ACCRELIST LTD.

(Incorporated in Singapore with limited liability)

(Company registration number 198600445D)

QUERIES REGARDING ENTRY INTO TERM SHEET IN RELATION TO THE PROPOSED ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF THE WELLNESS CLINIC PTE. LTD.

Unless otherwise defined, all capitalised terms shall bear the same meaning as set out in the Announcement (as defined herein).

The Board of Directors ("**Board**") of Accrelist Ltd. (the "**Company**") refers to the queries raised by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") regarding the Company's announcement dated 17 September 2019 in relation to the entry into the Term Sheet in relation to the Proposed Acquisition (the "**Announcement**") and would like to provide the following responses:

Query 1: Please elaborate on how the purchase consideration was arrived at.

Response: The indicative purchase consideration was arrived at by agreement between Verita and the Company on a "willing-buyer, willing-seller" basis after the conduct of negotiations on an arm's length basis, based on 12 times of the normalised profit after tax of the Target for the financial year ended 30 June 2019 of S$1.413 million as represented by the Vendors, and taking into consideration, (i) the assumption that the Target is debt-free and cash-free, (ii) the proposed profit guarantee of three years to be provided by Verita, (iii) the current trading price-earnings multiples of medical-related companies listed on the SGX-ST (with an average price-to-earnings ratio of 28 times) at the time of entry into of the Term Sheet, (iv) the proposed payment terms of the purchase consideration (which will be partly satisfied by the allotment and issuance of ordinary shares in the capital of the Company at an indicative issue price of S$0.12 (which is at a 46.9% premium to the volume-weighted average price of the Company's shares on 17 September 2019 (being the date of the Announcement) of S$0.0817, and (v) the rationale and benefits of the Proposed Acquisition as set out in the Announcement.

As mentioned in the Announcement, the Company would like to reiterate that the Company has only entered into a non-binding Term Sheet in respect of the Proposed Acquisition and that the Term Sheet serves as a basis for discussion between the parties of the definitive terms of the Proposed Acquisition, including the consideration payable.

Query 2: **In relation to the profit guarantee, would this be in compliance with the SMC's (Singapore Medical Council) Ethical Code and Ethical Guidelines, and also Singapore Medical Association's guidelines?**

Response: In considering the inclusion of a profit guarantee as a term in the Term Sheet, the Company had taken reference to paragraphs H1 and H3 of the 2016 Singapore Medical Council Ethical Code and Ethical Guidelines ("**Ethics Code**") which state that, *inter alia*, (i) profit motives of doctors must be subservient to treating patients in their best interests and (ii) doctors must not let business or financial considerations influence the objectivity of their clinical judgment in the management of patients. The Company also notes the statement made by the Singapore Medical Association ("**SMA**") in April 2017 which reiterates that the SMA hopes that all medical professional involved in buying/selling medical practices will adhere to the ethical guidelines. Such guidelines are principles and best practices and as such do not present an absolute prohibition against profit guarantees in respect of the healthcare industry. The Company has also observed that there have been acquisitions of medical professional firms where profit guarantees were provided by the vendors of such targets to these companies.

In view of the foregoing, the Company is of the view that the aforesaid guidelines do not present an absolute prohibition of the provision or acceptance of a profit guarantee in respect of the Proposed Acquisition insofar as:

(i) such profit to be made by the Target is derived from fees charged to patients which are fair, reasonable and commensurate with the work actually done and the circumstances in which such work is done;

(ii) where due consideration has been given in the setting of such fees;

(iii) the fees or range of fees set are transparent and made known to patients in advance of providing services; and

(iv) the decision to include a profit guarantee as a term in the Term Sheet by Verita has no influence on the objectivity of the relevant doctors' clinical judgment in the management of their patients, in relation to the Target. It should also be noted that the proposed profit guarantee given by Verita that is being negotiated would be based on financials which the Target had achieved before and not more, such that there would not be added pressure on the Target in achieving more profits than what it had historically done before.

Nevertheless, it is pertinent to note that the Group and its medical professionals conduct its operations in accordance to such guidelines and the Ethics Code, and that the Company has in place stringent guidelines for its doctors when discharging their duties to their patients and is committed to ensure that all its doctors adhere to their professional code of conduct.

In addition, the Company is committed to adhering to the "best practices" as prescribed by the Singapore Medical Council and/or the SMA and has been and will continue to undertake negotiations in respect of the Proposed Acquisition with a view to balancing its commercial interests against a doctor's duty prescribed under the Ethics Code to ensure that no business or financial considerations affect the objectivity of their clinical judgment in the management of patients as this remains the first and foremost priority of the doctors.

Query 3: Who owns Verita?

Response: Verita is a public company limited by shares incorporated in Singapore. As at the date of this Announcement, Verita has over 200 ordinary shareholders and 2 preference shareholders. None of the directors or substantial shareholders of Verita is related to the directors and/or controlling shareholders of the Company.

BY ORDER OF THE BOARD

Terence Tea Yeok Kian
Executive Chairman and Managing Director
20 September 2019

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*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, RHT Capital Pte. Ltd. ("**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). The Sponsor has not independently verified the contents of this announcement.*

This announcement has not been examined or approved by the 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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