

Meta Health Limited

(formerly known as Metal Component Engineering Limited)
(Incorporated in the Republic of Singapore)
(Company Registration 198804700N)

PROPOSED ACQUISITION OF REMAINING SHARES IN GAINHEALTH PTE. LTD.

1. INTRODUCTION

- 1.1 The board of directors (the “**Board**” or “**Directors**”) of Meta Health Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the Company’s circular to shareholders of the Company dated 23 June 2021 (the “**Circular**”) in relation to, *inter alia*, the acquisition of 85.07% of the total issued and paid-up share capital of Gainhealth Pte. Ltd. (“**Gainhealth**”) (the “**Initial Acquisition**”).
- 1.2 The Board wishes to announce that 5Digital Pte Ltd (a wholly-owned subsidiary of the Company) (“**5Digital**”) has, on 12 July 2022, entered into a sale and purchase agreement (the “**SPA**”) with Ms Jagannathan Padmaja Sakthi (“**JPS**”) to acquire the remaining 301 shares (the “**Sale Shares**”), representing 14.93% of the total issued and paid-up share capital of Gainhealth (the “**Proposed Acquisition**”). Consequent to the completion of the Proposed Acquisition, Gainhealth will be a wholly-owned subsidiary of 5Digital and the Company.

2. INFORMATION ON GAINHEALTH AND JPS

- 2.1 Gainhealth, incorporated in Singapore, is engaged in:
- (a) the healthcare business through operating a general practitioner clinic with in-house pharmacy known as “Gainhealth Clinic and Homecare”, providing clinic-based services, with homecare nursing, carer support and retail of healthcare products; and
 - (b) healthcare technology business through its e-commerce arm that operates multiple online e-commerce portals which is an omnichannel health and wellness digital platform.

Please refer to section 2.3.1 of the Circular for further information on Gainhealth.

- 2.2 The shareholders of Gainhealth and their respective shareholding interest in Gainhealth before and after the Proposed Acquisition is as follows:

Name of shareholder in Gainhealth	Before the Proposed Acquisition		After the Proposed Acquisition	
	Number of shares in Gainhealth	%	Number of shares in Gainhealth	%
5Digital	1,715	85.07	2,016	100.00
JPS	301	14.93	-	-
Total	2,016	100.00	2,016	100.00

- 2.3 JPS, a Singapore citizen, is the founder and chief executive officer of Gainhealth. She will continue her role as the chief executive officer of Gainhealth after the Proposed Acquisition. JPS is the spouse of Dr Vas Metupalle, the Chief Medical Officer of 5Digital. Save for the aforementioned, JPS is not related to the Company and the Group, any of the Directors, substantial shareholders of the Company, as well as their respective associates.
- 2.4 Based on the audited financial statements of Gainhealth for the period from 26 June 2020 (being the date of incorporation) to 31 December 2021:

- (a) the book value of the Sale Shares was approximately S\$218,000;
 - (b) the net tangible asset value represented by the Sale Shares was approximately S\$218,000; and
 - (c) the net profit attributable to the Sale Shares was approximately S\$49,000.
- 2.5 No independent valuation was conducted for the purpose of the Proposed Acquisition. Notwithstanding, pursuant to the terms and conditions of the sale and purchase agreement for the Initial Acquisition, the Company appointed Deloitte & Touche Financial Advisory Services Pte Ltd (“**Valuer**”) as the independent valuer to conduct a valuation on the 100% equity interest in the capital of Gainhealth and its subsidiaries (“**Gainhealth Group**”). As set out in the Valuer’s letter dated 5 May 2022, based on the income approach with reference to the market approach, the indicative valuation of 100% equity interest in Gainhealth Group on a “non-marketable and control basis” ranges between S\$7.3 million to S\$8.6 million as at 28 February 2022 (“**Second Valuation**”). Accordingly, 14.93% of Gainhealth would be approximately S\$1.1 million to S\$1.3 million, based on the Second Valuation.

