

CIRCULAR DATED 21 DECEMBER 2018

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

This Circular is issued by Aoxin Q & M Dental Group Limited (the “Company”, together with its subsidiaries, the “Group”). If you are in any doubt about the contents of this Circular or the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, tax adviser or any other professional adviser immediately.

If you have sold or transferred all your ordinary shares in the capital of the Company (the “Shares”) held through The Central Depository (Pte) Limited (“CDP”), you need not forward this Circular to the purchaser or transferee as arrangements will be made by CDP for a separate Circular to be sent to the purchaser or transferee. If you have sold or transferred all your Shares represented by physical share certificate(s) which are not deposited with the CDP, you should immediately forward this Circular, together with the Notice of Extraordinary General Meeting and the accompanying 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.

Capitalised terms appearing on the cover of this Circular have the same meanings as defined herein.

This Circular has been prepared by the Company and its contents have been reviewed by the Company’s Sponsor, SAC Capital Private Limited (the “Sponsor”), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the “SGX-ST”). The Sponsor has not independently verified the contents of this Circular including the accuracy or completeness of any of the information disclosed or the correctness of any of the statements made, opinions expressed or reports contained in this Circular.

This Circular has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this Circular, including the correctness of any of the statements or opinions made, or reports contained in this Circular.

The contact person for the Sponsor is Ms Alicia Sun (Telephone: (65) 6232 3210) at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.



AOXIN Q & M DENTAL GROUP LIMITED

(Company Registration No. 201110784M)
(Incorporated in the Republic of Singapore)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

- (1) THE PROPOSED ACQUISITIONS AS INTERESTED PERSON TRANSACTIONS;**
- (2) THE PROPOSED ADOPTION OF THE AOXIN Q & M EMPLOYEE SHARE OPTION SCHEME (THE “SCHEME”);**
- (3) THE PROPOSED GRANT OF AUTHORITY TO OFFER AND GRANT OF OPTIONS AT A DISCOUNT UNDER THE SCHEME;**
- (4) THE PROPOSED ADOPTION OF THE AOXIN Q & M PERFORMANCE SHARE PLAN; AND**
- (5) THE PROPOSED ADOPTION OF THE SHARE PURCHASE MANDATE.**

Important Dates and Times

Last date and time for lodgement of Proxy Form	: 6 January 2019 at 2.00 p.m.
Date and time of Extraordinary General Meeting	: 9 January 2019 at 2.00 p.m.
Place of Extraordinary General Meeting	: 8 Wilkie Road #03-08 Wilkie Edge Singapore 228095

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DEFINITIONS

In this Circular, the following definitions apply throughout unless the context otherwise requires or otherwise stated:–

- “ACRA”** : The Accounting and Corporate Regulatory Authority
- “Act” or “Companies Act”** : The Companies Act, (Chapter 50) of Singapore, as amended, modified or supplemented from time to time
- “Associate”** : (A) in relation to any Director, chief executive officer, Substantial Shareholder or Controlling Shareholder (being an individual) means:–
- (i) his immediate family;
 - (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
 - (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of thirty per cent. (30%) or more;
- (B) in relation to a Substantial Shareholder or Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of thirty per cent. (30%) or more,
- or such other definition as the Listing Manual may from time to time prescribe
- “Audit Committee”** : The audit committee of the Company as at the date of this Circular, comprising Mr Chua Ser Miang, Professor Chew Chong Yin @ Chew Chong Lin and Mr Lin Ming Khin
- “Auditors”** : The auditors of the Company for the time being
- “Average Closing Price”** : Has the meaning given to it in Section 7.3.4 of this Circular
- “Award”** : A contingent award of Shares granted under the Share Plan
- “Board”** : The board of Directors of the Company as at the Latest Practicable Date
- “Business Day”** : A day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks are open for business in Singapore
- “Catalist”** : The Catalist Board of the of the SGX-ST
- “Catalist Rules”** : Section B: Rules of Catalist of the Listing Manual of the SGX-ST, as amended, modified or supplemented from time to time
- “CDP”** : The Central Depository (Pte) Limited

DEFINITIONS

“Circular”	: This circular to Shareholders dated 21 December 2018
“Company”	: Aoxin Q & M Dental Group Limited
“Considerations”	: Has the meaning given to it in Section 2.5(ii) of this Circular
“Constitution”	: The constitution of the Company, as amended, modified or supplemented from time to time
“control”	: The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of the Company
“Controlling Shareholder”	: A person who:– (a) holds directly or indirectly 15% or more of the nominal amount 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 such other definition as the Listing Manual may from time to time prescribe
“CPF”	: Central Provident Fund
“Danan Building”	: Has the meaning given to it in Section 2.3(i) of this Circular
“Danan Framework Agreement”	: The binding framework agreement dated 6 December 2018 entered into between SAQSH and the Vendor in relation to the purchase of the Danan Property from the Vendor
“Danan Hospital”	: Has the meaning given to it in Section 2.3(i) of this Circular
“Danan Property”	: The shop unit located on the first and second floors of the property located at No. 192 of Danan Street, Shenhe District, Shenyang, Liaoning Province, PRC
“Date of Grant”	: The date on which an Option is granted pursuant to the Scheme or an Award is granted pursuant to the Share Plan (as the case may be)
“Directors”	: The directors of the Company from time to time
“Discount Option”	: The right to subscribe for Shares granted as to be granted pursuant to the Scheme and for the time being subsisting, and in respect of which the Exercise Price is determined in accordance to Rule 9 of the Scheme
“Dr. Shao”	: Dr. Shao Yongxin, who is the Executive Director and Group Chief Executive Officer
“EGM”	: The extraordinary general meeting of the Company, notice of which is set out on pages 108 to 112 of this Circular, to be held on 9 January 2019 at 2.00 p.m.

DEFINITIONS

- “Employee”** : A confirmed full-time employee of the Group
- “EPS”** : Earnings per Share
- “ESOS Committee”** : The committee comprising all the members of the Remuneration Committee of the Company from time to time, and duly authorised and appointed by the Board pursuant to Rule 16 of the Scheme to administer the Scheme
- “Executive Director”** : A Director who is an Employee of the Group and performs an executive function, excluding Directors who are Controlling Shareholders and Directors who are Associates of Controlling Shareholders
- “Exercise Period”** : The period during which an Option is exercisable being:–
- (a) in the case of a Market Price Option, a period commencing after the 1st anniversary of the Date of Grant and expiring on (i) the 10th anniversary of such Date of Grant (or such other shorter period if so determined by the ESOS Committee) if granted to an Employee; or (ii) the 5th anniversary of such Date of Grant (or such other shorter period if so determined by the ESOS Committee) if granted to a Non-Executive Director; or (iii) such other period which may from time to time be prescribed under any relevant law, regulation or the rules of the Listing Manual, subject as provided in Rules of the Scheme and any other conditions as may be introduced by the ESOS Committee from time to time; and
 - (b) in the case of a Discount Option, a period commencing after the 2nd anniversary of the Date of Grant and expiring on (i) the 10th anniversary of such Date of Grant (or such other shorter period if so determined by the ESOS Committee) if granted to an Employee; or (ii) the 5th anniversary of such Date of Grant (or such other shorter period if so determined by the ESOS Committee) if granted to a Non-Executive Director; or (iii) such other period which may from time to time be prescribed under any relevant law, regulation or rule of the Listing Manual, subject as provided in Rules of the Scheme and any other conditions as may be introduced by the ESOS Committee from time to time
- “Exercise Price”** : The price at which a Participant of the Scheme shall subscribe for each Share upon the exercise of an Option which shall be the price as determined in accordance with Rule 9.1(i) of the Scheme in relation to a Market Price Option or Rule 9.1(ii) of the Scheme in relation to a Discount Option, as adjusted in accordance with Rule 10 of the Scheme
- “Framework Agreements”** : The Danan Framework Agreement and the Xita Framework Agreement, collectively
- “FY”** : Financial year ended, or ending, as the case may be, on 31 December
- “Group”** : The Company and its subsidiaries, collectively

DEFINITIONS

“Health Field Concert Party Group”	:	Has the meaning given to it in Section 7.9.4(a) of this Circular
“Independent Director(s)”	:	A Non-Executive Director of the Company who is independent
“Independent Valuer”	:	Cushman & Wakefield Limited
“Latest Practicable Date”	:	The latest practicable date prior to the printing of this Circular, being 18 December 2018
“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
“Market Price”	:	A price equal to the average of the last dealt prices for the Shares on the SGX-ST over the five (5) consecutive Market Days immediately preceding the Date of Grant of that Option, as determined by the ESOS Committee by reference to the daily official list or any other publication published by the SGX-ST, rounded to the nearest whole cent in the event of fractional prices
“Market Price Option”	:	The right to subscribe for Shares granted or to be granted pursuant to the Scheme and for the time being subsisting, and in respect of which the Exercise Price is determined in accordance with Rules of the Scheme
“Market Purchases”	:	Has the meaning given to it in Section 7.3.3(i) of this Circular
“Maximum Price”	:	Has the meaning given to it in Section 7.3.4 of this Circular
“New Shares”	:	The New Shares which may be allotted and issued from time to time pursuant to the exercise of the Options granted under the Scheme and/or pursuant to the vesting of Awards granted under the Share Plan
“Non-Executive Director”	:	A Director other than an Executive Director
“Notice of EGM”	:	The notice of EGM as set out on pages 108 to 112 of this Circular
“NTA”	:	Net tangible assets
“Off-Market Purchases”	:	Has the meaning given to it in Section 7.3.3(ii) of this Circular
“Option”	:	A Market Price Option and/or a Discount Option, as the case may be
“Ordinary Resolutions”	:	The ordinary resolutions as set out in the Notice of EGM
“Participant”	:	The person(s) who may be selected by the ESOS Committee or PSP Committee to be granted an Option pursuant to the Scheme or an Award pursuant to the Share Plan
“PRC”	:	The People’s Republic of China
“Properties”	:	The Danan Property and the Xita Property

DEFINITIONS

“Property Transfer Agreement”	:	Has the meaning given to it in Section 2.5(iii) of this Circular
“Proposals”	:	Has the meaning given to it in Section 1.1 of this Circular
“Proposed Acquisitions”	:	The proposed acquisitions of the Properties by the Group from the Vendor
“PSP Committee”	:	The committee comprising all the members of the Remuneration Committee of the Company from time to time, and duly authorised and appointed by the Board pursuant to Rule 10 of the Share Plan to administer the Share Plan
“Q & M Concert Party Group”	:	Has the meaning given to it in Section 7.9.4(b) of this Circular
“Record Date”	:	In relation to any dividends, rights allotment or other distributions, the date as at the close of business (or such other time as may have been notified by the Company) on which the Shareholders must be registered with the Company or with CDP, as the case may be, in order to participate in such dividends, rights, allotments or other distributions
“Register of Members”	:	The register of members of the Company
“Release Schedule”	:	In relation to an Award, a schedule in such form as the PSP Committee shall approve, setting out the extent to which Shares which are the subject of that Award shall be released on the performance target(s) being satisfied (whether fully or partially) or exceeded or not being satisfied, as the case may be, at the end of the performance period
“Released Awards”	:	Awards which have been released in accordance with Rule 7 of the Share Plan
“Remuneration Committee”	:	The remuneration committee of the Company from time to time
“Rules of the Scheme”	:	Rules of the Scheme as set out in the Appendix I of this Circular and any reference to a particular rule shall be construed accordingly
“Rules of the Share Plan”	:	Rules of the Share Plan as set out in the Appendix II of this Circular and any reference to a particular rule shall be construed accordingly
“SAQSH”	:	Shenyang Aoxin Q & M Stomatology Hospital Co., Ltd., a wholly-owned subsidiary of the Company
“Scheme”	:	The proposed Aoxin Q & M Employee Share Option Scheme, as modified or altered from time to time
“Securities Account”	:	A securities account maintained by a depositor with CDP, but does not include a securities sub-account maintained with a Depository Agent
“SFA”	:	The Securities and Futures Act (Chapter 289) of Singapore, as amended, modified or supplemented from time to time
“SGX-ST”	:	Singapore Exchange Securities Trading Limited

DEFINITIONS

“Shareholders”	: Registered holders of Shares in the register of members of the Company, except that where the registered holder is CDP, the term “Shareholders” shall, where the context admits, mean the persons named as Depositors in the Depository Register maintained by CDP and into whose Securities Accounts those Shares are credited
“Share Plan”	: The proposed Aoxin Q & M Performance Share Plan, as modified or altered from time to time
“Share Purchase Mandate”	: The general mandate granted by the Shareholders to authorize the Directors to purchase or otherwise acquire, on behalf of the Company, Shares in accordance with the terms set out in this Circular and subject to compliance with the Companies Act and the Listing Manual
“Shares”	: Ordinary shares in the capital of the Company
“SHQAS”	: Shenyang Heping Q & M Aoxin Stomatology Polyclinic Co., Ltd., a wholly-owned subsidiary of the Company
“SIC”	: Securities Industry Council
“Sponsor”	: SAC Capital Private Limited
“Substantial Shareholder”	: A person who has an interest (directly or indirectly) of 5% or more of the total issued Shares (excluding treasury shares)
“Take-over Code”	: The Singapore Code on Take-overs and Mergers, as amended, modified or supplemented from time to time
“Transfer Procedure”	: The procedure of registering, with the relevant PRC property administration authority, the transfer of the Properties to the name of the Group
“Treasury shares”	: Treasury shares shall have the meaning ascribed to it under Section 4 of the Companies Act
“Valuation Reports”	: The valuation reports issued by the Independent Valuer in relation to the Properties dated 6 December 2018, as set out in Appendix III of this Circular
“Vendor”	: Madam Shao Li Hua
“Vesting Period”	: In relation to an Award, a period or periods, the duration of which is to be determined by the PSP Committee at the Date of Grant
“Vesting Schedule”	: In relation to an Option, a schedule for the vesting and the exercise of the Shares comprised in the Option during the Exercise Period in relation to that Option as determined by the ESOS Committee on the Date of Grant of that Option
“Xita Building”	: Has the meaning given to it in Section 2.3(ii) of this Circular
“Xita Clinic”	: Has the meaning given to it in Section 2.3(ii) of this Circular

DEFINITIONS

- “Xita Framework Agreement” : The binding framework agreement dated 6 December 2018 entered into between SHQAS and the Vendor in relation to the purchase of the Xita Property from the Vendor
- “Xita Property” : The shop unit located on the first, second and third floors of the property located at No. 31A of Xita Street, Heping District, Shenyang, Liaoning Province, PRC

Currencies, Units and Others

- “S\$” and “SG cents” : Singapore dollars and cents, respectively
- “RMB” : Renminbi
- “%” or “per cent.” : Percentage or per centum

The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the same meanings ascribed to them respectively in Section 81SF of the SFA.

The term “**subsidiary**” shall have the meaning ascribed to it in Section 5 of the Companies 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, where applicable, include corporations.

Any reference in this Circular to any enactment is a reference to that enactment for the time being amended or re-enacted. Any word defined in the Companies Act, SFA or any statutory modification thereof and used in this Circular shall, where applicable, have the meaning ascribed to it under the Companies Act, SFA or any statutory modification thereof (as the case may be) unless otherwise provided.

Any reference to a time of day in this Circular shall be a reference to Singapore time unless otherwise stated.

The total of figures listed in certain tables included in this Circular may not be the same as the arithmetic sum of the figures. Any such discrepancies are due to rounding.

LETTER TO SHAREHOLDERS

AOXIN Q & M DENTAL GROUP LIMITED

(Company Registration Number: 201110784M)
(Incorporated in the Republic of Singapore)

Directors:

Mr Chua Ser Miang (Non-Executive Chairman and Independent Director)
Dr Shao Yongxin (Executive Director and Group Chief Executive Officer)
Mr Vitters Sim Yu Xiong (Non-Executive Director)
Mr San Yi Leong @ (Non-Executive Director)
Tan Yi Leong
Professor Chew Chong (Independent Director)
Yin @ Chew Chong Lin
Mr Lin Ming Khin (Independent Director)

Registered Office:

80 Robinson Road
#02-00
Singapore 068898

21 December 2018

To: The Shareholders of **AOXIN Q & M DENTAL GROUP LIMITED**

Dear Sir/Madam,

1. INTRODUCTION

1.1 EGM. The Directors propose to convene an EGM to seek Shareholders' approval in respect of the following matters:-

- (a) The Proposed Acquisitions;
 - (b) The proposed adoption of the Aoxin Q & M Employee Share Option Scheme;
 - (c) The proposed grant of authority to offer and grant Options at a discount under the Aoxin Q & M Employee Share Option Scheme;
 - (d) The proposed adoption of the Aoxin Q & M Performance Share Plan; and
 - (e) The proposed adoption of the Share Purchase Mandate,
- (together, the "**Proposals**").

1.2 Circular. The purpose of this Circular is to provide Shareholders with information relating to the Proposals to be tabled at the EGM to be held on 9 January 2019 at 2.00 p.m. at 8 Wilkie Road, #03-08 Wilkie Edge, Singapore 228095. The Notice of the EGM is set out on pages 108 to 112 of this Circular.

1.3 Listing of New Shares. The Company had received the listing and quotation notice from the SGX-ST for the listing and quotation of the New Shares to be allotted and issued pursuant to the Scheme and the Share Plan on the Catalist, subject to compliance with the SGX-ST's listing requirements and Shareholders' approval being obtained at the EGM. Shareholders are advised that the listing and quotation notice shall not be taken as an indication of merits of the Scheme, the Share Plan, the New Shares, the Company, its subsidiaries and their securities.

The SGX-ST assumes not responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Circular.

LETTER TO SHAREHOLDERS

2. THE PROPOSED ACQUISITIONS

2.1 Background

On 6 December 2018, the Company announced that:

- (i) its wholly-owned subsidiary, SAQSH has entered into the Danan Framework Agreement with the Vendor in relation to the proposed acquisition of the Danan Property from the Vendor; and
- (ii) its wholly-owned subsidiary, SHQAS has entered into the Xita Framework Agreement with the Vendor in relation to the proposed acquisition of the Xita Property from the Vendor.

2.2 Information on the Vendor

The Vendor is the sister of Dr. Shao, the Executive Director and the Group Chief Executive Officer and a Controlling Shareholder of the Company. As at the Latest Practicable Date, Dr. Shao holds 100% shareholding of Action Health Enterprises Limited which holds 100% shareholding of Health Field Enterprises Limited. Health Field Enterprises Limited has a direct interest in 28.67% of the share capital of the Company and consequently, Dr. Shao is deemed to have an interest in 28.67% of the share capital of the Company. Accordingly, the Vendor is an interested person within the meaning of Chapter 9 of the Catalist Rules in relation to the Proposed Acquisitions.

The Proposed Acquisitions constitute interested person transactions pursuant to Chapter 9 of the Catalist Rules, and requires the approval of independent Shareholders under Rule 906 of the Catalist Rules as the value of the Proposed Acquisitions exceeds 5% of the Group's NTA of RMB121,462,000.

2.3 The Properties

Further information on the Properties is set out below.

(i) Danan Property

The Danan Property comprises a shop unit on the first and second floors of a 7-storey building ("**Danan Building**") located at No. 192 of Danan Street, Shenhe District, Shenyang, Liaoning Province, PRC. The Danan Property has a gross floor area of 476.67 square meters and is approved for commercial usage.

As announced by the Company on 17 October 2018, SAQSH has acquired the shop unit located on the first and second floors of No. 190 of Danan Street, Shenhe District, Shenyang, Liaoning Province, PRC and is currently occupying the other three (3) shop units (including the Danan Property) of the Danan Building under a lease agreement with the Vendor and two (2) other different landlords under 12-year lease arrangements. SAQSH has combined the four (4) adjoining shop units through renovation into one big premise with a total gross floor area of 1,765.67 square meters, which is currently used for the operation of a dental hospital ("**Danan Hospital**").

As and when the opportunity arises, the Group will consider acquiring the remaining two (2) shop units from the other landlords. Following the completion of the Proposed Acquisition of the Danan Building, the remaining two (2) shop units of the Danan Hospital will continue as per the existing leasing arrangements.

(ii) Xita Property

The Xita Property comprises a shop unit on the first, second and third floors of a 9-storey building ("**Xita Building**") located at No. 31A of Xita Street, Heping District, Shenyang, Liaoning Province, PRC. The Xita Property has a gross floor area of 420.83 square meters and is approved for commercial usage.

LETTER TO SHAREHOLDERS

SHQAS is currently occupying the Xita Property under a lease agreement with the Vendor with the lease expiring on 30 June 2026, and another shop unit of the Xita Building with a gross floor area of 407.71 square meters under a 12-year lease arrangement with another landlord. SHQAS has been conducting its clinic business at these leased premises (“**Xita Clinic**”).

- (iii) Based on PRC law advice, the Board wishes to highlight that there is no land use condition registered in the certificates issued by PRC government authorities in respect of the Properties and hence the land use period for the land occupied by the Properties cannot be confirmed. Under the Framework Agreements, the Vendor has represented and warranted to SAQSH that the remaining land use period for Danan Property is 25 years and to SHQAS that the remaining land use period for Xita Property is 26 years. The Board has considered the basis for these representations and warranties.

The Board notes that the Company was able to procure a certificate issued by PRC government authorities for an adjoining unit of the Danan Property in the Danan Building showing the remaining land use period to be up to 2043. The Board has confirmed the authenticity of the said certificate and have reasonable ground to believe (upon discussions with PRC counsels) that the remaining land use right for the Danan Property should also be up to 2043.

The Board further notes that the basis for the Vendor offering the representation and warranty in respect of Xita Property is due to the PRC law (《中华人民共和国城镇国有土地使用权出让和转让暂行条例》(1990年国务院令第55号)第十二条) which stipulates a 40 year tenure for commercial land use. Based on the due diligence, the Board has reasonable ground to believe that the remaining land use period for the Xita Property is at least 23 years and Board was able to obtain an additional 3 year warranty from the Vendor. The Board is of the view that a 3 year gap does not have a material impact on the financial analysis for purchase of the Xita Property and the Board has also got a confirmation from the Independent Valuer that a change in the land use right/land tenure does not affect the valuation of the Xita Property.

The Vendor has also agreed to indemnify (without any limitation to the indemnity) SAQSH and SHQAS for a breach of this representation and warranty under the Framework Agreements.

2.4 Valuation of the Properties

2.4.1 Valuation

In connection with the Proposed Acquisitions, the Group engaged the Independent Valuer, Cushman & Wakefield Limited, to assess and determine the market value of the Properties. Based on the Valuation Reports, as at 12 September 2018, the market values of the Properties were as follows:

- (a) RMB8,820,000 in respect of the Danan Property; and
(b) RMB7,620,000 in respect of the Xita Property.

2.4.2 Valuation Methodology

The valuation was based on sales comparison approach by taking in account comparable sales transactions of similar properties in the vicinity and making adjustments to take into account the differences in location, building quality and other relevant factors.

Please refer to the Valuation Reports for further information on the valuation of the Properties and the valuation methodology. The Valuation Reports are set out in Appendix III of this Circular.

2.5 Principal terms of the Proposed Acquisitions

The principal terms of the Proposed Acquisitions as set out in the Framework Agreements are as follows:

- (i) Conditions Precedent

Under the terms of the Framework Agreements, the Proposed Acquisitions are conditional on, *inter alia*, the following:

LETTER TO SHAREHOLDERS

- (a) the Company having received the requisite approval(s) from its Shareholders under Chapter 9 of the Catalist Rules at the EGM for, *inter alia*, the Proposed Acquisitions;
- (b) completion of a satisfactory due diligence exercise by the Group on the Properties in the PRC from the technical, legal and financial perspectives; and
- (c) all necessary approvals or consents required for the transfer of the Properties to the Group being received on terms satisfactory to the Group and such consents and approvals remaining in full force and effect.

If all the conditions precedent stated above are not fulfilled or waived before 31 December 2019 or such other extended date as the parties may agree in writing, the Group shall have the right to terminate the Framework Agreements. As at the Latest Practicable Date, the conditions precedent stated in Section 2.5(i)(b) of this Circular has been satisfied.

(ii) Consideration

The purchase considerations for the Properties will be as follows:

- (a) RMB10,248,405 in respect of the Danan Property, and shall be payable by the Group to the Vendor wholly in cash and in such manner as agreed between the parties; and
- (b) RMB8,669,098 in respect of the Xita Property, and shall be payable by the Group to the Vendor wholly in cash and in such manner as agreed between the parties,

(collectively, the “**Considerations**”).

The Considerations were arrived at on a “willing-buyer willing-seller” basis after arms’ length negotiations and taking into consideration, *inter alia*, the latest available valuation on the Properties based on the Valuation Reports, the rationale for the Proposed Acquisitions and the method of payment of the Considerations.

The Proposed Acquisitions will be funded by existing cash and bank borrowings of the Group.

(iii) Completion

The Group and the Vendor has agreed to execute a formal agreement as required under PRC law known as the property transfer agreement (“**Property Transfer Agreement**”) pursuant to the Transfer Procedure within fourteen (14) calendar days after the fulfilment of the conditions precedent as set out in Section 2.5(i) of this Circular. The Board has been advised that the Property Transfer Agreement is a standard form real estate transfer agreement provided by the PRC government authorities and is required to be executed in practice and will contain terms substantially similar to the terms of the respective Framework Agreements.

2.6 Rationale for the Proposed Acquisitions

The Directors are of the view that the Proposed Acquisitions are in line with the Group’s goal to increase Shareholders’ value and are in the best interests of the Group. The Proposed Acquisitions would (i) mitigate the risks associated with the leased properties in the long run, such as early termination or non-renewal of the Group’s existing leasing arrangements and possible increase in rental expenses; and (ii) would ensure the continuity of the operation of the Group’s business at a permanent location.

2.7 The Proposed Acquisitions as Interested Person Transactions

2.7.1 Chapter 9 of the Catalist Rules

Under Chapter 9 of the Catalist Rules, where an entity at risk (as defined in the Catalist Rules) proposes to enter into a transaction with an interested person (as defined in the Catalist Rules) and the value of the transaction (either in itself or when aggregated with the value of other transactions, each of a value equal to or greater than S\$100,000, with the same interested person during the same financial year) is equal to or exceeds 5.0% of the Group’s latest audited NTA, Shareholders’ approval is required in respect of the transaction.

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2.7.2 Shareholders' Approval for the Proposed Acquisitions pursuant to Chapter 9 of the Catalist Rules

Based on the Group's latest audited consolidated financial statements for FY2017, its consolidated NTA as at 31 December 2017 was RMB121,462,000. The aggregate Considerations of RMB18,917,503 represents approximately 15.57% of the Group's latest audited consolidated NTA. Accordingly, as the value of the aggregate Considerations exceeds 5% of the Group's latest audited consolidated NTA as at 31 December 2017, pursuant to Chapter 9 of the Catalist Rules, the Proposed Acquisitions constitute interested person transactions and require the approval of Shareholders at the EGM.

Pursuant to Rule 919 of the Catalist Rules, the Vendor and her Associates will abstain from voting (either in person or by proxy), in respect of the resolution relating to the Proposed Acquisitions at the EGM. Accordingly, Dr. Shao who is deemed to be interested in the 109,401,709 Shares in the capital of the Company, will abstain from voting (either in person or by proxy) on the resolution approving the Proposed Acquisitions.

2.7.3 Other Interested Person Transactions

The aggregate value of all interested person transactions entered into by the Group (excluding all transactions which are less than S\$100,000) for the current financial year up to the Latest Practicable Date is approximately RMB1,211,773, representing approximately 1.00% of the Group's latest audited consolidated NTA of RMB121,462,000 for FY2017. The aggregate value of all interested person transactions entered into between the Group and the Vendor (excluding all transactions which are less than S\$100,000) for the current financial year up to the Latest Practicable Date is approximately RMB650,833 representing approximately 0.54% of the Group's latest audited consolidated NTA of RMB121,462,000 for FY2017.

Save for the Proposed Acquisitions, the Group has not entered into any other interested person transactions with the Vendor during the current financial year up to the Latest Practicable Date which are required to be disclosed under Chapter 9 of the Catalist Rules.

2.8 Financial effects of the Proposed Acquisitions

The financial effects of the Proposed Acquisitions on the Group as set out below are purely for illustrative purposes only and are neither indicative nor do they represent any projection of the financial performance or position of the Group after the completion of the Proposed Acquisitions.

The financial effects have been prepared based on the audited consolidated financial statements of the Group for FY2017, being the most recently completed financial year.

(i) NTA per Share

Assuming that the Proposed Acquisitions have been completed on 31 December 2017, the financial effect on the consolidated NTA per share of the Group as at 31 December 2017 is as follows:

NTA	Before the Proposed Acquisitions	After the Proposed Acquisitions
NTA (RMB'000)	121,462	140,380
Number of Shares ('000)	381,575	381,575
NTA per Share (RMB)	0.32	0.37

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(ii) EPS

Assuming that the Proposed Acquisitions had been completed on 1 January 2017, being the beginning of the most recently completed financial year, the financial effect on the consolidated EPS of the Group for FY2017 is as follows:

EPS	Before the Proposed Acquisitions	After the Proposed Acquisitions ⁽¹⁾
Profit attributable to owners of the Company (RMB'000)	4,878	3,997
Weighted average number of Shares ('000)	381,575	381,575
EPS (RMB cents)	1.28	1.05

Note:

- (1) Group profit after tax after the Proposed Acquisitions had been adjusted for depreciation, property tax and borrowing costs associated with the purchase of the Properties assuming the Proposed Acquisitions had been completed on 1 January 2017.

(iii) Net Gearing Ratio

Assuming that the Proposed Acquisitions have been completed on 31 December 2017, the financial effect on the net gearing ratio of the Group as at 31 December 2017 is as follows:

Net Gearing Ratio	Before the Proposed Acquisitions	After the Proposed Acquisitions
Net borrowings of the Group ⁽¹⁾ (RMB'000)	–	9,459
Total equity (RMB'000)	236,609	236,609
Net gearing ratio ⁽²⁾ (times)	NIL	0.04

Notes:

- (1) Net borrowings mean total borrowings less cash and bank balances (including restricted cash in bank).
(2) Net gearing ratio is determined based on net borrowings divided by total equity.

