



Q & M DENTAL GROUP (SINGAPORE) LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No. 200800507R)

**PROPOSED ACQUISITION OF 70% SHAREHOLDING
IN
“D & D DENTAL SDN BHD” (“DDD”)**

1. THE PROPOSED ACQUISITION

- 1.1 The Board of Directors (the "Board") of Q & M Dental Group (Singapore) Limited (the "Company" and together with its subsidiaries, the "Group") is pleased to announce that Q & M Dental Group (Malaysia) Sdn Bhd ("QDGM"), a wholly-owned subsidiary of the Company (the "Purchaser"), have on 12 September 2012 entered into a conditional share sale and purchase agreement and ancillary agreements (the "Agreements") with Dr Lee Chin Sze ("Dr Lee") (the "Current Shareholder") for the acquisition (the "Proposed Acquisition") from Dr Lee of 70% of DDD's shareholding for a cash consideration of RM840,000 (approximately S\$336,000) (the "Consideration"). Following the completion of the Proposed Acquisition, the Purchaser shall hold shares in DDD representing 70% of DDD's issued and paid-up share capital whilst the Current Shareholder shall hold shares in DDD representing 30% of DDD's issued and paid-up share capital, and accordingly DDD shall become a subsidiary of the Company.
- 1.2 DDD is a private limited company incorporated in Malaysia under the Companies Act 1965 and has, at the date hereof, an authorised share capital of RM100,000 divided into 100,000 ordinary shares of RM1.00 each and an issued and paid-up capital of RM2 divided into 2 ordinary shares of RM1.00 each. The current shareholders of DDD are Dr Lee and Dr Lee Heng Hong, who owns 1 share each in DDD's share capital respectively. Prior to completion of the Agreement, Dr Lee shall increase the paid up capital of DDD to RM500,000 divided into 500,000 ordinary shares of RM1.00 each and hold all shares in DDD. DDD owns and operates a dental clinic known as Solaris Dental Centre (the 'Clinic') in Kuala Lumpur, Malaysia.
- 1.3 The sale and purchase of the Shares is subject to, inter alia, the following conditions precedent:
- (a) Obtaining the necessary approval for the transfer of Shares to the Purchaser or their nominee;

- (b) Executing a service agreement between the Dr Lee and Purchaser for a period of ten (10) years on such terms and conditions approved by the Purchaser.
 - (c) All relevant dental and clinic licences have been obtained for the operation of the Clinic;
 - (d) The Purchaser being wholly satisfied with the legal, financial and operational due diligence on DDD.
- 1.4 Under the Agreements, the Dr Lee has provided a guarantee that the minimum profit after tax of DDD shall not be less than RM 150,000 (approximately S\$60,000) for Financial Year ("FY") 2013, RM 180,000 (approximately S\$72,000) for FY 2014, RM 200,000 (approximately S\$80,000) for FY 2015, RM 220,000 (approximately S\$88,000) for FY 2016, RM 225,000 (approximately S\$90,000) for FY 2017 and RM 225,000 (approximately S\$90,000) for FY 2018 respectively (the "Profit Guarantee"). He shall pay, in cash, any shortfall to the Purchaser, if the dividend received for the respective year by the Purchaser is less than 70% of the Profit Guarantee for that year.
- 1.5 As each of the relative figures as computed on the applicable bases set out in Rule 1006 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "Listing Manual") is less than 5%, the Proposed Acquisition is a "Non-discloseable transaction" under Rule 1008 of the Listing Manual.

2. RATIONALE FOR THE PROPOSED ACQUISITION

The Proposed Acquisition is in line with the Group's plan to diversify its main dental business in Singapore and expand into Malaysia. The Company also intends to achieve a bigger market share of the dental business in Malaysia through organic growth or through joint ventures with third parties. This is the first clinic being acquired by the Group in Kuala Lumpur, Malaysia's capital, in addition to the Group's existing three (3) clinics in Johor Bahru.

3. CONSIDERATION FOR THE PROPOSED ACQUISITION

The Consideration will be satisfied fully in cash, and was arrived at on a willing buyer, willing seller basis. In arriving at the Consideration, the Board had taken into account DDD's assets, the Profit Guarantee and the ten (10) year service agreement entered into between the Purchaser and Dr Lee. The Board is of the opinion that the consideration is fair given the unique value proposition that the Proposed Acquisition brings to the Group as further explained in paragraph 2 on the rationale for the Proposed Acquisition.

4. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Company's directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Acquisition, save for their interests arising by way of their shareholdings and/or directorships, as the case may be, in the Company.

5. DOCUMENTS FOR INSPECTION

Copy of the Agreements is available for inspection during normal business hours at the registered office of the Company at Block 67 Ayer Rajah Crescent #05-12/14, Ayer Rajah Industrial Estate, Singapore 139950 for a period of three (3) months from the date of this announcement.

By order of the Board

Q & M DENTAL GROUP (SINGAPORE) LIMITED

Dr. Ng Chin Siau

Group Chief Executive Officer

12 September 2012

About Q & M Dental Group (全民牙医集团 (新加坡) 有限公司)

Q & M Dental Group [QNM SP / QMDT.SI] is a growing private dental healthcare group in Asia. The Group operates the largest network of dental outlets in Singapore and is building its presence in the People's Republic of China ("PRC") and Malaysia.

Founded in 1996, Q & M Dental Group has built an established brand through its reputation as a reliable provider of quality dental healthcare services. In Singapore, the Group has 49 dental clinics strategically located island-wide, four dental centres and one mobile dental clinic. It also owns two dental supplies and equipment distribution companies. The Group has a team of about 160 experienced dentists, supported by about 300 clinic support staff, to provide quality service to its patient pool of more than 400,000 island-wide.

Q & M Dental Group is presently executing plans to expand its presence in the overseas markets. To-date, the Group has invested in two dental healthcare groups in the PRC that operate a total of seven dental clinics, one dental centre and a mobile dental clinic in Beijing and Nanjing cities. It also has a 70% stake in a dental practice in Johor Bahru, Malaysia which operates 3 clinics.

The Group was listed on the Main Board of the SGX-ST on 26 November 2009. For further information on Q & M Dental Group, please visit the Group's website at www.QandMDental.com.sg

Investor Relations

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