

**THE PROPOSED ACQUISITION  
OF THE BUSINESS OF EASTERN DENTAL SURGERY GROUP**

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**1. INTRODUCTION**

The Board of Directors ("**Directors**" or "**Board**") of QT Vascular Ltd. (the "**Company**", and together with its subsidiaries, the "**Group**") is pleased to announce that its indirect 60%-owned subsidiary, Eastern Dental Centre Pte. Ltd. ("**Purchaser**") has on 17 March 2022, entered into three (3) conditional sale and purchase agreements (collectively, the "**SPAs**") in respect of the acquisition of the business of Eastern Dental Surgery (Jurong West Branch) ("**JW Clinic**"), Eastern Dental Surgery (Bukit Batok Branch) ("**BB Clinic**") and Eastern Dental Surgery (Jurong East Branch) ("**JE Clinic**") respectively (collectively, the "**Eastern Dental Surgery Group**" and each a "**Target Clinic**"), as a going concern.

The SPAs were entered into with the respective Sellers (as defined below) for a total cash consideration of S\$1,256,500 ("**Purchase Consideration**"), upon the terms and subject to the conditions of the respective SPAs ("**Proposed Acquisition**").

**2. INFORMATION RELATING TO EASTERN DENTAL SURGERY GROUP**

*Shareholders should note that information relating to the Eastern Dental Surgery Group in this announcement was provided by the Sellers. In respect of such information, the Company and the Directors have not independently verified the accuracy and correctness of such information herein. The sole responsibility of the Company and the Directors is only limited to the proper extraction and reproduction herein in the context that the information is being disclosed in this announcement.*

- 2.1.** Eastern Dental Surgery Group was established more than 30 years ago and currently has three (3) resident dentists, namely, Dr. Chiam Tok Joon, Dr. Chee Ai Guat and Dr. Peh Gek Yock @ Nur Aszlin Bte Abdullah. It is supported by a team of six (6) full time and three (3) part time staff. As at the date of this announcement, the Eastern Dental Surgery Group comprises three (3) clinics carrying on the trade of a dental practice, located in Jurong West (Blk 502 Jurong West Street 52, #01-813, Singapore 640503), Jurong East (Blk 303, Jurong East Street 32, #01-92, Singapore 600303) and Bukit Batok (Blk 213, Bukit Batok Street 21, #01-217, Singapore 650213) respectively.
- 2.2.** The SPAs were entered into by the Purchaser with the following individuals, being individuals trading as partners (collectively the "**Sellers**" and each a "**Seller**") of the relevant Target Clinic.

<b>Target Clinic</b>	<b>Sellers</b>
JW Clinic	(i) Peh Gek Yock @ Nur Aszlin Bte Abdullah; (ii) Chiam Tok Joon; and (iii) Chee Ai Guat

Target Clinic	Sellers
BB Clinic	(i) Peh Gek Yock @ Nur Aszlin Bte Abdullah; (ii) Chiam Tok Joon; (iii) Chee Ai Guat; and (iv) Ahmad Bin Mohamed Fadjar
JE Clinic	(i) Chiam Tok Joon; and (ii) Chee Ai Guat

- 2.3.** As at the date of this announcement, the Sellers do not hold (directly or indirectly) any shares of the Company and is not related to and has no connection (including business relationships) with the Group, the Directors or controlling Shareholders of the Company, or their respective associates.
- 2.4.** The Sellers were introduced to the Group by Dr. Gian Siong Lin Jimmy ("**Dr. Gian**"), the Group's Chief Operating Officer (Dental). The Group did not appoint any agent and no commission or introduction fees is payable by the Group for this Proposed Acquisition.
- 2.5.** Based on Eastern Dental Surgery Group's unaudited combined pro forma financial statements for the financial year ended 31 December 2021 ("**FY2021**"), it recorded net profit before and after tax of approximately S\$380,000 and S\$315,000 respectively, and net book value and net tangible assets of approximately S\$60,000. No valuation by third-party was commissioned.

