



Q & M DENTAL GROUP (SINGAPORE) LIMITED

(Company Registration Number 200800507R)

(Incorporated in the Republic of Singapore)

LIFTING OF COMPANY MORATORIUM IN RESPECT OF HEALTH FIELD ENTERPRISES LTD

1. INTRODUCTION

- 1.1 The Board of Directors (the "**Board**") of Q & M Dental Group (Singapore) Limited (the "**Company**") wishes to announce that the Company has approved the lifting of the Company Moratorium (as defined below) in respect of the shares held in the Company by Health Field Enterprises Ltd ("**HFE**").
- 1.2 As at the date of this Announcement, the HFE owns 9,499,016 shares in the capital of the Company ("**HFE Shares**") representing 1.19% of the total issued share capital of the Company. The HFE Shares are subject to a moratorium imposed by the Company ("**Company Moratorium**") the details of which are provided below:

<u>Name of Moratorised Shareholder</u>	<u>Agreement imposing Company Moratorium</u>	<u>Moratorium Period and number of Shares subject to moratorium</u>
HFE	Sale and Purchase Agreement dated 3 December 2013	Up to 6 November 2016 All HFE Shares

- 1.3 Initially 8,615,847 new ordinary shares in the capital of the Company ("**Shares**") were issued to HFE as consideration for acquisition of 60% stake by the Company in Aoxin Stomatology Group in Shenyang, China. Please refer to the announcements of the Company dated 30 July 2013, 13 November 2013, 3 December 2013, 12 February 2014, 7 July 2014, 3 November 2014, 6 November 2014 and 7 November 2014 for more information on the allotment and issue of Shares to HFE. The Company understands from HFE that HFE's shareholding increased to 10,339,016 following the rights issue exercise undertaken by the Company in 2014 and was subsequently reduced to 9,499,016 pursuant to a sale of vendor shares in 2015.
- 1.4 The Company was informed by its largest shareholder Quan Min Holdings Pte. Ltd. ("**QMH**") and HFE that QMH and HFE are in negotiation in respect of a proposed transaction whereby QMH will purchase all of HFE's shareholding in the Company (the "**Proposed Transaction**"). The Company has been further informed by QMH and HFE that as part of the terms of the Proposed Transaction, QMH will also

undertake to honour the Company Moratorium imposed on HFE and will not dispose-off any of the HFE Shares before 6 November 2016.

- 1.5 The shareholding interest of QMH and HFE before and after the Proposed Transaction (assuming its successful completion) is set out below:

Name of Shareholder	Before the Proposed Transaction		After the Proposed Transaction	
	Number of Shares	Percentage Shareholding in the Company	Number of Shares	Percentage Shareholding in the Company
Q&M	442,696,529	55.58%	452,195,545	56.77%
HFE	9,499,016	1.19%	-	-

- 1.6 HFE has requested the Board to consider lifting the Company Moratorium to allow it to participate in the Proposed Transaction.

2. LIFTING OF THE COMPANY MORATORIUM

- 2.1 Upon deliberation and with the unanimous approval of the independent directors of the Company, the Board has decided to approve the lifting of the Company Moratorium in respect of the HFE Shares **only for the purpose of allowing HFE to participate in the Proposed Transaction**, for the following reasons:

- (i) as announced by the Company on 5 May 2015 and 10 June 2016, the Company is contemplating a spin-off listing (the “**Proposed Spin-off Listing**”) of its wholly owned subsidiary Q&M Dental Holding (China) Pte. Ltd. (“**QDHC**”), comprising only of the Company’s business of operating dental hospitals and clinics and a dental equipment and supplies distribution company in China (the “**Proposed Listing Group**”) on the Catalist Board of the Singapore Exchange Securities Trading Limited. The Proposed Listing Group includes the Aoxin Stomatology Group. Dr. Shao Yongxin (“**Dr. Shao**”), the ultimate beneficiary of HFE and the founder of the Aoxin Stomatology Group has informed the Board that as he will be involved in the preparations of the Proposed Spin-off Listing, he wishes to focus his financial resources in respect of the Proposed Spin-off Listing;
- (ii) under the terms of the Proposed Transaction, QMH will undertake to honour the terms of the Company Moratorium and will not sell any of HFE Shares before 6 November 2016. The Board feels that this is a strong show of confidence and faith to the market that QMH, which comprises the founders and key dentists of the Q&M group, is willing to increase its shareholding interest in the Company; and

(iii) the Company Moratorium imposed on HFE is set to expire on 6 November 2016 and an earlier release by less than 3 months is not prejudicial to the interest of the Company and its shareholders in light of the reasons set out above.

2.2 Dr. Ng Chin Siau, the Group Chief Executive Officer and Dr. Ang Ee Peng Raymond, the Chief Operating Officer, being directors of QMH, are interested in the Proposed Transaction. As such, they have not participated nor voted in the Board discussion on the lifting of the Company Moratorium.

3. CAUTIONARY STATEMENT

The Company would like to highlight that the Proposed Spin-off Listing is in its preliminary stages and is dependent on, inter alia, the results of preparatory work to be undertaken, the requisite approvals from the relevant regulatory authorities, successful completion of the restructuring exercise to be undertaken in respect of the Proposed Spin-off Listing, approval of the shareholders of the Company and the then-prevailing market conditions. Further, the directors of the Company (the "Directors") may, notwithstanding that all requisite regulatory approvals have been obtained or will be obtained in due course, decide not to proceed with the Proposed Spin-off Listing if, having regard to investors' interests and response at the material time and any other relevant factors, the Directors deem it not in the interests of the Company to proceed with the same. Accordingly, there is no assurance that the Proposed Spin-off Listing will materialise in due course. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company and should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers if they are in doubt about the actions that they should take.

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

Vitters Sim
Chief Financial Officer
21 August 2016

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