2.9 No independent financial adviser's opinion is required

Pursuant to Rule 921(4)(b)(ii) of the Catalist Rules, the opinion from an independent financial adviser is not required for the Proposed Acquisitions as (i) the aggregate Considerations for the Proposed Acquisitions is in cash; (ii) independent professional valuations have been obtained for the purpose of the Proposed Acquisitions; and (iii) the valuations of the Properties are disclosed in this Circular.

2.10 Statement of the Audit Committee

Having considered the terms of the Proposed Acquisitions and the rationale thereof, the Audit Committee is of the opinion that the Proposed Acquisitions are on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

2.11 Service contracts

No new directors are proposed to be appointed to the Board in connection with the Proposed Acquisitions. Accordingly, no service contracts will be entered into with the Company and any such persons.

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3. THE PROPOSED AOXIN Q & M EMPLOYEE SHARE OPTION SCHEME

3.1 Rationale of the Scheme

The current remuneration structure for the management and employees of the Group comprises, *inter alia*, base salary and short-term incentives (discretionary variable bonus). The Scheme is a share incentive scheme. It forms an integral and important component of the remuneration and compensation plan. The Company places strong emphasis on the recruitment and retention of Directors and quality Employees with talents in all areas of the Group's operations, and in particular, the drive, leadership, skills, expertise and experience of such persons, as the Company considers these to be qualities that will assist the Group to realise its strategic and long-term business goals.

The Company believes that the implementation of the Scheme will enable the Company to structure a competitive remuneration package to give recognition to Employees, Directors and Controlling Shareholders, who have contributed to the growth of the Group. The Scheme will give Participants an opportunity to have a direct interest in the Company and will help to achieve the following objectives: –

- (i) to motivate each Participant to achieve and maintain a high level of performance and high level of contribution to the Group;
- (ii) to make employee remuneration sufficiently competitive to recruit and retain Employees whose contributions are important to the long-term growth and profitability of the Group;
- (iii) to foster an ownership culture within the Company which aligns the interests of Participants with the interests of the Shareholders; and
- (iv) to attract potential Employees with relevant skills to contribute to the Group and to create value for the Shareholders of the Company.

3.2 Summary of the Rules of the Scheme

The Rules of the Scheme are set out in Appendix I of this Circular. A summary of the Rules of the Scheme is set out below.

3.2.1 Eligibility of Participants

The following persons shall be eligible to participate in the Scheme at the absolute discretion of the ESOS Committee:–

- (i) Employees who are confirmed full-time employees of the Company and/or its subsidiaries who have attained the age of 21 years on or before the Date of Grant;
- (ii) Directors of the Company and its subsidiaries (including Non-Executive Directors but excluding all the Directors of the Company as at the date of the EGM and their respective associates); and
- (iii) Controlling Shareholders and/or their Associates, who meet the criteria in Sections 3.2.1(i) or 3.2.1(ii) above,

who, in the opinion of the ESOS Committee, have contributed or will contribute to the success of the Group. The participation of the above persons in the Scheme is subject to them individually (a) obtaining necessary approval from or conducting necessary registration and other procedures with the relevant authority or regulatory body in connection with their participation in the Scheme and acceptance or exercise of any Options; (b) being responsible for declaration of taxable incentives and payment of any tax (including income tax) payable on incentives received under the Scheme; and (c) undertaking such act as may be required under the applicable laws and regulations they are subject to in connection with their participation in the Scheme and acceptance or exercise of any Options. However, no individual who is resident in a place where the grant, acceptance or exercise of Options pursuant to the Scheme is not permitted under the laws and regulations of

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such place or where in the view of the ESOS Committee, compliance with applicable laws and regulations in such place make it necessary or expedient to exclude such individual, is eligible to be offered or granted Options.

Persons who are Controlling Shareholders and/or Associates of Controlling Shareholders who meet the criteria in Sections 3.2.1(i) or 3.2.1(ii) above are also eligible to participate in the Scheme provided that the participation of and the actual number of Shares to be issued to them and the terms of any Option to be granted to each Controlling Shareholder or Associate of a Controlling Shareholder shall be approved by independent Shareholders in separate resolutions for each such person subject to the following:-

- (a) the aggregate number of Shares which may be offered by way of grant of Options to Participants who are Controlling Shareholders or Associates of Controlling Shareholders under the Scheme shall not exceed 25% of the total number of Shares available under the Scheme; and
- (b) the number of Shares available to each Controlling Shareholder or Associate of a Controlling Shareholder shall not exceed 10% of the total number of Shares available under the Scheme.

For the purposes of assessing the contributions of eligible persons, the ESOS Committee may adopt a performance framework which incorporates financial and/or non-financial performance measurement criteria including, but not limited to the financial benefit or financial enhancement to the Group through any deals or transactions entered into by the Group as a result of the contributions of such persons, as well as the value of other contributions such as the introduction of new contacts or business opportunities.

Subject to the Companies Act and any requirements of the SGX-ST, the terms of eligibility for participation in the Scheme may be amended from time to time at the absolute discretion of the ESOS Committee, which would be exercised judiciously.

3.2.2 Size of the Scheme

Subject to the provisions on variation of the capital, the total number of Shares in respect of Options that may be offered to a Participant in accordance with the Scheme shall be determined at the absolute discretion of the ESOS Committee. The Directors believe that such discretion will give the ESOS Committee sufficient flexibility in adjusting the number of Shares in respect of Options to be granted, to achieve certain goals of the Company through the customisation of a compensation and incentive package suitable for each Participant.

The aggregate number of Shares over which the ESOS Committee may grant Options on any date, when added to the number of Shares allotted and issued or issuable in respect of (i) all Options and Awards granted under the Scheme and the Share Plan; and (ii) all Options or Awards granted under other incentive schemes or share plans adopted by the Company and for the time being in force, shall not exceed 15% of the issued Shares of the Company (excluding treasury shares) on the day immediately preceding the Date of Grant of the Option.

The aggregate number of Shares which may be offered by way of grant of Options to Participants who are Controlling Shareholders and their Associates must not exceed 25% of the Shares available under the Scheme. The number of Shares available to each Controlling Shareholder and his Associate must not exceed 10% of the Shares available under the Scheme.

To enjoy greater flexibility in structuring remuneration and compensation packages, the Company believes that it should have a sufficient number of Shares to accommodate Options issued under the Scheme. Taking into consideration the number of issued Shares of the Company as well as the number of eligible Participants in the Scheme and the Share Plan, the Directors believe that a limit of 15% of the number of issued Shares of the Company in respect of the number of New Shares to be issued pursuant to the Scheme and the Share Plan will enable the Company to grant a

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sufficient number of Options and/or Awards to the Participants to create a meaningful compensation for the Participants' contributions.

In determining the eligibility of the Employees and Executive Directors to participate in the Scheme and the aggregate number of Shares comprised in Market Price Options or, as the case may be, Discount Options, to be offered in accordance with the Scheme, the ESOS Committee will take into account criteria such as the grade level, seniority, level of responsibility, years of service, performance evaluation, the potential for future development and their respective contributions to the growth, success and development of the Group. In certain circumstances, the ESOS Committee shall also take into consideration the performance targets met by an eligible Employee or an Executive Director while determining the extent of the participation of that Employee or Executive Director in the Scheme. Examples of performance targets which will be considered by the ESOS Committee include targets based on criteria such as total shareholders' return, economic value added, market share, market ranking, profitability, return on sales and successful completion of a project.

And in determining the eligibility of the Non-Executive Directors and Controlling Shareholders to participate in the Scheme and the number of Shares comprised in Market Price Options or, as the case may be, Discount Options, to be offered in accordance with the Scheme, the ESOS Committee will take into account criteria such as the services and the contributions made by such Non-Executive Director or Controlling Shareholder to the growth, success and development of the Group.

The Company does not intend to specify a sub-limit for the Scheme so as to provide for flexibility in the Option structure.

3.2.3 Exercise Price

Subject to any adjustment pursuant to the Rules of the Scheme, the Exercise Price for each Share in respect of which an Option is exercisable shall be determined by the ESOS Committee, in its absolute discretion, on the Date of Grant at:–

- (i) a price equal to the Market Price; or
- (ii) a price which is set at a discount to the Market Price, provided that:
 - A. the maximum discount shall not exceed 20% of the Market Price; and
 - B. The prior approval of the Shareholders of the Company in general meeting shall have authorised, in a separate resolution, the making of offers and grants of Options under the Scheme at a discount not exceeding the maximum discount as aforesaid.

The ability to offer Options at a discount to the Market Price of the Shares will allow flexibility in structuring the Options. Being able to offer Options at a discount is important in situations where it is more meaningful for the Company to acknowledge a Participant's achievement through offering Options at a discount to the Market Price rather than paying him a cash bonus, as these Options operate as a form of cashless reward from the Company, with a greater potential for capital appreciation than Options granted at the Market Price; or in situations where more compelling motivation is required in order to attract new talents into the Company and/or retain talented individuals.

The Company plans to exercise this discretion judiciously and the amount of discount may vary from one offer to another from time to time depending on the circumstances and on a case-by-case basis. In determining the quantum of the discount, the ESOS Committee may take into consideration such factors as it may in its absolute discretion deem appropriate, including but not limited to:–

- (i) the performance of the Company and/or the Group, taking into account financial considerations such as the Group's sales/revenue, profit and performance targets;

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- (ii) the years of service and individual performance (including the meeting of performance targets) of the Participant;
- (iii) the contribution of the Participant to the success of the Company and/or the Group; and
- (iv) the prevailing market conditions.

As share options become more significant components of employee remuneration packages and the grant of Options with a discount element becomes more common, the discretion to grant Options at a discount to the Market Price of the Shares will provide the Company with a means to maintain the competitiveness of its compensation strategy. Therefore, the Company may utilise Options as a means to reward Participants for their outstanding performance as well as to motivate them to continue to excel, and will be an additional method for compensating Employees and Directors other than through salary, salary increments and cash bonuses. This will also enable the Company to introduce an effective manner of motivating Participants to maximise their performance, which will in turn create better value for Shareholders.

In circumstances where at the time of granting Options to Participants, the prevailing Market Price on the Shares is considered artificially high and a general discount is desirable or warranted (the rate of which will be determined by the ESOS Committee), the ESOS Committee will take into consideration factors such as the historical prices of the Shares as compared with the prevailing Market Price of the Shares during the price-fixed period for the Options, the market comparatives and practices of other industry players and the value of the Options as a component of each Participant's compensation package.

The Board believes that the maximum discount of 20% to the Market Price of the Shares is sufficient to allow for flexibility in the Scheme while minimising the potential dilutive effect to the Shareholders arising from the Scheme.

3.2.4 Variation of Capital

If a variation in the number of issued Shares of the Company (whether by way of a capitalisation of profits or reserves or rights issue, cancellation, reduction, subdivision, consolidation, distribution or conversion or otherwise) should take place, then the ESOS Committee may determine whether:–

- (i) the Exercise Price in respect of the Shares, the class and/or number of Shares comprised in the Options to the extent unexercised and the rights attached thereto; and/or
- (ii) the class and/or number of Shares in respect of which additional Options may be granted to Participants,

may be adjusted in such manner as the ESOS Committee may determine to be appropriate, except for capitalisation issues, upon the written confirmation of the Auditors of the Company (acting only as experts and not as arbitrators), that in their opinion, such adjustment is fair and reasonable.

Unless the ESOS Committee considers an adjustment to be appropriate, the following events shall not normally be regarded as a circumstance requiring adjustments of Options:–

- (i) the issue of securities as consideration for an acquisition of any assets or a private placement of securities by the Company;
- (ii) the cancellation of issued Shares purchased or acquired by the Company by way of a market purchase of such Shares undertaken by the Company on the SGX-ST during the period when a share purchase mandate granted by Shareholders (including any renewal of such mandate) is in force;

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- (iii) an issue of Shares or securities convertible into or with rights to acquire or subscribe for Shares, in any such case in consideration or part consideration for the acquisition of any other securities, assets or business; and
- (iv) any issue of Shares arising from the exercise of any warrants or the conversion of any convertible securities issued by the Company.

Upon any adjustment required to be made, the Company shall notify each Participant (or his duly appointed personal representative(s)) in writing. No such adjustment shall be made if as a result a Participant receives a benefit that a Shareholder does not receive.

3.2.5 Modifications to the Scheme

Any or all the provisions of the Scheme may be modified and/or altered at any time and from time to time by resolution of the ESOS Committee, except that:–

- (i) any modification or alteration which shall alter adversely the rights attaching to any Option granted prior to such modification or alteration and which in the opinion of the ESOS Committee, materially alters the rights attaching to any Option granted prior to such modification or alteration may only be made with the consent in writing of such number of Participants who, if they exercised their Options in full, would thereby become entitled to Shares representing not less than three-quarters of the total voting rights (or such other requirements as may be prescribed by the SGX-ST) of all the Shares which would be allotted upon exercise in full of all outstanding Options;
- (ii) any modification or alteration which would be to the advantage of Participants under the Scheme shall be subject to the prior approval of the Shareholders in general meeting, whereby Shareholders who are also holders of Options shall be required to abstain from voting in respect of any resolution relating to such modification or alteration; and
- (iii) no modification or alteration shall be made except in compliance with the Catalist Rules or such other stock exchange on which the Shares are quoted or listed and such other regulatory authorities as may be necessary.

For the purposes of Section 3.2.5(i) above, the opinion of the ESOS Committee as to whether any modification or alteration would alter adversely the rights attaching to any Option shall be final and conclusive.

3.2.6 Duration of the Scheme

The Scheme shall continue to be in force at the discretion of the ESOS Committee, subject to a maximum period of 10 years, commencing on the date the Scheme is adopted by Shareholders at a general meeting. The Scheme may continue beyond the above stipulated period with the approval of the Shareholders by ordinary resolution in a general meeting and of any relevant authorities which may then be required.

The Scheme may be terminated at any time by the ESOS Committee or by resolution of the Shareholders at general meeting, subject to all other relevant approvals which may be required and if the Scheme is so terminated, no further Options shall be offered by the Company.

The termination of the Scheme shall not affect Options which have been granted and accepted as provided in the Rules of the Scheme, whether such Options have been exercised (whether fully or partially) or not.

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3.2.7 Grant of Options

Subject as provided in the Rules of the Scheme, the ESOS Committee may offer to grant Options to such Participants as it may select in its absolute discretion at any time during the period when the Scheme is in force, except that no Option shall be granted during the period of 30 days immediately preceding the date of announcement of the Company's interim and/or final results (whichever the case may be). In addition, in the event that an announcement on any matter or an exceptional nature involving unpublished price sensitive information is made, an offer to grant Options may only be made on or after the 2nd Market Day on which such announcement is released.

3.2.8 Acceptance of Options

Options are personal to the Participant to whom they are granted and shall not be sold, mortgaged, transferred, charged, assigned, pledged or otherwise disposed or encumbered in whole or in part or in any way whatsoever without the ESOS Committee's prior written approval.

An Option offered to a Participant may only be accepted by the Participant within thirty (30) days after the relevant Date of Grant of that Option and, in any event, not later than 5.00 p.m. on the thirtieth (30th) day from such Date of Grant by completing, signing and returning the acceptance form as prescribed in the Rules of the Scheme, subject to such modification as the ESOS Committee may from time to time determine, accompanied by payment of S\$1.00 as consideration, failing which the grant shall automatically lapse and become null, void and of no effect.

3.2.9 Exercise Period

Subject as provided in the Rules of the Scheme, an Option shall be exercisable, in whole or in part, during the period being:

- (i) in the case of a Market Price Option, a period commencing after the 1st anniversary of the Date of Grant and expiring on (i) the 10th anniversary of such Date of Grant if granted to an Employee or (ii) the 5th anniversary of such Date of Grant if granted to a Non-Executive Director; and
- (ii) in the case of a Discount Option, a period commencing after the 2nd anniversary of the Date of Grant and expiring on (i) the 10th anniversary of such Date of Grant if granted to an Employee or (ii) the 5th anniversary of such Date of Grant if granted to a Non-Executive Director.

3.2.10 Exercise of Options, Allotment and Listing of Options

Subject as provided in the Rules of the Scheme, an Option may be exercised in whole or in part (provided that an Option may be exercised in part only in respect of 1,000 Shares or any multiple thereof), by a Participant giving notice in writing to the Company.

Subject to such consents or other required action of any competent authority under any regulations or enactment for the time being in force as may be necessary and subject to the compliance with the terms of the Scheme and the Constitution, the Company shall, within 10 Market Days after the exercise of an Option, do any one or more of the following in relation to the exercise of such Option as it deems fit in its sole and absolute discretion:—

- (i) allot the relevant Shares and despatch to CDP the relevant share certificates by ordinary post or such other mode as the ESOS Committee may deem fit and the Company shall, as soon as practicable after such allotment, apply to the SGX-ST for permission to deal in and for quotation of such Shares, if necessary; and/or
- (ii) transfer existing Shares to the Participant, whether such existing Shares are held as treasury shares or otherwise.

New Shares allotted and issued upon the exercise of an Option shall be subject to all the provisions of the Constitution of the Company and the Companies Act and shall rank *pari passu* in all respects with the then existing issued Shares in the capital of the Company except for any dividends, rights, allotments or other distributions accrued prior to the date such Shares are allotted and issued.

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3.2.11 Administration of the Scheme

The Scheme shall be administered by the ESOS Committee in its absolute discretion with such powers and duties as may be conferred on it by the Board provided that a member of the ESOS Committee who is a Participant shall not be involved in the deliberations of the ESOS Committee in respect of the Options to be granted to him in compliance with the requirements of the Catalyst Rules.

The ESOS Committee shall have the power, from time to time to make or vary such regulations (not being inconsistent with the Scheme) for the implementation and administration of the Scheme as it thinks fit.

3.3 **Financial Effects of the Scheme**

Details of the costs to the Company of granting Options under the Scheme and the allotment and issue of the New Shares would be as follows:–

3.3.1 Share Capital

The Scheme will result in an increase in the number of issued Shares of the Company to the extent that New Shares are allotted and issued upon the exercise of the Options. This number of New Shares issued will in turn depend on, *inter alia*, the number of Shares comprised in the Options granted, the number of Options that are vested, the prevailing Market Price of the Shares on the SGX-ST in the case of the Scheme, and whether the Company chooses to deliver treasury shares to holders of the Options in lieu of New Shares.

As such, there would be no impact on the number of issued Shares of the Company if the relevant Options are not exercised or if treasury shares are delivered to holders of Options in lieu of New Shares.

3.3.2 EPS

The Scheme will have a dilutive impact on the Company's consolidated EPS following the increase in the number of issued Shares of the Company to the extent that New Shares are allotted and issued pursuant thereto.

However, the impact arising from the Scheme on the Company's consolidated EPS is not expected to be material in any given financial year.

3.3.3 NTA

The issue of New Shares upon the exercise of the Options will increase the Company's consolidated NTA by the aggregate Exercise Price of the New Shares issued. On a per Share basis, the effect on the NTA of the Company is accretive if the Exercise Price is above the NTA per Share but dilutive otherwise.

3.3.4 Potential Cost of Options

Any Options granted under the Scheme would have a fair value. In the event that such Options are granted at prices below the fair value of the Options, there will be a cost to the Company. The amounts of such costs may be more significant in the case of Options granted with Exercise Prices set at a discount to the Market Price of the Shares. In addition to the impact on the Company's consolidated EPS and consolidated NTA as described above, the cost to the Company of granting Options under the Scheme would be as follows:–

- (i) the exercise of an Option at the Exercise Price would translate into a reduction of the proceeds from the exercise of such Option, as compared to the proceeds that the Company would have received from such exercise had the exercise been made at the prevailing Market Price of the Shares. Such reduction of the exercise proceeds would represent the monetary cost to the Company; and

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- (ii) the grant of Options under the Scheme will have an impact on the Company's reported profit under FRS as share-based payment requires the recognition of an expense in respect of Options granted under the Scheme. The expense will be based on the fair value of the Options at the Date of Grant (as determined by an option pricing model) and will be recognised over the Vesting Schedule of the Options.

It should be noted that the financial effects discussed in Section 3.3.4(i) above will materialise only upon the exercise of the relevant Options. The cost of granting Options discussed in Section 3.3.4(ii) above would be recognised in the financial statements even if the Options are not exercised in Section 3.3.4(ii). Measured against the cost of granting the Options as described above, the desirable effect of the Scheme in attracting, recruiting and motivating Directors and Employees could in the long term yield greater returns for the Company and Shareholders.

4. THE PROPOSED AOXIN Q & M PERFORMANCE SHARE PLAN

4.1 Rationale of the Share Plan

The Company has undertaken a comprehensive review of employee remuneration and benefits and wishes to introduce a new compensation scheme that will increase the Company's flexibility and effectiveness in its continuing efforts to reward, retain and motivate Employees and Directors to improve their performance. In line with this, the Company believes that share plans need to be introduced to strengthen the overall effectiveness of performance-based compensation schemes.

The Share Plan allows the Company to target specific performance objectives and to provide an incentive for Participants to achieve these targets, which ultimately, will create and enhance economic value for Shareholders. The Directors believe that the new plan will incentivise Participants to excel in their performance and encourage greater dedication and loyalty to the Company. Through the Share Plan, the Company will be able to recognise and reward past contributions and services and motivate potential Participants to continue to strive for the Group's long-term prosperity. In addition, the Share Plan aims to foster an ownership culture within the Group.

The Company believes that attracting and retaining outstanding individuals as Employees is paramount to the Group's long-term objective of achieving continuous growth, expansion and profitability in its business and operations. Through the implementation of the Share Plan, the Company aims to remain as an attractive and competitive employer and be better positioned to manage its fixed overhead costs without compromising on performance standards and efficiency.

Through the Share Plan, the award of fully-paid Shares, free of charge, to the Participants is intended to be a more attractive form of bonus from the Company to the Participants. In addition, the Company believes that the Share Plan will be more effective than cash bonuses in motivating Employees as it gives them a stake in the ownership of the Company, whilst at the same time allowing the Company to offer incentives and remuneration packages comparable with other multinational companies.

The Share Plan will serve as an additional and flexible incentive tool. With the Share Plan, the Company would be able to tailor share-based incentives according to the objectives to be achieved.

The Awards granted under this Share Plan will be determined at the sole discretion of the PSP Committee, which will oversee and administer the Share Plan. In considering the grant of an Award to a Participant, the PSP Committee shall take into account (where applicable) criteria such as the grade level, scope of responsibilities, performance, years of service and potential for future development of the Participant.

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4.2 Summary of the Rules of the Share Plan

The Rules of the Share Plan are set out in Appendix II of this Circular. A summary of the Rules of the Share Plan is set out below.

4.2.1 Eligibility of Participants

The following persons shall be eligible to participate in the Share Plan at the absolute discretion of the PSP Committee:–

- (i) Employees who are confirmed full-time employees of the Company and/or its subsidiaries who have attained the age of 21 years on or before the Date of Grant;
- (ii) Directors of the Company and its subsidiaries (including Non-Executive Directors but excluding all the Directors of the Company as at the date of EGM and their respective associates); and
- (iii) Controlling Shareholders and/or their Associates, who meet the criteria in Sections 4.2.1(i) or 4.2.1(ii) above,

who, in the opinion of the PSP Committee, have contributed or will contribute to the success of the Group. The participation of the above persons in the Share Plan is subject to them individually (a) obtaining necessary approval from or conducting necessary registration and other procedures with the relevant authority or regulatory body in connection with their participation in the Share Plan and grant or release of any Awards; (b) being responsible for declaration of taxable incentives and payment of any tax (including income tax) payable on incentives received under the Share Plan; and (c) undertaking such act as may be required under the applicable laws and regulations they are subject to in connection with their participation in the Share Plan and grant or release of any Awards. However, no individual who is resident in a place where the grant, acceptance or exercise of Awards pursuant to the Share Plan is not permitted under the laws and regulations of such place or where in the view of the PSP Committee, compliance with applicable laws and regulations in such place make it necessary or expedient to exclude such individual, is eligible to be offered or granted Awards.

Persons who are Controlling Shareholders and/or Associates of Controlling Shareholders who meet the criteria in Sections 4.2.1(i) or 4.2.1(ii) above are also eligible to participate in the Share Plan provided that the participation of and the actual number of Shares to be issued to them and the terms of any Award to be granted to each Controlling Shareholder or Associate of a Controlling Shareholder shall be approved by independent Shareholders in separate resolutions for each such person subject to the following:–

- (a) the aggregate number of Shares in respect of the Awards which may be awarded to Participants who are Controlling Shareholders or Associates of Controlling Shareholders under the Share Plan shall not exceed 25% of the total number of Shares which may be granted under the Share Plan; and
- (b) the number of Shares in respect of the Awards available to each Controlling Shareholder or Associate of a Controlling Shareholder shall not exceed 10% of the total number of the Shares which may be granted under the Share Plan.

Subject to the Companies Act and any requirements of the SGX-ST or any other stock exchange on which the Shares may be listed or quoted, the terms of eligibility for participation in the Share Plan may be amended from time to time at the absolute discretion of the PSP Committee.

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4.2.2 Size of the Share Plan

The Directors believe that the size of the Share Plan is reasonable, taking into account the nature of the business in the industry, the contributions of the Participants, and the share capital. The Directors believe that the size of the Share Plan will give the Company sufficient flexibility to decide the number of Shares to be awarded under the Share Plan. However, it does not indicate that the PSP Committee will definitely issue Shares up to the prescribed limit. The PSP Committee will exercise its discretion in deciding the number of Shares to be awarded to each Participant under the Share Plan. This, in turn, will depend on and commensurate with the performance and value of each Participant to the Group.

The number of Shares to be awarded to each Participant in accordance with the Share Plan shall be determined at the absolute discretion of the PSP Committee, which shall take into account criteria such as the grade level, scope of responsibilities, performance, years of service, potential for future development of the Participant, contribution to the success of the Group and the extent of effort and resourcefulness with which the performance target(s) may be achieved within the performance period.

The aggregate number of Shares over which the PSP Committee may grant Awards on any date, when added to the number of Shares allotted and issued or issuable in respect of (i) all Options and Awards granted under the Scheme and the Share Plan; and (ii) all Options or Awards granted under other incentive schemes or share plans adopted by the Company and for the time being in force, shall not exceed 15% of the issued Shares of the Company (excluding treasury shares) on the day immediately preceding the Date of Grant of the Award.

The aggregate number of Shares which may be offered by way of grant of Awards to Participants who are Controlling Shareholders and their Associates must not exceed 25% of the Shares available under the Share Plan. The number of Shares available to each Controlling Shareholder and his Associate must not exceed 10% of the Shares available under the Share Plan.

4.2.3 Duration of the Share Plan

The Share Plan shall continue in force at the discretion of the PSP Committee, subject to a maximum period of 10 years commencing on the date on which the Share Plan is adopted by Shareholders at a general meeting. The Share Plan may continue beyond the above stipulated period with the approval of Shareholders by ordinary resolution in a general meeting and of any relevant authorities which may then be required.

The Share Plan may be terminated at any time by the PSP Committee or by resolution of the Shareholders at general meeting, subject to all other relevant approvals which may be required and if the Share Plan is so terminated, no further Awards shall be offered by the Company.

Notwithstanding the expiry or termination of the Share Plan, any Awards made to Participants prior to such expiry or termination will continue to remain valid.

4.2.4 Awards

Awards granted under the Share Plan represent the right of a Participant to receive fully-paid Shares free of charge, provided that certain prescribed performance targets are met prior to the expiry of the prescribed performance period. The performance targets shall take into account both the medium and long-term corporate objectives of the Group and the individual performance of the Potential Participant and will be aimed at sustaining long-term growth. The corporate objectives shall cover market competitiveness, business growth and productivity growth. The performance targets could be based on criteria such as sales growth, growth in earnings and/or returns on investments.

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The Company believes that the ability to offer Awards free of charge will operate as a means to recognise and acknowledge the Participant for their outstanding performance and as a reward for their valuable and dedicated service to the Company, as well as to motivate and encourage greater dedication and loyalty to the Company. It will also help to place the Company in a more competitive position in the recruitment and retention of staff in an intensely competitive environment by enhancing the competitiveness of remuneration packages offered to existing and prospective Employees.

Shares which are to be allotted and issued or transferred to a Participant may be subject to such restrictions against disposal or sale or any other dealings by the Participant as the PSP Committee may decide in its absolute discretion. Notwithstanding, any Award granted by the Company will have to be made in accordance with, and in the manner prescribed by, the Companies Act and such other laws and regulations as may for the time being be applicable.

No minimum vesting periods are prescribed under the Share Plan and the length of vesting periods in respect of each Award shall be determined at the absolute discretion of the PSP Committee, on a case-by-case basis. The PSP Committee may also make an Award at any time where in its opinion a Participant's performance and/or contribution justifies such Award.

4.2.5 Entitlement to Awards

The selection of a Participant and the number of Shares which are the subject of each Award to be granted to a Participant in accordance with the Share Plan shall be determined at the absolute discretion of the PSP Committee, which shall take into account criteria such as, *inter alia*, the grade level, scope of responsibilities, performance, years of service and potential for future development, contribution to the success of the Group and the extent of effort and resourcefulness with which the performance target(s) may be achieved within the performance period.

4.2.6 Details of Awards

The PSP Committee shall decide, *inter alia*, at its sole discretion, the following:–

- (i) the Participant;
- (ii) the Date of Grant;
- (iii) the performance period;
- (iv) the number of Shares which are the subject of the Award;
- (v) the performance target(s) which shall be set according to the specific roles of each Participant, and which may differ from Participant to Participant;
- (vi) the prescribed Vesting Period(s);
- (vii) the Release Schedule; and
- (viii) any other condition which the PSP Committee may determine in relation to that Award, including any restrictions against the disposal or sale of and/or other dealings in the Shares by the Participant.

As soon as reasonably practicable after an Award is finalised by the PSP Committee, the PSP Committee shall send to each Participant an Award letter confirming the Award and specifying, *inter alia*, the matters as stated above. Participants are not required to pay for the grant of Awards.

An Award shall be personal to the Participant to whom it is granted and, prior to the allotment to the Participant of the Shares to which the Award relates, shall not be transferred, charged, assigned, pledged or otherwise disposed of, in whole or in part, except with the prior approval of the PSP Committee and if a Participant shall do, suffer or permit any such act or thing as a result of which he would or might be deprived of any rights under an Award without the prior approval of the PSP Committee, that Award shall immediately lapse.

