

CIRCULAR DATED 14 OCTOBER 2016

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

This Circular (as defined herein) is issued by Q & M Dental Group (Singapore) Limited (the “**Company**”). If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

If you have sold or transferred all your shares in the capital of the Company held through The Central Depository (Pte) Limited (“**CDP**”), you need not forward this Circular with the Notice of EGM (as defined herein) and the attached Proxy Form (as defined herein) to the purchaser or transferee as arrangements will be made by CDP for a separate Circular with the Notice of EGM and the attached Proxy Form to be sent to the purchaser or transferee. If you have sold or transferred all your shares in the capital of the Company represented by physical share certificate(s), you should at once hand this Circular with the Notice of EGM and the attached Proxy Form immediately to the purchaser or transferee or to the bank, stockbroker or agent through whom you effected the sale or transfer, for onward transmission to the purchaser or transferee.

This Circular does not constitute, and is not intended to constitute, an offer or an initial public offering or a notice, circular or advertisement calling or drawing attention to an offer or an initial public offering to the public to subscribe for and/or purchase any shares or a statement intended to induce any person to apply for any shares in connection with the Proposed Listing (as defined herein).

This Circular has not been examined or approved by the Singapore Exchange Securities Trading Limited (the “SGX-ST**”) and the SGX-ST assumes no responsibility for the contents of this Circular, including the accuracy of any of the statements made, opinions expressed or reports contained in this Circular.**



Q & M DENTAL GROUP (SINGAPORE) LIMITED

(Company Registration No. 200800507R)
(Incorporated in the Republic of Singapore)

CIRCULAR TO SHAREHOLDERS

in relation to

- (1) **THE PROPOSED SPIN-OFF OF THE COMPANY’S DENTISTRY AND DENTAL SPECIALIST SERVICES AND DENTAL EQUIPMENT AND SUPPLIES DISTRIBUTION BUSINESSES IN THE NORTHERN PRC REGION (AS DEFINED HEREIN) (THE “PROPOSED SPIN-OFF”) VIA THE PROPOSED LISTING OF ITS WHOLLY-OWNED SUBSIDIARY, Q & M DENTAL HOLDINGS (CHINA) PTE. LTD., ON THE CATALIST BOARD OF THE SGX-ST (THE “PROPOSED LISTING”)**
- (2) **THE PROPOSED RESTRUCTURING (AS DEFINED HEREIN) TO BE UNDERTAKEN IN CONNECTION WITH THE PROPOSED SPIN-OFF AND THE PROPOSED LISTING**

Important Dates and Times:

Last date and time for lodgement of Proxy Form	:	29 October 2016 at 6.00 p.m.
Date and time of Extraordinary General Meeting	:	31 October 2016 at 6.00 p.m.
Place of Extraordinary General Meeting	:	PARKROYAL on Kitchener Road, Emerald Ballroom 2, 181 Kitchener Road, Singapore 208533

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DEFINITIONS

In this Circular, the following definitions apply throughout unless otherwise stated:

- “1H2016”** : The financial period which commenced 1 January 2016 and ended 30 June 2016;
- “Act”** : The Companies Act (Chapter 50) of Singapore, as amended, modified or supplemented from time to time;
- “Aidite Group”** : Aidite and its subsidiaries;
- “Aidite Spin-Off”** : The proposed spin-off and listing of the Aidite Group on the National Equities Exchange and Quotations of the PRC;
- “Aidite”** : Qinhuangdao Aidite High Technical Ceramic Co., Ltd. (秦皇岛爱迪特高技术陶瓷有限公司), a company incorporated in the PRC with a paid-up capital of RMB 49.68 million and share premium of RMB 11.8 million;
- “Announcement”** : The announcement dated 10 June 2016 in which the Company announced that the SGX-ST had informed the Company that it had no further comments on the matters contemplated pursuant to the pre-consultation process initiated by the Company in relation to, *inter alia*, the Proposed Restructuring, and the Proposed Spin-Off and the Proposed Listing;
- “Associated Company”** : A company in which at least 20.00% but not more than 50.00% of its shares are held by the Company or the Group;
- “Associates”** : (a) In relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means:
- (i) his immediate family;
 - (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
 - (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30.00% or more;
- (b) In relation to a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30.00% or more;
- “Audit Committee”** : The audit committee of the Company as at the Latest Practicable Date;
- “Board”** : The board of Directors of the Company as at the Latest Practicable Date;

DEFINITIONS

“CAD/CAM”	:	Computer-aided design/computer-aided manufacturing;
“Catalist Rules”	:	Section B of the Listing Manual dealing with the rules of Catalist, as amended, modified or supplemented from time to time;
“CDP”	:	The Central Depository (Pte) Limited;
“Circular”	:	This circular to Shareholders dated 14 October 2016;
“Closing Date”	:	Has the meaning ascribed to it in the Share Subscription Agreements;
“Company”	:	Q & M Dental Group (Singapore) Limited;
“Conflicted Persons”	:	A director of the Q & M Aoxin Group who is, or may be perceived to be, in a position of conflict arising from his or her executive position in the New Q & M Group and/or his or her relationship with a director or substantial shareholder of the New Q & M Group and as at the Latest Practicable Date, comprise Mr. Sim Yu Xiong and Ms. Ng Sook Hwa;
“Constitution”	:	The constitution and/or the memorandum and articles of association of the Company, as amended, modified or supplemented from time to time;
“Controlling Shareholder”	:	A person who: (a) holds directly or indirectly 15.00% or more of the total number of issued Shares (excluding treasury shares) unless the SGX-ST determines that such a person is not a controlling shareholder of the Company; or (b) in fact exercises control over the Company;
“Cui Escrow Account”	:	The escrow account to be maintained and controlled by the Company in relation to the Cui Escrow Amount pursuant to the terms and conditions of the Cui Supplemental Agreement;
“Cui Escrow Amount”	:	A sum of RMB 720,000 (approximately S\$150,943);
“Cui Share Security Agreement”	:	The share security agreement to be entered into between Mountain and the Company pursuant to which the Q & M Aoxin Shares held by Mountain shall be pledged as security for the performance of Mr. Cui Guo An’s obligations under the Cui Supplemental Agreement for the entire duration of the Shenyang Maotai PG Period;
“Cui Shortfall Amount”	:	The shortfall amount where the Shenyang Maotai PG is not met for any given year within the Shenyang Maotai PG Period;
“Cui Supplemental Agreement”	:	The supplemental agreement dated 12 October 2016 entered into between Mr. Cui Guo An and, <i>inter alia</i> , Shenyang Quanxin in connection with the Shenyang Maotai Acquisition;

DEFINITIONS

“Dental Healthcare”	:	Primary healthcare comprising dentistry and dental specialist services;
“Directors“	:	The directors of the Company as at the Latest Practicable Date;
“Distribution Business”	:	The business of distributing dental equipment and supplies;
“Dr. Cheah Share Subscription”	:	The issue and allotment of 641,026 new Q & M Aoxin Shares to Dr. Cheah Kim Fee pursuant to and on the terms of the relevant Share Subscription Agreement dated 12 October 2016 entered into between Q & M Aoxin and Dr. Cheah Kim Fee;
“Dr. Li Zhuo”	:	Li Zhuo (李卓), a PRC national with identity number 210881197806240445;
“Dr. Ren Hong”	:	Ren Hong (任宏), a PRC national with identity number 211103197309010028;
“Dr. Shao Yongxin”	:	Shao Yongxin (邵永新), a PRC national with identity number 210104196206070037;
“Dr. Zhang Chun”	:	Zhang Chun (张纯), a PRC national with identity number 21010219681123501X;
“EGM“	:	The extraordinary general meeting of the Company to be held on 31 October 2016 at 6.00 p.m. at PARKROYAL on Kitchener Road, Emerald Ballroom 2, 181 Kitchener Road, Singapore 208533, the notice of which is set out on Pages N-1 to N-2 of this Circular;
“Eligible PRC Dentists and Employees”	:	Certain PRC-based dentists and employees of the Group who have contributed to its development and success in the PRC, the names of which are as set out in Appendix C of this Circular;
“EPS“	:	Earnings per share;
“Excellent Warship International”	:	Excellent Warship International Limited, a company incorporated in the British Virgin Islands which is 100.00% held by Dr. Zhang Chun and is engaged in the business of investment holding;
“Finest International”	:	Finest International Limited, a company incorporated in the British Virgin Islands which is 100.00% held by Dr. Ren Hong and is engaged in the business of investment holding;
“FY“	:	Financial year ended or ending 31 December, as the case may be;
“Gaizhou Q & M Interest”	:	Ms. Gao Huiying’s remaining 40.00% equity interest in Gaizhou Q & M;
“Gaizhou Q & M PG Amount”	:	An aggregate of RMB 2,609,313 (approximately S\$0.55 million);
“Gaizhou Q & M PG Period”	:	The period of 12 years commencing from 1 January 2016;

DEFINITIONS

“Gaizhou Q & M PG”	:	The performance guarantee granted by Ms. Gao Huiying and Dr. Li Zhuo (guaranteeing the performance by Ms. Gao Huiying of her obligations under the relevant agreements) to Shenyang Xin Ao and Q & M Dental (Shenyang) over the Gaizhou Q & M PG Period amounting to the Gaizhou Q & M PG Amount;
“Gaizhou Q & M”	:	Gaizhou Ao Xin Q & M Dental Hospital Co., Ltd. (盖州市奥新全民口腔医院有限公司), a company incorporated in the PRC with a registered capital of RMB 500,000;
“Group”	:	The Company and its subsidiaries;
“Health Field Enterprises Share Subscription”	:	The issue and allotment of 109,401,709 new Q & M Aoxin Shares to Health Field Enterprises pursuant to and on the terms of the relevant Share Subscription Agreement dated 12 October 2016 entered into between Q & M Aoxin and Health Field Enterprises;
“Health Field Enterprises”	:	Health Field Enterprises Limited, a company incorporated in the British Virgin Islands which is 100.00% held by Action Health Enterprises Limited (which is in turn 100.00% held by Dr. Shao Yongxin) and is engaged in the business of investment holding;
“Interested Person Transactions”	:	Has the meaning ascribed to it in the Listing Manual;
“Interested Persons”	:	Has the meaning ascribed to it in the Listing Manual;
“IPO Documents”	:	The underwriting agreement, placement agreement(s) and all other relevant agreements in connection with the Proposed Listing, and the offer document in connection with the Proposed Listing;
“IPO Price”	:	The price per Q & M Aoxin Share at which the relevant Q & M Aoxin Shares will be offered to the public in connection with the Proposed Listing;
“Joyce International”	:	Joyce International Limited, a company incorporated in the British Virgin Islands which is 100.00% held by Ms. Gao Huiying and is engaged in the business of investment holding;
“JV Entities Acquisition”	:	The acquisition by Shenyang Xin Ao of the Panjin Jingcheng Interest, the Gaizhou Q & M Interest and the Panjin Jinsai Interest from Dr. Ren Hong, Ms. Gao Huiying and Dr. Zhang Chun respectively pursuant to and on the terms of the relevant JV Entities Share Purchase Agreement;
“JV Entities Share Purchase Agreements”	:	The separate conditional share purchase agreements dated 12 October 2016 entered into between Shenyang Xin Ao and the relevant JV Partner in relation to the JV Entities Acquisition and “JV Entities Share Purchase Agreement” shall be construed accordingly;
“JV Entities”	:	Panjin Jingcheng, Gaizhou Q & M and Panjin Jinsai collectively;

DEFINITIONS

- “JV Escrow Account”** : The escrow account to be maintained and controlled by the Company in relation to the relevant JV Escrow Amount pursuant to the terms and conditions of the relevant JV Partner Supplemental Agreement;
- “JV Escrow Amount”** : A sum of RMB 900,000 (approximately S\$188,679) in relation to the Panjin Jingcheng PG, a sum of RMB 168,000 (approximately S\$35,220) in relation to the Gaizhou Q & M PG and a sum of RMB 498,000 (approximately S\$104,403) in relation to the Panjin Jinsai PG;
- “JV Partners BVI Share Subscription”** : The allotment and issue of:
- (a) 10,516,320 new Q & M Aoxin Shares to Finest International;
 - (b) 2,026,471 new Q & M Aoxin Shares to Joyce International; and
 - (c) 5,502,969 new Q & M Aoxin Shares to Excellent Warship International,
- pursuant to and on the terms of the relevant Share Subscription Agreements dated 12 October 2016 entered into between Q & M Aoxin and each of Finest International, Joyce International and Excellent Warship International;
- “JV Partner Share Security Agreements”** : The separate share security agreements to be entered into between each of Finest International, Joyce International and Excellent Warship International respectively, and the Company, pursuant to which the Q & M Aoxin Shares held by each of them shall be pledged as security for the performance of each JV Partner’s obligations under the relevant JV Partner Supplemental Agreement for the entire duration of the Panjin Jingcheng PG Period, the Gaizhou Q & M PG Period and the Panjin Jinsai PG Period respectively and **“JV Partner Share Security Agreement”** shall be construed accordingly;
- “JV Partner Supplemental Agreements”** : The separate supplemental agreements dated 12 October 2016 entered into between the relevant JV Partner and, *inter alia*, Shenyang Xin Ao in connection with the JV Entities Acquisition and **“JV Partner Supplemental Agreement”** shall be construed accordingly;
- “JV Partners”** : Dr. Ren Hong, Ms. Gao Huiying, Dr. Li Zhuo and Dr. Zhang Chun collectively and **“JV Partner”** shall mean each or any of them;
- “JV Shortfall Amount”** : The shortfall amount where the Panjin Jingcheng PG, the Gaizhou Q & M PG and/or the Panjin Jinsai PG (as the case may be) is not met for any given year within the Panjin Jingcheng PG Period, the Gaizhou Q & M PG Period and/or the Panjin Jinsai PG Period respectively;
- “Latest Practicable Date”** : 7 October 2016, being the latest practicable date prior to the printing of this Circular;

DEFINITIONS

“Listing Manual“	:	The listing manual of the SGX-ST, as amended, modified or supplemented from time to time;
“Loan Capitalisation“	:	The capitalisation of S\$15.6 million of the Shareholder’s Loan to strengthen the financial position of the Q & M Aoxin Group, which is envisaged to take place prior to the completion of the Proposed Spin-Off and the Proposed Listing;
“Mountain Share Subscription“	:	The issue and allotment of 7,265,605 new Q & M Aoxin Shares to Mountain pursuant to and on the terms of the relevant Share Subscription Agreement dated 12 October 2016 entered into between Q & M Aoxin and Mountain;
“Mountain“	:	Mountain Limited, a company incorporated in the British Virgin Islands which is 100.00% held by Mr. Cui Guo An and is engaged in the business of investment holding;
“Mr. Cui Guo An“	:	Cui Guo An (崔国安), a PRC national with identity number 21010519631112403X;
“Mr. Huang Zhen Xing“	:	Huang Zhen Xing (黄振兴), a PRC national with identity number 350321198408231537;
“Ms. Gao Huiying“	:	Gao Huiying (高慧颖), a PRC national with identity number 210824195402040440, and the mother of Dr. Li Zhuo;
“NAV“	:	Net asset value;
“New Q & M Group“	:	The Group (excluding the Q & M Aoxin Group);
“Non-Compete Agreements“	:	The deeds of undertaking to be executed by each of the Company and Q & M Aoxin in favour of each other in relation to the Non-Compete Undertakings;
“Northern PRC Region“	:	The Liaoning, Jilin, Heilongjiang, Inner Mongolia, Hebei, Shandong, Shanxi, Ningxia, Shaanxi, Gansu, Qinghai and Xinjiang Provinces, as well as the Beijing and Tianjin Municipalities, of the PRC;
“Non-Compete Undertakings“	:	The undertaking by the Company to ensure that the New Q & M Group shall not engage in the provision of Dental Healthcare and the Distribution Business in the Northern PRC Region, and the undertaking by Q & M Aoxin to ensure that save for the Permitted Southern PRC Projects and through the Shanghai Chuangyi Interest (until the transfer of the same has been completed), the Q & M Aoxin Group shall not engage in the provision of Dental Healthcare and the Distribution Business outside the Northern PRC Region;
“Northern PRC Region Lease“	:	The lease of commercial properties purchased and owned by the New Q & M Group in the Northern PRC Region to the Q & M Aoxin Group;
“Notice of EGM“	:	The notice of the EGM dated 14 October 2016, which is set out on Pages N-1 to N-2 of this Circular;

DEFINITIONS

“NTA”	:	Net tangible assets;
“Ordinary Resolution 1”	:	The ordinary resolution set out in Section 1.3(a) of this Circular and in the Notice of EGM;
“Ordinary Resolution 2”	:	The ordinary resolution set out in Section 1.3(b) of this Circular and in the Notice of EGM;
“Panjin Jingcheng Interest”	:	Dr. Ren Hong’s remaining 40.00% equity interest in Panjin Jingcheng;
“Panjin Jingcheng PG Amount”	:	An aggregate of RMB 14,076,244 (approximately S\$2.95 million);
“Panjin Jingcheng PG Period”	:	A period of 12 years commencing from 1 January 2016;
“Panjin Jingcheng PG”	:	The performance guarantee granted by Dr. Ren Hong to Shenyang Xin Ao and Q & M Dental (Shenyang) over the Panjin Jingcheng PG Period amounting to the Panjin Jingcheng PG Amount;
“Panjin Jingcheng”	:	Panjin Jingcheng Q & M Dental Co., Ltd. (盘锦精诚全民口腔有限责任公司), a company incorporated in the PRC with a registered capital of RMB 1,220,000;
“Panjin Jinsai Interest”	:	Dr. Zhang Chun’s remaining 40.00% equity interest in Panjin Jinsai;
“Panjin Jinsai PG Amount”	:	An aggregate of RMB 7,788,852 (approximately S\$1.63 million);
“Panjin Jinsai PG Period”	:	A period of 12 years commencing from 1 January 2016;
“Panjin Jinsai PG”	:	The performance guarantee granted by Dr. Zhang Chun to Shenyang Xin Ao and Q & M Dental (Shenyang) over the Panjin Jinsai PG Period amounting to the Panjin Jinsai PG Amount;
“Panjin Jinsai”	:	Panjin Jinsai Q & M Dental Co., Ltd. (盘锦金赛全民口腔有限责任公司), a company incorporated in the PRC with a registered capital of RMB 1,000,000;
“PBT”	:	Profit before tax;
“Permitted Southern PRC Projects”	:	Joint ventures between the New Q & M Group with independent third parties for the provision of Dental Healthcare and the Distribution Business in the Southern PRC Region and “Permitted Southern PRC Project” shall be construed accordingly;
“Permitted Southern PRC Project Entity”	:	An entity established for the purpose of a Permitted Southern PRC Project and “Permitted Southern PRC Project Entities” shall be construed accordingly;
“PRC Dentists and Employees Shares”	:	The 16,346,000 new Q & M Aoxin Shares to be issued and allotted to the Trust Company pursuant to the Trust Company Share Subscription, and which shall be held on trust for the Eligible PRC Dentists and Employees pursuant to the PRC Dentists and Employees Trust Deed;

DEFINITIONS

“PRC Dentists and Employees Trust Deed”	:	The trust deed to be executed by the Trust Company in favour of the Eligible PRC Dentists and Employees in relation to the PRC Dentists and Employees Shares;
“PRC”	:	The People’s Republic of China;
“Principal Subsidiary”	:	A subsidiary of the Company whose latest audited consolidated pre-tax profits (excluding the minority interest relating to that subsidiary) as compared with the latest audited consolidated pre-tax profits of the Group (excluding the minority interest relating to that subsidiary) accounts for 20.00% or more of such pre-tax profits of the Group (in determining profits, exceptional and extraordinary items are to be excluded);
“Promoter”	:	In relation to a listing entity: (a) the Controlling Shareholders and their Associates; and (b) executive Directors with an interest in 5.00% or more of the issued share capital at the time of listing;
“Proposed Listing”	:	The proposed listing of Q & M Aoxin on the Catalist Board of the SGX-ST;
“Proposed Restructuring”	:	The JV Entities Acquisition, the Shenyang Maotai Acquisition, the Shenyang Xin Ao Acquisition, the Q & M Dental (Shenyang) Acquisition, the Q & M China Acquisition, the Dr. Cheah Share Subscription, the Health Field Enterprises Share Subscription, the JV Partners BVI Share Subscription, the Mountain Share Subscription and the Trust Company Share Subscription;
“Proposed Spin-Off”	:	The proposed spin-off of Q & M Aoxin via the Proposed Listing;
“Proxy Form”	:	The proxy form in respect of the EGM as set out in this Circular;
“Q & M Aoxin Group”	:	Q & M Aoxin and its subsidiaries;
“Q & M Aoxin Sale Shares Percentage”	:	The number of Q & M Aoxin Sale Shares expressed as a percentage of the total number of Q & M Aoxin Shares held by the Company;
“Q & M Aoxin Sale Shares”	:	The Q & M Aoxin Shares held by the Company which are the subject of a proposed sale to a third party during the Restricted Period;
“Q & M Aoxin Share Sale Restriction Agreement”	:	The share sale restriction agreement dated 12 October 2016 entered into between the Company, Health Field Enterprises, Dr. Shao Yongxin, Finest International, Dr. Ren Hong, Excellent Warship, Dr. Zhang Chun, Joyce International, Ms. Gao Huiying, Mountain and Mr. Cui Guo An in respect of the Q & M Aoxin Shares held by the Company, Health Field Enterprises, Finest International, Excellent Warship, Joyce International and Mountain;
“Q & M Aoxin Shares”	:	Ordinary shares in the capital of Q & M Aoxin;

