



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

1 INTRODUCTION

The board of directors (the "**Board**" or "**Directors**") of Medi Lifestyle Limited (the "**Company**", and together with its subsidiaries, the "**Group**") has received the following queries from the Singapore Exchange Securities Trading Limited ("**SGX-ST**") in respect of the various announcements made by the Company on 26 November 2020 relating to changes to composition of the Board, composition of Board committees and key executive officers of the Group and wish to provide its response as follows:

2 SGX-ST QUERIES

Q1: When was the decision made for these directors and key management to step down, and appoint new directors and key management? Why were the announcements on cessation and appointments not made earlier?

Company's Response

The Company disclosed in its announcement dated 14 September 2020 and the circular to shareholders dated 22 September 2020 ("**Disposal Announcement and Circular**") on the proposed disposal of the entire issued and paid-up share capital of IEV Group Sdn. Bhd. ("**IEV Group**") (the "**Disposal**") that one of the conditions precedent of the Disposal was the requirement to procure written approval of Ambank (M) Berhad ("**Ambank**") to discharge the corporate guarantee executed by the Company on 3 April 2012 in respect of certain loan facilities obtained by IEV Group from Ambank ("**Corporate Guarantee Discharge**"). In view of the conditions precedents of the Disposal and in particular the Corporate Guarantee Discharge which was subject the Ambank's internal review process, the completion date for the Disposal was indeterminate.

As stated in the Company's response to SGX Regco's queries in an announcement made on 16 September 2020 ("**16 Sep Announcement**"), during the Company's attempt at fund-raising exercises, investors who have expressed keenness to support the Company's healthcare, postpartum care and wellness business ("**Healthcare Business**") were less enthusiastic about the provision of subsea engineering and oilfield services and products to customers in the oil, gas and marine industries by IEV Group ("**Engineering Business**"). Further, based on the cash flow requirements of the Engineering Business prepared by the management of the Group, the working capital requirements for the Engineering Business caused a strain on the financial position of the Group and the Board was of the view that instead of continuing to source for additional working capital to fund the Engineering Business, the best course of action to ease the strain caused by the financial requirements of the Engineering Business would be to undertake the Disposal. Subsequent to the completion of a strategic review conducted by the Board, in view of the upcoming urgent working capital needs of the Engineering Business, the Board decided to proceed with the Disposal as it presented an opportunity to reinvest the proceeds from the Disposal into further developing the Healthcare Business and capitalise on the increased investor interest.

Taking into consideration the above, the Board was of the view that the completion of the Disposal expeditiously would benefit the Group. Consequently, having considered the indemnity provided by each director of IEV Group, the Corporate Guarantee Discharge was waived as a condition precedent and the Disposal was completed on 25 November 2020 ("**Disposal Completion**"). The Corporate Guarantee Discharge will now be a condition subsequent and the buyers of IEV Group have agreed to procure the necessary waiver from Ambank by 23 February 2021.

Subsequent to the Disposal Completion, Ms. Ng Siew Han ("**Ms. Ng**") tendered her resignation as Deputy Vice President, Finance of the Company and Mr. Juzer Bin Nomanbhoy who is managing director of IEV (Malaysia) Sdn. Bhd. and Vice President of Business Development, Asset Integrity Management Solutions of IEV Group will cease to be a key executive of the Company. Tan Sri Dato' Hari Narayanan Govindasamy ("**Tan Sri Hari**") and Mr. Christopher Ngia Do ("**Mr. Christopher Do**") who are interested persons to the Disposal, had also tendered their resignations to focus on the Engineering Business subsequent to the Disposal Completion. Notwithstanding that the notice period of Ms. Ng, Tan Sri Hari and Mr. Christopher Do was 1-month from 26 November 2020, the Nominating Committee and the Board agreed to shorten the notice period and for their effective date of cessation to be 30 November 2020 considering the Disposal Completion.

