

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representations as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

Jinhai Medical Technology Limited

今海醫療科技股份有限公司

(Incorporated in the Cayman Islands with members' limited liability)

(Stock Code: 2225)

MAJOR TRANSACTION ACQUISITION OF THE ENTIRE INTEREST OF THE TARGET COMPANY

THE SHARE TRANSFER AGREEMENT

On 20 October 2023, Nichefield (as purchaser) and the Vendors (as vendors) entered into the Share Transfer Agreement, pursuant to which Vendor A, Vendor B and Vendor C conditionally agreed to sell 40%, 35% and 25% of their respective interests in the Target Company (in aggregate representing the entire issued shares of the Target Company), and Nichefield conditionally agreed to acquire 100% interests of the Target Company.

Prior to the Completion, the entire issued shares of the Target Company were legally and beneficially owned by the Vendors in aggregate. Upon Completion as of 30 November 2023, the Target Company became an indirect wholly-owned subsidiary of the Company and the financial results of the Target Company began to consolidate into the financial statements of the Group.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Acquisition exceeded 25% but are less than 100%, the Acquisition constituted a major transaction of the Company under Chapter 14 of the Listing Rules and were subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

A circular containing further details of the Acquisition and other information as required under the Listing Rules, is expected to be despatched to the Shareholders on or before 26 April 2024.

THE SHARE TRANSFER AGREEMENT

Date

20 October 2023

Parties

1. Purchaser Nichefield Pte. Ltd. (an indirect wholly-owned subsidiary of the Company)
2. Vendors Hup Chung Tentage System Pte. Ltd.
PSP Solutions Engineering Pte. Ltd.
Cheng Fong Enterprises (S) Pte. Ltd.
3. Target Company Neuhaus Engineering Pte. Ltd.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Vendors (and their respective ultimate beneficial owners) and the Target Company is an Independent Third Party.

The Acquisition

Pursuant to the Share Transfer Agreement, Nichefield conditionally agreed to acquire, and the Vendors conditionally agreed to sell, collectively the entire issued share capital of the Target Company.

The table below sets out the number of shares and shareholding of the Target Company (i) prior to the Completion; and (ii) immediately following the Completion:

	Prior to the Completion		Immediately following the Completion	
	<i>Number of shares</i>	<i>Shareholding (%)</i>	<i>Number of shares</i>	<i>Shareholding (%)</i>
Vendor A	996,000	40	–	–
Vendor B	871,500	35	–	–
Vendor C	622,500	25	–	–
Nichefield	–	–	2,490,000	100
Total	2,490,000	100	2,490,000	100

Upon Completion as of 30 November 2023, the Target Company became an indirect wholly-owned subsidiary of the Company and the financial results of the Target Company began to consolidate into the financial statements of the Group.

Consideration

Pursuant to the Share Transfer Agreement, the original consideration for the Acquisition was S\$11,880,000, which was intended to be settled in the following manner:

- (a) S\$356,400, being 3% of the Consideration, shall be payable by Nichefield to the Vendors' solicitors as an exclusivity fee on the date of signing the memorandum of understanding dated 27 March 2023 (the "**Deposit**"); and
- (b) S\$11,523,600, being the 97% balance of the Consideration, shall be payable by Nichefield on the Completion Date.

The above assumed that the Property was free from encumbrance when Completion took place. Prior to Completion, Nichefield and the Vendors further agreed that, instead of Vendors settling the mortgage of the Property out of their own funds on Completion, Nichefield would refinance the outstanding mortgage itself. Hence, the final consideration of the Acquisition was adjusted downward to S\$6,911,000, after taking into account of, amongst others, the outstanding amount of mortgage of the Property.

The Consideration was settled by way the Group's internal resources and banking facilities. As of the Completion Date, the Consideration has been fully settled.

Basis of determination of the Consideration

The Consideration was determined after arm's length negotiation between Nichefield and the Vendors with reference to, among others, (i) the appraised value of the Property as at 1 November 2023 of approximately S\$12,000,000, as assessed by an independent valuer using direct comparison approach as the primary method of valuation after taking into account the Excluded Assets and Liabilities (as defined below); and (ii) the benefits of the Acquisition brought about to the Group upon Completion as set out in the paragraph headed "Reasons for and Benefits of the Acquisition" below in this announcement.

Excluded Assets and Liabilities

It was agreed by the parties that the following assets and liabilities of the Target Company as set out in the Share Transfer Agreement (the "**Excluded Assets and Liabilities**") will be excluded from the Acquisition before Completion:

- (1) The receivables and pay-outs and outstanding receivables and pay-outs;
- (2) Any amount recoverable by the Vendors in respect of taxable paid or payable in connection with matters or event occurring on or before the Completion; and
- (3) To the extent not covered under the statement on "Cash Equivalents & Sundry Deposit" as at Completion and the Target Company's statement of account at Completion Date, the amount of cash on hand or at the bank of the Target Company as of Completion Date.

