



AOXIN Q&M

AOXIN Q & M DENTAL GROUP LIMITED



FORTIFYING OUR Foothold

SUSTAINABILITY REPORT 2019

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

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

Board Statement



The Board of Directors (the “Board” or “Directors”) of Aoxin Q & M Dental Group Limited (the “Company” or “Aoxin Q & M”, and together with its subsidiary corporations, the “Group”) are pleased to present our third sustainability report (the “Report”). This Report sets out what we have done in the economic, environmental and social aspects of our business in the financial year ended 31 December 2019 (“FY2019”), as well as the measures the Group had adopted to achieve sustainable development.

As a Group, we are committed to creating sustainable and long-term business growth, while leading and shaping positive change for our industry and customers, the communities we operate in, our people, and the environment. Since our listing in April 2017, the Group has, in our pursuit for growth, placed strong emphasis on environmental protection, workplace safety, staff training, and responsibility to the society. Sustainable development is already integrated into the way we conduct our business and each and every one of us at Aoxin Q & M has a role to play.

As at 31 December 2019, the Group has expanded its operations to 17 dental centres, comprising 6 dental hospitals and 11 polyclinics. Despite the 18% increase in the Group’s total revenue from RMB119.1 million for the year ended 31 December 2018 (“FY2018”) to RMB141.1 million for FY2019, the Group’s overall performance was impacted by the gestational losses incurred for the setting up of new hospitals and clinics as well as higher expenses for training of dentists and staff to cater for its expansion.

Moving into 2020, we expect the Group’s performance to be impacted by the COVID-19 outbreak and gestational losses incurred for the new hospitals and clinics opened in FY2019. However, the Group will continue to focus our efforts on improving the revenue of the hospitals and clinics, reduce gestational losses, maximise the cost efficiency of the hospitals and clinics and increase dental chairs utilisation. The Group will remain focused on recruiting and training undergraduate dentists, nurses and laboratory technicians to support the Group’s long-term growth plan. Furthermore, we will collaborate with existing vendors to introduce products, such as dental materials and equipment, and reach out to new clients, as well as source for reputable vendors to increase the range of high-end products available to customers. However, amidst the COVID-19 outbreak, the Board will also continue to monitor the Group’s revenue, cash flows and evolving situation closely.

We acknowledge the importance of sustainable development and we place strong emphasis on long-term sustainability when considering our Group’s long-term strategy, to unlock and maximise shareholders’ value. Our Board actively incorporates sustainability issues as part of our strategic formulation and oversees the management and monitoring of the material Environmental, Social and Governance (“ESG”) factors. As we work at improving our sustainability profile, we continue to remain committed in making consistent improvements to our services and products while upholding the tenets of integrity and ethics.

About This Report

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

We have chosen to report using the GRI Standards because it is an internationally recognised reporting framework that covers a comprehensive range of sustainability disclosures. Moreover, the structured framework includes discussions of our material sustainability principles and initiatives as we track and present our accountability of ESG factors. We have applied its principles of accuracy, balance, clarity, comparability, reliability, and timeliness when preparing this report. We have also incorporated the principles of stakeholder inclusiveness, sustainability context, materiality and completeness.

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



▪This sustainability report has been prepared in accordance with Rules 711(A) and 711(B), and the Global Reporting Initiative (“GRI”) Standards – Core Option.



This sustainability report focuses on the Group’s sustainability efforts and strategies for the period from 1 January 2019 to 31 December 2019 across the Group’s operations in the Northern People's Republic of China (“PRC”) where the principal activities of the Group are carried out.



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

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

Organisational Profile

Background

The Company was listed on the Catalist Board of the SGX-ST (“Catalist”) on 26 April 2017. The Group’s business can be categorised into three segments:



In FY2019, we are pleased to share that we have opened the following dental centres:

