

CIRCULAR DATED 6 NOVEMBER 2014

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

This Circular is issued by Q & M Dental Group (Singapore) Limited (the “**Company**”). If you are in doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

If you have sold or transferred all your shares in the capital of the Company, you should immediately forward this Circular, the Notice of Extraordinary General Meeting and the attached Proxy Form to the purchaser or transferee or to the bank, stockbroker or agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Circular.



Q & M DENTAL GROUP (SINGAPORE) LIMITED

(Company Registration No. 200800507R)
(Incorporated in Republic of Singapore)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

THE PROPOSED ALLOTMENT AND ISSUANCE OF UP TO 63,000,000 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY UPON THE EXERCISE OF THE CALL OPTION GRANTED TO HERITAS HELIOS INVESTMENTS PTE. LTD. PURSUANT TO THE CALL OPTION AGREEMENT (AS DEFINED HEREIN)

IMPORTANT DATES AND TIMES

Last date and time for lodgment of Proxy Form	:	19 November 2014 at 4.30 p.m.
Date and time of Extraordinary General Meeting	:	21 November 2014 at 4.30 p.m.
Place of Extraordinary General Meeting	:	180 Kitchener Road #B1-13/15 City Square Mall Singapore 208539

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DEFINITIONS

Except where the context otherwise requires, the following definitions apply throughout this Circular:

“Act”	:	The Companies Act, Chapter 50 of Singapore, as may be amended, modified or supplemented from time to time.
“Announcement”	:	The announcement made by the Company on 26 May 2014 in relation to the grant of the Call Option.
“Articles” or “Articles of Association”	:	The Articles of Association of the Company.
“Board”	:	The board of Directors as at the Latest Practicable Date.
“Call Option”	:	The call option granted by the Company to HHI, giving HHI the right to subscribe for, on the terms and subject to the conditions contained in the Call Option Agreement, the Call Option Shares.
“Call Option Agreement”	:	The call option agreement dated 24 May 2014 entered into between the Company and HHI in relation to the Call Option, as amended by the Supplemental Agreement.
“Call Option Shares”	:	The up to 63,000,000 new Shares to be issued to HHI pursuant to the exercise of the Call Option.
“CDP”	:	The Central Depository (Pte) Limited.
“Circular”	:	This circular to Shareholders dated 6 November 2014.
“Company”	:	Q & M Dental Group (Singapore) Limited, a company incorporated in the Republic of Singapore.
“Completion”	:	In relation to each exercise of the Call Option, completion of the issuance and allotment of such number of Call Option Shares in respect of which the Call Option is exercised in accordance with the terms and conditions of the Call Option Agreement.
“Completion Date”	:	In relation to each exercise of the Call Option, the date of Completion.
“Controlling Shareholder”	:	A person who: (a) holds directly or indirectly fifteen per cent. (15%) or more of all voting shares in the Company, unless determined by SGX-ST that such person is not a controlling shareholder; or (b) in fact exercises control over the Company; or (c) such other meaning as the SGX-ST may ascribe to this term from time to time.
“Directors”	:	The directors of the Company as at the Latest Practicable Date.
“EGM”	:	The extraordinary general meeting of the Company to be held on 21 November 2014.
“EPS”	:	Earnings per Share.

DEFINITIONS

“FY2013”	:	The financial year ended 31 December 2013.
“Group”	:	The Company and its subsidiaries.
“HCMPL”	:	Heritas Capital Management Pte. Ltd.
“HHI”	:	Heritas Helios Investments Pte. Ltd.
“IMC”	:	The IMC Group.
“Issue Price”	:	Has the meaning given to it in Section 3.2 of this Circular.
“KSK”	:	Dr Koh Shunjie, Kelvin.
“KSF”	:	Dr Koh Shuhui, Felicia.
“Latest Practicable Date”	:	31 October 2014, being the latest practicable date prior to the printing of this Circular.
“Listing Manual”	:	The Listing Manual of the SGX-ST, as may be amended, modified or supplemented from time to time.
“Market Day”	:	A day on which the SGX-ST is open for trading in securities.
“Memorandum”	:	The Memorandum of Association of the Company.
“Notice”	:	The notice to be delivered to the Company upon and pursuant to the exercise of the Call Option by HHI.
“Notice Date”	:	The date of the Notice delivered to the Company upon and pursuant to the exercise of the Call Option by HHI.
“Notice of EGM”	:	The notice of the EGM dated 6 November 2014, which is set out on pages 23 to 24 of this Circular.
“NTA”	:	Net tangible assets.
“Option Period”	:	Has the meaning given to it in Section 3.1 of this Circular.
“Placement”	:	Has the meaning given to it in Section 2.3 of this Circular.
“Placement Agreement”	:	The placement agreement dated 27 December 2012 entered into between the Company, KSK and KSF.
“Placement Shares”	:	Has the meaning given to it in Section 2.3 of this Circular.
“QMH”	:	Quan Min Holdings Pte. Ltd.
“QMH Shareholders”	:	Shareholders of QMH, namely Dr Ng Chin Siau, Dr Ng Jet Wei, Dr Chong Kai Chuan, Dr Wong Dai Chong, Dr Yap Kin Wai, Dr Kuan Chee Keong, Dr Ang Hwee Quan Susan, Dr Ang Ee Peng Raymond, Dr Chong Ling Sharon, Dr Mohanarajah S/O S. Senathirajah, Dr Loh Meow Song, Dr Ng Cheng Huat, Dr Chan Pui Kee, Dr Dalila Hashim, Dr Tan Shally, Dr Goh Seng Teik and Dr Yeo Shulin Serene.

DEFINITIONS

“Sale”	:	Has the meaning given to it in Section 2.2 of this Circular
“Securities Account”	:	The securities account maintained by a Depositor with CDP, but does not include a securities sub-account.
“SGX-ST”	:	Singapore Exchange Securities Trading Limited.
“Shareholders”	:	The registered holders of Shares in the register of members of the Company, except that where the registered holder is the CDP, the term “Shareholders” shall, in relation to such Shares, mean the Depositors into whose Securities Accounts those Shares are credited.
“Shares”	:	Ordinary shares in the capital of the Company.
“Substantial Shareholder”	:	A Shareholder who has an interest in five per cent. (5%) or more of the total number of issued Shares (excluding treasury shares) of the Company.
“Supplemental Agreement”	:	The supplemental agreement dated 22 September 2014 entered into between the Company and HHI in relation to the Call Option Agreement.
“treasury shares”	:	Issued Shares of the Company which were (or are treated as having been) purchased by the Company in circumstances in which Section 76H of the Act applies and have been held by the Company continuously since the treasury share was so purchased.
“S\$” and “cents”	:	Singapore dollars and cents respectively, unless otherwise stated.
“%” or “per cent.”	:	Per centum or percentage.

The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the meanings ascribed to them respectively in Section 130A of the Act.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall include corporations.

Any reference in this Circular to any statute or enactment is a reference to that statute or enactment as for the time being amended or re-enacted. Any word defined under the Act, the Listing Manual or any statutory modification thereof and used in this Circular shall have the meaning assigned to it under the Act, the Listing Manual or any statutory modification thereof, as the case may be, unless otherwise provided.

