



## **Aoxin Q & M Dental Group Limited**

### **Condensed Interim Financial Statements For the Second Half Year (“2H2021”) and Full Year (“FY2021”) Ended 31 December 2021**

---

This announcement has been reviewed by the Company’s Sponsor, PrimePartners Corporate Finance Pte. Ltd. (the “**Sponsor**”). This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited (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 Lim Hui Ling, 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, [sponsorship@ppcf.com.sg](mailto:sponsorship@ppcf.com.sg).

<b>Content</b>	<b>Page</b>
<b>Condensed interim consolidated statements of profit or loss and other comprehensive income</b>	<b>1</b>
<b>Condensed interim statements of financial position</b>	<b>2</b>
<b>Condensed interim statements of changes in equity</b>	<b>3</b>
<b>Condensed interim consolidated statements of cash flows</b>	<b>5</b>
<b>Notes to the condensed interim consolidated financial statements</b>	<b>6</b>
<b>Other information required by Catalist Rule Appendix 7C</b>	<b>17</b>

**Condensed Interim Consolidated Statements of Profit or Loss and Other Comprehensive Income  
For the Second Half Year (“2H2021”) and Full Year (“FY2021”) year ended 31 December 2021**

	<u>Notes</u>	<u>2H2021</u> RMB'000	<u>Group</u> <u>2H2020</u> RMB'000	<u>Change</u> %	<u>FY2021</u> RMB'000	<u>Group</u> <u>FY2020</u> RMB'000	<u>Change</u> %
<b>Revenue</b>	3	77,910	83,665	(6.9)	160,180	132,561	20.8
Interest income		47	57	(17.5)	95	111	(14.4)
Other income and gains	4	2,268	2,824	(19.7)	2,896	3,270	(11.4)
<b>Expenses</b>							
Consumables and dental supplies		(7,007)	(8,084)	(13.3)	(13,594)	(13,255)	2.6
Cost of sales in dental equipment and supplies		(16,703)	(23,934)	(30.2)	(42,184)	(34,430)	22.5
Cost of laboratory services		(1,530)	(2,639)	(42.0)	(3,573)	(3,858)	(7.4)
Employee benefits expenses		(36,490)	(29,815)	22.4	(70,050)	(54,497)	28.5
Depreciation and amortisation expenses		(5,434)	(5,488)	(1.0)	(10,605)	(10,928)	(3.0)
Depreciation of right-of-use assets		(3,526)	(3,533)	(0.2)	(7,053)	(7,133)	(1.1)
Rental expenses		(523)	(493)	6.1	(986)	(936)	5.3
Finance costs	5	(1,496)	(1,709)	(12.5)	(3,121)	(3,289)	(5.1)
Impairment loss allowance		(188)	(315)	(40.3)	(188)	(315)	(40.3)
Other expenses		(9,213)	(7,186)	28.2	(19,763)	(13,781)	43.4
Other losses	4	(55)	(4,439)	(98.8)	(161)	(5,410)	(97.0)
Share of results of associate		1,273	–	NM	1,273	–	NM
<b>Loss before tax</b>		(667)	(1,089)	(38.8)	(6,834)	(11,890)	(42.5)
Income tax	6	(569)	(559)	1.8	(492)	(212)	NM
<b>Loss, net of tax</b>		(1,236)	(1,648)	(25.0)	(7,326)	(12,102)	(39.5)
<b>Other comprehensive loss</b>							
<i>Item that may be reclassified subsequently to profit or loss</i>							
Exchange differences on translation to presentation currency		(1,156)	(261)	NM	(1,400)	(485)	NM
<b>Total comprehensive loss</b>		(2,392)	(1,909)	25.2	(8,726)	(12,587)	(30.7)
<b>Loss, net of tax attributable to:</b>							
Owners of the Company		(1,236)	(1,648)	(25.0)	(7,326)	(12,101)	(39.5)
Non-controlling interests		–	–	NM	–	(1)	NM
		(1,236)	(1,648)	(25.0)	(7,326)	(12,102)	(39.5)
<b>Total comprehensive loss attributable to:</b>							
Owners of the Company		(2,392)	(1,909)	25.2	(8,726)	(12,586)	(30.7)
Non-controlling interests		–	–	NM	–	(1)	NM
		(2,392)	(1,909)	25.2	(8,726)	(12,587)	(30.7)
		<u>2H2021</u>	<u>2H2020</u>	<u>Change</u>	<u>FY2021</u>	<u>FY2020</u>	<u>Change</u>
		<u>RMB</u>	<u>RMB</u>	<u>%</u>	<u>RMB</u>	<u>RMB</u>	<u>%</u>
		<u>Cents</u>	<u>Cents</u>		<u>Cents</u>	<u>Cents</u>	
<b>Loss per share</b>							
– Basic	7	(0.31)	(0.43)	(27.9)	(1.82)	(3.17)	(42.6)
– Diluted	7	(0.31)	(0.43)	(27.9)	(1.81)	(3.17)	(42.9)

NM: Not meaningful.

# Aoxin Q & M Dental Group Limited



## Condensed Interim Statements of Financial Position As at 31 December 2021

	Notes	Group		Company	
		FY2021 RMB'000	FY2020 RMB'000	FY2021 RMB'000	FY2020 RMB'000
<b>ASSETS</b>					
<b><u>Non-current assets</u></b>					
Property, plant and equipment		48,154	51,696	22	24
Right-of-use assets		37,994	43,780	940	1,183
Goodwill	9	125,219	125,219	–	–
Intangible assets		4,779	5,318	205	258
Investments in subsidiaries		–	–	273,569	286,728
Investment in an associate	10	125,064	–	146,904	–
Other receivables, non-current		239	–	7,538	7,901
Other non-financial assets, non-current		191	249	177	242
Deferred tax assets		–	14	–	–
<b>Total non-current assets</b>		<b>341,640</b>	<b>226,276</b>	<b>429,355</b>	<b>296,336</b>
<b><u>Current assets</u></b>					
Inventories		11,595	10,754	–	–
Income tax recoverable		19	18	–	–
Trade and other receivables, current		61,043	27,595	30,148	5,083
Other non-financial assets, current		1,463	2,012	147	153
Cash and cash equivalents		24,370	37,912	6,938	16,071
<b>Total current assets</b>		<b>98,490</b>	<b>78,291</b>	<b>37,233</b>	<b>21,307</b>
<b>Total assets</b>		<b>440,130</b>	<b>304,567</b>	<b>466,588</b>	<b>317,643</b>
<b>EQUITY AND LIABILITIES</b>					
<b><u>Equity</u></b>					
Share capital	11	443,203	295,356	443,203	295,356
(Accumulated losses) / retained earnings		(24,761)	(16,832)	7,947	(11,819)
(Adverse balance) / other reserves		(54,558)	(55,181)	(615)	12,887
<b>Equity attributable to owners of the Company</b>		<b>363,884</b>	<b>223,343</b>	<b>450,535</b>	<b>296,424</b>
Non-controlling interests		2	2	–	–
<b>Total equity</b>		<b>363,886</b>	<b>223,345</b>	<b>450,535</b>	<b>296,424</b>
<b><u>Non-current liabilities</u></b>					
Deferred tax liabilities		926	1,129	–	–
Lease liabilities, non-current		28,447	32,521	835	1,056
Other financial liabilities, non-current	12	8,982	13,035	8,982	13,035
<b>Total non-current liabilities</b>		<b>38,355</b>	<b>46,685</b>	<b>9,817</b>	<b>14,091</b>
<b><u>Current liabilities</u></b>					
Income tax payable		341	530	–	–
Trade and other payables		21,357	22,690	2,573	5,138
Lease liabilities, current		6,549	6,695	209	211
Other financial liabilities, current	12	9,642	4,622	3,454	1,779
<b>Total current liabilities</b>		<b>37,889</b>	<b>34,537</b>	<b>6,236</b>	<b>7,128</b>
<b>Total liabilities</b>		<b>76,244</b>	<b>81,222</b>	<b>16,053</b>	<b>21,219</b>
<b>Total equity and liabilities</b>		<b>440,130</b>	<b>304,567</b>	<b>466,588</b>	<b>317,643</b>

