

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

BINDING TERM SHEET IN RELATION TO THE PROPOSED ACQUISITION OF 49% OF THE ISSUED AND PAID-UP SHARE CAPITAL OF ACUMEN DIAGNOSTICS PTE. LTD.

1. INTRODUCTION

- 1.1. The Board of Directors (the **Board**" or the **"Directors"**) of Aoxin Q & M Dental Group Limited (the **"Company"**, together with its subsidiaries, the **"Group"**) wishes to announce that the Company had on 15 August 2021 entered into a binding term sheet (the **"Term Sheet"**) with each of Acumen Holdings Pte. Ltd. (**"Seller 1"**) and Ong Siew Hwa (**"Seller 2"**) (collectively, the **"Sellers"**) in relation to the proposed acquisition (**"Proposed Acquisition"**) by the Company of 49% of the issued and paid-up share capital of Acumen Diagnostics Pte. Ltd. (the **"Target"**) (**"Sale Shares"**). The Company and the Sellers shall collectively be referred to as the **"Parties"**.
- 1.2. The Term Sheet and the Proposed Acquisition is subject to the Company and the Sellers entering into a conditional sale and purchase agreement (**"SPA"**). In the event that the Parties do not, for any reason whatsoever, enter into the SPA, the terms and conditions of the Term Sheet shall remain legally binding on the Parties and the Term Sheet shall be the only agreement which governs the Proposed Acquisition, unless terminated by mutual agreement by the Parties in accordance with the Term Sheet.
- 1.3. The Proposed Acquisition, if undertaken and completed, is expected to result in a discloseable transaction under Chapter 10 of Section B: Rules of Catalist of the listing manual of the Singapore Exchange Securities Trading Limited (**"SGX-ST"**) (**"Catalist Rules"**). In connection with the Proposed Acquisition, the Company intends to diversify its business and expand its core business to include medical diagnostics business (**"Proposed Diversification"**). However, the Company intends to put the Proposed Acquisition up for shareholders' approval in view that it is the Group's first venture into the Target Business (as defined below). The Proposed Joint Venture (as defined below) constitutes an interested person transaction under Chapter 9 of Catalist Rules. The Proposed Issue (as defined below), upon Completion, will result in Seller 2 becoming a new Controlling Shareholder (as defined in the Catalist Rules) of the Company. The Proposed Acquisition, the Proposed Diversification, the Proposed Issue and the Proposed Joint Venture shall collectively be referred to as the **"Proposed Transactions"**.
- 1.4. Further details of the Proposed Transactions are set out below.

2. INFORMATION RELATING TO THE SELLERS, THE TARGET AND THE TARGET GROUP

*The information on the Sellers, the Target and the Target Group (as defined below) in this announcement (**"Announcement"**) was provided by the Sellers. In respect of such information, the Company and the Board have not independently verified the accuracy and correctness of the same and the Company's responsibility is limited to the proper extraction and reproduction herein in the context that the information is being disclosed in this Announcement.*

2.1 Seller 1

Entity type	:	Private company limited by shares
Place of incorporation	:	Singapore
Date of incorporation	:	6 February 2018
Business Activities	:	Investment holding
Directors	:	(1) Tan Lee Meng (2) Pong Chen Yih
Shareholders	:	(1) Tan Lee Meng (37.07%) (2) HC Surgical Specialists Limited (6.12%) (3) Shinex Capital Pte. Ltd. (6.12%) (4) Ng Aik Hong (5.10%)

(5) 23 other shareholders (45.59%)¹

Shareholdings in Target : Legal and beneficial owner of 399,480 Sale Shares, representing 13.33% of the issued and paid-up share capital of the Target

2.2 Seller 2

As at the date of this Announcement, Seller 2 is the legal and beneficial owner of 1,070,160 Sale Shares, representing 35.67% of the issued and paid-up share capital of the Target.

2.3 None of the Seller 1 or its directors and shareholders, or Seller 2 is related to any of the Directors, Controlling Shareholders, chief executive officer of the Company and/or their respective associates. As at the date of this Announcement, none of the Seller 1 or its directors and shareholders, or Seller 2 holds shares in the Company (“Shares”).

