



**Q & M DENTAL GROUP (SINGAPORE) LIMITED**  
(Company Registration Number 200800507R)  
(Incorporated in the Republic of Singapore)

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**PROPOSED ACQUISITION OF AESTHETICS DENTAL SURGERY**

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**1. INTRODUCTION**

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 the Company has entered into a binding points of agreement dated 11 May 2015 (the "**POA**") with Dr. Tan Hwee Hiang ("**Dr. Tan**"), Dr. Teh Kiat Seong ("**Dr. Teh**"), Mr. Tan Tiang Fo Gerard and Mdm Chua Boon Keow (collectively the "**Vendor Shareholders**") to acquire (the "**Proposed Acquisition**") 100% of the shareholding ("**Sale Shares**") in the following companies:

- (a) Aesthetics Dental Surgery Pte Ltd (Company registration number: 198102550K) a company incorporated in Singapore and having its registered office at 9 Penang Road, #07-01, Park Mall, Singapore 238459 ("**Aesthetics Dental Pte Ltd**") and having an issued and paid-up share capital of S\$50,000 comprising of 50,000 ordinary shares;
- (b) Dr Tan Hwee Hiang Pte Ltd (Company registration number: 200415880K) a company incorporated in Singapore and having its registered office at 9 Penang Road, #07-01, Park Mall, Singapore 238459 ("**Dr Tan Pte Ltd**") and having an issued and paid-up share capital of S\$2 comprising of 2 ordinary shares; and
- (c) Teh Prostho & Implant Centre Pte Ltd (Company registration number: 200415218C) a company incorporated in Singapore and having its registered office at 9 Penang Road, #07-01, Park Mall, Singapore 238459 ("**Teh Prostho Pte Ltd**") and having an issued and paid-up share capital of S\$2 comprising of 2 ordinary shares,

(Collectively known as the "**Aesthetics Dental Surgery Clinic**").

**2. INFORMATION ON THE AESTHETICS DENTAL SURGERY CLINIC**

**2.1 Background and Principal Activities of the Aesthetics Dental Surgery Clinic**

- (a) As at the date of this announcement, the shareholding structures of the Aesthetics Dental Surgery Clinic are as follows:

**Aesthetics Dental Surgery Pte Ltd**

| <b>Sl. No</b> | <b>Name</b>    | <b>Number of shares</b> | <b>Percentage</b> |
|---------------|----------------|-------------------------|-------------------|
| 1.            | Tan Hwee Hiang | 26,250                  | 52.50%            |
| 2.            | Teh Kiat Seong | 23,750                  | 47.50%            |
|               | <b>Total</b>   | <b>50,000</b>           | <b>100%</b>       |

### Dr Tan Hwee Hiang Pte Ltd

| Sl. No | Name                | Number of shares | Percentage  |
|--------|---------------------|------------------|-------------|
| 1.     | Tan Tiang Fo Gerard | 1                | 50%         |
| 2.     | Tan Hwee Hiang      | 1                | 50%         |
|        | <b>Total</b>        | <b>2</b>         | <b>100%</b> |

### Teh Protho & Implant Centre Pte Ltd

| Sl. No | Name                            | Number of shares | Percentage  |
|--------|---------------------------------|------------------|-------------|
| 1.     | Chua Boon Keow @ Chua Siew Kiow | 1                | 50%         |
| 2.     | Teh Kiat Seong                  | 1                | 50%         |
|        | <b>Total</b>                    | <b>2</b>         | <b>100%</b> |

- (b) Founded in 1999, Aesthetics Dental Surgery Clinic is a dental clinic located and operating inside Park Mall.

#### 2.2 Net Tangible Assets of the Aesthetics Dental Surgery Clinic

Based on the unaudited accounts (the “**Aesthetics Dental FY13 Accounts**”) provided by the Vendor Shareholders of:

- (a) Aesthetics Dental Pte Ltd for the financial year ended 31 December 2013;
- (b) Dr Tan Pte Ltd for the for the financial year ended 31 December 2013; and
- (c) Teh Prothos Pte Ltd for the financial year ended 31 December 2013,

the net tangible assets of the Aesthetics Dental Surgery Clinic was approximately S\$547,000 and the revenue was approximately S\$1.6 million.

#### 2.3 Net Profits of the Aesthetics Dental Surgery Clinic

Based on the Aesthetics Dental FY13 Accounts, the net profits after tax was approximately S\$525,000 million based on a turnover of approximately S\$1.6 million.