## Aoxin Q & M Dental Group Limited

### Condensed Interim Statements of Changes in Equity For the year ended 31 December 2021

<b>Group</b>	Total equity RMB'000	Attributable to owners of the Company RMB'000	Share capital RMB'000	Accumulated losses RMB'000	Other reserve RMB'000	Statutory reserve RMB'000	Share- based payment reserve RMB'000	Foreign currency translation reserve RMB'000	Non- controlling interest RMB'000
<b>Current year</b>									
Opening balance at 1 January 2021	223,345	223,343	295,356	(16,832)	(71,920)	7,932	5,095	3,712	2
Total comprehensive loss for the year	(8,726)	(8,726)	–	(7,326)	–	–	–	(1,400)	–
Transfer to statutory reserve	–	–	–	(603)	–	603	–	–	–
Share-based payments	1,420	1,420	–	–	–	–	1,420	–	–
New shares issued for acquisition of associate	147,847	147,847	147,847	–	–	–	–	–	–
Closing balance at 31 December 2021	<u>363,886</u>	<u>363,884</u>	<u>443,203</u>	<u>(24,761)</u>	<u>(71,920)</u>	<u>8,535</u>	<u>6,515</u>	<u>2,312</u>	<u>2</u>
<b>Previous year</b>									
Opening balance at 1 January 2020	234,181	234,178	295,356	(4,205)	(71,905)	7,406	3,329	4,197	3
Total comprehensive loss for the year	(12,587)	(12,586)	–	(12,101)	–	–	–	(485)	(1)
Transfer to statutory reserve	–	–	–	(526)	–	526	–	–	–
Share-based payments	1,766	1,766	–	–	–	–	1,766	–	–
Written-off capital reserve	(15)	(15)	–	–	(15)	–	–	–	–
Closing balance at 31 December 2020	<u>223,345</u>	<u>223,343</u>	<u>295,356</u>	<u>(16,832)</u>	<u>(71,920)</u>	<u>7,932</u>	<u>5,095</u>	<u>3,712</u>	<u>2</u>

**Condensed Interim Statements of Changes in Equity (cont'd)**  
**For the year ended 31 December 2021**

<b>Company</b>	Total equity RMB'000	Share capital RMB'000	(Accumulated losses)/ retained earnings RMB'000	Share-based payment reserve RMB'000	Foreign currency translation reserve RMB'000
<b>Current year</b>					
Opening balance at 1 January 2021	296,424	295,356	(11,819)	5,095	7,792
Total comprehensive income/ (loss) for the year	4,844	–	19,766	–	(14,922)
Share-based payments	1,420	–	–	1,420	–
New shares issued for acquisition of associate	147,847	147,847	–	–	–
Closing balance at 31 December 2021	<u>450,535</u>	<u>443,203</u>	<u>7,947</u>	<u>6,515</u>	<u>(7,130)</u>
<b>Previous year</b>					
Opening balance at 1 January 2020	312,294	295,356	(8,519)	3,329	22,128
Total comprehensive loss for the year	(17,636)	–	(3,300)	–	(14,336)
Share-based payments	1,766	–	–	1,766	–
Closing balance at 31 December 2020	<u>296,424</u>	<u>295,356</u>	<u>(11,819)</u>	<u>5,095</u>	<u>7,792</u>

**Condensed Interim Consolidated Statements of Cash Flows**  
**For the year ended 31 December 2021**

	<b>2H2021</b>	<b>2H2020</b>	<b>Group</b>	<b>FY2021</b>	<b>FY2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>		<b>RMB'000</b>	<b>RMB'000</b>
<b><u>Cash flows from operating activities</u></b>					
Loss before tax	(667)	(1,089)		(6,834)	(11,890)
Depreciation of plant and equipment	4,973	5,078		9,693	10,111
Amortisation of intangible assets	461	410		912	817
Depreciation of right-of-use assets	3,526	3,533		7,053	7,133
Impairment loss on goodwill	–	1,682		–	1,682
Plant and equipment written-off	55	2,755		58	3,287
Unrealised foreign exchange gains	(537)	(168)		(741)	(308)
Interest expense	1,496	1,709		3,121	3,289
Share-based payments	784	1,109		1,420	1,766
Share of results of associate	(1,273)	–		(1,273)	–
Operating cash flows before changes in working capital	8,818	15,019		13,409	15,887
Inventories	(856)	581		(677)	36
Trade and other receivables	330	(6,526)		(9,946)	(6,052)
Other non-financial assets	105	118		529	(318)
Trade and other payables	(1,555)	3,258		(1,333)	1,085
Net cash flows from operations	6,842	12,450		1,982	10,638
Income taxes (paid)/ refunded	(405)	(226)		(884)	1,769
Net cash flows from operating activities	6,437	12,224		1,098	12,407
<b><u>Cash flows used in investing activities</u></b>					
Acquisition of plant and equipment	(2,252)	(2,162)		(6,374)	(3,128)
Acquisition of intangible assets - software	(336)	(311)		(383)	(311)
(Increase)/decrease in staff loans	(238)	60		(234)	40
Payments to vendors for acquisitions of subsidiaries	–	(3,000)		–	(3,000)
Net cash flows used in investing activities	(2,826)	(5,413)		(6,991)	(6,399)
<b><u>Cash flows (used in)/ from financing activities</u></b>					
Proceeds from bank loans and bill payable	9,741	8,191		18,698	24,952
Repayments of bank loans and bill payable	(12,729)	(7,295)		(17,099)	(11,583)
Interest expense paid	(427)	(324)		(714)	(589)
Payment of principal portion of lease liabilities	(4,199)	(2,954)		(5,349)	(4,972)
Payment of interest portion of lease liabilities	(1,218)	(1,341)		(2,407)	(2,686)
Net cash flows (used in)/ from financing activities	(8,832)	(3,723)		(6,871)	5,122
<b>Net (decrease)/ increase in cash and cash equivalents</b>	(5,221)	3,088		(12,764)	11,130
Cash and cash equivalents, beginning balance	29,895	34,920		37,912	26,956
Effect of foreign exchange rate changes on cash and cash equivalents	(304)	(96)		(778)	(174)
<b>Cash and cash equivalents, ending balance</b>	24,370	37,912		24,370	37,912

## Notes to the Condensed Interim Consolidated Financial Statements Year Ended 31 December 2021

### 1. General

Aoxin Q & M Dental Group Limited (the “**Company**”) is incorporated in Singapore with limited liability. It is listed on the Catalist Board of the Singapore Exchange Securities Trading Limited.

