



Q & M Dental Group Plans to Invest S\$37 M in Next 3 Years to Build Dental Operations in the PRC

- **Group marks entry into the PRC with initial investments of S\$4.2 m (RMB20.7 m) for dental clinics in Beijing and Nanjing**
- **Springboard to extend its homegrown “Q & M” brand into the PRC**
- **Targeting to have 50 dental clinics in the PRC within 5 years**
- **Enters binding master agreement for proposed investment of S\$5.4 m (RMB26.5 m) for a 49% stake in dental laboratory business in the PRC**
- **Developing PRC dental operations as a new driver of the Group’s future growth**

Singapore, 2 August 2010 – Mainboard-listed **Q & M Dental Group (Singapore) Limited** (“**Q & M Dental Group**” or the “**Group**”), the largest provider of private dental healthcare services in Singapore, has plans to invest S\$37 million (approximately RMB180 million) over the next three years to develop its dental business in the People’s Republic of China (“**PRC**”) to tap the country’s large and rapidly growing market for dental healthcare services.

To mark its entry into the PRC, the Group today announced that it is making initial investments totaling around S\$4.2 million (RMB20.7 million) to provide consultancy services and acquire the economic benefits of **Aiyashi** (爱雅仕) dental clinics in Beijing and **Dan De** (丹德) dental clinics in Nanjing.

In addition, the Group has entered into a binding master agreement in relation to a proposed joint venture in **Yi Wu He Cheng Dental Equipment Co., Ltd.** (义乌和成牙科器材有限公司) (“**He Cheng**”) (“**Proposed Joint Venture**”). He Cheng is a dental laboratory based in Zhejiang Province. The Group is looking to invest approximately S\$5.4 million (RMB26.5 million), subject to satisfactory due diligence investigations, to acquire a 49% stake in He Cheng to expand into the dental laboratory business in the PRC.

Said Dr Ng Chin Siau, CEO of Q & M Dental Group, “We are pleased to have sealed two deals in Beijing and Nanjing respectively for the Group’s first thrust into the PRC’s dental healthcare market. Entering major cities such as Beijing and Nanjing will help the Group to raise visibility of our Singapore brand ‘Q & M (全民)’ and also serve as a springboard to expand our dental healthcare services to other cities in the PRC.

In fact, these deals are just the first steps of our expansion roadmap in the PRC as we have plans to invest around RMB180 million in suitable acquisitions and partnerships. Besides dental clinics, we also intend to invest in companies that offer dental-related services. Hence, we are looking to make a strategic investment in He Cheng to tap the prospects of the dental laboratory business and to support our growth plans.

Our target is to operate 50 dental clinics in the PRC within the next five years to enable the Group to capitalise on the immense potential of the country’s fast growing market for dental healthcare services. Both Aiyashi and Dan De will be our principal partners to support the building of the Group’s business and brand presence in the country.”

Said Mr Yew Sung Pei, Assistant CEO of International Enterprise (IE) Singapore, “IE Singapore is pleased to have contributed to Q & M Dental Group’s landmark acquisitions in China. The move to extend its home-grown

brand into overseas markets will help to reinforce Singapore's standing as a hub for advanced dental healthcare solutions in the region. We look forward to continuing our assistance to Q & M Dental Group to reach their 50-clinic goal through our network of contacts and capability building schemes."

Said Professor Patrick Tseng, Chief Dental Officer, Ministry of Health, "On behalf of the Ministry of Health, I would like to commend Q & M Dental Group for taking this bold step of exploring business opportunities, as well as expanding its horizon of knowledge sharing and expertise in China. Q & M Dental Group can be assured that it has our support, as we see this as an important initiative that will help build Singapore's reputation as a dental hub to support the advancement of dental healthcare in this region."

Said Dr Ng, "When we started our dental operations in Singapore under 'Quan Min (全民)' in 1996, our mindset was to provide quality dental healthcare services to the nation. Likewise, our long term goal in the PRC is to improve accessibility to quality dental healthcare services and play a part in the advancement of the country's dental healthcare standards."

Rising affluence in the PRC is driving the demand for better quality dental healthcare standards and services. As it makes further inroads in the PRC, Q & M Dental Group expects its PRC business to add geographical diversity to its existing business and become an important growth contributor that strengthens the Group's earning base.

INVESTMENTS IN DENTAL CLINICS IN BEIJING AND NANJING

The Group announced today that its 99%-owned subsidiary, Q & M Dental Group (China) Pte. Ltd. ("**QDGC**") has entered into separate joint-ventures to manage two dental groups, one in Beijing and one in Nanjing.

QDGC, and Dr. Wang Jia Lei and Dr. Wang Hai Peng who are licensed dentists in the PRC and founders of the Aiyashi dental clinics in Beijing (collectively referred to as "**Vendors A**"), have formed a joint venture through Singapore-incorporated Q & M Dental (Beijing) Pte. Ltd. ("**QMDB**"). QDGC and Vendors A shall each own 30% and 70% equity interests respectively in QMDB, which has entered into a 30-year service agreement to provide consultancy services and acquire the economic benefits of all three Aiyashi dental clinics.

