



AOXIN Q&M

AOXIN Q & M DENTAL GROUP LIMITED

SUSTAINABILITY REPORT 2020



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This Sustainability Report has been reviewed by the Company's Sponsor, SAC Capital Private Limited (the "Sponsor"). This Sustainability Report has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "Exchange") and the Exchange assumes no responsibility for the contents of this Sustainability Report, including the correctness of any of the statements or opinions made or reports contained in this Sustainability Report.

The contact person for the Sponsor is Mr. Ong Hwee Li (Telephone: (65) 6232 3210) at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.

Board Statement



Board Statement

Dear Stakeholders,

Aoxin Q & M Dental Group Limited (“Aoxin Q & M” or “Company” and together with our subsidiaries, the “Group” or “We”) is pleased to present our fourth Sustainability Report for the financial year ended 31 December 2020 (“FY2020”)(the “Report”). In this Sustainability Report, we report on the progress of our sustainability efforts over the financial year, with particular focus on our commitment to working alongside our valued stakeholders to build a sustainable business.

The Board of Directors (“Board”) of Aoxin Q & M oversees the Environmental, Social and Governance (“ESG”) key factors and ensures that issues relating to these ESG matters are managed and monitored on a regular basis. The Board specifically considers sustainability issues as part of its strategic formulation and is committed to engaging in the best sustainability practices, recognising how it can enhance our business operations and performance.

As the world struggles with the challenges faced with the COVID-19 pandemic, our response to this evolving situation focused on adapting our work environment to protect the health and safety of our employees through setting up our Business Continuity Plan (“BCP”). Establishment of COVID-19 control leading teams, formulation

of emergency plan for COVID-19 prevention and control, requirement for employees on duty in isolation garment, safe distancing measures, daily temperature screening of employees, cleaning and sanitisation of the office premises more frequently are measures we have put in place at the workplace.

The Group’s financial performance for FY2020 was negatively impacted by the COVID-19 outbreak, with total revenue decreased by 6% to RMB132.6 million for FY2020. This was due to the directives from local dental health authorities on suspension of provision of non-essential dental services in February and March 2020 to contain the spread of virus infection which resulted in significant decrease in patient loads as compared to FY2019. Additionally, we have closed Jinfeng clinic on 20 May 2020 as our cost reduction strategy amid the widespread economic impact of the COVID-19 pandemic.

Despite the immense challenges due to the pandemic, we strive to adapt via pivoting our strategies away from the ephemeral and toward what we believe will sustainably succeed in post-pandemic markets. We sincerely thank all our partners and stakeholders for their belief in us and their unwavering support throughout this season.

Sincerely,
Board of Directors
Aoxin Q & M Dental Group Limited

About this Report

We have prepared this Report in accordance with the Global Reporting Initiative (“GRI”) Standards: Core Option, as well as the Rules 711A and 711B of Listing Manual Section B: Rules of Catalist (“Catalist Rules”) of the Singapore Exchange Securities Trading Limited (“SGX-ST”) with references to the guidance set out in SGX-ST’s sustainability reporting guide under Practice Note 7F of the Catalist Rules.

This Report summarises the Group’s sustainable business operations whilst providing information on ESG and economic practices that are material to the Group’s business and key stakeholders.

We have not sought external assurance for this Report. We relied on internal data monitoring and verification to ensure accuracy. As part of our environmental conservation efforts, this Report has been uploaded to SGXNET and is available for download at our Company’s website at <http://www.aoxinqm.com.sg>.

Standards



This Report has been prepared in accordance with the Catalist Rules 711A and 711B, and the GRI Standards – Core Option.

Review Period



This Report focuses on the Group’s sustainability efforts and strategies for FY2020 across the Group’s operations in the Northern People's Republic of China (“PRC”) where the principal activities of the Group are carried out.

Feedback channel



We are committed to listening to our stakeholders and we value your feedback. Please send your feedback and enquiries to:

http://www.aoxinqm.com.sg/contact-us_en.php

Organisational Profile

Background

The Company was listed on the Catalist Board of the SGX-ST on 26 April 2017, with the business being categorised into three segments:



Primary Healthcare

- Practice of stomatology and general dentistry, endodontics, orthodontics, periodontics, prosthodontics, dental implantology, oral and maxillofacial surgery, aesthetic dentistry and paedodontics, as well as the management of dental centers for and on behalf of other owners.



Distribution of Dental Equipment and Supplies

- Distribution of equipment and supplies used in the provision of dental services.

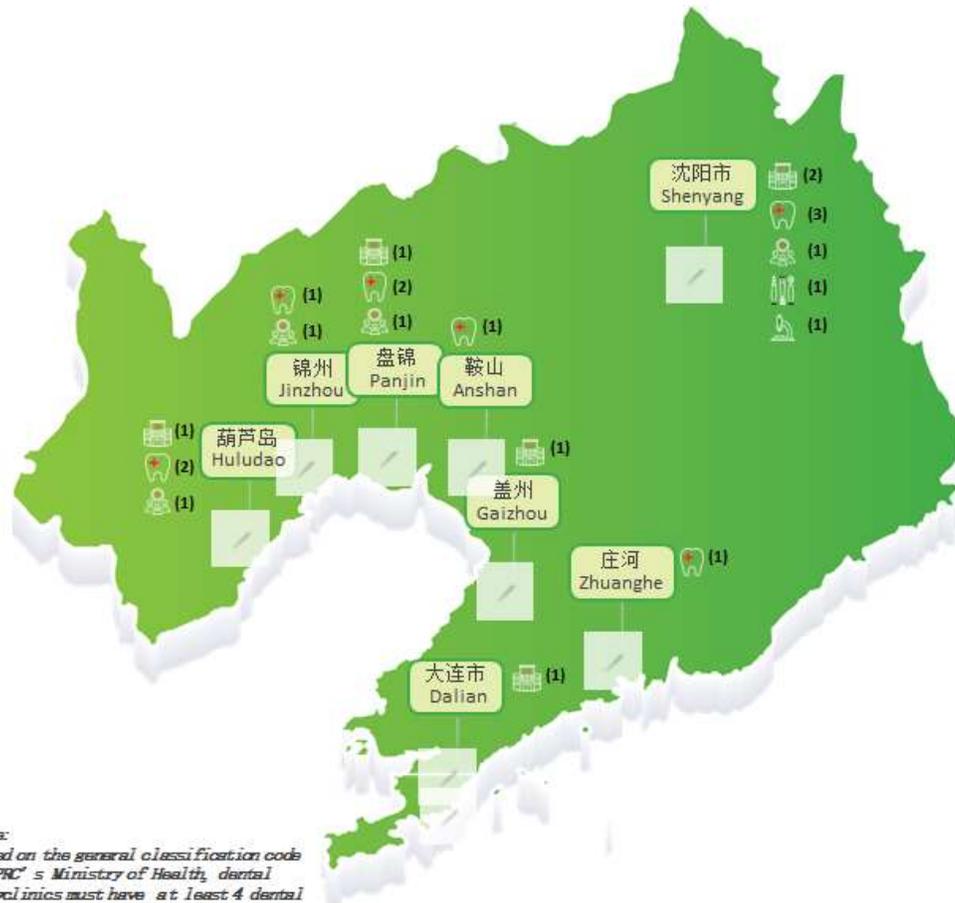


Laboratory Services

- Manufacturing of porcelain crown, bridges and dentures.

Organisational Profile

Background (Cont'd)



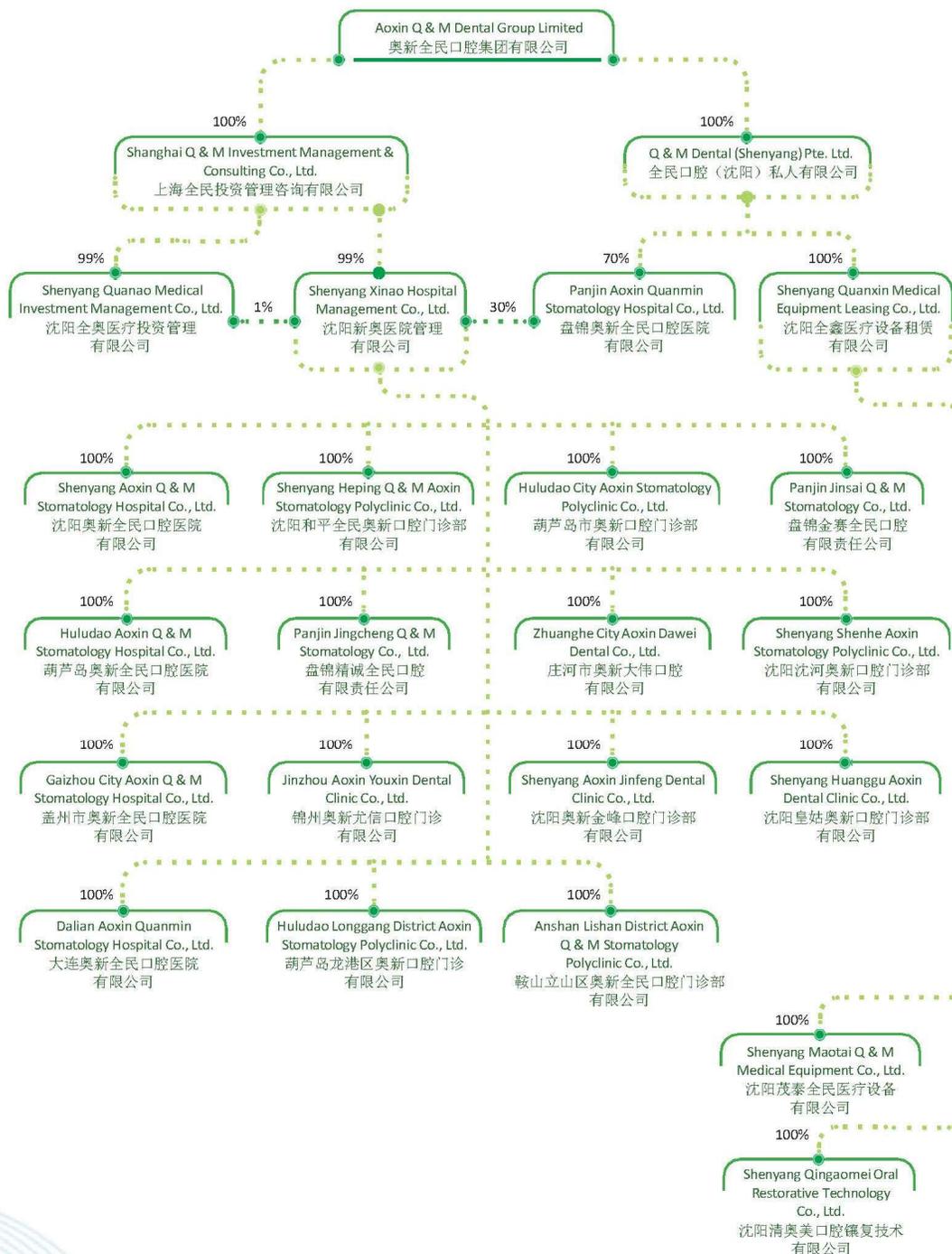
Note:
Based on the general classification code by PRC's Ministry of Health, dental polyclinics must have at least 4 dental chairs, and dental hospitals must have 20 or more dental chairs.