The financial statements are presented in Chinese Renminbi (“**RMB**”) which is the Company’s functional currency and they cover the Company and its subsidiaries (collectively, the “**Group**”). All balances in the financial statements are rounded to the nearest thousand except when otherwise indicated.

The board of directors approved and authorised these condensed interim financial statements for issue on the date of this announcement. The directors have the power to amend and reissue the financial statements.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed in Note 2 on financial information by operating segments.

The condensed interim consolidated statement of financial position of Aoxin Q & M Dental Group Limited and its subsidiaries as at 31 December 2021 and the related condensed interim consolidated profit or loss and other comprehensive income, condensed interim consolidated statement of changes in equity and condensed interim consolidated statement of cash flows for the year ended and certain explanatory notes have not been audited or reviewed.

The latest audited annual financial statements for the reporting year ended 31 December 2020 were not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

#### **COVID-19 related disclosures**

The COVID-19 pandemic and its aftermath have caused, and will continue to cause, disruptions resulting in uncertainties surrounding the Group’s business, including affecting its relationships with its existing and future patients, customers, suppliers and employees, and which had and will continue to have an adverse effect on its financial position, financial performance of operations, cash flows and medium and long-term prospects for the foreseeable future. The Group incurred a loss, net of tax of RMB7,326,000 for the year ended 31 December 2021. The net cash flow from operating activities were RMB1,098,000. The prolonged disruptions arising from COVID-19 may materially affect the Group’s ability to generate sufficient cash flows from its operations. However, management reached a conclusion that the going concern basis of accounting is appropriate due to the following mitigating actions which include: monitoring the COVID-19 situation closely, maintaining communications with the relevant authorities and implementing additional short-term precautionary measures, if required; controls on procurement and discretionary spend; rescheduling capital expenditures; focusing on maintaining cash flow and securing additional funding facilities. The management has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.

#### **Basis of preparation**

These condensed interim consolidated financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) (“SFRS(I)”) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. They are also in compliance with the International Financial Reporting Standards issued by the International Accounting Standards Board and the provisions of the SGX Catalist Rules. The Company’s separate financial statements have been prepared on the same basis, and as permitted by SGX Catalist Rules, the Company’s separate statement of profit or loss and other comprehensive income and statement of cash flows are not presented.



## 1. General (cont'd)

### Basis of preparation (cont'd)

The accounting policies and methods of computation applied in these condensed interim financial statements are consistent with those of the latest audited annual financial statements for the reporting year ended 31 December 2020. However, the typical notes and information included in the latest audited annual financial statements are not included in these interim financial statements except for the selected explanatory notes included to explain events and transactions that are significant to an understanding of the changes in the performance and financial position the Group since the latest audited annual financial statements.

### Critical judgements, assumptions and estimation uncertainties

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the latest audited annual financial statements for the reporting year ended 31 December 2020.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

## 2. Financial information by operating segments

### 2A. Information about reportable segment profit or loss, assets and liabilities

The segments and the types of products and services are as follows:

- (i) Primary healthcare comprising dentistry services.
- (ii) Distribution of dental equipment and supplies, which includes, amongst others, the distribution of equipment and supplies used in the provision of dental services.
- (iii) Laboratory services comprising the manufacturing of porcelain crown, bridges and dentures.

## Aoxin Q & M Dental Group Limited

### 2B. Profit or loss for the year and reconciliations

	Primary healthcare		Distribution of dental equipment and supplies		Laboratory services		Consolidated	
	FY2021 RMB'000	FY2020 RMB'000	FY2021 RMB'000	FY2020 RMB'000	FY2021 RMB'000	FY2020 RMB'000	FY2021 RMB'000	FY2020 RMB'000
Revenue from external customers (Note 3)	93,891	78,461	50,374	40,372	15,915	13,728	160,180	132,561
Inter-segment revenue	19,816	21,539	10,251	5,676	6,980	678	37,047	27,893
<b>Total Revenue</b>	<b>113,707</b>	<b>100,000</b>	<b>60,625</b>	<b>46,048</b>	<b>22,895</b>	<b>14,406</b>	<b>197,227</b>	<b>160,454</b>
Segment results (EBITDA)	9,023	6,422	172	(583)	4,750	3,621	13,945	9,460
Finance costs							(3,121)	(3,289)
Depreciation of plant and equipment							(9,693)	(10,111)
Depreciation of right-of-use assets							(7,053)	(7,133)
Amortisation of intangible assets							(912)	(817)
Loss before tax							(6,834)	(11,890)
Income tax expense							(492)	(212)
<b>Loss, net of tax</b>							<b>(7,326)</b>	<b>(12,102)</b>
<b>Expenditure for non-current assets</b>								
Property, plant and equipment	4,532	2,462	180	39	1,662	627	6,374	3,128
<b>Other material non-cash items</b>								
Depreciation of plant and equipment	8,580	8,451	19	656	1,094	1,004	9,693	10,111
Depreciation of right-of-use assets	6,653	6,665	132	239	268	229	7,053	7,133
Amortisation of intangible assets	451	361	42	42	419	414	912	817
Finance costs	2,675	3,104	313	171	133	14	3,121	3,289
PPE written-off	25	3,287	–	–	33	–	58	3,287
ECL allowance on trade receivables	16	(49)	111	327	61	37	188	315
Share-based payments	1,420	1,766	–	–	–	–	1,420	1,766
<b>Segment assets</b>	<b>267,075</b>	<b>263,487</b>	<b>25,353</b>	<b>24,045</b>	<b>147,702</b>	<b>17,035</b>	<b>440,130</b>	<b>304,567</b>
<b>Segment liabilities</b>	<b>58,588</b>	<b>67,381</b>	<b>11,757</b>	<b>10,878</b>	<b>5,899</b>	<b>2,963</b>	<b>76,244</b>	<b>81,222</b>

## Aoxin Q & M Dental Group Limited

### 2B. Profit or loss for the second half year and reconciliations

	<u>Primary healthcare</u>		<u>Distribution of dental equipment and supplies</u>		<u>Laboratory services</u>		<u>Consolidated</u>	
	<u>2H2021</u>	<u>2H2020</u>	<u>2H2021</u>	<u>2H2020</u>	<u>2H2021</u>	<u>2H2020</u>	<u>2H2021</u>	<u>2H2020</u>
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue from external customers (Note 3)	49,292	47,337	20,155	27,630	8,463	8,698	77,910	83,665
Inter-segment revenue	16,968	18,008	5,302	3,857	5,725	136	27,995	22,001
<b>Total Revenue</b>	<b>66,260</b>	<b>65,345</b>	<b>25,457</b>	<b>31,487</b>	<b>14,188</b>	<b>8,834</b>	<b>105,904</b>	<b>105,666</b>
Segment results (EBITDA)	7,290	7,193	(518)	(116)	3,017	2,564	9,789	9,641
Finance costs							(1,496)	(1,709)
Depreciation of plant and equipment							(4,973)	(5,078)
Depreciation of right-of-use assets							(3,526)	(3,533)
Amortisation of intangible assets							(461)	(410)
Loss before tax							(667)	(1,089)
Income tax expense							(569)	(559)
<b>Loss, net of tax</b>							<b>(1,236)</b>	<b>(1,648)</b>
<b>Expenditure for non-current assets</b>								
Property, plant and equipment	2,013	1,549	11	10	228	603	2,252	2,162
<b>Other material non-cash items</b>								
Depreciation of plant and equipment	4,399	4,002	10	648	564	429	4,973	5,078
Depreciation of right-of-use assets	3,337	3,328	66	108	123	97	3,526	3,533
Amortisation of intangible assets	228	182	21	21	212	207	461	410
Finance costs	1,314	1,589	80	(106)	102	14	1,496	1,709
PPE written-off	22	2,755	–	–	33	–	55	2,755
ECL allowance on trade receivables	16	(49)	111	327	61	37	188	315
Share-based payments	784	1,109	–	–	–	–	784	1,109
<b>Segment assets</b>	<b>267,075</b>	<b>263,487</b>	<b>25,353</b>	<b>24,045</b>	<b>147,702</b>	<b>17,035</b>	<b>440,130</b>	<b>304,567</b>
<b>Segment liabilities</b>	<b>58,588</b>	<b>67,381</b>	<b>11,757</b>	<b>10,878</b>	<b>5,899</b>	<b>2,926</b>	<b>76,244</b>	<b>81,222</b>

