

Response to Questions from SIAS on Annual Report 2021

The board of directors (“**Board**” or “**Directors**”) of Livingstone Health Holdings Limited (“**Livingstone Health**”, or the “**Company**” and together with its subsidiaries, the “**Group**”) refers to the queries from the Securities Investors Association (Singapore) (“**SIAS**”) on the Company’s Annual Report 2021. The Company sets out its responses below.

Note:

As part of our continuous effort to communicate with Shareholders, we have made voluntary disclosure here in responding to SIAS’s questions. Shareholders may read our reply in conjunction with the Corporate and Business Update dated 13 April 2021 in which we have provided detailed information in connection with our (i) Corporate Strategies; (ii) Impact and Response to the Covid-19 Pandemic; (iii) Financial Effects of the RTO and (iv) Conclusion and Outlook. However, we are not able to include any details or information which had not previously been disclosed and / or announced.

Shareholders may also take note that most of the information provided herein had previously been disclosed in our recent corporate update, latest results announcements for financial period ended 31 March 2021 (“FY2021”), annual report for FY2021 and Shareholders’ Circular dated 31 December 2020.

Q1. Following the reverse takeover (“RTO”) of Livingstone Health Holdings Limited on 5 February 2021, the group now operates 12 clinics, one medical spa and one health screening centre in Singapore with a network of 16 doctors offering five medical specialisations.

The group consists of both primary and tertiary healthcare. The primary healthcare line comprises Phoenix Medical Group, which provides family medical services in Singapore. The tertiary healthcare line comprises medical specialists that include anaesthesiology and pain management, internal medicine, orthopaedic surgery and aesthetics.

For the 15 months ended FY2021, the continuing operations recorded a total revenue of S\$24.3 million driven mainly by (i) higher contributions from tertiary specialisations specifically, anaesthesiology, pain management and orthopaedic surgery; and (ii) our primary healthcare arm Phoenix Medical Group.

- (i) Can management elaborate further on the expansion plans in the primary and tertiary healthcare segments?**

Please refer to (i) Corporate and Business Update dated 13 April 2021 and (ii) Press Release dated 28 May 2021. In these previous announcements, we have disclosed details of our expansion plans for the primary and tertiary healthcare segments. Specifically (i) strengthening the Livingstone Health ecosystem; (ii) deepening market penetration in Singapore via existing footprint of clinics and (iii) enlarging our pool of doctors and offering a wider range of surgical specialisations.

In these respects, our number of doctors has increased from 5 at the end of 2019 to 16 doctors currently for Family Medicine, Orthopaedic Surgeons, Internal Medicine, Aesthetics and Anaesthesia. As disclosed, over the next three years, we intend to grow the Group’s talent pool and number of doctors to approximately double from its current levels.

- (ii) In addition, how does the 51%-held primary healthcare arm, Phoenix Medical Group, differentiate itself from other healthcare providers? Are there plans to expand the network of clinics?**

Please refer to Press Release dated 21 May 2021 for details, which we announced the launch of “Ardennes” under our primary healthcare arm, Pheonix Medical Group (“PMG”). Ardennes Healthcare Pte Ltd (“Ardennes”), led by an experienced clinical team, offers laboratory and radiology-based services such as blood tests, X-ray and ultrasound to these corporate clients as well as middle-upper PMETs. If abnormalities are picked up during screening, such patients will be referred to the Group’s list of medical specialists for treatments. As previously disclosed, PMG intends to expand from four clinics to between six to ten clinics over the next three years.

- (iii) To help shareholders better understand the group’s operations, please provide the name of the clinics, the locations and the services provided.**

Please refer to Appendix A of Shareholders’ Circular dated 31 December 2020 on page A-18 and A-19 for details of our clinic and services provided. For the ease of reference, our clinics offer the following services: Aesthetics & Wellness, Internal Medicine, Orthopaedic Surgery, Pain & Anaesthesiology, Physiotherapy and Family Medicine.

Our clinics are located in Farrer Park Medical Centre, Mount Elizabeth Medical Centre, Mount Alvernia Hospital, Parkway East Medical Centre, Mount Elizabeth Novena Medical Centre, Wheelock Place, Paya Lebar Square, Greenwich V, Novena Regency and Lucky Plaza Medical Suites.

- (iv) How does the group intend to hire specialists and/or add to its specialisations? Given the intense competition in the market, and the group’s current scale and relatively short track record, how can management attract experienced doctors to join the group?**

While the industry is known to be competitive, we have been able to remain nimble and adaptable, making significant progress in a short time. Our doctors are very much aligned with the Group’s vision, and share similar mindsets and ethos particularly when it comes to having a patient-centric approach, career progression and adoption of technology. As such, we believe many doctors who are dynamic and driven would be keen to join such a fast-growing team.

