



MEDI LIFESTYLE LIMITED

(Formerly known as IEV HOLDINGS LIMITED)

(Company Registration Number 201117734D)

(Incorporated in the Republic of Singapore on 26 July 2011)

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN ON THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

Pursuant to Rule 704(4) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”), 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’s Independent Auditors, Mazars LLP (the “**Auditors**”) has included a Material Uncertainty Related to Going Concern section in their report (the “**Independent Auditors’ Report**”) on the audited financial statements of the Group and Company for the financial year ended 31 December 2020 (“**FY2020**”)(the “**Audited Financial Statements**”). The opinion of the Auditors is not modified in respect of this matter.

The Independent Auditors’ Report is annexed to this announcement for information purposes. The Independent Auditors’ Report and the Audited Financial Statements will form part of the Company’s Annual Report for FY2020 (the “**2020 Annual Report**”) which will be released to the shareholders of the Company (the “**Shareholders**”) in due course. Shareholders are advised to read the Independent Auditors’ Report and the 2020 Annual Report in their entirety.

Material Uncertainty Related to Going Concern

The following is an extract of Note 1 to the Audited Financial Statements pertaining to the subject of this announcement:

Note1:

“As at 31 December 2020, the Group’s current liabilities exceeded its current assets by RM8.5 million. In addition, the Group incurred a net loss of RM2.8 million and net operating cash outflow of RM10.5 million for the financial year then ended. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern. To support the financial statements having been prepared on a going concern basis and to ensure the adequacy of funds required to meet its obligations, working capital and capital commitment needs, the Group has prepared a 15-months consolidated cash flow forecast from 1 January 2021 (“**Cash Flow Forecast**”). In preparing the Cash Flow Forecast, management has taken the following into consideration:

- (i) new capital to be raised via private share placements and convertible loans of S\$8.0 million (approximately RM24.4 million) from January 2021 onwards to finance the capital outlays set out in (ii) below and for the Group’s working capital purposes; as of date of authorisation of this financial statements, the convertible loan agreements had been entered into with lenders for an aggregate principal amount of S\$2.25 million (approximately RM6.9 million);
- (ii) the Group expects to spend on capital outlays of approximately S\$5.3 million (approximately RM16.1 million) which are required for the renovation of two new confinement centres and seven new chiropractic and physiotherapy centres, of which S\$1.5 million (approximately RM4.5 million) is contractually committed; the confinement centres are expected to commence operations in June 2021 and August 2021 whilst chiropractic and physiotherapy centres are to commence operations over the course of 2021;
- (iii) on-going negotiations for the settlement of overdue rentals of S\$0.9 million (approximately RM2.8 million) related to a commercial lease in Singapore; and
- (iv) possible delay in the Group’s plan in the commencement of the Healthcare sector operations in 2021 as a result of the outbreak of Covid-19.

The ability of the Group to fulfil its obligation is dependent on the Group generating sufficient cash flows from its Healthcare sector and the ability to raise new funding via private share placements and convertible loans primarily to finance the Group's capital expenditure for its Healthcare sector. The directors and management are confident that the Cash Flow Forecast is achievable and will allow the Group to fulfil its obligations as and when they arise.

The events or conditions set out above indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. If the going concern assumption is no longer appropriate, adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which may differ significantly from the amounts at which they are currently recorded in the statements of financial position. In addition, the Group and the Company may have to reclassify non-current assets and liabilities as current assets and liabilities, respectively. Such adjustments have not been made to these financial statements."

Board's Comments

The Directors are of the view that it is appropriate for the Audited Financial Statements of the Group and Company to be prepared and presented on a going concern basis, having regard to the following:

- (i) potential additional corporate fund-raising exercises, including the entry into convertible loans of an aggregate amount of S\$2,250,000 as announced by the Company on 29 January 2021; and
- (ii) Management has prepared a cash flow forecast and is of the view that the Group will have sufficient cash resources, including from estimated earnings for the financial year ending 31 December 2021, to satisfy its working capital requirements and to meet its obligations as and when they fall due.

Further, the Board is of the opinion that sufficient information has been disclosed for the trading of the Company's securities to continue in an orderly manner and the Board is not aware of any material information that requires disclosure but remains undisclosed as of the date of this announcement.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Company's securities. When in doubt, shareholders and potential investors are advised to seek independent advice from their bankers, stockbrokers, solicitors or other professional advisers.