## 3. Revenue

	<b>Group</b>			
	<b>2H2021</b>	<b>2H2020</b>	<b>FY2021</b>	<b>FY2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
<u>Revenue classified by nature type</u>				
Rendering of services	48,559	46,021	92,445	76,335
Sale of goods	20,155	27,630	50,374	40,372
Laboratory services	8,436	8,698	15,888	13,728
Management fee income from outside parties	199	729	378	880
Other income	27	53	27	178
Leasing income	534	534	1,068	1,068
Total revenue	<u>77,910</u>	<u>83,665</u>	<u>160,180</u>	<u>132,561</u>
<u>Revenue classified by timing of revenue recognition</u>				
Point in time	77,177	82,402	158,734	130,613
Over time	733	1,263	1,446	1,948
	<u>77,910</u>	<u>83,665</u>	<u>160,180</u>	<u>132,561</u>

## 4. Other income and gains and (other losses)

	<b>Group</b>			
	<b>2H2021</b>	<b>2H2020</b>	<b>FY2021</b>	<b>FY2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
Bad debts written-off	–	(2)	(48)	(2)
Compensation damages received	–	–	–	3
Compensation damages <sup>(a)</sup>	–	–	(2)	(439)
De-recognition of contingent consideration payable <sup>(a)</sup>	21	1,627	21	1,627
Foreign exchange adjustment gain, net	344	338	811	597
Government grant income	121	791	211	968
Impairment loss on goodwill <sup>(a)</sup>	–	(1,682)	–	(1,682)
Profit guarantee receivables from vendor of acquired subsidiaries	1,750	–	1,750	–
Rental discount	–	8	85	8
Other gains	13	60	18	67
Other losses	19	–	–	–
Penalty	–	–	(53)	–
Plant and equipment written-off	(55)	(2,755)	(58)	(3,287)
Net	<u>2,213</u>	<u>(1,615)</u>	<u>2,735</u>	<u>(2,140)</u>
Presented in profit or loss as:				
Other income and gains	2,268	2,824	2,896	3,270
Other losses	(55)	(4,439)	(161)	(5,410)
	<u>2,213</u>	<u>(1,615)</u>	<u>2,735</u>	<u>(2,140)</u>

<sup>(a)</sup> Compensation damages, de-recognition of contingent consideration payable and impairment loss from goodwill in FY2020 were related to closure of business operation in Shenyang Aoxin Jinfeng Dental Clinic Co., Ltd.

## 5. Finance costs

	<b>Group</b>			
	<b>2H2021</b>	<b>2H2020</b>	<b>FY2021</b>	<b>FY2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
Interest on borrowings	278	368	714	603
Interest on lease liabilities	1,218	1,341	2,407	2,686
	<u>1,496</u>	<u>1,709</u>	<u>3,121</u>	<u>3,289</u>

## 6. Income tax

	<u>Group</u>			
	<u>2H2021</u>	<u>2H2020</u>	<u>FY2021</u>	<u>FY2020</u>
	RMB'000	RMB'000	RMB'000	RMB'000
<u>Current tax expense</u>				
Current tax expense	404	426	519	572
Under/ (over) provision in respect of prior years	19	9	(16)	9
Subtotal	<u>423</u>	<u>435</u>	<u>503</u>	<u>581</u>
<u>Deferred tax income</u>				
Deferred tax income	<u>(102)</u>	<u>(102)</u>	<u>(203)</u>	<u>(203)</u>
<u>Withholding tax expense</u>				
Current withholding tax expense	248	224	496	454
Under/(over) provision in respect of prior years	-	2	(304)	(620)
Subtotal	<u>248</u>	<u>226</u>	<u>192</u>	<u>(166)</u>
Total income tax expense	<u>569</u>	<u>559</u>	<u>492</u>	<u>212</u>

There are no income tax consequences of dividends to owners of the Group.

Subject to the agreement by the tax authorities, the Group and the Company have unutilised tax losses of approximately RMB36.8 million and RMB6.0 million (2020: RMB25.1 million and RMB6.6 million) respectively available for offset against future profits at the reporting date. No deferred tax asset has been recognised in respect of the unutilised tax losses due to the unpredictability of future profit streams. Included in unrecognised tax losses of the Group are losses of RMB30.8 million (2020: RMB18.5 million), which can only be carried forward for a maximum period of 5 years from the year of assessment. Other tax losses may be carried forward indefinitely.

On 22 February 2008, the State Administration of Taxation of the PRC issued a circular Caishui [2008] No.001, which imposes withholding tax on distribution of dividends from post 1 January 2008 profits to foreign investors. Accordingly, provision for deferred tax liabilities is required on profits accumulated from 1 January 2008 onwards.

However, as at 31 December 2021, no deferred tax liability has been recognised for withholding tax that would be payable on the undistributed profits of the PRC subsidiaries as the Group has determined that the portion of the undistributed profits of its PRC subsidiaries will not be distributed in the foreseeable future. Such temporary difference for which no deferred tax liability has been recognised amounted to RMB4.1 million (2020: RMB2.3 million) and the deferred tax liability is estimated at RMB205,000 (2020: RMB115,000), subject to certain conditions being fulfilled.

## 7. Loss per share

	<b>Group</b>			
	<u>2H2021</u> RMB cents	<u>2H2020</u> RMB cents	<u>FY2021</u> RMB cents	<u>FY2020</u> RMB cents
Basic loss per share	(0.31)	(0.43)	(1.82)	(3.17)
Diluted loss per share <sup>(a)</sup>	(0.31)	(0.43)	(1.81)	(3.17)
Weighted average number of share:-				
Basic	<u>402,845,145</u>	<u>381,574,909</u>	<u>402,845,145</u>	<u>381,574,909</u>
Diluted	<u>404,891,573</u>	<u>381,574,909</u>	<u>404,891,573</u>	<u>381,574,909</u>

The loss per share is computed by dividing the loss after tax attributable to owners of the Company against the weighted average number of shares for the respective reporting periods.

<sup>(a)</sup> The diluted weighted average number of ordinary shares outstanding during the period are adjusted for events that have changed the number of ordinary shares outstanding without a corresponding change in resources. The number of ordinary shares outstanding before the event is adjusted for the proportionate change in the number of ordinary shares outstanding as if the event had occurred at the earliest event date during the year.