2.4 The Target Group

- (a) The Target Group consists of the Target and Acumen Research Laboratories Pte. Ltd. (“ARL”) (collectively, the “Target Group”).
- (b) The Target is a private company limited by shares incorporated in Singapore on 9 April 2020. The Target is a medical technology company that focuses on the research, manufacture, sale and distribution of PCR (polymerase chain reaction) diagnostic test kits, as well as conducting of laboratory testing, including but not limited to infectious diseases, cancer and COVID-19 (“Target Business”).
- (c) ARL is a private company limited by shares incorporated in Singapore on 15 March 2010 and principally engaged in the business of providing biomedical research and development services.
- (d) As at the date of this Announcement, the sole director and shareholder of ARL is Seller 2. As one of the Conditions (as defined below) for the Proposed Acquisition is that the Seller 2 is required to transfer of all of her shares in the capital of ARL to the Target, and upon Completion (as defined below), ARL will be a wholly-owned subsidiary of the Target.
- (e) As at the date of this Announcement,
 - (i) the directors of the Target are Seller 2, Ng Chin Siau and Chong Kai Chuan; and
 - (ii) the shareholders of the Target are as follows:

Name	Number of Shares	Shareholding Percentage in Target (%)
Q & M Dental Group (Singapore) Limited (“Q & M”)	1,530,000	51.00
Seller 1	399,840	13.33
Seller 2	1,070,160	35.67
Total	3,000,000	100.00

3. RATIONALE FOR THE PROPOSED TRANSACTIONS

- 3.1 The Singapore Government has started its journey towards “living with COVID-19” strategy as it moves to an endemic COVID-19. The three-pronged strategy of “vaccination, contact tracing and testing” was laid out by the Prime Minister Lee Hsien Loong in a live address recently. With the integration of the Target Business and the Company, the Board is of the opinion that the Target will be able to capture a significant portion of the testing capacity market, in conducting frequent and widespread testing, in support of Singapore’s national strategy. It would also allow the Company to enter the medical diagnostics business in Singapore.
- 3.2 The Proposed Transactions would improve the profitability of the Company through sharing of profits from the Proposed Joint Venture and improve the cashflow position of the Company when the Target

¹ Each of the 23 other shareholders holds less than 5% of the total and issued paid-up share capital of Seller 1.

declares dividends. Over time, the Company will benefit from potential commercial, operational and costs synergies between the Company and the Target.

- 3.3 Given the potential synergies and efficiencies which will be created by the addition of the Target to the business of the Group, the Board believes that the Proposed Acquisition will enhance the long-term interests of the Company and its Shareholders.

4. DETAILS OF THE PROPOSED ACQUISITION

4.1 Principal Terms of the Proposed Acquisition

4.1.1 Purchase Consideration

- (a) The preliminary valuation of the Target is S\$60 million ("**Preliminary Valuation**"). The Preliminary Valuation was derived based on the latest financial statements of the Target Group and taking into account the future prospects of the Target Business. The Company will further assess the Preliminary Valuation with the assistance of an independent adviser prior to Completion (as defined below) when further information is made available during the due diligence stage.
- (b) The purchase consideration for the Sale Shares is S\$29.4 million ("**Purchase Consideration**") which will be satisfied by way of the allotment and issuance of new ordinary shares in the capital of the Company ("**Consideration Shares**") at an issue price ("**Issue Price**"), credited as fully paid-up and ranking *pari passu* in all respects with the shares in the capital of the Company ("**Proposed Issue**").
- (c) The Issue Price of each Consideration Share shall be S\$0.231, which is a premium of 37.5% to the volume weighted average price of S\$0.168 per Share for Shares trades on the SGX-ST on 13 August 2021, being the full market day immediately preceding the date of the Term Sheet.
- (d) The Purchase Consideration was arrived at on a willing-buyer willing-seller basis, after negotiations which were conducted on an arm's length basis between the Company and the Sellers, taking into account several factors including, *inter alia*, (i) the Preliminary Valuation; and (ii) Singapore's national strategy towards aggressive testing in view of the COVID-19 pandemic, which is expected to fuel the demand for the Target Business.

4.1.2 Conditions

Completion is conditional upon, *inter alia*, the conditions set out in **Appendix A** to this Announcement (the "**Conditions**", each a "**Condition**") being satisfied or waived in accordance with the terms of the SPA.

4.1.3 Completion

- (a) Completion of the Proposed Acquisition ("**Completion**") shall take place on a day ("**Completion Date**") no later than six (6) months from the date of the SPA, or such other date as may be agreed to in writing by the Parties ("**Longstop Date**").
- (b) The Conditions shall be satisfied on or prior to the Longstop Date, failing which the SPA shall lapse and cease to have further effect and no Party shall have any claim against the other Parties, save for certain clauses and antecedent breaches.
- (c) The sale and purchase of all the Sale Shares shall take place contemporaneously. The sale and purchase of any part of the Sale Shares held by any Seller(s) shall not take place in the event that the sale and purchase of the remaining part of the Sale Shares held by the other Seller(s) does not take place contemporaneously.

