

MEDINEX LIMITED

Incorporated in the Republic of Singapore

Registration No. 200900689W

PROPOSED ACQUISITION OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF SKI CORPORATE SERVICES PTE. LTD. AND SKI CONSULTANCY PTE. LTD.

1. INTRODUCTION

The Board of Directors (the “**Board**”) of Medinex Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) is pleased to inform shareholders that the Company has today, entered into a sale and purchase agreement (“**SPA**”) with Kwan Pek Yoke and Shen Suk Ka (collectively the “**Vendors**”) to acquire the entire issued and paid up share capital of SKI Corporate Services Pte. Ltd. (“**SKICS**”) and SKI Consultancy Pte. Ltd. (“**SKIC**”) (collectively known as the “**SKI Group**”) (the “**Sale Shares**”) from the Vendors (the “**Proposed Acquisition**”). The Vendors are independent from the Company’s Directors, Chief Executive Officer and controlling shareholders.

Upon completion of the Proposed Acquisition, SKICS and SKIC will become wholly-owned subsidiaries of the Company.

2. INFORMATION ON SKI GROUP

SKICS and SKIC were incorporated in Singapore on 30 March 2005 and 28 March 2008 respectively. As at the date of this announcement, each of SKICS and SKIC has a total issued and paid-up share capital consisting of 1,000 ordinary shares of S\$1 each and the Vendors hold 50% each of the total issued and paid up shares in each entity. The SKI Group is in the business of provision of accounting, tax and corporate secretarial services.

Based on the unaudited consolidated management accounts of the SKI Group for the twelve months ended 31 December 2018, the net profit before tax of the SKI Group was S\$413,219 and the net tangible asset and net asset value of the SKI Group as at 31 December 2018 was S\$165,854.

3. RATIONALE FOR THE PROPOSED ACQUISITION

The Board is of the view that the Proposed Acquisition will enhance value for its shareholders in the following areas:

(a) To expand client base

The SKI Group, like the Group, provides business support services such as accounting, tax and corporate secretarial services. The clients of the SKI Group are mainly in the information technology (“**IT**”) and advertising industries, which the Group does not have a strong foothold in.

The Proposed Acquisition will allow the Group to expand its customer base by gaining access to a greater number of potential clients in the IT and advertising fields.

(b) Increase the revenue and margins of the business support services segment

The Company intends to increase its business support services revenue by expanding into new customer segments and markets, enhancing its business support services to clients in various other industries outside of its core target market of the healthcare industry.

For the financial year ended 31 December 2018 (“FY2018”), approximately 19.5% of the Group’s revenue was derived from professional fees collected from non-healthcare clients. The total revenue of the SKI Group for the twelve months ended 31 December 2018 was approximately S\$975,000 and the net profit before tax margin was approximately 42%. The acquisition of the SKI Group will effectively increase the Group’s net profit before tax margin for business support services from approximately 32% to 36%, positioning the Group for greater potential income and value uplift as the Group takes on the servicing of the SKI Group’s clients.

4. PRINCIPAL TERMS OF THE SPA

- (a) Completion of the Proposed Acquisition is subject to, *inter alia*, the following conditions:
- (i) each of the Company and the Vendors having performed all of the covenants and agreements required to be performed or caused to be performed by them under the SPA on or before the date of completion of the Proposed Acquisition;
 - (ii) the SKI Group providing the Company its actual balance sheet as at 30 June 2019, including the assets and liabilities agreed between the Company and the Vendors;
 - (iii) the SKI Group maintaining at least S\$72,000 in cash for working capital by the date of completion of the Proposed Acquisition;
 - (iv) conducting of satisfactory legal and financial due diligence on the SKI Group;
 - (v) all necessary or desirable actions, notifications, filings and registrations, approvals, permits and consents having been taken, given to, made with and obtained from the relevant governmental, regulatory and administrative departments, authorities and bodies in Singapore or elsewhere in respect of the sale and purchase of the Sale Shares and the compliance in full to the satisfaction of the relevant governmental, regulatory and administrative departments, authorities and bodies in Singapore or elsewhere of all conditions (if any) attaching or in relation thereto, where such conditions are required to be complied with by the date of completion of the Proposed Acquisition; and
 - (vi) no new laws, regulations or rules having been promulgated, published or issued and/or having taken effect on or prior to the date of completion of the Proposed Acquisition, nor any of the Company or the Vendors having received on or prior to the date of completion of the Proposed Acquisition notice of any directive, injunction or other order, which restrains or prohibits the consummation of the transactions contemplated by the SPA or there being no action on or prior to the date of completion of the Proposed Acquisition seeking to restrain or prohibit the consummation thereof, or seeking damages in connection therewith, which is pending or any such directive, injunction or other order or action which is threatened.

- (b) Subject to the terms and conditions set out in the SPA, completion of the Proposed Acquisition shall take place no later than 30 June 2019.

5. PURCHASE CONSIDERATION

The total purchase consideration for the Proposed Acquisition is S\$1,200,000 (“**Purchase Consideration**”) and will be satisfied in full in the following manner:-

- (a) S\$1,080,000 to be paid in cash by the Company to the Vendors on the date of completion of the Proposed Acquisition; and
- (b) S\$120,000 to be paid in cash by the Company to the Vendors when the audited accounts for the SKI Group for the financial year ended 30 June 2019 are signed off by the auditors, BDO LLP and the Company.