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“Q & M Aoxin Tag Shares Percentage”	:	The number of Q & M Aoxin Tag Shares expressed as a percentage of the total number of Q & M Aoxin Shares held by Health Field Enterprises, Finest International, Excellent Warship, Joyce International or Mountain (as the case may be);
“Q & M Aoxin Tag Shares”	:	The Q & M Aoxin Shares held by each of Health Field Enterprises, Finest International, Excellent Warship, Joyce International and Mountain which are the subject of the tag-along right granted to them under the Q & M Aoxin Share Sale Restriction Agreement;
“Q & M Aoxin”	:	Q & M Dental Holdings (China) Pte. Ltd., a wholly-owned subsidiary of the Company;
“Q & M China Acquisition”	:	The acquisition by the Company of the 1.00% shareholding interest in Q & M China held by Dr. Cheah Kim Fee pursuant to and on the terms of the Q & M China Share Purchase Agreement;
“Q & M China Share Purchase Agreement”	:	The share purchase agreement dated 12 October 2016 entered into between the Company and Dr. Cheah Kim Fee in relation to the Q & M China Acquisition;
“Q & M China”	:	Q & M Dental Group (China) Pte. Ltd., a company incorporated in Singapore which is 1.00% held by Dr. Cheah Kim Fee and 99.00% held by the Company and is engaged in the business of investment holding;
“Q & M Dental (Shenyang) Acquisition”	:	The acquisition by Q & M Aoxin of the 40.00% shareholding interest in Q & M Dental (Shenyang) held by Health Field Enterprises pursuant to and on the terms of the Q & M Dental (Shenyang) Share Purchase Agreement;
“Q & M Dental (Shenyang) Share Purchase Agreement”	:	The share purchase agreement dated 12 October 2016 entered into between Q & M Aoxin and Health Field Enterprises in relation to the Q & M Dental (Shenyang) Acquisition;
“Q & M Dental (Shenyang)”	:	Q & M Dental (Shenyang) Pte. Ltd., a company incorporated in Singapore which is 40.00% held by Health Field Enterprises and 60.00% held by Q & M Aoxin, and is engaged in the business of providing medical equipment leasing services in the PRC;
“Restricted Period”	:	The period commencing from the Closing Date or the date of the Proposed Listing (whichever is earlier), and ending six years from the date of the Proposed Listing;
“RMB”	:	Renminbi, being the lawful currency of the PRC;
“S\$” and “cents”	:	Singapore dollars and cents respectively, being the lawful currency of Singapore;
“SFA”	:	Securities and Futures Act (Chapter 289) of Singapore, as amended, modified or supplemented from time to time;

DEFINITIONS

“SGXNET”	:	A broadcast network utilised by companies listed on the SGX-ST for the purposes of sending information (including announcements) to the SGX-ST (or any other broadcast or system networks prescribed by the SGX-ST);
“SGX-ST”	:	Singapore Exchange Securities Trading Limited;
“Shanghai Chuangyi Interest”	:	The 80.00% equity interest in Shanghai Chuangyi held by Shanghai Q & M Investment;
“Shanghai Chuangyi”	:	Shanghai Chuangyi Investment and Management Co., Ltd. (上海创益投资管理有限公司), a company incorporated in the PRC which is 80.00% held by Shanghai Q & M Investment and 20.00% held by Mr. Wu Jun (吴军), a PRC national with identity number 310104196801244410, and is engaged in the business of, <i>inter alia</i> , investment management, technology development and transfers and technical services related to the dental healthcare industry;
“Shanghai Q & M Investment”	:	Shanghai Q & M Investment Management & Consulting Co., Ltd. (上海全民投资管理咨询有限公司), a company incorporated in the PRC which is 100.00% held by Q & M Aoxin and is engaged in the business of, <i>inter alia</i> , investment and management consulting, and wholesale trade of medical equipment;
“Shao Escrow Account”	:	The escrow account to be maintained and controlled by the Company in relation to the Shao Escrow Amount pursuant to the terms and conditions of the Shao Supplemental Agreement;
“Shao Escrow Amount”	:	A sum of RMB 7,842,000 (approximately S\$1,644,025);
“Shao Share Security Agreement”	:	The share security agreement to be entered into between Health Field Enterprises and the Company pursuant to which the Q & M Aoxin Shares held by Health Field Enterprises shall be pledged as security for the performance of Dr. Shao Yongxin’s obligations under the Shao Supplemental Agreement for the entire duration of the Shenyang Xin Ao PG Period;
“Shao Shortfall Amount”	:	The shortfall amount where the Shenyang Xin Ao PG is not met for any given year within the Shenyang Xin Ao PG Period;
“Shao Supplemental Agreement”	:	The supplemental agreement dated 12 October 2016 entered into between Dr. Shao Yongxin and, <i>inter alia</i> , Shanghai Q & M Investment in connection with the Shenyang Xin Ao Acquisition;
“Share Subscription Agreements”	:	The share subscription agreements dated 12 October 2016 entered into pursuant to the Dr. Cheah Share Subscription, the Health Field Enterprises Share Subscription, the JV Partners BVI Share Subscription, the Mountain Share Subscription and the Trust Company Share Subscription and “ Share Subscription Agreement ” shall be construed accordingly;

DEFINITIONS

“Shareholders’ Loan”	:	The loans extended by certain shareholders of Q & M Aoxin amounting to approximately S\$19.3 million to the Q & M Aoxin Group for working capital purposes and to fund the earlier acquisitions of dental clinics and hospitals by the Q & M Aoxin Group;
“Shareholders“	:	Persons who are registered holders of the Shares in the Register of Members of the Company except that where the registered holder is CDP, the term “Shareholders” shall, where the context admits, mean the Depositors in the Depository Register maintained by CDP and into whose securities accounts those Shares are credited;
“Shares“	:	Ordinary shares in the capital of the Company;
“Shenyang Maotai Acquisition”	:	The acquisition by Shenyang Quanxin of the Shenyang Maotai Interest pursuant to and on the terms of the Shenyang Maotai Share Purchase Agreement;
“Shenyang Maotai Interest”	:	Mr. Cui Guo An’s remaining 40.00% equity interest in Shenyang Maotai;
“Shenyang Maotai PG Amount”	:	An aggregate of RMB 10,057,932 (approximately S\$2.11 million);
“Shenyang Maotai PG Period”	:	A period of 12 years commencing from 1 January 2016;
“Shenyang Maotai PG”	:	The performance guarantee granted by Mr. Cui Guo An to Shenyang Quanxin and Q & M Dental (Shenyang) over the Shenyang Maotai PG Period amounting to the Shenyang Maotai PG Amount;
“Shenyang Maotai Share Purchase Agreement”	:	The share purchase agreement dated 12 October 2016 entered into between Mr. Cui Guo An and Shenyang Quanxin in relation to the Shenyang Maotai Acquisition;
“Shenyang Maotai”	:	Shenyang Maotai Q & M Medical Equipment Co., Ltd. (沈阳茂泰全民医疗设备有限公司) (formerly known as Shenyang Lan Hai Tong Mao Medical Equipment Co., Ltd. (沈阳蓝海通茂医疗设备有限公司)), a company incorporated in the PRC with a registered capital of is RMB 1,310,000;
“Shenyang Quan Ao”	:	Shenyang Quan Ao Medical Investment Management Co., Ltd. (沈阳全奥医疗投资管理有限公司), a company incorporated in the PRC which is 99.00% held by Shanghai Q & M Investment and 1.00% held by Mr. Huang Zhen Xing, a nominee of Q & M Aoxin, and is engaged in the business of investment holding. Mr. Huang Zhen Xing is the operations manager of Shenyang Quanxin and was nominated by Q & M Aoxin pursuant to the terms and conditions of a nominee agreement to hold 1.00% equity interest in Shenyang Quan Ao (which cannot be transferred to a third party without the prior consent of Shanghai Q & M Investment) in connection with the Shenyang Xin Ao Acquisition as a result of the condition imposed by the local governmental authority in the PRC that Shanghai Q & M Investment, as a wholly foreign owned enterprise, cannot hold 100.00% of Shenyang Xin Ao after the Proposed Restructuring;

DEFINITIONS

- “**Shenyang Quanxin**” : Shenyang Quanxin Medical Equipment Leasing Co., Ltd. (沈阳全鑫医疗设备租赁有限公司), a company incorporated in the PRC which is 100.00% held by Q & M Dental (Shenyang) and is engaged in the business of providing medical equipment leasing services in the PRC;
- “**Shenyang Xin Ao Acquisition**” : The acquisition by Shanghai Q & M Investment and Shenyang Quan Ao of the Shenyang Xin Ao Interest pursuant to and on the terms of the Shenyang Xin Ao Share Purchase Agreements;
- “**Shenyang Xin Ao Interest**” : Dr. Shao Yongxin’s remaining 40.00% equity interest in Shenyang Xin Ao;
- “**Shenyang Xin Ao Master Agreement**” : The master agreement entered into between Q & M Aoxin and Dr. Shao Yongxin for Shanghai Q & M Investment to acquire 60.00% equity interest in Shenyang Xin Ao, pursuant to which Dr. Shao Yongxin provided the Shenyang Xin Ao PG to Q & M Aoxin and Shanghai Q & M Investment over the Shenyang Xin Ao PG Period for the Shenyang Xin Ao PG Amount;
- “**Shenyang Xin Ao PG Amount**” : An aggregate of RMB 122,434,750 (approximately S\$25.67 million);
- “**Shenyang Xin Ao PG Period**” : A period of 12 years commencing from 1 July 2014;
- “**Shenyang Xin Ao PG**” : The performance guarantee granted by Dr. Shao Yongxin to Q & M Aoxin and Shanghai Q & M Investment over the Shenyang Xin Ao PG Period amounting to the Shenyang Xin Ao PG Amount;
- “**Shenyang Xin Ao Share Purchase Agreements**” : The conditional share purchase agreements dated 12 October 2016 entered into between:
- (a) Shanghai Q & M Investment and Dr. Shao Yongxin to acquire 39.00% equity interest in Shenyang Xin Ao for an aggregate consideration of RMB 2.66 million (approximately S\$0.56 million); and
 - (b) Shenyang Quan Ao and Dr. Shao Yongxin to acquire 1.00% equity interest in Shenyang Xin Ao for an aggregate consideration of RMB 68,000 (approximately S\$0.01 million),
- and “**Shenyang Xin Ao Share Purchase Agreement**” shall mean each or any of them;
- “**Shenyang Xin Ao**” : Shenyang Xin Ao Hospital Management Co., Ltd. (沈阳新奥医院管理有限公司), a company incorporated in the PRC which is 40.00% held by Dr. Shao Yongxin and 60.00% held by Shanghai Q & M Investment, and is engaged in the operation of dental hospitals and clinics in Liaoning Province, the PRC. Upon completion of the Shenyang Xin Ao Acquisition, Shenyang Xin Ao will become 100.00% held by Shanghai Q & M Investment;

DEFINITIONS

“Shenzhen New Perfect Dental Research Co., Ltd.”	:	Shenzhen New Perfect Dental Research Co., Ltd. (深圳新致美精密齿研有限公司), a company incorporated in China and engaged in the business of providing dental prosthetic devices and the operation of dental laboratories;
“SIC”	:	Securities Industry Council;
“Southern PRC Region”	:	The PRC save for the Northern PRC Region;
“Spin-Off Business”	:	The Company’s Dental Healthcare business and Distribution Business in the Northern PRC Region;
“Substantial Shareholder”	:	A person who holds directly or indirectly 5.00% or more of the total number of issued Shares (excluding treasury shares);
“Take-Over Code”	:	The Singapore Code on Take-over and Mergers, as modified, supplemented or amended from time to time;
“Trademark Agreement”	:	The trademark agreement to be entered into between the Company and Q & M Aoxin;
“Trust Company Share Subscription”	:	The issue and allotment of 16,346,000 new Q & M Aoxin Shares to the Trust Company pursuant to and on the terms of the relevant Share Subscription Agreement dated 12 October 2016 entered into between Q & M Aoxin and the Trust Company;
“Trust Company”	:	Honour Pte. Ltd., a company incorporated for the purpose of holding the PRC Dentists and Employees Shares in trust for the Eligible PRC Dentists and Employees pursuant to the PRC Dentists and Employees Trust Deed; and
“%”	:	Per centum or percentage

The terms “**Depositor**” and “**Depository Register**” shall have the meanings ascribed to them in Section 81SF of the SFA.

The term “**subsidiary**” shall have the meaning ascribed to in Section 5 of the Act.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall, where applicable, include corporations.

Any reference in this Circular to any enactment is a reference to that enactment for the time being amended or re-enacted. Any word defined under the Act, the SFA or the Listing Manual or any statutory modification thereof and used in this Circular shall, where applicable, have the same meaning assigned to it under the Act, the SFA or the Listing Manual or any modification thereof, as the case may be, unless otherwise provided.

Any reference to a time of day and date in this Circular shall be a reference to Singapore time and date respectively, unless otherwise stated.

Any discrepancy in the figures included in this Circular, the listed amounts and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures that precede them.

All figures included in this Circular have been presented based on the assumption that the Aidite Spin-Off has been completed (i.e., all figures relating to Aidite have been excluded in this Circular).

DEFINITIONS

The shareholding interests of the shareholders of Q & M Aoxin included in this Circular have been presented based on the assumption that: (a) the Loan Capitalisation of approximately S\$15.6 million has been completed prior to the completion of the Proposed Spin-Off and the Proposed Listing; (b) upon completion of the Proposed Restructuring, Q & M Aoxin will in connection with the Proposed Listing undertake an initial public offering of new Q & M Aoxin Shares comprising 16.01% of its enlarged share capital; and (c) the relevant PRC regulatory approvals have been obtained for the Trust Company Share Subscription, the PRC Dentists and Employees Trust Deed and the transactions contemplated therein. In the event that the Loan Capitalisation is not completed, the New Q & M Aoxin Shares issued in connection with the Proposed Listing do not comprise 16.01% of the enlarged share capital of Q & M Aoxin, and/or the relevant PRC regulatory approvals are not obtained as aforementioned, the shareholding interests of the shareholders of Q & M Aoxin will vary accordingly.

Unless otherwise stated, an exchange rate of S\$1.00: RMB 4.77 has been applied to the figures included in this Circular.

LETTER TO SHAREHOLDERS

Q & M DENTAL GROUP (SINGAPORE) LIMITED

(Company Registration No. 200800507R)
(Incorporated in the Republic of Singapore)

Directors:

Mr. Narayanan Sreenivasan (*Non-Executive Independent Chairman*)
Dr. Ng Chin Siau (*Executive Director and Group Chief Executive Officer*)
Dr. Ang Ee Peng Raymond (*Executive Director and Chief Operating Officer*)
Mr. Ng Weng Sui Harry (*Non-Executive Independent Director*)
Professor Toh Chooi Gait (*Non-Executive Independent Director*)

Registered Office:

81 Science Park Drive
#02-04 The Chadwick
Singapore Science Park I
Singapore 118257

14 October 2016

To: The Shareholders of Q & M Dental Group (Singapore) Limited

Dear Sir / Madam,

THE PROPOSED RESTRUCTURING (AS DEFINED HEREIN) TO BE UNDERTAKEN IN CONNECTION WITH THE PROPOSED SPIN-OFF OF THE COMPANY'S DENTISTRY AND DENTAL SPECIALIST SERVICES AND DENTAL EQUIPMENT AND SUPPLIES DISTRIBUTION BUSINESSES IN THE NORTHERN PRC REGION (AS DEFINED HEREIN) VIA THE PROPOSED LISTING OF ITS WHOLLY-OWNED SUBSIDIARY, Q & M DENTAL HOLDINGS (CHINA) PTE. LTD., ON THE CATALIST BOARD OF THE SGX-ST

1. INTRODUCTION

1.1 Background

On 10 June 2016, the Company announced that the SGX-ST had informed the Company that it had no further comments on the matters contemplated pursuant to the pre-consultation process initiated by the Company in relation to, *inter alia*, the Proposed Restructuring to be undertaken in connection with the proposed spin-off of the Company's dentistry and dental specialist services and dental equipment and supplies distribution businesses in the Northern PRC Region via the proposed listing of its wholly-owned subsidiary, Q & M Aoxin, on the Catalist Board.

The Proposed Restructuring comprises the JV Entities Acquisition, the Shenyang Maotai Acquisition, the Shenyang Xin Ao Acquisition, the Q & M Dental (Shenyang) Acquisition, the Q & M China Acquisition, the Dr. Cheah Share Subscription, the Health Field Enterprises Share Subscription, the JV Partners BVI Share Subscription, the Mountain Share Subscription and the Trust Company Share Subscription. Through the Proposed Restructuring, the Company seeks to achieve the relevant shareholding structure of the Q & M Aoxin Group in connection with the Proposed Spin-Off and the Proposed Listing by consolidating control over certain key operating subsidiaries of Q & M Aoxin, and enable Dr. Ren Hong, Ms. Gao Huiying, Dr. Zhang Chun, Mr. Cui Guo An, Dr. Shao Yongxin, Dr. Cheah Kim Fee (being the vendors in the JV Entities Acquisition, the Shenyang Maotai Acquisition, the Shenyang Xin Ao Acquisition, the Q & M Dental (Shenyang) Acquisition, the Q & M China Acquisition respectively) and the Eligible PRC Dentists and Employees to participate in the Proposed Spin-Off and the Proposed Listing through the issue and allotment of new Q & M Aoxin Shares to them (either directly or to an entity wholly-owned by them or through a trust arrangement). Upon the completion of the Proposed Restructuring, Q & M Aoxin will hold 100.00% equity interest (directly or indirectly) in all the entities within the Q & M Aoxin Group. Please refer to Section 3 of this Circular for further information on the Proposed Restructuring.

LETTER TO SHAREHOLDERS

As part of its review process, the SGX-ST noted, *inter alia*, the following:

- (a) Chapter 10 of the Listing Manual shall be applicable to the JV Entities Acquisition, the Shenyang Maotai Acquisition, the Shenyang Xin Ao Acquisition, the Q & M Dental (Shenyang) Acquisition and the Q & M China Acquisition and accordingly, these transactions shall be tested against Rule 1006 of the Listing Manual; and
- (b) the Proposed Spin-Off and the Proposed Listing shall be subject to Shareholders' approval under Rule 805 of the Listing Manual if Q & M Aoxin is a Principal Subsidiary of the Company.

A copy of the Announcement is available on the SGX-ST's website at www.sgx.com.

1.2 EGM

As set out in Section 2.2 of this Circular, Q & M Aoxin is not a Principal Subsidiary of the Company. Accordingly, the Proposed Spin-Off and the Proposed Listing is not subject to Shareholders' approval. Please refer to Section 2 of this Circular for further information on the Proposed Spin-Off and the Proposed Listing.

As set out in Section 3.8 of this Circular, the JV Entities Acquisition, the Shenyang Maotai Acquisition, the Shenyang Xin Ao Acquisition, the Q & M Dental (Shenyang) Acquisition and the Q & M China Acquisition (which have been aggregated pursuant to Rule 1005 of the Listing Manual) constitute a discloseable transaction as defined in Chapter 10 of the Listing Manual which is not subject to Shareholders' approval. Notwithstanding the foregoing, the Board is of the view that the Shareholders should be given an opportunity to assess and consider the terms of the Proposed Spin-Off and the Proposed Listing, and the JV Entities Acquisition, the Shenyang Maotai Acquisition, the Shenyang Xin Ao Acquisition, the Q & M Dental (Shenyang) Acquisition and the Q & M China Acquisition.

In light of the foregoing, the Directors are convening the EGM to be held on 31 October 2016 at 6.00 p.m. at PARKROYAL on Kitchener Road, Emerald Ballroom 2, 181 Kitchener Road, Singapore 208533 to seek Shareholders' approval for the Proposed Spin-Off and the Proposed Listing, and the JV Entities Acquisition, the Shenyang Maotai Acquisition, the Shenyang Xin Ao Acquisition, the Q & M Dental (Shenyang) Acquisition and the Q & M China Acquisition. Please refer to Section 3 of this Circular for further information on the Proposed Restructuring. The Notice of EGM is set out on Pages N-1 to N-2 of this Circular.

1.3 Purpose of this Circular

This Circular has been prepared to provide the Shareholders with information relating to, the rationale for, the tangible benefits of and the financial effects of, the Proposed Restructuring, and the Proposed Spin-Off and the Proposed Listing, and to seek Shareholders' approval for:

- (a) the JV Entities Acquisition, the Shenyang Maotai Acquisition, the Shenyang Xin Ao Acquisition, the Q & M Dental (Shenyang) Acquisition and the Q & M China Acquisition ("**Ordinary Resolution 1**"); and
- (b) the proposed spin-off of the Company's dentistry and dental specialist services and dental equipment and supplies distribution businesses in the Liaoning, Jilin, Heilongjiang, Inner Mongolia, Hebei, Shandong, Shanxi, Ningxia, Shaanxi, Gansu, Qinghai and Xinjiang Provinces, as well as the Beijing and Tianjin Municipalities, of the People's Republic of China via the proposed listing of its wholly-owned subsidiary, Q & M Aoxin, on the Catalist Board of the SGX-ST ("**Ordinary Resolution 2**").

