THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, solicitor, accountant, bank manager or other professional adviser immediately.

This Circular has been reviewed by UOB Kay Hian Securities (M) Sdn Bhd, being the Principal Adviser to LYC Healthcare Berhad for the Proposals (as defined herein).

Bursa Malaysia Securities Berhad takes no responsibility for the contents of this Circular, valuation certificate and report, if any, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.

LYC HEALTHCARE BERHAD
Registration No. 200401009170 (647673-A)
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE

I. PROPOSED LISTING OF LYC MEDICARE (SINGAPORE) PTE LTD ("LYCSG"), A SUBSIDIARY OF LYC, ON THE CATALIST BOARD OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ("PROPOSED LISTING");

II. PROPOSED WAIVER OF THE T&T PROFIT GUARANTEE (AS DEFINED HEREIN) AND CERTAIN GUARANTEE AND OBLIGATION AS CONTAINED IN THE TERMS OF THE T&T SSA (AS DEFINED HEREIN) AND T&T SWAP AGREEMENT (AS DEFINED HEREIN) THROUGH THE EXECUTION OF A DEED OF SETTLEMENT DATED 27 JANUARY 2023 ENTERED INTO BETWEEN LYCSG, LYC MEDICARE SDN BHD ("LYCM"), LYC AND TING CHOON MENG ("PROPOSED T&T WAIVER"); AND

III. PROPOSED WAIVER OF THE HCOS PROFIT GUARANTEE (AS DEFINED HEREIN) AND CERTAIN GUARANTEE AND OBLIGATION AS CONTAINED IN THE TERMS OF THE HCOS SSA (AS DEFINED HEREIN) AND HCOS SWAP AGREEMENT (AS DEFINED HEREIN) THROUGH THE EXECUTION OF A DEED OF SETTLEMENT DATED 27 JANUARY 2023 ENTERED INTO BETWEEN LYCSG, LYCM, LYC, CHAN YING HO AND BEYOND WELLNESS GROUP PTE LTD ("PROPOSED HCOS WAIVER")

(COLLECTIVELY REFERRED TO AS THE "PROPOSALS")

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser

UOB Kay Hian Securities (M) Sdn Bhd
Registration No. 199001003423 (194990-K)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Notice of the Extraordinary General Meeting ("**EGM**") of LYC is scheduled to be held at Dewan Perdana, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Wednesday, 15 March 2023 at 2.30 p.m., or any adjournment thereof. The Notice of EGM together with the Proxy Form are enclosed in this Circular.

A member entitled to attend and vote at the EGM is entitled to appoint a proxy or proxies to attend, participate, speak and vote on his/her behalf. In such event, the Proxy Form must be completed and lodged at the Share Registrar of LYC at Ground Floor or 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor not less than 48 hours before the stipulated time for holding the EGM or at any adjournment thereof. The lodging of the Proxy Form shall not preclude you from attending, participating, speaking and voting in person at the EGM should you subsequently wish to do so.

Last date and time for lodging the Proxy Form	:	Monday, 13 March 2023 at 2.30 p.m.
Date and time of the EGM	:	Wednesday,15 March 2023 at 2.30 p.m.

This Circular is dated 23 February 2023

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Circular:-

"Aqurate"	:	Aqurate Ingredients Intl (M) Sdn Bhd, a subsidiary of LYC
"BNM"	:	Bank Negara Malaysia
"Board"	:	The Board of Directors of LYC
"Bursa Securities"	:	Bursa Malaysia Securities Berhad
"BWG"	:	Beyond Wellness Group Pte Ltd
"Catalist Board"	:	Catalist Board of the SGX-ST
"Circular"	:	This circular dated 23 February 2023 in relation to the Proposals
"CNI"	:	Clinical Nutrition Intl (M) Sdn Bhd
"CNI Share(s)"	:	Ordinary shares in CNI
"CT"	:	Computer tomography
"CYH"	:	Chan Ying Ho
"EGM"	:	Extraordinary General Meeting
"FPE"	:	Financial period ended/ending, as the case may be
"FYE"	:	Financial year ended/ending, as the case may be
"HCOS"	:	HC Orthopaedic Surgery Pte Ltd, a subsidiary of LYC
"HCOS Deed"	:	Deed of settlement dated 27 January 2023 entered into between LYCSG, LYCM, LYC, CYH and BWG in relation to the waiver of the HCOS Profit Guarantee from CYH totalling to a cumulative PAT of SGD5,100,000 for the 3 financial years ending 31 March 2022, 31 March 2023 and 31 March 2024 and certain guarantee and obligation as contained in the terms of the HCOS SSA and HCOS Swap Agreement
"HCOS Profit Guarantee"	:	Profit guarantee totalling to a cumulative PAT of SGD5,100,000 for the 3 financial years ending 31 March 2022, 31 March 2023 and 31 March 2024, provided by CYH under the HCOS SSA
"HCOS SSA"	:	Share sale agreement dated 28 May 2020 entered into between LYCM, CYH and BWG for the Initial Acquisition of HCOS
"HCOS Swap Agreement"	:	Share swap agreement dated 24 December 2021 entered into between LYCM, LYCSG and LYC to transfer LYCM's entire 51% equity interest in HCOS to LYCSG at a consideration of SGD6,936,000
"HCOS Vendors"	:	CYH and BWG, collectively
"Initial Acquisition of HCOS"	:	Acquisition by LYCM (a subsidiary of LYC) of a 51% equity interest in HCOS from HCOS Vendors for a purchase consideration of SGD6,936,000 pursuant to the HCOS SSA, which was announced on 28 May 2020 and completed on 2 December 2020

"Initial Acquisition of T&T"	:	Acquisition by LYCM (a subsidiary of LYC) of a 51% equity interest in T&T from T&T Vendor for a purchase consideration of SGD7,293,000 pursuant to the T&T SSA, which was announced on 4 May 2020 and completed on 13 November 2020
"Internal Reorganisation"	:	On 24 December 2021, LYC had undertaken an internal reorganisation exercise to reorganise some of its subsidiaries involved in the healthcare business, namely HCOS, T&T and LYC Nutrihealth (inclusive of sub-subsidiaries, Aqurate and Microbiome), into LYCSG. For information purpose, the Internal Reorganisation was completed on 26 January 2022
"IPO"	:	Initial public offering
"IPO Price"	:	Issue price of the Placement Shares to be determined by way of an independent book-building exercise for the IPO. The IPO Price can only be determined by way of an independent book-building exercise after the lodgement of LYCSG's preliminary Offer Document with the SGX-ST, acting as agent on behalf of the Monetary Authority of Singapore
"KIB"	:	Kenanga Investors Berhad (in its capacity as a licensed fund manager)
"Listing Requirements"	:	ACE Market Listing Requirements of Bursa Securities
"LPD"	:	13 February 2023, being the latest practicable date prior to the printing and dispatch of this Circular
"LTD"	:	26 January 2023, being the last trading date of LYC Shares preceding the date of the announcement in relation to the Proposals
"LYC" or the "Company"	:	LYC Healthcare Berhad
"LYC Group" or the "Group"	:	LYC and its subsidiaries, collectively
"LYC Nutrihealth"	:	LYC Nutrihealth Sdn Bhd, a subsidiary of LYC
"LYC Share(s)" or "Share(s)"	:	Ordinary shares in LYC
"LYCM"	:	LYC Medicare Sdn Bhd, a subsidiary of LYC
"LYCSG"	:	LYC Medicare (Singapore) Pte Ltd, a subsidiary of LYC
"LYCSG Group"	:	LYCSG and its subsidiaries, collectively
"LYCSG Share(s)"	:	Ordinary shares in LYCSG
"Microbiome"	:	Microbiome Intl (M) Sdn Bhd, a subsidiary of LYC
"MRI"	:	Magnetic resonance imaging
"NA"	:	Net assets
"Offer Document"	:	The offer document to be issued by LYCSG in respect of the Placement
"PAT"/"(LAT)"	:	Profit/(Loss) after taxation
"PBT"/"(LBT)"	:	Profit/(Loss) before taxation

"Placement"	:	Placement of new LYCSG Shares to be undertaken in conjunction with the Proposed Listing, subject to and on the terms of the Offer Document and the placement agreement to be entered into between LYCSG and the identified placement agent
"Placement Share(s)"	:	New LYCSG Shares to be issued to retail and institutional investors in Singapore pursuant to the Placement
"Pre-IPO Investor(s)"	:	The Pre-IPO Investor(s) shall hold LYCSG Shares through KIB (in its capacity as licensed fund manager). As at the date of this Circular, LYC is unable to provide details of the Pre-IPO Investor(s), as the relevant investment structure is still being finalised. Salient details of the Pre-IPO Investor(s) will be duly disclosed in the Offer Document
"Proposals"	:	Collectively, the Proposed Listing, the Proposed T&T Waiver and the Proposed HCOS Waiver
"Proposed HCOS Waiver"	:	Proposed waiver of the HCOS Profit Guarantee and certain guarantee and obligation as contained in the terms of the HCOS SSA and HCOS Swap Agreement through the execution of the HCOS Deed entered into between LYCSG, LYCM, LYC, CYH and BWG
"Proposed Listing"	:	Proposed listing of LYCSG on the Catalist Board, which entails the listing and quotation of all LYCSG Shares already issued, the Placement Shares and the new LYCSG Shares to be issued and allotted to ZICO Capital (as part satisfaction of ZICO Capital's management fee as the Sponsor and Issue Manager) on the Catalist Board
"Proposed Share Split"	:	Proposed share split to be undertaken by LYCSG of every 1 LYCSG Shares into such number of LYCSG Shares, of which the basis for subdivision will be subject to the determination of final IPO Price and the basis of pricing for the Proposed Listing
"Proposed T&T Waiver"	:	Proposed waiver of the T&T Profit Guarantee and certain guarantee and obligation as contained in the terms of the T&T SSA and T&T Swap Agreement through the execution of the T&T Deed entered into between LYCSG, LYCM, LYC and TCM
"Proposed Waivers"	:	Collectively, the Proposed T&T Waiver and Proposed HCOS Waiver
"RM" and "sen"	:	Ringgit Malaysia and sen, respectively
"RPS"	:	Redeemable preference shares
"SGD"	:	Singapore Dollars
"SGX-ST"	:	Singapore Exchange Securities Trading Limited
"sq m"	:	Square metre
"T&T"	:	T&T Medical Group Pte Ltd, a subsidiary of LYC
"T&T Deed"	:	Deed of settlement dated 27 January 2023 entered into between LYCSG, LYCM, LYC and TCM in relation to the waiver of the T&T Profit Guarantee from TCM totalling to a cumulative PAT of SGD3,900,000 for the 3 financial years ending 31 March 2022, 31 March 2023 and 31 March 2024 and certain guarantee and obligation as contained in the terms of the T&T SSA and T&T Swap Agreement

"T&T Profit Guarantee"	:	Profit guarantee totalling to a cumulative PAT of SGD3,900,000 for the 3 financial years ending 31 March 2022, 31 March 2023 and 31 March 2024, provided by TCM under the T&T SSA
"T&T SSA"	:	Share sale agreement dated 4 May 2020 entered into between LYCM and TCM for the Initial Acquisition of T&T
"T&T Swap Agreement"	:	Share swap agreement dated 24 December 2021 entered into between LYCM, LYCSG and LYC to transfer LYCM's entire 51% equity interest in T&T to LYCSG at a consideration of SGD7,293,000
"TCM" or "T&T Vendor"	:	Ting Choon Meng
"UOBKH" or the "Principal Adviser"	:	UOB Kay Hian Securities (M) Sdn Bhd
"ZICO Capital"	:	ZICO Capital Pte Ltd, the Sponsor and Issue Manager appointed by LYCSG for the Proposed Listing

Words incorporating the singular shall, where applicable, include the plural and vice versa. Words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Any reference to persons shall include a corporation, unless otherwise specified.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day in this Circular shall be a reference to Malaysian time, unless otherwise specified.

Any discrepancies between the amount listed, actual figures and the totals thereof as set out in this Circular are due to rounding.

Unless otherwise stated, the exchange rate of SGD1.00 : RM3.2390 was applied based on the middle rate quoted by BNM as at 5.00 p.m. on the LTD.

Certain statements in this Circular may be forward-looking in nature, which are subject to uncertainties and contingencies. Forward-looking statements may contain estimates and assumptions made by our Board after due enquiry, which are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied in such forward-looking statements. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Circular should not be regarded as a representation or warranty that our Group's plans and objectives will be achieved. Shareholders should not place undue reliance on such forward-looking statement, and we do not undertake any obligation to update publicly or revise any forward-looking statements.

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EXECUTIVE SUMMARY

This Executive Summary highlights only the salient information of the Proposals. You are advised to read the Circular in its entirety for further details and not to rely solely on this Executive Summary in arriving at a decision on the Proposals before voting at the forthcoming EGM.

Key information	Description	Reference to Circular
Summary of the Proposals	(1) Proposed Listing Pursuant to the Proposed Listing, LYCSG intends to undertake the Placement of new LYCSG Shares and the listing and quotation of all LYCSG Shares already issued, the Placement Shares and the new LYCSG Shares to be issued and allotted to ZICO Capital (as part satisfaction of ZICO Capital's management fee as the Sponsor and Issue Manager) on the Catalist Board of SGX-ST. The Proposed Listing will involve a placement of such number of Placement Shares at the indicative IPO Price to investors in Singapore, and is envisaged to raise estimated gross proceeds of approximately SGD11.20 million (based on a minimum IPO Price of SGD0.20 per LYCSG Share). Upon completion of the Proposed Listing, LYC's equity interest in LYCSG (held through its wholly-owned subsidiary, LYCM) is expected to dilute from 64.50% but remain at not less than 51% such that LYCSG will remain as a subsidiary of LYC upon completion of the Proposed Listing.	Section 2
	(2) Proposed T&T Waiver LYCSG, LYCM, LYC and TCM had on 27 January 2023 entered into the T&T Deed to effect the waiver of the T&T Profit Guarantee and certain guarantee and obligation as contained in the terms of the T&T SSA and T&T Swap Agreement, subject to the Company's shareholders' approval being obtained.	Sections 3.1 and 3.3
	(3) Proposed HCOS Waiver LYCSG, LYCM, LYC, CYH and BWG had on 27 January 2023 entered into the HCOS Deed to effect the waiver of the HCOS Profit Guarantee and certain guarantee and obligation as contained in the terms of the HCOS SSA and HCOS Swap Agreement, subject to the Company's shareholders' approval being obtained.	Sections 3.2 and 3.3
Rationale and justifications	(1) Proposed Waivers After taking into consideration the financial and operational performance of T&T and HCOS which have contributed substantially to LYC Group over the past 2 years, as well as to ensure the commitment of TCM and CYH in continually driving the business of T&T and HCOS respectively, LYCM has agreed to waive the T&T Profit Guarantee and HCOS Profit Guarantee for the remaining profit guarantee periods from 1 December 2022 to 30 March 2024. For illustration, the remaining balance of T&T Profit Guarantee and HCOS Profit Guarantee to be waived shall amount to SGD1.733 million and SGD2.267 million respectively. The Board believes that with the alignment of commitment and interests of TCM and CYH in T&T and HCOS respectively, the businesses and growth prospects of T&T and HCOS are expected to augur positively for LYC Group going forward.	Section 4.1
	(2) Proposed Listing (i) to enhance LYCSG's public image locally and overseas and enable LYCSG to raise funds from the capital markets for the expansion of its business operations; (ii) to provide members of the public, LYCSG's management and business associates as well as those who have contributed to LYCSG's success with an opportunity to participate in the equity of LYCSG; and	Section 4.2

Key information	Description	Reference to Circular
	(iii) to provide LYCSG with additional capital from the proceeds of the issue of Placement Shares to finance its business expansion and for general working capital.	
Risk factors	Set out below are the salient risk factors pertaining to the Proposed Listing and Proposed Waivers that are relevant to LYC Group:- ➢ Delay in or abortion of the Proposed Listing There can be no assurance that the relevant approvals and/or conditions to be imposed by the relevant authorities will be obtained and/or satisfied or that the Proposed Listing will proceed as anticipated. In addition, the success of the Proposed Listing is also dependent on the then prevailing market conditions at the time of implementation. ➢ No prior market for LYCSG Shares and possible volatility on the trading price of LYCSG Shares There can be no assurance that there will be an active market for LYCSG Shares after the Proposed Listing. If an active market for LYCSG Shares does not develop after the Proposed Listing, the market price and liquidity of LYCSG Shares may be adversely affected. ➢ Risks on the waiver of T&T Profit Guarantee and HCOS Profit Guarantee LYCM has agreed to waive the T&T Profit Guarantee and HCOS Profit Guarantee for the remaining profit guarantee periods from 1 December 2022 to 30 March 2024. Therefore, LYC (through LYCM) will not be entitled to its share of guaranteed PAT in T&T or HCOS from the vendors (TCM or CYH) for the remaining profit guarantee periods. Given the waiver from such entitlement to the profit guarantees, there is no assurance that T&T or HCOS will be able to maintain its profitability which can contribute similar proportion to the profit guarantee level. In such event, the Group's financial performance and results may be materially affected.	Section 5
Approvals required	The Proposals are subject to the following approvals being obtained:- ➢ shareholders of LYC, at the Company's EGM to be convened for the Proposals; ➢ admission of LYCSG to Catalist and permission being granted by the SGX-ST to deal in, and for the listing and quotation of all of LYCSG's Shares on Catalist, pursuant to the Proposed Listing; and ➢ Any other relevant authorities/parties, if required.	Section 8
Conditionality	The Proposed Listing is conditional upon the Proposed Waivers but not vice versa. The Proposals are not conditional upon any other corporate proposals undertaken or to be undertaken by the Company	Section 8
Interested parties	None of the Directors, major shareholders, and chief executive of LYC and/or any persons connected with them have any interest, whether direct or indirect, in the Proposals	Section 10
Board's recommendation	The Board, after due consideration of all aspects of the Proposals, including but not limited to the rationale and effects of the Proposals, is of the opinion that the Proposals are in the best interest of the Company. Accordingly, the Board recommends that you vote in favour of the resolutions pertaining to the Proposals to be tabled at the EGM.	Section 11

LYC HEALTHCARE BERHAD
Registration No. 200401009170 (647673-A)
(Incorporated in Malaysia)

Registered Office

12th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor

23 February 2023

Board of Directors

Dato' Seri Abdul Azim Bin Mohd Zabidi *(Independent Non-Executive Director/Chairman)*
Sui Diong Hoe *(Managing Director cum Group Chief Executive Officer)*
Mohd Khasan Bin Ahmad *(Independent Non-Executive Director)*
Dato' Muraly Daran A/L M Narayana Menon *(Independent Non-Executive Director)*

To: The shareholders of LYC

Dear Sir/Madam,

I. PROPOSED LISTING;
II. PROPOSED T&T WAIVER; AND
III. PROPOSED HCOS WAIVER

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1. INTRODUCTION

On 27 January 2023, UOBKH had, on behalf of the Board, announced that the Company proposed to undertake the following:-

(i) proposed listing of LYCSG on the Catalist Board;

(ii) proposed waiver of the T&T Profit Guarantee and certain guarantee and obligation as contained in the terms of the T&T SSA and T&T Swap Agreement through the execution of the T&T Deed; and

(iii) proposed waiver of the HCOS Profit Guarantee and certain guarantee and obligation as contained in the terms of the HCOS SSA and HCOS Swap Agreement through the execution of the HCOS Deed.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION ON THE PROPOSALS AND TO SEEK YOUR APPROVAL FOR THE ORDINARY RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT THE FORTHCOMING EGM. THE NOTICE OF EGM AND THE PROXY FORM ARE ENCLOSED IN THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDICES CONTAINED HEREIN BEFORE VOTING ON THE ORDINARY RESOLUTIONS TO BE TABLED AT THE FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED LISTING

Reference is made to the announcements dated 26 August 2021, 24 December 2021 and 26 January 2022 in relation to the Proposed Listing.

ZICO Capital is the Sponsor and Issue Manager appointed by LYCSG for the Proposed Listing. ZICO Capital will, on behalf of LYCSG, be submitting the pre-admission notification in respect of the Proposed Listing to the SGX-ST in due course. At this juncture and barring any unforeseen circumstance, the pre-admission notification in respect of the Proposed Listing is expected to be submitted to the SGX-ST by end February 2023. Rule 8.26 of the Listing Requirements stipulates that *"A listed corporation must obtain shareholder approval if it wishes to list the securities of any of its subsidiaries on any stock exchange"*. Accordingly, the Board proposes to seek approval from the shareholders of LYC for the Proposed Listing pursuant to Rule 8.26 of the Listing Requirements, details of which are elaborated hereinbelow.

2.1 Details of the Proposed Share Split

Prior to and in conjunction with the Proposed Listing, LYCSG proposes to undertake a subdivision of every 1 existing LYCSG Share into such number of LYCSG Shares, of which the basis for subdivision will be subject to the determination of final IPO Price and the basis of pricing for the Proposed Listing. The IPO Price can only be determined by way of an independent book-building exercise after the lodgement of LYCSG's preliminary Offer Document with the SGX-ST, acting as agent on behalf of the Monetary Authority of Singapore. In accordance with the requirements under Rule 429 of Section B: Rules of Catalist of the Listing Manual of the SGX-ST, the issue price of equity securities for which a listing is sought must be at least SGD0.20 per share. As at the LPD, the Proposed Share Split has yet to be completed.

Assuming the minimum IPO Price of SGD0.20 per LYCSG Share and the envisaged gross proceeds of SGD11.20 million to be raised pursuant to the Proposed Listing, the Proposed Share Split would involve the subdivision of every 1 existing LYCSG Share into 10 LYCSG Shares. Please refer to the table set out in Section 2.2 of this Circular for the computation details.

For avoidance of doubt, the Proposed Share Split will increase the total number of LYCSG Shares but will not have any effect on the value of the issued and paid-up share capital of LYCSG. The Proposed Share Split is purely for information purpose only and is not subject to the approval of LYC's shareholders. The Proposed Share Split is subject to the approval of LYCSG's shareholders, which will only be obtained at a later date and prior to the lodgement of the preliminary Offer Document.

2.2 Details of the Proposed Listing

After completion of the Proposed Share Split, LYCSG intends to undertake the Placement and the listing and quotation of all LYCSG Shares already issued*, the Placement Shares and the new LYCSG Shares to be issued and allotted to ZICO Capital (as part satisfaction of ZICO Capital's management fee as the Sponsor and Issue Manager) on the Catalist Board of SGX-ST. The Proposed Listing will involve, amongst others, a placement of such number of Placement Shares at the indicative IPO Price to investors in Singapore, and is envisaged to raise an estimated gross proceeds of approximately SGD11.20 million (based on a minimum IPO Price of SGD0.20 per LYCSG Share).

Note:-

* *As at the LPD, there are 30,382,308 LYCSG Shares in issue. The illustrative share capital after the Proposed Share Split but before the Proposed Listing, is 303,823,080 LYCSG Shares in issue*

The exact number of new LYCSG Shares to be issued pursuant to the Proposed Listing can only be finalised when the IPO Price has been determined by way of an independent book-building exercise after the lodgement of LYCSG's preliminary Offer Document with the SGX-ST, acting as agent on behalf of the Monetary Authority of Singapore (and subject to a minimum IPO Price of SGD0.20 in accordance with the Catalist Rules).

Assuming a minimum IPO Price of SGD0.20 per LYCSG Share and the illustrative gross proceeds of SGD11.20 million to be raised pursuant to the Proposed Listing, the Proposed Listing would involve a placement of 56,000,000 Placement Shares to be issued to investors in Singapore. For information purpose, the tentative listing scheme (assuming a minimum IPO Price of SGD0.20 per LYCSG Share) as at the LPD is as follows:-

	No. of LYCSG Shares	
Issued and paid-up share capital as at the LPD	30,382,308	
Issued and paid-up share capital after the Proposed Share Split*1	303,823,080	A
New LYCSG Shares to be issued to ZICO Capital*2	2,901,800	B
Placement Shares to be issued to retail and institutional investors in Singapore	56,000,000	C
Enlarged issued and paid-up share capital	362,724,880	A+B+C
Minimum IPO Price (per share)	SGD0.20	D
Estimated gross proceeds to be raised from the Placement	SGD11,200,000	C x D

Notes:-

**1 Subdivision of every 1 existing LYCSG Share into 10 LYCSG Shares*

**2 As part satisfaction of ZICO Capital's management fee as the Sponsor and Issue Manager. The issue price for these LYCSG Shares shall be the IPO Price*

Please take note that the above is strictly indicative at this juncture, and is subject to changes depending on amongst others, prevailing market and economic condition, regulatory requirement and/or independent book-building exercise.

The Proposed Listing constitutes a deemed disposal by LYC arising from the dilution of its equity interest in LYCSG upon completion of the Proposed Listing, of which the extent of the dilution of interest is illustrated in Section 2.3 of this Circular.

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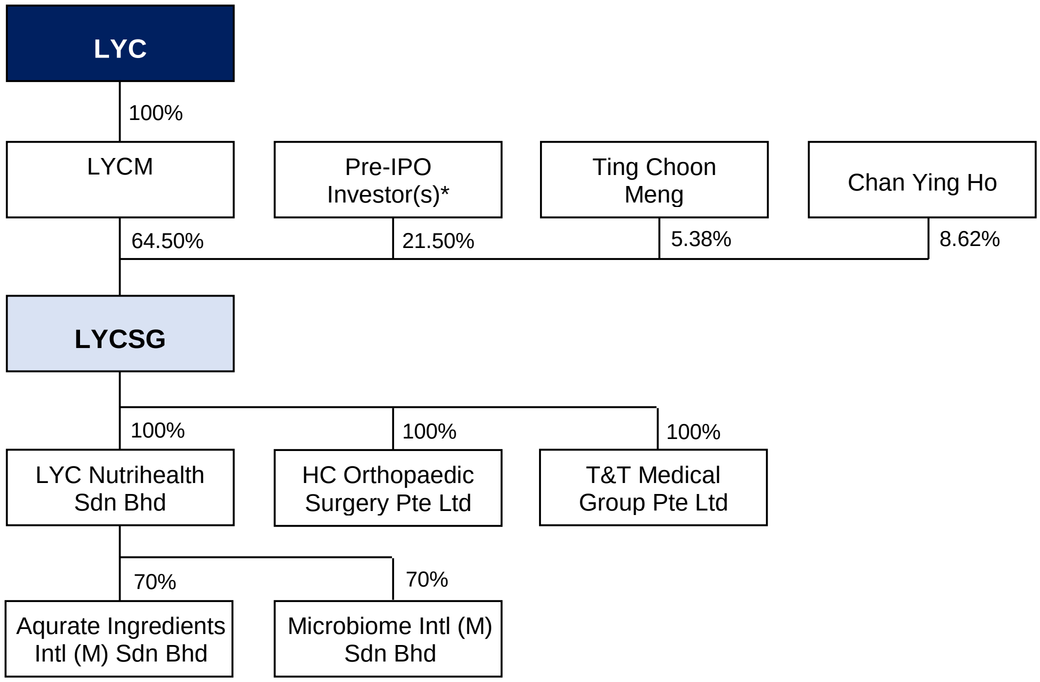
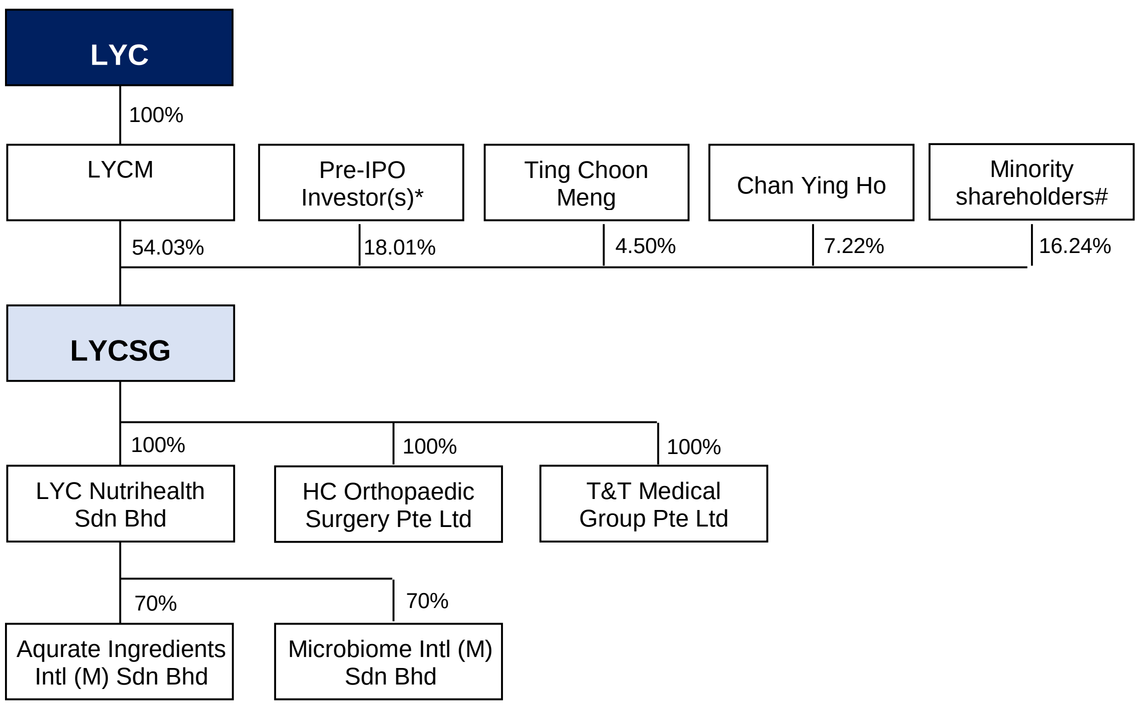
2.3 Corporate structure of LYCSG before and after the Proposed Listing

<u>Before the Proposed Listing (as at LPD)</u>



<u>After the Proposed Listing</u>^



Notes:-

^ *The pro forma corporate structure is strictly illustrative, and is subject to amongst others, the determination of IPO Price and basis of pricing for the Proposed Listing, as well as the exact number of Placement Shares to be issued which can only be determined by way of an independent book-building exercise after the lodgement of LYCSG's preliminary Offer Document with the SGX-ST, acting as agent on behalf of the Monetary Authority of Singapore*

* *As at the LPD, the Pre-IPO Investor(s) in LYCSG hold LYCSG Shares through KIB (in its capacity as licensed fund manager)*

Comprise the investors to whom the Placement Shares are intended to be issued to, pursuant to the Proposed Listing

Upon completion of the Proposed Listing, LYC's equity interest in LYCSG (held through its wholly-owned subsidiary, LYCM) is expected to dilute from 64.50% but remain at not less than 51% such that LYCSG will remain as a subsidiary of LYC upon completion of the Proposed Listing.

