



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

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**MEMORANDUM OF UNDERSTANDINGS FOR  
PANJIN JINSAI DENTAL CLINIC  
LOCATED IN PANJIN CITY, LIAONING PROVINCE, CHINA**

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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 Shenyang Xin'Ao Hospital Management Co., Ltd ("**Xin'Ao MC**"), a subsidiary operating the Shenyang Aoxin Q & M Group of stomatology hospitals and clinics in Shenyang, had on 1 July 2015 entered into a non-binding memorandum of understanding (the "**MOU**") to acquire a 60% stake in a dental clinic located in Panjin City, Liaoning Province, China ("**Panjin Jinsai Dental Clinic**") from Dr. Zhang Chun ("**Dr. Zhang**").

**2. INFORMATION ON THE PANJIN JINSAI DENTAL CLINIC**

**2.1 Background and Principal Activities of the Panjin Jinsai Dental Clinic**

Panjin Jinsai Dental Clinic currently owns and operates a dental clinic in Shuantaizi District, Panjin City, the Panjin Jinsai dental clinic.

**2.2 Revenue of the Panjin Jinsai Dental Clinic**

Based on the management accounts for 2014 as provided by the Dr. Zhang, the revenue for the Panjin Jinsai Dental Clinic was approximately RMB 3.70 million.

**3. THE PROPOSED ACQUISITION**

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

**3.1 Purchase of the Sale Shares**

Xin'Ao MC will acquire 60% of the shareholding in the management company to be incorporated by Dr. Zhang for the following consideration:

- (a) RMB 5.976 million in cash for the Panjin Jinsai Dental Clinic, out of which RMB 2.241 million is paid via a capital injection into the management company to be incorporated by Dr. Zhang.

(the "**Purchase Consideration**").

**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, Xin'Ao MC has taken into account, *inter alia*, the current market

conditions, the history, track record and future prospects of the Panjin Jinsai Dental Clinic, Dr. Zhang'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 Panjin Jinsai Dental Clinic being satisfactory to the Company in its sole and absolute discretion;
- (b) Xin' Ao and/or the Company obtaining such approval(s) in connection with the MOU 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; and
- (c) execution of definitive agreements on terms acceptable to Xin' Ao MC and the Company in respect of the Proposed Acquisition.

#### Service Agreement

Dr. Zhang has agreed to sign a 12-year full time service agreement with Xin' Ao MC and the Company.

#### Profit Guarantee

The MOU further provide that Dr. Zhang guarantees that the profit of the Panjin Jinsai Dental Clinic shall not be less than RMB 12.981 million and that Xin' Ao MC will receive dividends of not less than RMB 7.789 million over a 12-year period commencing from the date of completion.

## 4. RATIONALE FOR THE PROPOSED ACQUISITION

The Proposed Acquisition is in line with the Company's plan to continue the expansion of its dental business in China and allows the Xin' Ao MC to add a fully operational clinic in the same province.

## 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

A copy of the MOU are 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  
5 July 2015

For more information please contact:

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