ADJUSTMENTS (Continued)**

**5.1 Unaudited pro forma consolidated statement of financial position of the Target Group as at 31 December 2019 (Continued)**

	<b>Audited Consolidated Statement of Financial Position 31 December 2019</b>	<b>Unaudited Pro Forma Adjustments Event 1 Note 2(d)</b>	<b>Unaudited Pro Forma Consolidated Statement of Financial Position 31 December 2019</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Capital and reserves</b>			
Share capital	3,267,868	–	3,267,868
Merger reserve	57,375	–	57,375
Foreign currency translation reserve	2,869	–	2,869
Other reserve	21,543	–	21,543
Accumulated profits/(losses)	735,492	(1,418,313)	(682,821)
Equity attributable to owners of the Target Company	4,085,147	(1,418,313)	2,666,834
Non-controlling interests	462,859	–	462,859
Total equity	4,548,006	(1,418,313)	3,129,693
<b>Total liabilities and equity</b>	<b>11,151,305</b>	<b>(1,418,313)</b>	<b>9,732,992</b>

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**5 STATEMENT OF PRO FORMA ADJUSTMENTS (Continued)**

**5.2 Unaudited pro forma consolidated statement of financial position of the Target Group as at 30 June 2020**

	<b>Unaudited Consolidated Statement of Financial Position 30 June 2020</b>	<b>Unaudited Pro Forma Adjustments Event 1 Note 2(d)</b>	<b>Unaudited Pro Forma Consolidated Statement of Financial Position 30 June 2020</b>
	\$	\$	\$
<b><u>ASSETS</u></b>			
<b>Current assets</b>			
Cash and cash equivalents	1,220,145	(745,699)	474,446
Trade receivables	2,789,503	–	2,789,503
Other receivables	615,295	–	615,295
Inventories	444,331	–	444,331
	<u>5,069,274</u>	<u>(745,699)</u>	<u>4,323,575</u>
<b>Non-current assets</b>			
Property, plant and equipment	2,478,983	–	2,478,983
Investment in joint ventures	65,088	–	65,088
Goodwill arising on consolidation	3,635,651	–	3,635,651
	<u>6,179,722</u>	<u>–</u>	<u>6,179,722</u>
<b>Total assets</b>	<u><u>11,248,996</u></u>	<u><u>(745,699)</u></u>	<u><u>10,503,297</u></u>



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**5 STATEMENT OF PRO FORMA ADJUSTMENTS (Continued)**

**5.2 Unaudited pro forma consolidated statement of financial position of the Target Group as at 30 June 2020 (Continued)**

	<b>Unaudited Consolidated Statement of Financial Position 30 June 2020</b>	<b>Unaudited Pro Forma Adjustments Event 1 Note 2(d)</b>	<b>Unaudited Pro Forma Consolidated Statement of Financial Position 30 June 2020</b>
	\$	\$	\$
<b><u>LIABILITIES AND EQUITY</u></b>			
<b>Current liabilities</b>			
Trade payables	691,164	–	691,164
Other payables	786,748	–	786,748
Borrowings	558,365	–	558,365
Lease liabilities	608,622	–	608,622
Deferred revenue	1,110,630	–	1,110,630
Income tax payable	361,308	–	361,308
	<u>4,116,837</u>	<u>–</u>	<u>4,116,837</u>
<b>Non-current liabilities</b>			
Other payables	1,016,517	–	1,016,517
Borrowings	397,241	–	397,241
Lease liabilities	918,103	–	918,103
Deferred tax liabilities	2,144	–	2,144
	<u>2,334,005</u>	<u>–</u>	<u>2,334,005</u>

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**5 STATEMENT OF PRO FORMA ADJUSTMENTS (Continued)**

**5.2 Unaudited pro forma consolidated statement of financial position of the Target Group as at 30 June 2020 (Continued)**

	<b>Unaudited Consolidated Statement of Financial Position 30 June 2020</b>	<b>Unaudited Pro Forma Adjustments Event 1 Note 2(d)</b>	<b>Unaudited Pro Forma Consolidated Statement of Financial Position 30 June 2020</b>
	\$	\$	\$
<b>Capital and reserves</b>			
Share capital	3,267,868	–	3,267,868
Merger reserve	57,375	–	57,375
Foreign currency translation reserve	2,854	–	2,854
Other reserve	21,543	–	21,543
Accumulated profits	966,539	(745,699)	220,840
Equity attributable to owners of the Target Company	4,316,179	(745,699)	3,570,480
Non-controlling interests	481,975	–	481,975
Total equity	4,798,154	(745,699)	4,052,455
<b>Total liabilities and equity</b>	11,248,996	(745,699)	10,503,297

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**5 STATEMENT OF PRO FORMA ADJUSTMENTS (Continued)**

**5.3 Unaudited pro forma consolidated statement of profit or loss and other comprehensive income of the Target Group for the year ended 31 December 2019**

	Financial year ended 31 December 2019 of the Target Group				
	Audited Consolidated Statements of Profit or Loss and Other Comprehensive Income	Unaudited Pro Forma Adjustments			Unaudited Pro Forma Consolidated Statements of Profit or Loss and Other Comprehensive Income
	\$	Event 1 Note 2(a)	Event 2 Note 2(b)	Event 3 Note 2(c)	\$
<b>Revenue</b>	6,158,959	–	3,771,458	4,414,119	14,344,536
Other operating income	21,542	–	47,892	11,702	81,136
Consumables and medical supplies used	(375,961)	–	(1,161,799)	(762,353)	(2,300,113)
Purchased and contracted services	(701,046)	–	–	–	(701,046)
Employees benefits expense	(2,541,144)	–	(1,530,460)	(1,843,426)	(5,915,030)
Depreciation expense	(348,777)	–	(386,065)	–	(734,842)
Share of results from joint ventures	(157,074)	–	–	–	(157,074)
Other operating expenses	(1,536,352)	–	(381,244)	(463,483)	(2,381,079)
Finance costs	(29,600)	–	(51,904)	–	(81,504)
<b>Profit before income tax</b>	490,547	–	307,878	1,356,559	2,154,984
Income tax expense	(70,245)	–	(39,957)	(230,616)	(340,818)
<b>Profit from continuing operations</b>	420,302	–	267,921	1,125,943	1,814,166
Profit from discontinued operations, net of tax	1,410,085	(1,410,085)	–	–	–
<b>Profit for the year</b>	1,830,387	(1,410,085)	267,921	1,125,943	1,814,166
<b>Other comprehensive income that will be reclassified to profit or loss, net of tax:</b>					
Exchange differences on translating foreign operations	2,869	–	–	–	2,869
<b>Total comprehensive income for the year</b>	1,833,256	(1,410,085)	267,921	1,125,943	1,817,035

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**5 STATEMENT OF PRO FORMA ADJUSTMENTS (Continued)**

**5.3 Unaudited pro forma consolidated statement of profit or loss and other comprehensive income of the Target Group for the year ended 31 December 2019 (Continued)**

Financial year ended 31 December 2019 of the Target Group					
	Audited Consolidated Statements of Profit or Loss and Other Comprehensive Income	Unaudited Pro Forma Adjustments			Unaudited Pro Forma Consolidated Statements of Profit or Loss and Other Comprehensive Income
		Event 1 Note 2(a)	Event 2 Note 2(b)	Event 3 Note 2(c)	
	\$	\$	\$	\$	\$
<b>Continuing operations, net of tax</b>					
Owners of the Target Company	420,302	–	136,640	1,125,943	1,682,885
Non-controlling interest	–	–	131,281	–	131,281
<b>Discontinued operations, net of tax</b>					
Owners of the Target Company	1,410,085	(1,410,085)	–	–	–
Non-controlling interest	–	–	–	–	–
<b>Profit for the year</b>	<u>1,830,387</u>	<u>(1,410,085)</u>	<u>267,921</u>	<u>1,125,943</u>	<u>1,814,166</u>
<b>Total comprehensive income:</b>					
Owners of the Target Company	1,833,256	(1,410,085)	136,640	1,125,943	1,685,754
Non-controlling interest	–	–	131,281	–	131,281
<b>Total comprehensive income for the year</b>	<u><u>1,833,256</u></u>	<u><u>(1,410,085)</u></u>	<u><u>267,921</u></u>	<u><u>1,125,943</u></u>	<u><u>1,817,035</u></u>

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**5 STATEMENT OF PRO FORMA ADJUSTMENTS (Continued)**

**5.4 Unaudited pro forma consolidated statement of profit or loss and other comprehensive income of the Target Group for the six-month period ended 30 June 2020**

	Six-month period ended 30 June 2020 of the Target Group		
	Unaudited Consolidated Statements of Profit or Loss and Other Comprehensive Income	Unaudited Pro Forma Adjustment	Unaudited Pro Forma Consolidated Statements of Profit or Loss and Other Comprehensive Income
	\$	\$	\$
<b>Revenue</b>	6,486,769	–	6,486,769
Other operating income	471,868	–	471,868
Consumables and medical supplies used	(1,078,946)	–	(1,078,946)
Purchased and contracted services	(110,234)	–	(110,234)
Employees benefits expense	(2,995,083)	–	(2,995,083)
Depreciation expense	(525,101)	–	(525,101)
Share of results from joint ventures	(87,892)	–	(87,892)
Other operating expenses	(1,007,057)	–	(1,007,057)
Finance costs	(55,682)	–	(55,682)
<b>Profit before income tax</b>	1,098,642	–	1,098,642
Income tax expense	(175,865)	–	(175,865)
<b>Profit for the period</b>	922,777	–	922,777
<b>Other comprehensive income that will be reclassified to profit or loss, net of tax:</b>			
Exchange differences on translating foreign operations	(15)	–	(15)
<b>Total comprehensive income for the period</b>	922,762	–	922,762
<b>Profit attributable to:</b>			
Owners of the Target Company	903,661	–	903,661
Non-controlling interests	19,116	–	19,116
<b>Profit for the period</b>	922,777	–	922,777
<b>Total comprehensive income attributable to:</b>			
Owners of the Target Company	903,646	–	903,646
Non-controlling interests	19,116	–	19,116
<b>Total comprehensive income for the period</b>	922,762	–	922,762

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**5 STATEMENT OF PRO FORMA ADJUSTMENTS (Continued)**

**5.5 Unaudited pro forma consolidated statement of cash flows of the Target Group for the year ended 31 December 2019**

Financial year ended 31 December 2019 of the Target Group						
	Audited Consolidated Statement of Cash Flows	Event 1 Note 2(a)	Event 2 Note 2(b)	Event 3 Note 2(c)	Event 4 Note 2(d)	Unaudited Pro Forma Statement of Cash Flows
	\$	\$	\$	\$	\$	\$
<b>Operating activities</b>						
Profit before income tax from continuing operations	490,547	–	307,878	1,356,559	–	2,154,984
Profit before income tax from discontinued operations	1,729,583	(1,729,583)	–	–	–	–
	2,220,130	(1,729,583)	307,878	1,356,559	–	2,154,984
Adjustments for:						
Depreciation expense	489,148	(140,371)	386,065	–	–	734,842
Interest expense	49,948	(20,348)	51,904	–	–	81,504
Loss allowance on trade receivables	15,417	–	–	–	–	15,417
Bad debts written off	1,718	–	–	–	–	1,718
Share of result of joint ventures, net of tax	157,074	–	–	–	–	157,074
Unrealised exchange differences	2,869	–	–	–	–	2,869
Loss on disposal/write-off of property, plant and equipment, net	45,919	–	–	–	–	45,919
Operating cash flows before movements in working capital	2,982,223	(1,890,302)	745,847	1,356,559	–	3,194,327
Trade receivables	(1,703,747)	1,146,422	(76,229)	–	–	(633,554)
Other receivables	155,406	(28,475)	(352,846)	–	–	(225,915)
Inventories	(157,244)	26,731	(241,257)	–	–	(371,770)
Trade payables	656,100	(127,065)	143,574	–	–	672,609
Other payables	421,224	(291,417)	(1,006,075)	635,363	–	(240,905)
Deferred revenue	19,876	–	–	–	–	19,876
Cash generated from operations	2,373,838	(1,164,106)	(786,986)	1,991,922	–	2,414,668
Interest paid	(49,948)	20,348	(51,904)	–	–	(81,504)
Tax paid	(215,138)	21,946	(22,928)	(230,615)	–	(446,735)
<b>Net cash generated from operating activities</b>	<b>2,108,752</b>	<b>(1,121,812)</b>	<b>(861,818)</b>	<b>1,761,307</b>	<b>–</b>	<b>1,886,429</b>

**APPENDIX D – INDEPENDENT AUDITORS' ASSURANCE REPORT AND  
THE COMPILATION OF THE UNAUDITED PRO FORMA CONSOLIDATED  
FINANCIAL INFORMATION OF THE TARGET GROUP  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 AND  
THE SIX-MONTH PERIOD ENDED 30 JUNE 2020**

**LIVINGSTONE HEALTH LTD AND ITS SUBSIDIARIES  
(FORMERLY KNOWN AS ARDMORE MEDICAL GROUP LIMITED)**

**NOTES TO UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION  
YEAR ENDED 31 DECEMBER 2019 AND SIX-MONTH PERIOD ENDED 30 JUNE 2020**

**5 STATEMENT OF PRO FORMA ADJUSTMENTS (Continued)**

**5.5 Unaudited pro forma consolidated statement of cash flows of the Target Group for the year ended 31 December 2019 (Continued)**

Financial year ended 31 December 2019 of the Target Group						
	Audited Consolidated Statement of Cash Flows	Event 1 Note 2(a)	Event 2 Note 2(b)	Event 3 Note 2(c)	Event 4 Note 2(d)	Unaudited Pro Forma Statement of Cash Flows
	\$	\$	\$	\$	\$	\$
<b>Investing activities</b>						
Acquisition of subsidiaries	96,406	–	(96,406)	–	–	–
Investment in joint ventures, net	(278,497)	–	–	–	–	(278,497)
Disposal of subsidiary	(167,259)	167,259	–	–	–	–
Purchase of property, plant and equipment	(742,812)	75,570	(124,084)	–	–	(791,326)
Proceeds on disposal of property, plant and equipment	84,884	–	–	–	–	84,884
<b>Net cash used in investing activities</b>	<b>(1,007,278)</b>	<b>242,829</b>	<b>(220,490)</b>	<b>–</b>	<b>–</b>	<b>(984,939)</b>
<b>Financing activities</b>						
Repayment of lease liabilities	(232,870)	53,283	(260,389)	–	–	(439,976)
Repayments of borrowings	(283,844)	–	(121,448)	–	–	(405,292)
Proceeds from borrowings	–	–	340,000	–	–	340,000
Proceeds on issue of shares	100,002	–	–	–	–	100,002
Dividends paid	(2,230,097)	–	–	–	(1,418,313)	(3,648,410)
<b>Net cash used in financing activities</b>	<b>(2,646,809)</b>	<b>53,283</b>	<b>(41,837)</b>	<b>–</b>	<b>(1,418,313)</b>	<b>(4,053,676)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(1,545,335)</b>	<b>(825,700)</b>	<b>(1,124,145)</b>	<b>1,761,307</b>	<b>(1,418,313)</b>	<b>(3,152,186)</b>
Cash and cash equivalents at beginning of year	3,256,375	(216,507)	405,045	–	–	3,444,913
<b>Cash and cash equivalents at the end of the year</b>	<b>1,711,040</b>	<b>(1,042,207)</b>	<b>(719,100)</b>	<b>1,761,307</b>	<b>(1,418,313)</b>	<b>292,727</b>



**APPENDIX D – INDEPENDENT AUDITORS’ ASSURANCE REPORT AND  
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THE SIX-MONTH PERIOD ENDED 30 JUNE 2020**

**LIVINGSTONE HEALTH LTD AND ITS SUBSIDIARIES  
(FORMERLY KNOWN AS ARDMORE MEDICAL GROUP LIMITED)**

**NOTES TO UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION  
YEAR ENDED 31 DECEMBER 2019 AND SIX-MONTH PERIOD ENDED 30 JUNE 2020**

**5 STATEMENT OF PRO FORMA ADJUSTMENTS (Continued)**

**5.6 Unaudited pro forma consolidated statement of cash flow of the Target Group for the six-month period ended 30 June 2020**

	<b>Unaudited Consolidated Statement of Cash Flow of the Target Group</b>	<b>Unaudited Pro Forma Adjustments Event 1 Note 2(d)</b>	<b>Unaudited Pro Forma Consolidated Statement of cash flows</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Operating activities</b>			
Profit before income tax	1,098,642	–	1,098,642
Adjustments for:			
Depreciation expense	525,101	–	525,101
Interest expense	55,682	–	55,682
Reversal of allowance on trade receivables	(171)	–	(171)
Share of result of joint ventures, net of tax	87,892	–	87,892
Unrealised exchange differences	(17)	–	(17)
Loss on disposal/write-off of property, plant and equipment, net	763	–	763
Operating cash flows before movements in working capital	1,767,892	–	1,767,892
Trade receivables	(986,199)	–	(986,199)
Other receivables	(5,972)	–	(5,972)
Inventories	16,910	–	16,910
Trade payables	13,751	–	13,751
Other payables	(562,870)	–	(562,870)
Deferred revenue	79,198	–	79,198
Cash generated from operations	322,710	–	322,710
Interest paid	(55,682)	–	(55,682)
Tax paid	(69,204)	–	(69,204)
<b>Net cash generated from operating activities</b>	<b>197,824</b>	<b>–</b>	<b>197,824</b>

**APPENDIX D – INDEPENDENT AUDITORS’ ASSURANCE REPORT AND  
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**LIVINGSTONE HEALTH LTD AND ITS SUBSIDIARIES  
(FORMERLY KNOWN AS ARDMORE MEDICAL GROUP LIMITED)**

**NOTES TO UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION  
YEAR ENDED 31 DECEMBER 2019 AND SIX-MONTH PERIOD ENDED 30 JUNE 2020**

**5 STATEMENT OF PRO FORMA ADJUSTMENTS (Continued)**

**5.6 Unaudited pro forma consolidated statement of cash flow of the Target Group for the  
six-month period ended 30 June 2020 (Continued)**

	Unaudited Consolidated Statement of Cash Flow of the Target Group	Unaudited Pro Forma Adjustments Event 1 Note 2(d)	Unaudited Pro Forma Consolidated Statement of cash flows
	\$	\$	\$
<b>Investing activities</b>			
Investment in joint ventures, net	(31,557)	–	(31,557)
Purchase of plant and equipment	(33,027)	–	(33,027)
Proceeds on disposal of plant and equipment	12,000	–	12,000
<b>Net cash used in investing activities</b>	(52,584)	–	(52,584)
<b>Financing activities</b>			
Repayment of lease liabilities	(369,440)	–	(369,440)
Repayments of borrowings	(194,081)	–	(194,081)
Proceeds from borrowings	600,000	–	600,000
Dividends paid	(672,614)	(745,699)	(1,418,313)
<b>Net cash used in financing activities</b>	(636,135)	(745,699)	(1,381,834)
<b>Net decrease in cash and cash equivalents</b>	(490,895)	(745,699)	(1,236,594)
<b>Cash and cash equivalents at beginning of period</b>	1,711,040	–	1,711,040
<b>Cash and cash equivalents at the end of the period</b>	1,220,145	(745,699)	474,446

**APPENDIX D – INDEPENDENT AUDITORS’ ASSURANCE REPORT AND  
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THE SIX-MONTH PERIOD ENDED 30 JUNE 2020**

**LIVINGSTONE HEALTH LTD AND ITS SUBSIDIARIES  
(FORMERLY KNOWN AS ARDMORE MEDICAL GROUP LIMITED)**

**NOTES TO UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION  
YEAR ENDED 31 DECEMBER 2019 AND SIX-MONTH PERIOD ENDED 30 JUNE 2020**

**5 STATEMENT OF PRO FORMA ADJUSTMENTS (Continued)**

5.7 Our unaudited pro forma consolidated financial information as at 31 December 2019 and 30 June 2020 included in the unaudited pro forma report has been prepared on an illustrative basis to show the impact of the Significant Events.

The unaudited pro forma consolidated financial information of the Target Group, because of its nature, is not necessarily indicative of the results of the operations, cash flows and financial position that would have been attained had the Significant Events actually occurred earlier. Save as disclosed in Note 2, the management, for the purpose of preparing this set of unaudited pro forma consolidated financial information of the Target Group, has not considered the effects of other events.

**6 EARNINGS PER SHARE**

The basic earnings per share is calculated based on the profits attributable to the owners of the Target Company for each relevant financial years/period and the existing shares as at 31 December 2019 at 176,168,027 for illustrative purposes.

The fully diluted earnings per share and basic earnings per share are the same because there is no dilutive share.

The calculation of the basic earnings per share attributable to the ordinary equity holders of the Target Company is based on the following data:

	<b>Target Group</b>	
	<b>6 months ended 30 June 2020</b>	<b>Year ended 31 December 2019</b>
	<b>\$</b>	<b>\$</b>
Profit for the financial year/period (attributable to the owners of the Target Company)	903,661	1,682,885
Number of shares	176,168,027	176,168,027
Basic and diluted earnings per share (Cents)	0.51	0.96

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## APPENDIX E – LETTER FROM HONG LEONG FINANCE LIMITED TO THE INDEPENDENT RECOMMENDING DIRECTORS

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31 December 2020

To: **Citicode Ltd.**  
1 Robinson Road,  
#17-00 AIA Tower  
Singapore 048542

Attention: **Independent Directors of Citicode Ltd.**

(in respect of the Proposed Whitewash Resolution (as defined herein))

Mr. Teh Wing Kwan (Executive Chairman and Chief Executive Director)

Mr. Fong Heng Boo (Lead Independent and Non-Executive Director)

Mr. Chan Yu Meng (Independent and Non-Executive Director)

Dear Sirs,

**THE PROPOSED WHITEWASH RESOLUTION FOR THE WAIVER OF THE RIGHTS OF THE INDEPENDENT SHAREHOLDERS OF THE COMPANY TO RECEIVE A MANDATORY GENERAL OFFER FROM LVS FOR ALL THE ISSUED SHARES IN THE CAPITAL OF THE COMPANY NOT ALREADY OWNED OR CONTROLLED BY LVS AS A RESULT OF THE PROPOSED ACQUISITION**

*Unless otherwise defined or the context otherwise requires, all terms used in this letter (“**IFA Letter**”) shall have the same meanings as defined in the circular to shareholders of Citicode Ltd. (the “**Company**” and together with its subsidiaries, the “**Group**”) dated 31 December 2020 (the “**Circular**”).*

### 1. INTRODUCTION

The Company announced on 29 July 2020 that they had 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 Dr Chua Hshan Cher (“**Dr Chua**”) (collectively, the “**Vendors**”) and Livingstone Health Ltd. (formerly known as Ardmore Medical Group Limited, the “**Target Company**”, and together with its subsidiaries, the “**Target Group**”), 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**”).

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**”). The Proposed Acquisition is 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.

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## APPENDIX E – LETTER FROM HONG LEONG FINANCE LIMITED TO THE INDEPENDENT RECOMMENDING DIRECTORS

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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 (**“Base Consideration”**) and deferred consideration of S\$25,000,000 (**“Deferred Consideration”**).

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 (the **“Consideration Shares”**). For the avoidance of doubt, the number of Consideration Shares 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 at an issue price of S\$0.20 (the **“Issue Price”**) per Consideration Share. In view of the Company’s proposed share consolidation of every 500 Shares to one (1) consolidated Share (**“Proposed Share Consolidation”**), the pre-consolidation issue price is S\$0.0004 (the **“Pre-Consolidation Issue Price”**).

Upon completion of the allotment and issue of the Base Consideration Shares (as defined herein) to the Vendors and the Capitalisation Shares, LVS will hold approximately 69.24% (before the Proposed Placement) of the enlarged share capital of the Company.

Pursuant to Rule 14 of the Singapore Code on Take-overs and Mergers (the **“Code”**), as LVS 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 (as defined herein), 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. The Company had made an application to the Singapore Industry Council (**“SIC”**) on 7 August 2020, and the SIC has granted the waiver to LVS on 9 October 2020 to make a mandatory general offer subject to, *inter alia*, the appointment of an independent financial adviser (**“IFA”**) to provide an opinion which contains a recommendation by the IFA to the relevant independent directors of the Company to recommend the independent shareholders of the Company (**“Independent Shareholders”**) to vote in support of the Proposed Whitewash Resolution (as defined and set out in further detail in Section 3 of the Circular).

Hong Leong Finance Limited (**“HLF”**) has been appointed by the Company to act as the IFA to advise the directors of the Company who are considered independent for the purposes of making recommendations in respect of the Proposed Whitewash Resolution (the **“Independent Directors”**), as to, from a financial perspective, whether the financial terms of the Proposed Acquisition, being the subject of the Proposed Whitewash Resolution, is fair and reasonable and not prejudicial to the interest of the Independent Shareholders.

### 2. TERMS OF REFERENCE

HLF is neither a party to the negotiations or discussions in relation to the Proposed Acquisition and the Proposed Whitewash Resolution, nor were we involved in the deliberations leading up to the decision on the part of the directors of the Company to enter into the Proposed Acquisition, and we do not, by this IFA Letter, advise on the merits of the Proposed Acquisition other than to form an opinion, from a financial perspective, as to whether the terms of the Proposed Acquisition, being the subject of the Proposed Whitewash Resolution are fair and reasonable, and will not be prejudicial to the interests of the Company and its minority shareholders.

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## **APPENDIX E – LETTER FROM HONG LEONG FINANCE LIMITED TO THE INDEPENDENT RECOMMENDING DIRECTORS**

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We have limited our evaluation to the Proposed Acquisition and the Proposed Whitewash Resolution. Our terms of reference do not require us to evaluate or comment on the legal, strategic and commercial merits and/or risks (if any) of the Proposed Acquisition and/or the Whitewash Resolution, or to compare its relative merits *vis-à-vis* alternative transactions previously considered by the Company (if any) or that may otherwise be available to the Company currently or in the future, and we have not made such evaluations or comments. Such evaluations or comments remain the sole responsibility of the directors and the management of the Group and the Target Group, but we may draw upon their views or make such comments in respect thereof (to the extent required by the Code and/or Listing Manual and/or deemed necessary or appropriate by us) in arriving at our opinion as set out in this IFA Letter.

In the course of our evaluation, we have held discussions with the members of both the Group and Target Group's board of directors, management and/or their professional advisers. For the purpose of rendering our advice and opinion, we have relied on publicly available information collated by us, information set out in the Circular and information (including representations, opinions, facts and statements) provided to us by both the Group and Target Group's directors, the management, employees and/or their professional advisers. We have relied upon and assumed the accuracy, truth, completeness and adequacy of, without having independently verified, such information, whether written or verbal, provided to us by the aforesaid parties and accordingly cannot and do not warrant, and do not accept any responsibility for, the accuracy, truth, completeness or adequacy of such information, save that we have made such reasonable enquiry and exercised our judgement on the reasonable use of such information as we have deemed necessary and have found no reason to doubt the accuracy or reliability of the information.

We have relied upon the assurances of both the Group and Target Group's directors and the management who have confirmed to us that to the best of their respective knowledge, information and belief, having made due and careful enquiries, all material information available to them in connection with the Proposed Acquisition, the Proposed Whitewash Resolution, the Group and Target Group has been disclosed to HLF, that such information constitutes full and true disclosure of all material information, is true, complete and accurate in all material respects and there is no other information or fact, the omission of which would cause any of the information disclosed to or relied by us or the facts of or in relation to the Proposed Acquisition and the Proposed Whitewash Resolution to be inaccurate, untrue, incomplete, unfair or misleading in any material respect. The directors of the Group have jointly and severally accepted full responsibility for the accuracy, truth, completeness and adequacy of the information provided to us, including the unaudited financial statements for the half year ended 30 June 2020 for the Group. Accordingly, we cannot and do not represent or warrant (expressly or impliedly), and do not accept any responsibility for the accuracy, truth, completeness or adequacy of such information. We have further assumed that all statements of fact, belief, opinion and intention made by the directors and management of the Group and Target Group to us or in the Circular have been reasonably made after due and careful enquiry. Whilst care has been exercised in reviewing the information upon which we have relied, we have not independently verified such information but nevertheless have made such reasonable enquiry and exercised our judgment on the reasonable use of such information as we have deemed necessary and have found no reason to doubt the accuracy or reliability of the information.



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## APPENDIX E – LETTER FROM HONG LEONG FINANCE LIMITED TO THE INDEPENDENT RECOMMENDING DIRECTORS

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Saved as disclosed, we would like to highlight that all information relating to the Proposed Acquisition, the Proposed Whitewash Resolution, the Group and the Target Group that we have relied upon in arriving at our recommendation or advice has been obtained from publicly available information and/or from the directors, management, employees and/or professional advisers of the Group and the Target Group. We have not independently assessed and do not warrant or accept any responsibility as to whether the aforesaid information adequately represents a true and fair position of the financial, operational and business affairs of the Group and Target Group at any time or as at 17 December 2020, being the Latest Practicable Date, save that we have made such reasonable enquiry and exercised our judgement on the reasonable use of such information as we have deemed necessary and have found no reason to doubt the accuracy or reliability of the information.

The scope of our appointment does not require us to conduct a comprehensive independent review of the business, operations or financial condition of the Company, the Group, the Target Company and/or the Target Group or to express, and we do not express, a view on the future growth prospects, value and earnings potential of the Company, the Group, the Target Company and/or the Target Group. Any such evaluation or review remains the responsibility of the directors and the management of the Group and the Target Group, but we may draw upon their views or make such comments in respect thereof (to the extent required by the Code and/or Listing Manual and/or deemed necessary or appropriate by us) in arriving at our opinion as set out in this IFA Letter. We have not obtained from the Company, the Group, the Target Company and/or the Target Group any projection of the future performance including financial performance of the Company, the Group, the Target Company and/or the Target Group and further, we did not conduct discussions with the directors and the management of the Group and the Target Group on, and did not have access to, any business plan and financial projections of the Company, the Group, the Target Company and/or the Target Group. In addition, we are not expressing any view herein as to the prices at which the Shares may trade or the future value, financial performance or condition of the Company, the Group, the Target Company and/or the Target Group upon or after completion of the Proposed Acquisition or if the Proposed Acquisition does not proceed.

We are not required to and have not made an independent evaluation or appraisal of the assets and liabilities of the Group and Target Group (including without limitation, property, plant and equipment) and we have not been furnished with any such evaluation and appraisal in respect of assets and liabilities (if any) held by the Group and the Target Group. The Company has engaged AVA Associates Limited (the “**Independent Business Valuer**”) as the independent valuer to carry out an independent valuation of 100% equity interest of the Target Company as at 30 June 2020. We are not experts in the evaluation or appraisal of the assets concerned and have place sole reliance on the market valuation of the valuer for such assets appraisal and have not made any independent verification of the contents thereof. In particular, we do not assume any responsibility to enquire about the basis of the valuation as contained in the valuation report.

Our opinion herein is based upon market, economic, industry, monetary, regulatory and other applicable conditions prevailing on, and the information provided to us, as of the Latest Practicable Date. Such conditions may change significantly over a relatively short period of time. We assume no responsibility to update, revise or reaffirm our opinion in light of, and this IFA Letter does not take into account, any subsequent development after the Latest Practicable Date that may affect our opinion herein. Shareholders should also take

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## **APPENDIX E – LETTER FROM HONG LEONG FINANCE LIMITED TO THE INDEPENDENT RECOMMENDING DIRECTORS**

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note of any announcements relevant to the Proposed Acquisition and/or the Proposed Whitewash Resolution which may be released by or on behalf of the Company and other relevant sources after the Latest Practicable Date.

The Company, the Group, the Target Company and/or the Target Group has been separately advised by its advisers in the preparation of the Circular (other than this IFA Letter). We have had no role or involvement and have not provided any advice, financial or otherwise, whatsoever in the preparation, review and verification of the Circular (other than this IFA Letter). Accordingly, we take no responsibility for, and express no views, express or implied, on the contents of the Circular (except for this IFA Letter).

We have not regarded the general or specific investment objectives, financial situation, tax position, risk profile or unique needs and constraints of any individual Shareholder. As different Shareholders would have different investment portfolios and objectives, we would advise the Independent Directors to recommend that any individual Shareholder who may require specific advice in relation to his or her investment portfolio should consult his or her stockbroker, bank manager, solicitor, accountant, tax adviser or other professional advisers immediately.

We have prepared the IFA Letter for the Independent Directors in connection with their consideration of the Proposed Acquisition and the Proposed Whitewash Resolution and their recommendation to the Independent Shareholders arising thereof. The recommendation made to the Independent Shareholders in respect of the Proposed Acquisition and Proposed Whitewash Resolution remains the responsibility of the Independent Directors. This IFA Letter is not addressed to and may not be relied upon by any third party including, without limitation, Shareholders of the Company, employees or creditors of the Company. This IFA Letter does not constitute, and should not be relied on, as advice or a recommendation to, or confer any rights or remedies upon, any Shareholders as to how such person should deal with their Shares in relation to the Proposed Acquisition in respect of the Proposed Whitewash Resolution or any matter related thereto.