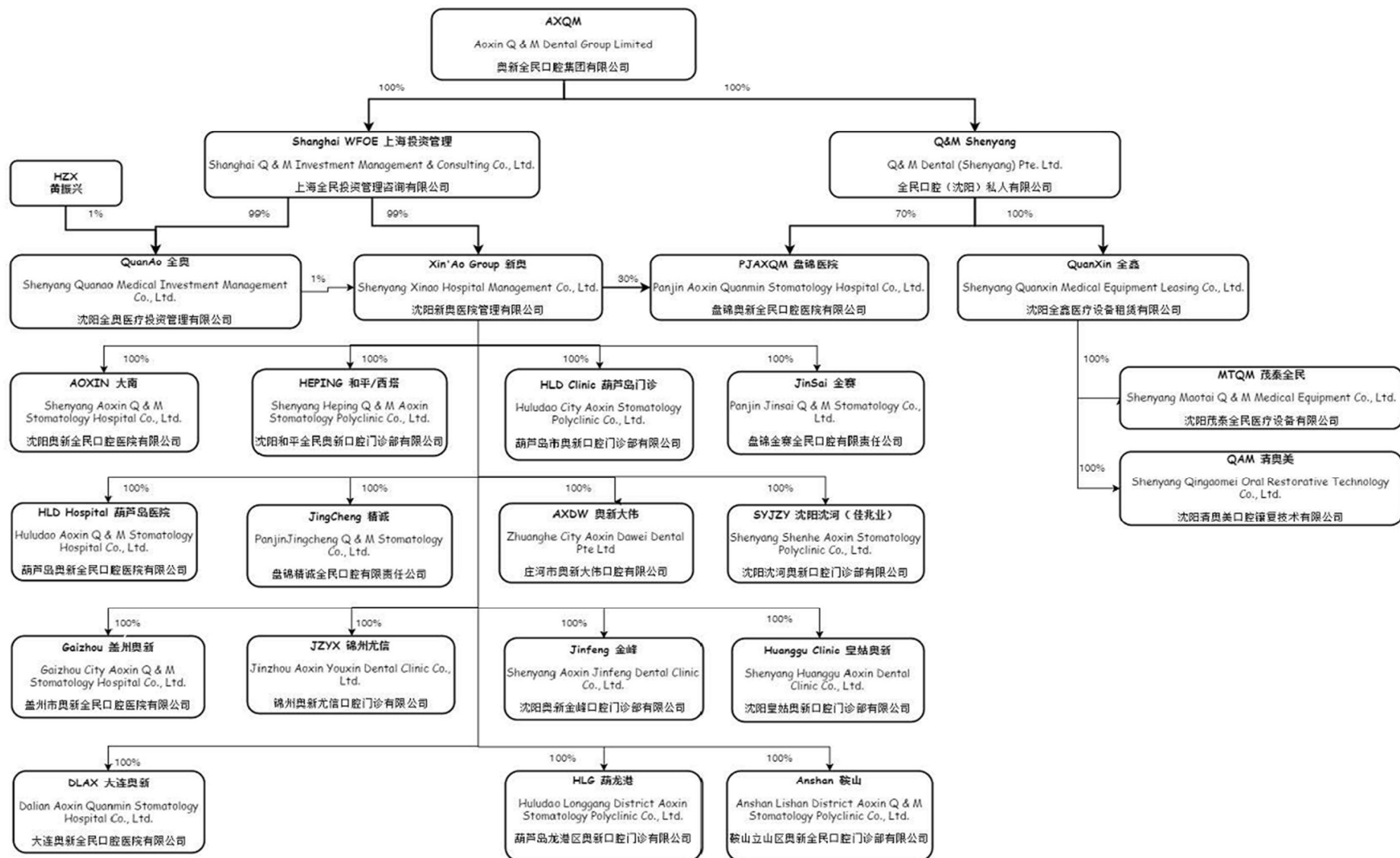
- Huludao Longgang District Aoxin Stomatology Polyclinic Co., Ltd.
- Jinzhou Aoxin Youxin Dental Clinic Co., Ltd.
- Shenyang Huanggu Aoxin Dental Clinic Co., Ltd.
- Shenyang Aoxin Jinfeng Dental Clinic Co., Ltd.
- Anshan Lishan District Aoxin Q & M Stomatology Polyclinic Co., Ltd.
- Dalian Aoxin Quanmin Stomatology Hospital Co., Ltd.

As one of the leading providers of private dental services in the Liaoning Province, Northern PRC, our Group currently has 17 dental centres, comprising 6 dental hospitals and 11 polyclinics, with 336 dental professionals, comprising 160 dentists and 176 dental surgery assistants, in 8 different cities, namely, Shenyang, Huludao, Panjin, Gaizhou, Zhuanghe, Jinzhou, Dalian, and Anshan. In addition, our extensive dental equipment and supplies distribution network covers Liaoning, Heilongjiang and Jilin Provinces in the Northern PRC.



Organisational Profile

The latest Group structure as at 31 December 2019 is reflected in the table below:



Organisational Profile



Objective 最高目标:

Business growth, contribution to the society and provide healthcare
发展事业、造福社会、呵护健康



Attitude at Work 工作作风:

Dedicated, practical, adaptable and innovative
敬业、求实、博采、创新



Idea of Service 服务理念:

People-oriented mindset and value life
以人为本、关爱生命



Principle of Competitiveness 竞争原则:

Law abiding, honest, sincere, do not take advantage, not monopolistic
守法不乱，诚信不欺，取利不诈，享财不霸



Motto 院训:

To be kind, dedicated, hardworking and ambitious
厚德、精业、勤勉、致远



Professional behavior 职业风尚:

Be keen and eager to always lend a helping hand
急人之难、救人之困



Employment perceptions 竞争原则:

To be loyal and have high virtue
忠诚高于价值、德行胜于能力

Organisational Profile

Values and Principles

The Group is committed to delivering value to our shareholders through sustained growth. However, we will not compromise our integrity, values and principles and aim to uphold the highest standards of professional values and integrity. Our values and principles, as stated below, serve as the foundation of our organisation and we are constantly driven by these values and principles to improve our products and services.



Organisational Profile

Supply Chain Management

Engaging responsible partners remains as one of our focus areas when integrating a sustainable supply chain into our operations. Creating value through supporting local suppliers and assessing our key suppliers against our Group's sustainability criteria are the main features of our supply chain management.

