

THE PROPOSED ACQUISITION OF BUSINESSES OF THREE DENTAL CLINICS INDIRECTLY OWNED BY NEW SILKROUTES GROUP LIMITED

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 announcements made on 16 June 2022¹, 3 October 2022, and 3 January 2023 (collectively, the "**Announcements**").
- 1.2.** Further to the Announcements, the Board wishes to announce that it has decided to scale back on the acquisition of dental businesses and to proceed with the purchase of the businesses of three (3) clinics out of six (6) clinics, operating under the Dental Hub Group (as defined under the Announcement made on 3 October 2022, having regard to, *inter alia*, the existing market conditions, the financial performance of the clinics and the locations of the clinics the business of which is proposed to be acquired. Further details are described in paragraphs 4.2 and 4.3 below.
- 1.3.** In connection with the above, the Company had on 1 February 2023, through its 60%-owned indirect subsidiary, The Dental Hub Pte. Ltd. ("**Purchaser**")², entered into a conditional business transfer agreement ("**BTA**") with:
- (a) 84 INC Pte. Ltd., The Dental Hub @SG Pte. Ltd., and NDC Consulting Pte. Ltd. (the "**Vendors**");
 - (b) New Silkroutes Group Limited ("**NSG**"); and
 - (c) HSI Dental Pte. Ltd. ("**HSID**"), Dr. Toh Teck Kiong, Ainsley ("**Dr. Toh**") and Dr. Foong Siew Hong ("**Dr. Foong**", and together with Dr. Toh and HSID, the "**Existing Shareholders**"),

in respect of the acquisition of the businesses of the Vendors (the "**Business**") including the sale of Sale Assets (as defined in the BTA) in respect of the Business (the "**Proposed Transfer**").

- 1.4.** The Sale Assets to be included as part of the Proposed Transfer comprise, *inter alia*, the Goodwill, the Vendors' rights, benefits of and interests in the Contracts, the Minimum Net Working Capital,³ Receivables in respect of the period on or after Completion Date, Fixed Assets and Leases of the Vendors (each capitalised term as defined in the BTA), which shall be sold to the Purchaser free from all encumbrances and as a going concern.

¹ Such announcement was made by, QT Vascular Ltd. ("**QTV**"), a wholly owned subsidiary of the Company. Please refer to the announcement by 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.

² The Purchaser is wholly owned by Asia Dental Group Pte. Ltd., which is 60% owned by the Company following the internal restructuring as announced by the Company on 8 September 2022. The remaining 40% is held by Dr. Gian Siong Lin Jimmy, the Group's Chief Operating Officer (Dental).

³ "**Minimum Net Working Capital**" as defined under the BTA means, in respect of the Dental Clinics, a net working capital equivalent to at least two (2) months of rental and salaries (including employer Central Provident Fund and skill development levy payable by the employer for all its employees working in Singapore, but excluding overtime), which in aggregate would be S\$90,200.00

- 1.5. The BTA was entered into with the Vendors, NSG, and the Existing Shareholders for a total cash consideration of S\$1,650,000 ("**Consideration**").

2. INFORMATION RELATING TO THE VENDORS

Shareholders should note that information relating to the Vendors in this announcement was provided by the Vendors. The sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

- 2.1. The details of Vendors are set out below:

Vendor		Operating Premises (each, a " Dental Clinic ")
1.	The Dental Hub@SG Pte. Ltd. (UEN: 201132313D)	The Dental Hub (Alexandra) 460 Alexandra Road #02-16 PSA Building Alexandra Retail Centre Singapore 119963
2.	84 INC Pte. Ltd. (UEN: 201503721H)	The Dental Hub (Bedok) 84 Bedok North Street 4 #01-07 Singapore 460084
3.	NDC Consulting Pte. Ltd. (UEN: 201128735H)	The Dental Hub (Yew Tee) 21 Choa Chu Kang North 6 #B1-24 Yew Tee Point Singapore 689578

- 2.2. The Vendors are private companies limited by shares incorporated in Singapore and they operate the Dental Clinics which are in the business of providing dental services.
- 2.3. Each of the Vendors are 70% owned by HSID, with the remaining shareholding held by the Dr. Toh and Dr. Foong in equal proportions of 15% each. The Vendors and HSID are part of NSG, an investment holding company listed on the Mainboard of the Singapore Exchange Securities Trading Limited ("**SGX-ST**").
- 2.4. The Vendors presently operate the above three (3) clinic premises with 3 resident dentists, including Dr. Toh and Dr. Foong, and is further supported by six (6) full time and one (1) part time staff, including 2 locum dentists.
- 2.5. As at the date of this announcement, the Vendors do not hold (directly or indirectly) any shares of the Company ("**Shares**") 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.

