



Q & M DENTAL GROUP (SINGAPORE) LIMITED

(Incorporate in the Republic of Singapore)

(Company Registration No. 200800507R)

**PROPOSED SALE OF
BLOCK 450 CLEMENTI AVENUE 3 #01-283, SINGAPORE 120450 (the "Sale")**

1. INTRODUCTION

- 1.1 The board of directors (the "**Directors**") of Q & M Dental Group (Singapore) Limited (the "**Company**") and together with its subsidiaries, the "**Group**") wishes to announce that, Q & M Dental Surgery (Clementi) Pte. Ltd. ("**QMC**"), a wholly owned subsidiary of the Company, has on 20 May 2013, granted a conditional option to purchase (the "**Option**") for the premises located at Block 450 Clementi Avenue 3 #01-283 Singapore 120450 (the "**Property**"), to K2HL Pte Ltd (the "**Purchaser**").
- 1.2 QMC shall continue leasing the Property from the Purchaser for a period of five (5) years from the date of completion of the sale of the Property at a monthly rent of \$18,000 per month with an option to renew for a further 5 years with any increase in rent limited to 20% of the original rent.
- 1.3 The Purchaser is a third party not related to the Directors and controlling shareholders of the Company and their respective associates. The Company does not know the identity of the beneficial owner of the Purchaser nor the background information regarding the Purchaser.

2. INFORMATION ON THE PROPERTY

- 2.1 The Property is a Housing Development Board ("**HDB**") shop unit.
- 2.2 Apart from QMC, part of the ground floor of the Property is currently being leased out to a third party. The lease agreement with the said third party will determine on 29 June 2014, subject to an option to renew for another three (3) years. The sub-tenancy will continue with QMC.

3. THE SALE CONSIDERATION

- 3.1 The sale consideration payable to QMC by the Purchaser for the Property is \$5,000,000 (the "**Sale Consideration**") exclusive of goods and services tax (GST). The Sale Consideration was arrived at based on arm's length negotiations between the parties after taking into account the prevailing market conditions and the open market value of the Property.
- 3.2 The Sale Consideration will be fully paid in cash at completion.
- 3.3 The book value of the Property is \$3,750,000. The Group will realize a profit of \$1,250,000 from the Sale of the Property.

- 3.4 The Property was valued at \$4.1 million based on the valuation report by Dennis Wee Realty Pte Ltd dated 22 March 2013 (the “**Valuation Report**”). The valuation was based on an open market value of the Property.

4. TERMS AND CONDITIONS OF THE SALE

- 4.1 Completion of the Sale is subject to, *inter alia*, the following:

- (a) the Company obtaining approval from its shareholders at an extraordinary general meeting (the “**EGM**”) to be convened for the Sale; and
- (b) QMC receiving any requisite approvals from HDB and other relevant statutory authorities.

- 4.2 The Option will expire at 4.00 p.m. on 3rd June 2013. If the Option is not exercised by the said time and date, the Option will be treated as lapsed and the Option Monies will be forfeited by QMC.

- 4.3 The sale and purchase shall be completed within three (3) months from the date of exercise of the Option by the Purchaser or fourteen (14) days upon the receipt of HDB’s written approval of the sale and purchase of the Property or the HDB’s letter of confirmation that all unauthorized works in the Property have been rectified by the QMC (in the event a conditional approval is received from the HDB) or four (4) weeks after the approval being granted at the Extra Ordinary General Meeting of the Company (if necessary), whichever date is latest or on such later date as parties may mutually agree.

5. RATIONALE FOR THE SALE

The Directors are of the view that the Sale is in the best interests of the Company and its shareholders as:

- (a) The Sale will enable the Company to build up its cash position in view of its expansion plans into the dental and medical sectors in Singapore, Malaysia and China.
- (b) The Company is able to secure a long term lease of 10 years for the continuity of the business of the clinic located at the Property without owning it. The Company is able to reallocate the proceeds from the sale of the Property to support the Company’s expansion plans.

