

MEDINEX LIMITED

Incorporated in the Republic of
Singapore Registration No.
200900689W

**PROPOSED ACQUISITION OF A 55.0% EQUITY
INTEREST IN SEN MED HOLDINGS 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 it has today, entered into a sale and purchase agreement ("**SPA**") with Paincare Centre Pte. Ltd. ("**PCPL**") and Dr Jitendra Kumar Sen ("**Vendor**") to acquire 55 ordinary shares of Sen Med Holdings Pte. Ltd. ("**Sen Med**") (the "**Sale Shares**") from the Vendor, equivalent to 55.0% of the total equity interest in Sen Med (the "**Proposed Acquisition**"). Pursuant to the SPA, PCPL will acquire 20 ordinary shares of Sen Med from the Vendor, equivalent to 20.0% of the total equity interest in Sen Med.

As at the date of this announcement, Sen Med has a total paid-up share capital consisting of 100 ordinary shares of S\$1 each and the Vendor holds 100% of the total issued shares in Sen Med. Each of the Vendor and PCPL is independent from the Company's Directors, Chief Executive Officer and controlling shareholders.

Upon completion of the Proposed Acquisition, Sen Med will be a subsidiary of the Company.

2. INFORMATION ON SEN MED

Sen Med was incorporated on 7 December 2018 in the Republic of Singapore. Sen Med holds 100% of the issued and paid-up share capital of three (3) companies, The Family Clinic @ Towner Pte. Ltd., Express Medical Pte. Ltd. and X-Ray + Medical Screening Pte. Ltd., which collectively provide, amongst others, the following services:

- (a) health screening packages;
- (b) diagnostic and x-ray services, pre-employment check-ups and medical reviews for employment pass, student pass and work permit;
- (c) vaccination services;
- (d) customised healthcare plans for organisations' needs; and
- (e) comprehensive healthcare at a general practice level.

Based on the unaudited consolidated management accounts of Sen Med and its subsidiaries (the "**Sen Med Group**") for the twelve months ended 31 December 2018, the net profit before tax of the Sen Med Group was S\$618,073 and the net tangible asset and net asset value of Sen Med Group as at 31 December 2018 was S\$189,409.

3. RATIONALE FOR THE PROPOSED ACQUISITION

The Board is of the view that the Proposed Acquisition is in line with the Group's plan for growth, and will enhance value for its shareholders in the following areas:

(a) Provision of a comprehensive platform for existing and new clients

The Company provides one-stop medical support services and partners with healthcare service providers to set up and grow their healthcare businesses.

With the services that Sen Med is providing, the Group will be able to expand its range of medical support services offerings to include, *inter alia*, x-rays, pre-employment check-ups and health screenings. With the integrated support from Sen Med, the Company can provide a comprehensive platform to improve the services to our existing clients and also to attract new clients for future engagement of our services.

The Company's business model will be enhanced with the acquisition of Sen Med.

(b) Provision of integrated support for both the medical and business support services to the Group's clients

Sen Med is a provider of comprehensive healthcare management services at a general practice level, and will be able to contribute directly to the core business of the Group by increasing the revenue stream of our pharmaceutical services business segment. It will complement our secondary healthcare platform by referral of their patients to the specialist doctors whom the Group is servicing, which will in turn, enhance the medical support services provided to our panel of specialist doctors.

The Group intends to expand its business support services to clients in the construction or employment agencies industries, who will require pre-employment check-up and medical review for their foreign workers. Sen Med will be able to meet these clients' requirements.

4. PRINCIPAL TERMS OF THE SPA

Completion of the Proposed Acquisition is subject to, *inter alia*, the following conditions:

- (a) the Vendor and Sen Med entering into a service contract relating to the employment of the Vendor as an executive officer of Sen Med (the "**Service Agreement**");
- (b) each of the Company, PCPL and the Vendor having performed all of the covenants 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;
- (c) conducting of satisfactory legal and financial due diligence on the Sen Med Group; and
- (d) 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.