The Board wishes to emphasise that even if the JV Entities Acquisition, the Shenyang Maotai Acquisition, the Shenyang Xin Ao Acquisition, the Q & M Dental (Shenyang) Acquisition and the Q & M China Acquisition are approved by way of Ordinary Resolution 1 and the Proposed Spin-Off and the Proposed Listing are approved by way of Ordinary Resolution 2 at the EGM, the final decision of the Board as to whether or not to proceed with the Proposed Restructuring,

LETTER TO SHAREHOLDERS

and the Proposed Spin-Off and the Proposed Listing is subject to the prevailing market conditions immediately preceding the relevant time. In the event that the Proposed Restructuring has been completed but the Board decides not to proceed with the Proposed Spin-Off and the Proposed Listing, it is envisaged that the Proposed Restructuring will not be unwound. If the Board decides not to proceed with the Proposed Restructuring, and/or the Proposed Spin-Off and the Proposed Listing, the Company will make an immediate announcement via SGXNET.

In the meantime, Shareholders are advised to refrain from taking any action in respect of their Shares which may be prejudicial to their interests and to exercise caution when dealing with the Shares. In the event that Shareholders wish to deal in the Shares, they should consult their stockbroker, bank manager, solicitor, accountant, tax adviser or other professional advisers.

The SGX-ST assumes no responsibility for the contents of this Circular, including the accuracy of any of the statements made, opinions expressed or reports contained in this Circular.

This Circular has been prepared solely for the purposes outlined above and may not be relied upon by any persons (other than the Shareholder to whom this Circular is despatched to by the Company) or for any other purpose.

2. THE PROPOSED SPIN-OFF AND THE PROPOSED LISTING

2.1 Information on the Group

As at the Latest Practicable Date, the Group is engaged in the following businesses:

- (a) the provision of Dental Healthcare, family medicine and aesthetic services in Singapore;
- (b) the provision of Dental Healthcare in Malaysia and the PRC;
- (c) the Distribution Business in Singapore, Malaysia and the PRC; and
- (d) the manufacture of specialised dental materials used in dental CAD/CAM machines, as well as the distribution of CAD/CAM equipment as a complementary service to such customers who purchase its dental materials, in the PRC.

As at the Latest Practicable Date, the Group operates its business activities through the following:

- (a) 71 dental clinics, three medical clinics, one medical aesthetics centre, two dental equipment and supplies companies with distribution offices and warehouses in Singapore;
- (b) eight dental clinics, and one dental equipment and supplies distribution company in Malaysia; and
- (c) four dental hospitals, seven dental clinics, one dental equipment and supplies distribution company and one medical equipment leasing company with an office in the PRC.

The Group (through a 100.00% indirect shareholding interest, of which, the Company has only recognised a 51.00% equity interest, in Aidite) also owns a specialised CAD/CAM dental materials manufacturer and distributor of complementary CAD/CAM equipment in Hebei Province, the PRC. On 17 November 2015, the Company announced that it had obtained a conditional no objection from the SGX-ST for the Aidite Spin-Off. On 18 March 2016, Q & M Aoxin transferred 100.00% of its shareholding interest in Aidite to the Company for an aggregate consideration of S\$4,941,715.95. Accordingly, it is intended that the Aidite Group will not be part of the Q & M Aoxin Group.

In addition to the above, the Company entered into a binding memorandum of understanding dated 6 June 2016 to acquire 47.14% equity interest (representing an effective interest of 33.00%) in Shenzhen New Perfect Dental Research Co., Ltd., a company incorporated in China and engaged in the business of providing dental prosthetic devices and (through its subsidiaries) the operation of dental laboratories. On 10 October 2016, the Company announced that the binding memorandum of understanding had lapsed on 30 September 2016 but the Company remains in negotiations with

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the vendors in respect of the transaction. While Q & M Aoxin is also engaged in the operation of dental laboratories, in the event that the aforementioned transaction is completed, the Board is of the view that there are no conflicts of interest arising from the acquisition as the dental laboratories operated by Q & M Aoxin only provide in-house services as compared with the dental laboratories operated by Shenzhen New Perfect Dental Research Co., Ltd. which provides services to external third parties.

2.2 Information on Q & M Aoxin

Q & M Aoxin was incorporated in Singapore on 5 May 2011 as a private limited company. As at the Latest Practicable Date, Q & M Aoxin has an issued and paid-up share capital of S\$10,000,000 comprising 10,000,000 Q & M Aoxin Shares, and of which 100.00% is held by the Company. As at the Latest Practicable Date, there are no outstanding convertible securities which can be exercised into new Q & M Aoxin Shares prior to the Proposed Spin-Off and the Proposed Listing.

Based on the audited consolidated financial statements of the Group for FY2015, the total revenue and net profit after tax contributed by the Q & M Aoxin Group to the Group amounted to S\$10.14 million and S\$1.04 million respectively. As at 31 December 2015, the NTA of the Q & M Aoxin Group amounted to S\$91,190. The audited consolidated pre-tax profit of Q & M Aoxin (excluding the minority interest relating to Q & M Aoxin) for FY2015 was S\$645,465, while the audited consolidated pre-tax profit of the Group (excluding the minority interest relating to Q & M Aoxin) was S\$9,302,000. Accordingly, Q & M Aoxin accounted for 6.94%⁽¹⁾ of the Group's audited consolidated pre-tax profit and hence is not considered a Principal Subsidiary of the Company.

Note:-

(1) This figure has been presented based on the assumption that the Aidite Spin-Off has been completed.

The Q & M Aoxin Group is engaged in the provision of Dental Healthcare and the Distribution Business in certain regions of the PRC. Upon completion of the Proposed Restructuring, and the Proposed Spin-Off and the Proposed Listing, and pursuant to the terms of the Non-Compete Agreements, save for the Permitted Southern PRC Projects, the Q & M Aoxin Group will not be engaging in the provision of Dental Healthcare and the Distribution Business outside the Northern PRC Region. Please refer to Section 2.4.1 of this Circular for further information on the Non-Compete Agreements.

2.3 Information on the Proposed Spin-Off and the Proposed Listing

2.3.1 Background Information

The Proposed Spin-Off shall be via the Proposed Listing and entails the spin-off of the Spin-Off Business through the listing of Q & M Aoxin on the Catalist Board of the SGX-ST.

Upon completion of the Proposed Restructuring, and subject to the Catalist Rules and the prevailing market conditions, Q & M Aoxin will, in connection with the Proposed Listing, undertake an initial public offering of new Q & M Aoxin Shares comprising at least 16.01% of its enlarged share capital. Q & M Aoxin has appointed SAC Capital Private Limited as the issue manager and full sponsor in respect of the Proposed Listing. Barring any unforeseen circumstances, the Company is expected to hold a controlling interest of no more than 43.92%⁽¹⁾ in Q & M Aoxin following the completion of the Proposed Restructuring, and the Proposed Spin-Off and the Proposed Listing, and Q & M Aoxin will be considered an Associated Company of the Company. Please refer to Section 3 of this Circular for further information on the Proposed Restructuring.

Note:-

(1) The shareholding interest of the Company in Q & M Aoxin following the completion of the Proposed Restructuring, and the Proposed Spin-Off and the Proposed Listing is calculated based on the assumption that: (a) upon completion of the Proposed Restructuring, Q & M Aoxin will in connection with the Proposed Listing undertake an initial public offering of new Q & M Aoxin Shares comprising 16.01% of its enlarged share capital; and (b) the relevant PRC regulatory approvals have been obtained for the Trust Company Share Subscription, the PRC Dentists and Employees Trust Deed and the transactions contemplated therein, and that the issue and allotment of 16,346,000 new Q & M Aoxin Shares to the Trust Company has been duly completed immediately prior to the Proposed Listing. In the event

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that the Trust Company Share Subscription is not completed, the shareholding interest of the Company in Q & M Aoxin following the completion of the Proposed Restructuring, and the Proposed Spin-Off and the Proposed Listing will be 45.94%.

2.3.2 Material Conditions for the Proposed Spin-Off and the Proposed Listing

Shareholders should also note that the Proposed Spin-Off and the Proposed Listing will be conditional upon, *inter alia*, the following:

- (a) the receipt of the listing and quotation notice from the SGX-ST in connection with the admission of Q & M Aoxin to the Catalist Board of the SGX-ST, the listing of and quotation for the Q & M Aoxin Shares on the Catalist Board of the SGX-ST and the listing and quotation notice not being subsequently terminated or revoked prior to the commencement of dealings in Q & M Aoxin Shares on the Catalist Board of the SGX-ST;
- (b) such other approvals, authorisations, consents and confirmations from the regulatory authorities as may be required or advisable in connection with the Proposed Spin-Off and the Proposed Listing being obtained on terms acceptable to the Company and Q & M Aoxin and the same remaining in full force and effect;
- (c) the underwriting agreement, placement agreement(s) and all other relevant agreements in connection with the Proposed Listing being entered into by the underwriter(s), Q & M Aoxin and (if applicable) any shareholders of Q & M Aoxin selling vendor shares and all other relevant persons, and the terms of the Proposed Listing, including but not limited to the IPO Price, being on terms acceptable to and agreed by, *inter alia*, the Company; and
- (d) the lodgement with and registration by the SGX-ST acting as agent on behalf of the Monetary Authority of Singapore of the offer document in connection with the Proposed Listing in compliance with all applicable laws and regulations.

The Company wishes to highlight that there can be no assurance that approval for the Proposed Spin-Off and the Proposed Listing will be granted by the SGX-ST, or that the IPO Documents can be finalised or agreed or the Proposed Spin-Off and the Proposed Listing can materialise, or otherwise proceed in a timely fashion. In the event that any of the foregoing is not achieved or fulfilled, Q & M Aoxin will not be able to proceed with the Proposed Spin-Off and the Proposed Listing.

2.3.3 Moratorium on Q & M Aoxin Shares

Pursuant to the Catalist Rules, as a Promoter, the Company's entire shareholdings in Q & M Aoxin immediately after the Proposed Spin-Off, and the Proposed Restructuring, but before the Proposed Listing shall be subject to a moratorium for at least six months after the Proposed Listing, and no less than 50.00% of its original shareholdings (adjusted for any bonus issue or subdivision) for the next six months. In the case of investors who acquired their securities in Q & M Aoxin, and who made payment for their acquisition, less than 12 months prior to the date of the Proposed Listing, a proportion of their shareholdings in Q & M Aoxin will be subject to a moratorium for 12 months after the Proposed Listing.

2.3.4 Compliance with Rule 210(6) of the Listing Manual

Rule 210(6) of the Listing Manual provides that a subsidiary or parent company of an existing listed issuer will not normally be considered suitable for listing if the assets and operations of the applicant are substantially the same as those of the existing issuer. On 18 February 2016, the SGX-ST informed the Company that subject to there being no material changes in the contribution of the Q & M Aoxin Group to the Company, the Proposed Listing does not amount to a chain listing under Rule 210(6) of the Listing Manual.

2.4 Rationale for and the Tangible Benefits of the Proposed Spin-Off and the Proposed Listing

The rationale for the Proposed Spin-Off and the Proposed Listing, and the basis for the Board's assessment that the Proposed Spin-Off and the Proposed Listing would bring tangible benefits to the Shareholders are set out as follows:

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2.4.1 Geographical and Strategic Demarcation of the Group's Businesses

The Proposed Spin-Off and the Proposed Listing relates to the Spin-Off Business in the Northern PRC Region only. Upon completion of the Proposed Restructuring, and the Proposed Spin-Off and the Proposed Listing, the New Q & M Group will:

- (a) continue to engage in the provision of Dental Healthcare, family medicine and its aesthetics businesses in Singapore and the provision of Dental Healthcare in Malaysia and the Southern PRC Region, and may also expand into other geographical regions (excluding the Northern PRC Region);
- (b) continue to engage in the Distribution Business in Singapore and Malaysia, and may also expand into other geographical regions (excluding the Northern PRC Region);
- (c) continue to have a controlling shareholding interest in the Aidite Group (through Aidite following the Aidite Spin-Off), which is involved in the manufacture of specialised dental materials used in dental CAD/CAM machines, as well as the distribution of CAD/CAM equipment as a complementary service to such customers who purchase its dental materials, in the PRC; and
- (d) continue to have a controlling shareholding interest in the Q & M Aoxin Group, which is involved in the provision of Dental Healthcare and the Distribution Business in the Northern PRC Region.

Through the Proposed Spin-Off and the Proposed Listing, it is envisioned that the Q & M Aoxin Group will focus on operating, developing and growing the Group's business of providing Dental Healthcare and the Distribution Business in the Northern PRC Region, enabling the New Q & M Group to concentrate its efforts in the rest of the Asia-Pacific Region. Further, as the Proposed Spin-Off and the Proposed Listing will differentiate the Q & M Aoxin Group from the New Q & M Group according to their respective growth opportunities and applicable market norms, the geographical segregation will enable the Q & M Aoxin Group and the New Q & M Group to better respond to changes in their respective market demands and customer preferences in a flexible and efficient manner, without compromising on their respective development plans.

The revenue for FY2015 of the New Q & M Group and the Q & M Aoxin Group were mainly derived from the following geographical regions:

Country	Revenue for FY2015	
	New Q & M Group ⁽¹⁾	Q & M Aoxin Group ⁽¹⁾
The Northern PRC Region	0.00%	100.00%
Asia-Pacific Region (excluding the Northern PRC Region)	100.00%	0.00%

Note:-

(1) Assuming no consolidation of the financial results and position of Q & M Aoxin as a subsidiary of the Group.

Based on the audited consolidated financial statements of the Group for FY2015, 100.00% of the New Q & M Group's total revenue was generated from the Asia-Pacific Region (excluding the Northern PRC Region) whereas none of the Q & M Aoxin Group's total revenue was generated outside the Northern PRC Region. In view of the foregoing, the businesses of the New Q & M Group and the Q & M Aoxin Group are generally geographically segregated with little overlap.

Non-Compete Agreements

In order to mitigate any potential conflicts of interest that may arise, the Company and Q & M Aoxin will enter into the Non-Compete Agreements, the proposed terms of which as at the Latest Practicable Date are as described below.

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The Company shall undertake that the New Q & M Group shall not engage in the provision of Dental Healthcare and the Distribution Business in the Northern PRC Region, and Q & M Aoxin shall undertake that save for the Permitted Southern PRC Projects and through the Shanghai Chuangyi Interest (until the transfer of the same has been completed), the Q & M Aoxin Group shall not engage in the provision of Dental Healthcare and the Distribution Business outside the Northern PRC Region. The Northern PRC Region was demarcated by taking into account the geographical locations in which the Q & M Aoxin Group currently operates or intends to expand into as part of its medium to long term business strategy. As at the Latest Practicable Date, the Q & M Aoxin Group is engaged in operations in the Shanghai Municipality of the PRC through the Shanghai Chuangyi Interest. In order to comply with the proposed terms of the Non-Compete Undertakings, the Company has initiated the process of transferring the Shanghai Chuangyi Interest to Shenyang Q & M Management & Consulting Co., Ltd. (沈阳全民管理咨询有限公司), which is 100.00% held by the Company. The transfer of the Shanghai Chuangyi Interest is expected to be completed in November 2016. Upon completion of the aforementioned transfer, the Company will make an announcement on SGXNET at the relevant time. For further details on the Company's investment into Shanghai Chuangyi, please refer to the announcement dated 8 November 2011 on SGXNET.

To enable the Q & M Aoxin Group to participate in the growth of the Dental Healthcare and Distribution Business industries in the Southern PRC Region, under the terms of the Non-Compete Agreements, the New Q & M Group shall offer the Q & M Aoxin Group an opportunity to participate in the Permitted Southern PRC Projects subject to the following conditions:

- (i) the Q & M Aoxin Group's participation in the Permitted Southern PRC Projects shall be restricted to that of a passive equity investor and its equity interest (direct or indirect) in each Permitted Southern PRC Project Entity shall not exceed 5.00% at any given time provided that the New Q & M Group's equity interest (direct or indirect) in each Permitted Southern PRC Project Entity shall be at least 33.00%. In the event that the New Q & M Group's equity interest (direct or indirect) in each Permitted Southern PRC Project Entity is less than 33.00%, the Q & M Aoxin Group's maximum permissible equity interest (direct or indirect) in each Permitted Southern PRC Project Entity shall be proportionately diluted⁽¹⁾;
- (ii) the Q & M Aoxin Group shall not participate in the day-to-day decision making, management and operations of, and shall not have any board representation on, the Permitted Southern PRC Project Entities;
- (iii) the Q & M Aoxin Group's participation and terms of participation in the Permitted Southern PRC Projects shall be subject to the review and approval of the audit committee of Q & M Aoxin (excluding the Conflicted Persons who shall abstain from reviewing and approving the Q & M Aoxin Group's participation in the Permitted Southern PRC Projects) and compliance with the relevant Catalist Rules (in particular, Chapter 9 of the Catalist Rules). The audit committee of Q & M Aoxin will provide oversight, and the management of Q & M Aoxin will ensure that the provisions of sub-paragraphs (i) to (iv) are complied with throughout the duration of any Permitted Southern PRC Project; and
- (iv) the Q & M Aoxin Group's participation in the Permitted Southern PRC Projects shall be subject to prior written consent having been obtained from the relevant independent third parties.

Note:-

- (1) For example, where the New Q & M Group's equity interest (direct or indirect) in a Permitted Southern PRC Project Entity is 16.50%, the Q & M Aoxin Group will only be permitted to hold up to 2.50% equity interest in that Permitted Southern PRC Project Entity.

The Q & M Aoxin Group may elect not to participate in a Permitted Southern PRC Project without any penalty being imposed on it. In the event that the Q & M Aoxin Group wishes to dispose of its equity interest (in part or in whole) in a Permitted Southern PRC Project Entity, it may do so without any restrictions save that such divestment shall be compliant with the relevant Catalist Rules (in particular, Chapter 9 of the Catalist Rules).

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The Board is of the view that there are no conflicts of interest arising from the Q & M Aoxin Group's participation in the Permitted Southern PRC Projects as its equity interest (direct or indirect) in each Permitted Southern PRC Project Entity shall not exceed 5.00% at any given time, and the Q & M Aoxin Group shall not participate in the day-to-day decision making, management and operations of, and shall not have any board representation on, the Permitted Southern PRC Project Entities.

The proposed terms of the Non-Compete Agreements do not prohibit the New Q & M Group from purchasing and owning commercial properties in the Northern PRC Region if the intention is to lease such commercial properties to the Q & M Aoxin Group or independent third parties not engaged in any business which is competing with or similar to the business of the Q & M Aoxin Group in the Northern PRC Region. Any such lease to the Q & M Aoxin Group shall be subject to the following conditions:

- (i) the lease period shall be for at least five years;
- (ii) the amount of annual rent payable shall not be more than the range determined by an independent valuer commissioned by the board of directors of Q & M Aoxin, where such independent valuer shall take into consideration the annual rent payable for comparable commercial properties in the vicinity; and
- (iii) the Q & M Aoxin Group shall have a first right of refusal over such commercial properties in the event of a disposal by the New Q & M Group.

The purpose of the Northern PRC Region Lease is to avoid exposing the Q & M Aoxin Group to fluctuations in rental rates due to speculative investments. The Q & M Aoxin Group may elect not to enter into the Northern PRC Region Lease without any penalty being imposed on it. The New Q & M Group shall not lease such commercial properties to any third party engaged in the provision of Dental Healthcare and the Distribution Business save for any Permitted Southern PRC Project Entity in which the Q & M Aoxin Group has an equity interest. The Northern PRC Region Lease shall be subject to the relevant Catalist Rules (in particular, Chapter 9 of the Catalist Rules) and prior to the entry by the New Q & M Group into the Northern PRC Region Lease, the Board shall assess and consider the terms of the Northern PRC Region Lease and whether such terms are on normal commercial terms or prejudicial to the New Q & M Group and the minority shareholders of the Company.

The Non-Compete Undertakings are contemplated to be effective from the date on which the Q & M Aoxin Shares commence trading on the Catalist Board of the SGX-ST until the date on which the Company no longer holds (whether directly or indirectly) a controlling interest in Q & M Aoxin or the date on which Q & M Aoxin ceases to be listed on the Catalist Board or the Mainboard of the SGX-ST (whichever is earlier).

In the event of any material variations to the proposed terms of the Non-Compete Undertakings as described above, the Company will make an announcement on SGXNET at the relevant time.