Any reference to a time of day and date in this Circular is made by reference to Singapore time and date respectively, unless otherwise stated.

Any discrepancies in this Circular between the listed amounts and the total thereof are due to rounding. Accordingly, figures shown as totals may not be an aggregation of the figures that precede them.

LETTER TO SHAREHOLDERS

Q & M DENTAL GROUP (SINGAPORE) LIMITED

(Company Registration No. 200800507R)
(Incorporated in the Republic of Singapore)

Board of Directors:

Mr Narayanan Sreenivasan (*Independent Chairman*)
Dr Ng Chin Siau (*Group Chief Executive Officer*)
Dr Ng Jet Wei (*Deputy Chief Executive Officer*)
Dr Ang Ee Peng Raymond (*Chief Operating Officer*)
Mr Ng Weng Sui Harry (*Non-Executive and Independent Director*)
Professor Toh Chooi Gait (*Non-Executive and Independent Director*)

Registered Office:

81 Science Park Drive #02-04
The Chadwick
Singapore Science Park I
Singapore 118257

6 November 2014

To: The Shareholders of Q & M Dental Group (Singapore) Limited

Dear Sir/Madam,

1. INTRODUCTION

1.1 The Call Option

On 26 May 2014, the Board announced that the Company had entered into the Call Option Agreement with HHI, pursuant to which the Company will grant HHI the Call Option to subscribe for the Call Option Shares at the Issue Price for each Call Option Share.

On 22 September 2014, the Board announced that the Company had entered into the Supplemental Agreement with HHI, pursuant to which the Company and HHI agreed, *inter alia*, that the minimum Issue Price and under certain limited circumstances, the number of Call Option Shares, will be subject to adjustments based on the provisions contained in the Supplemental Agreement.

A copy of the announcements is available on the SGX-ST's website at www.sgx.com.

1.2 Purpose of this Circular

Under Rule 812 of the Listing Manual, unless specific shareholder approval has been obtained, an issue of shares, company warrants or convertible securities must not be placed to, amongst others, the issuer's directors and substantial shareholders.

As HHI is a Substantial Shareholder, the issuance and allotment of the Call Option Shares to HHI falls under the purview of Rule 812 of the Listing Manual. Consequently, specific approval of the Shareholders must be obtained for the issuance and allotment of the Call Option Shares to HHI.

The purpose of this Circular is to provide Shareholders with the relevant information pertaining to the Call Option and to seek Shareholders' approval for the issuance and allotment of the Call Option Shares at the EGM.

The SGX-ST assumes no responsibility for the accuracy of any statements made or opinions expressed or reports contained in this Circular.

2. INFORMATION ON HHI AND RATIONALE FOR THE GRANT OF THE CALL OPTION

2.1 Information on HHI

HHI is a private equity fund based in Singapore which is managed by HCMPL. HCMPL is a fund manager based in Singapore and manages investments in various asset classes including public securities and private equity across global markets. HHI focuses on investments in the

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Asian healthcare sector. Under the management of HCMPL, HHI adopts a long-term approach focused on growth and sustainability and seeks to create value through active strategic and financial partnerships with portfolio companies. HCMPL complements its investment expertise by leveraging the extensive business reach of its key sponsor, IMC, to create synergies for its portfolio companies.

IMC is a privately held multi-industry business group headquartered in Singapore. As a long established Asian group with its background in shipping dating back to the 1900s, IMC has transformed into a diversified group with a strong focus on industrial supply chains, offshore oil & gas services, financial services, lifestyle-real estate and social entrepreneurship. IMC has a global footprint with a strong presence in China. Operating out of its Shanghai regional headquarters, IMC has spread its operations to many major Chinese cities including Beijing, Shanghai, Chengdu, Qingdao, Dalian and Suzhou where its business interests span the industrial sectors and lifestyle driven real estate developments.

2.2 Rationale for the Grant of the Call Option

As announced by the Company on 26 May 2014, the Company was notified by QMH, KSK and KSF that they had entered into a sale and purchase agreement dated 22 May 2014 with HHI to collectively sell 60,545,300 Shares, representing approximately 10.00% of the issued and paid-up share capital of the Company as at the date of such sale and purchase agreement, at a price of S\$0.48 per Share for an aggregate consideration of S\$29,061,744 (the “Sale”). The Company was informed that Dr Ng Chin Siau and Dr Ang Ee Peng Raymond negotiated the terms of the Sale.

Further, HHI had informed the Company that it was interested in strengthening its strategic partnership with the Company through a call option. Dr Ng Chin Siau, Group Chief Executive Officer, and Dr Ng Jet Wei, Deputy Chief Executive Officer, directly negotiated with HHI on the terms of the Call Option. The terms of the Call Option, including the Issue Price, were deliberated upon and unanimously approved by every member of the board of directors of the Company.

Whereas the Sale introduced IMC as a substantial shareholder of the Company, the Call Option enables IMC, through HHI, to continue and further strengthen its financial investment and strategic partnership interests with the Company. As stated above, IMC has a global footprint with a strong presence in China, a key market for the Group. The strategic partnership with IMC will enable the Company to leverage on IMC’s strong presence, experience and resources in the region to achieve further growth not only in China but also in Singapore, Malaysia and other markets where IMC has presence. The issue of the Call Option was not conditional upon the Sale and *vice versa*. The Company took a commercial decision that the grant of the Call Option to HHI (indirectly held by IMC, a well-established multi-national company) would provide an opportunity to engage HHI as a long-term investor and stakeholder, and that the Company would reap benefits in markets where HHI and its associated companies are well established.

The Company was also notified that the QMH Shareholders have extended their commitment to the Group as pursuant to the terms of the Sale, the QMH Shareholders have agreed to extend their respective service contracts with the Company and their shareholders’ agreement (subject to certain exceptions).

As stated in the Company’s prospectus dated 17 November 2009, the shareholders’ agreement between the QMH Shareholders provided, *inter alia*, as follows:

- no new shares in the capital of QMH will be issued without first offering such new shares to each of the QMH Shareholders in proportion to their existing shareholding in QMH;
- the voting rights and their entitlement to dividends are in proportion to their existing shareholding in QMH;
- QMH shall only hold shares in the capital of the Company;
- each of the QMH Shareholders shall be entitled to appoint himself or herself as a director of QMH and the Company’s CEO shall be the chairman of the board of directors of QMH;

