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## **Q & M DENTAL GROUP PLANS TO TAKE 49% STAKE IN PRC DENTAL LABORATORY GROUP FOR RMB98 M (S\$19.2 M)**

- **Group is steadily expanding in the PRC to realise its vision of a public listing for its PRC dental business**
- **Group expects to receive annual dividend of at least RMB9.8 m (S\$1.9 m) for 10 years within the first year of the Proposed Joint Venture for New Perfect**

**Singapore, 18 October 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, today announced that its subsidiary **Q & M Dental Group (China) Pte. Ltd.** (“**QDGC**”) has entered into a binding memorandum of understanding (“**MOU**”) for a proposed joint venture (“**Proposed Joint Venture**”) in relation to **Shenzhen New Perfect Exact Research Co., Ltd.** (“**New Perfect**”).

As part of the Proposed Joint Venture, QDGC shall acquire 49% rights and interests in New Perfect for RMB98 million (S\$19.2 million). New Perfect is one of the largest providers of dental laboratory services with a footprint covering major cities in the People’s Republic of China (“**PRC**”).

This latest Proposed Joint Venture, when completed, will raise the Group’s total investment in the PRC to RMB145.2 million. Earlier in August, the Group marked its entry into the dental business when QDGC formed joint ventures with two dental clinic groups, one in Beijing and another in Nanjing. These initial investments amounted to RMB20.7 million. At the same time, QDGC also signed a binding master agreement to invest RMB26.5 million in a dental laboratory company based in Zhejiang Province.

The Group plans to invest around RMB180 million or more, over the next three years to develop its dental business in the PRC through QDGC, which is its investment vehicle.

The several deals inked to-date are to realise the Group’s vision to spin off QDGC as a separate public listing on a stock exchange within the next five years. The target is for QDGC to own interests in at least 50 dental clinics and 20 dental laboratories by 2015 through acquisitions, partnerships and organic growth.

Said Dr Ng Chin Siau, CEO of Q & M Dental Group, “Q & M Dental Group is currently the only publicly-listed dental healthcare group in Southeast Asia. Together with our partners in the PRC, we are working towards our common vision to establish our PRC dental business into another publicly listed corporation.

The long-term prospects of the dental healthcare market in the PRC are expected to be buoyant, given the rising affluence of consumers and increasing demand for higher quality private dental healthcare services. To tap this immense market potential, we will be steadily enlarging our business operations and stamping our “Q & M” brand in the PRC. Already, our maiden joint ventures have raised the Group’s profile and we intend to continue identifying strategic opportunities there while integrating the operations of our new overseas companies.”

Commenting on the Proposed Joint Venture, Dr Ng said, “Besides generating new earnings streams for the Group, our proposed entry into dental laboratory businesses will provide support to our clinics in the PRC with a wide variety of dental products.”

When the Proposed Joint Venture is successfully completed, the two dental clinic groups and two dental laboratories are expected to generate total net income of around RMB30.8 million per year by 2012 based on undertakings set out in the respective joint venture agreements. Accordingly, the dividends, service fee and/or transaction profit payable to QDGC are estimated to be at least RMB14.5 million per annum by 2012 based on the undertakings and QDGC’s interests in the respective joint ventures.

### **Proposed Joint Venture**

Established in 2001, New Perfect is one of the largest dental laboratory groups in the PRC with a focus on technology development, dental device materials research, and the processing and manufacture of dental devices. New Perfect presently has 14 laboratories in major cities at Shenzhen, Beijing, Guangzhou, Hangzhou, Suzhou, Zhongshan, Dongguan, Quanzhou, Fuzhou, Wenzhou, Ningbo, Taizhou, Jinhua and Huizhou. It was awarded the ‘High-Tech Enterprise’ status in 2007.

QDGC has signed a MOU with Mr Peng Hui Chang, Mr Peng Jian Chang and Mr Guo Yu Chun (collectively referred to as the “Shareholders”) who own 100% equity interests in New Perfect. Under the terms of the MOU, the Shareholders shall transfer 49% equity shares in Chang Xin Industry (Hong Kong) Co., Ltd. (“HKCX”), the holding company of New Perfect, to QDGC for RMB98 million (the “**Consideration**”).

The Consideration is to be satisfied by cash of RMB60 million and new shares in Q & M Dental Group equivalent to RMB38 million. The new shares, which shall be subject to a lock-up period of five years, shall be issued at the prevailing market price only when the definitive agreements are signed, and approval has been granted by Singapore Exchange Securities Trading Limited (“SGX-ST”).

The Consideration was arrived at on a willing-buyer willing-seller basis, and after taking into account the net asset value, current operational scale and production capacity and future prospects of New Perfect’s business, as well as the profit undertakings provided by the Shareholders.

### 10-year Profit Guarantee

The Shareholders have provided undertakings that the total amount of dividend, service fee and/or transaction profit (after deduction of all taxes and fees in the PRC) to be received by HKCX from New Perfect and its subsidiaries shall be at least:

- i) RMB16 million per annum within the first year from the date of completion of the share transfer to QDGC;
- ii) RMB18 million per annum within the second year; and
- iii) RMB20 million per annum from the third to tenth year.

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In addition, the Shareholders have agreed that subject to necessary governmental approvals, QDGC shall have the priority right to receive dividends of at least RMB9.8 million (\$1.9 million) from HKCX for a period of 10 years.

**Financial Information**

Based on the latest management accounts as at 31 December 2009, the net asset value of New Perfect and its subsidiaries is around RMB70 million (\$13.7 million).

**Conditions Precedent**

The Proposed Joint Venture is subject to due diligence investigations, completion of the definitive agreements between QDGC and the Shareholders, approval by Q & M Dental Group's shareholders and SGX-ST for the issue of the Group's shares as part payment for the Consideration.

QDGC will be conducting legal, financial and tax due diligence, as well as audit investigations of HKCX, New Perfect and its subsidiaries. Upon satisfactory results from the due diligence investigations, the Group will seek approval from its shareholders at an extraordinary general meeting and obtain approval from SGX-ST.

*This news release is to be read in conjunction with the Group's announcements posted on the SGX website on 18 October 2010 and 2 August 2010.*

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**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, two Dental Centres 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.

Q & M Dental Group is also executing plans to expand its presence in the People's Republic of China ("PRC") to tap the country's large and rapidly growing market for dental healthcare services. To-date, the Group has invested in two dental healthcare groups in the PRC that operate a total of six dental clinics in Beijing and Nanjing cities.

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](http://www.QandMDental.com.sg)

**About Shenzhen New Perfect Exact Dental Research Co., Ltd ("New Perfect")**

New Perfect is one of the largest dental laboratory groups in the PRC with 14 laboratories and over 1,000 certified technicians. Besides its flagship laboratory in Shenzhen, New Perfect has laboratories in major cities of Beijing, Guangzhou, Hangzhou, Suzhou among others across the PRC.

With highly trained personnel and state-of-the-art facilities, New Perfect serves the PRC market as well as customers from North America, Europe and Asia Pacific. As a one-stop outsourcing centre to its customers, New Perfect employs advanced technologies and equipment such as the CAD/CAM milling systems to offer a full range of high quality products. Its products include a wide range of dental crowns, bridges, dental implants and attachments, inlays / onlays, veneers, and dentures.

New Perfect is registered with the FDA of the United States. It is also ISO and EU TUV certified. For more information, please visit [www.newperfect.com](http://www.newperfect.com)