



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

**PROPOSED PLACEMENT OF 520,000 TREASURY SHARES IN THE CAPITAL OF Q&M
DENTAL GROUP (SINGAPORE) LIMITED**

1 INTRODUCTION

- 1.1 The Board of Directors (the "**Board**") of Q & M Dental Group (Singapore) Limited (the "**Company**", and collectively with its subsidiaries, the "**Group**") wishes to announce that the Company has on 3 June 2024 entered into three (3) separate subscription agreements (collectively, the "**Subscription Agreements**") with each of the Placees (as defined below), pursuant to which the Placees will subscribe for, and the Company will allot and issue to the Placees, an aggregate of 520,000 treasury shares (each, a "**Placement Share**") in the capital of the Company at an issue price of S\$0.25 for each Placement Share (the "**Placement Price**"), amounting to an aggregate gross consideration of S\$130,000 (the "**Proposed Placement**").
- 1.2 As at the date of this announcement, the Company has an issued and paid-up capital of 946,442,940 ordinary shares (excluding treasury shares) ("**Shares**"). Immediately following the completion ("**Completion**") of the Proposed Placement, the Company will have an enlarged issued and paid-up capital of 946,962,940 Shares. The Placement Shares represent approximately 0.055% of the issued Shares of the Company as at the date of this announcement and approximately 0.055% of the issued Shares comprised in the enlarged share capital of the Company immediately after Completion.

2 DETAILS OF THE PROPOSED PLACEMENT

2.1 Placees and Placement Shares

- 2.1.1 Pursuant to the Subscription Agreements, the following persons (the "**Placees**") will subscribe for, and the Company will allot and issue to them, the Placement Shares at the Placement Price in the numbers and for the consideration set out below:

Name of Placee	Number of Placement Shares	Percentage shareholding of the enlarged issued share capital of the Company (%)	Consideration (S\$)
Soon Hwee Ming	400,000	0.042	100,000
Li Chun Fai	100,000	0.011	25,000
Goh Jin Teck Joel	20,000	0.002	5,000

- 2.1.2 The Placees are key dentists engaged by the Group and had each entered into service agreements, for such period ending 31 January 2037, with the Group ("**Service Agreements**"). The Company did not appoint any placement agent for the purposes of the Proposed Placement, and no commission or introduction fees are payable by the Company.
- 2.1.3 The Placement Shares will be allotted from the Company's treasury shares. As at the date of this announcement, the Company has 19,422,407 treasury shares. Upon Completion, the Company's treasury shares will be 18,902,407.
- 2.1.4 The Proposed Placement will not result in a change of controlling interest in the Company. The Placees are also not related to any Directors or substantial shareholders of the Company and do not fall within the category of persons listed in Rule 812(1) of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**").
- 2.1.5 The Placement Shares, when allotted and issued, shall rank *pari passu* with, and shall carry all rights similar to, the then existing issued ordinary shares of the Company, except that they will not rank for any dividend, right, allotment or other distributions, before Completion.

2.2 **Placement Price**

- 2.2.1 The Placement Price of S\$0.25 represents a premium of approximately 5.0% above the volume weighted average price for trades done on the Shares of the Company on the SGX-ST for the full market day on 3 June 2024, being the market day on which the Subscription Agreements were executed.
- 2.2.2 The Placement Price was arrived at after taking into account, amongst others, the prevailing market price of the Shares and after arm's length negotiation between the Company and the Placees on a "willing buyer willing seller" basis.

2.3 **No additional listing application or prospectus**

- 2.3.1 The Company will not be making an application to the SGX-ST for the listing and quotation of the Placement Shares on the Mainboard of the SGX-ST as the Placement Shares will be allotted from the Company's treasury shares.
- 2.3.2 The Placement will be undertaken by way of private placement in accordance with Section 272B of the Securities and Future Act 2001 of Singapore. As such, no prospectus or offer information statement will be issued by the Company in connection with the Placement.

2.4 **Conditions precedent**

Completion of the Proposed Placement is conditional upon, amongst others:

- (a) the allotment, issue and subscription of the Placement Shares and all the transactions contemplated in the Subscription Agreements not being prohibited by any statute, order, rule, regulation or directive promulgated or issued by any legislative, executive or regulatory body or authority; and
- (b) the representations, warranties and undertakings by the Placees remaining true and correct in all material respects and each of the Placees and the Company having performed all of its/his obligations under the Subscription Agreements to be performed on or before Completion.

2.5 **Completion**

Completion of the Proposed Placement will take place on the date falling fifteen (15) days (or such other date as may be agreed between the Company and the Placees) from the date of the Subscription Agreements.

3 **Rationale for the Proposed Placement**

3.1 The Board is approached from time to time by its dentists to seek opportunities to invest in the equity of the Company. While the Board has the ability to allow employees to participate in the equity of the Company through share-based incentive schemes such as Q & M Performance Share Plan 2018 ("**PSP Plan**"), the Board is limited by the rules of the said schemes and dentists who are independent contractors are not able to participate in the PSP Plan. The Board is of the view that a placement exercise to its own dentists benefits the Group in two ways:

- (a) it allows the Group's key dentists to participate in the equity of the Company by investing their own funds, thereby aligning their interests with those of the Group. An alignment of interest promotes greater dedication, loyalty and higher standards of performance amongst dentists; and
- (b) it strengthens the capital base of the Company and increases the Company's public spread, which has the potential to improve the level of trading liquidity of its Shares.

