



Q & M DENTAL GROUP (SINGAPORE) LIMITED

(Company Registration Number 200800507R)

(Incorporated in the Republic of Singapore)

PROPOSED PLACEMENT OF 55,000,000 NEW ORDINARY SHARES IN THE CAPITAL OF Q & M DENTAL GROUP (SINGAPORE) LIMITED

1. Introduction

The Board of Directors of Q & M Dental Group (Singapore) Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that the Company has on 27 December 2012 entered into a private placement agreement (the “**Placement Agreement**”) with Dr. Koh Shunjie, Kelvin (“**KSK**”) and Koh Shuhui, Felicia (“**KSF**”) and collectively, the “**Subscribers**”) pursuant to which, the Company has agreed to allot and issue an aggregate of 55,000,000 new ordinary shares in the capital of the Company (the “**Placement Shares**”) at an issue price of S\$0.305 (the “**Placement Price**”) for each Placement Share amounting to an aggregate cash consideration of S\$16,775,000 payable by the Subscribers to the Company, and on the terms and subject to the conditions of the Placement Agreement (the “**Placement**”).

The Placement will be carried out pursuant to the exemption under Section 275(1A) of the Securities and Futures Act (Cap. 289) of Singapore. As such, no prospectus or offer information statement will be lodged with the Monetary Authority of Singapore in connection with the Placement.

The Company will be making an application to the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) for the admission of the Placement Shares to the Official List of the SGX-ST and for the listing of and quotation for the Placement Shares on the Main Board of the SGX-ST. The Company will make the necessary announcement upon receipt of the in-principle approval from the SGX-ST for the listing of and quotation for the Placement Shares on the Main Board of the SGX-ST.

2. The Placement Shares and the Placement Price

The Placement Shares, when issued and delivered, shall be free from all claims, charges, liens and other encumbrances whatsoever and shall rank *pari passu* in all respects with the ordinary shares (the “**Shares**”) existing as at the date of issue of the Placement Shares save that they will not rank for any dividends, rights, allotments or other distributions, the record date of which falls on or before the date of completion of the allotment and issue of the Placement Shares.

The Placement Shares will be issued pursuant to the authority granted by shareholders of the Company by way of an ordinary resolution at the annual general meeting of the Company held on 26 April 2012 (the “**2012 AGM**”) for the issue of

Shares not exceeding 50% of the total number of issued Shares (excluding treasury shares) in the capital of the Company at the date of the grant, of which the aggregate number of Shares to be issued other than on a pro-rata basis to all shareholders of the Company does not exceed 20% of the total number of issued Shares (excluding treasury shares) in the capital of the Company at the date of the grant (the “**Share Issue Mandate**”).

No Shares had previously been issued pursuant to the Share Issue Mandate and the aggregate Placement Shares represent approximately 10% of the issued share capital of the Company of 550,452,994 Shares at the time the approval for the Share Issue Mandate was granted (after adjusting for the subdivision of each Share into two (2) Shares approved by shareholders of the Company at the extraordinary general meeting of the Company held on 26 April 2012). Accordingly, the proposed allotment and issue of 55,000,000 Placement Shares is within the limit of the Share Issue Mandate obtained at the 2012 AGM.

Assuming all the Placement Shares are placed out, the Company's issued share capital will increase from 550,452,994 Shares as at the date of this Announcement to 605,452,994 Shares. The Placement Shares represent approximately 10% of the existing issued share capital of the Company as at the date of this Announcement, and approximately 9.08% of the enlarged issued share capital of the Company following completion of the Placement.

The Placement Price is equal to the weighted average price of S\$0.305 for each Share, based on trades done on the Main Board of the SGX-ST for the full market day on 21 December 2012 (being the last full market day prior to the signing of the Placement Agreement). There was a trading halt for the Shares on 24 and 26 December 2012 and the Placement Agreement was entered into by the Company with the Subscribers on 27 December 2012, prior to the lifting of the trading halt.

3. Moratorium

Under the Placement Agreement, each of the Subscribers has undertaken not to sell, grant options over, transfer, charge, pledge or dispose of or enter into any agreement to dispose of any of the Placement Shares until after 31 December 2017.

4. Conditions

Completion of the Placement is conditional upon, *inter alia*, in-principle approval for the listing and quotation of the Placement Shares on the Main Board of the SGX-ST being obtained on conditions (if any) acceptable to the Company and the Subscribers and not being revoked or amended and, where such approval is subject to conditions which are required to be fulfilled on or before the date of completion of the Placement being fulfilled on or before that date to the satisfaction of the SGX-ST or waived by the SGX-ST.