3. RATIONALE OF THE PROPOSED ACQUISITION

The Proposed Acquisition will give the Company full control over Gainhealth which is in line with the Group’s business strategies and future plans. The Proposed Acquisition will also allow the Group to account for the full profit contribution from Gainhealth and the benefits of managing its resources efficiently. Accordingly, the Board is of the view that the Proposed Acquisition will bring value to shareholders of the Company (“**Shareholders**”), and is in the best interest of the Company and its Shareholders.

4. KEY TERMS OF THE SPA

4.1 Consideration

- (a) The consideration (“**Consideration**”) for the Proposed Acquisition is S\$1,200,000, which was arrived at on a willing buyer and willing sell basis after arm’s length negotiations between the Company and JPS, and taking into account, *inter alia*, the Second Valuation.
- (b) The Consideration will be satisfied by the Company in the following manner:
 - (i) S\$600,000 in cash (“**Cash Consideration**”) to JPS within 12 months from the date of completion of the Proposed Acquisition (“**Completion Date**”); and
 - (ii) S\$600,000 by the issue and allotment of 12,000,000 new shares in the capital of the Company (“**Consideration Shares**”) to JPS credited as fully paid up, at an issue price of S\$0.05 (the “**Issue Price**”) on the Completion Date.
- (c) The Cash Consideration will be funded by internal resources of the Group.
- (d) The Issue Price represents a premium of approximately 47% to the volume weighted average price of S\$0.034 per share of the Company (“**Shares**”) for trades done on the Catalist board (“**Catalist**”) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 7 July 2022, being the last market day prior to the date of signing of the SPA where there were Shares traded.
- (e) The Consideration Shares, when issued and allotted, shall rank *pari passu* in all respects with the existing Shares. The Consideration Shares will be issued to JPS free from all encumbrances and will carry all rights similar to the existing Shares, except that they will not rank for any dividend, rights, allotment or other distribution, the record

date for which falls on or before the date of issuance and allotment of the Consideration Shares.

- (f) The number of Consideration Shares to be issued and allotted is as follows:

Name	Number of Consideration Shares	Number of Shares and % shareholding in the Company	
		Before the Proposed Acquisition ⁽¹⁾	After the Proposed Acquisition ⁽²⁾
JPS	12,000,000	2,346,000 (0.4%)	14,346,000 (2.6%)

Notes:

- (1) Based on the existing issued and paid-up capital of the Company as at the date of this announcement, comprising 530,551,517 Shares ("**Existing Share Capital**").
- (2) Based on the enlarged issued and paid-up capital of the Company of 542,551,517 Shares ("**Enlarged Share Capital**"), immediately after the allotment and issuance of the 12,000,000 Consideration Shares (assuming no other new Shares are issued by the Company prior to the allotment and issuance of the Consideration Shares).

4.2 Other key terms of the SPA

Completion of the SPA is conditional upon, *inter alia*, the listing and quotation notice for the Consideration Shares being obtained from the SGX-ST.

The Company will be making an application to the SGX-ST via its continuing sponsor as soon as reasonably practicable after the signing of the SPA for the listing of, and quotation for, the Consideration Shares on the Catalist, and will make the necessary announcement(s) upon receipt of the listing and quotation notice from the SGX-ST.

5. MANDATE FOR ISSUE OF CONSIDERATION SHARES

The Consideration Shares will be issued on the Completion Date and are intended to be allotted and issued pursuant to the general share issue mandate ("**General Mandate**") obtained from Shareholders at the Company's annual general meeting held on 28 April 2022 ("**2022 AGM**"). Pursuant to the General Mandate, the Directors are authorised to, *inter alia*, allot and issue new Shares provided the aggregate number of Shares to be issued pursuant to the General Mandate shall not exceed 100% of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any), of which the aggregate number of Shares to be issued other than on a *pro-rata* basis to existing shareholders of the Company shall not exceed 50% of the total number of issued Shares, as at the date of the 2022 AGM.