**Our opinion pertaining to the Proposed Acquisition in respect of the Proposed Whitewash Resolution should be considered in the context of the entirety of this IFA Letter and the Circular.**

### **3. THE PROPOSED ACQUISITION**

The detailed terms of the Proposed Acquisition are set out in Section 2 of the Circular. We recommend that Shareholders read the terms and conditions of the Proposed Acquisition contained therein carefully.

A summary of the key information, as at the Latest Practicable Date, of the Proposed Acquisition has been extracted and set out below for your reference.

#### **3.1. Information on the Target Group and the Enlarged Group**

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 which includes the fields of aesthetics and

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## APPENDIX E – LETTER FROM HONG LEONG FINANCE LIMITED TO THE INDEPENDENT RECOMMENDING DIRECTORS

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wellness, anaesthesiology and pain management, family medicine, internal medicine and orthopaedic surgery. In addition, the Target Group has also ventured into other paramedical products and services, such as physiotherapy services, a joint venture in Cambodia to provide aesthetics and wellness services in clinical premises located in Soriya Hospital, and the provision of project 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 ("**Cambodia Consultancy Project**").

The Target Group has fifteen (15) medical doctors practising at twelve (12) medical clinics and operates one (1) medical spa in Singapore.

Pursuant to the completion of the Proposed Transactions, the business of the Enlarged Group will comprise wholly of the business of the Target Group.

Further information on the Target Group can also be found in Appendix A to the Circular.

### 3.2. Information on the Vendors

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 Latest Practicable Date, 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**").

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. LVS is 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%.

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. Toe Teow Heng is also the legal and beneficial owner of ICH Partners Ltd. ("**ICH Partners**"). ICH Partners holds 1.95 billion Shares, amounting to a 4.72% interest in the Company.

Dax Ng is the Chief Business Officer of the Target Group, a shareholder of LVS and a Proposed New Executive Officer upon Completion. 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 family medicine segment of the Target Group and, has a 21.07% shareholding interest in PMG, a 51.0% subsidiary of the Target Company.

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### 3.3. Consideration

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**”).

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 as the Base Consideration

Upon 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 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.

- b. Up to S\$25,000,000 as the Deferred Consideration

The amount of the Deferred Consideration shall be determined as follows:

- (i) if the Adjusted NPAT (as defined below) in respect of the Target Group for financial year (“**FY**”) ended 2021 (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;
- (ii) if the 2021 Adjusted NPAT is less than S\$4,800,000, the amount of Deferred Consideration payable shall be reduced proportionately as follows:

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

Where:

A = 2021 Adjusted NPAT

For the purposes of the SPA and the Deferred Consideration formula, “Adjusted NPAT” shall mean the audited consolidated net profit after tax, adjusted to exclude (a) any profit or loss attributable to non-controlling interests or minority interest; (b) 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 (c) non-recurrent expenses and the initial set up costs for new recruitments and practices (collectively, the “**Adjustment Items**”). The Adjustment Items will be prepared by the

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Group Financial Controller of the Enlarged Group, being a party independent of the Vendors, and will be agreed upon and reviewed by the Enlarged Group's external auditor and the New Audit Committee. In the event the Adjustment Items are disputed, the Parties shall negotiate in good faith to come to an agreement, failing which, an independent public accounting firm reporting directly to the New Audit Committee, shall be engaged to resolve the items under dispute;

- (iii) 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;
- (iv) 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
- (v) 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 below.

Upon determining the amount of Deferred Consideration payable to the Vendors in accordance with Sections 3.3(b)(i) to 3.3(b)(iii) of this IFA Letter, the Company shall pay the Deferred Consideration in the following manner:

- (i) 94.0% of the Deferred Consideration (of up to S\$23,500,000), or such other amount as adjusted in accordance with Section 3.3(b) in this IFA Letter, shall be satisfied by the allotment and issuance to the Vendors of up to 117,500,000 new Shares (the “**Deferred Consideration Shares**”), subject to any Variation (as defined in Section 2.5.2(d) of the Circular), at the Issue Price in proportion to their Respective Shareholdings within three (3) months from the date of issuance of the Target Group's FY2021 audited consolidated financial statements; and
- (ii) 6.0% of the Deferred Consideration (of up to S\$1,500,000), or such other amount as adjusted in accordance with Section 3.3(b) of this IFA Letter, 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.

The Total Consideration was agreed on 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.

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Shareholders may wish to refer to Section 2.5.3 of the Circular for further information on the bases and rationale for the Total Consideration, Issue Price and Deferred Consideration formula.

### 3.4. Conditions Precedent

The conditions precedent, as extracted, in full, from Section 2.5.5 of the Circular, for the completion of the Proposed Acquisition (“**Conditions Precedent**”) includes, *inter alia*, the following in italics. All terms and expressions used in the extract below shall have the same meanings as those defined in the Circular, unless otherwise stated. Shareholders are advised to read the entire Circular including the relevant sections, as extracted below, carefully.

#### *“2.5.5 Conditions Precedent to the Proposed Acquisition*

*Completion of the Proposed Acquisition shall be conditional upon, amongst others, the following conditions being satisfied or waived on or before Completion (the “Conditions Precedent” or each, a “Condition Precedent”):*

- (a) there being no delisting of the existing Shares from the Mainboard prior to Completion;*
- (b) 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 valuation reports 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;*
- (c) 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;*
- (d) 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;*
- (e) 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;*
- (f) the SIC having granted the LVS Concert Party Group (and not having revoked or repealed such grant) a waiver of their obligation to make a mandatory general offer under Rule 14 of 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 approving at the EGM of the Company the proposed ordinary*



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*resolution 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”);*

- (g) the approval of the Shareholders of the Company being obtained at the EGM (or any adjournment thereof) to be convened, in respect of, inter alia:*
  - (i) the Proposed Acquisition on the terms and conditions set out in the SPA;*
  - (ii) the Proposed Issuance of Consideration Shares;*
  - (iii) Proposed Change of Name;*
  - (iv) the Proposed Whitewash Resolution;*
  - (v) the Proposed Share Consolidation;*
  - (vi) the Proposed Disposal;*
  - (vii) the Proposed Listing Transfer;*
  - (viii) the Proposed Appointment of Dr. Wilson Tay as the Proposed New Executive Director and CEO;*
  - (ix) the Proposed Adoption of the New Constitution;*
  - (x) the Proposed New Share Issue Mandate;*
  - (xi) the Proposed Change of Core Business; and*
  - (xii) such other corporate action(s) in connection with the Proposed Acquisition as may be necessary;*
- (h) an opinion from an independent financial adviser appointed by the Company expressing an opinion which contains a recommendation by the independent financial adviser to the Independent Recommending Directors to recommend to the shareholders to vote in support of the Whitewash Resolution;*
- (i) the completion of the Proposed Share Consolidation;*
- (j) the completion of the Proposed Disposal including the novation of all existing contracts in relation to the Existing Business;*
- (k) approval in-principle for the listing and quotation of the Consideration Shares, and the Consolidated Shares pursuant to the Proposed Share Consolidation and the Proposed Listing Transfer being obtained from the SGX-ST (and not having been*



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*revoked or withdrawn on or prior to Completion) and, where such approval is subject to conditions, such conditions being reasonably acceptable to the Company and the Vendors;*

- (l) 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;*
- (m) 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 Total Consideration will be admitted to and listed for quotation on the Catalist Board without undue delay after their allotment and issuance;*
- (n) 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;*
- (o) 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 of the Company and the 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;*
- (p) 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 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;*
- (q) 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 Section 2.5.6 of this Circular) (whichever is earlier) and if any such consents, approvals or waivers are subject to conditions, such conditions being reasonably acceptable to the Parties;*
- (r) the Enlarged Group meeting and complying with all the requirements for listing on the Catalist Board;*

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- (s) *all representations, undertakings and warranties of the Vendors and the Company under the SPA being complied with, 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;*
- (t) *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:*
  - (i) *make the transactions contemplated under the SPA void, illegal and/or unenforceable or otherwise frustrate or be adverse to the same; and/or*
  - (ii) *render the Company being unable to acquire all or any of the Sale Shares or control the Target Company;*
- (u) *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;*
- (v) *approval of the respective boards of directors of the Target Company and the Company for the Proposed Transactions;*
- (w) *the Company being free from all liabilities, contingent or otherwise, save for:*
  - (i) *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;*
  - (ii) *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*
  - (iii) *the loans for the working capital of the Company granted by Teh Wing Kwan and the third-party loans granted by ICH Capital;*
- (x) *the delivery of the disclosure by the Vendors to the Company and the Company being satisfied with the contents thereof as on the Completion Date (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*

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- (y) *the individuals comprising the key management team of the Target Group, including but not limited to Dr. Wilson Tay, having entered into service agreements with the Target Group for a minimum term of three (3) full financial years after Completion.”*

If any of the Conditions Precedent is not fulfilled or waived by the relevant parties to the SPA 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.

As at the date of the Circular, the Conditions Precedent in Sections 2.5.5(b), (c), (d), (e), (f), (h), (k), (p), (q), (r), (v), (w) and (y) of the Circular have been fulfilled or satisfied.

### 4. PROPOSED WHITEWASH RESOLUTION

As at the Latest Practicable Date, LVS and its concert parties, being Dr. Wilson Tay, Dr. Edwin Tan, Dr. Sebastian Chua, Dr. Rachel Lim and Dax Ng, do not hold any interest in any Shares.

Upon completion of the Proposed Acquisition (where only the Base Consideration Shares are issued), the Proposed Loan Capitalisation (as defined herein), the proposed placement of up to 5,000,000 Consolidated Shares at the Issue Price (“**Proposed Placement**”) and proposed allotment and issuance of 500,000 Consolidated Shares to SAC Capital Private Limited (“**Proposed Issuance of SAC Capital Shares**”), LVS will hold approximately 68.15% of the enlarged share capital of the Company.

Pursuant to Rule 14 of the Code, as the LVS and its concert parties 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.

On 9 October 2020, the SIC had waived the obligation under Rule 14 of the Code for LVS to make a general offer incurred as a result of the allotment and issuance of the Base Consideration Shares to the Vendors under the Proposed Acquisition, subject to the conditions set out in Section 3.3 of the Circular.

**Independent Shareholders should note that:**

- a. **their approval of the Proposed Whitewash Resolution is a condition precedent to Completion pursuant to the terms of the SPA, and if Independent Shareholders do not vote in favour of the Proposed Whitewash Resolution, the Proposed Acquisition will not take place;**
- b. **the issue of the Base Consideration Shares will result in LVS holding Shares carrying over 49.0% of the voting rights of the Company, and LVS and its concert parties will be free to acquire further Shares without incurring any obligation under Rule 14 of the Code to make a general offer; and**

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- c. by voting in favour of the Proposed Whitewash Resolution, they will be waiving their rights to receive a general offer for all of their Shares from LVS at the highest price paid by LVS and its concert parties for the Shares in the past six (6) months preceding the commencement of the offer.

### 5. EVALUATION OF THE PROPOSED WHITEWASH RESOLUTION

In our evaluation of the Proposed Whitewash Resolution, we have given due considerations to, *inter alia*, the following key factors:

- a. rationale for the Proposed Acquisition;
- b. the financial performance and position of the Target Group;
- c. the assessment of the Total Consideration;
- d. the assessment of the Pre-Consolidation Issue Price; and
- e. other relevant considerations.

The figures and underlying financial data used in our analysis have been extracted from, amongst others, Bloomberg L.P., SGX-ST, the publicly available financial information of the Company and relevant public documents of the Company covered by those sources as at the Latest Practicable Date. HLF makes no representation or warranty, express or implied, on the accuracy or completeness of such information.

#### 5.1. Rationale of the Proposed Acquisition

The rationale of the Proposed Acquisition is set out in Section 2.2 of the Circular and reproduced in italics below. All terms and expressions used in the extract below shall have the same meanings as those defined in the Circular, unless otherwise stated. Shareholders are advised to read the entire Circular including the relevant sections, as extracted below, carefully.

##### *“2.2.1. 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. On 30 October 2015, the SGX-ST publicly reprimanded Advance SCT on the failures to promptly disclose material information and to seek shareholder’s approval on certain transactions under Chapter 9 and Chapter 10 of the Listing Manual and also two (2) of Advance SCT’s then directors on their involvement in Advance SCT’s aforementioned breaches of the Listing Manual (the “Public Reprimand”). For further details on the Public Reprimand, please refer to the SGX-ST’s announcement dated 30 October 2015.*

*In addition, various parties, including creditors of Advance SCT commenced to demand and/or filed claims against Advance SCT, which resulted in the administration of various*

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*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, APR, which was 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.*

### *2.2.2. Existing Controlling Shareholder and Board of Directors*

*In June 2018, the Company announced the appointment of Teh Wing Kwan as non-executive chairman after he acquired approximately 28.73% equity interest to become the single largest shareholder of the Company. In July 2018, Teh Wing Kwan was appointed as Executive Chairman and 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 Teh Wing Kwan and two independent directors, Fong Heng Boo and Chan Yu Meng. The Company changed its name to Citicode Ltd. in February 2019.*

### *2.2.3. The existing businesses and fund-raising constraint*

*The Company’s trading business is largely dependent on various macroeconomic factors and the commodities market has been affected by renewed uncertainty, weak market sentiment, slowing economic activities and more recently, an imminent recession. In its announcement dated 14 August 2020 on its unaudited financial results for the 6-month financial period ended 30 June 2020 the Company updated that the metal commodities markets are likely to remain volatile following the abrupt fall in prices particularly in March 2020 as a result of the COVID-19 pandemic, and is likely that it will discontinue the trading business. On 7 October 2020, the Company further announced that its copper trading business had been discontinued. Further, most of the Company’s 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 COVID-19 situation has disrupted the supply chain of its businesses. In light of the foregoing, the Board has decided to undertake the Proposed Disposal. Please refer to Section 9 titled “The Proposed Disposal” of the Circular for further details of the Proposed Disposal.*

*Furthermore, and as set out in Section 2.2.1 of this Circular, 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 been enlarged substantially 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 Company’s legacy of having a high base of 41.3 billion Shares, unless viable corporate turnaround plans can be initiated and completed.*



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### *2.2.4. Viable corporate turnaround plans being necessary and beneficial to Shareholders*

*The Company, in its announcement dated 12 November 2019 of its unaudited financial results for the 3rd quarter and 9-month 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.*

*The Executive Chairman and CEO, Teh Wing Kwan, 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.”*

*Consistent with the Executive Chairman and CEO’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 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 relationship with its existing Citicode-SNAP joint venture partner, SNAP Innovations Pte. Ltd. (“**SNAP Innovations**”) to improve part of its administrative functions and training systems with basic artificial intelligence (AI) assisted technology. Following the Proposed Disposal, the Enlarged Group will continue to evaluate business opportunities and work on project collaboration models with SNAP Innovations. 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.*

*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.*

*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.”*

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### 5.2. The financial information of the Target Group

The detailed financial analysis of the Target Group are set out in Section 22 of Appendix A of the Circular.

We have extracted and summarised the Target Group's financial performance and position for FY2017, FY2018, FY2019 and the six-month period ("6M") ended 30 June 2019 and 30 June 2020 as set out in the ensuing paragraphs.

#### Target Group's consolidated profit or loss statement

The Target Group has five key business segments, which include aesthetics and wellness, anaesthesiology and pain management, family medicine, internal medicine and orthopaedic surgery.

S\$	Audited FY2017	Audited FY2018	Audited FY2019	Unaudited 6M2019	Unaudited 6M2020
<b>Revenue</b>	1,501,272	4,411,065	6,158,959	2,546,870	6,486,769
<b>Profit before tax</b>	147,452	2,057,444	490,547	467,964	1,098,642
<b>Profit after tax from continuing operations for the year/period</b>	100,567	1,819,792	420,302	405,405	922,777

#### Review of operating results

##### *6M2020 vs 6M2019*

The Target Group's revenue increased by S\$3.94 million or 154.7% from S\$2.55 million in 6M2019 to S\$6.49 million in 6M2020 mainly due to revenue contributed by the new family medicine segment, revenue contributed by the orthopaedic surgery segment which was absent in the continuing operations of the Target Group in 6M2019, and partially offset by a decrease in revenue from the aesthetics and wellness segment as a result of the temporary closure of the Target Group's aesthetic clinic and medical spa during the circuit breaker period introduced by the Singapore Government in response to COVID-19. Other operating income increased by S\$0.47 million from S\$3,259 in 6M2019 to S\$0.47 million in 6M2020 due to the Job Support Scheme from the Singapore Government and rental rebates from landlords in relation to COVID-19.

The Target Group's operating expenses increased by S\$3.78 million or 181.7% from S\$2.08 million in 6M2019 to S\$5.86 million in 6M2020 mainly due to the increase in consumables and medical supplies used, employees' benefits expense, other operating expenses and depreciation expense. The increase in consumables and medical supplies used corresponds to the increase in revenue. Employees' benefits expense has increased due to the addition of new medical doctors and overall headcount arising from the addition of the orthopaedic surgery segment, internal medicine segment and family medicine segment. The increase in other operating expenses was mainly due to the increase in marketing fees and administrative, bank and credit card charges. The increase in depreciation expense was due to the addition of new premises and equipment for the orthopaedic surgery segment, internal medicine segment and family medicine segment.



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As a result of the above, the profit after tax from continuing operations increased by S\$0.52 million or 127.6% from S\$0.41 million in 6M2019 to S\$0.92 million in 6M2020.

### *FY2019 vs FY2018*

The Target Group's revenue increased by S\$1.75 million or 39.6% from S\$4.41 million in FY2018 to S\$6.16 million in FY2019 mainly due to an increase in revenue from the anaesthesiology and pain management segment, revenue contributed by the new internal medicine segment and revenue contributed by the Cambodia Consultancy Project. Other operating income decreased by S\$0.03 million or 59.8% from S\$0.05 million in FY2018 to S\$0.02 million in FY2019 due to the absence of the Productivity and Innovation Credit Scheme by the Singapore Government in FY2019.

The Target Group's operating expenses increased by S\$3.28 million or 136.4% from \$2.41 million in FY2018 to S\$5.69 million in FY2019 mainly due to an increase in employees' benefits expense, purchased and contracted services fees incurred in respect of the Cambodia Consultancy Project which commenced in FY2019 and other operating expenses. The increase in employees' benefits expense was a result of a full year of salary drawn by Dr Sebastian Chua as compared to 3 months in FY2018, an increase in salaries for the medical doctors and the addition of new medical doctors and overall headcount arising from business expansion. The increase in other operating expense was mainly attributed to a one-off professional fees incurred for a prior listing attempt by the Target Company and an increase in marketing expenses.

As a result of the above, the profit after tax from continuing operations decreased by S\$1.40 million or 76.9% from S\$1.82 million in FY2018 to S\$0.42 million in FY2019.

### *FY2017 vs FY2018*

The Target Group's revenue increased by S\$2.91 million or 193.8% from S\$1.50 million in FY2017 to S\$4.41 million in FY2018 mainly due to revenue contributed by the new anaesthesiology and pain management segment and the increase in revenue from the aesthetics and wellness segment as a result of additional customers. Other operating income remained relatively the same at S\$0.05 million in FY2017 and FY2018.

The Target Group's operating expenses increased by S\$1.00 million or 71.2% from S\$1.41 million in FY2017 to S\$2.41 million in FY2018 mainly due to the increase in consumables and medical supplies used, employees' benefits expense and other operating expenses. The increase in consumables and medical supplies used was in line with the increase in revenue. Employees' benefits expense increased as a result of an increase in salaries for the medical doctors and addition of new medical doctors. The increase of other operating expenses was mainly due to higher marketing expenses, administrative fees, bank and credit card fees and professional fees arising from the Target Company's prior listing attempt in Singapore.

As a result of the above, the profit after tax from continuing operations increased by S\$1.72 million from S\$0.10 million in FY2017 to S\$1.82 million in FY2018.

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### Adjusted Profit of the Target Group

Separately, we also noted that between the FY2018 and 6M2020, the Target Group's management has illustrated the retrospective effect of the following adjustments, which falls under the definition of Adjustment Items, made to their profit after tax from continuing operations, in Section 22.2 of Appendix A of the Circular:

- a. adjustment to exclude the one-off commission paid to Dr Edwin Tan under his past employment agreement ("**One – Off Employee Benefits Expense**");
- b. adjustment to exclude the one-off listing expenses arising from the Target Company's prior listing attempt and the Proposed Acquisition ("**One – Off Listing Expense**");
- c. adjustment to exclude the initial set up cost for new recruitments and practices ("**Initial Set Up Cost**"); and
- d. adjustment pertaining to the tax implications arising from adjustment items (a), (b) and (c).

If the aforementioned adjustment items had been deducted from each respective financial periods, the adjusted net profit after tax of the Target Group would have been:

(S\$)	Audited FY2018	Unaudited Pro Forma FY2019	Unaudited 6M2019	Unaudited 6M2020
Profit from continuing operations	1,819,792	1,814,166	405,405	922,777
Profit from continuing operations attributable to owners of the Target Company	1,819,792	1,682,885	405,405	903,661
One – Off Employee Benefits Expense	–	1,062,588	480,817	–
One – Off Listing Expense	81,863	595,614	227,475	88,670
Initial Set Up Cost	65,688	197,447	–	367,828
Income tax expense	(25,084)	(315,460)	(120,410)	(77,605)
<b>Adjusted net profit after tax for the year/period</b>	<b>1,942,259</b>	<b>3,223,074</b>	<b>993,287</b>	<b>1,282,554</b>

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### Target Group's consolidated financial position

S\$	Audited FY2019	Unaudited 6M2020
Current assets	4,584,737	5,069,274
Non-current assets	6,566,568	6,179,722
<b>Total assets</b>	<b>11,151,305</b>	<b>11,248,996</b>
Current liabilities	4,523,778	4,116,837
Non-current liabilities	2,079,521	2,334,005
<b>Total liabilities</b>	<b>6,603,299</b>	<b>6,450,842</b>
<b>Total equity</b>	<b>4,548,006</b>	<b>4,798,154</b>

### Review of the financial position

#### Assets

The Target Group's current assets as at 30 June 2020 consist of cash and cash equivalents of S\$1.22 million, trade receivables of S\$2.79 million, other receivables of S\$0.62 million and inventories of S\$0.44 million. The increase of the Target Group's total current assets from S\$4.58 million as at 31 December 2019 to S\$5.07 million as at 30 June 2020 was mainly due to the increase in trade receivables which is in line with the increase in revenue and partially offset by the decrease in cash and cash equivalents due to cash used in the Target Group's operations and the payment of dividends.

The Target Group's non-current assets as at 30 June 2020 consist of property, plant and equipment of S\$2.48 million, investment in joint ventures of S\$0.07 million and goodwill arising on consolidation of S\$3.64 million. The decrease in the Target Group's total non-current assets from S\$6.57 million as at 31 December 2019 to S\$6.18 million as at 30 June 2020 was mainly due to the decrease in property, plant and equipment as a result of depreciation.

#### Liabilities

The Target Group's current liabilities as at 30 June 2020 consist of trade payables of S\$0.69 million, other payables of S\$0.79 million, borrowings of S\$0.56 million, lease liabilities of S\$0.61 million, deferred revenue of S\$1.11 million and income tax payable of S\$0.36 million. The decrease in the total current liabilities of the Target Group from S\$4.52 million as at 31 December 2019 to S\$4.12 million as at 30 June 2020 was mainly attributable to the decrease in other payables as a result of lower accruals pertaining to audit fee, administrative charges and accrued payables to third party suppliers.

The Target Group's non-current liabilities as at 30 June 2020 consist of other payables of S\$1.02 million, borrowings of S\$0.40 million, lease liabilities of S\$0.92 million and deferred tax liabilities of S\$2,144. The increase in the Target Group's total non-current liabilities from S\$2.08 million as at 31 December 2019 to S\$2.33 million as at 30 June 2020 was mainly due to additional borrowings for the purposes of business expansion and working capital needs.

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### Equity

The Target Group's equity as at 30 June 2020 consist of share capital of S\$3.27 million, merger reserve of S\$0.06 million, foreign currency translation reserve of S\$2,854, other reserve of S\$0.02 million, accumulated profits of S\$0.97 million and non-controlling interest of S\$0.48 million. The increase in the total equity of the Target Group from S\$4.55 million as at 31 December 2019 to S\$4.80 million as at 30 June 2020 was mainly due to the increase in accumulated profits as a result of a net profit recognised for 6M2020.

The working capital of the Target Group as at 30 June 2020 is S\$0.95 million.

### Target Group's cash flows statement

(S\$)	Audited FY2019	Unaudited 6M2020
Net cash generated from operating activities	2,108,752	197,824
Net cash used in investing activities	(1,007,278)	(52,584)
Net cash used in financing activities	(2,646,809)	(636,135)
<b>Net decrease in cash and cash equivalents</b>	<b>(1,545,335)</b>	<b>(490,895)</b>
Cash and cash equivalents at the beginning of the period/year	3,256,375	1,711,040
<b>Cash and cash equivalents at end of the period/year</b>	<b>1,711,040</b>	<b>1,220,145</b>

For the six months period ended 30 June 2020, the Target Group generated a net operating cash flow of S\$0.20 million mainly due to operating cash flows before movement in working capital of S\$1.77 million contributed by the Target Group's profit before tax and was partially offset by net working capital outflow of S\$1.45 million. The net working capital outflow of S\$1.45 million was mainly due to the increase in i) trade and other receivables and ii) decrease in trade and other payables and partially offset by increase in deferred revenue.

Net cash used in investing activities of S\$0.05 million was mainly attributable to an investment in joint ventures and the purchase of new plant and equipment.

Net cash used in financing activities amounted to S\$0.64 million mainly due to dividends paid during the period.

As a result of the above, cash and cash equivalents decreased by S\$0.49 million in 6M2020.

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### Target Group's pro forma financial information

We wish to also highlight the following pro-forma events, as extracted from Note 2 of Appendix D of the Circular and reproduced in italics, which has been compiled by management to illustrate the impact on the audited FY2019 and unaudited 6M2020 financials for the Target Group. All terms and expressions used in the extract below shall have the same meanings as those defined in the Circular and Appendix D of the Circular, unless otherwise stated. Shareholders are advised to read the entire Circular including the relevant sections carefully.

*“(a) Disposal of Orthopaedics Practice in SN Orthopaedics Pte Ltd (“SN Orthopaedics”)*

*On 26 December 2019, the Target Group agreed to dispose the entire issued share capital of SN Orthopaedics for a total consideration of \$1,831,421 to Dr. Sean Ng. As such, the entire issued share capital of SN Orthopaedics was transferred to Dr. Sean Ng on 31 December 2019. The relevant parties agreed that all economic rights, benefits and liabilities attached to the shares of SN Orthopaedics would be transferred to Dr. Sean Ng with effect from 31 December 2019. (the “SN Orthopaedics” Disposal).*

*(b) Acquisition of Phoenix Medical Group Pte Ltd and its subsidiaries (collectively “PMG Group of Companies”)*

*Pursuant to the sale and purchase agreement dated 31 December 2019, the Target Company acquired 51% of the issued and paid-up ordinary shares (the “PMG Shares”) of Phoenix Medical Group Pte Ltd (“Phoenix Medical”) from Dr. Chua Hshan Cher, Dr. Lee Kai Lun and Dr. Angela Foong at the aggregate consideration of \$1,530,000 which was determined by the valuation report performed by an external valuer. The wholly owned subsidiaries of Phoenix Medical as at 31 December 2019 which are PMG CACTIII Pte. Ltd. (“PMG CACTIII”), PMG HV Pte. Ltd. (“PMG HV”) and PMG PL Pte. Ltd. (“PMG PL”) also become the subsidiaries of the Target Company. The relevant parties agreed that all economic rights, benefits and liabilities attached to the shares of Phoenix Medical Group of companies would be transferred to the Target Company with effect from 31 December 2019.*

*As of 31 December 2019, out of the consideration of \$1,530,000, \$306,000 has been paid in cash. As of October 2020, an additional amount of \$612,000 was paid and 33,721 original shares of Phoenix Medical was issued to the Target Company. The remaining balance of \$612,000 will be paid by 31 December 2021 with interest rate of 5.25%. The net present value of the remaining consideration of \$612,000 is \$552,391. Considering the effect of net present value, the fair value of the consideration is \$1,470,391.*

*(c) Acquisition of Dr. Edwin Tan's Medical Practice*

*Cove Sports & Reconstruction Pte. Ltd (“Cove Sports”) was incorporated in the Republic of Singapore on 11 November 2019 as a private company limited by shares. The principal activity of Cove Sports is that of operating as an Orthopaedic Specialist Clinic. At the time of incorporation, Cove Sports had an issued and paid-up share capital of \$100 comprising one hundred shares held by the Target Company.*

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*Dr. Edwin Tan (“Dr. Edwin”) was an Orthopaedic Surgeon who practised as an orthopaedic specialist doctor at SN Orthopaedics. Pursuant to Note 2(a) above, the Target Company initiated discussion and renegotiated with Dr. Edwin for injection of his entire medical practice including his medical team, his operations in the hospital to the Target Group after divestment of SN Orthopaedics. The Target Group and Dr. Edwin agreed that Dr. Edwin shall inject his entire medical practice into Cove Sports with effect from 31 December 2019, for an aggregate consideration of \$2,780,000. Considering the effect of net present value, the fair value of the consideration is \$2,647,011.*

*(d) Declaration of dividends in April 2020, July 2020 and November 2020*

*During the year 2020, the Target Group has declared dividends of \$672,614, \$588,943 and \$156,756 in April 2020, July 2020 and November 2020 respectively. For the purpose of pro forma adjustments, the dividends were included as adjustments.”*

As a result of the above pro forma events, the pro forma financial figures of the Target Group are as follows:

Target Group’s pro forma consolidated profit and loss statement

S\$	Unaudited FY2019	Unaudited 6M2020
<b>Revenue</b>	14,344,536	6,486,769
<b>Profit before tax</b>	2,154,984	1,098,642
<b>Profit for the financial year/period</b>	1,814,166	922,777

Target Group’s pro forma consolidated financial position

S\$	Unaudited FY2019	Unaudited 6M2020
Current assets	3,166,424	4,323,575
Non-current assets	6,566,568	6,179,722
<b>Total assets</b>	<b>9,732,992</b>	<b>10,503,297</b>
Current liabilities	4,523,778	4,116,837
Non-current liabilities	2,079,521	2,334,005
<b>Total liabilities</b>	<b>6,603,299</b>	<b>6,450,842</b>
<b>Total equity</b>	<b>3,129,693</b>	<b>4,052,455</b>

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### Target Group's pro forma cash flows statement

S\$	Unaudited FY2019	Unaudited 6M2020
Net cash generated from operating activities	1,886,429	197,824
Net cash used in investing activities	(984,939)	(52,584)
Net cash used in financing activities	(4,053,676)	(1,381,834)
<b>Net decrease in cash and cash equivalents</b>	<b>(3,152,186)</b>	<b>(1,236,594)</b>
Cash and cash equivalents at the beginning of the year/period	3,444,913	1,711,040
<b>Cash and cash equivalents at end of the year/period</b>	<b>292,727</b>	<b>474,446</b>

Shareholders are advised to refer to Sections 22.7 and 22.8 of Appendix A of the Circular and Appendix D of the Circular for more information on the reconciliation of the pro forma numbers to the Target Group's audited FY2019 and unaudited 6M2020 figures. **For the avoidance of doubt, the pro forma figures have not taken into the consideration of the Adjustment Items, therefore, the pro forma numbers illustrated in the table above are before the Adjustment Items.**

### 5.3. Assessment of the Total Consideration

#### 5.3.1 Independent valuation of the Target Group

The Company has engaged AVA Associates Limited ("**Independent Business Valuer**") to carry out an independent valuation of 100.0% equity interest in the Target Group. Based on the Independent Business Valuer's report ("**Business Valuation Report**"), the Independent Business Valuer was of the opinion that the market value of 100.0% equity interest in the Target Group as at 30 June 2020 is reasonably stated in the amount that ranges from S\$63.6 million to S\$82.2 million, with an average of S\$72.9 million.

In view of the above, the Total Consideration represents a premium of 13.2% or S\$8.4 million to the lower limit of the range but a discount of 12.4% or S\$10.2 million and 1.2% or S\$0.9 million to the upper limit and average of the range, respectively.

We note that the Business Valuation Report has been prepared in accordance with the International Valuation Standards (2017 edition) as published by the International Valuation Standard Committee.