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4.2.7 Events prior to vesting

Special provisions in the Share Plan deal with the vesting and lapsing of Awards in certain circumstances, including but not limited to the misconduct or bankruptcy of the Participant, the Participant ceasing to be in the employment of the Group for any reason whatsoever, the death of the Participant, and a take-over, winding-up, reconstruction or amalgamation of the Company.

4.2.8 Operation of the Share Plan

Subject to prevailing legislation and the Catalist Rules, the Company, in its sole and absolute discretion, will deliver Shares to the Participants upon vesting of their Awards by way of either:–

- (i) an issue and allotment of New Shares; or
- (ii) delivering existing Shares to the Participant, whether such existing Shares are purchased or acquired pursuant to the share purchase mandate (where applicable) to be held as treasury shares or (to the extent permitted by law) are Shares acquired previously and held as treasury shares.

In determining whether to issue and allot New Shares or the delivery of existing Shares to the Participants upon vesting of their Awards, the PSP Committee will take into account factors such as (but not limited to) the number of Shares to be delivered, the prevailing Market Price of the Shares and the cost to the Company of issuing and allotting New Shares or delivering existing Shares.

New Shares allotted and issued and existing Shares procured by the Company for delivery, on the release of an Award shall be subject to all the provisions of the Constitution of the Company and the Companies Act and shall be eligible for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the Record Date for which is on or after the relevant date of issue or, as the case may be, delivery, and shall in all other respects rank *pari passu* with other existing Shares then in issue.

The PSP Committee shall have the discretion to determine whether the performance target(s) has been satisfied (whether fully or partially) or exceeded and in making any such determination, the PSP Committee shall have the right to make reference to the audited results of the Company or the Group to take into account such factors as the PSP Committee may determine to be relevant, such as changes in accounting methods, taxes and special events, and further, the right to amend the performance targets(s) if the PSP Committee decides that a changed performance target would be a fairer measure of performance.

4.2.9 Administration of the Share Plan

The Share Plan shall be administered by the PSP Committee in its absolute discretion with such powers and duties as are conferred on it by the Board provided that a member of the PSP Committee who is a Participant shall not be involved in the deliberations of the PSP Committee in respect of the Awards to be granted to him in compliance with the requirements of the Catalist Rules.

The PSP Committee shall have the power, from time to time, to make and vary such arrangements, guidelines and/or regulations (not being inconsistent with the Share Plan) for the implementation and administration of the Share Plan, to give effect to the provisions of the Share Plan and/or to enhance the benefit of the Awards and the Released Awards to the Participants, as they may, in their absolute discretion, think fit. Any matter pertaining or pursuant to the Share Plan and any dispute and uncertainty as to the interpretation of the Share Plan, any rule, regulation or procedure thereunder or any rights under the Share Plan shall be determined by the PSP Committee.

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4.3 Financial effects of the Share Plan

Details of the costs to the Company of granting Awards under the Share Plan and the allotment and issue of the New Shares would be as follows:–

4.3.1 Share Capital

The Share Plan will result in an increase in the Company's issued Shares where New Shares are issued to Participants. The number of New Shares issued will depend on, *inter alia*, the size of the Awards granted under the Share Plan. In any case, the Share Plan provides that the number of Shares available under the said Share Plan, when aggregated with aggregate number of Shares available under any other share-based schemes of the Company, will be subject to the maximum limit of 15% of the Company's total issued Shares (excluding treasury shares).

If instead of issuing New Shares to Participants, existing Shares are purchased for delivery to Participants, the Share Plan will have no impact on the Company's issued Shares.

4.3.2 EPS

The Share Plan will result in a charge to earnings equivalent to the market value at which the existing Shares are purchased or the market value on the date at which New Shares are issued under the Awards.

Although the Share Plan will have a dilutive impact (to the extent that New Shares are issued pursuant to the Share Plan) on the EPS, it should be noted that the delivery of Shares to Participants is contingent upon the Participants meeting the prescribed performance targets and conditions.

4.3.3 NTA

As explained in Section 4.3.5 below, the grant of Awards under the Share Plan will result in a charge to the Company's profit and loss statement equal to the market value at which the existing Shares are purchased or the market value on the date at which New Shares are vested under the Awards. If New Shares are issued to Participants pursuant to the vesting of the Awards, there will be no effect on the NTA. If existing Shares are purchased for delivery to Participants, the NTA would decrease by the cost of the Shares purchased.

However, it should be noted that the delivery of Shares to Participants of the Share Plan is contingent upon the Participants meeting prescribed performance targets and conditions.

4.3.4 Dilutive Impact

It is expected that the dilutive impact of the Share Plan on the NTA per Share and EPS will not be significant as this Share Plan provides that the aggregate number of Shares available under it, when aggregated with aggregate number of Shares of any other share-based schemes of the Company, will be subject to the maximum limit of 15% of the Company's total issued Shares (excluding treasury shares).

4.3.5 Potential Cost of Awards

The Share Plan is considered a share-based payment that falls under the scope of FRS102, Share-based Payment. Participants will receive Shares and the Awards would be accounted for as equity-settled share-based transactions, as described in the following paragraphs.

The fair value of employee services received in exchange for the grant of the Awards would be recognised as an expense in the income statement with a corresponding increase in a reserve account over the Vesting Period. The total expense to be recognised over the Vesting Period is determined by reference to the fair value of each Award granted on the date of the grant. As at the end of each financial year, the Company will revise its estimated number of New Shares under the Awards that are expected to become exercisable on the vesting date recognising the effect of the revision of estimates in the income statement with a corresponding adjustment to the reserve account over the remaining Vesting Period.

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The expense recognised in the income statement also depends on whether or not the performance target attached to an Award is measured by reference to the Market Price of the Shares. This is known as a 'market condition'. If the performance target is a market condition, the probability of the performance target being met is taken into account in estimating the fair value of the Award granted at the grant date, and no adjustments to the amounts charged to the income statement are made whether or not the market condition is met.

However, if the performance target is not a market condition, the fair value per share of the Awards granted at the grant date is used to compute the expense to be recognised in the income statement at each financial year ended, based on an assessment at that date of whether the non-market conditions would be met to enable the Awards to vest. Thus, where the vesting conditions do not include a market condition, there would be no cumulative expense recognised in the income statement if the Awards do not ultimately vest.

4.4 Adjustments and alterations under the Share Plan

If a variation in the issued Share capital of the Company (whether by way of a capitalisation of profits or reserves or rights issue, capital reduction, sub-subdivision, consolidation of Shares, distribution or otherwise) shall take place, then:-

- (i) the class and/or number of Shares which are the subject of Awards to the extent not yet vested; and/or
- (ii) the class and/or number of Shares in respect of which future Awards may be granted under the Share Plan,

shall be adjusted in such manner as the PSP Committee may determine at its own discretion to be appropriate.

Unless the PSP Committee considers an adjustment to be appropriate, the following events shall not normally be regarded as a circumstance requiring adjustment:-

- (i) the issue of securities as consideration for an acquisition of any assets or a private placement of securities by the Company;
- (ii) the cancellation of issued Shares purchased or acquired by the Company by way of a market purchase of such Shares undertaken by the Company on the SGX-ST during the period when a share purchase mandate granted by Shareholders (including any renewal of such mandate) is in force;
- (iii) an issue of Shares or other securities convertible into or with rights to acquire or subscribe for Shares to its Employees including Directors or Employees of the Company pursuant to purchase or option scheme approved by Shareholders in general meeting, including the Share Plan;
- (iv) an issue of Shares or securities convertible into or with rights to acquire or subscribe for Shares, in any such case in consideration or part consideration for the acquisition of any other securities, assets or business; and
- (v) any issue of Shares arising from the exercise of any warrants or the conversion of any convertible securities issued by the Company.

Notwithstanding the provisions of the Rules of the Share Plan:-

- (i) the adjustment must be made in such a way that a Participant will not receive a benefit that a Shareholder does not receive; or
- (ii) any adjustment (except in relation to a capitalisation issue) must be confirmed in writing by the Auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.

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Upon any adjustment required to be made pursuant to Rules of the Share Plan, the Company shall notify the Participant (or his duly appointed personal representatives where applicable) in writing and deliver to him (or his duly appointed personal representatives where applicable) a statement setting forth the class and/or number of Shares thereafter to be issued or transferred on the vesting of an Award. Any adjustment shall take effect upon such written notification being given.

Subject to the Rules of the Share Plan, the Share Plan may be modified and/or altered at any time and from time to time by a resolution of the PSP Committee provided that:–

- (i) no modification or alteration shall be made which would adversely affect the rights attaching to any Awards granted prior to such modification or alteration except with the consent in writing of such number of Participants who, if their Awards were released to them in full, would become entitled to not less than three-quarters in number of all the Shares which would be issued or delivered, as the case may be, upon the release of in full of all outstanding Awards;
- (ii) any modifications or alteration which would be to the advantage of Participants shall not be made except with the prior approval of the Shareholders in general meeting; and
- (iii) no modification or alteration shall be made except in compliance with the Catalist Rules or such other stock exchange on which the Shares are quoted or listed and such other regulatory authorities as may be necessary.

5. DISCLOSURES

In accordance with the Catalist Rules, the following shall be disclosed by the Company in its annual report as long as the Scheme and/or the Share Plan continues in operation:–

- (i) The names of the members of the committee administering the Scheme and/or the Share Plan;
- (ii) In respect of the following Participants:–
 - (a) Directors of the Company;
 - (b) Participants who are Controlling Shareholders and their Associates;
 - (c) Participants other than those referred to in Sections 5(ii)(a) and 5(ii)(b) above, who have received Shares pursuant to the grant of the Options under the Scheme and/or vesting of Awards under the Share Plan (as the case may be), which, in aggregate, represent five per cent. (5%) or more of the total number of Shares available under the Scheme and/or the Share Plan (as the case may be), the following information must be disclosed:–

Name of Participant	Aggregate number of Shares comprised in Options or Awards granted to such Participant during the financial year under review (including terms)	Aggregate number of Shares comprised in Options or Awards (as the case may be) granted to such Participant since the commencement of the Scheme or the Share Plan to the end of the financial year under review	Aggregate number of Options exercised or Shares issued to such Participant under the Share Plan since the commencement of the Scheme or the Share Plan up to the end of the financial year under review	Aggregate number of Options outstanding or Shares comprised in Awards which have not been vested as at the end of the financial year under review

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- (iii) Where applicable, the number and proportions of Options granted at a discount during the financial year under review in respect of every 10% discount range, up to the maximum quantum of discount granted; and
- (iv) such other information as may be required by the Catalist Rules or the Companies Act.

If any of the above disclosure is not applicable, an appropriate negative statement will be included.

6. PARTICIPATION OF THE CONTROLLING SHAREHOLDERS AND THEIR ASSOCIATES AND NON-EXECUTIVE DIRECTORS IN THE SCHEME AND THE SHARE PLAN

6.1 Participation of the Controlling Shareholders and their Associates

6.1.1 Rationale and Justification

One of the objectives of the Scheme and the Share Plan is to motivate Participants to optimize their performance and to maintain a high level of contribution. The objectives of the Scheme and the Share Plan apply equally to our Employees and Directors who are Controlling Shareholders or Associates of Controlling Shareholders. The Company's view is that all deserving and eligible Participants should be motivated, regardless of whether they are Controlling Shareholders. The Company believes that as the Scheme and the Share Plan is designed to motivate, retain and reward Employees and Directors who contribute to the growth and profits of the Company, Employees and Directors who are Controlling Shareholders or Associates of Controlling Shareholders should be entitled to the same benefits as other Employees and should not be excluded from benefiting under the Scheme or Share Plan solely for the reason that they are Controlling Shareholders or Associates of the Controlling Shareholders. It is in the Group's interest that these Participants who are actively contributing to the Group's progress and development are given the incentive to continue to remain with the Company and contribute towards the Group's future progress and development. In respect of the determination as to eligibility and grant of Options and/or Awards, the terms of the Scheme or the Share Plan do not differentiate between Employees and Directors who are Controlling Shareholders or Associates of Controlling Shareholders and other Employees and Directors who are not such persons. As such, Employees and Directors who are Controlling Shareholders or Associates of Controlling Shareholders will be subject to the same rules as other Employees.

6.1.2 Safeguards

As a safeguard against abuse, all members of the Board who are not Controlling Shareholders or Associates of Controlling Shareholders (and not just members of the Committee) will be involved in deliberations in respect of Option(s) and/or Award(s) (as the case may be) to be granted to Controlling Shareholders and their Associates and the terms and conditions attached to such Option(s) and/or Award(s) (as the case may be).

Specific approval of the Independent Shareholders is required for the grant of Option(s) and/or Award(s) to Controlling Shareholders and their Associates as well as the actual number of and terms of such Option(s) and/or Award(s). In seeking such independent Shareholders' approval, clear justification as to their participation, the number of Option(s) and/or Award(s) and terms of the Option(s) and/or Award(s) to be granted to the Controlling Shareholders and their Associates will need to be provided.

The Company is of the view that there are sufficient safeguards against abuse resulting from the participation of the Controlling Shareholders and their Associates in the Scheme and the Share Plan.

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6.2 Participation by Non-Executive Directors (including Independent Directors)

Under the Catalist Rules, the Group has some flexibility in formulating schemes that recognises and benefits not only persons who are in the employment of the Group but also Non-Executive Directors (including Independent Directors) who are not employed by the Group but who nevertheless work closely with the Group and/or are in the position to contribute their experience, knowledge and expertise to the success of the Group. Although the Non-Executive Directors are not involved in the day-to-day running of the Group, they also play an invaluable role in our success by applying their experience, drawing on their knowledge and utilising their expertise for the benefit of the Group. It is desirable that the Non-Executive Directors (including Independent Directors) be allowed to participate in the Scheme and the Share Plan to give recognition to their services and contributions and to further align their interests with that of the Group.

However, as the Group recognises that the services and contributions of Non-Executive Directors cannot be measured in the same way as those of its full time employees, the Group envisages that the bulk of the Options will be given to the Employees and the Executive Directors. In order to minimise any possible conflicts of interest, and so as not to compromise the objectivity of independent members of the Board who may, in the future, be selected to participate in the Scheme, the Non-Executive Directors (including Independent Directors) would primarily continue to be remunerated for their services by way of directors' fees. Based on this, the Directors are of the view that the participation by Non-Executive Directors in the Scheme and the Share Plan will not compromise the independence of those who are Independent Directors.

The ESOS Committee and/or PSP Committee when deciding on the selection of Non-Executive Directors to participate in the Scheme and the Share Plan, and the number of Shares to be offered (in accordance with the Scheme and the Share Plan) will take into consideration the nature and extent of their input, assistance and expertise rendered to the committees on which they sit and the impact thereof on the growth, success and development of the Company and the Group, as well as their involvement and commitment to the Board. In the case of Non-Executive Directors who are Independent Directors, the ESOS Committee and/or PSP Committee will take into consideration, among other things, their attendance at meetings, their participations in various board committees as well as their contributions to the growth, development and success of the Group.

Non-Executive Directors (including Independent Directors) will abstain from making any recommendation as a Director and abstain from voting as a member of the Company when the grant of Options and/or Awards to him is being considered.

7. THE PROPOSED SHARE PURCHASE MANDATE

7.1 Introduction

Any purchase or acquisition of Shares by the Company must be made in accordance with, and in the manner prescribed by, the Companies Act and the Catalist Rules and such other laws and regulations as may, for the time being, be applicable. During the validity period of the Share Purchase Mandate, the Directors of the Company will have the authority to exercise all powers of the Company in purchasing or acquiring Shares pursuant to the terms of the Share Purchase Mandate. Regulation 6 of the Constitution expressly permits the Company to purchase or otherwise acquire its issued Shares on such terms and in such manner as the Company may from time to time think fit subject to and in accordance with the Companies Act. The Company is also required to obtain approval of its Shareholders at a general meeting if it wishes to purchase or acquire its own Shares. Accordingly, approval is being sought from Shareholders at the EGM for the adoption of the Share Purchase Mandate.

If approved by Shareholders at the EGM, the authority conferred by the Share Purchase Mandate will continue in force until the next annual general meeting of the Company (whereupon it will lapse, unless renewed at such meeting), or the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by the Company at general meeting (if so varied or revoked prior to the next annual general meeting), or the date on which purchases and acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated (if so varied or revoked prior to the next annual general meeting), whichever is the earliest.

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7.2 Rationale

The rationale for the Company to undertake the purchase or acquisition of its Shares is as follows:

- 7.2.1 In managing the business of the Group, the management will strive to increase Shareholders' value by improving, *inter alia*, the return on equity of the Group. In addition to growth and expansion of the business, share buybacks may be considered as one of the ways through which the return on equity of the Group may be enhanced;
- 7.2.2 Shares which are purchased or acquired by the Company pursuant to the Share Purchase Mandate and held as treasury shares may, *inter alia*, to the extent permitted by applicable law, be transferred for the purposes of or pursuant to share incentive schemes implemented by the Company, including the Scheme and the Share Plan, to enable the Company to take advantage of tax deductions under the current taxation regime. The use of treasury shares in lieu of issuing new Shares would also mitigate the dilution impact on existing Shareholders;
- 7.2.3 The Share Purchase Mandate will provide the Company with greater flexibility in managing its capital and maximising returns to its Shareholders. To the extent that the Company has capital and surplus funds which are in excess of its financial needs, taking into account its growth and expansion plans, the Share Purchase Mandate will facilitate the return of excess cash and surplus funds to Shareholders in an expedient, effective and cost-efficient manner; and
- 7.2.4 The Share Purchase Mandate will provide the Company with the flexibility to undertake share repurchases at any time, subject to market conditions, during the period when the Share Purchase Mandate is in force.

The purchase or acquisition of Shares will only be undertaken if the Directors believe it can benefit the Company and its Shareholders. No purchase or acquisition of Shares will be made in circumstances which would have or may have a material adverse effect on the liquidity and capital adequacy position of the Group as a whole and/or affect the listing status of the Company on the Catalist. Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Purchase Mandate may not be carried out to the full limit as authorised.

7.3 Authority and Limits on the Share Purchase Mandate

The authority and limits of the Share Purchase Mandate, if approved at the EGM, are summarised below:

7.3.1 Maximum Number of Shares

The total number of Shares which may be purchased or acquired by the Company is limited to that number of Shares representing not more than 10% of the issued Shares at the date of the EGM at which the Share Purchase Mandate is approved, unless the Company has reduced its share capital by a special resolution under Section 78C of the Companies Act, in which event the total number of Shares shall be taken to be the total number of Shares as altered by the special resolution. Any Shares which are held as treasury shares and subsidiary holdings will be disregarded for purposes of computing the 10% limit.

Purely for illustrative purposes, on the basis of 381,574,909 Shares in issue as at the Latest Practicable Date and assuming that no further Shares are issued on or prior to the EGM, the purchase or acquisition by the Company of up to the maximum limit of 10% of its issued Shares will result in the purchase or acquisition of 38,157,490 Shares.

However, as stated in Section 7.2 above and Section 7.7 below, purchases or acquisitions of Shares pursuant to the Share Purchase Mandate need not be carried out to the full extent mandated, and, in any case, would not be carried out to such an extent that affect the listing status of the Company on the SGX-ST.

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As at the Latest Practicable Date, the public float in the issued Shares is approximately 15.38%. Therefore, the Company will not be able to purchase Shares exceeding approximately 5.38% of the total number of issued Shares pursuant to the Share Purchase Mandate. Please refer to Section 7.8 of this Circular for more information in relation to the public float in the issued Shares.

For illustrative purposes only, on the basis of 381,574,909 Shares in issue and 58,675,000 Shares in the hands of the public as at the Latest Practicable Date and assuming that no further Shares are issued on or prior to the EGM, then not more than 20,528,730 Shares (representing approximately 5.38% of the total number of issued Shares as at that date) may be purchased or acquired by the Company pursuant to the Share Purchase Mandate during the duration referred to in Section 7.3.2 of this Circular. As at the Latest Practicable Date, the Company does not hold any treasury shares and subsidiary holdings.

7.3.2 Duration of Authority

Purchases or acquisitions of Shares pursuant to the Share Purchase Mandate may be made, at any time and from time to time, by the Company on and from the date of the EGM at which the adoption of the Share Purchase Mandate is approved, up to the earliest of:

- (i) the date on which the next annual general meeting of the Company is held or required by law or the Constitution to be held (whereupon it will lapse, unless renewed at such meeting);
- (ii) the date on which the purchases or acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated; and
- (iii) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by the Company at general meeting (if so varied or revoked prior to the next annual general meeting).

The authority conferred on the Directors by the Share Purchase Mandate to purchase or acquire Shares may be renewed by the Shareholders in a general meeting of the Company, such as at the next annual general meeting or at an extraordinary general meeting to be convened immediately after the conclusion or adjournment of the next annual general meeting. When seeking the approval of the Shareholders for the renewal of the Share Purchase Mandate, the Company is required to disclose details pertaining to purchases or acquisitions of Shares pursuant to the Share Purchase Mandate made during the previous 12 months, including the total number of Shares purchased or acquired, the purchase price per Share or the highest and lowest prices paid for such purchases or acquisitions of Shares, where relevant, and the total consideration paid for such purchases or acquisitions.

7.3.3 Manner of Purchases or Acquisitions of Shares

Purchases or acquisitions of Shares may be made by way of:

- (i) on-market purchases, transacted through the SGX-ST's trading system or on any other securities exchange on which the Shares may for the being be listed and quoted, through one or more duly licensed stockbrokers appointed by the Company for the purpose of the purchase or acquisition of Shares ("**Market Purchases**"); and/or
- (ii) off-market purchases made in accordance with an "equal access scheme" as defined in Section 76C of the Companies Act ("**Off-Market Purchases**").

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In an Off-Market Purchase, the Directors may impose such terms and conditions which are consistent with the Share Purchase Mandate, the Catalist Rules, the Companies Act and the Constitution of the Company and other applicable laws and regulations, as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme or schemes.

Under the Companies Act, an equal access scheme must satisfy all the following conditions:

- (a) offers for the purchase or acquisition of Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;
- (b) all of those persons shall be given a reasonable opportunity to accept the offers made to them; and
- (c) the terms of all the offers shall be the same, except that there shall be disregarded, where applicable: (i) differences in consideration attributable to the fact that the offers may relate to Shares with different accrued dividend entitlements; (ii) differences in consideration attributable to the fact that the offers relate to Shares with different amounts remaining unpaid; and (iii) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

Pursuant to the Catalist Rules, if the Company wishes to make an Off-Market Purchase in accordance with an equal access scheme, it must issue an offer document to all Shareholders containing at least the following information:

- (1) the terms and conditions of the offer;
- (2) the period and procedures for acceptances;
- (3) the reasons for the proposed purchase or acquisition of Shares;
- (4) the consequences, if any, of the purchases or acquisitions of Shares by the Company that will arise under the Take-over Code or other applicable take-over rules;
- (5) whether the purchases or acquisitions of Shares, if made, would have any effect on the listing of the Shares on the SGX-ST;
- (6) details of any purchases or acquisitions of Shares made by the Company in the previous 12 months (whether by way of Market Purchases or Off-Market Purchases), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases or acquisitions of Shares, where relevant, and the total consideration paid for the purchases or acquisitions of Shares; and
- (7) whether the Shares purchased or acquired by the Company would be cancelled or kept as treasury shares.

7.3.4 Purchase Price

The purchase price (excluding related brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) to be paid for a Share will be determined by the Directors. The purchase price to be paid for the Shares pursuant to the Share Purchase Mandate must not exceed:

- (i) in the case of an Market Purchase, 105% of the Average Closing Price of the Shares; and

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- (ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, up to 120% of the Average Closing Price of the Shares,

(the “**Maximum Price**”) in either case, excluding related expenses of the purchase or acquisition.

For the above purposes:

“**Average Closing Price**” means the average of the closing market prices of the Shares over the last five (5) Market Days on which transactions in the Shares were recorded on the SGX-ST immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action which occurs after the relevant five (5) Market Day period; and

“**date of making of the offer**” means the date on which the Company announces its intention to make an offer for an Off-Market Purchase, stating therein the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

7.4 Status of Purchased or Acquired Shares

7.4.1 Cancellation of Shares

Any Share which is purchased or acquired by the Company shall, unless held as treasury shares to the extent permitted under the Companies Act (as set out below), be deemed cancelled immediately on purchase or acquisition, and all rights and privileges attached to that Share shall expire on cancellation. All Shares purchased or acquired by the Company (other than treasury shares held by the Company to the extent permitted under the Companies Act) will be automatically delisted by the SGX-ST. Accordingly, the total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company which are cancelled and not held as treasury shares. At the time of each purchase or acquisition of Shares, the Company may decide whether the Shares purchased or acquired will be cancelled or held as treasury shares, or partly cancelled and partly kept as treasury shares, depending on the needs of the Company and as the Directors deem fit in the interests of the Company at that time.

7.4.2 Treasury shares held by the Company

Under the Companies Act, Shares which are purchased or acquired by the Company may be held or dealt with as treasury shares. Some of the provisions on treasury shares under the Companies Act are summarised below:

- (i) *Maximum holdings*

The aggregate number of Shares held as treasury shares cannot at any time exceed 10% of the total number of issued Shares. Any Shares held as treasury shares in excess of this limit shall be disposed of or cancelled by the Company in accordance with Section 76K of the Companies Act within six (6) months from the date such limit is exceeded, or such further period as may be allowed by the ACRA. The Company has no Shares held as treasury shares as at the Latest Practicable Date.

- (ii) *Disposal and cancellation*

Where Shares are held as treasury shares, the Company may at any time (but subject always to the Take-Over Code):

- (a) sell the treasury shares for cash;

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- (b) transfer the treasury shares for the purposes of or pursuant to any share scheme implemented by the Company, including the Scheme and the Share Plan;
- (c) transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (d) cancel the treasury shares; or
- (e) sell, transfer or otherwise use the treasury shares for such other purposes as the Minister for Finance may by order prescribed.

Under Rule 704(31) of the Catalyst Rules, an immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares (in each case, the “**usage**”). Such announcement must include details such as the date of the usage, the purpose of the usage, the number of treasury shares comprised in the usage, the number of treasury shares before and after the usage, the percentage of the number of treasury shares comprised in the usage against the total number of issued shares (of the same class as the treasury shares) which are listed on the SGX-ST before and after the usage and the value of the treasury shares comprised in the usage.

(iii) *Voting and other rights*

The Company cannot exercise any right in respect of the treasury shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Companies Act, the Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution of the Company’s assets may be made, to the Company in respect of treasury shares. However, the allotment of shares as fully paid bonus shares in respect of treasury shares is allowed. Also, a subdivision or consolidation of any treasury shares is allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

7.5 Source of Funds

The Companies Act provides that any purchase or acquisition of Shares by the Company may be made out of its capital or profits, so long as the Company is solvent. Under Section 76F(4) of the Companies Act, the Company is solvent if at the date of payment for the purchase or acquisition of its Shares, there is no ground on which the Company could be found to be unable to pay its debts, if it is intended to commence winding up within the period of 12 months immediately after the date of payment, the Company will be able to pay its debts in full within such period, or if it is not intended so to commence winding up, the Company will be able to pay its debts as they fall due during the period of 12 months immediately after the date of payment, and the value of the Company’s assets is not less than the value of its liabilities (including contingent liabilities) and will not, after the proposed purchase or acquisition of Shares become less than the value of its liabilities (including contingent liabilities).

The Company intends to use internal sources of funds or external borrowings or a combination of both to finance purchases or acquisitions of its Shares pursuant to the Share Purchase Mandate. In purchasing or acquiring Shares pursuant to the Share Purchase Mandate, the Directors will, firstly, consider the availability of internal resources. In addition, the Directors will also thereafter consider the availability of external financing.

The Directors do not propose to exercise the Share Purchase Mandate in a manner and to such extent that the liquidity and capital adequacy position of the Group would be materially adversely affected. The purchase of the Shares will only be effected after considering relevant factors such as the working capital requirement, availability of financial resources, the expansion and investment plans of the Group, and the prevailing market conditions.

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7.6 Financial Effects

It is not possible for the Company to realistically calculate or quantify the impact of purchases or acquisitions of Shares that may be made pursuant to the Share Purchase Mandate on the financial effects as the resultant effect would depend on, *inter alia*, the aggregate number of Shares purchased or acquired, whether the purchase or acquisition of Shares is made out of capital and/or profits, the purchase price paid for such Shares, the amount (if any) borrowed by the Company to fund such purchases or acquisitions of Shares and whether the Shares purchased or acquired are cancelled or held as treasury shares.

Under the Companies Act, purchases or acquisitions of Shares by the Company may be made out of the Company's capital and/or profits so long as the Company is solvent. Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of capital, such consideration (including expenses such as brokerage or commission incurred directly by the Company in its purchase or acquisition of Shares) will not affect the amount available for distribution in the form of dividends by the Company. Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of profits, such consideration (including expenses such as brokerage or commission incurred directly by the Company in its purchase or acquisition of Shares) will correspondingly reduce the amount available for distribution in the form of dividends by the Company.

Where the Company chooses to cancel any of the Shares which it purchased or acquired (as opposed to being held as treasury shares to the extent permitted under the Companies Act), the Company shall:

- (a) reduce the amount of its share capital where the Shares were purchased or acquired out of the capital of the Company;
- (b) reduce the amount of its profits where the Shares were purchased or acquired out of the profits of the Company; or
- (c) reduce the amount of its share capital and profits proportionately where the Shares were purchased or acquired out of both the capital and the profits of the Company,

by the total amount of the purchase price (including expenses such as brokerage or commission incurred directly by the Company in its purchase or acquisition of Shares) paid by the Company for the Shares cancelled.

The Directors do not propose to exercise the Share Purchase Mandate to such an extent that it would have a material adverse effect on the working capital requirements of the Group or on the financial position of the Company and the Group. The purchase or acquisition of Shares will only be effected after considering relevant factors such as the working capital requirements, the availability of financial resources, the expansion and investment plans of the Group and the prevailing market conditions. The Share Purchase Mandate will be exercised with a view to enhance the EPS and/or NTA per Share of the Group.