6. FINANCIAL EFFECTS

6.1 Assumptions

The proforma financial effects of the Sale on (i) the consolidated net tangible assets (“**NTA**”) per share of the Company, (ii) the consolidated earnings per share of the Company (“**EPS**”), of the Group set out below, are prepared purely for illustration only and do not reflect the future financial performance and condition of the Company and/or the Group after the Sale.

6.2 Financial Statements

The proforma financial effects in sections 6.3 and 6.4 of this Announcement have been prepared based on the latest announced consolidated financial statements of the Company for its financial year ended 31 December 2012 ("FY2012").

6.3 NTA per share

For illustrative purposes only and assuming that the Sale had been completed on 31 December 2012, being the most recently completed financial year, the proforma financial effects on the consolidated NTA per share of the Group are as follows:-

	Before the Sale	After the Sale
Number of shares	605,452,994	605,452,994
NTA attributable to shareholders (S\$'000)	27,817	29,067
NTA per share (cents)	4.59	4.80

6.4 EPS

For illustrative purposes only and assuming that the Sale has been effected on 1 January 2012 the proforma financial effects on the consolidated earnings of the Group for FY2012 are as follows:

	Before the Sale	After the Sale
Weighted average number of shares	605,452,994	605,452,994
Profits attributable to shareholders (S\$'000) ⁽¹⁾	5,320	6,409
EPS (cents)	0.88	1.06

Note:

(1) Pursuant to Rule 1002(3) of the Listing Manual, the term "net profits" means profit or loss before income tax, minority interests and extraordinary items.

7. RELATIVE FIGURES UNDER CHAPTER 10 OF THE LISTING MANUAL

7.1 Under Rule 1013 of the Listing Manual, it is provided that where any of relative figures computed on the bases set out in Rule 1006 of the Listing manual exceeds twenty (20) percent, the transaction is classified as a major transaction. Rule 1014 of the Listing Manual further states that a major transaction must be made conditional upon the approval of the shareholders in a general meeting.

7.2 Based on the unaudited financial statement of the Group for the three (3) month period ended 31 March 2013 as announced on 9 May 2013, the relative figures computed on the bases set out in Rule 1006 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the “**Listing Manual**”) in relation to the Sale are as follows:

	The Sale (S\$'000)	The Group (S\$'000)	%
(a) Net asset value of the assets to be disposed of, compared with the Group's net asset value	3,750	46,975	7.98
(b) The net profits attributable to the assets acquired compared with the Group's net profits	1,250	1,258	99.4
(c) The aggregate value of the Sale Consideration compared with the Company's market capitalization as at 17 May 2013, being the market day immediately preceding the date of the Option	5,000	187,933	2.66
(d) The number of equity shares issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	This basis of computation is not applicable as no equity shares will be issued		

7.3 As the computed figures in Clause 7.2(b) under Rule 1006 in the above table are above twenty (20) percent, the Sale is a major transaction for the purposes of Chapter 10 of the Listing Manual. Shareholders' approval is required for the Sale pursuant to Chapter 10 of the Listing Manual. The Company will be seeking a waiver from holding an EGM to approve the Sale as provided for under the current SGX Rules. If the Company does not obtain a waiver from SGX, then the Company will be seeking the approval of its shareholders for the Sale.

8. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS IN THE SALE

Save as disclosed above and to the best knowledge of the Directors, none of the other Directors or other controlling or substantial shareholders of the Company has any interest, direct or indirect, in the Sale.

9. AUDIT COMMITTEE STATEMENT

Having considered and reviewed, *inter alia*, the salient terms of the Sale, the rationale for and benefits of the Sale and the financial effects of the Sale, the Audit Committee of the Company is of the view that the Sale is on normal commercial terms and is not prejudicial to the interests of the Company and its minority shareholders.

10. CIRCULAR

A circular setting out further information and details of the Sale, together with a notice of the extraordinary general meeting to be convened, will be despatched by the Company to its shareholders in due course if the Company is unable to get the waiver from SGX.

11. DOCUMENTS FOR INSPECTION

Copies of the Option and the Valuation Report are available for inspection during normal business hours at the registered office of the Company at Blk 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

23 May 2013