We continue to maintain our market position as one of the leading dental service providers in the Liaoning Province, Northern PRC.

However, due to the widespread economic impact of the COVID-19 pandemic, we have closed Jinfeng clinic on 20 May 2020 as our cost reduction strategy. Hence, there are currently 16 dental centres, comprising 6 dental hospitals and 10 dental polyclinics. The dental centres are located in 8 different cities in Liaoning Province, Northern PRC, namely, Shenyang, Huludao, Panjin, Gaizhou, Zhuanghe, Jinzhou, Dalian and Anshan. The Group's dental equipment and supplies distribution network covers the Liaoning, Heilongjiang and Jilin Provinces in the Northern PRC. There are currently 400 dental professionals, comprising 170 dentists and 180 dental surgery assistants and 50 laboratory technicians under the Group.

Organisational Profile

Group Structure



Organisational Profile

Corporate Concepts



Objective 最高目标

Business growth, contribution to the society and provide healthcare

发展事业、造福社会、呵护健康

Attitude at Work 工作作风

Dedicated, practical, adaptable and innovative

敬业、求实、博采、创新



Idea of Service 服务理念

People-oriented mindset and value life

以人为本、关爱生命

Principle of Competitiveness 竞争原则

Law abiding, honest, sincere, do not take advantage, not monopolistic

守法不乱，诚信不欺，取利不诈，享财不霸



Motto 院训

To be kind, dedicated, hardworking and ambitious

厚德、精业、勤勉、致远

Professional Behavior 职业风尚

Be keen and eager to always lend a helping hand

急人之难、救人之困



Employment Perceptions 用人观念

To be loyal and have high virtue

忠诚高于价值、德行胜于能力

Organisational Profile

Values and Principles

The Group is committed to deliver value to our shareholders through establishment of a set of values and principles, which inspires us to continuously improve our products and services. This also serves as the foundation of our organisation as one of the leading providers of private dental healthcare.



Organisational Profile

Supply Chain Management

We engage suppliers across all three business segments – Primary Healthcare, Distribution of Dental Equipment and Supplies, and Laboratory Services. Shenyang Maotai Q & M Medical Equipment Co., Ltd., a wholly-owned subsidiary of the Group, is engaged in the distribution and sale of dental equipment and supplies such as dental chairs, ultrasound scanners, materials and consumables to dental hospitals, polyclinics, distributors and laboratories.

The Group aims to work with suppliers that behave in an economically, environmentally and socially responsible manner. As such, we have stringent requirements for quality and we engage reputable suppliers who abide by global ESG standards. We continue our long-term distribution agreements with Shofu Dental Trading (Shanghai) Co. Ltd. (松风齿科器械贸易(上海)有限公司) and A-dec (Hangzhou) Dental Equipment Co. Ltd. (爱德(杭州)牙科设备有限公司), as well as secure distribution rights for brands such as Shofu Dental for certain provinces, including the Liaoning Province in the Northern PRC.



Organisational Profile

Supply Chain (Cont'd)

In addition, we provide maintenance and aftersales support to our customers. Through our team of certified technicians, we offer maintenance and support for dental equipment and supplies within and beyond the warranty period, thus extending the useable lifespan of the equipment. We also work closely with our suppliers to ensure availability of specific parts and technical support for our customers in the event of the repair being required for specific equipment.

Since we have 100% stake and control of our hospitals, polyclinics and entities, we are able to take control of the procurement of dental equipment and supplies as well as optimise the individual needs of our dental centres. Hence, we will be better positioned to obtain bulk volume discounts from our suppliers and ensure continued sustainability of our supply chain.

A Procurement Policy that sets our guiding principles on our suppliers' assessment against the Group's sustainability criteria is in place. The policy is to ensure a fair and transparent process for supplier selection including criteria and basis for selection such as cost effectiveness and operational efficiency. We also ensure that all suppliers are registered with relevant local regulatory bodies for the sale of dental equipment and supplies.

In view of the current global COVID-19 pandemic, our supply chain was affected at the initial outbreak. With the effective measures in curbing the spread of the pandemic by the government, our supply chain managed to recover within a few months since most of our suppliers are domestic firms in PRC. Therefore, we are ready to provide services to our customers in our well-equipped dental hospitals and polyclinics.

Organisational Profile

Membership of Associations and Certificates

The Group is committed to conduct our business in a responsible and sustainable manner. Therefore, our operations and business practices are aligned with industry/market accepted principles and standards. In this regard, we have been awarded with the **GB/T 19001-2016/ISO 9001:2015** certification since 2018 for a period of 3 years (Certificate no: **00218Q24142R1M**) which specifies the requirements of a quality management system in an organisation by providing products and services that meet customer and applicable statutory and regulatory requirements consistently, and enhancing customer satisfaction through the effective application of the system. The ISO certificate is subject to annual check by the ISO certification body and the last check was done in 2020.



Organisational Profile

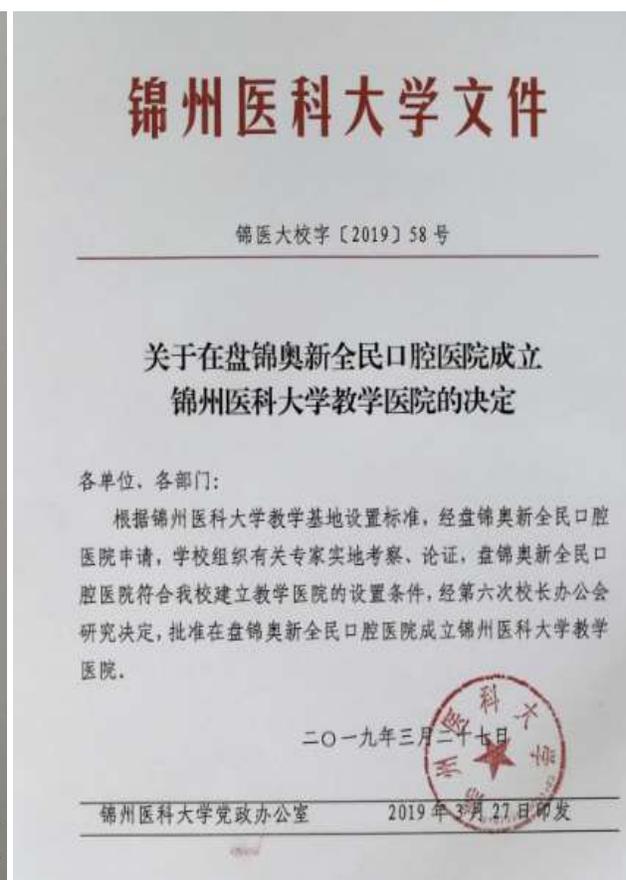
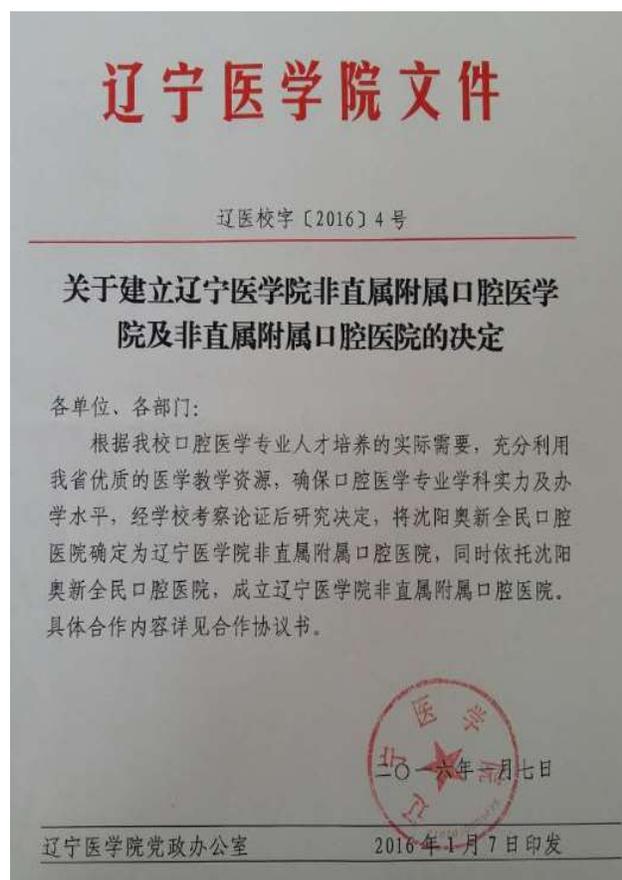
Membership of Associations and Certificates (Cont'd)

As part of its commitment towards dental training and education, the Group collaborates with Jinzhou Medical University to provide undergraduate and post-graduate training to students and dental professionals. The Group is the only corporation in Northern PRC to be accredited by a university for provision of training in dentistry, having met the standards set by Jinzhou Medical University and qualities reviewed by experts in the field, thereby ensuring that students who graduate with dental qualifications from this training centre are recognised by reputable universities in PRC.

