

CIRCULAR DATED 14 NOVEMBER 2019

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

This Circular is issued by Q & M Dental Group (Singapore) Limited (the “Company”, and together with its subsidiaries, the “Group”). If you are in any doubt about the contents of this Circular or the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, tax adviser or any other professional adviser immediately.

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

Capitalised terms appearing on the cover of this Circular have the same meanings as defined herein.

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



Q & M DENTAL GROUP (SINGAPORE) LIMITED

(Registration No. 200800507R)

(Incorporated in the Republic of Singapore)

**CIRCULAR TO SHAREHOLDERS
IN RELATION TO**

**THE PROPOSED DISPOSAL OF 36.000% OF THE REGISTERED CAPITAL OF
AIDITE (QINHUANGDAO) TECHNOLOGY CO., LTD.**

IMPORTANT DATES AND TIMES

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| Last date and time for lodgement of Proxy Form | : | 27 November 2019 at 5:30 p.m. |
| Date and time of Extraordinary General Meeting | : | 29 November 2019 at 5:30 p.m. |
| Place of Extraordinary General Meeting | : | PARKROYAL on Kitchener Road, New Jade Room, 181 Kitchener Road, Singapore 208533 |

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DEFINITIONS

In this Circular, the following definitions shall apply throughout unless the context otherwise requires:

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| “Act” or “Companies Act” | : | Companies Act (Chapter 50) of Singapore, as amended, modified or supplemented from time to time |
| “Adams Street” | : | Adams Street Partners |
| “Adveq” | : | Schroder Adveq Asia Hong Kong I Limited |
| “Aggregate Consideration” | : | The aggregate consideration for the purchase of the Sale Shares by the Buyers, being the sum of RMB360 million |
| “Aidite” | : | Aidite (Qinhuangdao) Technology Co., Ltd. (爱迪特(秦皇岛) 科技股份有限公司) |
| “Aidite Preference Shares” | : | Collectively, the Class A Preference Shares and Class B Preference Shares |
| “Aoxin Q & M” | : | Aoxin Q & M Dental Group Ltd |
| “ASP” | : | ASP Hero SPV Limited |
| “associate” | : | (a) In relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means: <ul style="list-style-type: none">(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% or more; and (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% or more, or such other definition as the Listing Manual may from time to time prescribe |
| “AUM” | : | Assets under management |
| “Board” or “Board of Directors” | : | The board of Directors of the Company as at the Latest Practicable Date |
| “Buyers” | : | Suzhou JX, HAL, Adveq and ASP |
| “CAD/CAM” | : | Computer-Aided Design/Computer-Aided Manufacturing |

DEFINITIONS

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| “CAD/CAM Distribution” | : | The distribution of dental equipment and supplies specifically to complement the manufacturing of zirconium oxide blocks |
| “CDP” | : | The Central Depository (Pte) Limited |
| “Circular” | : | This Circular to Shareholders dated 14 November 2019 |
| “Class A Preference Shares” | : | The class A redeemable preference shares in the capital of QMAI, the rights, benefits and privileges of which are set out in Appendix A to this Circular |
| “Class B Preference Shares” | : | The class B redeemable preference shares in the capital of QMAI, the rights, benefits and privileges of which are set out in Appendix A to this Circular |
| “Company” | : | Q & M Dental Group (Singapore) Limited |
| “Completion” | : | Completion of the Proposed Disposal |
| “Conditions Precedent” | : | Conditions under the STA to be satisfied before Completion |
| “Constitution” | : | The constitution of the Company, as amended, modified or supplemented from time to time |
| “control” | : | The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of the Company |
| “controlling shareholder” | : | A person who: (a) holds directly or indirectly 15% or more of the voting shares in a company. The SGX-ST may determine that a person who satisfies this paragraph is not a controlling shareholder of the company; or (b) in fact exercises control over a company |
| “Dr. C S Ng” | : | Dr. Ng Chin Siau |
| “Director” | : | A director of the Company for the time being |
| “EGM” | : | The extraordinary general meeting of the Company, to be convened and held on 29 November 2019 |
| “EPS” | : | Earnings per share |
| “FY2018” | : | The financial year ended 31 December 2018 |
| “Group” | : | The Company and its subsidiaries, collectively for the time being, and each a “ Group Company ” |
| “HAL” | : | Health Advance Limited |
| “HY2019” | : | Half year ended 30 June 2019 |

DEFINITIONS

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| “ JVA ” | : | The joint venture agreement to be entered into between QMAI and the other shareholders of Aidite, including the Buyers, upon Completion |
| “ Latest Practicable Date ” | : | The latest practicable date prior to the printing of this Circular, being 8 November 2019 |
| “ Listing Manual ” | : | The listing manual of the SGX-ST, as amended, modified or supplemented from time to time |
| “ Net Proceeds ” | : | The net proceeds of approximately S\$49 million that the Company will receive from the Proposed Disposal |
| “ New Third Board ” | : | The National Equities Exchange and Quotations of the PRC |
| “ Notice of EGM ” | : | The notice of extraordinary general meeting (or any adjournment thereof) which is set out on page 26 of this Circular |
| “ NTA ” | : | Net tangible assets |
| “ Parties ” | : | QMAI, Li Hong Wen, Li Bo Yuan, Suzhou JX, HAL, Adveq and ASP, being the parties to the STA collectively, and each a “ Party ” |
| “ PRC ” | : | The People’s Republic of China |
| “ Prof Holdco ” | : | Q & M Professionals Holding Pte. Ltd. |
| “ Prof Holdco Subscription ” | : | The subscription by Prof Holdco of 20% of the preference shares in the capital of QMAI pursuant to a subscription agreement dated 10 August 2016 for a consideration of S\$5.26 million |
| “ Proposed Disposal ” | : | The proposed sale by QMAI of the Sale Shares to the Buyers, on the terms and subject to the conditions set out in the STA |
| “ Proxy Form ” | : | The proxy form attached to the Notice of EGM |
| “ QMAI ” | : | Q & M Aidite International Pte. Ltd. |
| “ Register of Members ” | : | Register of members of the Company |
| “ Registrar ” | : | The Registrar of Companies appointed under the Companies Act and includes any Deputy or Assistant Registrar of Companies |
| “ Sale Shares ” | : | The 17,885,845 ordinary shares in the capital of Aidite, comprising 36.000% of the registered capital of Aidite |
| “ Schroder Adveq ” | : | Schroder Adveq Management AG |
| “ Securities Account ” | : | A securities account maintained by a Depositor with the CDP, but does not include a securities sub-account maintained with a Depository Agent |
| “ Securities and Futures Act ” | : | The Securities and Futures Act (Chapter 289) of Singapore, as amended, modified or supplemented from time to time |

DEFINITIONS

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|---------------------------|---|---|
| “SGX-ST” | : | The Singapore Exchange Securities Trading Limited |
| “Spin-off Circular” | : | The Company’s circular to Shareholders dated 11 August 2016 in respect of the Spin-off Listing |
| “Spin-off Listing” | : | The spin-off and quotation of Aidite on the New Third Board |
| “STA” | : | Share transfer agreement dated 10 October 2019, in respect of the Proposed Disposal |
| “Suzhou JX” | : | Suzhou Junlian Xinkang Venture Capital Partnership (Limited Partnership) (苏州君联欣康创业投资合伙企业(有限合伙)) |
| “Shareholders” | : | Registered holders of Shares in the Register of Members, or where the registered holder is the CDP, the term “ Shareholders ” shall, in relation to such Shares and where the context admits, mean the persons named as Depositors in the Depository Register maintained by the CDP whose Securities Accounts are credited with those Shares |
| “Shares” | : | Ordinary shares in the capital of the Company, and each a “ Share ” |
| “substantial shareholder” | : | A person (including a corporation) who holds, directly or indirectly, 5% or more of the total issued shares (excluding treasury shares) of a company |
| “Vendors” | : | Li Hong Wen and Li Bin |

Currencies, Units and Others

| | | |
|-------------------|---|---|
| “RMB” | : | The lawful currency of the PRC |
| “S\$” and “cents” | : | The lawful currency of the Republic of Singapore |
| “US\$” and “USD” | : | The lawful currency of the United States of America |
| “%” or “percent” | : | Percentage or per centum |

Depositors. The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act.

