



## **META HEALTH LIMITED**

(Incorporated in the Republic of Singapore)

(Company Registration No.: 198804700N)

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### **RESPONSES TO QUERIES RAISED BY SINGAPORE EXCHANGE REGULATION**

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The board of directors (the “**Board**”) of Meta Health Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) sets out its responses to the following queries raised by the Singapore Exchange Regulation (“**SGX**”) in respect of the Company’s announcement dated 12 July 2022 relating to the proposed acquisition of the remaining shares in Gainhealth Pte. Ltd. (the “**Announcement**”).

*Unless otherwise defined, all capitalised terms used in this announcement shall have the same meaning as ascribed to them in the Announcement.*

#### **SGX Query 1**

*The Company completed the 85.07% acquisition in Gainhealth in Sept 2021. Why did the Company not consider acquiring the entire 100% stake in Gainhealth, instead of splitting into 2?*

#### **Company’s Response**

At the point of the initial acquisition of 85.07% equity interests in Gainhealth (the “**Initial Acquisition**”), Gainhealth was a relatively young company with a Singapore government grant received under the Startup SG Founder programme in 2020. As one of the conditions to the grant, the founder of Gainhealth (being Ms Jagannathan Padmaja Sakthi, who is the vendor of the Initial Acquisition and the Proposed Acquisition), needs to be a shareholder of Gainhealth. The aforementioned government grant was finalised and granted in full to Gainhealth by March 2022. A partial acquisition of Gainhealth then also allowed the Company to see how Gainhealth developed, as it was a pivot for the Company from its core precision engineering business.

#### **SGX Query 2**

*The Company paid S\$4.25 million for the 85.07% stake, which is about 85% of the 100% of the Agreed Initial Valuation of S\$5.0 million and based on the First Valuation of Gainhealth (S\$3.9 million to S\$5.2 million). For the remaining 14.93%, the Company is paying S\$1.2 million, which is based on the Second Valuation of Gainhealth (S\$7.3 million to S\$8.6million).*

*In view of the significant difference between the First and Second Valuations, are there any differences in the assumptions and methodology used in the two valuations, causing the increase in valuation?*

#### **Company’s Response**

Both the First and Second Valuations have been prepared in accordance with the International Valuation Standards, and are based primarily on the income approach (discounted cash flows method) with reference made to the market approach.

Each of Deloitte & Touche Financial Advisory Services (the appointed independent valuer for the Second Valuation of Gainhealth) (“**Deloitte**”) and Cushman & Wakefield VHS Pte Ltd (the appointed



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independent valuer for the First Valuation of Gainhealth) (“**Cushman**”) had taken into account different considerations for the valuation of Gainhealth. In addition, the date of valuation of Gainhealth for both the First Valuation and Second Valuation is different. The First Valuation is dated on 31 March 2021, while the Second Valuation is dated on 28 February 2022.

Based on the valuation report issued by Cushman on 22 June 2021, Cushman had taken into consideration, *inter alia*, the following for the First Valuation:

- management accounts of Gainhealth for the period from 1 October 2020 to 31 December 2020;
- management accounts of Gainhealth for FPMar2021 (being the financial period from 1 January 2021 to 31 March 2021);
- financial forecast of Gainhealth for FPDec2021 (being the financial period from 1 April 2021 to 31 December 2021) to the financial year ending 31 December (“**FY**”) 2028;
- information memorandum of Gainhealth;
- agreement and/or memorandum of understanding with corporate partners; and
- sale and purchase agreement for the Initial Acquisition.

Based on the valuation letter issued by Deloitte on 5 May 2022, Deloitte had taken into consideration, *inter alia*, the following for the Second Valuation:

- management’s projection between FY2022 to FY2026, for the Gainhealth Group;
- unaudited management account for the 19 months period ended 31 December 2021 of Gainhealth;
- unaudited management account for the 2 months period ended 28 February 2022;
- valuation report for the Gainhealth Group performed by Cushman dated 22 June 2021;
- sale and purchase agreement on the Initial Acquisition dated 7 June 2021; and
- announcement dated 8 June 2021 by the Company on the Initial Acquisition.

Since the Initial Acquisition in 2021, Gainhealth’s business has grown and its central pharmacy business maturing, and introduced a new segment of clinical nutrition products, leading to a higher valuation.



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### **SGX Query 3**

*Who proposed / initiated the current acquisition of remaining 14.93% in Gainhealth?*

### **Company's Response**

Dr Bernard Ng, the Executive Chairman and Group Chief Executive Officer (“**CEO**”) of the Company, proposed the Proposed Acquisition of the remaining 14.93% in Gainhealth to the Board. The current Proposed Acquisition of the remaining 14.93% in Gainhealth is to help consolidate the Company's ownership of Gainhealth's fast growing healthcare business at current valuation.

