



## **Q & M DENTAL GROUP (SINGAPORE) LIMITED**

(Company Registration Number 200800507R)

(Incorporated in the Republic of Singapore)

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### **PROPOSED ACQUISITION OF 70% SHAREHOLDING IN AR DENTAL SUPPLIES SDN BHD ("ARD")**

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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 Q & M Dental Group (Malaysia) Sdn Bhd ("QDGM"), a wholly-owned subsidiary of the Company ("the "Purchaser"), have on 11 March 2013 entered into a conditional share sale and purchase agreement and ancillary agreements (the "Agreements") with Tye Chee Wah ("Tye"), Chong Vooi Seong ("Chong") and Chan Sing Cheong (the "Current Shareholders") for the acquisition (the "Proposed Acquisition") from the Current Shareholders of 141,400 ordinary shares of RM1.00 each in the capital of AR Dental Supplies Sdn Bhd (the "Sale Shares"), representing 70% of ARD's issued and paid-up share capital of RM202,000 divided into 202,000 ordinary shares of RM1.00 each (the "Shares"), for a cash consideration of RM8,400,000 (approximately S\$3,360,000) (the "Purchase Consideration"). Following the completion of the Proposed Acquisition, the Purchaser shall hold shares in ARD representing 70% of ARD's issued and paid-up share capital whilst the Current Shareholders shall hold shares in ARD representing 30% of ARD's issued and paid-up share capital, and accordingly ARS shall become a subsidiary of the Company.
- 1.2 ARD is a private limited company incorporated in Malaysia under the Companies Act 1965 and has, at the date hereof, an authorised share capital of RM500,000 divided into 500,000 ordinary shares of RM1.00 each and an issued and paid-up capital of RM202,000 divided into 202,000 ordinary shares of RM1.00 each. The current shareholders of ARD are Tye, who owns 81,200 shares, Chong, who owns 60,400 shares and Chan, who owns 60,400 shares in ARD's share capital respectively.
- 1.3 The sale and purchase of the Shares is subject to, inter alia, the following conditions precedents:-
- a. The Current Shareholders shall ensure that ARD retains minimum Net Tangible Assets of RM 3 million at the date of Completion.
  - b. The Current Shareholders shall execute 10 years' service contracts with ARD on such terms and conditions as required by the Purchaser.
  - c. The Current Shareholders shall execute a 4 years profit guarantee to be set out in the shareholders' agreement on such terms and conditions as required by the Purchaser.
  - d. The Purchaser being wholly satisfied with the legal, financial and operational due diligence on ARD and the Current Shareholders.
- 1.4 Under the Agreements, the Current Shareholders have provided a guarantee that the Purchaser shall receive 70% of the minimum after tax distributable profit of ARD for Financial Year ("FY") 2013, 2014, 2015 and 2016. The minimum after tax distributable profit shall be

RM 2,000,000 (approximately S\$800,000) (Profit Target). They shall pay, in cash, any shortfall to the Purchaser, if the dividend received for the respective year by the Purchaser is less than 70% of the Profit Target for that year.

- 1.5 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 CONSIDERATION FOR THE PROPOSED ACQUISITION**

The Purchase Consideration was arrived at after negotiations on a willing-buyer, willing-seller basis, and is to be satisfied wholly in cash. In arriving at the Purchase Consideration, the Company has taken into account, *inter alia*, current market conditions, the prospects of ARD, the 10 year service agreement signed by the Current Shareholders, the 4 year profit guarantee given by the Current Shareholders and the strategic merits of the acquisition of ARD in relations to the Purchaser's expansion in Malaysia

The Purchase Consideration will be paid to the Current Shareholders on the date of completion of the Proposed Acquisition.

## **3. ASSET VALUE OF ARD**

Based on the last audited accounts of ARS as at 31 December 2011, the net book value of the fixed assets of ARD was RM 8,613,487 (approximately S\$3,445,395) and the net tangible asset value of ARD was RM 4,574,074 (approximately S\$1,829,630)

## **4. RATIONALE AND BENEFITS TO THE PURCHASER**

ARD is a private limited company incorporated in Malaysia on 30 August 1997. ARD is principally engaged in the supply of dental material and equipment. It has operations and sales offices in Selangor, Johor, Penang, Sabah, Sarawak and Terengganu.

Q&M's strategy is to become a multidisciplinary specialist healthcare servicer providing a one stop service to its patient base and the public in Singapore and South East Asia. Q&M is currently expanding its presence in Malaysia. It now operates 2 dental clinics in Klang Valley and 3 clinics in Johor Bahru. It intends to utilize the contacts and the network of ARD to recruit more dentists and acquire dental practices to achieve its target of 15 dental clinics by 2015.

Further ARD with its exclusive distributorship for many dental material and equipment would provide economies of scale to Q&M's clinic operations and purchasing in Malaysia. Q&M could effectively enhance its presence in the dental supplies distribution market in South East Asia when the ARD's operations are complemented by the distribution companies owned by Q&M in Singapore. The purchase will provide a good platform for Q&M to achieve its strategy more efficiently and effectively.

## 5. SERVICE CONTRACTS

No person is proposed to be appointed as a director of the Company in connection with the Transactions. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

## 6. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Transactions.

As at the Acquisition Announcement Date, none of the Directors or controlling shareholders of the Company holds any shares in ARS, directly or indirectly.

## 7. DOCUMENTS FOR INSPECTION

A copy of the Sale and Purchase Agreement is available for inspection by shareholders of the Company at the registered office of the Company at 67 Ayer Rajah Crescent #05-12/14 Singapore 139950 during normal business hours for a period of three months from the date of this Announcement.

By Order of the Board  
**Q & M Dental Group (Singapore) Limited**

Dr Ng Chin Siau  
Group Chief Executive Officer  
11 March 2012

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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 [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 support staff, to provide quality service to its patient pool of more than 450,000 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 and the Group also operates 2 clinics in Shanghai. It also operates 2 dental clinics in Klang Valley and 3 clinics in Johor Bahru.

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)

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