Subsidiaries and related corporations. The terms “**subsidiaries**” and “**related corporations**” shall have the meanings ascribed to them respectively in Sections 5 and 6 of the Companies Act.

References. Words importing the singular shall, where applicable, include the plural and *vice versa*. 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.

Time and date. Any reference to a time of day and date in this Circular is made by reference to Singapore time and date, unless otherwise stated.

Statutes. Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any term defined under the Securities and Futures Act, the Companies Act or the Listing Manual or any statutory or regulatory modification thereof and used in this Circular

DEFINITIONS

shall, where applicable, have the meaning assigned to it under the Securities and Futures Act, the Companies Act or the Listing Manual or such statutory or regulatory modification thereof, as the case may be, unless otherwise provided.

Headings. The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Rounding. Any discrepancies in figures included in this Circular between the amounts listed and their actual values are due to rounding. Accordingly, figures may have been adjusted to ensure that totals or sub-totals shown, as the case may be, reflect an arithmetic aggregation of the figures that precede them.

LETTER TO SHAREHOLDERS

Q & M DENTAL GROUP (SINGAPORE) LIMITED

(Company Registration Number 200800507R)
(Incorporated in the Republic of Singapore)

Directors

Mr Narayanan Sreenivasan @ N Sreenivasan (Non-Executive and Independent Chairman)
Dr Ng Chin Siau (Group Chief Executive Officer)
Dr Ang Ee Peng Raymond (Chief Operating Officer)
Professor Toh Chooi Gait (Non-Executive and Independent Director)
Mr Ng Weng Sui Harry (Non-Executive and Independent Director)
Mr Chik Wai Chiew (Zhi WeiChao) (Non-Executive and Non-Independent Director)

Registered Office:

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

14 November 2019

To: The Shareholders of **Q & M DENTAL GROUP (SINGAPORE) LIMITED**

Dear Sir/Madam

THE PROPOSED DISPOSAL OF 36.000% OF THE REGISTERED CAPITAL OF AIDITE (QINHUANGDAO) TECHNOLOGY CO., LTD.

1. INTRODUCTION

The Directors are convening an extraordinary general meeting (“**EGM**”) of the Company to be held on 29 November 2019 to seek the Shareholders’ approval for the Proposed Disposal.

The purpose of this Circular is to provide Shareholders with the relevant information on, explain the rationale for, and to seek Shareholders’ approval in relation to the Proposed Disposal at the EGM to be held at PARKROYAL on Kitchener Road, New Jade Room, 181 Kitchener Road, Singapore 208533 on 29 November 2019 at 5:30 p.m. The Notice of EGM is set out on page 26 of this Circular.

Shareholders are advised that the SGX-ST assumes no responsibility for the contents of this Circular, including the correctness of any of the statements or opinions made or reports contained in this Circular.

2. THE PROPOSED DISPOSAL

2.1. Background

On 10 October 2019, the Company announced that the Company’s subsidiary, Q & M Aidite International Pte. Ltd. (“**QMAI**”) had on 10 October 2019 entered into a share transfer agreement (“**STA**”) with, *inter alia*, Li Hong Wen, Li Bo Yuan, Suzhou Junlian Xinkang Venture Capital Partnership (Limited Partnership) (苏州君联欣康创业投资合伙企业(有限合伙)) (“**Suzhou JX**”), Health Advance Limited (“**HAL**”), Schroder Adveq Asia Hong Kong I Limited (“**Adveq**”) and ASP Hero SPV Limited (“**ASP**”), pursuant to which QMAI has agreed to sell, and Suzhou JX, HAL, Adveq and ASP (collectively, the “**Buyers**”) have agreed to purchase in aggregate 17,885,845 ordinary shares (the “**Sale Shares**”, and each a “**Sale Share**”) in the capital of Aidite (Qinhuangdao) Technology Co., Ltd. (爱迪特(秦皇岛)科技股份有限公司) (“**Aidite**”), comprising 36.000% of the registered capital of Aidite, for an aggregate consideration of RMB360 million, on the terms and subject to the conditions set out in the STA (“**Proposed Disposal**”). Please refer to Section 3.2 of this Circular for further information on the shareholding structure of QMAI.

Upon completion of the Proposed Disposal, (“**Completion**”), QMAI will continue to hold 6,084,168 ordinary shares in Aidite, representing 12.246% of the registered capital of Aidite. Accordingly, Aidite will cease to be an equity-accounted associate of the Company.

LETTER TO SHAREHOLDERS

The Proposed Disposal constitutes a “major transaction” under Chapter 10 of the Listing Manual (“**Listing Manual**”) and is subject to the approval of the shareholders of the Company (the “**Shareholders**”) being obtained at the EGM. For further details on the relative figures in respect of the Proposed Disposal computed on the bases set out in Rule 1006 of the Listing Manual, please refer to Section 8 of this Circular.

3. INFORMATION ON AIDITE AND QMAI

3.1. Information on Aidite

Aidite is a company incorporated in the People’s Republic of China (“**PRC**”). Aidite is mainly engaged in the business of manufacturing zirconium oxide blocks, which are used in dental Computer-Aided Design/Computer-Aided Manufacturing (“**CAD/CAM**”) machines in the fabrication of dental prosthesis, and the distribution of dental equipment and supplies specifically to complement the manufacturing of zirconium oxide blocks. The CAD/CAM system uses computer-aided design and manufacturing technology to fabricate ceramic and resin restorations such as inlays, onlays, crowns and bridges.

As disclosed in the Company’s circular to the Shareholders dated 11 August 2016 (“**Spin-Off Circular**”), the Group, through QMAI, acquired an effective equity interest of 51% of Aidite for a total consideration of RMB85.7 million, which was completed in August 2014. The Group has not provided any loans to Aidite and as at the Latest Practicable Date, Aidite does not owe any money to the Group.

On 26 August 2016, the Shareholders approved, amongst others, the spin-off of and quotation of Aidite (the “**Spin-Off Listing**”) on the National Equities Exchange and Quotations of the PRC (the “**New Third Board**”). As disclosed in the Spin-Off Circular, following the restructuring for the Spin-Off Listing, QMAI’s shareholding in Aidite was and has remained at 48.246%. QMAI has not disposed of any shares of Aidite and has not made any further investment in Aidite since the Spin-Off Listing. Please refer to the Spin-Off Circular for further information on the Spin-Off Listing. A copy of the Spin-Off Circular is available on the SGX-ST’s website at www.sgx.com.

As disclosed in the Spin-off Circular, the Company proposed to issue 4,660,848 new Shares to the Vendors for a consideration of S\$0.46 per Share. These Shares were eventually not issued based on commercial negotiation and discussions between parties.

On 17 September 2018, the Company announced the intention of Aidite to delist from the New Third Board in order to explore certain strategic business development opportunities. In its announcement dated 9 October 2018, the Company disclosed that Aidite had, on 8 October 2018, announced the results of its second extraordinary general meeting where the delisting of Aidite was approved by the shareholders of Aidite. Aidite’s announcement set out the motion for the delisting tabled before its shareholders, which stated that as there has been no trading in its shares and no equity fund raising since its listing and taking into account its development strategy, Aidite wished to further strengthen its foundation and seek more opportunities in the established capital markets in the future. As such, Aidite decided to delist from the New Third Board and Aidite was eventually delisted from the New Third Board with effect from 2 November 2018. There was no exit offer made in connection with the delisting of Aidite from the New Third Board. Please refer to the Company’s announcements dated 17 September 2018, 25 September 2018, 9 October 2018 and 14 November 2018 for further information in this regard. Copies of the said announcements are available on the SGX-ST’s website at www.sgx.com.

Aidite is an associate of the Group and the Company has adopted the equity method of accounting for Aidite after the Spin-off Listing. The Company accounts for its share of Aidite’s profit. Aidite reported a net profit of RMB30.0 million for HY2019 and the Company’s share of the profit was approximately RMB14.5 million (equivalent to approximately S\$2.9 million converted at an exchange rate of S\$1: RMB5.071293 as at 30 June 2019). Please refer to Section 7 of this Circular for the rationale for the Proposed Disposal.

