



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

UPDATE ON INVESTIGATIONS INTO FORMER EXECUTIVE DIRECTOR AND GROUP CHIEF EXECUTIVE OFFICER DR SHAO YONGXIN IN RELATION TO WHISTLEBLOWING REPORTS

The board of directors (“**Board**” or “**Directors**”) of Aoxin Q & M Dental Group Limited (the “**Company**”, and collectively with its subsidiaries, the “**Group**”) refers to its announcements dated 22 July 2025, 25 July 2025 and 31 July 2025 (collectively the “**Previous Announcements**”) in relation to the resignation of the former Executive Director and Group Chief Executive Officer, Dr Shao Yongxin (“**Dr Shao**”), and certain whistleblowing investigations relating to Dr Shao.

The Audit Committee has completed its investigations in relation to the Whistleblowing Reports (as defined below) and the Board would like to update Shareholders on the findings of the Audit Committee and follow-up action in relation thereto.

1. Matters raised under Whistleblowing Reports

- 1.1. The Board had received four whistleblowing reports (two written and two verbal) (collectively the “**Whistleblowing Reports**”) from four individuals, who are employees and/or minority shareholders of the Group (collectively the “**Whistleblowers**”) where the Whistleblowers have respectively alleged, *inter alia*, that:
- (a) Dr Shao had, in or around 2017, obtained funds amounting in aggregate to approximately RMB 2 million from the Whistleblowers collectively, by purporting to sell them an aggregate of approximately 2.8 million shares in the capital of the Company which he claimed to own (“**Purported Sale Shares**”) (“**Purported Sale**”); and
 - (b) Dr Shao had, over the period between 2017 to 2022, obtained additional funds amounting in aggregate to approximately RMB 13 million (including interest accrued and payable) from certain Whistleblowers (“**Personal Loans**”).

2. Issues considered by the Audit Committee arising from Whistleblowing Reports

- 2.1. As announced by the Company on 25 July 2025, the Audit Committee’s preliminary assessment of the allegations in the Whistleblowing Reports was that such allegations primarily related to Dr Shao’s personal past actions and are unrelated to the Group’s operations.
- 2.2. Nevertheless, on further review of the allegations or matters raised under the Whistleblowing Reports, the Audit Committee considered it necessary or relevant to investigate or review, *inter alia*, the following issues:

- (a) Whether the Purported Sale has to be recognised by the Company or may otherwise be deemed or construed to be valid or enforceable against the Company; and
- (b) Whether the actions or conduct of Dr Shao in relation to the Purported Sale and/or the Personal Loans arrangement are in breach or contravention of any applicable Singapore or People's Republic of China ("**PRC**") laws or regulations or the Catalyst rules ("**Catalist Rules**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**").

3. Findings of the Audit Committee arising from its investigations

3.1. Based on the findings from the investigations conducted by the Audit Committee, the Audit Committee is of the view that there is reasonable evidence to suggest, as alleged in the Whistleblowing Reports, that Dr Shao had obtained funds from the Whistleblowers for his own personal use by purporting to sell the Purported Sale Shares to the Whistleblowers and taking the Personal Loans from the Whistleblowers due to the following reasons:

- (a) The Whistleblowers have substantiated their allegations by providing the Audit Committee with copies of the share entrustment agreements which Dr Shao had entered into with the Whistleblowers setting out the terms of the Purported Sale ("**Share Entrustment Agreements**") as well as copies of the loan agreements documenting details and terms of the Personal Loans.
- (b) In contrast, Dr Shao did not respond to the Audit Committee's email queries seeking clarification of the allegations raised in the Whistleblowing Reports and instead, as previously announced by the Company on 22 July 2025, Dr Shao had abruptly and unilaterally purported to resign from his office as Executive Director and Group Chief Executive Officer on 21 July 2025, shortly after the Board first learnt of the matters raised in the Whistleblowing Reports from the Whistleblowers during a visit to the Company's headquarters in Shenyang, the PRC in the week of 14 July 2025.