Purely for illustrative purposes only, the financial effects of the purchases or acquisitions of Shares on the Company and the Group, based on the audited consolidated financial statements of the Company for the financial year ended 31 December 2017 are based on the assumptions set out below:

- (A) based on 381,574,909 Shares in issue as at the Latest Practicable Date, and assuming no new Shares are issued on or prior to the EGM, the exercise in full of the Share Purchase Mandate, on the Latest Practicable Date, would result in the purchase or acquisition of 38,157,490 Shares, representing 10% of the issued Shares of the Company (excluding treasury shares);

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- (B) in the case of Market Purchases by the Company and assuming that the Company purchases or acquires 38,157,490 Shares at the Maximum Price of RMB1.157 for each Share (being the price equivalent to 105% of the Average Closing Price of the Shares for the five (5) consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 38,157,490 Shares would be approximately RMB44,148,216;
- (C) In the case of Off-Market Purchases by the Company and assuming that the Company purchases or acquires 38,157,490 Shares at the Maximum Price of RMB1.323 for each Share (being the price equivalent to 120% of the Average Closing Price of the Shares for the five (5) consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 38,157,490 Shares would be approximately RMB50,482,359;

Purely for illustrative purposes only, and based on the assumptions set out in sub-paragraphs (A), (B) and (C) above and assuming that (i) the purchase or acquisition of Shares was financed by internal sources of funds and external borrowings; (ii) the Share Purchase Mandate had been effective on 1 January 2017; and (iii) transaction costs incurred for the purchase or acquisition of Shares have been assumed to be insignificant and hence, have been disregarded for the purpose of computing the financial effects, the financial effects of:

- (i) the purchase or acquisition of 38,157,490¹ Shares by the Company pursuant to the Share Purchase Mandate by way of Market Purchases and such Shares are cancelled;
- (ii) the purchase of 38,157,490¹ Shares by the Company pursuant to the Share Purchase Mandate by way of Off-Market Purchases and such Shares are cancelled;
- (iii) the purchase of 38,157,490² Shares by the Company pursuant to the Share Purchase Mandate by way of Market Purchases and such Shares are held as treasury shares; and
- (iv) the purchase of 38,157,490² Shares by the Company pursuant to the Share Purchase Mandate by way of Off-Market Purchases and such Shares are held as treasury shares,

on the audited financial statements of the Company and the Group for FY2017 are set out below:

1 Being the maximum number of Shares which the Company may purchase or acquire pursuant to the Share Purchase Mandate and such Shares are cancelled. This is based on the assumption that, between the Latest Practicable Date and the date of the EGM, there are no changes to the number of issued Shares and the number of treasury shares held by the Company.

2 Being the maximum number of Shares which the Company may purchase or acquire pursuant to the Share Purchase Mandate and hold such Shares as treasury shares in compliance with Section 76K of the Companies Act. This is based on the assumption that, between the Latest Practicable Date and the date of the EGM, there are no changes to the number of issued Shares and the number of treasury shares held by the Company.

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- (I) **Financial effects on the Group assuming that 38,157,490 Shares are purchased or acquired pursuant to the Share Purchase Mandate by way of Market Purchases and such Shares are cancelled immediately on purchase or acquisition**

As at 31 December 2017	Group		Company	
	Before Share Purchase RMB'000	After Share Purchase RMB'000	Before Share Purchase RMB'000	After Share Purchase RMB'000
Share Capital	284,744	240,596	284,744	240,596
Retained Earnings	16,584	16,584	295	295
Other Reserves	(64,719)	(64,719)	3,149	3,149
Total Shareholders' Funds	236,609	192,461	288,188	244,040
NTA	121,462	77,314	288,188	244,040
Current Assets	115,479	71,331	40,111	3,548
Current Liabilities	29,915	29,915	6,783	14,368
Total Borrowings	–	–	–	7,585
Cash and Cash Equivalents	95,265	51,117	36,563	–
Number of Shares ('000)	381,575	343,417	381,575	343,417
Financial Ratios				
NTA ⁽¹⁾ per Share (RMB)	0.32	0.23	0.76	0.71
EPS ⁽²⁾ (RMB cents)	1.28	1.42	1.56	1.73
Gearing ⁽³⁾ (times)	NIL	NIL	NIL	0.03
Current Ratio ⁽⁴⁾ (times)	3.86	2.38	5.91	0.25

Notes:

- (1) NTA equals total shareholders' funds less intangible assets.
- (2) EPS is computed based on the profit after tax for FY2017, of RMB4,878,000 and RMB5,934,000 for the Group and the Company respectively divided by the weighted average number of Shares as stated above. For calculation of EPS after the purchase or acquisition of Shares, it was assumed that such purchase or acquisition of Shares was made on 1 January 2017.
- (3) Gearing equals total borrowings less cash and cash equivalents divided by shareholders' funds.
- (4) Current ratio equals current assets divided by current liabilities.

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- (II) **Financial effects on the Group and the Company assuming that 38,157,490 Shares are purchased or acquired pursuant to the Share Purchase Mandate by way of Off-Market Purchases and such Shares are cancelled immediately on purchase or acquisition**

As at 31 December 2017	Group		Company	
	Before Share Purchase RMB'000	After Share Purchase RMB'000	Before Share Purchase RMB'000	After Share Purchase RMB'000
Share Capital	284,744	234,262	284,744	234,262
Retained Earnings	16,584	16,584	295	295
Other Reserves	(64,719)	(64,719)	3,149	3,149
Total Shareholders' Funds	236,609	186,127	288,188	237,706
NTA	121,462	70,980	288,188	237,706
Current Assets	115,479	64,997	40,111	3,548
Current Liabilities	29,915	29,915	6,783	20,702
Total Borrowings	–	–	–	13,919
Cash and Cash Equivalents	95,265	44,783	36,563	–
Number of Shares ('000)	381,575	343,417	381,575	343,417
Financial Ratios				
NTA ⁽¹⁾ per Share (RMB)	0.32	0.21	0.76	0.69
EPS ⁽²⁾ (RMB cents)	1.28	1.42	1.56	1.73
Gearing ⁽³⁾ (times)	NIL	NIL	NIL	0.06
Current Ratio ⁽⁴⁾ (times)	3.86	2.17	5.91	0.17

Notes:

- (1) NTA equals total shareholders' funds less intangible assets.
- (2) EPS is computed based on the profit after tax for FY2017, of RMB4,878,000 and RMB5,934,000 for the Group and the Company respectively divided by the weighted average number of Shares as stated above. For calculation of EPS after the purchase or acquisition of Shares, it was assumed that such purchase or acquisition of Shares was made on 1 January 2017.
- (3) Gearing equals total borrowings less cash and cash equivalents divided by shareholders' funds.
- (4) Current ratio equals current assets divided by current liabilities.

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(III) Financial effects on the Group and the Company assuming that 38,157,490 Shares are purchased or acquired pursuant to the Share Purchase Mandate by way of Market Purchases and such Shares are held as treasury shares

As at 31 December 2017	Group		Company	
	Before Share Purchase RMB'000	After Share Purchase RMB'000	Before Share Purchase RMB'000	After Share Purchase RMB'000
Share Capital	284,744	284,744	284,744	284,744
Retained Earnings	16,584	16,584	295	295
Other Reserves	(64,719)	(64,719)	3,149	3,149
Treasury Shares	–	(44,148)	–	(44,148)
Total Shareholders' Funds	236,609	192,461	288,188	244,040
NTA	121,462	77,314	288,188	244,040
Current Assets	115,479	71,331	40,111	3,548
Current Liabilities	29,915	29,915	6,783	14,368
Total Borrowings	–	–	–	7,585
Cash and Cash Equivalents	95,265	51,117	36,563	–
Number of Shares ('000)	381,575	343,417	381,575	343,417
Financial Ratios				
NTA ⁽¹⁾ per Share (RMB)	0.32	0.23	0.76	0.71
EPS ⁽²⁾ (RMB cents)	1.28	1.42	1.56	1.73
Gearing ⁽³⁾ (times)	NIL	NIL	NIL	0.03
Current Ratio ⁽⁴⁾ (times)	3.86	2.38	5.91	0.25

Notes:

- (1) NTA equals total shareholders' funds less intangible assets.
- (2) EPS is computed based on the profit after tax for FY2017, of RMB4,878,000 and RMB5,934,000 for the Group and the Company respectively divided by the weighted average number of Shares as stated above. For calculation of EPS after the purchase or acquisition of Shares, it was assumed that such purchase or acquisition of Shares was made on 1 January 2017.
- (3) Gearing equals total borrowings less cash and cash equivalents divided by shareholders' funds.
- (4) Current ratio equals current assets divided by current liabilities.

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(IV) Financial effects on the Group and Company assuming that 38,157,490 Shares are purchased or acquired pursuant to the Share Purchase Mandate by way of Off-Market Purchases and such Shares are held as treasury shares

As at 31 December 2017	Group		Company	
	Before Share Purchase RMB'000	After Share Purchase RMB'000	Before Share Purchase RMB'000	After Share Purchase RMB'000
Share Capital	284,744	284,744	284,744	284,744
Retained Earnings	16,584	16,584	295	295
Other Reserves	(64,719)	(64,719)	3,149	3,149
Treasury Shares	–	(50,482)	–	(50,482)
Total Shareholders' Funds	236,609	186,127	288,188	237,706
NTA	121,462	70,980	288,188	237,706
Current Assets	115,479	64,997	40,111	3,548
Current Liabilities	29,915	29,915	6,783	20,702
Total Borrowings	–	–	–	13,919
Cash and Cash Equivalents	95,265	44,783	36,563	–
Number of Shares ('000)	381,575	343,417	381,575	343,417
Financial Ratios				
NTA ⁽¹⁾ per Share (RMB)	0.32	0.21	0.76	0.69
EPS ⁽²⁾ (RMB cents)	1.28	1.42	1.56	1.73
Gearing ⁽³⁾ (times)	NIL	NIL	NIL	0.06
Current Ratio ⁽⁴⁾ (times)	3.86	2.17	5.91	0.17

Notes:

- (1) NTA equals total shareholders' funds less intangible assets.
- (2) EPS is computed based on the profit after tax for FY2017, of RMB4,878,000 and RMB5,934,000 for the Group and the Company respectively divided by the weighted average number of Shares as stated above. For calculation of EPS after the purchase or acquisition of Shares, it was assumed that such purchase or acquisition of Shares was made on 1 January 2017.
- (3) Gearing equals total borrowings less cash and cash equivalents divided by shareholders' funds.
- (4) Current ratio equals current assets divided by current liabilities.

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Shareholders should note that the financial effects illustrated above are based on certain assumptions and purely for illustrative purposes only. In particular, it is important to note that the above analysis is based on the audited financial statements of the Group for the FY2017 and is not necessarily representative of the future financial performance of the Company or the Group. The actual impact will depend on the number and price of the Shares purchased or acquired.

The Company will take into account both financial and non-financial factors (for example, stock market conditions and the performance of the Shares) in assessing the relative impact of the purchases or acquisitions before execution. Although the Share Purchase Mandate would authorise the Company to purchase or acquire up to 10% of the total number of issued Shares of the Company (excluding treasury shares and subsidiary holdings), ascertained as at the date of the EGM, the Company may not necessarily purchase or be able to purchase the entire 10% of the total number of its issued Shares (excluding treasury shares and subsidiary holdings). In addition, the Company may cancel all or part of the Shares repurchased or may hold all or part of the Shares repurchased as treasury shares.

The Directors do not intend to exercise the Share Purchase Mandate up to the maximum limit if such exercise would materially and adversely affect the financial position of the Company or the Group.

7.7 Tax Implications

Shareholders who are in doubt as to their respective tax positions or any such tax implications arising from the Share Purchase Mandate, or who may be subject to tax in a jurisdiction outside Singapore should consult their own professional advisers.

7.8 Requirements under the Catalist Rules

While the Catalist Rules does not expressly prohibit the purchase or acquisition of shares by a listed company during any particular time or times, because a listed company would be considered to be an “insider” in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the Share Purchase Mandate in the following circumstances:

- (a) at any time after any matter or development of a price-sensitive nature has occurred or has been the subject of a decision of the Board until the price-sensitive information has been publicly announced; and
- (b) in the case of Market Purchases, during the period of one (1) month immediately preceding the announcement of the Company’s full-year results and the period of two (2) weeks before the announcement of the first quarter, second quarter and third quarter results.

The Catalist Rules requires a listed company to ensure that at least 10% of the total number of issued Shares (excluding treasury shares, preference shares and convertible equity securities) in a class that is listed on the SGX-ST is held by the public. The term “public” is defined in the Catalist Rules as persons other than directors, chief executive officer, substantial shareholders or controlling shareholders of the issuer or its subsidiary companies and associates of such persons.

As at the Latest Practicable Date, there were 58,675,000 Shares held by the public Shareholders, representing approximately 15.38% of the issued Shares of the Company excluding treasury shares. Given that the public float in the issued Shares is close to 10%, the Company will not purchase or acquire more than 20,528,730 representing approximately 5.38% of its issued Shares as at the Latest Practicable Date as that would cause the public float to fall below 10%.

In undertaking any purchase or acquisition of Shares, the Directors will use their best efforts to ensure that, notwithstanding such purchases or acquisitions of Shares, a sufficient float in the hands of the public will be maintained so that any purchase or acquisition of Shares will not adversely affect the listing status of the Shares on the SGX-ST, cause market illiquidity or adversely affect the orderly trading of the Shares.

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7.9 Take-Over Implications

Appendix 2 of the Take-over Code contains the Share Buy-Back Guidance Note. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below.

7.9.1 Obligation to make a take-over offer

Under Rule 14 of the Take-over Code, a Shareholder and persons acting in concert with the Shareholder will incur an obligation to make a mandatory takeover offer if, *inter alia*, he and persons acting in concert with him increase their voting rights in the Company to 30% or more or, if they, together holding between 30% and 50% of the Company's voting rights, increase their voting rights in the Company by more than 1% in any period of 6 months.

If, as a result of any purchase or acquisition by the Company of its Shares, the proportionate interest in the voting capital of the Company of a Shareholder and persons acting in concert with him increases, such increase will be treated as an acquisition of Shares for the purposes of Rule 14 of the Take-over Code. Consequently, a Shareholder or a group of Shareholders acting in concert with a Director could obtain or consolidate effective control of the Company and become obliged to make an offer under Rule 14 of the Take-over Code.

7.9.2 Persons acting in concert

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company to obtain or consolidate effective control of that company.

Unless the contrary is established, the Take-over Code presumes, *inter alia*, the following individuals and companies to be persons acting in concert with each other:

- (i) a company with its parent company, its subsidiaries, its fellow subsidiaries, any associated companies of the foregoing companies, any company whose associated companies include any of the foregoing companies, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing companies for the purchase of voting rights;
- (ii) a company with any of its directors, together with their close relatives, related trusts and any companies controlled by any of the directors, their close relatives and related trusts;
- (iii) a company with any of its pension funds and employee share schemes;
- (iv) a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages;
- (v) a financial or other professional adviser, including a stockbroker, with its client in respect of the shareholdings of the adviser and the persons controlling, controlled by or under the same control as the adviser and all the funds which the adviser manages on a discretionary basis, where the shareholdings of the adviser and any of those funds in the client total 10% or more of the client's equity share capital;
- (vi) directors of a company, together with their close relatives, related trusts and companies controlled by any of them, which is subject to an offer or where they have reason to believe a bona fide offer for their company may be imminent;
- (vii) partners; and

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- (viii) an individual, his close relatives, his related trusts, any person who is accustomed to act according to his instructions, companies controlled by any of the foregoing persons, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing persons and/or entities for the purchase of voting rights.

For this purpose, ownership or control of at least 20% but not more than 50% of the voting rights of a company will be regarded as the test of associated company status.

The circumstances under which Shareholders, including Directors and persons acting in concert with them respectively, will incur an obligation to make a take-over offer under Rule 14 of the Take-over Code after a purchase or acquisition of Shares by the Company are set out in Appendix 2 of the Take-over Code.

7.9.3 Effect of Rule 14 and Appendix 2 of the Take-over Code

In general terms, the effect of Rule 14 and Appendix 2 of the Take-over Code is that, unless exempted, Directors and persons acting in concert with them will incur an obligation to make a take-over offer under Rule 14 of the Take-over Code if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Directors and their concert parties would increase to 30% or more, or in the event that such Directors and their concert parties hold between 30% and 50% of the Company's voting rights, if the voting rights of such Directors and their concert parties would increase by more than 1% in any period of 6 months.

Under Appendix 2 of the Take-over Code, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 of the Take-over Code if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of 6 months. Such Shareholder need not abstain from voting in respect of the ordinary resolution authorising the Share Purchase Mandate.

7.9.4 Application of the Take-over Code

(a) Health Field Concert Party Group

As at Latest Practicable Date, Health Field Enterprises Limited held 109,401,709 Shares, representing approximately 28.67% of the issued share capital of the Company. Dr. Shao, the Executive Director and Group Chief Executive Officer is deemed interested in the Shares held by Health Field Enterprises Limited by virtue of his 100% shareholding held through an investment holding company, Action Health Enterprises Limited. Consequently, Dr. Shao and Health Field Enterprises Limited and persons acting in concert with any of them (collectively, the "**Health Field Concert Party Group**") are presumed to be parties acting in concert in relation to the Shares under the Take-over Code.

Based on the above information, as at the Latest Practicable Date, if the Company purchases 38,157,490 Shares, being 10% of the total number of Shares of the Company and all the purchased Shares are cancelled and not held as treasury shares, pursuant to the Share Purchase Mandate, the combined shareholding interest of the Health Field Concert Party Group could potentially increase from its current shareholding of approximately 28.67% to approximately 31.86%. In such event, the Health Field Concert Party Group will, unless exempted, be obliged to make a mandatory offer for the Company under Rule 14 of the Take-over Code.

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(b) Q & M Concert Party Group

As at Latest Practicable Date, Q & M Dental Group (Singapore) Limited and Quan Min Holdings Pte. Ltd. held 162,354,038 and 2,562,800 Shares respectively, representing approximately 42.55% and 0.67% of the issued share capital of the Company. Quan Min Holdings Pte. Ltd. is deemed to be interested in Q & M Dental Group (Singapore) Limited's shares by virtue of its 51.8% shareholdings in Q & M Dental Group (Singapore) Limited.

The Directors of the Company, Mr Vitters Sim Yu Xiong and Mr San Yi Leong @ Tan Yi Leong are key executive officers of Q & M Dental Group (Singapore) Limited. Mr Vitters Sim Yu Xiong, Mr San Yi Leong @ Tan Yi Leong, Q & M Dental Group (Singapore) Limited, Quan Min Holdings Pte. Ltd. and persons acting in concert with any of them (collectively, the **"Q & M Concert Party Group"**) are acting in concert with each other in relation to the Shares for the purpose of the Take-over Code.

Based on the above information, as at the Latest Practicable Date, if the Company purchases 38,157,490 Shares, being 10% of the total number of Shares of the Company and all the purchased Shares are cancelled and not held as treasury shares, pursuant to the Share Purchase Mandate, the combined shareholding interest of the Q & M Concert Party Group could potentially increase from its current shareholding of approximately 43.22% to approximately 48.02%. In such event, the Q & M Concert Party Group will, unless exempted, be obliged to make a mandatory offer for the Company under Rule 14 of the Take-over Code.

(c) Other than as disclosed above, the Directors are not aware of any Shareholder or group of Shareholders acting in concert who may become obligated to make a mandatory offer in the event the Directors exercise the power to buy back Shares pursuant to the Share Purchase Mandate.

(d) Exemption under Appendix 2 of the Take-over Code

Pursuant to Section 3(a) of Appendix 2 of the Take-over Code, the Health Field Concert Party Group and the Q & M Concert Party Group will be exempted from the requirement to make a general offer for the Company under Rule 14 of the Take-over Code, subject to the following conditions:-

- (i) the circular to Shareholders on the resolution to authorise the adoption of the Share Purchase Mandate to contain advice to the effect that by voting for the adoption of the Share Purchase Mandate, Shareholders are waiving their right to a general offer at the required price from the Health Field Concert Party Group (who, as a result of the Company buying back its shares, would increase their aggregate voting rights to 30% or more) or the Q & M Concert Party Group (who, as a result of the Company buying back its shares, would increase their aggregate voting rights by more than 1% in any period of 6 months) (as the case may be);
- (ii) the resolution to approve the adoption of the Share Purchase Mandate to be approved by a majority of those Shareholders present and voting at the meeting on a poll who could not become obliged to make an offer as a result of the buy-back of Shares pursuant to the Share Purchase Mandate;
- (iii) the Health Field Concert Party Group and the Q & M Concert Party Group to abstain from voting for and/or recommending Shareholders to vote in favour the adoption of the Share Purchase Mandate;
- (iv) within 7 days after the passing of the resolution to approve the adoption of the Share Purchase Mandate, each of the Directors to submit to the SIC a duly signed form as prescribed by the SIC;

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- (v) the Health Field Concert Party Group or the Q & M Concert Party Group (as the case may be) has not acquired and will not acquire any Shares between the date on which they know that the announcement of the Share Purchase Mandate is imminent and the earlier of:-
- (a) the date on which the authority of the Share Purchase Mandate expires; and
 - (b) the date on which the Company announces it has bought back such number of Shares as authorised by the Share Purchase Mandate or it has decided to cease buying back its Shares, as the case may be,

if such acquisitions, taken together with the buy-back, would cause their aggregate voting rights to increase to 30% or more (in the case of the Health Field Concert Party Group) or by more than 1% in the preceding 6 months (in the case of the Q & M Concert Party Group).

It follows that where aggregate voting rights held by a director and persons acting in concert with him increase by more than 1% solely as a result of the share purchase and none of them has acquired any shares during the relevant period defined above, then such director and/or persons acting in concert with him would be eligible for the SIC's exemption from the requirement to make a general offer under Rule 14 of the Take-over Code, or where such exemption had been granted, would continue to enjoy the exemption.

Shareholders should note that by voting in favour of the Share Purchase Mandate, they are waiving their rights to a take-over offer at the required price from the Health Field Concert Party Group or the Q & M Concert Party Group (as the case may be) and persons acting in concert with them in the circumstances set out above.

None of the Directors nor, to the best of their knowledge having made all reasonable inquiries, any of their Associates currently intends to sell any Shares to the Company or its subsidiaries.

Shareholders who are in doubt as to their obligations, if any, to make a mandatory take-over offer under the Take-over Code as a result of any purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate should consult the SIC and/or their professional advisers at the earliest opportunity.

7.10 Shares purchased or acquired in the previous 12 months

The Company has not purchased any Shares in the last 12 months up to the Latest Practicable Date.

7.11 Reporting Requirements

Within thirty (30) days of the passing of the Shareholders' resolution to approve the proposed renewal of the Share Purchase Mandate, the Company shall lodge a copy of such resolution with ACRA.

The Company shall notify ACRA within thirty (30) days of a purchase or acquisition of Shares on the SGX-ST or otherwise. Such notification, in the form as may be prescribed by ACRA, shall include, *inter alia*, details of the purchase or acquisition of Shares such as the date of the purchase or acquisition of Shares, the number of Shares purchased or acquired by the Company, the number of Shares cancelled, the number of Shares held as treasury shares, the Company's issued share capital before and after the purchase or acquisition of Shares, the amount of consideration paid by the Company for the purchase or acquisition of Shares and whether the Shares were purchased out of profits or capital of the Company.

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Within thirty (30) days of the cancellation or disposal of treasury shares in accordance with the provisions of the Companies Act, the Company shall lodge with ACRA, in the prescribed form, the notice of cancellation or disposal of treasury shares.

The Catalist Rules specifies that a listed company shall notify the SGX-ST of all purchases or acquisitions of its shares not later than 9.00 a.m.:

- (i) in the case of a Market Purchase, on the Market Day following the day on which the Market Purchase was made; and
- (ii) in the case of an Off-Market Purchase, on the second Market Day after the close of acceptances of the offer for the Off-Market Purchase.

The notification of such purchases or acquisitions of shares to the SGX-ST shall be in such form and shall include such details that the SGX-ST may prescribe. The Company shall make arrangements with its stockbrokers to ensure that they provide to the Company, in a timely fashion, the necessary information which will enable the Company to make the notifications to the SGX-ST.

The Company shall, in its annual report and accounts, make disclosure of details pertaining to purchases of Shares made during the year, including the total number of Shares purchased during the financial year under review, the purchase price per Share or the highest and lowest prices paid for the purchases, and where relevant, the total consideration paid.

7.12 Interested Persons

The Company is prohibited from knowingly buying Shares on the SGX-ST from an interested person, that is, a Director, the chief executive officer of the Company or controlling shareholder of the Company or any of their associates, and an interested person is prohibited from knowingly selling his Shares to the Company.

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8. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The interests of the Directors and the Substantial Shareholders (that is, persons whose interests in the Company's issued share capital are equal to or more than 5%) in the issued share capital of the Company as at the Latest Practicable Date are set out below:–

Name	Direct Interests		Deemed Interests		Total Interests	
	No of Shares	% ⁽¹⁾	No of Shares	% ⁽¹⁾	No of Shares	% ⁽¹⁾
Directors						
Mr Chua Ser Miang	–	–	–	–	–	–
Dr Shao Yongxin ⁽²⁾⁽³⁾	–	–	109,401,709	28.67	109,401,709	28.67
Mr Vitters Sim Yu Xiong	–	–	–	–	–	–
Mr San Yi Leong @ Tan Yi Leong	–	–	–	–	–	–
Professor Chew Chong Yin @Chew Chong Lin	100,000	0.03	–	–	100,000	0.03
Mr Lin Ming Khin	50,000	0.01	–	–	50,000	0.01
Substantial Shareholders (other than Directors)						
Q & M Dental Group (Singapore) Limited ⁽⁴⁾	162,354,038	42.55	–	–	162,354,038	42.55
Health Field Enterprises Limited ⁽²⁾⁽³⁾	109,401,709	28.67	–	–	109,401,709	28.67
Quan Min Holdings Pte. Ltd. ⁽⁴⁾⁽⁵⁾	2,562,800	0.67	162,354,038	42.55	164,916,838	43.22
Dr Ng Chin Siau ⁽⁵⁾	–	–	164,916,838	43.22	164,916,838	43.22
Action Health Enterprises Limited ⁽³⁾	–	–	109,401,709	28.67	109,401,709	28.67

Notes:

- (1) The percentage of shareholdings is computed based on the issued and paid-up share capital of the Company comprising 381,574,909 Shares (excluding treasury shares) as at the Latest Practicable Date.
- (2) Dr. Shao is deemed interested in Health Field Enterprises Limited's shares by virtue of his 100% indirect shareholding in Health Field Enterprises Limited.
- (3) Health Field Enterprises Limited is an investment holding company incorporated in the British Virgin Islands. Health Field Enterprises Limited is 100% held by Action Health Enterprises Limited, an investment holding company incorporated in the British Virgin Islands, which is in turn 100% held by Dr. Shao.
- (4) Quan Min Holdings Pte. Ltd. is deemed to be interested in Q & M Dental Group (Singapore) Limited's shares by virtue of its 51.8% shareholdings in Q & M Dental Group (Singapore) Limited.
- (5) Dr Ng Chin Siau is deemed interested in Q & M Dental Group (Singapore) Limited's shares by virtue of his 43.91% shareholding in Quan Min Holdings Pte. Ltd..

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

LETTER TO SHAREHOLDERS

9. DIRECTORS' RECOMMENDATIONS

9.1 Proposed Acquisitions

The independent Directors, save for Dr. Shao (who will be abstaining from giving a recommendation with respect to the Proposed Acquisitions), having considered the terms, financial effects and rationale for the Proposed Acquisitions, and the valuation of the Properties by the Independent Valuer, are of the view that the Proposed Acquisitions are in the best interests of the Company and the Shareholders. Accordingly, the independent Directors recommend that Shareholders vote in favour of the Ordinary Resolution 1 in respect of the Proposed Acquisitions as set out in the Notice of EGM.

In giving the above recommendations, the Directors have not had regard to the general or specific investment objectives, financial situation, tax position or unique needs and constraints of any individual Shareholder. As each Shareholder would have different investment objectives and profiles, the Directors recommend that any individual Shareholder who may require specific advice in relation to his investment portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional advisers immediately.

9.2 Scheme and Share Plan

The Directors are of the view that the proposed adoption of the Scheme and the Share Plan are in the best interests of the Company and recommend that the Shareholders vote in favour of the Ordinary Resolutions 2 and 4 in respect of the Scheme and the Share Plan and Ordinary Resolution 3 in respect of the approval of the proposed grant of Discount Options under the Scheme to be proposed at the EGM.

9.3 Share Purchase Mandate

The Directors (other than Dr. Shao, Mr Vitters Sim Yu Xiong and Mr San Yi Leong @ Tan Yi Leong) who are deemed as concert parties) having considered the rationale for the Share Purchase Mandate, are of the view that the Share Purchase Mandate is in the best interests of the Company, and accordingly, recommend that Shareholders vote in favour of the Ordinary Resolution 5 in respect of the Share Purchase Mandate as set out in the Notice of EGM.

10. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages 108 to 112 of this Circular, is to be held at 8 Wilkie Road, #03-08 Wilkie Edge, Singapore 228095 on 9 January 2019 at 2.00 p.m. for the purposes of considering and, if thought fit, passing with or without any amendments the Ordinary Resolutions set out in the Notice of EGM.

11. ACTION TO BE TAKEN BY SHAREHOLDERS

11.1 Appointment of prox(ies)

Shareholders who are unable to attend and vote at the EGM and who wish to appoint a proxy or proxies to attend and vote at the EGM on their behalf, should complete, sign and return the attached proxy form 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 80 Robinson Road, #02-00, Singapore 068898, not less than 48 hours before the time fixed for holding the EGM.

The completion and lodgement of a proxy form by a Shareholder does not preclude him from attending and voting in person at the EGM in place of his proxy or proxies if he so wishes. However, any appointment of a proxy or proxies by such Shareholder shall be deemed to be revoked if the Shareholder attends the EGM in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy, to the EGM.

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A Depositor shall not be regarded as a member of the Company entitled to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register as at 72 hours before the time appointed for holding the EGM, as certified by CDP to the Company.

11.2 Abstention from voting

(i) Proposed Acquisitions

Rule 919 of the Catalist Rules provides that in a meeting to obtain shareholders' approval, the interested person and their Associates must not vote on the resolution, nor accept appointments as proxies unless specific instructions as to voting are given.

In accordance with Rule 919 of the Catalist Rules, Dr. Shao shall abstain, and will procure that his Associates abstain, from voting at the EGM in respect of Ordinary Resolution 1 relating to the Proposed Acquisitions. Dr. Shao shall not, and will procure that his Associates not to, accept appointments as proxies unless specific instructions as to voting are given.

