

Q & M DENTAL GROUP (SINGAPORE) LIMITED
(Company Registration Number 200800507R)
(Incorporated in the Republic of Singapore)

- (A) **ACQUISITION OF COVID-19 DIAGNOSTIC TEST KITS AND RELATED BUSINESS FROM ACUMEN RESEARCH LABORATORIES PTE. LTD.**
- (B) **ENTRY INTO A JOINT VENTURE THROUGH A WHOLLY-OWNED SUBSIDIARY, ACUMEN DIAGNOSTICS PTE. LTD.**
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1. Introduction

The board of directors (the "**Board**" or "**Directors**") of Q & M Dental Group (Singapore) Limited ("**Q & M**" or the "**Company**", and together with its subsidiary, the "**Group**") wishes to announce that the Company's wholly-owned subsidiary Acumen Diagnostics Pte. Ltd. ("**JVC**") has on 22 April 2020 entered into the following agreements:

- (i) a business transfer agreement ("**BTA**") with Acumen Research Laboratories Pte. Ltd. ("**ARL**") as the seller and its sole shareholder, Dr. Ong Siew Hwa ("**Dr. Ong**") as a warrantor, pursuant to which the JVC shall acquire from ARL part of its businesses which relates to the manufacture, sale and distribution of coronavirus disease 2019 ("**COVID-19**") diagnostic test kits, analysis of COVID-19 test results, conduct of clinical COVID-19 vaccine trials, and the manufacture, sale and distribution of COVID-19 vaccines ("**Sale Business**") as a going concern, together with certain assets related to the Sale Business ("**Assets**"), subject to the terms and conditions of the BTA ("**Proposed Acquisition**");
- (ii) a joint venture agreement ("**JVA**") with Dr. Ong, Zeng WeiYi ("**Amy**") and Acumen Holdings Pte. Ltd. ("**Acumen Holdings**") pursuant to which the Company, Dr. Ong, Amy and Acumen Holdings (collectively, the "**JV Partners**") agree to co-operate and develop the business of manufacture, sale and distribution of diagnostic test kits (including but not limited to COVID-19 diagnostic test kits), analysis of test results, conduct of clinical vaccine trials (including but not limited to clinical trials for COVID-19 vaccines) as well as the manufacture, sale and distribution of vaccines (including but not limited to COVID-19 vaccines) ("**Business**") through the JVC ("**Proposed Joint Venture**"); and
- (iii) an option agreement ("**OA**") with Dr. Ong pursuant to which Dr. Ong granted the JVC the right to purchase from Dr. Ong her 100% shareholding interest in ARL ("**Option Shares**") at any time within 18 months after 22 April 2020 (being the date of the OA) ("**Option Period**") ("**Option**"),

collectively, the "**Proposed Transactions**".

2. Information on ARL

ARL is a private company limited by shares incorporated in Singapore on 15 March 2010. As at the date of this announcement, the sole shareholder and sole director of ARL is Dr. Ong. ARL is a Singapore-grown medical technology company. Apart from the Sale Business, ARL is developing rapid, polymerase chain reaction (PCR) based, culture-independent molecular diagnostic tests with a focus on infectious diseases. In particular, ARL has developed a first-in-kind sepsis host response test called AcuSept. ARL is also collaborating with a European company to distribute molecular diagnostic

tests including PCR detection of bacteria and the associated antibiotic markers in ASEAN. In addition, ARL conducts clinical trials to validate the diagnostic tests developed by it and has further developed capability in manufacturing diagnostic tests.

Based on the unaudited financial statements of ARL for the financial year ended 4 February 2020, ARL recorded a negative book value of S\$151,000 and a negative net tangible asset value of S\$248,000. No independent valuation was conducted on ARL.

3. Information on the other JV Partners

Each of the other JV Partners including Dr. Ong, Amy and Acumen Holdings (including its shareholders and directors) is an independent third party and is not related to the Company or any of the Company's directors or controlling shareholders or their associates. As at the date of this announcement, none of them has any shareholding interests, direct or indirect, in the Company.

Dr. Ong

Dr. Ong is the founder and chief executive officer of ARL. Since 2015, she has been elected as the chairman of BioSingapore, a trade association whose objective is to champion the growth of Singapore's bioscience enterprises. Dr. Ong serves as EXCO and council member of the Singapore Manufacturing Federation, as well as member of the Biomedical and Health Standards Committee of the Singapore Standards Council. She also serves in the review panels of competitive national research and development grants.

