



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

PROPOSED CONVERSION OF OUTSTANDING AMOUNTS OWED BY MEDI LIFESTYLE LIMITED TO LINGHOLM HOLDINGS PTE. LTD. INTO NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY

1. INTRODUCTION

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 has on, 9 December 2024 entered into a conditional debt conversion deed (the “**Debt Conversion Deed**”) with Lingholm Holdings Pte. Ltd. (the “**Lender**”) in relation to the Proposed Debt Conversion (as defined in paragraph 2.4 below).

2. THE PROPOSED DEBT CONVERSION

- 2.1. Pursuant to a loan agreement dated 27 February 2024 (the “**Initial Loan Agreement**”) and a loan agreement dated 1 November 2024 (the “**Loan Agreement**”) both entered into between the Lender and the Company, the Lender agreed to provide the Company with a non-interest bearing loan of S\$1.30 million (the “**Initial Loan**”) and S\$2.10 million (the “**Loan**”), respectively. As of the date of this announcement, S\$1.30 million and S\$1.28 million have been disbursed by the Lender to the Company under the Initial Loan and the Loan, respectively and is owing by the Company to the Lender under the Initial Loan and Loan, respectively. Please refer to the Company’s announcements dated 27 February 2024 and 4 November 2024 for further information on the Initial Loan and the Loan respectively, including the use of proceeds thereunder.
- 2.2. Pursuant to a debt purchase letter dated 28 February 2024 (the “**Debt Purchase Letter**”) entered into between Mr. Low Koon Poh¹ and the Lender, Mr. Low Koon Poh had sold and assigned to the Lender all of his rights, interests and benefits to an outstanding amount of the total value of S\$546,572.84 and RM272,962.00 (approximately S\$82,904.18²) (collectively, the “**Debt**”) owed by the Company to Mr. Low Koon Poh. As of the date of this announcement, an aggregate amount of S\$629,477.02 of the Debt is owing by the Company to the Lender pursuant to the Debt Purchase Letter.
- 2.3. Accordingly, an aggregate amount of S\$3,209,477.02 (the “**Outstanding Debt**”) is owing by the Company to the Lender under the Initial Loan Agreement, the Loan Agreement and the Debt, as of the date of the Debt Conversion Deed.
- 2.4. Pursuant to the terms of the Debt Conversion Deed, the Lender has agreed to the repayment of the Outstanding Debt by way of conversion into 213,965,134 new ordinary shares in the capital of the Company (the “**Debt Conversion Shares**”) at the conversion price of S\$0.015 for each Debt

¹ Mr. Low Koon Poh resigned as the Executive Chairman and Chief Executive Officer of the Company on 27 February 2024.

² Based on an agreed exchange rate of RM1.00 to S\$0.303721 being the Malaysian Ringgit (RM) to Singapore dollar (S\$) exchange rate as at 12 noon of the date of the Debt Conversion Deed as published by Bank Negara Malaysia.

Conversion Share (the “**Conversion Price**”), fractional entitlements to be disregarded (the “**Proposed Debt Conversion**”).

- 2.5. The Debt Conversion Shares are issued in full repayment of the Outstanding Debt and upon the allotment and issuance of the Debt Conversion Shares to the Lender, the Outstanding Debt under the Initial Loan (amounting to S\$1.30 million), the Loan (amounting to S\$1.28 million) and the Debt (amounting to S\$629,477.02) shall be deemed to be fully repaid.
- 2.6. The allotment and issuance of the Debt Conversion Shares pursuant to the Proposed Debt Conversion will be undertaken pursuant to the private placement exemption under Section 272B of the Securities and Futures Act 2001 of Singapore. As such, no prospectus or offer information statement will be issued by the Company in connection with the Proposed Debt Conversion.