LETTER TO SHAREHOLDERS

As at the Latest Practicable Date, Aidite's registered capital is RMB49,682,900 and its total share capital comprises 49,682,900 ordinary shares. Aidite has no other class of shares. The shareholding details of Aidite as at the Latest Practicable Date is as set out below:

| Shareholder | Number of shares | Amount of registered capital (RMB) | Shareholding percentage (%) |
|--|------------------|------------------------------------|-----------------------------|
| QMAI | 23,970,000 | 23,970,000 | 48.246 |
| Qinhuangdao Yuan Yi Management and Consultancy Centre (Limited Partnership) 秦皇岛源一企业管理咨询中心 (有限合伙) | 13,630,000 | 13,630,000 | 27.434 |
| Qinhuangdao Jie Ying Enterprises Management and Consultancy Centre (Limited Partnership) 秦皇岛戒盈企业管理咨询中心 (有限合伙) | 2,682,900 | 2,682,900 | 5.400 |
| Qinhuangdao Wen Di Management and Consultancy Centre (Limited Partnership) 秦皇岛文迪经济贸易咨询中心 (有限合伙) | 9,400,000 | 9,400,000 | 18.920 |

To the best of the knowledge of the Board:

- (a) none of the other shareholders of Aidite, their respective directors or shareholders are related (including any business relationship) to the Group, the Directors, the Company's substantial shareholders and/or their respective associates; and
- (b) none of the other shareholders of Aidite will be selling their shares to the Buyers.

3.2. Information on QMAI

QMAI was incorporated on 12 March 2014 for the sole purpose of holding shares in the capital of Aidite. As at the Latest Practicable Date, QMAI has an issued and paid-up share capital of S\$18,260,536.78 comprising one ordinary share and 23,970,000 Aidite Preference Shares, which comprise Class A Preference Shares and Class B Preference Shares, which are redeemable. The Company owns 100% of the ordinary shares and 17,982,336 Class B Preference Shares representing 75.02% of the total issued Aidite Preference Shares. Q & M Professionals Holding Pte. Ltd. ("**Prof Holdco**") owns 4,794,000 Class A Preference Shares representing 20.00% of the total issued Aidite Preference Shares and the remaining 4.98% of the Aidite Preference Shares is owned by Cheah Kim Fee (0.84%), Initial Capital Investment Pte. Ltd. (1.24%), All Win Investment Holdings Pte. Ltd. (1.45%) and Full Win Investment Holdings Pte. Ltd. (1.45%) The shareholding structure of Initial Capital Investment Pte. Ltd., All Win Investment Holdings Pte. Ltd. and Full Win Investment Holdings Pte. Ltd. are as follows:

| Name | Shareholding | |
|---------------------------------------|--|----------|
| Initial Capital Investment Pte. Ltd. | Initial Capital Pte. Ltd. ⁽¹⁾ | : 100% |
| All Win Investment Holdings Pte. Ltd. | Hwang Yee Cheau | : 9.10 % |
| | Wong Dai Chong | : 45.45% |
| | Kuan Chee Keong | : 45.45% |

LETTER TO SHAREHOLDERS

| <u>Name</u> | <u>Shareholding</u> | |
|--|---------------------|----------|
| Full Win Investment Holdings Pte. Ltd. | Chong Kai Chuan | : 33.33% |
| | Yap Kin Wai | : 33.33% |
| | Chong Ling, Sharon | : 33.33% |

Note:-

1. Ng Seow Yuen owns the entire issued and paid-up share capital of Initial Capital Pte. Ltd.

Initial Capital Investment Pte. Ltd., All Win Investment Holdings Pte. Ltd. and Full Win Investment Holdings Pte. Ltd. became shareholders of QMAI by acquisition of Aidite Preference Shares from the Company and Cheah Kim Fee by way of a sale and purchase agreement dated 27 September 2017, for an aggregate consideration of RMB10.0 million (equivalent to S\$1,971,884 converted at an exchange rate of S\$1: RMB5.071293 as at 30 June 2019).

As disclosed in the Spin-Off Circular, Prof Holdco became a shareholder of QMAI pursuant to a subscription agreement entered into between Prof Holdco and QMAI for a subscription consideration of S\$5.26 million, as part of the restructuring exercise for the Spin-Off Listing ("**Prof Holdco Subscription**"), in order to recognise the past contributions and services of the Company's professional team. The Prof Holdco Subscription was approved by independent Shareholders as an interested person transaction pursuant to the Spin-Off Circular, and Deloitte & Touche, being the independent financial adviser, opined that the transaction was on normal commercial terms and not prejudicial to the interests of the Company's minority shareholders. Dr Ng Chin Siau, Executive Director and the Group Chief Executive Officer ("**Dr. C S Ng**"), owns 52.57% shareholding in Prof Holdco. At the extraordinary general meeting of the Company relating to the Prof Holdco Subscription ("**2016 EGM**"), Dr. C S Ng and his associates abstained from voting on the Prof Holdco Subscription. Dr. Ang Ee Peng Raymond, Executive Director and Chief Operating Officer of the Company, and the Company's independent directors Mr. Narayanan Sreenivasan and Mr. Ng Weng Sui Harry own 4.54%, 0.55% and 0.55% shareholding respectively in Prof Holdco. The remaining shares of Prof Holdco are held in the following manner:

| <u>Name of the shareholder</u> | <u>Present appointment with the Group</u> | <u>Total Interest in the Prof Holdco (%)</u> |
|---|---|--|
| Foo Siew Jiuan ⁽¹⁾ | General Manager | 4.54% |
| Ng Sook Hwa ⁽²⁾ | Group Financial Controller | 4.54% |
| Sim Yu Xiong | Chief Financial Officer | 4.54% |
| San Yi Leong | Deputy Chief Executive Officer of Aoxin Q & M | 4.54% |
| Employees ⁽³⁾ | - | 4.98% |
| Singapore-based Dentists ⁽³⁾ | - | 18.65% |

Notes:-

1. Foo Siew Jiuan is the wife of Dr. C S Ng.
2. Ng Sook Hwa is the sister of Dr. C S Ng.
3. Please refer to Appendix B of this Circular for the list of employees of the Group and Singapore-based dentists who are shareholders of Prof Holdco.

Please refer to the Spin-Off Circular for further information on, *inter alia*, QMAI (including its shareholding structure) and the Prof Holdco Subscription.

LETTER TO SHAREHOLDERS

As the holder of the Class B Preference Shares, only the Company is able to initiate the process of redemption of Aidite Preference Shares and determine the redemption price. In accordance with the terms of the Class A Preference Shares, Prof Holdco's right of redemption as the holder of the Class A Preference Shares will only arise upon the exercise of the right of redemption of the Class B Preference Shares by the Company. The process is summarised as follows:

- (i) The Company gives a notice to QMAI to require it to redeem all or part of its Class B Preference Shares at a particular price determined by the Company. Prof Holdco has the option (but not the obligation) to participate in such redemption on a pro rata basis at the same redemption price.
- (ii) If Prof Holdco decides to participate in such redemption, QMAI will sell the relevant number of Aidite shares (as it has no assets other than shares in Aidite) corresponding to the aggregate Aidite Preference Shares proposed to be redeemed by the Company and Prof Holdco. The redemption will be funded from the proceeds of such sale.
- (iii) If Prof Holdco decides not to participate in such redemption, QMAI will sell the relevant number of Aidite shares corresponding to the Aidite Preference Shares proposed to be redeemed by the Company. The redemption will be funded from the proceeds of such sale. As such, the redemption of the Company's Class B Preference Shares is not interconditional with Prof Holdco's redemption of the Class A Preference Shares.

Please refer to Appendix A of this Circular for further information on the rights and obligations of the Aidite Preference Shares.

In carrying out the Proposed Disposal, the Company is now giving effect to the procedure as detailed above and which has been approved by independent shareholders in the 2016 EGM.

The Board is of the view that none of Prof Holdco, Initial Capital Investment Pte. Ltd., All Win Investment Holdings Pte. Ltd., Full Win Investment Holdings Pte. Ltd. and Cheah Kim Fee face any potential conflict of interest in respect of the Proposed Disposal as only the Company can initiate the redemption of Aidite Preference Shares and consequent sale of Aidite shares by QMAI. The other shareholders of QMAI only have the right to tag-along with the redemption, as described above.

