



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

RESPONSE TO SGX QUERIES

A. INTRODUCTION

The Board of Directors (the "**Board**" or "**Directors**") of Medi Lifestyle Limited (the "**Company**", has received the following queries from the Singapore Exchange Securities Trading Limited ("**SGX-ST**") in respect of its announcement dated 29 July 2021 (the "**Announcement**"), in relation to the provisional liquidation of the Company's subsidiary, Healthpro Pte Ltd ("**HPL**") and wish to provide its responses below.

Unless otherwise defined, capitalized terms used herein shall bear the same meanings ascribed to them in the Announcement.

B. SGX-ST QUERIES

Q1: The Company has indicated in the announcement that it intends to continue in the postpartum care business in Singapore and will continue to lookout for opportunities, including, inter alia, converting existing hotel premises to provide postpartum care services which require minimal renovation costs

a. Please provide The Board's consideration for the liquidation of HPL

Company's Response

As mentioned in paragraph 2 of the Announcement, the Board and Management, after due consideration has decided that it will no longer fund the development expenditure of the postpartum care centre in view of: (i) the continued delay in the renovation works of the postpartum care centre principally due to Covid-19 pandemic restrictions; (ii) the commercial non-viability of operating a large postpartum care centre under a prolonged Covid-19 pandemic situation; (iii) the current financial position of HPL; and (iv) the re-direction of the Group's investment strategies to healthcare and wellness projects which require lower set up costs and investments.

b. Will the liquidation have any impact on the Company's future plans to continue in the postpartum care business in Singapore?

Company's Response

The liquidation of HPL will not have any significant impact on the Company's future plans to continue in the development of the postpartum care business in Singapore. However, going forward, the Group intends to invest in smaller postpartum care centres at strategic locations.

c. How much has been invested in / utilised in relation to HPL to-date?

Company's Response

The Group has expended about S\$4.3 million in relation to HPL to date, comprising (i) renovation works of S\$1.6 million; (ii) property lease rental including deposits S\$2.2 million; and (iii) salaries and other general overheads of S\$0.5 million.

Q2. Please provide more details of the liquidator

Company's Response

The appointed Provisional Liquidator is Mr Tam Chee Chong ("**Mr Tam**").

Mr Tam is a Director of Kairos Corporate Advisory Pte Ltd. He is a Licensed Insolvency Practitioner appointed by the Ministry of Law. Mr Tam is also a Fellow Chartered Accountant of both the Institute of Chartered Accountants in England & Wales and the Institute of Singapore Chartered Accountants.

Mr Tam has more than 34 years' experience in corporate and financial advisory. He has worked in various Big 4 accounting firms (KPMG, PwC, Andersen and Deloitte) in London, Hong Kong and Singapore across a wide range of industries and portfolios. Mr Tam is experienced in merger & acquisitions, valuations, dispute resolutions, litigation support, corporate recovery and restructuring, business turnaround and major forensic investigations.

He has been involved in some of Singapore's largest corporate restructuring and insolvency projects including Asia Pulp & Paper Ltd, China Aviation Oil, Goldtron Ltd, FHTK Holdings, Lindeteves – Jacoberg Ltd, Jurong Technologies, Poh Lian Construction, Technic Oil & Gas, CNA Group Ltd, Pinetree Town & Country Club.

Mr Tam is an experienced dispute resolution and litigation support practitioner. He has been involved in more than 45 dispute and litigation support engagements and has appeared in numerous occasions as Independent Expert in the High Court of Singapore, arbitration tribunals and the Singapore International Commercial Court.

Q3 When the Company disposed its engineering business in September 2020 to focus on the healthcare and wellness business, the Board was of the view that the Healthcare & Wellness Business has greater development potential and was optimistic of the prospects of the Healthcare & Wellness Business once its existing postpartum care facilities are up and running at full operational capacity. What has changed since then that led to the liquidation of HPL?

Company's Response

Subsequent to the Group's diversification into the Healthcare & Wellness Business in late 2019, the Group had, since February 2020 started renovation and refurbishment works at the Hendon Road postpartum care centre. Shortly after, the Singapore Government announced the Circuit Breaker measures which ran from 7 April 2020 to 1 June 2020 resulting in a stoppage of works. Even with the gradual re-opening from 2 June 2020, the renovation works at the Hendon Road postpartum care centre continued to be affected by (i) delay in importation of materials from pandemic-affected countries; (ii) sourcing of contractor-related foreign manpower issues; (iii) unexpected requirements to rectify and upgrade works on a heritage site; and (iv) revisions to renovation work scopes. Hence, the original scheduled opening date for the postpartum care centre, being second quarter of 2020 has been unduly delayed till date. In addition, the global pandemic has severely curtailed international travel depriving the planned luxury centre of any potential high-end foreign customers and local customers are now more likely to be cost-conscious, thereby making the Hendon Road postpartum care centre no longer commercially viable.