3. INFORMATION ON THE LENDER

- 3.1. The Lender is a company incorporated in Singapore on 19 September 2012 and its principal business is that of an investment holding company. The shareholders of the Lender are Mr. Xia Junwei, Mr. Zhang Zhi and Ms. Yuan Xiaohan who hold 65.0%, 25.0% and 10.0% of the shares in the Lender respectively. Mr. Xia Junwei and Ms. Yuan Xiaohan are both directors of the Lender.
- 3.2. As of the date of this announcement, the Lender is a substantial shareholder of the Company holding 22,804,430 shares in the capital of the Company (“**Shares**”) representing approximately 14.07% of the Existing Issued Share Capital (as defined in paragraph 7 below), and Mr Zhang Zhi, a 25.0% shareholder of the Lender, is the Non-Independent Non-Executive Deputy Chairman of the Company.
- 3.3. To the best of the Company’s knowledge, save as disclosed in this announcement (including paragraphs 3.1 and 3.2 above), there is no connection (including business relationship) between the Lender and the Company, its Directors or substantial shareholders and the Lender will not be holding the Debt Conversion Shares in trust or as a nominee.
- 3.4. No placement agent or introducer was appointed or is to be appointed for the Proposed Debt Conversion and for the allotment and issuance of the Debt Conversion Shares.
- 3.5. There are no share borrowing arrangements entered into by the Company to facilitate the Proposed Debt Conversion.

4. KEY TERMS OF THE PROPOSED DEBT CONVERSION

4.1. Conversion Price

The Outstanding Debt will be converted at the Conversion Price of S\$0.015. The Conversion Price represents a premium of 66.67% to the volume weighted average price (“**VWAP**”) of the Shares of S\$0.009 for trades done on the Catalist Board of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) (“**Catalist**”) on 4 December 2024, being the last full market day preceding the date that the Debt Conversion Deed was signed and the Shares were traded. There were no trades on the Shares on 5 December 2024, 6 December 2024 and 9 December 2024.

The issue price for each Debt Conversion Share was mutually agreed between the Company and the Lender and arrived at after taking into consideration, *inter alia*, the prevailing market conditions and financial performance of the Group, the recent share prices of the Company, the rationale for the Proposed Debt Conversion as set out in paragraph 6 below and the Initial Loan, the Loan and the Debt being interest-free.

4.2. Debt Conversion Shares

The Debt Conversion Shares, when allotted and issued, shall be free from all claims, charges, liens and other encumbrances whatsoever and shall rank *pari passu* in all respects with and shall carry all rights similar to the Shares, except that such Debt Conversion Shares will not rank for any dividend, right, allotment or other distributions, the record date for which falls on or before the completion of the Proposed Debt Conversion.

There is no moratorium imposed by the Company on the Debt Conversion Shares.

4.3. Conditions Precedent

Completion of the Proposed Debt Conversion is conditional upon the following conditions (“**Conditions**”):

- (a) approval from the shareholders of the Company (“**Shareholders**”) (excluding the Lender and its associates) having been obtained at a general meeting of the Company to be duly convened for the Proposed Debt Conversion, including the allotment and issuance of the Debt Conversion Shares and the transfer of controlling interest in the Company to the Lender, if required under Chapters 8 and 9 of the Listing Manual Section B: Catalyst Rules of the SGX-ST (the “**Catalist Rules**”) (the “**Proposed Debt Conversion Resolutions**”);
- (b) approval from the Shareholders (excluding the Lender and its concert parties and parties not independent of them) having been obtained at a general meeting of the Company to be duly convened for the waiver of their rights to receive a general offer from the Lender and its concert parties arising from and in connection with the Lender’s subscription of the Debt Conversion Shares (the “**Proposed Whitewash Resolution**”);
- (c) the grant by the Securities Industry Council (“**SIC**”) of the waiver of the obligation of the Lender and its concert parties to make a mandatory general offer under Rule 14 of the Singapore Code on Take-overs and Mergers (the “**Code**”) for the Shares not held by the Lender and its concert parties following the allotment and issuance of the Debt Conversion Shares to the Lender (the “**Whitewash Waiver**”) and the Whitewash Waiver not having been revoked or amended before the date of completion of the Proposed Debt Conversion (the “**Completion Date**”);
- (d) the in-principle approval of the SGX-ST being obtained for the listing and quotation of the Debt Conversion Shares on the Catalyst (and the SGX-ST not having revoked, rescinded or cancelled such approval before the Completion), and if obtained on conditions, to the extent that any such conditions are required to be fulfilled on or before the Completion Date, they are so fulfilled;
- (e) the Proposed Debt Conversion and the allotment and issuance of the Debt Conversion Shares having been approved by Board and the audit committee of the Company (the “**Audit Committee**”);
- (f) all other necessary consents, approvals and waivers required from any person, financial institution or regulatory body or authority of Singapore or elsewhere under any and all agreements applicable to the Company and/or applicable laws for the Proposed Debt Conversion and to give effect to the Proposed Debt Conversion being obtained and not having been revoked or amended before the Completion Date;
- (g) the Proposed Debt Conversion not being prohibited by any statute, order, rule or regulation promulgated after the date of the Debt Conversion Deed by any applicable legislative, executive or regulatory body or authority;

