



Unaudited Financial Statements and Dividend Announcement
For the full year ended 31 December 2017

This announcement has been prepared by Aoxin Q & M Dental Group Limited (the “**Company**”) and its contents have been reviewed by the Company’s Sponsor, SAC Capital Private Limited (the “**Sponsor**”) for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”). The Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST 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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Background

The Company was incorporated on 05 May 2011 in Singapore under the Singapore Companies Act as a company limited by shares under the name of “Q & M Dental Holdings (China) Pte. Ltd.”. On 25 January 2017, the Company has changed its name to “Aoxin Q & M Dental Group Pte. Ltd.”. The Company was converted into a public limited company and renamed “Aoxin Q & M Dental Group Limited” on 30 March 2017.

The Company and its subsidiaries (the “**Group**”) was formed pursuant to a restructuring exercise (the “**Restructuring Exercise**”) undertaken as part of a corporate reorganization implemented for the purposes of the Company’s initial public offering (“**IPO**”) on the Catalist Board of the SGX-ST (“**Catalist**”). The Company was listed on the Catalist on 26 April 2017. Please refer to the Company’s offer document dated 18 April 2017 for further details on the Restructuring Exercise.

The Group’s business can be categorised into three segments:

- (a) the provision of private dental services, which includes, amongst others, the 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 centres for and on behalf of other owners;
- (b) the distribution of dental equipment and supplies, which includes, amongst others, the distribution of equipment and supplies used in the provision of dental services; and
- (c) the laboratory services, which includes, amongst others, the manufacturing of porcelain crown, bridges and dentures.



Full Year Financial Statement Announcement for the Year Ended 31 December 2017

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF FULL YEAR RESULTS

1(a) A Consolidated Statement of Comprehensive Income (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

In RMB'000	Note	Group		
		FY2017	FY2016	Change %
Revenue				
Primary healthcare		67,253	62,933	7
Distribution of dental equipment and supplies		30,551	23,928	28
Laboratory services		2,865	-	NM
Total revenue		100,669	86,861	16
Other income	1(a)(i)	95	57	67
Expenses				
Consumables and dental supplies		(8,865)	(6,892)	29
Cost of dental equipment and supplies		(24,020)	(19,255)	25
Cost of laboratory services		(521)	-	NM
Employee benefits		(32,799)	(24,679)	33
Depreciation and amortisation		(5,523)	(4,944)	12
Rental		(4,889)	(4,457)	10
Finance costs		(1)	(603)	NM
Professional fee and expenses related to the IPO		(5,803)	(3,324)	75
Other expenses		(9,497)	(8,984)	6
Other losses	1(a)(ii)	(362)	(45)	NM
Profit before tax from continuing operations		8,484	13,735	(38)
Income tax expense		(3,606)	(6,026)	(40)
Profit after tax from continuing operations		4,878	7,709	(37)
Profit from discontinuing operations		-	897	NM
Profit from disposal of discontinued operations		130	9,100	NM
Profit net of tax		5,008	17,706	(72)
Other comprehensive losses:				
Exchange differences on translating foreign operations		(1,925)	(5,962)	(68)
Other comprehensive losses for the year		(1,925)	(5,962)	(68)
Total comprehensive income for the year		3,083	11,744	(74)
Profit/(losses) attributable to:				
Owners of the parent				
- Continuing operations		4,878	1,239	NM
- Discontinued operations		134	8,080	(98)
		5,012	9,319	(46)
Non-controlling interest				
- Continuing operations		-	6,470	NM
- Discontinued operations		(4)	1,917	NM
		(4)	8,387	NM
Profit net of tax		5,008	17,706	(72)

In RMB'000	Note	Group		Change %
		FY2017	FY2016	
Profit net of tax excluding professional fee and expenses related to the IPO attributable to owners of the parent from continuing operations		10,681	4,563	NM
Comprehensive income/(losses) attributable to:				
Owners of the parent				
- Continuing operations		2,953	(887)	NM
- Discontinued operations		134	4,176	NM
		3,087	3,289	(6)
Non-controlling interest				
- Continuing operations		-	6,538	NM
- Discontinued operations		(4)	1,917	NM
		(4)	8,455	NM
Total comprehensive income		3,083	11,744	(74)

NM: Not Meaningful

Note:

1(a)(i) Other income

In RMB'000	FY2017	FY2016
Government grant	20	10
Interest income	75	47
	95	57

1(a)(ii) Other losses

In RMB'000	FY2017	FY2016
Foreign exchange translation loss	(346)	(45)
Plant and equipment written off	(16)	-
	(362)	(45)



Aoxin Q & M Dental Group Limited
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1(b)(i) A Statement of Financial Position of the Group and the issuer, together with a comparative statement as at the end of the immediately preceding financial year.