### **SGX Query 4**

*Had the initial acquisition and current proposed acquisition been aggregated, what would be the Rule 1006 computation?*

### **Company's Response**

Following is the computation of the relative figures under Catalyst Rule 1006 for the aggregation of the proposed acquisition of 100% of Gainhealth:

<b>Rule 1006</b>	<b>Bases</b>	<b>Relative Figures (%)</b>
(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value.	Not applicable
(b)	The net loss attributable to the assets acquired or disposed of, compared with the Group's net loss.	4.3 <sup>(1)</sup>
(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.	45.0 <sup>(2)</sup>
(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previous in issue.	5.1 <sup>(3)</sup>
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves. The basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets. If the reserves are not directly comparable, the SGX-ST may permit valuations to be used instead of volume of amount.	Not applicable

### **Notes:**

- (1) The relative figure under Catalyst Rule 1006(b) is computed based on (i) the Group's net profit for FY2021 of approximately S\$7,615,128, and (ii) Gainhealth's audited net profit for the period from 26 June 2020 (being the date of incorporation) to 31 December 2021 of S\$326,228.



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(2) Pursuant to Catalist Rule 1003(3), 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. The aggregate value of the consideration of 100% of Gainhealth amounting to **S\$8,120,308** is derived based on the following:

- For the Initial Acquisition of 85.07%: As the NAV per Share of S\$0.041 as at 31 December 2020 is higher than the market value of each Share of S\$0.0364 (based on the volume weighted average price (“VWAP”) of Shares transacted on 4 June 2021, being the market day preceding the date of the sale and purchase agreement for the Initial Acquisition of 85.07%, in accordance with Catalist Rule 1002(4)), the value of the consideration (in the form of shares) is S\$0.041 per Share. Accordingly, the aggregate consideration for the Initial Acquisition of 85.07% would therefore be **S\$7,004,308**, comprising (i) cash payment of S\$6,391,277, in respect of the consideration and actual performance bonus; and (ii) the equity portion of S\$613,031 (being 13,000,000 consideration shares and 1,951,977 actual performance shares, multiplied by the NAV of S\$0.041 per Share).
- For the Proposed Acquisition of the remaining 14.93%: As the NAV per Share of S\$0.043 as at 31 December 2021 is higher than the market value of each Share of S\$0.034 (based on the VWAP of Shares transacted on 7 July 2022, being the last market day preceding the date of the sale and purchase agreement for the Proposed Acquisition of the remaining 14.93%, where there were Shares traded, in accordance with Catalist Rule 1003(3)), the value of the consideration (in the form of shares) is S\$0.043 per Share. Accordingly, the aggregate consideration for the remaining 14.93% is **S\$1,116,000**, comprising cash payment of S\$600,000 and the equity portion of S\$516,000 (being 12,000,000 consideration shares, multiplied by the NAV of S\$0.043 per Share).

The Company’s market capitalisation was approximately S\$18.04 million, computed based on the existing issued share capital of the Company as at the date of the Announcement of 530,551,517 Shares and the VWAP of S\$0.034 per Share based on trades done on Catalist on 7 July 2022, being the last full market day preceding the date of the SPA where there were Shares traded.

(3) Computed based on (i) an aggregate of 26,951,977 Shares issued (which consists of 13,000,000 consideration shares for the Initial Acquisition of 85.07%, 1,951,977 actual performance shares, and 12,000,000 Consideration Shares for the Proposed Acquisition of the remaining 14.93%), and (ii) the Company’s issued Shares of 530,551,517 as at 12 July 2022 (being the date of the Announcement).

**As illustrated above, the relevant thresholds under Catalist Rule 1006 are more than 5% but less than 75% and as such, the proposed acquisition of 100% of Gainhealth would constitute a “discloseable transaction” under Chapter 10 of the Catalist Rules.**

### **SGX Query 5**

*Who is on the board of 5Digital?*

### **Company’s Response**

The current board of directors of 5Digital are Mr Philip Mak (Chief Financial Officer of the Company), Mr Chua Keng Choon (SVP of Engineering), and Mr Ahillan Pupalasingam (Chief Investment Officer of 5Digital).



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**SGX Query 6**

*What is Dr Vas Metupalle's role as Chief Medical Officer of 5Digital?*

**Company's Response**

Dr Vas Metupalle is a registered medical practitioner with the Singapore Medical Council. As Chief Medical Officer, he runs the healthcare platform and clinics operations for 5Digital, Gainhealth and other healthcare subsidiaries of the Company.

**SGX Query 7**

*Are there arrangements or agreements between Dr Vas Metupalle with the Company / 5Digital / the Company's director, CEO or controlling shareholder, or their associates, in connection with the proposed acquisition of Gainhealth?*

**Company's Response**

There are no arrangements / agreements between Dr Vas Metupalle with the Company / 5Digital / the Company's directors, CEO or controlling shareholders, or their respective associates in connection with the proposed acquisition of Gainhealth. Dr Vas Metupalle continues to be under employment by the Group as Chief Medical Officer of 5Digital, and to run the healthcare platform and clinics operations for 5Digital, Gainhealth and other healthcare subsidiaries of the Company.

**By Order of the Board**

Lee Wei Hsiung  
Company Secretary  
5 August 2022

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*This announcement has been prepared by 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 (the "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.*