### 3. THE PROPOSED ACQUISITION

The salient terms of the Proposed Acquisition under the POA are set out below:

#### 3.1 Purchase of the Sale Shares

The Company will acquire 100% of the shareholding in the Aesthetics Dental Surgery Clinic from the Vendor Shareholders for a total consideration of S\$4 million (the “**Purchase Consideration**”) to be paid in the following manner:

- (a) S\$2 million in cash to the Vendor Shareholders; and
- (b) S\$2 million worth of the Company’s shares at an issue price of S\$0.711 (being 90% of the weighted average price for trades done on the shares of the Company on the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 8 May 2015, being the preceding full market day on which shares of the Company were traded on the SGX-ST before the trading halt) (the “**Consideration Shares**”). The Consideration Shares will be issued in the following manner:

| <u>Sl. No.</u> | <u>Name</u>    | <u>Worth of<br/>Consideration Shares</u> |
|----------------|----------------|--|
| 1.             | Tan Hwee Hiang | S\$1,000,000                             |
| 2.             | Teh Kiat Seong | S\$1,000,000                             |
|                | <b>Total</b>   | <b>S\$2,000,000</b>                      |

### 3.2 Purchase Consideration

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*, the current market conditions, the history, track record and future prospects of the Aesthetics Dental Surgery Clinic, Dr. Tan and Dr. Teh's expertise and the strategic merits of the Proposed Acquisition.

### 3.3 Terms and Conditions

#### Conditions Precedent

Completion of the Proposed Acquisition is subject to, *inter alia*, the following:

- (a) the results of a due diligence exercise by the Company over the business, affairs, operations, assets, financial condition, prospects and records of the Aesthetics Dental Surgery Clinic being satisfactory to the Company in its sole and absolute discretion;
- (b) all approvals, waivers or consents as may be required for the sale of the Sale Shares, to enable the Company and/or its nominee(s) to be registered as holder(s) of all of the Sale Shares, and to give effect to the transactions contemplated under the POA being obtained and where any waiver, consent or approval is subject to conditions, such conditions being satisfactory to the Company in its sole and absolute discretion and if required to be fulfilled by a particular date, being so fulfilled, and such approvals, waivers or consents remaining valid and in full force and effect;
- (c) the Company obtaining such approval(s) in connection with the POA from the Board and/or shareholders of the Company in a general meeting, as may be necessary for the transactions contemplated herein, and such approval not having been withdrawn or revoked;
- (d) approval in-principle being obtained from the SGX-ST for the admission to, listing, dealing and quotation of the Consideration Shares on the Official List of the Main Board of the SGX-ST;
- (e) the allotment, issue and subscription of the Consideration Shares not being prohibited by any statute, order, rule, regulation, directive or request promulgated or issued by any legislative, executive or regulatory body or authority of Singapore or elsewhere, which is applicable to the Aesthetics Dental Surgery Clinic and/or the Company;
- (f) the Company or the Aesthetics Dental Surgery Clinic not having received notice of any claim, action, injunction, order, directive or notice restraining or prohibiting the entering into or the consummation of the transactions contemplated by the POA or seeking damages or other recourse in respect thereof, or notice that any of the foregoing is pending or threatened; and
- (g) there being no event having occurred which has or could reasonably be expected to have a material adverse effect on the business, operations, assets, financial condition or prospects of the Aesthetics Dental Surgery Clinic.

#### Moratorium

The Consideration Shares shall be subject to a 5-year moratorium period whereby Dr. Tan and Dr. Teh will not be allowed to sell, transfer, mortgage, charge, pledge, grant an option over, or otherwise dispose of or create any encumbrances over any of the Consideration Shares.

#### Service Agreement

Dr. Tan and Dr. Teh have each agreed to sign an 8-year full time service agreement with the Company.

#### Profit Guarantee

The POA further provide that Dr. Tan and Dr. Teh severally guarantee that the profit of Aesthetics Dental Surgery Clinic shall not be less than S\$400,000 every year (the “**Profit Guarantee Year**”) for a total of 8 years (the “**Profit Guarantee**”). In the event that the Profit Guarantee is not met for any Profit Guarantee Year, Dr. Tan and Dr. Teh shall have to make good the shortfall.

#### Long Stop Date

If the completion of the Proposed Acquisition does not take place within 12 months from the date of the POA, the POA shall ipso facto cease and terminate.

#### Definitive Agreement

Parties will, in due course, enter into definitive agreements in respect of the Proposed Acquisition and such definitive agreements shall contain such customary terms generally found in similar transactions including without limitation, representations and warranties by the Vendor Shareholders on the ownership of the Sale Shares, the business of the Aesthetics Dental Surgery Clinic, employment and tax related matter as well as the corresponding indemnities.

#### **4. RATIONALE FOR THE PROPOSED ACQUISITION**

The Proposed Acquisition is in line with the Company’s plan to continue the expansion of its main dental business in Singapore and allows the Company to add a fully operational clinic at a convenient and easily accessible prime location.

#### **5. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

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

#### **6. DISCLOSURE OBLIGATIONS**

The Proposed Acquisition constitutes a “non-discloseable” transaction under Chapter 10 of the Listing Manual and a copy of the POA 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  
12 May 2015

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For more information please contact:

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