In RMB'000	Group		Company	
	31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016
ASSETS				
<u>Non-current assets</u>				
Plant and equipment	36,135	36,778	411	2
Intangible assets	115,147	99,798	-	-
Investment in subsidiaries	-	-	254,039	223,801
Other assets	410	491	410	491
Total non-current assets	151,692	137,067	254,860	224,294
<u>Current assets</u>				
Assets classified as disposal group	-	13,218	-	-
Inventories	7,327	6,780	-	-
Trade and other receivables	10,402	16,048	3,231	3,279
Other assets	2,485	762	317	676
Cash and cash equivalents	95,265	34,918	36,563	10,561
Total current assets	115,479	71,726	40,111	14,516
Total assets	267,171	208,793	294,971	238,810
EQUITY AND LIABILITIES				
<u>Equity</u>				
Share capital	284,744	44,312	284,744	44,312
Retained earnings/(Accumulated losses)	16,584	12,317	295	(5,639)
Other reserves	(64,719)	22,646	3,149	106,614
Equity attributable to owners of Company	236,609	79,275	288,188	145,287
Non-controlling interest	-	15,587	-	-
Total equity	236,609	94,862	288,188	145,287
<u>Non-current liabilities</u>				
Deferred tax liabilities	647	1,657	-	-
Total non-current liabilities	647	1,657	-	-
<u>Current liabilities</u>				
Liabilities classified as disposal group	-	276	-	-
Income tax payables	182	870	-	-
Trade and other payables	29,733	111,128	6,783	93,523
Total current liabilities	29,915	112,274	6,783	93,523
Total liabilities	30,562	113,931	6,783	93,523
Total equity and liabilities	267,171	208,793	294,971	238,810

1(b)(ii) In relation to the aggregate amount of the Group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year:

As at 31 December 2017 and 31 December 2016, the Group had no borrowings.



1(c) A Consolidated Statement of Cash Flows (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

In RMB'000	Group	
	FY2017	FY2016
<u>Cash flows from operating activities</u>		
Profit before tax	8,484	13,735
Adjustments for:		
Depreciation and amortisation expense	5,523	4,944
IPO expenses	5,803	3,324
Gain on disposal of discontinued operations	-	(5,104)
Plant and equipment written off	16	-
Foreign currency translation reserve	(1,611)	(1,866)
Interest expense	1	603
Share base payment	640	-
Profit from discontinuing operations	-	718
Operating cash flows before changes in working capital	18,856	16,354
Inventories	(547)	(5,058)
Trade and other receivables	5,688	(7,522)
Other assets	(1,642)	758
Trade and other payables	(5,219)	10,126
Cash flows from discontinuing operating activities	-	3,064
Net cash flows from operations	17,136	17,722
Income taxes paid	(5,304)	(6,600)
Net cash flows from operating activities	11,832	11,122
<u>Cash flows used in investing activities</u>		
Acquisition of subsidiaries	(2,210)	(6,344)
Disposal of discontinued operations	-	6,482
Purchase of plant and equipment	(4,405)	(6,132)
Cash flows used in discontinuing investing activities	-	(1,574)
Net cash flows used in investing activities	(6,615)	(7,568)
<u>Cash flows from financing activities</u>		
(Repayment to) / Advances from related companies	(4,857)	25,366
Dividend paid	(1)	(4,000)
Interest paid	(1)	(603)
Acquisition of non-controlling interest without change of control	-	(5,179)
Proceeds from share subscription	68,870	2,161
Contribution from non-controlling interest of a subsidiary	-	2,553
IPO expenses	(8,881)	(3,324)
Net cash flows from financing activities	55,130	16,974
Net increase in cash and cash equivalents	60,347	20,528
Cash and cash equivalents at beginning of year	34,918	14,390
Cash and cash equivalents at end of year	95,265	34,918



