

QUANTUM HEALTHCARE LIMITED
(Company Registration No. 202218645W)
(Incorporated in Singapore)

**DISPOSAL OF 11% SHARES IN ASIA DENTAL GROUP PTE. LTD. BY COMPANY TO
CHIEF OPERATING OFFICER (DENTAL), DR. JIMMY GIAN**

1. INTRODUCTION

- 1.1. The Board of Directors ("**Directors**" or "**Board**") of Quantum Healthcare Limited (the "**Company**", and together with its subsidiaries, the "**Group**") refers to the announcement by its wholly-owned subsidiary, QT Vascular Ltd. ("**QTV**")¹ on 14 January 2022 in relation to, *inter alia*, the completion of the acquisition of 60% of the shares ("**Initial Sale Shares**" and the "**Prior Acquisition**") in Asia Dental Group Pte. Ltd. ("**ADG**"), and the Company's announcement on 8 September 2022 in relation to, *inter alia*, the transfer of the Initial Sale Shares by QTV to the Company pursuant to a scheme document dated 1 June 2022 (as referenced and further detailed in the announcement of 8 September 2022). The remaining 40% of the shares in ADG are held by Dr. Gian Siong Lin Jimmy ("**Dr. Jimmy**"), who is also the Group's Chief Operating Officer (Dental).
- 1.2. In recognition of Dr. Jimmy's service as the Chief Operating Officer (Dental) of the Group, the Company has agreed to dispose 11 ordinary shares in the capital of ADG ("**Sale Shares**"), representing 11% of the total issued share capital of ADG, being such number of shares in ADG that is equivalent to an aggregate amount of S\$1,383,333.34 ("**Consideration**"), based on the valuation attributed to the consideration as arrived at for the Prior Acquisition, subject to the terms and conditions in the SPA (the "**Disposal**"). In connection with the foregoing, Dr. Jimmy ("**Purchaser**") and the Company has on 14 March 2024, entered into a share sale and purchase agreement ("**SPA**") in respect of the Sale Shares. Dr Jimmy is currently a substantial shareholder of, and holds 7.1% of the issued and paid up shares in, the Company.
- 1.3. Completion of the Disposal has taken place on 14 March 2024.

2. INFORMATION RELATING TO ADG AND THE PRIOR ACQUISITION

- 2.1. By way of background, QTV had on 13 January 2022 completed the Prior Acquisition for an aggregate consideration of up to S\$7,650,000, which was to be satisfied in both cash and shares as follows:
- (a) S\$3,000,000 in cash to be paid on completion of the Prior Acquisition ("**Completion Payment**");
 - (b) S\$500,000 to be satisfied by the allotment and issuance of ordinary shares in QTV ("**Consideration Shares**"); and

¹ Please refer to the announcement by QT Vascular Ltd. ("**QTV**") on 28 July 2022 in relation to the completion of the scheme of arrangement following which, *inter alia*, (i) QTV became a wholly-owned subsidiary of the Company; (ii) the shares of QTV were delisted from the SGX-ST on 29 July 2022; and (iii) the trading of the shares of the Company on the SGX-ST commenced on 29 July 2022.