There are four dental centres within the Group that are accredited by Jinzhou Medical University and designated as training centres to carry out practical training as well as exchange the knowledges in the dentistry filed for improvement opportunities among the dental professionals. They are:

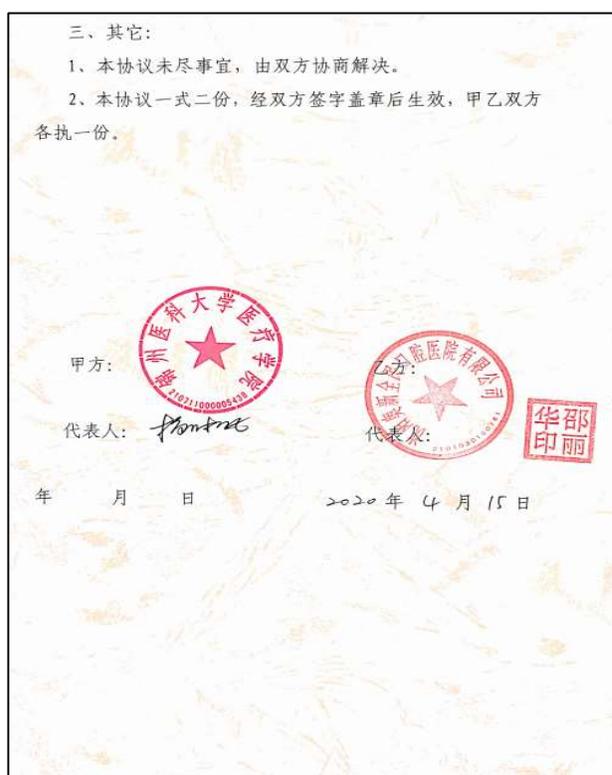
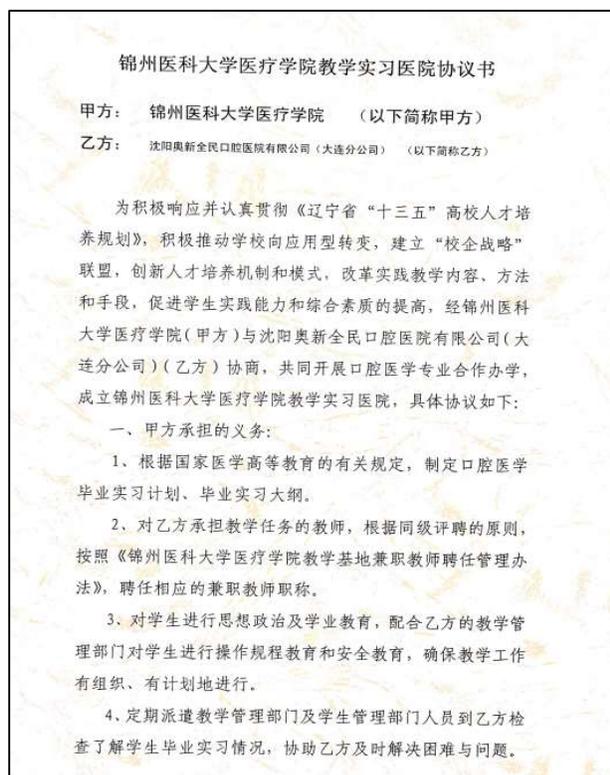
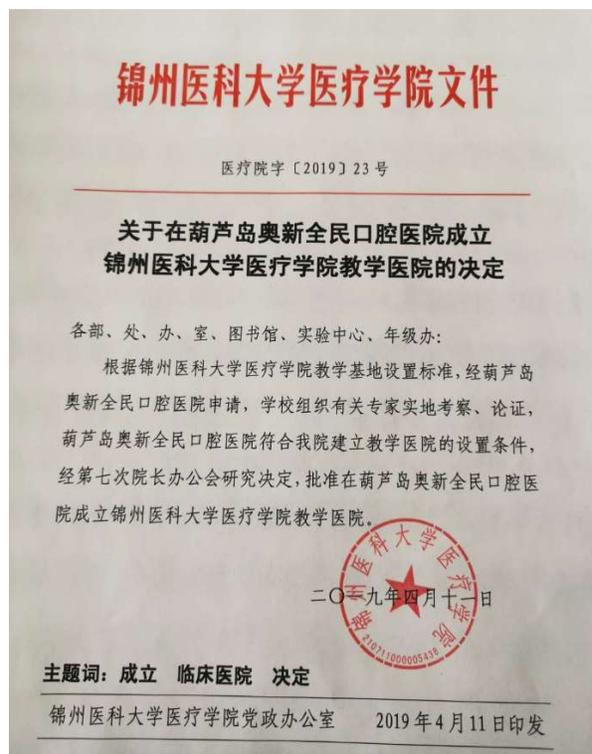
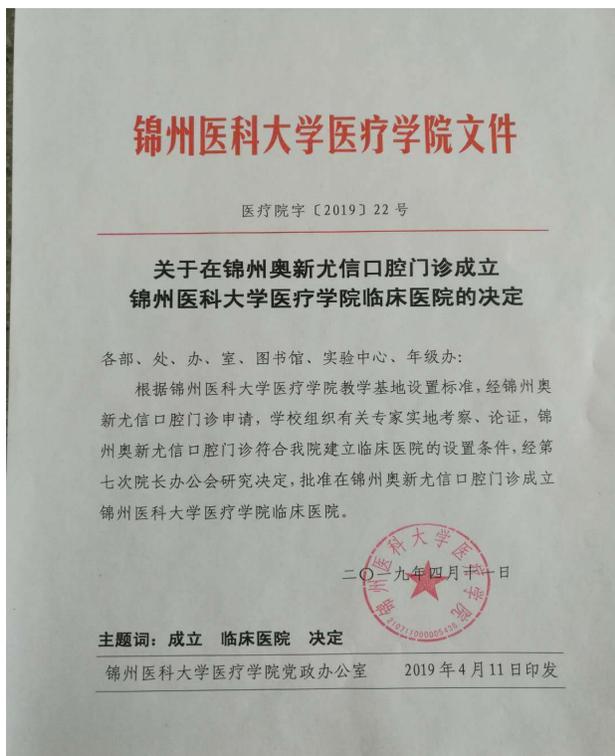
- Shenyang Aoxin Q & M Stomatology Hospital Co., Ltd., accredited on 7 January 2016;
- Panjin Aoxin Quanmin Stomatology Hospital Co., Ltd., accredited on 27 March 2019;
- Jinzhou Aoxin Youxin Dental Clinic Co., Ltd., accredited on 11 April 2019; and
- Huludao Aoxin Q & M Stomatology Hospital Co., Ltd., accredited on 11 April 2019.

In addition, our Dalian Aoxin Quanmin Stomatology Hospital Co., Ltd. is accredited by Jinzhou Medical University on 15 April 2020 as the dedicated hospital for their students' practical training.



Organisational Profile

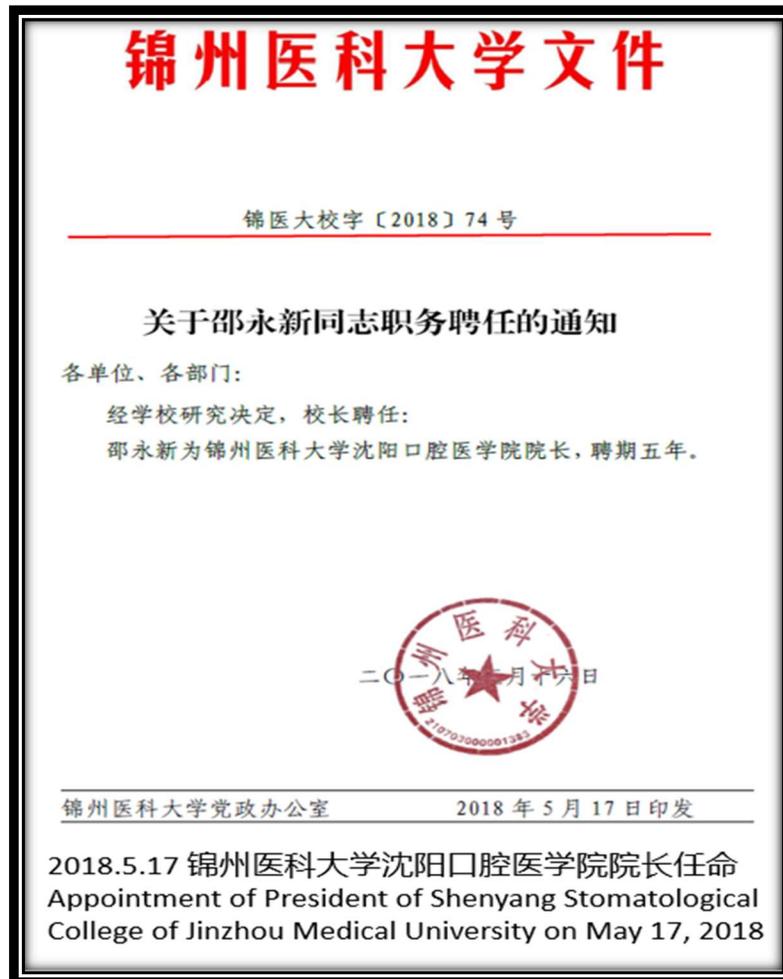
Membership of Associations and Certificates (Cont'd)



Organisational Profile

Membership of Associations and Certificates (Cont'd)

In 2018, Dr. Shao Yongxin, our Executive Director and Group Chief Executive Officer (“CEO”), was reappointed as the Dean of Jinzhou Medical University for a further period of five years. The re-appointment was a recognition and a testament to his contributions in raising the standards of dental training in PRC.

