



Q & M DENTAL GROUP (SINGAPORE) LIMITED
(Company Registration No. 200800507R)

**PROPOSED ACQUISITION OF 80% SHAREHOLDING IN
SHANGHAI CHUANGYI INVESTMENT & MANAGEMENT CO. LTD**

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 as a part of the Group's expansion plans of its dental healthcare business into the People's Republic of China (the "PRC"), Q & M Dental Holdings (China) Pte. Ltd. ("QDHC"), a 100% subsidiary of the Company and its indirectly wholly owned subsidiary, Shanghai Yumin Investment & Management Co., Ltd, ("Shanghai Yumin"), have on 26 November 2012 entered into a conditional Sale and Purchase agreement and ancillary agreements to acquire 80% of the shareholding in respect of Shanghai Chuangyi Investment and Management Co Ltd ("SCIM") for a total investment amount of RMB 9,520,000 (approximately S\$1.87 million) from Mr. Wu Jian and Mr Wu Jun (collectively, the "Shareholders") (the "Proposed Acquisition"). The Group also refers to its earlier announcement on 8 November 2011 in respect of this proposed transaction. Following the completion of the Proposed Acquisition, Shanghai Yumin shall own 80% of SCIM's equity and according SCIM shall become a deemed subsidiary of the Group.
- 1.2 SCIM is a limited liability company, established and existing under the PRC laws, which focuses on the operation and management of dental clinics. It is the holding company of Shanghai Kangyi Dental Polyclinic Co Ltd ("SKDP"). As at the date hereof, the registered capital of SCIM is RMB 1 million and the Shareholders own 100% of all the shares in SCIM. SCIM is the sole shareholder of SKDP which has a registered capital of RMB 1 million
- 1.3 The Proposed Acquisition is subject to, inter alia, the following terms and conditions:-
- Obtaining the necessary approval for the transfer of Shares;
 - Transfer of all relevant medical and business licences as required.
- 1.4 Under the Proposed terms of Acquisition, the Shareholders have provided a guarantee that SCIM shall achieve a minimum profit after tax for ten years amounting to a total of RMB 10,583,161 (approximately S\$2.08 million). They shall pay any shortfall in cash if the dividend received by the Purchaser is less than 80% the minimum profit after tax for the relevant year.
- 1.5 The Consideration was arrived at on a willing buyer and willing seller basis taking into account, inter alia, the following factors:
- the preliminary valuation of SCIM and its subsidiaries;
 - the future business prospects of the SCIM;
 - current operational scale and the business of SCIM and its subsidiaries; and
 - profit undertakings provided by the Shareholders.
- 1.6 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 JOINT VENTURE

The business of SCIM and its subsidiaries is in line with QDHC's expansion plans into the PRC as it is intended for SCIM to provide the platform for future Q & M clinics in Shanghai. The Group believes that as the rising affluence in the PRC is driving the demand for better quality dental healthcare standards and services, the Group should capitalise on the immense potential of the PRC's fast growing market for dental healthcare services. The Proposed Acquisition will enable the Group to tap into the growing demand for dental healthcare services and which will also support the Group's growth plans.

QDHC shall leverage on the Group's expertise to improve the management and operational standards of SCIM and its subsidiaries, and enhance the quality of its products, services and techniques whilst the Group shall also benefit from the local knowledge and extensive experience of SCIM, its subsidiaries and the Shareholders who are experienced in the dental healthcare market in Shanghai, PRC.

3. FINANCIAL INFORMATION

Based on the latest management accounts of SCIM and its subsidiaries as at 31 December 2011 provided by the Shareholders, the total asset value of SCIM and its subsidiaries was RMB 3,009,104 (approximately S\$590,000).

4. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or controlling shareholders of the Company has any interest 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.

On behalf of the Board

Dr Ng Chin Siau
Group Chief Executive Officer

26 November 2012

About Q & M Dental Group

Q & M Dental Group (S) Limited [QC7.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 51 dental clinics strategically located island-wide, four dental centres and one mobile dental clinic. It also owns two dental supplies and equipment distribution companies. The Group has a team of about 170 experienced dentists, supported by about 300 clinic staff, to provide quality service to its more than 450,000 patient pool 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 operates one clinic in Shanghai. It also has a 70% stake in a dental practice in Johor, Malaysia, which operates three clinics.

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

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