Post-Completion Payment by the Vendors

The Vendors acknowledged that there had been delays of the Acquisition since the Deposit was first paid by Nichefield pursuant to the memorandum of understanding entered into between Nichefield and the Vendors on 27 March 2023. To abridge Completion of the sale and purchase of the Target Shares caused by the delays, the Vendors offered a lump sum of S\$220,000 to Nichefield provided that the Completion of the sale and purchase of the Target Shares took place on the date of Completion no later than 30 November 2023. On 4 December 2023, Nichefield received the lump sum of S\$220,000 from the Vendor.

Conditions Precedent

Completion of the sale and purchase of the Target Shares was subject to and conditional upon –

- (a) The Target Company has been granted by JTC for a further term of 19 years leasehold tenure for the Property with effect from 1 June 2023 and expiring on 31 May 2042 (“**Further Lease**”);
- (b) The Target Company has procured Grant of Written Permission (Temporary) dated 18 September 2023 for the continued use of certain parts of the Property for a period of 5 years commencing from 22 May 2023 and expiring 22 May 2028; and
- (c) Nichefield shall have satisfactorily obtained approval for the Target Company to finance or refinance the Property on completion of the sale and purchase of the Target Shares.

The above conditions precedent were fulfilled.

Completion

Completion took place on 30 November 2023.

INFORMATION ON THE TARGET COMPANY AND THE PROPERTY

The Target Company is a company incorporated in Singapore and its principal activities are engineering design, consultancy activities and accommodation for foreign workers dormitory provider.

The Target Company has term of 19 years leasehold tenure for the Property granted by JTC. As at the date of this announcement, the Property is a 3-storey factory detached factory with dormitory known as 10 Kian Teck Crescent, Singapore 628876 with a floor area of approximately 4,389 square metres and a land area of approximately 3,051 square metres. Set out below is the financial information of the Target Company for the financial years ended 31 December 2021 and 2022:

	For the year ended	
	31 December	
	2022	2021
	<i>S\$</i>	<i>S\$</i>
	(Audited)	(Audited)
Profit/(Loss) before tax	340,812	(48,044)
Profit/(Loss) for the year	231,742	(89,882)

The audited net asset of the Target Company as at 31 December 2022 and the unaudited net asset of the Target Company as at 30 November 2023 was approximately S\$1,963,307 and S\$2,000,751 respectively.

INFORMATION OF THE PARTIES

The Group is a Singapore-based service provider and mainly provides manpower outsourcing and ancillary services to building and construction contractors in Singapore. To a lesser extent, the Group also provides dormitory services, IT services and construction ancillary services (which comprise warehousing services, cleaning services and building maintenance works) in Singapore. The Group commenced the business of providing manpower outsourcing services in Singapore in 2006. The Group also generated revenue from sales of medical equipment in China.

Nichefield is a company established in Singapore with limited liability and an indirect wholly-owned subsidiary of the Company. Nichefield is principally engaged in the business of lodging and boarding houses, dormitory operator, business management and consultancy services.

Each of the Vendors is a company incorporated in Singapore with limited liability and the legal and beneficial owner of the Target Shares respectively prior to the Acquisition. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, each of the Vendors (and its respective ultimate beneficial owners) is an Independent Third Party.

REASONS FOR AND BENEFITS OF THE ACQUISITION

Nichefield has a leased property in Woodland Lodge, Singapore which the term of lease will be expiring in April 2024, is mainly for use for its principal business of hostels and dormitories for students, workers and other individuals. As the lease of the current location is expiring, it is the Group's intention to replace the current location with the Property in order to continue carrying out Nichefield's principal business.

The Property is a 3-storey factory detached factory with dormitory known as 10 Kian Teck Crescent, Singapore 628876 with a total gross floor area of approximately 4,389 square metres. It is approved for use as production for metal works and dormitory for 300 workers. The Directors are of the view that the Acquisition would enable Nichefield to continue its principal business of hostels and dormitories for students, workers and other individuals at the Property without being delayed by the expiration of the current lease in Woodland Lodge, Singapore.

Therefore, the Directors (including the independent non-executive Directors) were of the view that the Share Transfer Agreement was entered into after arm's length negotiations and the terms are on normal commercial terms, the terms of the Share Transfer Agreement were fair and reasonable and in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Acquisition exceeded 25% but are less than 100%, the Acquisition constituted a major transaction of the Company under Chapter 14 of the Listing Rules and were subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules. The Company had omitted to comply with the above requirements and failed to obtain shareholders' approval when the Share Transfer Agreement was entered into in October 2023.

