



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

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**UPDATES ON THE ACQUISITION OF SHENYANG QINGAOMEI ORAL RESTORATIVE TECHNOLOGY CO., LTD.**

**- PROPOSED INTERNAL RESTRUCTURING AND AMENDMENTS TO THE MASTER AGREEMENT**

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**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 15 May 2017, 18 September 2017 and 30 October 2017 in relation to the acquisition (the “**Acquisition**”) of Shenyang Qingaomei Oral Restorative Technology Co., Ltd. (“**SYQM**”) (the “**Earlier Announcements**”). The onshore share transfer for SYQM was completed on 30 October 2017 and SYQM has since become a subsidiary of the Group.

*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. PROPOSED INTERNAL RESTRUCTURING**

- 2.1. The Group intends to undertake an internal restructuring exercise (the “**Proposed Restructuring**”), pursuant to which the certain businesses of SYQM will be transferred to a newly incorporated company, Shenyang Xinchuang Medical Technology Co., Ltd (沈阳新创医疗科技有限公司) (“**Shenyang Xinchuang**”). Shenyang Xinchuang was incorporated on 30 August 2021 with a registered capital of RMB500,000 in the Faku County of Liaoning Province in the People’s Republic of China (“**PRC**”) (中国辽宁省法库县) by Shenyang Quanxin Medical Equipment Leasing Co., Ltd. (“**Shenyang Quanxin**”), which is an indirectly wholly-owned subsidiary of the Company. For the avoidance of doubt, Shenyang Xinchuang is also an indirectly wholly-owned subsidiary of the Company.

**The basic information on Shenyang Xinchuang is set out in the table below:**

<b>Name</b>	:	Shenyang Xinchuang Medical Technology Co., Ltd (沈阳新创医疗科技有限公司)
<b>Place of Incorporation</b>	:	People’s Republic of China
<b>Date of Incorporation</b>	:	30 August 2021
<b>Issued and Paid-Up Registered Capital</b>	:	RMB 500,000

<b>Percentage of shareholding</b>	:	Shenyang Quanxin, the Company's indirect wholly-owned subsidiary, owns 100% of the shareholding interest in Shenyang Xinchuang
<b>Principal activities</b>	:	Production of medical devices and equipment
<b>Legal representative</b>	:	Wang Jie

- 2.2. Pursuant to the Proposed Restructuring, Shenyang Xinchuang and SYQM will cater to different segments of customers, and will accordingly focus on the relevant products for the customers which they are catering to.
- 2.3. The purpose of the Proposed Restructuring is to enable Shenyang Xinchuang to benefit from various tax incentives offered by the Faku County's authorities.
- 2.4. The incorporation of Shenyang Xinchuang is funded through internal resources of the Group. The Company does not expect the Proposed Restructuring to have any material impact on the consolidated net tangible assets per share and consolidated earnings per share of the Group for the current financial year ending 31 December 2021.
- 2.5. None of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Restructuring (other than through their shareholdings in the Company).

### 3. AMENDMENTS TO THE MASTER AGREEMENT

- 3.1. Pursuant to the master agreement dated 15 September 2017 entered into between Shenyang Quanxin, Mr. Fu Bin (“**FB**”) and Ms. Wang Jie (“**WJ**”) in relation to the Acquisition (the “**Master Agreement**”), FB and WJ (collectively, the “**Vendors**”) had guaranteed that the net profit after tax of SYQM shall be no less than the amount set out for each year as follows:

- (a) 1 October 2017 – 30 September 2018: RMB 1.30 million;
- (b) 1 October 2018 – 30 September 2019: RMB 1.43 million;
- (c) 1 October 2019 – 30 September 2020: RMB 1.57 million;
- (d) 1 October 2020 – 30 September 2021: RMB 1.73 million;
- (e) 1 October 2021 – 30 September 2022: RMB 1.90 million;
- (f) 1 October 2022 – 30 September 2023: RMB 2.09 million;
- (g) 1 October 2023 – 30 September 2024: RMB 2.30 million;
- (h) 1 October 2024 – 30 September 2025: RMB 2.53 million;
- (i) 1 October 2025 – 30 September 2026: RMB 2.79 million;
- (j) 1 October 2026 – 30 September 2027: RMB 3.07 million;
- (k) 1 October 2027 – 30 September 2028: RMB 3.37 million; and
- (l) 1 October 2028 – 30 September 2029: RMB 3.71 million,

(the “**Previous Profit Guarantee**”).

