



**Q & M Dental Group (Singapore) Limited**  
(Company Registration Number: 200800507R)

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**PROPOSED ACQUISITION OF 70% SHAREHOLDING IN  
DENTAL WELLNESS (MOLEK) SDN BHD ("DWM")**

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**1. THE PROPOSED ACQUISITION**

- 1.1 The Board of Directors (the "**Board**") of Q & M Dental Group (Singapore) Limited (the "**Company**") and together with its subsidiaries, the "**Group**") is pleased to announce that the Company and Q & M Dental Group (Malaysia) Sdn Bhd ("**QDGM**"), a wholly-owned subsidiary of the Company (collectively with the Company, the "**Purchasers**"), have on 19 November 2010 entered into a conditional share sale agreement (the "**Agreement**") with Dr Matthew Hong An Liang ("**Dr Hong**") and Ms Chong Lee Lee (collectively, the "**Current Shareholders**") for the acquisition (the "**Proposed Acquisition**") from Dr Hong of 70,000 ordinary shares of RM1.00 each in the capital of DWM (the "**Shares**"), representing 70% of DWM's issued and paid-up share capital of RM100,000 divided into 100,000 ordinary shares of RM1.00 each (the "**Sale Shares**"), for a cash consideration of RM\$1.05 million (approximately S\$437,500 million) (the "**Consideration**"). The Company shall acquire one (1) Sale Share and QDGM shall acquire 69,999 Sale Shares from Dr Hong. Following the completion of the Proposed Acquisition, the Purchasers shall collectively hold shares in DWM representing 70% of DWM's issued and paid-up share capital whilst the Current Shareholders shall collectively hold shares in DWM representing 30% of DWM's issued and paid-up share capital, and accordingly DWM shall become a subsidiary of the Company.
- 1.2 DWM is a private limited company incorporated in Malaysia under the Companies Act 1965 and has, at the date hereof, an authorised share capital of RM100,000 divided into 100,000 ordinary shares of RM1.00 each and an issued and paid-up capital of RM100,000 divided into 100,000 ordinary shares of RM1.00 each. The current shareholders of DWM are Dr Hong and Ms Chong Lee Lee, who own 85,000 Shares and 15,000 Shares in DWM's share capital respectively. Prior to the execution of the Agreement, DWM had completed the acquisition of the assets of the dentistry practice of "Dental Wellness@Molek" which was solely owned by Dr Hong (the "**DWM Asset Acquisition**"). Following the DWM Asset Acquisition and subject to the approval from the Malaysian Ministry of Health for the transfer of the certificate of registration of Dental Wellness@Molek as a registered private dental clinic to DWM, DWM shall carry on the business of dentistry and ancillary businesses.
- 1.3 The sale and purchase of the Sale Shares is subject to, *inter alia*, the following conditions precedent:
- (a) completion by the Purchasers of the full legal, financial, operational, technology, intellectual property and investment due diligence exercise on DWM and the findings of such due diligence exercise being satisfactory to the Purchasers at its sole discretion;

- (b) all requisite approvals, consents, filings and/or permit from any governmental and regulatory bodies, and/or third parties, if necessary, for the transaction contemplated under the Agreement being obtained by the Current Shareholders;
- (c) Dr Hong to provide sufficient evidence acceptable to the Purchasers that he is holding a valid practising certificate issued pursuant to the Dental Act 1971 and has procured valid malpractice insurance coverage in Malaysia;
- (d) the Purchasers being satisfied, in its sole and absolute discretion, that there are no material adverse changes in the business, operations, assets, financial condition or prospects, net tangible assets, and/or shareholding structure of DWM since the date of the Agreement;
- (e) the execution of the tenancy for the premises of Dental Wellness@Molek and novation of the tenancy agreement to DWM; and
- (f) the execution of the relevant employment contracts and service agreements acceptable to the Purchasers by the dentists and staff of Dental Wellness@Molek.

The parties shall secure all the conditions precedent set out above within four (4) weeks from the date of the Agreement (the "**Expiry Date**") provided always that the Expiry Date may be extended by the parties mutually (the "**Extended Expiry Date**"). If any of the aforementioned conditions precedent are not secured and/or obtained by the Expiry Date or the Extended Expiry Date as the case may be and the Purchasers do not exercise their discretion to waive it, the Agreement shall be deemed to be mutually terminated and shall have no further effect.

- 1.4 Under the Agreement, the Current Shareholders have provided a guarantee that the aggregate profit after tax of DWM shall not be less than RM500,000 (approximately S\$208,333) for the first and second financial years commencing 1 January 2011 to 31 December 2011 (Year One) and 1 January 2012 to 31 December 2012 (Year Two) and RM250,000 (approximately S\$104,167) for each of next four (4) financial years commencing from 1 January 2013 until 31 December 2016 (the "**Profit Guarantee**").

If the Profit Guarantee is not met, the Current Shareholders shall undertake to top up any shortfall in profit within 30 days from the letter of demand issued by either of the Purchasers by way of direct cash payment to the Purchasers for the relevant financial year.

- 1.5 Dr Hong shall enter into a service agreement with QDGM to work in DWM on terms satisfactory to the Purchasers, for a period of 10 years from the date of the completion of the Proposed Acquisition.
- 1.6 Pursuant to the Agreement, each of the Current Shareholders also grant to the Purchasers an irrevocable call option to purchase all of the shares then held by the Current Shareholders in DWM at RM2.00 (approximately S\$0.84) upon or after the occurrence of any failure, neglect and/or breach by either of the Current Shareholders to comply with any provision of certain ancillary documents to be entered into pursuant to the Agreement for whatsoever reasons.
- 1.7 As each of the relative figures as computed on the applicable bases set out in Rule 1006 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**Listing Manual**") is less than 5%, the Proposed Acquisition is a "Non-discloseable transaction" under Rule 1008 of the Listing Manual.

**2. RATIONALE FOR THE PROPOSED ACQUISITION**

The Proposed Acquisition is in line with the Group's plan to diversify its main dental business in Singapore and expand into Malaysia. The Company also intends to achieve a bigger market share of the dental business in Malaysia through the acquisition of more clinics or through joint ventures with third parties.

**3. CONSIDERATION FOR THE PROPOSED ACQUISITION**

The Consideration will be satisfied fully in cash, and was arrived at on a willing buyer, willing seller basis. In arriving at the Consideration, the Board had taken into account DWM's unaudited profits before tax of approximately RM186,191 (approximately S\$77,580) based on DWM's management accounts for the period from January 2010 to September 2010 and the quantum of the Profit Guarantee. The Board is of the opinion that the consideration is fair given the unique value proposition that the Proposed Acquisition brings to the Group as further explained in paragraph 2 on the rationale for the Proposed Acquisition.

**4. FINANCIAL INFORMATION**

Based on the management accounts of DWM for the period from January 2010 to September 2010, and taking into account the DWM Asset Acquisition, the net tangible assets of DWM is RM151,927 (approximately S\$63,303).

**5. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

None of the Company's directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Acquisition, save for their interests arising by way of their shareholdings and/or directorships, as the case may be, in the Company.

**6. DOCUMENT AVAILABLE FOR INSPECTION**

A copy of the Agreement is available for inspection during normal business hours at the registered office of the Company for a period of three (3) months from the date of this Announcement.

On Behalf of the Board

Dr Ng Chin Siau  
Executive Director  
22 November 2010

The initial public offering of the Company's shares was sponsored by Collins Stewart Pte. Limited.