Trademark Agreement

It is envisaged that the Q & M Aoxin Group will continue to leverage on the goodwill associated with the well-established "Q & M" brand and market its provision of Dental Healthcare and the Distribution Business in the Northern PRC Region under the "Q & M Aoxin" brand. In this regard, the Company will be entering into the Trademark Agreement, the key terms of which are set out as follows:

- (i) the royalty fee to be paid by Q & M Aoxin to the Company for the use of the "Q & M" brand shall be a nominal sum of S\$1.00;
- (ii) the Trademark Agreement shall be in effect until the earlier of: (aa) the expiration date of the registration certificate of the "Q & M" brand (as may be renewed from time to time); or (bb) when the Company ceases to be a Controlling Shareholder of Q & M Aoxin;

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- (iii) the Q & M Aoxin Group may only market its provision of Dental Healthcare and the Distribution Business under the “Q & M Aoxin” brand in the Northern PRC Region;
- (iv) the “Q & M” brand shall remain the exclusive property of the Company and the Q & M Aoxin Group shall not acquire or claim any right, title or interest in or to the “Q & M” brand or the goodwill associated with the “Q & M” brand by virtue of the Trademark Agreement or its use of the “Q & M” brand, other than the rights specifically granted to it under the Trademark Agreement, and it shall not do, or omit to do, or permit to be done, any act that will or may weaken, damage or be detrimental to the “Q & M” brand or the reputation or goodwill associated with the “Q & M” brand or the Company, or that may invalidate or jeopardise any continued use of the “Q & M” brand;
- (v) the Q & M Aoxin Group shall immediately notify the Company in writing of any of the following matters: (aa) any actual, suspected or threatened infringement of the “Q & M” brand; (bb) any allegation or complaint made by any third party that the “Q & M” brand is invalid, that the use of the “Q & M” brand infringes any third party rights or that the use of the “Q & M” brand may result in the deception or confusion of the public; and (cc) any other form of attack or claim to which the “Q & M” brand may be subject. The Q & M Aoxin Group shall not make any admissions in respect of these matters other than to the Company and shall, in each case, provide the Company with all relevant information in its possession. The Q & M Aoxin Group shall provide any assistance which the Company requires (including bringing proceedings or lending its name to any proceedings brought by the Company) in connection with any of the matters set out under sub-paragraphs (aa), (bb) and (cc) above;
- (vi) the Q & M Aoxin Group shall indemnify the Company against all losses, liabilities and costs which the Company suffers as a result of any breach by the Q & M Aoxin Group of its obligations under the Trademark Agreement; and
- (vii) the Q & M Aoxin Group shall not use any other trademark or brand, or develop its own trademark or brand, unless prior written consent has been obtained from the Company, such consent not to be unreasonably withheld.

The Board is of the view that allowing the Q & M Aoxin Group to conduct its marketing activities in the Northern PRC Region under the “Q & M Aoxin” brand will enable the “Q & M” brand to gain further repute in the Northern PRC Region, which will consequently benefit the Shareholders: (i) as the uplifting in value, image and recognition of the “Q & M” brand can bring about a larger investor base and market reach for the New Q & M Group; and (ii) through the economies of scale achieved in co-branding exercises by the New Q & M Group and the Q & M Aoxin Group.

2.4.2 Increased Shareholder Value through Financial Autonomy and Direct Access to the Capital Markets

The Q & M Aoxin Group has in recent years experienced strong growth. Based on the audited consolidated financial statements of the Group, the Q & M Aoxin Group’s financial performance in the past three financial years are set out as follows:

(\$\$'000)	FY2013	FY2014	FY2015
Revenue	95	5,323	10,145
Net Profit After Tax	(848)	355	1,043

The Q & M Aoxin Group is in a good position to further enhance its growth. However, in order to realise opportunities, it will require substantial capital, which may increase the debt level of the Group. As at 31 December 2015, the Group has net borrowings (comprising bank loans, trade facilities and finance lease obligations less cash and cash equivalents) amounting to approximately S\$15.30 million which based on Shareholders’ equity of approximately S\$92.10 million, represents a net debt-equity ratio of approximately 16.60%. While the Group is presently able to meet its obligations when they fall due, as a matter of prudence, the Directors are of the view that the Q & M Aoxin Group should be strengthened financially via an equity injection, and by the availability of additional funding options as a separate listed entity with direct access to the capital markets.

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With a stronger equity capital base from funds raised from the Proposed Listing, the Q & M Aoxin Group will have greater debt capacity to fund its operations and growth and to secure its own independent source of funding. Additionally, the Proposed Spin-Off and the Proposed Listing will enable the Group to unlock and increase value for the Shareholders by increasing the overall financial capacity and flexibility of the Group to strengthen the continued growth of the New Q & M Group. The New Q & M Group will not be required to fund the expansion of the Q & M Aoxin Group, thus allowing the New Q & M Group to concentrate its resources on expanding its own business portfolio and to pursue new opportunities. Meanwhile, as the Company will retain a controlling stake of 43.92%⁽¹⁾ in the entire enlarged issued and paid-up share capital of Q & M Aoxin immediately after the Proposed Listing, the Company and the Shareholders will still be able to participate in and benefit from the growth of the Q & M Aoxin Group. Shareholders and new investors will also benefit from the Proposed Spin-Off and the Proposed Listing as they will have the flexibility to invest in the shares of either or both listed entities, in accordance with their personal preferences and risk appetites.

In addition, the Proposed Listing will provide a transparent valuation of the Q & M Aoxin Group, and will allow the Group's different businesses to be assessed and valued separately.

Note:-

- (1) The shareholding interest of the Company in Q & M Aoxin following the completion of the Proposed Restructuring, and the Proposed Spin-Off and the Proposed Listing is calculated based on the assumption that: (a) upon completion of the Proposed Restructuring, Q & M Aoxin will in connection with the Proposed Listing undertake an initial public offering of new Q & M Aoxin Shares comprising 16.01% of its enlarged share capital; and (b) the relevant PRC regulatory approvals have been obtained for the Trust Company Share Subscription, the PRC Dentists and Employees Trust Deed and the transactions contemplated therein, and that the issue and allotment of 16,346,000 new Q & M Aoxin Shares to the Trust Company has been duly completed immediately prior to the Proposed Listing. In the event that the Trust Company Share Subscription is not completed, the shareholding interest of the Company in Q & M Aoxin following the completion of the Proposed Restructuring, and the Proposed Spin-Off and the Proposed Listing will be 45.94%.

2.4.3 Better Focus and Independent Management

As the management of the New Q & M Group and the Q & M Aoxin Group are separately constituted, this enables the senior personnel of each of the New Q & M Group and the Q & M Aoxin Group to focus their attention and efforts on the different geographical segments and deliver value to the respective shareholders. The separate management of the operational, financial and accounting teams will also improve corporate visibility, management control and accountability, and enhance performance measurement.

The proposed board of directors and key executives of the New Q & M Group and the Q & M Aoxin Group are set out as follows:

	Company	New Q & M Group	Q & M Aoxin Group
Mr. Narayanan Sreenivasan	Non-Executive Independent Chairman	Non-Executive Independent Chairman	-
Dr. Ng Chin Siau	Executive Director and Group Chief Executive Officer	Executive Director and Group Chief Executive Officer	-
Dr. Ang Ee Peng Raymond	Executive Director and Chief Operating Officer	Executive Director and Chief Operating Officer	-
Mr. Ng Weng Sui Harry	Non-Executive Independent Director	Non-Executive Independent Director	-
Professor Toh Chooi Gait	Non-Executive Independent Director	Non-Executive Independent Director	-

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	Company	New Q & M Group	Q & M Aoxin Group
Dr. Shao Yongxin	-	-	Executive Director and Group Chief Executive Officer
Dr. Cheah Kim Fee	-(1)	Chief Executive Officer (China)	-
Mr. Sim Yu Xiong	Chief Financial Officer	Chief Financial Officer	Non-Executive Director
Ms. Ng Sook Hwa	Group Financial Controller	Group Financial Controller	Non-Executive Director
Professor Chew Chong Lin	-	-	Non-Executive Independent Director
Mr. Kwok Wei Woon	-	-	Non-Executive Independent Director
Mr. Lin Ming Khin	-	-	Non-Executive Independent Director
Ms. Foo Siew Jiuán	General Manager	General Manager	-
Mr. San Yi Leong	Chief Financial Officer (China)	-	Chief Financial Officer
Dr. Bai Yi (白毅)	-	-	General Manager
Mr. Young Hao Pui Andrew	Senior Legal Counsel	Senior Legal Counsel	-
Dr. Ren Hong	-	-	Principal Dentist of Panjin Jingcheng
Dr. Li Zhuo	-	-	Principal Dentist of Gaizhou Q & M
Dr. Zhang Chun	-	-	Principal Dentist of Panjin Jinsai
Mr. Cui Guo An	-	-	General Manager of Shenyang Maotai
Mr. Zhang Dong Wei (张东伟)	-	-	Deputy General Manager (Finance)

Note:-

(1) Dr. Cheah Kim Fee is the chief executive officer of Q & M Aoxin.

In addition, the Proposed Spin-Off and the Proposed Listing enables the Group (through the Q & M Aoxin Group) to institute a tailored incentive framework to attract and retain talented staff, especially experienced dentists in the PRC. The Board recognises that the dental industry in the PRC is one which is marked by competition for dental professionals whose professional skills are in demand and generally, are capable of plying their trade in other organisations or under individual

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practices. As such, the Proposed Listing, apart from raising the funds necessary for growth, would enable the management of the Q & M Aoxin Group to reward and retain deserving staff and provide the necessary resources for these dental professionals to succeed in their practices staff within the Q & M Aoxin Group.

2.5 Impact on the New Q & M Group Pursuant to the Completion of the Proposed Spin-Off and the Proposed Listing

2.5.1 The New Q & M Group Will Remain Viable and Profitable Subsequent to the Completion of the Proposed Spin-Off and the Proposed Listing

Based on the audited financial statements of the Group for FY2013, FY2014 and FY2015 and the unaudited financial statements of the Group for 1H2016, the revenue, PBT and NAV of the Group and the Q & M Aoxin Group are set out as follows:

		Revenue (S\$'000) ⁽¹⁾	PBT (S\$'000) ⁽¹⁾	NAV (excluding non-controlling interests) (S\$'000) ⁽²⁾
FY2013	Group	71,154	6,989	46,091
	Q & M Aoxin Group	95	(837)	(1,096)
	As a % of the Group	0.13%	-11.97%	-2.38%
FY2014	Group	93,640	8,810	68,805
	Q & M Aoxin Group	5,320	798	1,199
	As a % of the Group	5.68%	9.05%	1.74%
FY2015	Group	107,335	10,590	71,622
	Q & M Aoxin Group	10,142	1,900	3,785
	As a % of the Group	9.45%	17.94%	5.28%
1H2016	Group	63,883	6,896	78,442
	Q & M Aoxin Group	8,004	1,452	11,452
	As a % of the Group	12.53%	21.06% ⁽³⁾	14.60%

Note:-

(1) The exchange rate used in the calculation of revenue and PBT is as follows:

FY2013	S\$1.00: RMB 4.86
FY2014	S\$1.00: RMB 4.66
FY2015	S\$1.00: RMB 4.58
1H2016	S\$1.00: RMB 4.87

(2) The exchange rate used in the calculation of NAV is as follows:

FY2013	S\$1.00: RMB 4.82
FY2014	S\$1.00: RMB 4.64
FY2015	S\$1.00: RMB 4.59
1H2016	S\$1.00: RMB 4.93

(3) For the avoidance of doubt, this figure has been calculated with the inclusion of the minority interest relating to Q & M Aoxin. Where the minority interest relating to Q & M Aoxin is excluded from the calculations, this figure does not exceed 20.00%. Please refer to Section 2.2 of this Circular for further information on the classification of Q & M Aoxin as a non-Principal Subsidiary of the Company.

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Whilst the Q & M Aoxin Group's contribution to the Group's revenue has been increasing since FY2013, the Q & M Aoxin Group accounted for 9.45%, 17.94% and 5.28% of the Group's revenue, PBT and NAV for FY2015 and 12.53%, 21.06% and 14.60% of the Group's revenue, PBT and NAV for 1H2016. Assuming a corresponding increase in the Q & M Aoxin Group's NAV pursuant to the Loan Capitalisation of approximately S\$15.6 million, the Q & M Aoxin Group will account for 41.00% of the Group's NAV for FY2015 and 34.50% of the Group's NAV for 1H2016.

As such, the Proposed Spin-Off and the Proposed Listing will not result in a material impact to the financials of the Group and the New Q & M Group will remain viable and profitable subsequent to the completion of the Proposed Spin-Off and the Proposed Listing.

2.5.2 The New Q & M Group Will Continue To Meet the Admission Criteria of the Mainboard of the SGX-ST Subsequent to the Completion of the Proposed Spin-Off and the Proposed Listing

Assuming the completion of the Aidite Spin-Off, and the Proposed Spin-Off and the Proposed Listing, the pro forma financial performance of the New Q & M Group (based on the audited financial statements of the Group for FY2013, FY2014 and FY2015) is set out as follows⁽¹⁾:

	FY2013 (S\$'000)	FY2014 (S\$'000)	FY2015 (S\$'000)
Revenue	71,059	88,320	97,193
PBT	7,826	8,012	8,690
NAV	47,187	67,606	67,837
Cashflow from Operating Activities	4,302	6,090	6,958

Note:-

(1) Computed excluding all interests in the Q & M Aoxin Group and the Aidite Group.

Based on the above, the New Q & M Group will continue to be in compliance with Rule 210(2)(b) of the Listing Manual subsequent to the completion of the Proposed Spin-Off and the Proposed Listing on the basis that the New Q & M Group would have had a pre-tax profit of approximately S\$8.7 million for FY2015 and an operating track record of at least three years.

Based on the prevailing market conditions and the pre-tax profit of the New Q & M Group, the Company is of the view that the New Q & M Group will continue to meet the admission criteria of the Mainboard of the SGX-ST subsequent to the completion of the Proposed Spin-Off and the Proposed Listing.

3. PROPOSED RESTRUCTURING

In order to achieve the relevant shareholding structure of the Q & M Aoxin Group in connection with the Proposed Spin-Off and the Proposed Listing by consolidating control over certain key operating subsidiaries of Q & M Aoxin and enable Dr. Ren Hong, Ms. Gao Huiying, Dr. Zhang Chun, Mr. Cui Guo An, Dr. Shao Yongxin, Dr. Cheah Kim Fee (being the vendors in the JV Entities Acquisition, the Shenyang Maotai Acquisition, the Shenyang Xin Ao Acquisition, the Q & M Dental (Shenyang) Acquisition, the Q & M China Acquisition respectively) and the Eligible PRC Dentists and Employees to participate in the Proposed Spin-Off and the Proposed Listing through the issue and allotment of new Q & M Aoxin Shares to them (either directly or to an entity wholly-owned by them or through a trust arrangement), the Group has entered into several conditional share purchase agreements and share subscription agreements for the purposes of the Proposed Restructuring. Upon the completion of the Proposed Restructuring, Q & M Aoxin will hold 100.00% equity interest (directly or indirectly) in all the entities within the Q & M Aoxin Group.

The issue price at which the new Q & M Aoxin Shares are to be issued to Dr. Ren Hong, Ms. Gao Huiying, Dr. Zhang Chun, Mr. Cui Guo An and Dr. Shao Yongxin (through an entity wholly-owned by each of them) was determined taking into account, *inter alia*, the assets of the Company and the

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Group, and the Panjin Jingcheng PG, the Gaizhou Q & M PG, the Panjin Jinsai PG, the Shenyang Maotai PG and the Shenyang Xin Ao PG respectively. The issue price at which the new Q & M Aoxin Shares are to be issued to Dr. Cheah Kim Fee was determined based on the Group's cost of investment into Q & M China. The issue price at which the new Q & M Aoxin Shares are to be issued to the Eligible PRC Dentists and Employees (through a trust arrangement) was determined taking into account the Group's purpose of rewarding and incentivizing the Eligible PRC Dentists and Employees. The Audit Committee has reviewed the abovementioned transactions and is of the view that they were carried out on an arm's length basis and on normal commercial terms. Please refer to Appendix D of this Circular for further details on the calculation of the issue price.

None of the transactions under the Proposed Restructuring constitute an Interested Person Transaction with any Interested Persons.

3.1 JV Entities Acquisition

Shenyang Xin Ao is a company incorporated in the PRC which is 40.00% held by Dr. Shao Yongxin and 60.00% held by Shanghai Q & M Investment, and is engaged in the operation of dental hospitals and clinics in Liaoning Province, the PRC. Dr. Ren Hong is a PRC national with identity number 211103197309010028, and will be the principal dentist of Panjin Jingcheng under the Q & M Aoxin Group. On 29 September 2015, Shenyang Xin Ao entered into a master agreement with Dr. Ren Hong to acquire 60.00% equity interest in Panjin Jingcheng, pursuant to which Dr. Ren Hong provided the Panjin Jingcheng PG to Shenyang Xin Ao and Q & M Dental (Shenyang) over the Panjin Jingcheng PG Period for the Panjin Jingcheng PG Amount. As security for the Panjin Jingcheng PG, Dr. Ren Hong pledged her remaining 40.00% equity interest in Panjin Jingcheng to Shenyang Xin Ao. Panjin Jingcheng is a company incorporated in the PRC with a registered capital of RMB 1,220,000, and is engaged in the operation of dental clinics in Panjin City in Liaoning Province, the PRC.

On 29 September 2015, Shenyang Xin Ao also entered into a master agreement with Ms. Gao Huiying to acquire 60.00% equity interest in Gaizhou Q & M, pursuant to which Ms. Gao Huiying and Dr. Li Zhuo (guaranteeing the performance by Ms. Gao Huiying of her obligations under the relevant agreements) provided the Gaizhou Q & M PG to Shenyang Xin Ao and Q & M Dental (Shenyang) over the Gaizhou Q & M PG Period for the Gaizhou Q & M PG Amount. As security for the Gaizhou Q & M PG, Ms. Gao Huiying pledged her remaining 40.00% equity interest in Gaizhou Q & M to Shenyang Xin Ao. Dr. Li Zhuo is a PRC national with identity number 210881197806240445, and will be the principal dentist of Gaizhou Q & M under the Q & M Aoxin Group. Ms. Gao Huiying is a PRC national with identity number 210824195402040440, and the mother of Dr. Li Zhuo. Gaizhou Q & M is a company incorporated in the PRC with a registered capital of RMB 500,000, and is engaged in the operation of dental clinics in Gaizhou City in Liaoning Province, the PRC.

On 29 September 2015, Shenyang Xin Ao also entered into a master agreement with Dr. Zhang Chun to acquire 60.00% equity interest in Panjin Jinsai, pursuant to which Dr. Zhang Chun provided the Panjin Jinsai PG to Shenyang Xin Ao and Q & M Dental (Shenyang) over the Panjin Jinsai PG Period for the Panjin Jinsai PG Amount. As security for the Panjin Jinsai PG, Dr. Zhang Chun pledged her remaining 40.00% equity interest in Panjin Jinsai to Shenyang Xin Ao. Dr. Zhang Chun is a PRC national with identity number 21010219681123501X, and will be the principal dentist of Panjin Jinsai under the Q & M Aoxin Group. Panjin Jinsai is a company incorporated in the PRC with a registered capital of RMB 1,000,000, and is engaged in the operation of dental clinics in Gaizhou City in Liaoning Province, the PRC.

Subsequent to the above transactions, Shenyang Xin Ao has on 12 October 2016 entered into the JV Entities Share Purchase Agreements with each JV Partner in relation to the JV Entities Acquisition pursuant to which Shenyang Xin Ao will acquire the remaining 40.00% equity interest in each of Panjin Jingcheng, Gaizhou Q & M and Panjin Jinsai from the JV Partners. The JV Entities Acquisition will be funded internally.

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The aggregate consideration (which shall be fully satisfied in cash) to be paid by Shenyang Xin Ao for, and the book value and the net tangible asset value as at 30 June 2016 of, the Panjin Jingcheng Interest, the Gaizhou Q & M Interest and the Panjin Jinsai Interest are as follows:

	Consideration	Book Value	Net Tangible Asset Value
Panjin Jingcheng Interest	RMB 785,000 (approximately S\$164,570)	RMB 798,951 (approximately S\$167,495)	RMB 798,951 (approximately S\$167,495)
Panjin Jinsai Interest	RMB 584,000 (approximately S\$122,432)	RMB 558,590 (approximately S\$117,105)	RMB 558,950 (approximately S\$117,105)
Gaizhou Q & M Interest	RMB 245,000 (approximately S\$51,363)	RMB 255,749 (approximately S\$53,616)	RMB 255,749 (approximately S\$53,616)
Total	RMB 1,614,000 (approximately S\$338,365)	RMB 1,613,290 (approximately S\$338,216)	RMB 1,613,290 (approximately S\$338,216)

The consideration for the JV Entities Acquisition was arrived at pursuant to arm's length negotiations between Shenyang Xin Ao and each of the JV Partners on a willing-buyer willing-seller basis, after taking into account the rationale for the Proposed Restructuring, and the Proposed Spin-Off and the Proposed Listing.