## 8. Dividends on equity shares

No dividend has been declared or recommended during the current reporting period and previous corresponding period as the Group is conserving cash for working capital needs.

## 9. Goodwill

There was no movement in the amount of goodwill. Since the beginning of the reporting period, there were no significant changes in the circumstances and key assumptions.

The cash flow forecasts have been used to perform impairment assessment of investments in subsidiaries, goodwill, property, plant and equipment, and rights of use assets. No impairment loss was recognised as the recoverable amounts were higher than the carrying values of these assets at the end of the reporting year.

## 10. Acquisition of an associate

	<b>Group</b>		<b>Company</b>	
	<u>FY2021</u> RMB'000	<u>FY2020</u> RMB'000	<u>FY2021</u> RMB'000	<u>FY2020</u> RMB'000
Balance at beginning of the year	–	–	–	–
Addition	147,847	–	147,847	–
Foreign exchange adjustments	(540)	–	(943)	–
Share of results for the year	1,273	–	–	–
Dividends	(23,516)	–	–	–
Balance at end of the year	<u>125,064</u>	<u>–</u>	<u>146,904</u>	<u>–</u>

## 10. Acquisition of an associate (cont'd)

On 1 November 2021, the Group completed the acquisition of 49% of the issued and paid-up share capital of Acumen Diagnostics Pte. Ltd. Details of the associate are as follows:

Name	:	Acumen Diagnostics Pte. Ltd.
Place of incorporation	:	Singapore
Date of incorporation	:	9 April 2020
Principal activities	:	Medical technology company
Issue and paid-up share capital	:	S\$3,000,000 comprising 3,000,000 ordinary shares of no par value
Interest held by the Group	:	49.00%

The fair values of identifiable assets acquired and liabilities assumed for the acquisition of Acumen Diagnostics Pte. Ltd. are recorded on a provisional basis and are subject to change upon completion of the purchase price allocation exercise as required under SFRS(I) 3 Business Combination. The purchase price allocation exercise is expected to be completed not later than 12 months from the date of acquisition.

Save as disclosed above, there is no other acquisition and/or sale of shares in any subsidiaries or associate of the Group during FY2021 and up to the date hereof which is required to be reported under Rule 706(A) of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalist ("Catalist Rules").

## 11. Share capital

	Number of shares '000	Share Capital RMB'000
<u>Ordinary shares</u>		
Balance as at 1 January 2020 and 31 December 2020	381,575	295,356
Issuance of new shares <sup>(a)</sup>	<u>127,273</u>	<u>147,847</u>
Balance as at 31 December 2021	<u>508,848</u>	<u>443,203</u>

- (a) On 1 November 2021, the Company issued 127,272,726 new ordinary shares at S\$0.231 per share at no par value to Acumen Holdings Pte. Ltd. and Dr. Ong Siew Hwa as consideration for the acquisition of 49% shareholdings in Acumen Diagnostics Pte. Ltd. The fair value of the shares issue was S\$0.245 per shares. These new shares are measured and recorded in the financial statements at fair value of these shares on acquisition date (1 November 2021) in accordance with relevant accounting standards.

The Company does not hold treasury shares at the beginning and end of reporting year.

### Share options

On 20 January 2020, pursuant to the acquisition of Jinzhou Aoxin Youxin Dental Clinic Co., Ltd., the Company granted share options under the Aoxin Q & M Employee Share Option Scheme ("Aoxin ESOS") to the vendor cum dentist to subscribe for 2,441,000 ordinary shares of no par value in the capital of the Company at an exercise price of S\$0.20 per share. The options are exercisable one year from the date of grant with the exercise period expiring on 20 January 2030.

As at 31 December 2021, the total number of share options outstanding was 2,441,000 (2020: 2,441,000).

### Share awards

As at 31 December 2021, the total number of share awards outstanding under Aoxin Q & M Performance Share Plan was 960,565 (2020: 960,565) which vest in accordance with the vesting schedules each commencing on 1 January 2020 and ending on 31 December 2029, subject to certain vesting conditions.

Save as disclosed, there were no subsidiary holdings, treasury shares or outstanding convertibles as at 31 December 2021 and 31 December 2020.

## 12. Other financial liabilities – borrowings and debt securities

	<u>Secured</u>		<u>Unsecured</u>	
	<u>FY2021</u> RMB'000	<u>FY2020</u> RMB'000	<u>FY2021</u> RMB'000	<u>FY2020</u> RMB'000
<u>Group</u>				
Repayable in one year or less, or on demand:				
Bank loan	–	–	3,454	1,779
Bill payable	6,188	2,843	–	–
Subtotal	6,188	2,843	3,454	1,779
Repayable after one year:				
Bank loan	–	–	8,982	13,035
Total	6,188	2,843	12,436	14,814
<u>Company</u>				
Repayable in one year or less, or on demand:				
Bank loan	–	–	3,454	1,779
Repayable after one year:				
Bank loan (unsecured)	–	–	8,982	13,035
Total	–	–	12,436	14,814

### 12A. Bank loan (unsecured)

The unsecured bank loan of RMB12,436,000 (2020: RMB14,814,000) is a 5-year temporary bridging loan (“TBL”) extended by a bank in Singapore. The TBL shall be repaid over 60 monthly instalments with fixed interest rate of 2.25% (2020:2.25%) per annum.

### 12B. Bills payables (secured)

The bills payables bear floating interest rate ranges from 4.78% to 5.65% (2020: 5.38% to 5.44%) per annum and are repayable within 6 months (2020: 6 month). These payables are covered by corporate guarantee from the Company and secured by pledge of certain trade receivables of the Group.

## 13. Net assets value

	<u>Group</u>		<u>Company</u>	
	<u>FY2021</u> RMB cents	<u>FY2020</u> RMB cents	<u>FY2021</u> RMB cents	<u>FY2020</u> RMB cents
Net assets value per ordinary share	71.5	58.5	88.5	77.7

The net asset value per ordinary share of the Group and the Company have been calculated based on the total issued number of ordinary shares of 508,847,635 as at 31 December 2021, and 381,574,909 as at 31 December 2020 respectively.



#### 14. Related party transactions

There are transactions and arrangements between the Group and its related parties and the effects of these on the basis determined between the parties are reflected in these consolidated financial statements. The related party balances and any financial guarantees are unsecured, without fixed repayment terms and interest or charge unless stated otherwise.

Intragroup transactions and balances that have been eliminated in these consolidated financial statements are not disclosed as related party transactions and balances below.

	<u>Group</u>	
	<u>FY2021</u> RMB'000	<u>FY2020</u> RMB'000
<u>Related party transactions: -</u>		
- rental of office	200	264
- rental of dental polyclinic	615	660
- rental of dental hospital	370	375
- rental of software	247	259
	<u>1,432</u>	<u>1,558</u>

The right-of-use assets as at 31 December 2021 are RMB4,691,000 (2020: RMB7,574,000). The leases are for 0.5 year to 10 years (2020: 1.4 years to 11 years).