4.1.4 Shareholders' Agreement

It is contemplated that upon Completion, a shareholders' agreement ("**SHA**") shall be entered into amongst the Company, the Target and Q & M in relation to the regulation of the affairs, management and governance of the Target amongst its members ("**Proposed Joint Venture**").

4.1.5 Moratorium Undertakings

- (a) The Consideration Shares shall be subject to a moratorium.

- (b) Each Seller covenants and undertakes not to (directly or indirectly), *inter alia*, offer, pledge, sell, contract to sell, grant any option, right or warrant to purchase, lend, hypothecate or encumber or otherwise transfer or dispose of, the following number of Consideration Shares during the Moratorium Period (as defined below) (the “**Moratorium**”), without the prior written consent of the Company:
- (i) During the period commencing from the date of Completion and ending on the date falling three (3) years from Completion (the “**Initial Period**”), such number of Shares which is equal to 70% of the Consideration Shares;
- (ii) Following the end of the Initial Period:

Period of time	Number of Shares subject to the Moratorium
During the first 12-month period following the end of the Initial Period	60% of the Consideration Shares
During the second 12-month period following the end of the Initial Period	50% of the Consideration Shares
During the third 12-month period following the end of the Initial Period	40% of the Consideration Shares
During the fourth 12-month period following the end of the Initial Period	30% of the Consideration Shares
During the fifth 12-month period following the end of the Initial Period	20% of the Consideration Shares
During the sixth 12-month period following the end of the Initial Period	10% of the Consideration Shares

(collectively, the “**Distribution Schedule**”), provided that during the Moratorium Period, Seller 1 shall be entitled to distribute the Consideration Shares to its shareholders (the “**Seller 1 Shareholders**”) by way of a dividend in specie, capital reduction or such other methods of distribution as may be permitted under applicable laws (the “**Seller 1 Distribution**”). In the event of a Seller 1 Distribution, the Seller 1 Shareholders shall provide an undertaking in favour of the Company that such Shares which have been distributed to the Seller 1 Shareholders shall be subject to the Moratorium during the Moratorium Period in accordance with the Distribution Schedule.

- (c) Each Seller may dispose (whether in a single or series of transactions) all of the remaining Consideration Shares held by such Seller, if not disposed, following the expiry of the Moratorium Period.
- (d) The “**Moratorium Period**” means a period of nine (9) years from Completion (or such other period as may be agreed between the Parties).

4.1.6 Exclusivity Period

The Parties have agreed to an exclusivity period ending on 30 January 2022 for the purposes of preparing the SPA, or such longer period as the Parties may agree to in writing (the “**Exclusivity Period**”). The Parties shall in good faith finalise the terms of and enter into the SPA prior to the end of the Exclusivity Period. During the Exclusivity Period, the Sellers shall not enter into discussions or negotiations with third parties in relation to the Proposed Acquisition or any matter involving a transaction which would preclude, restrict or delay the transactions mentioned or contemplated in the Term Sheet including the Proposed Acquisition and/or the Proposed Issue, or which is similar to the Proposed Acquisition and/or the Proposed Issue.

4.1.7 Costs and Expenses

The Company shall bear all relevant stamp duties (including penalties, if any) payable under or in connection with the transfer of the Sale Shares from the Sellers to the Company pursuant to the Proposed Acquisition (“**Stamp Duty**”). Save for the Stamp Duty, each Party shall bear its own costs in relation to the Proposed Acquisition and in particular, with regard to any invoices raised by professionals appointed by each Party.

5. PROPOSED TRANSFER OF CONTROLLING INTEREST

- 5.1 Rule 803 of the Catalyst Rules provides that the Company must not issue securities to transfer a Controlling Interest (as defined in the Catalyst Rules) without the prior approval of the Shareholders in

general meeting.

- 5.2 Pursuant to the Proposed Acquisition and the Proposed Issue, the Consideration Shares represent approximately 33.35% of the existing issued and paid-up share capital of the Company of 381,574,909 Shares (excluding treasury shares and subsidiary holdings) and approximately 25.01% of the enlarged issued and paid-up share capital of the Company of 508,847,636 Shares (excluding treasury shares and subsidiary holdings) following the Completion and assuming no other new issuance of Shares up to Completion Date.
- 5.3 Pursuant to the Proposed Acquisition and the Proposed Issue, it is contemplated that Seller 1 and Seller 2 shall be issued such number of Consideration Shares approximately 6.80% and 18.21% of the enlarged issued and paid-up share capital of the Company (excluding treasury shares and subsidiary holdings), respectively, upon Completion and assuming no other new issuance of Shares up to Completion Date. Accordingly, Seller 2 will become a Controlling Shareholder of the Company and specific shareholders' approval will be required for the issuance of the Consideration Shares to Seller 2.