The Group has a Procurement Policy in place which sets our guiding principles on the assessment of our suppliers against our Group's sustainability criteria. Our sustainable procurement policies include strict adherence to the ethical code of conduct, which addresses issues of integrity, due diligence, fairness and conflict of interest in the selection of vendors, suppliers and contractors. In line with our Procurement Policy, our suppliers have undergone the Group's stringent selection and evaluation criteria on a periodic basis to ensure that their performance align with the sustainability criteria established. We also ensure that all suppliers are registered with relevant local regulatory bodies for the sale of dental equipment and supplies.

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

We have continued our long-term distribution agreements with Shofu Dental Trading (Shanghai) Co. Ltd. (松风齿科器械贸易(上海)有限公司), Align Technology (Shanghai) Trading Company Ltd. (爱齐(上海)商贸有限公司) and A-dec (Hangzhou) Dental Equipment Co. Ltd. (爱德(杭州)牙科设备有限公司), as well as secured distribution rights for brands such as Shofu Dental for certain provinces, including the Liaoning Province in the Northern PRC.



The Group has a team of certified technicians to provide maintenance and aftersales support to our customers for dental equipment and supplies within and beyond the warranty period, thus extending the useable lifespan of the equipment. We also work closely with our suppliers to ensure that equipment parts and technical support are available for our customers in the event that repairs are required.

In addition, having 100% stakes and control of our hospitals, polyclinics and entities allow us to have full control of the procurement of dental equipment and supplies as well as fine tune the individual needs of our dental centres. As a result, we are better positioned to obtain bulk volume discounts from our suppliers and ensure continued sustainability of our supply chain.

Organisational Profile

Membership of Associations and Certificates

Aoxin Q & M is committed to conduct our business in a responsible and sustainable manner. Therefore, our operations and business practices are aligned with industry/market accepted principles and standards. In regard to this, we were awarded the **GB/T 19001-2016/ISO 9001:2015** certification since 2018 (Certificate no: **00218Q24142R1M**) which specifies requirements for a quality management system when an organization demonstrates its ability to consistently provide products and services that meet customer and applicable statutory and regulatory requirements, and aims to enhance customer satisfaction through the effective application of the system, including processes for improvement of the system and the assurance of conformity to customer and applicable statutory and regulatory requirements.



CERTIFICATE
确 认 证 书
序号: 21190134

沈阳奥新全民口腔医院有限公司

按方圆标志认证集团有限公司相关认证方案的规定, 经监督审核确认贵单位获得的下列证书继续有效

证书名称	证书编号
质量管理体系认证证书	00218Q24142R1M

 
二零一九年七月三十一日

— I Net —
No 00138229

方圆标志认证集团
地址: 北京市海淀区增光路33号 (100048)
<http://www.cqm.com.cn>

Organisational Profile

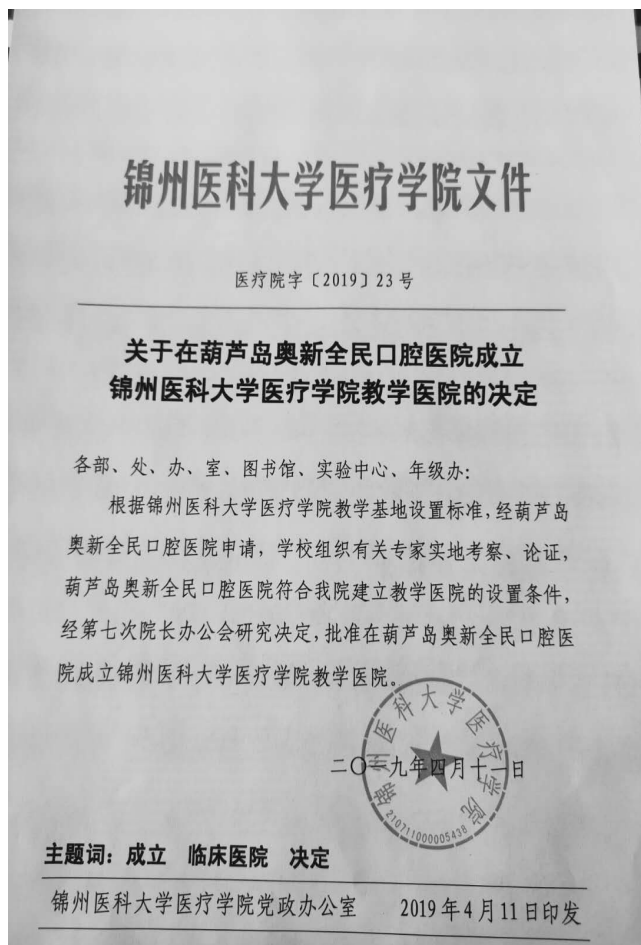
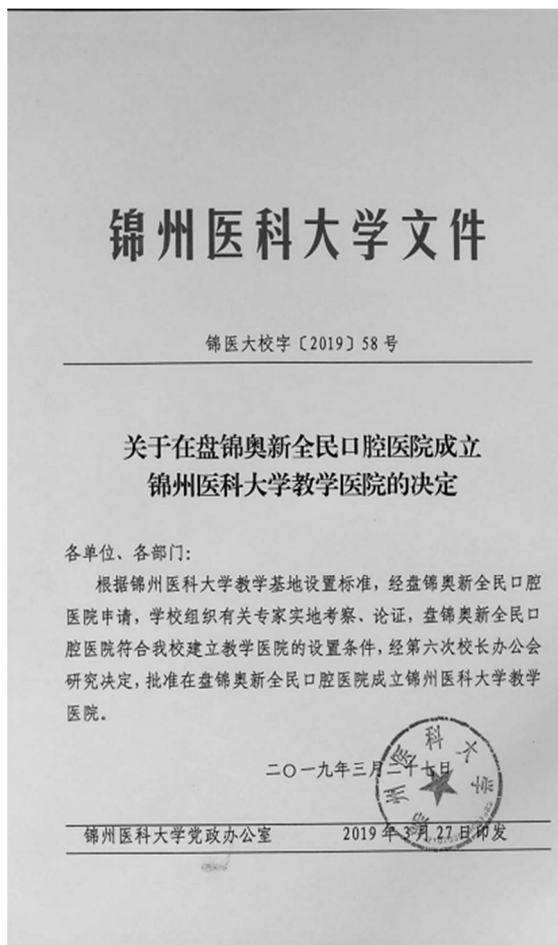
Membership of Associations and Certificates (Cont'd)

