



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

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- (1) **DISPOSAL OF THE 80% ISSUED SHARE CAPITAL OF SHANGHAI CHUANGYI INVESTMENT & MANAGEMENT CO., LTD.; AND**
 - (2) **ENTRY INTO SETTLEMENT AND TERMINATION DEED.**
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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 inform shareholders of the Company ("**Shareholders**") that the Company has agreed to transfer its 80% beneficial shareholding interest in Shanghai Chuangyi Investment & Management Co., Ltd. ("**Shanghai Chuangyi**") to Shanghai Zhibao Investment Consulting Co., Ltd. (the "**Buyer**"). In this connection, Shanghai Q & M Management & Consulting Co., Ltd. (the "**Vendor**"), through which, the Company owns its beneficial interest in Shanghai Chuangyi, has entered into a share transfer agreement dated 19 June 2023 ("**STA**") with Wong Kee Hau, Wu Jun (collectively the "**Covenantors**") and the Buyer, pursuant to which, the Vendor shall transfer the 80% issued share capital of Shanghai Chuangyi to the Buyer (the "**Disposal**").
- 1.2. The Board also wishes to announce that the Company has entered into a settlement and termination deed ("**Settlement Deed**") on 19 June 2023 with the Covenantors. Subject to the terms of the Settlement Deed, the Company and the Covenantors have agreed to a full and final settlement of any and all disputes, claims and/or counter claims between the Company and Covenantors, in connection with the breach of a non-competition agreement that was entered into by Aoxin Q & M Dental Group Limited ("**Aoxin**"), Wong Kee Hau, Wu Jun and Wu Jian (the "**NCA Parties**") on 26 November 2012 (the "**NCA**"). The benefit of the NCA was subsequently assigned to the Company on 18 February 2021 by way of a deed of assignment between Aoxin and the Company.

2. INFORMATION ON SHANGHAI CHUANGYI AND THE BUYER

2.1. Information on Shanghai Chuangyi

- 2.1.1. Shanghai Chuangyi is a company incorporated in the People's Republic of China ("**PRC**") on 13 November 2002. As at the date of this announcement, Shanghai Chuangyi has a share capital of Renminbi ("**RMB**") 1,000,000. The shareholders of Shanghai Chuangyi are the Vendor (holding 80%) and Wu Jun (holding 20%). Shanghai Chuangyi is in the business of investment management, technology development, technology transfer, technical services, technical consulting in the field of dental materials and so on.

- 2.1.2. The Company had on 30 March 2017, pursuant to a sale and purchase agreement signed between the Company and Aoxin, acquired 80% beneficial interest in the shares in Shanghai Chuangyi. The acquisition by the Company was to mitigate any potential conflicts between the Company and Aoxin, where Aoxin as part of its initial public offering process, had undertaken not to engage in, amongst others, the provision of dental services or the provision, distribution or sale of dental equipment and supplies, in Southern PRC, including but not limited to Shanghai, PRC.
- 2.1.3. As at the date of this announcement, the net asset value of the Shanghai Chuangyi RMB 1,424,643, based on the audited consolidated financial statement of the Group for the financial year ended 31 December 2022.

2.2. Information on the Buyer

- 2.2.1. The Buyer is a company incorporated in the PRC on 28 July 2015. The shareholders of the Buyer are Horgos Ninth Film & Television Media Co., Ltd. (holding 95%) and Gao Ruilin (holding 5%). Gao Ruilin and Tian Meng each holding 50% of the shares of Horgos Ninth Film & Television Media Co., Ltd. The directors of the Buyer are Gao Ruilin. The Buyer is in the business of Investment consulting, investment management consulting, business information consulting (except financial information), enterprise management consulting and so on.
- 2.2.2. The Buyer or its shareholders and directors are not related to any member or associate of the Group nor any of the directors or controlling shareholders of the Company.

3. **THE DISPOSAL**

- 3.1. Pursuant to the terms of the STA, the Vendor shall transfer the 80% interest in the issued share capital of Shanghai Chuangyi to the Buyer for the purchase consideration of RMB 500,000. The purchase consideration for the Disposal was arrived at on a willing-seller and willing-buyer basis, after negotiations which were conducted at arm's length between the Company, the Vendor and the Buyer. The purchase consideration is payable by the Buyer within fifteen (15) days after the signing of the STA. In addition, the Covenantors have each provided personal guarantees under the STA to ensure that the terms and conditions of the STA can be carried out.
- 3.2. The relative figures computed under Rule 1006 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") (the "**Listing Manual**"), in relation to the Disposal, amount to 5% or less. Accordingly, the Disposal constitutes a "non-disclosable transaction" under Chapter 10 of Listing Manual and does not require the approval of Shareholders of the Company.
- 3.3. The Disposal is not expected to have any material impact on the net tangible assets per share or earnings per share of the Company for the current financial year ending 31 December 2023.

4. **THE SETTLEMENT DEED**

- 4.1. Background

- 4.1.1. Pursuant to the Settlement Deed, the Company and the Covenantors have agreed that all claims the Company has against the Covenantors in respect of the breach of the NCA shall be fully and finally settled by the payment of RMB 6,600,000 by the Covenantors to the Company ("**Settlement Sum**").
- 4.1.2. In addition, the Covenantors shall be liable to pay the Company RMB 369,097.38 and interest payment as reimbursement for certain rental obligations ("**Rental Reimbursement**"). The interest is to be calculated according to the benchmark interest rate of 4.35% per annum, starting from 2 April 2023 until the date of payment.
- 4.2. Salient terms and conditions of the Settlement Deed
- 4.2.1. The Covenantors shall pay the Company the Rental Reimbursement on the date which the Settlement Deed is executed.
- 4.2.2. The Covenantors shall pay the Settlement Sum in three (3) separate tranches in Singapore dollars (calculated based on the rate conversion rate of SGD1.00 to RMB 5.16) within one (1) year from the date of the Settlement Deed. Upon the full payment of the Rental Reimbursement and the Settlement Sum, the NCA shall be terminated.
- 4.2.3. The Buyer has executed a deed of pledge ("**Pledge Agreement**") in favour of the Company creating a pledge over all the shares of Shanghai Chuangyi, to secure the payment obligation of the Covenantors under the Settlement Deed. The Settlement Deed is effective on the date of completion of the business registration process of the share transfer under the Disposal.

5. **DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents 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:

- (a) the STA;
- (b) the Settlement Deed; and
- (c) the Pledge Agreement.

6. **INTEREST OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

Save as disclosed herein, none of the directors or substantial Shareholders of the Company has any interest, direct or indirect, in the STA, the Settlement Deed and the Pledge Agreement other than through their respective shareholdings in the Company.

By Order of the Board

Ng Sook Hwa
Chief Financial Officer
20 June 2023