



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

**UPDATES ON THE ACQUISITION OF YOUXIN DENTAL CLINIC –
FURTHER AMENDMENTS TO THE MASTER AGREEMENT**

1. INTRODUCTION

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 its announcements dated 18 May 2018, 31 December 2018 and 21 January 2020 (the "**Earlier Announcements**") in relation to the acquisition of 100% equity interest in Youxin Dental Clinic (the "**Acquisition**"). The onshore share transfer for Aoxin Youxin (f.k.a. Youxin Dental Clinic) was completed on 15 January 2019.

Unless otherwise defined in this announcement, all capitalised terms used in this announcement shall have the same meanings as set out in the Earlier Announcements.

2. FURTHER AMENDMENTS TO THE MASTER AGREEMENT

- 2.1. Pursuant to the Master Agreement entered into between Mr. You Zhongjiang (the "**Vendor**") and the Group in relation to the Acquisition ("**Master Agreement**"), the Vendor guarantees that the net profit after tax of Aoxin Youxin for each 12-month period over a period of 12 years (commencing on 1 January 2019) ("**Profit Guarantee Period**") shall be no less than certain stipulated amounts for each financial year ended 31 December ("**Profit Guarantee**").
- 2.2. The Board wishes to update the shareholders of the Company (the "**Shareholders**") that in view of the COVID-19 pandemic and its long-lasting adverse impact on the business of Aoxin Youxin, the parties to the Master Agreement had entered into a deed today to further amend the terms of the Profit Guarantee in the Master Agreement ("**Second Amendment Deed**").
- 2.3. The principal amendments to the terms of the Profit Guarantee under the Master Agreement pursuant to the Second Amendment Deed are set out below:
 - i. the Company shall extend the Profit Guarantee Period by three (3) years, such that the Profit Guarantee Period shall be 15 years instead of 12 years (the "**Extension of Profit Guarantee Period**"); and
 - ii. in connection with the Extension of Profit Guarantee Period, the Profit Guarantee in respect of each financial year ended 31 December shall be revised and be calculated cumulatively as follows:

Profit Guarantee (RMB)		
Period	Current Profit Guarantee (for 12 years Profit Guarantee from 1 January 2019 to 31 December 2030) (Column 1)	Revised Profit Guarantee (for 15 years Profit Guarantee from 1 January 2019 to 31 December 2033) (Column 2)
1 January 2019 to 31 December 2019	1,400,000	1,400,000
1 January 2020 to 31 December 2020	1,400,000	880,000
1 January 2021 to 31 December 2021	1,540,000	1,400,000
1 January 2022 to 31 December 2022	1,694,000	1,600,000
1 January 2023 to 31 December 2023	1,863,000	2,054,000
1 January 2024 to 31 December 2024	2,049,000	2,054,000
1 January 2025 to 31 December 2025	2,254,000	2,054,000
1 January 2026 to 31 December 2026	2,502,000	2,054,000
1 January 2027 to 31 December 2027	2,777,000	2,054,000
1 January 2028 to 31 December 2028	3,082,000	2,054,000
1 January 2029 to 31 December 2029	3,452,000	2,054,000
1 January 2030 to 31 December 2030	3,866,000	2,054,000
1 January 2031 to 31 December 2031	-	2,054,000
1 January 2032 to 31 December 2032	-	2,054,000
1 January 2033 to 31 December 2033	-	2,059,000
Total	27,879,000	27,879,000

- iii. As set out in the table above, there is no change in the aggregate quantum of the Revised Profit Guarantee (see **Column 2**) as compared to the Current Profit Guarantee (see **Column 1**).
- 2.4. In connection with the Extension of Profit Guarantee Period and the revision of the Profit Guarantee (collectively known as the “**Adjustments to the Profit Guarantee**”), the 12-year service agreement of the Vendor with Aoxin Youxin and the Company will be extended for another three (3) years. In other words, the term of Vendor’s service agreement is now 15 years.
- 2.5. Save for the principal amendments as disclosed in paragraphs 2.3 and 2.4 above, all other terms of the Master Agreement, Definitive Agreement and First Amendment Deed shall remain in full force and effect.

3. DISCLOSURE UNDER RULE 1013 OF THE CATALIST RULES

3.1 The views of the board of directors of the issuer in accepting the revised profit guarantee or the profit forecast and the factors taken into consideration and basis for such a view.

The revised Profit Guarantee is made based on the financial performance of Aoxin Youxin for FY2020 and taking into account the potential impact of the ongoing COVID-19 pandemic on the business of Aoxin Youxin. The Board accepted the Adjustments to the Profit Guarantee after reviewing the terms of the Second Amendment Deed, the rationale of the Extension of Profit Guarantee Period as well as the financial performance and the profit projections of Aoxin Youxin. The Board is of the view that the revised Profit Guarantee helps to safeguard the interest of the Company and its shareholders.

3.2 The safeguards put in place (such as the use of a banker's guarantee) to ensure the issuer's right of recourse in the event that the profit guarantee is not met, if any.

The Vendor will continue to pledge the building at which Aoxin Youxin is operating as security subsequent to the Revised Profit Guarantee. In the event that the Revised Profit Guarantee is not met, the Purchaser shall have the right to take possession and to dispose of the security in accordance to the laws in China.

3.3 Save for the above, the disclosure under Rule 1013(1) of the Catalist Rules as mentioned in the Company's announcement dated 31 December 2018 remains valid.

3.4 Taking into consideration the impact of the COVID-19 pandemic, the Board is of the view that accepting the aforementioned variations to the terms of the Profit Guarantee is not prejudicial to the Company as it allows the Company to maintain the existing quantum of the Profit Guarantee while retaining the services of the Vendor to continue working for the Company for a further three (3) years.

3.5 For FY2019, the management of the Company was of the view that the amount of revised Profit Guarantee deficit of approximately RMB 96,000 was not material to the Group. Taking into consideration that it was the first year of the incorporation of Aoxin Youxin, the Company decided not to ask the Vendor to top up the deficit of the revised Profit Guarantee and to make up the shortfall in FY2021 instead.

4. FURTHER ANNOUNCEMENT(S)

The Company will make such further announcement(s) to keep Shareholders informed, as and when there are material updates or developments in connection with the Acquisition and/or the Adjustments of the Profit Guarantee. Shareholders and potential investors are advised to exercise caution when dealing in the Company's securities. When in doubt, Shareholders and potential investors are advised to seek independent advice from their stockbrokers, bank managers, solicitors, accountants or other professional advisers.

5. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Master Agreement, Definitive Agreement, First Amendment Deed and Second Amendment Deed will be made available for inspection by the Shareholders at the registered office

of the Company at 80 Robinson Road, #02-00, Singapore 068898 during normal business hours for three (3) months from the date of this announcement.

Shareholders who wish to inspect the documents at the Company's registered office are required to send an email request to qnm@aoxin.sg to make an appointment in advance. The inspection of documents will be arranged with each Shareholder to limit the number of people who are present at the registered office at any one time and such arrangements are subject to prevailing regulations, orders, advisories and guidelines relating to safe distancing which may be implemented by the relevant authorities from time to time.

By Order of the Board

Dr. Shao Yongxin
Executive Director and Group Chief Executive Officer

18 June 2021

For more information, please contact:

Deputy CEO

Ryan San Yi Leong @ Tan Yi Leong
Tel: 6235 1188
Email: ryan@aoxin.sg

This announcement has 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.