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- any (i) proposal to create, assume or incur, or become liable in respect of any indebtedness other than indebtedness in the course of business or make loans or provide guarantees, or extend or pledge credit to others, except in the course of business of QMH; (ii) increase in the issued and paid-up capital of QMH; (iii) changes in business of QMH; (iv) creation or issue of new shares or equity convertible loan; and/or (v) amalgamation or mergers of QMH, shall require the approval of 75% of the total shareholdings in QMH;
- subject to the moratorium of the sale of shares (as described under the “Moratorium” section of the prospectus), any sale of shares by the QMH Shareholders in QMH shall be made to the remaining QMH Shareholders unless the remaining QMH Shareholders do not exercise their rights to purchase. QMH Shareholders (other than the one(s) offering their shares for sale) holding at least 60% of the issued shares in QMH must approve the sale of such shares in QMH to a third party at terms no more favourable than what was offered to the other QMH Shareholders;
- each of the QMH Shareholders shall enter into 10-year service contracts (commencing from January 2008) with the Company and that each of them shall not directly or indirectly have ownership or any interest in any dental practice in Singapore, or assist or otherwise promote, or be employed or provide professional services to any dental practice in Singapore as long as he remains a shareholder of QMH. Further, in the event of such termination during the initial 10 years, the shares of the QMH Shareholders in the capital of QMH will have to be sold based on the computed value of QMH’s NTA as at the date the shares in the capital of QMH were allotted to the QMH Shareholders (being 16 June 2008) or the average weighted share price of the Company for the three successive months immediately prior to the date of the sale notice, whichever is lower.
- each of the QMH Shareholders shall continue to be restrained from competing with the Company for a period of 24 months, within two kilometres radius from any subsidiary or associate company of the Company of which he has worked in, after ceasing to be a shareholder of QMH; and
- the shareholders’ agreement shall expire on 15 January 2018, upon which QMH shall be wound up by way of voluntary winding up and the liquidator shall be instructed to distribute to each of the QMH Shareholders *in specie* the shares in the capital of the Company, in proportion to the shareholdings of the QMH Shareholders in the capital of the Company.

Pursuant to the terms of the Sale, the shareholders’ agreement has been extended by three (3) years and shall expire on 15 January 2021.

As stated in the Company’s prospectus dated 17 November 2009:

- each of the QMH Shareholders had entered into identical service contracts with the Company, to provide their services as dentists to the Group. They each agreed to an initial service period of 10 years, commencing from January 2008. Thereafter, the engagement will continue indefinitely until terminated by either the Company or the said QMH Shareholder in accordance with the terms of the service contract. Notwithstanding the initial service period, the Company reserves the right to terminate the services of any of the QMH Shareholders, without notice or payment in-lieu of notice, in the event of any misconduct, bankruptcy, criminal convictions or unsoundness of mind. In the initial 10 years, the service contracts can only be terminated by mutual consent. Further, in the event of such termination during the initial 10 years, the shares of the QMH Shareholders in the capital of QMH will have to be sold based on the computed value of QMH’s NTA as at the date the shares in the capital of QMH were allotted to the QMH Shareholders (being 16 June 2008) or the average weighted share price of the Company for the three successive months immediately prior to the date of the sale notice, whichever is lower. Following the initial 10-year period, either party may terminate the service contract by giving to the other three months notice in writing of the termination or three months service fee in lieu of written notice;

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- in the event of permanent disability and retirement (upon reaching the retirement age of 62 years old or on grounds of poor health), the QMH Shareholder may also terminate his or her services with the Company, before the expiry of the initial term, upon obtaining the approval of the Board;
- in accordance with the service contract, each of the QMH Shareholders shall be entitled to a service fee equivalent to 50% of the net revenue (professional fees charged to and paid by the patients attended to by the respective QMH Shareholders, less goods and services taxes, laboratory fees and sale of dental products) received from patients he or she has attended to;
- each of the QMH Shareholders is also entitled to go on no pay leave, maternity leave (paid or unpaid) or study leave, subject to the approval of the Board. The QMH Shareholders are not entitled to any other payments or benefits; and
- under the service contracts, in the event the services of any of the QMH Shareholders is terminated, he or she shall not practice as a dentist either by himself or herself, or as a partner, employee or associate of any person, firm or company for a period of two years, within two kilometres radius from the specific clinics within the Group at which he had provided his services, nor shall he or she act for or solicit, either by himself or herself, or as a partner, employee or associate of any person, firm or company, any patients, staff and associate dentists of the Group.

Pursuant to the terms of the Sale, the QMH Shareholders have extended their respective service contracts by two (2) years (subject to certain exceptions).

2.3 Partial Lifting of Moratorium

Pursuant to the Sale, KSK and KSF were to sell a certain portion of their Shares to HHI. These Shares were issued to KSK and KSF under the Placement Agreement pursuant to which KSK and KSF together subscribed for 55,000,000 new Shares (the "**Placement Shares**") on 17 January 2013 (the "**Placement**").

Under the Placement Agreement, each of KSK and KSF had undertaken not to sell, grant options over, transfer, charge, pledge or dispose of or enter into any agreement to dispose of any of the Placement Shares until after 31 December 2017.

The Company agreed to lift such moratorium in respect of (i) 5,040,000 Placement Shares held by KSK and (ii) 2,160,000 Placement Shares held by KSF, so that they can transfer those Placement Shares to HHI pursuant to the Sale. In consideration for such partial lifting of the moratorium, the moratorium on the remaining 33,460,000 and 14,340,000 Placement Shares held by KSK and KSF respectively was extended to 15 January 2021.

3. DETAILS OF THE CALL OPTION

3.1 Call Option

Under the terms of the Call Option Agreement, HHI has the right to exercise the Call Option at any time during the period commencing from the date that the conditions in Sections 3.4(i) and (ii) below are fulfilled to the date falling two (2) years from the date of execution of the Call Option Agreement, or any other period as may be mutually agreed between the Company and HHI (the "**Option Period**").

The Call Option may be exercised by HHI in respect of all or part of the 63,000,000 Call Option Shares, by serving on the Company the Notice at any time during the Option Period. For the avoidance of doubt, the Call Option may be exercised any number of times by HHI, subject to each such exercise being in respect of at least 20,000,000 Call Option Shares.

The Call Option Shares, when issued, shall be free from all claims, charges, liens, equities and other encumbrances whatsoever and with all rights attaching thereto on the Completion Date.

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If notice is given by the Company to its members to convene a general meeting for the purposes of considering a members' voluntary winding-up of the Company, HHI shall be entitled upon and subject to the Call Option Agreement, at any time within six weeks after the passing of such resolution for a members' voluntary winding-up of the Company, to elect to be treated as if it had immediately prior to the commencement of such winding-up exercised the Call Option and had on such date been the holder of the Shares to which it would have become entitled pursuant to such exercise and the liquidator of the Company shall give effect to such election accordingly. The Company shall give notice to HHI in accordance with the Call Option Agreement of the passing of any such resolution within seven days after thereof. Subject to the foregoing, if the Company is wound up for any other reasons, the Call Option, if not exercised in respect of all the Call Option Shares at the date of the passing of such resolution, shall lapse and cease to be valid for any purpose.

Subject to the Call Option Agreement, HHI, in its capacity as the holder of the Call Option, shall not be eligible to participate in any distribution and/or offer of further securities by the Company.

3.2 Issue Price

The issue price for the Call Option Shares shall be calculated at a 10% discount to the relevant weighted average price of the Shares for trades done on the SGX-ST for the thirty-day period prior to the Notice Date, but shall not be priced at lower than the minimum price of S\$0.48 per Call Option Share (the "**Issue Price**").