As part of its commitment towards dental training and education, the Group collaborates with Jinzhou Medical University to provide training to students and dental professionals. Aoxin Q & M is the only corporation in Northern PRC to be accredited by a university to provide training in dentistry, having met the standards set by Jinzhou Medical University and qualities reviewed by experts in the field.

There are four dental centres within the Group that are accredited by Jinzhou Medical University and designated as training centres to carry out practical training where 3 of the dental centres were accredited in Year 2019. They are:

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

Accordingly, all above mentioned dental centres have met the requisite standards set by the college and qualities reviewed by experts in the field. These Designated Training Centres allow the exchange of knowledge in the dentistry field and encourages dental professionals to constantly improve their professional standards and services.

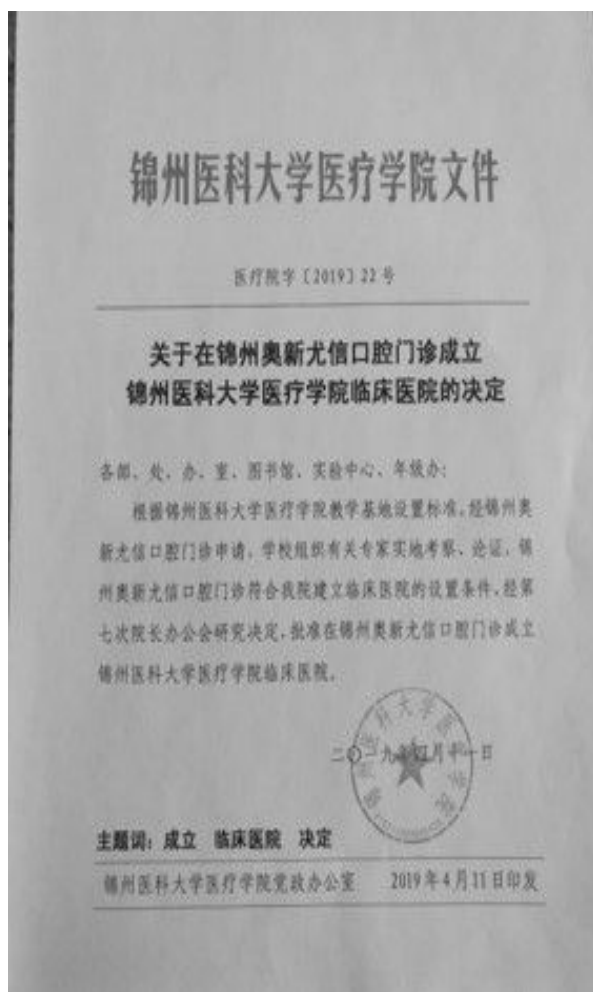


Organisational Profile

Membership of Associations and Certificates (Cont'd)

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

Our stomatology training centre at Shenyang has also been accredited for a further period of five years by Jinzhou Medical University for undergraduate and post-graduate training, thereby ensuring that students who graduate with dental qualifications from this training centre are recognised by reputable universities in China. This training centre remains as the only one accredited by a university in Northern China.