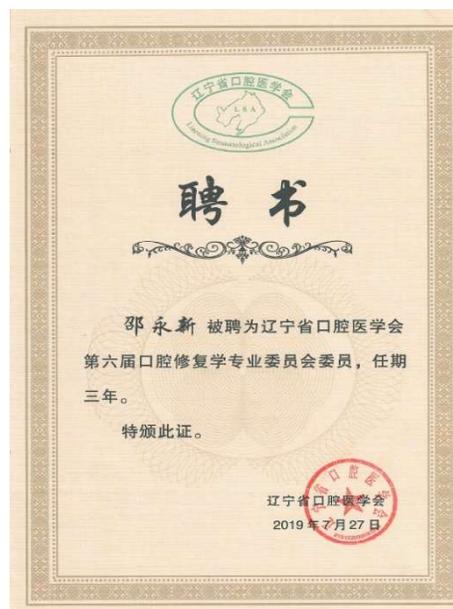


Organisational Profile

Membership of Associations and Certificates (Cont'd)

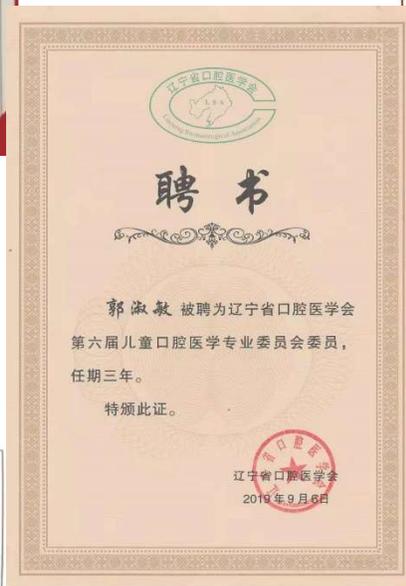
Furthermore, the following dentists were appointed as committee members of the following Dentistry Associations.

Name	Association Position	Appointed Period
Dr. Shao Yongxin	5th Council Vice President of Liaoning Stomatological Association	March 2016 – March 2021
Dr. Shao Yongxin	Committee member of Rehabilitation Professional Committee of Liaoning Stomatological Association	July 2019 – July 2022
Dr. Ma Shuyi	Committee member of Rehabilitation Professional Committee of Liaoning Stomatological Association	July 2019 – July 2022
Dr. Gao Ming	Committee member of Periodontology Professional Committee of Liaoning Stomatological Association	September 2019 – September 2022
Dr. Guo Shumin	Committee member of Children's Stomatology Committee of Liaoning Stomatological Association	September 2019 – September 2022
Dr. Zhang Chun	Committee member of Liaoning Stomatological Association	December 2019 – December 2022
Dr. Jia Dawei	Committee member of Liaoning Stomatological Association committee member	December 2019 – December 2022
Dr. Li Zhuo	Committee member of Liaoning Stomatological Association	December 2019 – December 2022
Dr. Ren Hong	Committee member of Liaoning Stomatological Association	December 2019 – December 2022



Organisational Profile

Membership of Associations and Certificates (Cont'd)



Organisational Profile

Membership of Associations and Certificates (Cont'd)

In the year 2020, 2 teams were sent to represent Aoxin Q & M to participate “2020 Undergraduate Stomatological Skills Competition of Liaoning Medical University” organised by Jinzhou Medical University. The teams won the team champion as well as individual awards. The details are as follows:

<i>Name of the award</i>	Award ranking	List of winners
<i>Dental pulp oral operation – Individual award</i>	Second	任平
<i>Oral surgery oral operation – Individual award</i>	First	孙司頔
<i>Oral anatomy and physiology operation – Individual award</i>	Third	任平
<i>Prosthodontics oral operation – Individual award</i>	Third	乔丹
<i>Prosthodontics oral operation – Individual award</i>	First	张雨萌
<i>Individual all-around – Individual award</i>	First	孙司頔
<i>Individual all-around – Individual award</i>	Second	张雨萌
<i>Individual all-around – Individual award</i>	Second	乔丹
<i>Group Award</i>	First	Not applicable



Organisational Profile

Membership of Associations and Certificates (Cont'd)



Governance and Sustainability Approach

Management and Governance Structure

Board of Directors

- Mr. Chua Ser Miang (Non-Executive Chairman and Independent Director)
- Dr. Shao Yongxin (邵永新) (Executive Director and Group Chief Executive Officer)
- Mr. San Yi Leong @ Tan Yi Leong (Executive Director and Group Deputy Chief Executive Officer)
- Professor Chew Chong Yin @ Chew Chong Lin (Independent Director)
- Mr. Lin Ming Khin (Independent Director)

Audit Committee

- Mr. Chua Ser Miang (Chairman)
- Professor Chew Chong Yin @ Chew Chong Lin
- Mr. Lin Ming Khin

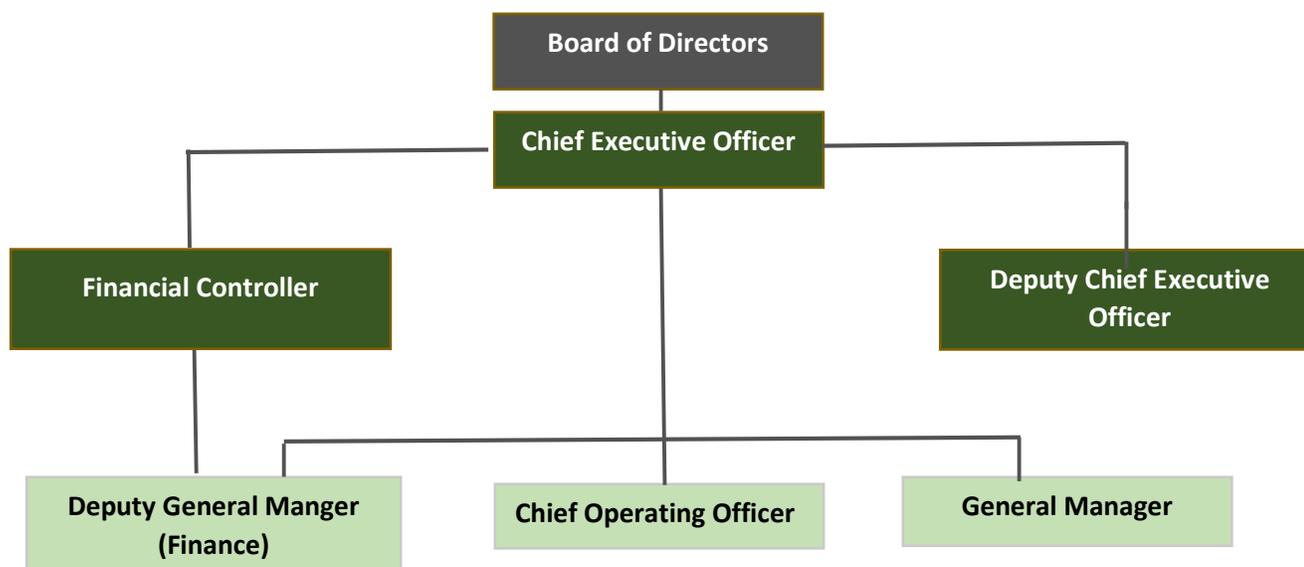
Nominating Committee

- Mr. Lin Ming Khin (Chairman)
- Professor Chew Chong Yin @ Chew Chong Lin
- Mr. Chua Ser Miang

Remuneration Committee

- Professor Chew Chong Yin @ Chew Chong Lin (Chairman)
- Mr. Chua Ser Miang
- Mr. Lin Ming Khin

Organisation Chart – Management



Governance and Sustainability Approach

Organisation Chart – Management (Cont'd)

For greater transparency of the Group and interests of our stakeholders, the Board is committed to maintaining a high standard of corporate governance. Hence, we have established a Sustainability and Risk Management Committee (“SRMC”) who, in consultation with the Board, oversees the development of the sustainability strategy, sustainability performance and monitoring, as well as the production of this Report. The SRMC comprises the following personnel as shown in the organisation chart below:



Our approaches toward risk management of the Group’s daily operations include:

- Establishing a quality assurance team, consisting of experienced technicians and engineers, who conducts routine checks on the dental equipment and supplies received from our suppliers;
- Providing strong aftersales support to ensure customer satisfaction;
- Monitoring and ensuring compliance with applicable PRC laws and regulations in relation to quality standards; and
- Constantly seeking feedback from our dental professionals, patients, customers and relevant stakeholders.

Governance and Sustainability Approach

Governance and Sustainability

As our priorities in the sustainability efforts remain to deliver sustainable growth and to protect our stakeholders' interest, the Group is committed to putting in place effective and robust compliance and governance regimes, as well as complying with guidelines of the Code of Corporate Governance 2018 issued by the Monetary Authority of Singapore where applicable to ensure accountability and transparency in conducting our business.

Conflict of Interest Policy

Directors of the Group are required to promptly declare any conflict of interest ("COI"), whether direct or indirect, in relation to a transaction or proposed transaction with the Group of companies. Each Director is required to submit details of his/her associates annually for the purpose of monitoring interested party transactions. Directors with conflicting interest will be abstained from voting and deliberating in the subject matter.

