

Press Release

SGX-Listed Citicode, Seeking Transformation Under New Board Led by Executive Chairman Teh Wing Kwan, Proposes To Acquire Homegrown Livingstone Health For Up To S\$72.0 Million

- Upon shareholder approval, completion of transaction will constitute a reverse takeover, and will turn the page for Citicode's transformation under the board of directors led by Teh, who is also CEO and single-largest shareholder
- Transaction will offer a capital market platform for multidisciplinary healthcare specialist Livingstone Health as it re-positions itself for growth opportunities in Singapore and ASEAN, after restructuring and rebranding itself from the previous "Ardmore Medical"
- The acquisition allows for strategic collaboration opportunities in integrated healthcare services as Citicode seeks to expand and diversify into the fast-growing healthcare sector in Singapore and ASEAN
- Conditional Sale and Purchase Agreement pegs base consideration for Livingstone Health at S\$47.0 million, plus deferred consideration of S\$25.0 million if the Adjusted Net Profit After Tax is no less than S\$4.8 million in FY2021. Transaction is to be satisfied by cash payment of up to S\$3.5 million and issue of new shares post-consolidation
- Citicode will consolidate its shares by 500-to-one from 41.3 billion to 82.6 million shares. After issuing new shares to the vendors of Livingstone Health including for the full deferred consideration, Citicode's shares outstanding will be enlarged to 425.1 million

SINGAPORE, 29 July 2020 – Singapore Exchange ("SGX-ST")-listed Citicode Ltd. ("Citicode" "城式企业") said today it intends to acquire homegrown Livingstone Health Ltd. ("Livingstone Health") for up to S\$72.0 million. Upon completion, the transaction will constitute a reverse takeover ("RTO") which will mark a new phase of transformation of the former Advance SCT Limited ("Advance SCT") under the new leadership of its Executive Chairman and CEO, Mr Teh Wing Kwan ("Teh") and propel a new growth chapter for Citicode involving healthcare opportunities in Singapore and ASEAN.

Citicode announced a conditional sale and purchase agreement to acquire Livingstone Health, formerly known as Ardmore Medical Group Limited ("Ardmore Medical"), at a base consideration of S\$47.0 million with a deferred consideration of up to S\$25.0 million – to be satisfied by payment of S\$3.5 million in cash and issue of new Citicode shares.

Citicode will first consolidate its shares by a ratio of 500 existing shares to one, reducing its shares outstanding from 41.3 billion to 82.6 million. It will then issue up to 342.5 million new consolidated shares at S\$0.20 per share to vendors of Livingstone Health. In connection with the transaction, Citicode will transfer its listing from the Mainboard to the Catalist Board of the SGX-ST.

With a market capitalisation of S\$41.3 million based on its last closing price of 0.1 Singapore cent, Citicode said it needs to consolidate its shares on this scale to facilitate commercial discussions and execute the RTO.

The issuance of all consideration shares to vendors – comprising Livingstone Health Consolidated Pte. Ltd. (“LVS”), ICH Capital Pte. Ltd., Mr Dax Ng and Dr Chua Hshan Cher – will enlarge Citicode’s post-consolidation shares outstanding up to 425.1 million shares if the deferred consideration is paid in full. Livingstone Health, which has a paid-up capital of S\$3.3 million, recorded revenue of S\$14.7 million and net profit before tax (“NPAT”) of S\$1.9 million for the financial year ended 31 December 2019 (“FY2019”)[^]. Excluding one-off expenses and other adjustments, its unaudited NPAT for FY2019 would have been S\$3.8 million[^], approximately 12.4% higher than that for FY2018.

Based in Singapore, Livingstone Health offers specialist healthcare services including orthopaedic surgery, anaesthesiology and pain management, aesthetics and wellness, cardiology and family medicine. It has also ventured into other paramedical products and services, such as a joint venture in Cambodia to provide aesthetics and wellness services, as well as healthcare design consultancy services.