- 2.6. As noted from the Announcements, the Vendors were introduced 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 fee is payable by the Group for this Proposed Transfer.
- 2.7. Based on the Vendors' unaudited pro forma combined financial statements for the financial period from 1 July 2021 to 30 June 2022, the Vendors recorded net profit before and after tax of approximately S\$276,488 and S\$253,394 respectively, and net book value and net tangible assets ("**NTA**") of approximately S\$561,994 as at 30 June 2022. No valuation of the Business has been commissioned by the Group.

3. **PRINCIPAL TERMS OF THE BTA**

3.1. **Proposed Transfer of Business**

The Proposed Transfer involves the sale of the Business of the Vendors as a going concern including the Sale Assets (as defined in the BTA).

3.2. **Consideration**

The aggregate Consideration for the Proposed Transfer of S\$1,650,000 was arrived at after negotiations on an arm's length and a willing-buyer and willing-seller basis, and after taking into account the following quantitative factors such as:

- (a) the value of the Business with reference to the unaudited pro forma combined gross revenue of S\$2,700,433 and profit before tax of S\$276,488 for the financial period from 1 July 2021 to 30 June 2022; and
- (b) the Vendors' agreement to maintain on completion of the Proposed Transfer ("**Completion**"), the Minimum Net Working Capital.

In addition to the above quantitative factors in arriving at the Consideration (which represents a premium of 193.6% over the NTA of the Vendors as at 30 June 2022), the Board took into consideration, the following factors as set out below:

- (i) the location of the operations of the Dental Clinics, which are located in the north-western, southern and eastern parts of Singapore, which will allow the Group to broaden its operations in such locations;
- (ii) the Vendors' background, long operating history (each of the Dental Clinics have been in operation for more than 6 years), track record and long-standing reputation the Vendors in the dental services industry;
- (iii) the broad customer base of the Vendors and the potential to capitalise on the same; and
- (iv) the future prospects of the Vendors, with the potential to further expand the scope of dental procedures of the Dental Clinics, offered through the expertise of Asia Dental Group Pte. Ltd., a 60%-owned subsidiary of the Company.

Leveraging on 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 Consideration over the NTA of the Vendors, the Board is of the view that the Consideration is reasonable.

Pursuant to the BTA and subject to the satisfaction (or waiver) of certain conditions stipulated therein, the Consideration shall be fully satisfied in cash by the Purchaser on Completion Date (as defined below), subject to the condition under paragraph 3.3, and shall be paid to the Vendors and/or their nominee(s) (the "**Vendors' Nominees**", and each a "**Vendors' Nominee**").

In connection with the foregoing, the Vendors have nominated the following shareholders as the Vendors' Nominees and the Existing Shareholders have thereby agreed amongst themselves, to the following payment of Consideration and thereby instructed the Purchaser to make payment of the Consideration as follows:

- (a) Healthsciences International Pte. Ltd., a related corporation of HSID to receive S\$390,000 of the Consideration;
- (b) Dr. Toh to receive S\$630,000 of the Consideration; and
- (c) Dr. Foong to receive S\$630,000 of the Consideration.

The Group intends to fund the Consideration by way of a combination of internal cash resources and external financing.

3.3. Condition to Payment of Consideration

The payment of the Consideration is conditional upon there being no objections raised by the Court in respect of the BTA and the transactions contemplated thereunder at the hearing of HC/OA 15/2023 scheduled to be held on 6 February 2023, being the hearing for the moratorium protection applied for by NSG pursuant to Section 64 of the Insolvency, Restructuring and Dissolution Act 2018 of Singapore. For further information on HC/OA 15/2023, please refer to the announcements by NSG dated 9 January 2023, 16 January 2023, and 19 January 2023.