We note the following matters that were considered by the Independent Business Valuer:

- a. The Independent Business Valuer had adopted the sum-of-the-parts discounted cash flow ("**DCF**") income approach to derive the market value of the Target Group. Their basis for selecting the income approach was due to the availability of relevant data, specifically the historical operating records, development plans and financial projections provided by the Target Group for each of its companies. The



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sum-of-the-parts approach was determined by the Independent Business Valuer to be suitable to value the Target Group as each medical practice or business is housed under a separate entity and accounted for independently. Financial information is available for each business and the Independent Business Valuer is able to understand and analyse each business and model the financial forecast based on each business' own operating model and structure. Shareholders may wish to refer to the Business Valuation Report appended under Appendix F of the Circular for major assumptions in the Independent Business Valuer's DCF model.

- b. The cost approach was deemed inappropriate, as some of the significant assets of the Target Group's business are the Target Group's assembled workforce and its network, and these would not be properly reflected using a cost approach methodology.
- c. The market approach, specifically the price-of-recent-investment method, was also deemed inappropriate by the Independent Business Valuer as there is insufficient detailed information on similar transactions, available publicly, for them to infer the valuation of the Target Group, given the level of disclosure. Furthermore, each medical practice can be unique as the key intangible asset is the expertise and reputation of the medical practitioner. However, the market approach was used to assess the reasonableness of their valuation.
- d. The Independent Business Valuer had made, *inter alia*, the following general key valuation assumptions in their income approach valuation exercise:
  - (i) in the course of operating the business, it will compose of all necessary assets, both tangible and intangible, to continue operating as it has under its current owners;
  - (ii) that there will be no material change in the existing political, legal, technological, fiscal or economic condition which may adversely affect the development and business of the Target Group; and
  - (iii) there are no hidden or unexpected conditions associated with the assets valued that might adversely affect the reported value.

Further to the above assumptions, the Independent Business Valuer had also made business segment specific assumptions in relation to the Target Group's respective business segment financial projections. Shareholders may wish to refer to the Business Valuation Report which is tabled for inspection for more details on the business segment specific assumptions.

We have not conducted an independent valuation and have not independently verified such information or any representation or assurance made by the Independent Business Valuer, and accordingly cannot and do not make any representation or warranty, expressed or implied, in respect of, and do not accept any responsibility for, the accuracy, completeness and adequacy of such information, representation and assurance. We have exercised our judgement where necessary and have found no reason to doubt the reasonableness, accuracy or reliability of the Business Valuation Report.

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We advise the Independent Shareholders to read the summary of the Business Valuation Report appended under Appendix F of the Circular and the Business Valuation Report which is tabled for inspection carefully, in particularly the assumptions made for its respective business segments.

### 5.3.2 Pro forma Net Asset Value (“NAV”) and Net Tangible Asset (“NTA”) of the Target Group

Based on the unaudited pro forma 6M2020 financial position of the Target Group, the NAV and NTA of the Target Group is S\$4.05 million and S\$0.42 million, respectively.

Accordingly, the Total Consideration will translate to approximately 17.8 times and 172.7 times the pro forma NAV of the Target Group and pro forma NTA of the Target Group, respectively.

We have sought the following confirmations from the directors of the Target Group, as at the Latest Practicable Date, to the best of their knowledge and belief that:

- a. they are not aware of any circumstances which may cause the NAV or NTA of the Target Group as at the Latest Practicable Date to be materially different from that recorded in the unaudited pro forma financial position of the Target Group for 6M2020;
- b. there are no contingent liabilities, bad or doubtful debts or material events which are likely to have a material impact on the NAV or NTA of the Target Group;
- c. there are no litigation, claim or proceeding pending or threatened against the Target Group or any fact which would give rise to any proceeding which might materially and adversely impact the financial position of the Target Group; and
- d. there are no material acquisition or disposal of assets by the Target Group since 30 June 2020 and up to the Latest Practicable Date, which would have a material impact on the NAV and NTA of the Target Group.

**We wish to highlight to the Independent Directors that the above analysis is only for illustrative purposes and is not meant to be an indication of, or comment on the Target Group’s financial performance. In addition, we also wish to highlight that the Price (“P”)/NAV or P/NTA to be a non-meaningful valuation metric for healthcare services sector, which the Target Group is operating in, as the earnings of these companies are generally driven by human capital and the provision of specialised healthcare services.**

### 5.3.3 Comparison with selected listed comparable companies

In our assessment of the Total Consideration, we have compared the valuation statistic implied by the Total Consideration with selected listed companies whose business are predominantly in providing healthcare services which are largely comparable to the Target Group and in a profit making position (“**Comparable Companies**”). Accordingly, we have selected the below Comparable Companies listed in Singapore for the purpose of our evaluation. We have held discussion with the management of the Target Group on the comparability and suitability of the selected Comparable Companies.

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We wish to highlight that the Comparable Companies are not exhaustive and we recognise that there is no company listed on the SGX-ST and regional securities exchanges that may be identical to the Group in terms of, *inter alia*, geographical markets, composition of business activities, scale of business operations, risk profile, asset base, valuation methodologies adopted, accounting policies, track record, future prospects, market/industry size, political risk, competitive and regulatory environment, financial positions and other relevant criteria and that such businesses may have fundamentally different profitability objectives. Shareholders should note that any comparison made with respect to the Comparable Companies merely serves as an illustration and that the conclusions drawn from the comparisons made may not necessarily reflect the perceived market valuation of the Target Group as at the Latest Practicable Date.

In evaluating the Comparable Companies, we have applied and used the following valuation ratios:

Valuation ratio	Description
Price-earnings (“P/E”) ratio	<p>The P/E ratio or earnings multiple is the ratio of a company’s market capitalisation divided by the trailing 12-month consolidated net profit attributable to its shareholders (as the case may be).</p> <p>The P/E ratio is an earnings-based valuation methodology and is calculated based on the net earnings attributable to shareholders after interest, taxation, depreciation and amortisation expenses.</p> <p>The P/E ratio illustrates the ratio of the market capitalisation of a company in relation to the trailing 12-month consolidated net profit attributable to its shareholders (as the case may be). As such, it is affected by a company’s capital structure, tax position and accounting policies relating to depreciation and intangible assets.</p>
Enterprise value-to-earnings before interest, taxes, depreciation and amortisation (“EV/EBITDA”) ratio	<p>EV refers to enterprise value, which is the sum of a company’s market capitalisation, preferred equity, minority interests, short-term and long term debts, less its cash and cash equivalents.</p> <p>EBITDA refers to the trailing 12-month consolidated earnings before interest, taxes, depreciation and amortisation.</p> <p>The EV/EBITDA ratio illustrates the ratio of the market value of an entity’s business in relation to its historical pre-tax operating cash flow performance. The EV/EBITDA ratio is an earnings-based valuation methodology. The difference between the EV/EBITDA ratio and the P/E ratio (described above) is that the former does not take into account the capital structure of a company as well as its interest, taxation, depreciation and amortisation charges.</p>

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For the purpose of the analysis, we have not considered P/NAV or P/NTA to be a meaningful valuation metric for healthcare services sector, which the Target Group is operating in, as the earnings of these companies are generally driven by human capital and the provision of specialised healthcare services.

A brief description of the Comparable Companies is as follows:

<b>Name of company</b>	<b>Business description</b>	<b>Financial year-end</b>
Alliance Healthcare Group Limited	Alliance Healthcare Group Limited operates as a healthcare organization. The Company offers corporate healthcare solutions, clinical, medical diagnosis, and surgical treatments, as well as manufactures and distributes pharmaceutical and medical supplies. Alliance Healthcare Group serves customers worldwide.	30 June
Aoxin Q & M Dental Group Limited	Aoxin Q & M Dental Group Limited provides dental equipment and services. The Company offers endodontics, orthodontics, periodontics, dental implantology, and general dentistry services. Aoxin Q & M Dental Group serves customers in Singapore.	31 December
Asiamedic Limited	Asiamedic Limited provides healthcare services. The Company focuses on the management of clinical services in the fields of disease prevention, early illness detection, medical imaging, and medical aesthetics. AsiaMedic serves patients in Singapore.	31 December
Asian Healthcare Specialists Limited	Asian Healthcare Specialists Limited provides medical services. The Company offers spinal injection therapies, cervical disc replacement, trauma care, and sports medicine services. Asian Healthcare Specialists serves patients in Singapore.	30 September
Clearbridge Health Limited	Clearbridge Health Limited provides healthcare services. The Company offers general medical, consumer wellness, laboratory, and medical technology solutions. Clearbridge Health serves customers in Asia and North America.	31 December
HC Surgical Specialists Limited	HC Surgical Specialists Limited operates as a medical services group. The Company focuses on the provision of endoscopic procedures, including gastroscopies and colonoscopies, and general surgery services with a focus on colorectal procedures. HC Surgical Specialists Limited serves customers in Singapore.	31 May

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<b>Name of company</b>	<b>Business description</b>	<b>Financial year-end</b>
Healthway Medical Corporation Limited	Healthway Medical Corporation Limited provides outpatient medical services in Singapore. The Company offers care in the areas of family medicine, specialists care, dental and oral care and medical aesthetics.	31 December
ISEC Healthcare Ltd	ISEC Healthcare Ltd. provides eyecare (ophthalmology) services in Malaysia and Singapore. The Company provides clinical care, research and educational services. ISEC Healthcare operates across Malaysia and Singapore.	31 December
Q & M Dental Group (Singapore) Limited	Q & M Dental Group (Singapore) Limited operates dental clinics. The Company offers aesthetic, children's and general dentistry; fits crowns, dentures and braces; and offers bleeding gum treatment, gum surgery and oral surgery; and treats snoring and teeth grinding.	31 December
Raffles Medical Group Ltd	Raffles Medical Group Ltd is a health care provider. The Company operates medical clinics, imaging centers, and medical laboratories. Raffles provides general and specialized medical, medical evacuation, medical advisory, and dental treatment services.	31 December
Singapore Medical Group Limited	Singapore Medical Group Limited operates medical clinics throughout Singapore. The Company's principal activities lie in the provision of multi-disciplinary specialist healthcare services across the fields of ophthalmology, sports medicine, aesthetic medicine and oncology.	31 December
Singapore O&G Ltd	Singapore O&G Ltd operates specialist health care facilities catered toward woman in Singapore. The Company provides services in obstetric, gynecology, gyne-oncology, breast and surgical care.	31 December
Singapore Paincare Holdings Limited	Singapore Paincare Holdings Limited provides healthcare services. The Company offers persisting post-surgical, neck and chronic back, cancer, and arthritis pain management, as well as neuroplasty, intrathecal pump implants, and endoscopic laser decompression services. Singapore Paincare Holdings serves patients in Singapore.	30 June
TalkMed Group Limited	TalkMed Group Limited provides medical oncology services to patients.	31 December

Source: Bloomberg L.P.

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The valuation ratios of the Comparable Companies based on their respective closing share prices as at the Latest Practicable Date are set out below:

<b>Name of company</b>	<b>Market Capitalisation<sup>(1)</sup> (S\$')</b>	<b>P/E<sup>(2)</sup> (times)</b>	<b>EV/EBITDA<sup>(3)</sup> (times)</b>
Alliance Healthcare Group Limited	37,419,904	16.07	5.73
Aoxin Q & M Dental Group Limited	70,591,360	N.M <sup>(4)</sup>	13.45
Asiamedic Limited	22,390,446	N.M <sup>(4)</sup>	29.18
Asian Healthcare Specialists Limited	86,171,344	28.64	14.60
Clearbridge Health Limited	87,724,584	N.M <sup>(4)</sup>	121.86
HC Surgical Specialists Limited	59,122,544	16.95	6.96
Healthway Medical Corp Limited	149,138,256	N.M	14.27
ISEC Healthcare Ltd	157,596,320	29.27	13.25
Q & M Dental Group (Singapore) Limited	370,035,040	20.57	11.60
Raffles Medical Group Ltd	1,677,894,272	34.49	17.58
Singapore Medical Group Limited	125,478,776	12.42	5.60
Singapore O&G Ltd	106,980,680	N.M <sup>(4)</sup>	5.97
Singapore Paincare Holdings Limited	39,517,152	7.10	11.82
TalkMed Group Limited	566,801,216	18.39	12.29
	High	34.49	121.86
	Mean	20.43	20.30
	Median	18.39	12.77
	Low	7.10	5.60
Target Group (Pro forma)		44.57 <sup>(5)</sup>	25.73 <sup>(6)</sup>
Target Group (Adjusted Pro forma)		29.14 <sup>(7)</sup>	19.05 <sup>(8)</sup>

Source: Bloomberg L.P.

**Notes:**

- (1) Market capitalisation of the respective companies as at the Latest Practicable Date.
- (2) Based on the market capitalisation of the respective companies as at Latest Practicable Date and trailing 12-month consolidated net profit attributable to its shareholders.
- (3) Based on the enterprise value of the respective companies and trailing 12-month consolidated earnings before interest, taxes, depreciation and amortisation.
- (4) N.M denotes non-meaningful as the relevant number is a negative figure.
- (5) Based on the Total Consideration and trailing 12 months pro forma consolidated net profit attributable to its shareholders of approximately S\$1.62 million.

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## APPENDIX E – LETTER FROM HONG LEONG FINANCE LIMITED TO THE INDEPENDENT RECOMMENDING DIRECTORS

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- (6) Based on the Target Group's trailing 12 months pro forma consolidated earnings before interest, taxes, depreciation and amortisation of approximately S\$2.90 million and the pro forma enterprise value of approximately S\$74.49 million after taking into account the Total Consideration, the Company's leases amounting to S\$1.53 million, loan amounting to S\$0.96 million, cash and cash equivalents of S\$0.47 million and minority interest of S\$0.48 million.
- (7) Based on the Total Consideration and the adjusted trailing 12 months pro forma consolidated net profit attributable to its shareholders of approximately S\$2.47 million after adjusting for One-Off Employee Benefit Expense and One-Off Listing Expenses.
- (8) Based on the Target Group's adjusted trailing 12 months pro forma consolidated earnings before interest, taxes, depreciation and amortisation of approximately S\$3.88 million after adjusting for One-Off Employee Benefit Expense and One-Off Listing Expenses and the adjusted pro forma enterprise value of approximately S\$73.96 million after taking into account the Total Consideration, the Company's leases amounting to S\$1.53 million, loan amounting to S\$0.96 million, cash and cash equivalents of S\$1.01 million and minority interest of S\$0.47 million after adjusting for One-Off Employee Benefit Expense and One-Off Listing Expenses.

Based on the above, we note the following,

### Target Group (Pro Forma)

- a. The P/E of the Target Group of 44.57 times implied by the trailing 12 months pro forma financials of the Target Group is above the range of the Comparable Companies.
- b. The EV/EBITDA of the Target Group of 25.73 times implied by the trailing 12 months pro forma financials of the Target Group is within the range and above the mean and median of the Comparable Companies.

### Target Group (Adjusted Pro Forma)

- a. The P/E of the Target Group of 29.14 times implied by the trailing 12 months adjusted pro forma financials of the Target Group is within the range and above the mean and median of the Comparable Companies.
- b. The EV/EBITDA of the Target Group of 19.05 times implied by the trailing 12 months adjusted pro forma financials of the Target Group is within the range and above the median but below the mean of the Comparable Companies.

In our assessment of the Target Group's adjusted pro forma P/E and EV/EBITDA, we only excluded the expenses pertaining to the One-Off Employee Benefit Expense and One-Off Listing Expenses. We did not exclude the Initial Set Up Cost from the adjusted pro forma P/E and EV/EBITDA as there is a possibility that the Target Group will continue to embark on business expansion plans which may result in similar Initial Set Up Cost in the future when a new doctor or practice is introduced to the Target Group.

However, purely for illustration purposes, if the adjustments made by the Target Company as defined herein as Adjustment Items were adopted, the adjusted pro forma P/E and EV/EBITDA would have been 24.49 times and 16.65 times, respectively.

For illustration purposes as well, assuming only the Base Consideration was paid, the adjusted pro forma P/E and EV/EBITDA, after excluding expenses pertaining to the One-Off Employee Benefit Expense and One-Off Listing Expenses, would have been 19.02 times and 12.61 times, respectively and if all the Adjustments Items were excluded, the adjusted pro forma P/E and EV/EBITDA would have been 15.98 times and 10.95 times, respectively.



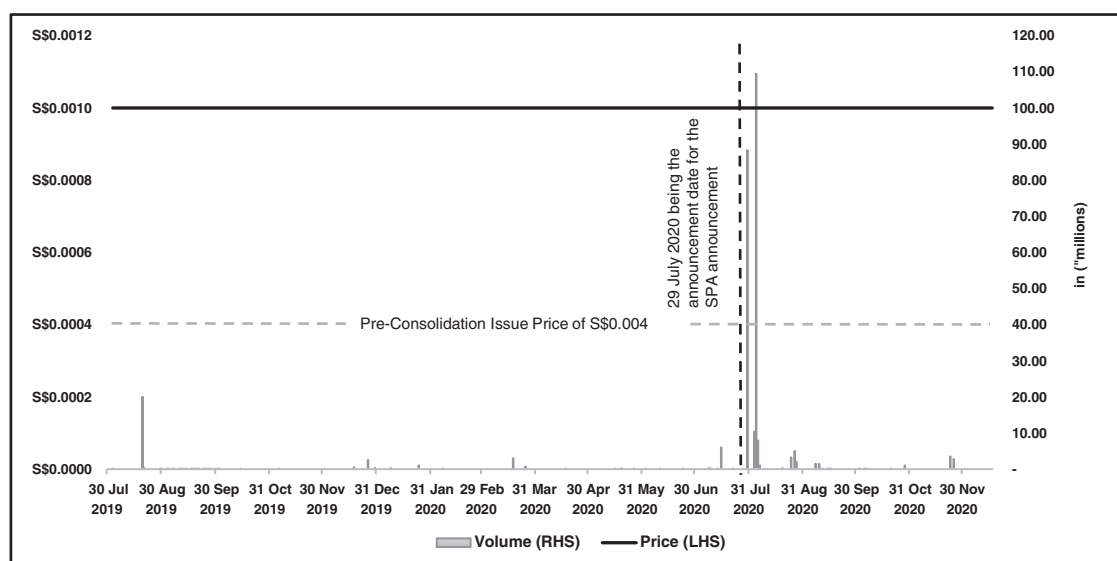
## APPENDIX E – LETTER FROM HONG LEONG FINANCE LIMITED TO THE INDEPENDENT RECOMMENDING DIRECTORS

### 5.4. Assessment of the Pre-Consolidation Issue Price

#### 5.4.1 Historical trading performance and trading liquidity of the Shares

##### Historical share price performance

The historical price chart (based on closing prices and number of Shares traded on a daily basis) for the Shares during the period commencing 30 July 2019 (12 months prior to the date of the SPA) and ending on the Latest Practicable Date (“**Share Performance Period Under Review**”) is set out below:



A summary of the salient announcements and key events relating to the Company during the Share Performance Period Under Review is set out below:

Date	Announcement
17 December 2020	Update on the Proposed Acquisition of the Entire Issued and Paid-Up Share Capital of Livingstone Health Ltd
13 October 2020	Receipt of Whitewash Waiver From The SIC
7 October 2020	Reorganisation of Subsidiaries
23 September 2020	Response to SGX queries pertaining to Half Year 2020 results announcement
11 September 2020	Waiver from compliance with Rules 1015(1)(A)(II) and 1015(4)(A) of the Catalist Rules
14 August 2020	Half Year 2020 Financial Results
7 August 2020	Profit Guidance

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## APPENDIX E – LETTER FROM HONG LEONG FINANCE LIMITED TO THE INDEPENDENT RECOMMENDING DIRECTORS

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Date	Announcement
29 July 2020 (“SPA Announcement Date”)	<ol style="list-style-type: none"> <li>1. Lifting of Trading Halt</li> <li>2. Press Release on The Proposed Acquisition of the Entire Issued and Paid-Up Share Capital of Livingstone Health Ltd.</li> <li>3. Proposed Acquisition of the Entire Issued and Paid-Up Share Capital of Livingstone Health Ltd.</li> </ol>
27 July 2020	Trading Halt
15 June 2020	Cessation of the Company’s Financial Controller (Ms Sim Li Ling)
9 June 2020	Response To SGX Queries Relating to the Company’s Annual Report 2019
5 June 2020	Annual General Meeting Notice
14 April 2020	Release of Annual Report 2019
7 April 2020	Singapore Exchange Regulation grants Automatic 60-Day Extension of Time
6 April 2020	Approval from The Accounting And Corporate Regulatory Authority for Extension of Time
31 March 2020	Application for Extension of Time to hold Annual General Meeting
27 February 2020	<ol style="list-style-type: none"> <li>1. Discontinuance of Quarterly Reporting</li> <li>2. Reconstitution of the Board and Board Committees</li> <li>3. Full Year 2019 Financial Results</li> </ol>
21 February 2020	Profit Guidance
31 December 2019	<ol style="list-style-type: none"> <li>1. Reconstitution of The Board of Directors and Changes to the Composition of the Board Committees</li> <li>2. Resignation of Non-Executive Non-Independent Director (Weng Hua Yu @ Simon Eng)</li> </ol>
12 November 2019	Third Quarter 2019 Financial Results
14 August 2019	Half Year 2019 Financial Results

Source: Company’s announcements on SGXNET

We noted that the Share price had been traded at S\$0.001 for the Share Performance Period Under Review.

Following the Company’s announcement that it had entered into a SPA in respect of the Proposed Acquisition, the trading volume of the Shares for the day spiked to 109.4 million Shares on 4 August 2020.

## APPENDIX E – LETTER FROM HONG LEONG FINANCE LIMITED TO THE INDEPENDENT RECOMMENDING DIRECTORS

### Share price analysis and trading liquidity analysis

	Highest price (S\$)	Lowest price (S\$)	VWAP <sup>(1)</sup> (S\$)	Discount of Pre- Consolidation Issue Price to VWAP (%)	Average daily trading volume <sup>(2)</sup>	Average daily trading volume as a percentage of free float <sup>(3)</sup> (%)
<u>For the period prior to and including the SPA Announcement Date (29 July 2020)</u>						
Last 12 Months	0.001	0.001	0.001	60	743,302	0.004
Last 6 Months	0.001	0.001	0.001	60	708,400	0.004
Last 3 Months	0.001	0.001	0.001	60	627,818	0.003
Last 1 Month	0.001	0.001	0.001	60	1,305,000	0.007
22 July 2020, being the last traded day prior to the SPA Announcement	0.001	0.001	0.001	60	100,000	0.001
<u>Between the SPA Announcement Date and the Latest Practicable Date</u>						
From 30 July 2020 to the Latest Practicable Date	0.001	0.001	0.001	60	10,340,939	0.052
On 25 November 2020, being the last trading date before the Latest Practicable Date	0.001	0.001	0.001	60	2,800,000	0.014

Source: Bloomberg L.P.

**Notes:**

- (1) Volume Weighted Average Price ("VWAP") of the Shares over the relevant Period is calculated based on the total value traded over the total volume of shares traded over the relevant periods.
- (2) The average daily trading volume of the Shares is computed based on the total volume of Shares traded during the relevant periods, divided by the number of days that the Shares were traded during that relevant period.
- (3) Free float refers to 19,730,824,954 Shares or approximately 47.75% of the issued share capital of the Company available to the public as at the Latest Practicable Date.

Based on the above, we note the following:

### Share price analysis

- a. the Pre-Consolidation Issue Price represents a discount of 60% over the VWAP of the Shares for the 1-month, 3-month, 6-month and 1-year periods prior to the SPA Announcement Date;
- b. the Pre-Consolidation Issue Price represents a discount of 60% over the VWAP of the Shares on 22 July 2020, being the last trading date of the Share prior to the SPA Announcement Date;

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## APPENDIX E – LETTER FROM HONG LEONG FINANCE LIMITED TO THE INDEPENDENT RECOMMENDING DIRECTORS

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- c. the Pre-Consolidation Issue Price represents a discount of 60% over the VWAP of the Shares after the SPA Announcement Date and up to the Latest Practicable Date; and
- d. the Pre-Consolidation Issue Price represents a discount of 60% over the VWAP of the Shares on 25 November 2020, being the last trading day before the Latest Practicable Date.

### Trading liquidity analysis

- a. during the period from 30 July 2019 up to the SPA Announcement Date, the Shares were traded on 48 market days or 19.0% of the total market days available for trading. The total number of Shares traded during this period was approximately 35.68 million Shares with an average trading volume of 0.74 million Shares, representing 0.004% of the free float; and
- b. during the period from the SPA Announcement Date to the Latest Practicable Date, the Shares were traded on 23 market days or 22.5% of the total market days. The total number of Shares traded during this period was approximately 237.84 million Shares with an average trading volume of 10.34 million Shares, representing 0.052% of the free float.

**Shareholders should note that the trading volume of the Shares have shown appreciable differences before and after the SPA Announcement Date.** Shareholders should also note that there is no assurance that the market prices and volume of the Shares would remain at the current prevailing and that past trading performance of the Shares is not in any way reflective of its future trading performance.

We wish to highlight that the market valuation of shares of a company traded on a securities exchange may be affected by, *inter alia*, the corporate activities of the company, its relative liquidity, the size of its free float, the extent of research coverage, the investor interest it attracts and the general market sentiment at a given point in time.

### **5.4.2 Net Liability (“NL”) and Net Tangible Liability (“NTL”) of the Shares of the Group**

Based on the latest announced consolidated financial statements of the Group for the first half of the year ended 30 June 2020, the Group reported an unaudited NL and NTL attributable to owners of the Company of S\$908,000 as at 30 June 2020. The Group does not have any intangible assets, accordingly, the NL and NTL is the same. Based on the Company’s issued share capital of 41,316,907,761 Shares as at 30 June 2020, the NL per Share and NTL per Share is S\$0.000022.

The Pre-Consolidated Issue Price of S\$0.0004 represents a premium of S\$0.000422 to the Group’s NL and NTL per share as at 30 June 2020.

On 16 December 2020, the Company has entered into an agreement with Dr. Ting Shang Ping and Wong Kong Leong to dispose Citicode-SNAP AI Pte. Ltd. (“**Citicode-SNAP**”) and Citicode Corporation Pte. Ltd. (“**Citicode Corporation**”), respectively. The aggregate consideration for the sale of Citicode-SNAP and Citicode Corporation is S\$2.00. Based on the net liability positions of Citicode-SNAP and Citicode Corporation as at 30 June 2020,

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## APPENDIX E – LETTER FROM HONG LEONG FINANCE LIMITED TO THE INDEPENDENT RECOMMENDING DIRECTORS

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the disposal will give rise to an aggregate estimated net gain on disposal of approximately S\$4,500. Shareholders may wish to refer to Section 9 of the Circular for more information on the proposed disposal of all of the Company's existing business, investments and shareholding interests in its subsidiaries, comprising the Proposed Disposal of Citicode-SNAP and the Proposed Disposal of Citicode Corporation (the "**Proposed Disposal**").

The Company entered into a loan capitalisation agreement with ICH Capital dated 16 December 2020, pursuant to which it was agreed that the sum of S\$562,800 owing to ICH Capital as at 31 December 2020 (including all interests accrued) will be repaid by way of the issue of 2,814,000 new Shares on a post-consolidation basis at the issue price of S\$0.20 (the "**Proposed Loan Capitalisation**").

In addition, between 30 June 2020 and the Latest Practicable Date, the Company recorded an additional S\$289,000 in liabilities which pertains to the financial assistance extended by Teh Wing Kwan ("**TWK Loan**") to the Company.

We have sought the following confirmations from the directors of the Group, as at the Latest Practicable Date, to the best of their knowledge and belief that:

- a. save for the Proposed Acquisition, Proposed Disposal, Proposed Loan Capitalisation, TWK Loan, the Outstanding ICH Loan, Proposed Placement and Proposed Issuance of SAC Capital Shares, there are no assets and/or liabilities which values would be materially different from those recorded in the unaudited financial position of the Group for 6M2020;
- b. there are no contingent liabilities, bad or doubtful debts or material events which are likely to have a material impact on the NAV or NTA of the Group;
- c. there are no litigation, claim or proceeding pending or threatened against the Group or any fact which would give rise to any proceeding which might materially and adversely impact the financial position of the Group; and
- d. there are no material acquisition or disposal of assets by the Group since 30 June 2020 and up to the Latest Practicable Date, which would have a material impact on the NAV and NTA of the Group.

**We wish to highlight to the Independent Directors that the above analysis is only for illustrative purposes and is not meant to be an indication of, or comment on the Group's financial performance.**

## APPENDIX E – LETTER FROM HONG LEONG FINANCE LIMITED TO THE INDEPENDENT RECOMMENDING DIRECTORS

### 5.4.3 Comparison with recent reverse takeover transactions completed by listed companies on the SGX-ST

We have detailed below the valuation statistics implied by the respective issue prices of the recent reverse takeover (“**RTO**”) transactions (i.e. since 2017) that were completed by companies listed on SGX-ST (“**Recent RTO Transactions**”). We have compared the premiums or discounts of the respective RTO transactions’ pre-consolidation, if any, issue price to their last transacted VWAP prior to their respective RTO announcements and over the NTA per share of the respective companies.

We wish to highlight that the list of companies set out in the Recent RTO Transactions may not be directly comparable with the Target Group in terms of, *inter alia*, market capitalisation, composition of business activities, scale of business operations, risk profile, asset base, accounting policies, track record, future prospects, market/industry size, political risk, competitive and regulatory environment, financial positions and other relevant criteria. Therefore, the comparison made with respect to the Recent RTO Transactions are for illustrative purposes only and serves as a guide to illustrate the relative premia or discount to the last transacted VWAP prior to the respective Recent RTO Transactions’ announcement date.

Name of Company	Date of circular	Premium/(discount) of issue price over/(to) last transacted VWAP prior to announcement date (%)	Issue price to NTA per share (times)
Terratech Tech Group Limited (now known as Capital World Limited)	29-Mar-17	37.30	6.1
Changjiang Fertilizer Holdings Limited (now known as Olive Tree Estate Limited)	15-Nov-17	(72.20)	N.M. <sup>(1)</sup>
SHC Capital Asia Limited (now known as Memories Group Limited)	20-Nov-17	(67.60)	2.2
China Bearing Singapore Ltd. (now known as Silkroad Nickel Ltd)	31-May-18	202.10	1.8
Lereno Bio-Chem Ltd. (now known as KTMG Limited)	21-Dec-18	(77.80)	N.M. <sup>(1)</sup>
TSH Corporation Limited	31-Dec-18	57.90	1.5
Jason Holdings Limited (now known as Revez Corporation Ltd.)	29-Mar-19	(94.10)	N.M. <sup>(1)</sup>
	High	202.10	6.1
	Mean	(2.06)	2.9
	Median	(67.60)	2.0
	Low	(94.10)	1.5
The Company	31-Dec-20	(60.00) <sup>(2)</sup>	N.M. <sup>(1) (3)</sup>

Sources: Respective companies’ announcements and circulars retrieved from SGXNET

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## APPENDIX E – LETTER FROM HONG LEONG FINANCE LIMITED TO THE INDEPENDENT RECOMMENDING DIRECTORS

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### Notes:

- (1) “N.M.” denotes not meaningful as the company was in a net tangible liabilities position
- (2) Based on the Company’s Pre-Consolidation Issue Price
- (3) Based on the Group’s NTA per share as at 30 June 2020

Based on the above table, we note the following:

- a. the Pre-Consolidation Issue Price of S\$0.0004 represents a discount of 60% over the VWAP of the Shares prior to the SPA Announcement Date, which falls within the range and above the mean but below the median of the Recent RTO Transactions; and
- b. similar to the issue price of companies which were in a net tangible liabilities position, the Company’s Pre-Consolidation Issue Price is also at a discount to its last transacted VWAP prior to the SPA Announcement Date.

### 5.5 Other Relevant Considerations

#### 5.5.1 Financial Effects of the Proposed Transactions (as defined herein)

As set out in Section 16 of the Circular, the Company has illustrated the pro forma financial effects after taking into consideration of, *inter alia*, the Proposed Acquisition (assuming Total Consideration), Proposed Disposal, Proposed Share Consolidation, Proposed Loan Capitalisation, Proposed Issuance of SAC Capital Shares and Proposed Placement (collectively, “**Proposed Transactions**”). Accordingly, we have extracted and summarised the salient points of the pro forma financial effects of the Proposed Transactions below:

##### Financial Effects assuming the Adjustment Items are included

- a. The NAV per Share of the Company will improve from approximately (0.00) Singapore cents before the Proposed Transactions to approximately 0.08 Singapore cents after the Proposed Transactions.
- b. The NTL per Share of the Company will increase from approximately (0.00) Singapore cents before the Proposed Transactions to approximately (0.76) Singapore cents after the Proposed Transactions.
- c. The earnings per Share (“**EPS**”) will increase from approximately 0.00 Singapore cents before the Proposed Transactions to approximately 0.24 Singapore cents after the Proposed Transactions.
- d. The net gearing ratio will improve from a non-meaningful position to 3.12 after the Proposed Transactions.