- 3.2. The Board wishes to update the shareholders of the Company (the “**Shareholders**”) that in view of the Proposed Restructuring, the parties to the Master Agreement had entered into a deed on 2 September 2021 to amend the terms of the Previous Profit Guarantee in the Master Agreement (the “**Amendment Deed**”), such that the profit guarantee will be in respect of the net profits of **both** SYQM and Shenyang Xinchuang on a consolidated basis with effect from the date of incorporation

of Shenyang Xinchuang. To elaborate, pursuant to the Amendment Deed, the Vendors guarantee that the net profit after tax of **both** SYQM and Shenyang Xinchuang on a consolidated basis shall be not less than the amount set out for each year as follows:

- (a) 1 October 2017 – 30 September 2018: RMB 1.30 million;
- (b) 1 October 2018 – 30 September 2019: RMB 1.43 million;
- (c) 1 October 2019 – 30 September 2020: RMB 1.57 million;
- (d) 1 October 2020 – 30 September 2021: RMB 1.73 million;
- (e) 1 October 2021 – 30 September 2022: RMB 1.90 million;
- (f) 1 October 2022 – 30 September 2023: RMB 2.09 million;
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- (i) 1 October 2025 – 30 September 2026: RMB 2.79 million;
- (j) 1 October 2026 – 30 September 2027: RMB 3.07 million;
- (k) 1 October 2027 – 30 September 2028: RMB 3.37 million; and
- (l) 1 October 2028 – 30 September 2029: RMB 3.71 million,

(the “**Revised Profit Guarantee**”).

- 3.3. **For the avoidance of doubt, there is no change in the quantum for each year and in the aggregate quantum of the Revised Profit Guarantee (see paragraph 3.2 above) as compared to the Previous Profit Guarantee (see paragraph 3.1 above).**
- 3.4. Save for the principal amendment as disclosed in paragraph 3.2, all other terms of the Master Agreement and Definitive Agreements shall remain in full force and effect.

#### **4. DISCLOSURE UNDER RULE 1013 OF THE CATALIST RULES**

- 4.1. 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 pursuant to the Proposed Restructuring. The Board notes that SYQM has met all previous profit guarantees for the period from 1 October 2017 to 30 September 2020. The Board accepted the Revised Profit Guarantee after reviewing the terms of the Amendment Deed and the rationale of the Proposed Restructuring. The Board notes that there is no change in the quantum for each year and in the aggregate quantum of the Revised Profit Guarantee as compared to the Previous Profit Guarantee and is of the view that the Revised Profit Guarantee helps to safeguard the interest of the Company and its shareholders.

- 4.2. 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.

Exclusive Innovation Pte. Ltd. (“**EIPL**”), a company which is wholly-owned by WJ, had agreed to pledge Subscription Shares (“**Share Pledged**”) in the capital of the Company that it owns amounting to the Profit Guarantee’s first year payment for a duration of 12 years as security for the Previous Profit Guarantee.

EIPL will continue to pledge the Shares Pledged for the Revised Profit Guarantee. In the event that the Revised Profit Guarantee is not met, the Company shall have the right to sell the Shares Pledged based on a prescribed formula and direct the proceeds from such sale to the Company.

- 4.3. Save for the above, the disclosure under Rule 1013(1) of the Catalist Rules as mentioned in the Company's announcement dated 18 September 2017 remains valid.
- 4.4. Taking into consideration the Proposed Restructuring, the tax benefits that will accrue to the Group and the impact of the COVID-19 pandemic, the Board is of the view that accepting the aforementioned variations to the terms of the Previous Profit Guarantee is not prejudicial to the Company as it allows the Company to maintain the existing quantum of the Previous Profit Guarantee and benefit from various tax incentives in the PRC while retaining the services of the Vendors to continue working for the Company for the long term.

## **5. 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, the Proposed Restructuring and/or the Revised 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.

## **6. DOCUMENTS AVAILABLE FOR INSPECTION**

A copy of the Master Agreement, Definitive Agreements and the 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](mailto: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

3 September 2021

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For more information, please contact:

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*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.*

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