



Q & M DENTAL GROUP (SINGAPORE) LIMITED
(Company Registration Number 200800507R)
(Incorporated in the Republic of Singapore)

ENTRY INTO SHAREHOLDERS' AGREEMENT WITH AOXIN Q & M DENTAL GROUP LIMITED

1. INTRODUCTION

1.1. The board of directors (the "**Board**" or "**Directors**") of Q & M Dental Group (Singapore) Limited ("**Q & M**" or the "**Company**", and together with its subsidiaries, the "**Group**") refers to its announcement dated 4 October 2021 (the "**JV Announcement**"), as well as the announcement released by Q & M's associated company, Aoxin Q & M Dental Group Limited ("**Aoxin**") on 4 October 2021 (the "**Aoxin Announcement**") in relation to, *inter alia*, the entry by Aoxin into a conditional sale and purchase agreement with Ong Siew Hwa ("**Dr Ong**") and Acumen Holdings Pte. Ltd (the "**Sellers**"), who are the 49% shareholders of the Group's 51% subsidiary, Acumen Diagnostics Pte. Ltd. ("**ADPL**"), to acquire their entire shareholding in ADPL for a consideration of S\$29.4 million, to be satisfied by way of allotment and issuance of 127,272,726 new ordinary shares in the capital of Aoxin ("**Consideration Shares**") at an issue price of S\$0.231 per Consideration Share ("**Proposed Acquisition**") to the Sellers.

1.2. Aoxin has announced today that the Proposed Acquisition was completed on 1 November 2021 ("**Aoxin Closing Announcement**"). Pursuant to the completion of the Proposed Acquisition:

(a) the shareholding structure of ADPL is as follows:

Shareholder	Shareholding structure
Q & M Dental Group (Singapore) Limited	51%
Aoxin Q&M Dental Group Limited	49%

(b) as the Proposed Acquisition involves the issuance of the 127,272,726 Consideration Shares:

- (i) the Company's effective interest in ADPL has increased from 51% to 67.15%; and
- (ii) the Company's direct shareholding interest in Aoxin has been reduced from 43.94% to 32.95%.

1.3. Copies of the JV Announcement, the Aoxin Announcement and the Aoxin Closing Announcement are available on SGXNET at <https://www.sgx.com/securities/company-announcements>.

2. ENTRY INTO SHAREHOLDERS' AGREEMENT

2.1. In connection with the above, the Board wishes to update the shareholders that after further negotiations with Aoxin as disclosed in the JV Announcement, on 1 November 2021, the Company and Aoxin have signed a shareholders' agreement ("**SHA**") for the regulation of the affairs, management and governance of ADPL.

2.2. The salient terms of the SHA are as follows:

(a) Board Composition

The board of directors of ADPL ("**Target Board**") shall comprise of five (5) directors (the "**Target Directors**"). Aoxin shall have the right to appoint two (2) Aoxin Target Directors to the Target Board and Q & M shall have the right to appoint three (3) Q & M Target Directors to the Target Board. For as long as Dr Ong holds such number of shares in the capital of ADPL which represents not less than 5% of the share capital of Aoxin, Dr Ong shall continue to sit on the board of Aoxin as one of the Aoxin Target Directors.

(b) Board Meetings

The quorum for all meetings of the Target Board shall be any two (2) Target Directors, including one Q & M Target Director and one Aoxin Target Director. The Chairman of the Target Board, who shall be a Q&M Target Director, shall preside at all meetings of the Target Directors, in person or by an alternate. The Chairman of the Target Board shall not be entitled to a second or casting at any meeting of the Target Board or at any general meeting of the Target.

(c) Board Approval

All resolutions of the Target Directors (i) at a meeting or adjourned meeting of the Target Directors shall be passed by a simple majority vote of the Target Directors present or (ii) a resolution in writing of the Target Directors signed by a simple majority of the Target Directors for the time being or their alternates, save for the Target Board Reserved Matters (as defined below).

(d) General Meetings

The quorum for general meetings of shareholders of ADPL ("**Target Shareholders**") shall be Aoxin and Q & M, for so long as they remain a Target Shareholder.

(e) Shareholders' Approval

All shareholders' resolutions of ADPL shall be decided by a simple majority of votes cast by the Target Shareholders who are present and voting, unless a larger majority is expressly required by the Companies Act and save for the Target Shareholders' Reserved Matters (as defined below). A resolution put to the vote at any general meeting of the Target Shareholders shall be decided by a poll only of persons present and entitled to vote.