##### Financial Effects assuming the Adjustment Items are not included

- a. The NAV per Share of the Company will improve from approximately (0.00) Singapore cents before the Proposed Transactions to approximately 0.43 Singapore cents after the Proposed Transactions.



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- b. The NTL per Share of the Company will increase from approximately (0.00) Singapore cents before the Proposed Transactions to approximately (0.41) Singapore cents after the Proposed Transactions.
- c. The EPS will increase from approximately 0.00 Singapore cents before the Proposed Transactions to approximately 0.59 Singapore cents after the Proposed Transactions.
- d. The net gearing ratio will remain non-meaningful for both before and after the Proposed Transactions.

**We wish to highlight that the above financial effects figures are for illustration purposes only and do not necessarily reflect the actual results and financial performance and position of the Company and the Target Group (together, the “Enlarged Group”) following the completion of the Proposed Transactions.**

### 5.5.2 Future prospects of the Target Group

Upon the completion of the Proposed Acquisition, the healthcare business of the Target Group will essentially be the whole business of the Enlarged Group.

The Proposed New Board believes that the demand for healthcare services in Singapore and the Asia Pacific region is likely to increase in the long term due to the following reasons:

- a. ageing population in Singapore and globally;
- b. rising affluence in Singapore and the Asia Pacific region;
- c. healthier and more active lifestyle in Singapore;
- d. growing uptake of private healthcare insurance; and
- e. Singapore being one of the leading destinations in Asia Pacific region for medical tourism.

Shareholders are advised to refer to Section 24 of Appendix A of the Circular for detailed information on the Target Group’s prospects, trends and future plans.

### 5.5.3 Risk of the Target Group

Shareholders should take note of the risk factors pertaining to the Target Group’s business. Shareholders are advised to refer to Section 2.7 of the Circular for more information on the risk factors surrounding the Target Group’s business.

### 5.5.4 Dilution effect resulting from the completion of the Proposed Acquisition

As set out in Appendix G of the Circular, upon the completion of, *inter alia*, the Proposed Share Consolidation, the Proposed Acquisition, the Proposed Loan Capitalisation, the Proposed Issuance of SAC Capital Shares and the Proposed Placement, the existing public Shareholders of the Company will be diluted from approximately 47.75% as at the Latest Practicable Date to approximately 12.49% of the share capital of the Company if only the Base Consideration was paid and approximately 9.11% if the Total Consideration was paid.

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## APPENDIX E – LETTER FROM HONG LEONG FINANCE LIMITED TO THE INDEPENDENT RECOMMENDING DIRECTORS

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### 5.5.5 Inter-conditionality of the resolutions for, *inter alia*, the Proposed Acquisition and the Proposed Whitewash Resolution

Shareholders should note that the completion of the Proposed Acquisition is conditional upon the approval of the Proposed Whitewash Resolution. Accordingly, the Proposed Acquisition will not be completed if the Proposed Whitewash Resolution failed to be approved by the Independent Shareholders of the Company in the upcoming EGM.

### 5.5.6 Moratorium of Shares

As set out in Section 23 of the Circular, we would like to highlight that, upon the completion of the Proposed Acquisition, the respective interest of Teh Wing Kwan and LVS' Shares will be subject to moratoriums. In addition, as part of a commitment to the Enlarged Group, Dax Ng, Dr. Chua and SAC Capital Private Limited (the “**Sponsor**”) have provided voluntary undertakings in favour of the Company and the Sponsor (as the case may be).

We have extracted and reproduced the respective moratoriums in italics below. All terms and expressions used in the extract below shall have the same meanings as those defined in the Circular, unless otherwise stated.

#### “Teh Wing Kwan

*Teh Wing Kwan, who is an existing Controlling Shareholder of the Company and will hold 23,743,922 Consolidated Shares immediately after Completion, the Proposed Loan Capitalisation, the Proposed Issuance of SAC Capital Shares and the Proposed Placement (representing approximately 7.52% of the Enlarged Share Capital), has irrevocably and unconditionally undertaken not to directly or indirectly, offer, sell, contract to sell, realise, transfer, assign, pledge, grant any option or right to purchase, grant any security over, encumber or otherwise dispose of:*

- (i) all or any part of his Shares (adjusted for any bonus issues or sub-division of Shares) for a period of six (6) months from the date of Completion; and*
- (ii) more than 50.0% of his Shares (adjusted for any bonus issues or sub-division of Shares) for a period of six (6) months thereafter.*

#### LVS

*LVS, who will hold an aggregate of 215,311,056 Shares immediately after Completion, the Proposed Loan Capitalisation, the Proposed Issuance of SAC Capital Shares and the Proposed Placement (representing approximately 68.15% of the Enlarged Share Capital), has irrevocably and unconditionally undertaken not to directly or indirectly, offer, sell, contract to sell, realise, transfer, assign, pledge, grant any option or right to purchase, grant any security over, encumber or otherwise dispose of:*

- (i) all or any part of its Shares (adjusted for any bonus issues or sub-division of Shares) for a period of six (6) months from the date of Completion; and*
- (ii) no more than 50.0% of its Shares (adjusted for any bonus issues or sub-division of Shares) for a period of six (6) months thereafter.*

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## APPENDIX E – LETTER FROM HONG LEONG FINANCE LIMITED TO THE INDEPENDENT RECOMMENDING DIRECTORS

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*Further, Dr. Rachel Lim, Dr. Wilson Tay, Dr. Sebastian Chua, Dr. Edwin Tan and Dax Ng, who collectively hold the entire issued share capital of LVS (“LVS Shares”), have each irrevocably and unconditionally undertaken to the Sponsor and the Company, not directly or indirectly, offer, contract to sell, assign, pledge, grant any option or right to purchase, grant any security over or encumber all or any part of his/her interests in the issued share capital of LVS for a period of twelve (12) months commencing on the date of Completion.*

### 23.2. Other Voluntary Moratorium

*To demonstrate their commitment to the Enlarged Group, the following persons have provided undertakings in favour of the Company and the Sponsor (as the case may be) as set out below:*

#### Dax Ng and Dr. Chua Hshan Cher

*Dax Ng and Dr. Chua Hshan Cher, each of whom is a Vendor, and will each hold 2,594,472 Shares immediately after Completion, the Proposed Loan Capitalisation, the Proposed Issuance of SAC Capital Shares and the Proposed Placement (each representing approximately 0.82% of the Enlarged Share Capital).*

*Both Dax Ng and Dr. Chua Hshan Cher have irrevocably and unconditionally undertaken not to directly or indirectly, offer, sell, contract to sell, realise, transfer, assign, pledge, grant any option or right to purchase, grant any security over, encumber or otherwise dispose of:*

- (i) all or any part of each of their Shares (adjusted for any bonus issues or sub-division of Shares) for a period of six (6) months from the date of Completion; and*
- (ii) more than 50.0% of each of their Shares (adjusted for any bonus issues or sub-division of Shares) for a period of six (6) months thereafter.*

#### SAC Capital

*As part payment of the SAC Capital’s management fees as the Financial Adviser to the Company in respect of the Proposed Acquisition, the Company will allot and issue the SAC Capital Shares to SAC Capital, representing approximately 0.16% of the Enlarged Share Capital.*

*SAC Capital has irrevocably and unconditionally undertaken not to directly or indirectly, offer, sell, contract to sell, realise, transfer, assign, pledge, grant any option or right to purchase, grant any security over, encumber or otherwise dispose of all or any part of its Shares (adjusted for any bonus issues or sub-division of Shares) for a period of six (6) months from the date of Completion. Upon the expiry of the aforementioned moratorium period, SAC Capital has the discretion to dispose of its shareholding interest in the Company.”*

## 6. OUR OPINION

In arriving at our opinion in respect of the Proposed Whitewash Resolution, we have taken into account the factors which we consider to be relevant and to have a significant bearing on our assessment of the Proposed Acquisition, being the subject of the Proposed Whitewash Resolution.

In arriving at our conclusion, we have taken into account the following key factors, which are described in more details in Section 5 of this IFA Letter:

- a. rationale for the Proposed Acquisition;

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## APPENDIX E – LETTER FROM HONG LEONG FINANCE LIMITED TO THE INDEPENDENT RECOMMENDING DIRECTORS

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- b. the financial performance and position of the Target Group;
- c. the assessment of the Total Consideration;
- d. the assessment of the Pre-Consolidation Issue Price; and
- e. other relevant considerations.

Accordingly, it is important that this IFA Letter, in particular, all the considerations and information which we have taken into account, be read in its entirety.

**Based on our above analysis, and after having considered carefully the information available to us as at the Latest Practicable Date, we are of the opinion that, on balance, the financial terms of the Proposed Acquisition, being the subject of the Proposed Whitewash Resolution, are fair and reasonable, and are not prejudicial to the interests of the Independent Shareholders. Accordingly, we advise the Independent Directors to recommend that the Independent Shareholders vote in favour of the Proposed Whitewash Resolution.**

Our opinion herein is based upon market, economic, industry, monetary, regulatory and other applicable conditions prevailing on, and the information provided to us, as of the Latest Practicable Date. Our opinion does not reflect any projections of future financial performance of the Company or the Group after the completion of the Proposed Acquisition. In addition, our opinion is solely confined to our views on the Proposed Whitewash Resolution in the context of the Proposed Acquisition.

This IFA Letter is addressed to the Independent Directors for their benefit, in connection with and for the purpose of their consideration of the Proposed Acquisition and the Proposed Whitewash Resolution. Any recommendations made by the Independent Directors in respect thereof shall remain their sole responsibility. Whilst a copy of this IFA Letter or any extracts thereof may be reproduced in the Circular or any announcements relating to the Proposed Acquisition and the Proposed Whitewash Resolution, neither the Company, the Group, the Target Company and/or the Target Group and its respective directors nor any other person may reproduce, disseminate or quote this IFA Letter (or any part thereof) for any other purpose not relating to the Proposed Acquisition, Proposed Whitewash Resolution or the forthcoming EGM, at any time and in any manner without our prior written consent in each specific case.

This IFA Letter is governed by and to be construed in accordance with the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours truly,  
For and on behalf of  
**Hong Leong Finance Limited**

Tang Yeng Yuen  
Vice President

Vera Leong  
Vice President

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## APPENDIX F – BUSINESS VALUATION REPORT

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### AVA Associates Limited

(Co. No. 1292515)

806 Empress Plaza

17-19 Chatham Road South

Tsim Sha Tsui, Hong Kong

29 December 2020

To

Board of Directors

**Citicode Ltd**

1 Robinson Road #17-00

AIA Tower

Singapore 048542

Dear Sirs,

AVA Associates Limited (“**AVA**”) has been engaged to perform a valuation of the 100% equity interest (the “**Equity Interest**”) in Livingstone Health Ltd (“**LSH**”) and its subsidiaries (together the “**Target Group**”) as at 30 June 2020 (“**Valuation Date**”) in relation to a proposed acquisition by Citicode Ltd (“**Citicode**”). AVA is agreeable to allow Citicode to make reference to this valuation report in all the related announcements made on the Singapore Exchange (“**SGX**”) and the circular in relation to the proposed acquisition (the “**Circular**”). In addition, AVA is also agreeable to the inclusion of this summary valuation report in the Circular. No other use, direct or indirect, of our analysis is intended or inferred or shall be relied upon by Citicode other than explicitly specified in our engagement letter dated 20 August 2020.

### Definition of Value

In estimating the value of the Equity Interest, our efforts were based on the following premise of value:

**Market Value** – *“The estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.”* Such value represents an estimate based on the economic theory of equilibrium price for an asset in a perfect market. Unless otherwise noted, in estimating the Market Value, we have assumed that the business and its assets will remain a going concern in accordance with the relevant literature.

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## APPENDIX F – BUSINESS VALUATION REPORT

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### Overview of the Target Group

LSH is a company incorporated in Singapore on 1 December 2017. Together with its subsidiaries, they form a Singapore-based multidisciplinary specialist healthcare group whose core competencies lie in specialist healthcare that include the fields of aesthetics and wellness, anaesthesiology and pain management, family medicine, internal medicine and orthopaedic surgery.

#### Aesthetics and Wellness

RL Aesthetics Pte Ltd and Cove Wellness Pte Ltd, wholly-owned by LSH, offer a range of services including laser and resurfacing therapies, radiofrequency, light and ultrasound-based treatments, botulinum toxin and filler injections, chemical peels and various facial and body wellness treatments.

#### Anaesthesiology and Pain Management

This business, providing comprehensive anaesthetic services and perioperative care for a wide range of surgeries and procedures and assisting to manage high risk and unstable patients who have undergone high risk surgeries, is operated under Apicare Pain Specialist Pte Ltd, Apicare Medical Pte Ltd and Sebastian Chua MH Pte Ltd, all wholly-owned by LSH.

#### Family Medicine

This business is operated under the Target Group's 51%-owned Phoenix Medical Group Pte Ltd ("**PMG Group**"), which include PMG Group's wholly-owned subsidiaries, PMG Cactiii Pte Ltd, PMG HV Pte Ltd and PMG PL Pte Ltd.

#### Internal Medicine

Cardiology services are provided under Livingstone Cardiology Pte Ltd, wholly-owned by LSH.

#### Orthopaedic Surgery

Cove Sports & Reconstruction Pte Ltd ("**CSR**") and The Bone and Joint Centre Pte Ltd ("**BJC**"), both wholly-owned by LSH, are the 2 companies providing specialised care, surgical and non-surgical, for patients with orthopaedic problems.

Below are the companies of the Target Group that are not expected to contribute materially to the valuation of the Target Group as at Valuation Date.

#### S Chua Pte Ltd

This company, wholly-owned by LSH, is dormant as at Valuation Date.

#### Livingstone Endocrine Pte Ltd

This company, wholly-owned by LSH, has been set up to house the medical practice of endocrinology. LSH plans for the operation to commence in November 2020 as at Valuation Date.

#### Livingstone Health International Pte Ltd

This company, wholly-owned by LSH, has a consultancy project in Cambodia that runs into 2021. It has been represented to us by LSH that the profit contribution from Valuation Date to 2021 is insignificant.

#### Livingstone Soriya Medical Specialists Co., Ltd

This company is effectively 57%-owned by LSH. While operation has started, it is currently loss making and not expected to materially affect the operation of the Target Group. The audited book value of this

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## APPENDIX F – BUSINESS VALUATION REPORT

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investment, together with LSH's 60% investment in Venture Investments Pte Ltd, as at Valuation Date is stated as S\$65,088. For this valuation exercise, we have assumed the book value reasonably represents the market value of the investment.

### **Venture Investment Pte Ltd and Activfix Pte Ltd**

Venture Investments Pte Ltd is an investment holding company, effectively 60%-owned by LSH. It owns Activfix Pte Ltd, a company that provides physiotherapy services. It has been represented to us by the management of LSH that the practice is currently loss making and is not expected to materially affect the financial performance of the Target Group.

### **Scope of Work**

On 29 July 2020, Citicode announced it has entered into a sale and purchase agreement to acquire the entire issued and paid up share capital of LSH. In relation to the proposed transaction, AVA has been engaged to assist in the determination of the Market Value of the Equity Interest in the Target Group, to be carried out as at Valuation Date, for disclosure to Citicode's shareholders.

For this exercise, we estimated the value of the Equity Interest in the Target Group on the premise of a going concern where the business will continue running normally using all of its assets to produce income. The value is derived primarily from a discounted cash flow ("DCF") analysis of the Target Group's financial projections. It is derived based on the following formula:

$$\begin{aligned} & \text{Market Value of the Equity Interest} \\ & = \\ & \text{Enterprise Value} - \text{Debt} + \text{Excess Cash} + \text{Non-Operating Assets}/(\text{Liabilities}) \end{aligned}$$

Enterprise Value ("EV") is a measure of a company's value or business to its stakeholders, namely debt holders and equity owners. It is generally defined with the following formula:

$$\text{Enterprise Value} = \text{Equity Value} + \text{Debt} - \text{Excess Cash} - \text{Non-Operating Assets}/(\text{Liabilities})$$

We also conducted a comparative analysis of the pricing multiples of selected comparable listed companies in Singapore to ensure the reasonableness of our valuation results.

Our valuation and report are prepared in accordance with the International Valuation Standards (2017 edition) as published by the International Valuation Standard Committee. The procedures used in our analysis included such substantive steps, as we considered necessary, including, but not necessarily limited to, the following:

- Preparation of an information checklist for information gathering;
- Discussion with the appropriate parties regarding the identified assets, proposed valuation methodologies, current/proposed operations and historical/forecast financials of the Target Group, as well as its prospects, etc;
- Development of appropriate valuation models pertinent to the exercise;
- Preparation of draft reports for discussion with Citicode and LSH; and
- Submission of the final report for the purpose of this exercise.



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## APPENDIX F – BUSINESS VALUATION REPORT

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### Sources of Information

As part of our due diligence, we relied upon documents supplied by LSH, including, but not limited to, the following:

- Consolidated financial projection of the Target Group for the period from July 2020 to December 2020;
- Unaudited consolidated financial statements of the Target Group for the six-month ending 30 June 2020;
- Unaudited revenue of the Target Group for July 2020 and August 2020;
- Audited consolidated financial statements of the Target Group for the year ended 31 December 2017, 31 December 2018 and 31 December 2019;
- Audited financial statements of Ardmore Medical Group Pte Ltd and its subsidiaries for the fiscal year ended 31 December 2018;
- Audited financial statements of Apicare Medical Pte Ltd for the fiscal year ended 31 December 2018;
- Audited financial statements of Apicare Pain Specialist Pte Ltd for the fiscal year ended 31 December 2018;
- Audited financial statements of Sebastian Chua MH Pte Ltd for the fiscal year ended 31 December 2018;
- Audited financial statements of PMG HV Pte Ltd for the fiscal year ending 31 March 2019;
- Audited financial statements of PMG PL Pte Ltd for the fiscal year ending 31 March 2019;
- Audited financial statements of Phoenix Medical Group Pte Ltd for the fiscal year ending 31 March 2019;
- List of fixed assets and depreciation schedule for December 2019;
- Summary of loans at Phoenix Medical Group Pte Ltd and its subsidiaries;
- Tenancy agreements of the Target Group; and
- Other relevant documentations.

We planned and performed our valuation so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to express our opinion on the subject asset. In the course of our valuation, we held discussions with the management of LSH concerning the history and current conditions of the business, financial and general outlook of the Target Group. We assumed that the data we obtained in the course of the valuation, along with the opinions and representations provided to us by the companies are true and accurate. We have, however, made reasonable enquiries and exercised our judgement on the reasonable use of such information and representations (as deemed necessary) provided to us, and have found no reason to doubt the accuracy or reliability of such information or representations which we have relied on. We also used financial and other information obtained from private and public sources we considered reliable. Our conclusions are dependent on such information being complete and accurate in all material respects. We believe the valuation procedures we employed provide a reasonable basis for our opinion.

### Statement of Independence

We confirm that we have no present or contemplated interest in the Target Group which is the subject of this valuation and are acting independently of all parties.

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## APPENDIX F – BUSINESS VALUATION REPORT

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### Valuation Theory

Our approach in valuing the Equity Interest relied on using the appropriate techniques to arrive at our conclusion of value. We considered the three generally recognized approaches to value: the income, market and cost approaches.

An overview of the three approaches considered is as follows:

- The Income Approach focuses on the income-producing capability of a business or asset. The income approach measures the current value of a business or asset by calculating the present value of its future economic benefits such as cash earnings, cost savings, tax deductions, and proceeds from disposition. Value indications are developed by discounting expected cash flows to their present value at a rate of return that incorporates the risk-free rate for the use of funds, the expected rate of inflation, and risks associated with the particular investment. The discount rate selected is generally based on rates of return available from alternative investments of similar type and quality as of the valuation date.
- The Market Approach measures the value of a business or asset through an analysis of recent sales or offerings of comparable businesses or assets. In estimating the value of a business under the market approach there are two methodologies: the publicly-traded guideline company methodology and the recent transaction methodology. The publicly traded guideline company methodology develops an indication of value for the subject company by calculating market pricing multiples for selected publicly-traded guideline companies and applying these multiples to the appropriate financial measures of the subject company. The recent transaction methodology develops an indication of value for the subject company by calculating market pricing multiples based on actual acquisitions of similar businesses and applying these multiples to the appropriate financial measures of the subject company. After deriving a value, adjustments are then made to account for differences between the subject business or asset being valued and the comparable businesses or assets used in the analysis.
- The Cost Approach measures the value of a business or asset by the cost to reconstruct or replace it with another of like utility. To the extent that the assets being valued provide less utility than new assets, the reproduction or replacement cost would be adjusted to reflect appropriate physical deterioration, functional obsolescence, and economic obsolescence. The cost approach recognizes that a prudent investor would not ordinarily pay more for property or an asset than the cost to replace them new.

### Selected Approach

We calculated the Market Value of the Equity Interest in the Target Group through a sum-of-the-parts income approach. This approach was deemed suitable as each medical practice or business is housed under a separate entity and accounted for independently. Financial information is available for each business and it allowed us to understand and analyze each business and model a financial forecast based on each business' own operating model and structure. The financial projections are consolidated and a DCF calculation is performed to arrive at the value of the Target Group, adjusted based on LSH's effective interest in the companies.

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The value of the Equity Interest of in the Target Group is derived based on the following formula:

$$\text{Equity Value} = \text{Enterprise Value} - \text{Debt} + \text{Excess Cash} + \text{Non-Operating Assets}/(\text{Liabilities})$$

Our basis for selecting the income approach was due to the availability of relevant data, specifically the historical operating records, development plans and financial projections provided by LSH for each of its companies. Based on this information, we utilized a DCF methodology to estimate the cash that is available, either to invest in new or existing businesses or to distribute, to equity and debt holders. This allowed us to estimate the Market Value of the 100% equity interest in each business under a set of reasonable and robust assumptions.

The cost approach was also deemed inappropriate, as some of the significant assets of this business are the Target Group's assembled workforce and its network, and these would not be properly reflected using a cost approach methodology.

Under the market approach, we performed a similar transaction search in the public domain and noted several transactions. While the transactions are relevant to the valuation of the Target Group, there is insufficient detailed information, available publicly, for us to infer the valuation of the Target Group, given the level of disclosure. Furthermore, each medical practice can be unique as the key intangible asset is the expertise and reputation of the medical practitioner. We thus concluded that the market approach, specifically the price-of-recent-investment method, was not appropriate. However, the information gathered have been used to serve as benchmarks for the valuation of the companies in the Target Group to assess the reasonableness of our value conclusions. To further enhance our valuation opinion, we proceeded to compare selected valuation ratios and operating multiples of publicly listed comparable companies ("CompCos") to those of the Target Group. This served as a sanity check on our value conclusions.

The CompCos are as follows.

- Asian Healthcare Specialists Limited
- Healthway Medical Corporation Limited
- HC Surgical Specialists Limited
- Singapore Medical Group Limited
- Singapore O&G Limited
- Singapore Paincare Holdings Limited

### Valuation of the Equity Interest – Income Approach

#### Discounted Cash Flow Method

In line with our scope of work to derive the value of the Equity Interest in the Target Group, we chose the DCF methodology as it enables us to view the entire portfolio of assets as an operating entity, with the principal focus of the analysis on the operating entity's ability to generate free cash flow in the future, based on assumptions provided by the company. Free cash flow to enterprise ("FCFE") is defined as cash that is available either to invest in new or existing businesses or to distribute to investors (equity and debt holders). Reasonable projections of revenues, expenses, and reinvestment requirements (i.e. working

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## APPENDIX F – BUSINESS VALUATION REPORT

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capital and capital expenditures) form the basis for estimating the future free cash flows that a company will likely generate from its existing business.

The FCFE for each year of the projection period was calculated by adding non-cash expenses, such as depreciation and amortization, interest, deferred rent, and stock option expense, to and deducting incremental investments in working capital, and capital expenditures (“CAPEX”) from the net profit.

The projected free cash flows in each period were discounted to present value at an appropriate rate of return, or “discount rate.” The sum of the discounted stream of future free cash flow, together with the value of non-operating assets, if any, reflects the value of the subject enterprise or portfolio of assets.

In addition to calculating the FCFE throughout the projection period, it may be necessary to calculate the terminal value of the subject business which reflects the value of the total capital at the end of the projection period. The terminal value was calculated by applying the Gordon Growth Model, a mathematical simplification to capitalize an earnings stream that is expected to grow at a long-term sustainable rate “g” and discount rate “k” into perpetuity. The formula is as follows:

$$\text{Terminal Value} = \frac{\text{Normalized Free Cash to Equity \& Debt Holders} * (1 + \text{Constant Growth Rate})}{\text{Discount Rate} - \text{Growth Rate}}$$

The projected free cash flows were discounted to present value at an appropriate rate of return, or “discount rate” that reflects macroeconomic, industry, and firm-specific factors in determining the degree of perceived risk associated with the projected cash flow. The sum of the discounted stream of future free cash flow, together with the value of non-operating assets, reflects the market value of the subject enterprise or portfolio of assets.

The discount rate in this exercise is the weighted average cost of capital (“WACC”). It is comprised of a required rate of return on equity plus the current tax-effected rate of return on debt, weighted by the relative percentages of equity and debt in the capital structure of the target business and of comparable public companies whose business operations are similar to those of the target business.

### Key Valuation Assumptions

We have assumed the following for the purpose of this exercise:

- In the course of operating the business, it will compose of all necessary assets, both tangible and intangible, to continue operating as it has under its current owners;
- That there will be no material change in the existing political, legal, technological, fiscal or economic condition which may adversely affect the development and business of the Target Group; and
- There are no hidden or unexpected conditions associated with the assets valued that might adversely affect the reported value.

LSH has provided us with guidance on historical revenue, expenses, and working capital requirements. We were also provided with a 4.5-year financial projection, accompanied by assumptions adopted by the Target Group for its forecasted operation. We discussed the risks of achieving these projections and the

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## APPENDIX F – BUSINESS VALUATION REPORT

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overall reasonableness of the parameters used. We considered the impact of each valuation-related parameter individually, and the related impact on our overall valuation conclusions.

Although the information and assumptions used in the cash flow projections are a reasonable basis for valuation purposes, our analysis and use of them do not constitute an examination or compilation of prospective financial information in accordance with established standards.

AVA is unable to provide assurance on the achievability of the results forecasted by the Target Group as events and circumstances frequently do not occur as expected; differences between actual and expected results may be material; and achievement of the forecasted results is dependent on actions, plans and assumptions of the management of the Target Group. Except as disclosed in this report, neither AVA nor LSH is aware of other liabilities, including any contingent liabilities or unusual contractual obligations or substantial commitments, which would have a material effect on the value of the Target Group.

### Major Assumptions in DCF Model

#### Forecast Period

We have selected a 4.5-year period from Valuation Date with the terminal year beginning 1 January 2025, to model the business achieving a stable state by the end of the forecast period.

#### Revenue

The Singapore economy is generally expected to contract between 5% to 7% in 2020, according to its government, a result of the impact of the global health pandemic. However, there have been signs of improvement, as seen in improving retail sales in recent months and a 7.9% quarter-on-quarter economic expansion in the third quarter of 2020 as reported by the Ministry of Trade and Industry of Singapore. Also, Asean+3 Macroeconomic Research Office, a regional macroeconomic surveillance organization, published a report in August 2020, titled “Update of the ASEAN+3 Regional Economic Outlook (AREO)”, revising Singapore’s economic growth forecast in 2021 from 2.6% (as published in their report in March 2020) to 7.0%. The Target Group’s revenue forecast for 2020 is expected to show an annual increase of 10.5% as 2 new orthopaedic surgeons at CSR and BJC begin their contribution in July 2020. Against the backdrop of expected improving economic environment, the revenue forecast for most of the businesses in the Target Group is projected to grow by at least 5.7% in 2021 or back to the respective levels seen in 2019. The 5.7% growth rate is based on an estimate of the growth of the private healthcare market in Singapore, calculated using the compounded annual growth rate (“**CAGR**”) of 9.0%, being the 10-year private healthcare cost inflation rate from 2007 to 2017, as tracked by the Ministry of Health (“**MOH**”), and taking into account the CAGR of 3.1% for the number of registered private medical practitioners in Singapore from 2011 to 2018, as reported by the Singapore Medical Council.

#### Employee Benefit Expenses

Salary expense is expected to grow by 1.2% in 2021, based on the expected core inflation rate in Singapore as presented by Monetary Authority of Singapore (“**MAS**”). Thereafter, it is assumed to grow 3.9% annually, based on the nominal historical growth of salaries in Singapore in 2019. Bonus and commission expenses, measured as a percentage of revenue, is assumed to be 8.5% in the second half of 2020, based on historical figures, growing to 9.0% by the end of the forecast period. Total staff costs, measured as a percentage of revenue, is projected to be 45.2% in the second half of 2020. It is forecasted to decrease to 40.3% at the end of the forecast period, a figure within the range recorded by the CompCos.

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### Income Tax Rate

The marginal income tax rate adopted for the Target Group is based on the corporate tax rate of 17.0% in Singapore.

### Working Capital Requirement

The turnover days for trade receivables, inventory and trade payables at each business is expected to range up to 90 days for each of the working capital items.

### CAPEX

The Target Group is assumed to invest S\$170,000 annually for its existing facilities.

### Terminal Growth Rate

For this exercise, we have considered 1.2% and 2.2% as the terminal growth rates for the period beyond 2024. These rates are the expected core inflation rate and historical healthcare cost inflation rate in Singapore, as presented by MAS and MOH respectively.

### WACC

We also considered a WACC of 8.4% and 9.4% for the Target Group, based on the Capital Asset Pricing Model and information on the CompCos.

Any deviation from the above key limitations and assumptions may significantly impact the valuation result.

### **Indicative Valuation of the Target Group – Income Approach**

Based on the assumptions for each of the businesses in the Target Group, a consolidated financial forecast is prepared and an EV of the Target Group is derived. A discount of 5.0%, based on empirical studies, is applied to the EV to account for the lack of liquidity in the shares of the Target Group. To arrive at the Market Value of the Equity Interest, balance sheet items as at Valuation Date, namely, interest-bearing borrowings, cash, other receivables, other payables and investment in joint venture, are then considered in the following formula.

$$\text{Equity Value} = \text{Enterprise Value} - \text{Debt} + \text{Excess Cash} + \text{Non-Operating Assets}/(\text{Liabilities})$$

The table below illustrates the value of the Equity Interest in the Target Group under different terminal growth rates and WACCs.

		Terminal Growth Rate	
		1.2%	2.2%
WACC	8.4%	72,278,100	82,213,144
	9.4%	63,619,672	71,054,320

### **Conclusion of Value – Equity Interest in the Target Group**

Based on an assumption that the Target Group is able to exploit its competitive advantages and continue to grow stably at 1.2% or 2.2% annually for period beyond 2024, and with an expected return that ranges

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## APPENDIX F – BUSINESS VALUATION REPORT

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from 8.4% to 9.4%, the value of the Equity Interest ranges from S\$63.6 million to S\$82.2 million, with an average of S\$72.9 million.

**It is thus our opinion, subject to the attached Statement of General Assumptions and Limiting Conditions, the Market Value of the Equity Interest in the Target Group is reasonably stated in the amount that range from S\$63.6 million to S\$82.2 million, with an average of S\$72.9 million.**

The conclusion of value is based on the accepted valuation procedures and practices that rely substantially on the use of numerous assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained.

While the assumptions and consideration of such matters are considered to be reasonable, they are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the control of AVA and the Target Group.

Users of this valuation report should be mindful that value is time dependent. In estimating the value, AVA has taken into consideration the available information, all known factors and market environment of the subject of valuation as at Valuation Date. The Valuation Date is the specific point in time as of which our opinion of value applies. This fundamental principle forbids the application of hindsight and removes any use of retrospective evidence such as data or information in forming the assessment of value, unless these facts would reasonably have been known or knowable as at Valuation Date. Our valuation is strictly guided by this principle.

We do not intend to express any opinion on matters which require legal or other specialized expertise or knowledge, beyond what is customarily employed by valuers. Our conclusions assume continuations of prudent management over whatever period of time that is reasonable and necessary to maintain the character and integrity of the assets valued.

This report is issued based on the understanding that management of the Target Group have drawn our attention to all material matters which may have an impact on our report up to the date of this report. We are not required to update our report or any other information provided to you for events and circumstances arising after the issue of our final report.

Respectfully submitted,

**AVA Associates Limited**

A handwritten signature in black ink that reads "AVA Associates". The letters are cursive and slightly slanted to the right.