(ii) Scheme and Share Plan

Any Shareholder entitled to participate or who is interested in the Scheme and/or the Share Plan should abstain from voting at the EGM in respect of all the Ordinary Resolutions relating to the Scheme (Ordinary Resolutions 2 and 3) and/or the Share Plan (Ordinary Resolution 4). Such Shareholders should also not accept nominations as proxies in respect of the aforesaid Ordinary Resolutions, unless specific instructions have been given in the proxy instrument by the independent Shareholders appointing them on how they wish their votes are to be cast for each of the aforesaid Ordinary Resolutions.

(iii) Share Purchase Mandate

The Health Field Concert Party Group and the Q & M Concert Party Group will abstain from voting at the EGM in respect of the Ordinary Resolution 5 relating to the Share Purchase Mandate and should not accept nominations as proxies in respect of the aforesaid Ordinary Resolution, unless specific instructions have been given in the proxy instrument by the independent Shareholders appointing them on how they wish their votes are to be cast for the aforesaid Ordinary Resolution.

12. 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 Proposals, 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 the 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 the Circular in its proper form and context.

13. CONSENT OF THE INDEPENDENT VALUER

The Independent Valuer has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and the Valuation Reports and all references thereto, in the form and context in which they are included in this Circular.

LETTER TO SHAREHOLDERS

14. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 80 Robinson Road #02-00 Singapore 068898 during normal business hours from the date hereof up to and including the date of the EGM:–

- (a) the Constitution of the Company;
- (b) the annual report of the Company for FY2017;
- (c) the Rules of the Scheme;
- (d) the Rules of the Share Plan;
- (e) the Framework Agreements;
- (f) the Valuation Reports; and
- (g) the consent letter from the Independent Valuer.

Yours faithfully

For and on behalf of the Board of Directors
Aoxin Q & M Dental Group Limited

Dr. Shao Yongxin
Group Chief Executive Officer

APPENDIX I – PROPOSED RULES OF THE AOXIN Q & M EMPLOYEE SHARE OPTION SCHEME

1. AOXIN Q & M EMPLOYEE SHARE OPTION SCHEME

The Aoxin Q & M Employee Share Option Scheme shall mean the employee share option scheme herein, as modified or altered from time to time and shall be referred to as the Scheme.

2. DEFINITIONS

In the Scheme, unless the context otherwise requires, the following words and expressions shall have the following meanings:–

- “Act” or “Companies Act” : The Companies Act (Chapter 50) of Singapore, as amended, modified or supplemented from time to time
- “Adoption Date” : The date on which the Scheme is adopted by the Company in general meeting
- “Associate” : (a) In relation to any Director, chief executive officer, Substantial Shareholder or Controlling Shareholder (being an individual) means:–
- (i) his Immediate family;
 - (ii) the trustees of any trust of which he or his Immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
 - (iii) any company in which he and his Immediate family together (directly or indirectly) have an interest of 30% or more; and
- (b) In relation to a Substantial Shareholder or Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more,
- or such other definition as the Catalist Rules may from time to time prescribe
- “Auditors” : The auditors of the Company for the time being
- “Board” : The board of Directors of the Company
- “Catalist” : The Catalist Board of the SGX-ST
- “Catalist Rules” : Section B: Rules of Catalist of the Listing Manual of the SGX-ST, as amended, modified or supplemented from time to time
- “CDP” : The Central Depository (Pte) Limited
- “Circular” : The circular to Shareholders in relation to the adoption of the Scheme
- “Company” : Aoxin Q & M Dental Group Limited

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- “Controlling Shareholder” : A person who:–
- (a) holds directly or indirectly 15% or more of the total number of issued shares excluding treasury shares in the Company; or,
 - (b) in fact exercises control over the Company
- or such other definition as the Catalist Rules may from time to time prescribe
- For the purpose of the Scheme, Controlling Shareholders shall also include their Associates.
- “CPF” : Central Provident Fund
- “Date of Grant” : The date on which an Option is granted to a Scheme Participant pursuant to Rule 7 of the Scheme
- “Director” : A person holding office as a director from time to time of the Company or its subsidiaries, as the case may be
- “Discount Option” : The right to subscribe for Shares granted or to be granted pursuant to the Scheme and for the time being subsisting, and in respect of which the Exercise Price is determined in accordance with Rule 9 of the Scheme
- “Employee” : An employee of the Group (including any Director but excluding Non-Executive Director) selected by the ESOS Committee to participate in the Scheme in accordance with Rule 4 of the Scheme
- “ESOS Committee” : The committee comprising all the members of the Remuneration Committee of the Company from time to time, and duly authorised and appointed by the Board pursuant to Rule 16 of the Scheme to administer the Scheme
- “Executive Director” : A Director of the Company and/or its subsidiaries, as the case may be, who performs an executive function within the Company or the relevant subsidiary, as the case may be
- “Exercise Period” : The period during which an Option is exercisable being:–
- (a) in the case of a Market Price Option which is granted to a Scheme Participant, a period commencing after the 1st anniversary of the Date of Grant and expiring on (i) the 10th anniversary of such Date of Grant if granted to an Employee or (ii) the 5th anniversary of such Date of Grant if granted to a Non-Executive Director; and
 - (b) in the case of a Discount Option which is granted to a Scheme Participant, a period commencing after the 2nd anniversary of the Date of Grant and expiring on (i) the 10th anniversary of such Date of Grant if granted to an Employee or (ii) the 5th anniversary of such Date of Grant if granted to a Non-Executive Director,

APPENDIX I – PROPOSED RULES OF THE AOXIN Q & M EMPLOYEE SHARE OPTION SCHEME

- subject as provided in Rules 11 and 15 of the Scheme and any other conditions as may be introduced by the ESOS Committee from time to time
- “Exercise Price” : The price at which a Scheme Participant shall subscribe for each Share upon the exercise of an Option which shall be the price as determined in accordance with Rule 9.1(i) of the Scheme in relation to a Market Price Option or Rule 9.1(ii) of the Scheme in relation to a Discount Option, as adjusted in accordance with Rule 10 of the Scheme
- “Group” : The Company and its subsidiaries, collectively
- “Immediate family” : In relation to a person, means the person’s spouse, child, adopted child, step-child, sibling and parent
- “Market Day” : A day on which the SGX-ST is open for trading in securities
- “Market Price” : A price equal to the average of the last dealt prices for the Shares on the SGX-ST over the five (5) consecutive Market Days immediately preceding the Date of Grant of that Option, as determined by the ESOS Committee by reference to the daily official list or any other publication published by the SGX-ST, rounded to the nearest whole cent in the event of fractional prices
- “Market Price Option” : The right to subscribe for Shares granted or to be granted pursuant to the Scheme and for the time being subsisting, and in respect of which the Exercise Price is determined in accordance with Rule 9 of the Scheme
- “New Shares” : For the purpose of the Scheme, means the new Shares which may be allotted and issued from time to time pursuant to the exercise of the Options granted under the Scheme
- “Non-Executive Director” : A Director of the Group, other than Executive Directors and including the independent Directors, who does not perform an executive function within the Group
- “Option” : A Market Price Option and/or a Discount Option, as the case may be
- “Record Date” : The date as at the close of business on which the Shareholders must be registered in order to participate in any dividends, rights, allotments or other distributions
- “Rules” or “Rules of the Scheme” : Rules of the Scheme, as may be modified or amended from time to time and any reference to a particular Rule shall be construed accordingly
- “Scheme” : The Aoxin Q & M Employee Share Option Scheme, as the same may be modified or amended from time to time
- “Scheme Participant” : The holder of an Option (including, where applicable, the executor or personal representative of such holder)
- “SGX-ST” : Singapore Exchange Securities Trading Limited

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“Shareholders”	:	The registered holders of the Shares, except that where the registered holder is CDP, the term “Shareholders” shall, where the context admits, mean the depositors whose securities accounts are credited with the Shares
“Shares”	:	Ordinary shares in the capital of the Company
“Sponsor”	:	The Sponsor of the Company from time to time
“subsidiary”	:	A company which is for the time being a subsidiary of the Company, as defined by Section 5 of the Companies Act
“Substantial Shareholder”	:	A person who has an interest (directly or indirectly) of 5% or more of the total issued share capital of the Company
“Treasury Shares”	:	Issued Shares of the Company which have been (or are treated as having been) purchased by the Company in circumstances under which Section 76H of the Companies Act applies and which have since purchase been continuously held by the Company
“Vesting Schedule”	:	In relation to an Option, a schedule for the vesting and the exercise of the Shares comprised in the Option during the Exercise Period in relation to that Option as determined by the ESOS Committee on the Date of Grant of that Option
“S\$” and “SG cents”	:	Singapore dollars and cents, respectively

The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the meanings ascribed to them respectively by Section 81SF of the Securities and Futures Act (Chapter 289) of Singapore.

Words importing the singular number 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 Scheme to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or any statutory modification thereof and used in this Scheme shall, where applicable, have the meaning ascribed to it under the Companies Act or any statutory modification thereof, as the case may be.

Any reference to a time of a day in the Scheme is a reference to Singapore time.

3. RATIONALE FOR THE SCHEME

- 3.1 The Company places strong emphasis on the recruitment and retention of Directors and quality Employees with talent in all areas of the Group’s operations, and in particular, the drive, leadership, skills, expertise and experience of such persons, as the Company considers these to be qualities that will assist the Group to realise its strategic and long-term business goals.
- 3.2 The Scheme will provide Employees, Executive Directors and Non-Executive Directors (collectively as “**Directors**”), Controlling Shareholders and their Associates (collectively as “**Controlling Shareholders**”) who have contributed to the success and development of the Group with an opportunity to participate in the equity of the Company and to motivate them towards better performance through dedication and loyalty.

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The Scheme, which also forms an integral and important component of a compensation plan, is designed to reward and retain the Employees, Directors and Controlling Shareholders whose services are vital to the well-being and success of the Group.

3.3 The Scheme is primarily a share incentive scheme. It recognises the fact that the services of such Employees, Directors or Controlling Shareholders are important to the current development, growth and success of the Group. Implementation of the Scheme will not only allow the Company flexibility in relation to the Group's remuneration package for its Employees and allow the Group to better manage its fixed overheads but also enable the Company to give such Employees, Directors and Controlling Shareholders a real and meaningful stake in the Company and help the Company to achieve the following objectives:–

- (i) to motivate each Scheme Participant to achieve and maintain a high level of performance and high level of contribution to the Group;
- (ii) to make employee remuneration sufficiently competitive to recruit and retain Employees whose contributions are important to the long-term growth and profitability of the Group;
- (iii) to foster an ownership culture within the Company which aligns the interests of Scheme Participants with the interests of the Shareholders; and
- (iv) to attract potential Employees with relevant skills to contribute to the Group and to create value for the Shareholders of the Company.

4. ELIGIBILITY

4.1 Any of the following persons shall be eligible participate in the Scheme at the absolute discretion of the ESOS Committee:–

- (i) Employees who are confirmed full-time employees of the Company and/or its subsidiaries who have attained the age of 21 years on or before the Date of Grant;
- (ii) Directors of the Company and its subsidiaries (including Non-Executive Directors but excluding all the Directors of the Company as at the Adoption Date and their respective Associates); and
- (iii) Controlling Shareholders and/or their Associates, who meet the criteria in Rules 4.1(i) or 4.1(ii) above,

who, in the opinion of the ESOS Committee, have contributed or will contribute to the success of the Group. The participation of the above persons in the Scheme is subject to them individually (a) obtaining necessary approval from or conducting necessary registration and other procedures with the relevant authority or regulatory body in connection with their participation in the Scheme and acceptance or exercise of any Options; (b) being responsible for declaration of taxable incentives and payment of any tax (including income tax) payable on incentives received under the Scheme and (c) undertaking such act as may be required under the applicable laws and regulations they are subject to in connection with their participation in the Scheme and acceptance or exercise of any Options. However, no individual who is resident in a place where the grant, acceptance or exercise of Options pursuant to the Scheme is not permitted under the laws and regulations of such place or where in the view of the ESOS Committee, compliance with applicable laws and regulations in such place make it necessary or expedient to exclude such individual, is eligible to be offered or granted Options.

APPENDIX I – PROPOSED RULES OF THE AOXIN Q & M EMPLOYEE SHARE OPTION SCHEME

- 4.2 Persons who are Controlling Shareholders and/or Associates of Controlling Shareholders who meet the criteria in Rules 4.1(i) or 4.1(ii) above are also eligible to participate in the Scheme provided that the participation of and the actual number of Shares to be issued to them and the terms of any Option to be granted to each Controlling Shareholder or Associate of Controlling Shareholder shall be approved by independent Shareholders in separate resolutions for each such person subject to the following:–
- (a) the aggregate number of Shares which may be offered by way of grant of Options to Scheme Participants who are Controlling Shareholders or Associates of Controlling Shareholders under the Scheme shall not exceed 25% of the total number of Shares available under the Scheme; and
 - (b) the number of Shares available to each Controlling Shareholder or Associate of a Controlling Shareholder shall not exceed 10% of the total number of Shares available under the Scheme.
- 4.3 There will be no restriction on the eligibility of any Scheme Participant to participate in any other share option or share incentive schemes implemented by any other companies within the Group.
- 4.4 Subject to the Companies Act and any requirements of the SGX-ST, the terms of eligibility for participation in the Scheme may be amended from time to time at the absolute discretion of the ESOS Committee, which would be exercised judiciously.

5. MAXIMUM ENTITLEMENT

Subject to Rule 4 and Rule 10 of the Scheme:–

- 5.1 in determining the eligibility of the Employees and Executive Directors to participate in the Scheme and the number of Shares comprised in Market Price Options or, as the case may be, Discount Options, to be offered in accordance with the Scheme, the ESOS Committee will take into account criteria such as the grade level, seniority, level of responsibility, years of service, performance evaluation, the potential for future development and their respective contributions to the growth, success and development of the Group. In certain circumstances, the ESOS Committee shall also take into consideration the performance targets met by an eligible Employee or an Executive Director while determining the extent of the participation of that Employee or Executive Director in the Scheme. Examples of performance targets which will be considered by the ESOS Committee include targets based on criteria such as total shareholders' return, economic value added, market share, market ranking, profitability, return on sales and successful completion of a project; and
- 5.2 in determining the eligibility of the Non-Executive Directors and Controlling Shareholders to participate in the Scheme and the number of Shares comprised in Market Price Options or, as the case may be, Discount Options, to be offered in accordance with the Scheme, the ESOS Committee will take into account the criteria such as the services and the contributions made by such Non-Executive Director or Controlling Shareholder to the growth, success and development of the Group.

6. SIZE OF THE SCHEME

- 6.1 The aggregate number of Shares over which the ESOS Committee may grant Options on any date, when added to the number of Shares issued and issuable in respect of (i) all Options and Awards granted under the Scheme and the Share Plan; and (ii) all Options or Awards granted under other incentive schemes or share plans adopted by the Company and for the time being in force, shall not exceed 15% of the issued Shares of the Company on the day immediately preceding the Date of Grant of the Option.
- 6.2 Any Shares which are held as Treasury Shares will be disregarded for the purpose of computing the 15% limit.

APPENDIX I – PROPOSED RULES OF THE AOXIN Q & M EMPLOYEE SHARE OPTION SCHEME

7. DATE OF GRANT

- 7.1 The ESOS Committee may, save as provided in Rule 4, Rule 5 and Rule 6 above, offer to grant Options to such Scheme Participant as it may select in its absolute discretion at any time during the period when the Scheme is in force, except that no Option shall be granted during the period of 30 days immediately preceding the date of announcement of the Company's interim and/or final results (whichever the case may be). In addition, in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is made, an offer to grant Options may only be made on or after the 2nd Market Day on which such announcement is released.
- 7.2 The ESOS Committee shall decide, in its absolute discretion, whether to grant a Market Price Option or a Discount Option, the rate of discount for each Discount Option and whether such Options are to be granted subject to conditions and if so, what the applicable conditions are. The letter of offer to grant the Option shall be in, or substantially in, the form set out in Appendix 1.1(a) (in relation to a Market Price Option) or in the form set out in Appendix 1.1(b) (in relation to a Discount Option), subject in each case to such modification as the ESOS Committee may from time to time determine.

8. ACCEPTANCE OF OFFER

- 8.1 An Option offered to a Scheme Participant pursuant to Rule 7 may only be accepted by the Scheme Participant within thirty (30) days after the relevant Date of Grant and not later than 5.00 p.m. on the 30th day from such Date of Grant:–
- (i) by completing, signing and returning to the Company the Acceptance Form in or substantially in the form set out in Appendix 1.2(a) (in relation to a Market Price Option) or in the form set out in Appendix 1.2(b) (in relation to a Discount Option), subject in each case to such modification as the ESOS Committee may from time to time determine, accompanied by payment of S\$1.00 as consideration; and
 - (ii) if, at the date on which the Company receives from the Scheme Participant the relevant Acceptance Form in respect of the Option as aforesaid, he remains eligible to participate in the Scheme in accordance with these Rules.
- 8.2 If a grant of Option is not accepted strictly in the manner as provided in this Rule 8, such offer shall, upon the expiry of the thirty (30) day period, automatically lapse and shall forthwith be deemed to be null and void and of no effect.
- (i) The ESOS Committee shall be entitled to reject any purported acceptance of a grant of an Option made pursuant to this Rule 8 or any Exercise Notice given pursuant to Rule 12 which does not strictly comply with the terms of the Scheme.
 - (ii) Options are personal to the Scheme Participant to whom they are granted and shall not be sold, mortgaged, transferred, charged, assigned, pledged or otherwise disposed or encumbered in whole or in part or in any way whatsoever without the ESOS Committee's prior written approval, but may be exercised by the Scheme Participant's duly appointed personal representative as provided in Rule 11.5 in the event of the death of such Scheme Participant.
 - (iii) The Scheme Participant may accept or refuse the whole or part of the offer. If only part of the offer is accepted, the Scheme Participant shall accept the offer in multiples of 1,000 Shares.
 - (iv) In the event that a grant of an Option results in a contravention of any applicable law or regulation, such grant shall be null and void and of no effect and the relevant Scheme Participant shall have no claim whatsoever against the Company.

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- (v) Unless the ESOS Committee determines otherwise, an Option shall automatically lapse and become null, void and of no effect and shall not be capable of acceptance if:–
 - (a) it is not accepted in the manner as provided in Rule 8.1 within the thirty (30) day period; or
 - (b) the Scheme Participant dies prior to his acceptance of the Option; or
 - (c) the Scheme Participant is adjudicated a bankrupt or enters into composition with his creditors prior to his acceptance of the Option; or
 - (d) the Scheme Participant being an Employee ceases to be in the employment of the Group for any reason whatsoever prior to his acceptance of the Option; or
 - (e) the Company is liquidated or wound-up prior to the Scheme Participant's acceptance of the Option.

9. EXERCISE PRICE

9.1 Subject to any adjustment pursuant to Rule 10, the Exercise Price for each Share in respect of which an Option is exercisable shall be determined by the ESOS Committee, at its absolute discretion, on the Date of Grant, at:–

- (i) a price equal to the Market Price; or
- (ii) a price which is set at a discount to the Market Price, provided that:
 - A. the maximum discount shall not exceed 20% of the Market Price; and
 - B. the Company's Shareholders in general meeting shall have authorised, in a separate resolution, the making of offers and grants of Options under the Scheme at a discount not exceeding the maximum discount as aforesaid.

9.2 In making any determination under Rule 9.1(ii) on whether to give a discount and the quantum of such discount, the ESOS Committee shall be at liberty to take into consideration such criteria as the ESOS Committee may, at its absolute discretion, deem appropriate, including but not limited to:–

- (i) the performance of the Company and/or the Group, taking into account financial considerations such as the Group's sales/revenue, profit and performance targets;
- (ii) the years of service and individual performance (including the meeting of performance targets) of the Scheme Participant;
- (iii) the contribution of the Scheme Participant to the success and development of the Company and/or the Group; and
- (iv) the prevailing market conditions.

10. VARIATION OF CAPITAL

10.1 If a variation in the number of issued Shares of the Company (whether by way of a capitalization of profits or reserves or rights issue, cancellation, reduction, subdivision, consolidation, distribution or conversion or otherwise howsoever) should take place, then the ESOS Committee may determine whether:–

- (i) the Exercise Price in respect of the Shares, the class and/or number of Shares comprised in the Options to the extent unexercised and the rights attached thereto; and

APPENDIX I – PROPOSED RULES OF THE AOXIN Q & M EMPLOYEE SHARE OPTION SCHEME

- (ii) the class and/or number of Shares in respect of which additional Options may be granted to Scheme Participants,

may be adjusted in such manner as the ESOS Committee may determine to be appropriate but not permitting retrospective adjustments where such variation occurs after the date of exercise of an Option by the Record Date relating to such variation precedes such date of exercise and, except in relation to a capitalisation issue, upon the written confirmation of the Auditors (acting only as experts and not as arbitrators), that in their opinion, such adjustment is fair and reasonable.

- 10.2 Notwithstanding the provisions of Rule 10.1 above, no such adjustment shall be made (i) if as a result, the Scheme Participant receives a benefit that a Shareholder does not receive; and (ii) unless the ESOS Committee, after considering all relevant circumstances, considers it equitable to do so.

- 10.3 For the avoidance of doubt:–

- (i) the issue of securities as consideration for an acquisition of any assets or a private placement of securities by the Company;
- (ii) the cancellation of issued Shares purchased or acquired by the Company by way of a market purchase of such Shares undertaken by the Company on the SGX-ST during the period when a share purchase mandate granted by Shareholders of the Company (including any renewal of such mandate) is in force;
- (iii) an issue of Shares or securities convertible into or with rights to acquire or subscribe for Shares, in any such case in consideration or part consideration for the acquisition of any other securities, assets or business; and
- (iv) any issue of Shares arising from the exercise of any warrants or the conversion of any convertible securities issued by the Company,

shall not normally be regarded as a circumstance requiring adjustments of Options.

- 10.4 Upon any adjustment required to be made, the Company shall notify each Scheme Participant (or his duly appointed executor or personal representative(s)) in writing and deliver to him (or, where applicable, his duly appointed executor or personal representative(s)) a statement setting forth the new Exercise Price thereafter in effect and the class and/or number of Shares thereafter comprised in the Option so far as unexercised (including consequent alterations to the Vesting Schedule). Any adjustment shall take effect upon such written notification being given.

11. EXERCISE PERIOD

- 11.1 Subject as provided in this Rule 11 and Rule 15, a Market Price Option and a Discount Option shall be exercisable, in whole or in part, during the Exercise Period applicable to that Option and subject to and in accordance with the Vesting Schedule and conditions (if any) applicable to that Option.

- 11.2 An Option shall, to the extent unexercised, immediately lapse and become null and void and a Scheme Participant shall have no claim against the Company:–

- (i) subject to Rules 11.2, 11.3 and 11.4, upon the Scheme Participant (excluding a Controlling Shareholder) ceasing to be in the employment of the Company or any of the companies within the Group for any reason whatsoever; or
- (ii) upon the bankruptcy of the Scheme Participant or the happening of any other event which result in his being deprived of the legal or beneficial ownership of such Option; or

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- (iii) in the event of misconduct on the part of the Scheme Participant, as determined by the ESOS Committee at its absolute discretion.

For the purpose of Rule 11.2(i), a Scheme Participant (excluding a Controlling Shareholder) shall be deemed to have ceased to be so employed as of the date the notice of termination of employment is tendered by or is given to him, unless such notice shall be withdrawn prior to its effective date.

- 11.3 If a Scheme Participant (excluding a Controlling Shareholder) ceases to be employed by the Group by reason of his:–

- (i) ill health, injury or disability, in each case, as certified by a medical practitioner approved by the ESOS Committee;
- (ii) redundancy;
- (iii) retirement at or after a legal retirement age; or
- (iv) retirement before that age with the consent of the ESOS Committee,

or for any other reason approved in writing by the ESOS Committee, he may, at the absolute discretion of the ESOS Committee exercise any unexercised Option within the relevant Exercise Period and upon the expiry of such period, the Option shall immediately lapse and become null and void.

- 11.4 If a Scheme Participant (excluding a Controlling Shareholder) ceases to be employed by a subsidiary:–

- (i) by reason of the subsidiary, by which he is principally employed ceasing to be a company within the Group or the undertaking or part of the undertaking of such subsidiary, being transferred otherwise than to another company within the Group; or
- (ii) for any other reason, provided the ESOS Committee gives its consent in writing,

he may, at the absolute discretion of the ESOS Committee, exercise any unexercised Options within the relevant Exercise Period and upon the expiry of such period, the Option shall immediately lapse and become null and void.

- 11.5 If a Scheme Participant dies and at the date of his death holds any unexercised Option, such Option may, at the absolute discretion of the ESOS Committee, be exercised by the duly appointed legal personal representatives of the Scheme Participant within the relevant Exercise Period and upon the expiry of such period, the Option shall immediately lapse and become null and void.

- 11.6 If a Scheme Participant, who is also an Executive Director, ceases to be a Director for any reason whatsoever, he may, at the absolute discretion of the ESOS Committee, exercise any unexercised Option within the relevant Exercise Period and upon the expiry of such period, the Option shall immediately lapse and become null and void.

12. EXERCISE OF OPTIONS, ALLOTMENT AND LISTING OF SHARES

- 12.1 An Option may be exercised in whole or in part (provided that an Option may be exercised in part only in respect of 1,000 Shares or any multiple thereof), by a Scheme Participant giving notice in writing to the Company in or substantially in the form set out in Appendix 1.3(a) (in relation to a Market Price Option) or in the form set out in Appendix 1.3(b) (in relation to a Discount Option) (collectively referred to as the “**Exercise Notice**”), subject in each case to such modification as the ESOS Committee may from time to time determine. Every Exercise Notice must be accompanied

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by a remittance for the full amount of the aggregate Exercise Price in respect of the Shares which have been exercised under the Option, the relevant CDP charges (if any) and any other documentation the ESOS Committee may require. All payments shall be made by cheque, cashier's order, bank draft or postal order made out in favour of the Company. An Option shall be deemed to be exercised upon the receipt by the Company of the said notice duly completed and the receipt by the Company of the full amount of the aggregate Exercise Price in respect of the Shares which have been exercised under the Option.

12.2 Subject to such consents or other required action of any competent authority under any regulations or enactment for the time being in force as may be necessary and subject to the compliance with the terms of the Scheme and the Constitution of the Company, the Company shall, within 10 Market Days after the exercise of an Option, do any one or more of the following in relation to the exercise of such Option as it deems fit in its sole and absolute discretion:–

- (i) allot the relevant Shares and despatch to CDP the relevant share certificates by ordinary post or such other mode as the ESOS Committee may deem fit and the Company shall, as soon as practicable after such allotment, apply to the SGX-ST for permission to deal in and for quotation of such Shares, if necessary; and/or
- (ii) transfer existing Shares to the Scheme Participant, whether such existing Shares are held as Treasury Shares or otherwise.

12.3 Shares which are allotted on the exercise of an Option by a Scheme Participant shall be issued, as the Scheme Participant may elect, in the name of CDP to the credit of the securities account of the Scheme Participant maintained with CDP, or to the Scheme Participant's securities sub-account with a CDP Depository Agent, or if such securities account is not available, in the name of the Scheme Participant.

12.4 Shares allotted and issued upon the exercise of an Option shall be subject to all provisions of the Constitution of the Company and shall rank *pari passu* in all respects with the then existing issued Shares in the capital of the Company except for any dividends, rights, allotments or other distributions, the Record Date for which is prior to the date such Shares are allotted and issued.

12.5 Except as set out in Rule 12.2 and subject to Rule 10, an Option does not confer on a Scheme Participant any right to participate in any new issue of Shares.

12.6 Notwithstanding any other Rule of this Scheme to the contrary, and notwithstanding references to subscription, issue and allotment of Shares or New Shares, the Company reserves to itself the right to deliver Treasury Shares in lieu of New Shares to Scheme Participants upon their exercise of Options.

13. MODIFICATIONS TO THE SCHEME

13.1 Any or all the provisions of the Scheme may be modified and/or altered at any time and from time to time by resolution of the ESOS Committee, except that:–

- (i) any modification or alteration which shall alter adversely the rights attaching to any Option granted prior to such modification or alteration and which in the opinion of the ESOS Committee, materially alters the rights attaching to any Option granted prior to such modification or alteration may only be made with the consent in writing of such number of Scheme Participants who, if they exercised their Options in full, would thereby become entitled to Shares representing not less than three-quarters of the total voting rights (or such other requirements as may be prescribed by the SGX-ST) of all the Shares which would be allotted upon exercise in full of all outstanding Options;

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- (ii) any modification or alteration which would be to the advantage of Scheme Participants under the Scheme shall be subject to the prior approval of the Shareholders in general meeting, whereby Shareholders who are also holders of Options shall be required to abstain from voting in respect of any resolution relating to such modification or alteration; and
- (iii) no modification or alteration shall be made except in compliance with the Catalist Rules or such other stock exchange on which the Shares are quoted or listed and such other regulatory authorities as may be necessary.

For the purposes of Rule 13.1(i), the opinion of the ESOS Committee as to whether any modification or alteration would alter adversely the rights attaching to any Option shall be final and conclusive.

- 13.2 Notwithstanding anything to the contrary contained in Rule 13.1, the ESOS Committee may at any time by resolution (and without other formality, save for the prior approval of the Sponsor (acting as agent on behalf of the SGX-ST) or the SGX-ST (as the case may be)) amend or alter the Scheme in any way to the extent necessary to cause the Scheme to comply with any statutory provision or the provision or the regulations of any regulatory or other relevant authority or body (including the SGX-ST).
- 13.3 Written notice of any modification or alteration made in accordance with this Rule 13 shall be given to all Scheme Participants.

14. DURATION OF THE SCHEME

- 14.1 The Scheme shall continue to be in force at the discretion of the ESOS Committee, subject to a maximum period of ten (10) years, commencing on the Adoption Date. Subject to compliance with any applicable laws and regulations in Singapore, the Scheme may be continued beyond the above stipulated period with the approval of the Shareholders by ordinary resolution at a general meeting and of any relevant authorities which may then be required.
- 14.2 The Scheme may be terminated at any time by the ESOS Committee or by resolution of the Shareholders at general meeting subject to all other relevant approvals which may be required and if the Scheme is so terminated, no further Options shall be offered by the Company hereunder.
- 14.3 The termination, discontinuance or expiry of the Scheme shall be without prejudice to the rights accrued to Options which have been granted and accepted as provided in Rule 8 above, whether such Options have been exercised (whether fully or partially) or not.

