



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

**PROPOSED ACQUISITION OF
ZHUANGHE CITY CHENGGUAN STREET JIADAWEI DENTAL CLINIC
OWNED BY MR. JIA DAWEI**

1. INTRODUCTION

The Board of Directors (the "**Board**" or "**Directors**") of Aoxin Q & M Dental Group Limited (the "**Company**", together with its subsidiaries, the "**Group**") wishes to announce that the Company has, on 15 May 2017, entered into a binding memorandum of understanding (the "**MOU**") with Mr. Jia Dawei ("**JDW**") (the "**Vendor**") to acquire Zhuanghe City Chengguan Street Jiadawei Dental Clinic owned by the Vendor ("**ZHJDW**") (the "**Proposed Acquisition**").

Details of ZHJDW and the Proposed Acquisition are set out in paragraph 2 and 3 of this Announcement respectively.

2. INFORMATION ON ZHJDW

2.1 Background and Principal Activities of ZHJDW

- (a) ZHJDW is a dental clinic based in Zhuanghe City, Liaoning Province, China that provides general dental healthcare services.
- (b) The Vendor is an independent and unrelated third party to the Company, its Directors, or its controlling shareholders.

3. THE PROPOSED ACQUISITION

The salient terms of the Proposed Acquisition under the MOU are set out below:

3.1 Purchase of the Sale Shares

The Vendor shall restructure ZHJDW into a limited liability corporate entity ("**JDW Co**").

The Company or its nominee will acquire 100.0% of the shareholding in JDW Co (the "**Sale Shares**") for an aggregate purchase consideration of RMB 8.4 million (the "**Purchase Consideration**") to be satisfied as follows:

- (a) Payment of RMB 0.6 million in cash to the Vendor for the share transfer of JDW Co;

- (b) Investment of RMB 2.1 million into JDW Co as working capital; and
- (c) Payment of RMB 5.7 million in cash to the Vendor for entering into a non-compete agreement with the Company and JDW Co.

3.2 Subscription of shares in the Company

As part of the conditions for the Proposed Acquisition, the Vendor shall subscribe for RMB 4.28 million worth of shares in the Company (the “**Subscription Shares**”). The issue price of S\$0.236 is equivalent to 10.0% discount to the weighted average price per ordinary share of the Company for trades done on the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 15 May 2017, being the full market day on which the MOU was entered into.

The Subscription Shares shall be moratorised for a period of 5 years from the date of completion of the Proposed Acquisition.

The Company will be making an application to the SGX-ST through its Sponsor (as defined herein) for the listing and quotation of the Subscription Shares on the Catalist, only after entering into definitive agreements with the Vendor.

3.3 Purchase Consideration

The Purchase Consideration was arrived at after negotiations on a willing-buyer, willing-seller basis. In arriving at the Purchase Consideration, the Company has taken into account, *inter alia*, the current market conditions, the history, track record and future prospects of ZHJDW and JDW Co, the expertise of the Vendor, and the strategic merits of the Proposed Acquisition.

The Company intends to fund the cash component of the Purchase Consideration using its Initial Public Offering proceeds and internal cash resources of the Group.

3.4 Terms and Conditions

Conditions Precedent

Completion of the Proposed Acquisition is subject to, *inter alia*, the following:

- (a) the results of a due diligence exercise by the Company over the business, affairs, operations, assets, financial condition, prospects and records of ZHJDW and JDW Co being satisfactory to the Company in its sole and absolute discretion;
- (b) all approvals, waivers or consents as may be required for the sale of the Sale Shares, to enable the Company and/or its nominee to be registered as holder(s) of all of the Sale Shares, and to give effect to the transactions contemplated pursuant to the Proposed Acquisition and where any waiver, consent or approval is subject to conditions, such conditions being satisfactory to the Company in its sole and absolute discretion and if required to be fulfilled by a particular date, being so fulfilled, and such approvals, waivers or consents remaining valid and in full force and effect; and

- (c) the Company obtaining such approval(s) in connection with the Proposed Acquisition from the Board and/or shareholders of the Company in a general meeting, as may be necessary for the transactions contemplated herein, and such approval not having been withdrawn or revoked.

Service Agreement

The Vendor has agreed to sign a 12-year service agreement with JDW Co and the Company.

Profit Guarantee

The MOU further provides that the Vendor guarantees that the net profit after tax of JDW Co over a period of 12 years shall be no less than the amount set out for each year (“**Profit Guarantee**”) as follows:

- (a) 1 July 2017 – 30 June 2018: RMB 0.60 million;
- (b) 1 July 2018 – 30 June 2019: RMB 0.63 million;
- (c) 1 July 2019 – 30 June 2020: RMB 0.68 million;
- (d) 1 July 2020 – 30 June 2021: RMB 0.75 million;
- (e) 1 July 2021 – 30 June 2022: RMB 0.84 million;
- (f) 1 July 2022 – 30 June 2023: RMB 0.91 million;
- (g) 1 July 2023 – 30 June 2024: RMB 1.00 million;
- (h) 1 July 2024 – 30 June 2025: RMB 1.09 million;
- (i) 1 July 2025 – 30 June 2026: RMB 1.18 million;
- (j) 1 July 2026 – 30 June 2027: RMB 1.29 million;
- (k) 1 July 2027 – 30 June 2028: RMB 1.41 million; and
- (l) 1 July 2028 – 30 June 2029: RMB 1.50 million,

The Vendor guarantees that the Company shall be entitled to 100% of the Profit Guarantee for every corresponding profit guarantee year.

Definitive Agreement

Parties will, in due course, enter into definitive agreements in respect of the Proposed Acquisition and the definitive agreements shall contain such customary terms generally found in similar transactions including without limitation, representations and warranties by the seller of the Sale Shares on the ownership of the Sale Shares and JDW Co, the business of JDW Co, employment and tax related matter as well as the corresponding indemnities.

4. RATIONALE FOR THE PROPOSED ACQUISITION

The Directors are of the view that the Proposed Acquisition is in the best interests of the Company and its shareholders as the Proposed Acquisition is in line with the Company’s expansion of its dental business in North China and allows the Company to add a fully operational clinic.

5. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors and controlling shareholders of the Company or their associates have any interests, direct or indirect, in the Proposed Acquisition, other than through each of their respective shareholding interests, direct and/or indirect (if any), in the Company.

6. DOCUMENT FOR INSPECTION

A copy of the MOU is available for inspection by shareholders of the Company at the registered office of the Company at 80 Robinson Road, #02-00, Singapore 068898 during normal business hours for a period of three (3) months from the date of this Announcement.

7. TRADING CAUTION

Shareholders are advised to exercise caution in trading their shares as there is no certainty or assurance as at the date of this Announcement that the definitive agreements will be entered into, or that the Proposed Acquisition will be completed. Shareholders are advised to read this Announcement and any further announcements by the Company carefully. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

8. FURTHER ANNOUNCEMENT

The Company will make the relevant update announcements in compliance with Chapter 10 of the Catalist Rules of the Singapore Exchange Securities Trading Limited on the Proposed Acquisition upon entry into the definitive agreements in relation to the Proposed Acquisition.

By Order of the Board
Aoxin Q & M Dental Group Limited

Dr. Shao Yongxin
Executive Director and
Group Chief Executive Officer
15 May 2017

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, for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). The Company's Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST 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.

The contact person for the Sponsor is Mr Ong Hwee Li (Tel: (65) 6532 3829) at 1 Robinson Road, #21-02 AIA Tower, Singapore 048542. SAC Capital Private Limited is the parent company of SAC Advisors Private Limited.