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1(d)(i) A statement (for the issuer and the Group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

In RMB'000	Share capital	Retained earnings	Other reserves	Attributable to parent Total	Non-controlling Interest	Total equity
Group						
Opening balance at 1 January 2017	44,312	12,317	22,646	79,275	15,587	94,862
Changes in equity:						
Total comprehensive income/(loss) for the year	-	5,012	(1,925)	3,087	(4)	3,083
Issue of new shares pursuant to Restructuring Exercise	178,105	-	(101,808)	76,297	-	76,297
Issue of new shares pursuant to the IPO	56,221	-	-	56,221	-	56,221
Issue of new shares	9,184	-	-	9,184	-	9,184
Decrease in non-controlling interest without a change in control	-	-	14,984	14,984	(14,984)	-
Share base payment	-	-	640	640	-	640
Transfer to statutory reserve	-	(744)	744	-	-	-
Dividend paid	-	(1)	-	(1)	-	(1)
Capitalisation of IPO expenses	(3,078)	-	-	(3,078)	-	(3,078)
Disposal of subsidiary classified under disposal group	-	-	-	-	(599)	(599)
Closing balance at 31 December 2017	284,744	16,584	(64,719)	236,609	-	236,609
Group						
Opening balance at 1 January 2016	525	6,498	10,348	17,371	70,401	87,772
Changes in equity:						
Total comprehensive income/(loss) for the year	-	9,319	(5,962)	3,357	8,387	11,744
Dividends paid to non-controlling interest	-	-	-	-	(4,000)	(4,000)
Issue of share capital	43,787	-	-	43,787	-	43,787
Acquisition of subsidiaries	-	-	-	-	3,155	3,155
Transfer to statutory reserve	-	(3,500)	3,500	-	-	-
Decrease in non-controlling interest without a change in control	-	-	14,851	14,851	(14,959)	(108)
Capital contribution by non-controlling interest	-	-	-	-	(2,553)	(2,553)
Disposal of subsidiary classified under disposal group	-	-	(91)	(91)	(49,950)	(50,041)
Closing balance at 31 December 2016	44,312	12,317	22,646	79,275	15,587	94,862



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1(d)(i) A statement (for the issuer and the Group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year (cont'd).

In RMB'000	Share capital	Retained earnings / accumulated losses	Other reserves	Total equity
Company				
Opening balance at 1 January 2017	44,312	(5,639)	106,614	145,287
Changes in equity:				
Total comprehensive income/(loss) for the year	-	5,934	(2,297)	3,637
Issue of new shares pursuant to Restructuring Exercise	178,105	-	(101,808)	76,297
Issue of new shares pursuant to IPO exercise	56,221	-	-	56,221
Issue of new shares	9,184	-	-	9,184
Share base payment	-	-	640	640
Capitalisation of IPO expenses	(3,078)	-	-	(3,078)
Closing balance at 31 December 2017	284,744	295	3,149	288,188
Company				
Opening balance at 1 January 2016	525	(20,453)	6,760	(13,168)
Changes in equity:				
Total comprehensive income/(loss) for the year	-	14,814	(1,954)	12,860
Issue of share capital	43,787	-	-	43,787
Acquisition of non-controlling interest shares in subsidiaries	-	-	101,808	101,808
Closing balance at 31 December 2016	44,312	(5,639)	106,614	145,287



- 1(d)(ii) Details of any changes in the Company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

Ordinary shares	Number of shares	Share capital
	In thousands	RMB'000
At 1 January 2017	10,000	44,312
Issuance of new shares pursuant to Restructuring Exercise	288,816	178,105
Issuance of new shares pursuant to the IPO	57,000	56,221
Issuance of new shares to Honour Pte. Ltd. (Note 1)	16,346	9,184
Capitalisation of IPO expenses	-	(3,078)
Balance as at 31 December 2017	372,162	284,744

There were no subsidiary holdings, treasury shares or convertible instruments as at 31 December 2017 and 31 December 2016.

Note:

- (1) On 14 July 2017, the Company had issued 16,346,000 new ordinary shares at an issue price of S\$0.12 per share to Honour Pte. Ltd. for the cash consideration of S\$1,961,520 to reward and incentivise certain dental professionals and employees of the Group who are based in the People's Republic of China ("PRC").

