

INVESTMENT IN THE SHARES OF HC SURGICAL SPECIALISTS LIMITED

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, through a series of market transactions from 9 October 2020 to 22 October 2020, acquired an aggregate of 6,880,900 shares in HC Surgical Specialists Limited ("**HCSS**"), amounting to approximately 4.59% of the issued share capital of HCSS (the "**Investment**"), for an aggregate cash consideration of S\$2,226,632 (the "**Consideration**"). The Investment was funded by the Company's internal resources.

The Investment constitutes a "discloseable" transaction pursuant to Chapter 10 of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**"). Please refer to paragraph 4 for the relative figures of the Investment, computed on the bases set out in Rule 1006 of the Catalist Rules.

2. INFORMATION ON HCSS

- 2.1 HCSS is listed on the Catalist board of the SGX-ST since 3 November 2016. HCSS and its subsidiaries are a medical services group primarily engaged in the provision of endoscopic procedures and general surgery services with a focus on colorectal procedures across a network of clinics in Singapore. HCSS is a controlling shareholder of the Company.
- 2.2 Based on the latest annual report of HCSS for its financial year ("**FY**") ended 31 May 2020, the net profit after tax of HCSS for FY2020 was approximately S\$4.0 million, and the net asset value and net tangible assets of HCSS as at 31 May 2020 was approximately S\$16.5 million and S\$12.5 million respectively.
- 2.3 The market value of HCSS, based on the weighted average price of HCSS' shares transacted on 22 October 2020, is approximately S\$48.7 million.

3. RATIONALE FOR THE INVESTMENT

The Board is of the view that the Investment will allow the Company to participate in the growth of HCSS and enhance the value for its shareholders, in view of the recent announcements made by HCSS:

- 3.1 *HCSS' entry into framework agreement with Prudential Assurance Company Singapore (Pte) Limited ("**Prudential**")*

HCSS has entered into a framework agreement with Prudential to provide high quality and cost-efficient health services for certain of their eligible insured customers with effect from 8 October 2020 (the "**Agreement**") for a minimum period of two years. The Agreement is an additional milestone for HCSS which had been previously appointed exclusively by AIA Singapore Private Limited to provide high quality and cost efficient health services for certain of their eligible insured clients with effect from 1 April 2019. Despite the Covid-19 pandemic, HCSS continued to show potential for growth, which attest to HCSS' ability to provide long-term returns to its shareholders.

3.2 Acquisition of GMH Endoscopy & Surgery Pte. Ltd.

HCSS had, on 20 April 2020, entered into a sale and purchase agreement with GMH Surgical Pte. Ltd. and Dr. Goh Minghui to acquire 51.0% of the total issued and paid-up share capital of GMH Endoscopy & Surgery Pte. Ltd. The acquisition was completed on 16 June 2020 and had brought on board another specialist surgeon, Dr. Goh Minghui, with whom HCSS has signed a service agreement with. The acquisition has further strengthened HCSS' market position in the endoscopy industry. HCSS has continued to expand its presence in Singapore in the midst of the Covid-19 pandemic.

4. RELATIVE FIGURES ON THE BASES SET OUT IN RULE 1006 OF THE CATALIST RULES

Based on the Group's latest announced audited financial statements for the financial period from 1 January 2019 to 31 March 2020, the relative figures for the Investment as computed on the bases set out in Rule 1006 of the Catalist Rules are as follows:

Rule 1006	Bases	Relative figures
(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
(b)	The net profits attributable to the assets acquired or disposed of, compared with the Group's net profits ⁽¹⁾ .	4.69% ⁽¹⁾
(c)	The aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares.	7.82% ⁽²⁾
(d)	The number of equity securities to be issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable
(e)	The aggregate volume or amount of proven and probable reserves to be disposed of, compared with the aggregate of the Group's proven 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) 4.59% of the net profit before tax attributable to HCSS for FY2020 of approximately S\$196,452; and (b) the audited net profit before tax attributable to owners of the Company for the financial period from 1 January 2019 to 31 March 2020 of S\$4,189,243.
- (2) Computed based on the Consideration of S\$2,226,632 and the market capitalisation of the Company of S\$28,485,157, 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 last trading day, being 20 October 2020, preceding the last date of the Investment of S\$0.2171 per share.

As the relative figures under Rules 1006(c) of the Catalist Rules has exceeded 5%, the Investment would constitute a "discloseable" transaction pursuant to Chapter 10 of the Catalist Rules.

5. PRO FORMA FINANCIAL EFFECTS OF THE INVESTMENT

The Investment would not have had any material impact on the net tangible assets per share and the earnings per share of the Company for the most recently completed financial period

from 1 January 2019 to 31 March 2020, assuming that the Investment was effected at the end and at the beginning of that financial period respectively.

6. 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, in the Investment (other than through their respective shareholdings in the Company, if any).

7. SERVICE CONTRACTS

No person is proposed to be appointed as a director in connection with the Investment. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

By Order of the Board

Jessie Low Mui Choo
Executive Director and Chief Executive Officer

23 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 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.

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