



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

ACQUISITION OF BUSINESS ASSETS OF JURONG POINT DENTAL SURGERY

1. INTRODUCTION

1.1 The Board of Directors (the **“Board”**) of Q & M Dental Group (Singapore) Limited (the **“Company”**) wishes to announce that pursuant to:

- (a) a binding points of agreement dated 21 April 2016 as amended by a supplemental points of agreement dated 20 May 2016 (the **“Supplemental POA”**) entered into between the Company and Dr. Chong Yoke Mun (the **“Vendor”**) (the **“POA”**); and
- (b) a sale and purchase agreement dated 5 September 2016 entered into between Jurong Point Dental Surgery Pte. Ltd. (**“JPDS”**), Jurong Point Dental Centre Pte. Ltd. (**“JPDC”**) and the Vendor (the **“SPA”**),

the Company had on 5 September 2016 completed the acquisition of business assets used in the operations of Jurong Point Dental Surgery and dental business of JPDS located at 1 Jurong West Central 2, #B1-20D, Jurong Point, Singapore 648886 (the **“Business Assets”**) from the Vendor and JPDS (the **“Acquisition”**).

1.2 JPDC is a wholly owned subsidiary of the Company and incorporated on 28 July 2016. JPDC was incorporated for the purpose of this Acquisition and has a registered capital of S\$30,000 comprising of 30,000 ordinary share.

2. INFORMATION ON JURONG POINT DENTAL SURGERY AND JPDS

2.1 The Vendor is the legal and beneficial owner of the business assets used in the operations of the Vendor’s sole proprietorship trading under the name of Jurong Point Dental Surgery located at 1 Jurong West Central 2, #B1-20D, Jurong Point, Singapore 648886.

2.2 The Vendor holds 100% of JPDS and JPDS is the legal and beneficial owner of the business assets used in the operations of its dental business located at located at 1 Jurong West Central 2, #B1-20D, Jurong Point, Singapore 648886.

3. THE ACQUISITION

The salient terms of the Acquisition are set out below:

3.1 Purchase of the Business Assets

The Company acquired the Business Assets for a total consideration of S\$1.28 million in cash (the "Purchase Consideration") to be paid in the following manner:

- (a) the Company had made an advance payment of S\$580,000 to the Vendor pursuant to the Supplemental POA; and
- (b) the balance sum of S\$700,000 shall be paid by way of a cheque by JPDC to the Vendor.

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, the Vendor's professional expertise and the strategic merits of the Acquisition.

3.3 Terms and Conditions

Service Agreement

The Vendor has signed a 10-year service agreement with the Company.

Profit Guarantee

"NPAT" means the audited net profits (excluding Other Income) of JPDC after taxation as determined in accordance with accounting principles, standards and practices generally accepted in Singapore;

- (a) "Cumulative NPAT" the sum total of NPAT during any Profit Guarantee Period;
- (b) "Profit Guarantee Period 1" means the period commencing on 1 September 2016 (the "Reference Date") and ending on 31 December 2017;
- (c) "Profit Guarantee Period 2" means the period commencing on 1 January 2018 and ending on 31 December 2019;
- (d) "Profit Guarantee Period 3" means the period commencing on 1 January 2020 and ending on 31 December 2021;
- (e) "Profit Guarantee Period 4" means the period commencing on 1 January 2022 and ending on 31 December 2023;
- (f) "Profit Guarantee Period 5" means the period commencing on 1 January 2024 and ending on 31 August 2024 (being the end of the 8-Year Period commencing on the Reference Date)
- (g) "Profit Guarantee Periods" means collectively the Profit Guarantee Period 1, Profit Guarantee Period 2, Profit Guarantee Period 3, Profit Guarantee Period 4 and Profit Guarantee Period 5, and "Profit Guarantee Period" means any one of them; and

- (h) **"8-Year Period"** means the continuous eight-year period commencing on the Reference Date and ending on 31 August 2024 (being the last date of the Profit Guarantee Period 5).

The Vendor hereby unconditionally and irrevocably guarantee (the **"Profit Guarantee"**) that the Cumulative NPAT for each Profit Guarantee Period within the 8-Year Period and as certified by JPDC's Auditors shall not be less than the following amount in the corresponding Profit Guarantee Period:

- (a) Profit Guarantee Period 1: S\$215,000;
- (b) Profit Guarantee Period 2: S\$320,000;
- (c) Profit Guarantee Period 3: S\$320,000;
- (d) Profit Guarantee Period 4: S\$320,000;
- (e) Profit Guarantee Period 5: S\$105,000,

4. RATIONALE FOR THE ACQUISITION

The Acquisition is in line with the Company's plan to continue the expansion of its main dental business in Singapore.

5. 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.

6. DISCLOSURE OBLIGATIONS

The Acquisition constitutes a "non-discloseable" transaction under Chapter 10 of the Listing Manual and copies of the POA, Supplemental POA and SPA are 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 September 2016

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.