3.4. Conditions Precedent

The Proposed Transfer is conditional upon:

- (a) the Dental Clinics having collectively maintained the Minimum Net Working Capital, and such sum being free of encumbrances;
- (b) all approvals and consents (including without limitation any governmental, regulatory, third party, board of directors and shareholders and/or internal approvals and consents) for the sale of the Business (including the Sale Assets) to the Purchaser being obtained by each Vendor, and if such approvals and consents are granted subject to conditions, such conditions being fulfilled on or satisfied before Completion, and such approvals and consents remaining in full force and effect;
- (c) receipt by the Purchaser of the letters of novation duly signed by the respective Vendors and the Purchaser for each Contract, as well as the endorsement or agreement from the relevant parties with whom the Vendors have entered into the Contracts to the novation of the Contracts to the Purchaser;

- (d) each of Dr. Toh and Dr. Foong having delivered to the Purchaser duly executed copies of the service agreements to be entered into by each of Dr. Toh and Dr. Foong with the Purchaser, on terms to be agreed between the Purchaser and each of Dr. Toh and Dr. Foong; and
- (e) the sale of the Business (including the Sale Assets) not being prohibited by any statute, order, rule, regulation or directive promulgated or issued after the date of the BTA by any legislative, executive, or regulatory body or authority of Singapore which is applicable to the parties to the BTA.

As at the date of this Announcement, all of the conditions precedent have been satisfied and/or waived by the Purchaser, and accordingly, completion of the Proposed Transfer has therefore occurred ("**Completion Date**").

3.5. Completion Deliverables

The following has been delivered to the Purchaser on Completion:

- (a) a cheque in favour of the Purchaser (or the Purchaser's nominee as the Purchaser may direct in writing) for such sum equivalent to the Minimum Net Working Capital; and
- (b) such documents as may be required to give a good title to the Sale Assets and to enable the Purchaser or its nominees to become the registered holders thereof.

4. RATIONALE FOR THE PROPOSED TRANSFER

- 4.1.** The Board believes that the Proposed Transfer, which entails an acquisition of the Business with profitable dental practices and proven track records is in the best 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 Business and the Dental Clinics upon Completion.
- 4.2.** The Board has decided to scale back on the acquisition of dental businesses and to proceed with the purchase of the businesses of three (3) clinics instead of all six (6) clinics operating under the Dental Hub Group (as defined under the Announcement made on 3 October 2022), having regard to, *inter alia*, the existing market conditions, the financial performance of the clinics and the locations of the clinics the business of which is proposed to be acquired. As announced by the Company on 3 January 2023, the previous conditional business transfer agreement (which was for the acquisition of, *inter alia*, the business of six (6) clinics) had lapsed due to the non-fulfilment and/or waiver of the conditions precedent thereunder.
- 4.3.** The Board has since re-considered the proposed acquisition in light of the factors above and is of the view that it would be in the best interests of the Company to acquire the businesses of these three (3) clinics at present, as it continues to evaluate and consider how the Company's investments and ventures in the healthcare business can be further supported and strengthened.
- 4.4.** The Company intends to retain the working team of the Vendors comprising approximately 10 employees and to further expand the team to better support the operations of the Business. These employees include dental assistants, senior assistants, and executives.

4.5. Following Completion, the Group will have a total of 9 clinics, 33 dentists and 58 staff under its dental services business segment held under the Asia Dental Group Pte. Ltd., and under the following brand names:

- (a) Asia Dental Group;
- (b) Eastern Dental Surgery Group; and
- (c) The Dental Hub Group.

5. CHAPTER 10 OF THE CATALIST RULES

None of the relative figures computed on the bases set out in Rule 1006 of the Catalist Rules in respect of the Proposed Transfer exceeds 5%. While the relative figures involve negative figures, the negative figures do not exceed 5% and the net profit attributable to the asset to be acquired amounts to 5% or less of the consolidated net loss of the Company. Accordingly, the Proposed Transfer constitutes a non-disclosable transaction within the meaning of Chapter 10 of the Catalist Rules read with paragraph 4.3(b) of Practice Note 10A of the Catalist Rules. The Board is however, making this announcement pursuant to Rule 1008(2).

6. FINANCIAL EFFECTS OF THE PROPOSED TRANSFER

The Proposed Transfer is not expected to have any material impact on the net earnings per share or the net tangible asset per share of the Group for the current financial year ending 31 December 2023.

7. DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS

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 Transfer.

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 Transfer. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

9. 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 Transfer.

10. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the BTA 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.

11. CAUTION IN TRADING

Shareholders and potential investors of the Company should note that the Proposed Transfer 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 Transfer 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.

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 Proposed Transfer, 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
2 February 2023

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 Collyer Quay Centre, Singapore 049318, sponsorship@ppcf.com.sg.