By Order of the Board

Dato' Low Koon Poh
Executive Chairman & Chief Executive Officer
5 April 2021

MEDIA CONTACT

For media queries, please contact;

Medi Lifestyle Limited

Corporate Communications Department

Tel: +65 6299 9881

Jeysie Wong (Mobile +60 13 257 2787, Email: jeysie.wong@medi-lifestyle.com)

*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.



Independent Auditors' Report

To the members of Medi Lifestyle Limited

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of Medi Lifestyle Limited (formerly known as IEV Holdings Limited) (the "Company") and its subsidiaries (the "Group") which comprise the statements of financial position of the Group and of the Company as at 31 December 2020, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group, and the statement of changes in equity of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 61 to 136.

In our opinion, the accompanying consolidated financial statements of the Group, and the statement of financial position and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020 and of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the accompanying financial statements, which indicates that as at 31 December 2020, the Group's current liabilities exceeded its current assets by RM8.5 million. In addition, the Group incurred a net loss of RM2.8 million and net operating cash outflow of RM10.5 million for the financial year then ended. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

The ability of the Group to fulfil its obligations is dependent on the Group generating sufficient cash flows from its Healthcare sector and the ability to raise new capital via private share placement and convertible loans primarily to finance the Group's capital expenditure for its healthcare business. Our opinion is not modified in respect of this matter.

Overview

Audit Approach

We designed a risk-based audit approach in identifying and assessing the risks of material misstatement at both the financial statement and assertion levels.

Materiality

As in all our audits, we exercised our professional judgement in determining our materiality, which was also affected by our perception of the financial information needs of the users of the financial statements, being the magnitude of misstatement in the financial statements that makes it probable for a reasonably knowledgeable person to change or be influenced in his economic decision.



Independent Auditors' Report

To the members of Medi Lifestyle Limited

Overview (Continued)

Scope of audit

For the audit of the current financial year's financial statements, we identified 8 significant components which required a full scope audit and audit of specific account balances and transactions of their financial information, either because of their size or/and their risk characteristics.

Out of the 8 significant components, 6 were audited by overseas member firms of Mazars and Cheng & Cheng Limited as component auditors (the "component auditors") under our instructions and the remaining 2 were audited by us. We determined the component materiality and our level of involvement in their audit necessary for us, in our professional judgement, to obtain sufficient appropriate audit evidence as a basis for our opinion on the Group's financial statements as a whole.

Area of focus

We focused our resources and effort on areas which were assessed to have higher risks of material misstatement, including areas which involve significant judgments and estimates to be made by directors.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matter described below to be the key audit matter to be communicated in our report.

Matter	Audit response
Impairment review of goodwill (refer to Note 3.2 and Note 14 to the financial statements)	
<p>As at 31 December 2020, the Group had recognised goodwill on consolidation with carrying amount of RM6.1 million, net of impairment loss of RM1.3 million, and this constitutes 29% of the total assets recorded on the statement of financial position of the Group.</p> <p>SFRS(I) 1-36 <i>Impairment of Assets</i> ("SFRS(I) 1-36") requires that a cash-generating unit to which goodwill has been allocated to be tested for impairment annually, and whenever there is any indication of potential impairment.</p> <p>The recoverable amounts are determined based on estimates of operating margin, terminal growth rates and discount rates. These estimates require judgement, and the determination of the recoverable amounts is a key focus area in our audit.</p>	<p>Our audit approach included procedures as follows:</p> <ul style="list-style-type: none">• We obtained an understanding of the Group's process in assessing the goodwill for impairment;• We assessed achievability of the forecast based on actual results with previous forecast;• We evaluated reasonableness of management's estimate of expected future cash flows and challenge management's estimates applied in the value-in-use models, with comparison to recent performance, trend analysis and market expectations;• The involvement of internal valuation expert on the assessment of value-in-use model; and• We reviewed sensitivity analysis to assess the impact on the recoverable amount of the cash-generating unit subsequent to reasonably possible changes to the key assumptions for adequacy of disclosure in the financial statements.