2.4 Information on LYCSG

LYCSG was incorporated in Singapore on 28 April 2020 as a private company limited by shares. As at the LPD, the issued and fully paid up share capital of LYCSG is SGD35,240,000 comprising 30,382,308 ordinary shares. As at the LPD, LYCSG does not have any convertible securities.

LYCSG is principally an investment holding company. The subsidiaries of LYCSG are principally involved in the following principal activities:-

(a) **Clinical and Specialist Services.** LYCSG Group, through its subsidiaries namely T&T and HCOS, provides primary medical care and specialised medical services focused in orthopaedic surgery, sports injuries, degenerative spine conditions, chronic degenerative joint diseases, pain management, metabolic diseases, health screenings and advanced medical imaging services, including, X-ray imaging, bone mineral density scans, body composition scans, ultrasound tests, MRI and CT scans, as well as, medical consultations, physiotherapy, treatment of osteoporosis and the provision of other related paramedical products and services; and

(b) **Nutraceutical Supplements and Ingredients.** LYCSG Group, through its subsidiaries namely LYC Nutrihealth, Aqurate and Microbiome, provides innovative one-stop solutions and supply nutraceutical supplements and ingredients such as yeast beta-glucan powder, barley powder, sweeteners, prebiotics, probiotics, dietary fibres, antioxidants, botanical extracts, natural food colours, natural juice powders, whey and plant proteins, cereals and grains to our customers in the food & beverage, nutraceutical, pharmaceutical and cosmeceutical industries.

As at the LPD, the directors of LYCSG are Sui Diong Hoe and CYH.

As at the LPD, the substantial shareholders and their respective shareholdings in LYCSG are as follows:-

		<---Direct interest--->		<--Deemed interest-->	
Name	**Nationality/ place of incorporation**	**No. of shares**	**%**	**No. of shares**	**%**
LYCM	Malaysia	19,597,500	64.50	-	-
Pre-IPO Investor(s)*1	Malaysia	6,532,500	21.50	-	-
TCM	Singaporean	1,633,708	5.38	-	-
CYH	Singaporean	2,618,600	8.62	-	-
LYC	Malaysia	-	-	19,597,500*2	64.50

Notes:-

**1* *As at the LPD, the Pre-IPO Investor(s) in LYCSG hold LYCSG Shares through KIB (in its capacity as licensed fund manager)*

**2* *Deemed interested by virtue of its interest held through LYCM*

As at the LPD, the subsidiaries of LYCSG are as follows:-

Company	Place/ date of incorporation	Share capital	Effective equity interest (%)	Principal activities
LYC Nutrihealth Sdn Bhd	Malaysia/ 19.04.2021	RM36,680,100	100.0	Wholesale and retail of other foodstuffs; wholesale and retail of pharmaceutical and medical goods; manufacture of other nutraceutical supplements and ingredients
HC Orthopaedic Surgery Pte Ltd	Singapore/ 08.09.2017	SGD100,000	100.0	Provision of specialised medical services and general medical services
T&T Medical Group Pte Ltd	Singapore/ 12.04.1989	SGD1	100.0	Provision of specialised medical services and general medical services
Held through LYC Nutrihealth				
Aqurate Ingredients Intl (M) Sdn Bhd	Malaysia/ 21.03.2012	RM500,000	70.0	Sale of nutraceutical supplements and ingredients and products, export and import
Microbiome Intl (M) Sdn Bhd	Malaysia/ 05.01.2018	RM100	70.0	To carry on business as importers, exporters, dealers, distributors, traders, retailers, wholesalers in, *inter alia*, raw and finished products, consumable and non-consumable food ingredients, and packaging materials

As at the LPD, LYCSG does not have any associate or joint venture company.

A summary of the key consolidated financial information of LYCSG since incorporation on 28 April 2020 are as follows:-

	Audited	Audited	Unaudited
	From 28 April 2020 to 31 March 2021 SGD'000	**FYE 31 March 2022 SGD'000**	**6-month FPE 30 September 2022 SGD'000**
Revenue	3,259	16,047	10,910
Gross profit	2,328	9,649	5,734
PBT	813	3,996	2,214
PAT attributable to:-			
- Owners of the company	360	1,383	869
- Non-controlling interest	352	1,641	860
	712	3,024	1,729
PBT margin (%)	24.9	24.9	20.3
PAT margin (%)	21.8	18.8	15.8
NA/Equity attributable to:-			
- Owners of the company	14,141	26,644	26,933
- Non-controlling interest	2,268	4,669	5,078
	16,409	31,313	32,011
Pre-split EPS[*1] (cents)	6.59	6.83	3.33
Post-split EPS[*2] (cents)	0.12	0.46	0.29
Pre-split NA per share[*3] (SGD)	2.59	1.31	1.03
Post-split NA per share[*4] (SGD)	0.05	0.09	0.09

Notes:-

**1* *Pre-split EPS was computed based on the PAT attributable to owners of LYCSG divided by the share capital of LYCSG per the respective financial year/period*

**2* *For comparative purpose, post-split EPS was computed based on the PAT attributable to owners of LYCSG divided by the illustrative share capital of 303,823,080 LYCSG Shares after the Proposed Share Split but before the Placement (pursuant to the Proposed Listing)*

**3* *Pre-split NA per share was computed based on the NA/equity attributable to owners of LYCSG divided by the share capital of LYCSG per the respective financial year/period*

**4* *For comparative purpose, post-split NA per share was computed based on the NA/equity attributable to owners of LYCSG divided by the illustrative share capital of 303,823,080 LYCSG Shares after the Proposed Share Split but before the Placement (pursuant to the Proposed Listing)*

Further details on LYCSG are set out in Appendix III of this Circular.

2.5 Liabilities which remain with LYC

There are no liabilities, including contingent liabilities and guarantees in relation to the Proposed Listing and LYCSG Group, which will remain with LYC after the Proposed Listing. Further, there are no guarantees to be assumed or to be given by LYC pursuant to the Proposed Listing.

2.6 Original date and cost of investment

The original date and cost of investment of LYC (through LYCM) in LYCSG are as follows:-

Date of investment	No. of LYCSG Shares unit	Cost of investment RM
28.04.2020	1,000	3,019.50
06.01.2022	26,129,000	81,034,741.67

2.7 Utilisation of IPO proceeds

Based on the indicative minimum IPO Price of SGD0.20, the estimated gross proceeds to be raised from the Proposed Listing amounts to approximately SGD11.20 million. The said gross proceeds will accrue entirely to LYCSG and are proposed to be utilised in the following manner:-

Purpose	Amount (SGD'000)	Percentage of gross proceeds (%)	Note
Repayment of shareholder advances	2,260	20.2	(a)
Acquisition of CNI and the remaining 30% interest in Microbiome	1,000	8.9	(b)
Expansion of business through organic growth, mergers and acquisitions, joint ventures and/or strategic partnerships	5,000	44.6	(c)
Working capital and general corporate purposes	1,440	12.9	(d)
Listing expenses	1,500	13.4	(e)
Total	**11,200**		

Notes:-

(a) *Shareholder advances relate to the advances provided to LYCSG by LYCM in FPE 31 March 2021, FYE 31 March 2022 and 6-month FPE 30 September 2022 and up to the LPD, of which SGD1.48 million remained outstanding as at the LPD. The said advances were generally used to partially fund the acquisition of the remaining 49% equity interest in both T&T and HCOS (which were completed in October 2022) and for working capital purposes which mainly comprise staff costs, professional fees, legal fees and stamp duty. Such advances were unsecured, non-interest bearing and repayable on demand. At this juncture, it is envisaged that LYCSG may undertake further drawdowns of shareholder advances from LYCM, for the aforementioned working capital purposes prior to the Proposed Listing. Such advances (including additional advances drawn by LYCSG subsequent to LPD) are intended to be fully repaid using proceeds from the Proposed Listing, subject to LYCSG's board concurrence of the LYCSG Group's working capital sufficiency.*

(b) *LYCSG has allocated approximately SGD1.0 million of the estimated gross proceeds for the following:-*

(1) Acquisition of up to 100% equity interest in CNI

CNI is principally involved in the business of formulation and sale of nutraceutical supplements.

*On 8 November 2022, LYC Nutrihealth (wholly-owned subsidiary of LYCSG) had entered into a share sale agreement dated 8 November 2022 with Ong Kee Leong and Ong Kee Fong for the proposed acquisition by LYC Nutrihealth of 70,000 CNI Shares, representing 70% equity interest in CNI, for a purchase consideration of RM2,240,000 to be satisfied entirely via cash ("**CNI Acquisition 1**").*

*On 9 February 2023, LYC Nutrihealth entered into a supplemental agreement with Ong Kee Leong and Ong Kee Fong to amend, modify, supplement and clarify certain terms of the share sale agreement in respect of CNI Acquisition 1. In addition, on even date, LYC Nutrihealth and Ong Kee Leong had entered into a further share sale agreement dated 9 February 2023 for the proposed acquisition by LYC Nutriheath to acquire 30,000 CNI Shares, representing the remaining 30% equity interest in CNI, from Ong Kee Leong for a purchase consideration of RM960,000 to be satisfied entirely via cash ("**CNI Acquisition 2**").*

For avoidance of doubt, both the CNI Acquisition 1 and CNI Acquisition 2 are not subject to LYC's shareholders' approval. As at the LPD, both the CNI Acquisition 1 and CNI Acquisition 2 are still subject to fulfilment of certain conditions precedent and completion of the acquisitions are expected to take place in the second half of 2023.

(2) Acquisition of the remaining 30% equity interest in Microbiome

At present, Microbiome is currently a 70% subsidiary of LYC Nutrihealth, which in turn is a wholly-owned subsidiary of LYCSG. The principal activities of Microbiome is to carry on business as importers, exporters, dealers, distributors, traders, retailers, wholesalers in, inter alia, raw and finished products, consumable and non-consumable food ingredients, and packaging materials.

*On 9 February 2023, LYC Nutrihealth (wholly-owned subsidiary of LYCSG) and Chong Hui Xian had entered into a conditional share sale agreement dated 9 February 2023 for the proposed acquisition by LYC Nutrihealth of the remaining 30% equity interest in Microbiome from Chong Hui Xian, for a purchase consideration of RM120,000 to be satisfied entirely via cash ("**Microbiome Acquisition**"). For avoidance of doubt, the Microbiome Acquisition is not subject to LYC's shareholders' approval. As at the LPD, the Microbiome Acquisition is still subject to fulfilment of certain conditions precedent and completion of the acquisition is expected to take place in the second half of 2023.*

(c) *Approximately SGD5.00 million of the estimated gross proceeds is allocated for the expansion of LYCSG's business through organic growth, mergers and acquisitions, joint ventures and/or strategic partnerships, that are expected to complement LYCSG's current and future businesses and be aligned with its longer-term interests. As at the LPD, the management of LYCSG is still exploring options for new business opportunities as mentioned above and has yet to finalise the terms of any such business opportunity.*

(d) *The breakdown of the utilisation for working capital and general corporate purposes is subject to the LYCSG's operational requirements at the time of utilisation and as such can only be determined at a later stage. Examples of working capital and general corporate purposes include but not limited to day-to-day administrative expenses and general selling and distribution expenses of LYCSG.*

(e) *Listing expenses mainly comprise unpaid balance of the professional fees (including the Sponsor and Issue Manager's fees, the industry consultant's fees, audit fees, legal fees and other professional fees), Placement commission, as well as listing and application fees, which collectively amount to SGD1.08 million as at the LPD. This excludes a portion of the Sponsor and Issue Manager's fees which will be satisfied by the issuance and allotment of the LYCSG Shares to ZICO Capital.*

Actual expenditures may vary from these estimates and LYCSG may find it necessary or advisable to reallocate the estimated net proceeds within the categories described above or to use portions of the estimated net proceeds for other purposes. In the event that LYCSG decides to reallocate the estimated net proceeds pursuant to the Proposed Listing for other purposes for reasons including but not limited to LYCSG's proposed uses of the estimated net proceeds from the Proposed Listing not materialising or proceeding as planned, LYCSG will publicly announce its intention to do so through an announcement to be posted on the internet at the SGX-ST's website. Pending the deployment of the estimated net proceeds to be raised from the Proposed Listing as aforesaid, LYCSG may use the funds as working capital or invest in short-term money market instruments as the Directors of LYCSG may, in their absolute discretion, deem fit. Additionally, the Board understands that interest income or any gain derived from the investment in short-term money market instruments pending the deployment of the estimated net proceeds to be raised from the Proposed Listing as aforesaid, may be used to fund additional working capital needs of LYCSG as required, at the discretion of the Directors of LYCSG where deem appropriate.

In the reasonable opinion of the Directors of LYC, no minimum amount must be raised through the Placement.

As at the date of this Circular, LYC is unable to ascertain the timeframe or the order of priority for the utilisation of proceeds arising from the Placement. LYCSG will make periodic announcements on the use of the net proceeds from the Placement as and when the net proceeds from the Placement are materially disbursed, and provide a status report on the use of the net proceeds attributable to LYCSG from the Placement in its annual reports.

There are no cash proceeds that accrue to LYC Group arising from the Proposed Listing as the Proposed Listing does not involve any offer for sale of existing LYCSG Shares held by LYC Group.

2.8 Pro forma gain/(loss) on deemed disposal arising from the dilution of LYC's interest in LYCSG pursuant to the Proposed Listing

Based on the pro forma changes in the corporate structure of LYCSG pursuant to the Proposed Listing as illustrated in Section 2.3 of this Circular, LYC is expected to register a gain on deemed disposal from the dilution of its interest in LYCSG amounting to SGD3.231 million (equivalent to RM10.465 million).

For shareholders' information, LYCSG's profit contribution to LYC Group based on the FYE 31 March 2022 as well as the 6-month FPE 30 September 2022 are as follows:-

FYE 31 March 2022		**6-month FPE 30 September 2022**	
LYCSG RM'000*	**LYC Group RM'000**	**LYCSG RM'000***	**LYC Group RM'000**
2,771 *(profit contribution to LYC)*	(9,227) *(LAT attributable to owners of Company)*	1,815 *(profit contribution to LYC)*	(8,880) *(LAT attributable to owners of Company)*

Note:-

* *Translated based on the following exchange rates based on the following middle rates quoted by BNM as at 5.00 p.m. on the respective end dates for each financial year/period, as follows:-*

FYE 31 March 2022 : SGD1.00 : RM3.1064
FPE 30 September 2022 : SGD1.00 : RM3.2389

For avoidance of doubt, LYCSG will remain as a subsidiary of LYC upon completion of the Proposed Listing.

2.9 Plan to address loss of contribution from LYCSG as a result of dilution of interest after the Proposed Listing

As set out in Section 6.3 of this Circular, upon completion of the Proposed Listing, the earnings contribution from LYCSG to LYC Group will be reduced to the extent of the dilution of LYC's effective equity interest in LYCSG from 64.50% presently to 54.03% (illustrative at this juncture and subject to the final scheme of the Proposed Listing), which in turn contributes to the corresponding reduction in the EPS of LYC.

Notwithstanding the above, the Proposed Listing is expected to improve the Group's financial position. As set out in Section 6.2 of this Circular, the Group's NA per Share will increase from RM0.08 to RM0.10 per Share, whilst the gearing ratio will reduce from 1.74 to 1.44 times, as illustrated based on LPD and after assuming the completion of the Proposed Listing. This allows the Group to reposition itself towards a better financial footing moving forward and allow the Group to pursue further business growth in the provision of healthcare sector.

At this juncture, the Group has been and is still actively pursuing mergers and acquisition ("**M&A**") opportunities in potential business or investment which are either similar or complementary to its nature of business, with the investment objective that these business or investment will be able to generate revenue uplift and growth opportunities to the enlarged Group in the future. Some of the notable M&A activities undertaken by the Group since 2022 include:-

- March 2022 - Acquisition of 100% equity interest in KL Dental (Kiara) Sdn Bhd, KL Dental (Connaught) Sdn Bhd, Kl Dental Sdn Bhd for RM3.18 million, which principally operates dental clinics in Klang Valley. The said acquisition was completed on 4 October 2022.

- April 2022 - Acquisition of 100% equity interest in Tao Global Ventures Sdn Bhd for RM4,000,000, which principally operates a medical aesthehic clinic and a beauty & wellness centre. The said acquisition was completed on 4 October 2022.

- July 2022 - Acquisition of 55% equity interest in Elite Dental Team Sdn Bhd for RM5,500,000, which is principally involved in the provision of of dental treatment and consultancy services. As at the LPD, the said acquisition is pending completion.

- July 2022 - Acquisition of 75% equity interest in Nutrogreen Health Industries Sdn Bhd for RM525,000 as well as acquisition of all the goodwill, assets, benefits, rights and interests in the business of trading and manufacturing in all kinds of food products and food supplement product conducted by Kitta Enterprise for RM1,000,000. As at the LPD, the said acquisition is pending completion.

Barring any unforeseen circumstance, the Board opines that the existing and potentially new businesses of LYC Group are expected to be earnings accretive and may potentially contribute positively to the Group's financial performance in the future.

3. DETAILS OF THE PROPOSED WAIVERS

Reference is made to the following:-

- circular to shareholders dated 8 September 2020 which contains the salient terms of the T&T SSA and HCOS SSA; and

- announcement on Bursa Securities dated 24 December 2021 which contains the salient terms of the T&T Swap Agreement and HCOS Swap Agreement.

3.1 Background information for the Proposed T&T Waiver

LYCM had entered into the T&T SSA on 4 May 2020 with TCM for the Initial Acquisition of T&T, which entails the acquisition of a 51% equity interest in T&T at a purchase consideration of SGD7,293,000 to be satisfied via a combination of (a) cash amounting to SGD5,304,000 and (b) issuance of 1,989,000 RPS in LYCM amounting to SGD1,989,000, on the terms and conditions contained in the T&T SSA. LYC had obtained shareholders' approval for the Initial Acquisition of T&T at an EGM convened on 23 September 2020. The Initial Acquisition of T&T was completed on 13 November 2020.

Under the T&T SSA, TCM had provided a profit guarantee totalling to a cumulative PAT of SGD3,900,000 for the 3 financial years ending 31 March 2022, 31 March 2023 and 31 March 2024 (also known as the T&T Profit Guarantee). For information, T&T had recorded a PAT of SGD0.8 million based on the latest audited FYE 31 March 2022.

LYCM subsequently entered into the T&T Swap Agreement on 24 December 2021 with LYCSG and LYC to transfer its entire 51% equity interest in T&T to LYCSG at a consideration of SGD7,293,000 subject to the terms therein. Pursuant to the T&T Swap Agreement, the parties agreed that (a) LYCSG has agreed to the said T&T Waiver and has agreed to release LYC from the guarantee stipulated in T&T SSA ("**LYC Guarantee 1**"); and (b) LYCSG and LYCM have further agreed that the obligation to pay under Clause 5 of the T&T Swap Agreement shall cease to have effect ("**LYCM Obligation 1**"). For clarity, the aforementioned payments pursuant to the LYCM Obligation 1 refer to the shortfall between the T&T Profit Guarantee and the actual cumulative PAT of T&T to be received from TCM and/or the escrow agent (as the case may be). Pursuant to the terms of the T&T Profit Guarantee, LYCM has not received any payments from TCM and/or escrow agent as at the LPD.

For information, the T&T Swap Agreement essentially entails the implementation by LYC of an internal reorganisation exercise to reorganise some of its subsidiaries involved in the healthcare business (such as T&T) into LYCSG. The Internal Reorganisation, which was completed on 26 January 2022, will facilitate LYCSG to act as the listing vehicle for the Proposed Listing. For avoidance of doubt, the T&T Swap Agreement is not subject to LYC's shareholders' approval.

As at the LPD, T&T is a wholly-owned subsidiary of LYCSG.

3.2 Background information for the Proposed HCOS Waiver

LYCM had entered into the HCOS SSA on 28 May 2020 with CYH and BWG for the Initial Acquisition of HCOS, which entails the acquisition of a 51% equity interest in HCOS for a purchase consideration of SGD6,936,000 to be satisfied entirely in cash, on the terms and conditions contained in the HCOS SSA. LYC had obtained shareholders' approval for the Initial Acquisition of HCOS at an EGM convened on 23 September 2020. The Initial Acquisition of HCOS was completed on 2 December 2020.

Under the HCOS SSA, CYH had provided a profit guarantee totalling to a cumulative PAT of SGD5,100,000 for the 3 financial years ending 31 March 2022, 31 March 2023 and 31 March 2024 (also known as the HCOS Profit Guarantee). For information, HCOS had recorded a PAT of SGD1.8 million based on the latest audited FYE 31 March 2022.

LYCM subsequently entered into the HCOS Swap Agreement on 24 December 2021 with LYCSG and LYC to transfer its entire 51% equity interest in HCOS to LYCSG at a consideration of SGD6,936,000 subject to the terms therein. Pursuant to the HCOS Swap Agreement, the parties agreed that (a) LYCSG has agreed to the said HCOS Waiver and has agreed to release LYC from the guarantee stipulated in HCOS SSA ("**LYC Guarantee 2**"); and (b) LYCSG and LYCM have further agreed that the obligation to pay under Clause 5 of the HCOS Swap Agreement shall cease to have effect ("**LYCM Obligation 2**"). For clarity, the aforementioned payments pursuant to the LYCM Obligation 2 refer to the shortfall between the HCOS Profit Guarantee and the actual cumulative PAT of HCOS to be received from CYH and/or the escrow agent (as the case may be). Pursuant to the terms of the HCOS Profit Guarantee, LYCM has not received any payments from CYH and/or escrow agent as at the LPD.

For information, the HCOS Swap Agreement essentially entails the implementation by LYC of an internal reorganisation exercise to reorganise some of its subsidiaries involved in the healthcare business (such as HCOS) into LYCSG. The Internal Reorganisation, which was completed on 26 January 2022, will facilitate LYCSG to act as the listing vehicle for the Proposed Listing. For avoidance of doubt, the HCOS Swap Agreement is not subject to LYC's shareholders' approval.

As at the LPD, HCOS is a wholly-owned subsidiary of LYCSG.

3.3 Details of the Proposed Waivers

Premised on the rationale as set out in Section 4.1 of this Circular, the parties had agreed to enter into the following deeds of settlement to give effect to the following waivers and modifications:-

3.3.1 Details of the Proposed T&T Waiver

LYCSG, LYCM, LYC and TCM had entered into the T&T Deed dated 27 January 2023 to give effect to the following salient terms:-

Existing terms (To cease with effect[*1])	T&T Deed (To come into effect[*1])
Clause 7 of T&T SSA TCM has agreed, undertaken, and guaranteed that the aggregate PAT for the 3 financial years after the completion of T&T SSA shall not be less than SGD3,900,000. TCM further undertook that if for any reason T&T fails to achieve the T&T Profit Guarantee whether in part or in full, TCM shall pay the guaranteed amount[*2] to LYCM.	LYCM has agreed to waive the T&T Profit Guarantee ("**T&T Waiver**") with effect from 30 November 2022. TCM has agreed to the said T&T Waiver which is subject to the terms and conditions of the T&T Deed.
Clauses 5 and 6 of T&T Swap Agreement LYCM Obligation 1 (a) The vendor, LYCM, shall make full payment of any payments received under T&T SSA to LYCSG LYC Guarantee 1 (b) LYC has agreed to guarantee the performance of LYCM's obligations in T&T Swap Agreement	LYCM Obligation 1 LYCSG and LYCM have further agreed that the obligation to pay under Clause 5 of the T&T Swap Agreement shall cease to have effect. LYC Guarantee 1 LYCSG has agreed to the said T&T Waiver and has agreed to release LYC from the guarantee stipulated in T&T Swap Agreement.

Notes:-

**1 The T&T Deed shall come into effect upon the satisfaction and or fulfillment of the T&T Approvals set out in Section 1, Appendix I of this Circular. Accordingly, the existing terms shall cease to have effect upon the T&T Deed coming into effect*

**2 Refers to the guaranteed amounts (or part of the guaranteed amounts) upon demand by purchaser*

Further details on the salient terms of the T&T Deed are set out in Appendix I of this Circular.

3.3.2 Details of the Proposed HCOS Waiver

LYCSG, LYCM, LYC, CYH and BWG had entered into the HCOS Deed dated 27 January 2023 to give effect to the following salient terms:-

Existing terms (To cease with effect[*1])	HCOS Deed (To come into effect[*1])
Clause 5 of HCOS SSA CYH has agreed, undertaken, and guaranteed that the aggregate PAT for the 3 financial years after the completion of HCOS SSA shall not be less than SGD5,100,000. CYH further undertook that if for any reason HCOS fails to achieve the HCOS Profit Guarantee whether in part or in full, CYH shall pay the guaranteed amount[*2] to LYCM.	LYCM has agreed to waive the HCOS Profit Guarantee ("**HCOS Waiver**") with effect from 30 November 2022. CYH and BWG have agreed to the said HCOS Waiver which is subject to the terms and conditions of the HCOS Deed.

Existing terms (To cease with effect*1)	HCOS Deed (To come into effect*1)
<u>Clauses 5 and 6 of HCOS Swap Agreement</u> <u>LYCM Obligation 2</u> (a) The vendor, LYCM, shall make full payment of any payments received under HCOS SSA to LYCSG <u>LYC Guarantee 2</u> (b) LYC has agreed to guarantee the performance of LYCM's obligations in HCOS Swap Agreement	 <u>LYCM Obligation 2</u> LYCSG and LYCM have further agreed that the obligation to pay under Clause 5 of the HCOS Swap Agreement shall cease to have effect. <u>LYC Guarantee 2</u> LYCSG has agreed to the said HCOS Waiver and has agreed to release LYC from the guarantee stipulated in HCOS Swap Agreement.

Notes:-

**1 The HCOS Deed shall come into effect upon the satisfaction and or fulfillment of the HCOS Approvals set out in Section 1, Appendix II of this Circular. Accordingly, the existing terms shall cease to have effect upon the HCOS Deed coming into effect*

**2 Refers to the guaranteed amounts (or part of the guaranteed amounts) upon demand by purchaser*

Further details on the salient terms of the HCOS Deed are set out in Appendix II of this Circular.

Rule 8.24(1) of the Listing Requirements stipulates that *"A listed corporation must issue a circular to its shareholders and seek its shareholder approval if it proposes to make:*

(a) a material change to the utilisation of proceeds raised by the listed corporation from its initial public offering or new issue of securities which has been approved by way of specific shareholder approval; or

(b) a material amendment, modification or variation to a proposal which has been approved by shareholders in general meeting."

The Proposed Waivers entail material modification and variation to the terms of the Initial Acquisition of T&T and the Initial Acquisition of HCOS, both of which have been approved by shareholders' approval in the Company's EGM on 23 September 2020. Accordingly, pursuant to Rule 8.24(1) of the Listing Requirements, the Board wishes to seek the shareholders' approval of the Company for the Proposed Waivers at the forthcoming EGM.

3.4 Information on TCM, CYH and BWG

(i) TCM

Ting Choon Meng, a Singaporean aged 64, joined private medical practice in January 1987, and founded T&T in 1989. To date he has more than 33 years of private medical practice.

TCM graduated from the National University of Singapore with a Bachelor of Medicine and Bachelor of Surgery degree in 1984.

TCM is currently the Managing Director and principal doctor of T&T, where he oversees the operations of the T&T clinic, including the management of all the patients.

Since the 1990s he has pioneered disruptive techniques and approaches in the treatment of patients suffering from chronic degenerative painful conditions. For instance, intra-articular injections using Visco-supplementation for the knee joints, and subsequently other joints, were pioneered by him. In 2007, after doing more than 25,000 Visco-supplementation cases, TCM wrote a book entitled “Advancing supplementation: A Handbook on Visco supplementation for OA Knees” to educate more doctors on the techniques on doing Visco-supplementation. Since then, he has expanded the interventional management for joint diseases to include other ortho-biologics like platelet-rich plasma (PRP) injections and autologous protein solution (APS) injections. TCM is also a serial medical device inventor.

(ii) CYH

Chan Ying Ho, a Singaporean aged 43, is currently the principal specialist at HCOS and is responsible for overseeing and managing the operations of HCOS clinics.

CYH graduated from the National University of Singapore with a Bachelor of Medicine and Bachelor of Surgery in 2004.

CYH is a certified Orthopaedic Surgeon in Singapore by the Ministry of Health of Singapore. He became a member of the Royal College of Surgeons of Edinburgh in 2008 and obtained his Master of Medicine (Orthopaedic Surgery) from the National University of Singapore in 2009.

Subsequently, he completed his advanced surgical training and became a certified fellow of the Royal College of Surgeons of Edinburgh in the specialty of Orthopaedic Surgery in 2013. CYH was awarded the prestigious scholarship by the Human Manpower Development Program (HMDP) from the Ministry of Health Singapore and completed his Revision Hip and Knee arthroplasty fellowship at the Helios Endo-Klinik in Hamburg, Germany in 2014, which is the largest hip and knee reconstruction centre in Europe. Since then, CYH has been spearheading the Joint Replacement Unit in Department of Orthopaedic Surgery in Tan Tock Seng Hospital and had performed more than 1,000 joint replacements till date. He is well respected in the region and had been invited as an instructor for basic and advanced joint replacement courses in various countries including Malaysia, Vietnam, Thailand and India. He was also appointed the Adjunct Assistant Professor in the Department of Orthopaedic Surgery in Yong Loo Lin School of Medicine, National University of Singapore as well as a core faculty member of the orthopaedic residency program in the National Healthcare Group.