- 1(d)(iii) Total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	31 Dec 2017	31 Dec 2016
Total number of issued shares excluding treasury shares	<u>372,161,638</u>	<u>10,000,000</u>

- 1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable. The Company does not have any treasury shares.

- 1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

Not applicable. The Company does not have any subsidiary holdings.



2. **Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.**

The figures have not been reviewed or audited by the Company's auditor.

3. **Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).**

Not applicable.

4. **Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

Except as set out in Paragraph 5 of this announcement, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period as those used in the audited annual financial statements for the financial year ended 31 December 2016.

5. **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

In the current reporting period, the Group adopted the new and revised Financial Reporting Standards ("FRS") and Interpretations to FRS ("INT FRS") that are relevant to its operations and are effective for first-time adoption during the current reporting period. The adoption of these new and revised FRS and INT FRS has no material effect on Group's financial statements.

6. **Earnings per ordinary share of the Group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

Earnings per ordinary share (RMB cents)	Group	
	FY2017	FY2016
Basic/Fully diluted earnings per share		
a. Continuing operations	1.49	0.76
b. Discontinued operations	0.04	4.94
	1.53	5.70
Weighted average number of shares	326,513,568	163,461,538

The EPS for the financial year ended 31 December 2017 and 31 December 2016 have been computed based on the profit attributable to equity holders of Company, net of tax.



7. Net asset value (for the issuer and Group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:

- a) current financial period reported on; and
b) immediately preceding financial year.

	Group		Company	
	31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016
Net asset value per ordinary share (RMB cents)	63.5	48.5	77.4	88.9

The net asset value per ordinary share of the Group and of the Company have been calculated based on the total issued number of ordinary shares of 372,161,638 and 163,461,538 as at 31 December 2017 and 31 December 2016 respectively. The total number of ordinary shares for 31 December 2016 was adjusted due to capitalisation of amount due to Q&M Dental Group (Singapore) Ltd.

8. A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion of the following:

- a) any significant factors that affected the turnover, costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
b) any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.

Statement of Comprehensive Income

Revenue

Revenue from primary healthcare increased by approximately 7% from RMB62.9 million for FY2016 to RMB67.3 million for FY2017. This was mainly due to:

- (i) The Group's efforts to promote paediatric dentistry for its hospitals and clinics;
(ii) Full 12 months of operations for the new Orthodontic Department at Shenyang Aoxin Q & M Stomatology Co., Ltd; and
(iii) Increase in the number of dental chairs at both Gaizhou City Aoxin Q & M Stomatology Hospital Co., Ltd and Panjin Jinsai Q & M Stomatology Co., Ltd at the end of 2016.

Revenue from the distribution of dental equipment and supplies business increased by approximately 28% from RMB23.9 million in FY2016 to RMB30.6 million in FY2017 as more supply contracts were secured.

Revenue from laboratory services business was attributed to Shenyang Qingamei Oral Restorative Technology Co., Ltd. ("SYQM") which was acquired in October 2017.

Expenses

Consumables and Dental Supplies

Consumables and dental supplies used increased by approximately 29% from RMB6.9 million in FY2016 to RMB8.9 million in FY2017. This was due to an increase in the cost of materials in tandem with the increase in revenue from primary healthcare.

Dental Equipment and Supplies

In line with higher revenue, cost of sales for distribution of dental equipment and supplies business increased by approximately 25% from RMB19.3 million in FY2016 to RMB24.0 million in FY2017.



Cost of Laboratory services

This was attributed to SYQM which was acquired in October 2017.

Employee Benefits

Employee benefits increased by approximately 33% from RMB24.7 million in FY2016 to RMB32.8 million in FY2017. These were mainly due to:

- (i) Increase in headcounts and salary costs for both segments of primary healthcare and distribution of dental equipment and supplies in line with the revenue;
- (ii) Addition of headcounts with the acquisition of SYQM; and
- (iii) The costs for recruitment and training for undergraduate dentists, nurses and laboratory technicians to support the Group's long term plan for growth.

Depreciation and Amortisation

Depreciation and amortisation expenses increased by approximately 12% from RMB4.9 million in FY2016 to RMB5.5 million in FY2017. The increase of RMB0.6 million was mainly due to renovation and purchase of dental and laboratory equipment.