- (c) an earn-out amount of S\$1,383,333.33 in cash to be paid on the first anniversary of the completion date of the Prior Acquisition ("**First Tranche Earn-Out Amount**");
 - (d) an earn-out amount of S\$1,383,333.33 in cash to be paid on the second anniversary of the completion date of the Prior Acquisition ("**Second Tranche Earn-Out Amount**"); and
 - (e) an earn-out amount of S\$1,383,333.34 ("**Third Tranche Earn-Out Amount**") in cash to be paid within five (5) Business Days after determination by ADG's auditor of the Aggregate EBITDA (as defined in the sale and purchase agreement for the Prior Acquisition, the "**Prior SPA**"), if the Aggregate EBITDA is equal to, or exceeds S\$3,600,000. Where the Aggregate EBITDA is less than S\$3,600,000 (such difference being the "**Shortfall Amount**"), the Third Tranche Earn-Out Amount shall be reduced by the Shortfall Amount, and the Final Earn-Out Payment Amount (being the Third Tranche Earn-Out Amount reduced by such Shortfall Amount) shall be payable instead.
- 2.2.** Pursuant to the terms of the Prior SPA, and as security for QTV's obligations in respect of the First Tranche Earn-Out Amount, Second Tranche Earn-Out Amount, and Third Tranche Earn-Out Amount (collectively, the "**Earn-Out Amount**"), QTV executed a deed of assignment in favour of Dr. Jimmy in relation to the assignment of all distributions and dividends arising from the Initial Sale Shares (and any shares in ADG to be acquired by QTV) in the event QTV fails to pay any part of the Earn-Out Amount if and when due ("**Deed of Assignment**"). It was also a term of the Prior Acquisition, that if the proceeds from the Deed of Assignment are insufficient to fulfil any sum outstanding in respect of the Earn-Out Amount, or if ADG does not have any distributable profits to declare dividends pursuant to the Deed of Assignment, QTV shall (at Dr. Jimmy's option) satisfy such outstanding sum by the allotment and issuance to Dr. Jimmy of ordinary shares in the share capital of the Company within three (3) months from the date of the notice provided by Dr. Jimmy under the Deed of Assignment (or such other time period to be mutually agreed), at an issue price to be mutually agreed and in accordance with applicable laws and regulations.
- 2.3.** Pursuant to a settlement agreement and supplemental agreement entered into by the Company with Dr. Jimmy on 30 November 2023 and 26 December 2023 respectively, and the proposed shares issuance approved by the shareholders of the Company on 8 February 2024, the Second Tranche Earn-Out Amount is to be satisfied by (a) an allotment and issuance of 150,000,000 ordinary shares in the Company to Dr. Jimmy ("**Settlement Shares**") at a price of S\$0.002 per Settlement Share; and (b) payment in cash of S\$1,083,333.33 ("**Second Tranche Earn-Out Amount Balance**"). For further details of the settlement of the Second Tranche Earn-Out Amount, please refer to the announcements of the Company dated 30 November 2023, 26 December 2023, 24 January 2024 and 8 February 2024.
- 2.4.** As at the date of this announcement, the Completion Payment, Consideration Shares, First Tranche Earn-Out Amount, Second Tranche Earn-Out Amount Balance, and Settlement Shares have been paid or allotted (as applicable) to Dr. Jimmy. For further details of the Prior Acquisition, please refer to the announcements of QTV dated 25 May 2021, 30 November 2021, and 14 January 2022 in respect of the Prior Acquisition.

3. PRINCIPAL TERMS OF THE SPA

3.1. Disposal of Sale Shares

The Disposal involves the sale of the Sale Shares by the Company to Dr. Jimmy, equivalent to an aggregate amount of the Consideration, based on the valuation attributed to the consideration under the Prior Acquisition in respect of the Initial Sale Shares, of S\$7,650,000 ("**Initial Purchase Consideration**").

The number of Sale Shares is determined as follows, with fractional entitlements to be rounded up to the nearest whole number:

$$\text{Consideration} / \text{Initial Purchase Consideration} \times 60 = 11^2 \text{ Sale Shares}$$

3.2. Consideration

The Consideration for the Disposal was arrived at after taking into account the Initial Purchase Consideration of the Initial Sale Shares and the intention of the Group to recognise the contributions that Dr. Jimmy had provided to the Group since his appointment on 13 January 2022 as the Chief Operating Officer (Dental) of the Company.

The foregoing is the rationale as to why the Company had assessed that the Consideration shall be based on the Initial Purchase Consideration. Dr Jimmy has been instrumental in growing ADG organically and inorganically via acquisitions by ADG of (i) 100% of Eastern Dental Centre Pte. Ltd. which completed on 31 March 2022³; and (ii) the businesses of three (3) dental clinics indirectly owned by New Silkroutes Group Limited which completed on 2 February 2023⁴, that have resulted in a growth in the ADG group's revenue from S\$9 million in financial year ended 31 December 2022 to S\$13 million for financial year ended 31 December 2023 following completion of the Prior Acquisition. ADG group's earnings before interest, taxes, depreciation, and amortization ("**EBITDA**") has also grown by 33% over the same period. ADG's inorganic growth was achieved without additional capital injection from the Company but with personal guarantee provided by Dr. Jimmy on ADG's loans when required. ADG group's Aggregate EBITDA amounted to approximately S\$3,500,000 for FY2022 and FY2023 based on management's account.