(iii) BWG

Beyond Wellness Group Pte Ltd was incorporated in Singapore on 13 August 2013. As at the LPD, the issued and fully paid up share capital of BWG is SGD5,905,438 comprising 1,803,223 ordinary shares. As at the LPD, BWG does not have any convertible securities.

BWG is principally an investment holding company.

As at the LPD, the director of BWG and its shareholding in BWG are as follows:-

			Direct interest		**Deemed interest**	
Name	**Designation**	**Nationality**	**No. of shares**	**%**	**No. of shares**	**%**
Goh Linlin	Director	Singaporean	-	-	-	-

As at the LPD, the substantial shareholders of BWG and their shareholdings in BWG are as follows:-

Name	Nationality/Place of incorporation	Direct interest No. of shares	%	Deemed interest No. of shares	%
Titanium Partners Pte Ltd	Singapore	1,118,100	62.00	-	-
Kowayo Holdings Pte Ltd	Singapore	203,346	11.28	-	-
Soh Yee Lin	Singaporean	86,537	4.80	-	-
Lee Chung Hwa Ivan	Singaporean	34,580	1.92	-	-
Coral Gem International Limited	Virgin Islands, British	360,660	20.00	-	-

3.5 Liabilities to be assumed

There are no liabilities, including contingent liabilities and guarantees to be assumed by the Company and its subsidiaries, arising from the Proposed Waivers.

4. RATIONALE AND JUSTIFICATIONS

4.1 Proposed Waivers

Since the completion of the Initial Acquisition of T&T and Initial Acquisition of HCOS in late 2020, LYC Group has been consolidating the financial results of T&T and HCOS from December 2020 onwards. As seen in the table below, both T&T and HCOS have been contributing substantial revenue and PAT to the Group, as follows:-

	Audited		Audited		Audited		Unaudited	
	FYE 31 March 2020		FYE 31 March 2021		FYE 31 March 2022		6-month FPE 30 September 2022	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Revenue contribution:								
T&T	-	-	4,230	16.0	14,015	21.7	7,458	17.3
HCOS	-	-	5,737	21.7	20,106	31.1	11,650	27.0
Other business*	12,434	100.0	16,447	62.3	30,476	47.2	24,020	55.7
Total revenue	**12,434**	**100.0**	**26,414**	**100.0**	**64,597**	**100.0**	**43,128**	**100.0**
PAT/(LAT) contribution:								
T&T	-	-	284	(2.4)	1,334	(14.5)	513	(5.8)
HCOS	-	-	837	(7.1)	2,896	(31.4)	1,244	(14.0)
Other business*	(10,326)	100.0	(12,986)	109.4	(13,457)	145.8	(10,637)	119.8
Total PAT(LAT)	**(10,326)**	**100.0**	**(11,865)**	**100.0**	**(9,227)**	**100.0**	**(8,880)**	**100.0**

Note:-

* *Comprised other businesses such as postnatal and postpartum care, post-delivery confinement care, child specialist, family clinic, provision of retirement homes and aged care services, child care services, cosmetic and aesthetic, and fertility services, nutraceutical business, computing and electronic services, investment holding and provision of management services*

Subsequently in October 2022, LYC Group had completed the acquisitions of the remaining 49% equity interest in both T&T and HCOS, which in turn allows the Group to recognise 100% income contributions from T&T and HCOS. These acquisitions are expected to be earnings accretive to LYCSG and would potentially provide support to the benchmark IPO valuation as means to fulfil the overall objectives of the Group's proposed listing ambition of LYCSG on the Catalist Board.

After taking into consideration the financial and operational performance of T&T and HCOS which have contributed substantially to LYC Group over the past 2 years, as well as to ensure the commitment of TCM and CYH in continually driving the business of T&T and HCOS respectively, LYCM has agreed to waive the T&T Profit Guarantee and HCOS Profit Guarantee for the remaining profit guarantee periods from 1 December 2022 to 30 March 2024. For illustration, the remaining balance of T&T Profit Guarantee and HCOS Profit Guarantee to be waived shall amount to SGD1.733 million^ and SGD2.267 million# respectively. Therefore, LYC will not be entitled to its share of guaranteed PAT in T&T or HCOS from the vendors (TCM or CYH) for the remaining profit guarantee periods.

Given the waiver from such entitlement to the profit guarantees, there is no assurance that T&T or HCOS will be able to maintain its profitability which can contribute similar proportion to the profit guarantee level. In such event, the Group's financial performance and results may be materially affected. Please refer to Section 5.3 of this Circular for the further details on the discussion of risks in relation to the waiver of T&T Profit Guarantee and HCOS Profit Guarantee.

Notes:-

^ *Computed as average annual guaranteed PAT of SGD1.3 million under T&T Profit Guarantee multiplied by remaining profit guarantee periods of 1.333 years*

Computed as average annual guaranteed PAT of SGD1.7 million under HCOS Profit Guarantee multiplied by remaining profit guarantee periods of 1.333 years

The Board opines that with the Proposed Waivers put in place, the relevant key personnel driving the business of T&T and HCOS, namely TCM and CYH respectively, would be able to objectively spearhead and pursue the growth strategy and initiatives that is contemplated by LYCSG Group to enhance its revenue. Such key initiatives include:-

- **Expand the range of services of its clinics to become a one-stop integrated centre for musculoskeletal-related medical care**

  LYCSG Group intends to continue to develop and expand its range of available treatments and products across its business segments in order to become a one-stop integrated centre for the treatment of orthopaedic and muscoskeletal-related conditions. LYCSG Group intends to expand its range of services by hiring experienced and established medical specialists, adopting new and up-to-date advanced techniques and technologies for the treatment of orthopaedic and musculoskeletal-related conditions, as well as expand its non-medical services to provide a range of rehabilitation services.

  LYCSG Group intends to progressively expand its range of service offerings in relation to the diagnosis and treatment of orthopaedic and musculoskeletal-related conditions and rehabilitation of the musculoskeletal system, to ensure that it builds on its capabilities as a one-stop integrated medical services centre for the treatment of orthopaedic and musculoskeletal-related conditions.

- **To grow the "T&T" and "HC Orthopaedic" brand name and patient base**

  LYCSG Group intends to build its "T&T" and "HC Orthopaedic" brand name as a leading, one-stop integrated centre for musculoskeletal-related medical care, with its medical specialists experienced in the fields of orthopaedic surgery and care, chronic disease management, and chronic degenerative joint and orthopaedic diseases, coupled with its ability to provide customised nutraceutical supplements and ingredients that can be tailored to the specific requests of the patient. Through its efforts in expanding business operations and range of services offered, LYCSG Group intends to leverage on itsability to provide holistic, end-to-end musculoskeletal-related medical care to grow its patient base.

The above growth initiatives may incur certain capital expenditure or commitment, the exact quantum of which can only be determined at the relevant stage. Such commitment, if realised, may have an effect on the profitability of T&T and HCOS due to cost associated with business expansion and/or depreciation charges. As such, the Board opines that to achieve the overall objective of the listing ambition of LYCSG on the Catalist Board of the SGX-ST, the Proposed Waivers (if put in place) would enable the key drivers, TCM and CYH, to commit themselves in spearheading and implementing the growth strategy for T&T and HCOS, in a more objective manner. Therefore, this serves to provide assurance that the interests of TCM and CYH can be better aligned together with LYC to realise the growth potential of LYCSG Group in the years to come.

Accordingly, the Board believes that with the alignment of commitment and interests of TCM and CYH in T&T and HCOS respectively, the businesses and growth prospects of T&T and HCOS are expected to augur positively for LYC Group going forward.

4.2 Proposed Listing

The rationale and benefits of the Proposed Listing are as follows:-

(i) to enhance LYCSG's public image locally and overseas and enable LYCSG to raise funds from the capital markets for the expansion of its business operations;

(ii) to provide members of the public, LYCSG's management and business associates as well as those who have contributed to LYCSG's success with an opportunity to participate in the equity of LYCSG; and

(iii) to provide LYCSG with additional capital from the proceeds of the issue of Placement Shares to finance its business expansion and for general working capital.

5. RISK FACTORS

The Proposed Listing is not expected to expose LYC Group to any new risks inherent to the business or industry of LYC Group, as LYCSG will remain as a subsidiary of LYC upon completion of the Proposed Listing. However, set out below are the salient risk factors pertaining to the Proposed Listing and Proposed Waivers that are relevant to LYC Group:-

5.1 Delay in or abortion of the Proposed Listing

The implementation of the Proposed Listing is subject to the approvals as set out in Section 8 of this Circular, which includes the approval from the shareholders of LYC for the Proposed Listing, admission of LYCSG to Catalist and permission being granted by the SGX-ST to deal in, and for the listing and quotation of all of LYCSG's Shares, as well as the said listing and quotation notice not being subsequently terminated or revoked prior to the commencement of dealings in LYCSG Shares on the Catalist Board. In addition, the success of the Proposed Listing is also dependent on the then prevailing market conditions at the time of implementation.

There can be no assurance that such approvals and/or conditions to be imposed by the relevant authorities will be obtained and/or satisfied or that the Proposed Listing will proceed as anticipated. Notwithstanding, LYC Group will take all reasonable steps, including to fulfil the conditions imposed by the relevant authorities (if any), to ensure completion of the Proposed Listing.

5.2 No prior market for LYCSG Shares and possible volatility on the trading price of LYCSG Shares

Prior to the Proposed Listing, there is no public market for LYCSG Shares. Accordingly, there can be no assurance that there will be an active market for LYCSG Shares after the Proposed Listing. If an active market for LYCSG Shares does not develop after the Proposed Listing, the market price and liquidity of LYCSG Shares may be adversely affected. The Catalist Rules require that companies which have listed their equity securities on the Catalist Board meet certain minimum shareholding spread and distribution requirements. In the event that such requirements are not met, SGX-ST may suspend the trading of the LYCSG Shares.

In addition, LYCSG Shares could trade at prices that may be lower than the IPO Price as a result of many factors, some of which are not within LYCSG's control and may be unrelated or disproportionate to its operating results. These factors include but are not limited to, general economic and stock market conditions, the depth and liquidity of the market of LYCSG Shares and investors' individual risk-return profile requirements.

5.3 Risks on the waiver of T&T Profit Guarantee and HCOS Profit Guarantee

Premised on the rationale set out in Section 4.1 of this Circular, LYCM has agreed to waive the T&T Profit Guarantee and HCOS Profit Guarantee for the remaining profit guarantee periods from 1 December 2022 to 30 March 2024, which shall illustratively amount to SGD1.733 million (T&T) and SGD2.267 million (HCOS) respectively. Therefore, LYC (through LYCM) will not be entitled to its share of guaranteed PAT in T&T or HCOS from the vendors (TCM or CYH) for the remaining profit guarantee periods. Given the waiver from such entitlement to the profit guarantees, there is no assurance that T&T or HCOS will be able to maintain its profitability which can contribute similar proportion to the profit guarantee level. In such event, the Group's financial performance and results may be materially affected.

Notwithstanding the undertaking of the Proposed Waivers above, the Board and management of LYC believes that this is necessary to align the commitment and interests of TCM and CYH with the business and growth prospect of T&T and HCOS respectively, thus supporting the objective of the Proposed Listing. As set out in Section 4.1 of this Circular, the Board opines that to achieve the overall objective of the listing ambition of LYCSG on the Catalist Board, the Proposed Waivers (if put in place) would enable the key drivers, TCM and CYH, to commit themselves in spearheading and implementing the growth strategy for T&T and HCOS, in a more objective manner. In this respect, the Board and management of LYC will endeavour to take the appropriate steps with the relevant advisors to implement the Proposed Listing in an expeditious manner.

In mitigating the risks above, the Board and management of LYC will closely monitor and review the business and operations of LYCSG Group to ensure that LYCSG Group can sustain its revenue growth and profitability. Per the financial track record of T&T and HCOS as set out in Section 4.1 of this Circular, both T&T and HCOS have contributed to LYC Group an aggregate revenue of RM9.97 million (FYE2021), RM34.12 million (FYE2022) and RM19.11 million (6-month FPE2023), and also aggregate PAT of RM1.12 million (FYE2021), RM4.23 million (FYE2022) and RM1.76 million (6-month FPE2023), since the completion of the Initial Acquisition of T&T and Initial Acquisition of HCOS in late 2020. Apart from the growth prospects of the healthcare sectors in Singapore as anticipated to be driven by the increasing and ageing population in Singapore which increases the prevalence of musculoskeletal-related conditions, the increasing government healthcare expenditure in Singapore, the increasing life insurance expenditure in Singapore and the expected growth of medical tourism in Singapore, the Board and management of LYC will also monitor and review the execution of the growth strategies and initiatives that is contemplated by LYCSG Group to enhance its revenue. Such key initiatives include (a) expanding the range of services of its clinics to become a one-stop integrated centre for musculoskeletal-related medical care; and (b) growing the "T&T" and "HC Orthopaedic" brand name and patient base, of which the details are further set out in Section 4.1 of this Circular.

In addition to the above, as part of LYC Group's plan to address the potential loss of contribution arising from the dilution of interest in LYCSG post Proposed Listing, LYC Group has been and is still actively pursuing M&A opportunities in potential business or investment which are either similar or complementary to its nature of business, with the investment objective that these business or investment will be able to generate revenue uplift and growth opportunities to the enlarged Group in the future. Please refer to Section 2.9 of this Circular for some of the notable M&A activities undertaken by the Group since 2022. Barring any unforeseen circumstance, the Board opines that the existing and potentially new businesses of LYC Group are expected to be earnings accretive and may potentially contribute positively to the Group's financial performance in the future.

6. EFFECTS OF THE PROPOSALS

6.1 Issued share capital and substantial shareholders' shareholdings

The Proposals will not have any effect on the issued share capital and the substantial shareholders' shareholdings of LYC as the Proposals do not involve issuance of new LYC Shares.

6.2 NA and gearing

The Proposed Waivers will not have any immediate effect on the NA and gearing of the Company. Upon completion of the Proposed Listing, the earnings contribution from LYCSG to LYC Group will be reduced to the extent of the dilution of LYC's effective equity interest in LYCSG from 64.50% presently to 54.03% (illustrative at this juncture), which may in turn contribute to lower retained earnings of LYC Group. Please refer to Section 5.3 of this Circular for the further details on the discussion of risks in relation to the waiver of T&T Profit Guarantee and HCOS Profit Guarantee.

Based on the latest audited consolidated financial statements of LYC Group as at 31 March 2022, and on the assumption that the Proposed Listing had been effected at that date, the pro forma effects of the Proposed Listing on the NA and gearing of LYC Group are as follows:-

		I	II
	Audited as at 31 March 2022 RM'000	**Adjustment for subsequent events[*1] RM'000**	**After I and the Proposed Listing RM'000**
Share capital	57,580	79,185	79,185
Other reserves	1,200	1,200	1,200
Accumulated losses	(31,197)	(31,197)	(20,832)[*2]
Shareholders' fund/ NA	**27,583**	**49,188**	**59,553**
No. of Shares ('000)	464,525	593,978	593,978
NA per Share (RM)	0.06	0.08	0.10
Total borrowings (RM'000)	85,652	85,652	85,652
Gearing level (times)	3.11	1.74	1.44

Notes:-

**1 After adjusting for the issuance and listing of the placement shares pursuant to the private placement exercise in the following tranches:-*

Date of listing	***No. of placement shares***	***Issue price (RM)***
10 May 2022	*46,452,500^*	*0.2150*
19 September 2022	*80,000,000#*	*0.1390*
03 October 2022	*3,000,000#*	*0.1660*

*^ For information, the 46,452,500 placement shares had been placed out pursuant to the private placement exercise announced by LYC on 12 April 2022, which entails a proposed private placement of up 10% of the total number of issued shares of LYC to third party investor(s) to be identified later in accordance with the general mandate pursuant to Section 76 of the Act ("**General Mandate Placement**"). LYC had obtained the approval from its shareholders at the annual general meeting convened on 23 September 2021. The General Mandate Placement was completed on 10 May 2022.*

*# For information, the 83,000,000 placement shares had been placed out pursuant to the private placement exercise announced by LYC on 1 March 2022, which entails a proposed private placement of up to 30% of the total number of issued shares of LYC at an issue price to be determined later ("**Private Placement**"). On 23 June 2022, LYC had obtained the shareholders' approval for the Private Placement. On 10 January 2023, Bursa Securities had resolved to grant the Company an extension of time of 6 months from 30 November 2022 to 30 May 2023 to complete the implementation of the Private Placement*

**2 After taking into consideration the gain on deemed disposal from the dilution of interest in LYCSG amounting to SGD3.231 million (equivalent to RM10.465 million) and deducting the estimated expenses of approximately RM100,000 to be borne by LYC in relation to the Proposals. The breakdown of the estimated expenses, which shall be financed via the internally generated funds of LYC, is as follows:-*

Breakdown of estimated expenses	***RM***
Professional fees	*60,000*
Regulatory fees	*25,000*
Other incidental expenses (such as printing and EGM related cost)	*15,000*
	100,000

6.3 Earnings and EPS

The Proposed Waivers will not have any immediate effect on the earnings and EPS of the Company.

Upon completion of the Proposed Listing, the earnings contribution from LYCSG to LYC Group will be reduced to the extent of the dilution of LYC's effective equity interest in LYCSG from 64.50% presently to 54.03% (illustrative at this juncture), which in turn contributes to the corresponding reduction in the EPS of LYC as a result of the reduced PAT contribution attributable to the owners of LYC. Please refer to Section 5.3 of this Circular for the further details on the discussion of risks in relation to the waiver of T&T Profit Guarantee and HCOS Profit Guarantee.

For illustrative purpose, based on the latest audited consolidated financial statements of LYC Group for the FYE 31 March 2022, and on the assumption that the Proposed Listing had been effected at the beginning of the said financial year, the pro forma effects of the Proposed Listing on the earnings and EPS of LYC Group are as follows:-

	Audited FYE 31 March 2022 RM'000	**After the Proposed Listing RM'000**
LYC's effective equity interest in LYCSG	64.50%	54.03% (illustrative)
LYCSG's PAT contribution to owners of LYC	2,771[*1]	2,321
LYC's LAT attributable to owners of the Company	(9,227)	(9,677)
Weighted average no. of Shares in issue ('000)	435,720	435,720
Basic EPS/(loss) per Share (sen)[*2]	**(2.11)**	**(2.22)**

Notes:-

**1 Based on the audited PAT of LYCSG of SGD1.383 million (equivalent to RM4.296 million) for the FYE 31 March 2022, and translated based on the exchange rate of SGD1.00 : RM3.1064 as at 31 March 2022*

**2 Computed based on LAT attributable to owners of the Company divided by weighted average no. of Shares in issue*

7. HIGHEST PERCENTAGE RATIOS

As set out in Section 2.2 of this Circular, the Proposed Listing constitutes a deemed disposal by LYC arising from the dilution of its equity interest in LYCSG upon completion of the Proposed Listing.

Accordingly, pursuant to Rule 10.02(g) of the Listing Requirements, the highest percentage ratio applicable to the Proposed Listing is approximately 31.42% computed based on the NA of LYCSG (represented by the dilution of LYC's equity interest in LYCSG pursuant to the Proposed Listing) over the audited NA of LYC as at 31 March 2022.

8. APPROVALS REQUIRED AND CONDITIONALITY

The Proposals are subject to the following approvals being obtained:-

i. shareholders of LYC, at the Company's EGM to be convened for the Proposals;

ii. admission of LYCSG to Catalist and permission being granted by the SGX-ST to deal in, and for the listing and quotation of all of LYCSG's Shares on Catalist, pursuant to the Proposed Listing; and

iii. Any other relevant authorities/parties, if required.

The Proposed Listing is conditional upon the Proposed Waivers but not vice versa. The Proposals are not conditional upon any other corporate proposals undertaken or to be undertaken by the Company.

9. PROPOSALS ANNOUNCED BUT PENDING COMPLETION

Save for the Proposals (being subject matters of this Circular), there are no other outstanding proposals, which have been announced but not yet completed as at the LPD:-

i. LYC had on 1 March 2022 announced to undertake a proposed private placement of up to 30% of the total number of issued shares of LYC at an issue price to be determined later ("**Private Placement**"). Bursa Securities had on 30 May 2022 resolved to approve the listing and quotation of up to 139,357,722 LYC Shares to be issued pursuant to the Private Placement. Then on 23 June 2022, LYC had obtained the shareholders' approval for the Private Placement.

   On 10 January 2023, Bursa Securities had resolved to grant the Company an extension of time of 6 months from 30 November 2022 to 30 May 2023 to complete the implementation of the Private Placement. As at the LPD, a total of 83,000,000 placement shares had been placed out.

ii. On 4 July 2022, LYC (via its its wholly-owned subsidiary, LYC Dental & Aesthetic Holdings Sdn Bhd ("**LYC D&A**")) had entered into a share purchase agreement with Dr Kenneth Wong Pak Ken, Dr Wong Chew Weng, Dr Carmen Yuen Chia-Wen, Dr Yee Xin Le and Dr Sylvia Lim Sze Wei for the proposed acquisition by LYC D&A of 178,200 ordinary shares in Elite Dental Team Sdn Bhd ("**EDTSB**"), representing 55% equity interest in EDTSB, for a purchase consideration of RM5,500,000 to be satisfied entirely via cash. The aforesaid proposal is currently pending fulfilment of certain conditions precedent prior to its completion. Barring any unforeseen circumstances, the aforesaid proposal is expected to be completed by the first half of 2023.

iii. On 15 July 2022, LYC (via its wholly owned subsidiary, LYC Health Manufacturing Group Sdn Bhd ("**LYCHM**")) had entered into a share sale agreement with Lim Lee Ping, Tan Sook Yong and Goh Kok Neng for the proposed acquisition by LYCHM of 450,000 ordinary shares in Nutrogreen Health Industries Sdn Bhd ("**NHISB**"), representing 75% equity interest in NHISB, for a purchase consideration of RM525,000 to be satisfied entirely via cash.

   On an even date, LYC (via its wholly-owned subsidiary, LYC Health Manufacturing (NS) Sdn Bhd ("**LYCNS**")) had entered into a business sale agreement with Wong See Kit and Wong Looi Cheng @ Wong Chin See for the proposed acquisition by LYCNS of all the goodwill, assets, benefits, rights and interests in the business of trading and manufacturing in all kinds of food products and food supplement product conducted by Kitta Enterprise including the specified assets under the Kitta Enterprise partnership for a purchase consideration of RM1,000,000 to be satisfied via a combination of (a) cash amounting to RM600,000 payable to the Vendors, of which RM500,000 is payable to Wong Looi Cheng @ Wong Chin See and RM100,000 payable to Wong See Kit and (b) the issuance of 40% shares which is equivalent to 400,000 ordinary shares in LYCNS valued at RM400,000 in favour of Wong See Kit.

   The aforesaid proposals are currently pending fulfilment of certain conditions precedent prior to its completion. Barring any unforeseen circumstances, the aforesaid proposal is expected to be completed by the second half of 2023.

iv. On 8 November 2022, LYC Nutrihealth (a subsidiary of LYC) had entered into a share sale agreement with Ong Kee Leong and Ong Kee Fong for the proposed acquisition by LYC Nutrihealth of 70,000 CNI Shares, representing 70% equity interest in CNI, for a purchase consideration of RM2,240,000 to be satisfied entirely via cash, with a put option granted by LYC Nutrihealth to Ong Kee Leong for the sale of the remaining 30,000 CNI Shares ("**Put Option**"), representing the remaining 30% equity interest in CNI. The aforesaid proposal is currently pending fulfilment of certain conditions precedent prior to its completion. Subsequently, on 9 February 2023, LYC Nutrihealth entered into a supplemental agreement with Ong Kee Leong and Ong Kee Fong to amend, modify, supplement and clarify certain terms of the share sale agreement in respect of CNI Acquisition 1. Barring any unforeseen circumstances, the aforesaid proposal is expected to be completed by the second half of 2023.

v. On 9 February 2023, LYC Nutrihealth (a subsidiary of LYC) had entered into a further share sale agreement with Ong Kee Leong for the proposed acquisition by LYC Nutrihealth of 30,000 CNI Shares, representing the remaining 30% equity interest in CNI, for a purchase consideration of RM960,000 to be satisfied entirely via cash. In conjunction thereto, the parties agreed to revoke the put option agreement dated 8 November 2022 entered into between Ong Kee Leong and LYC Nutrihealth in this agreement and the said put option agreement has been revoked as at the date of this agreement. The aforesaid proposal is currently pending fulfilment of certain conditions precedent prior to its completion. Barring any unforeseen circumstances, the aforesaid proposal is expected to be completed by the second half of 2023.

10. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED WITH THEM

None of the Directors, major shareholders, and chief executive of LYC and/or any persons connected with them have any interest, whether direct or indirect, in the Proposals.

11. DIRECTORS' STATEMENT AND RECOMMENDATION

The Board, after due consideration of all aspects of the Proposals, including but not limited to the rationale and effects of the Proposals, is of the opinion that the Proposals are in the best interest of the Company. Accordingly, the Board recommends that you vote in favour of the resolutions pertaining to the Proposals to be tabled at the EGM.

12. ESTIMATED TIMEFRAME FOR COMPLETION

Subject to the satisfaction and/or fulfilment of the approvals contained in the T&T Deed and HCOS Deed, the Proposed Waivers are expected to take effect by the first half of 2023.

Barring any unforeseen circumstances, the Proposed Listing is expected to be completed by the first half of 2023. For illustrative purpose, the tentative timeframe for the implementation of the Proposed Listing is as follows:-

Date	Event
End February 2023	• Submission of the pre-admission notification in respect of the Proposed Listing to the SGX-ST
15 March 2023	• Convening of EGM to approve, amongst others, the Proposed Listing
End March 2023	• SGX-ST's clearance of the pre-admission notification • Implementation of the Proposed Share Split • Lodgement of the preliminary Offer Document SGX-ST
End April 2023	• Finalisation of the IPO Price • Registration of the Offer Document
Mid May 2023	• Listing of LYCSG Shares on the Catalist Board

13. EGM

The EGM, the notice of which is enclosed in this Circular, is scheduled to be held at Dewan Perdana, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Wednesday, 15 March 2023 at 2.30 p.m., or any adjournment thereof, whichever is later, for the purpose of considering and if thought fit, passing with or without modification, the resolutions to give effect to the Proposals.

If you are unable to attend, participate, speak and vote in person at the EGM, you are requested to complete, sign and return the enclosed Proxy Form in accordance with the instructions contained therein, to be deposited at the Share Registrar of the Company at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor not less than 48 hours before the stipulated time for holding the EGM or any adjournment thereof. The lodging of the Proxy Form shall not preclude you from attending, participating, speaking and voting in person at the EGM should you subsequently wish to do so.

14. FURTHER INFORMATION

Shareholders are advised to refer to the Appendices set out in this Circular for further information.

Yours faithfully,
For and on behalf of the Board
LYC HEALTHCARE BERHAD

DATO' SERI ABDUL AZIM BIN MOHD ZABIDI
Independent Non-Executive Director/Chairman

SALIENT TERMS OF THE T&T DEED

LYCM has agreed to waive the T&T Profit Guarantee (otherwise known as "**T&T Waiver**") with effect from 30 November 2022. TCM has agreed to the said T&T Waiver which is subject to the terms and conditions in this Appendix.

LYCSG has agreed to the said T&T Waiver and has agreed to release LYC from the guarantee stipulated in T&T SSA (otherwise known as "**LYC Guarantee 1**").

LYCSG and LYCM have further agreed that the obligation to pay under Clause 5 of the T&T Swap Agreement shall cease to have effect (otherwise known as "**LYCM Obligation 1**").

The parties hereto have agreed to execute this deed to stipulate all interest, assumption, liabilities and obligations of the parties in relation to settlement and the terms and conditions contained in this Appendix.

This deed witnessed as follows:-

1. The parties desirous of waiving the T&T Profit Guarantee, the LYC Guarantee 1 and the LYCM Obligation 1, subject to:-

   (a) the lodgement of the Offer Document and other relevant documents with the SGX-ST for the listing of LYCSG on SGX-ST;

   (b) the prior written consent from KIB:-

      (aa) pursuant to the subscription agreement between LYC, LYCM and KIB dated 15 October 2020 and 1 September 2021; and

      (bb) pursuant to the sale and purchase of 6,532,500 ordinary shares of LYCSG agreement between LYCM and KIB dated 1 March 2022 and shareholders agreement entered between LYCSG, LYCM and KIB dated 1 March 2022;

   (c) agreement and consent of the escrow agent to the T&T Deed;

   (d) the approval from the shareholders of LYCSG;

   (e) the approval from the shareholders of LYCM; and

   (f) the approval from the shareholders of LYC;

   being first procured, obtained or submitted (collectively referred to as the "**T&T Approvals**").

2. This deed shall come into effect upon the satisfaction and or fulfillment of the T&T Approvals and TCM shall be deemed to have fulfilled his obligations under the T&T SSA in respect of T&T Profit Guarantee as at the date of coming into effect of this deed. This deed shall NOT affect any acts done by any party pursuant to the T&T Profit Guarantee or any agreement(s) between the parties prior to the coming into effect of this deed.

3. Upon this deed coming into effect, the escrow agent shall:-

   (a) release to TCM the sum of SGD772,434 and to LYCM or to LYCSG (as the case may be) the sum of SGD531,566 (initially deposited as security for the T&T Profit Guarantee); and

   For information, the sum of SGD531,566 will be released to LYCSG (being the present legal and beneficial owner of T&T after completion of the internal reorganisation on 6 January 2022 pursuant to the T&T Swap Agreement), pursuant to Clause 3A below.

   For clarity, the proportion of the release of the said sum was agreed upon between TCM, LYCM and LYCSG after taking into evaluation of the profit and loss performance since completion of the Initial Acquisition of T&T up to 30 November 2022, being the cut-off date for the T&T Waiver, as well as adjusting for start-up costs relating to investment in new machinery and equipment for T&T clinic.

(b) subject to Clause 3(a) above be released and discharged of all its duties and obligations under the escrow agreement dated 2 November 2020.