Amy

Amy is the sister-in-law of Dr. Ong. She has extensive experience in sales. She has been assisting Dr. Ong with sales of ARL before she officially joined ARL in April 2020. She plays a pivotal role in ARL's business growth and development by contributing significantly to the sales volume of ARL.

Acumen Holdings

Acumen Holdings is a private company limited by shares incorporated in Singapore on 6 February 2018. The principal activity of Acumen Holdings is that of an investment holding company. As at the date of this announcement, the directors of Acumen Holdings are Pong Chen Yih (Feng Zengyu) and Tan Lee Meng and the shareholders of Acumen Holdings are Tan Lee Meng (95.1%) and Novus Corporate Finance Pte. Ltd. (4.9%).

4. Rationale for the Proposed Transactions

The current COVID-19 pandemic has called for a stepped up response from both the public and private sector. ARL's Acu-Corona 2.0 Diagnostic Test has been given provisional authorisation by the Health Sciences Authority ("**HSA**"), "to ensure the timely availability of good quality performing test kits that are critical in this period of need." As the Acu-Corona 2.0 Diagnostic Test has received such provisional authorisation, it can be supplied to healthcare institutions, private hospitals, medical clinics and clinical laboratories in Singapore.

As a service to the nation, the Company is intending to work with various agencies to deploy its dentists to assist in conducting tests. For this purpose, the Company has purchased 20,000 Acu-Corona 2.0 Diagnostic Tests.

The Board believes there is a market demand for diagnostic test kits and vaccine trials as well as vaccines due to the ongoing COVID-19 pandemic and other similar future events. The Company, with a nationwide network of dental and medical clinics and professionals, working with the Proposed Joint Venture, sees this as a good venture. The Business, with the collaboration of Dr. Ong, who has the requisite expertise and in-depth technical knowledge, is not just a business opportunity but an opportunity to provide an essential capability to Singapore in the fight against the COVID-19 pandemic.

5. Key Terms of the BTA

(a) Purchase Consideration

The aggregate purchase consideration payable for the Sale Business and the Assets is S\$400,000 ("**Purchase Consideration**"), which shall be satisfied wholly in cash on completion of the Proposed Acquisition.

The Purchase Consideration was determined based on arm's length negotiations between the JVC and ARL, and arrived at on a willing-buyer and willing-seller basis, after taking into account, *inter alia*, the future business prospects of ARL in view of the current COVID-19 situation. For the avoidance of doubt, the Proposed Acquisition includes the transfer of certain liabilities and obligations of ARL to the JVC as expressly set out in the BTA including the transfer of certain identified employees of ARL to the JVC after completion of the Proposed Acquisition ("**Completion**") and all liabilities and obligations relating to the Assets arising in relation to the operation of the Sale Business following Completion but excludes all other liabilities and obligations of ARL as provided under the BTA.

(b) Conditions Precedent

Pursuant to the BTA, completion of the Proposed Acquisition is conditional upon the following conditions having been fulfilled (or waived):

- (i) all third party consents and all necessary governmental, regulatory, and other approvals and/or consents being obtained and where such approval is subject to conditions, such conditions being satisfactory to the JVC in its sole and absolute discretion;
- (ii) the reasonably satisfactory outcome of all technical, financial, and legal due diligence investigations by the JVC into the Sale Business and the Assets;
- (iii) the approval of the JVC's management, board of directors and shareholders (to the extent applicable) being satisfied or obtained; and
- (iv) there shall be no material adverse effect on the business, operations, assets, financial condition, or prospects of the Sale Business on or before the completion date.

6. Key Terms of the JVA

(a) Share Capital

As at the date of this announcement, the JVC has an issued and paid-up share capital of S\$100,000 comprising 100,000 shares ("**JVC Shares**") and has not commenced business.

Pursuant to the JVA, the share capital of the JVC shall be increased to S\$3,000,000 comprising 3,000,000 JVC Shares by the issue and allotment of an aggregate of 2,900,000 new JVC Shares to the JV Partners pursuant to their subscriptions of new JVC Shares ("**Share Subscriptions**") as follows:

Shareholder	No. of new JVC Shares
Q & M	1,430,000
Dr. Ong	920,160
Amy	150,000
Acumen Holdings	399,840
Total	2,900,000

Immediately following the completion of the Share Subscriptions, the shareholding structure of the JVC shall be as set out in the table below.