### **3. PRINCIPAL TERMS OF THE SPAS**

#### **3.1. Acquisition of Business and Assets**

The Proposed Acquisition involves the acquisition of the business of each Target Clinic as a going concern ("**Business**") comprising (a) the Assets (as defined in the respective SPAs); and (b) such right, title and interest (if any) as the Sellers and/or the Target Clinic have in the Assets and can transfer at the Completion Date (as defined below), and in each case, free from encumbrances and together with all rights, entitlement, and advantages as of and including the Completion Date (as defined below), and with the intent that as from the Completion Date, the Business shall be carried on by, and all the Assets shall be held by the Purchaser.

#### **3.2. Purchase Consideration**

The aggregate Purchase Consideration of S\$1,256,500 (being payment of S\$472,500 for the JW Clinic, S\$451,500 for the BB Clinic, and S\$332,500 for the JE Clinic) was arrived at after negotiations on an arm's length and a willing-buyer and willing-seller basis, after taking into account the following quantitative factors such as:

- (i) the value of the Eastern Dental Surgery Group with reference to the unaudited pro forma combined gross revenue of S\$1,848,000 and profit before tax of S\$380,000 for FY2021; and
- (ii) the EBITDA margin of the Eastern Dental Surgery Group for FY2021, being approximately 20.6%, is within the range of 17.6% to 35.7%<sup>1</sup> of comparable companies in the industry.

<sup>1</sup> Information extracted from the Business Valuation report for the acquisition of Asia Dental Group Pte Ltd dated 20 December 2021

In addition to the above quantitative factors in arriving at the Purchase Consideration (which represents a premium of 2,094.2% over the net total asset ("**NTA**") of Eastern Dental Surgery Group), the Board took into consideration, the following qualitative factors as set out below:

- (i) the location of the operations of the Eastern Dental Surgery Group, which is in the western part of Singapore where the Group currently does not have any dental clinic presence;
- (ii) Eastern Dental Surgery Group's background, long operating history (each of the Target Clinics have been in operation for more than 30 years) and the track record and long-standing reputation of the Eastern Dental Surgery Group in the dental services industry;
- (iii) the background and experience of the Sellers who each have more than 20 years of experience in the dental services industry and are also registered dentists with the Ministry of Health and the Singapore Dental Council, who will be retained for a working term of three (3) years following Completion, as further elaborated under Section 4 "*RATIONALE FOR THE PROPOSED ACQUISITION*" of this announcement below;
- (iv) the broad customer base of the Eastern Dental Surgery Group and the potential to capitalise on the aforementioned customer base; and
- (v) the future prospects of the Eastern Dental Surgery Group, with the potential to further expand the scope of dental procedures of the Eastern Dental Surgery Group, offered through the expertise of Asia Dental Group Pte. Ltd., a 60%-owned subsidiary of the Company.

Leveraging on the Company's Chief Operating Officer (Dental), Dr Gian's expertise and knowledge of Singapore's dental business segment and taking into consideration both the quantitative and qualitative factors, notwithstanding the premium of the Purchase Consideration over the NTA of the Eastern Dental Surgery Group, the Board is of the view that the Purchase Consideration is reasonable.

In addition, given the above bases and that the Purchase Consideration is reasonable, the Company believes that a separate third-party valuation is not required. Based on Catalist Rule 1006 computations as presented in Section 5 below, the Proposed Acquisition is deemed to be a disclosable transaction under Chapter 10 of the Catalist Rules.

Pursuant to the respective SPAs and subject to the satisfaction (or waiver) of certain conditions stipulated therein, the Purchase Consideration shall be fully satisfied in cash by the Purchaser in the following manner:

- (a) on the date of the respective SPAs, the Purchaser shall pay a non-refundable payment of an amount equivalent to 1% of the Purchase Consideration to each of the respective Sellers (the "**Deposit**");
- (b) subject to the results of the due diligence being satisfactory to the Purchaser, the Purchaser shall make payment of an amount equivalent to 4% of the Purchase Consideration within two (2) weeks of the date of the respective SPAs ("**Pre-Completion Amount**") to each of the respective Sellers; and
- (c) the balance amount equivalent to 95% of the Purchase Consideration ("**Completion Amount**") shall be paid by the Purchaser to each of the respective Sellers on the earlier of (i) the Completion Date and (ii) the date falling ten (10) weeks from the date of the payment of the Pre-Completion Amount.

As at the date hereof, the Deposit has been paid to the Sellers.

The Company intends to fund the Purchase Consideration by way of internal cash resources of the Purchaser.