- (h) there having been no occurrence of any event or discovery of any fact rendering any of the relevant warranties in the Debt Conversion Deed untrue or incorrect in any material respect as at the Completion Date as if they had been given again on the Completion Date; and
- (i) the Company and the Lender not being in breach of any of their respective undertakings and the covenants in the Debt Conversion Deed as at the Completion Date.

The Lender may agree to waive compliance with the Condition set out in paragraphs 4.3(h) (in respect of any warranty given by the Company) and 4.3(i) (in respect of any breach by the Company) and any Condition so waived shall be deemed to have been satisfied by the Company.

The Company may agree to waive compliance with the Condition set out in paragraphs 4.3(h) (in respect of any warranty given by the Lender) and 4.3(i) (in respect of any breach by the Lender) and any Condition so waived shall be deemed to have been satisfied by the Lender.

If the Conditions are not satisfied and/or waived within six (6) months of the date of the Debt Conversion Deed (or such other date as may be mutually agreed between the Lender and the Company) (the "**Long-Stop Date**"), the Debt Conversion Deed shall terminate upon which the obligations of the Company to issue the Debt Conversion Shares and the Lender to subscribe for the Debt Conversion Shares shall cease thereafter, save for any antecedent breach of the Debt Conversion Deed.

4.4. **Completion**

The completion of the Proposed Debt Conversion will occur on the date falling five (5) business days after all of the Conditions have been satisfied and/or waived, or such other date as may be mutually agreed between the Lender and the Company.

5. **ADDITIONAL LISTING APPLICATION**

The Company will, through its Sponsor (as defined below), make an application to the SGX-ST for the listing of and quotation for the Debt Conversion Shares on the Catalist. The Company will make the necessary announcement upon receipt of the listing and quotation notice from the SGX-ST.

6. **RATIONALE FOR THE PROPOSED DEBT CONVERSION**

- 6.1. Based on the latest unaudited consolidated financial statements of the Group for the third quarter and nine months ended 30 June 2024 ("**9M2024**"), the Group's current liabilities exceeded its current assets by RM11.20 million as at 30 September 2024. In addition, the Group incurred a net loss of RM3.20 million and net operating cash outflow of RM5.50 million for 9M2024. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.
- 6.2. In view of the current financial and cash position of the Group and the conditions indicating that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern, the Board is of the view that the Proposed Debt Conversion would be in the interest of the Group as it would enable the Group to eliminate the need for any cash repayment for the Outstanding Debt and apply more of its cash flow towards ensuring adequacy of funds required to meet its operational obligations, including working capital and capital commitment needs. The Proposed Debt Conversion would reduce the Group's indebtedness and improve its financial position.
- 6.3. The Proposed Debt Conversion is also a demonstration of the Lender's continued support for and confidence in the viability of the Group.

