



Q & M DENTAL GROUP (SINGAPORE) LIMITED

(Company Registration Number 200800507R)

(Incorporated in the Republic of Singapore)

PROPOSED ACQUISITION OF FOO & ASSOCIATES PTE LTD OWNED BY DR FOO MOOH THONG

1. INTRODUCTION

The Board of Directors of Q & M Dental Group (Singapore) Limited (the “**Company**”) wishes to announce that it had on 17 March 2014 entered into a Share Purchase Agreement (the “**Agreement**”) with Dr Foo Mooh Thong (the “**Vendor**”) to acquire 100% of the shareholding in Foo & Associates Pte Ltd owned by the Vendor and located at 290 Orchard Road, #09-03, Singapore 238859 (“**F&A**”).

2. THE PROPOSED ACQUISITION

2.1 Purchase of the Sale Shares

Pursuant to the Agreement, the Company will purchase 100% of the issued and paid-up share capital of F&A (“**Sale Shares**”) from the Vendor for a total consideration of S\$5.5 million (“**Purchase Consideration**”). The Purchase Consideration shall be paid by the allotment of the Company’s shares (“**Consideration Shares**”) to the Vendor.

The Consideration Shares shall be allotted at 90% of the weighted average price of the Company’s shares traded on SGX for the full market day on the date on which the Agreement is signed, i.e. on Monday, 17 March 2014.

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 F&A and the strategic merits of the acquisition.

2.3 Key Terms

The Proposed Acquisition is subject to, *inter alia*, the following key terms:-

- (a) The Company being satisfied with the legal, finance and operational due diligence of F&A and subject to approval of the Company’s Board Of Directors, shareholders of the Company and Singapore Exchange Securities Trading Limited (“**SGX**”) (if required);
- (b) All approvals, waivers or consents as may be required for the sale of the Sale Shares;
- (c) The Vendor shall ensure that F&A is free of any liabilities, encumbrances, pledges, mortgages or any form of restrictions at the date of the transfer;
- (d) The Vendor has agreed to provide a Profit Guarantee (as defined below). The total amount of profit which the Company is entitled to over the 10 year period is S\$5.25 million;
- (e) Dr Foo Mooh Thong will execute a 10 year service agreement with the Company.

2.4 Profit Guarantee

The Vendor guarantees that for the 10 year period commencing on 1 January 2014¹:-

- (a) The annual profit guarantee shall not be less than S\$525,000; or
- (b) The aggregate accumulated profit for all the profit guarantee years within the 10 year period shall be equivalent to the sum of S\$5.25 million.

The Profit Guarantee shall be satisfied by either (a) or (b), whichever is the earlier.

2.5 Views of the Board

The Board is of the view that the Profit Guarantee from the Vendor would be beneficial to the Company and in accepting the Profit Guarantee took into consideration the following factors:-

- (i) The prime location in which F&A is located in;
- (ii) The expertise of Dr Foo Mooh Thong, a well-known and well-respected specialist in the prosthodontic field of dentistry;
- (iii) The large and established patient base accumulated over the past 14 years of operation, including a significant amount of foreign patients from the dental tourism pool in Singapore.

2.6 Commercial Bases and Principal Assumptions upon which the Quantum of the Profit Guarantee is Based

The quantum of the Profit Guarantee was derived from the Company's estimation after reviewing the track record of the management and financial accounts of F&A.

2.7 Manner and Amount of Compensation to be Paid by the Vendor

In the event that any Profit Guarantee amount is not met for the relevant financial year, the Company has the right to terminate the Agreement and require the Vendor to pay to the Company (i) liquidated damages equivalent to the sum of S\$5.5 million and an annual interest of 10% per annum calculated from the date of the Agreement to the date of payment and (ii) any outstanding Profit Guarantee for the rest of the 10 year period.

If the Company decides not to terminate the Agreement, the Vendor shall within 14 days of demand pay to the Company the shortfall in the Profit Guarantee for the relevant year by way of deduction from the professional fees payable to Dr Foo Mooh Thong and/or Dr Foo Mooh Thong shall use his personal cash and/or assets (if accepted by the Company) to make up the shortfall in the Profit Guarantee amount.

2.8 Safeguards Put in Place to Ensure the Company's Right of Recourse

The Vendor is required to deposit the sum of S\$525,000 into a bank account nominated, managed and controlled by the Company before completion of the Proposed Acquisition.

Should there be any shortfall in the Profit Guarantee amount in the relevant financial year, the shortfall shall be deducted from Dr Foo Mooh Thong's professional fees and/or Dr Foo Mooh Thong shall use his personal funds and/or assets (if accepted by the Company) to make up such shortfall.

¹ The Profit Guarantee for year 2014 or the accumulated profit (as the case may be) shall be prorated to reflect that the Profit Guarantee shall commence only on the completion date.

In the event that the Vendor is unable to make good the shortfall in the manner set out above, the Company shall be entitled to and shall deduct from the deposited sum such amount as may be required to make good the shortfall in whole.

3. RATIONALE AND BENEFITS

The Proposed Acquisition is in line with the Company's plans to continue the expansion of its main dental business in Singapore. This Proposed Acquisition will allow the Company to add a fully operational clinic located in a prime location in Singapore.

The Company intends to work with Dr Foo Mooh Thong, an expert in the Computer Aided Design / Computer Aided Milling technology and intends to have Dr Foo Mooh Thong spearhead the Company's expansion into this field.

The Company will also obtain the business goodwill of F&A which has been operating for more than 14 years together with the personal goodwill of Dr Foo Mooh Thong.

4. DISCLOSURE OBLIGATIONS

The Proposed Acquisition will constitute a non-discloseable transaction under Chapter 10 of the Listing Manual. The Board will update shareholders on any new and significant developments arising in respect of the Proposed Acquisition.

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

Dr. Ng Chin Siau
Group Chief Executive Officer
18 March 2014

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, 5 dental centres and 1 mobile dental clinic. It also owns two dental supplies and equipment distribution companies. The Group has a team of about 180 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 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.

For more information please contact:

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