

MEDINEX LIMITED

Incorporated in the Republic of Singapore

Registration No. 200900689W

AMENDMENTS TO THE TERMS OF THE GUARANTEED PROFIT PROVIDED IN RELATION TO THE ACQUISITION OF THE SHARES OF ACCTAX MANAGEMENT CONSULTANCY PRIVATE LIMITED

1. INTRODUCTION

- 1.1 The Board of Directors (the "**Board**") of Medinex Limited (the "**Company**" and together with its subsidiaries, the "**Group**") refers to the Company's offer document dated 30 November 2018 ("**Offer Document**"). As disclosed in the Offer Document, pursuant to the sale and purchase agreement dated 5 January 2018 ("**SPA**") entered into between, *inter alia*, the Company and Chai Yee Hoi ("**Mr. Chai**"), the Managing Director of Acctax Management Consultancy Private Limited ("**AccTax**"), for the acquisition of 50% equity interest in AccTax by the Company, Mr. Chai had provided a profit guarantee such that the net profit after tax of AccTax for the three (3)-year period commencing from 5 January 2018 to 4 January 2021 shall be not less than S\$0.45 million ("**Guaranteed Profit**"). Following the acquisition of the remaining 50% equity interest in AccTax pursuant to a restructuring agreement dated 5 November 2018 ("**Restructuring Agreement**") such that AccTax became a wholly-owned subsidiary of the Company, the rights to the Guaranteed Profit was novated to the Company pursuant to a deed of novation dated 5 November 2018 ("**Deed of Novation**").
- 1.2 Under the SPA and pursuant to the Deed of Novation, to the extent that the actual aggregate profit after tax as determined by the auditors of the Company from the audited accounts of AccTax is less than the Guaranteed Profit, Mr. Chai shall pay to the Company a sum based on the following:

$$\frac{\text{Guaranteed Profit} - \text{Actual aggregate profit after tax}}{3} \times 5$$

2. LETTER AGREEMENT

- 2.1 The Board wishes to inform the shareholders of the Company ("**Shareholders**") that the Company and Mr. Chai had, pursuant to a letter agreement dated 20 October 2020 (and accepted by Mr. Chai on 21 October 2020) (the "**Letter Agreement**"), agreed to amend the terms of the Guaranteed Profit as provided in the SPA.
- 2.2 The principal amendments to the terms of the Guaranteed Profit under the SPA pursuant to the Letter Agreement are set out below:
- (i) In consideration of S\$1, the Company shall extend the profit guarantee period for a further three (3) years upon the expiration of the current profit guarantee period, such that the revised profit guarantee period shall be from 5 January 2018 to 4 January 2024 (the "**Extended Profit Guarantee Period**");

- (ii) The Company shall revise the Guaranteed Profit to an amount which shall be no less than S\$700,000 (the “**Revised Guaranteed Profit**”), which is to be met by the end of the Extended Profit Guarantee Period; and
 - (iii) In the event the actual aggregate net profit after tax for the Extended Profit Guarantee Period is less than the Revised Guaranteed Profit, Mr. Chai agrees and undertakes to pay the difference in cash to the Company within 14 days of receipt of written notice from the Company.
- 2.3 Save for the principal amendments as disclosed in 2.2 above, all other terms of the SPA and the Restructuring Agreement shall remain in full force and effect.
- 2.4 The quantum of the Revised Guaranteed Profit was arrived at taking into consideration, *inter alia*, the historical audited net profit after tax of AccTax for the financial period from 1 January 2019 to 31 March 2020 and the synergies from integration of the Group’s businesses.
- 2.5 The Board is of the view that accepting the aforementioned variations to the terms of the Guarantee Profit is not prejudicial to the Company as it allows the Company to secure a higher amount of profit guarantee while retaining the services of Mr. Chai to continue working for the Company for a further three (3) years. The Board is cognisant of the synergies arising from the integration of the businesses of the Group since the completion of the restructuring exercise pursuant to the Restructuring Agreement, and is confident of Mr. Chai’s capability to continue as Managing Director, overseeing the business support services of the Group and leading its business expansion.
- 2.6 In the event of a shortfall in respect of the Revised Guaranteed Profit, the Company reserves the right to exercise its legal remedies under law in the event of default by Mr. Chai.

3. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Letter Agreement will be made available for inspection by the Shareholders at the registered office of the Company at 111 North Bridge Road, #23-04 Peninsula Plaza, Singapore 179098 during normal business hours for three (3) months from the date of this announcement.

By Order of the Board

Jessie Low Mui Choo
Executive Director and Chief Executive Officer

21 October 2020

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 reviewed by the Sponsor, in compliance with Rule 226(2)(b) of the SGX-ST Listing Manual Section B: Rules of Catalyst.

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.

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