Rental Expense

Rental expense increased by approximately 10% from RMB4.5 million in FY2016 to RMB4.9 million in FY2017. The increase of RMB0.4 million was mainly due to increase in rental and rental expense from the acquisition of SYQM.

Finance Costs

With the repayment of the Company's term loan in August 2016, finance costs reduced from RMB0.6 million in FY2016 to RMB1,000 in FY2017.

Professional Fee and Expenses Related to the IPO

Professional fees and expenses of RMB5.8 million incurred in FY2017 and RMB3.3 million in FY2016 were related to the IPO of the Company.

Other Losses

Other losses increased by RMB0.3 million from RMB45,000 in FY2016 to RMB362,000 in FY2017 mainly due to loss in foreign currency translation.

Profit after Tax from Continuing Operations

Profit after tax from continuing operations decreased by approximately RMB2.8 million or 37% from RMB7.7 million in FY2016 to RMB4.9 million in FY2017. Overall, the decrease in profit after tax from continuing operations was mainly due to the professional fee and expenses incurred in relation to the IPO, as well as the increase in expenses as described above.

Profit net of Tax Excluding Professional Fee and Expenses Related to the IPO Attributable to Owners of the Parent from Continuing Operations

Excluding the professional fee and expenses incurred in relation to the IPO, profit net of tax attributable to owners of the parent from continuing operations would have been RMB10.7 million for FY2017 as compared to RMB4.6 million for FY2016.

Statement of Financial Position

The comparative performance for both the assets and liabilities are based on the Group's financial statements as at 31 December 2017 and 31 December 2016.



Non-Current Assets

Non-current assets increased by approximately RMB14.6 million from RMB137.1 million as at 31 December 2016 to RMB151.7 million as at 31 December 2017 mainly due to goodwill arising from acquisition of SYQM and Zhuanghe City Aoxin Dawei Dental Co., Ltd (“**Aoxin Dawei**”).

Current Assets

Current assets increased by approximately RMB43.8 million from RMB71.7 million as at 31 December 2016 to RMB115.5 million as at 31 December 2017 mainly due to:

- (i) Net proceeds from issuance of shares pursuant to the IPO of RMB 56.2 million;
- (ii) Higher amount of prepaid expenses; and
- (iii) An increase in inventories in line with the increase in revenue for distribution of dental equipment and supplies.

The increases above were offset by a decrease in assets classified as disposal group of RMB13.2 million due to the completion of the sale of Shanghai Chuangyi Investment and Management Co., Ltd in March 2017 and decrease in trade and other receivables due to settlement of payment from the Sixth Hospital.

Current Liabilities

There were no record of liabilities classified as disposal group as at 31 December 2017 as the disposal of Shanghai Chuangyi Investment and Management Co., Ltd was completed in March 2017.

Trade and other payables as at 31 December 2017 decreased to RMB29.7 million from RMB111.1 million as at 31 December 2016. The decrease of RMB81.4 million was mainly due to the capitalisation of amount due to related company.

Statement of Cash Flows

The Group’s net cash flow from operating activities in FY2017 was RMB11.8 million. This was mainly attributable to the increase in operating cash flows before changes in working capital and trade and other receivables, partially offset by the increase of inventories, trade and other payables and other assets.

Net cash used in investing activities in FY2017 was RMB6.6 million, which was mainly attributable to the purchase of plant and equipment and acquisition of SYQM and Aoxin Dawei.

Net cash from financing activities in FY2017 was RMB55.1 million, which was mainly attributable to the issuance of new shares pursuant to the Company’s Restructuring Exercise and the IPO.

Overall, the Group’s cash and cash equivalents as at 31 December 2017 increased by approximately RMB60.3 million to RMB95.3 million from RMB35.0 million as at 31 December 2016.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

No forecast or a prospect statement was disclosed previously.



10. **A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months.**

Industry Prospects

Barring any unforeseen circumstances, there are no significant changes in the trends and competitive conditions of the industry in which the Group operates and no major known factors or events that may adversely affect the Group in the next reporting period and the next twelve months.