4.1 Service Agreement

Under the terms of the SPA, the Vendor will be employed by Sen Med as an executive officer in the areas of his expertise, subject to the terms and conditions of a service agreement as set out in the SPA. As part of his employment, he shall manage Sen Med (the "**Employment**").

Pursuant to the Employment, the Vendor shall manage Sen Med for a minimum two (2) year period. The Employment shall be automatically renewed annually for such annual period thereafter unless otherwise agreed in writing between the Company and the Executive or terminated in accordance with service agreement.

5. PURCHASE CONSIDERATION

The total purchase consideration for the Proposed Acquisition is S\$1,732,500 ("**Purchase Consideration**") and will be satisfied in full on the completion date of the Proposed Acquisition, being a date not later than 30 business days from the date of the SPA or such other date as agreed between the Company, PCPL and the Vendor.

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

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 completion of the Proposed Acquisition, the status on the use of the IPO net proceeds is as follows:

	Amount allocated	Amount Utilised	Balance
	(S\$'000)	(S\$'000)	(S\$'000)
Expand our Group's business operations via acquisitions, joint ventures and/or strategic partnerships	4,000.00	1,732.50	2,267.50
Working Capital	1,316.00	-	1,316.00
Total	5,316.00	1,732.50	3,583.50

The use of IPO proceeds is in accordance with the intended use as stated in the Company's offer document dated 30 November 2018, which was issued in connection with the IPO.

7. DISCLOSURE BY THE VENDOR

The Vendor had been notified by the Singapore Medical Council (“SMC”) of certain complaints in respect of an alleged failure to carry out proper medical checks on foreign workers during a medical screening for two patients in 2012.

In the pre-trial conference held on 18 January 2019, questions were raised about the charges and the case was adjourned to a date after 12 April 2019, to be confirmed, to allow representations to be made by the Vendor’s lawyers. As at the date of this announcement, the Vendor has informed the Company that the Vendor’s lawyers are seeking a dismissal of the charges, or a reduction of the charges by submitting expert witness testimony.

In the event the case goes to the SMC’s disciplinary tribunal, the potential outcomes of the hearing would be a dismissal of the complaints, a warning or censure, a fine, or a suspension of the Vendor.

In the event of suspension of the Vendor (the “**Suspension**”), the Company envisages that it will be able to find a replacement general practitioner through the network of primary healthcare doctors that the Company is currently servicing, and accordingly, the Suspension is not expected to have any material impact on the business and financials of the Group.

8. RELATIVE FIGURES

Based on the Group's latest announced unaudited financial statements for the half year ended 30 June 2018 (“**HY2018**”), 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.	13.19% ⁽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.	4.89% ⁽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	Not applicable.

Catalist Rules	Relative Figures
company, but not to an acquisition of such assets.	

Notes:

- (1) Computed based on (a) 55% of the unaudited net profit before income tax, minority interest and extraordinary items (“**Net Profit**”) of the Sen Med Group for the six (6) months period ended 30 June 2018 of S\$309,036 (pro-rated based on the Net Profit of the Sen Med Group for the 12 months ended 31 December 2018 of S\$618,073); and (b) the Net Profit of the Group (excluding the Company’s IPO expenses of S\$111,000) for HY2018 of S\$1,289,000. 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\$1,732,500 and the market capitalisation of the Company of S\$35,426,035.80 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\$0.27 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.

9. 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 the financial year ended 31 December 2017.

- (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 2017, as if the Proposed Acquisition was completed on 31 December 2017, are as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition
NTA attributable to equity holders of the Company (S\$'000)	6,110	4,465
Number of ordinary shares in issue ('000)	131,207	131,207
NTA per share (Singapore cents)	4.66	3.40

(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 2017, as if the Proposed Acquisition was completed on 1 January 2017, is as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition
Profit attributable to equity holders of the Company (S\$'000)	946	1,556
Number of ordinary shares in issue ('000)	131,207	131,207
EPS (Singapore cents)	0.72	1.18

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.

10. 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).

11. SERVICE CONTRACTS

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

12. 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

23 January 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 Catalyst. 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.