3.2. The Audit Committee has sought legal advice from Singapore legal counsel who has advised that the Purported Sale does not have to be recognised by the Company nor may otherwise be deemed or construed to be valid or enforceable against the Company, *inter alia*, for the following reasons:

- (a) At the material time of the Purported Sale of the Purported Sale Shares by Dr Shao to the Whistleblowers, the only shares in the capital of the Company ("**Shares**") which Dr Shao had a shareholding interest in were the 109,401,709 Shares ("**HFEL Aoxin Shares**") held through Health Field Enterprises Limited ("**HFEL**")¹ which had already been previously pledged by HFEL as security ("**Share Security**") in favour of Q&M Dental Group (Singapore) Limited ("**Q&M**") on 12 October 2016 in connection with the profit guarantee ("**Profit Guarantee**") which Dr Shao had given in connection with the acquisition by Q&M's subsidiary of Shenyang Xinao Hospital Management Co., Ltd from Dr Shao, and accordingly, Dr Shao did not have unencumbered title or ownership of any Shares at the time of the Purported Sale which he could validly sell, transfer or assign to the Whistleblowers (since all the HFEL Aoxin Shares were subject to the prior security interest of Q&M under the Share Security and Q&M had in fact recently

¹ HFEL is a company incorporated in the British Virgin Islands which is 100%-owned by Action Health Enterprises Limited which is in turn 100%-owned by Dr Shao.

enforced such security on 30 April 2025 to acquire 87,973,480 of the HFEL Aoxin Shares to settle and satisfy part of the amounts owing by Dr Shao to Q&M arising from the shortfalls under the Profit Guarantee (“**Security Enforcement**”), and following the Security Enforcement, Q&M also made a mandatory unconditional cash offer for the remaining Shares of the Company on 30 April 2025 (“**Mandatory Offer**”).

- (b) While the terms of the Shares Entrustment Agreements appears to provide for Dr Shao to hold the Purported Sale Shares in trust under a share entrustment and nominee holding arrangement on behalf of the Whistleblowers (pending the lifting of a moratorium on the sale or transfer of such shares that had been imposed in connection with the listing of such shares) (“**Shares Entrustment Arrangement**”), the Company has been advised by Singapore legal counsel that the Company is not obliged to recognise the Shares Entrustment Arrangement despite now having notice of the same as, pursuant to article 14 of the Constitution of the Company, no person shall be recognised by the Company, *inter alia*, as holding any Share (or any interest therein) on trust even when having notice thereof, and the Company is only obliged to recognise the person(s) entered into the Register of Members (in the case of a shareholder holding Shares in scrip form) or the person(s) entered into the Depository Register (in the case of a shareholder holding Shares under a securities account opened with The Central Depository (Pte) Limited) as having an absolute right to such Share (or any interest therein), which, in this case, would be HFEL (in respect of the HFEL Aoxin Shares which were not acquired by Q&M pursuant to the Security Enforcement).

3.3. In addition, Singapore legal counsel has advised, *inter alia*, that:

- (a) Being the Executive Director and Group Chief Executive Officer of the Company at the material time, Dr Shao was obliged to disclose any change to his shareholding interests in the Company pursuant to Section 165 of the Companies Act 1967 and Section 133 of the Securities and Futures Act 2001, but as Dr Shao did not at any time give any notice to the Company of the sale or disposal of the Purported Sale Shares (or any interest therein) or of any change of his shareholding interests in the Company, whether at the time of the Purported Sale or subsequent thereto, this is in breach or contravention of such provisions.
- (b) Dr Shao would likely be in breach of his obligations to Q&M under the Share Security by purporting to sell his interest in the Purported Sale Shares to the Whistleblowers in violation of Q&M’s prior security interest and it is also possible that the Whistleblowers may have legal recourse or remedy against Dr Shao, *inter alia*, for breach of contract and/or misrepresentation (including fraudulent misrepresentation) by representing himself to have the right to sell his interest in the Purported Sale Shares to the Whistleblowers despite Q&M’s prior security interest in such shares.
- (c) As the Whistleblowers are employees and/or minority shareholders of the Group, there would have been both potential conflicts and interest and possible abuse of his power or authority if Dr Shao had taken advantage of his position of power or authority over the Whistleblowers at the material time to obtain funds from the Whistleblowers for his own personal use by inducing them to purchase the Purported Sale Shares from him and granting him the Personal Loans, and such conduct is not fit and proper conduct for an office holder, and may be in contravention of Rule 406(3)(b) of the Catalist Rules that requires directors of a listed issuer to possess the necessary character and integrity test to remain in office as such.