### 3.3. Conditions Precedent

The Proposed Acquisition is conditional upon, *inter alia*, the execution by each Seller of all necessary forms, notices, and approvals to authorise and/or effect the transfer/ change of ownership of the Business (including the transfer of the MOH Dental Licence, being the healthcare institution licence to operate a dental clinic in Singapore, issued by the Ministry of Health), and where necessary, to carry out all such applications as directed by the Purchaser to effect the transfer/ change of ownership of the Business, unless waived by mutual agreement.

Completion is to take place on the date on which the above condition is fulfilled (the “**Completion Date**”).

Unless specifically waived by the Purchaser, if the above condition is not fulfilled on or before the Completion Date or such other date as the Sellers and the Purchaser shall mutually agree in writing, the Pre-Completion Amount shall be refunded to the Purchaser in full without any deduction and the SPAs shall *ipso facto* cease and determine and neither of the Sellers or the Purchaser shall have any claim against the other for costs, damages, compensation or otherwise.

### 3.4. Post-Completion Obligations

It is a post-completion obligation under the SPAs, among others, that:

- (i) the Purchaser shall procure that the MOH Dental Licence of each Target Clinic be obtained under its name within three (3) months from the Completion Date, and that the Sellers shall do all things necessary within such time period reasonably required to support the Purchaser in its application for such licence; and
- (ii) In the event that the Purchaser fails to obtain the MOH Dental Licence under its name within three (3) months from Completion Date, through no fault of the Purchaser, the Sellers shall promptly and without delay refund 99% of the Purchase Consideration (comprising the Pre-Completion Amount and the Completion Amount) in respect of the relevant Target Clinic to the Purchaser, after deducting any such revenue as may be collected by the Purchaser in respect of the Business of the relevant Target Clinic after the Completion Date less the following sums incurred or paid by the Purchaser in respect of the Business, for the period beginning on the Completion Date to the date of refund of the 99% of Purchase Consideration: (i) the salaries of the dental assistants, (ii) expenses for dental supplies/ toothbrushes paid by the Purchaser, and (iii) rental amounts and security deposit paid by the Purchaser, in respect of premises used by the relevant Target Clinic, provided always that the said refund of 99% of the Purchase Consideration, shall only be paid by the Sellers to the Purchaser if the Purchaser has not filed for the cessation of the relevant Target Clinic with Accounting and Corporate Regulatory Authority of Singapore.

#### 4. RATIONALE FOR THE PROPOSED ACQUISITION

Following the approval by shareholders of the Company at the extraordinary general meeting held on 8 January 2022 of, *inter alia*, (i) the diversification of the Company into the new business of provision of dental services and general medical services, and (ii) the acquisition by the Company of 60% of the entire issued and paid-up share capital of Asia Dental Group Pte. Ltd. from Dr. Gian, and the subsequent appointment of Dr. Gian as Chief Operating Officer (Dental) of the Company on 13 January 2022, the Proposed Acquisition is part of the Company's efforts to leverage on the expertise and network of Dr. Gian in expanding the dental services business of the Group.

As such, the Board believes that the Proposed Acquisition of profitable dental practices with proven track records is in the interests of the Company as it will support and strengthen the Company's investments and ventures in the healthcare business. Dr. Gian and his management team will manage and operate the Eastern Dental Surgery Group upon completion of the acquisition.

Pursuant to the SPAs, there will be a handover period during a working term of three (3) years following Completion where the Sellers shall continue to work in the respective Target Clinics to facilitate and effect a smooth and prompt handover of the Business to the Company. In connection with the foregoing, service agreements will be entered into with each of the Sellers setting out, *inter alia*, the terms of the Seller's employment with the Eastern Dental Surgery Group and the non-compete restrictions on the Sellers as further elaborated under Section 9 of this announcement below.

The Company intends to retain the working team of the respective Target Clinics beyond the working term and to further expand the team to better support the operations of the Eastern Dental Surgery Group.