Recent Developments

- Update on Development of New Hospital at Panjin City

On 27 August 2017, the Group announced that the Company plans to set up a new dental hospital at the Panjin City, Liaoning Province, China. The investment is estimated to be approximately RMB 12 million (approximately S\$2.4 million), which will be carried out in several phases over a period of two years. On 13 November 2017, the Group further announce that the Company had incorporated a subsidiary, Panjin Aoxin Q&M Stomatology Hospital Co., Ltd. ("**Panjin Hospital**") where Q & M Dental (Shenyang) Pte. Ltd. ("**QMSY**") owns an equity interest of 70% while Shenyang Xinao Hospital Management Co., Ltd. ("**SYXA**") owns the remaining equity interest of 30%. Both QMSY and SYXA are subsidiaries of the Company. Panjin Hospital is established as a Sino- Foreign Equity Joint Venture (EJV) enterprise with registered capital of RMB 20 million. The principal activity of Panjin Hospital is the provision of private dental services. Barring any unforeseen circumstances, the hospital is expected to commence operations in 2Q2018.

- Update on Proposed Acquisition of SYQM

On 30 October 2017, the Group announced that Shenyang Quanxin had completed the onshore share transfer of SYQM on 26 October 2017. SYQM is one of the largest dental prosthetic device maker in North Eastern China with a focus on providing custom-made prostheses to dental patients. The acquisition consideration of RMB16.7 million will be satisfied by a cash payment of RMB10.45 million and RMB6.45 million of new shares at \$0.236 each (5,658,490 shares). The new shares to be issued will be moratorised for 5 years.

- Update on Proposed Acquisition of Aoxin Dawei

On 8 December 2017, the Group announced that Shenyang Xinao had completed the onshore share transfer of Aoxin Dawei on the same day. Aoxin Dawei is a dental clinic based in Zhuanghe City, Liaoning Province, China that provides general dental healthcare services. The acquisition consideration of RMB8.4 million will be satisfied by a cash payment of RMB4.12 million and RMB 4.28 million of new ordinary shares at \$0.236 each (3,754,781 shares). The new shares to be issued will be moratorised for 5 years.



Future Plans

The Group continues to execute the business plans outlined below.

- Business Expansion through Organic Growth, Mergers and Acquisitions, Joint Ventures and Partnerships

The Group intends to:

- open more dental centres, particularly in areas where the Group does not have a presence in, to meet the growing demands for such services in Northern PRC;
- expand footprint through mergers and acquisitions, joint ventures and partnerships with other dental centres who seek collaboration with the Group; and
- continue with business development and expansion by hiring and retaining more dental professionals while improving the Group’s value proposition through the enhancement of compensation and the quality of its dental centres.

- Recruit and train new dentists, nurses and technicians to support long-term growth plan

To support the above-mentioned expansion plan, the Group has commenced and will continue to invest in the recruitment, training and development of students into professional dentists, nurses and laboratory technicians.

- Consolidate the Group dental and equipment supplies business and expand outside the three provinces

The Group will continue to:

- collaborate with existing vendors to introduce products to and cultivate new clients from outside the three provinces; and
- source for reputable vendors to its increase range of high-end products available to customers.

11. Dividend

(a) Current financial period reported on

Any dividend declared for the current financial period reported on? Yes

Name of dividend	Final
Dividend Type	Cash
Dividend Amount per share (SGD in cents)	0.20 cents per ordinary share
Tax Rate	One Tier Tax Exempt

(b) Corresponding period of the immediately preceding financial year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None.



(c) The date the dividend is payable.

The Directors are pleased to recommend a final tax-exempt dividend of 0.20 cents per share in respect of the financial year ended 31 December 2017 for approval by the shareholders at the Annual General Meeting to be convened.

The date of payment of the proposed final tax-exempt dividend, if approved at the Annual General Meeting, will be paid on 17 May 2018.

(d) Books closure date

The Share Transfer Books and Register of Members of the Company will be closed on 8 May 2018 for the purpose of determining member's entitlements to the proposed final tax exempt dividend.

Duly completed and stamped transfers received by the Company's Share Registrar, Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte Ltd), 80 Robinson Road, #02-00 Singapore 068898, up to 5.00 p.m. on 7 May 2018 will be registered to determine members' entitlements to the final dividend. Members (being depositors) whose securities account with The Central Depository (Pte) Limited are credited with ordinary shares in the capital of the Company as at 5.00 p.m. on 7 May 2018 will be entitled to the payment of the final dividend.

