



MEDI LIFESTYLE LIMITED

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

ENTRY INTO NON-REDEEMABLE CONVERTIBLE LOAN NOTE AGREEMENT

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**") wishes to announce that the Company had today entered into a non-redeemable convertible loan note agreement ("**CLNA**") with Saw Siew Lan ("**SSL**" or "**Lender**"), pursuant to which the Lender has agreed to subscribe to interest-bearing non-redeemable convertible loan note for a principal amount of S\$147,000 ("**Loan Amount**") to the Company (the "**Convertible Loan Note**").
- 1.2. Pursuant to the terms of the CLNA, the Convertible Loan Note is to be converted at a minimum conversion price of S\$0.009 ("**Minimum Conversion Price**") based on the principal sum of the Loan Amount, into a maximum of 16,333,333 new ordinary shares ("**Shares**") in the issued and paid-up capital of the Company (the "**Conversion Shares**"), fractional entitlements to be disregarded ("**Conversion Share Issue**"). For the avoidance of doubt, all interest amounts accruing on the Loan Amount ("**Interest Amounts**") will be repaid by the Company in cash, and the Lender has no right to convert any portion of the Interest Amounts into Conversion Shares. The terms of this CLNA are identical to the CLNAs as announced on 14 October 2022 and 18 October 2022. Please refer to paragraph 3 of this announcement for further details on the salient terms of the CLNA.
- 1.3. The Conversion Shares will be allotted and issued pursuant to the existing general share issue mandate granted by the shareholders of the Company by way of an ordinary resolution ("**Share Issue Mandate**") at the annual general meeting of the Company held on 27 May 2022 ("**2022 AGM**").
- 1.4. The Company will apply to the Singapore Exchange Securities Trading Limited ("**SGX-ST**") through its sponsor, SAC Capital Private Limited, for the dealing in, listing of and quotation for the Conversion Shares on the Catalist board of the SGX-ST ("**Catalist**"). The Company will make the necessary announcement upon receipt of the listing and quotation notice ("**LQN**") from the SGX-ST.
- 1.5. No placement agent is appointed in respect of this exercise.
- 1.6. Exemption from Prospectus Requirement

The offer and allotment and issue of the Conversion Shares is made pursuant to the prospectus "safe harbour" exemptions under Section 272B of the Securities and Futures Act (Chapter 289 of Singapore) ("**SFA**"). As such, no prospectus or offer information statement will be issued by the Company in connection with the Conversion Share Issue.

2. INFORMATION RELATING TO THE LENDER

Shareholders should note that information relating to the Lender in this paragraph and elsewhere in this announcement have been provided by the Lender, The Company and the Directors have not independently verified the accuracy and correctness of such information herein.

2.1. Details of the Lender are as follows:

Name of Lender	Background of Lender
SSL	SSL is a private investor who has experience in financial investment in private and public companies in various countries including Malaysia and Singapore. Her subscription is for investment purposes.

2.2. As at the date of this announcement, save as disclosed in this announcement, the Lender does not hold, directly or indirectly, any Shares in the Company. The Lender has confirmed that she is and will be the legal and beneficial shareholder of the Conversion Shares upon their issue and allotment and will not be holding any of the Conversion Shares on trust or for the benefit of any other person or company.

2.3. The Lender has also confirmed that save as disclosed in this announcement, she is not acting in concert with any other person or company, and have not entered into any agreement, arrangement or understanding (whether oral or in writing) with any person or company to act as parties in concert in relation to the Company's shares, within the definition of the Singapore Code on Take-overs and Mergers.

2.4. SSL was introduced to the Company by Dato' Low Koon Poh ("**Dato' Low**"), through Dato' Low's individual business network. No introducer fee or commission is payable by the Company in connection with the provision of the Convertible Loan Note by the Lender.

2.5. SSL, Dato' Low and Dato' Chan (as defined below) are shareholders of Round Table Partners Berhad, a company incorporated in Malaysia and in the corporate advisory business. Dato' Low and Dato' Chan are also directors of the said company. SSL is only a passive minority preferential shareholder of the said company. To the best of the knowledge of the Directors and save as disclosed in this announcement, the Lender does not have any other connections (including business relationships) with the Company, the Group, the Directors and substantial shareholders of the Company. The Lender is not an interested person as defined under Chapter 9 of the Catalist Rules of the SGX-ST and do not fall under Rule 812(1) of the Catalist Rules.