The Issue Price was determined through negotiations between the Company and HHI on a commercial and willing buyer and willing seller basis. The minimum Issue Price of S\$0.48 represents a premium of 2.13% to the weighted average price of S\$0.470 for trades done on the Shares on the SGX-ST for the full Market Day on 21 May 2014 (being the full Market Day preceding the execution of the Call Option Agreement) up to the time of the Company's trading halt on 22 May 2014.

3.3 Adjustments

The minimum Issue Price and under certain limited circumstances, the number of Call Option Shares, will be subject to adjustments based on the provisions contained in the Supplemental Agreement. The circumstances requiring adjustments are the consolidation or subdivision of Shares, capitalisation issues, rights issues and certain capital distributions. Capital distributions shall (without prejudice to the generality of that expression) include (i) cash dividends and dividends *in specie*, and (ii) distributions in cash or specie or by way of issue of Shares (other than an issue by the Company of Shares credited as fully paid by way of capitalisation of profits or reserves (whether of a capital or income nature or not) to its Shareholders (other than an issue of Shares to Shareholders who elect to receive Shares in lieu of cash or other dividend)) or other securities credited as fully or partly paid up by way of capitalisation of profits or reserves. For the avoidance of doubt, (i) a capital distribution shall exclude an issue by the Company of Shares or other securities convertible into rights to acquire or subscribe for Shares for cash, by way of private placement or otherwise and (ii) there will be no adjustment to the number of Call Option Shares for a capital distribution. Further details of such adjustments are set out in Appendix A.

No material alteration to the terms of the Call Option after the grant thereof to the advantage of HHI shall be made, unless the alterations are made pursuant to the Call Option Agreement or the prior approval of Shareholders in general meeting has been sought.

3.4 Conditions Precedent

Completion of the issuance and allotment of the relevant Call Option Shares is conditional upon, *inter alia*, the following being fulfilled:

- (i) the approval in-principle for the listing and quotation of the Call Option Shares on the Mainboard of the SGX-ST being obtained from the SGX-ST and not having been revoked or amended and, where such approval is subject to conditions (only such conditions which are not normally imposed by the SGX-ST for a transaction of a similar nature), such conditions

LETTER TO SHAREHOLDERS

being reasonably acceptable to the Company and HHI and, to the extent that any conditions for the listing and quotation of the Call Option Shares on the Mainboard of the SGX-ST are required to be fulfilled on or before Completion Date, they being so fulfilled;

- (ii) the Company obtaining approval from its Shareholders at the EGM for the allotment and issuance of the Call Option Shares;
- (iii) the allotment, issuance and subscription of the Call Option Shares not being prohibited by any statute, order, rule, regulation or directive promulgated or issued after the date of the Call Option Agreement by any legislative, executive or regulatory body or authority of Singapore or elsewhere, which is applicable to the Company and/or HHI;
- (iv) the approval of the Board being obtained for the issuance of the Call Option Shares and all transactions contemplated under the Call Option Agreement;
- (v) there being no circumstance or event occurring that may have a material adverse effect on the businesses, operations, prospects or condition (financial or otherwise) of the Company; and
- (vi) as at the Completion Date, no occurrence of any event nor the discovery of any fact rendering untrue or incorrect in any respect any of the representations and warranties of the Company as if they were repeated on and as of the Completion Date.

If any of the conditions precedent set forth above is not satisfied on or before seven (7) days from the Notice Date (or such later date as the Company and HHI may agree in writing), the Call Option Agreement shall *ipso facto* cease and determine thereafter and none of the Company and HHI shall have any claim against the other for damages, losses, compensation or otherwise save for any antecedent claims which may have accrued under the Call Option Agreement.

On 28 October 2014, the SGX-ST granted its approval in-principle for the dealing in, listing and quotation of the Call Option Shares on the Mainboard of the SGX-ST subject to, *inter alia*, the following:

- (a) compliance with SGX-ST's listing requirements;
- (b) approval of the Shareholders being obtained for the Call Option;
- (c) announcement of the conditions under which the price or the number of the Call Option Shares may be adjusted;
- (d) a written undertaking from the Company that it will comply with Rule 704(30) and Rule 1207(20) of the Listing Manual in relation to the use of proceeds from the exercise of the Call Option and where proceeds are to be used for working capital purposes, the Company will disclose a breakdown with specific details on the use of proceeds for working capital in the Company's announcements on use of proceeds and in the annual report;
- (e) a written confirmation from the Company that it will comply with Rule 803 of the Listing Manual;
- (f) a written confirmation from the Company that the terms of the Call Option comply with Rule 829(1) of the Listing Manual; and
- (g) a written undertaking from the Company to announce any adjustment made pursuant to Rule 829(1) of the Listing Manual.

The approval in-principle granted by the SGX-ST is not to be taken as an indication of the merits of the Call Option, the Call Option Shares, the Company and/or its subsidiaries.

LETTER TO SHAREHOLDERS

4. USE OF PROCEEDS

Assuming that the Call Option is exercised by HHI in respect of all of the Call Option Shares, based on the minimum Issue Price of S\$0.48, the Company will raise gross proceeds of at least S\$30,240,000 from this exercise. The net proceeds (after deducting expenses relating to the Call Option) of approximately S\$30,000,000 will be used by the Company in the following estimated proportions:

Use of Proceeds	Percentage Allocation (%)
General corporate activities including acquisitions, joint ventures and/or for strategic alliances and expansion of dental, medical and distribution and manufacturing businesses of the Group, and refinancing of borrowings and capital expenditure.	80
Working capital	20

The Company will make an announcement on the use of the net proceeds as and when such proceeds are materially disbursed, including whether the use is in accordance with the intended use as announced. Where there is any material deviation from the stated use of proceeds, the Company will announce the reasons for such deviation.

Pending the deployment of the net proceeds, such proceeds may be deposited with banks or financial institutions, invested in short-term money market instruments or marketable securities, and/or used for any other purpose on a short-term basis, as the directors of the Company may, in their absolute discretion, deem fit from time to time.

5. FINANCIAL EFFECTS OF THE EXERCISE OF THE CALL OPTION

The *pro forma* financial effects of the exercise of the Call Option in full and the issuance and allotment of all the Call Option Shares (excluding transaction costs), based on the audited accounts of the Group for FY2013, are set out below. The *pro forma* financial effects are presented for illustration purposes only, and are not intended to reflect the actual future financial situation of the Company or the Group.

5.1 Share Capital

Assuming that the Call Option is exercised in respect of all the Call Option Shares at the minimum Issue Price of S\$0.48, the Company's issued and paid-up share capital (excluding treasury shares) as at the Latest Practicable Date will increase from S\$51,847,578 comprising 640,237,066 Shares to S\$82,087,578 comprising 703,237,066 Shares. The Call Option Shares represent approximately 9.84% of the total number of Shares (excluding treasury shares) as at the Latest Practicable Date and approximately 8.96% of the total number of Shares (excluding treasury shares) after the issuance of all the Call Option Shares.

In this Circular, any *pro forma* effect of the issuance of the Call Option Shares is based on the Company's issued and paid-up share capital (excluding treasury shares) as at the Latest Practicable Date and is presented on the assumption that there is no change in the share capital of the Company.