The Purchase Consideration was arrived at on a willing buyer willing seller basis, taking into consideration the expected contributions of the SKI Group and the synergies from the integration.

6. USE OF PROCEEDS

The Purchase Consideration will be funded through the net proceeds from the placement of shares pursuant to the Company’s initial public offering (“**IPO**”) in December 2018. Subsequent to the payment of the Purchase Consideration, the status on the use of the IPO net proceeds is as follows:

	Amount allocated (S\$’000)	Amount Utilised (S\$’000)	Balance (S\$’000)
Expand our Group’s business operations via acquisitions, joint ventures and/or strategic partnerships	4,000.00	3,532.50 ⁽¹⁾	467.50
Working Capital	1,316.00	36.00 ⁽²⁾	1,280.00
Total	5,316.00	3,568.50	1,747.50

Notes:

- (1) Utilised for the acquisition of Sen Med Holdings Pte. Ltd. and Ark Leadership Pte. Ltd. and the Proposed Acquisition
- (2) Utilised for the payment of listing expenses.

The use of IPO proceeds is in accordance with the intended use as stated in the Company’s Offer Document dated 30 November 2018.

7. RELATIVE FIGURES

Based on the Group’s latest announced audited financial statements for FY2018, the relative figures of the Proposed Acquisition computed on the bases set out in Rule 1006 of the SGX-ST Listing Manual Section B: Rules of Catalist (“**Catalist Rules**”) are as follows:

Catalist Rules	Relative Figures
1006(a)	
The net asset value of the assets to be disposed of, compared with the Group's net asset value. This basis is not applicable to an acquisition of assets.	Not applicable.
1006(b)	
The net profits attributable to the assets acquired, compared with the Group's net profits.	19.38% ⁽¹⁾
1006(c)	
The aggregate value of the consideration given, compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares.	3.21% ⁽²⁾
1006(d)	
The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable.
1006(e)	
The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets.	Not applicable.

Notes:

- (1) Computed based on (a) the unaudited net profit before income tax, minority interest and extraordinary items ("**Net Profit**") of the SKI Group for the twelve months ended 31 December 2018 of S\$413,219; and (b) the Net Profit of the Group attributable to owners of the Company (excluding the Company's IPO expenses of S\$1,062,000) for FY2018 of S\$2,132,000. The Company is of the view that the relative figure under Catalist Rule 1006(b), adjusted for the Company's IPO expenses, is more meaningful given that the IPO expenses are non-recurring.
- (2) Computed based on the Purchase Consideration of S\$1,200,000 and the market capitalisation of the Company of S\$37,394,149 which is determined by multiplying the issued share capital of the Company of 131,207,540 shares with the volume weighted average price of such shares transacted on the date preceding the date of the SPA of S\$0.285 per share.

As the relative figure under Rule 1006(b) of the Catalist Rules exceeds 5% but does not exceed 75%, the Proposed Acquisition constitutes a "discloseable transaction" under Chapter 10 of the Catalist Rules.

8. PRO FORMA FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

The pro forma financial effects of the Proposed Acquisition on the Company are set out below and are purely for illustrative purposes. The pro forma financial effects of the Proposed Acquisition on the Group's net tangible assets ("**NTA**") per share and earnings per share

("EPS") are based on the Group's audited financial statements for FY2018.

- (a) NTA per share

FOR ILLUSTRATIVE PURPOSES ONLY: The pro forma financial effects of the Proposed Acquisition on the NTA per share of the Group as at 31 December 2018, as if the Proposed Acquisition was completed on 31 December 2018, are as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition
NTA attributable to equity holders of the Company (S\$'000)	9,747	8,713
Number of ordinary shares in issue ('000)	131,207	131,207
NTA per share (Singapore cents)	7.43	6.64

- (b) EPS

FOR ILLUSTRATIVE PURPOSES ONLY: The pro forma financial effects of the Proposed Acquisition on the EPS of the Group as at 31 December 2018, as if the Proposed Acquisition was completed on 1 January 2018, is as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition
Profit attributable to equity holders of the Company (S\$'000)	817	1,203
Number of ordinary shares in issue ('000)	131,207	131,207
EPS (Singapore cents)	0.62	0.92

Note: For comparative and illustrative purposes, the number of ordinary shares used to derive both the Group's NTA per share and EPS was based on 131,207,540 ordinary shares of the Company as at the date of this announcement.

9. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

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

10. SERVICE CONTRACTS

No directors are proposed to be appointed to the Board in connection with the Proposed Acquisition.

11. DOCUMENT FOR INSPECTION

A copy of the SPA is available for inspection during normal business hours at the Company's registered office for three months from the date of this announcement.

By Order of the Board

Jessie Low Mui Choo
Executive Director and Chief Executive Officer

7 May 2019

Medinex Limited (the "**Company**") was listed on Catalist of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 7 December 2018. The initial public offering of the Company was sponsored by Novus Corporate Finance Pte. Ltd. (the "**Sponsor**").

This announcement has been prepared by the Company and its contents have been reviewed by the Sponsor for compliance with the SGX-ST Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, 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 9 Raffles Place, #17-05 Republic Plaza Tower 1, Singapore 048619, telephone (65) 6950 2188.