



## Q & M DENTAL GROUP (SINGAPORE) LIMITED

(Company Registration Number 200800507R)

(Incorporated in the Republic of Singapore)

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### SUBSCRIPTION AGREEMENT BETWEEN THE COMPANY AND LI HONG WEN AND LI BIN

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#### 1. INTRODUCTION

The Board of Directors (the "**Board**") of Q & M Dental Group (Singapore) Limited (the "**Company**") and together with its subsidiaries, the "**Group**") wishes to announce that the Company had on 21 January 2015 entered into a subscription agreement with Li Hong Wen ("**LHW**") and Li Bin ("**LB**", and collectively with LHW, the "**Subscribers**") ("**Subscription Agreement**") pursuant to which the Subscribers have agreed to subscribe for 4,660,848 new ordinary shares in the capital of the Company ("**Subscription Shares**") at an issue price of S\$0.46 ("Issue Price") for each Subscription Share amounting to an aggregate cash consideration of S\$2,143,990 (equivalent to RMB 10 million<sup>1</sup>) payable by the Subscribers to the Company, and on the terms and subject to the conditions of the Subscription Agreement ("**Subscription**").

#### 2. THE SUBSCRIPTION SHARES AND THE ISSUE PRICE

- 2.1 The Subscription Shares, when allotted and issued, shall be free from all and any encumbrances and shall rank *pari passu* in all respects with the ordinary shares of the Company ("**Shares**") existing as at the date of the issue.
- 2.2 The Subscription Shares will be issued pursuant to the general share mandate granted by shareholders of the Company by way of an ordinary resolution at the annual general meeting of the Company held on 28 April 2014.
- 2.3 The Issue Price is equal to a discount of 6.6% to the weighted average price of S\$0.4925 for each Share, based on trades done on the Main Board of the SGX-ST for the full market day on 21 January 2015 (being the last full market day prior to the signing of the Subscription Agreement).

#### 3. MORATORIUM

Under the Subscription Agreement, each of the Subscribers has under jointly and severally undertaken that it will not dispose of, or seek to dispose of, the Subscription Shares until after 31 August 2019.

#### 4. CONDITIONS

Completion of the Subscription is conditional upon, *inter alia*, the approval of the SGX-ST for the admission of the Subscription Shares to the Official List on the Main Board of the SGX-ST and the dealing and quotation of such shares on the SGX-ST upon the allotment and issue of

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<sup>1</sup> The Exchange rate of S\$ 1 to RMB 4.6642 has been used in this announcement.

the Subscription Shares, and if such approval is subject to any condition(s) or restriction(s) imposed by the SGX-ST, such condition(s) or restriction(s) being acceptable to the Subscribers.

## 5. RATIONALE FOR THE SUBSCRIPTION

5.1 The Subscription Shares are proposed to be allotted and issued to the Subscribers as follows:

<u>No.</u>	<u>Subscriber</u>	<u>Number of New Shares subscribing for</u>	<u>New Shares as a percentage of the Company's issued share capital</u>
1.	LHW	2,330,424	0.30%
2.	LB	2,330,424	0.30%
	<b>Total</b>	<b><u>4,660,848</u></b>	<b><u>0.60%</u></b>

5.2 The Board refers to the announcements made by the Company on 18 November 2013, 24 February 2014, 28 February 2014 and 18 March 2014 in respect of the proposed acquisition of 100% of the share capital of Aidite High Technical Ceramic Co., Ltd. ("Aidite") based in Qinhuangdao, China through the Company's wholly owned subsidiary, Q & M China (the "Proposed Acquisition").

5.3 The Company had on 13 August 2014 announced the completion of the Proposed Acquisition of Aidite. LHW and LB are the founders and key operators of Aidite and have agreed to subscribe for RMB 10 million worth of the Company's shares as part of the Proposed Acquisition process.

## 6. USE OF NET PROCEEDS

6.1 Upon completion of the Subscription, the estimated net proceeds ("Net Proceeds") will be approximately S\$2,103,990 (after deducting expense of approximately S\$40,000 incurred by the Company in connection with the Subscription).

6.2 The Company intends to utilise the Net Proceeds for general corporate activities including but not limited to acquisitions, joint ventures and/or for strategic alliances and expansion of dental, medical, distribution and manufacturing businesses of the Company and its subsidiaries, and refinancing of borrowings and capital expenditure.

## 7. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors and substantial shareholders have any interests, direct or indirect, in the Proposed Sale, other than through each of their respective shareholding interests, direct and/or indirect (if any), in the Company.

By Order of the Board  
**Q & M Dental Group (Singapore) Limited**

Vitters Sim  
Chief Financial Officer  
22 January 2015

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