3. PRINCIPAL TERMS AND CONDITIONS OF THE CONVERTIBLE LOAN NOTE AGREEMENTS

The terms and conditions of the CLNA were negotiated and agreed upon with each of the Lender on an arm's length basis and are summarised as follows:

Loan Amount	The Loan Amount of S\$147,000 shall be converted into a maximum of 16,333,333 new ordinary Shares in the Company.				
	Lender	Loan Amount	Maximum Number of Conversion Shares⁽¹⁾	Percentage of Enlarged Share Capital⁽²⁾	Percentage of Enlarged Share Capital⁽³⁾
	SSL	S\$147,000	16,333,333	2.66%	2.46%
Note:					
(1) The maximum number of Conversion Shares to be issued pursuant to the CLNA is calculated assuming full conversion of the Loan Amount.					
(2) Based on the maximum number of 16,333,333 Conversion Shares, the enlarged share capital will consist of 613,350,092 Shares.					
(3) Based on the maximum number of 16,333,333 Conversion Shares and included (i) the 18,181,818 Shares that may be converted from the convertible loan notes that were announced on 14 October 2022; and (ii) the 31,249,998 Shares that may be converted from the convertible loan notes that were announced on 18 October 2022, the enlarged share capital will consist of 662,781,908 Shares.					

<p>Conditions Precedent</p>	<p>The right of the Lender to subscribe for the Convertible Loan Note, and the obligations of the Company to issue the Convertible Loan Note, shall be conditional on, amongst others, the following:</p> <ul style="list-style-type: none"> (a) trading in Shares on the SGX-ST not being suspended at the time of completion; (b) LQN from the SGX-ST for the listing of the Conversion Shares on the SGX-ST being obtained; (c) all representations, undertakings and warranties of the Lender as stated in the CLNA continuing to be complied with, true, accurate and correct up to Subscription Date (as defined in the CLNA); and (d) the results of due diligence (including but not limited to checks carried out on the Lender in respect of anti-money laundering activities, background of the Lender, source of funds and source of wealth) being satisfactory as determined in the sole discretion of the Company.
<p>Maturity</p>	<p>The Convertible Loan Note will mature on the date falling two (2) years from the date of issuance of the Convertible Loan Note to the Lender ("Maturity Date").</p>
<p>Conversion Right</p>	<p>The Lender has no right to convert the Convertible Loan Note into Conversion Shares. The Company will give a written notice at least 15 business days prior to Maturity Date electing to either (a) repay the principal amount of the Convertible Loan Note, or (ii) convert the Convertible Loan Note into Conversion Shares.</p>
<p>Number and Ranking of Conversion Shares</p>	<p>Assuming that the full Loan Amount is converted into Conversion Shares at the Minimum Conversion Price, a maximum of 16,333,333 Conversion Shares will be issued, representing approximately 2.74% of the existing issued and paid-up share capital (excluding treasury shares and subsidiary holdings) of the Company as at the date of this announcement and approximately 2.46% of the enlarged share capital (excluding treasury shares and subsidiary holdings; including (i) the 18,181,818 Shares that may be converted from the convertible loan notes that were announced on 14 October 2022; and (ii) the 31,249,998 Shares that may be converted from the convertible loan notes that were announced on 18 October 2022) of the Company following the completion of the Conversion Share Issue, assuming there are no changes to the number of Shares of the Company before the completion of the Conversion Share Issue.</p> <p>The Conversion Shares, when issued shall be credited as fully paid, free from all encumbrances and shall rank <i>pari passu</i> with and shall carry all rights similar to the existing Shares as at the date of allotment and issue of the Conversion Shares except that they will not rank for any dividend, right, allotment or other distributions, the record date for which falls on or before the date of issue of such Conversion Shares.</p>
<p>Conversion Conditions</p>	<p>The issue and allotment of the Conversion Shares shall be subject to the following conditions:</p> <ul style="list-style-type: none"> (a) the LQN being obtained from the SGX-ST and not having been terminated revoked or withdrawn and, where such LQN is subject to conditions, that such conditions have been fulfilled;