LETTER TO SHAREHOLDERS

5.2 Net Tangible Assets per Share

For illustration purposes only, the effect of the issuance of the Call Option Shares on the Company's NTA per Share as at 31 December 2013 will be as follows:

	As at 31 December 2013	After the Issue of the Call Option Shares¹
Consolidated NTA attributable to the shareholders of the Company (S\$'000)	40,638	70,878
Number of Shares (excluding treasury shares)	605,452,994	668,452,994
Consolidated NTA per Share attributable to the shareholders of the Company (Singapore cents)	6.7	10.6

Notes:

1. Assuming that all 63,000,000 Call Option Shares are issued at the minimum Issue price of S\$0.48 per Call Option Share as at 31 December 2013.

5.3 Earnings per Share

For illustration purposes only, the effect of the issuance of the Call Option Shares on the EPS of the Company for FY2013 will be as follows:

	FY2013	After the Issue of the Call Option Shares¹
Consolidated profit after taxation and minority interests (S\$'000)	6,461	8,861
Weighted average number of Shares (excluding treasury shares)	603,042	666,042
Consolidated EPS (Singapore cents)	1.07	1.33

Notes:

1. Assuming that (i) all 63,000,000 Call Option Shares are issued at the minimum Issue price of S\$0.48 per Call Option Share as at 1 January 2013, being the beginning of FY2013 and (ii) the net funds of S\$30,000,000 received from the issuance of the Call Option Shares is used to buy Singapore or PRC targets at 12 times price/earnings ratio with a profit guarantee and will yield an 8% annual return from investment.

LETTER TO SHAREHOLDERS

6. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

The interests of Directors and Substantial Shareholders of the Company in Shares (i) as at the Latest Practicable Date, based on the Company's register of Directors' shareholdings and register of Substantial Shareholders' shareholdings respectively, and (ii) such interests after the exercise of the Call Option are set out below:

	As at the Latest Practicable Date				After exercise of the Call Option ⁽¹⁾				
	Direct Interest		Deemed Interest		Direct Interest		Deemed Interest		
	Number of Shares	% ⁽²⁾	Number of Shares	% ⁽²⁾	Number of Shares	% ⁽³⁾	Number of Shares	% ⁽³⁾	
Directors									
Narayanan Sreenivasan	200,000	0.03	-	-	200,000	0.03	-	-	
Dr Ng Chin Siau ⁽⁴⁾	8,400,092	1.31	338,654,608	52.90	8,400,092	1.19	338,654,608	48.16	
Dr Ng Jet Wei	-	-	-	-	-	-	-	-	
Dr Ang Ee Peng Raymond	-	-	-	-	-	-	-	-	
Professor Toh Chooi Gait	-	-	-	-	-	-	-	-	
Ng Weng Sui Harry	200,000	0.03	-	-	200,000	0.03	-	-	
Substantial Shareholders (who are not Directors)									
Quan Min Holdings Pte. Ltd. ⁽⁵⁾	338,654,608	52.90	-	-	338,654,608	48.16	-	-	
Heritas Helios Investments Pte. Ltd. ⁽⁶⁾	60,545,300	9.46	-	-	123,545,300	17.57	-	-	
Heritas Capital Management Pte. Ltd. ⁽⁷⁾	-	-	60,545,300	9.46	-	-	123,545,300	17.57	
IMC Heritas Investments Ltd. ⁽⁸⁾	-	-	60,545,300	9.46	-	-	123,545,300	17.57	
IMC Pan Asia Alliance Corporation ⁽⁹⁾	-	-	60,545,300	9.46	-	-	123,545,300	17.57	
Koh Shunjie, Kelvin	33,460,000	5.23	-	-	33,460,000	4.76	-	-	

Notes:

- (1) Assuming that (i) the Call Option is exercised in respect of all 63,000,000 Call Option Shares, (ii) none of the other convertible securities of the Company are converted into Shares, and (iii) there is no change in the number of Shares (whether direct or deemed) held by the Directors and the Substantial Shareholders (except for HHI).
- (2) Based on 640,237,066 Shares in issue as at the Latest Practicable Date.
- (3) Based on 703,237,066 Shares in issue following the issuance and allotment of all 63,000,000 Call Option Shares.
- (4) Dr Ng Chin Siau is deemed to have an interest in the Shares held by Quan Min Holdings Pte. Ltd. by virtue of his approximately 43.94% direct shareholding in Quan Min Holdings Pte. Ltd.
- (5) Quan Min Holdings Pte. Ltd. is an investment holding company incorporated in Singapore and is the Company's ultimate parent company. Dr Ng Chin Siau, Dr Ng Jet Wei and Dr Ang Ee Peng Raymond have an interest of approximately 43.94%, 13.93% and 2.60% in Quan Min Holdings Pte. Ltd. respectively.
- (6) Heritas Helios Investments Pte. Ltd. has been granted the Call Option to subscribe for up to 63,000,000 Call Option Shares.
- (7) Heritas Capital Management Pte. Ltd. is deemed to have an interest in the Shares held by Heritas Helios Investments Pte. Ltd. as it is the investment manager of Heritas Helios Investments Pte. Ltd.
- (8) IMC Heritas Investments Ltd. is deemed to have an interest in the Shares held by Heritas Helios Investments Pte. Ltd. as it is the owner of the entire share capital of Heritas Helios Investments Pte. Ltd.
- (9) IMC Pan Asia Alliance Corporation is deemed to have an interest in the Shares held by Heritas Helios Investments Pte. Ltd. as it is the owner of the entire share capital of IMC Heritas Investments Ltd., which is in turn the owner of the entire share capital of Heritas Helios Investments Pte. Ltd.

Save as disclosed in this Circular, none of the Directors and Substantial Shareholders have any interest, direct or indirect, in the Call Option (other than through their respective shareholdings in the Company, if any).

LETTER TO SHAREHOLDERS

7. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages 23 to 24 of this Circular, will be held at 180 Kitchener Road, #B1-13/15 City Square Mall, Singapore 208539 on 21 November 2014 at 4.30 p.m. for the purpose of considering and, if thought fit, passing (with or without any modifications) the ordinary resolutions set out in the Notice of EGM.

8. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the EGM and wish to appoint a proxy to attend and vote at the EGM on their behalf must complete, sign and return the Proxy Form attached to this Circular in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at the registered office of the Company at 81 Science Park Drive, #02-04, The Chadwick, Singapore Science Park I, Singapore 118257 not less than 48 hours before the time fixed for the EGM. The completion and return of a Proxy Form by a Shareholder does not preclude him from attending and voting in person at the EGM should he subsequently decide to do so, although the appointment of the proxy shall be deemed to be revoked by such attendance.

A Depositor shall not be regarded as a Shareholder entitled to attend the EGM and to speak and vote thereat unless he is shown to have Shares entered against his name in the Depository Register at least 48 hours before the time fixed for the EGM.

9. ABSTENTION FROM VOTING

As HHI is interested in the issuance and allotment of the Call Option Shares, HHI shall abstain, and procure that its associates shall abstain, from voting on the ordinary resolution in respect of the issuance and allotment of the Call Option Shares at the EGM. HHI and its associates shall also decline to accept appointment as proxy for any other Shareholder to vote in respect of the said resolution unless the Shareholder concerned shall have given instructions in his proxy form as to the manner in which his votes are to be cast in respect of such resolution.