COI Policy is established to guide our Directors in identifying, disclosing and managing conflict situations. The policy further serves to emphasise our commitment to ethics and good corporate governance, for the protection of stakeholders' interest.

Whistleblowing

In our call to advocate good governance within the Group, we continue to review our whistle-blowing policy to ensure it clearly defines the process and reporting channels, by which reports can be made in confidence and without fear of reprisal. Details of the whistle-blowing policy and arrangements are communicated to our employees through the Company's website at <http://www.aoxinqm.com.sg>. All concerns raised are reviewed by the Group's Audit Committee ("AC") periodically to conduct independent investigation and adequate resolution. All whistle-blowing reports will continue to be addressed by the AC Chairman.

The Group is pleased to announce that there are no incidents of corruption and wrongdoings being reported on our employees or business (including employee misconduct and conflict of interest) in FY2020. We aim to maintain this record in FY2021 and continue adhering to the existing policies and procedures.

Stakeholder Engagement

Accountability to Stakeholders

The Group focus on creating sustainable value for our key stakeholders, which include our customers, suppliers, employees, shareholders/investors, business partners, and government and regulators. We have made conscious efforts to engage our stakeholders and evaluate their needs and expectations in formal and informal engagements to communicate the Group’s sustainability efforts.

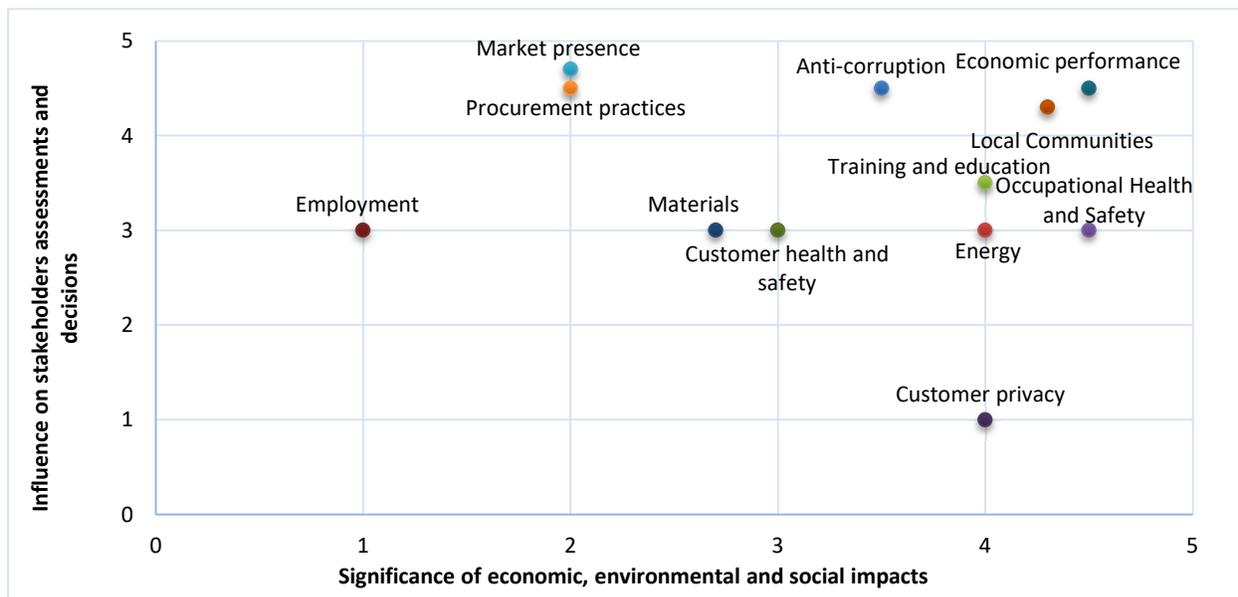
The table below sets out the key stakeholders, our methods of engagement and the stakeholders’ expectations:

Stakeholders	Stakeholders Engagement	Stakeholders Expectations
Customers 	<ul style="list-style-type: none"> ▪ Frontline interaction at polyclinics ▪ Enquiry and feedback channel ▪ Customer service hotlines 	<ul style="list-style-type: none"> ▪ Good quality of service and products ▪ Seamless service experience ▪ Fair purchasing practices
Suppliers 	<ul style="list-style-type: none"> ▪ Quotations ▪ Periodic discussions ▪ Supplier evaluation 	<ul style="list-style-type: none"> ▪ Compliance with terms and conditions of purchasing policies and procedures ▪ Purchasing contract equally fair to both parties ▪ Maintain ethical standards
Employees 	<ul style="list-style-type: none"> ▪ Induction and orientation program ▪ Employee appraisal ▪ Internal memorandum ▪ Training 	<ul style="list-style-type: none"> ▪ Employee rights and welfare ▪ Personal development ▪ Good working environment
Shareholders/ Investors  <small>SHAREHOLDER</small>	<ul style="list-style-type: none"> ▪ Annual general meeting ▪ Circulars to shareholders (if required) 	<ul style="list-style-type: none"> ▪ Profitability ▪ Transparency ▪ Timely reporting ▪ Timely update of condition and progress of the Group amid COVID-19 pandemic
Business Partners 	<ul style="list-style-type: none"> ▪ Frequent discussions and meetings ▪ Development of joint activities 	<ul style="list-style-type: none"> ▪ Partnership for opportunities and growth
Government and Regulators  <small>AUTHORITY</small>	<ul style="list-style-type: none"> ▪ Discussions with government agencies and regulators ▪ Regularly monitor regulatory and industry standards and guidelines 	<ul style="list-style-type: none"> ▪ Environmental-friendly business approach ▪ Compliance with regulations ▪ Timely reporting and resolution of issues

Material Sustainability Topics

We carried out materiality assessment in accordance with GRI guidelines. The assessment helped us apply a sustainability lens to business risk, opportunity, trendspotting and enterprise risk management processes.

The following Materiality Matrix summarise our list of relevant sustainability topics and ranking results based on an assessment of economic, environmental and social impacts, as well as the degree of influence they have on our stakeholders' assessments and decisions. The topics have been prioritised and evaluated based on our engagement process with the respective stakeholder groups and these will be reviewed and updated annually.



Sustainability Topics for FY2020

The following material topics identified in FY2019 continue to remain relevant in FY2020:



Material Sustainability Topics

Economic Performance

Due to the widespread economic impact of the COVID-19 pandemic, a lot of service sectors saw a full-year contraction, inevitably, our economic performance was affected as well. Nevertheless, we have continued to strive in maintaining our market position as one of the leading dental service providers in the region with the support of our extensive pediatric dentistry infrastructure network of Shenyang Aoxin Q & M Stomatology Hospital Co., Ltd. (“Shenyang Aoxin”).

The Group’s operations for the year ended 31 December 2020 (“FY2020”) were negatively impacted by COVID-19 pandemic. The Group’s total revenue decreased by 6% from RMB141.1 million for the year ended 31 December 2019 (“FY2019”) to RMB132.6 million for FY2020. Despite the challenges brought by the COVID-19 pandemic, the Group’s revenue for second half of FY2020 (“2H2020”) rose by 11% to RMB84.9 million from RMB76.2 million in second half of FY2019 (“2H2019”).

In accordance with the directives from the Chinese government and local dental health authorities in various cities in Liaoning Province,

- all of our 16 dental centres, comprising 6 dental hospitals and 10 dental polyclinics were suspended from providing non-essential dental services in February and March 2020;
- 1 dental hospital and 1 dental polyclinic were suspended from providing non-essential dental services in July and August 2020; and
- 1 dental hospital and 4 dental polyclinics were suspended from providing non-essential dental services in December 2020.

This led to our dental centres serving a significant smaller patient load in FY2020 as compared to FY2019. As a result, the Group reported lower revenue from primary healthcare segment of RMB78.5 million, representing a decrease of RMB3.1 million or 4%, against RMB81.6 million achieved in FY2019.

Revenue from the distribution of dental equipment and supplies segment decreased by 13% to RMB40.4 million in FY2020 from RMB46.5 million in FY2019. Revenue from sales of both materials and dental equipment were lower as a result of COVID-19 outbreak.

Revenue from the provision of laboratory services increased by 6% to RMB13.7 million in FY2020 from RMB13.0 million in FY2019 mainly due to higher sale to distributor. As part of reorganisation of the Group’s resources, laboratory services segment had scaled down its sales team and engaged a distribution company to run daily sales for most of their customers.

Please refer to pages 14-16 of our Annual Report for FY2020 for the financial review of our Group.

Material Sustainability Topics

Economic Performance (Cont'd)

Subsequent Reporting for FY2021

The Group expects its performance for FY2021 to remain challenging. Barring any unforeseen circumstances and further worsening of the COVID-19 situation leading to ad-hoc lock down in cities where the Group operates, there are no known significant changes in the trends and competitive conditions of the industry in which the Group operates and no other major known factors or events that may adversely affect the Group in the next reporting period and the next 12 months.

We will continue to focus on disciplined management of operating expenditures, costs and capital expenditures. Nonetheless, the Group aims to deliver a satisfactory performance in FY2021 amidst a recovering economy as more people in the country are getting vaccinated.

Material Sustainability Topics

Anti-Corruption

The Group's professional ethics and integrity are always upheld when carrying out business operations. We have put in place the code of conduct which covers areas from workplace to business conduct including policies and procedures on anti-corruption, whistleblowing, conflict of interest and ethical business practices.

Professional ethics training is provided to our employees half-yearly to ensure that all our business functions are aware of the established code of conduct in every district we operate. Furthermore, new joiners are nurtured for the Group's personal integrity, corporate values and ethical principles during the on-boarding program. Therefore, acts of corruption and bribery are stringently forbidden in the Group.