(f) Reserved Matters

There are reserved matter provisions which provides that no action shall be taken or resolution passed by ADPL, save with the prior written consent of (i) one Aoxin Target Director and one Q & M Target Director (the “**Target Board Reserved Matters**”) or (ii) the Company and Q & M (as the case may be) (the “**Target Shareholders’ Reserved Matters**”):

- (i) The Target Board Reserved Matters include the following:
 - (A) The creation of any mortgage, charge or other encumbrance over any member of ADPL and/or its subsidiaries (the “**Target Group**”) property and assets (including intellectual property rights), outside of the ordinary course business of the Target Group.
 - (B) Any member of the Target Group entering into, or varying, or waiving any breach of, or discharge of any liability under, or terminating, any contract or arrangement (whether legally binding or not) with any of its related corporations.
 - (C) Any disposal or the acquisition of, or investment in, any undertaking, assets (including, without limitation, intellectual property rights and any interest in any land or real property) or shares or other equity interests by any member of the Target Group.
 - (D) The provision of any credit, or the making of any loan (including any loans to any shareholder) or advance to, or for, any person, company or body (other than a member of the Target Group), other than by way of deposit of moneys with a bank or other financial institution, outside of the ordinary course business of the Target Group.
 - (E) The exercise of any member of the Target Group's powers to provide guarantees or indemnities.
 - (F) The establishment of any branch or representative office of any member of the Target Group, or the entry by any member of the Target Group into any partnership or joint venture or co-operation agreement with any other party, outside of the ordinary course of business of the Target Group.
 - (G) The adoption of, or any significant change in, the accounting policies of any member of the Target Group, other than as required by law or accounting policies generally accepted in Singapore from time to time.
- (ii) The Target Shareholders’ Reserved Matters include the following:

- (A) Any change in the nature and/or scope of the business of any member of the Target Group;
- (B) The dissolution, liquidation, or winding-up of any member of the Target Group;
- (C) Any amendment to the constitution of any member of the Target Group;
- (D) Any increase in the share capital of any member of the Target Group or the issue or grant of any option over the unissued share capital of any member of the Target Group or the issue of any new class of shares in the capital of any member of the Target Group or the issuing of any convertible securities by any member of the Target Group;
- (E) Any repurchase, cancellation or redemption of any member of the Target Group's share capital or any reduction, consolidation, subdivision or reclassification or other alteration of its capital structure;
- (F) Any amalgamation or reconstruction of any member of the Target Group, or any merger of any member of the Target Group with any corporation, firm or other body; and
- (G) Any public offering or listing or quotation of the shares or other equity of any member of the Target Group on any stock exchange.

(g) Share Transfer Restrictions

The transfer of shares in ADPL ("**Target Shares**") is subject to the following share transfer restrictions:

(i) *Right of First Refusal*

In the event that either Target Shareholder desires to transfer any of its Target Shares or any interest therein, the other Target Shareholder shall be entitled to a right of first refusal to acquire any such Target Shares proposed to be transferred.

(ii) *Tag-Along Right*

The SHA provides that if any Target Shareholder (the "**Selling Target Shareholder**"), after having first offered its Target Shares for sale to the other Target Shareholders in compliance with the provisions of the right of first refusal in the SHA, desires to transfer its Target Shares to a third party purchaser or another Target Shareholder (the "**Tag-Along Purchaser**"), the Selling Target Shareholder shall provide the other Target Shareholders with an offer (the "**Tag-Along Offer**") made by the Tag-Along Purchaser to the

other Target Shareholder(s) to purchase the Target Shares held by the other Target Shareholder(s).

In the event that the other Target Shareholders accept the Tag-Along Offer, the number of Target Shares which the Selling Target Shareholder shall sell, and the number of Target Shares that the other Target Shareholders shall sell, shall be *pro rata* (based on their respective shareholding percentages) the number of Target Shares agreed to be purchased by the Tag-Along Purchaser, and on terms and conditions (including price) no less favourable to the other Target Shareholder(s) than those available to the Selling Target Shareholder.

The other Target Shareholders may elect to accept or not to accept the Tag-Along Offer to sell its Target Shares to the Tag-Along Purchaser (such right to accept the Tag-Along Offer, the "**Tag-Along Right**").

