



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

THE PROPOSED ACQUISITION OF THE BUSINESS OF VERITAS DENTAL PTE. LTD. - ENTRY INTO BINDING MOU

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**”) wishes to announce that the Company had on 10 September 2024, entered into a binding memorandum of understanding (“**MOU**”) with Veritas Dental Pte. Ltd. (“**Veritas**”) and Dr. Sebrina Binti Abdul Malik (“**Dr. Sebrina**”) to acquire the dental clinic business of Veritas, either directly or through one of the Company’s wholly-owned subsidiaries (the “**Proposed Business Acquisition**”).
- 1.2. The MOU is binding as to the commercial terms set out therein, subject to due diligence, negotiation and execution of a business purchase agreement in the form and substance satisfactory to the parties (the “**BPA**”).

2. INFORMATION ON VERITAS AND DR. SEBRINA

- 2.1. Veritas is a company incorporated in Singapore and operates a dental clinic business at 781 Bukit Timah Road, Singapore 269759 (“**Business**”). As at the date of this announcement, Dr. Sebrina is the legal and/or beneficial owner of 90% of the entire issued and paid-up share capital of Veritas. Prior to the entry into the BPA and pursuant to the MOU, Dr. Sebrina will procure a restructuring exercise such that she will become the sole legal and beneficial owner of the entire issued and paid-up share capital of Veritas.
- 2.2. To the best of the Company’s knowledge, Veritas and Dr. Sebrina are not directly or indirectly related to the Directors or substantial shareholders of the Company.
- 2.1. Based on the unaudited accounts of Veritas for the financial year ended 31 December 2023, the net book value of the assets of the Business was S\$203,486.

3. THE PROPOSED BUSINESS ACQUISITION

3.1. Rationale for the Proposed Business Acquisition

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

3.2. Service agreement with Dr. Sebrina

Subject to the completion of the Proposed Business Acquisition, Dr. Sebrina will enter into a service agreement (including clauses on non-compete and non-solicitation) with the Company or any company within the Group for a minimum term of ten (10) years (“**Service Agreement**”).

3.3. Purchase Consideration and Deposit

The Company will acquire the Business from Veritas and Dr. Sebrina for a total cash consideration of S\$800,000 (“**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 history, track record and future prospects of the Business, Dr Sebrina’s professional expertise and the strategic merits of the Proposed Business Acquisition.

The Company has on the date of the MOU, advanced a deposit of S\$125,000 (“**Deposit**”) to Veritas. The Deposit will form part of the Purchase Consideration on the completion date of the Proposed Business Acquisition. In the event that BPA is not entered into or the conditions precedent for the Proposed Business Acquisition is not fulfilled, Veritas will, within seven (7) business days, refund the Deposit to the Company without interest.

3.4. Profit Guarantee

The MOU provides that Veritas and Dr. Sebrina will jointly and severally undertake to the Company that they will procure that the consolidated net profit after tax (“**NPAT**”) of the Business (or the entity through which the Business and the assets of the Business are held following completion of the Proposed Business Acquisition) shall not be less than the following amounts (“**Profit Guarantee**”):

Financial Period	Guaranteed NPAT
From 1 September 2024 to 31 December 2026	: S\$257,973
From 1 January 2027 to 31 December 2029	: S\$398,069
1 January 2030 to 31 August 2032	: S\$362,797
Total	: S\$1,018,839

The Profit Guarantee will be secured by, amongst others, a cash escrow.

3.5. Termination of the MOU

The MOU will automatically cease to have any effect on the earlier of:

- (a) the date the parties enter into the BPA; or
- (b) the date the Company, by written notice to Veritas and Dr. Sebrina, terminating the MOU.

4. FINANCIAL EFFECTS AND RELATIVE FIGURES UNDER RULE 1006 OF THE LISTING MANUAL

- 4.1. The Proposed Business Acquisition and any other transactions contemplated in relation to the Proposed Business Acquisition are not expected to have any material effect on the net tangible assets per share and the earnings per share of the Group for the current financial year ending 31 December 2024.
- 4.2. As the relative figures as computed on the bases set out in Rule 1006 of the Listing Manual (“**Listing Manual**”) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) do not exceed 5.0%, the Proposed Business Acquisition constitutes a “non-discloseable” transaction under Rule 1008 of the Listing Manual.

5. NO DIRECTORS’ SERVICE CONTRACTS

No person is proposed to be appointed as a director of the Company in connection with the Proposed Business Acquisition or any other transactions contemplated in relation to the Proposed Business Acquisition.

6. INTEREST OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors or substantial shareholders of the Company have any interests, direct or indirect, in the Proposed Business Acquisition other than in their capacity as Directors or shareholders.

7. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the MOU is available for inspection by shareholders of the Company at the registered office of the Company at 2 Clementi Loop, #04-01, Logis Hub @ Clementi, Singapore 129809 during normal business hours for a period of three (3) months from the date of this announcement.

By Order of the Board

Ng Sook Hwa
Chief Financial Officer
11 September 2024