At the same time, QDGC has also formed another joint venture with Dr. Lou Tie Ying ("**Vendor B**") through Singapore-incorporated Q & M Dental (Shanghai) Pte. Ltd. ("**QMDS**"). Dr. Lou is a licensed dentist in the PRC and a founder of the Dan De dental clinics in Nanjing. QDGC and Vendor B shall each own 50% equity interests respectively in QMDS, which has entered into a 30-year service agreement to provide consultancy services and acquire the economic benefits of all Dan De dental clinics that include two dental clinics, one mobile dental clinic and a stomatological department.

As consideration for the acquisition of economic benefits of Ayashi dental clinics, Q & M Dental Group will issue 718,597 new shares at S\$0.56 each to Vendors A, subject to the approval of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). In addition, QDGC shall transfer 70 shares in QMDB to Vendors A, and pay an aggregate sum of RMB7 million (S\$1.4 million) in cash to Vendors A who have undertaken to loan this amount to QMDB by way of shareholder loan. QDGC will also extend an additional RMB3 million to QMDB by way of shareholder loan.

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The consideration for the acquisition of the economic benefits of Dan De dental clinics is to be satisfied by an issue of 432,900 new shares in Q & M Dental Group at S\$0.56 each to Vendor B, subject to the approval of the SGX-ST, as well as an investment of RMB7.5 million (S\$1.5 million) from QDGC injected into QMDS by way of share capital. Separately, Vendor B will subscribe for 5 shares in QMDS at a consideration of S\$5.00.

The funds to be injected in QMDB and QMDS are earmarked for the opening of new clinics, purchase of new advanced equipment and for other working capital needs of Aiyashi and Dan De dental clinics.

QDGC shall provide advanced dental operation and strategy consulting services to Aiyashi and Dan De dental clinics. To bring the operations of these dental clinics in line with Q & M Dental Group's standards, QDGC will be involved in all aspects of their activities including back-end administrative, patient management and finance functions, in addition to the services, products and technology of the clinics.

Through QDGC, the Group will benefit from annual consulting service fees ("**Service Fees**") to be received by QMDB and QMDS. The Service Fees will commensurate with the financial performances of the respective clinics being managed in the PRC.

Both Vendors A and B have provided undertakings that the total net income generated by the clinics via the Service Fees to QMDB and QMDS **shall not be less than RMB3.2 million per year and RMB1.6 million per year respectively, for a period of 10 years** from the second to the eleventh anniversary of the service agreements.

In connection with the joint ventures, Q & M Dental Group has also entered into sale and purchase agreements with Vendors A and B to sell to each party 1% of the current share capital of QDGC for S\$200,000. Accordingly, the Group's shareholding interest in QDGC shall decrease from 99% to 97%.

CO-BRANDING AND TECHNOLOGY TRANSFER TO THE PRC DENTAL CLINICS

To establish Q & M Dental Group's brand presence overseas and capitalise on the goodwill of the dental clinics in their respective local markets, the Aiyashi and Dan De clinics will carry the "Q & M (全民)" logo in addition to their respective existing brand names. "Q & M (全民)" will be used as the common brand in future marketing activities.

As part of the strategy consultancy services to Aiyashi and Dan De clinics, QDGC will facilitate the transfer of advanced technical knowledge and skills to the dentists and staff in the PRC through training programs. Meanwhile, the Group will benefit from the local knowledge and extensive experience of Dr. Wang Jia Lei, Dr. Wang Hai Peng and Dr. Lou Tie Ying, all of whom are reputable practitioners in the dental healthcare industry in the PRC.

Under the training program, dentists and dental surgery assistants of Aiyashi and Dan De clinics will receive dental training and education at Q & M Dental Institute and its Dental Centre in Singapore.

Dentists and clinic staff from Q & M Dental Group will also be regularly assigned to the clinics in Beijing and Nanjing to impart work culture and processes, as well as exchange practical tips with the dentists in the PRC on latest procedures practiced in Singapore. Aiyashi will also work with the Group to set up a Q & M Dental Training Centre in Beijing.

QDGC plans to upgrade the existing dental clinics in Beijing and Nanjing with state-of-the-art dental equipment to enhance the range and quality of specialist dental healthcare services. To facilitate wider access to high quality dental healthcare services and increase the pool of patients, QDGC is also looking to expand the network of clinics under Aiyashi and Dan De to at least five clinics each. Each Aiyashi or Dan De dental clinic comprises around four to six private treatment rooms, which is two to three times the size of an average Q & M clinic in Singapore.