3.3. Settlement of Consideration

In consideration of the purchase of the Sale Shares by the Purchaser from the Company, it is agreed under the SPA, *inter alia*, that in order to eliminate any potential payment liability by the Group under the Prior SPA, the Third Tranche Earn-Out Amount (notwithstanding that it is not yet determined or due as at the date of completion of the SPA) shall be fully set off against the Consideration such that there shall be no further amounts owing (i) by the Group to Dr. Jimmy as consideration under the Prior SPA, and (ii) by the Purchaser (Dr Jimmy) to the Company (as vendor) as Consideration under the SPA (the "**Set Off**").

² 10.850, rounded to the nearest whole number.

³ Please refer to the announcements by the board of QTV of 17 March 2022 and 31 March 2022.

⁴ Please refer to the announcement by the board of the Company on 3 October 2022, 3 January 2023, and 2 February 2023.

3.4. Completion

There are no conditions precedent under the SPA and completion of the Disposal has taken place on 14 March 2024.

4. RATIONALE FOR THE DISPOSAL

- 4.1.** The Board believes that the Disposal, which entails the Set Off, would result in better cash flow for the Company partially alleviating its negative working capital as at 31 December 2023. In light of the Set Off, the Group will also no longer owe any Earn-Out Amount to Dr. Jimmy (which would be subject to the Deed of Assignment) and will be entitled to the distributions and dividends of ADG in its capacity as a shareholder.
- 4.2.** It is also noted that following the Disposal, notwithstanding that the Company will hold 49% of the shares in ADG, the Company will continue to have two (2) out of three (3) board seats in ADG pursuant to the shareholders agreement entered on 13 January 2022 (the “**SHA**”). Notwithstanding the Disposal, the SHA shall continue to remain in full force and effect. The current directors of ADG are Thomas Tan Gim Chua, Fu Ching Xiong (being the CEO and the Chief Financial Officer of the Group respectively), as well as Dr. Jimmy. It is also not contemplated for the board composition of ADG to be altered as a result of the Disposal. In view of the foregoing, the Company shall continue to consolidate the ADG group as a subsidiary following completion of the Disposal.
- 4.3.** For completeness, under the existing SHA, for as long as Dr Jimmy and the Company are both Shareholders of ADG, the Company has the right (but shall not be obliged) to offer to purchase all of Jimmy’s Shares at a consideration of the higher of (i) 8.5 times the consolidated EBITDA of the ADG group at the time at which the right to offer notice is made, or (ii) such multiple of the consolidated EBITDA of the ADG group based on a valuation conducted at or around the time at which the right to offer notice is made, taking into consideration the ADG group’s business and activities at the time at which the right to offer notice is made.

5. VALUE OF THE SALE SHARES

- 5.1.** As at 31 December 2023, the net asset value and net tangible liability of the Sale Shares as recorded in the books of ADG are approximately S\$134,000 and S\$190,000 respectively. The open market value of the Sale Shares is not available as the shares of ADG are not publicly traded. No valuation was performed for the Sale Shares.
- 5.2.** The excess of the Consideration over net asset value of the Sale Shares as at 31 December 2023 is approximately S\$1,249,000. In view of the Set Off, the net proceeds of the Disposal is S\$0 in view of the Set Off.
- 5.3.** No gain or loss on disposal will be recorded in view of the Set Off.

6. CHAPTER 10 OF THE CATALIST RULES

6.1. Relative Figures under Rule 1006 of the Listing Manual Section B: Rules of Catalist (the "Catalist Rules") of the SGX-ST

Based on the latest announced unaudited consolidated financial statements of the Group for the twelve (12) months ended 31 December 2023 ("FY2023"), and the unaudited consolidated financial statements of ADG for FY2023, the relative figures for the Disposal 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	-4.43%
(b)	The net profits ⁽¹⁾ attributable to the assets disposed of, compared with the Group's net profits	-2.16% ⁽²⁾
(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	8.63% ⁽³⁾
(d)	The number of equity securities to be issued by the Company as consideration for an acquisition, compared with the number of equity securities of the Company previously in issue	Not applicable ⁽⁴⁾
(e)	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 ⁽⁵⁾