7. CHANGES TO SHAREHOLDING INTERESTS OF THE LENDER

Details of the Proposed Debt Conversion and the changes to the Lender's shareholding interests in the Company before and after the completion of the Proposed Debt Conversion are set out below.

| Before the Proposed Debt Conversion | | Details of the Proposed Debt Conversion | | | After the Proposed Debt Conversion | |
|-------------------------------------|---|---|---|--|------------------------------------|--|
| Number of Shares Held | Number of Shares held as a percentage of the Existing Issued Share Capital ⁽¹⁾ | Number of Debt Conversion Shares to be Issued | Number of Debt Conversion Shares as a percentage of the Existing Issued Share Capital | Number of Debt Conversion Shares as a percentage of the Enlarged Issued Share Capital ⁽²⁾ | Number of Shares Held | Number of Shares held as a percentage of the Enlarged Issued Share Capital |
| 22,804,430 | 14.07% | 213,965,134 | 132.04% | 56.90% | 236,769,564 | 62.97% |

Notes:

- (1) Based on the total number of issued Shares in the capital of the Company of 162,040,442 Shares (excluding 20,000 treasury shares) at the date of this announcement (the "**Existing Issued Share Capital**").
- (2) Based on the total number of issued Shares in the capital of the Company of 376,005,576 Shares (excluding 20,000 treasury shares) following the completion of the Proposed Debt Conversion and assuming no allotment and issuance of new Shares and/or exercise of outstanding convertibles from the date of this announcement up to the Completion Date (the "**Enlarged Issued Share Capital**").

8. SHAREHOLDERS' APPROVALS REQUIRED FOR THE PROPOSED DEBT CONVERSION AND ALLOTMENT AND ISSUANCE OF DEBT CONVERSION SHARES

8.1. Rule 803 of the Catalyst Rules

Rule 803 of the Catalyst Rules provides that an issuer must not issue securities to transfer a controlling interest without prior approval of shareholders in general meeting. Under the Catalyst Rules, a controlling shareholder is a person who (a) holds directly or indirectly 15% or more of the total number of issued voting Shares or (b) in fact exercises control over the Company.

As at the date of this announcement, the Lender holds 22,804,430 Shares, representing approximately 14.07% of the Existing Issued Share Capital. Upon completion of the Proposed Debt Conversion, and assuming no allotment and issuance of new Shares and/or exercise of outstanding convertibles from the date of this announcement up to the Completion Date, the Lender will hold 236,769,564 Shares, representing approximately 62.97% of the Enlarged Issued Share Capital.

As the Lender will become a controlling shareholder holding more than 15.0% of the Enlarged Issued Share Capital upon completion of the Proposed Debt Conversion, the proposed allotment and issuance of the Debt Conversion Shares will constitute a transfer of controlling interest in the Company and the Company will be seeking specific Shareholders' approval pursuant to Rule 803 of the Catalyst Rules.

8.2. **Section 161 of the Companies Act and Rule 805(1) of the Catalist Rules**

Section 161 of the Companies Act 1967 of Singapore (the “**Companies Act**”) and Rule 805(1) of the Catalist Rules provide, *inter alia*, that an issuer must obtain the prior approval of shareholders in general meeting for the issue of shares or convertible securities or the grant of options carrying rights to subscribe for shares of the issuer unless the issue of shares or convertible securities or the grant of options carrying rights to subscribe for shares of the issuer is made pursuant to a general mandate previously obtained from shareholders of the issuer by resolution in a general meeting as provided in Rule 806(1) of the Catalist Rules.

The Company will be seeking specific Shareholder’s approval for the proposed allotment and issuance of the Debt Conversion Shares to the Lender in accordance with Section 161 of the Companies Act and Rule 805(1) of the Catalist Rules. The Debt Conversion Shares will not be issued pursuant to the general mandate granted by Shareholders during the annual general meeting of the Company held on 30 April 2024.

8.3. **Rule 812 of the Catalist Rules**

Rules 812(1) and Rule 812(2) of the Catalist Rules provide, *inter alia*, that an issue of shares must not be placed to an issuer’s substantial shareholders and corporations in whose shares the issuer’s directors have an aggregate interest of at least 10%, unless specific shareholders’ approval has been obtained for such placement, and the person, and its associates, must abstain from voting on the resolution approving the placement.

