MEDINEX LIMITED
Incorporated in the Republic of Singapore
Registration No. 200900689W

RESPONSE TO QUESTIONS FROM SHAREHOLDERS

The Board of Directors (the "**Board**") of Medinex Limited (the "**Company**", and together with its subsidiaries, the "**Group**") refers to:

(a) the Company's annual report for the financial year ended 31 March 2021 (the "**Annual Report**"); and

(b) the notice of Annual General Meeting ("**AGM**") issued on 6 July 2021 together with the alternative arrangements relating to attendance at the AGM via electronic means, informing shareholders of the Company ("**Shareholders**") that the Company's AGM will be convened and held by way of electronic means on Wednesday, 28 July 2021 at 2.00 p.m..

The Company would like to thank Shareholders for submitting their questions in advance of the AGM. Please refer to Annex A hereto for the list of questions received from Shareholders, and the Board's responses to these questions.

By Order of the Board

Jessie Low Mui Choo
Executive Director and Chief Executive Officer

26 July 2021

This announcement has been prepared by the Company and reviewed by the Company's sponsor, Novus Corporate Finance Pte. Ltd. (the "**Sponsor**"), in compliance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made, or reports contained in this announcement.

The contact person for the Sponsor is Mr. Pong Chen Yih, Chief Operating Officer, at 7 Temasek Boulevard, #18-03B Suntec Tower 1, Singapore 038987, telephone (65) 6950 2188.

ANNEX A

Unless otherwise defined, all terms and references used herein shall bear the same meanings ascribed to them in the Annual Report.

Question 1:
Please refer to page 114 of the Annual Report about "Segment information". For "Medical support services" segment, why its Segment liabilities increased by 3.03times from $1.15million as at FYE2020 to $3.47m as at FYE2021 (when Segment assets only increased by 4.06% over the same period)?

Company's response:-
The increase in the medical support services' segment liabilities was mainly due to the drawdown of new bridging loan of approximately S$2.50 million during the year. The consolidated segment assets had increased by approximately S$4.11 million from approximately S$19.32 million to approximately S$23.43 million compared to the consolidated segment liabilities which had only increased by approximately S$1.79 million from S$4.71 million to S$6.50 million.

Question 2:
Please refer to page 114 of the Annual Report about "Segment information". For "Business support services" segment, in terms of % of External revenue, "Employee benefits expense" decreased by 32.4% from 40.6% in FP2020 to 8.2% in FY2021. What happened that brought about such positive change?

Company's response:-
The employee benefits expense as a percentage to external revenue has decreased from 40.63% in FY2020 to 8.19% in FY2021 due to several manpower initiatives implemented. We were prudent in backfilling positions due to natural attritions. We tapped on government support schemes to lower the manpower cost while streamlining the key processes so that employees could do more with less without compromising the quality of work. We also adopted a strategic move to set up an operation centre in Malaysia to support the manpower needs and lower the costs.

Question 3:
Please refer to page 3 of the Annual Report about "Letter to Shareholders". In the 1st paragraph, it was stated that "With this rationale, the Company has entered into a joint venture with J-Connect Media Pte. Ltd. ("J-Connect") in FY2021. J-Connect provides the advertising cum marketing platform and expertise for the Company to offer the digital marketing services to the Group's existing clients." However, on page 89 of the Annual Report, it was understood that "J-Connect Media Pte Ltd has yet to commence operations as at 31 March 2021" and incurred "an impairment loss of $12,275." What went wrong? What have the Board and Management planned to do about it?

Company's response:-
As J-connect is at the start-up stage and had incurred losses as at 31 March 2021, it is prudent for the Company to impair 50% of the cost of investment in J-connect. J-connect is targeting to commence the advertising and marketing platform business by the end of 2021. The Company's management is working closely with J-Connect to set up the necessary advertising cum marketing platform in order to offer the digital marketing services to the Group's existing and potential clients.

Question 4:

Please refer to page 114 of the Annual Report about "Segment information". For "Pharmaceutical services" segment, in terms of % of External revenue, "Inventories and consumables, net of charges" has increased by 5.4% from 79.4% in FP2020 to 84.8% in FY2021, indicating a GPM compression of 5.4%. What went wrong? What have the Board and Management planned to do about it?

Company's response:-

As the revenue of pharmaceutical services has decreased by approximately 36% from approximately S$4.98 million in FY2020 to approximately S$3.19 million in FY2021 due mainly to the Covid-19 pandemic, the bulk purchase price of pharmaceutical products has increased due to lower purchase volume for the year. The Company's management will be working together with Healthcare Essential Pte Ltd to provide additional product lines and open up new online channel to sell the pharmaceutical products. With the increase in volume of the bulk purchase, the Company envisaged that the bulk purchase price of the pharmaceutical products will correspondingly be lowered.

Question 5:

Please refer to page 3 of the Annual Report about "Letter to Shareholders". Under the header "Healthcare service portals", it was stated that "The joint venture with Healthcare Essential Pte. Ltd. provides an additional supply of products to heighten the online traffic and to open up new online channel to promote the medical products." Why Healthcare Essential Pte Ltd (HEPL) incurred a loss of $54,168? What have the Board and Management planned to do about it?

