



AOXIN Q & M DENTAL GROUP LIMITED
 (Company Registration Number 201110784M)
 (Incorporated in the Republic of Singapore)

RESPONSES TO QUESTIONS RECEIVED FROM SHAREHOLDERS IN RESPECT OF THE ANNUAL GENERAL MEETING TO BE HELD ON 28 APRIL 2021 BY ELECTRONIC MEANS

The Board of Directors ("**Board**") of Aoxin Q & M Dental Group Limited ("**Company**" and together with its subsidiaries, the "**Group**") refers to its annual report for the financial year ended 31 December 2020 ("**FY2020**") and the notice of annual general meeting dated 13 April 2021. The Company wishes to set out its responses to the questions received from shareholders.

Question	Response
1. Management fee income from outside parties was RMB 0.88m (2019: RMB 3.6m). What was the reason for the drop in fee income?	Our management fee income is derived from the management of the business of Sixth Hospital, pursuant to the terms of the Management Agreement entered into between the Group and Shenyang Shenhe District Health Bureau. During the Covid-19 outbreak, Sixth Hospital was temporarily closed for more than 1 month, together with all other dental hospitals and clinics in the Group, leading to a sharply lower patient load in the first half of 2020. As a result, management fee income from Sixth Hospital was significantly reduced in FY2020.
2. Why is there an increase in dental lab processing costs in FY2020 when the Group has its own lab company?	Under our Primary Healthcare segment, the Group incurred higher consumables and dental supplies in FY2020, as a result of higher lab processing cost. The Group was purchasing dental lab products mainly from Shenyang Qingamei Oral Restorative Technology Co., Ltd. (" QAM "), the lab processing subsidiary of the Group, as well as from a distributor which distributes products of QAM. In 2020, the Group was purchasing more dental lab products from this distributor rather than from QAM. The Group is consistently reviewing its purchasing strategy and will adjust its purchasing policies to achieve optimal cost-savings for the Group.
3. What is long term plan to reduce and control employment benefits expenses?	The Group recognises that employment benefits accounted for a significant portion of

Question	Response
	operating expenses in FY2020. However, in order to ensure the continued success of our dental services, the Group is also aware of the need to retain the services of talented dental professionals through a competitive remuneration and compensation scheme. As part of the Group's commitment towards dental training and education, and as a means of ensuring a steady stream of new dentists at reasonable employment terms in the medium to long term, the Group collaborates with Jinzhou Medical University to provide training to select dental students and dental professionals. Under the collaboration, the Group needs to invest in each undergraduate who is recruited through this scheme for a period of five years, which resulted in higher employment benefits expenses in the initial years before the new dental professionals are able to contribute to the overall growth of the Group. Management will actively assess the operational performance of each hospital and polyclinic on a regular basis, and fine tune our employment resources accordingly.
4. Please provide debtors turnover period for the business segments.	Based on the audited financial statements of the Group, our debtors' turnover period is 51 days for FY2020. We are not able to disclose debtors' turnover period for each business segment as the information is commercially sensitive.
5. What is the latest development on Panjing Hospital's Holding Announcement that announced on 30 September 2020?	There has been no further development since the announcement. We will make an announcement on SGXNet should any material development arises.
6. Which hospitals are making losses? What are the losses to date?	Panjing and Dalian Hospitals were opened in 2018 and 2019 respectively. The initial year losses from date of opening were mainly due to gestation losses. The Covid-19 situation in FY2020, where operations were closed for more than one month, aggravated the losses in FY2020. The Group will continue to closely monitor the financial performance and further tighten cost control measures for the two loss-making hospitals. However, the Board after careful deliberation, believes that financial performances of individual hospitals and clinics are best kept confidential as disclosing the same would be prejudicial to its business given the highly competitive business environment.
7. Which other clinics are not profitable? What are the losses to date?	Three of our newly opened dental clinics in 2019 were having gestation losses from date of opening in 2019 which were aggravated by

Question	Response
	<p>Covid-19 situation in 2020. Due to Covid-19 outbreak, most of the Group's clinics were closed for more than one month leading to losses in two of our existing clinics as well as three of the newly open clinics. However, the Board after careful deliberation, believes that financial performances of individual hospitals and clinics are best kept confidential as disclosing the same would be prejudicial to its business given the highly competitive business environment.</p> <p>The Group will continue to closely monitor the financial performance and further tighten cost control measures for these loss-making dental clinics.</p>
<p>8. When will the hospitals and clinics be profitable?</p>	<p>Given the uncertain operating environment, especially in relation to the risk of ad-hoc lock downs in cities where our Group operates due to a resurgence of Covid-19 virus, the management is unable to provide an accurate estimation. In addition, the newly opened hospitals and polyclinics operate in different cities and on different scales. Based on past experience, it is likely to take longer for new hospitals to reach breakeven compared to new polyclinics. However, the Company will continue to monitor the situation closely.</p>

BY ORDER OF THE BOARD
AOXIN Q & M DENTAL GROUP LIMITED

Dr. Shao Yongxin
Executive Director and Group Chief Executive Officer
26 April 2021

For more information, please contact:

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*This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, SAC Capital Private Limited (the "**Sponsor**"). This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited ("**Exchange**") and the Exchange assumes no responsibility for the contents of this*

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