5. Information on the Subscribers and rationale

The Placement Shares are proposed to be allotted and issued to the Subscribers as follows:-

Name of Subscriber	Number of Placement Shares	As a percentage of the existing issued share capital of the Company ⁽¹⁾	As a percentage of the enlarged issued share capital of the Company ⁽²⁾
KSK	38,500,000	7.00%	6.36%
KSF	16,500,000	3.00%	2.72%
Total	55,000,000	10.00%	9.08%

Notes:

- (1) Based on the existing issued share capital of 550,452,994 Shares.
- (2) Based on the enlarged issued share capital of 605,452,994 Shares assuming that all the 55,000,000 Placement Shares are allotted and issued.

The Company has on 27 December 2012 entered into a conditional sale and purchase agreement with Felix Huang Keming and Dr. Xiaoyan Baumann Geb. Bi (collectively, the “**Vendors**”) to purchase 105,767,700 ordinary shares in the capital of Singapore Medical Group Limited (“**SMG**”) (representing 72.57% of all issued ordinary shares of SMG) for an aggregate cash consideration of S\$13,993,066.71 (the “**SMG Acquisition**”). The Placement is being carried out for the purpose of funding the SMG Acquisition and the Subscribers were identified as parties willing to invest in the Company for the said purpose. Further details of the SMG Acquisition are provided in a separate announcement released by the Company on 27 December 2012.

The Subscribers have each undertaken under the Placement Agreement that each of them is not a person to whom the Company is prohibited from issuing Shares to as provided for by Rule 812(1) of the Listing Manual of the SGX-ST.

6. Use of Net Proceeds

Upon completion of the Placement, the estimated net proceeds (the “**Net Proceeds**”) will be approximately S\$16,675,000 (after deducting expenses of approximately S\$100,000 incurred by the Company in connection with the Placement). The Company intends to utilise the Net Proceeds of S\$13,993,066.71 or approximately 83.92% to fund the SMG Acquisition and the balance of approximately S\$2,681,933.29 or 16.08% to fund the mandatory cash offer to be made by the Company following completion of the SMG Acquisition. Details of the pre-conditional mandatory cash offer are provided in a separate announcement released by the Company on 27 December 2012.

Pending deployment of the Net Proceeds for such purposes, the Net Proceeds may be placed in deposits with financial institutions or invested in short-term money market instruments or used for any other purposes on a short-term basis as the Directors may in their absolute discretion deem fit.

7. Financial Effects

Assuming that the Placement had been effected and all the Placement Shares are allotted and issued, the financial effects of the Placement on (i) the net tangible asset (“**NTA**”) per Share of the Group (assuming the Placement had been completed at the end of that financial period) and (ii) the earnings per Share (“**EPS**”) of the Group (assuming that the Placement had been completed at the beginning of that financial period) based on (i) the audited financial statements of the Group for its financial year ended 31 December 2011 and (ii) the unaudited financial statements of the Group for its nine-month period ended 30 September 2012 are as follows:-

NTA per Share

For illustrative purposes only, the financial effects of Placement, the NTA per Share of the Group before and after the allotment and issue of the Placement Shares is as follows:

	Before Issue of Placement Shares	After Issue of Placement Shares
NTA as at 31 December 2011 (S\$'000)	26,871	43,546
Number of issued Shares as at 31 December 2011	550,452,994 ⁽¹⁾	605,452,994
NTA per Share as at 31 December 2011 (cents)	4.88	7.19
NTA as at 30 September 2012 (S\$'000)	26,508	43,183
Number of issued Shares as at 30 September 2012	550,452,994 ⁽¹⁾	605,452,994
NTA per Share as at 30 September 2012 (cents)	4.82	7.13

Note:

- (1) Pursuant to a subdivision of each Share into two (2) Shares approved by shareholders of the Company at the extraordinary general meeting of the Company held on 26 April 2012, the total number of issued Shares had increased to 550,452,994 Shares.

EPS

The EPS of the Group before and after the allotment and issue of the Placement Shares are as follows:

	Before Issue of Placement Shares	After Issue of Placement Shares
Weighted average number of issued Shares as at 31 December 2011	550,452,994 ⁽¹⁾	605,452,994
EPS as at 31 December 2011 (cents)	0.83	0.76
Weighted average number of issued Shares as at 30 September 2012	550,452,994 ⁽¹⁾	605,452,994
EPS as at 30 September 2012 (cents)	0.58	0.53

Note:

- (1) Pursuant to a subdivision of each Share into two (2) Shares approved by shareholders of the Company at the extraordinary general meeting of the Company held on 26 April 2012, the total number of issued Shares had increased to 550,452,994 Shares.

9. Interests of Directors and Substantial Shareholders

None of the Directors nor any substantial shareholder of the Company or their respective associates (in so far as the Directors are aware) has any interest, whether direct or indirect, in the Placement.

10. Directors' 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 Placement, 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

Dr. Ng Chin Siau
Group Chief Executive Officer
27 December 2012

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

Q & M Dental Group [QC7.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 51 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 170 experienced dentists, supported by about 300 clinic support staff, to provide quality service to its patient pool of more than 450,000 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 operates one clinic in Shanghai. 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

For more information please contact:

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