*AVA Associates Limited, based in Hong Kong and Singapore, has been providing independent valuation services to clients in Asia since 2008. We provide transaction-based advisory services, primarily focusing on independent valuation services to assist its clients to comply with internal and external requirements. Our valuation team, made up of qualified professionals in their respective fields, has the expertise covering various classifications of tangible and intangible assets, focusing on four key competencies of business valuation, financial instrument valuation, intellectual property valuation and fixed asset valuation.*



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### Statement of General Assumption and Limiting Conditions

1. This analysis is subject to the following general assumptions and limiting conditions:
2. No investigation has been made of, and no responsibility is assumed for, the legal description of the property being valued or legal matters, including title or encumbrances. Title to the property is assumed to be good and marketable unless otherwise stated. The property is assumed to be free and clear of any liens, easements, encroachments, and other encumbrances unless otherwise stated.
3. Information furnished by others, upon which all or portions of this valuation is based, is believed to be reliable but has not been verified except as set forth in this report. No warranty is given as to the accuracy of such information.
4. This report has been made only for the purpose stated and shall not be used for any other purpose. Neither this report nor any portions thereof (including, without limitations, any conclusions, the identity of AVA or any individuals signing or associated with this report, or the professional associations or organizations with which they are affiliated) shall be disseminated to third parties other than the Company and its financial accounting firm, by any means without the prior written consent and approval of AVA.
5. This appraisal has been made in conformance with the International Valuation Standards issued by the International Valuation Standards Council.
6. Neither AVA nor any individual signing or associated with this report shall be required by reason of this report to give further consultation, provide testimony or appear in court or other legal proceedings unless specific arrangements therefore have been made.
7. No responsibility is taken for changes in market conditions and no obligation is assumed to revise this report to reflect events or conditions, which occur subsequent to the valuation date hereof.
8. The date of value to which the estimate expressed in this report applies is set forth in the beginning of this report. This valuation is valid only for the valuation date indicated. Our analysis is based on the purchasing power of the Singapore Dollar as of that date.
9. It is assumed that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, or national government, or private entity or organization have been or can readily be obtained or renewed for any use on which the value estimate provided in this report is based.
10. Full compliance with all applicable federal, state, and local zoning and use, occupancy, environmental, and similar laws and regulations is assumed, unless otherwise stated.
11. Responsible ownership and competent management are assumed.
12. The value estimate is predicated on the financial structure prevailing as of the date of this analysis.
13. This report may not be included or referred to in any statutory filing or other public document.
14. This is a Summary Report. As such, it might not include full discussions of the data, reasoning, and analyses that were used in the valuation process to develop the valuation professional's estimate of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the valuation professional's file. The information contained in this report is specific to the needs of the client and for the intended use stated in this report. The valuation professional is not responsible for unauthorized use of this report.

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### Valuer's Professional Declaration

The following valuers certify, to the best of their knowledge and belief, that:

- The statements of fact contained in this report are true and correct;
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions;
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved;
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment;
- My engagement in this assignment was not contingent upon developing or reporting predetermined results;
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal; and
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the International Valuation Standards published by the International Valuation Standards Committee.

**Thomas Chua**  
*Director, Valuation*  
*MBA, CVA 100233*

**Jack Li**  
*Reviewer, Valuation*  
*CFA, MRICS 6519016*

## APPENDIX G – CHANGES IN SHAREHOLDING STRUCTURE

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

	As at the Latest Practicable Date						After the Proposed Share Consolidation, the Proposed Loan Capitalisation, the Proposed Issuance of SAC Capital Shares and the Proposed Acquisition (Base Consideration only)						After the Proposed Share Consolidation, the Proposed Loan Capitalisation, the Proposed Issuance of SAC Capital Shares, the Proposed Placement and the Proposed Acquisition (Base and full Deferred Consideration)					
	Direct Interest		Deemed Interest		%		Direct Interest		Deemed Interest		%		Direct Interest		Deemed Interest		%	
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%
Directors																		
Teh Wing Kwan	11,871,961,100	28.73	–	–	23,743,922	7.64	–	–	23,743,922	7.52	–	–	23,743,922	5.48	–	–	–	–
Fong Heng Boo	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Chan Yu Meng	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Proposed New Directors																		
Dr. Wilson Tay <sup>(1)</sup>	–	–	–	–	–	–	215,311,056	69.24	–	–	215,311,056	68.15	–	–	327,751,276	75.61	–	–
Steven Lim	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Existing Substantial Shareholders (other than the Directors and Proposed New Directors)																		
Tan Tian Hong Jeffrey <sup>(2)</sup>	267,203,014	0.65	5,056,000,000	12.24	534,406	0.17	10,112,000	3.25	534,406	0.17	10,112,000	3.20	534,406	0.12	10,112,000	2.33	–	–
Platon Resources Pte. Ltd. <sup>(2)</sup>	5,056,000,000	12.24	–	–	10,112,000	3.25	–	–	10,112,000	3.20	–	–	10,112,000	2.33	–	–	–	–
Apzenith Capital Pte Ltd	4,390,918,693	10.63	–	–	8,781,837	2.82	–	–	8,781,837	2.78	–	–	8,781,837	2.03	–	–	–	–
Vendors <sup>(3)</sup>																		
LVS <sup>(1)</sup>	–	–	–	–	215,311,056	69.24	–	–	215,311,056	68.15	–	–	327,751,276	75.61	–	–	–	–
Dr. Edwin Tan <sup>(1)</sup>	–	–	–	–	–	–	215,311,056	69.24	–	–	215,311,056	68.15	–	–	327,751,276	75.61	–	–
Dr. Sebastian Chua <sup>(1)</sup>	–	–	–	–	–	–	215,311,056	69.24	–	–	215,311,056	68.15	–	–	327,751,276	75.61	–	–
Dax Ng	–	–	–	–	2,594,472	0.84	–	–	2,594,472	0.82	–	–	3,949,362	0.91	–	–	–	–

## APPENDIX G – CHANGES IN SHAREHOLDING STRUCTURE

	As at the Latest Practicable Date			After the Proposed Share Consolidation, the Proposed Loan Capitalisation, the Proposed Issuance of SAC Capital Shares and the Proposed Acquisition (Base Consideration only)			After the Proposed Share Consolidation, the Proposed Loan Capitalisation, the Proposed Issuance of SAC Capital Shares, the Proposed Placement and the Proposed Acquisition (Base Consideration only)			After the Proposed Share Consolidation, the Proposed Loan Capitalisation, the Proposed Issuance of SAC Capital Shares, the Proposed Placement and the Proposed Acquisition (Base and full Deferred Consideration)		
	Direct Interest		Deemed Interest	Direct Interest		Deemed Interest	Direct Interest		Deemed Interest	Direct Interest		Deemed Interest
	Number of Shares	%		Number of Shares	%		Number of Shares	%		Number of Shares	%	
Dr. Chua Hshan Cher	–	–	–	2,594,472	0.84	–	2,594,472	0.82	–	3,949,362	0.91	–
ICH Capital <sup>(4)</sup>	–	–	–	7,314,000	2.35	–	7,314,000	2.31	–	9,664,000	2.23	–
ICH Singapore Holdings Pte Ltd <sup>(4)</sup>	–	–	–	–	–	7,314,000	–	–	7,314,000	–	–	9,664,000
ICH Group Ltd <sup>(4)</sup>	–	–	–	–	–	7,314,000	–	–	7,314,000	–	–	9,664,000
Toe Teow Heng <sup>(4)(5)</sup>	–	–	1,950,000,000	–	–	11,214,000	–	–	11,214,000	–	–	13,564,000
Toe Teow Teck <sup>(4)</sup>	–	–	–	–	–	7,314,000	–	–	7,314,000	–	–	9,664,000
<b>Other Shareholders</b>												
ICH Partners Ltd <sup>(5)</sup>	1,950,000,000	4.72	–	3,900,000	1.25	–	3,900,000	1.23	–	3,900,000	0.90	–
SAC Capital <sup>(6)</sup>	–	–	–	500,000	0.16	–	500,000	0.16	–	500,000	0.12	–
<b>Other Existing Public Shareholders</b>	17,780,824,954	43.03	–	35,561,650	11.44	–	35,561,650	11.26	–	35,561,650	8.21	–
<b>New Public Shareholders<sup>(7)</sup></b>	–	–	–	–	–	–	5,000,000	1.58	–	5,000,000	1.15	–
<b>Total</b>	<b>41,316,907,761</b>	<b>100.00</b>	–	<b>310,947,815</b>	<b>100.00</b>	–	<b>315,947,815</b>	<b>100.00</b>	–	<b>433,447,815</b>	<b>100.00</b>	–

**Notes:**

(1) Livingstone Health Consolidated Pte. Ltd. (“LVS”) is an investment holding company incorporated in Singapore on 8 December 2017. As at the Latest Practicable Date, LVS is owned in the aggregate by Dr. Wilson Tay (34.80%), Dr. Edwin Tan (21.45%), Dr. Sebastian Chua (21.40%), Dr. Rachel Lim (17.35%) and Dax Ng (5.00%). Accordingly, Dr. Wilson Tay, Dr. Edwin Tan and Dr. Sebastian Chua are deemed interested in shares held by LVS by virtue of Section 4 of the SFA.

(2) Tan Tian Hong Jeffrey is deemed interested in shares held through his 100% interest in Platon Resources Pte Ltd.

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## APPENDIX G – CHANGES IN SHAREHOLDING STRUCTURE

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- (3) The Company shall allot and issue the Base Consideration Shares and Deferred Consideration Shares to the Vendors in proportion to the Vendors' Respective Shareholdings, being approximately 95.70%, 2.00%, 1.15% and 1.15% in relation to LVS, ICH Capital, Dax Ng and Dr. Chua Hshan Cher respectively.
- (4) ICH Capital Pte. Ltd. ("**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.
- (5) Toe Teow Heng is deemed interested in shares held though his 100.0% interest in ICH Partners Ltd.
- (6) Pursuant to the Proposed Issuance of SAC Capital Shares, as part payment of SAC Capital's management fees as the Financial Adviser to the Company in respect of the Proposed Acquisition, the Company will allot and issue 500,000 shares at the Issue Price to SAC Capital.
- (7) Pursuant to the Proposed Placement.

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## APPENDIX H – THE NEW CONSTITUTION

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THE COMPANIES ACT (CAP. 50)

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PUBLIC COMPANY LIMITED BY SHARES

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CONSTITUTION

OF

**CITICODE LTD.**

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Incorporated on 8 April 2004

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## APPENDIX H – THE NEW CONSTITUTION

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Model Constitution not to apply	1.	The regulations contained in the Companies (Model Constitutions) Regulations 2015 (Cap. 50, S833/2015) shall not apply to the Company, except so far as the same are repeated or contained in these Regulations.
Interpretation	2.	In these Regulations, if not inconsistent with the subject or context, the words standing in the first column below shall bear the meanings set opposite to them respectively:–
	“Account Holder”	A person who has a securities account directly with the Depository and not through a Depository Agent.
	“Act”	The Companies Act (Cap, 50) or any statutory modification, amendment or re-enactment thereof for the time being in force or any and every other act for the time being in force concerning companies and affecting the Company and any reference to any provision of the Act is to that provision as so modified, amended or re-enacted or contained in any such subsequent act or acts.
	“Alternative Director”	An Alternative Director appointed pursuant to Regulation 109.
	“balance sheet”	Shall have the meaning ascribed to it in the Act.
	“book-entry securities”	The documents evidencing title to listed securities which are deposited by a Depositor with the Depository and are registered in the name of the Depository or its nominee and which are transferable by way of book-entry in the Depository Register and not by way of an instrument of transfer.
	“The Company”	The abovenamed Company by whatever name from time to time called.
	“CDP”	The Central Depository (Pte) Limited and, where the context requires, shall include any person specified by it, in a notice given to the Company, as its nominee.

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## APPENDIX H – THE NEW CONSTITUTION

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“CEO”	Shall have the meaning ascribed to “chief executive officer” in the Act. In relation to the Company, any one or more persons, by whatever named described, who (a) is in direct employment of, or acting for or by arrangement with the Company; and (b) is principally responsible for the management and conduct of the business of the Company or part of the business of the Company, as the case may be.
“consolidated financial statements”	Shall have the meaning ascribed to it in the Act.
“current address”	<p>Means the number and/or address at which the Company may send notices or other documents by way of electronic communication to a person in accordance with the Act, which number and/or address has been notified to the Company (including to such agent or service provider appointed by the Company for such purpose):</p> <p>(i) by the said person; or</p> <p>(ii) by the Depository (or its agents or service providers).</p>
“Depositor”	Shall have the meaning ascribed to it in the SFA.
“Depository”	Shall have the meaning ascribed to it in the SFA.
“Depository Agent”	Shall have the meaning ascribed to it in the SFA.
“Depository Register”	Shall have the meaning ascribed to it in the SFA.
“Director”	Includes any person acting as a director for the time being of the Company and includes any person duly appointed and acting for the time being as an Alternative Director.
“Dividend”	Includes bonus dividend.
“electronic communication”	Shall have the meaning ascribed to it in the Act.

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## APPENDIX H – THE NEW CONSTITUTION

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“Exchange”	The Singapore Exchange Securities Trading Limited and, where applicable, its successors in title.
“financial statements”	Shall have the meaning ascribed to it in the Act.
“General Meeting”	A general meeting of Members of the Company.
“Instruments”	Offers, agreements or options than might or would require shares to be issued, including but not limited to the creation and issue of warrants, debentures or other instruments convertible or exchangeable into shares.
“Market Day”	Any weekday which is not an Exchange market holiday or public holiday.
“Member” or “holder of any share”	A registered shareholder for the time being of the Company or if the registered shareholder is the Depository, a Depositor named in the Depository Register (for such period as shares are entered in the Depositor’s Securities Account).
“Month”	Calendar month.
“Office”	The Registered Office of the Company for the time being.
“Ordinary Resolution”	A resolution passed by a simple majority of those present and voting, of the Company.
“Paid up”	Includes credited as paid up.
“Register of Members”	The Register of registered shareholders of the Company.
“Registered address”	In relation to any Member, his physical address for the service or delivery of notices or documents, whether personally or by post, except where otherwise expressly provided in this Constitution.
“The Regulations” or “These Regulations”	These Regulations or other regulations of the Company for the time being in force as originally framed, or as from time to time altered by Special Resolution.

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## APPENDIX H – THE NEW CONSTITUTION

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“Seal”	The Common Seal of the Company or in appropriate cases the Official Seal or duplicate Common Seal.
“Secretary”	The Secretary or Secretaries appointed under these Regulations and shall include any person entitled or appointed by the Directors to perform the duties of Secretary temporarily.
“securities”	The documents evidencing title to listed securities which are deposited by a Depositor with the Depository and are registered in the name of the Depository or its nominee, and which are transferable by way of book-entry in the Depository Register and not by way of an instrument of transfer.
“Securities Account”	The securities account maintained by a Depositor with the Depository.
“SFA”	The Securities and Futures Act (Chapter 289) of Singapore, as may be amended or modified from time to time.
“Singapore”	The Republic of Singapore.
“Special Resolution”	A special resolution as determined under the provisions of the Act, of the Company.
“Sub-Account Holder”	A holder of an account maintained with a Depository Agent.
“Writing” and “Written”	Includes printing, lithography, typewriting and any other mode of representing or reproducing words in a visible form, whether in a physical document or in an electronic communication or form or otherwise.
“Year”	Calendar year.
“S\$”	The lawful currency of Singapore.

The expression “bare trustee” and “documents evidencing title” shall have the meaning ascribed to it in the SFA.

The expression “clear days’ notice” shall, for the purposes of calculating the number of days necessary before a notice is served or deemed to be served, be exclusive of the day on which the notice is served or deemed to be served and of the day for which the notice is given.

The expression “shares” shall be the shares of the Company.

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## APPENDIX H – THE NEW CONSTITUTION

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2.1 Reference in these Regulations to “holders” of shares or a class of shares shall:—

- (a) exclude the Depository or its nominee (as the case may be) except where otherwise expressly provided in these Regulations or where the term “registered holders” or “registered holder” is used in these Regulations;
- (b) where the context so requires, be deemed to include references to Depositors whose names are entered in the Depository Register in respect of those shares; and
- (c) except where otherwise expressly provided in these Regulations, excluded the Company in relation to shares held by it as treasury shares,

and “holding” and “held” shall be construed accordingly.

References in these Regulations to “member” shall, where the Act requires, exclude the Company where it is a member by reason of its holding of its shares as treasury shares.

References in these Regulations to any enactment is a reference to that enactment as for the time being amended or re-enacted.

Words denoting the singular number only shall include the plural and vice versa.

Words denoting the masculine gender only shall include the feminine gender.

Words denoting persons shall include corporations.

Save as aforesaid, any words or expressions used in the Act and the Interpretation Act (Cap. 1) of Singapore shall, if not inconsistent with the subject or the context, bear the same meaning in these Regulations.

The headnotes and marginal notes are inserted for convenience only and shall not affect the construction of these Regulations.

### REGISTERED OFFICE

3. The Office shall be at such place in Singapore as the Directors shall from time to time determine.

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## APPENDIX H – THE NEW CONSTITUTION

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### BUSINESS

Any branch or business either expressly or by implication authorised may be undertaken by Directors	4.	Subject to the provisions of the Act, any branch or kind of business which by law, or these Regulations is expressly or by implication authorised to be undertaken by the Company may be undertaken by the Directors at such time or time as they shall think fit, and further may be suffered by them to be in abeyance, whether such branch or kind of business may have been actually commenced or not, so long as the Directors may deem it expedient not to commence or proceed with such branch or kind of business.
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### PUBLIC COMPANY

Public company	5.	The Company is a public company.
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### SHARES

	6.	DELETED
Company's Shares as security	7.	Save to the extent permitted by the Act, none of the funds or assets of the Company or of any subsidiary thereof shall be directly or indirectly employed in the purchase or subscription of or in loans upon the security of the Company's shares (or its holding company, if any) and the Company shall not, except as authorised by the Act give any financial assistance for the purpose of or in connection with any purchase of shares in the Company (or its holding company, if any).
Issue of new shares	8.	<p>Subject to the Act, no shares may be issued by the Directors without the prior sanction of an Ordinary Resolution but subject thereto and to Regulation 52, and to any special rights attached to any shares for the time being issued the Directors may issue, allot or grant options over or otherwise deal with or dispose of the same to such persons on such terms and conditions and at such time and subject or not to the payment of any part of the amount thereof in case as the Directors may think fit and any shares may be issued in such denominations or with such preferential, deferred, qualified or special rights, privileges or conditions as the Directors may think fit, and preference shares may be issued which are or at the option of the Company are liable to be redeemed, the terms and manner of redemption being determined by the Directors, provided always that:–</p> <p>(i) the rights (including voting rights) attaching to shares of a class other than ordinary shares shall be expressed in the resolution creating the same; and</p> <p>(ii) any issue of shares for cash to Members holding shares of any class shall be offered to such Members in proportion as nearly as may be to the number of shares of such class then held by them and the second sentence of Regulations 52(1)) with such adaptations as are necessary shall apply.</p>

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## APPENDIX H – THE NEW CONSTITUTION

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	8A.	In the event of preference shares being issued, the total number of issued preference shares shall not exceed the total number of issued ordinary shares at any time.
	8B.	The Company may issue shares for which no consideration is payable to the Company.
Rights attaching to certain shares	9.(1)	Preference shareholders shall have the same rights as ordinary shareholders as regards to the receiving of notices reports and balance sheets and attending General Meetings of the Company. Preference shareholders shall also have the right to vote at such General Meeting convened for the purposed of reducing the capital or winding up or sanctioning a sale of the undertaking of the Company or where the proposal to be submitted to the meeting directly affects their rights and privileges or when the dividend on the preference shares is more than six (6) months in arrears.
	(2)	The Company has the power to issue further preference capital ranking equally with, or in priority to, preference shares from time to time already issued or about to be issued.
Variation of rights	10.(1)	If at any time the share capital is divided into different classes, the repayment of preference capital other than redeemable preference capital and the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of the Act, whether or not the Company is being wound up, only be made, varied or abrogated with the sanction of a Special Resolution passed at a separate General Meeting of the holders of shares of the class and to every such Special Resolution the provisions of Section 184 of the Act shall, with such adaptation as are necessary, apply. To every such separate General Meeting the provisions of these Regulations relating to General Meetings shall <i>mutatis mutandis</i> apply; but so that the necessary quorum shall be two persons at least holding or representing by proxy or by attorney one-third of the issued shares of the class and that any holder of shares of the class present in person or by proxy or by attorney may demand a poll. Provided always that where the necessary majority for such a Special Resolution is not obtained at such General Meeting, consent in writing if obtained from the holders of three-fourths of the issued shares of the class concerned within two (2) months of such General Meeting shall be as valid and effectual as a Special Resolution carried at such General Meeting.
Rights of preference shareholders	(2)	The repayment of preference capital other than redeemable preference or any other alteration of preference shareholder rights, may only be made pursuant to a special resolution of the preference shareholders concerned. Provided always that where the necessary majority for such a special resolution is not obtained at such General Meeting, consent in writing if obtained from the holders of three-fourths of the preference shares concerned within two (2) months of such General Meeting, shall be as valid and effectual as a special resolution carried at such General Meeting.



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## APPENDIX H – THE NEW CONSTITUTION

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Creation or issue of further shares with special rights	11.	The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall, unless otherwise expressly provided by the terms of issue of the shares of that class or by these Regulations as are in force at the time of such issue, be deemed to be varied by the creation or issue of further shares ranking equally therewith.
Treasury shares	11A.	The Company may hold its shares as treasury in accordance with the provisions of the Act and applicable laws.
Power to pay commission and brokerage	12.	The Company may, unless otherwise restricted or specified by law, pay commission or brokerage on any issue or purchase of its shares, or on the sale or disposal or transfer of treasury share at such rate or in such amount and in such manner as the Directors shall determine. Such commission may be satisfied by the payment of cash or the allotment of full or partly paid shares, or partly in one way and partly in the other.
Power to charge interest on capital	13.	If any shares of the Company are issued for the purpose of raising money to defray the expenses of the construction of any works or buildings or the provision of any plant which cannot be made profitable for a lengthened period, the Company, may, subject to the conditions and restrictions mentioned in the Act, pay interest on so much of the share capital (except treasury shares) as is for the time being paid up and may charge the same to capital as part of the cost of the construction or provision.
No trust recognised	14.	Except as required by law, no person shall be recognised by the Company as holding any share upon any trust and the Company shall not be bound by or compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any interest in any fractional part of a share or (except only as by these Regulations or by law otherwise provided) any other rights in respect of any share, except an absolute right to the entirety thereof in the person (other than the Depository) entered in the Register of Members as the registered holder thereof or (where the person entered in the Register of Members as the registered holder of a share is the Depository) the person whose name is entered in the Depository Register in respect of that share. Nothing contained herein in this Regulation relating to the Depository or the Depositors or in any depository agreement made by the Company with any common depository for shares or in any notification of substantial shareholding to the Company or any note made by the Company of any particulars in such notification or response shall derogate or limit or restrict or qualify these provisions; and any proxy or instructions on any matter whatsoever given by the Depository or Depositors to the Company or the Directors, shall not constitute any notification of trust and the acceptance of such proxies and the acceptance of or compliance with such instructions by the Company or the Directors shall not constitute the taking of any notice of trust.

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## APPENDIX H – THE NEW CONSTITUTION

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Joint holders	15.(1)	The Company shall not be bound to register more than three persons as the joint holders of any share except in the case of executors or administrators of the estate of a deceased Member.
	(2)	If two or more persons are registered as joint holders of any share, any one of such person may give effectual receipts for any dividend payable in respect of such share and the joint holders of a share shall, subject to the provisions of the Act, be severally as well as jointly liable for the payment of all instalments and calls and interest due in respect of such shares.
	(3)	Only the person whose name stands first in the Register of Members as one of the joint holders of any share shall be entitled to delivery of the certificate relating to such share or to receive notices from the Company and any notice given to such person shall be deemed notice to all the joint holders. Only the person whose name stands first in the Depository Register shall be entitled to receive notices from the Company and any notice given to such person shall be deemed notice to all the joint holders.
Fractional part of a share	16.	No person shall be recognised by the Company as having title to a fractional part of a share otherwise than as the sole or a joint holder of the entirety of such share.
	17.	If by the conditions of allotment of any shares the whole or any part of the amount of the issue price thereof shall be payable by instalments, every such instalment shall, when due, be paid to the Company by the person who for the time being shall be the registered holder of the share or his personal representatives, but this provision shall not affect the liability of any allottee who may have agreed to pay the same.
Share certificates	18.	The certificate of title to shares or debentures in the capital of the Company shall be issued under the Seal in such form as the Directors shall from time to time prescribe and may bear the autographic or facsimile signatures of at least two Directors, or by one Director and the Secretary or some other person appointed by the Directors in place of the Secretary for the purpose, and shall specify the number and class of shares to which it relates, whether the shares are fully or partly paid up, and the amount (if any) unpaid on the shares and such other information as may be prescribed by law from time to time. The facsimile signatures may be reproduced by mechanical or other means provided the method or system of reproducing signatures has first been approved by the Auditors of the Company.

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## APPENDIX H – THE NEW CONSTITUTION

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19.(1) Shares must be allotted and certificates despatched within ten (10) Market Days of the final closing date for an issue of shares unless the Exchange shall agree to an extension of time in respect of that particular issue. The Depository must despatch statements to successful investor applicants confirming the number of shares held under their Securities Accounts. Persons entered in the Register of Members as registered holders of shares shall be entitled to certificates within ten (10) Market Days after lodgement of any transfer. Every registered shareholder shall be entitled to receive share certificates in reasonable denominations for his holding and where a charge is made for certificates, such charge shall not exceed S\$2 (or such other fee as the Directors may determine having regard to any limitation thereof as may be prescribed by any stock exchange upon which the shares of the Company may be listed). Where a registered shareholder transfers part only of the shares comprised in a certificate or where a registered shareholder requires the Company to cancel any certificate or certificates and issue new certificates for the purpose of subdividing his holding in a different manner the old certificate or certificates shall be cancelled and a new certificate or certificates for the balance of such shares issued in lieu thereof and the registered shareholder shall pay a fee not exceeding S\$2 (or such other fee as the Directors may determine having regard to any limitation thereof as may be prescribed by any stock exchange upon which the shares of the Company may be listed) for each such new certificate as the Directors may determine. Where the member is a Depositor the delivery by the Company to the Depository of provisional allotments or share certificates in respect of the aggregate entitlements of Depositors to new shares offered by way of rights issue or other preferential offering or bonus issue shall to the extent of the delivery discharge the Company from any further liability to each such Depositor in respect of his individual entitlement.

Retention of  
certificate

(2) The retention by the Directors of any unclaimed share certificates (or stock certificates as the case may be) shall not constitute the Company a trustee in respect thereof. Any share certificate (or stock certificate as the case may be) unclaimed after a period of six (6) years from the date of issue of such share certificate (or stock certificate as the case may be) may be forfeited and if so shall be dealt with in accordance with Regulations 40, 43, 44, 48 and 49, *mutatis mutandis*.

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## APPENDIX H – THE NEW CONSTITUTION

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New certificates may be issued	20.(1)	Subject to the provisions of the Act, if any share certificate shall be defaced, worn out, destroyed, lost or stolen, it may be renewed on such evidence being produced and a letter of indemnity (if required) being given by the shareholder, transferee, person entitled, purchaser, member firm or member company of the Exchange or on behalf of its or their client or clients as the Directors shall require, and (in case of defacement or wearing out) on delivery up of the old certificate and in any case on payment of such sum not exceeding S\$2 (or such other fee as the Directors may determine having regard to any limitation thereof as may be prescribed by any stock exchange upon which the shares of the Company may be listed) as the Directors may from time to time require. In the case of destruction, loss or theft, a shareholder or person entitled to whom such renewed certificate is given shall also bear the loss and pay to the Company all expenses incidental to the investigations by the Company of the evidence of such destruction or loss.
New certificate in place of one not surrendered	(2)	When any shares under the powers in these Regulations herein contained are sold by the Directors and the certificate thereof has not been delivered up to the Company by the former holder of the said shares, the Directors may issue a new certificate for such shares distinguishing it in such manner as they may think fit from the certificate not so delivered up.

### TRANSFER OF SHARES

Form of transfer of shares	21.	Subject to these Regulations, any Member may transfer all or any of his shares but every instrument of transfer of the legal title in shares must be in writing and in the form for the time being approved by the Directors and the Exchange. Shares of different classes shall not be comprised in the same instrument of transfer. The Company shall accept for registration transfers in the form approved by the Exchange.
Execution	22.	The instrument of transfer of a share shall be signed by or on behalf of the transferor and the transferee and be witnessed, provided that an instrument of transfer in respect of which the transferee is the Depository shall not be ineffective by reason of it not being signed or witnessed for by or on behalf of the Depository. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register of Members.
Person under disability	23.	No share shall in any circumstances be transferred to any infant, bankrupt or person who is mentally disordered and is incapable of managing himself or his affairs.

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## APPENDIX H – THE NEW CONSTITUTION

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Directors' power to decline to register	24.(1)	Subject to these Regulations, the Act or as required by the Exchange, there shall be no restriction on the transfer of fully paid up shares except where required by law, or the bye-laws or listing rules of the Exchange or any stock exchange upon which the shares of the Company may be listed, but the Directors may in their discretion decline to register any transfer of shares upon which the Company has a lien and in the case of shares not fully paid up may refuse to register a transfer to a transferee of whom they do not approve. Provided always that in the event of the Directors refusing to register a transfer of shares, they shall within one (1) month or as long as the shares of the Company are primarily listed on the Exchange, within ten (10) Market Days, beginning with the day on which the application for such transfers of shares was made (or such other period as may be approved by any stock exchange upon which the shares of the Company may be listed), serve a notice in writing to the applicant stating the facts which are considered to justify the refusal as required by the Act.
Terms of registration of transfer	(2)	<p>The Directors may decline to register any instrument of transfer unless:–</p> <ul style="list-style-type: none"><li>(i) such fee not exceeding S\$2 (or such other fee as the Directors may determine having regard to any limitation thereof as may be prescribed by any stock exchange upon which the shares of the Company may be listed) as the Directors may from time to time require, is paid to the Company in respect thereof;</li><li>(ii) the instrument of transfer, duly stamped in accordance with any law for the time being in force relating to stamp duty, is deposited at the Office or at such other place (if any) as the Directors appoint accompanied by the certificates of the shares to which it relates, and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer and, if the instrument of transfer is executed by some other person on his behalf, the authority of the person so to do; and</li><li>(iii) the instrument of transfer is in respect of only one class of shares.</li></ul>
Retention of transfers	25.(1)	All instruments of transfer which are registered may be retained by the Company, but any instrument of transfer which the Directors may decline to register shall (except in the case of fraud) be returned to the person depositing the same.

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## APPENDIX H – THE NEW CONSTITUTION

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Closing of Registers	26.	The Register of Members and the Depository Register may be closed at such times and for such period as the Directors may from time to time determine, provided always that the Registers shall not be closed for more than thirty (30) days in the aggregate in any year. Provided Always that the Company shall give prior notice of such closure as may be required to the Exchange, stating the period and purpose or purposes for which the closure is made.
Renunciation of allotment	27.(1)	Nothing in these Regulations shall preclude the Directors from recognising a renunciation of the allotment of any share by the allottee in favour of some other person.
Indemnity against wrongful transfer	(2)	Neither the Company nor its Directors nor any of its Officers shall incur any liability for registering or acting upon a transfer of shares apparently made by sufficient parties, although the same may, by reason of any fraud or other cause not known to the Company or its Directors or other Officers, be legally inoperative or insufficient to pass the property in the shares proposed or professed to be transferred, and although the transfer may, as between the transferor and transferee, be liable to be set aside, and notwithstanding that the Company may have notice that such instrument of transfer was signed or executed and delivered by the transferor in blank as to the name of the transferee or the particulars of the shares transferred, or otherwise in defective manner. And in every such case, the person registered as transferee, his executors, administrators and assigns, alone shall be entitled to be recognised as the holder of such shares and the previous holder shall, so far as the Company is concerned, be deemed to have transferred his whole title thereto.

### TRANSMISSION OF SHARES

Transmission on death	28.(1)	In case of the death of a registered shareholder, the survivor or survivors, where the deceased was a joint holder, and the legal representatives of the deceased, where he was a sole or only surviving holder, shall be the only persons recognised by the Company as having any title to his interest in the shares, but nothing herein shall release the estate of a deceased registered shareholder (whether sole or joint) from any liability in respect of any share held by him.
	(2)	In the case of the death of a Depositor, the survivor or survivors, where the deceased was a joint holder, and the legal personal representatives of the deceased, where he was a sole holder and where such legal representatives are entered in the Depository Register in respect of any shares of the deceased, shall be the only persons recognised by the Company as having any title to his interests in the share; but nothing herein contained shall release the estate of a deceased Depositor (whether sole or joint) from any liability in respect of any share held by him.

