



Q & M DENTAL GROUP (SINGAPORE) LIMITED

(Company Registration Number 200800507R)

(Incorporated in the Republic of Singapore)

**MEMORANDUM OF UNDERSTANDING FOR THE
ACQUISITION OF 51% STAKE IN
QINHUANGDAO AIDITE HIGH TECHNICAL CERAMIC CO., LTD
OWNED BY LI HONGWEN AND LI BIN**

1. INTRODUCTION

1 The Proposed Acquisition

The Board of Directors of Q & M Dental Group (Singapore) Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that its wholly owned subsidiary, Q & M Dental Holdings (China) Pte. Ltd. (“**Q&M China**”) had on 18 November 2013 entered into a non-binding Memorandum of Understanding (the “**MOU**”) with Mr Li Hongwen and Mr Li Bin (“**the Sellers**”) to acquire fifty one per cent (51%) stake in the specialized dental materials manufacturer known Qinhuangdao Aidite High Technical Ceramic Co., Ltd owned by the Sellers and located in Qinhuangdao in Hebei Province, People’s Republic of China (“**Aidite**”).

2. THE PROPOSED ACQUISITION

2.1 Purchase of the Sale Shares

Pursuant to the MOU, Q&M China will purchase 51% of the shares (“**Sale Shares**”) from the Sellers for a total consideration of RMB 76.5 million (approximately S\$15.3 million) (“**Purchase Consideration**”). The Purchase Consideration shall be paid either in cash or the Company shares or partly in both.

2.2 Purchase Consideration for the Proposed Acquisition

The Purchase Consideration was arrived at after negotiations on a willing-buyer, willing-seller basis. In arriving at the Purchase Consideration, the Company has taken into account, *inter alia*, current market conditions, the prospects of Aidite and the strategic merits of the acquisition as set out in more detail in section 4 of this Announcement.

The Purchase Consideration will be paid to the Sellers, 21 days after the registration of the Sale Shares in Aidite to the Q&M China and after necessary approvals by the relevant governmental authorities.

The expected date of completion of the Proposed Acquisition is 1 May 2014.

2.3 Key Terms of MOU

The Proposed Acquisition is subject to the following key terms:-

- (a) Q&M China being satisfied with the legal, finance and operational due diligence of the Aidite and subject to approval of the Company’s Board Of Directors, shareholders of the Company and Singapore Stock Exchange (if required).
- (b) The Sellers shall ensure that Aidite shall be free of any liabilities, encumbrances, pledges, mortgages or any form of restrictions at the date of the transfer.

- (c) Aidite having a Net Tangible Asset of RMB 30 million (approximately S\$6 million).
- (d) Execution of definitive agreements in respect of the proposed acquisition by Q&M China and the Sellers.
- (e) The Sellers shall inject RMB 35 million into Aidite as working capital and for further expansion.
- (f) Profit guarantee from the Sellers that Q&M China will receive dividends of at least RMB 159 million (approximately S\$33 million) over 12 years starting from year 2014.
- (g) Security pledged by the Sellers of their remaining 49% shares in Aidite for the performance of the profit guarantee.

3. INFORMATION ON AIDITE

3.1 Background and Principal Activities of Aidite

Aidite currently operates a specialized dental ceramics manufacturing facility in Qinhuangdao, Hebei PRC. Aidite manufactures a product known as zirconium oxide blocks which is used in dental CAD/CAM machines in fabrication of dental prosthesis.

More information relating to the Qinhuangdao Aidite High Technical Ceramic Co., Ltd is available at their website at <http://www.zro2blocks.com>.

3.2 Financial Information

The Net Tangible Asset of Aidite as stated by the Sellers is RMB 30 million (approximately S\$6 million). The revenue of Aidite for year ending 31 December 2012 as stated by the Sellers is approximately RMB 30 million (approximately S\$5 million). The Company will carry out its due diligence prior to completion of the Proposed Acquisition.

4. RATIONALE AND BENEFITS

The Group has built a successful network of dental clinics in Singapore, providing both general practitioner and specialist services. The Group has embarked on expanding its dental business overseas and had ventured into 2 countries, namely Malaysia and People's Republic of China ("PRC").

In PRC to-date, the Group had entered into joint ventures with two dental groups located in Beijing and Nanjing and had also acquired 2 dental clinics in Shanghai. The Group has also executed MOUs and agreements with the various dental hospitals in North Eastern China. Zirconium Oxide is now increasingly used in dentistry as an alternative material for non-metallic esthetic material that is high crack resistant. Aidite has obtained the ISO13485 quality system and the European Union CE certification - CE0029, American FDA certification that enables it to export product to many countries globally.

The Proposed Acquisition will crystallise the Group's plan to integrate and to provide synergy to the various components of its dental business, from supplies manufacturing to supply distribution and its dental clinics and centres.

5. FURTHER COMPLIANCE OBLIGATIONS

The Company anticipates that if the definitive agreements are executed, it may constitute a transaction under Chapter 10 of the Listing Manual of the 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 Acquisition.

6. SERVICE CONTRACTS

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

7. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Acquisition. As at the Announcement Date, none of the Directors or controlling shareholders of the Company holds any shares in Aidite, directly or indirectly.

8. DOCUMENTS FOR INSPECTION

A copy of the MOU 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

18 November 2013

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 52 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. It operates two clinics in Shanghai. It also has operates 8 clinics in Malaysia and a dental equipment distribution company.

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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