



Q & M DENTAL GROUP (SINGAPORE) LIMITED

(Company Registration No. 200800507R)

JOINT VENTURE RELATING TO SHANXI MEIYUAN MEDICAL TECHNOLOGY CO., LTD

1. THE PROPOSED JOINT VENTURE

- 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 Q & M Dental Holdings (China) Pte. Ltd. ("QDHC"), a wholly-owned subsidiary of the Company, has on 9 August 2011 entered into a non-binding letter of intent (the "LOI") with Shanxi Meiyuan Medical Technology Co., Ltd ("SMM"). The LOI relates to a proposed joint venture (the "Proposed Joint Venture") which will complement the Group's expansion plans of its dental healthcare business into the People's Republic of China (the "PRC").
- 1.2 SMM is a limited liability company established and existing under the PRC laws, which owns, manages and operates dental hospitals, dental clinics and dental laboratory in Shanxi, PRC. It owns and manages six (6) clinics (which have 35 dental chairs in total), the Shanxi Red Cross Stomatological Hospital (which has 69 dental chairs), Datong Meiyuan Dental Hospital (which has 33 dental chairs) and Shanxi Meiyuan Dental Equipment Co., Ltd which focuses on the processing and manufacturing of dental prosthesis. The Shanxi Red Cross Stomatological Hospital is an accredited teaching hospital and provides dental care in all major disciplines of dentistry such as Orthodontics, Periodontics, Oral and Maxillofacial Surgery, Pedodontics, Prosthodontic and Endodontics. It also a PRC Government Medical Insurance accredited institution. The Hospitals' space is approximately 8,300 square metres and the laboratory occupies space of 1,588 square metres. They employ approximately 138 dentists, 125 nurses, 78 administrative staff, 101 logistics support personnel and 150 dental technicians.
- 1.3 As at the date hereof, the registered capital of SMM is RMB 11.16 million (approximately S\$2.1 million).
- 1.4 Under the terms of the LOI, the parties shall cooperate towards implementing the Proposed Joint Venture. Upon signing of the LOI, QDHC shall conduct due diligence investigations, audit and a valuation on SMM and the various clinics, hospitals and laboratory owned and managed by SMM.
- 1.5 Subject to the valuation results of SMM, it is proposed that QDHC and SMM will enter into further discussions for QDHC to buy an equity stake in SMM for a consideration to be agreed upon.
- 1.6 Subject to the results of the due diligence investigations referred to in paragraph 1.4 being satisfactory to QDHC, the parties shall arrange for the execution of the definitive agreements relating to the Proposed Joint Venture in a timely manner.
- 1.7 Under the LOI, SMM (including any of its appointed parties) shall not for a period of nine (9) months from the execution of the LOI, without the prior consent from QDHC, take any action to negotiate, arrange or execute agreements with any third party in relation to the disposal of economic profits, rights of management, controlling rights or equity shares in SMM or other arrangement with respect to the business of SMM.

2. RATIONALE FOR THE PROPOSED JOINT VENTURE

The business of SMM is in line with QDHC's expansion plans into the PRC as it is intended for QDHC to provide expertise and support to existing dental clinics and hospitals to enhance revenue growth and profitability. In addition, SMM is able to fabricate a wide variety of dental prosthesis, like crowns, bridges and orthodontics appliances, to the Group's clinics in the PRC.

The Group believes that as the rising affluence in the PRC drives the demand for better quality dental healthcare standards and services, the Group should capitalise on the potential of the PRC's growing market for private dental healthcare services. The Proposed Joint Venture would also be a source of steady income stream to the Group.

QDHC shall leverage on the Group's expertise to improve the management and operational standards of SMM, and enhance the quality of its products, services and techniques whilst the Group shall also benefit from the local knowledge and extensive experience of SMM and its subsidiaries which are experienced in managing and operating dental clinics and hospitals in Shanxi.

As it makes further inroads into the PRC, the Group expects its PRC business to add greater geographical diversity to its existing business and become an important growth contributor that strengthens the Group's earning base.

3. FINANCIAL INFORMATION

Based on the latest management accounts of SMM as at 31 December 2010, and subject to further due diligence, the total value of equipment of SMM is RMB 33.21 million (approximately S\$6.27 million).

4. FURTHER COMPLIANCE OBLIGATIONS

The Company anticipates that if the Proposed Joint Venture proceeds, it would constitute a transaction under Chapter 10 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The Company will comply with the relevant requirements of Chapter 10 of the Listing Manual of the SGX-ST in a timely manner as the matter progresses. The Board will also update shareholders on any new and significant developments arising in respect of the Proposed Joint Venture.

5. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or substantial shareholders of the Company has any interest in the proposed transaction save for their interests arising by way of their shareholdings and/or directorships, as the case may be, in the Company.

On behalf of the Board

Dr Ng Chin Siau
Group Chief Executive Officer

10 August 2011

About Q & M Dental Group

Q & M Dental Group [QNM SP / QMDT.SI] is a growing private dental healthcare group in Asia. The Group operates the largest network of dental outlets in Singapore and is building its presence in the People's Republic of China ("PRC") and Malaysia.

Founded in 1996, Q & M Dental Group has built an established brand through its reputation as a reliable provider of quality dental healthcare services. In Singapore, the Group has 42 dental clinics strategically located island-wide, two dental centres and one mobile dental clinic. It also owns two (2) dental supplies and equipment distribution companies. The Group has a team of more than 130 experienced dentists, supported by over 300 clinic support staff, to provide quality service to its patient pool of more than 400,000 island-wide.

Q & M Dental Group is presently executing plans to expand its presence in the overseas markets. To-date, the Group has invested in two dental healthcare groups in the PRC that operate a total of seven dental clinics, one dental centre and a mobile dental clinic in Beijing and Nanjing cities. It also has a 70% stake in a dental practice in Johor, Malaysia that operates 2 dental clinics.