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Persons becoming entitled on death or bankruptcy of Member may be registered	29.(1)	Any person becoming entitled to a share in consequence of the death or bankruptcy of any Member or by virtue of a vesting order by a court of competent jurisdiction and recognised by the Company as having any title to that share may, upon producing such evidence of title as the Directors shall require, be registered himself as holder of the share upon giving to the Company notice in writing or transfer such share to some other person. If the person so becoming entitled shall elect to be registered himself, he shall send to the Company a notice in writing signed by him stating that he so elects. If he shall elect to have another person registered he shall testify his election by executing to that person a transfer of the share. All the limitations, restrictions and provisions of these Regulations relating to the right to transfer and the registration of transfers shall be applicable to any such notice or transfer as aforesaid as if the death or bankruptcy of the Member had not occurred and the notice or transfer were a transfer executed by such Member. The Directors shall have, in respect of a transfer so executed, the same power of refusing registration as if the event upon which the transmission took place had not occurred, and the transfer were a transfer executed by the person from whom the title by transmission is derived.
Notice to unregistered executors and trustees	(2)	The Directors may at any time give notice requiring any such person to elect whether to be registered himself as a Member in the Register of Members or, as the case may be, entered in the Depository Register in respect of the share or to transfer the share and if the notice is not complied with within sixty (60) days the Directors may thereafter withhold payment of all dividends or other moneys payable in respect of the share until the requirements of the notice have been complied with.
Rights of unregistered executors and trustees	30.	A person entitled to a share by transmission shall be entitled to receive, and may give a discharge for, any dividends or other moneys payable in respect of the share, but he shall not be entitled in respect of it to receive notices of, or to attend or vote at meetings of the Company, or, save as aforesaid, to exercise any of the rights or privileges of a Member, unless and until he shall become registered as a shareholder or have his name entered in the Depository Register as a Depositor in respect of the share.
Fee for registration of probate, etc	31.	There shall be paid to the Company in respect of the registration of any probate, letters of administration, certificate of marriage or death, power of attorney or other document relating to or affecting the title to any share, such fee not exceeding S\$2 (or such other sum as may be approved by the Exchange from time to time) as the Directors may from time to time require or prescribe.



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### CALL ON SHARES

Call on shares	32.	The Directors may from time to time make such calls as they think fit upon the Members in respect of any money unpaid on their shares and not by the terms of the issue thereof made payable at fixed times, and each Member shall (subject to receiving at least fourteen (14) days' notice specifying the time or times and place of payment) pay to the Company at the time or times and place so specified the amount called on his shares. A call may be revoked or postponed as the Directors may determine.
Time when made	33.	A call shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed and may be made payable by instalments.
Interest on calls	34.	If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the sum due from the day appointed for payment thereof to the time of actual payment at such rate not exceeding ten per cent (10%) per annum as the Directors determine, but the Directors shall be at liberty to waive payment of such interest wholly or in part.
Sum due to allotment	35.	Any sum which by the terms of issue and allotment of a share becomes payable upon allotment or at any fixed date shall for all purposes of these Regulations be deemed to be a call duly made and payable on the date on which, by the terms of issue, the same becomes payable, and in case of non-payment all the relevant provisions of the Regulations as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.
Power to differentiate	36.	The Directors may on the issue of shares differentiate between the holders as to the amount of calls to be paid and the times of payments.
Payment in advance of calls	37.	The Directors may, if they think fit, receive from any Member willing to advance the same all or any part of the money uncalled and unpaid upon the shares held by him and such payments in advance of calls shall extinguish (so far as the same shall extend) the liability upon the shares in respect of which it is made, and upon the money so received or so much thereof as from time to time exceeds the amount of the calls then made upon the shares concerned, the Company may pay interest at such rate not exceeding without the sanction of the Company in General Meeting ten per cent (10%) per annum as the Member paying such sum and the Directors agree upon. Capital paid on shares in advance of calls shall not whilst carrying interest confer a right to participate in profits and until appropriated towards satisfaction of any call shall be treated as a loan to the Company and not as part of its capital and shall be repayable at any time if the Directors so decide.

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## APPENDIX H – THE NEW CONSTITUTION

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### FORFEITURE AND LIEN

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| Notice requiring payment of calls                   | 38. | If any Member fails to pay in full any call or instalment of a call on or before of the day appointed for payment thereof, the Directors may at any time thereafter serve a notice on such Member requiring payment of so much of the call or instalment as is unpaid together with any interest and expense which may have accrued by reason of such non-payment.   |
| Notice to state time and place                      | 39. | The notice shall name a further day (not being less than seven (7) days from the date of service of the notice) on or before which and the place where the payment required by the notice is to be made, and shall state that in the event of non-payment in accordance therewith the shares on which the call was made will be liable to be forfeited.  |
| Forfeiture on non-compliance with notice            | 40. | If the requirements of any such notice as aforesaid are not complied with, any share in respect of which such notice has been given may at any time thereafter, before payment of all calls and interest and expenses due in respect thereof, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited share and not actually paid before the forfeiture. The forfeiture or surrender of a share shall involve the extinction at the time of forfeiture or surrender of all interest in and all claims and demands against the Company in respect of the share, and all other rights and liabilities incidental to the share as between the Member whose share is forfeited or surrendered and the Company, except only such of those rights and liabilities as are by these Regulations expressly saved, or as are by the Act given or imposed in the case of past Members. The Directors may accept a surrender of any share liable to be forfeited hereunder. |
| Notice of forfeiture to be given and entered        | 41. | When any share has been forfeited in accordance with these Regulations, notice of the forfeiture shall forthwith be given to the holder of the share or to the person entitled to the share by transmission, as the case may be, and an entry of such notice having been given, and of the forfeiture with the date thereof, shall forthwith be made in the Register of Members or in the Depository Register (as the case may be) opposite to the share; but the provisions of this Regulation are directory only, and no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make such entry as aforesaid.  |
| Directors may allow forfeited shares to be redeemed | 42. | Notwithstanding any such forfeiture as aforesaid, the Directors may, at any time before the forfeited share has been otherwise disposed of, annul the forfeiture, upon the terms of payment of all calls and interest due thereon and all expenses incurred in respect of the share and upon such further terms (if any) as they shall see fit.  |

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Sale of shares forfeited	43.	A share so forfeited or surrendered shall become the property of the Company and may be sold, re-allotted or otherwise disposed of either to the person who was before such forfeiture or surrender the holder thereof or entitled thereto or to any other person, upon such terms and in such manner as the Directors shall think fit, and at any time before a sale, re-allotment or disposition the forfeiture or surrender may be cancelled on such terms as the Directors think fit. To give effect to any such sale, the Directors may, if necessary, authorise some person to transfer a forfeited or surrendered share to any such person as aforesaid.
Rights and liabilities of Members whose shares have been forfeited or surrendered	44.	A Member whose shares have been forfeited or surrendered shall cease to be a Member in respect of the shares, but shall notwithstanding the forfeiture or surrender remain liable to pay to the Company all moneys which at the date of forfeiture or surrender were payable by him to the Company in respect of the shares with interest thereon at ten per cent (10%) per annum (or such lower rate as the Directors may approve) from the date of forfeiture or surrender until payment, but such liability shall cease if and when the Company receives payment in full of all such money in respect of the shares and the Directors may waive payment of such interest either wholly or in part.
Company's lien	45.	The Company shall have a first and paramount lien and charge on every share (not being a fully paid share) in the name of each Member (whether solely or jointly with others) and on the dividends declared or payable in respect thereof for all unpaid calls and instalments due on any such share and interest and expenses thereon but such lien shall only be upon the specific shares in respect of which such calls or instalments are due and unpaid and to such amounts as the Company may be called upon by law to pay in respect of the shares of the Member or deceased Member.
Member not Entitled to Privileges until all calls paid	46.	No Member shall be entitled to receive any dividend or to exercise any privileges as a Member until he shall have paid all calls for the time being due and payable on every share held by him, whether along or jointly with any other person, together with interest and expenses (if any).
Sale of shares subject to lien	47.	The Directors may sell in such manner as the Directors think fit any share on which the Company has a lien but no sale shall be made unless some sum in respect of which the lien exists is presently payable nor until the expiration of seven (7) days after notice in writing stating and demanding payment of the sum payable and giving notice of intention to sell in default, shall have been given to the Member for the time being in relation to the share or the person entitled thereto by reason of his death or bankruptcy. To give effect to any such sale, the Directors may authorise some person to transfer the shares sold to the purchaser thereof.

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## APPENDIX H – THE NEW CONSTITUTION

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Application of proceeds of such sale	48.	The net proceeds of sale, whether of a share forfeited by the Company or of a share over which the Company has a lien, after payment of the costs of such sale shall be applied in or towards payment or satisfaction of the unpaid call and accrued interest and expenses and the residue (if any) paid to the Member entitled to the share at the time of sale or his executors, administrators or assigns or as he may direct.
Title to shares forfeited of surrendered or sold to satisfy a lien	49.	A statutory declaration in writing by a Director that a share has been duly forfeited or surrendered or sold to satisfy a lien of the Company on a date stated in the declaration shall be conclusive evidence of the facts stated therein as against all persons claiming to be entitled to the share, and such declaration and the receipt of the Company for the consideration (if any) given for the share on the sale, re-allotment or disposal thereof, together with the certificate under Seal for the share delivered to a purchaser or allottee thereof, shall (subject to the execution of a transfer if the same be required) constitute a good title to the share and the person to whom the share is sold, re-allotted or disposed of shall be entered in the Register of Members as the holder of the share or (as the case may be) in the Depository Register in respect of the share and shall not be bound to see to the application of the purchase money (if any) nor shall his title to the share be affected by any irregularity or invalidity in the forfeiture, surrender, sale, re-allotment or disposal of the share.

### ALTERATION OF CAPITAL

Power to increase capital	50.	The Company in General Meeting may from time to time by Ordinary Resolution, whether all the shares for the time being issued shall have been fully called up or not, increase its capital by the creation of new shares as may be deemed expedient.
Rights and privileges of new shares	51.	Subject to any special rights for the time being attached to any existing class of shares, the new shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as the General Meeting resolving upon the creation thereof shall direct and if no direction be given as the Directors shall determine; subject to the provisions of these Regulations and in particular (but without prejudice to the generality of the foregoing) such shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of the Company or otherwise.

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## APPENDIX H – THE NEW CONSTITUTION

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Issue of new  
shares to  
Members

52.(1) Subject to any direction to the contrary that may be given by the Company in General Meeting, or except as permitted under the bye-laws or listing rules of the Exchange, all new shares shall before issue be offered to the Members in proportion, as nearly as the circumstances admit, to the amount of the existing shares to which they are entitled or hold. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of those shares in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the Directors, be conveniently offered under this Regulation.

(2) Notwithstanding Regulation 52(1) above but subject to the Act and the bye-laws or listing rules of the Exchange, Company may by Ordinary Resolution in General Meeting give to the Directors a general authority, either unconditionally or subject to such conditions as may be specified in the Ordinary Resolution to:

- (i) issue shares in the capital of the Company (whether by way of rights, bonus or otherwise); and/or
- (ii) make or grant Instruments; and/or
- (iii) (notwithstanding the authority conferred by the Ordinary Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the Ordinary Resolution was in force;

Provided that the aggregate number of shares or Instruments to be issued pursuant to the Ordinary Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to the Ordinary Resolution but excluding shares which may be issued pursuant to any adjustments effected under any relevant Instrument) does not exceed any applicable limits prescribed by the Exchange.

(3) Notwithstanding Regulation 52(1) above but subject to the Act, the Directors shall not be required to offer any new shares to members to whom by reason of foreign securities laws such offers may not be made without registration of the shares or a prospectus or other document, but to sell the entitlements to the new shares on behalf of such Members in such manner as they think most beneficial to the Company.

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## APPENDIX H – THE NEW CONSTITUTION

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New shares otherwise subject to provisions of Regulations	53.	Except so far as otherwise provided by the conditions of issue or by these Regulations, any capital raised by the creation of new shares shall be considered part of the original ordinary capital of the Company and shall be subject to the provisions of these Regulations with reference to allotments, payment of calls, lien, transfer, transmission, forfeiture and otherwise.
Power to consolidate, cancel and subdivide, convert Shares	54.(1)	<p>The Company may by Ordinary Resolution alter its share capital in the manner permitted under the Act and applicable laws, including (without limitation):–</p> <ul style="list-style-type: none"> <li>(i) consolidate and divide all or any of its share capital;</li> <li>(ii) cancel any shares which, at the date of the passing of the Ordinary Resolution, have not been taken or agreed to be taken by any person or which have been forfeited and diminish its share capital by the number of the shares so cancelled;</li> <li>(iii) subdivide its shares or any of them (subject, nevertheless, to the provisions of the Act), provided always that in such subdivision the proportion between the amount paid and the amount (if any) unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived;</li> <li>(iv) subject to the provisions of these Regulations and the Act, convert any class of shares to any other class of shares; and</li> <li>(v) subject to the provisions of these Regulations and the Act, convert its share capital or any class of shares from one currency to another currency.</li> </ul>
Repurchase of Company's shares	(2)	The Company may purchase or otherwise acquire its issued shares subject to and in accordance with the provisions of the Act and any other relevant rule, law or regulation enacted or promulgated by any relevant competent authority from time to time (hereafter, the " <b>Relevant Laws</b> "), on such terms and subject to such conditions as the Company may in general meeting prescribe in accordance with the Relevant Laws. Any shares purchased or acquired by the Company as aforesaid shall be dealt with in accordance with the Relevant Laws.
Power to reduce capital	55.	The Company may by Special Resolution reduce its share capital in any manner and subject to any incident authorised and consent required by law.

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## APPENDIX H – THE NEW CONSTITUTION

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Reduction of capital pursuant to cancellation of shares	55A.	Without prejudice to the generality of the foregoing, upon cancellation of any share purchased or otherwise acquired by the Company pursuant to these Regulations, the number of issued shares of the Company shall be diminished by the number of the shares so cancelled, and, where any such cancelled share was purchased or acquired out of the capital of the Company, the amount of share capital of the Company shall be reduced accordingly.
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### STOCK

Power to convert into stock	56.	The Company may by Ordinary Resolution convert any or all of its paid-up shares into stock and may from time to time by Ordinary Resolution reconvert any stock into paid-up shares of any denomination. Without prejudice to the generality of the foregoing, upon cancellation of any share purchased or otherwise acquired by the Company pursuant to these Regulations, the number of issued shares of the Company shall be diminished by the number of the shares so cancelled, and, where any such cancelled share was purchased or acquired out of the capital of the Company, the amount of share capital of the Company shall be reduced accordingly.
Transfer of stock	57.	The holders of stock may transfer the same or any part thereof in the same manner and subject to these Regulations as and subject to which the shares from which the stock arose might previously to conversion have been transferred or as near thereto as circumstances admit but no stock shall be transferable except in such units as the Directors may from time to time determine, provided that such units shall not be greater than the amount paid up on the shares from which the stock arose.
Rights of stockholders	58.	The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividend, return of capital, voting and other matters as if they held the shares from which the stock arose, but no such privilege or advantage (except as regards dividend and return of capital and the assets on winding up) shall be conferred by any such aliquot part of the stock which would not if existing in shares have conferred that privilege or advantage, and no such conversion shall affect or prejudice any preference or other special privileges attached to the shares so converted.
interpretation	59.	All provisions of these Regulations applicable to paid up shares shall apply to stock and the words “share” and “shareholder” or similar expression herein shall include “stock” or “stockholder”.



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## APPENDIX H – THE NEW CONSTITUTION

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### GENERAL MEETINGS

Annual General Meeting	60.(1)	Subject to the provisions of the Act and the listing rules of any stock exchange where the Company's shares are listed, the Company shall in each year hold a General Meeting at the end of each financial year in addition to any other meetings in that year to be called the Annual General Meeting. The Annual General Meeting shall be held at such time and place in Singapore or other such jurisdiction permitted by law as may be determined by the Directors.
Extraordinary General Meetings	(2)	All General Meetings other than Annual General Meetings shall be held at such time and place in Singapore or other such jurisdiction permitted by law as may be determined by the Directors and shall be called Extraordinary General Meetings.
Calling of Extraordinary General Meetings	61.	The Directors may, whenever they think fit, convene an Extraordinary General Meeting and Extraordinary General Meetings shall also be convened on such requisition or, in default, may be convened by such requisitionists as provided by Section 176 of the Act. If at any time there are not within Singapore sufficient Directors capable of acting to form a quorum at a meeting of Directors, any Director may convene an Extraordinary General Meeting in the same manner as nearly as possible as that in which meetings may be convened by the Directors.

### NOTICE OF GENERAL MEETINGS

Notice of General Meetings	62.(1)	Subject to the provisions of the Act as to the calling of meetings at short notice, any General Meeting which is proposed to pass a Special Resolution or (save as provided by the Act) a resolution of which special notice has been given to the Company, shall be called by twenty-one (21) days' notice in writing (exclusive of both the date of notice and the date of the General Meeting) at the least, and at least fourteen (14) days' notice in writing (exclusive of both the date of notice and the date of the General Meeting) of an Annual General Meeting and any other Extraordinary General Meeting shall be given in the manner hereinafter mentioned to such persons (including the Auditors) as are under the provisions herein contained entitled to receive notice from the Company and at least fourteen (14) days' notice of such Meeting shall be given by advertisement in the daily press and in writing to the Exchange.
	(2)	The accidental omission to give notice to, or the non-receipt by any person entitled thereto, shall not invalidate the proceedings at any General Meeting.



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Contents of notice	63.(1)	Every notice calling a General Meeting shall specify the place and the day and hour of the Meeting and there shall appear with reasonable prominence in every such notice a statement that a Member entitled to attend and vote is entitled to appoint a proxy to attend and to vote instead of him and that a proxy need not be a Member of the Company.
Notice of Annual General Meeting	(2)	In the case of an Annual General Meeting, the notice shall also specify the General Meeting as such.
Nature of special business to be specified	(3)	In the case of any General Meeting at which business other than routine business is to be transacted (" <b>special business</b> "), the notice shall specify the general nature of the special business, and if any resolution is to be proposed as a Special Resolution or as requiring special notice, the notice shall contain a statement to that effect.
Routine business	63A.	<p>Routine business shall mean and include only business transacted at an Annual General Meeting of the following classes, that is to say:–</p> <ul style="list-style-type: none"> <li>(i) declaring dividends;</li> <li>(ii) reading, considering and adopting the financial statements and if required, the balance sheet, the Directors' statement and the auditor's report, and other accounts and documents required to be annexed to the financial statements;</li> <li>(iii) appointing or re-appointing auditors and fixing the remuneration of the auditors or determining the manner in which such remuneration is to be fixed; and</li> <li>(iv) appointing or re-appointing Directors in the place of those retiring by rotation or otherwise and fixing the remuneration of the Directors.</li> </ul>
Special business	64.	All business shall be deemed special that is transacted at any Extraordinary General Meeting, and all that is transacted at an Annual General Meeting shall also be deemed special, with the exception of sanctioning a dividend, the consideration of the accounts and balance sheet and the reports of the Directors and Auditors, and any other documents required to be annexed to the balance sheet, electing Directors in place of those retiring by rotation or otherwise and the fixing of the Directors' remuneration and the appointment and fixing of the remuneration of the Auditors or determining the manner in which such remuneration is to be fixed. Any notice of a meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business.

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## APPENDIX H – THE NEW CONSTITUTION

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### PROCEEDINGS AT GENERAL MEETINGS

Quorum	65.	No business shall be transacted at any General Meeting unless a quorum is present at the time the meeting proceeds to business. Save as herein otherwise provided, two Members present in person shall form a quorum. For the purpose of this Regulation, “Member” includes a person attending by proxy or by attorney or as representing a corporation which is a Member. Provided that (i) a proxy representing more than one Member shall only count as one Member for the purpose of determining the quorum; and (ii) where a Member is represented by more than one proxy such proxies shall count as only one Member for the purpose of determining the quorum.
Adjournment If quorum not present	66.	If within half an hour from the time appointed for the Meeting a quorum is not present, the General Meeting if convened on the requisition of Members shall be dissolved. In any other case it shall stand adjourned to the same day in the next week at the same time and place, or to such other day and at such other time and place as the Directors may determine, and if at such adjourned General Meeting a quorum is not present within half an hour from the time appointed for holding the Meeting, the General Meeting shall be dissolved.
Meetings via electronic means	66A	The Members may participate at a General Meeting by electronic means, including but not limited to electronic communication, video conference, tele-conference or such other electronic means whereby all persons participating in the meeting are able to hear and, if applicable, see each other and such participation shall constitute presence in person at such meeting and Members (or their proxy or, in the case of a corporation, their respective corporate representatives) so participating shall be counted in the quorum for the General Meeting. Such General Meeting shall be deemed to take place where the largest group of Members (or their proxy, or in the case of a corporation, their respective corporate representatives) present for purposes of the General Meeting is assembled or, if there is not such group, where the Chairman of the General Meeting is present. Provided always that the convening, holding and/or conduct of such a meeting shall be subject to the Act and the bye-laws or listing rules of the Exchange.
Resolutions in writing	67.	Subject to the Act, a resolution in writing signed by every Member of the Company entitled to vote or being a corporation by its duly authorised representative shall have the same effect and validity as an Ordinary Resolution passed at a General Meeting duly convened, held and constituted, and may consist of several documents in the like form, each signed by one or more of such Members.

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Chairman	68.	The Chairman of the Directors or, in his absence, the Deputy Chairman (if any) shall preside as Chairman at every General Meeting. If there is no such Chairman or Deputy Chairman or if at any Meeting he is not present within fifteen (15) minutes after the time appointed for holding the Meeting or is unwilling to act, the Members present shall choose some Director to be Chairman of the Meeting or, if no Director is present or if all the Directors present decline to take the Chair, some Member present to be Chairman.
Adjournment	69.	The Chairman may, with the consent of any General Meeting at which a quorum is present (and shall if so directed by the General Meeting), adjourn the General Meeting from time to time and from place to place, but no business shall be transacted at any adjourned General Meeting except business which might lawfully have been transacted at the General Meeting from which the adjournment took place. When a General Meeting is adjourned for fourteen (14) days or more, notice of the adjourned General Meeting shall be given as in the case of the original General Meeting. Save as aforesaid, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned General Meeting.
Method of voting	70.	<p>At any General Meeting a resolution put to the vote of the Meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded:–</p> <ul style="list-style-type: none"><li>(i) by the Chairman of the meeting; or</li><li>(ii) by at least two Members present in person or by proxy (where a Member has appointed more than one proxy, any one of such proxies may represent that member) or attorney or in the case of a corporation by a representative and entitled to vote thereat; or</li><li>(iii) by any Member or Members present in person or by proxy (where a Member has appointed more than one proxy, any one of such proxies may represent that member) or attorney or in the case of a corporation by a representative or any number or combination of such Members, holding or representing not less than five per cent. (5%) of the total voting rights of all the Members having the right to vote at the Meeting; or</li><li>(vi) by a Member or Members present in person or by proxy (where a Member has appointed more than one proxy, any one of such proxies may represent that member) or attorney or in the case of a corporation by a representative or any number or combination of such Members, holding or representing shares in the Company conferring a right to vote at the Meeting being shares on which an aggregate sum has been paid up equal to not less than five per cent.(5%) of the total sum paid up on all the shares conferring that right.</li></ul>

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		Provided always that no poll shall be demanded on the election of a Chairman or on a question of adjournment. Unless a poll is so demanded (and the demand is not withdrawn) a declaration by the Chairman that a resolution has been carried or carried unanimously or by a particular majority or lost and an entry to that effect in the minute book shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution. A demand for a poll may be withdrawn.
Mandatory Polling	70A.	Provided that if required by the listing rules of any stock exchange upon which the shares of the Company may be listed, all resolutions at General Meeting shall be voted by poll (unless such requirement is waived by such stock exchange).
Taking a poll	71.	If a poll is duly demanded (and the demand is not withdrawn) it shall be taken in such manner (including the use of ballot or voting papers or tickets) as the Chairman may direct and the result of a poll shall be deemed to be the resolution of the General Meeting at which the poll was demanded. The Chairman may, and if so requested shall, appoint scrutineers and may adjourn the General Meeting to some place and time fixed by him for the purpose of declaring the result of the poll. The scrutineers appointed must be independent of the persons undertaking the polling process.
Votes counted in error	72.	If any votes are counted which ought not to have been counted or might have been rejected, the error shall not vitiate the result of the voting unless it is pointed out at the same General Meeting or at any adjournment thereof, and not in that case unless it shall in the opinion of the Chairman be of sufficient magnitude.
Chairman's casting vote	73.	Subject to the Act and the requirements of the Exchange, in the case of equality of votes, whether on a show of hands or on a poll, the Chairman of the General Meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a second or casting vote in addition to the votes to which he may be entitled as a Member or as proxy of a Member.
Time for taking a poll	74.	A poll on the election of a Chairman or on a question of adjournment shall be taken immediately. A poll demanded on any question shall be taken either immediately or at such subsequent time (not being more than thirty (30) days from the date of the General Meeting) and place as the Chairman may direct. No notice need be given of a poll not taken immediately.
Continuance of business after demand for a poll	75.	The demand for a poll shall not prevent the continuance of a General Meeting for the transaction of any business, other than the question on which the poll has been demanded.

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## APPENDIX H – THE NEW CONSTITUTION

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### VOTES OF MEMBERS

Voting rights of  
members

76. Subject and without prejudice to any special privileges or restrictions as to voting for the time being attached to any special class of shares for the time being forming part of the capital of the Company, each Member entitled to vote may vote in person or by proxy or by attorney, or and (in the case of a corporation) by a representative. A person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

On a show of hands every Member who is present in person or by proxy or attorney, or in the case of a corporation by a representative, shall have one vote provided always that (a) if a Member who is not a relevant intermediary is represented by two proxies, only one of the two proxies as determined by their appointor shall vote on a show of hands and in the absence of such determination, only one of the two proxies as determined by the Chairman (or by a person authorised by him) shall vote on a show of hands; and (b) if a Member who is a relevant intermediary is represented by two or more proxies, each proxy shall be entitled to vote on a show of hands.

On a poll, every Member who is present in person or by proxy, attorney or representative shall have one vote for each share which he holds or represents provided always that notwithstanding anything contained in these Regulations, a Depositor shall not be entitled to attend any General Meeting and to speak and vote thereat unless his name is certified by the Depository to the Company as appearing on the Depository Register not later than seventy-two (72) hours (or any such time permitted under applicable laws) before the relevant General Meeting (the “**Cut-off Time**”) as a Depositor on whose behalf the Depository holds shares in the Company.

For the purpose of determining the number of votes which a Depositor or his proxy may cast on a poll, the Depositor or his proxy shall be deemed to hold or represent that number of shares entered in the Depositor’s Securities Account at the Cut-off Time as certified by the Depository to the Company, or where a Depositor has apportioned the balance standing to his Securities Account as at the Cut-off Time between two proxies, to apportion the said number of shares between the two its proxies in the same proportion as specified by the Depositor in appointing the proxies; and accordingly no instrument appointing a proxy of a Depositor shall be rendered invalid merely by reason of any discrepancy between the number of shares standing to the credit of that Depositor’s Securities Account as at the Cut-off Time, and the true balance standing to the Securities Account of a Depositor as at the time of the relevant general meeting, if the instrument is dealt with in such manner as aforesaid.

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## APPENDIX H – THE NEW CONSTITUTION

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Voting rights of joint holders	77.	Where there are joint holders of any share, any one of such persons may vote and be reckoned in a quorum at any General Meeting either personally or by proxy or by attorney or, in the case of a corporation, by a representative as if he were solely entitled thereto but if more than one of such joint holders is so present at any meeting then the person present whose name stands first in the Register of Members or the Depository Register (as the case may be) in respect of such share shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased Member in whose name any share stands shall for the purpose of this Regulation be deemed joint holders thereof.
Voting rights of mentally disordered Members	78.	A Member who has become mentally disordered and incapable of managing himself or his affairs, or in respect of whom an order has been made by any court having jurisdiction in lunacy or mental capacity, may vote whether on a show of hands or on a poll by the person duly appointed to manage his estate (who may appoint a proxy) provided that such evidence as the Directors may require of the authority of the person claiming to vote shall have been deposited at the Office not less than seventy-two (72) hours before the time appointed for holding the General Meeting.
Right to vote	79.	Subject to the provisions of these Regulations, every Member either personally or by attorney or in the case of a corporation by a representative and every proxy shall be entitled to be present and to vote at any General Meeting and to be reckoned in the quorum thereat in respect of shares fully paid and in respect of partly paid shares where calls are not due and unpaid.
Voting Member to abstain	79A.	To the extent permitted by the Act, any other applicable laws or regulations, where a Member is required by the bye-laws or listing rules of the Exchange or a court order to abstain from voting on a resolution at a General Meeting, such Member shall not be entitled to vote on the relevant resolution and shall be required to abstain from voting his shares (including by proxy or by attorney) in respect of such resolution, and if the Member casts any votes in contravention of this Regulation, or if the bye-laws or listing rules of the Exchange require the Company to do so, the Company shall be entitled to disregard such votes.
Objections	80.	No objection shall be raised to the qualification of any voter except at the General Meeting or adjourned General Meeting at which the vote objected to is given or tendered and every vote not disallowed at such General Meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the Chairman of the General Meeting whose decision shall be final and conclusive.

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## APPENDIX H – THE NEW CONSTITUTION

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Votes on a poll	81.	On a poll, votes may be given either personally or by proxy or by attorney or in the case of a corporation by its representative and a person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.
Appointment of proxies	82.(1)	Save as provided for under the Act, a Member who is not a relevant intermediary may appoint not more than two proxies to attend and vote at the same General Meeting and a Member who is a relevant intermediary may appoint more than two proxies to attend and vote at the same General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such Member.
	(2)	If the Member is a Depositor, the Company shall be entitled:– <ul style="list-style-type: none"><li>(i) to reject any instrument of proxy lodged if the Depositor is not shown to have any shares entered in its Securities Account as at the Cut-off Time as certified by the Depository to the Company; and</li><li>(ii) to accept as validly cast by the proxy or proxies appointed by the Depositor on a poll that number or votes which corresponds to or is less than the aggregate number of shares entered in its Securities Account of that Depositor as at the Cut-off Time as certified by the Depository to the Company, whether that number is greater or smaller than the number specified in any instrument of proxy executed by or on behalf of that Depositor.</li></ul>
	(3)	Where a Member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy. If no such proportion or number is specified the first named proxy may be treated as representing 100% of the shareholding and any second named proxy as an alternate to the first named.
	(4)	Voting right(s) attached to any shares in respect of which a Member has not appointed a proxy may only be exercised at the relevant General Meeting by the member personally or by his attorney, or in the case of a corporation by its representative.
	(5)	Where a Member appoints a proxy in respect of more shares than the shares standing to his name in the Register of Members, or in the case of a Depositor, standing to the credit of that Depositor's Securities Account, such proxy may not exercise any of the votes or rights of the shares not registered to the name of that Member in the Register of Members or standing to the credit of that Depositor's Securities Account as at the Cut-off Time, as the case may be.



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## APPENDIX H – THE NEW CONSTITUTION

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Proxy need not be a Member	83.	A proxy or attorney need not be a Member, and shall be entitled to vote on a show of hands on any question at any General Meeting.
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Instrument appointing a proxy	84.	Any instrument appointing a proxy shall be in writing in the common form approved by the Directors under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, under seal or under the hand of its attorney duly authorised and the Company shall accept as valid in all respects the form of proxy approved by the Directors for use at the date relevant to the General Meeting in question.
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Deposit of instrument of proxy	85.	<p>The instrument appointing a proxy, together with the power of attorney or other authority, if any, under which the instrument of proxy is signed or a duly certified copy of that power of attorney or other authority (failing previous registration with the Company) shall be attached to the instrument of proxy and (i) if sent personally or by post, must be left at the Office or such other place (if any) as is specified for the purpose in the notice convening the General Meeting; or (ii) if submitted by electronic communication, must be received through such means as may be specified for that purpose in or by way of note to or in any document accompanying the notice convening the meeting, and in either case not less than seventy (72) hours before the time appointed for the holding of the General Meeting or adjourned General Meeting (or in the case of a poll before the time appointed for the taking of the poll) at which it is to be used, failing which the instrument may be treated as invalid.</p>
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The Directors may, in their absolute discretion, and in relation to such Members or class of Members as they may determine, specify the means through which instruments appointing a proxy may be submitted by electronic communications. Where the Directors do not so specify in relation to a Member (whether a class or otherwise), the instrument appointing a proxy must be sent personally or by post.