In connection with the JV Entities Acquisition, each JV Partner has on 12 October 2016 entered into a JV Partner Supplemental Agreement pursuant to which:

- (i) all rights and obligations (if any) accorded to Shenyang Xin Ao and Q & M Dental (Shenyang) under the Panjin Jingcheng PG, the Gaizhou Q & M PG and the Panjin Jinsai PG shall be transferred from Q & M Aoxin to the Company, and the Company will remain the beneficiary of the Panjin Jingcheng PG, the Gaizhou Q & M PG and the Panjin Jinsai PG⁽¹⁾;
- (ii) each JV Partner shall deposit (or procure the deposit of) the relevant JV Escrow Amount in immediately available funds into the relevant JV Escrow Account, and maintain the relevant JV Escrow Amount for the entire duration of the Panjin Jingcheng PG Period, the Gaizhou Q & M PG Period and/or the Panjin Jinsai PG Period (as the case may be);
- (iii) the Company shall have the right to withdraw the JV Shortfall Amount from the relevant JV Escrow Account. In the event of any such withdrawal, the relevant JV Partner shall deposit such amount in the relevant JV Escrow Account so as to maintain the relevant JV Escrow Amount in accordance with the provisions of sub-paragraph (ii) above; and
- (iv) each JV Partner shall procure that Finest International, Joyce International and Excellent Warship International enter into a JV Partner Share Security Agreement. In the event that the relevant JV Shortfall Amount exceeds the relevant JV Escrow Amount or there is a breach by the relevant JV Partner of the provisions in sub-paragraph (iii) above, the provisions of the relevant JV Partner Share Security Agreement shall apply.

Finest International is a company incorporated in the British Virgin Islands which is 100.00% held by Dr. Ren Hong and is engaged in the business of investment holding. Joyce International is a company incorporated in the British Virgin Islands which is 100.00% held by Ms. Gao Huiying and is engaged in the business of investment holding. Excellent Warship International is a company incorporated in the British Virgin Islands which is 100.00% held by Dr. Zhang Chun and is engaged in the business of investment holding.

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Pursuant to an issue and allotment of 10,516,320 new Q & M Aoxin Shares, 2,026,471 new Q & M Aoxin Shares and 5,502,969 new Q & M Aoxin Shares to Finest International, Joyce International and Excellent Warship respectively, Finest International, Joyce International and Excellent Warship are contemplated to hold approximately 2.83%⁽²⁾, 0.54%⁽²⁾ and 1.48%⁽²⁾ of the entire enlarged issued and paid-up share capital of Q & M Aoxin immediately after the Proposed Spin-Off and the Proposed Listing. Please refer to Section 3.6.3 of this Circular for further information on the JV Partners BVI Share Subscription.

The Panjin Jingcheng PG Period and the Panjin Jingcheng PG Amount, the Gaizhou Q & M PG Period and the Gaizhou Q & M PG Amount, and the Panjin Jinsai PG Period and the Panjin Jinsai PG Amount will remain unchanged after the Proposed Spin-Off and the Proposed Listing.

Further details relating to the Panjin Jingcheng PG, the Gaizhou Q & M PG and the Panjin Jinsai PG are set out as follows:

Panjin Jingcheng PG Period	Panjin Jingcheng PG Amount (RMB)	JV Escrow Amount (Dr. Ren Hong) (RMB)
1 January 2016 to 31 December 2016	900,000	900,000
1 January 2017 to 31 December 2017	900,000	900,000
1 January 2018 to 31 December 2018	927,000	900,000
1 January 2019 to 31 December 2019	954,810	900,000
1 January 2020 to 31 December 2020	1,002,551	900,000
1 January 2021 to 31 December 2021	1,052,678	900,000
1 January 2022 to 31 December 2022	1,126,366	900,000
1 January 2023 to 31 December 2023	1,205,211	900,000
1 January 2024 to 31 December 2024	1,313,680	900,000
1 January 2025 to 31 December 2025	1,431,911	900,000
1 January 2026 to 31 December 2026	1,560,783	900,000
1 January 2027 to 31 December 2027	1,701,254	900,000
Total	14,076,244	

Gaizhou Q & M PG Period	Gaizhou Q & M PG Amount (RMB)	JV Escrow Amount (Ms. Gao Huiying and/or Dr. Li Zhuo) (RMB)
1 January 2016 to 31 December 2016	168,000	168,000
1 January 2017 to 31 December 2017	168,000	168,000
1 January 2018 to 31 December 2018	173,040	168,000
1 January 2019 to 31 December 2019	178,231	168,000
1 January 2020 to 31 December 2020	187,143	168,000
1 January 2021 to 31 December 2021	196,500	168,000
1 January 2022 to 31 December 2022	210,255	168,000
1 January 2023 to 31 December 2023	224,973	168,000
1 January 2024 to 31 December 2024	242,971	168,000
1 January 2025 to 31 December 2025	262,408	168,000

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Gaizhou Q & M PG Period	Gaizhou Q & M PG Amount (RMB)	JV Escrow Amount (Ms. Gao Huiying and/or Dr. Li Zhuo) (RMB)
1 January 2026 to 31 December 2026	286,025	168,000
1 January 2027 to 31 December 2027	311,767	168,000
Total	2,609,313	

Panjin Jinsai PG Period	Panjin Jinsai PG Amount (RMB)	JV Escrow Amount (Dr. Zhang Chun) (RMB)
1 January 2016 to 31 December 2016	498,000	498,000
1 January 2017 to 31 December 2017	498,000	498,000
1 January 2018 to 31 December 2018	512,940	498,000
1 January 2019 to 31 December 2019	528,328	498,000
1 January 2020 to 31 December 2020	554,744	498,000
1 January 2021 to 31 December 2021	582,482	498,000
1 January 2022 to 31 December 2022	623,255	498,000
1 January 2023 to 31 December 2023	666,883	498,000
1 January 2024 to 31 December 2024	726,903	498,000
1 January 2025 to 31 December 2025	792,324	498,000
1 January 2026 to 31 December 2026	863,633	498,000
1 January 2027 to 31 December 2027	941,360	498,000
Total	7,788,852	

Notes:-

- (1) Under the master agreements entered into between Shenyang Xin Ao and each of Dr. Ren Hong, Ms. Gao Huiying and Dr. Zhang Chun, the Panjin Jingcheng PG, the Gaizhou Q & M PG and the Panjin Jinsai PG were provided to Shenyang Xin Ao and Q & M Dental (Shenyang). Shenyang Xin Ao is 60.00% held by Shanghai Q & M Investment (which is in turn 100.00% held by Q & M Aoxin), and Q & M Dental (Shenyang) is 60.00% held by Q & M Aoxin. As Q & M Aoxin is 100.00% held by the Company, the Company is the ultimate beneficiary of the Panjin Jingcheng PG, the Gaizhou Q & M PG and the Panjin Jinsai PG insofar as the rights and obligations (if any) thereunder are ascribed to Q & M Aoxin. However, following the completion of the Proposed Restructuring, and the Proposed Spin-Off and the Proposed Listing, the Company will no longer hold a majority interest in Q & M Aoxin. As such, the JV Partner Supplemental Agreements seek to transfer all rights and obligations (if any) under the Panjin Jingcheng PG, the Gaizhou Q & M PG and the Panjin Jinsai PG from Q & M Aoxin to the Company so as to preserve the status quo.
- (2) The shareholding interest of Finest International, Joyce International and Excellent Warship in Q & M Aoxin following the completion of the Proposed Restructuring, and the Proposed Spin-Off and the Proposed Listing is calculated based on the assumption that: (a) upon completion of the Proposed Restructuring, Q & M Aoxin will in connection with the Proposed Listing undertake an initial public offering of new Q & M Aoxin Shares comprising 16.01% of its enlarged share capital; and (b) the relevant PRC regulatory approvals have been obtained for the Trust Company Share Subscription, the PRC Dentists and Employees Trust Deed and the transactions contemplated therein, and that the issue and allotment of 16,346,000 new Q & M Aoxin Shares to the Trust Company has been duly completed immediately prior to the Proposed Listing. In the event that the Trust Company Share Subscription is not completed, the shareholding interest of Finest International, Joyce International and Excellent Warship in Q & M Aoxin following the completion of the Proposed Restructuring, and the Proposed Spin-Off and the Proposed Listing will be 2.96%, 0.57% and 1.55% respectively.

3.2 Shenyang Maotai Acquisition

Q & M Dental (Shenyang) Pte. Ltd. is a company incorporated in Singapore which is 40.00% held by Health Field Enterprises and 60.00% held by Q & M Aoxin, and is engaged in the business of providing medical equipment leasing services in the PRC. Health Field Enterprises is a company

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incorporated in the British Virgin Islands which is 100.00% held by Action Health Enterprises Limited (which is in turn 100.00% held by Dr. Shao Yongxin) and is engaged in the business of investment holding. Mr. Cui Guo An is a PRC national with identity number 21010519631112403X, and will be the general manager of Shenyang Maotai under the Q & M Aoxin Group.

On 17 November 2015, Q & M Dental (Shenyang) entered into a master agreement with Mr. Cui Guo An for Shenyang Quanxin to acquire 60.00% equity interest in Shenyang Maotai, pursuant to which Mr. Cui Guo An provided the Shenyang Maotai PG to Shenyang Quanxin and Q & M Dental (Shenyang) over the Shenyang Maotai PG Period for the Shenyang Maotai PG Amount. As security for the Shenyang Maotai PG, Mr. Cui Guo An pledged his remaining 40.00% equity interest in Shenyang Maotai to Shenyang Quanxin. Shenyang Quanxin is a company incorporated in the PRC which is 100.00% held by Q & M Dental (Shenyang) and is engaged in the business of providing medical equipment leasing services in the PRC. Shenyang Maotai is a company incorporated in the PRC with a registered capital of RMB 1,310,000, and is engaged in the business of distributing and supplying dental equipment and materials in the PRC.

Subsequent to the above transaction, Shenyang Quanxin has on 12 October 2016 entered into the Shenyang Maotai Share Purchase Agreement with Mr. Cui Guo An pursuant to which Shenyang Quanxin will acquire the remaining 40.00% interest in Shenyang Maotai for an aggregate consideration of RMB 838,000 (approximately S\$175,681), which shall be fully satisfied in cash. The Shenyang Maotai Acquisition will be funded internally.

As at 30 June 2016, both the book value and the net tangible asset value of the Shenyang Maotai Interest is RMB 859,203 (approximately S\$180,126). The consideration for the Shenyang Maotai Acquisition was arrived at pursuant to arm's length negotiations between Shenyang Quanxin and Mr. Cui Guo An on a willing-buyer willing-seller basis, after taking into account the rationale for the Proposed Restructuring, and the Proposed Spin-Off and the Proposed Listing.

In connection with the Shenyang Maotai Acquisition, Mr. Cui Guo An has on 12 October 2016 entered into the Cui Supplemental Agreement pursuant to which:

- (i) all rights and obligations (if any) accorded to Shenyang Quanxin and Q & M Dental (Shenyang) under the Shenyang Maotai PG shall be transferred from Q & M Aoxin to the Company, and the Company will remain the beneficiary of the Shenyang Maotai PG⁽¹⁾;
- (ii) Mr. Cui Guo An shall deposit (or procure the deposit of) the Cui Escrow Amount in immediately available funds into the Cui Escrow Account, and maintain the Cui Escrow Amount for the entire duration of the Shenyang Maotai PG Period;
- (iii) the Company shall have the right to withdraw the Cui Shortfall Amount from the Cui Escrow Account. In the event of any such withdrawal, Mr. Cui Guo An shall deposit such amount in the Cui Escrow Account so as to maintain the Cui Escrow Amount in accordance with the provisions of sub-paragraph (ii) above; and
- (iv) Mr. Cui Guo An shall procure that Mountain enters into the Cui Share Security Agreement. In the event that the Cui Shortfall Amount exceeds the Cui Escrow Amount or there is a breach by Mr. Cui Guo An of the provisions in sub-paragraph (iii) above, the provisions of the Cui Share Security Agreement shall apply.

Mountain is a company incorporated in the British Virgin Islands which is 100.00% held by Mr. Cui Guo An and is engaged in the business of investment holding. Pursuant to an issue and allotment of 7,265,605 new Q & M Aoxin Shares, Mountain is contemplated to hold approximately 1.95%⁽²⁾ of the entire enlarged issued and paid-up share capital of Q & M Aoxin immediately after the Proposed Spin-Off and the Proposed Listing. Please refer to Section 3.6.4 of this Circular for further information on the Mountain Share Subscription.

The Shenyang Maotai PG Period and the Shenyang Maotai PG Amount will remain unchanged after the Proposed Spin-Off and the Proposed Listing.

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Further details relating to the Shenyang Maotai PG are set out as follows:

Shenyang Maotai PG Period	Shenyang Maotai PG Amount (RMB)	Cui Escrow Amount (RMB)
1 January 2016 to 31 December 2016	720,000	720,000
1 January 2017 to 31 December 2017	734,400	720,000
1 January 2018 to 31 December 2018	749,088	720,000
1 January 2019 to 31 December 2019	764,070	720,000
1 January 2020 to 31 December 2020	786,992	720,000
1 January 2021 to 31 December 2021	810,602	720,000
1 January 2022 to 31 December 2022	834,920	720,000
1 January 2023 to 31 December 2023	859,967	720,000
1 January 2024 to 31 December 2024	894,366	720,000
1 January 2025 to 31 December 2025	930,141	720,000
1 January 2026 to 31 December 2026	967,346	720,000
1 January 2027 to 31 December 2027	1,006,040	720,000
Total	10,057,932	

Notes:-

- (1) Under the master agreement entered into between Q & M Dental (Shenyang) and Mr. Cui Guo An, the Shenyang Maotai PG was provided to Shenyang Quanxin and Q & M Dental (Shenyang). Shenyang Quanxin is 100.00% held by Q & M Dental (Shenyang), and Q & M Dental (Shenyang) is 60.00% held by Q & M Aoxin. As Q & M Aoxin is 100.00% held by the Company, the Company is the ultimate beneficiary of the Shenyang Maotai PG insofar as the rights and obligations (if any) thereunder are ascribed to Q & M Aoxin. However, following the completion of the Proposed Restructuring, and the Proposed Spin-Off and the Proposed Listing, the Company will no longer hold a majority interest in Q & M Aoxin. As such, the Cui Supplemental Agreement seeks to transfer all rights and obligations (if any) under the Shenyang Maotai PG from Q & M Aoxin to the Company so as to preserve the status quo.
- (2) The shareholding interest of Mountain in Q & M Aoxin following the completion of the Proposed Restructuring, and the Proposed Spin-Off and the Proposed Listing is calculated based on the assumption that: (a) upon completion of the Proposed Restructuring, Q & M Aoxin will in connection with the Proposed Listing undertake an initial public offering of new Q & M Aoxin Shares comprising 16.01% of its enlarged share capital; and (b) the relevant PRC regulatory approvals have been obtained for the Trust Company Share Subscription, the PRC Dentists and Employees Trust Deed and the transactions contemplated therein, and that the issue and allotment of 16,346,000 new Q & M Aoxin Shares to the Trust Company has been duly completed immediately prior to the Proposed Listing. In the event that the Trust Company Share Subscription is not completed, the shareholding interest of Mountain in Q & M Aoxin following the completion of the Proposed Restructuring, and the Proposed Spin-Off and the Proposed Listing will be 2.04%.

3.3 Shenyang Xin Ao Acquisition

Dr. Shao Yongxin is a PRC national with identity number 210104196206070037, and will be an executive director and the group chief executive officer of the Q & M Aoxin Group. On 13 November 2013, Q & M Aoxin entered into a master agreement with Dr. Shao Yongxin for Shanghai Q & M Investment to acquire 60.00% equity interest in Shenyang Xin Ao, pursuant to which Dr. Shao Yongxin provided the Shenyang Xin Ao PG to Q & M Aoxin and Shanghai Q & M Investment over the Shenyang Xin Ao PG Period for the Shenyang Xin Ao PG Amount. As security for the Shenyang Xin Ao PG, Dr. Shao Yongxin pledged his remaining 40.00% equity interest in Shenyang Xin Ao to Q & M Shanghai. Shenyang Xin Ao is a company incorporated in the PRC which is 40.00% held by Dr. Shao Yongxin and 60.00% held by Shanghai Q & M Investment, and is engaged in the operation of dental hospitals and clinics in Liaoning Province, the PRC. Shanghai Q & M Investment is a company incorporated in the PRC which is 100.00% held by Q & M Aoxin and is engaged in the business of, *inter alia*, investment and management consulting.

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Subsequent to the above transaction, Shanghai Q & M Investment and Shenyang Quan Ao have on 12 October 2016 each entered into a Shenyang Xin Ao Share Purchase Agreement with Dr. Shao Yongxin for:

- (a) Shanghai Q & M Investment to acquire 39.00% equity interest in Shenyang Xin Ao for an aggregate consideration of RMB 2,659,800 (approximately S\$557,610) which shall be fully satisfied in cash; and
- (b) Shenyang Quan Ao to acquire 1.00% equity interest in Shenyang Xin Ao for an aggregate consideration of RMB 68,000 (approximately S\$14,256) which shall be fully satisfied in cash.

The Shenyang Xin Ao Acquisition will be funded internally.

As at 30 June 2016, both the book value and the net tangible asset value of the Shenyang Xin Ao Interest is RMB 2,727,294.74 (approximately S\$571,760). The consideration for the Shenyang Xin Ao Acquisition was arrived at pursuant to arm's length negotiations between Shanghai Q & M Investment and Dr. Shao Yongxin on a willing-buyer willing-seller basis, after taking into account the rationale for the Proposed Restructuring, and the Proposed Spin-Off and the Proposed Listing.

In connection with the Shenyang Xin Ao Acquisition, Dr. Shao Yongxin has on 12 October 2016 entered into the Shao Supplemental Agreement pursuant to which:

- (i) all rights and obligations (if any) accorded to Q & M Aoxin and Shanghai Q & M Investment under the Shenyang Xin Ao PG shall be transferred from Q & M Aoxin to the Company, and the Company will remain the beneficiary of the Shenyang Xin Ao PG⁽¹⁾;
- (ii) Dr. Shao Yongxin shall deposit (or procure the deposit of) the Shao Escrow Amount in immediately available funds into the Shao Escrow Account, and maintain the Shao Escrow Amount for the entire duration of the Shenyang Xin Ao PG Period;
- (iii) the Company shall have the right to withdraw the Shao Shortfall Amount from the Shao Escrow Account. In the event of any such withdrawal, Dr. Shao Yongxin shall deposit such amount in the Shao Escrow Account so as to maintain the Shao Escrow Amount in accordance with the provisions of sub-paragraph (ii) above; and
- (iv) Dr. Shao Yongxin shall procure that Health Field Enterprises enters into the Shao Share Security Agreement. In the event that the Shao Shortfall Amount exceeds the Shao Escrow Amount or there is a breach by Dr. Shao Yongxin of the provisions in sub-paragraph (iii) above, the provisions of the Shao Share Security Agreement shall apply.

Health Field Enterprises Limited is a company incorporated in the British Virgin Islands which is 100.00% held by Action Health Enterprises Limited (which is in turn 100.00% held by Dr. Shao Yongxin) and is engaged in the business of investment holding. Pursuant to an issue and allotment of 109,401,709 new Q & M Aoxin Shares, Health Field Enterprises is contemplated to hold approximately 29.40%⁽²⁾ of the entire enlarged issued and paid-up share capital of Q & M Aoxin immediately after the Proposed Spin-Off and the Proposed Listing. Please refer to Section 3.6.2 of this Circular for further information on the Health Field Enterprises Share Subscription.

The Shenyang Xin Ao PG Period and the Shenyang Xin Ao PG Amount will remain unchanged after the Proposed Spin-Off and the Proposed Listing.

Further details relating to the Shenyang Xin Ao PG are set out as follows:

Shenyang Xin Ao PG Period	Shenyang Xin Ao PG Amount (RMB)	Shao Escrow Amount (RMB)
1 January 2016 to 31 December 2016	7,841,460	7,842,000
1 January 2017 to 31 December 2017	8,547,191	7,842,000

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Shenyang Xin Ao PG Period	Shenyang Xin Ao PG Amount (RMB)	Shao Escrow Amount (RMB)
1 January 2018 to 31 December 2018	9,316,439	7,842,000
1 January 2019 to 31 December 2019	10,154,918	7,842,000
1 January 2020 to 31 December 2020	11,068,861	7,842,000
1 January 2021 to 31 December 2021	12,065,058	7,842,000
1 January 2022 to 31 December 2022	13,150,913	7,842,000
1 January 2023 to 31 December 2023	14,334,496	7,842,000
1 January 2024 to 31 December 2024	15,624,600	7,842,000
1 January 2025 to 31 December 2025	17,030,814	7,842,000
1 January 2026 to 30 June 2026	3,300,000	7,842,000
Total	122,434,750	

The Shenyang Xin Ao PG for the periods 1 July 2014 to 31 December 2014 and 1 January 2015 to 31 December 2015 pursuant to the terms of the Shenyang Xin Ao Master Agreement has been met.