PROPOSED JOINT VENTURE FOR HE CHENG

The Group also announced today that QDGC has entered into a binding master agreement for the Proposed Joint Venture which entails an acquisition of 49% equity interests in He Cheng for RMB26.5 million. He Cheng is primarily engaged in the manufacture and research & development of dental-related products, as well as provision of technical services and support, with operations in Zhejiang province. He Cheng specialises in the fabrication of a wide variety of crowns, bridges and orthodontics products.

The investment amount from QDGC shall be used for the purposes of development and further investment of the Proposed Joint Venture (including purchase of land, construction and development of plants and expansion of operations) in the province of Zhejiang, Jiangsu and Shanghai.

Under the terms of the master agreement, Q & M Dental Group will leverage its expertise to improve He Cheng's financial management and operational standards, and enhance the quality of its products, services and techniques. The vendor of He Cheng has also provided an undertaking that He Cheng will achieve distributable profit after tax of not less than RMB5 million in the first year after QDGC's investment in He Cheng, and distributable profit after tax of not less than RMB6 million from the second to tenth year.

The binding master agreement is subject to further negotiations, satisfactory due diligence investigations and completion of Definitive Agreements.

This news release is to be read in conjunction with the Group's announcements posted on the SGX website on 2 August 2010.

NOTES TO THE EDITOR

About Aiyashi (爱雅仕) Dental Clinics (“Aiyashi”)

Established in 2004, Aiyashi is a renowned dental healthcare company in the People's Republic of China that operates three specialist clinics strategically situated in the core business district of Beijing. Aiyashi has three partners, including its founders Dr Wang Hai Peng (王海鹏) and Dr Wang Jia Lei (王嘉蕾), who are eminent dentists, and 25 practicing dentists.

The specialist services offered by Aiyashi, which includes aesthetics dentistry, dental implants, periodontal treatment, root canal treatment, and orthodontics, are in line with international standards. Each Aiyashi dental clinic has around four to six consultation rooms and boasts the use of advanced dental equipment such as VATECH digital panoramic X-ray system.

Aiyashi enjoys wide recognition and quality reputation in the PRC's dental industry. It is the first dental practice in the PRC to employ the use of microscope technology in dental procedures and treatment. In addition to instituting professional oral technical training programs in Beijing, Shenyang, Hangzhou and Guangzhou, Aiyashi was also invited to hold dental seminars for 10,000 dentists in more than 20 provincial cities. For more information on Aiyashi, please visit www.aiyashi.com/

About Dan De (丹德) Dental Clinics (“Dan De”)

Dan De provides high quality dental healthcare services in Nanjing city, People's Republic of China. Established in 2003 by Dr Lou Tie Ying (娄铁盈), Dan De operates two dental clinics, one mobile dental clinic as well as a stomatological department.

For the convenience of its expanding pool of patients in Nanjing city, Dan De's dental clinics are located in accessible areas of the city and further complemented by the wide coverage offered by the mobile dental clinic. Each clinic has around four consultation rooms. It has plans to acquire advanced dental equipment such as CEREC and Galileos 3D radiography. Dan De has staff strength of 19, including five dentists, to ensure its patients receive high standards of care and services.

Dan De offers a wide range of services, ranging from general dental treatments to dental implants, prosthodontics, orthodontics, endodontics, periodontics and aesthetic dentistry. For further information on Dan De, please visit www.dan-de.cn/

About Yi Wu He Cheng Dental Equipment Co., Ltd. (义乌和成牙科器材有限公司) (“He Cheng”)

Based in Zhejiang Province, He Cheng is engaged in manufacture and R&D of dental-related products, and provision of technical services and support. Supported by a team of 200 professionally-trained technicians, Hecheng has the capability to fabricate a wide variety of crowns and bridges. It has a wide base of over 1,000 customers which includes major hospitals.

About International Enterprise Singapore

International Enterprise (IE) Singapore is an agency under the Ministry of Trade and Industry spearheading the development of Singapore's external economic wing. Our mission is to promote the overseas growth of Singapore-based enterprises and international trade. With a global network in over 30 locations and our 3C framework of assistance – Connections, Competency, Capital, we offer services to help enterprises export, develop business capabilities, find overseas partners and enter new markets. At the same time, we work to position Singapore as a base for foreign businesses to expand into the region in partnership with Singapore-based companies. Please visit www.iesingapore.com for more information.

About Q & M Dental Group (全民牙医集团 (新加坡) 有限公司)

Q & M Dental Group [QNM SP / QMDT.SI] is Singapore's largest private dental healthcare group with 39 dental clinics strategically located island-wide, one Dental Centre and one mobile dental clinic. Founded in 1996, Q&M Dental Group has built an established brand through its reputation as a reliable dental healthcare services provider with multi-disciplinary expertise ranging from primary care dental healthcare services to specialist services. The Group has a pool of about 120 experienced dentists, supported by more than 300 Dental Surgery Assistants, to provide quality service to its patient pool of more than 370,000 island-wide. The Group was listed on the Main Board of the SGX-ST on 26 November 2009. For further information on Q & M Dental Group, please visit the Group's website at www.QandMDental.com.sg