#### 15. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the reporting period.

#### 16. Categories of financial assets and liabilities

The following table categorises the carrying amount of financial assets and liabilities recorded at the end of the reporting year:

	<u>Group</u>		<u>Company</u>	
	<u>FY2021</u> RMB'000	<u>FY2020</u> RMB'000	<u>FY2021</u> RMB'000	<u>FY2020</u> RMB'000
<u>Financial assets:</u>				
Financial assets at amortised cost	<u>85,652</u>	<u>65,507</u>	<u>44,624</u>	<u>29,055</u>
<u>Financial liabilities:</u>				
Financial liabilities at amortised cost	71,713	69,729	16,053	13,656
Financial liabilities at fair value through profit or loss	-	7,562	-	7,562
	<u>71,713</u>	<u>77,291</u>	<u>16,053</u>	<u>21,218</u>

## 17. Contingent liabilities and contingent assets

The following table shows the maturity analysis of the contingent liabilities from financial guarantees:

	<u>Company</u>	
	<u>FY2021</u> RMB'000	<u>FY2020</u> RMB'000
Financial guarantee contracts – bank guarantee in favour of subsidiaries	6,188	2,843

Financial guarantee contracts – For issued financial guarantee contracts the maximum amount of the guarantee is allocated to the earliest period (being on demand) in which the guarantee could be called. At the end of the reporting year no claims on the financial guarantees are expected to be payable.

There are no contingent assets as at date of this set of financial statements.

## 18. Capital commitments

As at 31 December 2021, estimated amounts committed for future capital expenditure but not recognised in the financial statements are as follows:

	<u>Group</u>	
	<u>FY2021</u> RMB'000	<u>FY2020</u> RMB'000
Commitments to purchases of intangible asset - software	–	464

## 19. Event after the end of the reporting period

On 17 January 2022, the Company announced that Acumen Diagnostics Pte. Ltd. (“Acumen Diagnostics”), its 49% owned associate, is exploring a proposed listing of its securities on the NASDAQ stock exchange in New York, USA. Acumen Diagnostics has appointed UOB Kay Hian Private Limited to assist Acumen Diagnostics with the listing evaluation and all relevant preparatory work including the selection of professional advisers and underwriting banks in relation to the proposed NASDAQ listing and fund raising exercise.

There are no known subsequent events which have led to adjustments to this set of condensed interim financial statements.

## 20. Changes and adoption of financial reporting standards

A number of amendments to standards have become applicable for the current reporting period. The Group continue to apply the same accounting policies and methods of computation used in the latest audited annual financial statements.

**OTHER INFORMATION REQUIRED BY CATALIST RULE APPENDIX 7C**

1. **A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business**

**FY2021 vs FY2020****Statement of Comprehensive Income****Revenue**

The Group revenue had increased by RMB27.6 million or 20.8%, from RMB132.6 million in FY2020 to RMB160.2 million in FY2021 due to strong recovery in all business segments.

Revenue from primary healthcare segment increased by 19.7% from RMB78.5 million in FY2020 to RMB93.9 million in FY2021. The increase in revenue were from our key hospitals in Shenyang and Dalian cities, and a polyclinic in Panjin city mainly due to increase in patients.

Revenue from distribution of dental equipment and supplies segment achieved a significant growth of 24.8%. Revenue was RMB50.4 million in FY2021 as compared to RMB40.4 million in FY2020. There was a higher demand for dental supplies materials from government hospitals amidst a gradual economic recovery in China backed by rolling out of the COVID-19 vaccination in the country.

Revenue from laboratory services segment increased by 15.9% to RMB15.9 million in FY2021 as compared to RMB13.7 million in FY2020 due to increase in demand from the government dental hospitals in Shenyang City.

**Other Income and Gains**

Other income and gains decreased by RMB0.4 million in FY2021 mainly due to de-recognition of contingent consideration payables for Shenyang Aoxin Jinfeng Dental Clinic Co., Ltd. in FY2020 which is non-recurring. The decrease was offset by the shortfall of the profit guarantee to be made good by the vendor of subsidiaries which the Group acquired in prior years.

**Expenses****Cost of consumables and dental supplies**

Consumables and dental supplies used increased by 2.6% from RMB13.3 million in FY2020 to RMB13.6 million in FY2021, which was in line with the increase in revenue from the primary healthcare segment.

As a percentage of revenue from the primary healthcare segment, cost of consumables and dental supplies used in FY2021 was 14.5% as compared to 16.9% in FY2020 mainly due to higher revenue contribution from high-end dental services which generate higher gross profit margin.

**Cost of sales in dental equipment and supplies**

Cost of sales in dental equipment and supplies increased by 22.5% from RMB34.4 million in FY2020 to RMB42.2 million in FY2021, which was in line with the increase in revenue from the distribution of dental equipment and supplies segment.

As a percentage of revenue from the distribution of dental equipment and supplies segment, cost of sales in dental equipment and supplies in FY2021 was 83.7% as compared to 85.3% in FY2020 mainly due to the rebates provided by suppliers due to bulk purchase.

**Cost of laboratory services**

Cost of laboratory services decreased by 7.4% from RMB3.9 million in FY2020 to RMB3.6 million in FY2021. This was mainly due to the decrease in cost outweighing the increase in laboratory services expenses arising from the increase in its revenue.

**1. A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business (cont'd)**

As a percentage of revenue from the laboratory services segment, cost of laboratory services was 22.5% in FY2021 as compared to 28.1% in FY2020. This was mainly due to our cost control measures taken by the management.

**Employee benefits expenses**

Employee benefits expense increased by 28.5% from RMB54.5 million in FY2020 to RMB70.1 million in FY2021. This was mainly due to the waiver of social insurance contributions granted by the Chinese government in FY2020, which ended in January 2021. The social insurance contributions waived was approximately RMB6.3 million. The increase in employee benefits expenses was also due to staff salaries increment and recruitment during the year.

As a percentage of revenue, overall employee benefits expenses in FY2021 increased to 43.7% from 41.1% in FY2020. The increase which was mainly due to the reason stated above.

**Other expenses**

Other expenses increased by 43.4% from RMB13.8 million in FY2020 to RMB19.8 million in FY2021. The increase was mainly due to:

- (i) increase in professional fee of RMB1.9 million mainly due to service fee paid to outsourced professional dentists;
- (ii) increase in acquisition related expenses of Acumen Diagnostics Pte. Ltd. of RMB1.3 million;
- (iii) increase in other tax expenses of RMB1.1 million;
- (iv) increase in entertainment expenses of RMB0.4 million;
- (v) increase in management fee of RMB0.3 million
- (vi) increase in repair and maintenance of RMB0.2 million; and
- (vii) increase in utilities expenses of RMB0.2 million

As a percentage of revenue, other expenses in FY2021 increased to 12.3% from 10.4% in FY2020.

**Other losses**

Other losses decreased by RMB5.2 million from RMB5.4 million in FY2020 to RMB0.2 million in FY2021. The decrease in other losses was mainly due to the decrease in plant and equipment written-off of RMB3.3 million, impairment loss from goodwill of RMB1.7 million and compensation paid in FY2020 for breach of contract of RMB0.4 million as a result of closure of Shenyang Aoxin Jinfeng Dental Clinic Co., Ltd.

**EBITDA**

The Group's EBITDA increased from RM9.5 million in FY2020 to RMB13.9 million in FY2021. The increase in EBITDA was mainly attributable to higher revenue and better performance from key dental hospitals and polyclinics as well as higher sales for dental equipment and supplies. Despite a positive EBITDA of RMB 13.9 million, the Group recorded a loss of RMB 7.3 million due to salaries increment and recruitment expenses, as well as higher other expenses, such as outsourced professional dental fees, acquisition related fees for Acumen Diagnostics Pte. Ltd. and other tax expenses.