Thereafter LYCM shall release TCM from any further obligations under the T&T Profit Guarantee.

3A. Upon the coming into effect of this deed, LYCSG shall release LYC from the LYC Guarantee 1 and LYCM from the LYCM Obligation 1 subject to the receipt of SGD531,566 by LYCSG as referred to Clause 3(a) above.

For clarity, in view that the T&T Swap Agreement was completed on 6 January 2022 entailing the internal reorganisation of some of LYC's subsidiaries involved in the healthcare business from LYCM to LYCSG, LYCSG would then be the legal and beneficial owner to the shares in these subsidiaries, including T&T. Therefore, the release of SGD531,566 escrow portion to LYCSG (as the present legal and beneficial owner of T&T) would serve to effect the undertaking of the T&T Deed, which in turn thereafter release LYC and LYCM from their respective obligations as mentioned in clause 3A above.

4. In the event the T&T Approvals is/are not obtained by 31 March 2023, this deed shall NOT come into effect under any circumstance whatsoever and the obligations of the parties under the respective agreements and the escrow agents' obligations in respect of T&T Profit Guarantee and escrow agreement shall have to be performed as if the same has never been waived.

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SALIENT TERMS OF THE HCOS DEED

LYCM has agreed to waive the HCOS Profit Guarantee (otherwise known as "**HCOS Waiver**") with effect from 30 November 2022. CYH and BWG have agreed to the said HCOS Waiver which is subject to the terms and conditions in this Appendix.

LYCSG has agreed to the said HCOS Waiver and has agreed to release LYC from the guarantee stipulated in HCOS SSA (otherwise known as "**LYC Guarantee 2**").

LYCSG and LYCM have further agreed that the obligation to pay under Clause 5 of the HCOS Swap Agreement shall cease to have effect (otherwise known as "**LYCM Obligation 2**").

The parties hereto have agreed to execute this deed to stipulate all interest, assumption, liabilities and obligations of the parties in relation to settlement and the terms and conditions contained in this Appendix.

This deed witnessed as follows:-

1. The parties desirous of waiving the HCOS Profit Guarantee, the LYC Guarantee 2 and the LYCM Obligation 2, subject to:-

    (a) the lodgement of the Offer Document and other relevant documents with the SGX-ST for the listing of LYCSG on SGX-ST;

    (b) the prior written consent from KIB:-

        (aa) pursuant to the subscription agreement between LYC, LYCM and KIB dated 15 October 2020 and 1 September 2021; and

        (bb) pursuant to the sale and purchase of 6,532,500 ordinary shares of LYCSG agreement between LYCM and KIB dated 1 March 2022 and shareholders agreement entered between LYCSG, LYCM and KIB dated 1 March 2022;

    (c) agreement and consent of the escrow agent to the HCOS Deed;

    (d) the approval from the shareholders of LYCSG;

    (e) the approval from the shareholders of LYCM; and

    (f) the approval from the shareholders of LYC;

    being first procured, obtained or submitted (collectively referred to as the "**HCOS Approvals**").

2. This deed shall come into effect upon the satisfaction and or fulfillment of the HCOS Approvals and CYH and BWG shall be deemed to have fulfilled his obligations under the HCOS SSA in respect of HCOS Profit Guarantee as at the date of coming into effect of this deed. This deed shall NOT affect any acts done by any party pursuant to the HCOS Profit Guarantee or any agreement(s) between the parties prior to the coming into effect of this deed.

3. Upon this deed coming into effect, the escrow agent shall:-

    (a) release to BWG and CYH from the escrow sum of SGD1,936,000 (initially deposited as security for the HCOS Profit Guarantee); and

    (b) subject to Clause 3(a) above be released and discharged of all its duties and obligations under the escrow agreement dated 23 November 2020.

    Thereafter LYCM shall release CYH from any further obligations under the HCOS Profit Guarantee.

3A. Upon the coming into effect of this deed, LYCSG shall release LYC from the LYC Guarantee 2 and LYCM from the LYCM Obligation 2.

4. In the event the HCOS Approvals is/are not obtained by 31 March 2023, this deed shall NOT come into effect under any circumstance whatsoever and the obligations of the parties under the respective agreements and the escrow agents' obligations in respect of HCOS Profit Guarantee and escrow agreement shall have to be performed as if the same has never been waived.

5. In the event BWG is not informed in writing by 14 April 2023 that the HCOS Approvals have not been obtained, it shall be deemed that the HCOS Approvals have been obtained and the deed shall be in full force and effect and the escrow agent shall release CYH's and BWG's respective share of the escrow sum to them within 1 week of being given notice in writing by CYH or BWG, as the case may be, to do so.

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1. HISTORY AND BUSINESS

LYCSG was incorporated in Singapore on 28 April 2020 as a private company limited by shares.

LYCSG is principally an investment holding company, and commenced its business since its incorporation, i.e. 28 April 2020. LYCSG serves as the investment holding company for some of the subsidiaries of LYC involved in the healthcare and nutraceutical businesses, pursuant to the Proposed Listing. To rationalise the structure of LYCSG and its subsidiaries in preparation for the Proposed Listing, LYCSG became the holding company of the LYCSG Group after having undertaken a series of restructuring exercise. The restructuring exercise (including proposed) involves the following:-

- **Acquisition of T&T**

  Pursuant to the T&T Swap Agreement dated 24 December 2021, LYCSG acquired 107,100 ordinary shares in T&T, comprising 51% of the entire issued and paid-up share capital of T&T, from LYCM for a consideration of SGD7,293,000, satisfied by way of the issuance of an aggregate of 7,293,000 new LYCSG Shares at the issue price of SGD1.00 each by LYCSG to LYCM. The aforesaid acquisition was completed on 6 January 2022.

  Pursuant to a sale and purchase agreement dated 16 March 2022, LYCSG acquired the remaining 102,900 ordinary shares in T&T, comprising 49% of the entire issued and paid-up share capital of T&T, from TCM for a consideration of SGD8,100,000, satisfied by way of the issuance of an aggregate of 1,633,708 new LYCSG Shares at the issue price of SGD2.142 each by LYCSG to TCM and payment of SGD4,600,000 in cash (comprising an initial cash payment of SGD3,100,000 and the remaining cash payment of SGD1,500,000 being paid in 12 equal monthly instalments commencing October 2022). The aforesaid acquisition was completed on 10 October 2022.

- **Acquisition of HCOS**

  Pursuant to the HCOS Swap Agreement dated 24 December 2021, LYCSG acquired 51,000 ordinary shares in HCOS, comprising 51% of the entire issued and paid-up share capital of HCOS, from LYCM for a consideration of SGD6,936,000, satisfied by way of the issuance of an aggregate of 6,936,000 new LYCSG Shares at the issue price of SGD1.00 each by LYCSG to LYC Malaysia. The aforesaid acquisition was completed on 6 January 2022.

  Pursuant to a sale and purchase agreement dated 16 March 2022, LYCSG acquired the remaining 49,000 ordinary shares in HCOS, comprising 49% of the entire issued and paid-up share capital of HCOS, from CYH for a consideration of SGD9,163,000, satisfied by way of the issuance of an aggregate of 2,618,600 new LYCSG Shares at the issue price of SGD2.142 each by LYCSG to CYH and payment of SGD3,553,000 in cash (in 20 equal monthly instalments commencing October 2022). The aforesaid acquisition was completed on 10 October 2022.

- **Acquisition of LYC Nutrihealth**

  Pursuant to a share swap agreement dated 24 December 2021, LYCSG acquired 100 ordinary shares in LYC Nutrihealth, comprising 100% of the entire issued and paid-up share capital of LYC Nutrihealth, from LYCM for a consideration of SGD33.00, satisfied by way of the issuance of an aggregate of 33 new LYCSG Shares at the issue price of SGD1.00 each by LYCSG to LYCM. Following the acquisition of LYC Nutrihealth, a loan, amounting to SGD11,899,967, advanced from LYCM to LYC Nutrihealth, was novated to LYCSG. The loan has since been capitalised via issuance of 11,899,967 new LYCSG Shares (issuer) at the issue price of SGD 1.00 each and the aforesaid acquisition was completed on 6 January 2022.

- **Share capital reduction of T&T**

  On 10 January 2023, a share capital reduction for T&T was undertaken to reduce its issued and paid-up share capital from SGD210,001 (210,001 shares) to SGD1.00 (1 share), to optimise the shareholding structure of LYCSG Group and return excess capital following the acquisition of the entire issued and paid-up shareholding of T&T by LYCSG. The share capital reduction was completed on even date, i.e. 10 January 2023.

- **Proposed Share Split**

  Prior to and in conjunction with the Proposed Listing, LYCSG proposes to undertake a subdivision of every 1 existing LYCSG Share into such number of LYCSG Shares, of which the basis for subdivision will be subject to the determination of final IPO Price and the basis of pricing for the Proposed Listing. Please refer to Section 2.1 of this Circular for further details on the Proposed Share Split. As at the LPD, the Proposed Share Split has yet to be completed.

Through its subsidiaries, LYCSG Group is principally involved in the following principal activities:-

(a) **Clinical and Specialist Services.** LYCSG Group, through its subsidiaries namely T&T and HCOS, provides primary medical care and specialised medical services focused in orthopaedic surgery, sports injuries, degenerative spine conditions, chronic degenerative joint diseases, pain management, metabolic diseases, health screenings and advanced medical imaging services, including, X-ray imaging, bone mineral density scans, body composition scans, ultrasound tests, MRI and CT scans, as well as, medical consultations, physiotherapy, treatment of osteoporosis and the provision of other related paramedical products and services.

T&T provides its services from its clinic in Parkroyal on Kitchener Road, while HCOS provides its services from its clinics in Mount Elizabeth Hospital and Parkway East Medical Centre. A summary of the provision of services provided in its clinics are as follows:

T&T clinic	HCOS clinics
Clinical and specialist services primarily focusing on chronic disease management including treatment of chronic degenerative joint diseases, spine pain management, as well as treatment of metabolic diseases like diabetes mellitus, hypertension and high cholesterol. In particular, the T&T clinic is equipped to conduct an array of advanced medical imaging services, including MRI scans, CT scans, X-ray imaging, bone mineral density (BMD) scans, body composition scans and ultrasound tests. The T&T clinic also provides orthopaedic and osteoporosis services and treatments, as well as general medical care. T&T also engages third-party service providers to provide patients with on-site and integrated suite of medical services within the premise of T&T's clinic, including physiotherapy treatment services.	Clinical and orthopaedic-related specialist services. The HCOS clinic primarily serves patients requiring various orthopaedic specialist treatments, including joint replacement surgeries, keyhole surgeries and minimally invasive spine surgery procedures. The range of specialist treatments available at the HCOS clinic is generally catered towards the management of adult and paediatric fractures and trauma, general orthopaedic services, sports injuries with torn ligaments and meniscus, and degenerative spine conditions including prolapsed intervertebral discs (slipped discs).

As at the LPD, LYCSG Group has a team of two (2) medical doctors, of whom one (1) is a specialist practicing across three (3) medical clinics in Singapore. Of the 3 clinies, T&T operates 1 clinic, while HCOS operates 2 clinics, all of which are on leased premises, details as further elaborated hereinbelow.

(b) **Nutraceutical Supplements and Ingredients.** LYCSG Group, through its subsidiaries namely LYC Nutrihealth, Aqurate and Microbiome, provides innovative one-stop solutions and supply nutraceutical supplements and ingredients such as yeast beta-glucan powder, barley powder, sweeteners, prebiotics, probiotics, dietary fibres, antioxidants, botanical extracts, natural food colours, natural juice powders, whey and plant proteins, cereals and grains to customers in the food & beverage, nutraceutical, pharmaceutical and cosmeceutical industries.

Its services are largely categorised as (i) the sourcing, procurement and distribution of functional food products such as nutraceutical supplements, vitamins, and health beverages, primarily comprising functional food ingredients, and (ii) the provision of a full suite of services targeted at helping customers develop their own brands, from research, development and formulation of innovative nutraceutical supplements and concepts, providing custom design and packaging, assisting with product registration and regulatory compliance, sourcing for manufacturers of the customised nutraceutical supplements and product, marketing of the product and educating and training of customers' staff in respect of the product.

The Nutraceutical Supplements and Ingredients business segment derives its revenue through the sale of nutraceutical supplement and ingredients predominantly from the Malaysian market. Under this business segment, LYCSG Group does not carry out any manufacturing activity on its own, but instead partners with manufacturers in Malaysia on a contract basis to fulfil customers' orders, and sources such functional food ingredients from suppliers globally (including amongst others, suppliers with corporate offices in Japan and Singapore). As at the LPD, the principal business operations under this business segment is carried out at warehouse facilities located in Cheras, Selangor, details as further elaborated hereinbelow.

The breakdown of LYCSG's revenue by business segment and geography since incorporation on 28 April 2020 are as follows:-

LYCSG's revenue breakdown	From 28 April 2020 to 31 March 2021		FYE 31 March 2022		6-month FPE 30 September 2022	
	SGD'000	%	SGD'000	%	SGD'000	%
Clinical and Specialist Services / Singapore	3,259	100.0	11,021	68.7	5,997	55.0
Nutraceutical Supplements and Ingredients / Malaysia	-	-	5,026	31.3	4,913	45.0
Total	**3,259**	**100.0**	**16,047**	**100.0**	**10,910**	**100.0**

As at the LPD, LYCSG Group owns the following material properties:-

Group entity	Location	Approx. land area (sq m)	Usage
Aqurate	No. Geran 204922, No. Lot 32013, Pekan Cheras, Daerah Ulu Langat, Negeri Selangor Darul Ehsan	186	Office cum warehouse
Aqurate	No. Geran 204921, No. Lot 32012, Pekan Cheras, Daerah Ulu Langat, Negeri Selangor Darul Ehsan	186	Office cum warehouse
Aqurate	No. Geran 204918, No. Lot 32009, Pekan Cheras, Daerah Ulu Langat, Negeri Selangor Darul Ehsan	186	Office cum warehouse
Aqurate	No. Geran 204917, No. Lot 32008, Pekan Cheras, Daerah Ulu Langat, Negeri Selangor Darul Ehsan	250	Office cum warehouse

As at the LPD, LYCSG Group leases the following material properties:-

Group entity (lessee)	Location	Lease tenure	Approx. gross floor area (sq m)	Usage
LYCSG	435 Orchard Road, #21-05, Wisma Atria, Singapore 238877	1 August 2022 to 31 July 2025	87	Registered office of LYCSG Group
HCOS	3 Mount Elizabeth, #15-14 Room 1, Mount Elizabeth Medical Centre, Singapore 228510	1 December 2017 to 30 November 2023	N.A.	Specialist medical clinic
HCOS	319 Joo Chiat Place, #04-07 Parkway East Medical Centre, Singapore 427989	1 October 2020 to 30 September 2023	55	Specialist medical clinic
T&T	#01-14, #01-15, #01-16, #01-17, #01-18, #01-19, #01-20, on the 1st storey of the building known as "Parkroyal on Kitchener Road" situated at 181 Kitchener Road, New Park Shopping Arcade, Singapore 208533	1 July 2018 to 31 December 2023	814	Primary care medical clinic
T&T	#01-01, #01-02 and #01-03 on the 1st storey of the building known as "Parkroyal on Kitchener Road" situated at 181 Kitchener Road, New Park Shopping Arcade, Singapore 208533	1 May 2019 to 31 December 2023	299	Primary care medical clinic

2. SHARE CAPITAL AND CONVERTIBLE SECURITIES

As at the LPD, the issued and fully paid up share capital of LYCSG, which consists of one class of ordinary share, is as follows:-

	No. of shares	SGD
Issued and fully paid up share capital	30,382,308	35,240,000

LYCSG does not have any convertible securities as at the LPD.

3. DIRECTORS

As at the LPD, the directors of LYCSG and their shareholding in LYCSG are as follows:-

			<---Direct interest--->		<--Deemed interest-->	
Name	Designation	Nationality/ place of incorporation	No. of shares	%	No. of shares	%
Sui Diong Hoe	Director	Malaysia	-	-	-	-
CYH	Director	Singaporean	2,618,600	8.62	-	-

4. SUBSTANTIAL SHAREHOLDERS

As at the LPD, the substantial shareholders of LYCSG and their respective shareholdings in LYCSG are as follows:-

Name	Nationality/ place of incorporation	<---Direct interest--->		<--Deemed interest-->	
		No. of shares	%	No. of shares	%
LYCM	Malaysia	19,597,500	64.50	-	-
Pre-IPO Investor(s)[*1]	Malaysia	6,532,500	21.50	-	-
TCM	Singaporean	1,633,708	5.38	-	-
CYH	Singaporean	2,618,600	8.62	-	-
LYC	Malaysia	-	-	19,597,500[*2]	64.50

Notes:-

**1 As at the LPD, the Pre-IPO Investor(s) in LYCSG hold LYCSG Shares through KIB (in its capacity as licensed fund manager)*

**2 Deemed interested by virtue of its interest held through LYCM*

5. SUBSIDIARY AND ASSOCIATE COMPANIES

As at the LPD, the subsidiaries of LYCSG are as follows:-

Company	Place/ date of incorporation	Share capital	Effective equity interest (%)	Principal activities
LYC Nutrihealth Sdn Bhd	Malaysia/ 19.04.2021	RM36,680,100	100.0	Wholesale and retail of other foodstuffs; wholesale and retail of pharmaceutical and medical goods; manufacture of other nutraceutical supplements and ingredients
HC Orthopaedic Surgery Pte Ltd	Singapore/ 08.09.2017	SGD100,000	100.0	Provision of specialised medical services and general medical services
T&T Medical Group Pte Ltd	Singapore/ 12.04.1989	SGD1	100.0	Provision of specialised medical services and general medical services
<u>Held through LYC Nutrihealth</u>				
Aqurate Ingredients Intl (M) Sdn Bhd	Malaysia/ 21.03.2012	RM500,000	70.0	Sale of nutraceutical supplements and ingredients and products, export and import
Microbiome Intl (M) Sdn Bhd	Malaysia/ 05.01.2018	RM100	70.0	To carry on business as importers, exporters, dealers, distributors, traders, retailers, wholesalers in, *inter alia*, raw and finished products, consumable and non-consumable food ingredients, and packaging materials

As at the LPD, LYCSG does not have any associate or joint venture company.

6. MATERIAL CONTRACTS

Save as disclosed below, LYCSG Group has not entered into any material contracts (not being contracts entered into in the ordinary course of business) within the past 2 years immediately preceding the LPD:-

(i) the sale and purchase agreement dated 19 May 2021 entered into between LYC Nutrihealth, Ong Kee Leong, Ong Say Kiong, Woo Keng Mun and Ong Kee Fong in relation to the purchase by LYC Nutrihealth of 350,000 ordinary shares in Aqurate from Ong Kee Leong, Ong Say Kiong, Woo Keng Mun and Ong Kee Fong, representing the 70% equity interest in Aqurate, for a consideration of RM36,400,000 satisfied via cash. The aforesaid proposal was completed on 28 September 2021;

(ii) the shareholders agreement dated 19 May 2021 entered into between LYC Nutrihealth and Ong Kee Leong in relation to the affairs of Aqurate;

(iii) the sale and purchase agreement dated 19 May 2021, supplemented by an addendum dated 21 May 2021, entered into between LYC Nutrihealth, Chong Hui Xian and Lim Trish Sha in relation to the purchase by LYC Nutrihealth of 70 ordinary shares in Microbiome from Chong Hui Xian and Lim Trish Sha, representing the 70% equity interest in Microbiome, for a consideration of RM280,000 satisfied via cash. The aforesaid proposal was completed on 28 September 2021;

(iv) the shareholders agreement dated 19 May 2021 entered into between LYC Nutrihealth and Chong Hui Xian in relation to the affairs of Microbiome;

(v) the escrow agreement dated 29 September 2021 entered into between LYC Nutrihealth, Ong Kee Leong, Ong Say Kiong, Woo Keng Mun, Ong Kee Fong and MTrustee Berhad in relation to the profit guarantee totalling to a cumulative PAT of RM19,500,000 for the 3 financial years ending 31 March 2022, 31 March 2023 and 31 March 2024 provided by Ong Kee Leong, Ong Say Kiong, Woo Keng Mun and Ong Kee Fong;

(vi) T&T Swap Agreement dated 24 December 2021;

(vii) the deed of ratification and accession dated 24 December 2021 entered into between LYCSG, TCM and T&T, in relation to the ratification and accession of LYCSG to the shareholders' agreement dated 4 May 2020 entered into among TCM, LYCM and T&T;

(viii) HCOS Swap Agreement dated 24 December 2021;

(ix) the deed of ratification and accession dated 24 December 2021 entered into between LYCSG, CYH and HCOS, in relation to the ratification and accession of LYCSG to the shareholders' agreement dated 28 May 2020 entered into among CYH, LYCM and HCOS;

(x) the share swap agreement dated 24 December 2021 entered into between LYCSG and LYCM in relation to the purchase by LYCSG of 100 ordinary shares in LYC Nutrihealth from LYCM for a consideration of SGD33;

(xi) the shareholders agreement dated 1 March 2022 entered into between LYCSG, KIB (in its capacity as bare trustee) and LYCM in relation to the affairs of LYCSG;

(xii) the sale and purchase agreement dated 16 March 2022 entered into between LYCSG and TCM in relation to the purchase by LYCSG of 102,100 ordinary shares in T&T from TCM, representing the remaining 49% equity interest in T&T, for a consideration of SGD8,100,000 satisfied by way of the issuance of an aggregate of 1,633,708 new LYCSG Shares by LYCSG to TCM and payment of SGD4,600,000 in cash. The aforesaid proposal was completed on 10 October 2022;

(xiii) the sale and purchase agreement dated 16 March 2022 entered into between LYCSG and CYH in relation to the purchase by LYCSG of 49,000 ordinary shares in HCOS, representing the remaining 49% equity interest in HCOS, from CYH for a consideration of SGD9,163,000 satisfied by way of the issuance of an aggregate of 2,618,600 new LYCSG Shares by LYCSG to CYH and payment of SGD3,553,000 in cash. The aforesaid proposal was completed on 10 October 2022;

(xiv) the share sale agreement dated 8 November 2022 entered into between LYC Nutrihealth (wholly-owned subsidiary of LYCSG), Ong Kee Leong and Ong Kee Fong in relation to the purchase by LYC Nutrihealth of 70,000 ordinary shares in CNI, representing 70% equity interest in CNI, from Ong Kee Leong and Ong Kee Fong for a consideration of RM2,240,000 satisfied via cash. The aforesaid proposal is currently pending fulfilment of certain conditions precedent prior to its completion. Barring any unforeseen circumstances, the aforesaid proposal is expected to be completed by the second half of 2023;

(xv) T&T Deed dated 27 January 2023;

(xvi) HCOS Deed dated 27 January 2023;

(xvii) the supplemental agreement dated 9 February 2023 entered into between LYC Nutrihealth, Ong Kee Leong and Ong Kee Fong, to amend, modify, supplement and further clarify certain terms of the sale and purchase agreement dated 8 November 2022 entered into between LYC Nutrihealth, Ong Kee Leong and Ong Kee Fong in relation to the purchase by LYC Nutrihealth of 70,000 ordinary shares in CNI, representing 70% equity interest in CNI;

(xviii) the further sale and purchase agreement dated 9 February 2023 entered into between LYC Nutrihealth and Chong Hui Xian pursuant to which Chong Hui Xian shall sell and LYC Nutrihealth shall acquire the remaining 30% of the issued and paid-up share capital of Microbiome. The aforesaid proposal is currently pending fulfilment of certain conditions precedent prior to its completion. Barring any unforeseen circumstances, the aforesaid proposal is expected to be completed by the second half of 2023; and

(xix) the share sale agreement dated 9 February 2023 entered into between LYC Nutrihealth (wholly-owned subsidiary of LYCSG) with Ong Kee Leong in relation to the purchase by LYC Nutrihealth of 30,000 ordinary shares in CNI, representing the remaining 30% equity interest in CNI, from Ong Kee Leong for a consideration of RM960,000 satisfied via cash. The aforesaid proposal is currently pending fulfilment of certain conditions precedent prior to its completion. Barring any unforeseen circumstances, the aforesaid proposal is expected to be completed by the second half of 2023.

7. MATERIAL LITIGATION

As at the LPD, LYCSG Group was not engaged in any material litigation, claims or arbitration in the last 12 months before the date of this Circular, as plaintiff or defendant, and the directors of LYCSG have no knowledge of any proceedings pending or threatened against LYCSG or any member of LYCSG Group, or of any facts likely to give rise to any litigation, claims or proceedings, which might materially affect the financial position or profitability of LYCSG Group.

8. MATERIAL COMMITMENTS

Save as disclosed below, as at the LPD, the directors of LYCSG confirm that there are no material commitments incurred or known to be incurred by LYCSG Group which, upon becoming enforceable, may have a material impact on the financial results/position of LYCSG Group:-

	SGD'000
Machinery and equipment	70

9. CONTINGENT LIABILITIES

As at the LPD, the directors of LYCSG confirm that there are no contingent liabilities incurred or known to be incurred by LYCSG Group which, upon becoming enforceable, may have a material impact on the financial results/position of LYCSG Group.

10. SUMMARY OF FINANCIAL INFORMATION

A summary of the financial information of LYCSG since inception is as follows:-

	Audited	Audited	Unaudited
	From 28 April 2020 to 31 March 2021 ("FPE2021") SGD'000	FYE 31 March 2022 ("FYE2022") SGD'000	6-month FPE 30 September 2022 ("1H2023") SGD'000
Revenue	3,259	16,047	10,910
Gross profit	2,328	9,649	5,734
PBT	813	3,996	2,214
PAT attributable to:-			
- Owners of the company	360	1,383	869
- Non-controlling interest	352	1,641	860
	712	3,024	1,729
Gross profit margin (%)	71.4	60.1	52.6
PBT margin (%)	24.9	24.9	20.3
PAT margin (%)	21.8	18.8	15.8
Total assets	24,510	40,403	44,084
Total liabilities	8,101	9,090	12,073
Share capital	1	26,130	26,130
NA/Equity attributable to:-			
- Owners of the company	14,141	26,644	26,933
- Non-controlling interest	2,268	4,669	5,078
	16,409	31,313	32,011
Cash and bank balances	1,966	4,120	5,749
Total borrowings (including intercompany advances)	5,720	5,893	9,076
No. of shares	5,463	20,262	26,130
Pre-split EPS[*1] (cents)	6.59	6.83	3.33
Post-split EPS[*2] (cents)	0.12	0.46	0.29
Pre-split NA per share[*3] (SGD)	2.59	1.31	1.03
Post-split NA per share[*4] (SGD)	0.05	0.09	0.09
Gearing ratio (times)	0.40	0.22	0.34
Current ratio (times)	1.24	2.78	3.17

Notes:-

**1* *Pre-split EPS was computed based on the PAT attributable to owners of LYCSG divided by the share capital of LYCSG per the respective financial year/period*

**2* *For comparative purpose, post-split EPS was computed based on the PAT attributable to owners of LYCSG divided by the illustrative share capital of 303,823,080 LYCSG Shares after the Proposed Share Split but before the Placement (pursuant to the Proposed Listing)*

**3* *Pre-split NA per share was computed based on the NA/equity attributable to owners of LYCSG divided by the share capital of LYCSG per the respective financial year/period*

**4* *For comparative purpose, post-split NA per share was computed based on the NA/equity attributable to owners of LYCSG divided by the illustrative share capital of 303,823,080 LYCSG Shares after the Proposed Share Split but before the Placement (pursuant to the Proposed Listing)*

For the FPE2021, FYE2022 and 1H2023:-

i. There were no exceptional or extraordinary items;

ii. There are no accounting policy adopted by LYCSG which is peculiar to LYCSG because of the nature of its business or the industry it is involved in; and

iii. There were no audit qualification in its audited financial statements.

LYCSG's revenue is derived from (i) fees for clinical consultations, imaging, surgeries, treatment procedures and sale of medication under the Clinical and Specialist Services segment, and (ii) the sale of finished products and nutraceutical ingredients under the Nutraceutical Supplements and Ingredients segment.

Financial commentary:

FYE2022 vs FPE2021

Revenue increased by SGD12.7 million (or 384.8%) from SGD3.3 million in FPE2021 to SGD16.0 million in FYE2022, mainly due to an increase in revenue of SGD7.7 million from the Clinical and Specialist Services segment and revenue contribution of SGD5.0 million from the Nutraceutical Supplements and Ingredients segment. There was no revenue contribution from the Nutraceutical Supplements and Ingredients segment in FPE2021. The increase in revenue was attributable to (i) higher patient count recorded for the primary care medical clinic and specialist medical clinics in FYE2022 over a 12-month period, as compared to the clinics' revenue contribution over a 4-month period in FPE2021 (as the Initial Acquisition of T&T and Initial Acquisition of HCOS were only completed in November 2020 and December 2020 respectively), and (ii) revenue contribution from the Nutraceutical Supplements and Ingredients segment pursuant to the acquisition of a 70.0% interest in each of Aqurate and Microbiome on 28 September 2021.

PBT increased by SGD3.2 million (or 400.0%) from SGD0.8 million in FPE2021 to SGD4.0 million in FYE2022, arising from an increase in gross profit and partially offset by the increase in:-

(a) administrative expenses by SGD3.2 million (246.2%) from SGD1.3 million to SGD4.5 million, mainly due to the inclusion of administrative expenses (i.e. rental, staff cost) pertaining to the primary care medical clinic and specialist medical clinics over the 12-month period, as compared to a 4-month period in FPE2021 as well as the inclusion of administrative expenses incurred by Aqurate and Microbiome in FYE2022, pursuant to the completion of the acquisition of a 70.0% interest in each of Aqurate and Microbiome on 28 September 2021;

(b) selling and distribution expenses by SGD1.2 million (400.0%) from SGD0.3 million to SGD1.5 million, mainly due the inclusion of selling and distribution expenses (i.e. advertising and marketing) pertaining to the primary care medical clinic and specialist medical clinics over the 12-month period, as compared to a 4-month period in FPE2021; and

(c) finance costs by SGD0.2 million (or 200.0%) from SGD0.1 million in FPE2021 to SGD0.3 million in FYE2022 mainly due to the inclusion of finance costs pertaining to the Company's primary care medical clinic and specialist medical clinics over the 12-month period in FYE2022, as compared to a 4-month period in FPE2021.