15. TAKE-OVER WINDING UP OF THE COMPANY

- 15.1 In the event of a take-over or exit offer being made for the Company, Scheme Participants (including Scheme Participants holding Options which are then not exercisable pursuant to the provisions of Rule 11.1) holding Options as yet unexercised shall, notwithstanding Rule 11 and Rule 12 but subject to Rule 15.5, be entitled to exercise such Options in full or in part during the period commencing on the date on which such offer is made or, if such offer is conditional, the date on which the offer becomes or is declared unconditional, as the case may be, and ending on the earlier of:–
- (i) the expiry of six (6) months thereafter, unless prior to the expiry of such a six (6) month period, at the recommendation of the offeror and with the approvals of the ESOS Committee and the SGX-ST, such expiry date is extended to a later date (being a date falling not later than the date of expiry of the Exercise Period relating thereto); or
 - (ii) the date of the expiry of the Exercise Period relating thereto,

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whereupon any Option then remaining unexercised shall immediately lapse and become null and void.

Provided always that if during such period the offeror becomes entitled or bound to exercise the rights of compulsory acquisition of the Shares under the provisions of the Companies Act and, being entitled to do so, gives notice to the Scheme Participants that it intends to exercise such rights on a specified date, the Option shall remain exercisable by the Scheme Participants until such specified date or the expiry of the Exercise Period relating thereto, whichever is earlier. Any Option not so exercised by the said specified date shall lapse and become null and void provided that the rights of acquisition or obligation to acquire stated in the notice shall have been exercised or performed, as the case may be. If such rights of acquisition or obligations have not been exercised or performed, all Options shall, subject to Rule 11.2, remain exercisable until the expiry of the Exercise Period.

- 15.2 If, under any applicable laws, the court sanctions a compromise or arrangement proposed for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with another company or companies, Scheme Participants (including Scheme Participants holding Options which are then not exercisable pursuant to the provisions of Rule 11.1) shall notwithstanding Rule 11 and Rule 12, but subject to Rule 15.5, be entitled to exercise any Option then held by them during the period commencing on the date upon which the compromise or arrangement is sanctioned by the court and ending either on the expiry of the period of time prescribed by the order of court sanctioning the compromise or arrangement for the lodgement of the order of court with the Accounting and Corporate Regulatory Authority, or where no such period of time is prescribed in the order of court, such period of time prescribed under the Companies Act, or the date upon which the compromise or arrangement become effective, whichever is earlier (but not after the expiry of the Exercise Period relating thereto), whereupon any unexercised Option shall lapse and becomes null and void, provided always that the date of exercise of any Option shall be before the expiry of the Exercise Period.
- 15.3 If an order or an effective resolution is passed for the winding up of the Company on the basis of its insolvency, all Options, to the extent unexercised, at the date such order or restriction shall lapse and become null and void.
- 15.4 In the event a notice is given by the Company to its members to convene a general meeting for the purposes of considering, and if though fit, approving a resolution to voluntarily wind-up the Company, the Company shall on the same date or after it despatches such notice to each member of the Company give notice thereof to all Scheme Participants (together with a notice of the existence of the provisions of this Rule 15.4) and thereupon, each Scheme Participant (or his legal personal representative(s)) shall be entitled to exercise all or any of his Options at any time not later than two (2) business days prior to the proposed general meeting of the Company by giving notice in writing to the Company, accompanied by a remittance for the full amount of the aggregate Exercise Price for the Shares in respect of which the notice is given whereupon the Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot and issue the relevant Shares to the Scheme Participant credited as fully paid.
- 15.5 If in connection with the making of a general offer referred to in Rule 15.1 above or the scheme referred to in Rule 15.2 above or the winding-up referred to in Rule 15.4 above, arrangements are made (which are confirmed in writing by the Auditors, acting only as experts and not as arbitrators, to be fair and reasonable) for the compensation of Scheme Participants, whether by the continuation of their Options or the payment of cash or the grant of other Options or otherwise, a Scheme Participant holding an Option, which is not then exercisable, may not, at the discretion of the ESOS Committee, be permitted to exercise that Option as provided for in this Rule 15.
- 15.6 To the extent that an Option is not exercised within the periods referred to in this Rule 15, it shall lapse and become null and void.

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16. ADMINISTRATION OF THE SCHEME

- 16.1 The Scheme shall be administered by the ESOS Committee in its absolute discretion with such powers and duties as may be conferred on it by the Board provided that a member of the ESOS Committee who is a Scheme Participant shall not be involved in the deliberations of the ESOS Committee in respect of the Options to be granted to him in compliance with the requirements of the Catalist Rules.
- 16.2 All determinations or actions of the ESOS Committee with respect to the interpretation and/or implementation of the Scheme shall be decided by the affirmative vote of the majority of the members of the ESOS Committee who are not disqualified from participating by virtue of Rule 16.1 or by way of a written instrument signed by the majority of the members of the ESOS Committee who are not disqualified from participating by virtue of Rule 16.1. In the event of a tie, the chairman of the ESOS Committee shall have a second or casting vote.
- 16.3 The ESOS Committee shall have the power, from time to time to make or vary such regulations (not being inconsistent with the Scheme) for the implementation and administration of the Scheme as it thinks fit.
- 16.4 Any decision of the ESOS Committee, made pursuant to any provision of the Scheme (other than a matter to be certified by the Auditors), shall be final and binding (including any decisions pertaining to the quantum of discount applicable to a Discount Option pursuant to Rule 9.1 or to disputes as to the interpretation of the Scheme or any Rule, regulation, or procedure thereunder or as to any rights under the Scheme).

17. NOTICES

- 17.1 Any notice required to be given by a Scheme Participant to the Company shall be sent or made to the registered office of the Company or such other address as may be notified by the Company to him in writing.
- 17.2 Any notices or documents required to be given to a Scheme Participant or any correspondence to be made between the Company and the Scheme Participant shall be given or made by the ESOS Committee (or such person or persons as it may from time to time direct) on behalf of the Company and shall be delivered to him by hand or sent to him at home address according to the records of the Company and if sent by post, shall be deemed to have been given on the day following the date of posting.

18. TERMS OF EMPLOYMENT UNAFFECTED

- 18.1 The Scheme or any Option shall not form part of any contract of employment between the Company or any Subsidiary and any Scheme Participant and the rights and obligations of any individual under the terms of the office or employment with such company within the Group shall not be affected by his participation in the Scheme or any right which he may have to participate in it or any Option which he may hold and the Scheme or any Option shall afford such an individual no additional rights to compensation or damages in consequence of the termination of such office or employment for any reason whatsoever.
- 18.2 The Scheme shall not confer on any person any legal or equitable rights (other than those constituting the Options themselves) against the Company and/or any Subsidiary directly or indirectly or give rise to any cause of action at law or in equity against the Company and/or any Subsidiary.

19. TAXES

All taxes (including income tax) arising from the acceptance and exercise of any Option granted to any Scheme Participants under the Scheme shall be borne by that Scheme Participant.

APPENDIX I – PROPOSED RULES OF THE AOXIN Q & M EMPLOYEE SHARE OPTION SCHEME

20. COSTS AND EXPENSES OF THE SCHEME

- 20.1 Each Scheme Participant shall be responsible for all fees of CDP relating to or in connection with the issue and allotment of any Shares pursuant to the exercise of any Option in CDP's name, the deposit of share certificate(s) with CDP, the Scheme Participant's securities account with CDP, or the Scheme Participant's securities sub-account with a Depository Agent or CPF investment account with a CPF agent bank and all taxes referred to in Rule 19 which shall be payable by the relevant Scheme Participant.
- 20.2 Save for such costs and expenses expressly provided in the Scheme to be payable by the Scheme Participant, all fees, costs and expenses incurred by the Company in relation to the Scheme including but not limited to the fees, costs and expenses relating to the allotment and issue of Shares pursuant to the exercise of any Option shall be borne by the Company.

21. CONDITION OF OPTION

Every Option shall be subject to the condition that no Shares shall be issued pursuant to the exercise of an Option if such issue would be contrary to any law or enactment, or any rules or regulations of any legislative or non-legislative governing body for the time being in force in Singapore or any other relevant country.

22. DISCLAIMER OF LIABILITY

Notwithstanding any provisions herein contained and subject to the Companies Act, the Board, the ESOS Committee and the Company shall not under any circumstances be held liable for any costs, losses, expenses and damages whatsoever and howsoever arising in respect of any matter under or in connection with the Scheme, including but not limited to the Company's delay in allotting and issuing the Shares or in applying for or procuring the listing of the Shares on the SGX-ST.

23. DISCLOSURE IN ANNUAL REPORT

The Company shall make the following disclosure in its annual report:–

- 23.1 the name of the members of the ESOS Committee;
- 23.2 the information required in the table below for the following Scheme Participants:–
- (i) Scheme Participants who are Directors of the Company;
 - (ii) Scheme Participants who are Controlling Shareholders and their Associates; and
 - (iii) Scheme Participants, other than those in Rules 23.2(i) and 23.2(ii) above who receive Options to subscribe for Shares representing five per cent. (5%) or more of the total number of Shares available under the Scheme.

Name of Scheme Participant	Options granted During financial year under review (including terms)	Aggregate number of Shares over which Options have been granted since commencement of the Scheme to the end of financial year under review	Aggregate number of Shares arising from the Options which have been exercised since commencement of the Scheme to the end of financial year under review	Aggregate number of Shares over which Options are outstanding as at the end of financial year under review

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23.3 the number and proportion of Options granted at a discount during the financial year under review in respect of every 10% discount range, up to the maximum quantum of 20% discount granted.

23.4 such other information as may be required by the Catalist Rules or the Companies Act.

An appropriate negative statement in the event the disclosure of any of the abovementioned information is not applicable.

24. ABSTENTION FROM VOTING

Scheme Participants who are Shareholders are to abstain from voting on any Shareholders' resolution relating to the Scheme, including (a) implementation of the Scheme; (b) discount quantum; and (c) participation by and Option grant to Controlling Shareholders and their Associates.

25. DISPUTES

Any disputes or differences of any nature arising hereunder shall be referred to the ESOS Committee and its decision shall be final and binding in all respects.

26. GOVERNING LAW

The Scheme shall be governed by, and construed in accordance with, the laws of the Republic of Singapore. The Scheme Participants, by accepting Options in accordance with the Scheme, and the Company submit to the exclusive jurisdiction of the courts of the Republic of Singapore.

**APPENDIX I – PROPOSED RULES OF THE AOXIN Q & M EMPLOYEE SHARE
OPTION SCHEME**

APPENDIX 1.1(a)

**THE AOXIN Q & M EMPLOYEE SHARE OPTION SCHEME
LETTER OF OFFER
(MARKET PRICE OPTION)**

Serial No. _____

Private and Confidential

[Date]

To: [Name]
[Designation]
[Address]

Dear Sir/Madam

We have the pleasure of informing you that you have been nominated by the ESOS Committee of Directors of Aoxin Q & M Dental Group Limited (the "Company") to participate in the Aoxin Q & M Employee Share Option Scheme (the "Scheme").

Accordingly, an offer is hereby made to grant you a Market Price Option (as defined in the Scheme), in consideration of the payment of a sum of S\$1.00, to subscribe for and be allotted _____ ordinary shares in the capital of the Company (the "Shares") at the price of S\$_____ per Share.

The Market Price Option shall be exercisable at the relevant times and in respect of that number of Shares specified, as set out in the Vesting Schedule attached in Part A of this letter.

This Market Price Option is personal to you and shall not be transferred, charged, assigned, pledged or otherwise disposed by you, in whole or in part, except with the prior approval of the ESOS Committee (as defined in the Scheme).

The Option shall be subject to the Rules of the Scheme, a copy of which is available for inspection at the registered address of the Company.

If you wish to accept the offer, please sign and return the enclosed Acceptance Form with a sum of S\$1.00 not later than _____ (a.m./p.m.) on _____, failing which this offer shall automatically lapse and shall thereafter be null and void.

Yours faithfully

**THE ESOS COMMITTEE
AOXIN Q & M DENTAL GROUP LIMITED
AOXIN Q & M EMPLOYEE SHARE OPTION SCHEME**

APPENDIX I – PROPOSED RULES OF THE AOXIN Q & M EMPLOYEE SHARE OPTION SCHEME

Part A

Vesting Schedule

Subject to the Scheme and to the terms of the accompanying letter of offer, the Market Price Option may normally be exercised, during the Exercise Period, at the following times and in the following manner:–

Period	Percentage of Shares over which the Market Price Option is exercisable
Before the first anniversary of the Date of Grant	: Nil
Between the first anniversary and the second anniversary of the Date of Grant	: _____%
Between the second anniversary and the third anniversary of the Date of Grant	: _____%
Between the third anniversary and the fourth anniversary of the Date of Grant	: _____%
After the fourth anniversary and up to the tenth anniversary of the Date of Grant	: _____%

In relation to the Market Price Option, if the Scheme Participant, during any of the periods specified above, exercises that Market Price Option for such number of Shares which in aggregate represents less than the number of Shares for which the Scheme Participant may exercise in respect of such period, the balance of the Shares comprised in that Market Price Option for which the Scheme Participant could have exercised (but did not exercise) in that period shall be carried forward and added to the number of Shares (but shall not be taken into account in determining the number of Shares) in respect of which the Scheme Participant may exercise in the next succeeding period or periods.

**APPENDIX I – PROPOSED RULES OF THE AOXIN Q & M EMPLOYEE SHARE
OPTION SCHEME**

APPENDIX 1.1(b)

**THE AOXIN Q & M EMPLOYEE SHARE OPTION SCHEME
LETTER OF OFFER
(DISCOUNT OPTION)**

Serial No. _____

Private and Confidential

[Date]

To: [Name]
[Designation]
[Address]

Dear Sir/Madam

We have the pleasure of informing you that you have been nominated by the ESOS Committee of Directors of Aoxin Q & M Dental Group Limited (the "Company") to participate in the Aoxin Q & M Employee Share Option Scheme (the "Scheme").

Accordingly, an offer is hereby made to grant you a Discount Option (as defined in the Scheme), in consideration of the payment of a sum of S\$1.00, to subscribe for and be allotted _____ ordinary shares in the capital of the Company (the "Shares") at the discounted price of S\$ _____ per Share (being the subscription price of S\$ less a discount of _____%).

The Discount Option shall be exercisable at the relevant times and in respect of that number of Shares specified, as set out in the Vesting Schedule attached in Part A of this letter.

This Discount Option is personal to you and shall not be transferred, charged, assigned, pledged or otherwise disposed by you, in whole or in part, except with the prior approval of the ESOS Committee (as defined in the Scheme).

The Option shall be subject to the Rules of the Scheme, a copy of which is available for inspection at the registered address of the Company.

If you wish to accept the offer, please sign and return the enclosed Acceptance Form with a sum of S\$1.00 not later than _____ (a.m./p.m.) on _____, failing which this offer shall automatically lapse and shall thereafter be null and void.

Yours faithfully

THE ESOS COMMITTEE
AOXIN Q & M DENTAL GROUP LIMITED
AOXIN Q & M EMPLOYEE SHARE OPTION SCHEME

APPENDIX I – PROPOSED RULES OF THE AOXIN Q & M EMPLOYEE SHARE OPTION SCHEME

Part A

Vesting Schedule

Subject to the Scheme and to the terms of the accompanying letter of offer, the Discount Option may normally be exercised, during the Exercise Period, at the following times and in the following manner:–

Period	Percentage of Shares over which the Discount Options exercisable
Before the second anniversary of the Date of Grant	: Nil
Between the second anniversary and the third anniversary of the Date of Grant	: _____%
Between the third anniversary and the fourth anniversary of the Date of Grant	: _____%
Between the fourth anniversary and up to the tenth anniversary of the Date of Grant	: _____%

In relation to the Discount Option, if the Scheme Participant, during any of the periods specified above, exercises that Discount Option for such number of Shares which in aggregate represents less than the number of Shares for which the Scheme Participant may exercise in respect of such period, the balance of the Shares comprised in that Discount Option for which the Scheme Participant could have exercised (but did not exercise) in that period shall be carried forward and added to the number of Shares (but shall not be taken into account in determining the number of Shares) in respect of which the Scheme Participant may exercise in the next succeeding period or periods.

**APPENDIX I – PROPOSED RULES OF THE AOXIN Q & M EMPLOYEE SHARE
OPTION SCHEME**

APPENDIX 1.2(a)

**THE AOXIN Q & M EMPLOYEE SHARE OPTION SCHEME
ACCEPTANCE FORM
(MARKET PRICE OPTION)**

Serial No. _____

Private and Confidential

To: The ESOS Committee
Aoxin Q & M Employee Share Option Scheme
Aoxin Q & M Dental Group Limited
[registered office address of Aoxin Q & M Dental Group Limited]

Closing Date and Time for Acceptance of Offer _____

Number of ordinary shares in the capital of the
Company (the "Shares") offered _____

Exercise Price per Share S\$ _____

Total Amount Payable for the Shares
(exclusive of the relevant CDP charges) S\$ _____

I have read your letter of offer dated _____ ("Date of Grant") and agree to be bound by the terms of the letter of offer and the Rules of the Aoxin Q & M Employee Share Option Scheme referred to therein.

I hereby accept the Market Price Option to subscribe for Shares at a price of S\$ _____ per Share. I enclose a *cheque/cashier's order/bank draft/postal order for S\$1.00 as consideration for the grant of the Market Price Option.

I acknowledge that the Market Price Option shall be exercisable at the relevant times and in respect of that number of Shares specified, as set out in the Vesting Schedule attached in Part A of the letter of offer.

I understand that I am not obliged to exercise the Market Price Option.

I acknowledge and confirm that I shall be responsible for all the fees of CDP (if any) relating to or in connection with the allotment and issue of any Shares in CDP's name, to the credit of my securities account with CDP or my securities sub-account with a Depository Agent (as the case may be) (collectively, the "CDP Charges").

**APPENDIX I – PROPOSED RULES OF THE AOXIN Q & M EMPLOYEE SHARE
OPTION SCHEME**

I further acknowledge and confirm that you have not made any representation to induce me to accept the offer and that the terms of the letter of offer and this Acceptance Form constitute the entire agreement between us relating to the offer.

I agree to maintain confidentiality with regards to all information relating to the grant of the Market Price Option to me.

Please print in block letters

Name in Full : _____

Designation : _____

Address : _____

Nationality : _____

*NRIC/Passport No. : _____

Signature : _____

Date : _____

* **Please delete accordingly.**

Notes:–

1. Shares must be accepted in full or in multiples of 1,000.
2. The Acceptance Form must be forwarded to the ESOS Committee in an envelope marked "Private and Confidential".
3. The Scheme Participant shall be informed by the Company of the relevant CDP Charges payable at the time of the exercise of the Market Price Option.

**APPENDIX I – PROPOSED RULES OF THE AOXIN Q & M EMPLOYEE SHARE
OPTION SCHEME**

APPENDIX 1.2(b)

**THE AOXIN Q & M EMPLOYEE SHARE OPTION SCHEME
ACCEPTANCE FORM
(DISCOUNT OPTION)**

Serial No. _____

Private and Confidential

To: The ESOS Committee
Aoxin Q & M Employee Share Option Scheme
Aoxin Q & M Dental Group Limited
[registered office address of Aoxin Q & M Dental Group Limited]

Closing Date and Time for Acceptance of Offer _____

Number of ordinary shares in the capital of the
Company (the “Shares”) offered _____

Exercise Price per Share S\$ _____

Total Amount Payable for the Shares
(exclusive of the relevant CDP charges) S\$ _____

I have read your letter of offer dated _____ (“Date of Grant”) and agree to be bound by the terms of the letter of offer and the Rules of the Aoxin Q & M Employee Share Option Scheme referred to therein.

I hereby accept the Discount Option to subscribe for _____ Shares at a discounted price of S\$ _____ per Share. I enclose a *cheque/cashier’s order/bank draft/postal order for S\$1.00 as consideration for the grant of the Discount Option.

I acknowledge that the Discount Option shall be exercisable at the relevant times and in respect of that number of Shares specified, as set out in the Vesting Schedule attached in Part A of the letter of offer.

I understand that I am not obliged to exercise the Discount Option.

I acknowledge and confirm that I shall be responsible for all the fees of CDP (if any) relating to or in connection with the allotment and issue of any Shares in CDP’s name, to the credit of my securities account with CDP or my securities sub-account with a Depository Agent (as the case may be) (collectively, the “CDP Charges”).

**APPENDIX I – PROPOSED RULES OF THE AOXIN Q & M EMPLOYEE SHARE
OPTION SCHEME**

I further acknowledge and confirm that you have not made any representation to induce me to accept the offer and that the terms of the letter of offer and this Acceptance Form constitute the entire agreement between us relating to the offer.

I agree to maintain confidentiality with regards to all information relating to the grant of the Discount Option to me.

Please print in block letters

Name in Full : _____

Designation : _____

Address : _____

Nationality : _____

*NRIC/Passport No. : _____

Signature : _____

Date : _____

* **Please delete accordingly.**

Notes:–

1. Shares must be accepted in full or in multiples of 1,000.
2. The Acceptance Form must be forwarded to the ESOS Committee in an envelope marked “Private and Confidential”.
3. The Scheme Participant shall be informed by the Company of the relevant CDP Charges payable at the time of the exercise of the Discount Option.

**APPENDIX I – PROPOSED RULES OF THE AOXIN Q & M EMPLOYEE SHARE
OPTION SCHEME**

APPENDIX 1.3(a)

**THE AOXIN Q & M EMPLOYEE SHARE OPTION SCHEME
EXERCISE NOTICE
(MARKET PRICE OPTION)**

Serial No. _____

Private and Confidential

To: The ESOS Committee
Aoxin Q & M Employee Share Option Scheme
Aoxin Q & M Dental Group Limited
[registered office address of Aoxin Q & M Dental Group Limited]

Total number of ordinary shares in the capital of the Company (the "Shares") offered at S\$_____ per Share under the Aoxin Q & M Group Employee Share Option Scheme (the "Scheme") on _____ ("Date of Grant") : _____

Number of Shares previously allotted and issued thereunder : _____

Outstanding balance of Shares to be allotted and issued thereunder : _____

Number of Shares now to be subscribed : _____

1. Pursuant to your letter of offer dated _____ ("Date of Grant") and my acceptance thereof, I hereby exercise the Market Price Option to subscribe for Shares in the capital of Aoxin Q & M Dental Group Limited (the "Company") at the price of S\$_____ per Share.

2. I hereby request the Company to allot and issue the number of Shares specified in paragraph 1 above in the name of The Central Depository (Pte) Limited ("CDP") to the credit of my securities account with CDP or my securities sub-account with a Depository Agent specified below and to deliver the share certificate(s) relating thereto to CDP. I further agree to bear such fees and other charges as may be imposed by CDP (the "CDP Charges") in respect thereof:

* (a) Direct Securities Account Number : _____

or

* (b) Securities Sub-Account Number : _____

Name of Depository Agent : _____

3. I enclose a *cheque/cashier's order/bank draft/postal order no. _____ of S\$_____ in payment for the subscription of the total number of the said Shares and *CDP Charges of S\$_____.

**APPENDIX I – PROPOSED RULES OF THE AOXIN Q & M EMPLOYEE SHARE
OPTION SCHEME**

4. I agree to subscribe for the said Shares subject to the terms of the letter of offer, the Scheme and the Constitution of the Company.
5. I declare that I am subscribing for the said Shares for myself and not as a nominee for any other person.

Please print in block letters

Name in Full : _____

Designation : _____

Address : _____

Nationality : _____

*NRIC/Passport No. : _____

Signature : _____

Date : _____

* **Please delete accordingly.**

Notes:–

1. A Market Price Option may be exercised, in whole or in part, provided that a Market Price Option may be exercised in part only in respect of 1,000 Shares or any multiple thereof.
2. The Exercise Notice must be forwarded to the ESOS Committee in an envelope marked "Private and Confidential".
3. The Scheme Participant shall be informed by the Company of the relevant CDP Charges payable at the time of the exercise of the Market Price Option.

**APPENDIX I – PROPOSED RULES OF THE AOXIN Q & M EMPLOYEE SHARE
OPTION SCHEME**

APPENDIX 1.3(b)

**THE AOXIN Q & M EMPLOYEE SHARE OPTION SCHEME
EXERCISE NOTICE
(DISCOUNT OPTION)**

Serial No. _____

Private and Confidential

To: The ESOS Committee
Aoxin Q & M Employee Share Option Scheme
Aoxin Q & M Dental Group Limited
[registered office address of Aoxin Q & M Dental Group Limited]

Total number of ordinary shares in the capital of the Company (the "Shares") offered at S\$ per Share under the Aoxin Q & M Employee Share Option Scheme (the "Scheme") on ("Date of Grant") : _____

Number of Shares previously allotted and issued thereunder : _____

Outstanding balance of Shares to be allotted and issued thereunder : _____

Number of Shares now to be subscribed : _____

1. Pursuant to your letter of offer dated _____ ("Date of Grant") and my acceptance thereof, I hereby exercise the Discount Option to subscribe for _____ Shares in the capital of Aoxin Q & M Dental Group Limited (the "Company") at the discounted price of S\$ _____ per Share.

2. I hereby request the Company to allot and issue the number of Shares specified in paragraph 1 above in the name of The Central Depository (Pte) Limited ("CDP") to the credit of my securities account with CDP or my securities sub-account with a Depository Agent specified below and to deliver the share certificate(s) relating thereto to CDP. I further agree to bear such fees and other charges as may be imposed by CDP (the "CDP Charges") in respect thereof:-

* (a) Direct Securities Account Number : _____

or

* (b) Securities Sub-Account Number : _____

Name of Depository Agent : _____

3. I enclose a *cheque/cashier's order/bank draft/postal order no. _____ of S\$ _____ in payment for the subscription of the total number of the said Shares and *CDP Charges of S\$ _____.

**APPENDIX I – PROPOSED RULES OF THE AOXIN Q & M EMPLOYEE SHARE
OPTION SCHEME**

4. I agree to subscribe for the said Shares subject to the terms of the letter of offer, the Scheme and the Constitution of the Company.
5. I declare that I am subscribing for the said Shares for myself and not as a nominee for any other person.

Please print in block letters

Name in Full : _____

Designation : _____

Address : _____

Nationality : _____

*NRIC/Passport No. : _____

Signature : _____

Date : _____

* **Please delete accordingly.**

Notes:–

1. A Discount Option may be exercised, in whole or in part, provided that a Discount Option may be exercised in part only in respect of 1,000 Shares or any multiple thereof.
2. The Exercise Notice must be forwarded to the ESOS Committee in an envelope marked "Private and Confidential". The Scheme Participant shall be informed by the Company of the relevant CDP Charges payable at the time of the exercise of the Discount Option.

APPENDIX II – PROPOSED RULES OF THE AOXIN Q & M PERFORMANCE SHARE PLAN

1. AOXIN Q & M PERFORMANCE SHARE PLAN

The Aoxin Q & M Performance Share Plan shall mean the performance share plan herein, as modified or altered from time to time and shall be referred to as the Share Plan.

2. DEFINITIONS

In this Share Plan, unless the context otherwise requires, the following words and expressions shall have the following meanings:–

- “Act” or “Companies Act” : Companies Act (Chapter 50) of Singapore, as amended or modified from time to time
- “Adoption Date” : The date on which the Share Plan is adopted by the Company in general meeting
- “Associate” : (a) In relation to any Director, chief executive officer, Substantial Shareholder or Controlling Shareholder (being an individual) means:–
- (i) his Immediate family;
 - (ii) the trustees of any trust of which he or his Immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
 - (iii) any company in which he and his Immediate family together (directly or indirectly) have an interest of 30% or more
- (b) In relation to a Substantial Shareholder or Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more,
- or such other definition as the Catalist Rules may from time to time prescribe
- “Auditors” : The auditors of the Company for the time being
- “Award” : A contingent award of Shares granted under the Share Plan
- “Award Date” : In relation to an Award, the date on which the Award is granted
- “Award Participant” : The persons who has been granted an Award pursuant to the Share Plan
- “Board of Directors” : The board of Directors of the Company
- “Catalist” : The sponsor-supervised listing platform of the SGX-ST
- “Catalist Rules” : Section B, the listing manual of the SGX-ST, as amended, supplemented or modified from time to time
- “CDP” : The Central Depository (Pte) Limited

APPENDIX II – PROPOSED RULES OF THE AOXIN Q & M PERFORMANCE SHARE PLAN

“Circular”	:	The circular to Shareholders in relation to the adoption of the Share Plan
“Company”	:	Aoxin Q & M Dental Group Limited
“Controlling Shareholder”	:	A person who:– (a) holds directly or indirectly 15% or more of the total number of issued shares excluding treasury shares in the Company; or, (b) in fact exercises control over the Company For the purpose of the Share Plan, Controlling Shareholders shall also include their Associates.
“CPF”	:	Central Provident Fund
“Director”	:	A director of the Company from time to time and the term “Directors” shall be construed accordingly
“Employee”	:	An employee of the Group (including any Director) selected by the PSP Committee to participate in the Share Plan in accordance with the Rules of the Share Plan
“Executive Director”	:	A Director who is an employee of the Group and performs an executive function, excluding Directors who are Controlling Shareholders and Directors who are Associates of Controlling Shareholders
“Group”	:	The Company and its Subsidiaries, collectively
“Independent Director”	:	An independent Director of the Company
“New Shares”	:	The New Shares which may be allotted and issued from time to time to an Award under the Share Plan
“Non-Executive Director”	:	A Director other than an Executive Director
“Potential Participant”	:	The person(s) who may be selected by the PSP Committee to be granted an Award pursuant to the Share Plan
“PSP Committee”	:	The committee comprising all the members of the Remuneration Committee of the Company from time to time, and duly authorised and appointed by the Board pursuant to Rule 10 of the Plan to administer the Plan
“Record Date”	:	In relation to any dividends, rights allotment or other distributions, the date as at the close of business (or such other time as may have been notified by the Company) on which the Shareholders must be registered with the Company or with CDP, as the case may be, in order to participate in such dividends, rights, allotments or other distributions
“Released Award”	:	An Award which has been released in accordance with Rule 7

APPENDIX II – PROPOSED RULES OF THE AOXIN Q & M PERFORMANCE SHARE PLAN

- “Release Schedule” : In relation to an Award, a schedule in such form as the PSP Committee shall approve, setting out the extent to which Shares which are the subject of that Award shall be released on the performance target(s) being satisfied (whether fully or partially) or exceeded or not being satisfied, as the case may be, at the end of the performance period
- “Rules” or “Rules of the Share Plan” : Rules of the Share Plan as set out in the Appendix II to the Circular and any reference to a particular Rule shall be construed accordingly
- “Securities Account” : A securities account maintained by a Depositor with CDP but does not include a securities sub-account
- “SGX-ST” : Singapore Exchange Securities Trading Limited
- “Shareholders” : Registered holders of Shares in the Register of Members of the Company, except that where the registered holder is CDP, the term Shareholders shall, in relation to such Shares and where the context so admits, mean the Depositors in the Depository Register maintained by the CDP and whose Securities Accounts are credited with those Shares. Any reference to Shares held by or shareholdings of Shareholders shall include Shares standing to the credit of their respective Securities Accounts
- “Share Plan” : The proposed performance share plan, as modified or altered from time to time
- “Share” or “Shares” : Ordinary shares in the capital of the Company
- “Sponsor” : The Sponsor of the Company from time to time
- “Subsidiary” : Has the meaning ascribed to it in Section 5 of the Companies Act
- “Vesting Date” : In relation to Shares which are the subject of a Released Award, the date (as determined by the PSP Committee and notified to the relevant Award Participant) on which those Shares will vest pursuant to Rule 7
- “Vesting Period” : In relation to an Award, a period or periods, the duration of which is to be determined by the PSP Committee at the Award Date
- “S\$” and “SG cents” : Singapore dollars and cents, respectively
- “%” or “per cent.” : Per centum or percentage

The terms “Depositor”, “Depository Agent” and “Depository Register” shall have the meanings ascribed to them respectively by Section 81SF of the Securities and Futures Act (Chapter 289) of Singapore.

