



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 29 JUNE 2020 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 2019 ("**FY2019**") and the notice of annual general meeting dated 12 June 2020. The Company wishes to set out its responses to the questions received from shareholders.

Question	Response
1. Beijing and other nearby cities are seeing a second wave of covid-19 infections. What steps have the management taken to lessen the impact of a second wave?	<p>The management is aware that a second wave of the pandemic may hit the Liaoning province, Northern People's Republic of China ("PRC"). We had established an inhouse epidemic prevention and control committee immediately when Covid-19 started in January 2020. This committee has been actively implementing the rules and regulations on prevention and control requirements established by the Chinese government and local dental health authorities, with the primary task of ensuring the health and safety of employees, patients and related parties. We have also been providing our dentists and staff with additional training on epidemic prevention and control and providing them with the full personnel protective equipment (PPE). We have also been sanitizing our hospital premises and dental equipment regularly and ensuring safety for the patients and staff. We are happy to announce that, as of the date of this announcement, none of our facilities have come down with COVID 19 incidents.</p> <p>The health and safety of our employees, patients and related parties will remain a priority to the Group and we have not let down our guard since January 2020 and are prepared to meet the second wave if it happens.</p>

	<p>As set out in the Company’s announcement dated 12 May 2020 relating to the Group’s operations in relation to Covid-19, while the Covid-19 situation in the PRC remains challenging, the possibility of a second wave of infections could further dampen our financial performance. As such, the Group is expecting to register an operating loss for the current financial year ending 31 December 2020 (“FY2020”) on the back of the Covid-19 outbreak and gestation losses from our newly opened dental hospitals and clinics.</p>
<p>2. Covid-19 has impacted businesses in China badly. How long were the hospitals and clinics closed during the lockdown in China? Were there any patients during the lockdown? Has business recovered since the re-opening of the hospitals and clinics?</p>	<p>During the Covid-19 pandemic, all of our dental hospitals and dental polyclinics were temporarily closed around the end of January 2020, as directed by the Chinese government and local dental health authorities. During the closure period, all dental hospital and polyclinics were suspended from all dental treatment services and were unable to treat any patients.</p> <p>Most of the polyclinics were closed for an average of 1 to 2 months. The Group began to commence dental treatments partially after having fulfilled the required standard operating procedures and meeting the reopening criteria as set out by the relevant dental health authorities. As of 26 March 2020, all 6 dental hospitals and 10 dental polyclinics of the Group had resumed its dental treatment services.</p> <p>Based on the analysis of the current operational data of the clinics and hospitals, business has been recovering since the re-opening, although the general mood is cautious among the population.</p>

<p>3. Can you share what are the preventive measures taken at the hospitals and clinics for patients? Are there any additional costs and will these impact the financials?</p>	<p>During the period of closure and after re-opening, all dental hospitals and polyclinics of the Group strictly follow the epidemic prevention and control requirements of the Chinese Government's Health Commission, and had taken all necessary measures to ensure employee and patient safety, including requiring all employees to put on face masks at work, conduct temperature checks, contact tracing of patients and intensifying the cleaning and disinfecting of common areas. However, the implementation of additional prevention measure will result in additional costs, and is likely to impact the Group's financial results for FY2020.</p>
<p>4. From the P&L Statement, I saw that Employee Benefits Expense increased substantially. Why is this so? Will this continue to remain high? Is management considering laying off some dentists and staff if business do not pick up for the rest of the year?</p>	<p>The significant increase in employee benefits expense is due to the fact that we have opened 6 hospitals and polyclinics in FY2019, either by way of acquisitions or new clinics and hospitals. The staff costs of these hospitals and polyclinics are fixed costs, which has resulted in an increase in employee benefits expense.</p> <p>Management is actively assessing the operational performance of each hospital and polyclinic on a regular basis, and will fine tune the resources accordingly.</p>
<p>5. In the annual report, it was stated that 6 new dental outlets were opened in 2019. Are there plans to open any new outlets in 2020? If so, does the group have sufficient financial resources to do so?</p>	<p>As set out in the Company's Annual Report, the opening of 6 dental outlets in FY2019 had been in line with the Group's business strategy and future plans to expand its business, subsequent to its listing on Catalist in 2017. Moving forward, the focus will be on growing the top line and enhancing efficiency in the Group operations. Currently, the Group has no plans to open new hospital or clinic in FY2020.</p>
<p>6. When will the gestation losses of the new hospitals and clinics stop?</p>	<p>As the newly operational hospitals and polyclinics are operating in different scales, the Management is unable to provide an accurate estimation. Based on past experience, it is likely to take longer for new hospitals to reach breakeven than new polyclinics. However, the Company will continue to monitor the situation closely.</p>

7. What is the outlook for the rest of the year?
Will the losses for 2020 be greater than 2019?

Due to the severe impact of the Covid-19 at the beginning of FY2020 as all operations of the Group in the PRC were closed for nearly 2 months, gestation losses from our newly opened dental hospitals and clinics, as well as the possibility of a second wave of infections which could further dampen the Group's financial performance, the Group is expecting to register an operating loss for FY2020.

However, given the fluidity of the Covid-19 situation, the Group is unable to ascertain the extent of the losses for FY2020. The Group will continue to monitor its revenue, cash flows and the evolving situation of Covid-19 closely.

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

Dr. Shao Yongxin
Executive Director and Group Chief Executive Officer
26 June 2020

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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 announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.*

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