



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

**PROPOSED ACQUISITION OF TIONG BAHRU DENTAL CLINIC
AND
BRIGHT SMILE DENTAL CLINIC**

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. Chong Tuck Fung ("**Dr. Chong**"), and Dr. Mok Tong Bee ("**Dr. Mok**") (collectively the "**Vendor Shareholders**") to acquire (the "**Proposed Acquisition**") 100% of the shareholding ("**Sale Shares**") in the following companies:

- (a) Tiong Bahru Dental Surgery Pte Ltd (Company registration number: 200615986W) a company incorporated in Singapore and having its registered office at 298 Tiong Bahru Road, #01-03A, Central Plaza, Singapore 168730 ("**Tiong Bahru Dental**") and having an issued and paid-up share capital of S\$100,000 comprising of 100,000 ordinary shares; and
- (b) Bright Smile Dental Surgery Pte Ltd (Company registration number: 200804578C) a company incorporated in Singapore and having its registered office at 18 Jalan Membina, #01-05, Singapore 164018 ("**Bright Smile Dental**") and having an issued and paid-up share capital of S\$2 comprising of 2 ordinary shares,

(Collectively known as the "**Tiong Bahru Clinics**").

2. INFORMATION ON THE TIONG BAHRU CLINICS

2.1 Background and Principal Activities of the Tiong Bahru Clinics

- (a) As at the date of this announcement, the shareholding structures of the Tiong Bahru Clinics are as follows:

Tiong Bahru Dental Surgery Pte Ltd

Sl. No	Name	Number of shares	Percentage
1.	Chong Tuck Fung	50,000	50%
2.	Mok Tong Bee	50,000	50%
	Total	100,000	100%

Bright Smile Dental Surgery Pte Ltd

Sl. No	Name	Number of shares	Percentage
1.	Chong Tuck Fung	1	50%
2.	Mok Tong Bee	1	50%
	Total	2	100%

- (b) Founded in 2008, Tiong Bahru Dental is a dental clinic located and operating inside Tiong Bahru Plaza.
- (c) Established in 2001, Bright Smile Dental is a dental clinic located and operating at 18 Jalan Membina, #01-05, Singapore 164018.

2.2 Net Tangible Assets of the Tiong Bahru Clinics

Based on the unaudited consolidated accounts (the “**Tiong Bahru FY14 Accounts**”) provided by the Vendor Shareholders of:

- (a) Tiong Bahru Dental for the financial year ended 30 June 2014; and
- (b) Bright Smile Dental for the financial year ended 31 December 2014,

the net tangible assets of the Tiong Bahru Clinics was approximately S\$613,000 and the revenue was approximately S\$2.22 million.

2.3 Net Profits of the Tiong Bahru Clinics

Based on the Tiong Bahru FY14 Accounts, the net profits after tax was approximately S\$376,000 based on a turnover of approximately S\$2.22 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 Tiong Bahru Clinics from the Vendor Shareholders for a total consideration of S\$3.80 million (the “**Purchase Consideration**”) to be paid in the following manner:

- (a) S\$2.60 million in cash to the Vendor Shareholders; and
- (b) S\$1.20 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 solely to Dr. Chong.

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 Tiong Bahru Clinics, Dr. Chong and Dr. Mok’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 Tiong Bahru Clinics 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 Tiong Bahru Clinics and/or the Company;
- (f) the Company or the Tiong Bahru Clinics 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 Tiong Bahru Clinics.

Moratorium

The Consideration Shares shall be subject to a 5-year moratorium period whereby Dr. Chong 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. Chong and Dr. Mok have each agreed to sign a 6-year full time service agreement with the Company.

Profit Target

The POA further provide that Dr. Chong has agreed to provide a profit target of S\$1 million every 2 years (the “**Profit Target Term**”) for a total of 6 years starting from the completion of the Proposed Acquisition (the “**Profit Target**”). In the event that the Profit Target is not met for any Profit Target Term, Dr. Chong shall sign a 1-year extension to his service agreement.

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 Tiong Bahru Clinics, 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 two fully operational clinics at a convenient and easily accessible 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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