



Q & M DENTAL GROUP (SINGAPORE) LIMITED
(Company Registration No. 200800507R)

Q & M's subsidiary offers S\$21.6 million to acquire 60% stake in Chinese dental group to gain presence in North-Eastern China

- The proposed acquisition will involve the takeover of three dental hospitals and three dental clinics and a training centre owned by Aoxin Stomatology Group
- Q & M's subsidiary will receive a profit guarantee in the form of dividends of at least S\$26.6 million over a 12-year period
- The proposed acquisition exercise is expected to complete on 1 February 2014 and will be funded by internal cash, loans and/or issuance of new Q & M shares
- Q & M will tap on the synergies in the management skills of Aoxin for expansion plans in China

Singapore, 30 July 2013 – The subsidiary of Q & M Dental Group (Singapore) Ltd (全民牙医集团 (新加坡有限公司) (“Q & M”)) has signed a Memorandum of Understanding with Dr Yongxin Shao, the owner of Shenyang-based Aoxin Stomatology Group (“Aoxin”), to acquire a 60% equity stake in Aoxin for a transaction valued at approximately S\$21.6 million.

Under the terms of the agreement, Q & M Dental Holdings (China) Pte Ltd (“Q & M China”) and Dr Shao will incorporate a management company and inject the current dental businesses of Aoxin into the management company. Q & M will fund the proposed acquisition with internal cash, existing loans from World Bank’s International Finance Corporation and/or the issuance of new Q & M shares.

Aoxin owns three dental hospitals, three dental clinics and a training centre, which collectively have a net tangible asset of RMB 23 million (approximately S\$4.6 million) in Shenyang, North-Eastern China. For its financial year ended 31 December 2012, Aoxin reported a net profit of RMB 11.8 million (S\$2.36 million) based on a turnover of RMB 42 million (approximately S\$8.4 million). Aoxin employs over 100 dentists and more than 100 nurses.

In addition, Q & M China will receive a profit guarantee from Dr Shao in the form of dividends of at least RMB 133 million (approximately S\$26.6 million) over 12 years. Dr Shao, which holds the remaining 40% in Aoxin, will remain in the management team with a 12-year employment contract.

The rationale behind the proposed exercise will present to Q & M a readily available presence and network of dental businesses in North-Eastern China through Aoxin. In Aoxin's business pipeline, the dental group will be launching in September, a new dental hospital and a dental training institute, which collectively will have 60 dental chairs. The investment value for both projects is estimated at RMB 7 million (approximately S\$1.4 million).

An upcoming dental training institute by Aoxin will provide access to new dental technologies and the training and management of talent to partners and dentists of Q & M China. Aoxin is an approved training centre for students to obtain their Masters in Dentistry in People's Republic of China.

"It is our sincere appreciation to Dr Shao for believing in Q & M through the realisation of this highly opportunistic platform to expand on the reputation and dental businesses of Aoxin and Q & M in China. We look forward to working closely with Dr Shao and his team in the coming months," said Dr Ng Chin Siau, Founder and Group Chief Executive Officer of Q & M.

"This is obviously a significant step in our expansion plans in China as the proposed acquisition will provide a ready-made stage and presence for Q & M in North-Eastern China of Liaoning, Jilin and Heilongjiang provinces. We believe this strategic partnership will translate to favourable returns to our shareholders and to the business in the near future," he added.

"It has been a pleasure to get to know Dr Ng and Q & M. We couldn't be more delighted with this partnership as we view it as strategically beneficial for both parties that come together with great understanding and experiences in the dental business," said Dr Yongxin Shao, founder of Aoxin.

Commenting on the proposed partnership between Q & M and Aoxin, Clinical Associate Professor Patrick Tseng, the Chief Dental Officer at Singapore's Ministry of Health, said: "It is encouraging that a local dental group is able to make inroads in a foreign country and be able to collaborate and share its knowledge, skills, resources and expertise. This speaks well of the confidence and trust in the high standards of dental care in Singapore and I am confident that Q & M and Aoxin will work well together to provide the best that Dentistry has to offer for our two countries.

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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 52 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 two clinics in Shanghai. It also has operates 7 clinics in Malaysia and a dental equipment distribution company.

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

About Aoxin Stomatology Group

Established in 1993, Aoxin Stomatology Group is the largest private dental group in North-Eastern China that covers the provinces of Jilin, Liaoning and Heilongjiang. Aoxin currently owns three dental hospitals and three dental clinics in Shenyang. It employs over 100 dentists and more than 100 nurses. Over the last three years, Aoxin Stomatology Group has invested almost RMB 14 million (S\$2.8 million) in new dental equipment.

In September 2013, Aoxin will be launching a new hospital and a new dental training institute. The new hospital will occupy an area of 1,600 square metres with 30 dental chairs. The dental training institute will span across 1,000 square metres with 30 dental chairs. Investments for both projects amount to approximately RMB 7 million (S\$1.4 million).

As at 31 December 2012, the net tangible asset of Aoxin Stomatology Group is RMB 19.5 million. For the same period, Aoxin's net profit was RMB 11.8 million (S\$2.36 million) based on a turnover of RMB 42 million (S\$8.4 million). For more information on Aoxin Stomatology Group please visit their website at www.action-sy.cn

S\$1.00: RMB 5.00

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