QMAI has obtained necessary approvals from its directors and its shareholders in respect of the Proposed Disposal and the procedure for redemption of the Aidite Preference Shares have been and will be adhered to in respect of the Proposed Disposal.

4. INFORMATION ON THE BUYERS

Suzhou JX

Suzhou JX is a limited partnership that is established under the laws of the PRC and is principally engaged in the business of investment holding. It is a RMB equity fund managed by Legend Capital Management Co., Limited ("**Legend Capital**"). Legend Capital is a leading growth equity investor and is headquartered in Beijing with offices in Shanghai and Shenzhen.

At present, Legend Capital's assets under management ("**AUM**") exceeds RMB45 billion, with an investment focus on innovation and growth opportunities in China. As of 2019, Legend Capital has invested in more than 400 enterprises, of which nearly 70 companies have successfully listed in the PRC or overseas, and nearly 50 companies have been the targets of successful mergers and acquisitions. With the vision of being the most valuable, respected and internationally influential investment company, Legend Capital promotes corporate innovation and growth through capital injections and management oversight, and plays an active role in promoting industrial progress and social development with like-minded partners to achieve success.

LETTER TO SHAREHOLDERS

HAL

HAL is a company that is established under the laws of Hong Kong. It is principally engaged in the business of investment holding. HAL is a USD equity fund managed by Legend Capital.

Adveq

Adveq is a company that is established under the laws of Hong Kong. It is principally engaged in the business of investment holding.

Adveq is managed by Schroder Adveq Management AG ("**Schroder Adveq**"), a leading asset manager investing in private equity around the globe. Schroder Adveq offers specialised investment solutions, which allows its clients to access private equity investments globally through primary, secondary and co-investments. Schroder Adveq has investment programs focused on the US since 1997, Europe since 1998 and Asia since 2006.

As of 30 September 2019, Schroder Adveq had US\$10 billion of private equity AUM. Its client base comprises of institutional investors such as pension funds, insurance companies, endowments, family officers and other financial institutions located in North American, Europe, Middle-East and the Asia-Pacific region.

ASP

ASP is a company that is established under the laws of Hong Kong. It is principally engaged in the business of investment holding.

ASP is owned by eight limited partnerships each of whose direct or indirect general partner is Adams Street Partners, LLC ("**Adams Street**"). Established in 1972, Adams Street focuses on global private markets investment management. Adams Street has offices in ten locations worldwide, with investments across more than 30 countries. It has US\$38 billion in AUM across five strategies, namely primary and secondary fund investments, co-investments, private credit investments, and direct growth equity investments.

None of the Buyers, their respective directors or shareholders are related (including any business relationship) to the Group, the Directors, the Company's substantial shareholders and/or their respective associates.

5. PRINCIPAL TERMS OF THE PROPOSED DISPOSAL

5.1. Proposed Disposal of the Sale Shares

Pursuant to the STA, the Parties agree that QMAI shall sell, and the Buyers shall purchase, the Sale Shares free from all encumbrances and with the benefit of all rights, benefits and entitlements attaching thereto as at Completion.

5.2. Consideration and Valuation

The aggregate consideration for the purchase of the Sale Shares by the Buyers is RMB360 million (the "**Aggregate Consideration**"). The Aggregate Consideration and the Sale Shares shall be apportioned among the Buyers in the following manner:

- (a) Suzhou JX will pay RMB80 million to QMAI as consideration for 3,974,632 Sale Shares, comprising 8.000% of the share capital of Aidite;
- (b) Adveq will pay RMB100 million to QMAI as consideration for 4,968,290 Sale Shares, comprising 10.000% of the share capital of Aidite;

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- (c) ASP will pay RMB65 million to QMAI as consideration for 3,229,389 Sale Shares, comprising 6.500% of the share capital of Aidite; and
- (d) HAL will pay RMB115 million to QMAI as consideration for 5,713,534 Sale Shares, comprising 11.500% of the share capital of Aidite.

The Aggregate Consideration was arrived at after arm's length negotiations between QMAI and the Buyers and on a willing-buyer and willing-seller basis, based on an agreed valuation of Aidite of RMB1 billion for its entire share capital. The agreed valuation was derived at taking into consideration the net profit of Aidite for FY2018 of RMB47.6 million and a price-to-earnings multiple of approximately 21 times. There was no valuation commissioned in respect of the Proposed Disposal.

The net asset value and the net tangible asset value of the Sale Shares as recorded in the unaudited consolidated financial statements of the Company for the financial period ended 30 June 2019 ("HY2019") were S\$36 million and S\$15 million respectively.

Following the Proposed Disposal, QMAI will continue to hold the remaining 12.246% of Aidite and explore various options in respect of such shareholding in order to maximise Shareholder value.

5.3. Conditions Precedent

Completion of the Proposed Disposal is conditional upon certain conditions (the "**Conditions Precedent**") being satisfied or waived in writing by each Buyer, including but not limited to the following:

- (a) there is no PRC law, judgment, ruling or injunction by a court, arbitral institution or relevant government authority that restricts, prohibits or terminates the transfer of the Sale Shares. There is also no unresolved or potential litigation, arbitration, judgment, ruling or injunction which has or will have a material adverse effect on the transfer of the Sale Shares;
- (b) Aidite and its subsidiaries having obtained valid licenses, approvals, permits, waivers, consents, authorisations, registrations and/or filings for their respective business operations (including but not limited to the Medical Device Registration Certificate and Medical Device Production Licence);
- (c) the key employees of Aidite (including founding shareholders, senior management and core technical personnel) having entered into employment contracts, confidentiality agreements and agreements relating to intellectual property rights to the Buyers' satisfaction;
- (d) Aidite and QMAI each having obtained the approval of their respective board of directors and shareholders for the entry into the transaction documents and the transfer of the Sale Shares, and all shareholders of Aidite having waived any and all rights of pre-emption over the Sale Shares;
- (e) all approvals, confirmations, authorisations, registrations, licences, waivers and/or consents which are necessary to be obtained in respect of or in connection with the transfer of the Sale Shares being granted or obtained, including but not limited to approval of the Shareholders at a general meeting of the Company and approval of the SGX-ST;
- (f) the satisfactory completion of financial, business and legal due diligence by the Buyers in respect of Aidite;
- (g) no event having occurred after the date of the STA which has or is likely to result in a material adverse change in the business, operations, assets, position (financial, trading or otherwise), profits or prospects of Aidite; and

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- (h) each of the existing shareholders of Aidite and Aidite guaranteeing that their obligations under the STA are true, complete and accurate, and having provided written confirmation in respect of the same.

The STA further provides that if approval of the Shareholders in respect of the Proposed Disposal is not obtained at a general meeting of the Company by 30 November 2019 (unless extended by the approval of all parties), the STA will terminate and cease to be valid.

5.4. Payment Terms

Within twenty (20) business days of the date that the Conditions Precedent are satisfied or waived in writing (as the case may be):

- (a) Suzhou JX shall pay QMAI by telegraphic transfer its portion of the Aggregate Consideration net of such amount of taxes payable to the relevant PRC tax authority in respect of the transfer of the relevant portion of Sale Shares. Suzhou JX shall arrange for such taxes to be paid to the PRC tax authority; and
- (b) each of HAL, Adveq and ASP shall pay QMAI by telegraphic transfer eighty-five percent (85%) of their respective portions of the Aggregate Consideration.

Within twenty (20) business days of the date of receipt of the amounts set out in paragraph (b) above, QMAI shall arrange for such taxes payable in respect of the transfer of the relevant portion of the Sale Shares to be paid to the relevant PRC tax authority and provide the certificate of payment to each of HAL, Adveq and ASP. Within five (5) business days of receipt of such certificate of payment, each of HAL, Adveq and ASP shall pay QMAI by telegraphic transfer the balance fifteen percent (15%) of their respective portions of the Aggregate Consideration.

The Company wishes to highlight that subject to submission of necessary documents to the satisfaction of the tax authorities, the payment of tax is immediate and not expected to take material time. The Company will update the Shareholders once the balance of the Aggregate Consideration is received from each of HAL, Adveq and ASP.

