Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Fax: (65) 6220 6614
Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

Issuer: Medi Lifestyle Limited

Stock code: 5TN

Meeting details:
Date: 27 May 2022
Time: 4.30 p.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Fax: (65) 6220 6614
Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

Q1. Following the disposal of the oil and gas engineering business, the group currently operates a postpartum care centre and a chiropractic and physiotherapy centre at SS2 Petaling Jaya ("PJ Confinement Centre") and is in the process of completing a similar centre at Mines2 Klang Valley.

In the previous year, the independent auditors included a material uncertainty related to going concern section in their report for the financial year ended 31 December 2020.

For the financial year ended 31 December 2021, the company's independent auditors have included a disclaimer of opinion in respect of the group's going concern assumption in the audited financial statements of the group and company.

The independent auditors have not expressed an opinion on the financial statements of the group and the statement of financial position of the company. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of the auditors' report, the independent auditors have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

In particular, the auditors were unable to obtain sufficient appropriate audit evidence to evaluate the feasibility and viability of management's plans in generating their estimated revenue from the group's confinement, chiropractic and physiotherapy centres by the planned timelines. The auditors have also stated that, during the course of the audit, they had not been able to reasonably determine the outcome of the planned capital raising and capital expenditure for the operations.

The independent auditors' report can be found on pages 54 to 55 of the annual report.

(i) **Would the audit committee (AC) help shareholders to better understand its efforts in assisting the independent auditors during the audit, especially in the facilitation of "sufficient appropriate audit evidence to evaluate the feasibility and viability of management's plans…by the planned timelines"?**

(ii) **Is the AC satisfied with the audit plan, the assistance given by management to the independent auditors and the audit outcome?**

(iii) **What are the AC's plans to resolve the disclaimer of opinion by the independent auditors?** As noted above, the auditors have not expressed an opinion on the financial statements of the group and the statement of financial position of the company.

Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Fax: (65) 6220 6614
Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

(iv) **Given the disclaimer of opinion by the independent auditors, what is the basis for the directors' opinion (in the Directors' statement; page 50 of the annual report) that the consolidated financial statements of the group and the statement of financial position and statement of changes in equity of the company are drawn up so as to give a true and fair view of the financial position of the group and of the company as at 31 December 2021?**

Q2. As shown in Note 1 (page 62), in the section titled "Going concern assumption", as at 31 December 2021, the group was in a capital deficiency position of RM(5.9) million (2020: net equity position of RM7.6 million) and the company and group were in a net current liability position of RM(6.1) million and RM(2.7) million, respectively (2020: net current liability of RM(8.5) million and RM(1.2) million respectively).

In addition, the group incurred a net loss of RM(13.7) million (2020: RM(4.4) million) resulting from continuing operations and net operating cash outflow of RM4.1 (2020: RM10.5 million).

In the group's 15-months consolidated cash flow forecast, the management has taken the following into consideration:

- New capital to be raised of up to S$3.0 million
- Capital outlays of up to S$0.5 million, subject to sufficient funds being raised
- Letters of undertaking have been obtained from two creditors, to not demand repayment of the amounts owing to them approximately of RM1.6 million until resources permit
- Letter of financial support from a substantial shareholder who has agreed to provide up to S$5.0 million for the group to meet its liabilities and its normal operating expenses as and when required.

It is also the directors' opinion that there are reasonable grounds to believe that the group and the company will be able to pay its debts as and when they fall due on the premise that the initiative to get capital injection into the group will be successful.

(i) **What progress has the company made in raising new capital to strengthen the financial position?**

(ii) **In addition, what are the safeguards put in place by the board, especially the independent directors, to ensure that existing shareholders are not unduly diluted in the fund-raising exercises?**

(iii) **Has the board estimated the cost of the convertible loans?**

Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Fax: (65) 6220 6614
Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

(iv) **What is the form of the financial support from the substantial shareholder? Has the company tried to draw down on the financial support offered by the substantial shareholder? What are the terms (including interest rates and tenure) of the financial support from the substantial shareholder?**

(v) **Is management spending significant amount of time and energy on relatively small fundraisings and not being able to focus on the operations?** In the past two years, there have been several share subscription/ placement exercises and convertible loans issuances, in January 2020, October 2020, January 2021 and April 2021. **Would the board consider it prudent to carry out a strategic review of the group's operations, the strength of the management team and the group's financial position so as to optimise the group's capital structure to allow the group to focus on executing its growth strategy?**

Q3. For the financial year ended 31 December 2021, the group recognised revenue of RM1.40 million and loss from continuing operations before interest, tax, depreciation and amortization of RM(12.65) million.

The revenue breakdown can be seen in Note 4 (page 83 – Revenue).

4. Revenue

The disaggregation of the Group's revenue for the year, for both continuing and discontinued operations, are as follows:

	Group	
	2021	2020
	RM	RM
Continuing operations		
Rendering of confinement centre services	**571,721**	573,649
Rendering of human resource and payroll services	**455,796**	–
Rendering of permanent placement services	**251,851**	–
Rendering of chiropractic & physiotherapy services	**46,496**	–
Sale of related products	**71,579**	49,046
	1,397,443	622,695

(Source: company annual report)

Would the board/management provide shareholders with greater clarity on the following operational and financial matters? Specifically:

(i) **PJ Confinement Centre: What were the capacity and the utilisation rates of the PJ Confinement Centre? What is the planned capacity for the new Mines2 Confinement Centre?**

Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Fax: (65) 6220 6614
Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

(ii) **Business model:** Revenue from confinement centre services was approximately RM570,000 in FY2021 and FY2020. **Can management elaborate further on the group's business model? What scale is needed for the group to be profitable? How will the group be able to create and capture long-term value for shareholders in the healthcare and wellness services segment?**

(iii) **Qodify: What are the website address and the social media pages for Qodify? How does Qodify differentiate itself from other service providers?**

(iv) **Lansion Biotechnology Co., Ltd:** The group has signed exclusive distributor agreements in August 2021 with China-based biotechnology firm, Lansion Biotechnology Co., Ltd, to market SARS-CoV-2 Neutralizing Antibodies Test Kit (Dry Fluorescence Immunoassay) and LS-4000 Dry Fluorescence Immunoassay Analyser under the brand name 'LansionBio'. **What is the group's value-add, if any? In addition, is the group "too late to the game"?**

^On 1 October 2020, the Accounting and Corporate Regulatory Authority ("ACRA"), the Monetary Authority of Singapore ("MAS") and Singapore Exchange Regulation ("SGX RegCo") published an updated checklist to guide listed entities on the conduct of general meetings arising from the latest updates from the Multi-Ministry Taskforce.

Issuers may continue to conduct their general meetings held on or before 30 June 2021 via electronic means, and are encouraged to do so. On 9 April 2021, it was announced that the alternate arrangements for meetings ("Meetings Order") would be extend beyond 30 June 2021 until it is revoked or amended by the Ministry of Law. Accordingly, until such time, issuers may continue to utilise the Checklist issued by ACRA, MAS and SGX RegCo to guide entities on the conduct of their general meetings.

Issuers who, after due consideration of public health and other risks, wish to provide for physical attendance at their general meetings must ensure that they implement all relevant measures to comply with the safe management measures imposed by the Singapore Government.

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on SIAS website

Join our mailing list here to receive latest news and upcoming events.

^ Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation (https://www.sgx.com/media-centre/20201001-guidance-conduct-general-meetings-amid-evolving-covid-19-situation)

Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Fax: (65) 6220 6614
Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

CONNECT WITH US