As the Lender is a substantial shareholder of the Company and a corporation in whose shares Mr. Zhang Zhi, the Non-Independent Non-Executive Deputy Chairman of the Company, has an aggregate interest of more than 10.0%, the Company will be seeking specific Shareholders’ approval for the proposed allotment and issuance of the Debt Conversion Shares to the Lender pursuant to Rule 812 of the Catalist Rules.

8.4. **Whitewash Waiver**

Upon completion of the Proposed Debt Conversion, and assuming no allotment and issuance of new Shares and/or exercise of outstanding convertibles from the date of this announcement up to the Completion Date, the Lender will hold 236,769,564 Shares, representing approximately 62.97% of the Enlarged Issued Share Capital.

As the Lender’s aggregate voting rights in the Company will exceed 30.0% following the allotment and issuance of the Debt Conversion Shares, the Lender will incur an obligation to make a mandatory general offer pursuant to Rule 14 of the Code as a result of its subscription of the Debt Conversion Shares, unless SIC grants the Whitewash Waiver.

Accordingly, an application will be submitted to the SIC to seek the Whitewash Waiver. If the Whitewash Waiver is granted by SIC, the Company will also be seeking independent Shareholders’ approval for the Proposed Whitewash Resolution and an independent financial adviser (the “**IFA**”) will also be appointed to advise the Directors who are independent for the purposes of the Proposed Whitewash Resolution on whether the terms of the Proposed Debt Conversion are fair and reasonable. The IFA’s opinion will be included in the Circular (as defined in paragraph 14 below).

8.5. **Interested Person Transaction under Chapter 9 of the Catalist Rules**

While the Lender is not an interested person as defined under Chapter 9 of the Catalist Rules and is not an associate (as defined in the Catalist Rules) of Mr. Zhang Zhi, the Non-Independent Non-Executive Deputy Chairman of the Company, the Lender is the single largest shareholder of the Company, holding 14.07% of the Existing Issued Share Capital as at the date of this announcement. In the interest of good corporate governance, the Company will consider the

allotment and issuance of the Debt Conversion Shares to the Lender under the Proposed Debt Conversion as an interested person transaction (“IPT”) within the meaning of Chapter 9 of the Catalist Rules.

Under Rules 905(4) and 906(3) of the Catalist Rules, if the Group's latest audited net tangible assets (“NTA”) is negative, the Company should consult the SGX-ST on the appropriate benchmark to calculate the relevant thresholds under Rules 905(1) and 905(2) and Rule 906(1) of the Catalist Rules respectively, which may be based on its market capitalisation. Based on the latest audited consolidated financial statements of the Group for the financial year ended 31 December 2023 (“FY2023”), the Group recorded net tangible liabilities (“NTL”) of RM9.20 million. In view of the Group's negative NTA position, the Sponsor had, on behalf of the Company, consulted the SGX-ST and the SGX-ST had on 6 December 2024 confirmed that, based on the Company's submissions and representations, the Company may use its market capitalisation as at the end of the preceding financial year as the basis to calculate the relevant thresholds under Rules 905(1) and 905(2) and Rule 906(1) of the Catalist Rules, in relation to the Proposed Debt Conversion.

As there were no trades on 31 December 2023, the last market day on which the Company's Shares were traded was 29 December 2023. Based on the VWAP of the Company's shares as at 29 December 2023 of S\$0.013 and the number of Shares then in issue of 114,634,243, the market capitalisation of the Company is S\$1.49 million. Accordingly, the value of the Proposed Debt Conversion of \$3,209,477.02 representing 215.37% of the market capitalisation of the Company as at 31 December 2023.

As the value of the Proposed Debt Conversion exceeds 5.0% of the market capitalisation of the Company as at 29 December 2023, the approval of independent Shareholders will therefore be required for the allotment and issuance of the Debt Conversion Shares to the Lender under the Proposed Debt Conversion pursuant to Rule 906(1) of the Catalist Rules.