5.5. Liability for Breach of the STA

Liability of QMAI

Pursuant to the STA, QMAI will be required to pay to the Buyers a compensation sum equal to ten percent (10%) of the Aggregate Consideration for any loss directly or indirectly related to the following matters:

- (a) where QMAI violates any representations, warranties, undertakings, agreements or obligations made under the STA; or
- (b) where QMAI fails to perform or improperly performs any of its obligations under the STA or fails to comply with any other provisions under the STA.

If the above compensation sum is insufficient to compensate the Buyers for all losses suffered, QMAI will be required to make up the shortfall accordingly.

Liability of the Buyers

Each Buyer agrees that if it fails to pay to QMAI in full the sums payable by the Buyers under the STA and fails to remedy such breach within ten (10) days after being notified by QMAI of such breach, the relevant Buyer shall pay to QMAI a penalty sum equal to twenty percent (20%) of its relevant portion of the Aggregate Consideration.

If the above compensation sum is insufficient to compensate QMAI for all losses suffered, the relevant Buyer will be required to make up the shortfall accordingly.

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5.6. Governing Law and Jurisdiction

The STA is governed by and construed in accordance with the laws of the PRC. However, if the laws of the PRC do not govern specific matters relating to the STA, the STA will be governed by general international business practices as permitted under the laws of the PRC.

All disputes arising out of or in connection with the execution of the STA shall be settled through friendly negotiation. If any dispute cannot be settled through negotiation within fifteen (15) days after the dispute occurs, any party has the right to submit the dispute to the China International Economic and Trade Arbitration Commission for arbitration in accordance with the arbitration rules in force at that time.

5.7. Joint Venture Agreement

QMAI will on the date of Completion enter into a joint venture agreement (“**JVA**”) with the other shareholders of Aidite, including the Buyers, to regulate their relationship in relation to Aidite following Completion.

5.8. Undertaking by Dr. C S Ng and QMAI

In connection with the Proposed Disposal, Dr. C S Ng, has, upon the request of the Buyers, provided an irrevocable undertaking to the Buyers pursuant to which he has agreed, subject to regulatory approval, *inter alia*, to procure the voting of his direct and deemed interest of 57.01% in the capital of the Company in favour of each resolution to be tabled at the EGM for and in connection with the Proposed Disposal.

In addition, QMAI has undertaken, *inter alia*, to vote in favour of the Proposed Disposal during the meeting of the board of directors and shareholders’ meeting of Aidite.

The undertaking further provides that Dr. C S Ng and QMAI shall become jointly liable to pay a compensation sum equal to five percent (5%) of the Aggregate Consideration to the Buyers in the event that either Dr. C S Ng or QMAI fails to fulfil their obligations under the undertaking.

6. GAIN ON DISPOSAL AND USE OF PROCEEDS FROM THE PROPOSED DISPOSAL

The Company has, through its 75.02% preference shareholding in QMAI (the book value of which is approximately S\$29.7 million), an economic interest of 75.02% in the sale proceeds of the Proposed Disposal, which is approximately RMB270 million (being 75.02% of the Consideration of RMB360 million) equivalent to approximately S\$53.3 million (converted at an exchange rate of S\$1: RMB5.071293 as at 30 June 2019). Accordingly, only 75.02% of the gain will be attributable to the Company. The amount of gain by the Company from the Proposed Disposal is therefore estimated to be S\$19 million after taking into account the associated costs of the Proposed Disposal as well as the capital gain tax payable in respect of the Proposed Disposal of approximately S\$4.3 million.

The Company had never made any provisions for diminution in valuation or losses on its investments to Aidite or QMAI in the past. There was no valuation conducted in respect of the delisting of Aidite from the New Third Board or for any other purposes.

It is estimated that the Company will receive net proceeds of approximately S\$49.0 million from the Proposed Disposal, taking into account tax expenses, legal fees and the other transaction costs in connection with the Proposed Disposal (the “**Net Proceeds**”).

The Company intends to use the Net Proceeds for the following purposes:

- (a) general working capital requirements of the Group including repayment of existing loans;
- (b) funding future business expansion, investments and acquisitions when suitable opportunities arise; and

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- (c) declare a special dividend of such amount as may be determined by the Board to the Shareholders (subject to regulatory requirements and prevailing market conditions).

The Group has an aggregate existing loan of S\$81.3 million as at the Latest Practicable Date. The Board will determine the amount of loan to be repaid using the Net Proceeds at the appropriate juncture taking into account the interest of the Group and the Shareholders.

Pending the deployment for the uses identified above, the Net Proceeds may be deposited with banks and/or financial institutions, or used for any other purpose on a short-term basis, as the Directors may in their absolute discretion deem fit.

7. RATIONALE FOR THE PROPOSED DISPOSAL

It has always been the intention of the Company to monetise its investment in Aidite at the appropriate juncture. As disclosed in the Company's holding announcement dated 23 April 2019, the Company received multiple offers in respect of the disposal of Aidite shares and the Proposed Disposal represents the best terms available to the Company. The independent Directors and the audit committee of the Company have considered the terms of the Proposed Disposal and are satisfied that the terms are commercially beneficial to the Company and its shareholders. The Company notes that the agreed valuation of Aidite for the purposes of the Proposed Disposal at RMB1 billion represents an approximate six-fold increase on the initial valuation of Aidite during the Company's investment into Aidite in 2014. The Board has unanimously approved the Proposed Disposal.

The Company proposes to dispose of the Sale Shares as such disposal would further strengthen the Group's balance sheet and would have a material positive impact on the financial position of the Group in the current year.

The Board believes that the Proposed Disposal is in the best interests of the Company and its Shareholders as it will enable the Group to realise and unlock the value of its interest in Aidite at an attractive premium over the net asset value of Aidite. As noted in Section 6 of this Circular, it is expected that the Group will realise a significant net gain from the Proposed Disposal.

The Board is also of the view that it is essential that the Group undertakes such a disposal as it will lower the Group's gearing and provide further resources for the future expansion of the Group. Based on HY2019, the gearing level of the Company is as follows:

| | |
|---|---------------|
| HY2019 | \$,000 |
| Total Debt – Cash | 66,950 |
| Equity Attributable to Owners of the Parent | 115,419 |
| Gearing | 0.58 |

The Company will continue to retain approximately 12.246% of the registered ordinary capital of Aidite upon completion of the Proposed Disposal as the Board believes that the retention of such interests in Aidite will allow the Company to participate in its future growth. The Board will at the appropriate time determine the course of action to be taken in respect of these balance shares and will update Shareholders accordingly. The book value of these remaining shares is S\$18.8 million after revaluation from equity accounting to pure investment accounting. If the Proposed Disposal is completed, Aidite will become a pure investment company of the Group.

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8. CHAPTER 10 OF THE LISTING MANUAL

Based on the consolidated financial results of the Group for HY2019, the relative figures computed on the bases set out in Rule 1006 of the Listing Manual in respect of the Proposed Disposal are set out below.

| Listing Rule | Relative Figures |
|--|---|
| Rule 1006(a): The net asset value of the assets to be disposed of, compared with the Group's net asset value. | 32% ⁽¹⁾ |
| Rule 1006(b): The net profits attributable to the assets acquired or disposed of, compared with the Group's net profits. | 25% ⁽²⁾ |
| Rule 1006(c): The aggregate value of the Consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares. | 13.58% ⁽³⁾ |
| Rule 1006(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 this is not an acquisition. |

Notes:-

- (1) The unaudited net asset value of the Sale Shares of RMB184 million (equivalent to approximately S\$36 million converted at an exchange rate of S\$1: RMB5.071293 as at 30 June 2019) as at 30 June 2019 is compared against the unaudited net asset value of the Group of S\$115 million as at 30 June 2019.
- (2) The unaudited net profits of the Sale Shares of RMB10.9 million (equivalent to approximately S\$2.1 million converted at an exchange rate of S\$1: RMB5.071293 as at 30 June 2019) for HY2019 is compared against the unaudited net profits of the Group of S\$8.6 million for HY2019.
- (3) RMB270 million (equivalent to approximately S\$53.24 million converted at an exchange rate of S\$1: RMB5.071293 as at 30 June 2019), being 75.02% of the Aggregate Consideration of RMB360 million (equivalent to approximately S\$70.99 million converted at an exchange rate of S\$1: RMB5.071293 as at 30 June 2019), is compared to the Company's market capitalisation of approximately S\$392 million, which is computed based on 785,621,921 Shares in issue and the closing price of S\$0.50 per share transacted on 9 October 2019, being the last market day preceding the date of the STA.

