



**Q & M DENTAL GROUP (SINGAPORE) LIMITED**  
(Company Registration No. 200800507R)  
(Incorporated in the Republic of Singapore)

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**PROPOSED SPIN-OFF OF QINHUANGDAO AIDITE HIGH TECHNICAL CERAMIC CO., LTD ON THE NATIONAL EQUITIES EXCHANGE AND QUOTATIONS SYSTEM AND PROPOSED RESTRUCTURING EXERCISE IN CONNECTION WITH THE PROPOSED SPIN-OFF**

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**1. INTRODUCTION**

The board of directors (the “**Board**” or the “**Directors**”) of Q & M Dental Group (Singapore) Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to its circular to shareholders dated 11 August 2016 (the “**Circular**”) and the announcement dated 26 August 2016, 1 August 2016, 1 December 2016 and 12 January 2017 in relation to the proposed spin-off (the “**Proposed Spin-off**”) of its China manufacturing business conducted through its indirect subsidiary, Qinhuangdao Aidite High Technical Ceramic Co., Ltd (“**Aidite**”), via a quotation on the National Equities Exchange and Quotations of the People’s Republic of China (the “**New Third Board**”), and the restructuring exercise that is undertaken in connection with the Proposed Spin-off (the “**Restructuring Exercise**”).

*Capitalised terms used herein, unless otherwise defined, shall bear the same meanings given to them in the Circular.*

**2. ENTRY INTO SUPPLEMENTAL AGREEMENT WITH THE VENDORS**

In connection with the Restructuring Exercise, the Board wishes to announce that Q & M China, Q & M Aidite and the Vendors had on 23 January 2017 entered into a supplemental agreement to the Master Agreement (as amended, modified and supplemented) (the “**2nd Master Supplemental Agreement**”). The salient terms of the 2<sup>nd</sup> Master Supplemental Agreement are as follows:

- (a) the non-compete agreement dated 6 July 2014 between Q & M China and the Vendors (the “**Non-Compete Agreement**”) shall be terminated, pursuant to which the Vendors shall be discharged of their non-compete obligations under the existing Non-Compete Agreement;
- (b) the twelve (12)-year service agreements dated 17 March 2014 entered into by each Vendor with Q & M China and Q & M Aidite (the “**Service Agreements**”) shall also be terminated, pursuant to which the Vendors shall be discharged of their obligations under the existing Service Agreements;
- (c) the Vendors will be discharged of their undertakings in relation to the general operations and financial management of Aidite, pursuant to which such matters of Aidite shall be the responsibility of the board of directors of Aidite and continue to be regulated by Company Law of the People’s Republic of China (“**PRC**”) and the rules of the New Third Board; and

- (d) the Vendors will be released of their indemnification obligations under the Master Agreement, pursuant to which the Vendors shall not be personally liable for all losses and damages that arise as a breach of their undertakings therein.

### **3. RATIONALE AND BENEFITS OF THE 2<sup>ND</sup> MASTER SUPPLEMENTAL AGREEMENT**

- 3.1. The discharge of the various obligations of the Vendors under the Master Agreement was arrived at after negotiations between the Board and the Vendors. Such discharge is related to the Company's announcement on 1 December 2016 whereby the Board announced that the approval for the quotation of the shares of Aidite on the New Third Board has been granted by the National Equities Exchange and Quotations Co., Ltd.. Accordingly, the Board noted that the Vendors, in their capacity as directors of Aidite, are bound by non-compete provisions under the Company Law of the PRC and upon the successful quotation of Aidite, the rules of the New Third Board.
- 3.2. The Non-Compete Agreement and Service Agreements were initially obtained by the Company to protect the Group's investment in Aidite and ensure that the Vendors continue to contribute to the development of Aidite after the Acquisition.
- 3.3. In consultation with its legal advisers in the PRC, the Board agreed to the discharge of the Non-Compete Agreement as the Company Law of the PRC imposes a duty of loyalty and duty of care on the directors of Aidite. Such duties include, amongst others, not placing oneself in a position where the directors' personal interests may conflict with their duty to the company. Furthermore, as a listed entity on the New Third Board, the directors are required to disclose any conflicts of interest to the host sponsor.
- 3.4. Further to the above, each of the Vendors had entered into labour contracts with Aidite. The Board agreed to the termination of the existing Service Agreements as the obligations of the Vendor under the new labour contracts are extended directly to Aidite, instead of Q & M China and Q & M Aidite. The new labour contracts ensure that the Vendor's obligations thereunder are aligned with the rules of the New Third Board.
- 3.5. Based on the foregoing, the Board is of the opinion that the Vendors would continue to be vested in the development and success of Aidite.

### **4. FURTHER ANNOUNCEMENTS**

**Further announcements on the Proposed Spin-off and Restructuring Exercise will be made in due course as and when appropriate. In the meantime, shareholders and potential investors in the Company are reminded to exercise caution when dealing in the shares of the Company. Any persons in doubt about any action to be taken are recommended to consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.**

### **5. RESPONSIBILITY STATEMENT**

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Announcement and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Announcement constitutes full and true disclosure of all material facts about the Proposed Spin-off and the Restructuring Exercise, the Company and its subsidiaries, and the Directors are not aware of any facts the omission

of which would make any statement in this Announcement misleading. Where information in this Announcement 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 Announcement in its proper form and context.

By Order of the Board  
**Q & M Dental Group (Singapore) Limited**

Vitters Sim  
Chief Financial Officer  
31 January 2017

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