PAT increased by SGD2.3 million (or 328.6%) from SGD0.7 million in FPE2021 to SGD3.0 million in FYE2022 after accounting for income tax expense.

For shareholders' information, assuming the FPE2021 is annualised to 12 months ("**Annualised FYE2021**"), the revenue would increased by SGD12.4 million (or 344.4%) from SGD3.6 million in Annualised FYE2021 to SGD16.0 million in FYE2022, mainly due increase in revenue contribution of SGD7.7 million from the Clinical and Specialist Services segment and revenue contribution of SGD5.0 million from the Nutraceutical Supplements and Ingredients segment. There was no revenue contribution from the Nutraceutical Supplements and Ingredients segment in Annualised FYE2021. The increase in revenue was attributable to (i) higher patient count recorded for the primary care medical clinic and specialist medical clinics in FYE2022 over a 12-month period, as compared to the clinics' revenue contribution over a 4-month period in FPE2021 (in which completion for Initial Acquisition of T&T and Initial Acquisition of HCOS was only completed in November 2020 and December 2020 respectively); and (ii) revenue contribution from the Nutraceutical Supplements and Ingredients segment pursuant to the acquisition of a 70.0% interest in each of Aqurate and Microbiome on 28 September 2021.

On an annualised basis, the PBT would increased by SGD3.1 million (or 344.4%) from SGD0.9 million in Annualised FYE2021 to SGD4.0 million in FYE2022, arising from an increase in gross profit and partially offset by the increase in administrative expenses, selling and distribution expenses, and finance costs. On an annualised basis, PAT increased by SGD2.2 million (or 275.0%) from SGD0.8 million in Annualised FYE2021 to SGD3.0 million in FYE2022 after accounting for income tax expense.

6-month FPE 30 September 2021 ("1H2022") vs 1H2023

Revenue increased by SGD5.6 million (or 105.7%) from SGD5.3 million in 1H2022 to SGD10.9 million in 1H2023, mainly due to an increase in revenue of SGD0.7 million from the Clinical and Specialist Services segment and revenue contribution of SGD4.9 million from the Nutraceutical Supplements and Ingredients segment. There was no revenue contribution from the Nutraceutical Supplements and Ingredients segment in 1H2022.

The increase in revenue was attributable to (i) higher patient count recorded for the specialist medical clinics, (ii) revenue contribution from the new imaging centre (which commenced operations in August 2022) located at its primary care medical clinic, and (iii) revenue contribution from the Nutraceutical Supplements and Ingredients segment pursuant to the acquisition of 70.0% interest in each of Aqurate and Microbiome on 28 September 2021.

PBT increased by SGD0.4 million (or 22.2%) from SGD1.8 million in 1H2022 to SGD2.2 million in 1H2023, arising from an increase in gross profit and partially offset by the increase in:-

(a) administrative expenses by SGD0.8 million (44.4%) from SGD1.8 million to SGD2.6 million, mainly due professional fees incurred in relation to the Proposed Listing and inclusion of administrative expenses (i.e. staff cost) incurred by Aqurate and Microbiome in 1H2023 pursuant to the acquisition of 70.0% interest in each of Aqurate and Microbiome on 28 September 2021; and

(b) selling and distribution expenses by SGD0.5 million (100.0%) from SGD0.5 million to SGD1.0 million, mainly due to higher advertising and marketing costs incurred by the primary care medical clinic and specialist medical clinics, and also the inclusion of selling and distribution expenses (i.e. advertising and marketing) incurred by Aqurate and Microbiome in 1H2023 pursuant to the acquisition of 70.0% interest in each of Aqurate and Microbiome on 28 September 2021.

PAT increased by SGD0.2 million (or 13.3%) from SGD1.5 million in 1H2022 to SGD1.7 million in 1H2023 after accounting for income tax expense.

11. AUDITED FINANCIAL STATEMENTS OF LYCSG FOR THE FYE 31 MARCH 2022 TOGETHER WITH THE NOTES AND THE AUDITORS' REPORT

LYC MEDICARE (SINGAPORE) PTE. LTD.
(Co. Reg. No. 202012376W)
AND ITS SUBSIDIARIES

FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
31 MARCH 2022

CONTENTS

11. AUDITED FINANCIAL STATEMENTS OF LYCSG FOR THE FYE 31 MARCH 2022 TOGETHER WITH THE NOTES AND THE AUDITORS' REPORT

LYC MEDICARE (SINGAPORE) PTE. LTD. AND ITS SUBSIDIARIES

DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of LYC Medicare (Singapore) Pte. Ltd. (the "Company") and its subsidiaries (collectively the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 March 2022.

In the opinion of the directors:

(i) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 6 to 69 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 March 2022 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year ended in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ["SFRS(I)s"]; and

(ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors in office at the date of this statement are:

Sui Diong Hoe
Chan Ying Ho (Appointed on 1 December 2021)

Arrangement to enable directors to acquire benefits

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' interest in shares or debentures

The directors of the Company holding office at the end of the financial year had no interests in the shares and debentures of the Company and related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Act except as follows:

	Shareholdings registered in the name of the director	
	At the beginning of financial year or date of appointment	At the end of the financial year
Subsidiary - HC Orthopaedic Surgery Pte Ltd		
Chan Ying Ho	49,000	49,000

11. AUDITED FINANCIAL STATEMENTS OF LYCSG FOR THE FYE 31 MARCH 2022 TOGETHER WITH THE NOTES AND THE AUDITORS' REPORT

Share options

There were no share options granted during the financial year to subscribe for unissued shares of the Company.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiary corporations whether granted before or during the financial year.

There were no unissued shares of the Company or its subsidiary corporations under option at the end of the financial year.

Independent auditor

The independent auditor, Baker Tilly TFW LLP, has expressed its willingness to accept re-appointment.

By the Board of directors

Sui Diong Hoe Director	Chan Ying Ho Director

DATE

2 4 AUG 2022

11. AUDITED FINANCIAL STATEMENTS OF LYCSG FOR THE FYE 31 MARCH 2022 TOGETHER WITH THE NOTES AND THE AUDITORS' REPORT

bakertilly

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LYC MEDICARE (SINGAPORE) PTE. LTD.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of LYC Medicare (Singapore) Pte. Ltd. (the "Company") and its subsidiaries (collectively the "Group") as set out on pages 6 to 69, which comprise the statements of financial position of the Group and the Company as at 31 March 2022, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of 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.

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 1967 (the "Act") and Singapore Financial Reporting Standards (International) ["SFRS(I)s"] so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 March 2022 and of the consolidated financial performance, consolidated changes in equity and consolidated 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 *Auditor's 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.

Other Matter

The financial statements of the Company for the financial period from 28 April 2020 (date of incorporation) to 31 March 2021 were audited by another firm of auditor who expressed an unmodified opinion on those financial statements on 29 April 2021.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Directors' Statement as set out on pages 1 and 2.

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

11. AUDITED FINANCIAL STATEMENTS OF LYCSG FOR THE FYE 31 MARCH 2022 TOGETHER WITH THE NOTES AND THE AUDITORS' REPORT

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LYC MEDICARE (SINGAPORE) PTE. LTD. (cont'd)

Report on the Audit of the Financial Statements (cont'd)

Other Information (cont'd)

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 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.

Auditor's 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 auditor's 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:

- 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.

- 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.

11. AUDITED FINANCIAL STATEMENTS OF LYCSG FOR THE FYE 31 MARCH 2022 TOGETHER WITH THE NOTES AND THE AUDITORS' REPORT

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LYC MEDICARE (SINGAPORE) PTE. LTD. (cont'd)

Report on the Audit of the Financial Statements (cont'd)

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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.
- 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.
- 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.

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 auditor have been properly kept in accordance with the provisions of the Act.

Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

24 August 2022

11. AUDITED FINANCIAL STATEMENTS OF LYCSG FOR THE FYE 31 MARCH 2022 TOGETHER WITH THE NOTES AND THE AUDITORS' REPORT

LYC MEDICARE (SINGAPORE) PTE. LTD. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the financial year ended 31 March 2022

	Note	**1.4.2021 to 31.3.2022 $'000**	28.4.2020 to 31.3.2021 $'000
Revenue	6	**16,047**	3,259
Cost of sales		**(6,398)**	(931)
Gross profit		**9,649**	2,328
Other income			
- Interest	7a	**11**	14
- Others	7b	**699**	153
Expenses			
Administrative expenses		**(4,532)**	(1,293)
Selling and distribution expenses		**(1,526)**	(270)
Finance costs	8	**(305)**	(119)
Profit before tax	10	**3,996**	813
Income tax expense	11	**(972)**	(101)
Profit for the financial year/period		**3,024**	712
Other comprehensive loss:			
Item that is or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences arising on consolidation		**(42)**	–
Item that will not be reclassified subsequently to profit or loss:			
Gain on revaluation of property, plant and equipment		**20**	–
Other comprehensive loss for the financial year/period, net of tax		**(22)**	–
Total comprehensive income for the financial year/period		**3,002**	712
Profit attributable to:			
Owners of the Company		**1,383**	360
Non-controlling interests		**1,641**	352
		3,024	712
Total comprehensive income attributable to:			
Owners of the Company		**1,368**	360
Non-controlling interests		**1,634**	352
		3,002	712
Earnings per share for profit attributable to owners of the Company (cents per share) - Basic and diluted	12	**6.83**	6.59

The accompanying notes form an integral part of these financial statements.

11. AUDITED FINANCIAL STATEMENTS OF LYCSG FOR THE FYE 31 MARCH 2022 TOGETHER WITH THE NOTES AND THE AUDITORS' REPORT

LYC MEDICARE (SINGAPORE) PTE. LTD. AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION
At 31 March 2022

	Note	Group 2022 $'000	Group 2021 $'000	Company 2022 $'000	Company 2021 $'000
ASSETS					
Non-current assets					
Property, plant and equipment	13	**3,133**	509	**3**	–
Right-of-use assets	14	**4,732**	5,196	–	–
Goodwill	15	**20,181**	11,786	–	–
Investment in subsidiaries	16	–	–	**26,129**	–
Deferred tax assets	25	**30**	–	–	–
Amount due from a non-controlling shareholder/director of a subsidiary	17	–	3,096	–	–
Total non-current assets		**28,076**	20,587	**26,132**	–
Current assets					
Amount due from a non-controlling shareholder/director of a subsidiary	17	**3,163**	–	–	–
Inventories	18	**1,784**	139	–	–
Trade and other receivables	19	**2,926**	1,655	–	–
Contract assets	6(b)	**32**	123	–	–
Prepayments		**284**	40	**1**	–
Cash and short-term deposits	20	**4,120**	1,966	**11**	–
Tax receivable		**18**	–	–	–
Total current assets		**12,327**	3,923	**12**	–
Total assets		**40,403**	24,510	**26,144**	–
EQUITY AND LIABILITIES					
Current liabilities					
Trade and other payables	21	**1,820**	1,746	**19**	4
Contract liabilities	6(b)	**515**	–	–	–
Amount due to related parties	22	**803**	1	**463**	1
Borrowings	23	**726**	905	–	–
Tax payable		**571**	515	–	–
Total current liabilities		**4,435**	3,167	**482**	5
Non-current liabilities					
Borrowings	23	**4,364**	4,814	–	–
Provision for restoration costs	24	**116**	108	–	–
Deferred tax liabilities	25	**175**	12	–	–
Total non-current liabilities		**4,655**	4,934	–	–
Total liabilities		**9,090**	8,101	**482**	5
Net assets/(liabilities)		**31,313**	16,409	**25,662**	(5)
Equity					
Share capital	26	**26,130**	1	**26,130**	1
Merger reserve	27	**(449)**	13,780	–	–
Foreign currency translation reserve	28	**(29)**	–	–	–
Asset revaluation reserve	29	**14**	–	–	–
Retained earnings/(accumulated losses)		**978**	360	**(468)**	(6)
Equity attributable to owners of the Company		**26,644**	14,141	**25,662**	(5)
Non-controlling interests		**4,669**	2,268	–	–
Total equity/(deficit)		**31,313**	16,409	**25,662**	(5)
Total equity and liabilities		**40,403**	24,510	**26,144**	–

The accompanying notes form an integral part of these financial statements.

11. AUDITED FINANCIAL STATEMENTS OF LYCSG FOR THE FYE 31 MARCH 2022 TOGETHER WITH THE NOTES AND THE AUDITORS' REPORT

LYC MEDICARE (SINGAPORE) PTE. LTD. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the financial year ended 31 March 2022

		Attributable to owners of the Company						
Group 2022	**Share capital $'000**	**Merger reserve $'000**	**Foreign currency translation reserve $'000**	**Asset revaluation reserve $'000**	**Retained earnings $'000**	**Equity attributable to owners of the Company $'000**	**Non-controlling interests $'000**	**Total equity $'000**
At 1 April 2021	1	13,780	–	–	360	14,141	2,268	16,409
Profit for the financial year	–	–	–	–	1,383	1,383	1,641	3,024
Other comprehensive (loss)/income								
Foreign currency translation differences arising on consolidation	–	–	(29)	–	–	(29)	(13)	(42)
Gain on revaluation of property, plant and equipment	–	–	–	14	–	14	6	20
Other comprehensive (loss)/income for the financial year, net of tax	–	–	(29)	14	–	(15)	(7)	(22)
Total comprehensive (loss)/income for the financial year	–	–	(29)	14	1,383	1,368	1,634	3,002
Contributions by and distributions to owners								
Dividends paid by a subsidiary to former shareholder and non-controlling shareholder (Note 30)	–	–	–	–	(765)	(765)	(735)	(1,500)
Changes in ownership interests in a subsidiary								
Acquisition of subsidiaries under common control	26,129	(14,229)	–	–	–	11,900	1,502	13,402
Total transactions with owners in their capacity as owners	26,129	(14,229)	–	–	(765)	11,135	767	11,902
At 31 March 2022	**26,130**	**(449)**	**(29)**	**14**	**978**	**26,644**	**4,669**	**31,313**

The accompanying notes form an integral part of these financial statements.

11. AUDITED FINANCIAL STATEMENTS OF LYCSG FOR THE FYE 31 MARCH 2022 TOGETHER WITH THE NOTES AND THE AUDITORS' REPORT

LYC MEDICARE (SINGAPORE) PTE. LTD. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (cont'd)
For the financial year ended 31 March 2022

	Attributable to owners of the Company					
	Share capital $'000	Merger reserve $'000	Retained earnings $'000	Equity attributable to owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
Group						
2021						
At 28 April 2020 (date of incorporation)	1	–	–	1	–	1
Profit for the financial period, representing total comprehensive income for the financial period	–	–	360	360	352	712
<u>Change in ownership interests in subsidiaries</u>						
Acquisition of subsidiaries under common control, representing total transactions with owners in their capacity as owners	–	13,780	–	13,780	1,916	15,696
At 31 March 2021	1	13,780	360	14,141	2,268	16,409

The accompanying notes form an integral part of these financial statements.

11. AUDITED FINANCIAL STATEMENTS OF LYCSG FOR THE FYE 31 MARCH 2022 TOGETHER WITH THE NOTES AND THE AUDITORS' REPORT

LYC MEDICARE (SINGAPORE) PTE. LTD. AND ITS SUBSIDIARIES

STATEMENT OF CHANGES IN EQUITY
For the financial year ended 31 March 2022

	Share capital $'000	Accumulated losses $'000	Total (deficit)/ equity $'000
Company			
At 28 April 2020 (date of incorporation)	1	–	1
Loss and total comprehensive loss for the financial period	–	(6)	(6)
At 31 March 2021	1	(6)	(5)
Loss and total comprehensive loss for the financial year	–	(462)	(462)
Changes in ownership interests in a subsidiary			
Acquisition of subsidiaries under common control	26,129	–	26,129
At 31 March 2022	**26,130**	**(468)**	**25,662**

The accompanying notes form an integral part of these financial statements.

11. AUDITED FINANCIAL STATEMENTS OF LYCSG FOR THE FYE 31 MARCH 2022 TOGETHER WITH THE NOTES AND THE AUDITORS' REPORT

LYC MEDICARE (SINGAPORE) PTE. LTD. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
For the financial year ended 31 March 2022

	Note	**1.4.2021 to 31.3.2022 $'000**	28.4.2020 to 31.3.2021 $'000
Cash flows from operating activities			
Profit before tax		**3,996**	813
Adjustments for:			
Bad debts written off	10	**48**	–
Depreciation of property, plant and equipment	10	**123**	31
Write-off of property, plant and equipment	10	**4**	–
Depreciation of right-of-use assets	10	**761**	271
Loss allowance/(write-back) of impairment loss on trade receivables	10	**6**	(2)
Allowance for slow-moving inventories	10	**4**	–
Interest income	7	**(11)**	(14)
Interest expense	8	**305**	119
Rent concessions	7	**(65)**	–
Operating cash flow before working capital changes		**5,171**	1,218
Inventories		**(108)**	12
Trade and other receivables and contract assets		**(841)**	(632)
Prepayments		**67**	9
Trade and other payables and contract liabilities		**(132)**	62
Foreign currency translation adjustment		**(27)**	–
Cash generated from operations		**4,130**	669
Income tax paid		**(1,020)**	(82)
Interest received		**11**	–
Interest paid		**(282)**	(117)
Net cash generated from operating activities		**2,839**	470
Cash flows from investing activities			
Purchase of property, plant and equipment	13	**(682)**	(28)
Net cash inflow on acquisition of subsidiaries	16	**1,637**	1,860
Loan to a non-controlling shareholder/director of a subsidiary		**(81)**	–
Net cash generated from investing activities		**874**	1,832

The accompanying notes form an integral part of these financial statements.

11. AUDITED FINANCIAL STATEMENTS OF LYCSG FOR THE FYE 31 MARCH 2022 TOGETHER WITH THE NOTES AND THE AUDITORS' REPORT

LYC MEDICARE (SINGAPORE) LTD. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)
For the financial year ended 31 March 2022

	Note	**1.4.2021 to 31.3.2022 $'000**	28.4.2020 to 31.3.2021 $'000
Cash flows from financing activities			
Proceeds from issuance of ordinary shares		–	1
Repayment of term loans	23	**(251)**	(116)
Repayment of principal portion of lease liabilities	23	**(610)**	(222)
Amount due to related parties	22	**802**	1
Dividends paid by a subsidiary to former shareholder and non-controlling interest	30	**(1,500)**	–
Net cash used in financing activities		**(1,559)**	(336)
Net increase in cash and cash equivalents		**2,154**	1,966
Cash and cash equivalents at beginning of the financial year/period		**1,966**	–
Cash and cash equivalents at end of the financial year/period	20	**4,120**	1,966

The accompanying notes form an integral part of these financial statements.

11. AUDITED FINANCIAL STATEMENTS OF LYCSG FOR THE FYE 31 MARCH 2022 TOGETHER WITH THE NOTES AND THE AUDITORS' REPORT

LYC MEDICARE (SINGAPORE) PTE. LTD. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2022

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. Corporate information

LYC Medicare (Singapore) Pte. Ltd. (the "Company") is incorporated and domiciled in Singapore with its registered office and principal place of business at 435 Orchard Road, #21-05, Wisma Atria, Singapore 238877.

The principal activity of the Company is that of an investment holding company. The principal activities of the subsidiaries are disclosed in Note 16 to the financial statements.

The immediate and ultimate holding companies are LYC Medicare Sdn Bhd and LYC Healthcare Berhad respectively, which are incorporated in Malaysia.

2. The Restructuring Exercise

The Group undertook the transactions described below as part of a corporate reorganisation implemented in preparation for its listing on the Catalist Board of Singapore Exchange Securities Trading Limited (the "Restructuring Exercise").

(a) Incorporation of the Company

The Company was incorporated in Singapore on 28 April 2020 under the Companies Act as a private company limited by shares under the name LYC Medicare (Singapore) Pte. Ltd.. At the time of incorporation, the Company had an issued and paid-up share capital of $1.00 comprising 1,000 ordinary shares, which was held by LYC Medicare Sdn. Bhd..

(b) Acquisition of a subsidiary under common control - HC Orthopaedic Surgery Pte. Ltd.

On 24 December 2021, the Company entered into Share Swap Agreement with LYC Medicare Sdn. Bhd. (the "Vendor") and LYC Healthcare Berhad (the "Guarantor") for the acquisition of the 51% shareholding in HC Orthopaedic Surgery Pte. Ltd. ("HCOS"). In accordance with the Share Swap Agreements, the Vendor has agreed to sell and the Company has agreed to purchase, 51,000 ordinary shares of HCOS, representing 51% of the issued capital of HCOS for a total consideration of $6,936,000, satisfied by the issuance of an aggregate of 6,936,000 shares in the Company to the Vendor.

In addition, the Guarantor has undertaken to the Company the performance, observance and compliance by the Vendor of its obligations and undertakings under the Share Swap Agreement, and the due and punctual payment to the Company of all sums payable (the "Guaranteed Obligations"). The Guarantor's obligation under the Share Swap Agreement is in place for the period beginning from the completion date and remain in full force and effect until the date on which the Guaranteed Obligations have been performed in full or discharged. The acquisition was completed in January 2022.

11. AUDITED FINANCIAL STATEMENTS OF LYCSG FOR THE FYE 31 MARCH 2022 TOGETHER WITH THE NOTES AND THE AUDITORS' REPORT

2. The Restructuring Exercise (cont'd)

(c) Acquisition of a subsidiary under common control – T & T Medical Group Pte. Ltd.

On 24 December 2021, the Company entered into Share Swap Agreement with LYC Medicare Sdn. Bhd. (the "Vendor") and LYC Healthcare Berhad (the "Guarantor") for the acquisition of the 51% shareholding in T.& T Medical Group Pte. Ltd. ("T&T"). In accordance with the Share Swap Agreement, the Vendor has agreed to sell and the Company has agreed to purchase, 107,100 ordinary shares of T & T, representing 51% of the issued capital of T & T for a total consideration of $7,293,000, satisfied by the issuance of an aggregate of 7,293,000 shares in the Company to the Vendor.

In addition, the Guarantor has undertaken to the Company the performance, observance and compliance by the Vendor of its obligations and undertakings under the Share Swap Agreement, and the due and punctual payment to the Company of all sums payable (the "Guaranteed Obligations"). The Guarantor's obligation under the Share Swap Agreement is in place for the period beginning from the completion date and remain in full force and effect until the date on which the Guaranteed Obligations have been performed in full or discharged. The acquisition was completed in January 2022.

(d) Acquisition of subsidiaries under common control - LYC Nutrihealth Sdn. Bhd.

On 24 December 2021, the Company entered into Share Swap Agreement with LYC Medicare Sdn. Bhd. (the "Vendor") for the acquisition of 100% shareholding in LYC Nutrihealth Sdn. Bhd. ("LYCN"). In accordance with the Share Swap Agreement, the Vendor has agreed to sell and the Company has agreed to purchase, 100 ordinary shares of LYCN, representing 100% of the issued capital of LYCN for a total consideration of $33, satisfied by the issuance of an aggregate of 33 shares in the Company to the Vendor. The acquisition was completed in January 2022.

LYC Medicare Sdn. Bhd. has previously advanced to LYCN a sum of RM36,680,000 (equivalent to $11,899,967) (the "Debt"). Following the acquisition of LYCN, LYC Medicare Sdn. Bhd., has assigned and transferred the rights to the Company in relation to the Debt. LYC Medicare Sdn. Bhd. has subsequently converted the Debt into 11,899,967 ordinary shares of the Co("Capitalisation"). As a result of the Capitalisation, the Debt owed by the Company to LYC Medicare Sdn. Bhd. has been fully repaid.

Following the completion of the Restructuring Exercise, the Company held 51% of the issued share capital of each of HCOS and T & T and 100% of the issued share capital of LYCN.

The financial statements of the Group have been prepared to reflect the operations of the combining entities as a single economic enterprise and consist of those companies under common control during the financial year ended 31 March 2022 and the financial period from 28 April 2020 (date of incorporation) to 31 March 2021. As at 31 March 2022 and 31 March 2021, the subsidiaries of the Group are set out in Note 16 to the financial statements.

Transfer of entities under common control

The Restructuring Exercise is considered to be an acquisition of equity interests by entities under common control and therefore the entities acquired by the Group pursuant to the restructuring have been accounted for in a manner similar to the pooling-of-interest method. Accordingly, the assets and liabilities of these entities have been included in the financial statements at their historical carrying amounts. Although the Restructuring Exercise was completed subsequent to the financial period from 28 April 2020 (date of incorporation) to 31 March 2021, the financial statements present the financial condition, results of operations and cash flows as if the restructuring had occurred on December 2020. The effective date of acquisition of HCOS and T & T by LYC Medicare Sdn. Bhd. were on 2 December 2020 and 13 November 2020 respectively.

11. AUDITED FINANCIAL STATEMENTS OF LYCSG FOR THE FYE 31 MARCH 2022 TOGETHER WITH THE NOTES AND THE AUDITORS' REPORT

LYC Medicare (Singapore) Pte. Ltd. and its subsidiaries

3. Basis of preparation

3.1 Statement of Compliance

The financial statements have been prepared in accordance with the provisions of the Companies Act 1967 and Singapore Financial Reporting Standards International ["SFRS(I)s"].

3.2 New and revised standards that are adopted

In the current financial year, the Group has adopted all the new and revised SFRS(I)s and SFRS(I) Interpretations ["SFRS(I)s INT"] that are relevant to its operations and effective for the current financial year. In addition, the Group has also early adopted the Amendment to SFRS(I) 16 *COVID-19 - Related Rent Concessions beyond 30 June 2021*. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I)s and SFRS(I)s INT.

The adoption of these new/revised SFRS(I)s and SFRS(I) INT did not have any material effect on the financial results or position of the Group and the Company.

The Group has elected to early adopt the Amendment to SFRS(I) 16 *COVID-19 - Related Rent Concessions beyond 30 June 2021* which provides practical relief for lessees in accounting for rent concessions. Under the practical expedient, the lessees are not required to assess whether a rent concession is a lease modification and instead are permitted to account for them as if they were not lease modifications, if all of the following conditions are met:

(a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
(b) any reduction in lease payments affects only payments originally due on or before 30 June 2022; and
(c) there is no substantive change to other terms and conditions of the lease.

The Group has elected to apply this practical expedient to all leases. As a result of applying the practical expedient, rent concessions of $65,000 was recognised as other income in the profit or loss during the financial year. The amendment has no impact on retained earnings at 1 April 2021.

3.3 New and revised standards not yet effective

New standards, amendments to standards and interpretations that have been issued at the end of reporting period but are not yet effective for the financial year ended 31 March 2022 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group and the Company.

3.4 Basis of measurement

The financial statements have been prepared on the historical cost basis, expect as otherwise disclosed in Note 4 to the financial statements.

The financial statements are presented in Singapore dollar ("SGD" or "$") and all values are rounded to the nearest thousand ($'000), except when otherwise indicated.

3.5 Functional and presentation currency

The individual financial statements of each entity of the Group are measured using the currency of the primary economic environment in which they operate (the "functional currency"). The financial statements are presented in Singapore dollar, which is also the Company's functional currency, unless otherwise stated.

11. AUDITED FINANCIAL STATEMENTS OF LYCSG FOR THE FYE 31 MARCH 2022 TOGETHER WITH THE NOTES AND THE AUDITORS' REPORT

3. Basis of preparation (cont'd)

3.6 Use of estimates and judgement

The preparation of financial statements in conformity with SFRS(I)s requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. It also requires directors to exercise their judgement in the process of applying the Group's accounting policies. Although these estimates and judgement are based on the directors' best knowledge of current events and actions, actual results may differ.

The areas where assumptions and major sources of estimation uncertainty at the end of the reporting period that have significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year, or areas involving judgements that have most effect on the amounts recognised in the financial statements are disclosed in Note 5 to the financial statements.

4. Significant accounting policies

Unless otherwise stated, the following accounting policies have been applied consistently to all the financial year/period presented in the financial statements of the Group and of the Company.

4.1 Basis of consolidation and business combinations

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

(b) Business combinations involving entities under common control

Business combinations involving entities under common control are accounted for by applying the pooling of interest method which involves the following:

- Assets and liabilities are reflected at their existing carrying amounts;
- No adjustments are made to reflect the fair values on the date of combination or recognise any new assets or liabilities;
- No additional goodwill is recognised as a result of the combination;
- Prior to the issue of shares by the Company in connection with the Restructuring Exercise, the aggregate equity of the subsidiaries held directly by the Company is shown as the Group's equity for financial years under review; and
- Any difference between the consideration paid by the Company and the equity 'acquired' is reflected within the equity of the Group as merger reserve.

11. AUDITED FINANCIAL STATEMENTS OF LYCSG FOR THE FYE 31 MARCH 2022 TOGETHER WITH THE NOTES AND THE AUDITORS' REPORT

4. Significant accounting policies (cont'd)

4.1 Basis of consolidation and business combinations (cont'd)

(b) Business combinations involving entities under common control (cont'd)

Comparatives are restated to reflect the combination as if it had occurred from the beginning of the earliest period presented in the financial statements or from the date the entities had come under common control, if later.

(c) Business combination and goodwill

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received. Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is an asset or liability are recognised in profit or loss.

Non-controlling interest in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of net assets of the acquiree are recognised on the acquisition date at either fair value, or the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

(d) Non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company and are presented separately in the consolidated statement of financial position.

Losses attributable to the non-controlling interests are allocated to the non-controlling interests even if the losses exceed the non-controlling interests.

11. AUDITED FINANCIAL STATEMENTS OF LYCSG FOR THE FYE 31 MARCH 2022 TOGETHER WITH THE NOTES AND THE AUDITORS' REPORT

LYC Medicare (Singapore) Pte. Ltd. and its subsidiaries

4. Significant accounting policies (cont'd)

4.2 Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's statement of financial position, investments in subsidiaries are accounted for at cost less impairment losses.

4.3 Foreign currency transactions and operations

(a) Translation of foreign currency transactions

Foreign currencies transactions are translated to the respective functional currencies of the Group entities using the exchange rates prevailing at the transaction dates.

