



MEDI LIFESTYLE LIMITED

(Company Registration No: 201117734D)
(Incorporated in the Republic of Singapore on 26 July 2011)

**DISCLAIMER OF OPINION ON FINANCIAL STATEMENTS FOR
THE FINANCIAL YEAR ENDED 31 DECEMBER 2021**

Pursuant to Rule 704(4) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”), the board of directors (the “**Board**” or “**Directors**”) of Medi Lifestyle Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that the Company’s Independent Auditor, Mazars LLP (the “**Auditor**”) has included a disclaimer of opinion (“**Disclaimer of Opinion**”) in their report (the “**Independent Auditor’s Report**”) in respect of the Group’s going concern assumption in the audited financial statements of the Group and Company for the financial year ended 31 December 2021 (“**FY2021**”) (the “**Audited Financial Statements**”).

The bases for the Disclaimer of Opinion are contained in the Independent Auditor’s Report, which is annexed to this announcement. The Independent Auditor’s Report and the Audited Financial Statements forms part of the Company’s Annual Report for FY2021 (the “**2021 Annual Report**”) which will be released to the shareholders of the Company (the “**Shareholders**”) in due course. Shareholders are advised to read the Independent Auditor’s Report and the 2021 Annual Report in their entirety.

Going Concern Assumption

The following is an extract of Note 1 to the Audited Financial Statements pertaining to the subject of this announcement:

Note 1

As at 31 December 2021, the Group was in a capital deficiency position of RM5,929,447 (2020: net equity position of RM7,607,580) and the Company and Group were in a net current liability position of RM6,072,976 and RM2,706,210, respectively (2020: net current liability of RM8,507,591 and RM1,243,275, respectively). The Group incurred a net loss of RM13,661,359 (2020: RM4,376,804) resulting from continuing operations and net operating cash outflow of RM4,107,757 (2020: RM10,522,071) for the financial year then ended. These conditions indicate the existence of material uncertainty which may cast significant doubt on the Group’s and the Company’s abilities to continue as going concerns. To support the financial statements having been prepared on a going concern basis and to ensure the adequacy of funds required to meet its obligations, working capital and capital commitment needs, the Group prepared a 15-months consolidated cash flow forecast from 1 January 2022 (“**Cash Flow Forecast**”). In preparing the Cash Flow Forecast, the management has taken the following into consideration:

- (i) New capital to be raised of up to S\$3.0 million which may be in equity, debt or combination thereof, to finance capital outlays set out in (ii) below and to repay convertible loans with principal sum of S\$0.65 million and accumulated interest;
- (ii) The Group plans to spend on capital outlays of up to S\$0.5 million, subject to sufficient funds being raised, which are required for the renovation of a new confinement centre at Mines2 in the Klang Valley region and 2 new chiropractic and physiotherapy centres, and such a sum is not yet contractually committed. The confinement centre is expected to commence operations by fourth quarter 2022 whilst chiropractic and physiotherapy centres are to commence operations over the course of 2022; and
- (iii) Letters of undertaking have been obtained from two creditors, to not demand repayment of the amounts owing to them approximately of RM1.6 million until resources permit; and
- (iv) Letter of financial support from a substantial shareholder who has agreed to provide up to S\$5.0 million for the Group to meet its liabilities and its normal operating expenses as and when required.

The carrying value of the assets as recorded on the statements of financial position of the Group and Company as at 31 December 2021 has been determined based on the continuation of the Group and Company as a going concern and

recovery in the normal course of business. If the going concern assumption is not appropriate and the financial statements were presented on a realisation basis, the carrying value of assets and liabilities may be materially different from that currently recorded in the statements of financial position. If the Group and Company were unable to continue in operational existence for the foreseeable future, the Group and Company may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statements of financial position.

Board's Comments

Barring any unforeseen circumstances and any further serious adverse impact of the Covid-19 pandemic, the Directors do not consider it inappropriate to prepare the Audited Financial Statements of the Group and Company on a going concern basis, having review to the followings:

- (i) the Cash Flow Forecast, which includes estimated earnings from the Healthcare Sector and Outsourced Services Sector for the financial year ending 31 December 2022;
- (ii) planned fund-raising of up to S\$3.0 million which may be in equity, debt or combination thereof, to finance capital outlays elaborated above and to repay convertible loans with principal sum of S\$0.65 million and accumulated interest;
- (iii) Letters of undertaking have been obtained from two creditors, to not demand repayment of the amounts owing to them approximately of RM1.6 million until resources permit; and
- (iv) letter of financial support from a substantial shareholder who has agreed to provide up to S\$5.0 million for the Group to meet its liabilities and its normal operating expenses as and when required.