	<p>(b) any direction or requirements by the SGX-ST or the continuing sponsors of the Company on the issuance, allotment or listing of the Conversion Shares to the Lender (or her nominee(s)) having been fulfilled;</p> <p>(c) confirmation from the Lender that (i) the Conversion Share Issue shall not result in a transfer of controlling interest of the Company, (ii) the Lender is not acting in concert with or associated or related to, any of the other Lender other than what has been previously disclosed, and (iii) the Lender is not a person falling within Rule 812 of the Catalist Rules; and</p> <p>(d) the issuance of the Conversion Shares shall not be prohibited by any laws, orders, rules, regulations and/or official directions then in effect, provided always that a waiver granted in connection with any such law, orders, rules, regulations and/or official directions shall be treated as due compliance with such relevant law as amended, modified or supplemented from time to time.</p>
<p>Conversion Price</p>	<p>The Conversion Price shall be the higher of:</p> <p>(a) an amount equivalent to the weighted average price per Share for trades done on SGX-ST for the full market day as at the Maturity Date, less a discount of ten per cent (10%); or</p> <p>(b) the Minimum Conversion Price of S\$0.009, which is equivalent to the weighted average price per Share for trades done on the SGX-ST for the full market day preceding the date of the CLNA.</p> <p>The Minimum Conversion Price is equivalent to the weighted average price of S\$0.009 for trades done on the SGX-ST on 31 October 2022. The Conversion Price is subject to adjustments for, <i>inter alia</i>, (i) consolidation, subdivision or reclassification; (ii) capitalisation of profits or reserves; (iii) capital distributions; (iv) rights issues; and/or (v) modification of rights of conversion, in accordance with the terms of the CLNA.</p>
<p>Authority</p>	<p>The Conversion Shares will be allotted and issued pursuant to the Share Issue Mandate. The Share Issue Mandate authorises the Directors to allot and issue new Shares not exceeding 100% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) as at the date of the 2022 AGM, of which the aggregate number of new Shares of the Company to be issued other than on a <i>pro-rata</i> basis to all existing Shareholders shall not exceed 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings). As at the date of the 2022 AGM, the Company had 552,768,971 Shares in issue (excluding 200,000 treasury shares).</p> <p>On 19 July 2022, the Company issued and allotted 44,247,788 new Shares to Dato' Willy Chan Foo Weng ("Dato' Chan") in accordance with the subscription agreement dated 30 June 2022 entered into with Dato' Chan. The 44,247,788 Shares were issued to Dato' Chan pursuant to the Share Issue Mandate.</p> <p>On 14 October 2022, the Company announced entry into convertible loan note agreements that may convert convertible loan notes into a maximum of 18,181,818 Shares in the Company.</p>

	<p>On 18 October 2022, the Company announced entry into convertible loan note agreements that may convert convertible loan notes into a maximum of 31,249,998 Shares in the Company.</p> <p>Accordingly, the maximum number of Shares that may be issued other than on a <i>pro-rata</i> basis pursuant to the Share Issue Mandate is 182,704,881 Shares. Assuming that the Loan Amount is converted in full, the proposed allotment and issue of the Conversion Shares falls within the limit of the Share Issue Mandate.</p>
Interest	<p>Interest shall accrue on the Convertible Loans at a rate of fifteen per cent. (15%) per annum, calculated on days elapsed and based on a 365-day year. Such interest shall accrue and be payable by the Company in cash every six (6) months from issuance date of the Convertible Loan Note.</p> <p>For the avoidance of doubt, all interest amounts will be payable by way of cash only. No accrued interest amounts will be paid via conversion into Conversion Shares.</p>
Repayment of Convertible Loans Note and Payment of Interest	<p>Unless converted into Conversion Shares at the election of the Company, the aggregate principal sum of the Convertible Loan including all accrued interest thereon shall be repaid in full in cash by the Company on the Maturity Date.</p>
Transfer Rights	<p>A Convertible Loan Note may be transferred in whole but not in part of the principal amount. The Lender may only transfer the Convertible Loan Note with the Company's consent and provided that the intended transferee does not fall within the categories of persons set out in Rule 812 of the Catalist Rules of which would result in the transfer of controlling interest as contemplated under Rule 803 of the Catalist Rules.</p>
Events of Default	<p>The following are events of default ("Events of Default" and each an "Event of Default") under the CLNA:</p> <p>(a) Non-Payment: the Company does not pay in the manner provided in the CLNA to any sum payable under it when due and such non-payment is not remedied within twenty-one (21) days;</p> <p>(b) Breach of Other Obligations: the Company does not perform or comply with any one or more of covenant, condition, provision or obligation contained in the CLNA (other than the payment obligation of the Company under the CLNA) and, if that default is capable of remedy, it is not remedied within twenty-one (21) days of its occurrence;</p> <p>(c) Winding-up: any step is taken by any person with a view to the winding-up of the Company or any of its subsidiaries (except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved by the Lender before that step is taken) or for the appointment of a liquidator (including a provisional liquidator), receiver, judicial manager, trustee, administrator, agent or similar officer of the Company or any of its subsidiaries or over any part of the assets of the Company or any of its subsidiaries;</p> <p>(d) Encumbrance Enforceable: an encumbrancer takes possession, or a receiver is appointed on the whole or material part of assets or undertaking of the Group, as the case may be, affecting all or to a material extent, the</p>

