



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

RESPONSE TO SINGAPORE EXCHANGE SECURITIES TRADING LIMITED'S QUERY ON 2Q17 RESULTS

The Board of Directors (the "**Board**") of Q & M Dental Group (Singapore) Limited (the "**Company**" and together with its subsidiaries, the "**Group**") wishes to respond to a query raised by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 5 September 2017 in relation to the second quarter results of the Company ("**2Q17 Results**") that was announced by the Company on 14 August 2017 (the "**Announcement**"):

SGX-ST's query

It was disclosed on page 11 of the Announcement that other gains were "offset by provisions on impairment on goodwill and assets held for sale, provision on impairment on other receivables". Please provide details of the respective underlying items and the reasons for the impairments made.

The Board's response

The Board wishes to set out the respective underlying items and the reasons for the impairments made as follows:

| S/N | Description | Amount (\$'000) | Reasons |
|------------|---|------------------------|---|
| 1. | Provision for Impairment on Asset Held for Sale | (1,584) | <p>The Group is still finalising the disposal consideration and terms of the disposal for Q & M (Shanghai) Pte. Ltd., a subsidiary of the Group, through arbitration proceedings against Dr. Lou Tie Ying, the joint venture partner for this joint venture, in the Singapore International Arbitration Centre.</p> <p>Even though the lawyers for the Group had indicated that the Group has a good chance of winning the arbitration, the arbitration is a lengthy process and there remains uncertainty as to whether the Group will be able to successfully enforce the arbitration award against Dr. Lou Tie Ying in China.</p> <p>The Company has taken a prudent approach to make provisions for impairment.</p> |
| 2. | Provision for Impairment on Goodwill | (1,611) | <p>This goodwill pertains to the joint venture relating to Shanghai Chuangyi Investment and Management Co., Ltd.</p> |

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| | | | <p>The Group had performed an impairment of goodwill assessment and the results indicated a possible impairment.</p> <p>Further, we have also received a letter from the landlord dated 9 July 2017 informing us of the termination of the tenancy agreement due to a change in the regulations in China and we are required to surrender the premise by 31 Aug 2017. This could affect the business operation.</p> |
| 3. | Provision for Impairment on Other Receivables | (1,054) | <p>This comprises mainly of receivables due from Dr. Lou Tie Ying and Dr. Matthew Hong An Liang to the Group in the course of the joint ventures with each party in China and Malaysia respectively.</p> <p>The Company has taken a prudent approach in view of the ongoing arbitration and legal proceedings respectively to make provisions for impairment.</p> |

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

Vitters Sim
Chief Financial Officer
7 September 2017

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