- (v) How is the group looking to fund its outlined strategies and growth initiatives (question 2)? The group has stated its intention to “remain financially prudent” as it continues its expansion plans, although net debt and total equity stood at \$2.54 million and \$1.90 million, respectively (page 151 – Capital management policies and objectives), i.e. net debt to total equity ratio of 1.33 times.**

The outlined strategies and growth initiatives are relatively “asset-light” which can be funded by internally generated resources (i.e. positive operating cash flows) and bank borrowings (i.e. at commercially acceptable rates) for now. Please note that the existing gearing ratio has been computed based on a lower equity base after accounting for one-off and non-recurring RTO Financial Effects.

Q2. In addition, the group has expanded to Cambodia for the provision of aesthetics and wellness services, 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.

- (i) Can the company help shareholders understand the track record and experience of management in overseas markets (especially developing markets) and in real estate development?**

Our first overseas project was initiated in 2018 in Cambodia where we provided healthcare management consultancy project for Olympia medical hub, a flagship project within Phnom Penh. The consultation included different aspects of healthcare design including operating theatre workflow, radiology and imaging as well as overall clinical designs for the medical suites. Please note that we are not in real estate development.

(ii) What is the amount that is earmarked for its activities in Cambodia?

As disclosed in the circular dated 31 December 2020, our subsidiary had invested approximately US\$0.34 million for the joint venture with Dr Hy Soryaphea in Cambodia.

(iii) Can the board also help shareholders understand the ground sentiments in Cambodia given that the country is experiencing a surge in COVID-19 infections?

Like many other countries, restrictions imposed to contain the spread of COVID-19 have affected businesses in various industries and re-opening would probably depend largely on the pace of vaccines rollout. Our aesthetic and wellness business in Cambodia is not exempted. We are monitoring the situation closely. However, please note the Group's business and profitability are currently not dependent on business activities in Cambodia.

(iv) What is the profile and the financial situation of the joint venture partner in Cambodia? What are the expected contributions by the group and by the joint venture partner, other than capital?

Soriya Hospital is a 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. The joint venture was formed before the COVID-19 pandemic, and we believe the networks of the local partner are highly relevant while we intend to leverage on the Singapore healthcare brand and our medical expertise.

(v) What are the other milestones or targets following the Memorandum of Understanding ("MOU") with China's state-owned China Machinery Engineering Corporation and Singapore-based CPG Consultants that was signed in April 2021? Can management elaborate further on the envisaged value-add by the group in this consortium?

Project consortium in evaluating collaboration opportunities in potential integrated healthcare infrastructure projects requires different levels of expertise, ranging from project planning, contracts management, project financing, facilities management to medical experiences, among others. As stated in the announcement dated 13 April 2021, we intend to support as a key medical consultant, being a Singapore-based multidisciplinary specialist healthcare group and we will make further announcements as and when there are material developments to the MOU.

Q3. The board currently comprises one executive director, one non-independent and nonexecutive chairman and three independent and non-executive directors.

The biographies of the directors can be found on pages 4 and 5 of the annual report. Details of the directors as required under Rule 1204(10B) of the Catalist Rules and additional information on directors seeking re-election can be found on pages 24 and 58 to 69 respectively.

- (i) Has the nominating committee (NC) reviewed the overall desired competency matrix of the board and identified any gaps in skills or competencies that could be addressed in future director appointments, especially following the RTO of the medical business?**

As disclosed on Page 30, 33 and 34 of the Annual Report under our Corporate Governance Report in the Annual Report 2021, the Board's policy in identifying director nominees is primarily to have an appropriate balance and mix of Directors with complementary skills, knowledge, experience and core competencies for the Group. The Board considered its existing Board composition appropriate, taking into account the nature and scope of the Group's operations and requirements of the business for the time being.

- (ii) How effective are the non-executive directors at providing guidance on operational and medical-related matters when the non-executive directors collectively have no experience managing or working in a medical facility?**

Specifically, the four non-executive directors (including the three independent directors) have no medical background.

Additionally, the executive director and chief executive officer, Dr. Wilson Tay, is a first time director of a listed company in Singapore.

- (iii) Can the director help shareholders understand if he is still running any medical practice? If so, how is he able to devote sufficient time, energy and attention to the matters of the group as the executive director and CEO?**

The Group believes that medical related experience is more relevant to key executive appointments such as executive directors and executive officers. The CEO and executive director, Dr Wilson Tay, is well supported by a executive team, supported by the Chief Business Officer, Head of Operations (who has relevant work experience in medical facilities), as well as a pool of experienced medical doctors who have also been appointed as Chief Operating Officer, Chief Medical Officer and Head of Orthopaedic Surgery.

The Company is also guided by the Non-Executive Directors who are corporate veterans with significant experiences in publicly listed companies. The diversity of thought and background in the existing Board composition, with wide spectrum of knowledge and skills, enables strategic discussions and effective debates over key corporate matters. Our Lead Independent Director, Mr Fong Heng Boo is also a director of Singapore General Hospital Pte Ltd and Singapore Health Services Pte Ltd.

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

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