As the relative figures computed on the basis set out in Rule 1006(a) and Rule 1006(b) of the Listing Manual exceed 20%, the Proposed Disposal constitutes a "major transaction" under Chapter 10 of the Listing Manual and is subject to and conditional upon the approval of Shareholders at the EGM.

9. FINANCIAL INFORMATION AND FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

The *pro forma* financial effects of the Proposed Disposal on the Group set out below are strictly for illustrative purposes only and do not purport to be indicative or a projection of the results and financial position of the Company and the Group after Completion. These illustrative financial effects have been prepared based on the audited consolidated financial statements of the Company for the financial year ended 31 December 2018 ("**FY2018**") and the audited financial statements of Aidite for FY2018, based on the following bases and assumptions:

- (a) that the Proposed Disposal had been completed on 1 January 2018 for the purposes of illustrating the financial effects on earnings;
- (b) that the Proposed Disposal had been completed on 31 December 2018 for the purposes of illustrating the financial effects on net tangible assets ("**NTA**"); and
- (c) the computation are based on the Net Proceeds.

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9.1. NTA

| | Before the Proposed Disposal | After the Proposed Disposal |
|--|------------------------------|-----------------------------|
| NTA attributable to the owners of the Company (S\$'000) | 57,322 | 76,488 |
| Number of issued Shares (excluding treasury shares) ('000) | 785,622 | 785,622 |
| NTA per Share (Singapore cents) | 7.30 | 9.74 |

9.2. EPS

| | Before the Proposed Disposal | After the Proposed Disposal |
|---|------------------------------|-----------------------------|
| Net earnings attributable to owners of the Company for FY2018 (S\$'000) | 14,845 | 29,565 ⁽¹⁾ |
| Number of issued Shares (excluding treasury shares) ('000) | 785,622 | 785,622 |
| EPS (Singapore cents) | 1.89 | 3.76 |

Note:-

- (1) The increase in net earnings after the Proposed Disposal was mainly due to the capital gain of approximately S\$19 million from the Proposed Disposal.

10. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

The interests of the Directors and the Substantial Shareholders in the share capital of the Company as at the Latest Practicable Date are set out below:

| | Direct Interest | | Deemed Interest | | Total Interests | |
|--|----------------------------|--------------------|----------------------------|--------------------|-----------------|--------------------|
| | No. of Shares | (%) ⁽²⁾ | No. of Shares | (%) ⁽²⁾ | No. of Shares | (%) ⁽²⁾ |
| Director | | | | | | |
| Mr Narayanan Sreenivasan @ N Sreenivasan | 320,000 | 0.04 | - | - | 320,000 | 0.04 |
| Dr Ng Chin Siau | 11,440,110 ⁽³⁾ | 1.46 | 436,442,476 ⁽¹⁾ | 55.55 | 447,882,586 | 57.01 |
| Dr Ang Ee Peng Raymond | - | - | - | - | - | - |
| Mr Ng Weng Sui Harry | 240,000 | 0.03 | - | - | 240,000 | 0.03 |
| Prof Toh Chooi Gait | - | - | - | - | - | - |
| Mr Chik Wai Chiew (Zhi Weichao) | - | - | - | - | - | - |
| Substantial Shareholders (other than Directors) | | | | | | |
| Quan Min Holdings Pte. Ltd. ⁽⁴⁾ | 436,341,476 ⁽⁵⁾ | 55.54 | - | - | - | - |
| Heritas Helios Investments Pte. Ltd. ⁽⁶⁾ | 63,733,115 | 8.11 | - | - | - | - |
| IMC Heritas Investments Ltd. ⁽⁷⁾ | - | - | 63,733,115 | 8.11 | - | - |
| IMC Pan Asia Alliance Corporation ⁽⁸⁾ | - | - | 63,733,115 | 8.11 | - | - |
| Heritas Capital Management Pte. Ltd. ⁽⁹⁾ | - | - | 63,733,115 | 8.11 | - | - |

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Notes:-

- (1) Dr. C S Ng is deemed to have an interest in the shares held by:
 - (i) Quan Min Holdings Pte. Ltd. by virtue of section 4 of the Securities and Future Act; and
 - (ii) his spouse, Foo Siew Juian's 101,000 ordinary shares.
- (2) The percentage shareholding interest is computed based on 785,621,921 Shares (excluding treasury shares and subsidiary holdings) as at the Latest Practicable Date.
- (3) 11,000,000 shares are held in the name of various nominees.
- (4) Quan Min Holdings Pte. Ltd. is an investment holding company incorporated in Singapore and is the Company's ultimate parent company.
- (5) 207,273,300 shares are held in the name of various nominee accounts.
- (6) The entire shares are held in the name of Citibank Nominees Singapore Pte. Ltd.
- (7) IMC Heritas Investments Ltd. is the owner of the entire share capital of Heritas Helios Investments Pte. Ltd.
- (8) IMC Pan Asia Alliance Corporation 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.
- (9) Heritas Capital Management Pte. Ltd. is the discretionary investment manager of Heritas Helios Investments Pte. Ltd.

Save as disclosed in this Circular, none of the Directors or substantial shareholders of the Company has any interest, direct or indirect, in the Proposed Disposal (other than through their respective shareholdings (if any) in the Company or in Prof Holdco as disclosed in Section 3.2 of this Circular).

11. SERVICE CONTRACT

No person is proposed to be appointed as a director of the Company in connection with the Proposed Disposal and no service contract is proposed to be entered into by the Company and any such person in connection with the Proposed Disposal.

12. DIRECTORS' RECOMMENDATIONS

After having considered, amongst other things, the terms and/or rationale of the Proposed Disposal, the Directors are of the view that the Proposed Disposal is in the best interests of the Company and the Shareholders, and accordingly, recommend that the Shareholders vote in favour of the ordinary resolution in respect of the Proposed Disposal as set out in the Notice of EGM.

13. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on page 26 of this Circular, will be held at PARKROYAL on Kitchener Road, New Jade Room, 181 Kitchener Road, Singapore 208533 on 29 November 2019 at 5:30 p.m., for the purpose of considering, and if thought fit, passing with or without any modifications, the ordinary resolution set out in the Notice of EGM.

14. ACTIONS TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the EGM and who wish to appoint a proxy or proxies to attend and vote at the EGM on their behalf should complete, sign and return the Proxy Form in accordance with the instructions printed thereon as soon as possible and in any event, so as to arrive at the registered office of the Company at 81 Science Park Drive #02-04, The Chadwick, Singapore 118257, not less than 72 hours before the time appointed for the holding of the EGM.

The completion and lodgement of a Proxy Form by a Shareholder does not preclude him from attending and voting in person at the EGM in place of his proxy or proxies if he so wishes. However, any appointment of a proxy or proxies by such Shareholder shall be deemed to be

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revoked if the Shareholder attends the EGM in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy, to the EGM.

A Depositor shall not be regarded as a Shareholder of the Company entitled to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register as certified by CDP not less than 72 hours before the time appointed for the holding of the EGM.

15. 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 Disposal, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading.

Where information in the 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 the Circular in its proper form and context.

16. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 81 Science Park Drive #02-04, The Chadwick, Singapore 118257 during normal office hours from the date hereof up to and including the date of the EGM:

- (i) the STA;
- (ii) the JVA; and
- (iii) the Constitution of the Company.