At the end of each reporting date, monetary items denominated in foreign currencies are retranslated at the exchange rates prevailing at the reporting date.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the dates the fair value were determined. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated at the historical rates as at the dates of the initial transactions.

Foreign exchange differences arising on settlement or retranslation of monetary items are recognised in profit or loss.

(b) Translation of foreign operations

The assets and liabilities of foreign operations denominated in the functional currency different from the presentation currency, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated at exchange rates at the dates of the transactions.

Exchange differences arising on the translation are recognised in other comprehensive income. However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in foreign exchange translation reserves related to that foreign operation is reclassified to profit or loss. For a partial disposal not involving loss of control of a subsidiary that includes a foreign operation, the proportionate share of cumulative amount in foreign exchange translation reserve is reattributed to non-controlling interests.

4.4 Financial instruments

Financial instruments are recognised in the statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

The financial instruments are recognised initially at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset and financial liability. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

11. AUDITED FINANCIAL STATEMENTS OF LYCSG FOR THE FYE 31 MARCH 2022 TOGETHER WITH THE NOTES AND THE AUDITORS' REPORT

4. Significant accounting policies (cont'd)

4.4 Financial instruments (cont'd)

(a) Subsequent measurement

The Group categorises the financial instruments as follows:

(i) Financial assets

The Group's financial assets consist of debt instruments that are held for collection of contractual cash flows and those cash flows represent solely payments of principal and interest are measured at amortised cost.

Accordingly, the Group classifies its financial assets as financial assets measured at amortised cost.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment.

The policy for the recognition and measurement of impairment is in accordance with Note 4.10(a). Gains and losses are recognised in profit or loss when the financial asset is derecognised, modified or impaired.

(ii) Financial liabilities

The Group classifies its financial liabilities as financial liabilities measured at amortised cost.

Financial liabilities are subsequently measured at amortised cost using effective interest rate ("EIR") method. Gains and losses are recognised in profit or loss when the financial liabilities are derecognised and through the EIR amortisation process.

(b) Derecognition

A financial asset or a part of it is derecognised when, and only when:

(i) the contractual rights to receive cash flows from the financial asset expire, or

(ii) the Group has transferred its rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party and either:

(a) the Group has transferred substantially all risk and rewards of the asset, or
(b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

11. AUDITED FINANCIAL STATEMENTS OF LYCSG FOR THE FYE 31 MARCH 2022 TOGETHER WITH THE NOTES AND THE AUDITORS' REPORT

4. Significant accounting policies (cont'd)

4.4 Financial instruments (cont'd)

(c) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity shall not offset the transferred asset and the associated liability.

4.5 Property, plant and equipment

(a) Recognition and measurement

Property, plant and equipment are measured at cost or valuation less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 4.10(b) to the financial statements.

Cost of assets includes expenditure that is directly attributable to the acquisition of the asset and any other costs that are directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs in Note 4.14 to the financial statements.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Freehold land and buildings are measured at fair value, based on valuations by external independent valuers, less accumulated depreciation on buildings and any accumulated impairment losses recognised after the date of valuation. Valuations are performed with sufficient regularity to ensure that the fair value of the freehold land and buildings does not differ materiality from the carrying amount. Any accumulated depreciation as at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

A revaluation surplus is recognised in other comprehensive income and credited to the asset revaluation reserve. However, the increase shall be recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss. If an asset's carrying amount is decreased as a result of a revaluation, the decrease shall be recognised in profit or loss. However, the decrease shall be recognised in other comprehensive income to the extent of any credit balance existing in the revaluation reserve in respect of that asset.

The asset revaluation reserve is transferred to retained earnings as the assets are used. The amount of revaluation reserve transferred is the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost.

11. AUDITED FINANCIAL STATEMENTS OF LYCSG FOR THE FYE 31 MARCH 2022 TOGETHER WITH THE NOTES AND THE AUDITORS' REPORT

LYC Medicare (Singapore) Pte. Ltd. and its subsidiaries

4. Significant accounting policies (cont'd)

4.5 Property, plant and equipment (cont'd)

(b) Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss as incurred.

(c) Depreciation

Freehold land has an unlimited useful life and therefore is not depreciated.

All other property, plant and equipment are depreciated on straight-line basis by allocating their depreciable amounts over their remaining useful lives.

Buildings	2%
Renovation	10 - 50%
Machinery and equipment	10 - 20%
Computer and office equipment	10% - 33.33%
Furniture and fittings	10%
Motor vehicles	10%

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period and adjusted as appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognised in profit or loss.

4.6 Lease

(a) Definition of lease

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

(i) the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset.
(ii) the Group has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and
(iii) the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where all the decisions about how and for what purpose the asset is used are predetermined, the Group has the right to direct the use of the asset if either:

  (a) the Group has the right to operate the asset; or
  (b) the Group has designed the asset in a way that predetermines how and for what purpose it will be used.

11. AUDITED FINANCIAL STATEMENTS OF LYCSG FOR THE FYE 31 MARCH 2022 TOGETHER WITH THE NOTES AND THE AUDITORS' REPORT

LYC Medicare (Singapore) Pte. Ltd. And its subsidiaries

4. Significant accounting policies (cont'd)

4.6 Lease (cont'd)

(b) Lessee accounting

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets.

The Group presents right-of-use assets and lease liabilities as separate lines in the statements of financial position.

Right-of-use assets

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use assets are subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, and adjust for any remeasurement of the lease liabilities. The right-of-use assets are depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. If the Group expects to exercise a purchase option, the right-of-use assets are depreciated over the useful life of the underlying asset. The depreciation starts from the commencement date of the underlying asset. The policy for the recognition and measurement of impairment losses is in accordance with Note 4.10(b) to the financial statements.

Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives; and
- the exercise price of a purchase option, if the lessee is reasonably certain to exercise that option.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

11. AUDITED FINANCIAL STATEMENTS OF LYCSG FOR THE FYE 31 MARCH 2022 TOGETHER WITH THE NOTES AND THE AUDITORS' REPORT

LYC Medicare (Singapore) Pte. Ltd. And its subsidiaries

4. Significant accounting policies (cont'd)

4.6 Lease (cont'd)

(b) Lessee accounting (cont'd)

Lease liabilities (cont'd)

Variable lease payments that do not depend on an index or a rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs.

The Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group has elected the practical expedient not to assess whether a COVID-19-related rent concession is a lease modification.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low value assets. The Group recognises the lease payments as an administrative expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(c) Lessor accounting

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases that do not meet this criterion are classified as operating leases.

When the Group is intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Group applies the exemption described in Note 4.6(b), then it classifies the sub-lease as an operating lease.

If an entity in the Group is a lessor in a finance lease, it derecognises the underlying asset and recognises a lease receivable at an amount equal to the net investment in the lease. Finance income is recognised in profit or loss based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

4.7 Goodwill

Goodwill arising from business combinations is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. After initial recognition, goodwill is measured at cost less accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 4.10(b) to the financial statements.

11. AUDITED FINANCIAL STATEMENTS OF LYCSG FOR THE FYE 31 MARCH 2022 TOGETHER WITH THE NOTES AND THE AUDITORS' REPORT

LYC Medicare (Singapore) Pte. Ltd. and its subsidiaries

4. Significant accounting policies (cont'd)

4.8 Inventories

Inventories are measured at the lower of cost and realisable value.

Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- clinical products: the costs are assigned on a first-in first-out basis.
- nutraceutical supplements and ingredients: the costs are assigned on a weighted average method.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

4.9 Cash and cash equivalents

For the purpose of statements of cash flows, cash and cash equivalents comprise cash on hand, bank balances and deposits with financial institutions which are subject to an insignificant risk of changes in value and excludes pledged deposits.

4.10 Impairment of assets

(a) Impairment of financial assets

Financial assets measured at amortised cost and financial guarantee contracts are subject to the impairment requirement in SFRS(I) 9 *Financial Instruments* ["SFRS(I) 9"] which is related to the accounting for expected credit losses on the financial assets. Expected credit loss ("ECL") is the weighted average of credit losses with the respective risks of a default occurring as the weights.

The Group measures loss allowance as follows:

(i) General 3-stage approach for other receivables, amount due from a non-controlling shareholder/director of a subsidiary and cash and short-term deposits.

At each reporting date, the Group measures loss allowance at an amount equal to credit losses that result from default events that are possible within the next 12-months ("12-month ECL") if credit risk on a financial instrument has not increased significantly since initial recognition.

For other financial instruments, a loss allowance at an amount equal to credit losses over the remaining life of the exposure ("lifetime ECL") is required.

(ii) Simplified approach for trade receivables and contract assets

The Group applies the simplified approach permitted by SFRS(I) 9 to measure the loss allowance at an amount equal to lifetime ECL at each reporting date.

When estimating expected credit losses on initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

Generally, the Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

11. AUDITED FINANCIAL STATEMENTS OF LYCSG FOR THE FYE 31 MARCH 2022 TOGETHER WITH THE NOTES AND THE AUDITORS' REPORT

LYC Medicare (Singapore) Pte. Ltd. and its subsidiaries

4. Significant accounting policies (cont'd)

4.10 Impairment of assets (cont'd)

(a) Impairment of financial assets (cont'd)

The Group measures loss allowance as follows (cont'd):

(ii) Simplified approach for trade receivables and contract assets (cont'd)

The Group considers a financial asset to be in default (or credit-impaired) when contractual payment of the financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate. Nevertheless, in other cases, the Group may also consider internal and external information that indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. That information includes instances where:

- the counterparty is in significant financial difficulty;
- the counterparty is in breach of financial covenants;
- the lender of the counterparty having granted to the counterparty a concession that the lender would not otherwise consider; and
- it is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation.

Impairment losses (or reversal) are recognised in profit or losses.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the counterparty no longer have assets or a source of income that could generate sufficient cash flows to repay the amount due.

(b) Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the Group make an estimate of the asset's recoverable amount. For goodwill and intangible assets that have indefinite useful life and are not yet available for use, the recoverable amount is estimated at each reporting date.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of non-financial assets or cash-generating units ("CGUs"). Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a CGU or a group of CGUs that are expected to benefit from the synergies of business combination.

The recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal and its value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining the fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

11. AUDITED FINANCIAL STATEMENTS OF LYCSG FOR THE FYE 31 MARCH 2022 TOGETHER WITH THE NOTES AND THE AUDITORS' REPORT

4. Significant accounting policies (cont'd)

4.10 Impairment of assets (cont'd)

(b) Impairment of non-financial assets (cont'd)

Where the carrying amount of an asset exceeds its recoverable amount, the carrying amount of asset is reduced to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss, except for assets that were previously revalued with the revaluation surplus recognised in other comprehensive income. In the latter case, the impairment is recognised in other comprehensive income up to the amount of any previous revaluation.

Impairment losses in respect of goodwill are not reversed. For other assets, an assessment is made at end of each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. An impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. Reversal of impairment loss is restricted by the asset's carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

4.11 Share capital

Ordinary shares

Ordinary shares are equity instruments. An equity instrument is a contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

4.12 Employee benefits

(a) Short-term employee benefits

Short-term employee benefit obligations in respect of wages, salaries, social security contribution, annual bonuses, paid annual leave, sick leave and non-monetary benefits are recognised as an expense in the financial year where the employees have rendered their services to the Group and to the Company.

(b) Defined contribution plans

As required by law, the Group contributes to the Employees Provident Fund ("EPF"), Malaysia's national defined contribution plan and the Central Provident Fund ("CPF"), Singapore's defined contribution plan. Such contributions are recognised as an expense in the profit or loss in the period in which the employees render their services.

11. AUDITED FINANCIAL STATEMENTS OF LYCSG FOR THE FYE 31 MARCH 2022 TOGETHER WITH THE NOTES AND THE AUDITORS' REPORT

4. Significant accounting policies (cont'd)

4.13 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

If the effect of the time value of money is material, provisions that are determined based on the expected future cash flows to settle the obligation are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provisions due to passage of time is recognised as finance costs.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

Restoration costs

The Group recognised the estimated costs of restoration of office and operating premises under leases. The provision is estimated based on the best estimates of the expenditure required to settle the obligation, taking into consideration time value of money. The restoration costs are recognised as part of the costs of right-of-use assets.

4.14 Borrowing costs

Borrowing costs are interests and other costs that the Group incurs in connection with borrowing of funds.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

4.15 Revenue and other income

The Group recognises revenue that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Revenue recognition of the Group is applied for each contract with a customer.

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer, i.e. when or as a performance obligation in the contract with customer is satisfied. A performance obligation is satisfied when or as the customer obtains control of the good or service underlying the particular performance obligation, which the performance obligation may be satisfied at a point in time or over time.

<u>Financing components</u>

The Group has applied the practical expedient for not to adjust the promised amount of consideration for the effects of a significant financing components if the Group expects that the period between the transfer of the promised goods or services to the customer and payment by the customer will be one year or less.

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4. Significant accounting policies (cont'd)

4.15 Revenue and other income (cont'd)

(a) Sale of goods

Revenue from the sale of goods is recognised at a point in time when control of the products has been transferred, being when the customer accepts the delivery of the goods.

Sales are made with a credit term ranging from 30 to 150 days, which is consistent with market practice, therefore, no element of financing is deemed present. A receivable is recognised when the customer accepts the delivery of the goods as the consideration is unconditional other than the passage of time before the payment is due.

Revenue is recognised based on the price specified in the contract, net of any discounts, excluding amounts collected on behalf of third parties such as sales and services tax.

Where consideration is collected from customer in advance for sale of goods, a contract liability is recognised for the customer deposits. Contract liability would be recognised as revenue upon sales of goods to the customer.

(b) Rendering of services

Revenue from services is recognised as services at a point in time upon services are rendered in accordance to requirements of SFRS(I) 15 *Revenue from Contracts with Customers*.

Services rendered to walk in patients are on cash terms while medical related services rendered to corporate customers are made with credit terms of 30 days, which is consistent with market practice, therefore, no element of financing is deemed present.

Where consideration is collected from customer in advance for services, a contract liability is recognised for the customer deposits. Contract liability would be recognised as revenue upon rendering of services to the customer.

(c) Interest income

Interest income is recognised using the effective interest method.

(d) Rental income

Rental income is recognised on a straight-line basis over the term of the lease.

4.16 Government grants

Government grant shall be recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Grants related to income may be presented as a credit in profit or loss, either separately or under a general heading such as "Other income".

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4. Significant accounting policies (cont'd)

4.17 Income tax

Income tax expense in profit or loss comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

(a) Current tax

Current tax is expected taxes payable or receivable on the taxable income or loss for the financial year, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial period.

(b) Deferred tax

Deferred tax is recognised using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the statements of financial position. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is not recognised if the temporary differences arise from the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal timing of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on the same taxable entity, or on different tax entities, but they intend to settle their income tax recoverable and income tax payable on a net basis or their tax assets and liabilities will be realised simultaneously.

11. AUDITED FINANCIAL STATEMENTS OF LYCSG FOR THE FYE 31 MARCH 2022 TOGETHER WITH THE NOTES AND THE AUDITORS' REPORT

4. Significant accounting policies (cont'd)

4.17 Income tax (cont'd)

(c) Sales and services tax

Revenue, expenses and assets are recognised net of the amount of sales and services tax except:

- where the sales and services tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales and services tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of sales and services tax included.

The net amount of sales and services tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

4.18 Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

4.19 Operating segments

For management purposes, the Group is organised into operating segments based on business segments which are reviewed regularly by the chief operating decision maker, which is the Managing Director of the Group, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

5. Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Critical judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, which are described in Note 4, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations):

Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The following factors are considered to be most relevant:

- If any leasehold improvements are expected to have a significant remaining value, the Group typically includes the extension option in lease liabilities;
- If there are significant penalties to terminate the lease, the Group will typically reasonably certain not to terminate the lease; and
- Other factors including its historical lease periods and the costs and business disruption required to replace the leased asset.

11. AUDITED FINANCIAL STATEMENTS OF LYCSG FOR THE FYE 31 MARCH 2022 TOGETHER WITH THE NOTES AND THE AUDITORS' REPORT

5. Critical accounting judgements and key sources of estimation uncertainty (cont'd)

Critical judgements in applying the Group's accounting policies (cont'd)

Determining the lease term (cont'd)

The assessment of reasonable certainty to exercise extension options is only revised if a significant change in circumstances occurs which affects this assessment, and that is within the control of the lessee. During the financial year, the financial effect of revising lease terms to reflect the effect of exercising extension options was an increase in recognised lease liabilities and right-of-use assets of $297,000 (2021: $Nil).

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Goodwill is tested for impairment annually and at other times when such indicators exist. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value-in-use.

The value-in-use is the net present value of the projected future cash flows derived from that asset discounted at an appropriate discount rate. The Group uses its judgement to decide on the discount rates applied in the recoverable amount calculation and assumptions supporting the underlying cash flow projections, including forecast revenue growth rates. The economic uncertainties from COVID-19 pandemic may result in higher level of estimation uncertainty to the assumptions used in the value-in-use calculation. Cash flows that are projected based on those inputs or assumptions may have a significant effect on the Group's financial positions and results if the actual cash flows are less than the expected.

When value-in-use calculations are undertaken, management is required to estimate the expected future cash flows from the asset or cash-generating unit and a suitable discount rate, in order to determine the present value of those cash flows. Further details of the key assumptions applied in the impairment assessment of goodwill and the carrying amount of the goodwill, are given in Note 15 to the financial statements.

6. Revenue

(a) Disaggregation of revenue

	Group	
	1.4.2021 to 31.3.2022 $'000	28.4.2020 to 31.3.2021 $'000
Revenue recognised at a point in time		
Clinical and specialist services	**11,021**	3,259
Nutraceutical supplements and ingredients	**5,026**	–
	16,047	3,259

11. AUDITED FINANCIAL STATEMENTS OF LYCSG FOR THE FYE 31 MARCH 2022 TOGETHER WITH THE NOTES AND THE AUDITORS' REPORT

6. Revenue (cont'd)

(b) Contract balances

	Group	
	2022	2021
	$'000	$'000
Trade receivables (Note 19)	**2,350**	1,148
Contract assets	**32**	123
Contract liabilities	**515**	–

Contract assets primarily relate to the Group's right to consideration for performance obligations satisfied but not yet billed at reporting date. Contract assets are transferred to receivables when the rights become unconditional.

Contract liabilities primarily relate to the Group's obligation to provide goods and services to customers for which the Group has received advances from customers. Contract liabilities are recognised as revenue when the performance obligations are satisfied.

(i) Significant changes in contract assets are explained as follows:

	Group	
	2022	2021
	$'000	$'000
Contract assets reclassified to trade receivables	**123**	–
Services performed ahead of milestone payments	**32**	123

(ii) Significant changes in contract liabilities are explained as follows:

	Group	
	2022	2021
	$'000	$'000
Acquisition of subsidiaries	**(517)**	–
Revenue recognised that was included in contract liabilities at acquisition date	**476**	–
Increases due to advances received, excluding amounts recognised as revenue during the financial year/period	**556**	–

7a. Interest income

	Group	
	1.4.2021 to 31.3.2022	28.4.2020 to 31.3.2021
	$'000	$'000
Interest income		
- Loan to a non-controlling shareholder/director of a subsidiary	–	14
- Fixed deposits	**11**	–
	11	14

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LYC Medicare (Singapore) Pte. Ltd. and its subsidiaries

7b. Other income

	Group 1.4.2021 to 31.3.2022 $'000	Group 28.4.2020 to 31.3.2021 $'000
Consultancy fee income	**41**	7
Government grants income*	**276**	20
Rental income	**143**	100
Rent concessions	**65**	–
Foreign exchange gain	**20**	–
Sundry income	**154**	26
	699	153

* Government grants income of $12,000 (2021: $15,000) was recognised during the financial year under the Jobs Support Scheme (the "JSS"). Under the JSS, the Singapore Government will co-fund gross monthly wages paid to each local employee through cash subsidies with the objective of helping employers retain local employees. The JSS is a temporary scheme introduced in the Singapore Budget 2020 and had been extended up to 2021 by the Singapore Government. Rental support scheme and job scheme incentive of $159,000 and $90,000 (2021: Nil) respectively were also included in government grants income.

8. Finance costs

	Group 1.4.2021 to 31.3.2022 $'000	Group 28.4.2020 to 31.3.2021 $'000
Interest expense:		
- Lease liabilities [Note 14(c)]	**269**	93
- Term loans	**13**	24
- Restoration costs (Note 24)	**8**	2
- Loan to a non-controlling shareholder/director of a subsidiary	**15**	–
	305	119

9. Employee benefits expenses

	Group 1.4.2021 to 31.3.2022 $'000	Group 28.4.2020 to 31.3.2021 $'000
Directors, representing key management personnel:		
- Salaries and bonuses	**1,623**	517
- Employer's contributions to defined contribution plan	**49**	23
	1,672	540
Other than directors and key management personnel:		
- Salaries and other related costs	**719**	218
- Employer's contributions to defined contribution plan	**125**	31
	844	249
	2,516	789

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10. Profit before tax

	Group	
	1.4.2021 to 31.3.2022 $'000	28.4.2020 to 31.3.2021 $'000
Profit before tax is arrived at after charging/(crediting):		
Audit fee paid/payable to:		
- Auditor of the Company	**21**	–
- Other auditors*	**10**	4
Reporting audit fee paid to:		
- Auditor of the Company	**29**	–
Fees for non-audit service**	–	–
Bad debts written off	**48**	–
Short-term lease expenses (Note 14)	**68**	1
Loss allowance/(write-back) of impairment loss on trade receivables (Note 19)	**6**	(2)
Depreciation of property, plant and equipment (Note 13)	**123**	31
Depreciation of right-of-use assets (Note 14)	**761**	271
Write-off of property, plant and equipment	**4**	–
Allowance for slow moving inventories (Note 18)	**4**	–
Legal and professional fee	**480**	14
Employee benefits expenses (Note 9)	**2,516**	789

* Includes independent member firms of the Baker Tilly International network.

** There is no non-audit fee paid to auditor of the Company and independent member firms of the Baker Tilly International network during the financial year/period ended 31 March 2022 and 31 March 2021.

11. Income tax expense

The major components of income tax expense for the year/period ended 31 March 2022 and 2021 are:

	Group	
	1.4.2021 to 31.3.2022 $'000	28.4.2020 to 31.3.2021 $'000
Current year		
- Income tax	**960**	109
- Over provision in respect of previous financial period	**(10)**	–
	950	109
Deferred tax (Note 25)		
- Origination and reversal of temporary differences	**8**	(8)
- Under provision in respect of previous financial period	**14**	–
	22	(8)
Income tax expense recognised in profit or loss	**972**	101

11. AUDITED FINANCIAL STATEMENTS OF LYCSG FOR THE FYE 31 MARCH 2022 TOGETHER WITH THE NOTES AND THE AUDITORS' REPORT

11. Income tax expense (cont'd)

The major components of income tax expense recognised in other comprehensive income for the year/period ended 31 March 2022 and 31 March 2021 are:

	Group	
	1.4.2021 to 31.3.2022 $'000	28.4.2020 to 31.3.2021 $'000
Deferred income tax:		
- Revaluation of freehold land and buildings	**6**	–

Relationship between tax expense and accounting profit

The income tax expense on the results of the financial year/period varies from the amount of income tax determined by applying the Singapore statutory rate to profit before tax due to the following factors:

	Group	
	1.4.2021 to 31.3.2022 $'000	28.4.2020 to 31.3.2021 $'000
Profit before tax	**3,996**	813
Tax calculated at a tax rate of 17% (2021: 17%)	**679**	138
Non-deductible expenses	**211**	13
Income not subject to tax	**(30)**	(2)
Effect of partial exemption and tax relief	**(34)**	(35)
Differences in tax rate	**89**	–
Under provision in respect of prior financial period	**4**	–
Others	**53**	(13)
Income tax expense recognised in profit or loss	**972**	101

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12. Earnings per share

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

	1.4.2021 to 31.3.2022	28.4.2020 to 31.3.2021
Net profit attributable to equity holders of the Company ($'000)	**1,383**	360
Weighted average number of ordinary shares outstanding for basic and diluted earnings per share ('000)	**20,262**	5,463
Basic and diluted earnings per share (cents per share)	**6.83**	6.59

Basic earnings per share amounts are calculated by dividing the profit for the financial year/period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares of the Company after completion of the Restructuring Exercise as disclose in Notes 2 and 15(b).

Diluted earnings per share is the same as basic earnings per share as there were no potential dilutive ordinary shares existing during the respective year/period.

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13. Property, plant and equipment

Group	Freehold land $'000	Buildings $'000	Renovation $'000	Machinery and equipment $'000	Computers and office equipment $'000	Furniture and fittings $'000	Motor vehicles $'000	Total $'000
Cost or valuation								
At 28 April 2020 (date of incorporation)	–	–	–	–	–	–	–	–
Acquisition of subsidiaries	–	–	371	51	142	181	–	745
Additions	–	–	23	–	5	–	–	28
At 31 March 2021	–	–	394	51	147	181	–	773
Acquisition of subsidiaries	1,483	350	171	73	65	15	53	2,210
Additions	–	146	450	30	46	10	–	682
Revaluation	–	26	–	–	–	–	–	26
Written off	–	–	–	–	(5)	–	–	(5)
Elimination of accumulated depreciation on revaluation	–	(4)	–	–	–	–	–	(4)
Currency translation differences	(11)	(4)	(3)	(1)	–	–	–	(19)
At 31 March 2022	**1,472**	**514**	**1,012**	**153**	**253**	**206**	**53**	**3,663**
Representing:								
At cost	–	–	**1,012**	**153**	**253**	**206**	**53**	**1,677**
At valuation	**1,472**	**514**	–	–	–	–	–	**1,986**
	1,472	**514**	**1,012**	**153**	**253**	**206**	**53**	**3,663**

11. AUDITED FINANCIAL STATEMENTS OF LYCSG FOR THE FYE 31 MARCH 2022 TOGETHER WITH THE NOTES AND THE AUDITORS' REPORT

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13. Property, plant and equipment (cont'd)

Group	Freehold land $'000	Buildings $'000	Renovation $'000	Machinery and equipment $'000	Computers and office equipment $'000	Furniture and fittings $'000	Motor vehicles $'000	Total $'000
Accumulated depreciation								
At 28 April 2020 (date of incorporation)	–	–	–	–	–	–	–	–
Acquisition of subsidiaries	–	–	105	17	66	45	–	233
Depreciation charge	–	–	14	2	9	6	–	31
At 31 March 2021	–	–	119	19	75	51	–	264
Acquisition of subsidiaries	–	–	42	39	20	11	36	148
Depreciation charge	–	4	58	13	26	19	3	123
Written off	–	–	–	–	(1)	–	–	(1)
Elimination of accumulated depreciation on revaluation	–	(4)	–	–	–	–	–	(4)
At 31 March 2022	**–**	**–**	**219**	**71**	**120**	**81**	**39**	**530**
Net carrying value								
At 31 March 2022	**1,472**	**514**	**793**	**82**	**133**	**125**	**14**	**3,133**
At 31 March 2021	–	–	275	32	72	130	–	509

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LYC Medicare (Singapore) Pte. Ltd. and its subsidiaries

13. Property, plant and equipment (cont'd)

	Computer equipment	
	31 March 2022 $'000	31 March 2021 $'000
Company		
Cost		
At 1 April	–	–
Additions	**3**	–
At 31 March	**3**	–
Accumulated depreciation		
At 1 April	–	–
Depreciation charge	–	–
At 31 March	–	–
Net carrying value		
At 31 March	**3**	–

(a) ***Revaluation of the freehold land and buildings carried at cost***

Had the revalued freehold land and buildings been carried at historical cost less accumulated depreciation, the net carrying value of the freehold land and buildings that would been included in the financial statements of the Group is as follows:

	2022 $'000	2021 $'000
- Freehold land	**1,471**	–
- Buildings	**489**	–
At 31 March	**1,960**	–

(b) ***Fair value information for revaluation of the freehold land and buildings***

The freehold land and buildings of the Group were revalued on 31 March 2022 based on valuation performed by an independent firm of professional valuer using the comparison method.

The most significant input into this valuation approach is price per square foot. The significant input is adjusted for location, size and shape of the lot, market conditions and other factors in order to arrive at a common basis for comparison.

As a result, revaluation surplus of $26,000 (2021: Nil) has been credited in other comprehensive income and accumulated in equity under asset revaluation reserve (Note 29). The fair value is based on Level 3 fair value hierarchy.

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LYC Medicare (Singapore) Pte. Ltd. and its subsidiaries

14. Leases

The Group as a lessee

Nature of the Group's leasing activities

The Group's leasing activities comprise the following:

(i) The Group leases clinic premises, office equipment and motor vehicle from non-related parties. The leases have tenures ranging from 3 to 5.5 years with extension options up to 5 years.

(ii) In addition, the Group leases certain clinic premises with contractual terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

The Group's obligations are secured by the lessors' title to the leased assets for such leases. There are several lease contracts that include extension options which are further discussed below.

The maturity analysis of the lease liabilities is disclosed in Note 32(b).

Information about leases for which the Group is a lessee is presented below:

(a) ***Carrying amounts of right-of-use assets***

	Clinic premises $'000	Office equipment $'000	Motor vehicle $'000	Restoration costs $'000	Total $'000
Group					
At 28 April 2020 (date of incorporation)	–	–	–	–	–
Acquisition of subsidiaries	5,195	2	188	82	5,467
Depreciation charge	(261)	–	(7)	(3)	(271)
At 31 March 2021	4,934	2	181	79	5,196
Lease modification	297	–	–	–	297
Depreciation charge	(734)	(2)	(15)	(10)	(761)
At 31 March 2022	**4,497**	**–**	**166**	**69**	**4,732**

(b) ***Lease liabilities***

The Group's carrying amounts of lease liabilities (included under borrowings) and the movements during the year/period are disclosed in Note 23(b) and the maturity analysis of lease liabilities is disclosed in Note 32(b).