Company's response:-

HEPL was incorporated in 2019 and had commenced operations only in 2020. As a newly start-up company, while HEPL is currently still loss making, the business of HEPL has been growing with an increase in revenue month on month. HEPL will also be working with J-connect to set up the advertising cum marketing platform to promote the medical products and increase its revenue.

Question 6:

Please refer to page 83 of the Annual Report about "Investments in subsidiaries". It was stated that "Following the review, an additional impairment loss of $39,296 (2020: $250,000) was recognised in respect of two subsidiaries for the financial year ended 31 March 2021." Which "two subsidiaries" are these?

Company's response:-

The two subsidiaries refer to SKI Consultancy Pte. Ltd. which was struck off on 3 May 2021 and Jo-L Consultus Pte. Ltd. which is gazetted to be struck off on 13 March 2021.

Question 7:
Please refer to page 86 of the Annual Report about "Investments in subsidiaries", particularly "Acquisition of Ark Leadership & Learning Pte. Ltd. ("ALL")". In the 3rd paragraph, it was stated that "Under the terms of the sale and purchase agreement, the vendor had provided a profit guarantee that the aggregate profit after tax for a three (3)-year period commencing from 1 April 2019 shall not be less than $576,000 ("ALL Guaranteed Profit"). In the event when the actual aggregate profit after tax is less than guaranteed profit, the vendor undertakes to pay to ALL's shareholders, in proportion of their respective shareholdings in ALL, at a 5.25 times of average of the shortfall between ALL Guaranteed Profit and actual net profit after tax over three-year period. Management has assessed based on cash flow projects for 36 months, ALL would be able to achieve the ALL Guaranteed Profit over a three-year period." How will the profit guarantee by ARK Leadership & Learning Pte Ltd be affected by the Covid pandemic situation?

Company's response:-
The business of ALL, which is in the provision of human resources consultancy services and learning and development services, is less impacted by the Covid-19 pandemic. The training sessions have moved to online classes and ALL is taking on more human resource consultancy services to increase its revenue.

Question 8:
Please refer to page 94 of the Annual Report about "Financial assets at fair value through profit or loss ("FVTPL")". Noted that there were "Additions during the financial year/period" in FY2021 of $3,392,613. What industry(ies) were these $3,392,613 additions in?

Company's response:-
The financial assets are in the medical and banking industries.

Question 9:
Please refer to page 95 of the Annual Report about "Trade and other receivables". May I ask the Audit Committee why "Other receivables" (not trade receivables) increased by $119,072 from $4,905 in FP2020 to $123,977 in FY2021?

Company's response:-
The increase in other receivables is mainly due to the receivables from the third party agent in respect of insurance claims for the Company's subsidiary, The Family Clinic@ Towner Pte. Ltd..

Question 10:
Please also refer to page 95 of the Annual Report about "Trade and other receivables". For "Past due over 3 months", why was there such a big jump in Expected Credit Losses (ECL) from 6.0% to 46.4%? What went wrong? What the Audit Committee planned to do about it?

Company's response:-
Some of the Group's clients' businesses are badly impacted by the Covid-19 pandemic which has resulted in delays in payments. Hence, the Group has provided additional allowance for impairment loss of S$259,958, from S$232,408 in FY2020 to S$492,366 in FY2021. The Company's management is monitoring this very closely and doing their best to recover the outstanding receivables.

Question 11:
Please refer to page 40 of the Annual Report about "Interested Person Transactions". Noted that there was $120K "Rental of the entire unit at 111 North Bridge Road, #23-04 Peninsula Plaza, Singapore 179098 from JK Group Services Pte. Ltd., which is 90% owned by Mr. Karunanithi S/O Letchumanan (spouse of Ms. Jessie Low Mui Choo, the Executive Director and Chief Executive Officer of the Company) and 10% owned by Ms. Jessie Low Mui Choo." In view of the Work From Home trend & general softening of the office sector in Singapore during Covid pandemic, how does the Audit Committee ascertain that $120K in FY2021 (with no decrease on a monthly basis from FY2020) is at arm's length?

Company's response:-
As the renting of the office unit from JK Group Services Pte. Ltd. is regarded as an interested person transaction ("**IPT**") under Chapter 9 of the Catalist Rules, such rent was entered into with reference to Chapter 9 of the Catalist Rules and the Group's IPT policy. The Company had obtained an independent valuation report dated 10 November 2020 from Premas Valuers & Property Consultants Pte Ltd ("**Valuation Report**"). Based on the Valuation Report, the rental rate of S$10,000 per month is below the open market rental value of S$10,660 per month. In addition, as the business of the Company is considered as an essential service, some of the teams continue to work from office with adequate social distancing measures in place during the circuit breaker and the subsequent movement control measures.

Question 12:
How will the capital commitments trend be like over the next 2-3 years? How will they be funded?

Company's response:-
As at the date of this response, the Group does not have any material capital commitments. The Group will continue to look for new investment opportunities and viable acquisitions, joint ventures and/or strategic partnerships over the next few years. These may be funded by our existing reserves, the remaining net proceeds from the Company's initial public offering and/or bank loans.