12. If no dividend has been declared (recommended), a statement to that effect.

Not applicable.

13. If the Group has obtained a general mandate from shareholders for interested person transactions ("IPT"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group does not have a general mandate from shareholders for interested person transactions pursuant to Rule 920 of the Catalist Rules.

14. Use of proceeds

	Amount allocated	Amount utilised	Balance of net proceeds as at the date of this announcement
	S\$ million	S\$ million	S\$ million
Expansion of business through organic growth, mergers and acquisitions, joint ventures and partnerships	6.4	5.2	1.2
Enhancement of infrastructure and working capital purposes	2.7	-	2.7
Net Proceeds from IPO	9.1	5.2	3.9



PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

15. Segmented revenue and results for business or geographical segments (of the Group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

The Group has three reportable segments as described below.

- the provision of private dental services, which includes, amongst others, the 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 centres for and on behalf of other owners;
- the distribution of dental equipment and supplies, which includes, amongst others, the distribution of equipment and supplies used in the provision of dental services; and
- the laboratory services, which includes, amongst others, the manufacturing of porcelain crown, bridges and dentures.

In RMB'000	FY2017	FY2016
Segment Revenue		
Primary healthcare	67,253	62,933
Distribution of dental equipment and supplies	30,551	23,928
Laboratory services	2,865	-
Total	100,669	86,861
Segment Result		
Primary healthcare	11,596	15,232
Distribution of dental equipment and supplies	1,741	1,827
Laboratory services	950	-
Professional fee and expenses in relation to the IPO	(5,803)	(3,324)
Consolidated Profit before tax	8,484	13,735
Income tax expense	(3,606)	(6,026)
Profit for the year	4,878	7,709
Segment Asset		
Primary healthcare	245,902	181,804
Distribution of dental equipment and supplies	11,575	13,771
Laboratory services	9,694	-
Total	267,171	195,575
Segment Liabilities		
Primary healthcare	25,376	104,084
Distribution of dental equipment and supplies	3,736	9,571
Laboratory services	1,450	-
Total	30,562	113,655
Capital Expenditure		
Primary healthcare	2,108	6,834
Distribution of dental equipment and supplies	528	539
Laboratory services	1,769	-
Total	4,405	7,373



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In RMB'000	FY2017	FY2016
Depreciation		
Primary healthcare	5,035	4,533
Distribution of dental equipment and supplies	18	41
Laboratory services	100	-
Total	<u>5,153</u>	<u>4,574</u>
Amortisation		
Primary healthcare	328	328
Distribution of dental equipment and supplies	42	42
Total	<u>370</u>	<u>370</u>

16. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business segments.

Performance by business segment

The increase in primary healthcare segment revenue in FY2017 was mainly due to organic growth.

Distribution of dental equipment and supplies continued to benefit from new supply contracts from hospitals.

Laboratory services was a new segment due to the acquisition of SYQM in October 2017.

17. A breakdown of sales

In RMB'000	2017	2016	Change %
Revenue reported for first half year	47,615	38,949	22
Operating profit after tax reported for first half year	1,435	8,718	(84)
Revenue reported for second half year	53,054	47,912	11
Operating profit after tax reported for second half year	3,573	8,988	(60)

18. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

	Latest Full Year S\$'000	Previous Full Year S\$'000
Ordinary	744	-
Preference	-	-
Total	744	-

Total annual dividend for FY2017 comprises of the proposed final tax-exempt dividend for FY2017 of S\$0.7 million.

19. Confirmation that the issuer has procured undertakings from all its directors and executive officer under Rules 720(1) of the Catalist Rules

The Company hereby confirms that it has procured undertakings from all its directors and executive officers under Rule 720(1) of the Catalist Rules.



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20. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with any director, chief executive officer and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Shao LiHua	67	Sister of Dr Shao YongXin, Group Chief Executive Officer of Aoxin Q & M Dental Group Limited.	Deputy Admin Manager (2014)	None

BY ORDER OF THE BOARD

Dr. Shao YongXin
Group Chief Executive Officer
27 February 2018

For more information please contact:

Chief Financial Officer

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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, for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). The Company's Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST 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 Alicia Sun (Tel: (65) 6532 3829) at 1 Robinson Road, #21-02 AIA Tower, Singapore 048542.