锦州医科大学文件

锦医大校字〔2018〕74号

关于邵永新同志职务聘任的通知

各单位、各部门：

经学校研究决定，校长聘任：

邵永新为锦州医科大学沈阳口腔医学院院长，聘期五年。



锦州医科大学党政办公室

2018年5月17日印发

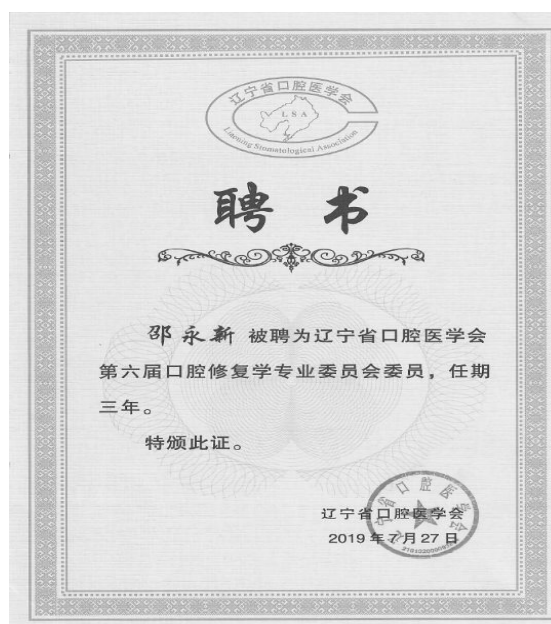
2018.5.17 锦州医科大学沈阳口腔医学院院长任命
Appointment of President of Shenyang Stomatological
College of Jinzhou Medical University on May 17, 2018

Organisational Profile

Membership of Associations and Certificates (Cont'd)

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

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



Organisational Profile

Membership of Associations and Certificates (Cont'd)



郭淑敏-大中华区十佳优秀病例奖
Guo Shumin - Top 10 excellent case award



赵澄汉-第十四届世界微种植支抗技术学术年会演讲人
Zhao Cheng Han - Certificate of Appreciation as an Oral Presenter in World Microimplant Anchorage Congress

Organisational Profile

Membership of Associations and Certificates (Cont'd)



徐立强-讲师的感谢状

Xu Liqiang - Certificate of Appreciation as presenter



徐立强-讲师的感谢状

Xu Liqiang - Certificate of Appreciation as presenter

In FY2019, Jinzhou Aoxin Youxin Dental Clinic Co., Ltd. was awarded "The Future Star" by The Communist Party of Linghe District Committee in Jinzhou City, China.



锦州奥新尤信口腔门诊有限公司 - 未来之星

Jinzhou Aoxin Youxin Dental Clinic Co., Ltd. - The Future Star

Governance and Sustainability Approach

Management and Governance Structure

Board of Directors:

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

Audit Committee:

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

Nominating Committee:

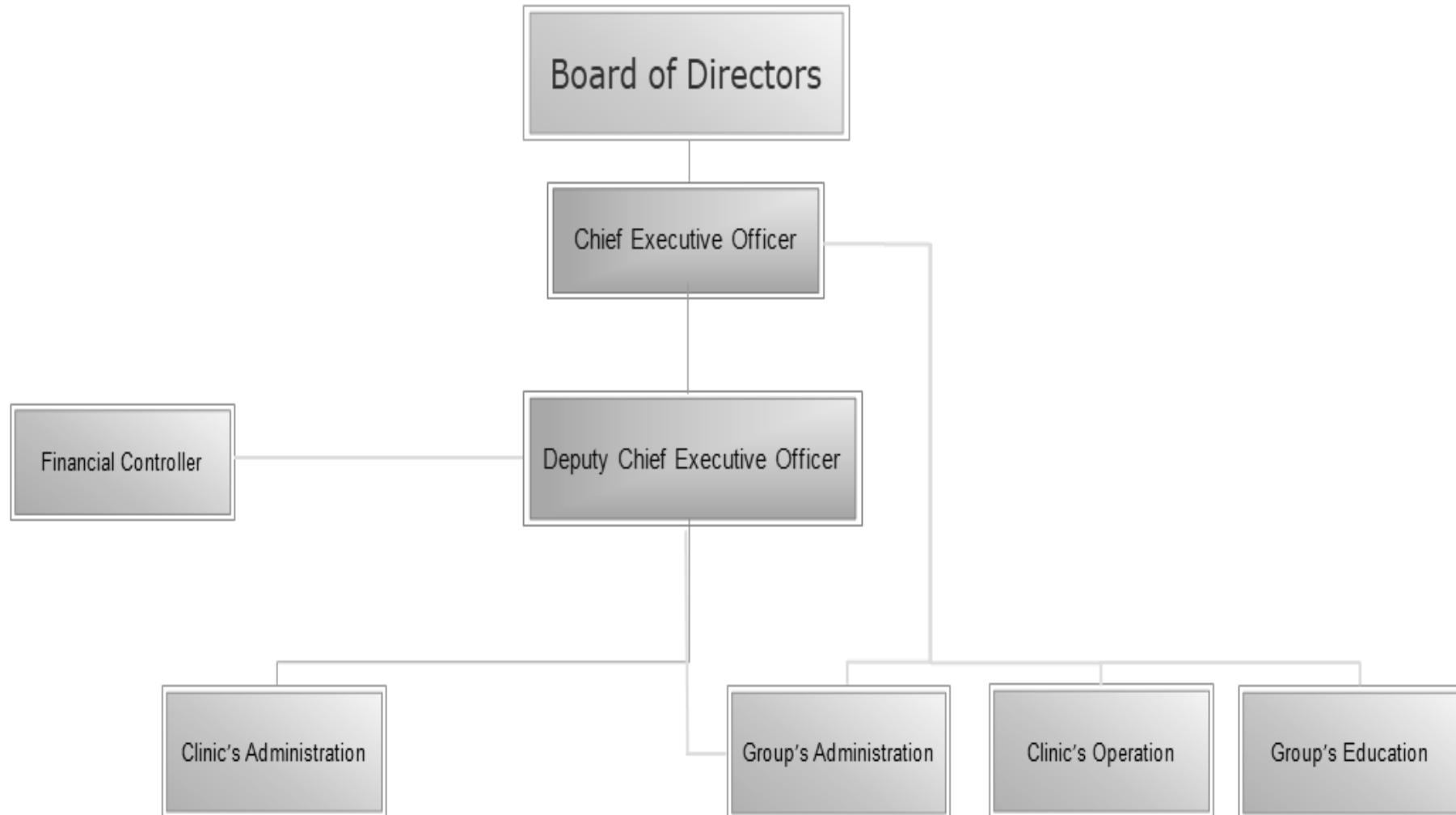
- Mr. Lin Ming Khin (Chairman)
- Professor Chew Chong Yin @ Chew Chong Lin
- Mr. Chua Ser Miang

