



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

**MEMORANDUM OF UNDERSTANDING FOR
SHENYANG LAN HAI TONG MAO MEDICAL EQUIPMENT LEASING CO., LTD.
LOCATED IN SHENYANG CITY, LIAONING PROVINCE, CHINA**

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 Q & M Dental (Shenyang) Pte. Ltd. ("**Q & M Shenyang**"), an indirect subsidiary of the Company and operating the Shenyang Quanxin Medical Equipment Leasing Co., Ltd. in Shenyang, had on 29 September 2015 entered into a non-binding memorandum of understanding (the "**MOU**") to acquire a 60% stake in Shenyang Lan Hai Tong Mao Medical Equipment Co., Ltd. ("**Shenyang Lan Hai**"), a distribution company located in Shenyang City, Liaoning Province, China from Mr. Cui Guoan (the "**Vendor**") (the "**Proposed Acquisition**").

2. INFORMATION ON SHENYANG LAN HAI

2.1 Background and Principal Activities of Shenyang Lan Hai

Shenyang Lan Hai is primarily engaged in the business of supplying dental equipment, supplies and materials.

2.2 Revenue of Shenyang Lan Hai

Based on the management accounts for 2014 as provided by the Vendor, the revenue for Shenyang Lan Hai was approximately RMB 1 million.

3. THE PROPOSED ACQUISITION

The salient terms of the Proposed Acquisition under the MOU are set out below:

3.1 Purchase of the Sale Shares

Q & M Shenyang will acquire 60% of the shareholding in Shenyang Lan Hai from the Vendor for RMB 7.56 million out of which RMB 1.80 million shall be paid for 60% of the active stocks in Shenyang Lan Hai valued at RMB 3 million.

The Vendor shall also inject RMB 1.20 million as capital into Shenyang Lan Hai.

(the "**Purchase Consideration**").

3.2 Purchase Consideration

The Purchase Consideration was arrived at after negotiations on a willing-buyer, willing-seller basis. In arriving at the Purchase Consideration, the Company has taken into account, *inter alia*, the current market conditions and future prospects of Shenyang Lan Hai and the strategic merits of the Proposed Acquisition.

3.3 Terms and Conditions

Conditions Precedent

Completion of the Proposed Acquisition is subject to, *inter alia*, the following:

- (a) the results of a due diligence exercise by the Company over the business, affairs, operations, assets, financial condition, prospects and records of Shenyang Lan Hai being satisfactory to the Company at its sole and absolute discretion;
- (b) Q & M Shenyang and/or the Company obtaining such approval(s) in connection with the MOU from the Board and/or shareholders of the Company in a general meeting, as may be necessary for the transactions contemplated herein, and such approval not having been withdrawn or revoked; and
- (c) execution of definitive agreements on terms acceptable to Q & M Shenyang and the Company in respect of the Proposed Acquisition.

Service Agreement

The Vendor has agreed to sign a 12-year full time service agreement with Q & M Shenyang and the Company.

Profit Guarantee

The MOU further provide that the Vendor guarantees that the profit of Shenyang Lan Hai shall not be less than RMB 16.763 million and that Q & M Shenyang will receive dividends of not less than RMB 10.057 million over a 12-year period commencing from the date of completion.

4. RATIONALE FOR THE PROPOSED ACQUISITION

The Proposed Acquisition is in line with the Company's plan to continue the expansion of its dental equipment and supplies distribution business and allows the Group to add an operational distribution company in China.

5. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

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

6. DISCLOSURE OBLIGATIONS

A copy of the MOU is available for inspection by 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
5 October 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.