Unless required by law, a shareholder need not abstain from voting in respect of any resolution. Having considered the terms of and rationale for the grant of the Call Option, as well as the following factors:

- (a) the grant of the Call Option was not conditional on the Sale and *vice versa*;
- (b) QMH has not given an undertaking to vote in favour of the ordinary resolution in respect of the issuance and allotment of the Call Option Shares, whether pursuant to the terms of the Sale or otherwise; and
- (c) as stated in Section 10 of this Circular, Dr Ng Chin Siau has voluntarily abstained from making any recommendation to Shareholders on such resolution,

the Board is of the opinion that Dr Ng Chin Siau and QMH need not abstain from voting on the ordinary resolution in respect of the issuance and allotment of the Call Option Shares.

10. DIRECTORS' RECOMMENDATIONS

Dr Ng Chin Siau, Dr Ng Jet Wei and Dr Ang Ee Peng Raymond have voluntarily abstained from making any recommendation to Shareholders on the ordinary resolution relating to the issuance and allotment of the Call Option Shares.

The independent Directors, having considered the terms of and rationale for the grant of the Call Option, are of the opinion that the grant of the Call Option and the issuance and allotment of the Call Option Shares are in the best interests of the Company. Accordingly, the independent Directors recommend that Shareholders vote in favour of the ordinary resolution relating to the issuance and allotment of the Call Option Shares to be proposed at the EGM as stated in the Notice of EGM set out on pages 23 to 24 of this Circular.

LETTER TO SHAREHOLDERS

11. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Call Option, the Call Option Shares, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading.

Where information in this Circular 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 Circular in its proper form and context.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the registered office of the Company at 81 Science Park Drive, #02-04, The Chadwick, Singapore Science Park I, Singapore 118257 during normal business hours from the date of this Circular up to the date of the EGM:

- (a) the Memorandum and Articles of Association of the Company;
- (b) the annual report of the Company for FY2013;
- (c) the Call Option Agreement; and
- (d) the Supplemental Agreement.

Yours faithfully

Q & M Dental Group (Singapore) Limited

For and on behalf of the Board of Directors
Dr Ng Chin Siau
Group Chief Executive Officer

6 November 2014

APPENDIX A – SUMMARY OF ADJUSTMENTS UNDER THE CALL OPTION AGREEMENT

1. The Minimum Issue Price and where applicable, number of Call Option Shares, shall from time to time be adjusted by the Directors in consultation with and with the concurrence of the Independent Auditors, in accordance with paragraph 2, which adjustment shall be certified by the Independent Auditors. The Minimum Issue Price and where applicable, number of Call Option Shares, shall, subject to paragraph 3, from time to time be adjusted as provided in this Appendix in all or any of the following cases:
 - 1.1 an issue by the Company of Shares credited as fully paid by way of capitalisation of profits or reserves (whether of a capital or income nature or not) to its Shareholders (other than an issue of Shares to Shareholders who elect to receive Shares in lieu of cash or other dividend) (“**Capitalisation Issue**”);
 - 1.2 a Capital Distribution (as defined below) made by the Company to its Shareholders whether on a reduction of capital or otherwise (but excluding any cancellation of capital which is lost or unrepresented by available assets);
 - 1.3 an offer or invitation made by the Company to its Shareholders whereunder they may acquire or subscribe for Shares by way of rights; or
 - 1.4 any consolidation, subdivision or conversion of the Shares.
2. Subject to this Appendix (and in particular paragraph 3), the Minimum Issue Price and where applicable, number of Call Option Shares, shall from time to time be adjusted in accordance with the following provisions (but if the event giving rise to any such adjustment shall be capable of falling within any two or more of paragraphs 1.1 to 1.4 or if such event is capable of giving rise to more than one adjustment, the adjustment shall be made in such manner as the Directors in consultation with, and with the concurrence of, the Independent Auditors shall determine):

2.1 Capitalisation Issues

If and whenever the Company shall make any Capitalisation Issue, the Minimum Issue Price shall be adjusted in the following manner:

$$\text{New Minimum Issue Price} = \frac{A}{A + B} \times P$$

where:

A = the aggregate number of issued and fully paid-up Shares immediately before such capitalisation issue;

B = the aggregate number of Shares to be issued pursuant to any allotment to Shareholders credited as fully paid by way of capitalisation of profits or reserves (other than an issue of Shares to Shareholders who elect to receive Shares in lieu of cash or other dividend); and

P = existing Minimum Issue Price.

Such foregoing adjustments will be effective (if appropriate, retroactively) from the commencement of the Market Day next following the record date for such issue.

For the purpose of this Appendix, “**record date**” in relation to the relevant transaction means the date as at the close of business on which Shareholders must be registered as such to participate therein.

APPENDIX A – SUMMARY OF ADJUSTMENTS UNDER THE CALL OPTION AGREEMENT

2.2 Capital Distribution, Rights Issue

If and whenever:

- (a) the Company shall make a Capital Distribution (as defined below) to Shareholders whether on a reduction of capital or otherwise (but excluding any cancellation of capital which is lost or unrepresented by available assets); or
- (b) the Company shall make any offer or invitation to its Shareholders whereunder they may acquire or subscribe for Shares by way of rights,

then the Minimum Issue Price shall be adjusted in the following manner:

$$\text{New Minimum Issue Price} = \frac{C - D}{C} \times P$$

For the avoidance of doubt, there will be no adjustment to the number of Call Option Shares for a Capital Distribution.

Adjustment to Number of Call Option Shares for Rights Issue

In the case of an offer or invitation to acquire or subscribe for Shares by way of rights only, under paragraph 2.2(b) above, the number of Call Option Shares shall be adjusted in the following manner:

$$\text{Adjusted number of Call Option Shares} = \frac{C}{C - D} \times W$$

In this paragraph:

C = the average of the Last Dealt Prices on the five Market Days immediately before the date on which the Capital Distribution (as defined below), or any offer or invitation referred to in paragraph 2.2(b) above, as the case may be, is publicly announced or (failing any such announcement), immediately preceding the date of the Capital Distribution (as defined below) or, as the case may be, of the offer or invitation;

D = (i) in the case of an offer or invitation to acquire or subscribe for Shares by way of rights under paragraph 2.2(b) above, the value of the rights attributable to one Share, or (ii) in the case of any other transaction falling within paragraph 2.2 (other than cash dividends and dividends *in specie*), the fair market value, determined by the Directors in consultation with, and with the concurrence of, the Independent Auditors, of that portion of the Capital Distribution (as defined below) or of the nil paid rights attributable to one Share; or (iii) in the case of cash dividends and dividends *in specie*, the actual amount of dividend per Share declared;

P = as in P above; and

W = the number of Call Option Shares that would have been issued had the Call Option been exercised immediately before any offer or invitation referred to in paragraph 2.2(b) above.