	<p>ability of the Company to repay the Convertible Loan Note as and when the same ought to be paid; and</p> <p>(e) Insolvency: the Company or any of its material subsidiary without any lawful cause stops payment generally or is unable to pay its material debts as and when they fall due or through an official action of the board of directors of the Company threaten to cease to carry a substantial part of its business, and such action has a material adverse effect on the Company's ability to repay the Convertible Loan Note as and when the same ought to be paid.</p>
Acceleration	<p>Within ten (10) business days of becoming aware of an Event of Default, the Company shall give notice to the Lender and the Company shall be deemed to have elected to convert the Convertible Loan Note into Conversion Shares at the point the notice of Event of Default is given to the Lender.</p>

4. RATIONALE AND USE OF PROCEEDS

As announced on 13 September 2022, the Group decided not to continue with a commercial lease space for a second confinement centre at the Mines Wellness City, Klang Valley, Malaysia. Nonetheless, the Board considers the Healthcare and Wellness Business to be viable for the Group and continues to look for opportunities in the sector, including new postpartum care sites, and chiropractic and physiotherapy centres. Investment strategies are being directed to healthcare and wellness projects which require lower set up cost and investments.

Due to the present loss-making situation of the Healthcare Business, the Group has encountered difficulty obtaining funds from traditional financial institutions. In view of the working capital needs of the Healthcare Business, the Board decided to proceed with the entry into the Convertible Loan Note with the Lender, who have expressed interest in supporting the Healthcare Business and its future prospects. The Board is of the view that the negotiated interest accruing on the Convertible Loans at a rate of fifteen per cent (15%) is fair given the support that the Lender have for the Healthcare Business and the current business and economic climate, as well as the right to convert the Convertible Loan Note being at the Company's discretion.

The Conversion Share Issue represents a means for the Company to settle the payment of the aggregate principal sum of the Loan Amounts owed to the Lender under the CLNA and will allow the Company to conserve its cash for its core business activities. The issuance and allotment of the Conversion Shares will further help align the interests of the Lender with the interests of the Company.

As mentioned in the Group's unaudited financial statements for the half-year financial period ended 30 June 2022 released on 12 August 2022, the Group is looking at raising capital of up to S\$3.0 million to finance capital outlays and for working capital purposes having considered, amongst others, the Group's net current liabilities position of RM\$9.0 million.

Notwithstanding that the Group has obtained letters of undertaking from creditors to not demand for amounts owing to them of approximately RM1.6 million until the resources permit; and a 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 Directors are of the view that the Convertible Loan is beneficial to the Group as it will allow the Group to strengthen its financial position (if converted), improve the Group's cash flow and increase working capital available to the Group to fund the anticipated working capital requirements of the Group.

The Convertible Loan Note will allow the Company to strengthen its financial position by raising net cash proceeds (after deducting estimates expenses of approximately S\$10,000) of approximately S\$137,000 ("**Net Proceeds**"), which are intended to be utilised by the Company in the following manner:

Use of Net Proceeds	Proportion (%)	Amount of Net Proceeds
Expansion of the Healthcare Business, including, renovation and refurbishment of chiropractic centres in Singapore and Malaysia	21.9%	S\$30,000
Working capital including, <i>inter alia</i> , professional fees, staff salaries and general overheads	78.1%	S\$107,000
Total	100.0%	S\$137,000

Pending the deployment of the Net Proceeds, the Net Proceeds may be deposited with banks and/or financial institutions and/or invested in short-term money market instruments and/or marketable securities, and/or used for any other purposes on a short-term basis, as the Directors may, in their absolute discretion, deem fit in the interests of the Company.

The Company will make periodic announcements on the utilisation of the Net Proceeds as and when such proceeds are materially disbursed and whether such use is in accordance with the stated use and in accordance with the percentage allocated. As the Net Proceeds will be used for working capital purposes, the Company will disclose a breakdown with specific details on how the Net Proceeds have been applied. Where there is any material deviation from the stated use of the Net Proceeds, the Company will announce the reasons for such deviation. The Company will also provide a status report on the use of Net Proceeds in the Company's quarterly and full year financial statements issued under Rule 705 of the Catalist Rules and its annual reports.

5. DIRECTOR'S CONFIRMATION

The Directors are of the opinion that, after taking into consideration the Group's internal resources, present bank facilities and the Net Proceeds, the working capital available to the Group is sufficient to meet its present requirements.