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 – KEY TERMS OF THE AIDITE PREFERENCE SHARES

The terms and conditions of the Aidite Preference Shares were disclosed in the Spin-Off Circular and are produced below:

(a) General Terms

| | Class A Preference Shares | Class B Preference Shares |
|--------------------------|--|---|
| Dividends | <p>The Class A Preference Shares shall rank <i>pari passu</i> with the Class B Preference Shares, in respect of any declaration and payment of dividends by QMAI.</p> <p>The Aidite Preference Shares shall rank for dividends in priority to all ordinary shares of QMAI from time to time in issue. So long as any Aidite Preference Shares are in issue, no dividends shall be paid out on any ordinary shares.</p> | |
| Ranking | <p>The Class A Preference Shares shall rank <i>pari passu</i> with the Class B Preference Shares in respect of participation in profits. The proceeds arising from the redemption of the Aidite Preference Shares do not constitute profits for this purpose.</p> <p>The Aidite Preference Shares shall rank in priority to the ordinary shares of QMAI and <i>pari passu</i> with all other shares in the capital of QMAI to the extent that they are expressed to rank <i>pari passu</i> therewith.</p> | |
| Redemption Rights | <p>A holder of the Class A Preference Shares shall be entitled to exercise its right of redemption pursuant to its Tag-along Right during the Tag-along Period.</p> <p>Upon the occurrence of a Change of Control Event before the expiry of the Tag-along Period, a holder of the Class A Preference Shares shall be entitled to exercise its right of redemption at its sole discretion or pursuant to its Tag-along Right.</p> <p>Upon the expiry of the Tag-along Period and subject to the “Exchange Rights” below, a holder of the Class A Preference Shares shall be entitled to exercise its right of redemption at its sole discretion.</p> | <p>A holder of the Class B Preference Shares shall be entitled to exercise its right of redemption at its sole discretion.</p> <p>Please refer to clause (b) of this Appendix A for further information on Tag-along Right and Tag-along Period</p> |
| Exchange Rights | <p>If permitted under applicable laws and the rules of the designated stock exchange upon which the shares of Aidite may be listed, the Class A Preference Shares shall be mandatorily and automatically exchanged into shares of Aidite upon the expiry of the Tag-along Period.</p> | <p>Class B Preference Shares will not be exchangeable into shares of Aidite.</p> |
| Voting Rights | <p>The holders of the Aidite Preference Shares will be entitled to receive notices of all general meetings but will not be entitled to attend or vote at any general meeting.</p> | |

APPENDIX A – KEY TERMS OF THE AIDITE PREFERENCE SHARES

| | Class A Preference Shares | Class B Preference Shares |
|-------------------------------|---|---------------------------|
| Liquidation Preference | <p>In the event of the commencement of any liquidation, dissolution or winding-up of QMAI, whether voluntary or involuntary and subject to applicable laws, the Class A Preference Shares shall rank <i>pari passu</i> with the Class B Preference Shares in respect of the distribution of QMAI's equity interest in Aidite, to the extent that such distribution represents the economic interests of the holder of each class of Aidite Preference Shares.</p> <p>The Aidite Preference Shares shall rank <i>pari passu</i> with the ordinary shares of QMAI in the distribution of any residual assets of QMAI.</p> | |
| Governing Law | The laws of the Republic of Singapore | |

(b) Redemption of Aidite Preference Shares

A holder of the Class B Preference Shares shall be entitled at its sole discretion, to redeem the Class B Preference Shares. The economic interests of QMAI shareholders in Aidite is represented by the proportion of its respective class of Aidite Preference Shares out of all of the outstanding issued Aidite Preference Shares. Accordingly, the aggregate number of Aidite Preference Shares that the Company is entitled to dispose shall be limited to the extent represented by its economic interest. Pursuant to the redemption, a notice shall be sent to QMAI, specifying the number of Aidite Preference Shares that the holder of Class B Preference Shares wishes to dispose of and the desired minimum sale price of such disposal (the "**Redemption Notice**").

In accordance with the terms of the Class A Preference Shares, the right of redemption of the Class A Preference Shares will only arise upon the exercise of the right of redemption of the Class B Preference Shares ("**Tag-along Right**"). Concurrent with the Redemption Notice, the holders of Class B Preference Shares shall send to the holder of Class A Preference Shares a notice in writing giving details of the proposed redemption ("**Tag-along Notice**"). Pursuant to the Tag-along Right, the holders of Class A Preference Shares shall have the option, but not the obligation, to redeem such number of Class A Preference Shares on the same terms and conditions and on a *pro rata* basis to the amount of Class B Preference Shares that are subject to redemption. The holders of Class A Preference Shares shall, within seven (7) Business Days of receipt of the Tag-along Notice, notify QMAI of its decision ("**Tag-along Reply**"). The option to redeem the *pro rata* portion of the Class A Preference Shares shall lapse after seven (7) Business Days of receipt of the Tag-along Notice.

The Tag-along Right shall subsist for a period of six (6) years from the issuance and allotment of the Class A Preference Shares ("**Tag-along Period**"). Upon the cessation of the Tag-along Period and the holders of the Class A Preference Shares shall be entitled to redeem their Class A Preference Shares at their sole discretion.

(c) Sale of Aidite Shares

Upon receipt of the Tag-along Reply, QMAI shall use commercially reasonable endeavours to procure the sale of the relevant number of the Aidite Preference Shares at the desired minimum sale price. As the Company holds majority of the Class B Preference Shares, the desired minimum sale price will be determined by the Board.

The number of shares of Aidite that shall be sold is represented by the economic interests of the aggregate amount of Class A Preference Shares and Class B Preference Shares that are subject to redemption ("**Aidite Sale Shares**"). The proceeds of the sale less taxes, fees, costs and expenses incurred by QMAI in connection with the sale ("**Sale Net Proceeds**") shall represent the redemption price for the Aidite Preference Shares that are the subject of the redemption. The Sale Net Proceeds shall be repaid in full by QMAI to the holders of the Aidite Preference Shares, *pro*

APPENDIX A – KEY TERMS OF THE AIDITE PREFERENCE SHARES

rata according to the number of Aidite Preference Shares that are subject to redemption. The Aidite Preference Shares shall be deemed to be redeemed upon payment of the Sale Net Proceeds to the holders of the Aidite Preference Shares.

In the event that QMAI is unable to procure the sale of any Aidite Sale Shares at the desired minimum sale price, no redemption of any Aidite Preference Shares shall be deemed to have taken place.

In the event that QMAI is unable to procure the sale of all the Aidite Sale Shares, the number of Aidite Sale Shares that shall be sold shall be apportioned between the holders of the Aidite Preference Shares, *pro rata* according to the number of each class of Aidite Preference Shares that is originally redeemed. The final amount of Aidite Preference Shares that shall be redeemed will be determined by the actual number of Aidite Sale Shares that is sold.

(d) Exchange of Preference Shares

If permitted under the applicable laws, all Class A Preference Shares shall be mandatorily and automatically exchanged into shares of Aidite after the cessation of the Tag-along Period. The number of shares of Aidite that shall be transferred from QMAI to the holders of the Class A Preference Shares shall be determined based on the economic interests of the holders of the Class A Preference Shares in Aidite at the time of transfer. Upon the completion of the transfer, the holders of the Class A Preference Shares shall cease to hold any interests in QMAI and will have direct interests in Aidite.

However, in the event that the exchange of the Class A Preference Shares to shares of Aidite is not permissible, the holders of the Class A Preference Shares shall be entitled to redeem its Class A Preference Shares at its sole discretion.

(d) Change of Control of the Company

Pursuant to the terms of the Class A Preference Shares, in the event that Dr. C S Ng's direct or deemed interests in the Company fall below 40.0% ("**Change of Control Event**") before the expiry of the Tag-along Period, the Tag-along Period shall cease to subsist. The holders of the Class A Preference Shares shall be entitled to redeem its Class A Preference Shares at its sole discretion or pursuant to the Tag-along Right.