APPENDIX A – SUMMARY OF ADJUSTMENTS UNDER THE CALL OPTION AGREEMENT

For the purpose of definition (i) of “D” above the “value of the rights attributable to one Share” shall be calculated in accordance with the formula:

$$\frac{C - E}{F + 1}$$

where:

C = as in C above;

E = the subscription price for one additional Share under the offer or invitation to acquire or subscribe for Shares by way of rights;

F = the number of Shares which it is necessary to hold in order to be offered or invited to acquire or subscribe for one additional Share by way of rights; and

1 = one.

For the purpose of paragraphs 1.2 and 2.2(a) above, “**Capital Distribution**” shall (without prejudice to the generality of that expression) include (i) cash dividends and dividends *in specie*, and (ii) distributions in cash or specie or by way of issue of Shares (not falling under paragraph 2.1) or other securities credited as fully or partly paid up by way of capitalisation of profits or reserves. For the avoidance of doubt, (i) a Capital Distribution shall exclude an issue by the Company of Shares or other securities convertible into rights to acquire or subscribe for Shares for cash, by way of private placement or otherwise and (ii) there will be no adjustment to the number of Call Option Shares for a Capital Distribution.

Such adjustments will be effective (if appropriate, retroactively) from the commencement of the Market Day next following the record date for such issue pursuant to paragraph 2.2(a).

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the Market Day next following the closing date for the above transactions for such issue pursuant to paragraph 2.2(b) above.

For the purposes of this Appendix, “**closing date**” shall mean the date by which acceptance and payment for the Shares is to be made under the terms of such offer or invitation.

2.3 Consolidation, Subdivision

If and whenever consolidation, subdivision or conversion of the shares occurs, the number of Call Option Shares and the Minimum Issue Price shall be adjusted in the following manner:

$$\text{Adjusted number of Call Option Shares} = \frac{B}{A} \times W$$

$$\text{New Minimum Issue Price} = \frac{A}{B} \times P$$

where:

A = the aggregate number of issued and fully-paid up Shares immediately before such consolidation or subdivision or conversion;

APPENDIX A – SUMMARY OF ADJUSTMENTS UNDER THE CALL OPTION AGREEMENT

B = the aggregate number of issued and fully paid-up Shares immediately after such consolidation or subdivision or conversion;

P = as in P above; and

W = the number of Call Option Shares that would have been issued had the Call Option been exercised immediately before such consolidation or subdivision or conversion.

such adjustments will be effective from the close of the Market Day immediately preceding the date on which the consolidation, subdivision or conversion becomes effective.

3. Notwithstanding any of the provisions hereinbefore contained no adjustment to the Minimum Issue Price or the number of Call Option Shares will be required in respect of:
- 3.1 an issue by the Company of Shares or other securities convertible into rights to acquire or subscribe for shares to officers, including directors, or employees of the Company or any of its subsidiaries pursuant to any purchase or option scheme approved by the Shareholders in general meeting;
 - 3.2 an issue by the Company of Shares in consideration or part consideration for or in connection with the acquisition of any other securities, assets or business;
 - 3.3 an issue by the Company of Shares or other securities convertible into rights to acquire or subscribe for Shares for cash, by way of private placement or otherwise;
 - 3.4 any issue by the Company of Shares pursuant to an exercise of the Call Option or the conversion of any convertible securities issued by the Company; or
 - 3.5 any purchase by the Company of Shares pursuant to any share purchase scheme approved by Shareholders in general meeting subsequent to the grant of the Call Option, whether such Shares purchased pursuant to any such share purchase scheme are deemed cancelled or held in treasury.
4. Any adjustment to the Minimum Issue Price will be rounded upwards to the nearest 0.01 cent. No adjustments to the Minimum Issue Price shall be made unless it has been certified to be in accordance with paragraph 2 above by the Independent Auditors. No adjustment will be made to the Minimum Issue Price in any case in which the amount by which the same would be reduced would be less than 0.01 cent but any adjustment which would otherwise then be required will be carried forward and taken into account appropriately in any subsequent adjustment.

Any adjustment to the number of Call Option Shares will be rounded downwards to the nearest whole Call Option Share. No adjustment to the number of Call Option Shares shall be made unless it has been certified to be in accordance with paragraph 2 above by the Independent Auditors.

An adjustment to the number of Call Option Shares (where applicable) shall be subject to receipt of approval-in-principle from the SGX-ST for the listing and quotation of the additional Call Option Shares which are the subject of the adjustment, on the Mainboard of the SGX-ST, which application for such listing and quotation shall be made by the Company to the SGX-ST within five (5) Market Days from the date any such adjustment would take effect.

5. If for any reason an event giving rise to an adjustment (the “**First Adjustment**”) made to the Minimum Issue Price and, where applicable, the number of Call Option Shares pursuant to this Appendix is cancelled, revoked or not completed, the Minimum Issue Price and, where applicable, the number of Call Option Shares shall be readjusted to the amount prevailing immediately prior to the First Adjustment with effect from such date and in such manner as the Directors in consultation with the Independent Auditors may consider appropriate.

APPENDIX A – SUMMARY OF ADJUSTMENTS UNDER THE CALL OPTION AGREEMENT

6. Whenever there is an adjustment as herein provided, the Company shall give notice to HHI that the Minimum Issue Price and, where applicable, the number of Call Option Shares, has been adjusted and setting forth the event giving rise to the adjustment, the Minimum Issue Price and, where applicable, the number of Call Option Shares in effect prior to such adjustment, the adjusted Minimum Issue Price and, where applicable, the adjusted number of Call Option Shares, and the effective date of such adjustment and shall at all times thereafter so long as the Call Option remains exercisable make available for inspection at the specified office for the time being of the Company:
- 6.1 a signed copy of the certificate of the Independent Auditors certifying the adjustment to the Minimum Issue Price and, where applicable, the number of Call Option Shares; and
- 6.2 a certificate signed by a Director setting forth brief particulars of the event giving rise to the adjustment, the Minimum Issue Price and, where applicable, the number of Call Option Shares, in effect prior to such adjustment, the adjusted Minimum Issue Price and, where applicable, the adjusted number of Call Option Shares and the effective date of such adjustment,
- and shall, on request and at the expense of HHI, send a copy thereof to HHI.
7. If the Independent Auditors is unable to agree upon any adjustment required under these provisions, the Directors shall refer the adjustment to one of (a) DBS; (b) OCBC; or (c) UOB, acting as expert and not as arbitrator and whose decision as to such adjustment shall be final and conclusive and no certification by the Independent Auditors shall in such circumstances be necessary.
8. If the Company shall in any way modify the rights attached to any share or loan capital so as to convert or make convertible such share or loan capital into Shares, or attach thereto any rights to acquire or subscribe for Shares, the Company shall appoint the Independent Auditors to consider whether any adjustment is appropriate and if the Independent Auditors shall determine that an adjustment is appropriate, the Minimum Issue Price and, where applicable, the number of Call Option Shares shall be adjusted accordingly.
9. In giving any certificate or making any adjustment hereunder, the Independent Auditors shall be deemed to be acting as experts and not as arbitrators and in the absence of manifest error, their decisions shall be conclusive and binding on the Company, HHI and all other persons having an interest in the Call Option.
10. Notwithstanding anything herein contained, any adjustment to the Minimum Issue Price and, where applicable, the number of Call Option Shares other than in accordance with the provisions of this Appendix shall be subject to the approval of the SGX-ST and the Company's shareholders where required by law or the listing rules of the SGX-ST.
11. Nothing shall prevent or restrict the buy-back of any classes of shares pursuant to applicable law and the requirements of the SGX-ST. No approval or consent of HHI shall be required for such buy-back of any classes of shares, and there shall be no adjustments to the Minimum Issue Price and the number of Call Option Shares by reason of such buy-back of any classes of shares.
12. For the purpose of this Appendix, unless otherwise defined or the context otherwise requires, all capitalised terms herein shall have the meaning given to them in the Circular, and in addition:

“**Directors**” mean the directors for the time being of the Company;

“**Independent Auditors**” means one of the following independent auditors:

- (a) Ernst & Yong;
- (b) KPMG;

APPENDIX A – SUMMARY OF ADJUSTMENTS UNDER THE CALL OPTION AGREEMENT

- (c) RSM Chio Lim;
- (d) Nexia; and
- (e) BDO,

as may be selected by the Company to carry out the actions as provided in this Appendix;

“Last Dealt Price” means, in relation to a Share on a relevant Market Day, the last dealt price per Share for one or more board lots of Shares on that Market Day on which there is trading of the Shares on the SGX-ST;

“Market Day” means a day on which the SGX-ST is open for securities trading; and

“Minimum Issue Price” means the minimum Issue Price of S\$0.48.

NOTICE OF EXTRAORDINARY GENERAL MEETING

Q & M DENTAL GROUP (SINGAPORE) LIMITED

(Company Registration No. 200800507R)
(Incorporated in the Republic of Singapore)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (“**EGM**”) of the members of Q & M Dental Group (Singapore) Limited (the “**Company**”) will be held on 21 November 2014 at 180 Kitchener Road, #B1-13/15 City Square Mall, Singapore 208539 at 4.30 p.m. for the purpose of considering and, if thought fit, passing (with or without any modifications), the following resolution:

ORDINARY RESOLUTION

THE CALL OPTION

It is **RESOLVED** that approval be and is hereby given to the Company for the following actions:

That:

- (a) approval be and is hereby given for the transactions contemplated under the call option agreement dated 24 May 2014 entered into between the Company and Heritas Helios Investments Pte. Ltd. (“**HHI**”), as amended by the supplemental agreement dated 22 September 2014 (the “**Call Option Agreement**”), and without prejudice to the generality of the foregoing, authority be and is hereby given, for the purpose of Section 161 of the Companies Act (Cap. 50) of Singapore and Rules 803 and 812 of the Listing Manual of the Singapore Exchange Securities Trading Limited, for the Company to allot and issue to HHI up to 63,000,000 new ordinary shares in the capital of the Company (the “**Call Option Shares**”) upon the exercise of the call option by HHI, in accordance with the terms and conditions of the Call Option Agreement; and
- (b) any of the directors of the Company be and is hereby authorised to complete and to do all acts and things as he may consider desirable, necessary or expedient to give effect to the matters referred to in paragraph (a) above (including any amendment to the Call Option Agreement, execution of any other agreements or documents or procurement of third party consents) as he shall think fit and in the interests of the Company.

By Order of the Board

Dr Ng Chin Siau
Group Chief Executive Officer
6 November 2014

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

- (1) A Shareholder entitled to attend and vote at the EGM may appoint not more than two proxies to attend and vote in his/her stead. A Shareholder which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf. A proxy need not be a Shareholder.
- (2) If a proxy is to be appointed, the instrument appointing a proxy must be duly deposited at the registered office of the Company at 81 Science Park Drive, #02-04, The Chadwick, Singapore Science Park I, Singapore 118257 not later than 48 hours before the time appointed for the holding of the EGM.
- (3) The instrument appointing a proxy must be signed by the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy is executed by a corporation, it must be executed either under its common seal or under the hand of any officer or attorney duly authorised.
- (4) A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at 48 hours before the time fixed for holding the EGM in order for the Depositor to be entitled to attend and vote at the EGM.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Extraordinary General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Extraordinary General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Extraordinary General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

PROXY FORM

Q & M DENTAL GROUP (SINGAPORE) LIMITED

(Company Registration No. 200800507R)
(Incorporated in the Republic of Singapore)

IMPORTANT:

1. For investors who have used their monies with The Central Provident Fund ("CPF") to buy shares in the capital of Q & M Dental Group (Singapore) Limited, this Circular is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to vote should contact their CPF Approved Nominees within the time frame specified.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Extraordinary General Meeting dated 6 November 2014.

PROXY FORM

*I/We (Name) _____ (*NRIC/Passport No.) _____

of (Address) _____

being *a member/members of **Q & M DENTAL GROUP (SINGAPORE) LIMITED** (the "Company"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholding	
		No. of Shares	%
Address			

*and/or

Name	NRIC/Passport No.	Proportion of Shareholding	
		No. of Shares	%
Address			

or failing *him/her, the Chairman of the Extraordinary General Meeting of the Company (the "EGM") as *my/our *proxy/proxies to vote for *me/us on *my/our behalf and, if necessary to demand a poll at the EGM, to be held at 180 Kitchener Road, #B1-13/15 City Square Mall, Singapore 208539, on 21 November 2014 at 4.30 p.m., and at any adjournment thereof.

(Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the resolution as set out in the Notice of EGM. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the EGM.)

	To be used on a show of hands		To be used in the event of a poll	
	For**	Against**	For**	Against**
Ordinary Resolutions				
To approve the issuance and allotment of the Call Option Shares				

* Delete accordingly

** If you wish to exercise all your votes "For" or "Against", please indicate an "X" within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2014.

Total Number of Shares in:	
CDP Register	
Register of Members	

Signature(s) of Shareholder(s) or Common Seal

IMPORTANT: PLEASE READ NOTES OVERLEAF



PROXY FORM

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined In Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members of the Company, you should insert that number of Shares. If you have Shares entered against your name In the Depository Register and registered in your name in the Register of Members of the Company, you should insert the aggregate number of Shares. If no number is inserted, this form of proxy will be deemed to relate to all the Shares held by you.
2. A shareholder entitled to attend and vote at the EGM is entitled to appoint not more than two proxies to attend and vote on his behalf. A proxy need not be a shareholder of the Company.
3. The instrument appointing a proxy or proxies, duly executed, must be deposited at the registered office of the Company at 81 Science Park Drive, #02-04, The Chadwick, Singapore Science Park I, Singapore 118257 not less than 48 hours before the time appointed for the EGM.
4. Where a shareholder appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy and, if no percentage is specified, the first named proxy shall be deemed to represent 100 per cent. of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.
5. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or a duly authorised officer.
6. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
7. A corporation which is a shareholder may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the EGM, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.
8. The submission of an instrument or form appointing a proxy by a shareholder does not preclude him from attending and voting in person at the EGM if he so wishes.
9. The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of Shares entered in the Depository Register, the Company may reject an instrument of proxy if the shareholder, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.

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