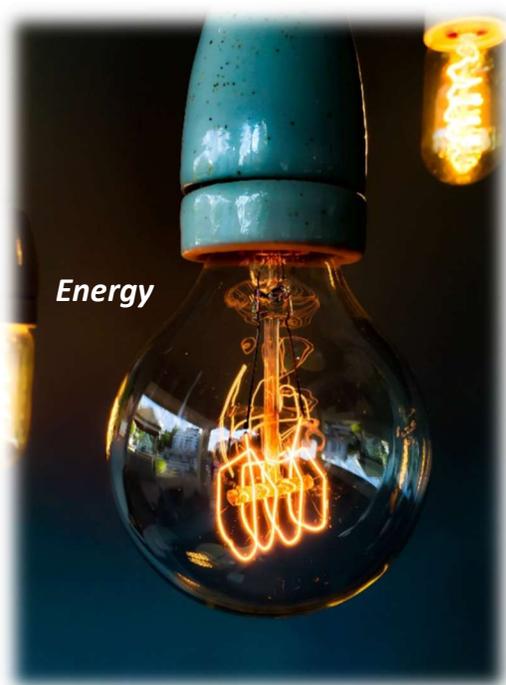
With the PRC government's anti-corruption campaign for the efforts on reducing improper payments or other benefits received by employees in connection with the purchase of pharmaceuticals and medical equipment and supplies, and the provision of healthcare services, the new National Supervision Commission will have the power to conduct searches, seize property and freeze assets as well as detain suspects for up to six months as part of corruption investigations. The Commission will focus its anti-graft efforts in areas that concern the public the most, such as education, healthcare, environmental protection and food and drug safety. The local commission also plans to use confessions of corrupt officials and case studies to warn others to avoid such corrupt behaviour.

We are pleased to announce there was no report of whistle-blowing incident, and no reported incidents of corruption in FY2020.

Subsequent Reporting for FY2021

The Group aims to maintain its zero record of corruption cases and will continue to cultivate an environment mindful of anti-corruption measures and policies in place by inculcating a clean and transparent working culture within the organisation.

Material Sustainability Topics



Energy

Digital transformation is reshaping every industry across the globe. However, as this era of innovation accelerates, so does the demand for the resources that fuel our rapidly evolving digital world. Environmental protection was identified and it continues to be one of the many priorities in the PRC's Government Work Plan, with plan of transformation of the national energy consumption (i.e. natural gas, hydropower, nuclear power, wind power and other clean energy consumption).

In accordance to the 13th Five-Year Plan For Economic and Social Development of the PRC (2016-2020), the government encourages enterprises to take voluntary measures to reduce energy consumption. As one of the leading service providers in our industry, the Group is committed to source energy that generates the smallest impact on the community and the environment while looking forward to

exploring renewable sources of energy in the future.

We have implemented initiatives which are in accordance with the PRC environmental laws and regulations, such as usage of energy-saving lamps and controlled use of air conditioners and water consumption. As such, we put in place procedures to carefully monitor energy and water consumption.

The Group has been using LED energy saving lamps since 2014. The advantages of using these lamps are energy saving, longer lifespan and brighter as compared to traditional lamps. We have also implemented practices such as to switch on our centralised air-conditioner only when it reaches a certain temperature during the summer season, while the heater temperature is maintained at an acceptable temperature during winter seasons to reduce our electricity/gas consumption.

Reminders of "save water" are put up in our office premises and hospitals whilst "save electricity" reminders are put up in the hospitals to remind employees on water and electricity conservation. We also conduct regular checks on our pipelines to ensure there is no leakage and that all pipelines are well-functioning.

Additionally, we conduct talks and provide trainings to our employees quarterly to create their awareness about going green and energy saving as well as to learn new methods of conserving water and energy.

Material Sustainability Topics

Energy (Cont'd)

The table below shows the summary of our consumption of energy, water, and natural gas in FY2020, as well as data comparison of consumption against previous financial years:

<i>Year</i>	2017	2018	2019	2020
<i>Gross Floor Area (m²)</i>	8,853	14,169	18,671	¹ 18,555
<i>Energy Consumption (kWh)</i>	508,421	777,888	1,007,049	855,365
<i>Water Consumption (m³)</i>	10,337	14,047	16,393	12,123
<i>Natural Gas Consumption (kWh)</i>	31,143	38,670	40,460	24,572
<i>Energy Intensity per GFA (kWh/m²)</i>	57.43	54.90	53.94	46.10
<i>Water Intensity per GFA (m³/m²)</i>	1.17	0.99	0.88	0.65
<i>Natural Gas Intensity per GFA (kWh/m²)</i>	3.52	2.73	2.17	1.32

Note:

1 – The reduction of gross floor area (m²) was due to closure of the polyclinic, Jinfeng clinic on 20 May 2020.

Due to the new coronavirus cluster detected in Dalian and Shenyang cities amid COVID-19 pandemic in December 2020, there are a few dental centres, dental hospitals as well as polyclinics, as shown in the table below, being temporarily suspended to contain the spread of the COVID-19 virus, as such the temporary closure of centres and hospitals have led to reduction of our energy consumption. Inevitably, we have also put in place our conservation efforts and initiatives to save the energy. In these regards, we reduce the consumption of energy, water, and natural gas in FY2020.

Operations	Date of operation suspension	Date of operations resumption
Dalian Aoxin Quanmin Stomatology Hospital Co., Ltd.	19 December 2020	27 January 2021
Zhuanghe City Aoxin Dawei Dental Co., Ltd.	21 December 2020	25 January 2021
Shenyang Huanggu Aoxin Dental Clinic Co., Ltd.	27 December 2020	26 February 2021
Shenyang Heping Q & M Aoxin Stomatology Polyclinic Co., Ltd.	29 December 2020	2 February 2021
Shenyang Shenhe Aoxin Stomatology Polyclinic Co., Ltd.	29 December 2020	3 February 2021
Shenyang Aoxin Q & M Stomatology Hospital Co., Ltd. – Branch Hospital	1 January 2021	18 January 2021

Subsequent Reporting for FY2021

Moving forward as an environmentally conscious company targeting to reduce our carbon footprint in PRC, we pledge to increase our sustainable efforts and communicate our goals to the employees of the Group. For FY2021, we target to reduce or maintain our current level of energy consumption.

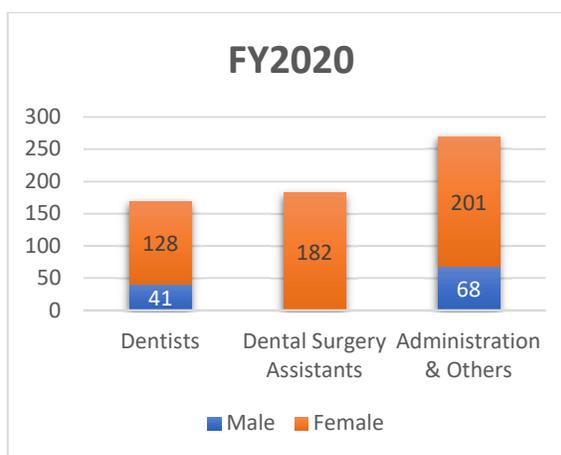
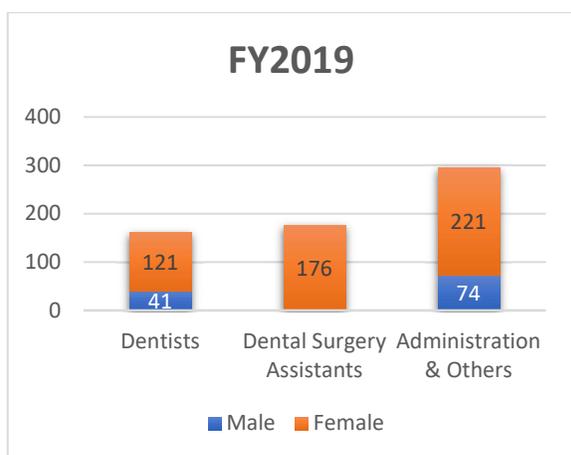
Material Sustainability Topics

Our Employees

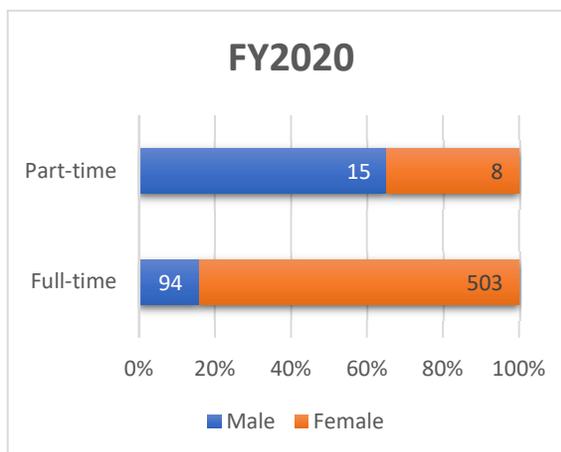
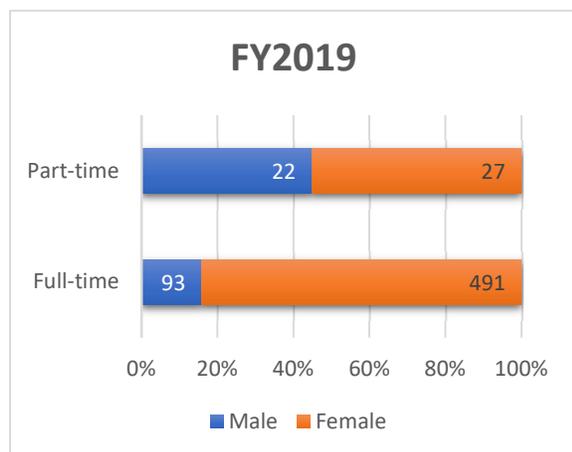
The employees are recognised as the Group’s greatest asset as they assist the Group to achieve its business strategies and sustainable growth. Hence, the Group has developed and integrated human capital strategies on talent attraction, development and retention to enhance the employee retention mechanisms as well as talent attraction ability.