An instrument appointing a proxy shall, unless the contrary is stated thereon, be valid as well for any adjournment of the Meeting as for the Meeting to which it relates provided that an instrument of proxy relating to more than one General Meeting (including any adjournment thereof) having once been so delivered for the purposes of any meeting shall not be required again to be delivered for the purposes of any subsequent General Meeting to which it relates.

An instrument of proxy shall be deemed to include the power to demand or concur in demanding a poll on behalf of the appointer.

Unless otherwise instructed, a proxy shall vote as he thinks fit. The signature on an instrument appointing a proxy need not be witnessed.



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## APPENDIX H – THE NEW CONSTITUTION

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The deposit of an instrument appointing a proxy does not preclude the Member concerned from attending and voting in person at the General Meeting, as well as for any adjournment of the General Meeting to which it relates. In such an event, the appointment of the proxy or proxies is deemed to be revoked by the Member concerned at the point when the Member attends the General Meeting.

Intervening death or mental disorder of principal not to revoke proxy 86.

A vote given in accordance with the terms of an instrument of proxy (which for the purposes of these Regulations shall also include a power of attorney) shall be valid notwithstanding the previous death or mental disorder of the principal or revocation of the proxy, or of the authority under which the proxy was executed or the transfer of the share in respect of which the proxy is given, provided that no intimation in writing of such death, mental disorder, revocation or transfer shall have been received by the Company at the Office (or such other place as may be specified for the deposit of instruments appointing proxies) before the commencement of the General Meeting or adjourned General Meeting (or in the case of a poll before the time appointed for the taking of the poll) at which the proxy is used.

Corporations acting by representatives 87.

Any corporation which is a Member may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any General Meeting of the Company or of any class of Members and the persons so authorised shall be entitled to exercise the same powers on behalf of the corporation as the corporation could exercise if it were an individual Member of the Company. The Company shall be entitled to treat a certificate under the seal of the corporation as conclusive evidence of the appointment or revocation of appointment of a representative under this Regulation.

### DIRECTORS

Appointment and number of Directors 88.

Subject to the other provisions of Section 145 of the Act, the number of the Directors, all of whom shall be natural persons, shall not be less than one.

Appointment and number of Directors 89.

The Company in General Meeting may, subject to the provisions of these Regulations, from time to time remove any Director before the expiration of his period of office (notwithstanding anything in these Regulations or in any agreement between the Company and such Director) and appoint another person in place of a Director so removed, and may increase or reduce the number of Directors, and may alter their share qualifications. Until otherwise determined by a General Meeting, there shall be no maximum number. Subject to the provisions of these Regulations the Directors shall have power from time to time and at any time to appoint any person to be a Director either to fill a casual vacancy or as an additional Director. Resolutions for the appointment of Directors shall be voted on individually, unless otherwise permitted by the Act.

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## APPENDIX H – THE NEW CONSTITUTION

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First Directors	90.	DELETED
Qualifications	91.	A Director need not be a Member and shall not be required to hold any share qualification in the Company and shall be entitled to attend and speak at General Meetings.
Fees	92.(1)	The fees of the Directors shall be determined from time to time by the Company in General Meetings and such fees shall not be increased except pursuant to an Ordinary Resolution passed at a General Meeting where notice of the proposed increase shall have been given in the notice convening the Meeting. Such fees shall be divided among the Directors in such proportions and manner as they may agree and in default of agreement equally, except that in the latter event any Director who shall hold office for part only of the period in respect of which such fee is payable shall be entitled only to rank in such division for the proportion of fee related to the period during which he has held office.
Extra Remuneration	(2)	Any Director who is appointed to any executive office or serves on any committee or who otherwise performs or renders services, which, in the opinion of the Directors, are outside his ordinary duties as a Director, may be paid such extra remuneration as the Directors may determine, subject however as is hereinafter provided in this Regulation.
Remuneration of Director	(3)	The fees (including any remuneration under Regulation 92(2) above) in the case of a Director other than an Executive Director shall be payable by a fixed sum and shall not at any time be by commission on or percentage of the profits or turnover, and no Director whether an Executive Director or otherwise shall be remunerated by a commission on or percentage of turnover.
Expenses	93.	The Directors shall be entitled to be repaid all travelling or such reasonable expenses as may be incurred in attending and returning from meetings of the Directors or of any committee of the Directors or General Meetings or otherwise howsoever in or about the business of the Company in the course of the performance of their duties as Directors.
Pensions to Directors and Dependents	94.	Subject to the Act, the Directors on behalf of the Company may pay a gratuity or pension or allowance on retirement to any Director or former Director who had held any other salaried office or place of profit with the Company or to his widow or dependants or relations or connections and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.

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Benefits for employees	95.	<p>The Directors may procure the establishment and maintenance of or participate in or contribute to any non contributory or contributory pension or superannuation fund or life assurance scheme or any other scheme whatsoever for the benefit of and pay, provide for or procure the grant of donations, gratuities, pensions, allowances, benefits or emoluments to any persons (including Directors and other officers) who are or shall have been at any time in the employment or service of the Company or of the predecessors in business of the Company or of any subsidiary company, and the wives, widows, families or dependants of any such persons. The Directors may also procure the establishment and subsidy of or subscription and support to any institutions, associations, clubs, funds or trusts calculated to be for the benefit of any such persons as aforesaid or otherwise to advance the interests and well-being of the Company or of any such other company as aforesaid or of its Members and payment for or towards the insurance of any such persons as aforesaid, and subscriptions or guarantees of money for charitable or benevolent objects or for any exhibition or for any public, general or useful object.</p>
Powers of Directors or the CEO to contract with Company	96.(1)	<p>No Director or the CEO shall be disqualified by his office from contracting or entering into any arrangement with the Company either as vendor, purchaser or otherwise nor shall such contract or arrangement or any contract or arrangement entered into by or on behalf of the Company in which any Director or the CEO shall be in any way interested be avoided nor shall any Director or the CEO so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason only of such Director or the CEO holding that office or of the fiduciary relation thereby established but every Director or the CEO shall observe the provisions of Section 156 of the Act relating to the disclosure of the interests of the Directors or the CEO in contracts or proposed contracts with the Company or of any office or property held by a Director or the CEO which might create duties or interests in conflict with his duties or interests as a Director or the CEO and any contract or arrangement to be entered into by or on behalf of the Company in which any Director shall be in any way interested shall be subject to any requirements that may be imposed by the Exchange. No Director or the CEO shall vote in respect of any contract, arrangement or transaction in which he is so interested as aforesaid or in respect of any allotment of shares in or debentures of the Company to him and if he does so vote his vote shall not be counted but this prohibition as to voting shall not apply to:–</p> <p>(i) any arrangement for giving to him any security or indemnity in respect of money lent by him or obligations undertaken by him for the benefit of the Company; or</p>

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## APPENDIX H – THE NEW CONSTITUTION

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- (ii) any arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the deposit of a security; or
- (iii) any contract by him to subscribe for or underwrite shares or debentures of the Company; or
- (iv) any contract or arrangement with any other company, corporation or body in which he is interested only as a director or other officer or creditor of or as a shareholder in or beneficially interested in the shares thereof; or
- (v) approval or amendment of any share option scheme or other share incentive scheme even though the participants eligible to participate in that scheme include Directors provided that a Director shall not vote on any resolution concerning the grant of any option or shares to himself.

Relaxation of  
restriction on  
voting

- (2) Notwithstanding Regulations 96(1)(i) to (v) above, a Director shall not vote in respect of any contract or arrangement or proposed contract or arrangement in which he has directly or indirectly a personal material interest (and if he shall do so his vote shall not be counted) nor shall he be counted for the purpose of any resolution regarding the same in the quorum present at the meeting of the Directors.

A Director, notwithstanding his interest, may be counted in the quorum present at any meeting of the Directors where he or any other Director is appointed to hold any office or place of profit under the Company, or where the Directors resolve to exercise any of the rights of the Company (whether by the exercise of voting rights or otherwise) to appoint or concur in the appointment of a Director to hold any office or place of profit under any other company, or where the Directors resolve to enter into or make any arrangements with him or on his behalf pursuant to these Regulations or where the terms of any such appointment or arrangements as hereinbefore mentioned are considered, and he may vote on any such matter other than in respect of the appointment of or arrangements with himself or the fixing of the terms thereof.

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## APPENDIX H – THE NEW CONSTITUTION

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Ratification by General Meeting	(3)	The provisions of this Regulation may at any time be suspended or relaxed to any extent and either generally or in respect of any particular contract, arrangement or transaction by the Company in General Meeting, and any particular contract, arrangement or transaction carried out in contravention of this Regulation may be ratified by Ordinary Resolution of the Company, subject to the Act and any applicable laws, provided that a Director or the CEO whose action is being ratified by this Ordinary Resolution shall refrain from voting on this Ordinary Resolution as a shareholder at that General Meeting.
Holding of office in other companies	97.(1)	A Director may hold any other office or place of profit under the Company (except that of Auditor) and he or any firm of which he is a member may act in a professional capacity for the Company in conjunction with his office of Director, and on such terms as to remuneration and otherwise as the Directors shall determine. A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or in which the Company may be interested as vendor, purchaser, shareholder or otherwise, and no such Director shall be accountable to the Company for any remuneration or other benefits received by him as a director or officer of, or from his interest in, such other company unless the Company otherwise directs.
Exercise of voting power	(2)	The Directors may exercise the voting power conferred by the shares in any company held or owned by the Company in such manner and in all respects as the Directors think fit in the interests of the Company (including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors of such company or voting or providing for the payment of remuneration to the directors of such company) and any such Director may vote in favour of the exercise of such voting powers in the manner aforesaid notwithstanding that he may be or be about to be appointed a director of such other company.

### MANAGING DIRECTORS

Appointment of Managing Directors	98.	The Directors may from time to time appoint one or more of their body to be Managing Director or Managing Directors of the Company (or any equivalent appointment(s) howsoever described) and may from time to time (subject to the provisions of any contract between him or them and the Company) remove or dismiss him or them from office and appoint another or others in his or their places. Where an appointment is for a fixed term such term shall not exceed five (5) years.
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Managing Director to be subject to retirement by rotation	99.	A Managing Director (or any Director holding an equivalent appointment, including the CEO) shall be subject to the same provisions as to retirement by rotation, resignation and removal as the other Directors. The appointment of any Director to the office of Managing Director (or any Director holding an equivalent appointment, including the CEO), shall not automatically determine if he ceases from any cause to be a Director, unless the contract or resolution under which he holds office shall expressly state otherwise, in which event such determination shall be without prejudice to any claim for damages for breach of any contract of service between him and the Company.
Remuneration of Managing Director	100.	The remuneration of a Managing Director (or any Director holding an equivalent appointment) shall from time to time be fixed by the Directors and may subject to these Regulations be by way of salary or commission or participating in profits or by any or all of these modes but he shall not under any circumstances be remunerated by a commission on or a percentage of turnover.
Powers of Managing Directors	101.	A Managing Director (or any Director holding an equivalent appointment) shall at all times be subject to the control of the Directors but subject thereto the Directors may from time to time entrust to and confer upon a Managing Director (or any Director holding an equivalent appointment) for the time being such of the powers exercisable under these Regulations by the Directors as they may think fit and may confer such powers for such time and to be exercised on such terms and conditions and with such restrictions as they think expedient and they may confer such powers either collaterally with or to the exclusion of and in substitution for all or any of the powers of the Directors in that behalf and may from time to time revoke, withdraw, alter or vary all or any of such powers.

### VACATION OF OFFICE OF DIRECTOR/REMOVAL AND RESIGNATION

Vacation of office of Director	102.(1)	<p>Subject as herein otherwise provided or to the terms of any subsisting agreement, the office of a Director shall be vacated on any one of the following events, namely:–</p> <ul style="list-style-type: none"><li>(i) if he is prohibited from being a Director by reason of any law or any order made under the Act;</li><li>(ii) if he ceases to be a Director by virtue of any of the provisions of the Act;</li><li>(iii) if he resigns by writing under his hand left at the Office;</li></ul>
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## APPENDIX H – THE NEW CONSTITUTION

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- (iv) if a bankruptcy order is made against him during his term of office or if he suspends payments or makes any arrangement or compounds with his creditors generally;
- (v) if he should become mentally disordered and incapable of managing himself or his affairs during his term of office;
- (vi) if he absents himself from meetings of the Directors for a continuous period of six (6) months without leave from the Directors and the Directors resolve that his office be vacated; or
- (vii) if he is removed by a resolution of the Company at a General Meeting pursuant to these Regulations.

Where a Director is disqualified from acting as a director in any jurisdiction for reasons other than on technical grounds, he must immediately resign from the Board.

Removal of Directors	(2)	In accordance with the provisions of Section 152 of the Act, the Company may by Ordinary Resolution of which special notice has been given remove any Director before the expiration of his period of office, notwithstanding any provision of these Regulations or of any agreement between the Company and such Director but without prejudice to any claim he may have for damages for breach of any such agreement. The Company in General Meeting may appoint another person in place of a Director so removed from office and any person so appointed shall be subject to retirement by rotation at the same time as if he had become a Director on the day on which the Director in whose place he is appointed was last elected a Director. In default of such appointment the vacancy so arising may be filled by the Directors as a casual vacancy.
Director to resign	103.	A Director who is appointed by the Company as director of any related or associated company of the Company shall resign (without compensation whatsoever) as such director if he is removed or resigns as Director or if his office as Director is vacated (notwithstanding any agreement between the Director and the Company or any such related or associated company). An employee of the Company who is appointed director of any related or associated company of the Company shall resign (without compensation whatsoever) as such director if he ceases for any reason whatsoever to be an employee of the Company.

### ROTATION OF DIRECTORS

Retirement of Directors by rotation	104.	Subject to these Regulations and to the Act, at each Annual General Meeting at least one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not greater than one-third) shall retire from office by rotation, provided that all Directors shall retire from office at least once every three (3) years.
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Selection of Directors to retire	105.	The Directors to retire by rotation shall include (so far as necessary to obtain the number required) any Director who is due to retire at the meeting by reason of age or who wishes to retire and not to offer himself for re-election. Any further Directors so to retire shall be those of the other Directors subject to retirement by rotation who have been longest in office since their last re-election or appointment or have been in office for the three (3) years since their last election. However as between persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot. A retiring Director shall be eligible for re-election.
Deemed re-appointed	106.	<p>The Company at the Meeting at which a Director retires under any provision of these Regulations may by Ordinary Resolution fill up the vacated office by electing a person thereto. In default, the retiring Director shall be deemed to have been re-elected, unless:–</p> <ul style="list-style-type: none"> <li>(i) at such Meeting it is expressly resolved not to fill up such vacated office or a resolution for the re-election of such Director is put to the Meeting and lost; or</li> <li>(ii) such Director is disqualified under the Act from holding office as a Director or has given notice in writing to the Company that he is unwilling to be re-elected; or</li> <li>(iii) such Director is disqualified from acting as a director in any jurisdiction for reasons other than on technical grounds.</li> </ul>
Notice of intention to appoint Director	107.	For as long as the bye-laws or listing rules of the Exchange so require, no person, other than a Director retiring at the Meeting, shall, unless recommended by the Directors for re-election, be eligible for appointment as a Director at any General Meeting unless not less than eleven (11) nor more than twenty-one (21) clear days before the day appointed for the Meeting there shall have been left at the Office notice in writing signed by some Member duly qualified to attend and vote at the Meeting for which such notice is given of his intention to propose such person for election and also notice in writing duly signed by the nominee giving his consent to the nomination and signifying his candidature for the office or the intention of such Member to propose him. Provided that in the case of a person recommended by the Directors for election nine (9) clear days' notice only shall be necessary and notice of each and every candidate for election shall be served on all Members at least seven (7) clear days prior to the Meeting at which the election is to take place.
Directors' power to fill casual vacancies and to appoint additional Directors	108.	The Company may by Ordinary Resolution appoint any person to be a Director. Without prejudice thereto, the Directors shall have power at any time and from time to time to appoint any person to be a Director either to fill a casual vacancy or as an additional Director but the total number of Directors shall not at any time exceed the maximum number (if any) fixed by these Regulations. Any Director so appointed shall hold office only until the next Annual General Meeting and shall then be eligible for re-election but shall not be taken into account in determining the number of Directors who are to retire by rotation at such Meeting.



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## APPENDIX H – THE NEW CONSTITUTION

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### ALTERNATE DIRECTORS

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| Alternate Directors | <p>109.(1) Any Director may at any time appoint any person who is not a Director or an alternate of another Director and who is approved by a majority of his co-Directors to be his Alternate Director and may at any time remove any such Alternate Director from office. An Alternate Director so appointed shall be entitled to receive from the Company such proportion (if any) of the remuneration otherwise payable to his appointor as such appointor may by notice in writing to the Company from time to time direct, but save as aforesaid he shall not in respect of such appointment be entitled to receive any remuneration from the Company. Any fee paid to an Alternate Director shall be deducted from the remuneration otherwise payable to his appointor.</p> <p>(2) An Alternate Director shall (subject to his giving to the Company an address in Singapore) be entitled to receive notices of all meetings of the Directors and to attend and vote as a Director at such meetings at which the Director appointing him is not personally present and generally to perform all functions of his appointor as a Director in his absence.</p> <p>(3) An Alternate Director shall <i>ipso facto</i> cease to be an Alternate Director if his appointor ceases for any reason to be a Director otherwise than by retiring and being re-elected at the same meeting.</p> <p>(4) All appointments and removals of Alternate Directors shall be effected in writing under the hand of the Director making or terminating such appointment left at the Office.</p> <p>(5) No person shall be appointed the Alternate Director for more than one Director. No Director may act as an Alternate Director.</p> |
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### PROCEEDINGS OF DIRECTORS

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|-------------------------------------|---|
| Meeting of Directors                | <p>110.(1) The Directors may meet together for the despatch of business, adjourn or otherwise regulate their meetings as they think fit. Unless otherwise determined, a majority of the Directors for the time being appointed to the Board of Directors shall be a quorum. Questions arising at any meeting shall be determined by a majority of votes and in case of an equality of votes, the Chairman of the meeting shall have a second or casting vote provided always that the Chairman of a meeting at which only two Directors are competent to vote on the question at issue shall not have a second or casting vote.</p> |
| Who may summon meeting of Directors | <p>(2) A Director may, and the Secretary on the requisition of a Director shall, at any time summon a meeting of the Directors by notice in writing given to each Director.</p>   |

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## APPENDIX H – THE NEW CONSTITUTION

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	(3)	The accidental omission to give to any Director, or the non-receipt by any Director of, a notice of a meeting of Directors shall not invalidate the proceedings at that meeting.
	(4)	Directors may participate in a meeting of the Board of Directors by means of a conference telephone, videoconferencing, audio visual, or other similar communications equipment by means of which all persons participating in the meeting can hear one another, without a Director being in the physical presence of another Director or Directors, and participation in a meeting pursuant to this provision shall constitute presence in person at such meeting. A Director participating in a meeting in the manner aforesaid may also be taken into account in ascertaining the presence of a quorum at the meeting. Such a meeting shall be deemed to take place where the largest group of Directors present for the purpose of the meeting is assembled or, if there is no such group, where the Chairman of the meeting is present.
Quorum	111.	A meeting of the Directors at which a quorum is present at the time the meeting proceeds to business shall be competent to exercise all the powers and discretions for the time being exercisable by the Directors.
Proceedings in case of vacancies	112.	The Directors may act notwithstanding any vacancies but if and so long as the number of Directors is reduced below the minimum number fixed by or in accordance with these Regulations, the Directors or Director may, except in an emergency, act only for the purpose of filling up such vacancies to such minimum number or of summoning General Meetings of the Company. If there are no Directors or Director able or willing to act, then any two Members may summon a General Meeting for the purpose of appointing Directors.
Chairman of Directors	113.	The Directors may from time to time elect a Chairman and, if desired, a Deputy Chairman and determine the period for which he is or they are to hold office. The Deputy Chairman shall perform the duties of the Chairman during the Chairman's absence. The Chairman or, in his absence, the Deputy Chairman shall preside as Chairman at meetings of the Directors but if no such Chairman or Deputy Chairman is elected or if at any meeting the Chairman and the Deputy Chairman are not present within five (5) minutes after the time appointed for holding the same, the Directors present shall choose one of their number to be Chairman of such meeting. Any Director acting as Chairman of a meeting of the Directors shall in the case of an equality of votes have the Chairman's right to a second or casting vote where applicable.

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Resolutions in writing	114.	A resolution in writing signed, or approved by letter or facsimile by a majority of the Directors for the time being (who are not prohibited by the law or these Regulations from voting on such resolutions) and constituting a quorum shall be as effective as a resolution passed at a meeting of the Directors duly convened and held, and may consist of several documents in the like form each signed or approved as aforesaid provided that where a Director is not so present but has an alternate who is so present, then such resolution must also be signed by such Alternate Director. All such resolutions shall be described as “Directors’ Resolutions” and shall be forwarded or otherwise delivered to the Secretary without delay, and shall be recorded by him in the Company’s minute book. The expressions, “in writing” and “signed” include approval by any such Director by electronic mail or any form of electronic communication approved by the Directors for such purpose from time to time incorporating, if the Directors deemed necessary, the use of security and/or identification procedures and devices approved by the Directors.
Power to appoint committees	115.	The Directors may delegate any of their powers to committees consisting of such member or members of their body as they think fit. Any committee so formed shall in the exercise of the powers so delegated conform to any regulations that may be imposed on them by the Directors.
Proceedings at committee meetings	116.	A committee may elect a Chairman of its meetings. If no such Chairman is elected, or if at any meeting the Chairman is not present within five (5) minutes after the time appointed for holding the same, the members present may choose one of their number to be Chairman of the meeting.
Meetings of committees	117.	A committee may meet and adjourn as its members think proper. Questions arising at any meeting shall be determined by a majority of votes of the members present, and in case of an equality of votes, the Chairman shall have a second or casting vote.
Validity of acts of Directors in spite of some formal defect	118.	All acts done by any meeting of Directors or a committee of Directors or by any person acting as Director shall as regards all persons dealing in good faith with the Company, notwithstanding that there was some defect in the appointment of any such Director or person acting as aforesaid or that they or any of them were disqualified or had vacated office or were not entitled to vote, be as valid as if every such person had been duly appointed and was qualified and had continued to be a Director and had been entitled to vote.

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### GENERAL POWERS OF DIRECTORS

General power of Directors to manage Company's business	119.	<p>The business of the Company shall be managed by, or under the direction or supervision of the Directors who (in addition to the powers and authorities by these Regulations or otherwise expressly conferred upon them) may exercise all such powers of the Company and do all such acts and things as may be exercised or done by the Company and are not hereby or by the Act expressly directed or required to be exercised or done by the Company in General Meeting but subject nevertheless to the provisions of the Act and of these Regulations and to any regulations from time to time made by the Company in General Meeting, provided that no regulations so made shall invalidate any prior act of the Directors which would have been valid if such regulation had not been made. The general powers given by this Regulation shall not be limited or restricted by any special authority or power given to the Directors by any other Regulation provided that any sale of the Company's main undertaking shall be subject to ratification by the Members in a General Meeting.</p>
Power to establish local boards, etc.	120.	<p>The Directors may establish any local boards or agencies for managing any affairs of the Company, either in Singapore or elsewhere, and may appoint any persons to be members of such local boards or any managers or agents, and may fix their remuneration and may delegate to any local board, manager or agent any of the powers, authorities and discretions vested in the Directors, with power to subdelegate, and may authorise the members of any local board or any of them to fill any vacancies therein and to act notwithstanding vacancies, and any such appointment or delegation may be made upon such terms and subject to such conditions as the Directors may think fit, and the Directors may remove any person so appointed, and may annul or vary any such delegation, but no person acting in good faith and without notice of any such annulment or variation shall be affected thereby.</p>
Power to appoint attorneys	121.	<p>The Directors may from time to time by power of attorney under the Seal appoint any company, firm or person or any fluctuating body of persons whether nominated directly or indirectly by the Directors to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors under these Regulations) and for such period and subject to such conditions as they may think fit, and any such power of attorney may contain such provisions for the protection and convenience of persons dealing with such attorney as the Directors may think fit and may also authorise any such attorney to subdelegate all or any of the powers, authorities and discretions vested in him.</p>

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Power to keep a branch register	122.	The Company or the Directors on behalf of the Company may in exercise of the powers in that behalf conferred by the Act cause to be kept a Branch Register or Registers of Members and the Directors may (subject to the provisions of the Act) make and vary such regulations as they think fit in respect of the keeping of any such Registers.
Signatures of cheques and bills	123.	All cheques, promissory notes, drafts, bills of exchange and other negotiable or transferable instruments and all receipts for moneys paid to the Company shall be signed, drawn, accepted, endorsed or otherwise executed, as the case may be, in such manner as the Directors shall from time to time by Ordinary Resolution determine.

### BORROWING POWERS

Directors' borrowing powers	124.	The Directors may at their discretion exercise every borrowing power vested in the Company by its Constitution or permitted by law and may borrow or raise money from time to time for the purpose of the Company and secure the payment of such sums by mortgage, charge or hypothecation of or upon all or any of the property or assets of the Company including any uncalled or called but unpaid capital or by the issue of debentures (whether at par or at discount or premium) or otherwise as they may think fit.
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### SECRETARY

Secretary	125.	The Secretary or Secretaries shall, and a Deputy or Assistant Secretary or Secretaries may, be appointed by the Directors for such term, at such remuneration and upon such conditions as they may think fit, and any Secretary, Deputy or Assistant Secretary so appointed may be removed by them.
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### SEAL

Seal	126.(1)	The Directors shall provide for the safe custody of the Seal, which shall only be used by the authority of the Directors or a committee of Directors authorised by the Directors in that behalf, and every instrument to which the Seal is affixed shall (subject to the provisions of these Regulations as to certificates for shares) be signed autographically by two Directors, or by a Director and by the Secretary or some other person appointed by the Directors in place of the Secretary for the purpose.
Official Seal	(2)	The Company may exercise the powers conferred by the Act with regard to having an Official Seal for use abroad, and such powers shall be vested in the Directors.
Share Seal	(3)	The Company may have a duplicate Seal as referred to in Section 124 of the Act which shall be a facsimile of the Seal with the addition on its face of the words "Share Seal".

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### AUTHENTICATION OF DOCUMENTS

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| Power to authenticate documents                 | 127. | Any Director or the Secretary or any person appointed by the Directors for the purpose shall have power to authenticate any documents affecting the Constitution and any resolutions passed by the Company or the Directors, and any books, records, documents, financial statements and accounts relating to the business of the Company, and to certify copies thereof or extracts therefrom as true copies or extracts, and where any books, records, documents, financial statements or accounts are elsewhere than at the Office, the local manager and other officer of the Company having the custody thereof shall be deemed to be a person appointed by the Directors as aforesaid.  |
| Certified copies of resolution of the Directors | 128. | A document purporting to be a copy of a resolution of the Directors or an extract from the minutes of a meeting of Directors which is certified as such in accordance with the provisions of the last preceding Regulation shall be conclusive evidence in favour of all persons dealing with the Company upon the faith thereof that such resolution has been duly passed or, as the case may be, that such extract is a true and accurate record of a duly constituted meeting of the Directors. Any authentication or certification made pursuant to this Regulation or the last preceding Regulation may be made by any electronic means approved by the Directors from time to time for such purpose, incorporating, if the Directors deem necessary, the use of security procedures or devices approved by the Directors. |

### DIVIDENDS AND RESERVES

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| Payment of dividends       | 129. | The Directors may, with the sanction of the Company, by Ordinary Resolution declare dividends but (without prejudice to the powers of the Company to pay interest on share capital as hereinbefore provided) no dividend shall be payable except out of the profits of the Company.   |
| Apportionment of dividends | 130. | Subject to the rights of holders of shares with special rights as to dividend (if any) and subject always to the provisions of the Act, all dividends shall be declared and paid according to the number of issued and fully paid shares in respect whereof the dividend is paid, but if any share is issued on terms providing that it shall rank for dividend as from a particular date such shares shall rank for dividend accordingly. Where shares are partly paid, dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid thereon. |

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Payment of preference and interim dividends	131.	Notwithstanding Regulation 130, if, and so far as in the opinion of the Directors, the profits of the Company justify such payments, the Directors may pay fixed preferential dividends on any express class of shares carrying a fixed preferential dividend expressed to be payable on a fixed date on the half-yearly or other dates (if any) prescribed for the payment thereof by the terms of issue of the shares, and subject thereto may also from time to time pay to the holders of any other class of shares interim dividends thereon of such amounts and on such dates as they may think fit.
	132.	DELETED
Dividends not to bear interest	133.	No dividend or other moneys payable on or in respect of a share shall bear interest against the Company.
Deduction from dividend	134.	The Directors may deduct from any dividend or other moneys payable to any Member on or in respect of a share all sums of money (if any) presently payable by him to the Company on account of calls or in connection therewith, or any other account which the Company is required by law to withhold or deduct.
Retention of dividends on shares subject to lien	135.	The Directors may retain any dividend or other moneys payable on or in respect of a share on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.
Retention of dividends on shares pending transmission	136.	The Directors may retain the dividends payable on shares in respect of which any person is under these Regulations, as to the transmission of shares, entitled to become a Member, or which any person under these Regulations is entitled to transfer, until such person shall become a Member in respect of such shares or shall duly transfer the same.
Unclaimed dividends	137.	The payment by the Directors of any unclaimed dividends or other moneys payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof. All dividends unclaimed after being declared may be invested or otherwise made use of by the Directors for the benefit of the Company and any dividend unclaimed after a period of six (6) years from the date of declaration of such dividend may be forfeited and if so shall revert to the Company but the Directors may at any time thereafter at their absolute discretion annul any such forfeiture and pay the dividend so forfeited to the person entitled thereto prior to the forfeiture. For the avoidance of doubt no Member shall be entitled to any interest, share of revenue or other benefit arising from any unclaimed dividends, howsoever and whatsoever.



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Payment of dividend in specie	138.	The Company may, upon the recommendation of the Directors, by Ordinary Resolution direct payment of a dividend in whole or in part by the distribution of specific assets and in particular of paid up shares or debentures of any other company or in any one or more of such ways, and the Directors shall give effect to such Ordinary Resolution, and where any difficulty arises in regard to such distribution, the Directors may settle the same as they think expedient and in particular may issue fractional certificates and fix the value for distribution of such specific assets or any part thereof and may determine that cash payments shall be made to any Members upon the footing of the value so fixed in order to adjust the rights of all parties and may vest any such specific assets in trustees as may seem expedient to the Directors.
Scrip dividend	139.(1)	<p>Whenever the Directors or the Company in General Meeting have resolved or proposed that a dividend (including an interim, final, special or other dividend) be paid or declared on the ordinary share capital of the Company, the Directors may further resolve that Members entitled to such dividend be entitled to elect to receive an allotment of ordinary shares credited as fully paid in lieu of cash in respect of the whole or such part of the dividend as the Directors may think fit. In such case, the following provisions shall apply:</p> <ul style="list-style-type: none"><li>(i) the basis of any such allotment shall be determined by the Directors;</li><li>(ii) the Directors shall determine the manner in which Members shall be entitled to elect to receive an allotment of ordinary shares credited as fully paid in lieu of cash in respect of the whole or such part of any dividend in respect of which the Directors shall have passed such a resolution as aforesaid, and the Directors may make such arrangements as to the giving of notice to Members, providing for forms of election for completion by Members (whether in respect of a particular dividend or dividends or generally), determining the procedure for making such election or revoking the same and the place at which and the latest date and time by which any forms of election or other documents by which elections are made or revoked must be lodged, and otherwise make all such arrangements and do all such things, as the Directors consider necessary or expedient in connection with the provisions of this Regulation;</li><li>(iii) the right of election may be exercised in respect of the whole of that portion of the dividend in respect of which the right of election has been accorded provided that the Directors may determine, either generally or in any specific case, that such right shall be exercisable in respect of the whole or any part of that portion;</li></ul>



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- (iv) the dividend (or that part of the dividend in respect of which a right of election has been accorded) shall not be payable in cash on ordinary shares in respect whereof the share election has been duly exercised (the “**elected ordinary shares**”) and in lieu and in satisfaction thereof, ordinary shares shall be allotted and credited as fully paid to the holders of the elected ordinary shares on the basis of allotment determined as aforesaid and for such purpose and notwithstanding the provisions of Regulation 143, the Directors shall (a) capitalise and apply the amount standing to the credit of any of the Company’s reserve accounts or any sum standing to the credit of the profit and loss account or otherwise for distribution as the Directors may determine, such sum as may be required to pay up in full the appropriate number of ordinary shares for allotment and distribution to and among the holders of the elected ordinary shares on such basis; or (b) apply the sum which would otherwise have been payable in cash to the holders of the elected ordinary shares towards payment of the appropriate number of ordinary shares for allotment and distribution to and among the holders of the elected ordinary shares on such basis.
- (2)
  - (i) The ordinary shares allotted pursuant to the provisions of Regulation 139(1) shall rank *pari passu* in all respects with the ordinary shares then in issue save only as regards participation in the dividend which is the subject of the election referred to above (including the right to make the election referred to above) or any other distributions, bonuses or rights paid, made, declared or announced prior to or contemporaneous with the payment or declaration of the dividend which is the subject of the election referred to above, unless the Directors shall otherwise specify.
  - (ii) The Directors may do all acts and things considered necessary or expedient to give effect to any capitalisation pursuant to the provisions of Regulation 139(1), with full power to make such provisions as they think fit in the case of shares becoming distributable in fractions (including, notwithstanding any provision to the contrary in these Regulations, provisions whereby, in whole or in part, fractional entitlements are aggregated and sold and the net proceeds distributed to those entitled, or are disregarded or rounded up or down, or whereby the benefit of fractional entitlements accrues to the Company rather than to the Members concerned).

