



MEDI LIFESTYLE LIMITED

(Company Registration Number 201117734D)
(Incorporated in the Republic of Singapore on 26 July 2011)

UPDATES ON THE PROFIT GUARANTEE IN RELATION TO THE ACQUISITION OF HEALTHPRO LIFE SDN BHD (F.K.A. LADY PARADISE (M) SDN BHD)

1. INTRODUCTION

- 1.1. The board of directors (the “**Board**” or “**Directors**”) of Medi Lifestyle Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the Company’s announcements dated 16 September 2019, 16 October 2019 and 18 October 2019 and 18 December 2019 (the “**Previous Announcements**”), as well as the circular to shareholders dated 3 October 2019 (the “**Circular**”) in respect of, *inter alia*, the acquisition of the entire issued share capital of HealthPro Life Sdn Bhd (f.k.a Lady Paradise (M) Sdn. Bhd. (“**Lady Paradise**”)) by its wholly owned subsidiary, HealthPro Pte. Ltd. (the “**Buyer**”) from Liw Chai Yuk and Lim Sew Lei (collectively, the “**Sellers**”) (the “**Acquisition**”).
- 1.2. Unless otherwise defined, all capitalised terms used herein shall bear the same meanings ascribed to them in the Circular.

2. UPDATES IN RELATION TO THE PROFIT GUARANTEE

- 2.1. As disclosed in the Previous Announcements and the Circular concerning the Acquisition, the Sellers had irrevocably and unconditionally guaranteed that the cumulative audited EBITDA of Lady Paradise for the Profit Target Period, consisting of the three (3) consecutive financial years then ending 31 December 2020, 31 December 2021 and 31 December 2022, shall not be less than MYR2,100,000 (the “**Profit Target**”).
- 2.2. Since the completion of the Acquisition on 18 December 2019:
- (a) HealthPro Pte. Ltd. (which was a wholly owned subsidiary of the Company prior to its winding up and dissolution) assigned the rights and obligations of the SPA to HealthPro Group (M) Sdn. Bhd. (“**HealthPro Malaysia**”), a wholly owned subsidiary of the Company;
 - (b) HealthPro Pte. Ltd. was dissolved on 22 September 2022;
 - (c) Lady Paradise, changed its name to HealthPro Life Sdn. Bhd., effective from 24 September 2020; and
 - (d) Lady Paradise subsequently suspended its postpartum business operations towards the end of financial year ended 31 December 2023 and as at the date of this announcement, is a dormant company.
- 2.3. In accordance with Rule 1013(3) of the Catalist Rules and pursuant to the SPA, the Company notes that the Profit Guarantee has not been met for the Profit Target Period. Based on the audited financial statements for the Profit Target Period, the cumulative EBITDA of Lady Paradise for the Profit Target Period was a loss of approximately MYR2,711,000. The inability of Lady Paradise at meeting the Profit Target was due to, amongst others, the interruption of business activities during the Covid-19 pandemic and suspension of expansion plans for new postpartum centres due to unfavourable business and market conditions. There was also a shift

in the strategic direction of the Group to focus on less capital-intensive businesses in view of the economic conditions. Save as set out in this announcement, there is no variation to the rights of HealthPro Malaysia relating to the Profit Guarantee in respect of Lady Paradise.

- 2.4. Since the Profit Target has not been met, HealthPro Malaysia had issued a formal notification letter to the Sellers ("**Notification Letter**"). The Notification Letter demands that the Sellers make good the MYR2,100,000 shortfall in the Profit Target by way of cash payment within 14 days from the date of the notification (the "**Shortfall**"). The Company and HealthPro Malaysia had only recently resolved on enforcing the Shortfall via the sale of Consideration Shares (as disclosed under paragraph 2.6 below) due to the following: the availability of the audited financial statements for Lady Paradise; the Group's priority on business restructuring, operations, and sourcing funds during the pandemic; and the change in the majority of the members of the Board and the Company's management in February 2024.
- 2.5. As disclosed in paragraph 2.4(c) of the Circular, as security for the due observance and performance of the Profit Guarantee, the Sellers have agreed under the SPA to execute a deed of security of such number of Consideration Shares equivalent to the Profit Target, determined based on the issue price of S\$0.025 ("**Issue Price**"), pursuant to which:
- (a) the Sellers shall undertake to make good the Shortfall, failing which they shall procure the sale of such portion of the Consideration Shares equivalent in value to the Shortfall, based on the prevailing market price of such Consideration Shares, and shall cause the proceeds of such sale to be paid to the Buyer;
 - (b) the Sellers shall appoint each of the Buyer's directors severally to be their attorney and proxy, with full power of substitution and re-substitution, to carry out the sale of such portion of the Consideration Shares equivalent in value to the Shortfall as provided for in paragraph (a) above; and
 - (c) as security for the foregoing, the Sellers shall deposit with the Buyer the share certificates and undated share transfer forms in respect of such portion of the Consideration Shares equivalent in value to the Profit Target.
- 2.6. As at the date of this announcement:
- (a) there were 2,769,719⁽¹⁾ Consideration Shares held by the Sellers which were subject to the deed of security;
 - (b) the Sellers had not been able to make good the Shortfall pursuant to the Notification Letter; and
 - (c) HealthPro Malaysia have exercised its power of attorney under the deed of security and have proceeded with the sale of 2,769,719 Consideration Shares on 27 September 2024 generating net proceeds of approximately S\$34,250.

Note 1. The resultant Consideration Shares following the completion of the 10:1 share consolidation on 10 May 2023.

3. FURTHER ANNOUNCEMENTS AND CAUTIONARY STATEMENT

- 3.1. The Group has reserved its rights to seek legal recourse to recover any remaining Shortfall and will keep the shareholders informed of the progress of the matter and make such further announcements as and when appropriate.
- 3.2. Shareholders and potential investors are advised to read this announcement and any further announcements by the Company carefully. Shareholders and potential investors of the Company are advised to refrain from taking any action with respect to their securities in the Company which may be prejudicial to their interests, and to exercise caution when dealing or trading in the shares of the Company. Shareholders and potential investors who are in any doubt about the contents of this announcement or as to the action they should take, should

consult their stockbroker, bank manager, solicitor, accountant, or other professional advisers immediately.

By Order of the Board

Herry Pudjianto

Executive Chairman & Chief Executive Officer

2 October 2024

*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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