**Share of results of associate**

Share of results of associate increased by RMB1.3 million in FY2021 related to Acumen Diagnostics Pte. Ltd. which was acquired on 1 November 2021.

**Income tax expense**

Increase in income tax expense was mainly due to lower withholding tax incurred in FY2020.

**Loss After Tax**

For the reasons given above, the Group has recorded net loss of RMB7.3 million in FY2021 as compared to net loss of RMB12.1 million in FY2020.

**1. A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business (cont'd)****2H2021 vs 2H2020****Statement of Comprehensive Income****Revenue**

The Group revenue had decreased by RMB5.8 million or 6.9%, from RMB83.7 million in 2H2020 to RMB77.9 million in 2H2021 mainly due to decrease in revenue in the distribution of dental equipment and supplies segment.

Revenue from distribution of dental equipment and supplies segment had decreased by 27.1%. Revenue was RMB20.2 million in 2H2021 as compared to RMB27.6 million in 2H2020. This was mainly due to the gradual economic recovery in 2H2020 but the demand slowed down in the 2H2021.

Revenue from laboratory services segment decreased slightly by 2.7% to RMB8.4 million in 2H2021 as compared to RMB8.7 million in 2H2020 mainly due to the negative effect by COVID-19 outbreak in 2H2021 in Liaoning Province, PRC.

The decrease in revenue was partially offset by the increase in revenue from primary healthcare segment which increased by 4.1% from RMB47.3 million in 2H2020 to RMB49.3 million in FY2021. The increase in revenue was due to increase in patients from our key hospitals in Shenyang and Dalian cities, and the outstanding performance of a polyclinic in Panjin City.

**Other Income and Gains**

Other income and gains decreased by RMB0.5 million in 2H2021 mainly due to de-recognition of contingent consideration payables for Shenyang Aoxin Jinfeng Dental Clinic Co., Ltd. in FY2020 which is non-recurring. The decrease was offset by the shortfall of the profit guarantee to be made good by the vendor of subsidiaries which the Group acquired in prior years.

**Expenses****Cost of consumables and dental supplies**

Consumables and dental supplies used decreased by 13.3% from RMB8.1 million in 2H2020 to RMB7 million in 2H2021.

As a percentage of revenue from the primary healthcare segment, cost of consumables and dental supplies used in 2H2021 was 14.2% as compared to 17.1% in 2H2020. This was mainly due to increase in revenue from high-end dental services in 2H2021, where the related costs of consumables and dental supplies are lower.

**Cost of sales in dental equipment and supplies**

Cost of sales in dental equipment and supplies decreased by 30.2% from RMB23.9 million in 2H2020 to RMB16.7 million in 2H2021, which was in line with the decrease in revenue from the distribution of dental equipment and supplies segment.

As a percentage of revenue from the distribution of dental equipment and supplies segment, cost of sales in dental equipment and supplies in 2H2021 was 82.9% as compared to 86.6% in 2H2020 mainly due to discount on bulk purchases offered by the suppliers.

**1. A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business (cont'd)**

Cost of laboratory services

Cost of laboratory services decreased by 42% from RMB2.6 million in 2H2020 to RMB1.5 million in 2H2021.

As a percentage of revenue from the laboratory services segment, cost of laboratory services was 18.1% in 2H2021 as compared to 30.3% in 2H2020. This was mainly due to cost controlling actions taken by the management.

Employee benefits expenses

Employee benefits expense increased by 22.4% from RMB30.0 million in 2H2020 to RMB36.5 million in 2H2021. There was waiver of social insurance contributions granted by the Chinese government in FY2020, which ended in January 2021. The increase in employee benefits expenses was also due to staff salaries increment and recruitment during the year.

As a percentage of revenue, overall employee benefits expenses in FY2021 increased to 43.7% from 41.1% in FY2020. The increase which was mainly due to the reason stated above.

Other expenses

Other expenses increased by 28.2% from RMB7.2 million in 2H2020 to RMB9.2 million in 2H2021. The increase was mainly due to:

- (i) increase in expenses related to acquisition of Acumen Diagnostics Pte. Ltd. of RMB1.3 million;
- (ii) increase in other tax expenses of RMB0.7 million;

As a percentage of revenue, other expenses in 2H2021 increased to 11.8% from 8.6% in 2H2020.

Other losses

Other losses decreased by RMB4.3 million from RMB4.4 million in 2H2020 to RMB0.06 million in 2H2021. The decrease in other losses was mainly due to the decrease in plant and equipment written-off of RMB2.8 million and compensation paid in 2H2020 for breach of contract of RMB1.7 million as a result of closure of Shenyang Aoxin Jinfeng Dental Clinic Co., Ltd.

Share of results of associate

Share of results of associate increased by RMB1.3 million in 2H2021 related to Acumen Diagnostics Pte. Ltd. which was acquired on 1 November 2021.

Income tax expense

Income tax expense increased by RMB10,000 from RMB559,000 in 2H2020 to RMB569,000 in 2H2021.

**Loss After Tax**

For the reasons given above, the Group has recorded net loss of RMB1.2 million in 2H2021 as compared to net loss of RMB1.6 million in 2H2020.

**1. A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business (cont'd)****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 2021 and 31 December 2020.

**Non-Current Assets**

Property, plant and equipment increase by RMB3.5 million, from RMB51.7 million as at 31 December 2020 to RMB48.2 million as 31 December 2021. During the year, the Group acquired assets amounting to RMB6.4 million (31 December 2020: RMB3.1 million) and assets written-off amounting to RMB58,000 (31 December 2020: RMB3.3 million).

Right-of-use ("ROU") assets decreased by RMB5.8 million, from RMB43.8 million as at 31 December 2020 to RMB38.0 million as at 31 December 2021, mainly due to depreciation of ROU assets. The Group's ROU assets are related to premises leased by the Group for its dental centres and business units.

**Investment in an Associate**

The increase by RMB125.1 million is due to the acquisition of 49% shareholdings in Acumen Diagnostics Pte. Ltd. on 1 November 2021.

**Current Assets**

Trade and other receivables increased by RMB33.4 million, from RMB27.6 million as at 31 December 2020 to RMB61.0 million as at 31 December 2021 mainly due to dividend receivable from an associate of RMB23.5 million and profit guarantee receivables of RMB1.8 million from vendors of subsidiaries which the Group acquired in prior years.

Other non-financial assets decreased by RMB0.5 million, from RMB2.0 million as at 31 December 2020 to RMB1.5 million as 31 December 2021 due to charge out of prepayments to profit or loss.

Cash and cash equivalents decreased by RMB13.5 million, from RMB37.9 million as at 31 December 2020 to RMB24.4 million as at 31 December 2021, mainly due to purchase of plant and equipment and repayments of bank loans and bill payable.

**Non-Current Liabilities**

Lease liabilities was RMB28.4 million as at 31 December 2021 as compared to RMB32.5 million as at 31 December 2020. The decrease by RMB4.1 million was due to payments of lease liabilities.

**Current Liabilities**

Other financial liabilities increased by RMB5.0 million, from RMB4.6 million as at 31 December 2020 to RMB9.6 million as at 31 December 2021 which was mainly due to increase in bills payable.

**1. A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business (cont'd)**

**FY2021 vs FY2020**

**Statement of Cash Flows**

The Group's net cash flow generated from operating activities in FY2021 was RMB1.1 million. This was mainly attributable to operating cash inflows before changes in working capital of RMB13.4 million and decrease in other non-financial assets. This inflow was partially offset by increase in trade and other receivables and decrease in trade and other payables.