Additionally, the Group appreciates and embraces diversity by hiring talents from various backgrounds and cultures and providing unbiased opportunities to all employees.

Workforce by Gender and Type of Employee



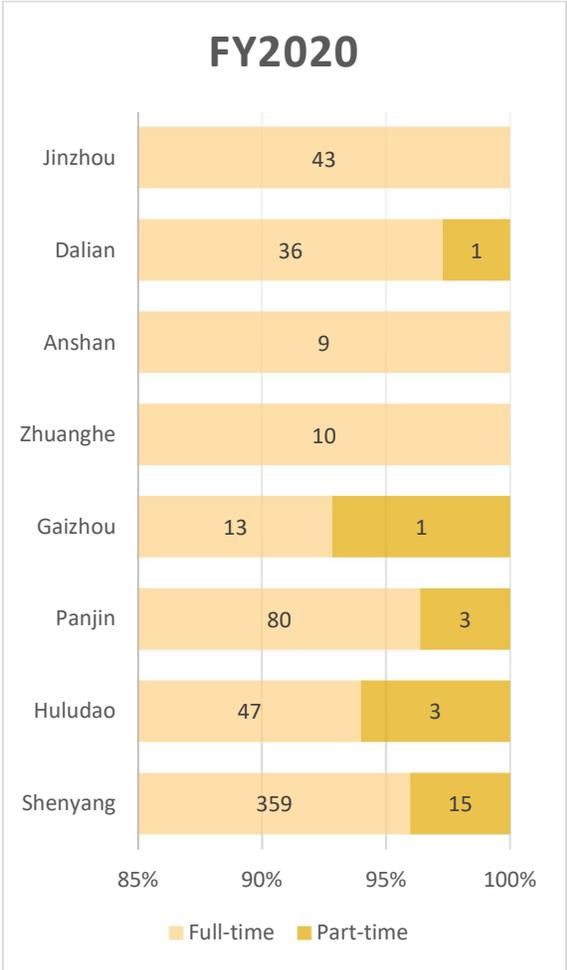
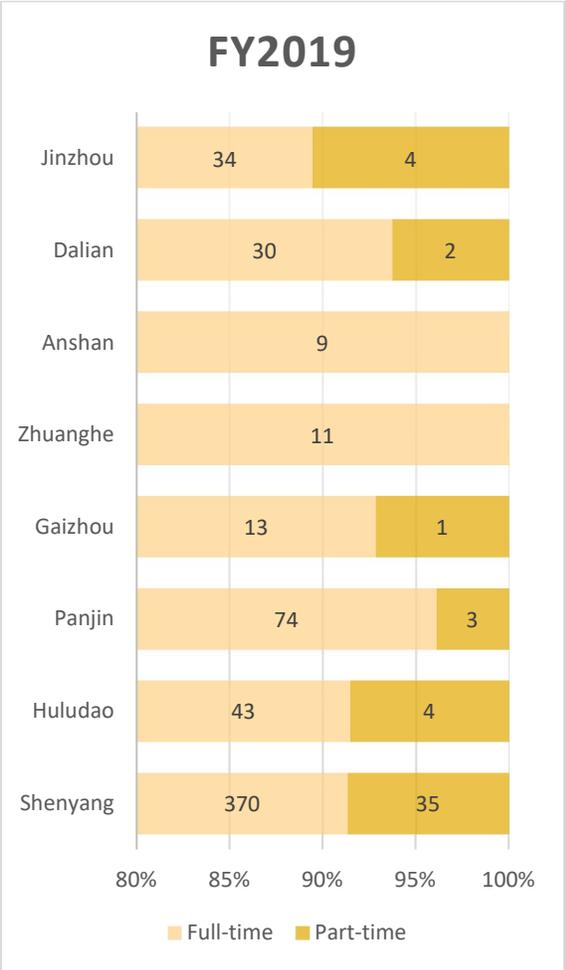
Workforce by Gender and Employment Type



Material Sustainability Topics

Our employees (Cont'd)

Workforce by Employment Type and Region



Material Sustainability Topics

Training and Education

The Group is committed to developing our employees through training and continuous development programs to build a competitive and sustainable workforce.

New employees on-the-job training

The Group ensures that all employees are provided with the necessary training to assist them in acquiring the right skills and knowledge needed to perform their jobs effectively. New employees are required to undergo an orientation pre-job training and a mandatory probation period. During this period, their skills and experience as well as work attitude, ethics, and efficiency will be assessed. Besides on-the-job training, our new hires are required to shadow another experienced employee to familiarise themselves with the Group's operations, and their specific job scopes.

Regular training and career development for existing employees

Existing employees will be provided with regular and continuous training and development. Our training programs include internal trainings, training by external experts and expatriation. Due to the travel restriction imposed by the government in FY2020 to contain the spread of COVID-19 infection, we did not organise any external trainings as well as expatriate training program for the employees. Nevertheless, we conducted the training internally via virtual learning as well as in-person training to keep our employees engaged and motivated as well as to maintain the Group's sustainability in growth. The internal trainings for employees have been increased in FY2020 even amid travel control measure in place to contain the spread of COVID-19 infection for raising awareness of the employees on COVID-19 prevention and control.



Training for front desk employees at several hospitals and polyclinics

Material Sustainability Topics

Training and Education (Cont'd)

Internship program

Our stomatology centre in Shenyang continues to provide students with exciting internship programs which allow them to be trained in both soft skills as well as professional competency. Once their internship is complete, the students will have the chance to be employed by the Group if all necessary educational requirements have been met. FY2020, 34 students participated in the internship program, of which 10 of them had obtained their practitioner licenses and were employed by the Group.

Dental Professionals

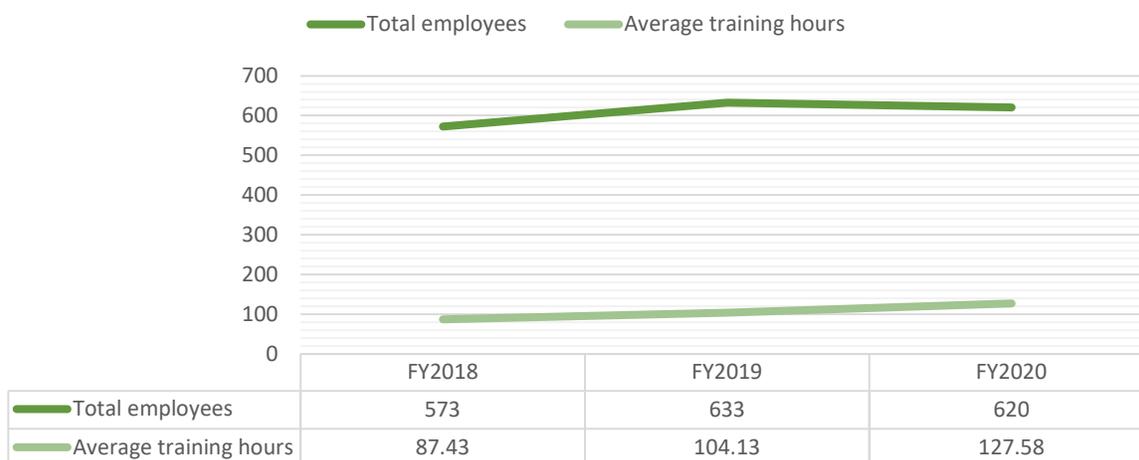
Customised training models have been designed to nurture our employees and enhance our service quality. We pride ourselves in having the relevant resources and budgets to organise internal training programs for our employees throughout the year, in order to ensure the continued education of our dental professionals.

Besides providing basic training and coaching classes, we also often encourage our dental professionals to share their experiences or challenges on academic platforms to exchange ideas. To ensure our service quality and professionalism of our dental professionals, we have their performances and career development regularly reviewed by respective heads of department.

Overall

In FY2020, our total training hours for all employees was 79,100 hours, as compared to 65,912 hours in FY2019. The increase in training hours was due to more online trainings organised for our employees amid the travel restriction during COVID-19 pandemic. We provide training to our 100% of workforce which represents an average of 127.58 hours of training was provided to each employee. Total employees and average training hours are presented in the table below:

Total employees and average training hours



Material Sustainability Topics

Training and Education (Cont'd)

Subsequent Reporting for FY2021

Despite of the COVID-19 outbreak which affects our business operation, we continue to hold the training sessions and programs for our employees' benefits. We target to increase the training hours for our employees in FY2021. Additionally, we plan to develop training program for our young doctors to help them master their technical skills.

Material Sustainability Topics

Occupational Health and Safety

In our line of work, dentists and dental surgery assistants are exposed to several health hazards, such as bacterial or virus infections could be transmitted through needles and other sharp objects, spatter and aerosols. It is our responsibility as employer to mitigate such risks.

Physical Well-being

A Health and Safety Committee (“HSC”) is established to implement comprehensive safety measures at the Group and monitor for compliance with regulations set by the relevant government authorities. Our HSC comprises of the Director, 4 Deputy Directors, and 7 members, who are employees of the Group, with the following responsibilities respectively:

Designation	Responsibilities
Director	<ul style="list-style-type: none">• Overall in-charge on infection prevention and control
Deputy Director	<ul style="list-style-type: none">• Assist Director in monitoring and managing infection control measures
Member	<ul style="list-style-type: none">• Ensure that hospitals and polyclinics are regularly disinfected, and that dental equipment used are all sterilised before disposal• Ensure that waste materials are sterilised and disposed in a proper manner

A medical safety team is established in each of our hospitals to monitor occupational health and safety of our employees and supervise the daily medical safety procedures.