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. References to persons shall include corporations.

APPENDIX II – PROPOSED RULES OF THE AOXIN Q & M PERFORMANCE SHARE PLAN

Any reference in this Share Plan to any enactment is a reference to that enactment for the time being amended or re-enacted. Any word defined under the Companies Act, the Catalist Rules or any modification thereof and used in this Share Plan shall have the same meaning assigned to it under the Companies Act, the Catalist Rules or any modification thereof, as the case may be.

Any reference to a time of day in this Share Plan shall be a reference to Singapore time unless otherwise stated.

The headings in this Share Plan are inserted for convenience only and shall be ignored in construing this Circular.

3. RATIONALE FOR THE SHARE PLAN

The Share Plan is a share incentive scheme which will allow the Company, *inter alia*, to target specific performance objectives and to provide an incentive for Potential Participants to achieve these targets. The Directors believe that the new plan will incentivise Potential Participants to excel in their performance and encourage greater dedication and loyalty to the Company and also help to achieve the following positive objectives:–

- (i) to incentivise Potential Participants to excel in their performance and encourage greater dedication and loyalty to the Company;
- (ii) to attract and retain Potential Participants whose contributions are important to the long-term growth and profitability of the Group;
- (iii) to recognise and reward past contributions and services and motivate Potential Participants to continue to strive for the Group's long-term prosperity; and
- (iv) to develop a participatory style of management which instils loyalty and a stronger sense of identification with the long-term goals of the Group.

4. ELIGIBILITY

4.1 Persons who are eligible to participate in the Share Plan must be:–

- (i) Employees who are confirmed full-time employees of the Company and/or its subsidiaries who have attained the age of 21 years on or before the Award Date;
- (ii) Directors of the Company and its subsidiaries (including Non-Executive Directors but excluding all the Directors of the Company as at the the Adoption Date and their respective associates); and
- (iii) Controlling Shareholders and/or their Associates, who meet the criteria in Rules 4.1(i) or 4.1(ii) above,

who, in the opinion of the PSP Committee, have contributed or will contribute to the success of the Group. The participation of the above persons in the Share Plan is subject to them individually (a) obtaining necessary approval from or conducting necessary registration and other procedures with the relevant authority or regulatory body in connection with their participation in the Share Plan and grant or release of any Awards; (b) being responsible for declaration of taxable incentives and payment of any tax (including income tax) payable on incentives received under the Share Plan; and (c) undertaking such act as may be required under the applicable laws and regulations they are subject to in connection with their participation in the Share Plan and grant or release of any Awards. However, no individual who is resident in a place where the grant, acceptance or exercise of Awards pursuant to the Share Plan is not permitted under the laws and regulations of such place or where in the view of the PSP Committee, compliance with applicable laws and regulations in such place make it necessary or expedient to exclude such individual, is eligible to be offered or granted Awards.

APPENDIX II – PROPOSED RULES OF THE AOXIN Q & M PERFORMANCE SHARE PLAN

- 4.2 Persons who are Controlling Shareholders and/or Associates of Controlling Shareholders who meet the criteria in Rules 4.1(i) or 4.1(ii) above are also eligible to participate in the Share Plan provided that the participation of and the actual number of Shares to be issued to them and the terms of any Award to be granted to each Controlling Shareholder or Associate of a Controlling Shareholder shall be approved by independent Shareholders in separate resolutions for each such person subject to the following:–
- (i) the aggregate number of Shares in respect of the Awards which may be awarded to Award Participants who are Controlling Shareholders or Associates of Controlling Shareholders under the Share Plan shall not exceed 25% of the total number of Shares which may be granted under the Share Plan; and
 - (ii) the number of Shares in respect of the Awards available to each Controlling Shareholder or Associate of a Controlling Shareholder shall not exceed 10% of the Shares which may be granted under the Share Plan.
- 4.3 There shall be no restriction on the eligibility of any Potential Participant to participate in any other share option or share incentive schemes implemented or to be implemented by the Company or another company within the Group.
- 4.4 Subject to the Companies Act and any requirements of the SGX-ST or any other stock exchange on which the Shares may be listed or quoted, the terms of eligibility for participation in the Share Plan may be amended from time to time at the absolute discretion of the PSP Committee.

5. GRANT OF AWARDS

- 5.1 Subject to Rule 8, the PSP Committee may grant Awards to Potential Participants, as the PSP Committee may select, in its absolute discretion, at any time during the period when the Share Plan is in force.
- 5.2 The number of Shares which are the subject of each Award to be granted to an Award Participant in accordance with the Share Plan shall be determined at the absolute discretion of the PSP Committee, which shall take account criteria such as, *inter alia*, the grade level, scope of responsibilities, performance, years of service and potential for future development and the extent of effort and resourcefulness with which the performance target(s) may be achieved within the performance period.
- 5.3 The performance targets will be set by the PSP Committee depending on each individual Award Participant's job scope and responsibilities. The performance targets shall take into account both the medium and long-term corporate objectives of the Group and the individual performance of the Potential Participant and will be aimed at sustaining long-term growth. The corporate objectives shall cover market competitiveness, business growth and productivity growth. The performance targets could be based on criteria such as sales growth, growth in earnings and/or returns on investments. In addition, the Potential Participant's length of service with the Group, achievement of past performance targets, value-add to the Group's performance and development and overall enhancement to shareholder value, amongst others, will be taken into account.

The PSP Committee shall decide in relation to an Award:–

- (i) the Award Participant;
- (ii) the Award Date;
- (iii) the performance period;
- (iv) the number of Shares which are the subject of the Award;

APPENDIX II – PROPOSED RULES OF THE AOXIN Q & M PERFORMANCE SHARE PLAN

- (v) the performance target(s) which shall be set according to the specific roles of each Award Participant, and which may differ from Award Participant to Award Participant;
 - (vi) the prescribed Vesting Period(s);
 - (vii) the Release Schedule; and
 - (viii) any other condition which the PSP Committee may determine in relation to that Award, including any restrictions against the disposal or sale of and/or other dealings in the Shares by the Award Participant.
- 5.4 Awards may only be vested and consequently any Shares comprised in such Awards shall only be delivered upon the PSP Committee being satisfied that the Award Participant has achieved the performance targets set forth by the PSP Committee, and the PSP Committee shall have the absolute discretion to determine the extent to which the Shares under that Award shall be released on the prescribed performance targets being satisfied (whether fully or partially) or exceeded, as the case may be, at the end of the prescribed performance period and in making any such determination, the PSP Committee shall have the right to make reference to the audited results of the Company or the Group, as the case may be, to take into account such factors as the PSP Committee may determine to be relevant, such as changes in accounting methods, taxes and extraordinary events, and further, the right to amend the performance target(s) if the PSP Committee decides that a changed performance target would be a fairer measure of performance.
- 5.5 The PSP Committee may amend or waive the performance period, the performance target(s) and/or the Release Schedule in respect of any Award:–
- (i) in the event of a take-over offer being made for the Shares or if Shareholders approve of or under the Companies Act, the court sanctions a compromise or arrangement proposed for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with another company or companies or in the event of a proposal to liquidate or sell all or substantially all of the assets of the Company; or
 - (ii) if anything happens which causes the PSP Committee to conclude that:–
 - (a) a changed performance target(s) and/or Release Schedule would be a fairer measure of performance, and would be no less difficult to satisfy; or
 - (b) the performance target(s) and/or Release Schedule should be waived,and the PSP Committee shall notify the Award Participants of such change or waiver.
- 5.6 As soon as reasonably practicable after making an Award the PSP Committee shall send to each Award Participant an award letter confirming the Award and specifying in relation to the Award:–
- (i) the Award Date;
 - (ii) the performance period;
 - (iii) the number of Shares which are the subject of the Award;
 - (iv) the performance target(s);
 - (v) the prescribed Vesting Periods(s);
 - (vi) the Release Schedule; and
 - (viii) any other condition which the PSP Committee may determine in relation to that Award.

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- 5.7 Award Participants are not required to pay for the grant of Awards.
- 5.8 An Award or Released Award shall be personal to the Award Participant to whom it is granted and, prior to the allotment to the Award Participant of the Shares to which the Released Award relates, shall not be transferred, charged, assigned, pledged or otherwise disposed of, in whole or in part, except with the prior approval of the PSP Committee and if an Award Participant shall do, suffer or permit any such act or thing as a result of which he would or might be deprived of any rights under an Award or Released Award without the prior approval of the PSP Committee, that Award or Released Award shall immediately lapse.

6. EVENTS PRIOR TO THE VESTING DATE

- 6.1 An Award shall, to the extent not yet released, immediately lapse without any claim whatsoever against the Company:–
- (i) in the event of misconduct on the part of the Award Participant as determined by the PSP Committee in its discretion;
 - (ii) subject to Rule 6.2, upon the Award Participant ceasing to be in the employment of the Group for any reason whatsoever;
 - (iii) the bankruptcy of the Award Participant or the happening of any other event which results in him being deprived of the legal or beneficial ownership of an Award; or
 - (iv) in the event of an order being made or a resolution passed for the winding up of the Company on the basis, or by reason, of its insolvency.

For the purpose of Rule 6.1(ii), the Award Participant shall be deemed to have ceased to be so employed as of the date the notice of termination of employment is tendered by or is given to him, unless such notice shall be withdrawn prior to its effective date. Further, for the purpose of determining eligibility to participate in the Share Plan, the secondment of an Employee of the Group to another company within the Group shall not be regarded as a break in his employment with or his having ceased by reason only of such secondment to be a full-time employee of the Group (as applicable).

- 6.2 In any of the following events, namely:–
- (i) where the Award Participant, ceases to be in the employment of the Group by reason of:–
 - (a) ill health, injury or disability (in each case, evidenced to the satisfaction of the PSP Committee);
 - (b) redundancy;
 - (c) retirement at or after the legal retirement age;
 - (d) retirement before the legal retirement age with the consent of the PSP Committee; or
 - (e) the company by which he is employed or to which he is seconded, as the case may be, ceasing to be a company of the Group;
 - (ii) the death of an Award Participant; or
 - (iii) any other event approved by the PSP Committee,

then the PSP Committee may, in its absolute discretion, preserve all or any part of any Award and decide as soon as reasonably practicable following such event either to vest some or all of the

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Shares which are the subject of any Award or to preserve all or part of any Award until the end of the performance period and subject to the provisions of the Share Plan. In exercising its discretion, the PSP Committee will have regard to all circumstances on a case-by-case basis, including (but not limited to) the contributions made by that Award Participant and the extent to which the performance target(s) has been satisfied.

6.3 Without prejudice to the provisions of Rule 5.5, if before the Vesting Date, any of the following occurs:–

- (i) a take-over offer for the Shares becomes or is declared unconditional;
- (ii) a compromise or arrangement proposed for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with another company or companies being approved by shareholders of the Company and/or sanctioned by the applicable courts under applicable legislation; or
- (iii) an order being made or a resolution being passed for the winding up of the Company (other than as provided in Rule 6.1(iv) or for amalgamation or reconstruction),

the PSP Committee will consider, at its discretion, and subject to any legal or regulatory requirements, whether or not to release any Award, and will take into account all circumstances on a case-by-case basis, including (but not limited to) the contributions made by that Award Participant. If the PSP Committee decides to release any Award, then in determining the number of Shares to be vested in respect of such Award, the PSP Committee will have regard to the proportion of the performance period which has elapsed and the extent to which the performance target(s) has been satisfied and any legal or regulatory requirements, provided that any Awards not released prior to commencement of the winding up of the Company (whether voluntary or by order of court) shall, upon commencement of such winding up be null and void. Subject to the foregoing, where Awards are released, the PSP Committee will, as soon as practicable after the Awards have been released, procure the allotment to each Award Participant of the number of Shares so determined, such allotment to be made in accordance with Rule 7.

7. RELEASE OF AWARDS

- 7.1 As soon as reasonably practicable after the end of each performance period, the PSP Committee shall review the performance target(s) specified in respect of that Award and determine whether they have been satisfied and, if so, the extent to which they have been satisfied (whether fully or partially) and the number of Shares to be released.
- 7.2 If the PSP Committee determines in its sole discretion that the performance target(s) has not been satisfied or if the relevant Award Participant has not continued to be an Employee of the Group from the Date of Grant up to the end of the relevant performance period that Award (subject to Rule 6) shall lapse and be of no value and the provisions of Rules 7.2 to 7.10 shall be of no effect.
- 7.3 The PSP Committee shall have the discretion to determine whether the performance target(s) has been satisfied (whether fully or partially) or exceeded and in making any such determination, the PSP Committee shall have the right to make reference to the audited results of the Group or the Company, as the case may be, to take into account such factors as the PSP Committee may determine to be relevant, such as changes in accounting methods, taxes and special events, and further, the right to amend the performance target(s) if the PSP Committee decides that a changed performance target would be a fairer measure of performance.
- 7.4 Subject to the prevailing legislation and the provisions of the Catalist Rules, the Company will deliver Shares to Award Participants upon vesting of their Awards by way of an issue of New Shares or the transfer of Shares to the Award Participant.

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- 7.5 In determining whether to issue New Shares or to transfer Shares held in treasury to satisfy the Award, the Company will have the right to take into account factors such as but not limited to the number of Shares to be delivered, the prevailing Market Price of the Shares, the financial effect on the Company of either issuing New Shares or transferring Shares held in treasury.
- 7.6 The PSP Committee will procure, upon approval of the Board of Directors therefore, the allotment or transfer to each Award Participant of the number of Shares which are to be released to that Award Participant pursuant to an Award under Rule 5. Any proposed issue of New Shares will be subject to there being in force at the relevant time the requisite Shareholders approval under the Companies Act for the issue of Shares. Any allotment of New Shares pursuant to an Award will take into account the rounding of odd lots.
- 7.7 Where New Shares are to be allotted or any Shares are to be transferred to an Award Participant pursuant to the release of any Award, the Vesting Date will be a trading day falling as soon as practicable after the review by the PSP Committee referred to in Rule 7.1. On the Vesting Date, the PSP Committee will procure the allotment or transfer to each Award Participant of the number of Shares so determined.
- 7.8 Where New Shares are to be allotted upon the vesting of any Award, the Company shall, as soon as practicable after such allotment, apply through the Sponsor (acting as agent on behalf of SGX-ST) or to the SGX-ST for permission (as the case may be) to deal in and for quotation of such Shares on the SGX-ST.
- 7.9 Shares which are allotted or transferred on the release of an Award to an Award Participant shall be issued in the name of, or transferred to, CDP to the credit of either:–
- (i) the Securities Account of that Award Participant maintained with CDP; or
 - (ii) the securities sub-account of that Award Participant maintained with a Depository Agent; or
 - (iii) the CPF investment account maintained with a CPF agent bank,
- in each case, as designated by that Award Participant. Until such issue or transfer of such Shares has been effected, that Award Participant shall have no voting rights nor any entitlements to dividends or other distributions declared or recommended in respect of any Shares which are the subject of the Award granted to him.
- 7.10 New Shares allotted and issued, and existing Shares held in treasury procured by the Company for transfer, on the release of an Award shall:–
- (a) be subject to all the provisions of the Constitution of the Company and the Companies Act; and
 - (b) rank in full for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the Record Date for which is on or before the relevant Vesting Date, and shall in all other respects rank *pari passu* with other existing Shares then in issue.

8. LIMITATION ON THE SIZE OF THE SHARE PLAN

- 8.1 The total number of Shares which may be available pursuant to Options and Awards granted under the Scheme and the Share Plan, when aggregated with the aggregate number of Shares available under any other share-based schemes of the Company, shall not exceed 15% of the total issued Shares of the Company (excluding Treasury Shares) from time to time.
- 8.2 Shares which are the subject of Awards which have lapsed for any reason whatsoever may be the subject of further Awards granted by the PSP Committee under the Share Plan.

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9. ADJUSTMENT EVENTS

9.1 If a variation in the issued ordinary Share capital of the Company (whether by way of a capitalisation of profits or reserves or rights issue, capital reduction, subdivision, consolidation of Shares, distribution or otherwise) shall take place, then:–

- (i) the class and/or number of Shares which are the subject of Awards to the extent not yet vested; and/or
- (ii) the class and/or number of Shares in respect of which future Awards may be granted under the Share Plan,

shall be adjusted in such manner as the PSP Committee may determine at its own discretion to be appropriate.

9.2 Unless the PSP Committee considers an adjustment to be appropriate, the following events shall not normally be regarded as a circumstance requiring adjustment:–

- (i) issue of securities as consideration for an acquisition or a private placement of securities;
- (ii) cancellation of issued Shares purchased or acquired by the Company by way of a market purchase of such Shares undertaken by the Company on the SGX-ST during the period when a share purchase mandate granted by Shareholders (including any renewal of such mandate) is in force;
- (iii) an issue of Shares or other securities convertible into or with rights to acquire or subscribe for Shares to its Employees including Directors or Employees of the Company pursuant to purchase or option scheme approved by Shareholders in general meeting, including the Share Plan;
- (iv) an issue of Shares or securities convertible into or with rights to acquire or subscribe for Shares, in any such case in consideration or part consideration for the acquisition of any other securities, assets or business; and
- (v) any issue of Shares arising from the exercise of any warrants or the conversion of any convertible securities issued by the Company.

9.3 Notwithstanding the provisions of Rule 9.1:–

- (i) any adjustment (except in relation to a capitalisation issue) must be confirmed in writing by the Auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable; and
- (ii) the adjustment must be made in such a way that an Award Participant will not receive a benefit that a Shareholder does not receive.

9.4 Upon any adjustment made, the Company shall notify the Award Participant (or his duly appointed personal representatives where applicable) in writing and deliver to him (or his duly appointed personal representatives where applicable) a statement setting forth the class and/or number of Shares thereafter to be issued pursuant to the grant of an Award. Any adjustment shall take effect upon such written notification being given.

9.5 Subject to the Rules of the Share Plan, the Share Plan may be modified and/or altered at any time and from time to time by a resolution of the PSP Committee provided that:–

- (i) no modification or alteration shall be made which would adversely affect the rights attaching to any Awards granted prior to such modification or alteration except with the consent in writing of such number of Award Participants who, if their Awards were released to them in

APPENDIX II – PROPOSED RULES OF THE AOXIN Q & M PERFORMANCE SHARE PLAN

full, would become entitled to not less than three-quarters in number of all the Shares which would be issued or delivered, as the case may be, upon the release of in full of all outstanding Awards;

- (ii) any modifications or alteration which would be to the advantage of Award Participants shall not be made except with the prior approval of the Shareholders in general meeting; and
- (iii) no modification or alteration shall be made except in compliance with the Catalist Rules or such other stock exchange on which the Shares are quoted or listed and such other regulatory authorities as may be necessary.

10. ADMINISTRATION OF THE SHARE PLAN

- 10.1 The Share Plan shall be administered by the PSP Committee in its absolute discretion with such powers and duties as are conferred on it by the Board of Directors provided that a member of the PSP Committee who is an Award Participant shall not be involved in the deliberations of the PSP Committee in respect of the Awards to be granted to him in compliance with the requirements of the Catalist Rules.
- 10.2 The PSP Committee shall have the power, from time to time, to make and vary such arrangements, guidelines and/or regulations (not being inconsistent with the Share Plan) for the implementation and administration of the Share Plan, to give effect to the provisions of the Share Plan and/or to enhance the benefit of the Awards and the Released Awards to the Award Participants, as they may, in their absolute discretion, think fit. Any matter pertaining or pursuant to the Share Plan and any dispute and uncertainty as to the interpretation of the Share Plan, any rule, regulation or procedure thereunder or any rights under the Share Plan shall be determined by the PSP Committee.
- 10.3 Neither the Share Plan nor the grant of Awards under the Share Plan shall impose on the Company or the PSP Committee or any of its members any liability whatsoever in connection with:–
- (i) the lapsing of any Awards pursuant to any provision of the Share Plan;
 - (ii) the failure or refusal by the PSP Committee to exercise, or the exercise by the PSP Committee of, any discretion under the Share Plan; and/or
 - (iii) any decision or determination of the PSP Committee made pursuant to any provision of the Share Plan.
- 10.4 Any decision or determination of the PSP Committee made pursuant to any provision of the Share Plan (other than a matter to be certified by the Auditors) shall be final, binding and conclusive (including for the avoidance of doubt, any decisions pertaining to disputes as to the interpretation of the Share Plan or any rule, regulation or procedure hereunder or as to any rights under the Share Plan). The PSP Committee shall not be required to furnish any reasons for any decision or determination made by it.

11. NOTICES AND COMMUNICATIONS

- 11.1 Any notice required to be given by an Award Participant to the Company shall be sent or made to the registered office of the Company or such other addresses or facsimile number, and marked for the attention of the PSP Committee, as may be notified by the Company to the Award Participant in writing.
- 11.2 Any notices or documents required to be given to an Award Participant or any correspondence to be made between the Company and the Award Participant shall be given or made by the PSP Committee (or such person or persons as it may from time to time direct) on behalf of the

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Company and shall be delivered to him by hand or sent to him at his home address according to the records of the Company.

- 11.3 Any notice or other communication from an Award Participant to the Company shall be irrevocable, and shall not be effective until received by the Company. Any other notice or communication from the Company to an Award Participant shall be deemed to be received by that Award Participant, when left at the address specified in Rule 11.2 or, if sent by post, on the day following the date of posting or, if sent by electronic mail or facsimile transmission, on the day of dispatch.

12. MODIFICATIONS TO THE SHARE PLAN

- 12.1 Any or all the provisions of the Share Plan may be modified and/or altered at any time and from time to time by resolution of the PSP Committee, except that:–

- (i) no modification or alteration shall alter adversely the rights attached to any Award granted prior to such modification or alteration except with the consent in writing of such number of Award Participants who, if their Awards were released to them upon the performance target(s) for their Awards being satisfied in full, would become entitled to not less than three-quarters in number of all the Shares which would fall to be vested upon release of all outstanding Awards upon the performance target(s) for all outstanding Awards being satisfied in full;
- (ii) any modifications or alteration which would be to the advantage of Award Participants shall not be made except with the prior approval of the Shareholders in general meeting; and
- (iii) no modification or alteration shall be made except in compliance with the Catalist Rules or such other stock exchange on which the Shares are quoted or listed and such other regulatory authorities as may be necessary.

For the purposes of Rule 12.1(i), the opinion of the PSP Committee as to whether any modification or alteration would adversely affect the rights attached to any Award shall be final, binding and conclusive.

For the avoidance of doubt, nothing in this Rule 12.1 shall affect the right of the PSP Committee under any other provision of the Share Plan or to adjust any Award.

- 12.2 Notwithstanding anything to the contrary contained in Rule 12.1, the PSP Committee may at any time by resolution (and without other formality, save for the prior approval of the Sponsor (acting as agent on behalf of the SGX-ST) or the SGX-ST (as the case may be)) amend or alter the Share Plan in any way to the extent necessary or desirable, in the opinion of the PSP Committee, to cause the Share Plan to comply with, or take into account, any statutory provision (or any amendment or modification thereto, including amendment of or modification to the Companies Act or the provision or the regulations of any regulatory or other relevant authority or body (including the SGX-ST or such other stock exchange on which the Shares are quoted or listed)).
- 12.3 Written notice of any modification or alteration made in accordance with this Rule 12 shall be given to all Award Participants.

13. TERMS OF EMPLOYMENT UNAFFECTED

The terms of employment of an Award Participant shall not be affected by his participation in the Share Plan, which shall neither form part of such terms nor entitle him to take into account such participation in calculating any compensation or damages on the termination of his employment for any reason.

APPENDIX II – PROPOSED RULES OF THE AOXIN Q & M PERFORMANCE SHARE PLAN

14. DURATION OF THE SHARE PLAN

- 14.1 The Share Plan shall continue in force at the discretion of the PSP Committee, subject to a maximum period of 10 years commencing on the date on which the Share Plan is adopted by the Company in general meeting, provided always that the Share Plan may continue beyond the above stipulated period with the approval of Shareholders by ordinary resolution in general meeting, and of any relevant authorities which may then be required.
- 14.2 The Share Plan may be terminated at any time at the discretion of the PSP Committee, or by an ordinary resolution passed by the Shareholders at a general meeting subject to all other relevant approvals which may be required and if the Share Plan is so terminated, no further Awards shall be offered by the Company hereunder.
- 14.3 Notwithstanding the expiry or termination of the Share Plan, any Awards made to the Award Participants prior to such expiry or termination will continue to remain valid.

15. TAXES

All taxes (including income tax) arising from the grant or release of any Awards to any Award Participants under the Share Plan shall be borne by the Award Participants.

16. COSTS AND EXPENSES OF THE SHARE PLAN

- 16.1 Each Award Participant shall be responsible for all fees of CDP relating to or in connection with the issue and allotment or transfer of any Shares pursuant to the release of any Awards in CDP's name, the deposit of share certificate(s) with CDP, the Award Participants' Securities Account with CDP, or the Award Participants' securities sub-account with a CDP Depository Agent or CPF investment account with a CPF agent bank.
- 16.2 Save for the taxes referred to in Rule 15 and such other costs and expenses expressly provided in the Share Plan to be payable by the Award Participants, all fees, costs and expenses incurred by the Company in relation to the Share Plan including, but not limited to, the fees, costs and expenses relating to the allotment and issue of Shares pursuant to the release of any Award shall be borne by the Company.

17. DISCLAIMER OF LIABILITY

Notwithstanding any provisions herein contained, the PSP Committee and the Company shall not under any circumstances be held liable for any costs, losses, expenses and damages whatsoever and howsoever arising in any event, including but not limited to the Company's delay in issuing or procuring the transfer of, the Shares or applying for or procuring the listing of New Shares on the SGX-ST in accordance with Rule 7.8 or any other stock exchange on which the Shares are listed or quoted.

18. DISCLOSURES IN ANNUAL REPORT

- 18.1 In accordance with the Catalist Rules, the following shall be disclosed by the Company in its annual report as long as the Share Plan continues in operation:–
- (i) The names of the PSP Committee administering the Share Plan;
 - (ii) In respect of the following Award Participants of the Share Plan:–
 - (a) Directors;
 - (b) Award Participants who are Controlling Shareholders and their Associates;

APPENDIX II – PROPOSED RULES OF THE AOXIN Q & M PERFORMANCE SHARE PLAN

- (c) Award Participants other than those referred to in Rules 18.1(ii)(a) and 18.1(ii)(b) above, who have received Shares pursuant to the vesting of Awards granted under the Share Plan which, in aggregate, represent 5% or more of the total number of Shares available under the Share Plan, the following information will be disclosed:–
- (1) the name of the Award Participant;
 - (2) aggregate number of Shares comprised in Awards granted to such Award Participant during the financial year under review;
 - (3) aggregate number of Shares comprised in Awards granted to such Award Participant since the commencement of the Share Plan to the end of the financial year under review;
 - (4) aggregate number of Shares issued to such Award Participant under the Share Plan during the financial year under review; and
 - (5) aggregate number of Share comprised in Awards which have not been vested as at the end of the financial year under review; and
- (iii) such other information as may be required by the Catalist Rules or the Companies Act.

If any of the above disclosure is not applicable, an appropriate negative statement will be included.

19. DISPUTES

Any disputes or differences of any nature arising hereunder shall be referred to the PSP Committee and its decision shall be final and binding in all respects.

20. ISSUE CONTRARY TO LAW

Every Award shall be subject to the condition that no Shares shall be vested pursuant to an Award under the Share Plan if such vesting would be contrary to any law or enactment, or any rules or regulations of any legislative or non-legislative governing body for the time being in force in Singapore or any other relevant country having jurisdiction in relation to the issue of Shares hereto.

21. GOVERNING LAW

The Share Plan shall be governed by, and construed in accordance with the laws of the Republic of Singapore. The Award Participants, by accepting Awards in accordance with the Share Plan, and the Company submit to the exclusive jurisdiction of the courts of the Republic of Singapore.

22. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT, (CHAPTER 53B)

No person other than the Company or an Award Participant shall have any right to enforce any provision of the Share Plan or any Award by the virtue of the Contracts (Rights of Third Parties) Act, (Chapter 53B) of Singapore.

The following is the text of a letter and valuation report prepared for the purpose of incorporation in this circular received from Cushman & Wakefield, an independent property valuer, in connection with its opinion of market values of the Property held by the Shao Lihua (邵丽华) in the PRC as at 12 September 2018.