Notes:-

- (1) Under the master agreement entered into between Q & M Aoxin and Dr. Shao Yongxin, the Shenyang Xin Ao PG was provided to Q & M Aoxin and Shanghai Q & M Investment. Shanghai Q & M Investment is 100.00% held by Q & M Aoxin. As Q & M Aoxin is 100.00% held by the Company, the Company is the ultimate beneficiary of the Shenyang Xin Ao PG insofar as the rights and obligations (if any) thereunder are ascribed to Q & M Aoxin. However, following the completion of the Proposed Restructuring, and the Proposed Spin-Off and the Proposed Listing, the Company will no longer hold a majority interest in Q & M Aoxin. As such, the Shao Supplemental Agreement seeks to transfer all rights and obligations (if any) under the Shenyang Xin Ao PG from Q & M Aoxin to the Company so as to preserve the status quo.
- (2) The shareholding interest of Health Field Enterprises in Q & M Aoxin following the completion of the Proposed Restructuring, and the Proposed Spin-Off and the Proposed Listing is calculated based on the assumption that: (a) upon completion of the Proposed Restructuring, Q & M Aoxin will in connection with the Proposed Listing undertake an initial public offering of new Q & M Aoxin Shares comprising 16.01% of its enlarged share capital; and (b) the relevant PRC regulatory approvals have been obtained for the Trust Company Share Subscription, the PRC Dentists and Employees Trust Deed and the transactions contemplated therein, and that the issue and allotment of 16,346,000 new Q & M Aoxin Shares to the Trust Company has been duly completed immediately prior to the Proposed Listing. In the event that the Trust Company Share Subscription is not completed, the shareholding interest of Health Field Enterprises in Q & M Aoxin following the completion of the Proposed Restructuring, and the Proposed Spin-Off and the Proposed Listing will be 30.75%.

3.4 Q & M Dental (Shenyang) Acquisition

Q & M Aoxin has on 12 October 2016 entered into the Q & M Dental (Shenyang) Share Purchase Agreement with Health Field Enterprises to acquire its 40.00% shareholding interest in Q & M Dental (Shenyang) for a nominal consideration of S\$1.00 which shall be fully satisfied in cash. Health Field Enterprises is a company incorporated in the British Virgin Islands which is 100.00% held by Action Health Enterprises Limited (which is in turn 100.00% held by Dr. Shao Yongxin), and is engaged in the business of investment holding. Q & M Dental (Shenyang) is a company incorporated in Singapore which is 40.00% held by Health Field Enterprises and 60.00% held by Q & M Aoxin, and is engaged in the business of providing medical equipment leasing services in the PRC. The Q & M Dental (Shenyang) Acquisition will be funded internally.

As at 30 June 2016, both the book value and the net tangible asset value of the shareholding interest in Q & M Dental (Shenyang) to be acquired by Q & M Aoxin is S\$2,480,033. The nominal consideration for the Q & M Dental (Shenyang) Acquisition was arrived at after taking into account the Health Field Enterprises Share Subscription and the rationale for the Proposed Restructuring, and the Proposed Spin-Off and the Proposed Listing.

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3.5 Q & M China Acquisition

Dr. Cheah Kim Fee is the chief executive officer of Q & M Aoxin. Pursuant to his appointment, Dr. Cheah Kim Fee acquired 1.00% shareholding interest in Q & M China for an aggregate consideration of S\$200,000 as it was envisioned that the Group would be expanding its business interests in the PRC through Q & M China. As the Group no longer intends to do so, the Company has on 12 October 2016 entered into the Q & M China Share Purchase Agreement with Dr. Cheah Kim Fee to acquire his 1.00% shareholding interest in Q & M China for an aggregate consideration of S\$200,000, which shall be fully satisfied in cash. The consideration received by Dr. Cheah Kim Fee will be used by him for the Dr. Cheah Share Subscription for an aggregate consideration of S\$100,000 and the subscription of new shares in Aidite for an aggregate consideration of S\$100,000. Q & M China is a company incorporated in Singapore which is 1.00% held by Dr. Cheah Kim Fee and 99.00% held by the Company, and is engaged in the business of investment holding. For the avoidance of doubt, Q & M China will not be part of the Q & M Aoxin Group. The Q & M China Acquisition will be funded internally.

As at 30 June 2016, both the book value and the net tangible liability value of the entire of Dr. Cheah Kim Fee's shareholding interest in Q & M China to be acquired by the Company is S\$3,249. The consideration for the Q & M China Acquisition was arrived at pursuant to arm's length negotiations between the Company and Dr. Cheah Kim Fee on a willing-buyer willing-seller basis, after taking into account the rationale for the Proposed Restructuring, and the Proposed Spin-Off and the Proposed Listing.

3.6 Issue and Allotment of New Q & M Aoxin Shares

3.6.1 Dr. Cheah Share Subscription

Q & M Aoxin has on 12 October 2016 entered into a share subscription agreement with Dr. Cheah Kim Fee for the issue and allotment of 641,026 new Q & M Aoxin Shares for an aggregate consideration of S\$100,000. Upon completion of the Dr. Cheah Share Subscription, it is contemplated that Dr. Cheah will hold 0.17%⁽¹⁾ of the entire enlarged issued and paid-up share capital of Q & M Aoxin immediately after Listing.

Note:-

- (1) The shareholding interest of Dr. Cheah in Q & M Aoxin following the completion of the Proposed Restructuring, and the Proposed Spin-Off and the Proposed Listing is calculated based on the assumption that: (a) upon completion of the Proposed Restructuring, Q & M Aoxin will in connection with the Proposed Listing undertake an initial public offering of new Q & M Aoxin Shares comprising 16.01% of its enlarged share capital; and (b) the relevant PRC regulatory approvals have been obtained for the Trust Company Share Subscription, the PRC Dentists and Employees Trust Deed and the transactions contemplated therein, and that the issue and allotment of 16,346,000 new Q & M Aoxin Shares to the Trust Company has been duly completed immediately prior to the Proposed Listing. In the event that the Trust Company Share Subscription is not completed, the shareholding interest of Dr. Cheah in Q & M Aoxin following the completion of the Proposed Restructuring, and the Proposed Spin-Off and the Proposed Listing will be 0.18%.

3.6.2 Health Field Enterprises Share Subscription

Health Field Enterprises is a company incorporated in the British Virgin Islands which is 100.00% held by Action Health Enterprises Limited (which is in turn 100.00% held by Dr. Shao Yongxin) and is engaged in the business of investment holding. Q & M Aoxin has on 12 October 2016 entered into a share subscription agreement with Health Field Enterprises for the issue and allotment of 109,401,709 new Q & M Aoxin Shares for an aggregate consideration of S\$556,900. Upon completion of the Health Field Enterprises Share Subscription, it is contemplated that Health Field Enterprises Ltd will hold 29.40%⁽¹⁾ of the entire enlarged issued and paid-up share capital of Q & M Aoxin immediately after Listing.

Note:-

- (1) The shareholding interest of Health Field Enterprises in Q & M Aoxin following the completion of the Proposed Restructuring, and the Proposed Spin-Off and the Proposed Listing is calculated based on the assumption that: (a) upon completion of the Proposed Restructuring, Q & M Aoxin will in connection with the Proposed Listing undertake an initial public offering of new Q & M Aoxin Shares comprising 16.01% of its enlarged share capital; and (b) the relevant PRC regulatory approvals have been obtained for the Trust Company Share Subscription, the PRC Dentists and Employees Trust Deed and the transactions contemplated therein, and that the issue and allotment of 16,346,000

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new Q & M Aoxin Shares to the Trust Company has been duly completed immediately prior to the Proposed Listing. In the event that the Trust Company Share Subscription is not completed, the shareholding interest of Health Field Enterprises in Q & M Aoxin following the completion of the Proposed Restructuring, and the Proposed Spin-Off and the Proposed Listing will be 30.75%.

3.6.3 *JV Partners BVI Share Subscription*

Finest International is a company incorporated in the British Virgin Islands which is 100.00% held by Dr. Ren Hong and is engaged in the business of investment holding. Joyce International is a company incorporated in the British Virgin Islands which is 100.00% held by Ms. Gao Huiying and is engaged in the business of investment holding. Excellent Warship International is a company incorporated in the British Virgin Islands which is 100.00% held by Dr. Zhang Chun and is engaged in the business of investment holding.

Q & M Aoxin has on 12 October 2016 entered into a share subscription agreement with each of:

- (a) Finest International for the issue and allotment of 10,516,320 new Q & M Aoxin Shares for an aggregate consideration of S\$160,200;
- (b) Joyce International for the issue and allotment of 2,026,471 new Q & M Aoxin Shares for an aggregate consideration of S\$50,000; and
- (c) Excellent Warship International for the issue and allotment of 5,502,969 new Q & M Aoxin Shares for an aggregate consideration of S\$119,200.

Upon completion of the JV Partners BVI Share Subscription, it is contemplated that Finest International, Joyce International and Excellent Warship International will hold 2.83%⁽¹⁾, 0.54%⁽¹⁾ and 1.48%⁽¹⁾ respectively of the entire enlarged issued and paid-up share capital of Q & M Aoxin immediately after Listing.

Note:-

- (1) The shareholding interest of Finest International, Joyce International and Excellent Warship in Q & M Aoxin following the completion of the Proposed Restructuring, and the Proposed Spin-Off and the Proposed Listing is calculated based on the assumption that: (a) upon completion of the Proposed Restructuring, Q & M Aoxin will in connection with the Proposed Listing undertake an initial public offering of new Q & M Aoxin Shares comprising 16.01% of its enlarged share capital; and (b) the relevant PRC regulatory approvals have been obtained for the Trust Company Share Subscription, the PRC Dentists and Employees Trust Deed and the transactions contemplated therein, and that the issue and allotment of 16,346,000 new Q & M Aoxin Shares to the Trust Company has been duly completed immediately prior to the Proposed Listing. In the event that the Trust Company Share Subscription is not completed, the shareholding interest of Finest International, Joyce International and Excellent Warship in Q & M Aoxin following the completion of the Proposed Restructuring, and the Proposed Spin-Off and the Proposed Listing will be 2.96%, 0.57% and 1.55% respectively.

3.6.4 *Mountain Share Subscription*

Mountain is a company incorporated in the British Virgin Islands which is 100.00% held by Mr. Cui Guo An and is engaged in the business of investment holding. Q & M Aoxin has on 12 October 2016 entered into a share subscription agreement with Mountain for the issue and allotment of 7,265,605 new Q & M Aoxin Shares for an aggregate consideration of S\$171,100. Upon completion of the Mountain Share Subscription, it is contemplated that Mountain will hold 1.95%⁽¹⁾ of the entire enlarged issued and paid-up share capital of Q & M Aoxin immediately after Listing.

Note:-

- (1) The shareholding interest of Mountain in Q & M Aoxin following the completion of the Proposed Restructuring, and the Proposed Spin-Off and the Proposed Listing is calculated based on the assumption that: (a) upon completion of the Proposed Restructuring, Q & M Aoxin will in connection with the Proposed Listing undertake an initial public offering of new Q & M Aoxin Shares comprising 16.01% of its enlarged share capital; and (b) the relevant PRC regulatory approvals have been obtained for the Trust Company Share Subscription, the PRC Dentists and Employees Trust Deed and the transactions contemplated therein, and that the issue and allotment of 16,346,000 new Q & M Aoxin Shares to the Trust Company has been duly completed immediately prior to the Proposed Listing. In the event that the Trust Company Share Subscription is not completed, the shareholding interest of Mountain in Q & M Aoxin following the completion of the Proposed Restructuring, and the Proposed Spin-Off and the Proposed Listing will be 2.04%.

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3.6.5 Trust Company Share Subscription⁽¹⁾

In order to reward and incentivize the Eligible PRC Dentists and Employees, Q & M Aoxin has on 12 October 2016 entered into a share subscription agreement with the Trust Company which was incorporated for this purpose for the issue and allotment of 16,346,000 new Q & M Aoxin Shares for an aggregate consideration of S\$1,961,520, which shall be held on trust for the Eligible PRC Dentists and Employees pursuant to the PRC Dentists and Employees Trust Deed. Pursuant to the terms of the PRC Dentists and Employees Trust Deed, the Trust Company will hold the PRC Dentists and Employees Shares in trust for the Eligible PRC Dentists and Employees as their nominee and shall have no beneficial right, title or interest in the PRC Dentists and Employees Share Sale. Please refer to Appendix C of this Circular for a list of the Eligible PRC Dentists and Employees. It is contemplated that the completion of the Trust Company Share Subscription will only take place after the Proposed Spin-Off and the Proposed Listing. Upon completion of the Trust Company Share Subscription, it is contemplated that the Trust Company will hold 4.39%⁽²⁾ of the entire enlarged issued and paid-up share capital of Q & M Aoxin immediately after Listing.

Note:-

- (1) The Trust Company Share Subscription, the PRC Dentists and Employees Trust Deed and the transactions contemplated therein are subject to approvals by the relevant PRC authorities. In the event that such approvals are not obtained, the Trust Company Share Subscription will not be completed.
- (2) The shareholding interest of the Trust Company in Q & M Aoxin following the completion of the Proposed Restructuring, and the Proposed Spin-Off and the Proposed Listing is calculated based on the assumption that: (a) upon completion of the Proposed Restructuring, Q & M Aoxin will in connection with the Proposed Listing undertake an initial public offering of new Q & M Aoxin Shares comprising 16.01% of its enlarged share capital; and (b) the relevant PRC regulatory approvals have been obtained for the Trust Company Share Subscription, the PRC Dentists and Employees Trust Deed and the transactions contemplated therein, and that the issue and allotment of 16,346,000 new Q & M Aoxin Shares to the Trust Company has been duly completed immediately prior to the Proposed Listing.

3.6.6 Q & M Aoxin Share Sale Restriction Agreement

In light of the Health Field Enterprises Share Subscription, the JV Partners BVI Share Subscription and the Mountain Share Subscription, the Company, Health Field Enterprises, Dr. Shao Yongxin, Finest International, Dr. Ren Hong, Excellent Warship, Dr. Zhang Chun, Joyce International, Ms. Gao Huiying, Mountain and Mr. Cui Guo An have entered into the Q & M Aoxin Share Sale Restriction Agreement, the key terms of which are as follows:

- (a) in the event that the Company wishes to sell any of the Q & M Aoxin Sale Shares to a third party during the Restricted Period, each of Health Field Enterprises, Finest International, Excellent Warship, Joyce International and Mountain may exercise a tag-along right to sell the Q & M Aoxin Tag Shares, provided that the Q & M Aoxin Tag Shares Percentage shall be proportionate to the Q & M Aoxin Sale Shares Percentage;
- (b) save in accordance with the provisions of sub-paragraph (a) above, Health Field Enterprises, Finest International, Excellent Warship, Joyce International and Mountain shall not transfer any of the Q & M Aoxin Shares held by them during the Restricted Period. After the Restricted Period, any transfer of the Q & M Aoxin Shares held by them shall be subject to the restrictions, terms and conditions set out in the Shao Share Security Agreement, the JV Partner Share Security Agreements and the Cui Share Security Agreement respectively;
- (c) each of Dr. Shao Yongxin, Dr. Ren Hong, Dr. Zhang Chun, Ms. Gao Huiying and Mr. Cui Guo An undertake not to, *inter alia*, dispose of their shareholding interests (direct or indirect) in Health Field Enterprises, Finest International, Excellent Warship, Joyce International and Mountain respectively during the Restricted Period; and
- (d) each of Dr. Shao Yongxin, Dr. Ren Hong, Dr. Zhang Chun, Ms. Gao Huiying and Mr. Cui Guo An undertake to procure that each of Health Field Enterprises, Finest International, Excellent Warship, Joyce International and Mountain will not undertake any business or other activities other than holding the Q & M Aoxin Shares during the Restricted Period,

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where “**Restricted Period**” means the period commencing from the Closing Date (as defined in the Share Subscription Agreements) or the date of the Proposed Listing (whichever is earlier), and ending six years from the date of the Proposed Listing.

In addition, pursuant to the Catalist Rules, in the case of investors who acquired their securities in Q & M Aoxin, and who made payment for their acquisition, less than 12 months prior to the date of the Proposed Listing, a proportion of their shareholdings in Q & M Aoxin will be subject to a moratorium for 12 months after the Proposed Listing.

3.6.7 Shareholders of Q & M Aoxin

The shareholding interests of the shareholders of Q & M Aoxin after: (a) the Proposed Restructuring (excluding the Trust Company Share Subscription); (b) the Proposed Restructuring, and the Proposed Spin-Off and the Proposed Listing (excluding the Trust Company Share Subscription); and (c) the Proposed Restructuring, and the Proposed Spin-Off and the Proposed Listing (including the Trust Company Share Subscription), are set as follows:

Shareholders of Q & M Aoxin	After the Proposed Restructuring (excluding the Trust Company Share Subscription) ⁽¹⁾⁽⁴⁾	After the Proposed Restructuring, and the Proposed Spin-Off and the Proposed Listing (excluding the Trust Company Share Subscription) ⁽¹⁾⁽²⁾⁽⁴⁾	After the Proposed Restructuring, and the Proposed Spin-Off and the Proposed Listing (including the Trust Company Share Subscription) ⁽³⁾⁽⁴⁾
Dr. Cheah Kim Fee	0.21%	0.18%	0.17%
Health Field Enterprises ⁽⁵⁾	36.61%	30.75%	29.40%
Finest International ⁽⁶⁾	3.52%	2.96%	2.83%
Joyce International ⁽⁷⁾	0.68%	0.57%	0.54%
Excellent Warship International ⁽⁸⁾	1.84%	1.55%	1.48%
Mountain ⁽⁹⁾	2.43%	2.04%	1.95%
Trust Company ⁽¹⁰⁾	-(1)	-(1)	4.39%
Company	54.71%	45.94%	43.92%
Public	-	16.01%	15.32%
Total	100.00%	100.00%	100.00%

Notes:-

- (1) The shareholding interests of the shareholders of Q & M Aoxin have been presented excluding the issue and allotment of 16,346,000 new Q & M Aoxin Shares to the Trust Company as it is contemplated that the completion of the Trust Company Share Subscription will only take place after the Proposed Spin-Off and the Proposed Listing.
- (2) The shareholding interests of the shareholders of Q & M Aoxin have been presented based on the assumption that upon completion of the Proposed Restructuring, Q & M Aoxin will in connection with the Proposed Listing undertake an initial public offering of new Q & M Aoxin Shares comprising 16.01% of its enlarged share capital. In the event that the New Q & M Aoxin Shares issued in connection with the Proposed Listing do not comprise 16.01% of the enlarged share capital of Q & M Aoxin, the shareholding interests of the shareholders of Q & M Aoxin will vary accordingly.
- (3) The shareholding interests of the shareholders of Q & M Aoxin have been presented based on the assumption that: (a) upon completion of the Proposed Restructuring, Q & M Aoxin will in connection with the Proposed Listing undertake an initial public offering of new Q & M Aoxin Shares comprising 16.01% of its enlarged share capital; and (b) the relevant PRC regulatory approvals have been obtained for the Trust Company Share Subscription, the PRC Dentists and Employees Trust Deed and the transactions contemplated therein. In the event that the Loan Capitalisation is not completed, the New Q & M Aoxin Shares issued in connection with the Proposed Listing do not comprise 16.01% of the enlarged share capital of Q & M Aoxin, and/or the relevant PRC regulatory approvals are not obtained as aforementioned, the shareholding interests of the shareholders of Q & M Aoxin will vary accordingly.
- (4) The shareholding interests of the shareholders of Q & M Aoxin have been presented based on the assumption that the Loan Capitalisation of approximately S\$15.6 million has been completed prior to the completion of the Proposed Spin-Off and the Proposed Listing. In the event that the Loan Capitalisation is not completed as aforementioned, the shareholding interests of the shareholders of Q & M Aoxin will vary accordingly.

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- (5) Dr. Shao Yongxin is deemed to have an interest in the Q & M Aoxin Shares held by Health Field Enterprises by virtue of his 100.00% indirect interest in Health Field Enterprises.
- (6) Dr. Ren Hong is deemed to have an interest in the Q & M Aoxin Shares held by Finest International by virtue of her 100.00% direct interest in Finest International.
- (7) Ms. Gao Huiying is deemed to have an interest in the Q & M Aoxin Shares held by Joyce International by virtue of her 100.00% direct interest in Joyce International.
- (8) Dr. Zhang Chun is deemed to have an interest in the Q & M Aoxin Shares held by Excellent Warship International by virtue of her 100.00% direct interest in Excellent Warship International.
- (9) Mr. Cui Guo An is deemed to have an interest in the Q & M Aoxin Shares held by Mountain by virtue of his 100.00% direct interest in Mountain.
- (10) The Eligible PRC Dentists and Employees are deemed to have an interest in the Q & M Aoxin Shares held by the Trust Company as such Q & M Aoxin Shares are held in trust for the Eligible PRC Dentists and Employees pursuant to the PRC Dentists and Employees Trust Deed. Please refer to Appendix C of this Circular for a list of the Eligible PRC Dentists and Employees.

3.7 Value of the JV Entities Acquisition, the Shenyang Maotai Acquisition, the Shenyang Xin Ao Acquisition, the Q & M Dental (Shenyang) Acquisition and the Q & M China Acquisition

FRS 110 provides that changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary are equity transactions (i.e. transactions with owners in their capacity as owners). Assuming that the JV Entities Acquisition, the Shenyang Maotai Acquisition, the Shenyang Xin Ao Acquisition, the Q & M Dental (Shenyang) Acquisition and the Q & M China Acquisition had been completed on 31 December 2015, the estimated increase in capital reserves arising from the assets to be acquired pursuant to the JV Entities Acquisition, the Shenyang Maotai Acquisition, the Shenyang Xin Ao Acquisition, the Q & M Dental (Shenyang) Acquisition and the Q & M China Acquisition is S\$3.4 million.