Our employees attend the trainings for health and safety procedures provided by the Infection Control Department of the Ministry of Health 2-3 times a year. In addition, our hospitals and polyclinics help our employees who are involved in handling drugs and materials, waste treatment and disposal, as well as clinical surgery apply and renew health certificates under regulation of the National Medical Products Administration every year, in which non-compliance will result in penalties and fines. The expiry dates of the health certificates are monitored by our Department in-charge to ensure the compliance.

The Group has also implemented guidelines on clinic operational procedures to safeguard patients’ safety and health. For hygiene purposes, we will provide every patient with a new set of dental consumables such as gloves, dental bib, mouth-rinsing cup, needles and dental instruments. The used set of dental consumables will be disposed properly and the dental instruments used will be sterilised after each consultation/treatment session.



Material Sustainability Topics

Occupational Health and Safety (Cont'd)

Physical Well-being (Cont'd)

In compliance with the PRC's social security system regulations, we provide all employees with the mandated 5 types of insurances schemes, namely pension, medical, unemployment, work-related injury, and maternity insurances. On top of that, the Group also provides all dentists with doctors' liability insurance.

Other examples of health hazards include exposure to X-ray radiation during trainings, and we have posters to remind our employees on the safety measures. We ensure an X-ray signage is displayed on the X-ray room door in all polyclinics. We are subject to inspection from government officials to ensure we adhere to the country's safety standards.

Mental Well-being

We also ensure that the mental well-being of our employees and employees are well taken care of. Dentists are given ample rest between treatments or surgery, to ensure that our patients receive the full attention and quality treatment that are rendered to them.

Furthermore, each freshly graduated dentist will be tagged to an experienced dentist to facilitate on-the-job training. Experienced dentists share their valuable experiences and guide new dentists throughout their new working environment. This will help to alleviate the stress and provide mental support for the new employees, thus resulting in them being able to provide the best service to our patients.

COVID-19

Our employees' safety, health and well-being are of utmost importance to us. In response to COVID-19 crisis in FY2020, the Group has made conscious efforts to ensure that additional safety regulations have been complied with. While emergency plan for COVID-19 prevention and control is formulated to guide the employees on the safety measures, we also form COVID-19 control leading teams to ensure compliance with safety regulations.

We have also put in place temperature monitoring, enhanced cleaning regimes and other safe workspace protocols to ensure that our employees are protected from the risks of the virus infection. Our employees on duty are required to be in isolation garments to help prevent the employees from transferring microorganisms or viruses as well as reduce the risk of exposure to the virus.

Material Sustainability Topics

Occupational Health and Safety (Cont'd)

COVID-19 (Cont'd)



Mandatory temperature screening for visitors/patients/employees



Personal protection requirements for employees on duty

Privacy

We recognise privacy to be fundamental to human rights. The protection of patients' privacy is an industry consensus, and the Group takes a firm stance in safeguarding the confidentiality of personal information. Our polyclinics have adopted the use of the Clinic Assist (CA) IT systems, which ensures that adequate controls are in place to restrict access to such sensitive information. Examples include computers being connected internally to our local intranet and that our dentists can only view the information of patients that they have attended to.

In FY2020, there was no reported workplace injury nor fatalities and no penalties were imposed to the Group by regulatory authorities. Furthermore, we are pleased to share that there were no reported cases in relation to personal data violation or breaches of customer privacy.

Subsequent Reporting for FY2021

We aim to raise the standards of our medical quality and service, as well as to continue practicing medical safety among all employees to minimise the risks of infections and exposure to health hazards. We also target to maintain zero serious workplace injuries sustained by our employees for the following years as well as our good track record of having zero reported cases in relation to personal data violation and breaches of customer privacy.

Material Sustainability Topics

Local Communities

We believe in giving back to the community, and this is part of our vision to contribute to the social development of the community. As such, we carry out a series of programs throughout the year to raise the local communities' dental health awareness. In this regard, we have increased our presence to the pediatric dental health market, corporate market, the medical insurance market as well as our communities.

Contribution for communities affected by COVID-19 pandemic

As part of our commitment to support the communities, our hospital in Gaizhou, Gaizhou City Aoxin Q & M Stomatology Hospital Co., Ltd., distributed more than 10 tonnes of antiseptic liquid to the public for free in order to help alleviate the shortage of anti-bacterial supplies in the city in January 2020.

In addition to donating supplies, we also contributed our medical expertise where possible. In December 2020, in response to the emergence of a new variation of the COVID-19 virus within Shenyang, more than 100 Aoxin Q & M's staff were deployed to community sites across the city, where they aided in the administering of COVID-19 swab tests to Shenyang residents. Over the course of 10 days, the team worked together to administer tests to more than 30,000 people.



Little Dentists Program

"Little Dentists Program" (小牙医活动) are held throughout the period from August 2020 to December 2020 due to COVID-19 consideration. In this program, children will get a chance to play the role of a "dentist" in our dental polyclinics or dental hospitals, as well as experience dental check-up for their parents. Besides the exciting role-play activity, we also provide free dental check-ups for the children as well as educate the young children of the good dental habits and the importance of maintaining good dental health.



"Little Dentists Program" in Shenyang Aoxin

Material Sustainability Topics

Local Communities (Cont'd)

Free Dental Check-ups

We hold free clinics and treatment sessions at every of our Group's polyclinic on "Oral Care Day" on 20 September every year. Throughout the year, we visited kindergartens, pre-schools, early education centres, nursing homes and several communities to conduct free dental hygiene education and dental check-ups. Complemented with our marketing and media campaigns through online platforms, we are able to raise dental health awareness and our reputation in the region. These initiatives are in line with our corporate concept of giving back to the community and have allowed us to integrate the Group's values into our business decisions.

In FY2020, we partnered with trade unions to hold ad-hoc check-ups and dental screenings for local communities in various cities. Moreover, we collaborated with other corporations to educate dental hygiene to communities, as well as conduct surveys to promote dental hygiene and raise dental health awareness to these communities.

Training Centres

The Group teamed up with Jinzhou Medical University to provide lectures and practical training to students and dental professionals. There are currently 4 of our dental centres are designated as training centres/clinical hospital:

- Huludao Aoxin Q & M Stomatology Hospital Co., Ltd.
- Jinzhou Aoxin Youxin Dental Clinic Co., Ltd.
- Panjin Aoxin Quanmin Stomatology Hospital Co., Ltd.
- Shenyang Aoxin Q & M Stomatology Hospital Co., Ltd.

Our stomatology training centre at Shenyang is fully equipped with a multimedia training hall, a multi-function simulation laboratory and a technical laboratory, so that aspiring dentists are sufficiently educated and trained in the appropriate fields of practice, for their competitiveness in dental industry.

Additionally, Dr. Shao Yongxin who is also the Dean of Jinzhou Medical University, Shenyang Department of Stomatology, actively participates in the learning and growth of the undergraduates through conducting lectures and reviewing their progress.

Furthermore, the Shenyang training centre has also been accredited for undergraduate and post-graduate training by Jinzhou Medical University. Students who graduate from this training centre with dental qualifications awarded by Jinzhou Medical University will be recognised by universities in PRC.

Material Sustainability Topics

Local Communities (Cont'd)

Training Centres (Cont'd)



In addition to providing us with a platform to give back to society, these activities also allow our employees to connect and engage with their community. Many of our employees felt that these initiatives were an effective way to educate the public, especially youth, on the importance of good dental health. By connecting with the community through such programs, the Group has been able to bolster its reputation as a quality dental service provider for the community as well.

Subsequent Reporting for FY2021

Moving forward, we target to have more collaborations with charity organisations or youth organisations to expand our outreach through free clinic, free dental hygiene education and dental check-up.

SGX Five Primary Components Index

S/N	Primary Component	Section Reference
1	Material Topics	<ul style="list-style-type: none"> • Stakeholder Engagement • Sustainability Topics <ul style="list-style-type: none"> ○ Economic Performance ○ Anti-Corruption ○ Energy ○ Training and Education ○ Occupational Health and Safety ○ Local Communities
2	Policies, Practices and Performance	<ul style="list-style-type: none"> • Board Statement • Sustainability Topics <ul style="list-style-type: none"> ○ Economic Performance ○ Anti-Corruption ○ Energy ○ Training and Education ○ Occupational Health and Safety ○ Local Communities
3	Board Statement	Board Statement
4	Targets	<ul style="list-style-type: none"> • Sustainability Topics <ul style="list-style-type: none"> ○ Economic Performance ○ Anti-Corruption ○ Energy ○ Training and Education ○ Occupational Health and Safety ○ Local Communities
5	Framework	About This Report

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102-8	Information on employees and other workers	6, 30 – 34
102-9	Supply chain	10 – 11
102-10	Significant changes to the organization and its supply chain	Nil
102-11	Precautionary principle or approach	20 – 23
102-12	External initiatives	38 – 40
102-13	Membership of associations	12 – 19
Strategy		
102-14	Statement from senior decision maker	3
Ethics and Integrity		
102-16	Values, principles, standards, and norms of behaviour	8 – 9
Governance		
102-18	Governance structure	20 – 21
Stakeholder Engagement		
102-40	List of stakeholder groups	23
102-41	Collective bargaining agreements	Not applicable, as our employees are not covered by collective bargaining agreements
102-42	Identifying and selecting stakeholders	23
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102-45	Entities included in the consolidated financial statements	7 Please refer to Annual Report, pages 82 – 87
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102-48	Restatements of information	Not applicable, no restatement of information in FY2020
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102-50	Reporting period	4
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102-54	Claims of reporting in accordance with the GRI Standards	4
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