6. PROPOSED JOINT VENTURE AS AN INTERESTED PERSON TRANSACTION

As at the date of this Announcement, Q & M, a company incorporated in Singapore and listed on the Mainboard of the SGX-ST, holds 167,670,838 Shares, representing approximately 43.94% of the issued and paid-up share capital of the Company. As such, Q & M, being a controlling Shareholder of the Company, is deemed an "interested person" under Chapter 9 of the Catalist Rules. The Proposed Joint Venture thus constitutes an interested person transaction under Chapter 9 of Catalist Rules. The Company will make appropriate further disclosures on the Proposed Joint Venture subject to the finalisation of the terms of the SHA.

7. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

- 7.1 **Appendix B** to this Announcement sets out the interests of the Controlling Shareholders of the Company in the Target as of the date of this Announcement.
- 7.2 Mr. San Yi Leong @ Tan Yi Leong, Executive Director and Deputy CEO of the Group, is the brother-in-law of Dr. Ng Chin Siau, the Executive Director and Group CEO of Q & M, a controlling shareholder of the Company.
- 7.3 Save as provided in this Announcement, none of the Directors, and to the best of the Directors' knowledge, none of the Controlling Shareholders of the Company, and their respective associates, has any interest, direct or indirect, in the Proposed Transactions other than through their direct or indirect shareholdings in the Company, if any.

8. SERVICE CONTRACTS

- 8.1 On Completion, it is contemplated that:
- (a) the Company shall appoint its representative as a director of the Target;
 - (b) Seller 2 will enter into a service agreement with the Target in respect of her appointment as the Chief Executive Officer of the Target for a period of not less than six (6) years commencing from Completion Date and on terms to be mutually agreed between Seller 2 and the Company; and
 - (c) The Nominating Committee of the Company shall appoint Seller 2 as an executive non-independent Director of the Company. Q & M shall vote in favour of the appointment of Seller 2 as an executive and non-independent Director of the Company at a general meeting to be convened by the Company.

The details of such appointments and service contracts (if any) will be set out in the circular to be despatched to Shareholders in due course.

- 8.2 Save as disclosed in paragraph 8.1, no other person is proposed to be appointed as a Director of the Company in connection with the Proposed Acquisition. Accordingly, save as disclosed in paragraph 8.1, no service contract is proposed to be entered into between the Company and any such person.

9. FURTHER INFORMATION AND DOCUMENTS AVAILABLE FOR INSPECTION

- 9.1 The Company will make further announcements, in compliance with the requirements of Catalist Rules, (including Chapter 9 and Chapter 10), upon execution of SPA and SHA and/or when there are material developments on the Proposed Transactions.

- 9.2 A circular setting out amongst others, the terms of the Proposed Transactions, together with a notice of EGM, will be despatched by the Company to Shareholders in due course.
- 9.3 A copy of the Term Sheet will be made available for inspection during normal business hours at the registered office of the Company at 80 Robinson Road #02-00, Singapore 068898 for three (3) months from the date of this Announcement.
- 9.4 Due to the mandatory safe distancing measures issued by the Singapore Ministry of Health in relation to the COVID-19 outbreak, such physical inspection may be restricted. Please write in to qnm@aoxin.sg prior to making any visits to arrange for a suitable time slot for the inspection.

10. CAUTION IN TRADING

Shareholders are advised to exercise caution in trading their Shares. The Proposed Acquisition is subject to the Conditions and due diligence. There is no certainty or assurance as at the date of this Announcement that the Proposed Acquisition will be completed, or that no changes will be made to the terms thereof. The Company will make the necessary announcements when there are further developments on the Proposed Acquisition and other matters contemplated by this Announcement. Accordingly, Shareholders are advised to exercise caution before making any decision in respect of their dealings in the Shares of the Company. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

11. RESPONSIBILITY STATEMENT

- 11.1 The Directors of the Company (including those who have been delegated supervision of this Announcement) collectively and individually accept full responsibility for the accuracy of the information given in this Announcement (save for information relating to the Sellers and the Target Group) and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Announcement constitutes full and true disclosure of all material facts about the Proposed Acquisition, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Announcement misleading. Where information in this Announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Announcement in its proper form and context.
- 11.2 The Sellers accepts full responsibility for the accuracy of the information given in this Announcement in respect of the Sellers and the Target Group, and confirms after making all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and opinions expressed by them in this Announcement in respect of the Sellers and the Target Group are fair and accurate in all material respects as at the date hereof, and the Sellers are not aware of any material facts in respect of the Sellers and the Target Group, the omission of which would make any statement in respect of the Sellers and the Target Group in this Announcement misleading.