- 3.4. The Company has also sought legal advice from PRC legal counsel on the potential legal liabilities that Dr Shao's conduct in respect of the Purported Sale may give rise to under the framework of PRC law, and PRC legal counsel has advised that the legal liabilities arising from Dr Shao's conduct will be mainly relating to the potential criminal and/or civil liabilities he may face in the PRC due to his conduct of inducing the Whistleblowers to buy the Purported Sale Shares under the Purported Sale.
- 3.5. PRC legal counsel has further advised that in addition to Dr Shao's conduct arguably constituting "just cause" for his removal as director from the relevant PRC-incorporated subsidiary companies within the Group, the Company will in any event be fully entitled to exercise its rights as shareholder to remove him as director from such subsidiary companies at its sole discretion without having to give any reasons therefor.
- 3.6. In view of the foregoing findings, the Audit Committee is of the view that Dr Shao's conduct of obtaining funds from the Whistleblowers for his own personal use through the Purported Sale and Personal Loans is conduct that is not fit and proper conduct for an officer holder of a listed issuer on the Catalist of the SGX-ST, and has recommended to the Board and the Board, with the concurrence of the Nominating Committee, has accepted the Audit Committee's recommendation to forthwith take steps to remove him as director of the four PRC-incorporated subsidiaries of the Company ("**PRC Subsidiaries**").
- 3.7. Apart from the foregoing, the Audit Committee appointed a commercial investigator firm to conduct background checks on Dr Shao's other business interests and dealings, *inter alia*, to assess if he may be in financial distress or if there may be other red flags or suspicion raised to suggest possible fraudulent or improper conduct on Dr Shao's part in relation to his dealings with the Group and/or the Group's operations which may warrant further investigations by the Company.
- 3.8. Based on the report of the commercial investigator firm dated 20 August 2025, they have found, *inter alia*, that Dr Shao has four current business interests in the PRC Subsidiaries, and they have not found any information to suggest that Dr Shao has been in financial distress (other than for the Security Enforcement), or that there have been any adverse issues relating to Dr Shao.

4. Clarifications and Updates in relation to Announcements dated 22 July 2025 and 31 July 2025

- 4.1. In the announcement dated 22 July 2025 in relation to Dr Shao's resignation as Executive Director and Group Chief Executive Officer ("**22 July 2025 Announcement**"), it was disclosed, *inter alia*, that Dr Shao decided to step down as Executive Director and Group Chief Executive Officer as "*there exists differences in views and opinions with major shareholder in relation to strategic direction of the dental business in Liaoning province in the People's Republic of China (PRC)*" and in the announcement dated 31 July 2025 ("**31 July 2025 Announcement**"), the Company announced that the Company has placed Dr Shao on suspension with immediate effect to facilitate the whistleblowing investigation and Dr Shao is in the midst of relinquishing all his duties including directorships in the relevant subsidiary companies within the Group.

4.2. The Board wishes to clarify and update Shareholders on the following:

- (a) In view of the finding and recommendation of the Audit Committee which the Board, with the concurrence of the Nominating Committee, has accepted as stated in paragraph 3.6 above, the Board has determined that it would have terminated Dr Shao's employment as Executive Director and Group Chief Executive Officer for cause even if he had not offered to resign as Executive Director and Group Chief Executive Officer on 21 July 2025 and accordingly his cessation as Executive Director and Group Chief Executive Officer with effect from 21 July 2025 remains, but for the reasons as stated in paragraph 3.6 above, in addition to the reasons cited in the 22 July 2025 Announcement, and
- (b) Dr Shao did not give notice to the Company prior to submitting his resignation as Executive Director and Group Chief Executive Officer to the Company on 21 July 2025, and while the Company has accepted his resignation, the Company has also reserved all its rights against him, including the right to recover the salary in lieu of notice that Dr Shao is obliged to pay for resigning without giving the requisite 6 months' notice period as required under his contract of employment.

4.3. Further, as a follow-up to the 31 July 2025 Announcement, the Board would like to refer Shareholders to the Board's decision to remove Dr Shao as a director of the PRC Subsidiaries as further elaborated in paragraph 3.6 above.

By Order of the Board

Mr Chua Ser Miang
Non-Executive Director and Independent Director
8 September 2025

*This announcement has been reviewed by the Company's Sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**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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