



Q & M DENTAL GROUP (SINGAPORE) LIMITED
(Company Registration Number 200800507R)
(Incorporated in the Republic of Singapore)

COMPLETION OF THE ACQUISITION OF TP DENTAL SURGEONS PTE. LTD.

1. INTRODUCTION

- 1.1 The Board of Directors (the "**Board**") of Q & M Dental Group (Singapore) Limited (the "**Company**") and together with its subsidiaries, the "**Group**") refers to its announcement dated 28 April 2015 (the "**Previous Announcement**") whereby it was announced that the Company had entered five separate binding points of agreement dated 27 April 2015 (the "**POAs**") with Dr. Hwang Yee Cheau ("**Dr. Hwang**"), Dr. Phua Tin Cock, Dr. Tng Thiam Huat, Dr. Ngan Kee Leong and Dr. Chin Yee Fatt (collectively the "**TP Shareholders**") to acquire (the "**Acquisition**") 100% of the shareholding in TP Dental Surgeons Pte Ltd (formerly known as Drs. Tay & Partners) ("**TP Dental**").

Capitalised terms used herein, unless otherwise stated, shall have the same meaning given to them in the Previous Announcement.

- 1.2 The Board wishes to announce that the Company has, on 21 September 2015, entered into definitive agreements in the form of five separate share purchase agreements (the "**SPAs**") with the TP Shareholders in connection with the Acquisition.
- 1.3 Pursuant to the SPAs, completion of the Acquisition has also taken place on 21 September 2015 and as at the date of this announcement, TP Dental is now a wholly-owned subsidiary of the Company.

2. THE ACQUISITION

- 2.1 The key terms of the Acquisition under the SPAs are substantially the same as those provided in the POAs. Please refer to the Previous Announcement for further information on the purchase consideration and other material terms and conditions of the Acquisition. A copy of the Previous Announcement is available on the website of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") at www.sgx.com.
- 2.2 The Board wishes to highlight that pursuant to the terms of the SPA with Dr. Hwang, the Profit Target is now revised. Under the SPA, Dr. Hwang has undertaken that the cumulative net profit after tax of TP Dental for each Profit Target Term within the 8-Year Period shall not be less than S\$3,200,000 (the "**Revised Profit Target**"). The 8-Year Period refers to a continuous eight-year period which commences from 1 September 2015 to 31 August 2023 (the "**8 Year Period**"). Each Profit Target Term refers to a two year term within the 8 Year Period except that the first Profit Target Term will end on 31 December 2016 and the last Profit Target Term will start from 1 January 2023 and end on 31 August 2023. The Revised Profit Target for these two Profit Target Term shall be pro-rated accordingly.
- 2.3 The Company has retained a sum of S\$1,600,000 from Dr. Hwang's portion of the Cash Consideration (the "**Secured Sum**"), for the 8 Year Period. In the event that the Revised Profit Target is not met for any Profit Target Term, Dr. Hwang will within 14 days of demand by the Company make good the shortfall in accordance with the SPAs.
- 2.4 Dr. Hwang has also signed a 10 year service contract with the Company. The SPA with Dr. Hwang further provides that in the event that Dr. Hwang's service agreement is terminated by her or under certain circumstances specified in the SPA, the Company shall be entitled to claw back on the Cash Consideration and Consideration Shares paid to Dr. Hwang based on pre-agreed formulas under the

SPA. Further, the remaining TP Shareholders have each signed 5 year service contracts with the Company.

- 2.5 The Company is required under the SPA with Dr. Hwang to issue the Consideration Shares within 3 business days upon the later of:
- (a) the date on which the Company obtains approval-in-principle from the SGX-ST for the admission to, listing, dealing and quotation of, the Consideration Shares on the Official List of the SGX-ST Main Board;
 - (b) the satisfaction of the Vendor's post-completion obligations under the SPA; or
 - (c) 26 April 2016.

The Company will be making an application to the SGX-ST for the listing and quotation of the Consideration Shares shortly.

- 2.6 The Acquisition constitutes a discloseable transaction under Chapter 10 of the Listing Manual of the SGX-ST.

3. BOARD'S OPINION ON THE REVISED PROFIT TARGET

- 3.1 **Opinion of the Board:** The Board is of the view that the Revised Profit Target from Dr. Hwang is beneficial to the Company and in accepting the Revised Profit Target, took into consideration the following factors:

- (a) founded in 1973, TP Dental is a multidisciplinary centre offering a complete range of dental services and has a long and established history of operating in the premium dental market;
- (b) TP Dental is located in a prime location (Ngee Ann City along Orchard Road);
- (c) Dr. Hwang is one of Singapore's leading Orthodontist with a wealth of experience not only in Singapore but also in the United Kingdom and has received numerous accolades. Under her leadership, TP Dental has delivered consistently excellent results and with the 10 year service agreement, she will be able to work with the Group to achieve further growth;
- (d) the large and established patient base of TP Dental accumulated over the past 42 years of operation, including a significant amount of foreign patients from the dental tourism pool in Singapore; and
- (e) with the safeguards as discussed in paragraph 3.4 below in place, the Revised Profit Target is more beneficial to the Company than the Profit Target.

- 3.2 **Commercial Bases and Principal Assumptions upon which the Quantum of the Revised Profit Target is Based:** The quantum of the Revised Profit Target was derived from the Company's estimation after reviewing the track record of TP Dental and the TP FY2013 Accounts.

- 3.3 **Manner and Amount of Compensation to be Paid by Dr. Hwang:** If any Revised Profit Target amount is not met for the corresponding Profit Target Period, Dr. Hwang shall within 14 days of demand by the Company make good any shortfall in whole in accordance with the terms disclosed in paragraph 2.3 of this Announcement.

- 3.4 **Safeguards Put in Place to Ensure the Company's Right of Recourse:** The Company has retained the Secured Sum into a bank account nominated, managed and controlled by the Company after completion of the SPAs. Dr. Hwang has further undertaken that in the event that the Secured Sum is reduced, she will make up for any shortfall.

4. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

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

Prior to completion of the Acquisition, none of the Directors or controlling shareholders of the Company holds any shares in TP Dental, directly or indirectly.

No person is proposed to be appointed as a Director of the Company in connection with the Acquisition. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

5. DOCUMENTS FOR INSPECTION

Copies of the POAs and the SPAs are available for inspection by the shareholders of the Company at the registered office of the Company at 81 Science Park Drive, #02-04, The Chadwick, Singapore Science Park 1, Singapore 118257 during normal business hours for a period of three (3) months from the date of this announcement.

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

Vitters Sim
Chief Financial Officer
21 September 2015

For more information, please contact:

Legal Counsel

Andrew Young Tel: 6705 9888 Email: Andrew@QandM.com.sg.

Chief Financial Officer

Vitters Sim Tel: 6705 9888 Email: Vitters@QandM.com.sg.