



Level 6, 412 Collins Street
MELBOURNE VIC 3000
Ph (03) 9642 0655 Fax (03) 9642 5177
www.xped.com
ABN 89 122 203 196

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ASX Release

XPED TO ACQUIRE HEALTHCARE TECHNOLOGY COMPANY

Highlights

- Xped provided with **IMMEDIATE REVENUE** in the lucrative **HEALTHCARE INDUSTRY** upon acquisition of **JCT HEALTHCARE**
- Xped to assist in growing and expanding **JCT PRODUCTS AND SOLUTIONS** through Asian and North American territories.
- **XPED ADRC IOT TECHNOLOGY** to be integrated in JCT products
- Supplier of tailored and innovative products to **HOSPITALS, AGED CARE, INDEPENDANT LIVING and DISABILITY CARE**
- JCT management have **PROVEN EXPERIENCE** in delivering viable solutions to the **HEALTHCARE SECTOR**
- **PATENTED POE4000** nurse call series that delivers **TRUE INTERNET PROTOCOL (IP)** and **POWER OVER ETHERNET (POE)**
- Extensive network of certified **CHANNEL PARTNERS** who can install and service **JCT SOLUTIONS** throughout Australia and New Zealand
- Proposed appointment of **EDDIE JACKSON** as CEO to a new subsidiary company **WITH FOCUS ON HEALTHCARE TECHNOLOGY AND COMMUNICATIONS**

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JCT GROUP ACQUISITION

Xped Ltd (**ASX: XPE**) is pleased to announce that it has entered into a Heads of Agreement (**HOA**) with the shareholder of JCT Healthcare Pty Ltd and Jackson Care Technologies Pty Ltd (**JCT**) to acquire all of the issued capital (**Sale Shares**) in JCT (**JCT Acquisition** or the **Transaction**).

The directors of the Company are of the view that the acquisition of JCT will create a significant opportunity for both Xped and JCT stakeholders, enabling Xped to become a major force in the lucrative healthcare technology and communications market.

Acquiring JCT will enable XPED immediate access to revenue earnings in the healthcare sector and see Xped's technology integrated into JCT product mix.

ABOUT JCT

JCT Healthcare Pty Ltd (JCT) are a quality provider of communication solutions to the Healthcare sector with products that are tailored for Hospitals, Aged Care, Independent Living and Disability Care.

Arguably the driving force in our business is our commitment to ongoing research and development. Based on the intimate knowledge of our customers' needs and our own studies of changing market trends, we continually strive to create relevant technological break-throughs to ensure we can provide our customers with the necessary technology to drive their business. This is evident by the release of our patented PoE4000 nurse call series that delivers true Internet Protocol (IP) and Power Over Ethernet (POE) to each nurse call point.

Our products are Ctick, CE & FDA approved so we are always looking for resellers worldwide

Further company information can be viewed on the JCT company website www.jct.com.au

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THE NURSE CALL RANGE

JCT has a range of nurse call products depending on the type of installation, whether that be retrofitting an existing facility with the Wireless1000 series depending on cabling limitations or utilising the Digi3000 for a standard Nurse Call system environment. JCT also provides a premium PoE4000 series (real IP) nurse call solution that gives clients the ability to integrate Assistive Technologies and clinical interfaces.

1. **[Wireless1000](#)** is a site wide fully supervised radio system that can either be used as a complementary system to the hardwired Digi3000 and PoE4000 nurse call systems or used by itself as a radio nurse call system. The radio transmitters include Fall sensors, Wrist transmitters, Radio call points and Underphones.
2. **[Digi3000](#)** provides customers with a low cost highly featured non talkback nurse call system that can either be used on existing wiring or a structured cabling system
3. **[PoE4000](#)** is what we believe to be the world's first "Real IP" Nurse call system that is powered through PoE switches. The system is unique in that each and every device has its own IP address

INNOVATIVE NURSE CALL SOLUTIONS FOR THE HOSPITAL SECTOR

The Hospital sector is characterised by time critical actions in this high pressure environment, a nurse call system is essential for staff to help and care for patients in efficient and timely manner. A good nurse call system provides the needed transparency of the daily operations for staff and management of a hospital leading to better performance, higher efficiencies, faster response times and improved staff and patient satisfaction.

JCT offers a wide range of Nurse Call Solutions for the Hospital Sector, ranging from the traditional Nurse Call System (Digi3000) to its leading wireless Nurse Call System (Wireless1000) and the feature rich real IP based Nurse Call System (PoE4000). The diverse product suite of Nurse Call accessories (including pendants, bed mats, LCD Displays, pagers and DECT phones amongst others) complements the Nurse Call system to provide Hospitals with a coherent, robust and reliable Nurse Call infrastructure. All this is powered by JCT's web-based messaging software NuCaMS which interfaces with many messaging devices and high level interfaces.

SUPPORTING DISABILITY CARE

Substantial changes regarding future disability care will come into effect following implementation of the National Disability Insurance Scheme ACT 2013, which will see funding go directly to the individuals with disabilities. This opens up new and exciting opportunities to cater for this additional market and with JCT having provided innovative technology solutions to this industry for the last 10 years should see increase in growth.

As the manufacturer, JCT has the ability to innovate and develop solutions that fit the disability care provider's requirements and work with them to identify key opportunities. JCT's strong ethos is understanding the clients business to offer a technology solution that delivers real benefits in terms of staff safety, residents care while driving the cost of providing that care down in real terms.

JCT has successfully shown how this kind partnership can be carried out at Disability SA's The Square Project in Woodville West and Minda's Brighton North project. Both of these projects have delivered real innovation that has not been seen in the sector before and offers providers an insight to what can be achieved if organisations work with a preferred "Technology Partner" at the very start of a project.

