



Q & M DENTAL GROUP (SINGAPORE) LIMITED

(Company Registration Number 200800507R)

(Incorporated in the Republic of Singapore)

PROPOSED SALE OF BLOCK 130 JURONG GATEWAY ROAD, #01-213, #01-215 AND #01-217, SINGAPORE 600130 (THE "PROPOSED SALE")

1. INTRODUCTION

- 1.1 The Board of Directors (the "**Board**") of Q & M Dental Group (Singapore) Limited (the "**Company**") and together with its subsidiaries, the "**Group**") wishes to announce that, Q & M Dental Centre Pte Ltd ("**QMDC**"), a wholly owned subsidiary of the Company, has on 7 January 2015, granted a conditional option to purchase (the "**Option**") the premises located at Block 130 Jurong Gateway Road, #01-213, #01-215 and #01-217, Singapore 600131 (the "**Property**") to Allplus Holdings Pte Ltd and/or its nominee (the "**Purchaser**").

2. INFORMATION ON THE PROPERTY

The Property consists of three (3) adjoining Housing Development Board ("**HDB**") shop units and is being sold subject to:

- (a) a licence agreement and a tenancy agreement affecting part of the first storey of the Property; and
- (b) the leaseback of part of the first storey and the second storey of the Property to the Group for a term of three (3) years commencing on the date of completion of the Proposed Sale (subject to HDB approval).

3. THE CONSIDERATION

- 3.1 The sale consideration payable by the Purchaser to QMDC for the Property is S\$14,800,000 (the "**Consideration**"), exclusive of goods and services tax. The Consideration was arrived at on a willing-buyer and willing-seller basis, after taking into account the prevailing market conditions.
- 3.2 The book value of the Property is S\$12,649,000 as at 30 September 2014. The Group will realise a profit of S\$1,683,724 (after deducting incidental cost and related expenses) from the Proposed Sale of the Property.
- 3.3 The Consideration shall be paid in the following manner:
- (a) an option fee of S\$148,000 (equal to 1% of the Consideration) (the "**Option Fee**") has been paid to the Company on the grant of the Option;
 - (b) a sum of S\$592,000 shall be paid to the Company upon the acceptance of the Option (equal to 4% of the Consideration); and

- (c) the balance of the Consideration being the sum of S\$14,060,000 (equal to 95% of the Consideration) shall be paid on completion of the Proposed Sale.

4. TERMS AND CONDITIONS OF THE PROPOSED SALE

- 4.1 Completion of the Proposed Sale is subject to, *inter alia*, QMDC and the Purchaser receiving any requisite approvals and/or confirmations from HDB and other relevant statutory authorities.
- 4.2 The Option has been accepted by the Purchaser on 20 January 2015, the Proposed Sale shall take place within three (3) months from the date of the exercise of the Option by the Purchaser or two (2) weeks from the date of the Purchaser's receipt of HDB's written confirmation approving the Proposed Sale, whichever is later.

5. RATIONALE FOR THE PROPOSED SALE

The Directors are of the view that the Proposed Sale is in the best interests of the Company and its shareholders as:

- (a) the Consideration is significantly higher than the purchase price of S\$12,150,000 that QMDC paid for the Property on 13 June 2014;
- (b) it is an appropriate time given the current property market in Singapore to sell and unlock the value of the Property; and
- (c) the proceeds from the Proposed Sale will strengthen the Group's working capital position, so as to better position the Group to take advantage of new business opportunities.

6. FINANCIAL EFFECTS AND FUNDING

6.1 Assumptions

The *pro forma* financial effects of the Proposed Sale on (i) the consolidated net tangible assets ("NTA") per share of the Company; and (ii) the consolidated earnings per share ("EPS") of the Company set out below, are prepared purely for illustrative purposes only and do not reflect the actual financial effects or the future financial performance and condition of the Company and/or the Group after the Proposed Sale.

6.2 Financial Statements

The *pro forma* financial effects in sections 6.3 and 6.4 of this announcement have been prepared based on the audited consolidated financial statements of the Company for its financial year ended 31 December 2013 ("FY2013") (being the most recent announced consolidated full-year financial statements of the Company).

6.3 NTA per share

Assuming that the Proposed Sale had been completed on 31 December 2013, the *pro forma* financial effects on the consolidated NTA per share of the Company would be as follows:

	Before the Proposed Sale	After the Proposed Sale
Number of shares	778,623,495	778,623,495
NTA attributable to shareholders (S\$'000)	40,638,000	42,789,000
NTA per share (cents)	5.22	5.50

6.4 **EPS**

Assuming that the Proposed Sale had been effected on 1 January 2013, the *pro forma* financial effects on the EPS of the Company would be as follows:

	Before the Proposed Sale	After the Proposed Sale
Number of shares	778,623,495	778,623,495
Profits attributable to shareholders (S\$'000)	6,989,000	8,368,392
EPS (cents)	0.90	1.07

7. **RELATIVE FIGURES UNDER CHAPTER 10 OF THE LISTING MANUAL**

7.1 Based on the unaudited financial statements of the Group for the (9) month period ended 30 September 2014, the relative figures computed on the bases set out in Rule 1006 of the Listing Manual of the SGX-ST (the "**Listing Manual**") in relation to the Proposed Sale are as follows:

Rule 1006	Bases	Property	Group	%
(a)	The net asset value (" NAV ") of the Property to be disposed of, compared with the Group's NAV	S\$12,649,000	S\$57,747,000	21.9
(b)	The net profits attributable to the Property to be disposed of, compared with the Group's net profits	S\$5,774	S\$6,632,000	0.09
(c)	The Consideration to be received, compared with the Company's market capitalisation as at 6 January 2015, being the market day immediately preceding the date of the Option	S\$14,800,000	S\$367,510,290	4.03
(d)	The number of equity securities issued by the Company as consideration for the Proposed Sale, compared with the number of equity securities previously in issue	N.A.	N.A.	N.A.

7.2 As the computed figure in section 7.1(a) in the table above exceeds 20%, the Proposed Sale constitutes a "major transaction" as defined in Chapter 10 of the Listing Manual. Accordingly, shareholders' approval is required for the Proposed Sale pursuant to Chapter 10 of the Listing Manual. The Company will be seeking the approval of its shareholders for the Proposed Sale.

8. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors and substantial shareholders have any interests, direct or indirect, in the Proposed Sale, other than through each of their respective shareholding interests, direct and/or indirect (if any), in the Company.

9. CIRCULAR

A circular setting out further information and details of the Proposed Sale, together with a notice of the extraordinary general meeting to be convened, will be despatched by the Company to its shareholders in due course.

10. DOCUMENT FOR INSPECTION

A copy of the Option is available for inspection by shareholders of the Company at the registered office of the Company at 81 Science Park Drive, #02-04, The Chadwick, Singapore Science Park 1, Singapore 118257 during normal business hours for a period of three (3) months from the date of this announcement.

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

Vitters Sim
Chief Financial Officer
21 January 2015

For more information please contact:

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