Pursuant to Rule 909(3) of the Catalist Rules, in the case of borrowing of funds from an interested person, the value of the transaction is the interest payable on the borrowing. As the Initial Loan with a principal of S\$1.30 million and Loan with a principal of S\$2.10 million are interest-free, there is no amount at risk to the Group. Save for the entry into the Initial Loan Agreement, the Loan Agreement and the allotment and issuance of the Debt Conversion Shares under the Proposed Debt Conversion (which has a value of \$3,209,477.02), there are currently no other IPTs entered into between the Company and the Lender or its associates or any other interested person for the financial year ending 31 December 2024.

9. FINANCIAL EFFECTS OF THE PROPOSED DEBT CONVERSION AND ALLOTMENT AND ISSUANCE OF DEBT CONVERSION SHARES

The following tables illustrating the financial effects of the Proposed Debt Conversion on the Company have been computed based on the latest audited consolidated financial statements of the Group for FY2023, a Conversion Price of S\$0.015 and estimated expenses of approximately S\$220,000 (equivalent to approximately RM724,000) to be incurred in relation to the Proposed Debt Conversion.

The financial effects of the Proposed Debt Conversion and the allotment and issuance of Debt Conversion Shares pursuant to the Proposed Debt Conversion set out below are for illustrative purposes only and do not purport to be indicative or a projection of the results and financial position of the Company and the Group after the completion of the Proposed Debt Conversion.

9.1. Share Capital

The illustrative effects of the Proposed Debt Conversion on the share capital of the Company as at the date of the announcement are as follows:

| | Before the Proposed Debt Conversion | After the Proposed Debt Conversion |
|--|--|---|
| Issued and Paid Up Capital (S\$) | 52,884,075 | 56,053,552 |
| Total Number of issued Shares (excluding treasury shares) ⁽¹⁾ | 162,040,442 | 376,005,576 |

Note:

(1) As at the date of this announcement, the Company has 20,000 treasury shares.

9.2. NTA/(NTL) per Share

Assuming that the Proposed Debt Conversion was completed on 31 December 2023, the effect on the Company's NTA/(NTL) per Share as at 31 December 2023 would be as follows:

| As at 31 December 2023 | Before the Proposed Debt Conversion | After the Proposed Debt Conversion |
|-------------------------------------|--|---|
| (NTL)/NTA ⁽¹⁾ (RM) | (9,220,031) | 1,231,368 ⁽²⁾ |
| Number of issued Shares ('000) | 162,040,442 | 376,005,576 |
| (NTL)/NTA per Share (Malaysian sen) | (5.69) | 0.33 |

Notes:

- (1) (NTL)/NTA is computed based on total assets less total liabilities and intangible assets.
- (2) Based on increase paid-up share capital of S\$3,209,477.02 converted at an exchange rate of S\$1.00 to RM3.4820 as at 31 December 2023.

9.3. Loss per Share ("LPS")

Assuming that the Proposed Debt Conversion was completed on 1 January 2023, the effect on the Company's LPS for FY2023 would be as follows:

| For FY2023 | Before the Proposed Debt Conversion | After the Proposed Debt Conversion |
|---|--|---|
| Net loss attributable to owners of the Company (RM) | (7,194,578) | (7,918,578) ⁽¹⁾ |
| Weighted average number of Shares | 134,199,466 ⁽²⁾ | 348,164,600 |

| For FY2023 | Before the Proposed Debt Conversion | After the Proposed Debt Conversion |
|--------------------------------|--|---|
| Loss per Share (Malaysian sen) | (5.36) | (2.27) |

Note:

- (1) Based on the estimated expenses of approximately S\$220,000 (equivalent to approximately RM724,000) to be incurred in relation to the Proposed Debt Conversion.
- (2) The weighted average number of ordinary shares has been adjusted for (i) issuance of 20,000,000 Shares on 20 February 2024 and issuance of 15,000,000 Shares on 18 March 2024 following the conversion of convertible bonds totalling S\$700,000 and (ii) issuance of 12,406,199 Shares on 1 November 2024 following the conversion of non-redeemable convertible loan notes with an aggregate principal of S\$647,000.