Remuneration Committee:

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

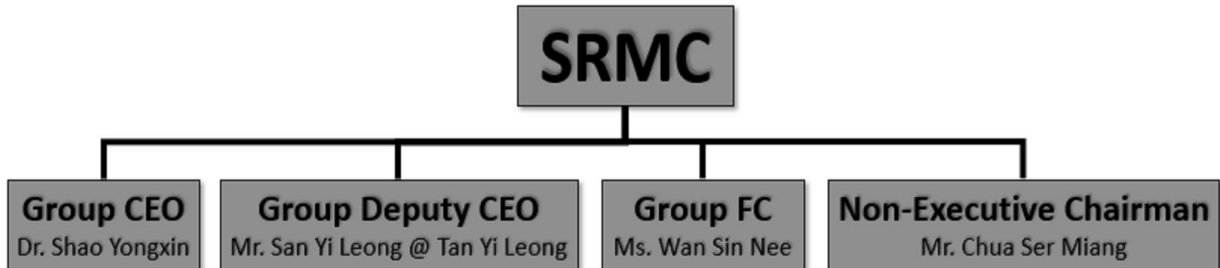
Governance and Sustainability Approach

Organisation chart – Management



Governance and Sustainability Approach

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



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

- Establishing a quality assurance team, consisting of experienced technicians and engineers, who conducts routine checks on the dental equipment and supplies received from our suppliers, and;
- Providing strong aftersales support to ensure customer satisfaction.

In addition, we monitor and ensure compliance with all PRC laws and regulations in relation to quality standards, and constantly seek feedback from our dental professionals, patients, customers and relevant stakeholders.

Governance and Sustainability Approach

Governance and Sustainability

Our Group has put in place policies and procedures that will safeguard the interests of stakeholders and enhance stakeholders' value as part of our effort to maintain high standards of corporate governance, in line with the principles and provisions of the Code of Corporate Governance 2018 issued by the Monetary Authority of Singapore where applicable.

Creating a sustainable positive impact and value for our stakeholders is fundamental to us. Hence, we strive to create long-term growth by consistently enhancing our approach in the communication and management of ESG factors arising from our business operations and build on the sustainability efforts integrated into our operations.

Conflict of Interest Policy

The Board has also established procedures to address any potential conflict of interests faced by the Directors. Each Director is required to promptly disclose any conflict of interest, whether direct or indirect, in relation to a transaction or proposed transaction with the Group as soon as is practicable after the relevant facts have come to his knowledge. On an annual basis, each Director is also required to submit details of his other directorships and interests in other entities for the purpose of monitoring interested persons transactions. Where a Director has a conflict of interest in relation to any matter, he will recuse himself from discussions and decisions involving the issues of conflict.

Interested Persons Transactions Policy

Our Group has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the Audit Committee ("AC") and that the transactions are conducted on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders. Such transactions are to be reviewed and approved by the key management, the AC and/or the Board, as the case may be, in accordance with prescribed procedures.

Whistleblowing

The Company has put in place a whistle-blowing policy to provide a channel for employees to report in good faith and in confidence, without fear of reprisals, concerns about possible improprieties in financial reporting or other matters. Information received pertaining to whistle blowing will be treated with confidentiality and restricted to the designated persons-in-charge of the investigation to protect the identity and interests of the whistle-blowers. The objective for such an arrangement is to ensure independent investigation of such matters and for appropriate follow-up action. All complaints or information would be forwarded to the AC Chairman or the Financial Controller, where appropriate. Details of the whistle-blowing policy and arrangements have been made available to all employees, and can also be found at the Company's website at <http://www.aoxinqm.com.sg>.