TRANSACTION OVERVIEW

Under the terms of the Heads of Agreement, the Company has reached agreement with the shareholder to acquire 100% of the issued capital of JCT. Xped will make available a \$500,000 draw-down facility to JCT to fund working capital at Xped's discretion.

In consideration for all of the Sale Shares, the Company will pay \$2m cash (\$1m cash on completion with \$1m balance 90 days after completion) and 25m FPO XPE Shares to the JCT Vendors as the purchase price (**Purchase Price**). The 25m FPO XPE Shares will be subject to voluntary escrow for 12 months.

Additionally there are some 37,500,000 performance based shares to be issued (**performance shares**). It is noted that the performance milestones for JCT is defined by 3 separate and distinct events as noted below.

Milestone 1:

12,500,000 performance based shares in Xped. The milestone to be met is when JCT generates \$3m of revenue and recoverable work in progress within 12 months from 1st July 2016 and has a gross profit margin of minimum 50% for that period.

At the time the above milestones are satisfied, the Vendor may elect to either:

- (a) convert all of the Milestone 1 Performance Shares into Xped fully paid ordinary shares (Xped Shares) on a one (1) for one (1) basis; or
- (b) receive a cash payment of \$500,000 from Xped within 10 business days of its election, in which case, all of the Milestone 1 Performance Shares will be converted into one Xped Share.

Milestone 2:

12,500,000 performance based shares in Xped. The milestone to be met is when JCT generates \$6m of revenue and recoverable work in progress within 18 months from 1st July 2016 and has a gross profit margin of minimum 50% for that period.

At the time the above milestones are satisfied, the Vendor may elect to either:

- (a) convert all of the Milestone 2 Performance Shares into Xped fully paid ordinary shares (Xped Shares) on a one (1) for one (1) basis; or
- (b) receive a cash payment of \$500,000 from Xped within 10 business days of its election, in which case, all of the Milestone 2 Performance Shares will be converted into one Xped Share.

Milestone 3:

12,500,000 performance based shares in Xped. The milestone to be met is when JCT generates \$12m of revenue and recoverable work in progress within 24 months from 1st July 2016 and Xped Care has a gross profit margin of minimum 50% for that period.

At the time the above milestones are satisfied, the Vendor may elect to either:

- (a) convert all of the Milestone 3 Performance Shares into Xped fully paid ordinary shares (Xped Shares) on a one (1) for one (1) basis; or
- (b) receive a cash payment of \$500,000 from Xped within 10 business days of its election, in which case, all of the Milestone 3 Performance Shares will be converted into one Xped Share.

If all three (3) Milestones are achieved the former shareholder of JCT will receive a total of \$ 1.5m in Xped shares based on an issue price of 4 cents per share or \$1.5m in cash.

Xped has agreed that it will provide no less than \$1.5million (less any amount drawn down under the facility) in working capital to JCT after completion. Failure to do so will result in all milestones being deemed satisfied.

It is intended that JCT will have no liabilities on settlement. An adjustment is to be undertaken in respect of receivables, payables and inventory.

The completion of the acquisition of JCT is proposed to be subject to a number of conditions precedent, including:

- (a) the parties entering a formal sale and purchase agreement on terms consistent with the HOA. Each party has agreed to cooperate in good faith and use all reasonable but commercially prudent endeavours to negotiate the terms of the formal SPA within 45 days from HOA execution;
- (b) Xped being satisfied with the results of its own due diligence on JCT and the shareholder of JCT being satisfied with the results of its own due diligence on Xped. A due diligence period would run for 30 days from HOA execution during which Xped would have the exclusive right to undertake due diligence enquiries and investigations in relation to all aspects of JCT;
- (c) all necessary ASX and ASIC approvals, waivers and confirmations being obtained by Xped in respect of the JCT Acquisition;
- (d) all necessary shareholder approvals being obtained by both Xped and JCT in respect of the JCT Acquisition; and
- (e) the vendor (or his nominee) being engaged as chief executive officer of JCT for a term of 5 years from Completion, subject to earlier termination by either party (without cause) on 12 months' notice (or payment of fees in lieu of such notice) or for breach/misconduct, with annual fees of \$200,000 per annum and on such other terms as are customary for such an engagement

The balance of the conditions precedent are to be satisfied by 30 June 2016. Xped has agreed to payment of a break fee if the transaction does not occur in particularly circumstances.

Upon completion of the JCT Acquisition, the founder of JCT will join the Xped group as the CEO of JCT.

Subject to ASX requirements, it is intended that shareholder approval will be obtained for the issue of the performance shares after completion. In the event that shareholder approval is not obtained, the milestone payments will be via the cash payment only if the relevant milestones are met.

The timing and completion of the Xped Acquisition will depend on the satisfaction of the conditions precedent, which in some cases are not within the control of the Company. If the conditions precedent are not satisfied or waived by the agreed date, the parties have rights to elect to not proceed with the JCT Acquisition.

For more information:

JCT Healthcare Inquiries:

Eddie Jackson

CEO

M +61 405 222 201

E eddie.jackson@jct.com.au

www.jct.com.au

Xped Inquiries:

Company Secretary

T 03 9642 0655

E info@xped.com

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About Xped

Xped has developed revolutionary and patent protected technology that allows any consumer, regardless of their technical capability, to connect, monitor and control devices and appliances found in our everyday environment. It's as simple as two people shaking hands. By enabling the Internet of Things, Xped's ADRC platform will bring benefit to Manufacturers, Retailers, Service Providers and Consumers.

At Xped, we're ***Making Technology Human Again.***

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