9.4. Gearing

Assuming that the Proposed Debt Conversion was completed on 31 December 2023, the effect on the Company's gearing as at 31 December 2023 would be as follows:

| As at 31 December 2023 | Before the Proposed Debt Conversion | After the Proposed Debt Conversion |
|--|--|---|
| Net borrowings ⁽¹⁾ (RM) | 12,232,792 | 3,738,142 |
| Total equity (RM) | (9,220,031) | 1,231,368 |
| Net gearing ratio ⁽²⁾ (times) | (1.33) | 3.04 |

Notes:

- (1) Net borrowings comprises loans from third parties, including the Lender and the convertible loan notes entered into by the Group, net of cash and cash equivalents. As the Initial Loan and the Loan were entered into after the financial year end, the amount of net borrowings as at 31 December 2023 before the Proposed Debt Conversion has been adjusted to include the Initial Loan of S\$1.30 million and Loan of S\$1.28 million from the Lender.
- (2) Net gearing is computed using net borrowings divided by total equity.

10. CONFIRMATION BY DIRECTORS

- 10.1. The Proposed Debt Conversion will not result in any new cash proceeds for the Company as the Debt Conversion Shares are being issued in full repayment of the Outstanding Debt.
- 10.2. The Directors are of the opinion that after taking into consideration the loans from the Lender and the operating cash flows of the Group, the working capital available to the Group is sufficient to meet its present requirements.

11. STATEMENT FROM THE AUDIT COMMITTEE

Pursuant to Rule 917(4)(a) of the Catalist Rules, a statement (i) whether or not the audit committee of the issuer is of the view that the transaction is on normal commercial terms, and is not prejudicial to the interests of the issuer and its minority shareholders; or (ii) that the audit committee is obtaining an opinion from an IFA before forming its view is required to be disclosed in this announcement.

As the Proposed Debt Conversion involves the Lender, who is a restricted person under Rule 812 of the Catalist Rules, and being the single largest shareholder of the Company is deemed to in fact exercise control over the Company, the Audit Committee will be obtaining an opinion from the IFA before forming its view as to whether the Proposed Debt Conversion is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders. The IFA's opinion will be included in the Circular (as defined in paragraph 14 below).

12. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save as disclosed in this announcement in relation to the Lender and Mr. Zhang Zhi, none of the Directors or substantial shareholders of the Company or their respective associates has any interest, direct or indirect, in the Proposed Debt Conversion (other than through their respective shareholdings and/or directorships in the Company, if any).

13. ABSTENTION FROM VOTING

The Lender and its associates will abstain from exercising their voting rights in respect of all Shares owned by them and will not accept appointments as proxies unless specific instructions as to voting are given, in respect of the Proposed Debt Conversion Resolutions.

The Lender and its concert parties and parties not independent of them will abstain from exercising their voting rights in respect of all Shares owned by them and will not accept appointments as proxies unless specific instructions as to voting are given, in respect of the Proposed Whitewash Resolution.

14. CIRCULAR AND EGM

The Company will be convening an extraordinary general meeting ("**EGM**") to seek independent Shareholders' approval for the Proposed Debt Conversion Resolution as an IPT and the Proposed Whitewash Resolution. A circular containing, *inter alia*, the notice of the EGM and details of the Proposed Debt Conversion ("**Circular**") will be despatched to the Shareholders in due course.

15. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Debt Conversion Deed is available for inspection at the Company's registered office at 9 Raffles Place, #26-01, Republic Plaza, Singapore 048619 during normal business hours for a period of three (3) months from the date of this announcement.

16. DIRECTORS' 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 Proposed Debt Conversion, 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.

17. CAUTIONARY STATEMENT

Shareholders and potential investors of the Company are advised to exercise caution when trading in the Shares in relation to this announcement as there is no certainty that the Proposed Debt Conversion will be completed as it is subject to the Company obtaining the relevant regulatory approvals and fulfilling the Conditions set out in the Debt Conversion Deed. When in doubt as to the action they should take, Shareholders and potential investors of the Company should consult their financial, tax or other professional adviser immediately.

BY ORDER OF THE BOARD

Herry Pudjianto
Executive Chairman & Chief Executive Officer

10 December 2024

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, #21-01 AIA Tower, Singapore 048542, telephone: (65) 6232 3210