Stakeholder Engagement

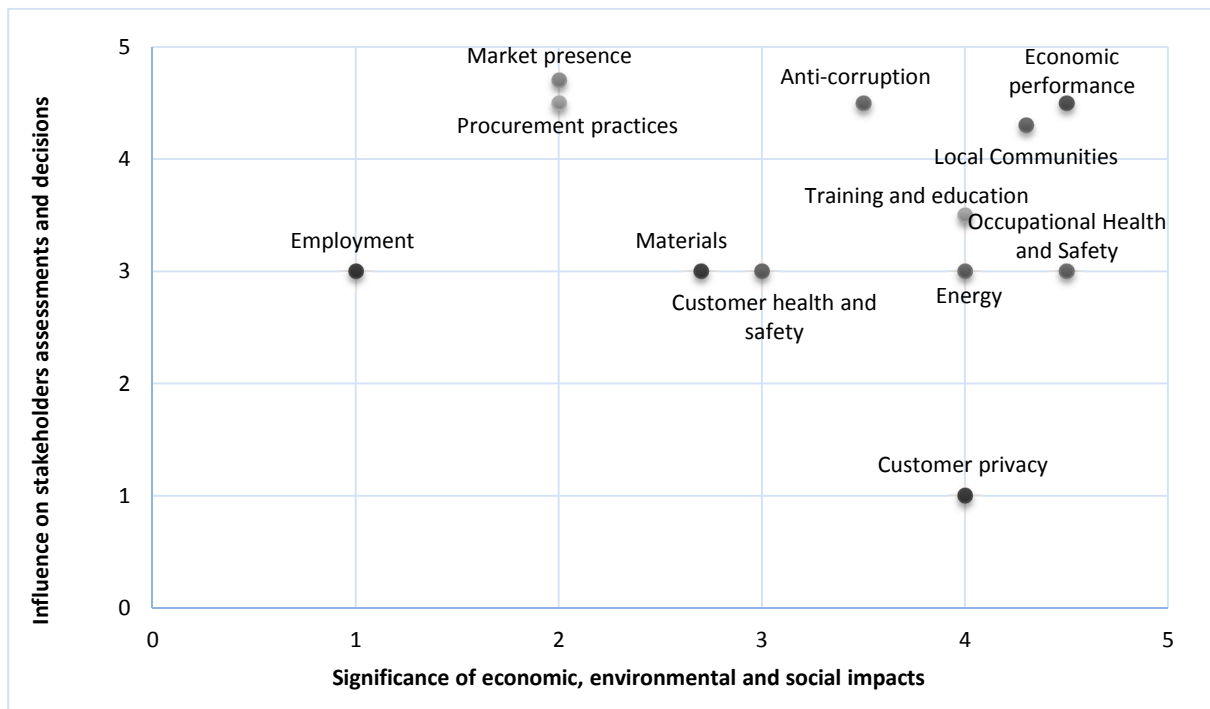
Accountability to Stakeholders

At Aoxin Q & M, we recognise the importance of a meaningful two-way engagement with our key stakeholders to understand their interests, expectations and address the economic and ESG topics that are material to our business and stakeholders, whilst taking into account any pivotal developments within this industry. We evaluate the needs and expectations of our key stakeholder groups which are significant to our Group's value creation strategy and strive to build mutually beneficial relationships. The Company has regularly engaged its stakeholders through various medium and channels to ensure that the business interests are aligned with those of the stakeholders, to understand and address the concerns so as to improve services standards, as well as to sustain business operations for long-term growth. We have also made conscious efforts to seek the opinions of our stakeholders through formal and informal engagements as well as establishing an internal review process to integrate stakeholder feedback with our corporate strategies.

Stakeholders	Stakeholders Engagement	Stakeholders Expectations
Customers	Frontline interaction at clinics, enquiry and feedback channel, customer service hotlines	Good quality of services and products, after sales service, fair purchasing practices
Suppliers	Quotations, periodic discussions, supplier evaluation	Compliance with terms and conditions of purchasing policies and procedures, maintain ethical standards
Employees	Induction and orientation program, staff appraisal, internal memorandum, training	Staff rights and welfare, personal development, good working environment
Shareholders/ Investors	Annual general meeting, circulars to shareholders (if required)	Profitability, transparency, timely reporting
Business Partners	Frequent discussions and meetings	Partnership for opportunities and growth
Government and Regulators	Discussions with government agencies and regulators	Environmental-friendly business approach, compliance with regulations, timely reporting and resolution of issues

Material Topics

Our Group's senior management periodically assess focus areas where our Group can have the greatest economic, environmental and social impact, as well as areas that are most important to our stakeholders. As mentioned earlier, the Group constantly seek the opinions of its stakeholders and constantly evaluate the needs and expectations of our key stakeholder groups. As a result of these periodic assessments and efforts to engage our stakeholders, the Company uses the following materiality matrix to identify the material factors affecting the Group, and we continue to report the 6 key topics which were identified in the previous sustainability report.



Sustainability Topics for FY2019

1. Economic performance
2. Anti-corruption
3. Energy
4. Training and education
5. Occupational health and safety
6. Local Communities

Economic Performance

At Aoxin Q & M, we strive to deliver sustainable long-term value for our stakeholders. In FY2019, we have continued to build on our entrance into the paediatric dentistry market and maintained our market position as one of the leading dental service providers in the region with the support of our extensive paediatric dentistry infrastructure network of Shenyang Aoxin Q&M Stomatology Hospital Co. Ltd. (“Shenyang Aoxin”).