(h) Drag Along Right

The SHA provides where a third party (the "**Drag-Along Purchaser**") offers to purchase all the Target Shares, Q & M shall be entitled, after having first offered its Target Shares for sale to the other Target Shareholders (the "**Dragged-Along Target Shareholders**") in compliance with the provisions of the right of first refusal in the SHA and provided that the Dragged-Along Target Shareholders do not apply to purchase of all (but not less than all of) its Target Shares in accordance with such provisions, to:

- (i) sell all of its Target Shares to the Drag-Along Purchaser; and
- (ii) by notice in writing (the "**Drag-Along Notice**") to all Dragged-Along Target Shareholders, require the Dragged-Along Target Shareholders to sell to the Drag-Along Purchaser all Target Shares then held by the Dragged-Along Target Shareholders on terms and conditions (including price) which are no less favourable to the Dragged-Along Target Shareholders than those offered to Q & M.

In the event that the Drag-Along Purchaser offers to purchase some (but not all) of the Target Shares, Q & M shall be entitled, after having first offered its Target Shares to the Dragged-Along Shareholders in compliance with the provisions of the right of first refusal in the SHA and provided that the Dragged-Along Shareholders do not apply to purchase all (but not less than all) its Target Shares in accordance with such provisions, to:

- (iii) sell to the Drag-Along Purchaser such number of the Target Shares; and
- (iv) in addition, by a Drag-Along Notice to all Dragged-Along Target Shareholders, require the Dragged-Along Target Shareholders to sell to the Drag-Along Purchaser such number of Shares then held by the Dragged-Along Target Shareholders on terms and conditions

(including price) which are no less favourable to the Dragged-Along Target Shareholders than those offered to Q & M,

in each case, on a pro rata basis (by reference to their respective shareholder percentages) (such right to drag along the Dragged-Along Target Shareholders set out above, collectively, the “**Drag-Along Right**”).

(i) Deadlock Break

Upon the occurrence of the following deadlock events (the “**Deadlock**”), the Target Board shall immediately refer the matter to a director representing the board of each of the Target Shareholders with the authority to negotiate and settle the matter, for negotiation in good faith with a view to the resolution of such matter, failing which the Deadlock shall be resolved through mediation or failing which arbitration:

- (i) a matter requiring the approval of the Target Board has been considered by a meeting or adjourned meeting of the Target Board and no resolution has been carried at such meetings merely reason of the failure by any one Target Director to vote in favour of such resolution after at least two (2) successive attempts; and
- (ii) a matter requiring the approval of the Target Shareholders has been considered by a meeting or adjourned meeting of the Target Shareholders and no resolution has been carried at such meetings in relation to the matter by reason of the failure by any one Target Shareholder to vote in favour of such resolution after at least two (2) successive attempts;

and, in each case, the requisite approval cannot be obtained from the Target Board or Target Shareholders (as the case may be) after a period of sixty (60) days of such matter being first considered by the Target Board or the Target Shareholders and negotiated in good faith in an attempt to resolve such matter (as the case may be) and the absence of such approval results in the Target Group being unable to continue its business in the manner contemplated under the SHA.

(j) Event of Default

The SHA provides where a Target Shareholder (the “**Defaulting Target Shareholder**”) suffers any of the following event of default:

- (i) it is in material breach of the terms of the SHA which, if capable of cure, has not been remedied to the reasonable satisfaction of the Target and the other Target Shareholder(s) within 15 Business Days; or
- (ii) it suffers an Insolvency Event (as defined below),

the Target and non-defaulting Target Shareholder (the “**Non-Defaulting Target Shareholder**”) shall be entitled to certain rights and remedies, including, in particular: the right to:

- (iii) suspend all or any of such Defaulting Target Shareholder's rights under the SHA or the Constitution of the Target (including the Target Director appointment rights of the Defaulting Target Shareholder);
- (iv) require the Defaulting Target Shareholder to make good or rectify its default within the time period determined at the absolute discretion of the Non-Defaulting Target Shareholder;
- (v) require the voluntary winding-up of the Target in which event all the Target Shareholders shall take such steps as are necessary to procure and ensure the winding up of the Target; and/or
- (vi) pursue any other remedy as it deems necessary and/or advisable.