As at the date of the 2022 AGM, the Company's total number of issued Shares (excluding treasury shares and subsidiary holdings) was 524,958,323 Shares. Pursuant thereto, the total number of Shares that may be issued other than on a *pro-rata* basis pursuant to the General Mandate was 262,479,161 Shares. As at the date of this announcement, the Company has not issued any new Shares pursuant to the General Mandate. Accordingly, the allotment and issuance of 12,000,000 Consideration Shares will fall within the limits of the General Mandate. The Company does not have any treasury shares or subsidiary holdings. The Consideration Shares, when allotted and issued in full, will represent (i) approximately 2.3% of the Existing Share Capital; and (ii) approximately 2.2% of the Enlarged Share Capital, assuming no other new Shares are issued by the Company prior to the allotment and issuance of the Consideration Shares.

6. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

The financial effects of the Proposed Acquisition on the Group, are presented for illustrative purposes only and are not intended to be indicative or reflective of the actual future financial position of the Company or the Group after the completion of the Proposed Acquisition.

The pro forma financial effects of the Proposed Acquisition have been computed based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2021 (“FY2021”), on the following bases and assumptions:

- (a) the financial effect on the consolidated net tangible assets (“NTA”) per Share of the Group is computed on the assumption that the Proposed Acquisition was completed on 31 December 2021;
- (b) the financial effects on the earnings per Share (“EPS”) of the Group is computed based on the assumption that the Proposed Acquisition was completed on 1 January 2021;
- (c) the financial effects on the NTA and EPS have taken into account the payment of the actual performance bonus, and the issuance of the actual performance shares and the actual additional arranger shares in relation to the Initial Acquisition (as announced by the Company on 6 May 2022, 9 May 2022 and 11 May 2022); and
- (d) expenses incurred in connection with the Proposed Acquisition is immaterial and has been excluded.

6.1 NTA

As at 31 December 2021	Before the Proposed Acquisition	After the Proposed Acquisition
NTA ⁽¹⁾ attributable to the owners of the Company (S\$'000)	15,670	15,137
Number of issued Shares	530,551,517	542,551,517
NTA per Share (cents)	2.95	2.79

Note:

(1) NTA means total assets less the sum of total liabilities, non-controlling interests and intangible assets (net of non-controlling interests).

6.2 EPS

FY2021	Before the Proposed Acquisition	After the Proposed Acquisition
Net earnings attributable to Shareholders (S\$'000)	7,331	7,398
Weighted average number of Shares	420,019,488	432,019,488
EPS (cents)	1.75	1.71

7. RELATIVE FIGURES UNDER RULE 1006 OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED LISTING MANUAL SECTION B: RULES OF CATALIST (“CATALIST RULES”)

Based on the audited consolidated financial statements of the Group for FY2021, the relative figures of the Proposed Acquisition computed on the bases set out in Rule 1006 of the Catalyst Rules are set out as follows:

Rule 1006	Bases of Calculation	Relative Figure (%)
(a)	The net asset value of the assets to be disposed of, compared with the Group’s net asset value. This basis is not applicable to an acquisition of assets	Not applicable
(b)	The net profit attributable to the assets acquired or disposed of, compared with Group’s net profits	0.6 ⁽¹⁾
(c)	The aggregate value of the consideration given or received, compared with the Company’s market capitalisation based on the total number of issued shares excluding treasury shares	6.2 ⁽²⁾
(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	2.3 ⁽³⁾
(e)	The aggregate volume of proved and probable reserves to be disposed of, compared with the Group’s probable and proved reserves	Not applicable ⁽⁴⁾

Notes:

(1) Under Rule 1002(3)(b) of the Catalyst Rules, “net profits” is defined to be profit or loss before income tax, non-controlling interests and extraordinary items. Gainhealth recorded a net profit of S\$326,228 for FY2021 and the net profit attributable to the Sale Shares for FY2021 is S\$48,708. The Group recorded a net profit (excluding non-controlling interest) of S\$7,615,128 in FY2021.