The decision to re-designate Dato' Low Koon Poh ("**Dato' Low**") as Executive Chairman and Chief Executive Officer was made only upon the resignation of Tan Sri Dato' Hari and Mr. Christopher Do. In the circular to shareholders dated 3 October 2019 relating to the acquisition of HealthPro Life Sdn. Bhd. (f.k.a Lady Paradise (M) Sdn. Bhd.) ("**HealthPro Life**") and the proposed diversification into the Healthcare Business ("**Diversification Circular**"), it was mentioned that Board intends to observe the performance of Ms. Loo Sow Kuen ("**Ms. Loo**"), who was the operations manager of Healthpro Life before deciding whether to appoint Ms. Loo as key executive officer of the Company. In view of the Disposal Completion and the resignations, as well as having considered Ms. Loo's performance since the completion of the acquisition of HealthPro Life in December 2019, the Nominating Committee and the Board was of the view that it was an opportune time to appoint Ms. Loo as key executive officer of the Company. Ms. Tan Chai Hong ("**Ms. Tan**") was the Chief Commercial Officer of HealthPro Pte. Ltd., a wholly-owned subsidiary of the Company since August 2020. In view of the resignations, the Nominating Committee and the Board after having considered Ms. Tan's work experience and qualifications, had decided to appoint her as Executive Director and Chief Commercial Officer and she will work with Dato' Low to expand the Healthcare Business.

- Q2. In the Company's announcement of 16 Sept 2020, in response to RegCo's queries on the proposed disposal of IEV Group Sdn Bhd, the Company had announced that there is no plan to change the board composition. The change in Board and management was also not stated in the Diversification Circular. What has changed since then?**

Company's Response

When the Group embarked on the diversification into the Healthcare Business, it was envisaged that the Healthcare Business would be developed and expanded whilst the Engineering Business was maintained. As stated in the Diversification Circular, the Healthcare Business was to provide an additional revenue stream for the Group thereby reducing the Group's reliance on the Engineering Business which was dependent on the volatilities of the oil and gas industry. Dato' Low and Ms. Loo were also identified as the persons who will take charge of the Healthcare Business in the Diversification Circular.

However, in view of the continued operating losses and working capital requirements for the Engineering Business which caused a strain on the financial position of the Group as well as the lack of enthusiasm by investors about the Engineering Business given the uncertainties of the oil and gas industry which has been further elaborated upon in the response to question 1 above, the

Board undertook a strategic review of the Group's business and decided to proceed with the Disposal which subsequently led to changes in the Board and management.

Q3 Please provide update on the new healthcare and wellness business, including but not limited to the operations and financial performance.

Company's Response

The Company has been providing regular updates on the Healthcare Business. Please refer to the following announcements made by the Company: -

- a. announcement dated 27 October 2020 on lease arrangements for a second confinement centre in Klang Valley Malaysia;
- b. announcement of unaudited financial statements for the third quarter and nine months ended 30 September 2020; and
- c. announcement dated 25 November 2020 on incorporation of Back To Life Sdn Bhd for the provision chiropractic and physiotherapy services.

Renovation works for the planned Singapore postpartum centre on Hendon Road has resumed and sales and marketing campaigns are expected to commence in the first quarter of 2021 with commercial opening planned for in second quarter of 2021. A second postpartum centre in Klang Valley Malaysia, with plans for 50 suites, is targeted to be operational by the end of first quarter 2021.

The Group is also identifying and searching for complementary and new revenue streams in the aesthetics, wellness and physiology sectors. To this end, Back To Life Sdn Bhd was incorporated to offer alternative medicine and physical therapy services, with the introduction of chiropractic and physiotherapy services, beginning at the postpartum centre SS2 Petaling Jaya, Malaysia.

Company will provide further updates on the Healthcare Business as and when there are material developments.

By Order of the Board

Low Koon Poh
Executive Chairman & Chief Executive Officer
1 December 2020

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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.

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