

## **MEDINEX LIMITED**

Incorporated in the Republic of Singapore

Registration No. 200900689W

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## **ENTRY INTO A BINDING TERM SHEET RELATING TO PROPOSED TRANSACTION IN CARLIN MANAGEMENT SERVICES PTE. LTD. (“CMS”)**

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### **1. INTRODUCTION**

The Board of Directors (the “**Board**”) of Medinex Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that the Company has today, entered into a binding term sheet (the “**Term Sheet**”) with Lee Lay Lian (the “**Seller**” and together with the Company, the “**Parties**”), to acquire the entire issued and paid-up share capital of Carlin Management Services Pte. Ltd. (“**CMS**”) from the Seller (the “**Proposed Transaction**”).

The Term Sheet sets out the indicative terms and conditions and does not purport to contain all of the terms and conditions of the Proposed Transaction. It is intended to be used, in good faith by the Company and the Seller, as a basis for discussions towards the execution of a definitive agreement (“**SPA**”). The Company will provide further details of the Proposed Transaction upon the signing of the SPA in compliance with the Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”).

### **2. INFORMATION ON THE PROPOSED TRANSACTION**

CMS was incorporated in Singapore on 1 January 2013 and has a total and paid-up share capital consisting of 1,000 ordinary shares of S\$1 each. The Seller is the sole shareholder of CMS. CMS is in the business of provision of accounting, tax and corporate secretarial services.

Subject to satisfactory due diligence, the Company shall acquire the entire issued and paid-up share capital of CMS, and as a condition precedent, all the existing business in Carlin Mgt Consultants Pte. Ltd. (“**CMC**”) and Carlin Corporate Services Pte. Ltd. (“**CCS**”) is to be transferred to CMS.

As of the date of this announcement, the normalized profit after tax of CMS (including the businesses of CMC and CCS which are to be transferred to CMS) is estimated to be S\$600,000 per year. The actual normalized profit after tax will be established after the due diligence process.

### **3. RATIONALE FOR THE PROPOSED TRANSACTION**

The Board is of the view that the Proposed Transaction would provide the following commercial benefits to the Group:

(i) Expansion of client base

CMS, like the Group, provides business support services such as accounting, tax and corporate secretarial services. The clients of CMS are mainly owners of small and medium enterprises in Singapore from, including but not limited to, self-storage services,

machinery rental, food and beverage, and healthcare industries. This Proposed Transaction will allow the Group to expand its customer base by gaining access into new customer segments and markets.

(ii) To increase the revenue of the business support services segment

The Proposed Transaction allows the Group to increase its business support services revenue by gaining access into new customer segments and markets, enhancing its business support services to clients in other industries outside of its current clientele.

## 4. SALIENT TERMS OF THE TERM SHEET

### 4.1 Conditions Precedent

The completion of the Proposed Transaction is subject to:

- (i) the transfer of all the existing business, in a manner that is acceptable to the Company, of CMC and CCS to CMS on or before the legal completion of the Proposed Transaction (the “**Transfers**”); and
- (ii) satisfactory due diligence, which shall include but is not limited to, legal and financial due diligence, on CMS and the businesses of CMC and CCS.

### 4.2 Exclusivity Period

The Seller shall grant the Company an exclusive right for a period of six (6) months (“**Exclusivity Period**”) from the date of signing the Term Sheet (the “**Exclusivity Date**”) to perform due diligence and negotiate the terms of the SPA. During this Exclusivity Period, the Seller undertakes not to engage in discussions of the Proposed Transaction and its terms and conditions with any third party, including the Transfers.

### 4.3 Consideration

The purchase price shall be calculated based on a five times multiple of the normalized profit after tax (being the average of the previous three (3) years’ profit) of CMS, having taken into account the profit after tax attributable to the businesses of CMC and CCS to be transferred to CMS, which is to be established after the due diligence process (the “**Consideration**”). The Consideration was arrived at on a willing-buyer willing-seller basis, having taken into account the expected contribution from CMS and the synergies from the integration.

The Consideration shall be satisfied in the following manner:

- (i) 10% of the Consideration shall be satisfied in cash upon signing of the SPA;
- (ii) 70% of the Consideration shall be satisfied in cash upon the legal completion of the Proposed Transaction; and
- (iii) up to 20% of the Consideration shall be satisfied by way of issue and allotment of shares in the capital of the Company (“**Consideration Shares**”), at an agreed issue price of S\$0.225 per Consideration Share, upon the fulfilment of the Profit Guarantee (as defined below).

#### **4.4 Profit Guarantee**

Pursuant to the Term Sheet, the Seller shall guarantee that CMS shall have a cumulative net profit after tax of at least S\$1,800,000 over a three-year period with effect from the date of the legal completion of the Proposed Transaction (“**Profit Guarantee**”).

In the event CMS is unable to meet the Profit Guarantee, the Seller will be liable to pay the Company the balance of the shortfall upon written notification from the Company (“**Shortfall Payment**”).

In the event CMS is unable to make the Shortfall Payment, (a) the Company shall be entitled to reduce such number of Consideration Shares to be issued to the Seller based on the equivalent value of the shortfall; and (b) should the shortfall exceed the value of the Consideration Shares to be issued, the Company shall not issue any Consideration Shares, and the Seller will remain liable to make the Shortfall Payment upon notification by the Company and the Company reserves the right to exercise its legal remedies under the law.

Further information on the Profit Guarantee will be provided in the Company’s announcement upon the signing of the SPA.

#### **4.5 Refundable Deposit**

The Company shall place a refundable deposit of S\$30,000 (the “**Deposit**”) with the Seller, which shall be utilised towards the payment of the Consideration upon execution of the SPA in relation to the Proposed Transaction.

The Seller shall forthwith and without delay, return the Deposit to the Company if:

- a) the SPA is not signed by the Exclusivity Date; or
- b) the Company is not satisfied with the results of the due diligence.

Upon the occurrence of either of the foregoing, the Term Sheet shall be terminated, and the Seller shall forthwith and without demand, return the Deposit to the Company, whichever date is earlier.

### **5. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

None of the directors or controlling shareholders of the Company and their respective associates has any interest, direct or indirect (other than through their respective shareholdings (if any) in the Company), in the Proposed Transaction.

### **6. FURTHER ANNOUNCEMENTS**

The Company will make further announcements, upon the execution of the SPA and/or when there are material developments in respect of the Proposed Transaction.

By Order of the Board

Jessie Low Mui Choo  
Executive Director and Chief Executive Officer  
2 March 2022

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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 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.