Independent Auditors' Report

To the members of Medi Lifestyle Limited

Key Audit Matters (Continued)

Matter	Audit response
Impairment review of investment in subsidiaries (refer to Note 3.2 and Note 17 to the financial statements)	
<p>As at 31 December 2020, the carrying amount of the Company's investments in subsidiaries was RM7.0 million (31 December 2019: RM7.0 million) and this constitutes 38% of the total assets recorded on the statements of financial position of the Company.</p> <p>Where there is an indication of impairment, management will prepare a Discounted Cash Flow ("DCF") projection on cash-generating unit basis or on subsidiary basis as appropriate in accordance with SFRS(I) 1-36 so as to determine whether the investee company is impaired.</p> <p>The determination of impairment of investment in subsidiaries involves a high level of judgement, which may have significant impact on the financial statements.</p>	<p>Our audit procedures included, and were not limited to, the following:</p> <ul style="list-style-type: none">• We assessed for any the indication of impairment with reference to SFRS(I)1-36;• We reviewed the reliability, consistency and the reasonableness of the assumptions made in the preparation of the DCF projection by the management in compliance with SFRS(I) 1-36, for subsidiaries which have shown indications of impairment;• We assessed and where found necessary, critically challenge judgements and estimates used by management in the preparation of the DCF projection; and• We reviewed the completeness and appropriateness of corresponding disclosures made in the financial statements.

Other information

Management is responsible for the other information. The other information comprises the information, included in the annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Directors' responsibilities include overseeing the Group's financial reporting process.



Independent Auditors' Report

To the members of Medi Lifestyle Limited

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



Independent Auditors' Report

To the members of Medi Lifestyle Limited

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is Mr Ooi Chee Keong.

MAZARS LLP

Public Accountants and
Chartered Accountants

Singapore
31 March 2021



Notes to Financial Statements

31 December 2020

1. General

Medi Lifestyle Limited (formerly known as IEV Holdings Limited) (the “**Company**”) (Registration No. 201117734D) is incorporated in Singapore with its principal place of business at 380 Jalan Besar, #09-05 ARC 380, Singapore 209000 and registered office at 80 Robinson Road #02-00, Singapore 068898.

The Company was admitted to the Catalist Board of Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 25 October 2011.

The principal activity of the Company is that of investment holding. The principal activities of its subsidiaries and associate are disclosed in Notes 17 and 18 to the financial statements respectively.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2020 were authorised for issue by the Board of Directors on 31 March 2021.

Material Uncertainty Related to Going Concern

As at 31 December 2020, the Group’s current liabilities exceeded its current assets by RM8.5 million. In addition, the Group incurred a net loss of RM2.8 million and net operating cash outflow of RM10.5 million for the financial year then ended. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern. To support the financial statements having been prepared on a going concern basis and to ensure the adequacy of funds required to meet its obligations, working capital and capital commitment needs, the Group has prepared a 15-months consolidated cash flow forecast from 1 January 2021 (“**Cash Flow Forecast**”). In preparing the Cash Flow Forecast, management has taken the following into consideration:

- (i) new capital to be raised via private share placements and convertible loans of S\$8.0 million (approximately RM24.4 million) from January 2021 onwards to finance the capital outlays set out in (ii) below and for the Group’s working capital purposes; as of date of authorisation of the financial statements, the convertible loan agreements had been entered into with lenders for an aggregate principal amount of S\$2.25 million (approximately RM6.9 million);
- (ii) the Group expects to spend on capital outlays of approximately S\$5.3 million (approximately RM16.1 million) which are required for the renovation of two new confinement centres and seven new chiropractic and physiotherapy centres, of which approximately S\$1.5 million (approximately RM4.5 million) is contractually committed; the confinement centres are expected to commence operations in June 2021 and August 2021 whilst chiropractic and physiotherapy centres are to commence operations over the course of 2021;
- (iii) on-going negotiations for the settlement of overdue rentals of SGD0.9 million (approximately RM2.8 million) related to a commercial lease in Singapore; and
- (iv) possible delay in the Group’s plan in the commencement of the Healthcare Sector Operations in 2021 as a result of the outbreak of Covid-19.

The ability of the Group to fulfil its obligation is dependent on the Group generating sufficient cash flows from its Healthcare sector and the ability to raise new funding via private share placements and convertible loans primarily to finance the Group’s capital expenditure for its Healthcare Sector. The directors and management are confident that the Cash Flow Forecast is achievable and will allow the Group to fulfil its obligations as and when they arise.

The events or conditions set out above indicate that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern. If the going concern assumption is no longer appropriate, adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which may differ significantly from the amounts at which they are currently recorded in the statements of financial position. In addition, the Group and the Company may have to reclassify non-current assets and liabilities as current assets and liabilities, respectively. Such adjustments have not been made to these financial statements.