Under the SHA, "**Insolvency Event**" means an event where:

- (vii) in relation to an entity:
 - (A) an order is made or an effective resolution is passed for the winding up, liquidation or dissolution without winding up (otherwise than for the purposes of a solvent reconstruction or amalgamation) of the entity;
 - (B) a receiver, receiver and manager, judicial manager, liquidator, administrator or like official is appointed over the whole or substantially the whole of the undertaking or property of the entity;
 - (C) the holder of an Encumbrance takes possession of the whole or substantially the whole of the undertaking or property of the entity;
 - (D) the entity proposes or takes any steps to implement a scheme, arrangement, assignment or other compromise with its creditors, any class of its creditors or for the benefit of its creditors or any class of them;
 - (E) the entity is declared or taken under applicable Law to be insolvent or the entity's board of directors resolves that it is insolvent;
 - (F) the entity has stopped or suspended, or threatened to stop or suspend, payment of all or a class of its debts which are due;
- (viii) any indebtedness of the person is subject to a moratorium;
- (ix) a trustee has been appointed to take control of the property of the person in connection with a proposal to enter into a personal insolvency agreement;

- (x) an order has been made or an application to court has been made for bankruptcy of the person or an event occurs which gives any other person a right to seek such an order or make such an application;
- (xi) a security interest becomes enforceable or is enforced over, or a writ of execution, garnishee order, mareva injunction or similar order has been issued over or is affecting, all or a substantial part of the assets of the person;
- (xii) in relation to a trust, all or substantially all of the assets of the trust becomes vested in the beneficiaries;
- (xiii) in relation to a natural person:
 - (A) such natural person authorises a registered trustee or advocate or solicitor to call for a meeting of his creditors or proposes to implement a scheme, arrangement, assignment or other compromise with its creditors, any class of its creditors or for the benefit of its creditors or any class of them or enters into a deed of assignment or composition with any of his creditors;
 - (B) any third party holding a security interest in any of such natural person's assets enters into possession of or takes control of any of such assets; or
 - (C) such natural person commits an act of bankruptcy, including but not limited to, having a bankruptcy order made against him, acts of applying or obtaining an order for voluntary arrangement, or being placed under a debt repayment scheme; and
- (xiv) anything analogous with any of the above.

(k) Funding

the finance for the business of the Target Group shall be provided by the following financing means in the following order of preference:

- (i) (most preferred) by way of loans and other credit facilities from bank, financial institutions or other third parties on such terms as the Target Board may agree;
- (ii) by way of the allotment and issuance of further Target Shares by the Target to the Target Shareholders on a pro rata basis by reference to their respective shareholding percentages in the Target; and
- (iii) (least preferred) subject to compliance with the Catalist Rules and the Mainboard Rules, by way of shareholders' loans to be provided by Target Shareholders to a member of the Target Group on such terms as the Target Board may agree, provided that such terms shall

be identical for each Target Shareholder (the “**Shareholders’ Loan**”) and the quantum of the principal amount of such shareholders’ loans to be provided by each Target Shareholder shall be on a *pro rata* basis by reference to their respective shareholding percentages in the Target.

In the event that any furnishing of bonds, undertakings, guarantees or any other securities (collectively, the “**Undertakings**”) are provided by the Target Shareholders to any third party or parties in connection with any credit or banking facilities granted to the Target, such Undertakings shall be provided by each Target Shareholder on a several basis, on a *pro rata* basis by reference to its respective shareholding percentages in the Target.

(l) Insurance

The Target shall procure and maintain in full force and effect the following insurance policies:

- (i) for so long as Dr Ong Siew Hwa shall be employed by any member of the Target Group, the keyperson insurance on the life of Dr Ong Siew Hwa for the benefit of the Target Group; and
- (ii) such insurances against accident, physical loss or damage, third party liability (including product liability), environmental liability (to the extent that insurance is reasonably available),

and other risks normally covered by insurance by such companies, in each case, on terms satisfactory to the Company and Q & M.

3. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save as disclosed in this announcement, none of the Directors or substantial shareholders of the Company or their respective associates have any interest, direct or indirect in the SHA, other than in their capacity as Director or Shareholder.

4. DOCUMENT AVAILABLE FOR INSPECTION

Subject to prevailing regulations, orders, advisories and guidelines relating to safe distancing which may be issued by the relevant authorities, a copy of the SHA 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 office hours for three (3) months from the date of this announcement.

5. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement 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 SHA, 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.

By Order of the Board

Q & M Dental Group (Singapore) Limited

Vitters Sim
Chief Financial Officer
2 November 2021

For more information, please contact:

Chief Financial Officer

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