Net cash used in investing activities in FY2021 was RMB7.0 million, which was mainly attributable to acquisition of plant and equipment for the Group.

Net cash flows used in financing activities in FY2021 was RMB6.9 million, mainly due to the repayment of bank loans and bills payables, repayment of lease liabilities and interest offset by proceeds from bank loans and bills payables.

As a result of the above, the Group's cash and cash equivalents stood at RMB24.4 million as at 31 December 2021.

**2H2021 vs 2H2020**

**Statement of Cash Flows**

The Group's net cash flow generated from operating activities in 2H2021 was RMB6.4 million. This was mainly attributable to operating cash inflows before changes in working capital of RMB8.8 million and decrease in trade and other receivables. This cash inflow was partially offset by decrease in trade and other payables and increase in inventories in 2H2021.

Net cash used in investing activities in 2H2021 was RMB2.8 million, which was mainly attributable to acquisition of plant and equipment for the Group.

Net cash flows used in financing activities in 2H2021 was RMB8.8 million, mainly due to the repayment of bank loans and bills payables, repayment of lease liabilities and interest offset by proceeds from bills payables.

As a result of the above, the Group's cash and cash equivalents stood at RMB24.4 million as at 31 December 2021.

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

The FY2021 results were in line with the commentary of the Group expecting its performance for FY2021 to be impacted by COVID-19 situation in China. Please refer to the Company's announcements dated 4 February 2021, 15 November 2021, 6 December 2021 and 21 December 2021 for such disclosure.



3. **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**

The Group expects its performance for FY2022 to continue to be impacted by COVID-19 in the event there is a resurgence of COVID-19 virus in China. 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. The Group will continue to monitor its operating expenses and maximise cost efficiency for operations.

The ongoing COVID-19 pandemic is expected to continue to affect global economic growth prospects in the coming quarters of 2022, as many countries still struggle to contain the rapid spread of the virus as shown by new waves of infections.

With the economic uncertainties posed by COVID-19 and the risk of any temporary closures should cases of COVID-19 emerge again in the cities where we operate in, the Group will continue to focus on discipline management of operating and capital expenditure.

Acumen Diagnostics will continue to offer COVID-19 testing by polymerase chain reaction ("PCR") for patients that require PCR test results and for travellers as Singapore opens its borders, as well as distribute COVID-19 antigen rapid tests ("ART"). It will also launch a panel of new PCR tests for infectious diseases, sepsis and cancer. With the acquisition of this medical technology company, we expect that it will enhance the profitability of the Group going forward.

Overall, the Group expects the business environment to remain challenging for 2022. Nonetheless the Group aims to deliver a satisfactory performance in 2021 amidst a recovering economy as more people in the country are getting vaccinated.

### **Recent Developments**

#### Acumen Diagnostics Pte. Ltd. explores NASDAQ Listing

On 17 January 2022, the Company announced that its associated company, Acumen Diagnostics Pte. Ltd. ("Acumen Diagnostics ") is exploring a proposed listing of its securities on the NASDAQ stock exchange in New York, USA. Acumen Diagnostics has appointed UOB Kay Hian Private Limited to assist Acumen Diagnostics with the listing evaluation and all relevant preparatory work including the selection of professional advisers and underwriting banks in relation to the proposed listing and fund raising exercise.

3. **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 (cont'd)**

**Future Plans**

Currently, the Group has 16 dental centres, comprising 6 dental hospitals and 10 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.

The Group continues to execute the business plans outlined below.

- Re-focus our efforts towards bolstering the Group's performance through both long-term and short-term efforts

The Group will continue to:

- improve the revenue of our hospitals and clinics;
- maximise cost efficiency of our operations; and
- increase the utilisation of our operating assets.

- Capabilities to Tackle Omicron COVID-19 Variant

On 3 December 2021, Acumen Diagnostics announced that its proprietary, locally-manufactured PCR test kits Acu-Corona 2.0 and Acu-Corona Duplex are able to detect COVID-19 positive cases infected with the Omicron variant. On 16 December 2021, Acumen Diagnostics announced that it has been granted a license by Ministry of Health, Singapore to provide offsite COVID-19 PCR swab services and serology sample collection at 100 clinics.

Acumen Diagnostics will continue to roll out its testing services via the Q&M Dental network of clinics, and also at its headquarters located at The Gemini, 41 Science Park Road, Singapore. Currently, Acumen Diagnostics has about 61 clinics providing the testing services island-wide.

4. **Dividend**

**(a) Current financial period reported on**

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

None.

**(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.**

Not applicable.

**(d) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined**

Not applicable.

5. **If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.**

No dividend has been declared or recommended for FY2021 as the Group is conserving cash for working capital needs.

6. **Segmented revenue and results for operating 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.**

Please refer to Note 2B to the condensed interim consolidated financial statements.

7. **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**

Please refer to explanation in Paragraph 1 of this announcement.

8. **A breakdown of sales**

In RMB'000	Group		Change %
	FY2021	FY2020	
Revenue reported for first half year	82,270	48,896	68.3
Operating loss after tax reported for first half year	(6,090)	(10,454)	(41.7)
Revenue reported for second half year	77,910	83,665	(6.9)
Operating loss after tax reported for second half year	(1,236)	(1,648)	(25.0)

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

Not applicable. No dividend has been declared or recommended for FY2021 and FY2020.

10. **Interested person transactions**

The Group has not obtained a general mandate from shareholders for interested person transactions pursuant to Rule 920 of the Catalist Rules. Particulars of the interested person transactions for FY2021, disclosed in accordance with Rule 907 of the Catalist Rules, are set out below:

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the Catalist Rules)	Aggregate value of all interested person transactions conducted under the shareholders' mandate pursuant to Rule 920 of the Catalist Rules (excluding transactions less than S\$100,000)
Shao LiHua	Sister of Dr Shao YongXin, Executive Director and Group Chief Executive Officer of the Company	S\$147,947*  Rental of premises at Shenyang Aoxin Q & M Stomatology Hospital Co., Ltd. and Shenyang Heping Q & M Aoxin Stomatology Polyclinic Co., Ltd.	None

\* RMB4.8 to SGD1

**11. Confirmation pursuant to Rule 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.

**12. 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) of the Catalist Rules in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

<b>Name</b>	<b>Age</b>	<b>Family relationship with any director, chief executive officer and/or substantial shareholder</b>	<b>Current position and duties, and the year the position was held</b>	<b>Details of changes in duties and position held, if any, during the year</b>
Shao LiHua	70	Sister of Dr Shao YongXin, Executive Director and Group Chief Executive Officer of the Company	Deputy Admin Manager (2014)	None
San Yi Leong @ Tan Yi Leong	45	Brother-in-law of Dr Ng Chin Siau, the Executive Director and Group Chief Executive Officer of Q & M Dental Group (Singapore) Limited, a controlling shareholder of the Company.	Deputy Group Chief Executive Officer (2019)	None

**On behalf of the board of directors**

**Dr. Shao Yongxin**  
**Executive Director and**  
**Group Chief Executive Officer**

**Mr. San Yi Leong @ Tan Yi Leong**  
**Executive Director and**  
**Deputy Chief Executive Officer**

23 February 2022