#### 5. CHAPTER 10 OF THE CATALIST RULES

##### 5.1. Relative Figures under Rule 1006 of the Listing Manual Section B: Rules of Catalist (the "Catalist Rules") of the Singapore Exchange Securities Trading Limited ("SGX-ST")

Based on the latest announced unaudited consolidated financial statements of the Group for FY2021, and the unaudited combined pro forma financial statements of the Eastern Dental Surgery Group for FY2021, the relative figures for the Proposed Acquisition computed on the bases set out in Rule 1006 of the Catalist Rules are as follows:

Rule 1006	Bases of Calculation	Relative Figure
(a)	The net asset value of the assets to be disposed of, compared with the group's net asset value	Not applicable <sup>(1)</sup>
(b)	The net profits <sup>(2)</sup> attributable to Eastern Dental Surgery Group, compared with the Group's net losses	(7.08)% <sup>(3)</sup>
(c)	The aggregate value of the consideration given for the Proposed Acquisition, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares	3.65% <sup>(4)</sup>

<b>Rule 1006</b>	<b>Bases of Calculation</b>	<b>Relative Figure</b>
<b>(d)</b>	The number of equity securities to be issued by the Company as consideration for the Proposed Acquisition, compared with the number of equity securities of the Company previously in issue	Not applicable <sup>(5)</sup>
<b>(e)</b>	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the Group's probable and proved reserves	Not applicable <sup>(6)</sup>

**Notes:**

- (1) Rule 1006(a) of the Catalist Rules is not applicable to an acquisition of assets.
- (2) Net profits is defined to be profit or loss before income tax, non-controlling interests and extraordinary items.
- (3) The Group's unaudited net loss before tax for FY2021 was US\$3,940,000. The unaudited pro forma combined net profit before tax for FY2021 attributable to the Proposed Acquisition, based on the unaudited combined pro forma financial statements of Eastern Dental Surgery Group, was approximately US\$279,000 computed based on an average exchange rate of 1US\$:1S\$ of 1.3631 as at 16 March 2022.
- (4) Computed based on the Purchase Consideration of S\$1,256,500 and the market capitalisation of the Company of approximately S\$34.5 million, which was determined by multiplying the number of shares in issue of the Company of 6,893,072,508 by the weighted average price of such shares transacted on 16 March 2022 (being the market day preceding the date of the SPAs) of S\$0.005 per share.
- (5) This basis is not applicable to the Proposed Acquisition as no equity securities are to be issued as part of the consideration for the Proposed Acquisition.
- (6) Rule 1006(e) of the Catalist Rules is not applicable as the Company is not a mineral, oil and gas company.

As the relative figures computed based on Rule 1006 of the Catalist Rules involve negative figures which do not exceed 75% and the net profit attributable to the Eastern Dental Surgery Group exceeds 5% of the consolidated net loss of the Company (taking into account only the absolute value), the Proposed Acquisition falls within Paragraph 4.4(b) of Practice Note 10A of the Catalist Rules, and constitutes a "disclosable transaction" under Rule 1010 of the Catalist Rules and is not subject to shareholders' approval under Rule 1014(2) of the Catalist Rules.

## **6. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION**

*The financial information relating to the Eastern Dental Surgery Group used for illustrating the financial effects of the Proposed Acquisition as set out under this paragraph was provided by the Sellers.*

The unaudited pro forma financial effects of the Proposed Acquisition on the net tangible liability ("NTL") per Share are for illustrative purposes only and do not necessarily reflect the actual results and financial position of the Group following completion of the Proposed Acquisition.

The pro forma financial effects of the Proposed Acquisition set out below have been prepared based on the latest unaudited consolidated financial statements of the Group for FY2021 and the unaudited combined pro forma financial statements of the Target Clinics for FY2021, as well as the following bases and assumptions:

- (a) the financial effects on the consolidated NTL per Share is computed based on the assumption that the Proposed Acquisition had been completed on 31 December 2021;
- (b) the financial effects on the consolidated loss per share (“LPS”) is computed based on the assumption that the Proposed Acquisition had been completed on 1 January 2021; and
- (c) expenses to be incurred in respect of the Proposed Acquisition are estimated to be approximately US\$55,000.

#### 6.1. NTL per Share

As at 31 December 2021	Before the Proposed Acquisition	After the Proposed Acquisition
NTL <sup>(1)</sup> (US\$'000)	1,923	1,879
NTL per Share (cents)	0.0008	0.0007

**Note:**

- (1) NTL means total assets less the sum of total liabilities and intangible assets.

