



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

PROPOSED ACQUISITION OF LEE & LEE (DENTAL SURGEONS) PTE LTD

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 28 January 2016 (the "**POA**") with Dr. Ramaswamy Sreeghandhan ("**Dr. Sree**"), Dr. Choo Keang Hai ("**Dr. Choo**"), Dr. Ronald Tan Hwa Ann ("**Dr. Tan**") and Dr. Fang Chui-Yun Mabel ("**Dr. Fang**") (collectively the "**Vendor Shareholders**") to acquire (the "**Proposed Acquisition**") 100% of the shareholding ("**Sale Shares**") in Lee & Lee (Dental Surgeons) Pte Ltd ("**Lee & Lee Dental**").

2. INFORMATION ON LEE & LEE DENTAL

2.1 Background and Principal Activities of Lee & Lee Dental

- (a) Lee & Lee Dental is a company incorporated in Singapore and has at the date of this announcement an issued and paid-up capital of S\$100,000 comprising of 100,000 ordinary shares.
- (b) Pursuant to a restructure of the shareholding, the shareholding structure of Lee & Lee Dental will be as follows:

Lee & Lee (Dental Surgeons) Pte Ltd

Sl. No	Name	Number of shares	Percentage
1.	Ramaswamy Sreeghandhan	42,500	42.50%
2.	Choo Keang Hai	42,500	42.50%
3.	Ronald Tan Hwa Ann	10,000	10%
4.	Fang Chui-Yun Mabel	5,000	5%
	Total	100,000	100%

- (c) Founded in 1984, Lee & Lee Dental is one of the most established dental surgeries practice in Singapore and has 3 practices located at the following premises:
- (i) 10 Collyer Quay, #03-05, Ocean Financial Centre, Singapore 049315;
 - (ii) Block 506, #02-361 (Level 2), Tampines Central 1, Singapore 520506; and
 - (iii) Block 153, #01-290, Bukit Batok Street 11, Singapore 650153.

2.2 Net Tangible Assets of Lee & Lee Dental

Based on the audited accounts of Lee & Lee Dental for the financial year ended 31 December 2014 (“**Lee & Lee Dental FY14 Accounts**”), the net tangible assets of Lee & Lee Dental was approximately S\$1.5 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 Lee & Lee Dental from the Vendor Shareholders for a total consideration of S\$10 million (the “**Purchase Consideration**”) to be paid in the following manner:

- (a) S\$5.13 million in cash to the Vendor Shareholders; and
- (b) S\$4.87 million worth of the Company’s shares at an issue price of S\$0.72 (amounting to 6,763,888 shares and referred to as the “**Consideration Shares**”) to the Vendor Shareholders.

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 Lee & Lee Dental, the Vendor Shareholders’ professional 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 Lee & Lee Dental 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 Proposed Acquisition 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 Singapore Exchange Securities Trading Limited (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 Vendor Shareholders and/or the Company;
- (f) the Company or Lee & Lee Dental 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;
- (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 Lee & Lee Dental; and
- (h) the Vendor Shareholders supplying, or procuring Lee & Lee Dental or its respective representatives to supply to the Company, evidence satisfactory to the Company, that Lee & Lee Dental is free of any debt or liability of any nature whatsoever (whether actual, contingent or otherwise) as at the completion date, other than debts that have arisen in the ordinary and usual course of business.

Moratorium

The Consideration Shares shall be subject to a 5-year moratorium period whereby the Vendor Shareholders 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.

During the moratorium, the Vendor Shareholders shall only be allowed to sell the Consideration Shares in conjunction with any vendor sale shares by Quan Min Holdings Pte. Ltd. in a proportionate manner.

Service Agreement

Dr. Choo and Dr. Tan have each agreed to sign a 12-year full time service agreement and Dr. Sree and Dr. Fang have each agree to sign a 10-year full time service agreement with the Company.

Profit Guarantee

The POA further provides that the Vendor Shareholders guarantee (the “**Profit Guarantee**”) that the audited net profits after taxation of Lee & Lee Dental for every two year period (“**Profit Guarantee Period**”) for a total of twelve years shall not be less than the following amounts (“**Profit Guarantee Amount**”):

- (a) 1 January 2015 – 31 December 2016: S\$1,435,000;
- (b) 1 January 2017 – 31 December 2018: S\$1,582,089;
- (c) 1 January 2019 – 31 December 2020: S\$1,744,251;
- (d) 1 January 2021 – 31 December 2022: S\$1,786,794;
- (e) 1 January 2023 – 31 December 2024: S\$1,786,794;
- (f) 1 January 2025 – 31 December 2026: S\$1,786,794;

For the avoidance of doubt, the Profit Guarantee Period and Profit Guarantee Amount is to be adjusted or prorated (as the case may be) according to actual completion date.

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 Lee & Lee Dental, 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 3 fully operational clinic in Singapore.

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
28 January 2016

For more information please contact:

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Chief Financial Officer

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