3.8 Chapter 10 of the Listing Manual

The relative figures⁽¹⁾ of the JV Entities Acquisition, the Shenyang Maotai Acquisition, the Shenyang Xin Ao Acquisition, the Q & M Dental (Shenyang) Acquisition and the Q & M China Acquisition (which have been aggregated for this purpose pursuant to Rule 1005 of the Listing Manual) computed on the bases as set out in Rule 1006 of the Listing Manual and based on the latest unaudited financial statements of the Group for 1H2016 are set out as follows:

	Bases Under Rule 1006	Relative Figure
(a)	NAV of the assets to be disposed of, compared with the Group's NAV. This basis is not applicable to an acquisition of assets.	N.A.
(b)	Net profits attributable to the assets acquired or disposed of, compared with the Group's net profits.	13.68% ⁽²⁾
(c)	Aggregate value of the consideration received, compared with the Company's market capitalisation based on the total number of issued Shares excluding treasury shares.	0.21% ⁽³⁾
(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable as the Company did not issue any equity securities as consideration for an acquisition.
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil & gas company, but not to an acquisition of such assets.	Not applicable as the Company is not a mineral, oil and gas company.

Notes:-

- (1) These figures have been presented based on the assumption that the Aidite Spin-Off has been completed.

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- (2) Computed based on: (a) the unaudited profit before tax attributable to non-controlling interest of the Q & M Aoxin Group from continuing operations of S\$0.94 million (approximately RMB 4.6 million) (based on the unaudited management accounts of the Q & M Aoxin Group for 1H2016); and (b) the Group's unaudited profit before tax of approximately S\$6.9 million for 1H2016 after deducting the profit before tax attributable to Aidite of S\$3.57 million.
- (3) Computed based on: (a) the aggregate consideration of RMB 6.17 million (approximately S\$1.25 million) for the JV Entities Acquisition, the Shenyang Maotai Acquisition, the Shenyang Xin Ao Acquisition, the Q & M Dental (Shenyang) Acquisition and the Q & M China Acquisition; and (b) the volume weighted average price of the Shares traded on the SGX-ST of S\$0.7613 on 11 October 2016 (being the market day preceding the date of the JV Entities Share Purchase Agreements, the Shenyang Maotai Share Purchase Agreement, the Shenyang Xin Ao Share Purchase Agreements, the Q & M Dental (Shenyang) Share Purchase Agreement and the Q & M China Share Purchase Agreement) multiplied by 796,564,000 Shares in issue as at 12 October 2016 (being the date of the JV Entities Share Purchase Agreements, the Shenyang Maotai Share Purchase Agreement, the Shenyang Xin Ao Share Purchase Agreements, the Q & M Dental (Shenyang) Share Purchase Agreement and the Q & M Share Purchase Agreement).

As the relative figures computed on the bases set out in Rule 1006 exceed 5.00% but do not exceed 20.00%, the JV Entities Acquisition, the Shenyang Maotai Acquisition, the Shenyang Xin Ao Acquisition, the Q & M Dental (Shenyang) Acquisition and the Q & M China Acquisition in aggregate constitute a discloseable transaction as defined in Chapter 10 of the Listing Manual which is not subject to Shareholders' approval. Notwithstanding the foregoing, the Board is of the view that the Shareholders should be given an opportunity to assess and consider the terms of the Proposed Restructuring and accordingly, Shareholders' approval for the Proposed Restructuring will be sought at the EGM.

4. FINANCIAL EFFECTS OF THE PROPOSED RESTRUCTURING, AND THE PROPOSED SPIN-OFF AND THE PROPOSED LISTING

4.1 Bases and Assumptions

The pro forma financial effects are presented for illustration only and are not intended to reflect the actual future financial situation of the Company after the completion of the Proposed Restructuring, and the Proposed Spin-Off and the Proposed Listing. These illustrative pro forma financial effects have been computed based on (i) the audited consolidated financial statements of the Group for FY2015; and (ii) the audited consolidated financial statements of Q & M Aoxin for FY2015.

4.2 Share Capital

As no new Shares will be issued by the Company in connection with the Proposed Restructuring, and the Proposed Spin-Off and the Proposed Listing, the Proposed Restructuring, and the Proposed Spin-Off and the Proposed Listing will have no impact on the Company's issued share capital.

4.3 NTA per Share

Assuming that the Proposed Restructuring, and the Proposed Spin-Off and the Proposed Listing had been completed on 31 December 2015, the effect of the Proposed Restructuring, and the Proposed Spin-Off and the Proposed Listing on the Group's NTA per Share as at 31 December 2015 will be as follows:

	Before the Proposed Restructuring, and the Proposed Spin-Off and the Proposed Listing	After the Proposed Restructuring, and the Proposed Spin-Off and the Proposed Listing
NTA ⁽¹⁾ attributable to the Shareholders (S\$'000)	22,254	45,696
Number of Shares ('000)	794,273	794,273
NTA per Share (cents)	2.80	5.75

Notes:-

- (1) NTA means total assets less the sum of total liabilities, non-controlling interest and intangible assets (net of non-controlling interest).

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4.4 EPS

Assuming that the Proposed Restructuring, and the Proposed Spin-Off and the Proposed Listing had been completed on 1 January 2015, the effect of the Proposed Restructuring, and the Proposed Spin-Off and the Proposed Listing on the Group's EPS for FY2015 will be as follows:

	Before the Proposed Restructuring, and the Proposed Spin-Off and the Proposed Listing	After the Proposed Spin-Off and Proposed Listing, and the Proposed Restructuring
Profit After Taxation and Non-Controlling Interests (S\$'000)	8,716	24,713
Weighted Average Number of Shares ('000)	779,933	779,933
EPS (cents)	1.12	3.17

4.5 Gearing

The financial effects of the Proposed Restructuring, and the Proposed Spin-Off and the Proposed Listing on the Group's gearing as at 31 December 2015 will be as follows:

	Before the Proposed Restructuring, and the Proposed Spin-Off and the Proposed Listing	After the Proposed Spin-Off and Proposed Listing, and the Proposed Restructuring
Net Borrowings ⁽¹⁾ as at 31 December 2015 (S\$'000)	21,380	24,523
Shareholders' Equity (S\$'000)	88,021	93,153
Gearing (times)	0.24	0.26

Note:-

(1) Net borrowings means total borrowings less cash and bank balances.

5. GROUP STRUCTURE

Please refer to Appendix A of this Circular for the shareholding structure of the Group prior to the Proposed Restructuring, and the Proposed Spin-Off and the Proposed Listing, and Appendix B of this Circular for the shareholding structure of the Group pursuant to the Proposed Restructuring, and the Proposed Spin-Off and the Proposed Listing.

6. RULE 14 OF THE TAKE-OVER CODE

Upon completion of the Proposed Restructuring, and the Proposed Spin-Off and the Proposed Listing, the Company will retain a controlling stake of 43.92%⁽¹⁾ in the entire enlarged issued and paid-up share capital of Q & M Aoxin.

Under Rule 14 of the Takeover Code, except with the consent of the SIC, where:

- (a) any person acquires whether by a series of transactions over a period of time or not, shares which (taken together with shares held or acquired by persons acting in concert with him) carry 30.00% or more of the voting rights of a company; or

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- (b) any person who, together with persons acting in concert with him, holds not less than 30.00% but not more than 50.00% of the voting rights in a company and such person, or any person acting in concert with him, acquires in any period of six months additional shares carrying more than 1.00% of the voting rights,

such person shall extend immediately an offer to the holders of any class of shares in the capital of the company which carries votes and in which such person or persons acting in concert with him hold shares. In addition to such person, each of the principal members of the group of persons acting in concert with him may, according to the circumstances of the case, have the obligation to extend an offer.

Accordingly, in the event that the Company and its concert parties increases their aggregate shareholdings in Q & M Aoxin by 1.00% or more within a period of six months, they will incur an obligation to make a mandatory general offer for Q & M Aoxin under Rule 14 of the Take-over Code unless such obligation to make a mandatory general offer for Q & M Aoxin is waived by the SIC.

Note:-

- (1) The shareholding interest of the Company in Q & M Aoxin following the completion of the Proposed Restructuring, and the Proposed Spin-Off and the Proposed Listing is calculated based on the assumption that: (a) upon completion of the Proposed Restructuring, Q & M Aoxin will in connection with the Proposed Listing undertake an initial public offering of new Q & M Aoxin Shares comprising 16.01% of its enlarged share capital; and (b) the relevant PRC regulatory approvals have been obtained for the Trust Company Share Subscription, the PRC Dentists and Employees Trust Deed and the transactions contemplated therein, and that the issue and allotment of 16,346,000 new Q & M Aoxin Shares to the Trust Company has been duly completed immediately prior to the Proposed Listing.

7. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

	Direct Interest		Deemed Interest		Total Interest	
	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾
Directors						
Mr. Narayanan Sreenivasan	290,000	0.04	-	-	290,000	0.04
Dr. Ng Chin Siau ⁽²⁾	11,240,110	1.41	452,296,545	56.78	463,536,655	58.19
Dr. Ang Ee Peng Raymond	-	-	-	-	-	-
Mr. Ng Weng Sui Harry	240,000	0.03	-	-	240,000	0.03
Professor Toh Chooi Gait	-	-	-	-	-	-
Substantial Shareholders (who are not Directors)						
Quan Min Holdings Pte. Ltd. ⁽³⁾	452,195,545	56.77	-	-	452,195,545	56.77
Heritas Helios Investments Pte. Ltd.	64,076,115	8.04	-	-	64,076,115	8.04
Heritas Capital Management Pte. Ltd. ⁽⁴⁾	-	-	64,076,115	8.04	64,076,115	8.04
IMC Heritas Investments Ltd. ⁽⁵⁾	-	-	64,076,115	8.04	64,076,115	8.04
IMC Pan Asia Alliance Corporation ⁽⁶⁾	-	-	64,076,115	8.04	64,076,115	8.04

Notes:-

- (1) The percentage shareholding interest is computed based on 796,564,000 Shares.
- (2) Dr. Ng Chin Siau is deemed to have an interest in: (a) the 452,195,545 Shares held by Quan Min Holdings Pte. Ltd. by virtue of his 37.03% direct shareholding in Quan Min Holdings Pte. Ltd.; and (b) the 101,000 Shares held by his spouse, Ms. Foo Siew Juian.

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- (3) Quan Min Holdings Pte. Ltd. is an investment holding company incorporated in Singapore and is the Company's ultimate parent company.
- (4) Heritas Capital Management Pte. Ltd. is deemed to have an interest in the Shares held by Heritas Helios Investments Pte. Ltd. as it is the investment manager of Heritas Helios Investments Pte. Ltd..
- (5) IMC Heritas Investments Ltd. is deemed to have an interest in the Shares held by Heritas Helios Investments Pte. Ltd. as it is the owner of the entire share capital of Heritas Helios Investments Pte. Ltd..
- (6) IMC Pan Asia Alliance Corporation is deemed to have an interest in the Shares held by Heritas Helios Investments Pte. Ltd. as it is the owner of the entire share capital of IMC Heritas Investments Ltd., which is in turn the owner of the entire share capital of Heritas Helios Investments Pte. Ltd..

Save for their respective interests in the Shares as disclosed above, none of the Directors or Substantial Shareholders or their respective associates, has any interest, direct or indirect, in the Proposed Restructuring, and the Proposed Spin-Off and the Proposed Listing.

8. EXTRAORDINARY GENERAL MEETING

The EGM will be held on 31 October 2016 at 6.00 p.m. at PARKROYAL on Kitchener Road, Emerald Ballroom 2, 181 Kitchener Road, Singapore 208533 for the purpose of considering and, if thought fit, passing with or without any modifications, Ordinary Resolution 1 and Ordinary Resolution 2 set out in the Notice of EGM.

9. SERVICE CONTRACTS

There are no directors who are proposed to be appointed to the Board in connection with the Proposed Restructuring, and the Proposed Spin-Off and the Proposed Listing. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

10. DIRECTORS' RECOMMENDATIONS

Having considered the rationale for the JV Entities Acquisition, the Shenyang Maotai Acquisition, the Shenyang Xin Ao Acquisition, the Q & M Dental (Shenyang) Acquisition and the Q & M China Acquisition, the Directors are of the opinion that the JV Entities Acquisition, the Shenyang Maotai Acquisition, the Shenyang Xin Ao Acquisition, the Q & M Dental (Shenyang) Acquisition and the Q & M China Acquisition are in the best interests of the Company. Accordingly, the Directors recommend that the Shareholders vote in favour of the Ordinary Resolution 1 as set out in the Notice of EGM.

Having considered the rationale for the Proposed Spin-Off and the Proposed Listing, the Directors are of the opinion that the Proposed Spin-Off and the Proposed Listing are in the best interests of the Company. Accordingly, the Directors recommend that the Shareholders vote in favour of the Ordinary Resolution 2 as set out in the Notice of EGM.

The Directors, in rendering their recommendation, have not had regard to the specific investment objectives, financial situation, tax position or unique needs and constraints of any individual Shareholder. As different Shareholders would have different investment objectives and profiles, the Directors recommend that any individual Shareholder who may require advice in the context of his specific investment portfolio, should consult his stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

11. ACTIONS TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the EGM and wish to appoint a proxy to attend and vote on their behalf, should complete, sign and return the attached Proxy Form in accordance with the instructions printed thereon as soon as possible and, in any event, so as to arrive at the office of the share registrar of the Company, Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte Ltd), 80 Robinson Road, #11-02, Singapore 068898, not later than 48 hours before the time set for the EGM. The completion and return of the proxy form by a Shareholder will not prevent him from attending and voting at the EGM, if he wishes to do so, in place of his proxy.

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A Depositor shall not be regarded as a Shareholder entitled to attend the EGM and to speak and vote thereat unless Shares are entered against his name on the Depository Register at least 72 hours before the time fixed for the EGM.

Shareholders and other investors are reminded to exercise caution when dealing in the Shares. In the event that Shareholders and other investors are in doubt about the actions they should take, they should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.

12. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Spin-Off and the Proposed Listing, the Proposed Restructuring, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which will make any statement in this Circular misleading.

Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

13. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the registered office of the Company at 81 Science Park Drive, #02-04, The Chadwick, Singapore Science Park I, Singapore 118257, during normal business hours, from the date hereof up to and including the later of the date of the EGM or three months from the date of the Announcement:

- (a) the draft Trademark Agreement;
- (b) the JV Entities Share Purchase Agreements;
- (c) the JV Partner Supplemental Agreements;
- (d) the JV Partner Share Security Agreements;
- (e) the Shenyang Maotai Share Purchase Agreement;
- (f) the Cui Supplemental Agreement;
- (g) the Cui Share Security Agreement;
- (h) the Shenyang Xin Ao Share Purchase Agreements;
- (i) the Shao Supplemental Agreement;
- (j) the Shao Share Security Agreement;
- (k) the Q & M Dental (Shenyang) Share Purchase Agreement;
- (l) the Q & M China Share Purchase Agreement;
- (m) the Share Subscription Agreements;
- (n) the draft PRC Dentists and Employees Trust Deed;
- (o) the Q & M Aoxin Share Sale Restriction Agreement;

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- (p) the Constitution; and
- (q) the annual report of the Company for FY2015.

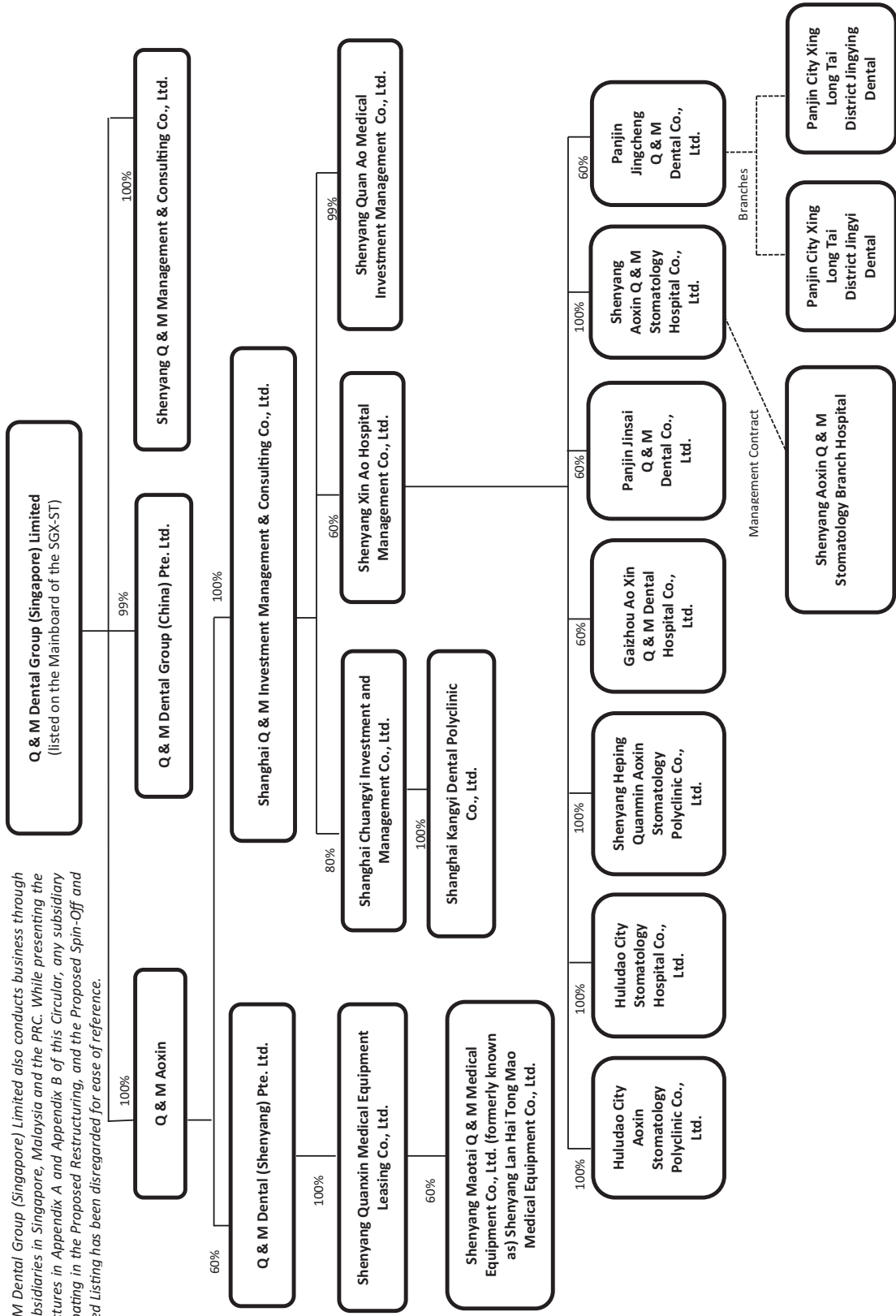
Yours faithfully,

For and on behalf of the Board of Directors of
Q & M Dental Group (Singapore) Limited

Dr. Ng Chin Siau
Group Chief Executive Officer

APPENDIX A – SHAREHOLDING STRUCTURE OF THE GROUP PRIOR TO THE RESTRUCTURING EXERCISE, AND THE PROPOSED SPIN-OFF AND THE PROPOSED LISTING

Note: Q & M Dental Group (Singapore) Limited also conducts business through its other subsidiaries in Singapore, Malaysia and the PRC. While presenting the group structures in Appendix A and Appendix B of this Circular, any subsidiary not participating in the Proposed Restructuring, and the Proposed Spin-Off and the Proposed Listing has been disregarded for ease of reference.