**APPENDIX B – LIST OF OTHER SHAREHOLDERS IN THE Q & M
PROFESSIONALS HOLDCO**

| Name of Singapore-based Dentists | Total Interest (%) |
|--|--------------------|
| Dr. Maung Than Zaw Oo | 1.82 |
| Dr. Terence Jee Shizhuan | 1.82 |
| Dr. Yao Chao Shu | 0.91 |
| Dr. Winston Lim | 0.45 |
| Dr. Lee Weizhi, Alvin (Li Weizhi, Alvin) | 0.91 |
| Dr. Low Jiun Sian | 0.91 |
| Dr. Choo Keang Hai | 0.91 |
| Dr. Ramaswamy Sreeghandhan | 0.91 |
| Dr. Ronald Tan Hwa Ann | 0.91 |
| Dr. Fang Chui-Yun Mabel | 0.91 |
| Dr. Mervin Phng Hwee Leng | 0.45 |
| Dr. Xander Chua Khim Thai | 1.82 |
| Dr. Su Jianxiang, Jason | 0.91 |
| Dr. Teo Kuo-Yih Terence@Terry | 0.91 |
| Dr. Su Shengle | 1.36 |
| Dr. Hwang Jun Hyuk | 0.91 |
| Dr. Ngan Kee Leong | 0.61 |
| Dr. Phua Tin Cock | 0.61 |
| Dr. Chin Yee Fatt | 0.61 |
| Sub-Total | 18.65 |

| Name of Employees | Designation | Total Interest (%) |
|-------------------|---|--------------------|
| Wan Sin Nee | Group Accountant | 0.45 |
| Ng Yoke Ling | Assistant Medisave Manager | 0.36 |
| Foo Sien Loon | General Manager (Malaysia) | 1.36 |
| Kow Ngan Chai | Business Development and Compliance Manager | 1.36 |
| Zhou Lu Lu | China Accountant | 0.18 |
| Huang Zhenxing | China Operations Manager | 0.27 |
| Huang Zhenjian | Dental Technician | 0.09 |
| Yau Geok Boey | General Manager (Quantumleap) | 0.91 |
| Sub-Total | | 4.98 |

NOTICE OF EXTRAORDINARY GENERAL MEETING

Q & M DENTAL GROUP (SINGAPORE) LIMITED

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

NOTICE IS HEREBY GIVEN that the Extraordinary General Meeting (“EGM”) of the Company will be held at PARKROYAL on Kitchener Road, New Jade Room, 181 Kitchener Road, Singapore 208533 on 29 November 2019 at 5:30 p.m. for the purpose of considering and, if thought fit, passing with or without any amendments the following resolution:

All capitalised terms in the resolution below and defined in the Circular dated 14 November 2019 to the shareholders of the Company (the “Circular”) shall, unless otherwise defined herein, have the respective meanings ascribed thereto in the Circular.

ORDINARY RESOLUTION – THE PROPOSED DISPOSAL OF 36.000% OF THE REGISTERED CAPITAL OF AIDITE (QINHUANGDAO) TECHNOLOGY CO., LTD.

Resolved that:

- (a) approval be and is hereby given to the Company for the disposal of 36.000% of the registered capital of Aidite at the price of RMB360 million and on such terms and conditions of the share transfer agreement dated 10 October 2019 entered into between QMAI and the Buyers;
- (b) the Directors (or any one of them) be and are hereby authorised to take such steps and do all such acts and things (including without limitation, to sign, seal, execute and deliver all such documents and deeds), and to exercise such discretion in relation to the Proposed Disposal as they or he or she may deem fit, with such modifications thereto (if any) as they or he or she may consider necessary, desirable or expedient, in order to give full effect to this resolution; and
- (c) if required, the Common Seal of the Company be affixed to any document in accordance with the Constitution of the Company.

BY ORDER OF THE BOARD

Dr. Ng Chin Siau
Group Chief Executive Officer
14 November 2019

Notes:

- (a) A member who is not a relevant intermediary may appoint not more than two proxies to attend, speak and vote in his stead at the EGM. Where a member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy in the form of proxy. A proxy need not be a member of the Company.
- (b) A member who is a relevant intermediary is entitled to appoint one or more 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 member. Relevant intermediary has the meaning ascribed to it in Section 181 of the Companies Act.
- (c) If the appointer is a corporation, the proxy must be executed under seal or the hand of its duly authorised officer or attorney.
- (d) The instrument appointing a proxy must be deposited at the Registered Office of the Company at 81 Science Park Drive #02-04, The Chadwick, Singapore 118257 not less than 72 hours before the time appointed for holding the EGM.

Personal Data Protection:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM of the Company (the “Meeting”) and/or any adjournment thereof, a member of the Company: (i) consents to the collection, use and disclosure of the member’s personal data by the Company (or its agents) for the purpose of the processing, administration and analysis by the Company (or its agents) of proxy(ies) and representative(s) appointed for the Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the Meeting (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 member discloses the personal data of the member’s proxy(ies) and/or representative(s) to the Company (or its agents), the member 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 member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member’s breach of warranty.

**Q & M DENTAL GROUP
(SINGAPORE) LIMITED**
(Incorporated in the Republic of Singapore)

**PROXY FORM
EXTRAORDINARY GENERAL MEETING**

IMPORTANT

1. A relevant intermediary may appoint more than two proxies to attend the Extraordinary General Meeting and vote (please see Note 3 for the definition of "relevant intermediary").
2. For investors who have used their CPF and/or SRS monies to buy shares in the Company, this Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or is purported to be used by them.
3. Please read the notes to the Proxy Form.

I/We _____ (Name),

NRIC/Passport Number/Company Registration number _____ of

_____ (Address)

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

| Name | NRIC/Passport No. | Proportion of Shareholdings | |
|---------|-------------------|-----------------------------|-----|
| | | No. of Shares | (%) |
| Address | | | |

and/or (delete as appropriate)

| Name | NRIC/Passport No. | Proportion of Shareholdings | |
|---------|-------------------|-----------------------------|-----|
| | | No. of Shares | (%) |
| Address | | | |

as *my/our proxy/proxies to attend and to vote for *me/us on my/our behalf at the Extraordinary General Meeting (the "Meeting") of the Company to be held at PARKROYAL on Kitchener Road, New Jade Room, 181 Kitchener Road, Singapore 208533 on 29 November 2019 at 5:30 p.m., and at any adjournment thereof.

*I/We have directed my/our proxy/proxies to vote for or against the Resolutions to be proposed at the Meeting indicated hereunder. If no specific directions as to voting on the Resolutions are given, the proxy/proxies may vote or abstain from voting at *his/her/their discretion and any other matters arising at the Meeting.

Note: Please indicate with an "X" or number of votes in the spaces provided whether you wish your vote(s) to be cast for or against the resolutions as set out in the Notice of Extraordinary General Meeting. In the absence of specific directions or in the event of any item arising not summarised below, the proxy/proxies may vote or abstain as he/she/they may think fit.

| No. | Ordinary Resolution relating to: | For | Against |
|-----|----------------------------------|-----|---------|
| 1. | The Proposed Disposal | | |

Note: Please note that the short description given above of the Resolution to be passed does not in any way whatsoever reflect the intent and purpose of the Resolution. The short description has been inserted for convenience only. Shareholders are encouraged to refer to the Notice of Extraordinary General Meeting for the full purpose and intent of the Resolution to be passed.

Dated this _____ day of _____ 2019.

| Total Number of Shares in: | No. of Shares |
|----------------------------|---------------|
| (a) CDP Register | |
| (b) Register of Members | |

Signature(s) of Member(s)/
Common Seal of Corporate Shareholder

IMPORTANT: PLEASE READ NOTES OVERLEAF



Notes:-

1. 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, Cap. 289), 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 shares registered in your name in the Register of Members, you should insert the aggregate number. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.
2. A member who is not a relevant intermediary may appoint not more than two proxies to attend, speak and vote on his behalf at the Meeting. Where a member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy in the form of proxy. A proxy need not be a member of the Company.
3. Pursuant to Section 181 of the Companies Act, Chapter 50 of Singapore, any member who is a relevant intermediary is entitled to appoint one or more proxies to attend, speak and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Relevant intermediary is either:
 - (i) a banking corporation licensed under the Banking Act (Cap. 19) or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity;
 - (ii) a capital markets services licence holder which provides custodial services for securities under the Securities and Futures Act (Cap. 289) and holds shares in that capacity; or
 - (iii) the Central Provident Fund ("CPF") Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased on behalf of CPF investors.
4. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 81 Science Park Drive #02-04, The Chadwick, Singapore 118257 not less than 72 hours before the time appointed for the Meeting.
5. The instrument appointing a proxy or proxies must be under the hand of the appointer 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.
6. 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.
7. A corporation that is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Cap. 50.
8. 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 member, being the appointor, is not shown to have shares against his name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Protection:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Extraordinary General Meeting dated 14 November 2019.