



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

**PROPOSED ACQUISITION OF YOUXIN DENTAL CLINIC –
(A) AMENDMENTS TO THE MASTER AGREEMENT
(B) CLARIFICATION**

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 and 31 December 2018 (the "**Earlier Announcements**") in relation to the acquisition of 100% equity interest in Youxin Dental Clinic (the "**Proposed Acquisition**"). The on-shore share transfer for Aoxin Youxin (f.k.a. YX Dental) 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. Amendments to the Master Agreement

- 2.1 Pursuant to the Master Agreement, as part of the conditions to the Proposed Acquisition, Mr. You Zhongjiang (the "**Vendor**"), a resident of the People's Republic of China ("**PRC**"), will subscribe for RMB 5.88 million worth of new shares in the Company ("**Subscription Shares**") at an issue price of S\$0.23 per Subscription Share (the "**Proposed Subscription**") subject to, amongst others, obtaining necessary consent and approval from applicable law and relevant agreements.
- 2.2 The Board wishes to update the shareholders of the Company (the "**Shareholders**") that keeping in view the regulatory restrictions on residents of PRC on overseas investment and following further negotiations, parties to the Master Agreement had on 20 January 2020 entered into a deed of amendment to the Master Agreement (the "**First Amendment Deed**"). Pursuant to the First Amendment Deed, the parties agreed that the Vendor is no longer required to subscribe for the Subscription Shares as part of the Proposed Acquisition. Save as stated herein, all other terms of the Definitive Agreements remain in full force and effect.
- 2.3 The purpose of the Proposed Subscription was to align the interest of the Vendor with that of the Group. In order to achieve this objective, the Board has granted to the Vendor (who is also an employee of the Group) options to subscribe for 2,441,000 shares representing approximately RMB 2.50 million at an exercise price of S\$0.20 per share in the capital of the Company ("**Options**") in accordance with the terms of the

Aoxin Q & M Employee Share Option Scheme. Further details of the grant of Options pursuant to Rule 704(32) of the Catalist Rules are set out in a separate announcement released by the Company on 21 January 2020. The Board is of the view that this will encourage the Vendor to participate in the growth of the Group and will in turn enhance Shareholder value. As the Vendor is PRC national, the shares upon exercise of the Options by the Vendor will be held by Honour Pte. Ltd. in trust for the Vendor in accordance with PRC legal requirements.

3. Clarification

3.1 Paragraph 3.1 of the announcement dated 31 December 2018 (the "**31 December 2018 Announcement**") provides as follows:

*"The Company or its nominee will acquire 100% of the shareholdings in Aoxin Youxin (the "**Sale Shares**") for an aggregate purchase consideration of RMB 19.6 million (the "**Purchase Consideration**") to be satisfied as follows:*

- (a) Payment of RMB 1.1 million in cash to the Vendor for the share transfer of Aoxin Youxin;*
- (b) Investment of RMB 3.0 million into Aoxin Youxin as working capital; and*
- (c) Payment of RMB 15.5 million in cash to the Vendor for entering into a non-compete agreement with the Company and Aoxin Youxin."*

3.2 The Board wishes to clarify that the Purchase Consideration of RMB19.6 million is the total cash outlay of the Company for the Proposed Acquisition and not the total consideration for transfer of 100% shareholding in Aoxin Youxin by the Vendor to the Company or its nominee. The consideration payable by the Company to the Vendor for the share transfer of Aoxin Youxin is RMB1.1 million.

3.3 Accordingly, paragraph 3.1 of the 31 December 2018 Announcement should have read as follows:

*"The Company or its nominee will acquire 100% of the shareholdings in Aoxin Youxin (the "**Sale Shares**") for an aggregate ~~purchase consideration~~ **cash outlay** of RMB 19.6 million (the "**Purchase Consideration**") to be satisfied as follows:*

- (a) Payment of RMB 1.1 million in cash to the Vendor for the share transfer of Aoxin Youxin;*
- (b) Investment of RMB 3.0 million into Aoxin Youxin as working capital; and*
- (c) Payment of RMB 15.5 million in cash to the Vendor for entering into a non-compete agreement with the Company and Aoxin Youxin.*

3.4 Save as disclosed herein, all other information of the Earlier Announcements remain true and correct.

4. Miscellaneous

- 4.1 A copy of the Master Agreement and the First Amendment Deed are available for inspection by Shareholders 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.
- 4.2 The Company will make further announcement(s) as appropriate when there are material developments to the Proposed Acquisition. 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.

BY ORDER OF THE BOARD
AOXIN Q&M DENTAL GROUP LIMITED

Dr. Shao Yongxin
Executive Director and Group Chief Executive Officer
21 January 2020

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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 Ms Elizabeth Tan (Tel: (65) 6232 3210) at 1 Robinson Road, #21- 00, AIA Tower, Singapore 048542.