6. FINANCIAL EFFECTS

6.1. Bases and assumptions

The financial effects of the Conversion Share Issue on (a) the consolidated net tangible assets ("**NTA**") per Share and (b) the consolidated loss per Share ("**LPS**") of the Group, have been prepared based on the audited financial statements of the Group for the full year ended 31 December 2021 ("**FY2021**"). The *pro forma* financial effects of the Conversion Share Issue are for illustration only and do not reflect the actual financial effects or the future financial performance and condition of the Group in the event that the Convertible Loan is fully disbursed and fully converted.

The *pro forma* financial effects are based on the following assumptions:

- (a) the financial effects of the Conversion Share Issue on the NTA per Share of the Group are computed based on the assumption that the Conversion Share Issue completed on 31 December 2021;
- (b) the financial effect of the Conversion Share Issue on the LPS is computed based on the assumption that the Conversion Share Issue was completed on 1 January 2021;

- (c) the total number of issued Shares (excluding treasury shares) as at the date of this announcement comprises of 597,016,759 Shares after taking into account 44,247,788 Shares issued pursuant to a subscription exercise that was completed in July 2022 but excluding (i) the 18,181,818 Shares that may be converted from the convertible loan notes that were announced on 14 October 2022 and (ii) the 31,249,998 Shares that may be converted from the convertible loan notes that were announced on 18 October 2022;
- (d) the expenses incurred in connection with the Conversion Share Issue amount to approximately S\$10,000; and
- (e) an exchange rate of S\$1.00 to RM3.1709 as at 31 December 2021.

6.2. Share capital

The illustrative effects of the Conversion Share Issue on the share capital of the Company as at the date of this announcement are as follows:

	Before the conversion of the Convertible Loan and the Conversion Share Issue	After the conversion of the Convertible Loan and the Conversion Share Issue
Issued & Paid Up Capital S\$	50,197,075	50,344,075
Total number of issued Shares (excluding treasury shares) ⁽¹⁾	597,016,759	613,350,092

Note:

- (1) As at the date of this announcement, the Company has 200,000 treasury shares.

6.3. NTA per Share

The illustrative effects of the Conversion Share Issue on the NTA per Share of the Group as at 31 December 2021 are as follows:

	Before the conversion of the Convertible Loan and the Conversion Share Issue	After the conversion of the Convertible Loan and the Conversion Share Issue
NTA ⁽¹⁾ of the Group (RM)	(6,129,447)	(5,695,034)
Number of Shares	597,016,759	613,350,092
NTA per Share (Malaysian Sen)	(1.0)	(0.9)

Note:

- (1) NTA means total assets less the sum of total liabilities and intangible assets.

6.4. LPS

The illustrative financial effects of the Conversion Share Issue on the LPS of the Group for FY2021 are as follows:

	Before the Proposed Subscriptions	After the Proposed Subscriptions
Loss from continuing operations (RM)	(13,661,359)	(13,661,359)

Loss from discontinued operations (RM)	(10,062,364)	(10,062,364)
Net Loss attributable to owners of the Company (RM)	(23,723,723)	(23,723,723)
Weighted average number of Shares	551,424,869 ⁽¹⁾	567,758,202
Loss per Share (Malaysian sen)	(4.3)	(4.2)

Note:

(1) The weighted average number of ordinary shares has been adjusted for (i) issuance of 19,685,039 Shares on 13 April 2021 pursuant to a share subscription exercise; (ii) issuance of 40,201,005 Shares on 31 December 2021 for the conversion of a convertible loan; and (iii) issuance of 44,247,788 Shares on 19 July 2022 pursuant to a share subscription exercise.

7. DIRECTOR'S SERVICE CONTRACTS

No person is proposed to be appointed as a director of the Company in connection with the Convertible Loans. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

8. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors or substantial shareholders of the Company or their respective associates has any interest, direct or indirect, in the Proposed Subscription, other than in their capacity as Director or Shareholder of the Company.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the CLNA are available for inspection during normal business hours from 9.00 a.m. to 5.00 p.m. at the Company's registered office at 80 Robinson Road #02-00 Singapore 068898 for a period of three (3) months from the date of this announcement.

10. DIRECTOR'S RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Convertible Loans, and the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

11. TRADING CAUTION

Shareholders and potential Lender should note that the Convertible Loan Note is subject to the fulfilment of, *inter alia*, certain conditions as set out above.

Shareholders and potential Lender are advised to read this announcement and any further announcements by the Company carefully. Shareholders and potential Lender are advised to refrain from taking any action in respect of their securities in the Company which may be prejudicial to their interests,

and to exercise caution when dealing in the securities of the Company. In the event of any doubt, Shareholders and potential Lender should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisors.

By Order of the Board

Dato' Low Koon Poh
Executive Chairman & Chief Executive Officer
31 October 2022

MEDIA CONTACT

For media queries, please contact;

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*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.