11. AUDITED FINANCIAL STATEMENTS OF LYCSG FOR THE FYE 31 MARCH 2022 TOGETHER WITH THE NOTES AND THE AUDITORS' REPORT

LYC Medicare (Singapore) Pte. Ltd. and its subsidiaries

14. Leases (cont'd)

The Group as a lessee (cont'd)

(c) ***Amounts recognised in profit or loss***

	Group	
	1.4.2021 to 31.3.2022 $'000	28.4.2020 to 31.3.2021 $'000
Depreciation of right-of-use assets	**761**	271
Interest expense on lease liabilities (Note 8)	**269**	93
Lease expenses (Note 10)		
- Short-term leases	**68**	1
Total amount recognised in profit or loss	**1,098**	365

(d) ***Total cash outflow***

The Group had total cash outflows for leases of $947,000 (2021: $316,000).

(e) ***Extension options***

The Group has several lease contracts that include extension options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension options are reasonably certain to be exercised (Note 5).

The Group as a lessor

Nature of the Group's leasing activities - Group as a lessor

The Group leased out certain space of its clinic premises to non-related parties for monthly lease payments. The lease is classified as an operating lease because the risk and rewards incidental to ownership of the assets are not substantially transferred.

Rental income from lease of certain space of its clinic premises to non-related parties are disclosed in Note 7(b).

15. Goodwill

	Group	
	2022 $'000	2021 $'000
At 1 April 2021/28 April 2020 (date of incorporation)	**11,786**	–
Acquisition of subsidiaries	**8,395**	11,786
At 31 March 2022/31 March 2021	**20,181**	11,786

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LYC Medicare (Singapore) Pte. Ltd. and its subsidiaries

15. Goodwill (cont'd)

Goodwill arose from the acquisition of T & T Medical Group Pte. Ltd. ("T & T"), HC Orthopaedic Surgery Pte. Ltd. ("HCOS"), Aqurate Ingredients Intl (M) Sdn. Bhd. ("Aqurate") and Microbiome Intl (M) Sdn. Bhd. ("Microbiome"), which operate in the clinic and specialist services and nutraceutical supplements and ingredients segments.

Goodwill is assessed at each reporting date regardless of any indication of impairment by comparing the carrying amount with the recoverable amount of each cash generating units ("CGUs").

The recoverable amount of CGUs has been determined based on value-in-use calculations using cash flows projection from financial budgets and forecasts approved by management covering a five-year period. Cash flows beyond five-year period are extrapolated.

Key assumptions used in value-in-use calculation

The following describes each key assumptions for which management has based its five-year cash flows projections to undertake the impairment testing of goodwill:

	Average growth rate in revenue %	**Terminal value growth rate %**	**Discount rate (pre-tax) %**
2022			
Clinical and specialist services			
- T & T	**14**	**1.5**	**10**
- HCOS	**12**	**1.5**	**10**
Nutraceutical supplements and ingredients	**13**	**–**	**21**
2021			
Clinical and specialist services			
- T & T	14	–	11
- HCOS	11	–	9

The calculations of value-in-use for the cash-generating units are most sensitive to the following assumptions:

Average growth rate in revenue - Average growth rate in revenue was projected taking into account the historical growth levels and the estimated sales volume based on the business plan in place for the next five years.

Terminal value growth rates - The terminal value growth rates are based on published industry research and do not exceed the long-term average growth rate for the industries relevant to the CGUs.

Discount rate (pre-tax) - Pre-tax discount rate based on the industry weighted average cost of capital of the CGU. The discount rate applied to the cash flow projections is pre-tax and reflects estimate of the risk specific to the CGU at the date of assessment.

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LYC Medicare (Singapore) Pte. Ltd. And its subsidiaries

15. Goodwill (cont'd)

Based on the annual impairment testing undertaken by the Group, no impairment losses were required for the carrying amount of the goodwill assessed as their recoverable amounts were in excess of their carrying amounts.

Based on the sensitivity analysis performed, the Group believes that there is no reasonably possible change in key assumptions that would cause the carrying amounts of the CGUs to exceed their recoverable amounts.

16. Investment in subsidiaries

	Company	
	2022	2021
	$'000	$'000
HC Orthopaedic Surgery Pte. Ltd.	**7,293**	–
T & T Medical Group Pte. Ltd.	**6,936**	–
LYC Nutrihealth Sdn. Bhd.	**11,900**	–
	26,129	–

(a) Composition of the Group

Details of subsidiaries are:

Name of subsidiary	Country of incorporation	Principal business activities	Effective equity interest of the Company	
			2022	2021
			%	%
Subsidiaries held by the Company				
T & T Medical Group Pte. Ltd.[(1)]	Singapore	Medical services	**51**	51
HC Orthopaedic Surgery Pte. Ltd.[(1)]	Singapore	Medical services	**51**	51
LYC Nutrihealth Sdn. Bhd.[(2)*]	Malaysia	Investment holding	**100**	–
Subsidiaries held by LYC Nutrihealth Sdn Bhd				
Aqurate Ingredients Intl (M) Sdn. Bhd.[(2)*]	Malaysia	Supply of food ingredients and pharmaceutical and cosmeceutical products	**70**	–
Microbiome Intl (M) Sdn. Bhd.[(2)*]	Malaysia	Research and development of food and health ingredients	**70**	–

(1) Audited by Baker Tilly TFW LLP.
(2) Audited by Baker Tilly Malaysia.
* Acquired during the financial year.

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LYC Medicare (Singapore) Pte. Ltd. And its subsidiaries

16. Investment in subsidiaries (cont'd)

(a) Composition of the Group (cont'd)

(i) Acquisition of subsidiaries under common control – HC Orthopaedic Surgery Pte. Ltd. ("HCOS") and T & T Medical Group Pte. Ltd. ("T & T")

As disclosed in Note 2 to the financial statements, the Group has acquired 51% shareholding in HC Orthopaedic Pte. Ltd. ("HCOS") and T & T Medical Group Pte. Ltd. ("T & T") under common control from its immediate holding company, LYC Medicare Sdn. Bhd. using pooling of interest method on 24 December 2021. The acquisition was completed in January 2022 ("acquisition date").

T & T and HCOS are primarily engaged in the provision of general medical and specialised medical services, particularly in the chronic disease and osteoporosis segments. As a result of the acquisitions, T & T and HCOS will expand the Group's healthcare service offerings by leveraging on T & T's and HCOS's expertise and experience in the medical field. Further, the Group expects to reap business synergy between HCOS and T & T.

The financial statements of the Group have been prepared to reflect the operations of the combining entities as a single economic enterprise and consist of those companies under common control during the financial period from 28 April 2020 (date of incorporation) to 31 March 2021. The effective date of acquisition of HCOS and T & T by LYC Medicare Sdn. Bhd. were on 2 December 2020 and 13 November 2020 respectively.

The consideration transferred on acquisition date is disclosed in Note 2(b) and (c).

Fair values of identifiable assets and liabilities of HCOS and T & T at acquisition date

	HCOS $'000	T & T $'000	Group $'000
Property, plant and equipment	15	497	512
Right-of-use assets	105	5,362	5,467
Trade and other receivables*	811	382	1,193
Inventories	50	101	151
Amount due from a non-controlling/ director of a subsidiary	–	5,986	5,986
Cash and cash equivalents	1,089	771	1,860
Trade and other payables	(479)	(1,205)	(1,684)
Borrowings	(107)	(8,854)	(8,961)
Provision for restoration costs	–	(106)	(106)
Deferred tax liabilities	–	(20)	(20)
Tax payable	(382)	(106)	(488)
Total identifiable net assets acquired by LYC Medicare Sdn. Bhd.	1,102	2,808	3,910
Less: Non-controlling interest measured at the non-controlling's proportionate share of subsidiary's net assets	(541)	(1,375)	(1,916)
Net identifiable assets acquired	561	1,433	1,994
Goodwill (Note 15)	6,375	5,411	11,786
Total consideration paid/payable by LYC Medicare Sdn. Bhd.	6,936	6,844	13,780
Merger reserve (Note 27)	–	449	449
Total consideration transferred	6,936	7,293	14,229

* The trade receivables of HCOS comprise gross contractual amounts of $779,000, of which $30,000 were expected to be uncollectible at acquisition date.

11. AUDITED FINANCIAL STATEMENTS OF LYCSG FOR THE FYE 31 MARCH 2022 TOGETHER WITH THE NOTES AND THE AUDITORS' REPORT

16. Investment in subsidiaries (cont'd)

(a) Composition of the Group (cont'd)

(i) Acquisition of subsidiaries under common control – HC Orthopaedic Surgery Pte. Ltd. ("HCOS") and T & T Medical Group Pte. Ltd. ("T & T") (cont'd)

Effect on cash flows of the Group

	HCOS $'000	T & T $'000	Group $'000
Total consideration transferred	6,936	7,293	14,229
Less: Non-cash consideration	(6,936)	(7,293)	(14,229)
Less: Cash and cash equivalents in subsidiaries acquired	(1,089)	(771)	(1,860)
Net cash inflow from acquisition of subsidiaries	(1,089)	(771)	(1,860)

Contingent consideration arrangement

As part of the Share Sale Agreement, the Vendors of HCOS and T & T provided a profit guarantee on a cumulative basis over the three financial years up to the financial year ending 31 March 2024, with average profit guarantee of $1,700,000 and $1,300,000 respectively per financial year. No contingent consideration asset was recognised as the directors believe that the profit guaranteed is achievable.

Goodwill

The acquired subsidiaries are involved in the clinical and specialist services. The goodwill of $11,786,000 is attributable to business synergies expected to arise to the Group after the acquisition as disclosed above.

Revenue and profit contribution

The acquired subsidiaries contributed revenue of $3,259,000 and net profit of $719,000 to the Group for the financial period from 1 December 2020 to 31 March 2021. If the acquisition had occurred on 28 April 2020, the Group revenue from 29 April 2020 to 31 March 2021 would have been $8,807,000 and total profit would have been $2,393,000.

(ii) Acquisition of subsidiaries – Aqurate and Microbiome

On 28 September 2021, the Group, through its subsidiary, LYC Nutrihealth Sdn. Bhd., completed the acquisition of the 70% of issued and paid-up share capital of Aqurate Ingredients Intl (M) Sdn. Bhd. ("Aqurate") and Microbiome Intl (M) Sdn. Bhd. ("Microbiome") for a total consideration of RM36,400,000 and RM28,000 respectively (approximately $11,809,000 and $91,000 respectively).

Aqurate and Mircobiome are primarily engaged in product formulation, research and development and supply of functional food ingredients, and the provision of innovative solutions to the foods and beverages, nutraceutical, pharmaceutical, healthcare and cosmeceutical industry. As a result of the acquisitions, Aqurate and Mircobiome will expand the Group's healthcare service offerings by leveraging on Aqurate's and Microbiome's expertise and experience in the nutraceutical field. Further, the Group expects to reap business synergy such as being able to complement one another's knowledge and resources to develop new pharmaceutical and/or nutraceutical products, as well as creating cross-selling opportunities.

11. AUDITED FINANCIAL STATEMENTS OF LYCSG FOR THE FYE 31 MARCH 2022 TOGETHER WITH THE NOTES AND THE AUDITORS' REPORT

LYC Medicare (Singapore) Pte. Ltd. And its subsidiaries

16. Investment in subsidiaries (cont'd)

(a) Composition of the Group (cont'd)

(ii) Acquisition of subsidiaries – Aqurate and Microbiome (cont'd)

The acquisition of Aqurate and Microbiome is part of the Group's plan to diversify into the nutraceutical supplements and ingredients business and present new growth opportunities for the Group.

Fair values of identifiable assets and liabilities of Aqurate and Microbiome at acquisition date

	Aqurate $'000	Microbiome $'000	Group $'000
Property, plant and equipment	2,057	5	2,062
Trade and other receivables	393	–	393
Prepayments	311	–	311
Inventories	1,541	–	1,541
Cash and cash equivalents	1,600	37	1,637
Trade and other payables	(204)	–	(204)
Contract liabilities	(517)	–	(517)
Deferred tax liabilities	(106)	–	(106)
Tax payable	(110)	–	(110)
Total identifiable net assets acquired by LYC Nutrihealth Sdn. Bhd.	4,965	42	5,007
Less: Non-controlling interest measured at the non-controlling's proportionate share of subsidiary's net assets	(1,490)	(12)	(1,502)
Net identifiable assets	3,475	30	3,505
Goodwill (Note 15)	8,334	61	8,395
Total consideration paid/payable by LYC Nutrihealth Sdn. Bhd.	11,809	91	11,900

Effect on cash flows of the Group

	Aqurate $'000	Microbiome $'000	Group $'000
Total consideration transferred	11,809	91	11,900
Less: Non-cash consideration	(11,809)	(91)	(11,900)
Less: Cash and cash equivalents in subsidiaries acquired	(1,600)	(37)	(1,637)
Net cash inflow from acquisition of subsidiaries	(1,600)	(37)	(1,637)

11. AUDITED FINANCIAL STATEMENTS OF LYCSG FOR THE FYE 31 MARCH 2022 TOGETHER WITH THE NOTES AND THE AUDITORS' REPORT

16. Investment in subsidiaries (cont'd)

(a) Composition of the Group (cont'd)

(ii) Acquisition of subsidiaries – Aqurate and Microbiome (cont'd)

Contingent consideration arrangement

As part of the Share Sale Agreement, the Vendors of Aqurate provided a profit guarantee on a cumulative basis over the three financial years up to the financial year ending 31 March 2024, which translated to an average profit guarantee of RM6,500,000 (approximately $2,092,000) per financial year. No contingent consideration asset was recognised as the directors believe that the profit guaranteed is achievable.

Goodwill

The acquired subsidiaries are involved in the nutraceutical supplements and ingredients business services. The goodwill of $8,395,000 is attributable to business synergies expected to arise to the Group after the acquisition as disclosed above.

Revenue and profit contribution

The acquired subsidiaries contributed revenue of $5,027,000 and net profit of $1,093,000 to the Group for the financial period from 1 October 2021 to 31 March 2022. If the acquisition had occurred on 1 April 2021, the Group revenue would have been $21,200,000 and total profit would have been $4,357,000.

(b) Summarised financial information of subsidiaries with material non-controlling interests ("NCI")

The Group has the following subsidiaries that have NCI that are considered by management to be material to the Group:

Name of subsidiary	**Country of incorporation**	**Principal business activities**	**Ownership interests held by NCI**	
			2022	2021
			%	%
Subsidiaries held by the Company				
T & T Medical Group Pte. Ltd.	Singapore	Medical services	**49**	49
HC Orthopaedic Surgery Pte. Ltd.	Singapore	Medical services	**49**	49
Subsidiaries held by LYC Nutrihealth Sdn. Bhd.				
Aqurate Ingredients Intl (M) Sdn. Bhd.	Malaysia	Supply of food ingredients and pharmaceutical and cosmeceutical products	**30**	–
Microbiome Intl (M) Sdn. Bhd.	Malaysia	Research and development of food and health ingredients	**30**	–

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LYC Medicare (Singapore) Pte. Ltd. And its subsidiaries

16. Investment in subsidiaries (cont'd)

(b) Summarised financial information of subsidiaries with material non-controlling interests ("NCI") (cont'd)

The following are the summarised financial information of each of the Group's subsidiaries with NCI that are considered by management to be material to the Group. This financial information includes consolidation adjustments but before inter-company eliminations.

Summarised Statements of Comprehensive Income

	HCOS		T & T	
	1.4.2021 to 31.3.2022 $'000	28.4.2020 to 31.3.2021 $'000	**1.4.2021 to 31.3.2022 $'000**	28.4.2020 to 31.3.2021 $'000
Revenue	**6,495**	1,876	**4,527**	1,383
Profit before tax	**2,207**	621	**983**	199
Income tax expense	**(373)**	(84)	**(138)**	(17)
Total comprehensive income	**1,834**	537	**845**	182
Profit allocated to NCI	**899**	263	**414**	89
Dividends paid to NCI	**(735)**	–	–	–

	Aqurate 1.4.2021 to 31.3.2022 $'000	**Microbiome 1.4.2021 to 31.3.2022 $'000**
Revenue	**5,026**	1
Profit/(loss) before tax	**1,561**	(6)
Income tax (expense)/credit	**(465)**	3
Total comprehensive income/(loss)	**1,096**	(3)
Profit/(loss) allocated to NCI	**329**	(1)

Summarised Statements of Financial Position

	HCOS		T & T	
	2022 $'000	2021 $'000	**2022 $'000**	2021 $'000
Non-current assets	**25**	86	**5,516**	8,716
Current assets	**3,222**	2,717	**4,548**	1,206
Non-current liabilities	**–**	–	**(4,480)**	(4,934)
Current liabilities	**(1,272)**	(1,162)	**(1,751)**	(2,000)
Net assets	**1,975**	1,641	**3,833**	2,988
Net assets attributable to NCI	**968**	804	**1,878**	1,464

11. AUDITED FINANCIAL STATEMENTS OF LYCSG FOR THE FYE 31 MARCH 2022 TOGETHER WITH THE NOTES AND THE AUDITORS' REPORT

LYC Medicare (Singapore) Pte. Ltd. And its subsidiaries

16. Investment in subsidiaries (cont'd)

(b) Summarised financial information of subsidiaries with material non-controlling interests ("NCI") (cont'd)

Summarised Statements of Financial Position (cont'd)

	Aqurate 2022 $'000	Microbiome 2022 $'000
Non-current assets	2,347	4
Current assets	4,508	36
Non-current liabilities	(175)	–
Current liabilities	(643)	(1)
Net assets	**6,037**	**39**
Net assets attributable to NCI	**1,811**	**12**

Summarised Statements of Cash Flows

	HCOS		T & T	
	1.4.2021 to 31.3.2022 $'000	28.4.2020 to 31.3.2021 $'000	**1.4.2021 to 31.3.2022 $'000**	28.4.2020 to 31.3.2021 $'000
Cash flows from operating activities	**1,469**	395	**1,332**	100
Cash flows used in investing activities	**(1)**	(8)	**(456)**	(20)
Cash flows used in financing activities	**(1,571)**	(35)	**(790)**	(326)
Net (decrease)/increase in cash and cash equivalents	**(103)**	352	**86**	(246)

	Aqurate 1.4.2021 to 31.3.2022 $'000	Microbiome 1.4.2021 to 31.3.2022 $'000
Cash flows from operating activities	2,195	10
Cash flows used in investing activities	(333)	–
Cash flows used in financing activities	(1,537)	–
Net increase in cash and cash equivalents	**325**	**10**

The summarised statements of comprehensive income and summarised statements of cash flows information for HCOS and T & T disclosed above are for financial year ended 31 March 2022 and the financial period from 1 December 2020 to 31 March 2021.

The summarised statements of comprehensive income and summarised statements of cash flows information for Aqurate and Microbiome disclosed above are for period from 1 October 2021 to 31 March 2022.

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LYC Medicare (Singapore) Pte. Ltd. And its subsidiaries

17. Amount due from a non-controlling shareholder/director of a subsidiary

The amount due from a non-controlling shareholder/director of a subsidiary is non-trade in nature, unsecured and repayable on demand (2021: receivable by 2025) and expected to be settled in cash. The amount bears interest based on the respective interest rates incurred for the borrowings as disclosed in Note 23. In 2021, an amount of $2,904,000 was settled by the non-controlling shareholder/director of a subsidiary by way of repaying a term loan on behalf of the subsidiary.

18. Inventories

Inventories comprise consumables and medical supplies.

	Group	
	2022	2021
	$'000	$'000
Nutraceutical supplements and ingredients	**1,580**	–
Clinical products	**204**	139
	1,784	139
Recognised in profit and loss:		
Allowance for slow moving inventories (Note 10)	**4**	–

During the financial year ended 31 March 2022, the amounts of inventories recognised as an expense in the cost of sales of the Group were $4,871,000 (2021: $663,000).

19. Trade and other receivables

	Group	
	2022	2021
	$'000	$'000
Trade receivables – third parties	**2,384**	1,176
Less: Loss allowance – third parties	**(34)**	(28)
	2,350	1,148
Deposits	**575**	437
Other receivables	**1**	70
	2,926	1,655

Expected credit losses

The movement in allowance for expected credit losses of trade receivables and computed based on life-time ECL are as follows:

	Group	
	1.4.2021 to 31.3.2022	28.4.2020 to 31.3.2021
	$'000	$'000
At 1 April 2021/28 April 2020 (date of incorporation)	**28**	–
Acquisition of subsidiaries	–	30
Charge for the financial year/period	**6**	–
Write-back for the financial year/period	–	(2)
At 31 March 2022/31 March 2021	**34**	28

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LYC Medicare (Singapore) Pte. Ltd. And its subsidiaries

20. Cash and short-term deposits

	Group		Company	
	2022	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000
Bank and cash balances	**2,707**	1,966	**11**	–
Fixed deposits placed with a licensed bank	**1,413**	–	–	–
Cash and short-term deposits as per statements of financial position	**4,120**	1,966	**11**	–

21. Trade and other payables

	Group		Company	
	2022	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000
Trade payables				
- Third parties	**1,207**	890	–	–
Accrued operating expenses	**387**	542	**9**	4
Other payables	**57**	126	**10**	–
Goods and services tax ("GST") payables	**89**	108	–	–
Deposits received	**24**	80	–	–
Amount due to a director	**56**	–	–	–
	1,820	1,746	**19**	4

Amount due to a director is non-trade in nature, unsecured, non-interest bearing and repayable on demand.

22. Amount due to related parties

	Group		Company	
	2022	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000
Amount due to:				
Ultimate holding company	**281**	–	**43**	–
Immediate holding company	**429**	1	**383**	1
Other related parties	**93**	–	**37**	–
	803	1	**463**	1

The amount due to ultimate holding company, immediate holding company and other related parties are non-trade in nature, unsecured, non-interest bearing and repayable on demand.

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LYC Medicare (Singapore) Pte. Ltd. and its subsidiaries

22. Amount due to related parties (cont'd)

Reconciliation of movements of liabilities to cash flows arising from financing activities:

	Amount due to ultimate holding company $'000	Amount due to immediate holding company $'000	Amount due to other related parties $'000	Total $'000
Group				
At 28 April 2020 (date of incorporation)	–	–	–	–
Changes from financing cash flows:				
- Advances from	–	–	1	1
At 31 March 2021	–	–	1	1
Changes from financing cash flows:				
- Advances from	281	429	92	802
At 31 March 2022	**281**	**429**	**93**	**803**

23. Borrowings

	Group 2022 $'000	Group 2021 $'000
Current		
Term loans	**84**	219
Lease liabilities	**642**	686
	726	905
Non-current		
Term loans	**–**	116
Lease liabilities	**4,364**	4,698
	4,364	4,814
Total borrowings		
Term loans	**84**	335
Lease liabilities	**5,006**	5,384
	5,090	5,719

11. AUDITED FINANCIAL STATEMENTS OF LYCSG FOR THE FYE 31 MARCH 2022 TOGETHER WITH THE NOTES AND THE AUDITORS' REPORT

LYC Medicare (Singapore) Pte. Ltd. and its subsidiaries

23. Borrowings (cont'd)

(a) Term loans

The Group's term loans bear interest at rates ranging from 5.15% to 6.75% (2021: 5.15% to 6.75%) per annum.

The term loans are secured by personal guarantee by a director of a subsidiary.

Based on discounted cash flows using market lending rate for similar borrowings which the management expects would be available to the Group at the end of the reporting date, the fair values of the non-current term loans at the end of the reporting date approximate their carrying value as there are no significant changes in the interest rates available to the Group at the end of the reporting date. This fair value measurement for disclosure purposes is 53ategorized in Level 3 of the fair value hierarchy.

(b) Reconciliation of liabilities arising from financing activities

Reconciliation of movements of liabilities to cash flows arising from financing activities:

	Term loans $'000	Lease liabilities $'000	Total $'000
Group			
At 28 April 2020 (date of incorporation)	–	–	–
Changes from financing cash flows:			
- Repayments (principal portion)	(116)	(222)	(338)
- Interest paid	(24)	(93)	(117)
Non-cash changes:			
- Acquisition of subsidiaries	3,355	5,606	8,961
- Interest expense (Note 8)	24	93	117
- Transfer of borrowings (Note 17)	(2,904)	–	(2,904)
At 31 March 2021	335	5,384	5,719
Changes from financing cash flows:			
- Repayments (principal portion)	(251)	(610)	(861)
- Interest paid	(13)	(269)	(282)
Non-cash changes:			
- Interest expense (Note 8)	13	269	282
- Modification of lease liabilities	–	297	297
- Rent concessions	–	(65)	(65)
At 31 March 2022	**84**	**5,006**	**5,090**

During the financial period ended 31 March 2021, there was a transfer of term loans with an aggregate cost of approximately $2,904,000 from term loans to amount due from a non-controlling shareholder/director of a subsidiary.

11. AUDITED FINANCIAL STATEMENTS OF LYCSG FOR THE FYE 31 MARCH 2022 TOGETHER WITH THE NOTES AND THE AUDITORS' REPORT

LYC Medicare (Singapore) Pte. Ltd. and its subsidiaries

24. Provision for restoration costs

	Group	
	2022	2021
	$'000	$'000
Non-current liability:		
Provision for restoration costs	**116**	108

The movements in the provision for restoration costs are as follows:

	Group	
	2022	2021
	$'000	$'000
At 1 April 2021/28 April 2020 (date of incorporation)	**108**	–
Acquisition of subsidiaries	**–**	106
Accretion of interest	**8**	2
At 31 March 2022/31 March 2021	**116**	108

25. Deferred tax assets/(liabilities)

The movements in the deferred tax assets/(liabilities) are as follows:

	Group	
	2022	2021
	$'000	$'000
At 1 April 2021/28 April 2020 (date of incorporation)	**(12)**	–
Acquisition of subsidiaries	**(106)**	(20)
Tax (charged)/credited to profit or loss (Note 11)	**(22)**	8
Tax charged to other comprehensive income (Note 11)	**(6)**	–
Currency translation differences	**1**	–
At 31 March 2022/31 March 2021	**(145)**	(12)
Representing:		
Non-current		
Deferred tax assets	**30**	–
Deferred tax liabilities	**(175)**	(12)
	(145)	(12)

11. AUDITED FINANCIAL STATEMENTS OF LYCSG FOR THE FYE 31 MARCH 2022 TOGETHER WITH THE NOTES AND THE AUDITORS' REPORT

LYC Medicare (Singapore) Pte. Ltd. and its subsidiaries

25. Deferred tax assets/(liabilities) (cont'd)

The following are the major deferred tax liabilities recognised by the Group and the movements thereon, during the current and prior reporting periods.

	Consolidated statements of financial position		Recognised in profit or loss		Recognised in other comprehensive income	
	2022	2021	**1.4.2021 to 31.3.2022**	28.4.2020 to 31.3.2021	**1.4.2021 to 31.3.2022**	28.4.2020 to 31.3.2021
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Deferred tax relates to:						
Accelerated tax depreciation	**249**	73	**(71)**	–	**–**	–
Revaluation of freehold land and buildings	**6**	–	**–**	–	**(6)**	–
Leases	**(59)**	(43)	**16**	8	**–**	–
Provisions	**(51)**	(18)	**33**	–	**–**	–
Net deferred tax liabilities	**145**	12				
Income tax (expense)/ credit			**(22)**	8	**(6)**	–

26. Share capital

Ordinary shares

	Number of shares		Issued share capital	
	2022	2021	**2022**	2021
	'000	'000	**$'000**	$'000
Issued and paid up				
At 1 April 2021/28 April 2020 (date of incorporation) [1]	1	1	1	1
Issuance of ordinary shares[2]	26,129	–	26,129	1
At 31 March 2022/31 March 2021	**26,130**	1	**26,130**	1

(1) As at the date of incorporation, the Company's issued and paid-up share capital was $1,000 comprising 1,000 ordinary shares.

(2) During the financial period, the Company issued and allotted 26,129,000 ordinary shares for $26,129,000 pursuant to the acquisition of subsidiaries as disclose in Note 16.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction. The ordinary shares have no par value.

11. AUDITED FINANCIAL STATEMENTS OF LYCSG FOR THE FYE 31 MARCH 2022 TOGETHER WITH THE NOTES AND THE AUDITORS' REPORT

LYC Medicare (Singapore) Pte. Ltd. and its subsidiaries

27. Merger reserve

Merger reserve represents the difference between the consideration transferred and the share capital of the subsidiaries under common control accounted for by applying the pooling of interest method.

28. Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

29. Asset revaluation reserve

The asset revaluation reserve represents increases in the fair value of freehold land and buildings of the Group, net of tax, and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in other comprehensive income.

30. Dividends

	1.4.2021 to 31.3.2022 $'000	28.4.2020 to 31.3.2021 $'000
Declared and paid during the financial year/period:		
Dividends on ordinary shares:		
Interim exempt (one-tier) dividend of $10 (2021: Nil) per share paid in respect of the financial year ended 31 March 2022		
- Paid by the subsidiary to owners of the Company	**765**	–
- Paid by the subsidiary to non-controlling interests	**735**	–
	1,500	–

31. Related party transactions

(a) Identity of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operational decisions, or vice versa, or where the Group and the party are subject to common control. Related parties may be individuals or other entities.

Related parties of the Group include:

(i) Subsidiaries;
(ii) Joint venture;
(iii) Associate;
(iv) Non-controlling shareholder/director of subsidiary;
(v) Company in which a controlling shareholder of the company has substantial financial interests; and
(vi) Key management personnel which comprise persons (including the directors of the Company) having the authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly.

11. AUDITED FINANCIAL STATEMENTS OF LYCSG FOR THE FYE 31 MARCH 2022 TOGETHER WITH THE NOTES AND THE AUDITORS' REPORT

LYC Medicare (Singapore) Pte. Ltd. and its subsidiaries

31. Related party transactions (cont'd)

(b) Related party transactions

The transactions took place between the Group and related parties, who are not members of the Group during the financial year/period on terms agreed by the parties concerned are disclosed in Notes 7a, 8, 16(a)(i) and 16(a)(ii).