As no Shareholder had a material interest in the Acquisition, none of the Shareholders was required to abstain from voting if the Company were to convene a general meeting for the approval of the Acquisition.

A circular containing further details of the Acquisition and other information as required under the Listing Rules, is expected to be despatched to the Shareholders on or before 26 April 2024.

The Company understands that it should have informed the Stock Exchange and published an announcement as soon as possible in accordance with Rule 14.34 of the Listing Rules as and when the obligations in relation to the Acquisition arose. The Company deeply regrets its delay in compliance with the Listing Rules but would like to stress that Company's failure to make timely disclosure of the Acquisition was unintentional and inadvertent.

REMEDIAL MEASURES

Regrettably, the Company failed to comply with the Listing Rules requirements due to its oversight. To prevent the occurrence of similar non-compliance incident in the future, the Company will implement the following measures:

1. its internal control policy and system on notifiable transaction will be further enhanced to strengthen its supervision on compliance with Chapter 14 of the Listing Rules, in particular in relation to the calculation of applicable percentage ratios at the time of each transaction;
2. an internal training session will be conducted as soon as practicable to explain the relevant Listing Rules requirements for notifiable transactions, and to emphasize the importance of working out accurately the size tests of each transaction prior to its execution;

3. it is in the process of hiring a staff with professional qualification to oversee the transaction and the calculation of the relevant size tests in the future; and
4. it will seek external legal and other professional advice as to any transaction which proposes to enter into in the future, in particular to those relating to acquisition or disposal of assets.

DEFINITIONS

Unless the context otherwise requires, the terms used in this announcement shall have the following meanings:

“Acquisition”	the acquisition of the Target Shares by Nichelfield from the Vendors pursuant to the Share Transfer Agreement
“associate(s)”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Company”	Jinhai Medical Technology Limited (今海醫療科技股份有限公司), a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Stock Exchange (stock code: 2225)
“Completion”	completion of the Acquisition in accordance with the terms and conditions of the Share Transfer Agreement
“Completion Date”	30 November 2023
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Consideration”	the consideration in respect of the Acquisition, with further details being set out in the paragraph headed “Consideration” in this announcement
“Director(s)”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any entity(ies) or person(s) which or who is/are not a connected person of the Company within the meaning ascribed thereto under the Listing Rules

“JTC”	JTC Corporation, a statutory board under the Ministry of Trade and Industry of Singapore which is in charge of Singapore’s industrial progress and is the landlord of the land portion of the Property
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Nichefield”	Nichefield Pte. Ltd., a company established in Singapore with limited liability and an indirect wholly-owned subsidiary of the Company
“PRC”	The People’s Republic of China
“Property”	the property located at 10 Kian Teck Crescent, Singapore 628876 with a floor area of approximately 4,389 square metres and a land area of approximately 3,051 square metres
“Share Transfer Agreement”	the share transfer agreement entered into among Nichefield and the Vendors on 20 October 2023 in relation to the Acquisition
“Shareholder(s)”	holder(s) of the shares of the Company
“Singapore”	the Republic of Singapore
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“S\$”	Singapore dollars, the lawful currency of Singapore
“Target Company”	Neuhaus Engineering Pte. Ltd., a company established in Singapore with limited liability and an indirect wholly-owned subsidiary of the Company as at the date of this announcement
“Target Shares”	means 2,490,000 ordinary shares of the Target Company, representing 100% of its entire issued share capital
“Vendor A”	Hup Chung Tentage System Pte. Ltd., a company established in Singapore with limited liability and an Independent Third Party
“Vendor B”	PSP Solutions Engineering Pte. Ltd., a company established in Singapore with limited liability and an Independent Third Party
“Vendor C”	Cheng Fong Enterprises (S) Pte. Ltd., a company established in Singapore with limited liability and an Independent Third Party

“Vendors”

collectively, Vendor A, Vendor B and Vendor C

“%”

per cent

By Order of the Board
Jinhai Medical Technology Limited
Chen Guobao
Chairman of the Board and Executive Director

Hong Kong, 9 April 2024

As at the date of this announcement, the Board comprises eight Directors, of which three are executive Directors, namely Mr. Chen Guobao, Mr. Wang Zhenfei and Mr. Li Yunping; two are non-executive Directors, namely Mr. Wang Huasheng and Mr. Yu Mingyang; and three are independent non-executive Directors, namely Mr. Yan Jianjun, Mr. Fan Yimin and Ms. Yang Meihua.