Further, the Board is of the opinion that sufficient information has been disclosed for the trading of the Company's securities to continue in an orderly manner and the Board is not aware of any material information that requires disclosure but remains undisclosed as of the date of this announcement.

Shareholders and potential investors are reminded to exercise caution while dealing in the shares of the Company. In the event that shareholders and other investors are in doubt when dealing in the share of the Company, they should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.

By Order of the Board

Dato' Low Koon Poh
Executive Chairman & Chief Executive Officer
11 May 2022

MEDIA CONTACT

For media queries, please contact;

Medi Lifestyle Limited

Corporate Communications Department

Tel: +65 6299 9881

Jeysie Wong (Mobile +60 13 257 2787, Email: jeysie.wong@medi-lifestyle.com)

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

The contact person for the Sponsor is Ms Charmian Lim, at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542, telephone: (65) 6232 3210.

INDEPENDENT AUDITORS' REPORT

To the members of Medi Lifestyle Limited

Report on the Audit of Financial Statements

Disclaimer of Opinion

We were engaged to audit the financial statements of Medi Lifestyle Limited (the “**Company**”) and its subsidiaries (the “**Group**”) which comprise the statements of financial position of the Group and of the Company as at 31 December 2021, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group, and the statement of changes in equity of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 56 to 127.

We do not express an opinion on the accompanying financial statements of the Group and the statement of financial position of the Company. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

Use of the going concern assumption

As at 31 December 2021, the Group was in a capital deficiency position of RM5,929,447 and the Group and Company were in a net current liability position of RM6,072,976 and RM2,706,210, respectively. The Group incurred a net loss of RM13,661,359 resulting from continuing operations and net operating cash outflow of RM4,107,757 for the financial year then ended. These conditions indicate that a material uncertainty which may cast significant doubt on the Group's and the Company's abilities to continue as going concerns.

Notwithstanding the above conditions, the Group and Company have prepared the financial statements on a going concern basis on the premises as disclosed in Note 1 to the financial statements. The outcome of the Group's plans to raise new capital funding and to obtain financial support from its creditor and shareholder to finance its working capital and the capital outlay needed for the planned operations is inherently uncertain and cannot be reasonably determined during the course of our audit. We are also unable to obtain sufficient appropriate audit evidence to evaluate the feasibility and viability of management's plans in generating their estimated revenue from the Group's confinement, chiropractic and physiotherapy centres by the planned timelines. In light of the existence of multiple uncertainties, we are unable to conclude whether the use of the going concern assumption to prepare these financial statements is appropriate.

The carrying value of the assets as recorded on the statements of financial position of the Group and Company as at 31 December 2021 has been determined based on the assumption that the Group and Company continue as going concerns. If the going concern assumption is not appropriate and the financial statements were presented on a realisation basis, the carrying value of assets and liabilities may be materially different from that currently recorded in the statements of financial position. If the Group and Company were unable to continue in operational existence for the foreseeable future, the Group and Company may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statements of financial position.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Companies Act 1967 (the “**Act**”) and Singapore Financial Reporting Standards (International) (“**SFRS(I)s**”), and for devising and maintaining a system of internal accounting controls sufficient to provide a 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 financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the 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 Group or to cease operations, or has no realistic alternative but to do so.

The Directors' responsibilities include overseeing the Group's financial reporting process.

INDEPENDENT AUDITORS' REPORT

To the members of Medi Lifestyle Limited

Auditors' Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct the audit of the Group's and Company's financial statements in accordance with Singapore Standards on Auditing ("SSAs") and to issue an auditor's report. However, because of the matter described in the Basis of Disclaimer of Opinion section of our report, we were unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Report on Other Legal and Regulatory Requirements

In view of the significance of the matters referred to in the Basis for Disclaimer of Opinion section of our report, we do not express an opinion on whether the accounting and other records required by the Act to be kept by the Company and by those subsidiaries corporations incorporated in Singapore of which we are the auditors, have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is Mr Chin Chee Choon.

MAZARS LLP

Public Accountants and
Chartered Accountants

Singapore

10 May 2022