(c) Key management personnel compensation

As disclosed in Note 9 to the financial statements, total key management personnel compensation is analysed as follows:

	Group	
	1.4.2021 to 31.3.2022 $'000	28.4.2020 to 31.3.2021 $'000
Comprise amounts paid to:		
Directors of the Company	**730**	263
Other key management personnel	**942**	277
	1,672	540

32. Financial instruments

(a) Categories of financial instruments

Financial instruments at their carrying amounts at reporting date are as follows:

	Group		Company	
	2022 $'000	2021 $'000	**2022 $'000**	2021 $'000
Financial assets				
At amortised cost	**10,209**	6,717	**11**	–
Financial liabilities				
At amortised cost	**2,618**	1,974	**482**	5

11. AUDITED FINANCIAL STATEMENTS OF LYCSG FOR THE FYE 31 MARCH 2022 TOGETHER WITH THE NOTES AND THE AUDITORS' REPORT

LYC Medicare (Singapore) Pte. Ltd. and its subsidiaries

32. Financial instruments (cont'd)

(b) Financial risk management

The Group's activities are exposed to a variety of financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, interest rate risk and liquidity risk. The Group's overall risk management strategy seeks to minimise adverse effects from these financial risks on the Group's financial performance. The policies for managing each of these risks are summarised below. The directors review and agree policies and procedures for the management of these risks.

There has been no change to the Group's exposure to these financial risks or the manner in which the Group manages and measures financial risk.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

Credit exposure to an individual counterparty is restricted by credit limits that are approved by the directors based on ongoing credit evaluation. The counterparty's payment profile and credit exposure are continuously monitored at the entity level by the respective management and at the Group level by the directors.

As the Group does not hold any collateral, the maximum exposure to credit risk is the carrying amount of each class of financial instruments presented on the statements of financial position.

The following sets out the Group's internal credit evaluation practices and basis for recognition and measurement of expected credit losses ("ECL"):

Description of evaluation of financial assets	**Basis for recognition and measurement of ECL**
Counterparty has a low risk of default and does not have any past due amounts	12-month ECL
Contractual payments are more than 30 days past due or where there has been a significant increase in credit risk since initial recognition	Lifetime ECL - not credit-impaired
Contractual payments are more than 90 days past due or there is evidence of credit impairment	Lifetime ECL - credit-impaired
There is evidence indicating that the Group has no reasonable expectation of recovery of payments such as when the debtor has been placed under liquidation or has entered into bankruptcy proceedings	Write-off

Significant increase in credit risk

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial asset as at the reporting date with the risk of a default occurring on the financial asset as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information, such as future economic and industry outlook that is available without undue cost or effort.

11. AUDITED FINANCIAL STATEMENTS OF LYCSG FOR THE FYE 31 MARCH 2022 TOGETHER WITH THE NOTES AND THE AUDITORS' REPORT

32. Financial instruments (cont'd)

(b) Financial risk management (cont'd)

Credit risk (cont'd)

Significant increase in credit risk (cont'd)

In particular, the Group considers the following information when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the operating results/key financial performance ratios of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Regardless of the evaluation of the above factors, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group also assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if it has an internal or external credit rating of "investment grade" as per globally understood definition, or the financial asset has a low risk of default; the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

Definition of default

The Group has determined the default events on a financial asset to be when there is evidence that the borrower is experiencing liquidity issues or when there is a breach of contract, such as a default of payment.

The Group considers the above as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred such as evidence that the borrower is in significant financial difficulty, there is a breach of contract such as default or past due event; there is information that it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for that financial asset because of financial difficulties; or the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

11. AUDITED FINANCIAL STATEMENTS OF LYCSG FOR THE FYE 31 MARCH 2022 TOGETHER WITH THE NOTES AND THE AUDITORS' REPORT

32. Financial instruments (cont'd)

(b) Financial risk management (cont'd)

Credit risk (cont'd)

Trade receivables and contract assets

The Group had applied the simplified approach to measure the lifetime expected credit loss ("ECL") allowance for trade receivables and contract assets. Under the simplified approach, for trade receivables and contract assets that do not contain a significant financing component, the loss allowance is measured at initial recognition and throughout the life of the receivable and contract assets at an amount equal to lifetime ECL.

The Group estimates the expected credit loss rates for each category of past due status of the debtors based on historical credit loss experience adjusted as appropriate to reflect current conditions and forecasts of future economic conditions affecting the ability of the customers to settle the receivables. In view of the current COVID-19 pandemic, the Group has considered the impact of the pandemic on the performance and liquidity of its trade receivables and contract assets and in particular, whether there are significant decline in the repayment ability of its debtors. There has been no change in the estimation techniques or significant assumptions made during the current financial year.

Information regarding loss allowance movement of trade receivables is disclosed in Note 19.

Concentration risk of credit risk

The Group has no significant concentration of credit risk except for the amount due from a non-controlling shareholder/director of a subsidiary.

Other receivables

The Group assessed the latest performance and financial position of the counterparties, adjusted for the future outlook of the industry in which the counterparties operate in and concluded that there has been no significant increase in the credit risk since the initial recognition of the financial assets. Accordingly, the Group measured the impairment loss allowance using 12-month ECL and determined that the ECL is insignificant.

Interest rate risk

The Group's exposure to interest rate risk arises primarily from amount due from a non-controlling shareholder/director of a subsidiary, deposit placed with licensed banks and borrowings as shown in Notes 17, 20 and 23 respectively. The deposit placed with licensed banks, amount due from a non-controlling shareholder/director of a subsidiary and borrowings at fixed rates expose the Group to fair value interest rate risk (i.e. the risk that the value of a financial instrument will fluctuate due to changes in market rates). The Group's policy is to obtain most favourable interest rate available whenever the Group obtains additional financing through borrowings. The Group does not utilise derivatives to mitigate its interest rate risk.

The Group's income and operating cash flows are substantially independent of changes in market interest rates as the Group has no significant interest-bearing assets and liabilities except for the amount due from a non-controlling shareholder/director of a subsidiary and borrowings issued at fixed rate as disclosed in Notes 17 and 23 respectively.

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LYC Medicare (Singapore) Pte. Ltd. and its subsidiaries

32. Financial instruments (cont'd)

(b) Financial risk management (cont'd)

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities. In managing its liquidity, management monitors and reviews the Group's forecasts of liquidity reserves (comprise cash and cash equivalents and available credit facilities) based on expected cash flows of the respective operating companies of the Group.

The table below summarises the maturity profile of the Group's non-derivative financial liabilities at the reporting date based on contractual undiscounted repayment obligations.

	1 year or less $'000	Within 2 to 5 years $'000	Over 5 years $'000	Total $'000
Group				
2022				
Trade and other payables	**1,731**	–	–	**1,731**
Amount due to related parties	**803**	–	–	**803**
Term loans	**86**	–	–	**86**
Lease liabilities	**883**	**3,531**	**1,518**	**5,932**
	3,503	**3,531**	**1,518**	**8,552**
2021				
Trade and other payables	1,638	–	–	1,638
Amount due to related parties	1	–	–	1
Term loans	232	121	–	353
Lease liabilities	944	3,531	1,969	6,444
	2,815	3,652	1,969	8,436

11. AUDITED FINANCIAL STATEMENTS OF LYCSG FOR THE FYE 31 MARCH 2022 TOGETHER WITH THE NOTES AND THE AUDITORS' REPORT

LYC Medicare (Singapore) Pte. Ltd. and its subsidiaries

32. Financial instruments (cont'd)

(b) Financial risk management (cont'd)

Liquidity risk (cont'd)

	1 year or less $'000
Company	
2022	
Trade and other payables	**19**
Amount due to related parties	**463**
	482
2021	
Trade and other payables	4
Amount due to related parties	1
	5

33. Fair values of assets and liabilities

(a) ***Fair value hierarchy***

The tables below analyse the fair value measurements by the levels in the fair value hierarchy based on the inputs to the valuation techniques. The different levels are defined as follows:

a) Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
b) Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (i.e. derived from prices); and
c) Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(b) ***Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value***

These are current trade and other receivables, trade and other payables, amount due from a non-controlling shareholder/director of a subsidiary, amount due to related parties and current borrowings. The carrying amounts of these financial assets and financial liabilities at amortised cost are reasonable approximation of fair values due to their short-term maturity of these financial instruments.

11. AUDITED FINANCIAL STATEMENTS OF LYCSG FOR THE FYE 31 MARCH 2022 TOGETHER WITH THE NOTES AND THE AUDITORS' REPORT

33. Fair values of assets and liabilities (cont'd)

(c) *Determination of fair values*

Freehold land and buildings

The basis of determining fair values for disclosure at the end of the reporting period is disclosed in Note 13 to the financial statements.

Non-current borrowings

The basis of determining fair values for disclosure at the end of the reporting period is disclosed in Note 23 to the financial statements.

34. Segment information

The Group prepared the following segment information in accordance with SFRS(I) 8 *Operating Segments* based on the internal reports that are regularly reviewed by the Group Managing Director for the purpose of making decisions about resource allocation and performance assessment.

(a) General information

The information reported to the Group Managing Director to make decisions about resources to be allocated and for assessing their performance is based on business segments.

(b) Measurement of reportable segments

Segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the combined financial statements.

Transactions between reportable segments are measured on the basis that is similar to those external customers.

Segment profit represents profit before tax earned by each segment. There are no significant changes from prior financial period in the measurement methods used to determine reported segment statements of comprehensive income.

All the Group's assets and liabilities are allocated to reportable segments.

The Group is categorised into three major business segments:

- Corporate
- Clinical and specialist services
- Nutraceutical and supplements ingredients

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34. Segment information (cont'd)

(c) The segment information provided to the management for the reportable segments are as follows:

	Corporate $'000	Clinical and specialist services $'000	Nutraceutical supplements and ingredients $'000	Elimination $'000	Total $'000
2022					
Segment revenue					
- Sales to external customers	–	11,021	5,027	(1)	16,047
Total revenue	**–**	**11,021**	**5,027**	**(1)**	**16,047**
Segment profit	**(463)**	**3,190**	**1,269**	–	**3,996**
Other items					
- Bad debts written off	–	48	–	–	**48**
- Interest income	–	–	(11)	–	**(11)**
- Depreciation of property, plant and equipment	–	106	13	–	**119**
- Write-off of property, plant and equipment	–	–	4	–	**4**
- Depreciation of right-of-use assets	–	761	–	–	**761**
- Impairment loss on trade receivables	–	6	–	–	**6**
- Allowance for slow moving inventories	–	–	4	–	**4**
- Short-term lease expenses	–	58	10	–	**68**
- Finance costs	–	304	1	–	**305**

11. AUDITED FINANCIAL STATEMENTS OF LYCSG FOR THE FYE 31 MARCH 2022 TOGETHER WITH THE NOTES AND THE AUDITORS' REPORT

34. Segment information (cont'd)

(c) The segment information provided to the management for the reportable segments are as follows (cont'd):

	Corporate $'000	Clinical and specialist services $'000	Nutraceutical supplements and ingredients $'000	Elimination $'000	Total $'000
2022 (cont'd)					
Segment assets	15	25,097	15,292	(1)	40,403
Total assets					**40,403**
Segment assets include:					
Additions to non-current assets	3	376	303	–	682
Segment liabilities	481	7,504	1,106	(1)	9,090
Total liabilities					**9,090**

11. AUDITED FINANCIAL STATEMENTS OF LYCSG FOR THE FYE 31 MARCH 2022 TOGETHER WITH THE NOTES AND THE AUDITORS' REPORT

34. Segment information (cont'd)

(c) The segment information provided to the management for the reportable segments are as follows (cont'd):

	Corporate $'000	Clinical and specialist services $'000	Nutraceutical supplements and ingredients $'000	Elimination $'000	Total $'000
2021					
Segment revenue					
- Sales to external customers	–	3,259	–	–	3,259
Total revenue	–	3,259	–	–	3,259
Segment profit	(6)	819	–	–	813
Other items					
- Interest income	–	(14)	–	–	(14)
- Depreciation of property, plant and equipment	–	31	–	–	31
- Depreciation of right-of-use assets	–	271	–	–	271
- Write-back of impairment loss on trade receivables	–	(2)	–	–	(2)
- Short-term lease expenses	–	1	–	–	1
- Finance costs	–	119	–	–	119

11. AUDITED FINANCIAL STATEMENTS OF LYCSG FOR THE FYE 31 MARCH 2022 TOGETHER WITH THE NOTES AND THE AUDITORS' REPORT

34. Segment information (cont'd)

(c) The segment information provided to the management for the reportable segments are as follows (cont'd):

	Corporate $'000	Clinical and specialist services $'000	Nutraceutical supplements and ingredients $'000	Elimination $'000	Total $'000
2021 (cont'd)					
Segment assets	–	24,510	–	–	24,510
Total assets					24,510
Segment assets include:					
Additions to non-current assets	–	28	–	–	28
Segment liabilities	5	8,096	–	–	8,101
Total liabilities					8,101

11. AUDITED FINANCIAL STATEMENTS OF LYCSG FOR THE FYE 31 MARCH 2022 TOGETHER WITH THE NOTES AND THE AUDITORS' REPORT

34. Segment information (cont'd)

Segment assets

The amounts provided to the management with respect to total assets are measured in a manner consistent with that of the financial statements. Management monitors the assets attributable to each segment for the purposes of monitoring segment performance and for allocating resources between segments. All assets are allocated to reportable segments.

Segment liabilities

The amounts provided to the management with respect to total liabilities are measured in a manner consistent with that of the financial statements. All liabilities are allocated to the reportable segments based on the operations of the segments.

(d) Geographical information

Revenue and non-current assets information based on the geographical locations of where the events are held and assets respectively are as follows:

	1.4.2021 to 31.3.2022 $'000	28.4.2020 to 31.3.2021 $'000
Revenue		
Singapore	**11,021**	3,259
Malaysia	**5,026**	–
	16,047	3,259

	2022 $'000	2021 $'000
Non-current assets		
Singapore	**25,663**	17,491
Malaysia	**2,383**	–
	28,046	17,491

Non-current assets information presented above consists of property, plant and equipment, right-of-use assets and goodwill as presented in the statements of financial position.

(e) Information about major customers

There is no major customer with revenue equal or more than 10% of the Group's total revenue during the financial year/period ended 31 March 2022 and 31 March 2021.

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35. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratio in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial year ended 31 March 2022 and the financial period from 28 April 2020 (date of incorporation) to 31 March 2021.

36. Capital commitments

Capital commitments not provided for in the financial statements:

	31 March 2022 $'000	31 March 2021 $'000
Capital commitments in respect of property, plant and equipment	**2,471**	–

37. Comparative figures

The financial statements for 2022 covered the financial year from 1 April 2021 to 31 March 2022. The financial statements for 2021 covered the financial period from 28 April 2020 (date of incorporation) to 31 March 2021. As such, the consolidated statements of comprehensive income, consolidated statements of changes in equity, consolidated statements of cash flows and related notes for the current financial year and the previous financial period are not comparable.

38. Authorisation of financial statements

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 March 2022 were authorised for issue in accordance with a resolution of the directors dated 24 August 2022.

FURTHER INFORMATION

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1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Board, and the Directors collectively and individually accept full responsibility for the accuracy of the information contained herein and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement herein misleading.

2. CONSENT

UOBKH, being the Principal Adviser to the Company for the Proposals, has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references thereto in the form and context in which they appear in this Circular.

ZICO Capital, being the Sponsor and Issue Manager appointed by LYCSG for the Proposed Listing, has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references thereto in the form and context in which they appear in this Circular.

3. DECLARATION OF CONFLICT OF INTERESTS

UOBKH has given its written confirmation that there is no situation of conflict of interests that exists or is likely to exist in relation to its role as the Principal Adviser for the Proposals.

4. MATERIAL COMMITMENT

Save as disclosed below, as at the LPD, the Board confirms that there are no material commitments incurred or known to be incurred by the Group which, may have a material impact on the financial results/position of the Group:-

	RM'000
Contracted but not provided for:-	
- Capital expenditure (mainly renovation, furniture, fittings and equipment)	489

5. CONTINGENT LIABILITIES

Save as disclosed below, as at the LPD, the Board confirms that there are no contingent liabilities incurred or known to be incurred by the Group which, upon becoming enforceable, may have a material impact on the financial results/position of the Group:-

Specific indemnity pursuant to the share purchase agreement dated 1 March 2022 entered into between LYCM and KIB in respect of the divestment by LYCM of 6,532,500 LYCSG Shares (representing 25% equity interest in LYCSG) for a disposal consideration of SGD12,918,466 ("**Disposal Consideration**") ("**SPA KIB**")

Pursuant to the SPA KIB, LYCM unconditionally and irrevocably undertakes to KIB that in the event of an Qualifying IPO (i.e. listing of LYCSG Shares on the Catalist Board), if KIB elects (at its sole and absolute discretion) to sell or otherwise dispose, whether in the open market or through a private placement sale, in a single tranche or a series of tranches of sales or otherwise, all of of the LYCSG Shares held by KIB as at the date of the put notice or in the event of an Qualifying IPO ("**Option Shares**") at any time within 24 calendar months from the Qualifying IPO approval date, LYCM shall, on demand, indemnify and reimburse KIB fully for any shortfall, i.e. Agreed Return less each and every sale price of the options shares received by LYCM.

"Agreed Return" means the aggregate of (a) the Disposal Consideration, (b) 6% of the Disposal Consideration, and (c) in the event that the Option Shares are sold to LYCM, any and all brokerage fees and charges.

At this juncture, the Board is unable to ascertain the total estimated liability that may accrue to LYC Group arising from the specific indemnity under SPA KIB, as such amount, if as and when incurred, would depend on a number of factors, including but not limited to, the general economic and stock market conditions, volatility on the trading of LYCSG Shares, and/or actual sale price of LYCSG Shares by KIB (if any).

6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 12th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor, during normal business hours from Mondays to Fridays (except public holidays) from the date of this Circular up to the date of the forthcoming EGM:-

(i) The constitution of LYC;

(ii) The constitution of LYCSG;

(iii) Audited consolidated financial statements of LYC Group for the past 2 financial years up to the FYE 31 March 2022 and the latest unaudited quarterly results of LYC Group for the 6-month FPE 30 September 2022;

(iv) Audited financial statements of LYCSG Group for the financial period from 28 April 2020 to 31 March 2021 and for the FYE 31 March 2022 and the latest unaudited financial statements of LYCSG Group for the 6-month FPE 30 September 2022;

(v) T&T Deed and HCOS Deed;

(vi) T&T SSA, HCOS SSA, T&T Swap Agreement, HCOS Swap Agreement and SPA KIB;

(vii) The letter of consent and declaration of conflict of interests referred to in Sections 2 and 3 above, respectively; and

(viii) Material contracts referred to in Section 6, Appendix III of this Circular.

LYC HEALTHCARE BERHAD
(Registration No. 200401009170 (647673-A))
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting of LYC Healthcare Berhad ("**LYC**" or the "**Company**") will be held at Dewan Perdana, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Wednesday, 15 March 2023 at 2.30 p.m. for the purpose of considering and if thought fit, passing with or without modifications, the following ordinary resolutions:-

ORDINARY RESOLUTION 1

PROPOSED LISTING OF LYC MEDICARE (SINGAPORE) PTE LTD ("LYCSG"), A SUBSIDIARY OF LYC, ON THE CATALIST BOARD OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ("SGX-ST") ("CATALIST BOARD") ("PROPOSED LISTING")

THAT, subject to the passing of ordinary resolutions 2 and 3 as well as approvals of all relevant regulatory authorities and/or parties being obtained, including but not limited to, admission of LYCSG to the Catalist Board and permission being granted by the SGX-ST to deal in, and for the listing and quotation of all of the ordinary shares in LYCSG on the Catalist Board pursuant to the Proposed Listing, approval be and is hereby given to LYC for the Proposed Listing in the manner set out in Section 2 of the circular to shareholders of the Company dated 23 February 2023.

AND THAT the Board of Directors of LYC ("**Board**") be and is hereby authorised to do all such acts and things and enter into any arrangements and/or documents as the Board deems necessary and expedient in order to implement, finalise and/or give full effect to the Proposed Listing; and where applicable with full powers to assent to any terms, conditions, modifications, variations and/or adjustments as may be required by the relevant regulatory authorities or as the Board may deem necessary or expedient to implement, finalise and/or give full effect to the Proposed Listing.

ORDINARY RESOLUTION 2

PROPOSED WAIVER OF THE T&T PROFIT GUARANTEE (AS DEFINED HEREIN) AND CERTAIN GUARANTEE AND OBLIGATION AS CONTAINED IN THE TERMS OF THE T&T SSA (AS DEFINED HEREIN) AND T&T SWAP AGREEMENT (AS DEFINED HEREIN) THROUGH THE EXECUTION OF A DEED OF SETTLEMENT DATED 27 JANUARY 2023 ("T&T DEED") ENTERED INTO BETWEEN LYCSG, LYC MEDICARE SDN BHD ("LYCM"), LYC AND TING CHOON MENG ("TCM") ("PROPOSED T&T WAIVER")

THAT, subject to the approvals of all relevant regulatory authorities and/or parties being obtained, where required, the Board be and is hereby authorised at any time to do all such acts and things and to execute all such documents and enter into all such transactions, arrangements and agreements, deeds or undertakings, to make such rules or regulations, or impose such terms and conditions or delegate part of its power and to generally exercise such powers and perform such acts as may be necessary or expedient in order to give full effect to the Proposed T&T Waiver and the terms of the T&T Deed, which include but not limited to, the following waivers and modifications:-

Existing terms (To cease with effect)	T&T Deed (To come into effect)
Clause 7 of the share sale agreement dated 4 May 2020 entered into between LYCM and TCM for the acquisition of a 51% equity interest in T&T for a purchase consideration of SGD7,293,000 ("**T&T SSA**") TCM has agreed, undertaken, and guaranteed that the aggregate PAT for the 3 financial years after the completion of T&T SSA shall not be less than SGD3,900,000 ("**T&T Profit Guarantee**"). TCM further undertook that if for any reason T&T fails to achieve the T&T Profit Guarantee whether in part or in full, TCM shall pay the guaranteed amount to LYCM.	LYCM has agreed to waive the T&T Profit Guarantee ("**T&T Waiver**") with effect from 30 November 2022. TCM has agreed to the said T&T Waiver which is subject to the terms and conditions of the T&T Deed.
Clauses 5 and 6 of the share swap agreement dated 24 December 2021 entered into between LYCM, LYCSG and LYC to transfer LYCM's entire 51% equity interest in T&T to LYCSG at a consideration of SGD7,293,000 ("T**&T Swap Agreement**") LYCM Obligation 1 (a) The vendor, LYCM, shall make full payment of any payments received under T&T SSA to LYCSG LYC Guarantee 1 (b) LYC has agreed to guarantee the performance of LYCM's obligations in T&T Swap Agreement	LYCM Obligation 1 LYCSG and LYCM have further agreed that the obligation to pay under Clause 5 of the T&T Swap Agreement shall cease to have effect. LYC Guarantee 1 LYCSG has agreed to the said T&T Waiver and has agreed to release LYC from the guarantee stipulated in T&T Swap Agreement.

ORDINARY RESOLUTION 3

PROPOSED WAIVER OF THE HCOS PROFIT GUARANTEE (AS DEFINED HEREIN) AND CERTAIN GUARANTEE AND OBLIGATION AS CONTAINED IN THE TERMS OF THE HCOS SSA (AS DEFINED HEREIN) AND HCOS SWAP AGREEMENT (AS DEFINED HEREIN) THROUGH THE EXECUTION OF A DEED OF SETTLEMENT DATED 27 JANUARY 2023 ("HCOS DEED") ENTERED INTO BETWEEN LYCSG, LYCM, LYC, CHAN YING HO ("CYH") AND BEYOND WELLNESS GROUP PTE LTD ("BWG") ("PROPOSED HCOS WAIVER")

THAT, subject to the approvals of all relevant regulatory authorities and/or parties being obtained, where required, the Board be and is hereby authorised at any time to do all such acts and things and to execute all such documents and enter into all such transactions, arrangements and agreements, deeds or undertakings, to make such rules or regulations, or impose such terms and conditions or delegate part of its power and to generally exercise such powers and perform such acts as may be necessary or expedient in order to give full effect to the Proposed HCOS Waiver and the terms of the HCOS Deed, which include but not limited to, the following waivers and modifications:-

Existing terms (To cease with effect)	HCOS Deed (To come into effect)
Clause 5 of the share sale agreement dated 28 May 2020 entered into between LYCM, CYH and BWG for the acquisition of a 51% equity interest by in HCOS for a purchase consideration of SGD6,936,000 ("**HCOS SSA**") CYH has agreed, undertaken, and guaranteed that the aggregate PAT for the 3 financial years after the completion of HCOS SSA shall not be less than SGD5,100,000. CYH further undertook that if for any reason HCOS fails to achieve the HCOS Profit Guarantee whether in part or in full, CYH shall pay the guaranteed amount to LYCM.	LYCM has agreed to waive the HCOS Profit Guarantee ("**HCOS Waiver**") with effect from 30 November 2022. CYH and BWG have agreed to the said HCOS Waiver which is subject to the terms and conditions of the HCOS Deed.
Clauses 5 and 6 of the share swap agreement dated 24 December 2021 entered into between LYCM, LYCSG and LYC to transfer LYCM's entire 51% equity interest in HCOS to LYCSG at a consideration of SGD6,936,000 ("**HCOS Swap Agreement**")	

Existing terms (To cease with effect)	HCOS Deed (To come into effect)
LYCM Obligation 2 (a) The vendor, LYCM, shall make full payment of any payments received under HCOS SSA to LYCSG LYC Guarantee 2 (b) LYC has agreed to guarantee the performance of LYCM's obligations in HCOS Swap Agreement	LYCM Obligation 2 LYCSG and LYCM have further agreed that the obligation to pay under Clause 5 of the HCOS Swap Agreement shall cease to have effect. LYC Guarantee 2 LYCSG has agreed to the said HCOS Waiver and has agreed to release LYC from the guarantee stipulated in HCOS Swap Agreement.

By Order of the Board

Tan Ai Ning (MAICSA 7015852)
SSM PC NO.: 202008000067
Tai Yuen Ling (LS 0008513)
SSM PC NO.: 202008001075
Company Secretaries

Kuala Lumpur
23 February 2023

Notes:-

1. *A member entitled to attend, participate, speak and vote at the meeting is entitled to appoint more than one (1) proxy to attend, participate, speak and vote in his/ her stead. A proxy may but need not be a member of the Company.*

2. *Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/ she specifies the proportions of his/ her shareholdings to be represented by each proxy.*

3. *Where a member of the Company is authorised nominee as defined under the Central Depositories Act, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*

4. *If the appointor is a corporation, this form must be executed under its Common Seal or under the hand of its attorney.*

5. *The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited with the Share Registrar of the Company at Ground Floor or 11th Floor, Menara Symphony, No.5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Malaysia not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting and in default the instrument of proxy shall not be treated as valid. Any notice of termination of person's authority to act as a proxy must be forwarded to the Company prior to the commencement of the EGM or adjourned EGM.*

6. *In respect of deposited securities, only members whose names appear on the Record of Depositors on 8 March 2023 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.*

7. *Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.*

8. *Last date and time for lodging the proxy form is 13 March 2023, 2.30 p.m.*

Personal Data Privacy:
*By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Extraordinary General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Extraordinary General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Extraordinary General Meeting (including any adjournment thereof) and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.*

PROXY FORM

No. of Shares held	
CDS account no.	

LYC HEALTHCARE BERHAD
(Registration No. 200401009170 (647673-A))
(Incorporated in Malaysia)

I/We ______________________________ *NRIC No./ Passport No./ Company No. ____________________
(NAME OF SHAREHOLDER AS PER NRIC, IN BLOCK CAPITAL)

of ____
(FULL ADDRESS)

____

being *a member / members of **LYC HEALTHCARE BERHAD** hereby appoint(s):-

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Email Address Contact No.			

and / or* (*delete as appropriate)

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Email Address Contact No.			

or failing *him/ her, the Chairman of the Meeting as *my/ our proxy to attend and to vote for *me/ us on *my/ our behalf at the Extraordinary General Meeting of the Company to be held at Dewan Perdana, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Wednesday, 15 March 2023 at 2.30 p.m. or any adjournment thereof.

*My/ our proxy/ proxies is/ are to vote as indicated below:-

RESOLUTIONS	FOR	AGAINST
ORDINARY RESOLUTION 1 - PROPOSED LISTING		
ORDINARY RESOLUTION 2 - PROPOSED T&T WAIVER		
ORDINARY RESOLUTION 3 - PROPOSED HCOS WAIVER		

Please indicate with an " X " in the spaces provided whether you wish your vote to be cast for or against the resolution. If the absence of specific directions, your proxy/ proxies will vote or abstain at he/ she thinks fit.

* *Strike out whichever is not applicable*

For appointment of two (2) proxies, percentage of shareholdings to be represented by the proxies:-

	No. of shares	Percentage
Proxy 1		
Proxy 2		
Total		**100%**

____
Signature/ Common Seal
Contact No. : ________________________________
Date: ______________________________________

Notes:-

1. *A member entitled to attend, participate, speak and vote at the meeting is entitled to appoint more than one (1) proxy to attend, participate, speak and vote in his/ her stead. A proxy may but need not be a member of the Company.*

2. *Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/ she specifies the proportions of his/ her shareholdings to be represented by each proxy.*

3. *Where a member of the Company is authorised nominee as defined under the Central Depositories Act, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*

4. *If the appointor is a corporation, this form must be executed under its Common Seal or under the hand of its attorney.*

5. *The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited with the Share Registrar of the Company at Ground Floor or 11th Floor, Menara Symphony, No.5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Malaysia not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting and in default the instrument of proxy shall not be treated as valid. Any notice of termination of person's authority to act as a proxy must be forwarded to the Company prior to the commencement of the EGM or adjourned EGM.*

6. *In respect of deposited securities, only members whose names appear on the Record of Depositors on 8 March 2023 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.*

7. *Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.*

8. *Last date and time for lodging the proxy form is* ***13 March 2023, 2.30 p.m.***

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Fold this flap for sealing

Then fold here

AFFIX
STAMP

THE SHARE REGISTRAR
LYC HEALTHCARE BERHAD
(Registration No. 200401009170 (647673-A))
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia

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