Dear Sirs,

Re: Portfolio valuations of the Property in the People's Republic of China

Instructions, Purpose and Valuation Date

In accordance with the instructions of [AOXIN Q & M DENTAL GROUP LIMITED (the "Company")] for us to carry out valuations of the market values of the Property held by Shao Lihua (邵丽华) in the People's Republic of China (the "PRC"); we confirm that we have carried out an inspection, made relevant enquiries and obtained such further information as we considered necessary for the purpose of providing you with our opinion of the market values in its existing state of the Property as at 12 September 2018 (the "valuation date"). And attach the valuation certificate as follows.

Yours faithfully,
For and on behalf of
Cushman & Wakefield Shenzhen Valuation Co., Ltd.
Isaac Zhao
Registered China Real Estate Appraiser
Associate Director
6 December 2018



APPENDIX III – VALUATION REPORTS

Definition of Market Value

Market Value which is defined as the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

Valuation Assumption and Restriction

Shao Lihua possesses the legal development rights of subject property, and has the right to transfer this property within the unexpired term. We prepare valuation on the assumption that the area exceeding the legal construction size could get the permit of relevant government authorities and in the course of the calculation. In its existing state, all the payables of the land and other project expenses incurred have been fully settled. The planning design and construction are in according with the local programming regulations and have been approved by the relevant local government authorities.

The Property, whether as a whole or on a strata-titled basis, may be freely disposed to other parties both home and abroad.

Our valuation excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of special value.

When valuing the title of property, we are of the assumption that all the land grant fees, costs of public utilities and ancillary infrastructure fees have been fully settled. For the situation of the title of property, we totally rely on the materials provided by the client. The Property value is the market value, and it is conditional on a good title basis in our valuation.

Our valuation has been made on the assumption that the grantees or the users of the property have free and uninterrupted rights to use or to assign the Property for the whole of the unexpired term as granted.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the Property nor expenses or taxation that may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Property is free from encumbrances, restrictions and outgoings of any onerous nature that could affect its value.

The area data quoted in this valuation report are all according to the materials provided by Shenyang Heping Quanmin Aoxin Stomatology Polyclinic Co., Ltd. (沈阳和平全民奥新口腔门诊部有限公司) and should be taken as valid and binding.

We have only been provided with copies of related title documents of the Property, but have not investigated and confirmed the related title documents of the property, nor have we checked if there is anything that has been changed in the related content in the title document of the property. Therefore, in the course of our valuation, we can take no responsibility for checking the accuracy, authenticity and integrity of data from our instructing party as the means for us to conduct title searches on the title documentation were not made available to us.

We inspected the Property on 12 September 2018. We have not carried out detailed on-site measurements to verify the site area of the Property, these being based on the information regarding site area and plot ratio provided to us to prepare the valuation.

Unless otherwise stated, all monetary amounts stated in this valuation report are in Renminbi.

APPENDIX III – VALUATION REPORTS

Basis of Valuation

In the course of our valuation of the Property held by Shao Lihua in the PRC, we have prepared our valuation on the basis such as:

1. National and local relevant laws and regulations:
People's Republic of China Land Management Law
People's Republic of China City Real Estate Management Law
2. Relevant technical standard and local government, department-stipulated promulgated laws and regulations, rules, documents and notices:
Real Estate Valuation Regulations – GB/T50291-2015
3. Title Documents:
Building Ownership Certificates
4. Inspection, photographs and records
5. Information on the real estate market of Shenyang, Liaoning Province.

Method of Valuation

In valuing the property as at 12 September 2018, we have based our Market Value on the market conditions in the locality of the property. We have adopted Sales Comparison Approach.

Source of Information

We have been provided by the Company with extracts of documents in relation to the title to the Property. However, we have not inspected the original documents to ascertain any amendments which may not appear on the copies handed to us

Dimensions, measurements and areas included in the valuation report are based on the information provided to us and are therefore only approximations. We have had no reason to doubt the truth and accuracy of the information provided to us by the Company which is material to the valuation. We were also advised by the Company that no material facts have been omitted from the information provided.

We would point out that the copies of documents provided to us are mainly compiled in Chinese characters and the transliteration into English represents our understanding of the contents. We would therefore advise the Company to make reference to the original Chinese edition of the documents and consult your legal adviser regarding the legality and interpretation of these documents.

Title Investigation

We have been provided by Shenyang Heping Quanmin Aoxin Stomatology Polyclinic Co., Ltd. with copies of documents in relation to the title to the Property. We have not been able to carry out searches to verify the ownership of the Property or to ascertain if there is any amendment, which may not appear on the copies handed to us.

Site Inspection

We have inspected the exterior of the Property, where possible the interior of the Property on 12 September 2018. However, we have not carried out investigations on site to determine the suitability of the soil conditions and the services etc. for any development. Our valuation is prepared on the assumption that these aspects are satisfactory and that no unexpected extraordinary expenses or delays will be incurred during the construction period. Moreover, no structural survey has been made, but in the course of our inspection, we did not notice any serious defects. We are not, however, able to report the Property is free from rot, infestation or

APPENDIX III – VALUATION REPORTS

have not been able to carry out on-site measurements to verify the site and floor areas of the Property and we have assumed that the areas shown on the copies of the documents handed to us are correct.

Currency

Unless otherwise stated, all sums stated in our valuations are in Renminbi ("RMB"), which is the official currency of the PRC

We attach herewith summary of valuations and the valuation report.

APPENDIX III – VALUATION REPORTS

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 12 September 2018						
No. 31A of Xita Street, Heping District, Shenyang, Liaoning Province, the PRC	<p>The Property comprises a 1 to 3-storey commercial store of a 9-floor building of Xita Community(西塔社区).</p> <p>The Property has a total gross floor area of approximately 420.83 sq m with details as follows:</p> <table style="margin-left: 40px; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Portion</th> <th style="text-align: right;">Approximate Gross Floor Area (sq m)</th> </tr> </thead> <tbody> <tr> <td>Commercial</td> <td style="text-align: right;">420.83</td> </tr> <tr> <td>Total:</td> <td style="text-align: right; border-top: 1px solid black;">420.83</td> </tr> </tbody> </table>	Portion	Approximate Gross Floor Area (sq m)	Commercial	420.83	Total:	420.83	<p>As at the valuation date, the property was rent by Shenyang Heping Quanmin Aoxin Stomatology Polyclinic Co., Ltd. with a period from 1 July 2014 until 30 June 2026.</p>	<p>RMB7,620,000</p> <p>(RENMINBI Seven Million Six Hundred and Twenty Thousand)</p>
Portion	Approximate Gross Floor Area (sq m)								
Commercial	420.83								
Total:	420.83								
	<p>The Property is located at Xita Street, Heping District in Shenyang, which is in urban area of Shenyang. Developments nearby are mainly commercial and residential developments. According to the information provided by Shenyang Heping Quanmin Aoxin Stomatology Polyclinic Co., Ltd., the Property is for commercial use.</p>								

APPENDIX III – VALUATION REPORTS

Notes:

- (1) According to the Building Ownership Certificate, the building ownership rights of the Property, comprising a total gross floor area of approximately 420.83sq m, have been vested in Shao Lihua, with details as follows :

Certificate No.	Site Area (sq m)	Use
45326	420.83	Commercial
Total	420.83	

- (2) According to the PRC legal opinion:

Shao Lihua have legally obtained the Building Ownership Certificate and have legal and complete ownership of the buildings. Shao Lihua is the sole proprietor of the building and is recognized and protected by the laws of the PRC. Shao Lihua has the rights to occupy, use, secure, lease, assign or otherwise dispose of the buildings in accordance with the law.

- (3) The status of the title and grant of major approvals and licences in accordance with the information provided by the you and the opinion of the PRC legal adviser are as follows:

Building Ownership Certificate	Yes
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The following is the text of a letter and valuation report prepared for the purpose of incorporation in this circular received from Cushman & Wakefield, an independent property valuer, in connection with its opinion of market values of the Property held by the Shao Lihua (邵丽华) in the PRC as at 12 September 2018.



Dear Sirs,

Re: Portfolio valuations of the Property in the People's Republic of China

Instructions, Purpose and Valuation Date

In accordance with the instructions of [AOXIN Q & M DENTAL GROUP LIMITED (the "Company")] for us to carry out valuations of the market values of the Property held by Shao Lihua (邵丽华) in the People's Republic of China (the "PRC"); we confirm that we have carried out an inspection, made relevant enquiries and obtained such further information as we considered necessary for the purpose of providing you with our opinion of the market values in its existing state of the Property as at 12 September 2018 (the "valuation date"). And attach the valuation certificate as follows.

Yours faithfully,
For and on behalf of
Cushman & Wakefield Shenzhen Valuation Co., Ltd.
Isaac Zhao
Registered China Real Estate Appraiser
Associate Director
6 December 2018



APPENDIX III – VALUATION REPORTS

Definition of Market Value

Market Value which is defined as the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

Valuation Assumption and Restriction

Shao Lihua possesses the legal development rights of subject property, and has the right to transfer this property within the unexpired term. We prepare valuation on the assumption that the area exceeding the legal construction size could get the permit of relevant government authorities and in the course of the calculation. In its existing state, all the payables of the land and other project expenses incurred have been fully settled. The planning design and construction are in accordance with the local programming regulations and have been approved by the relevant local government authorities.

The Property, whether as a whole or on a strata-titled basis, may be freely disposed to other parties both home and abroad.

Our valuation excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of special value.

When valuing the title of property, we are of the assumption that all the land grant fees, costs of public utilities and ancillary infrastructure fees have been fully settled. For the situation of the title of property, we totally rely on the materials provided by the client. The Property value is the market value, and it is conditional on a good title basis in our valuation.

Our valuation has been made on the assumption that the grantees or the users of the property have free and uninterrupted rights to use or to assign the Property for the whole of the unexpired term as granted.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the Property nor expenses or taxation that may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Property is free from encumbrances, restrictions and outgoings of any onerous nature that could affect its value.

The area data quoted in this valuation report is all according to the materials provided by Shenyang Aoxin Quanmin Stomatology Hospital Co., Ltd. (沈阳奥新全民口腔医院有限公司) and should be taken as valid and binding.

We have only been provided with copies of related title documents of the Property, but have not investigated and confirmed the related title documents of the property, nor have we checked if there is anything that has been changed in the related content in the title document of the property. Therefore, in the course of our valuation, we can take no responsibility for checking the accuracy, authenticity and integrity of data from our instructing party as the means for us to conduct title searches on the title documentation were not made available to us.

We inspected the Property on 12 September 2018. We have not carried out detailed on-site measurements to verify the site area of the Property, these being based on the information regarding site area and plot ratio provided to us to prepare the valuation.

Unless otherwise stated, all monetary amounts stated in this valuation report are in Renminbi.

Basis of Valuation

In the course of our valuation of the Property held by Shao Lihua in the PRC, we have prepared our valuation

APPENDIX III – VALUATION REPORTS

on the basis such as:

1. National and local relevant laws and regulations:
 - People's Republic of China Land Management Law
 - People's Republic of China City Real Estate Management Law
2. Relevant technical standard and local government, department-stipulated promulgated laws and regulations, rules, documents and notices:
 - Real Estate Valuation Regulations – GB/T50291-2015
3. Title Documents:
 - Building Ownership Certificates
4. Inspection, photographs and records
5. Information on the real estate market of Shenyang, Liaoning Province.

Method of Valuation

In valuing the property as at 12 September 2018, we have based our Market Value on the market conditions in the locality of the property. We have adopted Sales Comparison Approach.

Source of Information

We have been provided by the Company with extracts of documents in relation to the title to the Property. However, we have not inspected the original documents to ascertain any amendments which may not appear on the copies handed to us.

Dimensions, measurements and areas included in the valuation report are based on the information provided to us and are therefore only approximations. We have had no reason to doubt the truth and accuracy of the information provided to us by the Company which is material to the valuation. We were also advised by the Company that no material facts have been omitted from the information provided.

We would point out that the copies of documents provided to us are mainly compiled in Chinese characters and the transliteration into English represents our understanding of the contents. We would therefore advise the Company to make reference to the original Chinese edition of the documents and consult your legal adviser regarding the legality and interpretation of these documents.

Title Investigation

We have been provided by Shenyang Aoxin Quanmin Stomatology Hospital Co., Ltd. with copies of documents in relation to the title to the Property. We have not been able to carry out searches to verify the ownership of the Property or to ascertain if there is any amendment, which may not appear on the copies handed to us.

Site Inspection

We have inspected the exterior of the Property, where possible the interior of the Property on 12 September 2018. However, we have not carried out investigations on site to determine the suitability of the soil conditions and the services etc. for any development. Our valuation is prepared on the assumption that these aspects are satisfactory and that no unexpected extraordinary expenses or delays will be incurred during the construction period. Moreover, no structural survey has been made, but in the course of our inspection, we did not notice any serious defects. We are not, however, able to report the Property is free from rot, infestation or any structural defects, nor were any test been carried out on any of the services. Unless otherwise stated, we have not been able to carry out on-site measurements to verify the site and floor areas of the Property and we have assumed that the areas shown on the copies of the documents handed to us are correct.

APPENDIX III – VALUATION REPORTS

Currency

Unless otherwise stated, all sums stated in our valuations are in Renminbi ("RMB"), which is the official currency of the PRC.

We attach herewith summary of valuations and the valuation report.

APPENDIX III – VALUATION REPORTS

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 12 September 2018						
<p>No. 192 of Danan Street, Shenhe District, Shenyang, Liaoning Province, the PRC</p>	<p>The Property comprises a 2-storey commercial store of a 7-floor building of Hongjin Community(红巾社区).</p> <p>The Property has a total gross floor area of approximately 476.67 sq m with details as follows:</p> <table border="0" style="margin-left: 20px;"> <thead> <tr> <th style="text-align: left;">Portion</th> <th style="text-align: right;">Approximate Gross Floor Area (sq m)</th> </tr> </thead> <tbody> <tr> <td>Commercial</td> <td style="text-align: right;">476.67</td> </tr> <tr> <td>Total:</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">476.67</td> </tr> </tbody> </table>	Portion	Approximate Gross Floor Area (sq m)	Commercial	476.67	Total:	476.67	<p>As at the valuation date, the property was rent by Shenyang Aoxin Quanmin Stomatology Hospital Co., Ltd. with a period from 1 July 2014 until 30 June 2026.</p>	<p>RMB8,820,000</p> <p>(RENMINBI Eight Million Eight Hundred and Twenty Thousand)</p>
Portion	Approximate Gross Floor Area (sq m)								
Commercial	476.67								
Total:	476.67								
	<p>The Property is located at Danan Street, Shenhe District in Shenyang, which is in urban area of Shenyang. Developments nearby are mainly commercial and residential developments. According to the information provided by Shao Lihua, the Property is for commercial use.</p>								

APPENDIX III – VALUATION REPORTS

Notes:

- (1) According to the Building Ownership Certificate, the building ownership rights of the Property, comprising a total gross floor area of approximately 476.67sq m, have been vested in Shao Lihua, with details as follows :

Certificate No.	Site Area (sq m)	Use
67972	476.67	Commercial
Total	476.67	

- (2) According to the PRC legal opinion:

Shao Lihua have legally obtained the Building Ownership Certificate and have legal and complete ownership of the buildings. Shao Lihua is the sole proprietor of the building and is recognized and protected by the laws of the PRC. Shao Lihua has the rights to occupy, use, secure, lease, assign or otherwise dispose of the buildings in accordance with the law.

- (3) The status of the title and grant of major approvals and licences in accordance with the information provided by the you and the opinion of the PRC legal adviser are as follows:

Building Ownership Certificate	Yes
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NOTICE OF EXTRAORDINARY GENERAL MEETING

AOXIN Q & M DENTAL GROUP LIMITED

(Company Registration No. 201110784M)
(Incorporated in the Republic of Singapore)

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of Aoxin Q & M Dental Group Limited (“**Company**”) will be held at 8 Wilkie Road, #03-08 Wilkie Edge, Singapore 228095 on 9 January 2019 at 2.00 p.m. for the purpose of considering, and, if thought fit, passing with or without any modifications, the following Ordinary Resolutions:–

*Unless otherwise defined, all capitalised terms used herein shall bear the same meanings as used in the circular dated 21 December 2018 issued by the Company (“**Circular**”).*

ORDINARY RESOLUTION 1

THE PROPOSED ACQUISITIONS AS INTERESTED PERSON TRANSACTIONS

THAT:–

- (a) approval be and is given for the Proposed Acquisitions of the Properties from Madam Shao Li Hua as the Vendor in accordance with the terms and conditions of the Framework Agreements as interested person transactions under Chapter 9 of the Catalist Rules, the principal terms of which are set out in the Circular;
- (b) the entry into and execution of the Property Transfer Agreements by the Group be and is hereby approved; and
- (c) the Directors and each of them to be authorised and empowered to take such steps, enter into all such transactions, arrangements and agreements and to execute all such documents as may be necessary or expedient for the purpose of giving effect to the Proposed Acquisitions.

ORDINARY RESOLUTION 2

THE PROPOSED ADOPTION OF THE AOXIN Q & M EMPLOYEE SHARE OPTION SCHEME

THAT:–

- (a) the share option scheme to be known as the “Aoxin Q & M Employee Share Option Scheme” (“**Scheme**”), particulars of which are set out in the Circular, under which options (“**Options**”) to subscribe for ordinary shares (“**Shares**”) in the capital of the Company will be granted to selected Employees and Directors of the Company and its subsidiaries (including Non-Executive Directors) and Controlling Shareholders and/or their Associates be approved;
- (b) the Board of Directors of the Company be and is hereby authorised:–
 - (i) to establish and administer the Scheme;
 - (ii) to modify and/or amend the Scheme from time to time provided that such modification and/or amendment is effected in accordance with the provisions of the Scheme and to do all such acts and to enter into such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the Scheme;
 - (iii) to offer and grant Options in accordance with the provisions of the Scheme and pursuant to Section 161 of the Companies Act to allot and issue and/or deliver from time to time such number of fully paid-up Shares as may be required to be issued or delivered pursuant to the exercise of Options provided that the aggregate number of Shares available pursuant to the Scheme, the Share Plan and any other share-based schemes of the Company, shall not exceed 15% of the total issued Shares of the Company (excluding any treasury shares) from time to time; and

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (iv) to complete and do all such acts and things (including executing such documents as may be required) as they may consider necessary, expedient, incidental or in the interests of the Company to give effect to the transactions contemplated and authorised by this resolution.

ORDINARY RESOLUTION 3

THE PROPOSED GRANT OF AUTHORITY TO OFFER AND GRANT OF OPTIONS AT A DISCOUNT UNDER THE SCHEME

THAT subject to and contingent upon the passing of Ordinary Resolution 2 being approved, approval be and is given for:

- (a) the maximum discount that may be given under the Scheme to be up to 20% of the Market Price for the Shares at the time of the grant of the Option; and
- (b) the Directors to be authorised to offer Options at a maximum discount of up to 20% of the Market Price for the Shares at the time of the grant of the Option.

ORDINARY RESOLUTION 4

THE PROPOSED ADOPTION OF THE AOXIN Q & M PERFORMANCE SHARE PLAN

THAT:–

- (a) the performance share plan to be known as the “Aoxin Q & M Performance Share Plan” (“**Share Plan**”) particulars of which are set out in the Circular, under which awards (“**Awards**”) of Shares will be granted, free of charge, to Employees and Directors of the Company and its subsidiaries (including Non-Executive Directors) and Controlling Shareholders and/or their Associates be approved.
- (b) the Board of Directors of the Company be and is hereby authorised:–
 - (i) to establish and administer the Share Plan;
 - (ii) to modify and/or amend the Share Plan from time to time provided that such modification and/or amendment is effected in accordance with the provisions of the Share Plan and to do all such acts and to enter into such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the Share Plan;
 - (iii) to grant Awards in accordance with the provisions of the Share Plan and pursuant to Section 161 of the Companies Act and to allot and issue, transfer and/or deliver from time to time such number of fully paid-up Shares as may be required to be issued or delivered;
 - (iv) pursuant to the vesting of Awards provided that the aggregate number of Shares available pursuant to the Share Plan, the Scheme and any other share-based schemes of the Company, shall not exceed 15% of the total issued Shares of the Company (excluding treasury shares) from time to time;
 - (v) subject to the same being allowed by law, to apply any share purchased or acquired under any share purchase mandate and to deliver such existing Shares (including any treasury shares) towards the satisfaction of Awards granted under the Share Plan; and
 - (vi) to complete and do all such acts and things (including executing such documents as may be required) as they may consider necessary, expedient, incidental or in the interests of the Company to give effect to the transactions contemplated and authorised by this resolution.

NOTICE OF EXTRAORDINARY GENERAL MEETING

ORDINARY RESOLUTION 5

THE PROPOSED ADOPTION OF THE SHARE PURCHASE MANDATE

THAT:–

- (a) for the purposes of Sections 76C and 76E of the Companies Act, the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire Shares not exceeding in aggregate the Maximum Percentage (as hereafter defined), at such price or prices as may be determined by the Directors from time to time up to but not exceeding the Maximum Price (as hereafter defined), whether by way of:
- (i) market purchase(s) (“**Market Purchase(s)**”) on the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) transacted through the SGX-ST trading system and/or any other securities exchange on which the Shares may for the time being be listed and quoted (the “**Other Exchange**”); and/or
 - (ii) off-market purchase(s) (“**Off-Market Purchase(s)**”) (if effected otherwise than on the SGX-ST or, as the case may be, Other Exchange) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws and regulations and rules of the SGX-ST or, as the case may be, the Other Exchange, as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the “**Share Purchase Mandate**”);

- (b) unless revoked or varied by the Company in general meeting, the authority conferred on the Directors pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Ordinary Resolution 5 and expiring on the earliest of:
- (i) the date on which the next annual general meeting of the Company is held;
 - (ii) the date on which the next annual general meeting of the Company is required by law to be held; and
 - (iii) the date on which the purchases or acquisitions of Shares by the Company pursuant to the Share Purchase Mandate are carried out to the full extent mandated;
- (c) In this Ordinary Resolution 5:

“**Average Closing Price**” means:

- (i) in the case of a Market Purchase, the average of the closing market prices of a Share over the five (5) consecutive Market Days on which the Shares are transacted on the SGX-ST or, as the case may be, the Other Exchange, immediately preceding the date of the Market Purchase by the Company; or
- (ii) in the case of an Off-Market Purchase, the average of the closing market prices of a Share over the five (5) consecutive Market Days on which the Shares are transacted on the SGX-ST or, as they case may be, the Other Exchange, immediately preceding the date of the making of the offer pursuant to the Off-Market Purchase,

and deemed to be adjusted in accordance with the listing rules of the SGX-ST for any corporate action that occurs after the relevant five-day period;

NOTICE OF EXTRAORDINARY GENERAL MEETING

“**date of the making of the offer**” means the date on which the Company makes an offer for an Off-Market Purchase, stating therein the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase;

“**Relevant Period**” means the period commencing from the date of the extraordinary general meeting at which the renewal of the Share Purchase Mandate is approved and expiring on the date the next annual general meeting is held or required by law to be held, whichever is earlier, after the date of this Resolution;

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

“**Maximum Percentage**” means that number of issued Shares representing 10% of the issued Shares (excluding subsidiary holdings and treasury shares) as at the date of the passing of this Ordinary Resolution 5 unless the Company has effected a reduction of its issued share capital in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period, in which event the issued share capital of the Company shall be taken to be the issued share capital of the Company as altered (excluding subsidiary holdings and any treasury shares that may be held by the Company as at that date); and

“**Maximum Price**” in relation to a Share to be purchased or acquired, means the purchase price (excluding related brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) which shall not exceed:

- (i) in the case of a Market Purchase, 105% of the Average Closing Price of the Shares; and
 - (ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Average Closing Price of the Shares;
- (d) the Directors of the Company be and are hereby authorised to deal with the Shares purchased or acquired by the Company, pursuant to the Share Purchase Mandate, in any manner as they think fit, which is permitted under the Companies Act; and
- (e) the Directors and/or any of them be and are and/or is hereby authorised and empowered to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this resolution.

By Order of the Board

Dr Shao Yongxin

Executive Director and Group Chief Executive Officer
Singapore, 21 December 2018

NOTES:

- (1) (a) A member who is not a relevant intermediary is entitled to appoint not more than two (2) proxies to attend and vote at the EGM in his/her stead. Where such member's form of proxy appoints more than one (1) proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.
- (b) A member who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend and vote at the EGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

“Relevant intermediary” has the meaning ascribed to it in Section 181(6) of the Companies Act.

- (2) A proxy need not be a member of the Company.
- (3) The instrument appointing a proxy or proxies must be under the hand of the appointor or by his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (4) Where an instrument appointing a proxy or proxies is signed and authorized on behalf of the appointer by an attorney, the letter of power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument, failing which the instrument may be treated as invalid.
- (5) The instrument appointing a proxy or proxies must be deposited at the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road, #11-02, Singapore 068898 not less than 72 hours before the time appointed for holding the EGM. If a shareholder submits a proxy form and subsequently attends the EGM in person and votes, the appointment of the proxy should be revoked.
- (6) A Depositor's name must appear on the Depository Register maintained by the Central Depository (Pte) Limited as at 72 hours before the time fixed for holding the EGM in order for the Depositor to be entitled to attend and vote at the EGM.
- (7) A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register as defined under the Securities and Futures Act, Chapter 289 of Singapore, he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he 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 the member of the Company.
- (8) The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointer are not ascertainable from the instructions of the appointer specified in this instrument appointing a proxy or proxies. In addition, in the case of the members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register as at 72 hours before the time appointed for holding the EGM, as certified by The Central Depository (Pte) Limited to the Company.
- (9) A corporation which is a member may authorize 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.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend and vote at the EGM and/or any adjournment thereof, a member of the Company:

- (a) 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 EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (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**");
- (b) 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
- (c) 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.

This Notice has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, SAC Capital Private Limited (the "**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). The Sponsor has not independently verified the contents of this Notice including the accuracy or completeness of any of the information disclosed or the correctness of any of the statements made, opinions expressed or reports contained in this Notice.

This Notice has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this Notice, including the correctness of any of the statements or opinions made, or reports contained in this Notice.

The contact person for the Sponsor is Ms Alicia Sun (Telephone: (65) 6232 3210) at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.

PROXY FORM

AOXIN Q & M DENTAL GROUP LIMITED

(Company Registration No.: 201110784M)
(Incorporated in the Republic of Singapore)

Important:

Relevant intermediaries as defined in Section 181(6) of the Companies Act, Chapter 50 may appoint more than two (2) proxies to attend, speak and vote at the Extraordinary General Meeting.

EXTRAORDINARY GENERAL MEETING PROXY FORM

(Please refer to notes overleaf before completing this Proxy Form)

*I/We _____ (Name)

*NRIC/Passport No./Co. Registration No. _____

of _____ (Address)

being a *member/members of Aoxin Q & M Dental Group Limited (the “**Company**”), hereby appoint

Name	Address	NRIC/Passport Number	Proportion of Shareholdings	
			No. of Shares	%

* and/or

Name	Address	NRIC/Passport Number	Proportion of Shareholdings	
			No. of Shares	%

or failing *him/her/them, the Chairman of the Extraordinary General Meeting (“**EGM**”), as *my/our *proxy/proxies to attend, speak and vote for *me/us on *my/our behalf at the EGM of the Company to be held at 8 Wilkie Road, #03-08 Wilkie Edge, Singapore 228095 on 9 January 2019 at 2.00 p.m. and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for or against the Ordinary Resolutions to be proposed at the EGM as indicated with a “√” in the spaces provided hereunder. If no specific directions as to voting are given, the *proxy/proxies will vote or abstain from voting at *his/her/their discretion, as *he/she/they may on any other matter arising at the EGM.

(Voting will be conducted by poll. If you wish to exercise all your votes “For” or “Against” the relevant resolution, please tick [√] within the relevant box provided. Alternatively, if you wish to exercise your votes both “For” and “Against” the relevant resolution, please indicate the number of shares in the boxes provided.)

No.	Ordinary Resolutions	For	Against
1.	To approve the Proposed Acquisitions as Interested Person Transactions		
2.	To approve the proposed adoption of the Aoxin Q & M Employee Share Option Scheme (the “ Scheme ”)		
3.	To approve the proposed grant of authority to offer and grant of Options at a discount under the Scheme		
4.	To approve the proposed adoption of the Aoxin Q & M Performance Share Plan		
5.	To approve the proposed adoption of the Share Purchase Mandate		

Dated this _____ day of _____

Total No. of Shares in	No. of Shares
CDP Register	
Register of Members	

Signature(s) of Member(s) or Common Seal of
Corporate Member

* Delete accordingly



PROXY FORM

IMPORTANT: Please Read Notes for this 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 (maintained by The Central Depository (Pte) Limited), you should insert that number of shares. If you have shares registered in your name in the Register of Members (maintained by or on behalf of the Company), you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.
2.
 - (a) A member who is not a relevant intermediary is entitled to appoint not more than two (2) proxies to attend and vote at the EGM in his/her stead. Where such member's form of proxy appoints more than one (1) proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.
 - (b) A member who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend and vote at the EGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

"Relevant intermediary" has the meaning as ascribed to it in Section 181(6) of the Companies Act, Chapter 50 of Singapore (the "Act").

3. A proxy need not be a member of the Company.
4. The instrument appointing a proxy or proxies must be under the hand of the appointer or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
5. Where an instrument appointing a proxy or proxies is signed and authorised on behalf of the appointer 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, failing which the instrument may be treated as invalid.
6. The instrument appointing a proxy or proxies must be deposited at the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road, #11-02, Singapore 068898 not less than 72 hours before the time appointed for holding the EGM. If a shareholder submits a proxy form and subsequently attends the EGM in person and votes, the appointment of the proxy should be revoked.
7. A Depositor's name must appear on the Depository Register maintained by the Central Depository (Pte) Limited as at 72 hours before the time fixed for holding the EGM in order for the Depositor to be entitled to attend and vote at the EGM.
8. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointer are not ascertainable from the instructions of the appointer specified in this instrument appointing a proxy or proxies. In addition, in the case of the members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register as at 72 hours before the time appointed for holding the EGM, as certified by The Central Depository (Pte) Limited to the Company.
9. A corporation which is a member 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 Act.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend and vote at the EGM and/or any adjournment thereof, a member of the Company:

- (a) 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 EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (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");
- (b) 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
- (c) 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.