BY ORDER OF THE BOARD

Dr. Shao Yongxin
Executive Director and Group Chief Executive Officer
16 August 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 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) 6232 3210) at 1 Robinson Road, #21-00, AIA Tower, Singapore 048542.

APPENDIX A

KEY CONDITIONS

The Proposed Acquisition shall be conditional upon, but not limited to, the following:

- (i) the results of legal, commercial, tax, financial and technical due diligence investigations on the Target Group and its subsidiaries (if any) being satisfactory to the Company (acting in its sole and absolute discretion);
 - (ii) in the manner and to the extent satisfactory to the Company, the transfer of all the shares in the capital of ARL by Seller 2 to the Target, such that ARL becomes a wholly-owned subsidiary of the Target, and Seller 2 having provided evidence in a form satisfactory to the Company that such transfer of shares has been completed;
 - (iii) the termination of any existing shareholders' agreement entered into amongst the Target, the Sellers and Q & M;
 - (iv) the resolutions of the board of directors of the Target having been obtained for the entry into and completion of, the transactions contemplated in this Term Sheet, including in particular:
 - (a) the transfer of Sale Shares from the Sellers to the Company;
 - (b) the entry by the Target into the SHA;
 - (c) the appointment of such new director(s) of the Target as nominated by the Company; and
 - (d) the resignation of such directors of the Target who are representatives of the Sellers (save for Seller 2 who shall remain as a director of the Target following Completion);
 - (v) all necessary approvals, consents, licences, permits, authorisations and/or registrations from/with all relevant governmental, regulatory and other authorities in relation to the Target and the Target Business having been obtained, remaining valid and in force and not having been withdrawn, revoked or amended, nor subject to conditions not acceptable to the Company (acting in its sole and absolute discretion);
 - (vi) all necessary approvals, consents, licences, permits, authorisations and/or registrations from/with all relevant governmental, regulatory and other authorities, financiers, counterparties and/or third parties (if any) of the Company, the Target and the Target Business in respect of the Proposed Acquisition, including:
 - (a) in respect of any Seller who is not a natural person, the approval of the board of directors and shareholders of such Seller in respect of the Proposed Acquisition having been obtained;
 - (b) the SGX-ST (including the listing of, and quotation for, the Consideration Shares on the Catalist Board of the SGX-ST); and
 - (c) the shareholders of the Company at a general meeting to be convened in respect of (1) the Proposed Diversification; (2) the Proposed Acquisition; (3) the Proposed Issue and the issuance of such number of Consideration Shares resulting in Seller 2 becoming a new controlling shareholder of the Company under Chapter 8 of the Catalist Rules; and (4) the appointment of Seller 2 as an executive and non-independent director of the Company;
 - (vii) the Sellers are the sole legal and beneficial owner of the Sale Shares, free from any encumbrances, on Completion;
 - (viii) the representations and warranties given by the Sellers, which should be customary for a transaction of this nature, remaining true, accurate and correct in all respects;
 - (ix) there are no material adverse changes to the Target's financial conditions, existing operations, business, assets and/or prospects; and
 - (x) such other conditions precedents as may be required by the Company,
- (collectively, the "**Conditions Precedent**").

Only the Company shall be entitled to waive the Conditions.

APPENDIX B

DISCLOSURE OF INTERESTS

The interests of the Controlling Shareholders of the Company in the Target as at the date of this Announcement are set out below:

Name	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Q & M	1,530,000	51.00	-	-	1,530,000	51.00
Quan Min Holdings Pte. Ltd.	-	-	1,530,000 ⁽¹⁾	51.00	1,530,000	51.00
Ng Chin Siau	-	-	1,530,000 ⁽²⁾	51.00	1,530,000	51.00

Notes:

- (1) By virtue of section 7 of the Companies Act (Cap. 50) of Singapore, Quan Min Holdings Pte. Ltd. is deemed to be interested in the 1,530,000 shares held by Q & M in the Target, as Quan Min Holdings Pte. Ltd. has a direct interest in 51.30% of the total issued and paid-up shares of Q & M.
- (2) By virtue of section 7 of the Companies Act (Cap. 50) of Singapore, Ng Chin Siau is deemed to be interested in the 1,530,000 shares held by Q & M in the Target, as Ng Chin Siau has a deemed interest in (i) the 51.30% shares of Q & M held by Quan Min Holdings Pte. Ltd.; and (ii) 101,000 shares in Q & M held by his spouse, Foo Siew Jiuan