

RESPONSE TO SGX QUERIES

The board of directors (the “**Board**” or the “**Directors**”) of Aoxin Q & M Dental Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) refers to queries raised by the Singapore Exchange Regulation (“**SGX**”) on 18 August 2021 in relation to the Company’s announcement issued on 16 August 2021 titled “*Binding Term Sheet in Relation to the Proposed Acquisition of 49% of the Issued and Paid-Up Share Capital of Acumen Diagnostics Pte. Ltd.*” (“**Announcement**”).

Unless otherwise defined herein, the Company continues to adopt the abbreviations and definitions in the Announcement.

The Company’s responses are as follows:

In relation to the Preliminary Valuation of S\$60 million:

Question 1

Who was the valuer? Who appointed the valuer?

Company’s Response

No valuer was appointed as at the date of the Announcement. The Preliminary Valuation was arrived at after the arm’s length discussions between the Parties based on the factors set out in paragraph 4.4.1(a) of the Announcement.

Question 2

Who is the independent adviser to assist the Company in further assessing the valuation? What would the independent adviser cover in its assessment?

Company’s Response

As at the date of this announcement, the Company has not engaged the independent external adviser. The Company intends to appoint a reputable and internationally recognised valuation professional as the independent external adviser. The Company is in discussion with potential candidates, including finalising the scope of engagement. The Company will make the relevant disclosures when appropriate.

Question 3

In the event the abovementioned assessment results in a different valuation from S\$60 million, will there be changes to the Purchase Consideration? If yes, how will the Purchase Consideration be adjusted? If not, why not?

Company’s Response

Depending on the valuation provided by the independent external adviser, the Company may renegotiate and mutually agree with the Sellers to make adjustments to the Purchase Consideration, if need be. If negotiations are successful, the Company and the Sellers will then enter into the SPA in relation to the Proposed Acquisition. It is contemplated that the SPA will contain provisions as described in the Company’s response to Question 5. Bases for the Purchase Consideration will be disclosed in the SPA announcement later.

Question 4

Does the Preliminary Valuation take into account ARL?

Company’s Response

Yes.

In relation to the Term Sheet and Proposed Acquisition:

Question 5

The Term Sheet and Proposed Acquisition is subject to the Parties entering into a conditional SPA. In the event the Parties do not, the terms and conditions of the Term Sheet are to remain legally binding. What is expected to be in the SPA that is not currently in the Term Sheet? If there are no material differences, why is there a need for a separate SPA?

Company's Response

The Term Sheet only sets out the key terms of the Proposed Acquisition, such as price, conditions precedent and some key completion deliverables.

It is contemplated that the SPA will set out the customary details of a share acquisition like the Proposed Acquisition, including, in particular:

- (i) a comprehensive list of representations and warranties to be provided by the Sellers in respect of the Target Group;
- (ii) the mechanics for the completion of the Proposed Acquisition; and
- (iii) any additional indemnities, conditions precedents and/or post-completion undertakings as may be required by the Company following the completion of the due diligence exercise on the Target Group.

As the Term Sheet is a preliminary binding agreement between the Company and the Sellers, such details are not currently set out and may only be agreed between the Company and Sellers after negotiations and the completion of the due diligence exercise by the Company on the Target Group.

Question 6

Does the Group have experience and track record in running the new business? Who will be overseeing the operations of the Target Group?

Company's Response

No. However, as disclosed in paragraph 8.1 of the Announcement, as part of the Proposed Acquisition, it is the intention of the Company to appoint Dr Ong Siew Hwa (Seller 2) as an executive director of the Company to oversee the operations of the Target Group and the Company will also appoint a Director to sit on the board of directors of the Target. Dr Ong will also enter into a service agreement to serve and remain as the Chief Executive Officer of the Target Group for a duration of 6 years.

Dr Ong is the founder and Chief Scientist of the Target Group. She has 26 years of deep technology background since embarking in PhD studies in Molecular Biology in 1995, trained and worked in the field, in Singapore, United States and Canada, across academia, hospital, big pharmaceutical and medical technology startups. She is very connected in the industry, having served for several years as the Chairman of BioSingapore, and as executive committee member of the Singapore Manufacturing Federation (SMF), both of which are non-profit trade associations.

Under the leadership of Dr Ong, the Target Group has built a 60-staff company with all the core functional departments, which holds multiple licences and patents. The Target Group also has capabilities in research and development (especially in gene-based molecular diagnostics), manufacturing of diagnostic test kits, clinical laboratory testing and commercialization to sell the test kits and testing services.

BY ORDER OF THE BOARD

Dr. Shao Yongxin
Executive Director and Group Chief Executive Officer
19 August 2021

For more information, please contact:
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