(2) Pursuant to Rule 1003(3) of the Catalyst Rules, where the consideration is in the form of shares, the value of the consideration shall be determined by reference either to the market value of such shares, or the net asset value (“NAV”) represented by such shares, whichever is higher.

As the NAV per Share of S\$0.043 is higher than the market value of each Share of S\$0.034 (based on volume weighted average price of Shares transacted on 7 July 2022, being the last market day prior to the date of signing of the SPA where there were Shares traded, in accordance with Rule 1003(3) of the Catalyst Rules), the value of the consideration shall be determined based on the NAV per Share of S\$0.043. Accordingly, the aggregate consideration for the Proposed Acquisition used for the computation under Rule 1006(c) of the Catalyst Rules is S\$1,116,000 (comprising (i) cash payment of S\$600,000, in respect of the Cash Consideration, and (ii) the equity portion of S\$516,000, being 12,000,000 Consideration Shares multiplied by the market value per Share of S\$0.043).

The Company’s market capitalisation of approximately S\$18.04 million, was computed based on the Existing Share Capital of 530,551,517 Shares (excluding treasury shares) and the volume weighted average price of S\$0.034 per Share, based on the trades done on Catalist on 7 July 2022, being the last market day prior to the date of signing of the SPA where there were Shares traded. The Company does not have any treasury shares.

(3) Computed based on 12,000,000 Consideration Shares and the Existing Share Capital of 530,551,517 Shares (excluding treasury shares). The Company does not have any treasury shares.

(4) This is not applicable as the Company is not a mineral, oil and gas company.

As the relative figure computed under Rule 1006(c) of the Catalyst Rules exceeds 5% but does not exceed 75%, the Proposed Acquisition is regarded as a “discloseable transaction” under Rule 1010 of the Catalyst Rules. Accordingly, the Proposed Acquisition is not subject to Shareholders’ approval.

8. INTERESTS OF THE DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors, substantial Shareholders of the Company, as well as their respective associates, has any interest, direct or indirect, in the Proposed Acquisition (other than in their capacity as Directors or Shareholders, as the case may be).

No person is proposed to be appointed as a Director of the Company in connection with the Proposed Acquisition. Accordingly, no service contract in relation thereto will be entered into by the Company.

9. DOCUMENTS FOR INSPECTION

A copy of the SPA and the Second Valuation are available for inspection during normal business hours at the registered office of the Company at 7030 Ang Mo Kio Avenue 5, #08-85 Northstar@AMK, Singapore 569880 for a period of three (3) months from the date of this announcement.

In light of the prevailing regulations due to the COVID-19 situation, any Shareholder who wishes to inspect the SPA and/or the Second Valuation should contact the Company at least three (3) working days in advance to make a prior appointment to attend at the registered office of the Company to inspect the document.

10. FURTHER ANNOUNCEMENTS

The Company will make further announcements, in compliance with the requirements of the Catalist Rules, as and when there are material developments in respect of the Proposed Acquisition and other matters contemplated in this announcement.

11. CAUTIONARY STATEMENT

Shareholders and potential investors of the Company should note that there is no certainty or assurance as at the date of this announcement that the Proposed Acquisition will be completed. In particular, the SPA is subject to conditions which may or may not be fulfilled. Shareholders and potential investors of the Company are advised to read this announcement and any further announcements made by the Company carefully. Shareholders and potential investors of the Company are advised to exercise caution when dealing or trading in the shares of the Company. In the event of any doubt as to the action they should take, Shareholders and potential investors of the Company should consult their financial, tax, legal or other professional advisers.

By Order of the Board

Lee Wei Hsiung
Company Secretary
12 July 2022

This announcement has been prepared by Meta Health Limited (the "Company") and its contents have been reviewed by the Company's sponsor, ZICO Capital Pte. Ltd. (the "Sponsor"), in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalist.

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.

The contact person for the Sponsor is Mr Alex Tan, Chief Executive Officer, ZICO Capital Pte. Ltd. at 77 Robinson Road, #06-03 Robinson 77, Singapore 068896, telephone (65) 6636 4201.