In August 2019, the medical group, then known as Ardmore Medical, withdrew its proposal to list on the Catalist Board, citing developments related to its business operations at that time and changing market conditions. With its new CEO Dr Wilson Tay leading the expansion plans, Livingstone Health has since grown to 13 medical doctors (from five previously) and 10 medical clinics (from four) while continuing to operate a medical spa. It has also expanded into cardiology and ventured into primary healthcare by acquiring a majority stake in homegrown family medicine specialist Phoenix Medical Group.

The proposed transaction values Livingstone Health at up to S\$72.0 million, including the deferred consideration of S\$25.0 million if the adjusted NPAT is no less than S\$4.8 million for FY2021. Assuming the deferred consideration is satisfied in full, the vendors of Livingstone Health will own up to approximately 80.5% of the enlarged equity base of Citicode.

Citicode will hold an Extraordinary General Meeting (“EGM”) to seek shareholder approval of the proposed RTO. The details for the EGM will be provided in due course.

The proposed transaction represents a major strategic shift for Citicode under the leadership of Teh who was appointed Chairman in June 2018 after acquiring 28.73% equity interest to emerge as its single largest shareholder.

Under the previous management, Advance SCT had been placed under various schemes of arrangement and debt restructuring. While facing several lawsuits, it was placed under the watch-list of the SGX-ST in March 2015, and the trading of shares was suspended from January 2016 to February 2018. It disposed all legacy subsidiaries except one related to trading of copper-related products and subsequently exited the watch-list in June 2018. These legacy corporate exercises had enlarged its shares outstanding substantially to 41.3 billion, limiting fund-raising opportunities.

Advance SCT changed its name to Citicode under Teh’s leadership, who has set new investment strategies and evaluated new business opportunities. These strategies included a diversification into mechanical and engineering (“M&E”) consultancy services for mission critical facilities and smart city applications, as well as a joint venture with SNAP Innovations, a technology company focusing on developing artificial intelligence and machine learning solutions. Teh also began evaluating growth strategies through acquisitions.

Citicode had previously entered into discussions with Livingstone Health to evaluate design and consultancy services for development of a new medical centre in ASEAN. Sensing an opportunity to strengthen the strategic partnership to provide integrated healthcare and engineering consultancy services in Asia, Teh then considered the possibility of acquiring the medical group. Citicode and the vendors commenced negotiations in late 2019.

[^] The FY2019 figures and adjusted figures set out in this announcement are based on the unaudited management accounts of Livingstone Health and are subject to change pursuant to completion of the audit process.

“With disruptions due to COVID-19 and an imminent recession, Citicode’s commodities trading activities face additional uncertainty, while its M&E projects have to contend with long gestation periods and supply chain disruptions. This deal can contribute to a sustainable turnaround for us. It will improve financial performance, reposition Citicode for future fund-raising and mitigate risks associated with our current businesses,” said Teh. “Taking place amid a challenging time, this transaction will unveil a new and exciting chapter for Citicode.”

Livingstone Health’s Dr Wilson Tay said: “The proposal for this RTO has come after careful evaluation that followed an intensive period of our restructuring, expansion and acquisition. We have a high level of confidence in Wing Kwan, and believe that the Livingstone Health vision can be manifested across Singapore and ASEAN through this partnership with Citicode.”

Trading in shares of Citicode had been halted since Monday, 27 July 2020, and will resume on Thursday, 30 July 2020. SAC Capital Private Limited has been appointed as the financial adviser of this transaction.

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About Citicode Ltd. (SGX:5FH)

Listed on the Mainboard of the Singapore Exchange since 2004, Citicode Ltd. is the result of the business transformation and corporate rebranding of the former Advance SCT Limited in 2018. Citicode, or 城式企业 in Chinese, reflects the reimagined corporate identity composed by the new Board and management team.

Citicode has diversified into new business segments including M&E for mission critical functions, as well as civil and structural engineering for land transport infrastructure, with a view to form an ecosystem to support smart city applications while evaluating other strategic application plans. It also has a subsidiary which trades exchange-regulated metal products.

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