Q4 Please provide updates and latest financials on the 3 postpartum care centres in Malaysia.

Company's Response

The Group's postpartum care centre at SS2 Petaling Jaya, Malaysia ("**SS2 Centre**"), continues to operate despite the current Covid-19 pandemic and the Malaysian government's Movement Control Order ("**MCO**") as it is deemed an essential healthcare service. The SS2 Centre has in place strict health and movement controls, including arranging for Covid-19 vaccination for its on-site staff. The SS2 Centre has to date received bookings till the fourth quarter of 2021.

The conversion of a discontinued tourist hotel into a second postpartum care centre ("**Mines2 Centre**") in the Klang Valley region has been suspended under the current MCO restrictions. The Mines2 Centre is planned for 50 suites equipped with a nursery, incubation room, kitchen and other support services. Pending the lifting of current MCO restrictions, the Mines2 Centre is expected to be operational towards the end of fourth quarter of 2021 after resuming refurbishment and enhancement works.

Financials related to the postpartum care centres in Malaysia will be disclosed in the upcoming financial statements Announcement for second quarter and half year ended 30 June 2021, which will be released by 14 August 2021.

Q5 Please provide the Board's views and considerations on whether the Healthcare & Wellness Business is still viable and whether there are any plans to diversify into other businesses.

Company's Response

The Board considers the Healthcare & Wellness Business to be viable for the Group and continues to look for opportunities at the appropriate time in this sector beyond postpartum care services. The Group is identifying and searching for complementary and new revenue streams in the aesthetics, wellness and physiology sectors as mentioned in the Company's circular dated 3 October 2019. In addition, investment strategies are being re-directed to healthcare and wellness projects which require lower set up costs and investments.

In line with the aforementioned, the Group expanded into providing complementary treatments, evident from its opening of a chiropractic and physiotherapy centre under the brand name 'Back To Life' ("**BTL**") which is operating at the SS2 Centre. Pending the lifting of MCO restrictions, the process to set up a second BTL centre in Petaling Jaya, Malaysia will resume, and a third centre is being planned for in Cheras, Kuala Lumpur. In addition, an integrated BTL centre is also being planned within the Mines2 Centre.

Notwithstanding the Liquidation of HPL, the Group intends to continue in the postpartum care business in Singapore and will prudently pursue opportunities at the appropriate junctures, including, *inter alia*, converting existing hotel premises to provide postpartum care services which will require minimal renovation costs.

Other wellness-related initiatives are planned to be launched in Malaysia and Singapore in the third quarter of 2021 and will be announced separately.

Q6 Please provide the Board of Directors' assessment of the Group's ability to continue operating as a going concern and the bases for the said assessment.

Company's Response

Having considered the responses provided to Question 5 and barring any unforeseen circumstances, the Board is of the view that Group would be able to continue to operate as a going concern. In addition, the Board has considered: (i) potential additional corporate fund-raising exercises including a share subscription exercise completed in April 2021; and (ii) the Group's estimated revenue from the Healthcare & Wellness Sector for the financial year ending 31 December 2021. The Group is expecting to receive the remaining RM1.9 million proceeds from the convertible loan agreement entered into in January 2021 by third quarter of 2021.

Q7 Please provide the Board of Directors' confirmation as to whether sufficient information has been disclosed to enable trading of the Company's shares to continue in an orderly manner and the bases for its views.

Company's Response

The Board confirms that sufficient information has been disclosed in the Announcement for the trading of the Company's securities to continue in an orderly manner. The basis for the Board's view is that, to the best of their knowledge, all material disclosures have been provided for trading of the Company's shares to continue.

C. OTHERS

The Company will continue to keep shareholders apprised on developments pertaining to the Group's Healthcare & Wellness Business as well as on the Liquidation of HPL and will make the necessary announcements when there are material developments.

Shareholders and other investors are reminded to exercise caution while dealing in the shares of the Company. In the event that shareholders and other investors are in doubt when dealing in the share of the Company, they should consult their stockbrokers, bank managers, solicitors, accountants, or other professional advisers.

By Order of the Board

Low Koon Poh
Executive Chairman & Chief Executive Officer
2 August 2021

MEDIA 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.