3.2 The Board understands that the Placees intend to hold their Placement Shares in a separate vehicle, "Quan Min Plus 2". The Board welcomes the decision of the Placees to commit to the success of the Group by aligning their individual interests with each other and with earlier generations. The Board understands that the shareholders of Quan Min Plus 2 have executed a shareholders' agreement ("**QMP2 SHA**") which, amongst others, imposes a moratorium on the Shares of the Company and the shares of Quan Min Plus 2 for such period ending 31 January 2037 ("**Moratorium**"). The Board understands that when the Placees transfer their Placement Shares to Quan Min Plus 2, they will each enter into a deed of adherence to the QMP2 SHA and will similarly be bound by the Moratorium. The Board believes that this approach is responsible for the Group's success and stability.

3.3 The Placees have agreed to participate in the Proposed Placement by committing their personal funds. This demonstrates their faith in the Group's future and their commitment to the cause of the Group. As stated above, given that the Placees had entered into Service Agreements with the Group, the Board believes that the Proposed Placement provides an effective manner of motivating the Placees, who are key dentists of the Group, to maximise their performance during their period of service by investing in the Group's future, which will in turn create better value for the Company and its shareholders.

4 **USE OF PROCEEDS**

4.1 The estimated net proceeds (the "**Net Proceeds**") from the Proposed Placement, after deducting estimated expenses, will amount to approximately S\$120,000. The Net Proceeds is intended to be fully utilised by the Group for general working capital purposes.

4.2 Pending the utilisation of the Net Proceeds for such purposes, such proceeds may be placed in deposits with banks or financial institutions or invested in short-term money markets or debt instruments or for any other purpose on a short-term basis as the directors may, in their absolute discretion, deem fit in the interests of the Company from time to time.

- 4.3 The Company will make periodic announcements on the utilisation of the Net Proceeds from the Proposed Placement as and when such proceeds are materially disbursed and whether such use is in accordance with the stated use and is in accordance with the percentage allocated and provide a status report of the use of proceeds from the Proposed Placement in the Company's annual report.

5 CONFIRMATION BY THE DIRECTORS

- 5.1 The Directors are of the opinion that, as at the date of this announcement, after taking into consideration:
- (a) the Group's present bank facilities, internal resources and operating cashflows, the working capital available to the Group is sufficient to meet its present requirements. Please refer to section 3 of this announcement for the rationale for the Proposed Placement; and
 - (b) the Group's present bank facilities, internal resources, operating cashflows, and the Net Proceeds, the working capital available to the Group is sufficient to meet its present requirements.

6 FINANCIAL EFFECTS OF THE PROPOSED PLACEMENT

6.1 Bases and Assumptions

For illustrative purposes only, the pro forma financial effects of the Proposed Placement set out below were prepared based on the Group's latest audited financial statements for FY2023 and subject to, *inter alia*, the following assumptions:

- (a) the pro forma financial effects of the Proposed Placement on the share capital, NTA per share of the Group, earnings/loss per Share and net gearing of the Group are set out below and are prepared purely for illustration only and do not reflect the actual future financial situation of the Company or the Group after Completion;
- (b) for purposes of computing the effect of the NTA value attributable per Share and net gearing of the Group, it is assumed that the Proposed Placement had been completed on 31 December 2023;
- (c) for purposes of computing the effect of the Proposed Placement on the earnings/loss per Share, it is assumed that the Proposed Placement was completed on 1 January 2023; and
- (d) the expenses incurred in connection with the Proposed Placement amount to approximately S\$10,000.

6.2 NTA per Share

	Before the Proposed Placement	After the Proposed Placement
NTA ⁽¹⁾ (S\$)	40,192,000	40,312,000
Total Number of Shares	946,442,940	946,962,940
NTA per Share (cents)	4.25	4.26

Note:

(1) NTA means total assets less the sum of total liabilities, goodwill and intangible assets.

6.3 Earnings/Loss per Share

	Before the Proposed Placement	After the Proposed Placement
Earnings/Loss attributable to the owners of the Company (S\$)	11,517,000	11,507,000
Weighted average number of issued shares	946,442,940	946,962,940
Earnings/Loss per Share - Basic (cents)	1.22	1.22

6.4 Share Capital

	Before the Proposed Placement	After the Proposed Placement
Issued share capital (S\$)	75,223,000	75,353,000
Number of Shares	946,442,940	946,962,940

7 INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors or substantial Shareholders has any interest, direct or indirect, in the Proposed Placement (other than their direct or indirect shareholdings in the Company).

8 DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Placement, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

9 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the Subscription Agreements are available for inspection by the Shareholders at the registered office of the Company at 2 Clementi Loop, #04-01, Logis Hub @ Clementi, Singapore 129809 during normal office hours for three (3) months from the date of this announcement.

10 CAUTION IN TRADING

Shareholders and potential investors are advised to exercise caution in trading in the shares of the Company as there is no certainty or assurance as at the date of this announcement that the Proposed Placement will proceed to Completion. Shareholders should consult their stockbrokers, solicitors or other professional advisors if they have any doubts about the action they should take. The Company will make further announcements if and when there are any material developments regarding the transactions contemplated herein as and when appropriate.

By Order of the Board

Ng Sook Hwa
Chief Financial Officer
3 June 2024