Notes:

- (1) Net profits are defined to be profit or loss before income tax, non-controlling interests and extraordinary items.
- (2) The Group's unaudited net loss before tax for FY2023 was approximately S\$3.66 million. The unaudited consolidated net profit before tax for FY2023 attributable to the Disposal, based on the unaudited consolidated financial statements of ADG for FY2023, was approximately S\$79,000.
- (3) The aggregate value of the Consideration is S\$1,383,333.34 while the market capitalisation of the Company is approximately S\$16 million, which was determined by multiplying the number of shares in issue of the Company ("Shares") of 8,014,501,108 by the weighted average price of such Shares transacted on 13 March 2024 (being the market day preceding the date of the SPA) of S\$0.002 per Share.
- (4) This basis is not applicable to a disposal.
- (5) Rule 1006(e) of the Catalist Rules is not applicable as the Company is not a mineral, oil and gas company.

As the relative figure computed under Rule1006(c) of the Catalist Rules exceeds 5% but does not exceed 50%, while the other applicable relative figures computed under Rule1006(a) and(b) of the

Catalist Rules, taking into account only absolute figures, do not exceed 5%, and the sum of the net profit attributable to the disposal and loss on disposal (the latter not applicable in this case) does not exceed 5% of the consolidated net loss of the Group, the Disposal falls within Paragraph 4.4(c) and 4.4(d) of Practice Note 10A of the Catalist Rules, and shall be treated as a "disclosable transaction" under Chapter 10 of the Catalist rules and is not subject to shareholders' approval.

7. FINANCIAL EFFECTS OF THE DISPOSAL

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

The pro forma financial effects of the Disposal set out below have been prepared based on the unaudited consolidated financial statements of the Group for the financial year ended 31 December 2023 ("**FY2023**"), being the most recently completed financial year for which financial results are publicly available as at the date of this announcement, as well as the following bases and assumptions:

- (a) the financial effects on the consolidated NTL per Share are computed based on the assumption that the Disposal had been completed on 31 December 2023;
- (b) the financial effects on the consolidated LPS are computed based on the assumption that the Disposal had been completed on 1 January 2023; and
- (c) there are no expenses to be incurred by the Company in respect of the Disposal.

7.1. NTL per Share

	Before the Disposal	After the Disposal
NTL ⁽¹⁾ (S\$'000)	(9,298)	(7,915)
NTL per Share (S\$) ⁽²⁾	(0.00125)	(0.00106)

Notes:

- (1) NTL is calculated based on total assets less the sum of total liabilities and intangible assets.
- (2) Based on 7,465,501,108 ordinary shares in issue as at 31 December 2023.

7.2. LPS

	Before the Disposal	After the Disposal
Net loss attributable to the shareholders of the Company (S\$'000)	(3,419)	(3,498)
Weighted average number of shares ('000)	7,326,732	7,326,732
LPS (S\$)	(0.0005)	(0.0005)

8. 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 Disposal.

Thomas Tan Gim Chua, a Director and a controlling shareholder of the Company, is also a director of ADG.

The Directors' and controlling shareholders' interests of the Company remained unchanged before and after the Disposal.

	Number of Shares		
	Direct	Deemed	% ⁽¹⁾
Directors			
Thomas Tan Gim Chua	871,296,804	827,424,658	21.20
Ng Fook Ai Victor	2,000,000	-	0.02
Sho Kian Hin	60	-	-(2)
Other Controlling shareholders			
Quek Chin Thean	1,472,353,150	-	18.37

Note:

(1) Based on the Company's issued and paid-up share capital of 8,014,501,108 shares.

(2) Less than 0.01%

9. 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 Disposal. Accordingly, no service contract is proposed to be entered into between the Company and any 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 Disposal.

11. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the SPA is available for inspection at the Company's registered office at 8 Temasek Boulevard, Level 42, Suntec Tower Three, Singapore 038988 for a period of three (3) months from the date of this announcement.

12. 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 Disposal, 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, 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
QUANTUM HEALTHCARE LIMITED

Thomas Tan Gim Chua
Chief Executive Officer and Executive Director
14 March 2024

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.

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