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	(3)	The Directors may, on any occasion when they resolve as provided in Regulation 139(1), determine that rights of election under that paragraph shall not be made available to the persons who are registered as holders of ordinary shares in the Register of Members or (as the case may be) in the Depository Register, or in respect of ordinary shares the transfer of which is registered, after such date as the Directors may fix subject to such exceptions as the Directors think fit, and in such event the provisions of this Regulation shall be read and construed subject to such determination.
	(4)	The Directors may, on any occasion when they resolve as provided in Regulation 139(1), further determine that no allotment of shares or rights of election for shares under that paragraph shall be made available or made to Members whose registered addresses entered in the Register of Members or (as the case may be) the Depository Register is outside Singapore or to such other Members or class of Members as the Directors may in their sole discretion decide and in such event the only entitlement of the Members aforesaid shall be to receive in cash the relevant dividend resolved or proposed to be paid or declared.
	(5)	Notwithstanding the foregoing provisions of this Regulation, if at any time after the Directors' resolution to apply the provisions of Regulation 139(1) in relation to any dividend but prior to the allotment of ordinary shares pursuant thereto, the Directors shall consider that by reason of any event or circumstance (whether arising before or after such resolution) or by reason of any matter whatsoever it is no longer expedient or appropriate to implement that proposal, the Directors may at their absolute discretion and without assigning any reason therefor, cancel the proposed application of Regulation 139(1).
Dividends payable by cheque	140.	Any dividend or other moneys payable in cash on or in respect of a share may be paid by cheque or warrant sent through the post to the registered address of the Member or person entitled thereto or, if several persons are registered as joint holders of the share or are entitled thereto in consequence of the death or bankruptcy of the holder, to any one of such persons or to such person and such address as such persons may by writing direct Provided that where the Member is a Depositor, the payment by the Company to the Depository of any dividend payable to a Depositor shall to the extent of the payment discharge the Company from any further liability in respect of the payment. Every such cheque and warrant shall be made payable to the order of the person to whom it is sent or to such person as the holder or joint holders or person or persons entitled to the share in consequence of the death or bankruptcy of the holder may direct and payment of the cheque if purporting to be endorsed or the receipt of any such person shall be a good discharge to the Company. Every such cheque and warrant shall be sent at the risk of the person entitled to the money represented thereby.
Effect of transfer	141.	A transfer of shares shall not pass the right to any dividend declared on such shares before the registration of the transfer.

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### RESERVES

Power to carry profit to reserve	142.	The Directors may from time to time set aside out of the profits of the Company and carry to reserve such sums as they think proper which, at the discretion of the Directors, shall be applicable for meeting contingencies or for the gradual liquidation of any debt or liability of the Company or for repairing or maintaining the works, plant and machinery of the Company or for special dividends or bonuses or for equalising dividends or for any other purpose to which the profits of the Company may properly be applied and pending such application may either be employed in the business of the Company or be invested. The Directors may divide the reserve into such special funds as they think fit and may consolidate into one fund, any special funds or any parts of any special funds into which the reserve may have been divided. The Directors may also, without placing the same to reserve, carry forward any profits which they may think it not prudent to divide.
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### CAPITALISATION OF PROFITS AND RESERVES

Power to capitalise profits	143.	The Directors may, with the sanction of an Ordinary Resolution (including, without limitation, an Ordinary Resolution passed pursuant to Regulation 52(2)) resolve that it is desirable to capitalise any sum for the time being standing to the credit of any of the Company's reserve accounts or any sum standing to the credit of the profit and loss account or otherwise available for distribution; provided that such sum be not required for paying the dividends on any shares carrying a fixed cumulative preferential dividend and accordingly that the sum resolved to be capitalised be appropriated to the Members holding shares in the Company in the proportions in which such sum would have been divisible among them had the same been applied or have been applicable in paying dividends and to apply such sum on their behalf either in or towards paying up the amounts (if any) for the time being unpaid on any shares held by such Members respectively, or in paying up in full unissued shares or debentures of the Company, such shares or debentures to be allotted and distributed and credited as fully paid up to and among such Members in the proportion aforesaid or partly in one way and partly in the other. Where any difficulty arises in respect of any such distribution, the Directors may settle the same as they think expedient and in particular they may fix the value for distribution of any fully paid-up shares or debentures, make cash payments to any Members on the footing of the value so fixed in order to adjust rights, and vest any such shares or debentures in trustees upon such trusts for the persons entitled to share in the appropriation and distribution as may seem just and expedient to the Directors. When deemed requisite, a proper contract for the allotment and acceptance of any shares to be distributed as aforesaid shall be delivered to the Registrar of Companies for registration in accordance with the Act and the Directors may appoint any person to sign such contract on behalf of the persons entitled to share in the appropriation and distribution and such appointment shall be effective.
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Bonus shares	143A.	<p>The Directors may, with the sanction of an Ordinary Resolution issue bonus shares for which no consideration is payable to the Company to the persons registered as holders of shares in the Register of Members or (as the case may be) in the Depository Register at the close of business on:–</p> <p>(i) the date of the Ordinary Resolution (or such other date as may be specified therein or determined as therein provided); or</p> <p>(ii) (in the case of an Ordinary Resolution passed pursuant to Regulation 8) such other date as may be determined by the Directors,</p> <p>in proportion to their then holdings of shares.</p>
Directors to do all acts and things to give effect	144.	<p>The Directors may do all acts and things considered necessary or expedient to give effect to any such capitalisation and/or bonus issue with full power to the Directors to make such provision for the satisfaction of the right of the holders of such shares in the Register of Members or in the Depository Register as the case may be and as they think fit for any fractional entitlements which would arise including provisions whereby fractional entitlements are disregarded or the benefit thereof accrues to the Company rather than to the members concerned. The Directors may authorise any person to enter, on behalf of all the members interested, into an agreement with the Company providing for any such capitalisation and/or bonus issue and matters incidental thereto, and any agreement made under such authority shall be effective and binding on all concerned.</p>

### MINUTES AND BOOKS

Minutes	145.(1)	<p>The Directors shall cause minutes to be made in books to be provided for the purpose of recording:–</p> <p>(i) all appointments of officers made by the Directors;</p> <p>(ii) the names of the Directors present at each meeting of Directors and of any committee of Directors; and</p> <p>(iii) all resolutions and proceedings at all Meetings of the Company and of any class of Members, of the Directors and of committees of Directors.</p> <p>(2) Any such minutes of any meeting, if purporting to be signed by the Chairman of such meeting, or by the Chairman of the next succeeding meeting, shall be conclusive evidence without any further proof of the facts stated therein.</p>
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Keeping of Registers, etc.	146.	The Directors shall duly comply with the provisions of the Act and in particular the provisions with regard to the registration of charges created by or affecting property of the Company, a Register of Members, a Register of Mortgages and Charges and a Register of Directors' Share and Debenture Holdings and a Register of Substantial Shareholders and in regard to the production and furnishing of copies of such Registers and of any Register of Holders of Debentures of the Company.
Form of Registers, etc.	147.	Any register, index, minute book, book of accounts or other book required by these Regulations or by the Act to be kept by or on behalf of the Company may be kept in hard copy form or in electronic form and arranged in a manner that the Directors think fit in accordance with the Act. In any case where such company records are kept otherwise than in hard copy form in which bound books are not used, the Directors shall ensure that they are capital of being reproduced in hard copy form. The Directors shall, subject to the Act, take reasonable precautions in ensuring the proper maintenance and authenticity of the company records and for guarding against falsification and for facilitating discovery.

### ACCOUNTS

Directors to keep proper accounts	148.	The Directors shall cause to be kept such accounting and other records as are necessary to comply with the provisions of the Act and shall cause those records to be kept in such manner as to enable them to be conveniently and properly audited.
Location and Inspection	149.	Subject to the provisions of Section 199 of the Act, the books of accounts shall be kept at the Office or at such other place or places as the Directors think fit within Singapore and shall be open to the inspection of the Directors. No Member (other than a Director) shall have any right to inspect any account or book or document or other recording of the Company except as is conferred by law or authorised by the Directors or by an Ordinary Resolution.
Presentation of accounts	150.	In accordance with the provisions of the Act, the Directors shall cause to be prepared and to be laid before the Company in General Meeting such profit and loss accounts, balance sheets, group accounts (if any) and reports as may be necessary. The interval between the close of a financial year of the Company and the issue of accounts relating thereto shall not exceed four (4) months (or such other period as may be prescribed by the Act and the bye-laws and or listing rules of the Exchange).

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Copies of accounts	151.	Subject to the bye-laws or listing rules of the Exchange, a copy of the financial statements, or if applicable, the balance sheet and consolidated financial statements, which is to be laid before a General Meeting of the Company (including every document required by the Act to be annexed thereto) together with a copy of every report of the Auditors relating thereto and of the Directors' statement shall not less than fourteen (14) days before the date of the General Meeting (or such shorter period as may be agreed in any year for the receipt of notice of the General Meeting pursuant to the Regulation 62(1) as to the calling of General Meetings at short notice) be sent to every Member of, and every holder of debentures (if any) of, the Company and to every other person who is entitled to receive notices from the Company under the provisions of the Act or of these Regulations; provided that this Regulation shall not require a copy of these documents to be sent to any person of whose address the Company is not aware or to more than one of the joint holders of a share in the Company or the several persons entitled thereto in consequence of the death or bankruptcy of the holder or otherwise but any Member to whom a copy of these documents has not been sent shall be entitled to receive a copy free of charge on application at the Office.
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Accounts to Stock Exchange	152.	Such number of each document as is referred to in the preceding Regulation or such other number as may be required by the Exchange shall be forwarded to the Exchange at the same time as such documents are sent to the Members.
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### AUDITORS

Appointment of Auditors	153.	Auditors shall be appointed and their duties regulated in accordance with the provisions of the Act. Every Auditor of the Company shall have a right of access at all times to the accounting and other records of the Company and shall make his report as required by the Act.
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Validity of acts of Auditors in spite of some formal defect	154.	Subject to the provisions of the Act, all acts done by any person acting as an Auditor shall, as regards all persons dealing in good faith with the Company, be valid, notwithstanding that there was some defect in his appointment or that he was at the time of his appointment not qualified for appointment.
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Auditors' right to receive notices of and attend General Meetings	155.	The Auditors shall be entitled to attend any General Meeting and to receive all notices of and other communications relating to any General Meeting to which any Member is entitled and to be heard at any General Meeting on any part of the business of the Meeting which concerns them as Auditors.
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### NOTICES

Service of notices	<p>156.(a) Subject to Regulation 157, any notice or document (including without limitation, circulars, instruments appointing proxies, share or stock certificates, documents relating to any issue of securities by the Company, dividend vouchers, cheques, notices of meetings, accounts, balance sheets, financial statements, reports or other documents) may be served by the Company on any Member in any of the following ways as determined by the Company:–</p> <ul style="list-style-type: none"><li>(i) by delivering it personally to him;</li><li>(ii) by sending it through the post in a prepaid letter addressed to such Member at his registered address entered in the Register of Members or the Depository Register (as the case may be); or</li><li>(iii) by electronic communication (A) to the current address of that person or (B) by making it available on a website prescribed by the Company from time to time, in accordance with the provisions of this Constitution, the Act, applicable regulations and/or the listing rules of the Exchange,</li></ul> <p>in accordance with the provisions of, or as otherwise provided by, the Act, the bye-laws or listing rules of the Exchange and/or any other applicable laws, regulations or procedures. For the avoidance of doubt, the Company's implementation and use of electronic transmission of notice and/or documents are subject to the bye-laws or listing rules of the Exchange and any additional safeguards and/or restrictions as the Exchange may impose from time to time.</p> <p>(b) Any notice or document served under any of the provisions of this Constitution on or by the Company or any officer of the Company may be tested or verified by telephone or electronic means or such other manner as may be convenient in the circumstances but the Company and its officers are under no obligation so to test or verify any such notice or document.</p>
Implied consent	<p>156A. For the purposes of Regulation 156(a)(iii), a Member shall be deemed to have agreed to receive such notice or document by way of such electronic communication and shall not have a right to elect to receive a physical copy of such notice or document.</p>



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## APPENDIX H – THE NEW CONSTITUTION

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Deemed consent	156B.	Notwithstanding Regulation 156A, the Directors may, at their discretion, at any time give a Member an opportunity to elect within a specified period of time whether to receive such notice or document by way of electronic communication or as a physical copy, and a Member shall be deemed to have consented to receive such notice or document by way of electronic communication if he was given such an opportunity and he failed to make an election within the specified time, and he shall not in such an event have a right to receive a physical copy of such notice or document. The Directors shall abide by the provisions of the Act, applicable regulations and the bye-laws or listing rules of the Exchange in exercising their discretion under this Regulation.
	156C.	For the purposes of Regulations 156A and 156B, where the Company gives, sends or serves any notice or document to a Member by way of electronic communication by publishing the notice or document on a website, the Company shall give separate notice to the Member of such publication and the manner in which the notice or document may be accessed, at the Member's registered address or current address.
Service of notices in respect of joint holders	157.	All notices with respect to any shares to which persons are jointly entitled shall be given to whichever of such persons is named first on the Register of Members or the Depository Register (as the case may be) and notice so given shall be sufficient notice to all the holders of such shares.
Members shall be served at registered address	158.	Any Member with a registered address shall be entitled to have served upon him at such address any notice or document to which he is entitled to be served with under these Regulations.
Service of notice on Members abroad	159.	Notwithstanding Regulation 158, a Member who has no registered address in Singapore shall not be entitled to be served with any notice or document to which he would otherwise be entitled to be served with under the Regulations, unless and until he has notified in writing the Company or the Depository (as the case may be) an address in Singapore which shall be deemed his registered address for the purpose of service of any notice or document.



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## APPENDIX H – THE NEW CONSTITUTION

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Notices in cases of death or bankruptcy	160.	A person entitled to a share in consequence of the death or bankruptcy of a Member or otherwise upon supplying to the Company such evidence as the Directors may reasonably require to show his title to the share, and upon supplying also an address in Singapore for the service of notice, shall be entitled to have served upon him (subject to Regulation 159) at such address any notice or document to which the Member but for his death or bankruptcy or otherwise would be entitled and such service shall for all purposes be deemed a sufficient service of such notice or document on all persons interested (whether jointly with or as claiming through or under him) in the share. Save as aforesaid, any notice or document delivered or sent by post to or left at the registered address of any Member or given, sent or served by electronic communication to the current address (as the case may be) in pursuance of these Regulations shall (notwithstanding that such Member be then dead or bankrupt or otherwise not entitled to such share and whether or not the Company have notice of the same) be deemed to have been duly served in respect of any share registered in the name of such Member as sole or joint holder.
When service effected	161.	Any notice or other document if sent by post, and whether by airmail or not, shall be deemed to have been served on the day on which the envelope or wrapper containing the same is posted, and in proving such service by post it shall be sufficient to prove that the letter or wrapper containing the same was properly addressed and put into the post office as a prepaid letter or wrapper.
Signature on notice	162.	Any notice on behalf of the Company or of the Directors shall be deemed effectual if it purports to bear the signature of the Secretary or other duly authorised officer of the Company, whether such signature is printed or written.
Day of service not counted	163.	When a given number of days notice or notice extending over any other period is required to be given, the day of service shall, unless it is otherwise provided or required by these Regulations or by the Act, not be counted in such number of days or period.

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## APPENDIX H – THE NEW CONSTITUTION

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Service by way of electronic communication	163A.	<p>Without prejudice to the provisions of these Regulations, any notice or document (including, without limitations, share or stock certificates, documents relating to any issue of securities by the Company, dividend vouchers, cheques, notices of meetings, accounts, balance-sheets, financial statements, or reports or other documents) which is required or permitted to be given, sent or served under the Act or under this Constitution by the Company, or by the Directors, given, sent or served using electronic communication:–</p> <p>(i) to the current address of a person pursuant to Regulation 156(a)(iii)(A) shall be deemed to have been duly given, sent or served at the time of transmission of the electronic communication by the email server or facility operated by the Company or its service provider to the current address of such person (notwithstanding any delayed receipt, non-delivery or “returned mail” reply message or any other error message indicating that the electronic communication was delayed or not successfully sent), unless otherwise provided under the Act, any other applicable regulations, procedures and/or the bye-laws or listing rules of the Exchange; and</p> <p>(ii) by making it available on a website pursuant to Regulation 156(a)(iii)(B), it shall be deemed to have been duly given, sent or served on the date on which the notice or document is first made available on the website, or unless otherwise provided under the Act, any other applicable regulations, procedures and/or the bye-laws or listing rules of the Exchange.</p>
Notice of General Meeting	164.	<p>Notice of every General Meeting shall be given in manner hereinbefore authorised to:–</p> <p>(i) every Member;</p> <p>(ii) every person entitled to a share in consequence of the death or bankruptcy or otherwise of a Member who but for the same would be entitled to receive notice of the Meeting;</p> <p>(iii) the Auditor for the time being of the Company; and</p> <p>(iv) the Exchange.</p>

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## APPENDIX H – THE NEW CONSTITUTION

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### WINDING UP

Directors winding-up	165.	The Directors shall have power in the name and on behalf of the Company to present a petition to the court for the Company to be wound up.
Distribution of assets in specie	165A.	If the Company is wound up (whether the liquidation is voluntary, under supervision or by the Court) the liquidator may, with the authority of a Special Resolution, divide among the Members in specie or kind the whole or any part of the assets of the Company and whether or not the assets shall consist of property of one kind or shall consist of properties of different kinds and may for such purpose set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the Members or different classes of Members. The liquidator may, with the like authority, vest the whole or any part of the assets in trustees upon such trusts for the benefit of Members as the liquidator with the like authority thinks fit, and the liquidation of the Company may be closed and the Company dissolved, but no Member shall be compelled to accept any shares or other securities in respect of which there is a liability.
Appointment of local resident to accept service	165B.	In the event of a winding up of the Company, every member of the Company who is not for the time being in the Republic of Singapore shall be bound, within fourteen (14) days after the passing of an effective resolution to wind up the Company voluntarily, or within the like period after the making of an order for the winding up of the Company, to serve notice in writing on the Company appointing some householder in the Republic of Singapore upon whom all summonses, notices, processes, orders and judgments in relation to or under the winding up of the Company may be served, and in default of such nomination the liquidator of the Company shall be at liberty on behalf of such Member to appoint some such person, and service upon any such appointee shall be deemed to be a good personal service on such Member for all purposes, and where the liquidator makes any such appointment he shall, with all convenient speed, give notice thereof to such Member by advertisement in any leading daily newspaper in the English language in circulation in Singapore or by a registered letter sent through the post and addressed to such Member at his address as appearing in the Register of Members or (as the case may be) the Depository Register, and such notice shall be deemed to be served on the day following that on which the advertisement appears or the letter is posted.

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## APPENDIX H – THE NEW CONSTITUTION

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### INDEMNITY

Indemnity of Directors and officers	166.	To the fullest extent permitted by the Act, every Director, Auditor, Secretary or other officer of the Company shall be entitled to be indemnified by the Company against all costs, charges, losses, expenses and liabilities incurred by him in the execution and discharge of his duties or in relation thereto. Every officer of the Company shall be entitled to be indemnified by the Company against any liability (other than any liability referred to in Section 172B of the Act) incurred by that officer to a person other than the Company, attaching to the officer in connection with any negligence, default, breach of duty or breach of trust in relation to the Company. In particular and without prejudice to the generality of the foregoing, no Director, Secretary or other officer of the Company shall be liable for the acts, receipts, neglects or defaults of any other Director or officer or for joining in any receipt or other act for conformity or for any loss or expense happening to the Company through the insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any person with whom any moneys, securities or effects shall be deposited or left or for any other loss, damage or misfortune whatever which shall happen in the execution of the duties of his office or in relation thereto unless the same happen through his own negligence, wilful default, breach of duty or breach of trust.
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### SECRECY

Secrecy	167.	No Member shall be entitled to require discovery of or any information relating to any detail of the Company's trade or any matter which may be in the nature of a trade secret, mystery of trade or secret process which may relate to the conduct of the business of the Company and which in the opinion of the Directors it will be inexpedient in the interest of the Members of the Company to communicate to the public save as may be authorised by law or required by the bye-laws or listing rules of the Exchange.
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## APPENDIX H – THE NEW CONSTITUTION

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### PERSONAL DATA

Personal data	168.(1)	<p>Any natural person, by subscribing for or acquiring (whether from the Company or any third party) any shares, debentures or other securities, rights, options or other interests in or relating to the Company, becoming a Director or other officer of the Company, accepting appointment and/or acting as proxy, attorney or corporate representative of any Member, or participating in any corporate action relating to the Company, consents to the collection, use and disclosure of his personal data by the Company, its agents or service providers (whether such personal data has been provided directly by him or collected through a third party), from time to time for any of the following purposes:–</p> <ul style="list-style-type: none"><li>(i) facilitating appointment as a Director or other officer or corporate representative of the Company;</li><li>(ii) implementation and administration of any corporate action by the Company (or its agents or service providers);</li><li>(iii) internal analysis and/or market research by the Company (or its agents or service providers);</li><li>(iv) investor relations communications by the Company (or its agents or service providers);</li><li>(v) administration of the Company (including but not limited to the maintenance of statutory registers, payment of remuneration of Directors and other officers of the Company, and administration of holdings of shares, debentures or other securities of the Company), by the Company or its agents or service providers;</li><li>(vi) implementation and administration or any service provided by the Company (or its agents or service providers) to the Members or holders of shares, debentures other securities of the Company, to receive notices of meeting, annual reports, circulars and letters, and other communications to Members or holders of other securities, and/or for proxy appointment, whether by electronic means or otherwise;</li><li>(vii) processing, administration and analysis by the Company (or its agents or service providers) of attorneys, proxies and representatives appointed for any general meeting (including any adjournment thereof), and the preparation and compilation of the attendance lists, notes of meeting, minutes of meeting and other documents relating to any general meeting (including any adjournment thereof), including but not limited to making the same available to the Members or on the Company's website or in any other media;</li></ul>
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## APPENDIX H – THE NEW CONSTITUTION

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- (viii) implementation and administration of, and compliance with, any provision of this Constitution;
  - (ix) compliance with any applicable laws and regulations, listing rules (including but not limited to any relating to the disclosure of material information or prescribed information), take-over rules, codes and/or guidelines, and provision of assistance and information in connection with regulatory inquiries and investigations by relevant authorities;
  - (x) any other purposes specified in the Company's prevailing privacy or data protection policies; and
  - (xi) any purposes which are reasonably related to any of the above purposes.
- (2) Without prejudice to Regulation 168(1), where any Member or any other person or entity provides any personal data relating to any proxy, attorney, corporate representative or other third party for any general meeting or any adjournment thereof or in connection with any of the matters referenced in Regulation 168(1), it warrants to the Company that it has obtained the prior consent of that proxy, attorney, corporate representative or other third party for the collection, use and disclosure of the personal data for any and all purposes set out in Regulation 168(1), and is deemed to have agreed to indemnify the Company in respect of any claims, actions, proceedings, losses, damages, liabilities, penalties, costs and expenses brought against the Company or suffered or incurred by the Company as a result of such Member's breach of warranty.

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## APPENDIX H – THE NEW CONSTITUTION

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Name, Address and Description of Subscribers

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TEA YEOK KIAN

27 Lengkok Mariam  
Singapore 509130

Director

SIM AI LENG (SHEN AILING)

6 Lorong 7 Toa Payoh  
#03-183 Singapore 310006

Director

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Dated this 8th day of April 2004

Witness to the above signatures:

Chow Li Shi  
Advocate & Solicitor  
20 Raffles Place #17-00  
Ocean Towers  
Singapore 048620

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## APPENDIX I – EXTRACTS OF THE PROPOSED KEY AMENDMENTS TO THE EXISTING CONSTITUTION

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Set out below are the key provisions in the New Constitution which are significantly different from the equivalent provisions in the Existing Constitution, or which have been included in the New Constitution as new provisions. It is proposed that the following regulations in the Existing Constitution be amended in the following manner where text in strikethrough indicates deletions from, and underlined text indicates additions to, the Existing Constitution.

### New Regulation 66A

Meetings via electronic means      66A

The Members may participate at a General Meeting by electronic means, including but not limited to electronic communication, video conference, tele-conference or such other electronic means whereby all persons participating in the meeting are able to hear and, if applicable, see each other and such participation shall constitute presence in person at such meeting and Members (or their proxy or, in the case of a corporation, their respective corporate representatives) so participating shall be counted in the quorum for the General Meeting. Such General Meeting shall be deemed to take place where the largest group of Members (or their proxy, or in the case of a corporation, their respective corporate representatives) present for purposes of the General Meeting is assembled or, if there is not such group, where the Chairman of the General Meeting is present. Provided always that the convening, holding and/or conduct of such a meeting shall be subject to the Act and the bye-laws or listing rules of the Exchange.

### Regulation 85 of the Existing Constitution

~~To be left at  
Company's office  
Deposit of instrument  
of proxy~~

85.      The instrument appointing a proxy, together with the power of attorney or other authority, if any, under which the instrument of proxy is signed or a duly certified copy of that power of attorney or other authority (failing previous registration with the Company) shall be attached to the instrument of proxy and (i) if sent personally or by post, must be left at the Office or such other place (if any) as is specified for the purpose in the notice convening the General Meeting; or (ii) if submitted by electronic communication, must be received through such means as may be specified for that purpose in or by way of note to or in any document accompanying the notice convening the meeting, and in either case not less than seventy (72) hours before the time appointed for the holding of the General Meeting or adjourned General Meeting (or in the case of a poll before the time appointed for the taking of the poll) at which it is to be used, failing which the instrument may be treated as invalid.



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## APPENDIX I – EXTRACTS OF THE PROPOSED KEY AMENDMENTS TO THE EXISTING CONSTITUTION

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The Directors may, in their absolute discretion, and in relation to such Members or class of Members as they may determine, specify the means through which instruments appointing a proxy may be submitted by electronic communications. Where the Directors do not so specify in relation to a Member (whether a class or otherwise), the instrument appointing a proxy must be sent personally or by post.

An instrument appointing a proxy shall, unless the contrary is stated thereon, be valid as well for any adjournment of the Meeting as for the Meeting to which it relates provided that an instrument of proxy relating to more than one General Meeting (including any adjournment thereof) having once been so delivered for the purposes of any meeting shall not be required again to be delivered for the purposes of any subsequent General Meeting to which it relates.

An instrument of proxy shall be deemed to include the power to demand or concur in demanding a poll on behalf of the appointer.

Unless otherwise instructed, a proxy shall vote as he thinks fit. The signature on an instrument appointing a proxy need not be witnessed.

The deposit of an instrument appointing a proxy does not preclude the Member concerned from attending and voting in person at the General Meeting, as well as for any adjournment of the General Meeting to which it relates. In such an event, the appointment of the proxy or proxies is deemed to be revoked by the Member concerned at the point when the Member attends the General Meeting.

### Regulation 156.(a) of the Existing Constitution

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| Service of notices | <p>156.(a) Subject to Regulation 157, any notice or document (including without limitation, <u>circulars, instruments appointing proxies</u>, share or stock certificates, documents relating to any issue of securities by the Company, dividend vouchers, cheques, notices of meetings, accounts, balance sheets, financial statements, reports or other documents) may be served by the Company on any Member in any of the following ways as determined by the Company:–</p> <ul style="list-style-type: none"><li>(i) by delivering it personally to him;</li><li>(ii) by sending it through the post in a prepaid letter addressed to such Member at his registered address entered in the Register of Members or the Depository Register (as the case may be); or</li></ul> |
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## APPENDIX I – EXTRACTS OF THE PROPOSED KEY AMENDMENTS TO THE EXISTING CONSTITUTION

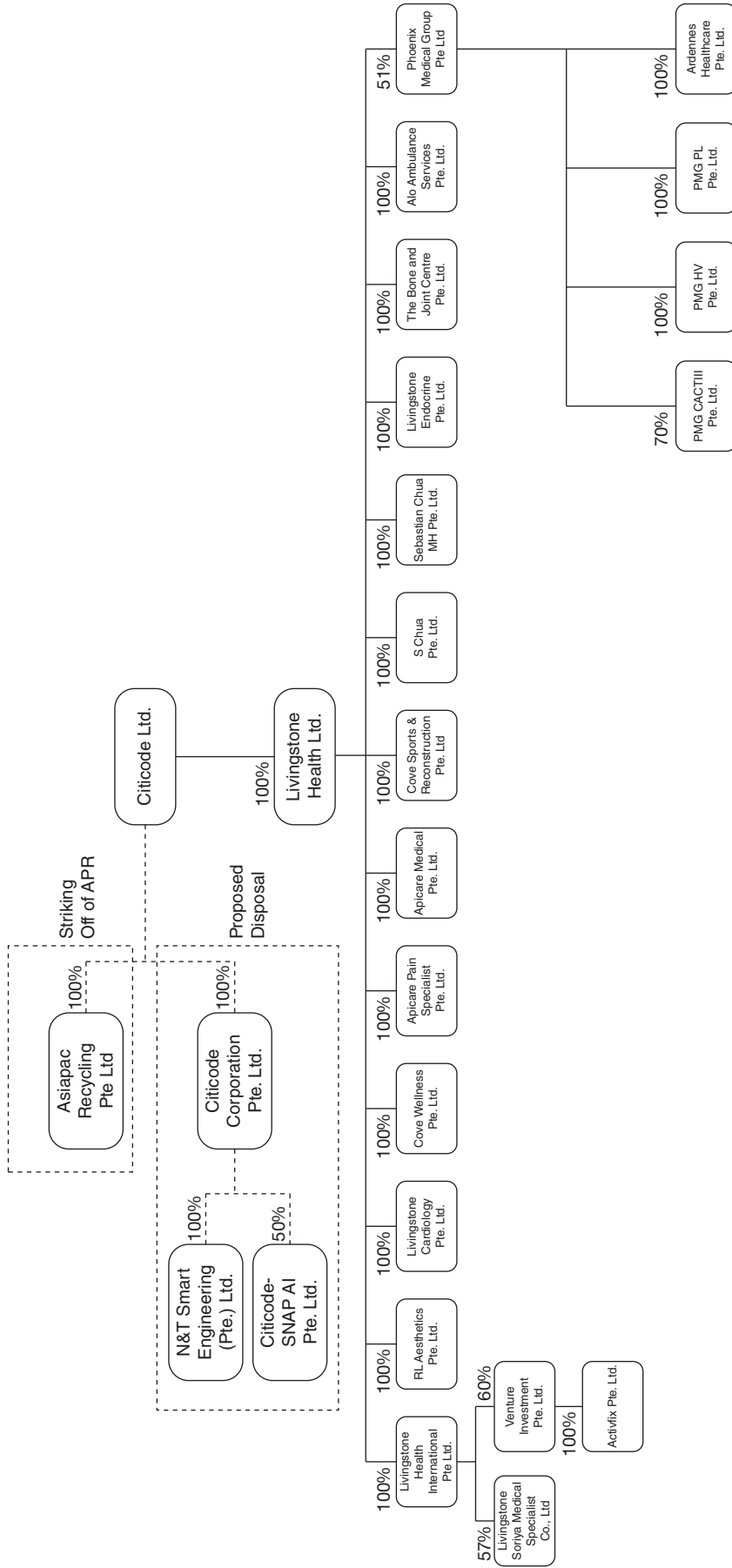
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- (iii) by electronic communication (A) to the current address of that person or (B) by making it available on a website prescribed by the Company from time to time, in accordance with the provisions of this Constitution, the Act, applicable regulations and/or the listing rules of the Exchange,

in accordance with the provisions of, or as otherwise provided by, the Act, the bye-laws or listing rules of the Exchange and/or any other applicable laws, regulations or procedures. For the avoidance of doubt, the Company's implementation and use of electronic transmission of notice and/or documents are subject to the bye-laws or listing rules of the Exchange and any additional safeguards and/or restrictions as the Exchange may impose from time to time.

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## APPENDIX J – ENLARGED GROUP STRUCTURE



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城式企业