



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

ACQUISITION OF BRITISH DENTAL SURGERY PTE. LTD.

1. INTRODUCTION

1.1 The Board of Directors (the “**Board**”) of Q & M Dental Group (Singapore) Limited (the “**Company**”) wishes to announce that pursuant to:

- (a) a binding points of agreement dated 16 August 2016 entered into between the Company and Dr. Markandoo Sivakumaran (the “**Vendor**”) (the “**POA**”); and
- (b) a sale and purchase agreement (“**SPA**”) dated 1 September 2016 entered into between the Company and the Vendor,

the Company had on 4 October 2016 completed the acquisition of British Dental Surgery Pte. Ltd. (“**BDS**”) (the “**Acquisition**”).

2. INFORMATION ON BDS

2.1 Background and Principal Activities of BDS

- (a) BDS is a company incorporated in Singapore and has at the date of this announcement an issued and paid up capital of S\$100 comprising of 100 ordinary shares.
- (b) BDS is a dental clinic located and operating at 307 Choa Chu Kang Avenue 4, #01-693, Singapore 680307.

2.2 Net Profits of BDS

Based on the unaudited compiled accounts as at 31 May 2015, the net profits after tax of BDS for financial year 2015 was approximately \$124,000.

3. THE ACQUISITION

The salient terms of the Acquisition are set out below:

3.1 Purchase of the Sale Shares

The Company acquired 100% of the shareholding in BDS for a total consideration of S\$630,000, which may be increased to a maximum of \$810,000 if Deferred Consideration (as defined below) is applicable, (the “**Purchase Consideration**”) to be paid in the following manner:

- (a) S\$475,000 in cash to the Vendor;
- (b) S\$85,000 worth of the Company’s shares at an issue price of S\$0.72 (amounting to 131,944 ordinary shares in the Company, fractional shares being disregarded, and referred to as the “**Consideration Shares**”) to the Vendor;
- (c) the payment of the Deferred Consideration (if applicable); and
- (d) the payment of the Escrow amount (as defined below) upon the satisfaction of the Profit Guarantee (as defined below).

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 Vendor’s professional expertise and the strategic merits of the Acquisition.

3.3 Terms and Conditions

Consideration Shares

The Company will be making an application to the Singapore Exchange Securities Trading Limited for the listing and quotation of the Consideration Shares shortly.

Moratorium

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

The Vendor has signed a 8-year service agreement with the Company.

Deferred Consideration

In the event that the audited net profits after taxation for each of financial years 2017 and 2018 exceeds S\$70,000, the Company shall pay to the Vendor a sum equivalent to the average of the amount exceeded multiplied by a multiple of 9 subject to a maximum of S\$160,000 (the “**Deferred Consideration**”).

Profit Guarantee

The Vendor guarantees (the “**Profit Guarantee**”) that the audited net profits after taxation of BDS shall not be less than S\$560,000 for the 8-year period commencing 1 November 2016 and ending on 31 October 2024.

Upon payment of the Deferred Consideration, the Profit Guarantee shall be increased accordingly (the “**Adjusted Profit Guarantee**”).

Escrow Amount

The Company shall be entitled to retain an amount equivalent to the Profit Guarantee for one financial year (the “**Escrow Amount**”) and, if applicable, the Escrow Amount shall be increased accordingly to match the Adjusted Profit Guarantee.

4. RATIONALE FOR THE ACQUISITION

The Acquisition is in line with the Company’s plan to continue the expansion of its main dental business in Singapore.

5. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

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

6. DISCLOSURE OBLIGATIONS

The Acquisition constitutes a “non-discloseable” transaction under Chapter 10 of the Listing Manual and copies of the POA and SPA 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
4 October 2016

For more information please contact:

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