#### 6.2. LPS

FY 2021	Before the Proposed Acquisition	After the Proposed Acquisition
Net loss attributable to the shareholders of the Company (US\$'000)	3,845	3,669
Weighted average number of shares	2,259,786	2,259,786
LPS (cents)	0.0017	0.0016

### 7. DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS

Save as disclosed below, none of the Directors or controlling shareholders, other than in their respective capacity as Directors or shareholders of the Company, has any interest, direct or indirect, in the Proposed Acquisition.

	Number of Shares	% <sup>(1)</sup>
<b>Directors</b>		
Thomas Tan Gim Chua	1,666,666,667	24.18
Ng Fook Ai Victor	2,000,000	0.03
Sho Kian Hin	-(2)	-(3)
<b>Controlling shareholders</b>		
Quek Chin Thean	1,277,777,778	18.54
Chong Leong Fah Derrick	1,111,111,111	16.12

**Note:**

- (1) Based on the Company's issued and paid-up share capital of 6,893,072,508 shares.
- (2) Less than 1,000 shares.
- (3) Less than 0.01%.

**8. SERVICE CONTRACTS**

As at the date of this announcement, no person is proposed to be appointed as a director of the Company in connection with the Proposed Acquisition. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

**9. NON-COMPETE RESTRICTIONS ON THE SELLERS**

In order to protect the Purchaser's investment in the Business, each of the Sellers undertakes that each of them will not during the Working Term (defined in the SPAs as a period of three (3) years commencing from the Completion Date) and for the period of two (2) years after the Working Term, either alone or jointly with another person, directly or indirectly:

- (i) carry on or be engaged, concerned or interested in the business of operating a clinic providing dental services or another business similar to a Business within 2km from any of the Target Clinics or cause or permit another person directly or indirectly under his or her control to do the same;
- (ii) canvass, solicit or entice away, in competition with the Business, the custom of any person who has within 12 months prior to the date of the SPAs been a customer, supplier or partner of the Business; and
- (iii) induce or seek to induce any person which is an employee of any Target Clinic to become employed, whether as employee, consultant or otherwise.

The aforementioned undertaking does not preclude or restrict any Seller or his or her respective Associates (as defined below) from offering goods or services similar to those previously manufactured, sold or supplied as part of the Business but subsequently discontinued more than 12 months prior to the date of the SPAs and not presently supplied by the Business.

For the purposes of the SPAs, "Associate" means (a) a relative that is that individual's issue, step-child, spouse, civil partner, brother, sister or parent; and/or (b) any party which is, or may be, directly or indirectly controlled or under the common control by that individual or a relative (as defined in (a) above) of that individual, or by two or more of them, where "control" (including its correlative meanings "controlling", "controlled by" and "under common control with") means, with respect to a person, the right to exercise, directly or indirectly, more than 50% of the voting rights or participation interests of such person, or the power to direct or cause the direction of the management or policies of such person.

**10. FURTHER INFORMATION**

The Company will make the necessary follow-up announcements as and when required and/or as and when material developments arise in respect of the Proposed Acquisition.



## 11. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of each of the SPAs is available for inspection at the Company's registered office at 18 Boon Lay Way, #10-140(D) TradeHub 21, Singapore 609966 for a period of three (3) months from the date of this announcement.

## 12. CAUTION IN TRADING

Shareholders and potential investors of the Company should note that the Proposed Acquisition is subject to the fulfilment of certain conditions and are advised to exercise caution in trading their shares in the Company as there is no certainty or assurance as at the date of this announcement that the Proposed Acquisition will be completed. The Company will make the necessary announcements as and when there are further developments. Shareholders should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions that they should take.

## 13. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Acquisition, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading.

Where information in the announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure, through reasonable enquiries, that such information is accurately and correctly extracted from those sources and/or reproduced in the announcement in its proper form and context.

By Order of the Board  
**QT VASCULAR LTD.**

Thomas Tan Gim Chua  
Chief Executive Officer  
17 March 2022

*This announcement has been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. ("Sponsor"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "Exchange") and the Exchange 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.*

*The contact person for the Sponsor is Ms Lim Hui Ling, 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, [sponsorship@ppcf.com.sg](mailto:sponsorship@ppcf.com.sg).*