Shareholder	Total number of JVC Shares post the Share Subscriptions	Shareholding Percentage
Q & M	1,530,000	51.000%
Dr. Ong	920,160	30.672%
Amy	150,000	5.000%
Acumen Holdings	399,840	13.328%
Total	3,000,000	100%

Taking into consideration that Dr. Ong will be contributing the technical support, expertise and know-how required by the JVC for the Business, Q & M shall invest a total of S\$3,000,000 in cash in the JVC for a 51% stake in the JVC.

In consideration for a 30.672% stake in the JVC, Dr. Ong shall enter into the OA with the JVC to grant the Option to the JVC and a service agreement with the JVC in the agreed form under which Dr. Ong shall serve the JVC as its chief executive officer. Under such service agreement, she shall, amongst others, provide such services as may be necessary or desirable for the furtherance of the Business including providing technical expertise, know-how and resources to the JVC and shall agree that the JVC shall own all intellectual property rights in anything that Dr. Ong produces in the period of her service with the JVC.

(b) Conditions Precedent

Pursuant to the JVA, the obligations of the JV Partners to complete the Share Subscriptions shall be conditional upon the following conditions having been fulfilled (or waived):

- (i) all necessary consents, approvals and waivers from all relevant governmental agencies in respect of the establishment and operation of the Business, and such consents, approvals and waivers not having been amended or revoked, and if any such consents, approvals or waivers are subject to conditions, such conditions being acceptable to the JV Partners;

- (ii) no legislation or regulation under any applicable law being proposed or passed that would prohibit or materially restrict the implementation of the JVA; and
- (iii) Completion of the Proposed Acquisition occurring under the BTA.

(c) Other Matters

The JVA also sets out provisions relating to, *inter alia*, board and shareholder matters, management of the JVC and other related matters.

7. Key Terms of the OA

Exercise of Option and Consideration for the Sale Shares

Pursuant to the terms of the OA, upon exercise of the Option by the JVC within the Option Period, Dr. Ong shall be obligated to sell to the JVC, and the JVC shall be obligated to purchase from Dr. Ong (subject to all Conditions (as defined below) having been fulfilled or waived by the JVC), the Option Shares at a consideration of S\$3,000,000 ("**Consideration**").

The JVC may, in its sole discretion, impose conditions on its purchase of the Option Shares ("**Conditions**"), including (i) requiring Dr. Ong and ARL to make substantially the same representations and warranties contained in the BTA, such other customary representations and warranties for a sale and acquisition of 100% of the shares in a company and other representations and warranties required by the JVC; and (ii) the completion, to the JVC's satisfaction, with results of its technical, financial and legal due diligence.

The Consideration shall be satisfied by the JVC wholly in cash on completion of the acquisition of the Sale Shares. The Consideration will be funded through the Group's internal resources.

The Consideration was determined based on arm's length negotiations between the JVC and ARL, and arrived at on a willing-buyer and willing-seller basis, after taking into account, *inter alia*, the future business prospects of ARL.

8. Non-Discloseable Transaction

The relative figure computed pursuant to Rule 1006(b) of the listing manual of the Singapore Exchange Securities Trading Limited ("**Listing Manual**") involves a negative figure as ARL is loss making. Under Rule 1007(1) of the Listing Manual, if any of the relative figures computed pursuant to Rule 1006 involves a negative figure, Chapter 10 of the Listing Manual may still be applicable to the transaction in accordance with the applicable circumstances in the Practice Note 10.1.

Pursuant to paragraph 4.3(a) of the Practice Note 10.1, no announcement and shareholders' approval of the Proposed Transactions is required as (i) the absolute relative figure computed on the basis of market capitalisation test under Rule 1006(c) amounts to 5% or less and (ii) the net loss attributable to ARL for the financial year ended 4 February 2020 amounts to 5% or less of the audited consolidated net profit of the Company for the financial year ended 31 December 2019 (in each case taking into account only the absolute values).

9. Interest of Directors and Controlling Shareholders

None of the Directors and controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Joint Venture other than through their respective shareholdings in the Company (if any).

10. Cautionary Statement

Shareholders of the Company ("**Shareholders**") and potential investors should exercise caution when trading in the shares of the Company in relation to this announcement as there is no certainty that the Proposed Transactions will be completed. Shareholders and potential investors are advised to read this announcement and any further announcements by the Company carefully, and should consult their stockbrokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

11. Further Announcements

The Company will make the relevant update announcements in compliance with the Listing Manual on material progress of the Proposed Transactions.

By Order of the Board
Q & M Dental Group (Singapore) Limited

Vitters Sim
Chief Financial Officer
23 April 2020

For more information, please contact:

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