



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

ISSUANCE OF LETTER OF DEMAND

1. The Board of Directors (the “**Board**”) of Q & M Dental Group (Singapore) Limited (the “**Company**”, and collectively with its subsidiaries, the “**Group**”) refers to its circular dated 14 October 2016 (“**2016 Circular**”) in relation to the restructuring (“**Restructuring**”) that was undertaken in connection with the spin-off and listing of Aoxin Q & M Dental Group Limited (“**Aoxin**”). As at the date of this announcement, the Company holds directly 167,670,838 shares of Aoxin, representing approximately 32.78% of the total issued and paid-up share capital of Aoxin comprising 511,522,048 shares.

A copy of the 2016 Circular is available on the SGXNET announcement page at the following URL: <https://www.sgx.com/securities/company-announcements>

2. As disclosed in the 2016 Circular, Dr Shao Yongxin (“**Dr. Shao**”), who is also the Executive Director and Group Chief Executive Officer of Aoxin, had provided certain profit guarantees (“**Profit Guarantee**”) in connection with the acquisition by the Company’s subsidiary, Shanghai Q & M Investment management & Consulting Co. Ltd. of Shenyang Xinao Hospital Management Co., Ltd. from Dr. Shao. The Profit Guarantee is secured by an escrow arrangement and all of the ordinary shares in the capital of Aoxin (“**HFEL Aoxin Shares**”) held by Health Field Enterprises Limited¹ (“**HFEL**”).
- (a) Under the escrow arrangement, Dr. Shao is required to deposit certain sums of money into an escrow account maintained by the Company and he is required to maintain the same for the duration of the Profit Guarantee (“**Escrow Account**”). In the event of any shortfall in the Profit Guarantee for any year, the Company has the right to withdraw the shortfall amount from the Escrow Account. In the event of any such withdrawal, Dr. Shao is required to deposit further sums of money into the Escrow Account so as to maintain the amount in the Escrow Account.
- (b) In addition, pursuant to a share security agreement (“**Share Security Agreement**”) entered into by HFEL in favour of the Company, HFEL has created security interest over its HFEL Aoxin Shares to the Company for the entire duration of the Profit Guarantee, as security for the performance of Dr. Shao’s obligations. In the event that the shortfall in the Profit Guarantee for any year exceeds the amount available in the Escrow Account, the Company shall have recourse to the HFEL Aoxin Shares in accordance with the terms of the Share Security Agreement.

Pursuant to the Share Security Agreement, in the event of (a) a failure to deposit such sums of money into the Escrow Account to make-up the shortfall in the Profit Guarantee and the amount available in the Escrow Account; or (b) the amount available in the Escrow Account is

¹ As disclosed in the Company’s circular dated 14 October 2016, HFEL is a company incorporated in the British Virgin Islands which is 100.00% held by Action Health Enterprises Limited (which is in turn 100.00% held by Dr. Shao).

insufficient to meet the shortfall in the Profit Guarantee for any year during the period of the Profit Guarantee, the Company may enforce the Share Security Agreement.

3. As at 31 December 2024, Dr. Shao owes the Company an aggregate amount of RMB72,274,588 (approximately S\$13,009,426²) arising from shortfalls under the Profit Guarantee (“**Shortfall Amount**”). Despite numerous reminders and follow-ups with Dr. Shao, the Shortfall Amount remains outstanding.
4. The Board wishes to announce that it has issued a letter of demand to Dr. Shao demanding payment of the Shortfall Amount owed to the Company. The Board is in the process of obtaining legal advice and will consider all available options for the recovery of the Shortfall Amount, including without limitation, the enforcement of the Share Security Agreement.
5. The Board is of the view that the Company’s issuance of the letter of demand is not expected to have any material impact on the financial position of the Company. The Company will make further announcements as and when there are material developments concerning this matter. In the meantime, shareholders and potential investors are advised to exercise caution when dealing with their shares of the Company and, when in doubt as to the action they should take, they should consult their financial, tax, and/or other professional adviser(s) immediately.

By Order of the Board

Ng Sook Hwa
Chief Financial Officer
17 April 2025

² Based on the foreign exchange rate of RMB 1:SGD 0.18.