APPENDIX C – ELIGIBLE PRC DENTISTS AND EMPLOYEES

1.	Bai Tie Yuan (白铁源)
2.	Bai Yi (白毅)
3.	Bian Ming (卞明)
4.	Bo Shu Yan (薄恕妍)
5.	Chen De Zhen (陈德真)
6.	Chen Yue (陈岳)
7.	Ding Zhan Lin (丁占林)
8.	Dong Jun (董军)
9.	Duan Ming Yu (段明玉)
10.	Fu Feng (傅丰)
11.	Gang Lin (刚琳)
12.	Gao Chong (高冲)
13.	Gao Fang (高放)
14.	Gao Ming (高明)
15.	Gao Qing Xue (高清雪)
16.	Guo Li Rong (国丽荣)
17.	Guo Sheng Yuan (郭声远)
18.	Guo Shu Min (郭淑敏)
19.	Guo Shuang (郭爽)
20.	Han Dong Liang (韩东亮)
21.	Han Juan (韩娟)
22.	Han Lin (韩凌)
23.	He Li Hua (贺立华)
24.	Hou Tie Jing (候铁靖)
25.	Hu Ying Jin (胡英巾)
26.	Huang Yong Heng (黄永恒)
27.	Jia Jin Zheng (贾进征)
28.	Jie Ju Nan (解居楠)
29.	Jie Wei (解为)
30.	Jin Ling (金玲)
31.	Jin Shan Shan (金珊珊)
32.	Jin Xue Mei (金雪梅)
33.	Kong Jing Wei (孔靖伟)
34.	Kong Li Hua (恐丽华)
35.	Li Ang (李昂)
36.	Li Hui (李慧)

APPENDIX C – ELIGIBLE PRC DENTISTS AND EMPLOYEES

37.	Li Ji (李纪)
38.	Li Lili (李立立)
39.	Li Na (李娜)
40.	Li Rong Jun (李荣君)
41.	Li Wei (李威)
42.	Li Yan Feng (李延峰)
43.	Li Ying (李影)
44.	Li Ying (李莹)
45.	Li Yu Zhe (李宇哲)
46.	Lin Lan (蔺岚)
47.	Liu Chang Ying (刘长缨)
48.	Liu Cong (刘聪)
49.	Liu Fei (刘斐)
50.	Liu Hong (刘弘)
51.	Liu Jiajia (刘佳佳)
52.	Liu Jin Long (刘金龙)
53.	Liu Lili (刘丽丽)
54.	Liu Min (刘敏)
55.	Liu Na (刘娜)
56.	Liu Ting Ting (刘婷婷)
57.	Liu Xiao Fei (刘晓飞)
58.	Liu Xiao Na (刘晓娜)
59.	Lu Jin Long (路金龙)
60.	Ma Lie Na (马列娜)
61.	Ma Shu Yi (马书意)
62.	Meng Xue (孟雪)
63.	Meng Ya Jing (孟亚静)
64.	Niu Jing (牛静)
65.	Qi Min (祁敏)
66.	Qin Ming (秦明)
67.	Qin Xiu Min (秦秀敏)
68.	Shao Li Hua (邵丽华)
69.	Si Xinxin (司欣欣)
70.	Sun Hai Long (孙海龙)
71.	Sun Ya Hui (孙亚辉)
72.	Sun Ying (孙营)

APPENDIX C – ELIGIBLE PRC DENTISTS AND EMPLOYEES

73.	Tian Yuan Lu (田沅鹭)
74.	Wang Cong Mei (王丛梅)
75.	Wang Dan (王丹)
76.	Wang Rui (王瑞)
77.	Wang Xiao Nan (王晓楠)
78.	Wang Yan Ping (王艳平)
79.	Wei Tong (魏彤)
80.	Wu Bo (吴博)
81.	Wu Cui (吴翠)
82.	Wu Xia (吴瑕)
83.	Wu Yang (吴阳)
84.	Xiao Qing Yun (肖庆云)
85.	Xie Li Mei (谢莉梅)
86.	Xu Li Qiang (徐立强)
87.	Xu Wei Jie (徐微杰)
88.	Yang Gui Xiang (杨桂香)
89.	Yang Hong (杨红)
90.	Yang Hui (杨辉)
91.	Yang Jing (杨晋)
92.	Yang Li (杨丽)
93.	Yang Ting (杨婷)
94.	Yang Yi (杨毅)
95.	Yang Zhen Ping (杨振苹)
96.	Yang Zhong Hua (杨中华)
97.	Yao Ying (姚影)
98.	Yu Shao Hua (于少华)
99.	Yu Yang (于洋)
100.	Yuan Jie (袁洁)
101.	Yue Chun Yan (岳春艳)
102.	Zhang Bing (张兵)
103.	Zhang Chen Shuang (张辰爽)
104.	Zhang Dong Wei (张东伟)
105.	Zhang Lu Ju (张璐菊)
106.	Zhang Qi (张琪)
107.	Zhang Qiang (张蔷)
108.	Zhang Xiao Lan (李晓岚)

APPENDIX C – ELIGIBLE PRC DENTISTS AND EMPLOYEES

109.	Zhang Xiao Yan (张晓燕)
110.	Zhang Yang (张阳)
111.	Zhang Ying (张莹)
112.	Zhang Yu (张喻)
113.	Zhao Chen Rui (赵晨睿)
114.	Zhao Deng Han (赵澄汉)
115.	Zhao Xu Hong (赵继红)
116.	Zhao Xue Peng (赵学鹏)
117.	Zhao Yan Ping (赵延平)
118.	Zhao Yan Ying (赵延英)
119.	Zheng Run Qiu (郑润秋)
120.	Zhou Hong (周红)
121.	Zhu Li (朱力)

APPENDIX D – DETERMINATION OF ISSUE PRICE FOR Q & M AOXIN SHARES

The Dr. Cheah Share Subscription, the Health Field Enterprises Share Subscription, the JV Partners BVI Share Subscription, the Mountain Share Subscription and the Trust Company Share Subscription were undertaken as follows:

	Number of Q & M Aoxin Shares	Aggregate Consideration (S\$)	Estimated Shareholding Interest in Q & M Aoxin ⁽¹⁾
Dr. Cheah	641,026	100,000	0.17%
Health Field Enterprises	109,401,709	556,900	29.40%
Finest International	10,516,320	160,200	2.83%
Joyce International	2,026,471	50,000	0.54%
Excellent Warship International	5,502,969	119,200	1.48%
Mountain	7,265,605	171,100	1.95%
Trust Company	16,346,000	1,961,520	4.39%

Note:-

- (1) The shareholding interests in Q & M Aoxin as stated above are calculated based on the assumption that: (a) the Loan Capitalisation of approximately S\$15.6 million has been completed prior to the completion of the Proposed Spin-Off and the Proposed Listing; (b) upon completion of the Proposed Restructuring, Q & M Aoxin will in connection with the Proposed Listing undertake an initial public offering of new Q & M Aoxin Shares comprising 16.01% of its enlarged share capital; and (c) the relevant PRC regulatory approvals have been obtained for the Trust Company Share Subscription, the PRC Dentists and Employees Trust Deed and the transactions contemplated therein, and that the issue and allotment of 16,346,000 new Q & M Aoxin Shares to the Trust Company has been duly completed immediately prior to the Proposed Listing. In the event that the Loan Capitalisation is not completed, the New Q & M Aoxin Shares issued in connection with the Proposed Listing do not comprise 16.01% of the enlarged share capital of Q & M Aoxin, and/or the relevant PRC regulatory approvals are not obtained as aforementioned, the shareholding interests of the shareholders of Q & M Aoxin will vary accordingly.

In relation to the Health Field Enterprises Share Subscription, the JV Partners BVI Share Subscription and the Mountain Share Subscription, the issue price per new Q & M Aoxin Share was calculated based on the estimated shareholding interest in Q & M Aoxin of Health Field Enterprises, Finest International, Joyce International, Excellent Warship International and Mountain, which was pre-determined based on the following formula:

$$\text{Estimated Shareholding Interest of A in Q \& M Aoxin} = [(20\% \times \text{Assets}) + (80\% \times \text{Profit})],$$

where:

“A” = Q & M Dental Group (Singapore) Limited, Dr. Ren Hong, Ms. Gao Huiying, Dr. Zhang Chun, Dr. Shao Yongxin or Mr. Cui Guo An (as the case may be);

“Assets” = [(Effective NAV of Founder as at 31 May 2016) + Reinvestment made by B for C] / [(Sum of Effective NAV of Founder as at 31 May 2016) + Sum of all Reinvestment made by B for C];

“Effective NAV of Founder” = 40% of the NAV of Panjin Jingcheng (where Founder refers to Dr. Ren Hong), 40% of the NAV of Gaizhou Q & M (where Founder refers to Ms. Gao Huiying), 40% of the NAV of Panjin Jinsai (where Founder refers to Dr. Zhang Chun), 40% of the NAV of Shenyang Maotai (where Founder refers to Mr. Cui Guo An), 40% of the NAV of Shenyang Xin Ao, Huludao City Aoxin Stomatology Polyclinic Co., Ltd., Huludao City Stomatology Hospital Co., Ltd., Shenyang Heping Quanmin Aoxin Stomatology Polyclinic Co., Ltd., Shenyang Aoxin Q & M Stomatology Hospital Co., Ltd., and Q & M Dental (Shenyang) + 24% of the NAV of Panjin Jingcheng, Gaizhou Q & M, Panjin Jinsai and Shenyang Maotai (where A refers to Dr. Shao Yongxin), or 60% of the NAV of Shenyang Xin Ao, Huludao City Aoxin Stomatology Polyclinic Co., Ltd.,

APPENDIX D – DETERMINATION OF ISSUE PRICE FOR Q & M AOXIN SHARES

Huludao City Stomatology Hospital Co., Ltd., Shenyang Heping Quanmin Aoxin Stomatology Polyclinic Co., Ltd., Shenyang Aoxin Q & M Stomatology Hospital Co., Ltd, and Q & M Dental (Shenyang) + 36% of the NAV of Panjin Jingcheng, Gaizhou Q & M, Panjin Jinsai and Shenyang Maotai (where A refers to Q & M Dental Group (Singapore) Limited) (as the case may be);

- “Reinvestment”** = The amount reinvested by the Q & M Aoxin and Health Field Enterprises via Shenyang Quanxin on behalf of B as part of the terms of the initial acquisition of 60% equity interest in the JV Entities, Shenyang Maotai, Shenyang Xin Ao or Q & M Dental (Shenyang) (as the case may be) which shall be used for the general refurbishment or expansion of C and the purchase of fixed assets for C;
- “B”** = Dr. Ren Hong, Ms. Gao Huiying, Dr. Zhang Chun, Dr. Shao Yongxin or Mr. Cui Guo An (as the case may be);
- “C”** = Panjin Jingcheng (where B refers to Dr. Ren Hong), Gaizhou Q & M (where B refers to Ms. Gao Huiying), Panjin Jinsai (where B refers to Dr. Zhang Chun), Shenyang Maotai (where B refers to Mr. Cui Guo An) or Q & M Dental (Shenyang) (where B refers to Dr. Shao Yongxin) (as the case may be);
- “Profit”** = Average Profit Guarantee of A / Sum of all Average Profit Guarantee;
- “Average Profit Guarantee”** = [(Effective Profit Guarantee) / 12]; and
- “Effective Profit Guarantee”** = 40% of the total Panjin Jingcheng performance guarantee of RMB 23.5 million (the **“PJJC PG”**) (where A refers to Dr. Ren Hong), 40% of the total Gaizhou Q & M performance guarantee of RMB 4.3 million (the **“GQM PG”**) (where A refers to Ms. Gao Huiying), 40% of the total Panjin Jinsai performance guarantee of RMB 13.0 million (the **“PJJS PG”**) (where A refers to Dr. Zhang Chun), 40% of the total Shenyang Maotai performance guarantee of RMB 16.8 million (the **“SM PG”**) (where A refers to Mr. Cui Guo An), 40% of the Shenyang Xin Ao performance guarantee of RMB 221.5 million (the **“SXA PG”**) + 24% of the PJJC PG, the GQM PG, the PJJS PG and the SM PG (where A refers to Dr. Shao Yongxin), or 60% of the SXA PG + 36% of the PJJC PG, the GQM PG, the PJJS PG and the SM PG (where A refers to Q & M Dental Group (Singapore) Limited) (as the case may be).

Upon determining the estimated shareholding interest in Q & M Aoxin, each of Health Field Enterprises, Finest International, Joyce International, Excellent Warship International and Mountain would subscribe for and be allotted the relevant number of new Q & M Aoxin Shares for an aggregate consideration which is equivalent to the amount received by Dr. Shao Yongxin in the Shenyang Xin Ao Acquisition, each of Dr. Ren Hong, Ms. Gao Huiying and Dr. Zhang Chun in the JV Entities Acquisition and Mr. Cui Guo An in the Shenyang Maotai Acquisition respectively.

In relation to the Dr. Cheah Share Subscription, the issue price per new Q & M Aoxin Share was determined based on the Group's cost of investment into Q & M China, whereas in relation to the Trust Company Share Subscription, the issue price per new Q & M Aoxin Share was determined taking into account the Group's purpose of rewarding and incentivizing the Eligible PRC Dentists and Employees.

NOTICE OF EXTRAORDINARY GENERAL MEETING

Q & M DENTAL GROUP (SINGAPORE) LIMITED

(Company Registration No. 200800507R)
(Incorporated in the Republic of Singapore)

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (the “**EGM**”) of Q & M Dental Group (Singapore) Limited (the “**Company**”) will be held on 31 October 2016 at 6.00 p.m. at PARKROYAL on Kitchener Road, Emerald Ballroom 2, 181 Kitchener Road, Singapore 208533 for the purpose of considering and, if thought fit, passing with or without any modifications the following ordinary resolutions:

All capitalised terms in the Notice of EGM shall, unless otherwise defined in this Notice of EGM, bear the respective meanings ascribed thereto in the circular to shareholders dated 14 October 2016.

AS ORDINARY RESOLUTION 1: THE PROPOSED RESTRUCTURING

That:

- (1) approval be and is hereby given for the Company to carry out and implement the JV Entities Acquisition, the Shenyang Maotai Acquisition, the Shenyang Xin Ao Acquisition, the Q & M Dental (Shenyang) Acquisition and the Q & M China Acquisition;
- (2) the Directors and/or each of them be and are hereby authorised to do all acts and things, enter into all transactions, arrangements and agreements, and approve, execute and deliver all documents as they or each of them deem desirable, necessary or expedient to give effect to the matters referred to in the above paragraph of this ordinary resolution or the transactions contemplated by the JV Entities Acquisition, the Shenyang Maotai Acquisition, the Shenyang Xin Ao Acquisition, the Q & M Dental (Shenyang) Acquisition and the Q & M China Acquisition as they or each of them may in their or each of their absolute discretion deem fit in the interests of the Group; and
- (3) to the extent that any action in connection with the matters referred to in the above paragraphs of this ordinary resolution or the transactions contemplated by the JV Entities Acquisition, the Shenyang Maotai Acquisition, the Shenyang Xin Ao Acquisition, the Q & M Dental (Shenyang) Acquisition and the Q & M China Acquisition has been performed or otherwise undertaken (whether partially or otherwise), they be and are hereby approved, ratified and confirmed.

AS ORDINARY RESOLUTION 2: THE PROPOSED SPIN-OFF AND THE PROPOSED LISTING

That:

- (1) approval be and is hereby given for the proposed spin-off of the Company’s dentistry and dental specialist services and dental equipment and supplies distribution businesses in the Liaoning, Jilin, Heilongjiang, Inner Mongolia, Hebei, Shandong, Shanxi, Ningxia, Shaanxi, Gansu, Qinghai and Xinjiang Provinces, as well as the Beijing and Tianjin Municipalities, of the People’s Republic of China (the “**Proposed Spin-Off**”) via the proposed listing of its wholly-owned subsidiary, Q & M Aoxin, on the Catalist Board of the SGX-ST (the “**Proposed Listing**”);
- (2) the Directors and/or each of them be and are hereby authorised to do all acts and things, enter into all transactions, arrangements and agreements, and approve, execute and deliver all documents as they or each of them deem desirable, necessary or expedient to give effect to the matters referred to in the above paragraph of this ordinary resolution or the transactions contemplated by the Proposed Spin-Off and the Proposed Listing as they or each of them may in their or each of their absolute discretion deem fit in the interests of the Group; and
- (3) to the extent that any action in connection with the matters referred to in the above paragraphs of this ordinary resolution or the transactions contemplated by the Proposed Spin-Off and the Proposed Listing has been performed or otherwise undertaken (whether partially or otherwise), they be and are hereby approved, ratified and confirmed.

NOTICE OF EXTRAORDINARY GENERAL MEETING

Please note that Ordinary Resolution 1 and Ordinary Resolution 2 are inter-conditional on each other. In other words, if Ordinary Resolution 1 is not passed, Ordinary Resolution 2 will not be passed and vice versa.

By Order of the Board

Dr. Ng Chin Siau
Group Chief Executive Officer

14 October 2016

Notes:

- (1) A Shareholder who is not a relevant intermediary as defined under Section 181(6) of the Companies Act, Cap. 50 (the “**Act**”) entitled to attend, speak and vote at the EGM may appoint not more than two (2) proxies to attend, speak and vote in his/her stead. A Shareholder which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf. A proxy need not be a Shareholder.
- (2) A Shareholder who is a relevant intermediary as defined under Section 181(6) of the Act is entitled to appoint more than two (2) proxies to attend, speak and vote at the EGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such Shareholder.
- (3) Where a Shareholder appoints more than one (1) proxy, the proportion of his/her concerned shareholding to be represented by each proxy shall be specified in the proxy form.
- (4) If a proxy is to be appointed, the instrument appointing a proxy must be duly deposited at the office of the share registrar of the Company, Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte Ltd), 80 Robinson Road, #11-02, Singapore 068898, not later than forty-eight (48) hours before the time appointed for the holding of the EGM.
- (5) The instrument appointing a proxy or proxies must be signed by the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of any officer or attorney duly authorised.
- (6) A Depositor’s name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at seventy-two (72) hours before the time fixed for holding the EGM in order for the Depositor to be entitled to attend, speak and vote at the EGM.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a Shareholder of the Company (i) consents to the collection, use and disclosure of the Shareholder’s personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “**Purposes**”), (ii) warrants that where the Shareholder discloses the personal data of the Shareholder’s proxy(ies) and/or representative(s) to the Company (or its agents), the Shareholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the Shareholder will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Shareholder’s breach of warranty.

PROXY FORM

Q & M DENTAL GROUP (SINGAPORE) LIMITED

(Company Registration No. 200800507R)
(Incorporated in the Republic of Singapore)

PROXY FORM

IMPORTANT:

1. Pursuant to Section 181(1C) of the Companies Act, Cap. 50 of Singapore (the "Act"), Relevant Intermediaries may appoint more than two proxies to attend, speak and vote at the Extraordinary General Meeting.
2. For investors who have used their CPF/SRS monies to buy shares in the Company ("CPF/SRS Investors"), this proxy form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF/SRS Investors are requested to contact their respective Agent Banks for any queries they may have with regard to their appointment as proxies or the appointment of their Agent Banks as proxies for the Extraordinary General Meeting.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s), the Shareholder accepts and agrees to the personal data privacy terms set out in the Notice of Extraordinary General Meeting dated 14 October 2016.

*I/We (Name) _____

of (Address) _____

being a *shareholder/shareholders of **Q & M DENTAL GROUP (SINGAPORE) LIMITED** (the "Company") hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

*and/or

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him/her/them, the Chairman of the Extraordinary General Meeting (the "EGM"), as *my/our proxy/ proxies to attend, speak and vote for *me/us on *my/our behalf at the EGM of the Company to be held on 31 October 2016 at 6.00 p.m. at PARKROYAL on Kitchener Road, Emerald Ballroom 2, 181 Kitchener Road, Singapore 208533 or at any adjournment thereof.

NO.	ORDINARY RESOLUTIONS	FOR	AGAINST
1.	The JV Entities Acquisition, the Shenyang Maotai Acquisition, the Shenyang Xin Ao Acquisition, the Q & M Dental (Shenyang) Acquisition and the Q & M China Acquisition		
2.	The Proposed Spin-Off and the Proposed Listing		

(Voting will be conducted by poll. If you wish to vote all your shares "For" or "Against" the relevant resolution, please indicate with an "X" in the relevant box provided above. Alternatively, if you wish to vote some of your shares "For" and some of your shares "Against" the relevant resolution, please insert the relevant number of shares in the relevant boxes provided above. In the absence of specific directions, the proxy/proxies will vote or abstain as he/she/they may think fit, as he/she/they will on any other matter arising at the EGM.)

Dated this _____ day of _____ 2016.

	No. of Shares
(a) CDP Register	
(b) Register of Members	

Signature(s) of Shareholder(s)
or Common Seal of Corporate Shareholder

* Delete as appropriate

IMPORTANT: PLEASE READ NOTES OVERLEAF



PROXY FORM

Notes:

1. Except for a Shareholder who is a relevant intermediary as defined under Section 181(6) of the Act, a Shareholder entitled to attend, speak and vote at the EGM may appoint not more than two (2) proxies to attend, speak and vote in his/her stead. Where a Shareholder appoints more than one (1) proxy, the proportion of his concerned shareholding to be represented by each proxy shall be specified in the proxy form.
2. Pursuant to Section 181(1C) of the Act, a Shareholder who is a relevant intermediary as defined under Section 181(6) of the Act is entitled to appoint more than two (2) proxies to attend, speak and vote at the EGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such Shareholder. In such event, the relevant intermediary shall submit a list of its proxies together with the information required in this proxy form to the Company.
3. A proxy need not be a Shareholder of the Company.
4. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act (Chapter 289) of Singapore), you should insert that number. If you have shares registered in your name in the Register of Members of the Company, you should insert that number. If you have shares entered against your name in the Depository Register and registered in your name in the Register of Members, you should insert the aggregate number of Shares. If no number is inserted, this form of proxy will be deemed to relate to all the Shares held by you.
5. The instrument appointing a proxy or proxies, duly executed, must be deposited at the office of the share registrar of the Company, Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte Ltd), 80 Robinson Road, #11-02, Singapore 068898, not less than forty-eight (48) hours before the time appointed for the holding of the EGM.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or a duly authorised officer.
7. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
8. A corporation which is a Shareholder may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the EGM, in accordance with the Constitution and Section 179 of the Act.
9. The submission of an instrument or form appointing a proxy by a Shareholder does not preclude him from attending and voting in person at the EGM if he so wishes.
10. The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of Shares entered in the Depository Register, the Company may reject an instrument of proxy if the Shareholder, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.
11. Investors who buy shares in the Company using CPF monies and/or SRS monies (as may be applicable) (“**CPF/SRS Investors**”) may attend and cast their vote at the EGM in person. CPF/SRS Investors who are unable to attend the EGM but would like to vote, may inform CPF and/or SRS Approved Nominees to appoint Chairman of the EGM to act as their proxy, in which case, the CPF/SRS Investor shall be precluded from attending the EGM.