Based on the Group’s unaudited financial statements results announcement for FY2019, we are pleased to share that the Group’s total revenue increased by 18% from RMB119.1 million for FY2018 to RMB141.1 million for FY2019. This was due to the increase in revenue in the following three segments of our business:

Revenue from the primary healthcare segment increased by 9% to RMB81.7 million in FY2019 from RMB75.1 million in FY2018. This was mainly due to an increase in revenue generated from the new hospitals and clinics of RMB11.0 million, which was partially offset by the overall decrease in revenue of RMB2.6 million from existing hospitals and clinics, and lower management fee of RMB1.9 million received from Shenhe District Sixth Hospital (“6th Hospital”) and Shenyang Huanggu Aoxin Dental Clinic Co., Ltd. (“Huanggu Clinic”).

Revenue from the distribution of dental equipment and supplies segment increased by 44% to RMB46.5 million in FY2019 from RMB32.3 million in FY2018, mainly due to higher revenue from sales of both materials and dental equipment to distributors.

Revenue from the provision of laboratory services increased by 11% to RMB13.0 million in FY2019 from RMB11.7 million in FY2018 due to higher revenue from government hospitals. For the avoidance of doubt, the abovementioned financial performance of the Group is based on the unaudited financial statement results announcements for FY2019. As the Group is still in the midst of finalizing its audited financial statements and annual report for FY2019, further details of the Group’s financial performance for FY2019 will be reported in the Company’s annual report for FY2019, which will be released by 14 June 2020.

In FY2019, the Group has expanded to a total of 17 dental centres, comprising 6 dental hospitals and 11 polyclinics as compared to 11 dental centres, comprising 5 dental hospitals and 6 polyclinics in FY2018.

Subsequent Reporting for FY2020

Moving forward, we will continue our efforts on improving the revenue of the hospitals and clinics, reduce gestation losses, maximize cost efficiency of the hospital and clinics and increase dental chairs utilisation. The Group will also remain focused on recruitment and training of staff to support the Group’s strategy of expanding our operations in order to achieve long-term sustainable growth. However, amidst the COVID-19 outbreak, the Board will also continue to monitor the Group’s revenue, cash flows and evolving situation closely.

Anti-Corruption

The Group is committed to a high standard of ethical conduct and adopts a zero-tolerance approach to fraud and corruption. We expect all employees to conduct themselves in accordance with the expectations set out in the code of conduct and places heavy emphasis on ethical business conduct. The Group will take a series of actions such as formal disciplinary proceedings in view of unethical conduct or malpractice in relation to corruption or fraud, if necessary. This moral code will enhance our business relationships and our corporate social responsibility.

The Company also has in place a whistle-blowing policy, as mentioned in the “Governance and Sustainability Approach – Whistleblowing” section of this Report, which provides a proper avenue for stakeholders and employees to raise concerns on actual or suspected improprieties in matters of financial reporting or other matters and to receive feedback on any action taken.

In addition, the PRC government has stepped up its anti-bribery efforts to reduce improper payments and other benefits received by staff in connection with the purchase of pharmaceuticals and medical equipment and supplies, and the provision of healthcare services. Under the revised anti-graft Bill, the new National Supervision Commission will have the power to conduct searches, seize property and freeze assets as well as detain suspects for up to six months as part of corruption investigations. The Commission will focus its anti-graft efforts in areas that concern the public the most, such as education, healthcare, environmental protection and food and drug safety. The local commission also plans to use confessions of corrupt officials and case studies to warn others to avoid such behaviour. We are pleased to announce there was no report of any whistle-blowing incident, and no reported incidents of corruption in FY2019.

Subsequent Reporting for FY2020

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

Energy

Our Group's relentless commitment to incorporate sustainability into every aspect of our business motivates us to develop our business responsibly and efficiently through conserving resources, being environmentally friendly, and educating staff on the importance of energy conservation. We have raised awareness throughout the organisation and have put in place procedures to carefully monitor energy and water consumption. We have implemented initiatives which are in accordance with PRC environmental laws and regulations. These initiatives include using energy saving lamps and controlled use of air-conditioners and water consumption.

The Group has been utilising LED energy saving lamps since 2014 and all lamps in the Group have been replaced by energy saving lamps. The advantages of using these lamps are that they are energy saving, have a longer lifespan and are brighter than traditional lamps. We also practice switching on our centralised air-conditioner only when it reaches a certain temperature during the summer season, while the heater temperature is maintained at an acceptable temperature during winter seasons to reduce our electricity/gas consumption.

In addition to the efforts put into afforestation and reduction of major pollutions, China's Government Work Plan in FY2019 included plans to decrease sulphur dioxides and nitrogen oxides emission by 3%, ensure toxic waste are properly treated before disposal, as well as pushing for more companies to utilise renewable energy sources such as solar and wind energy. In line with the Government Work Plan, our Group has implemented stricter monitoring on the water consumption in our organisation. We put up posters to educate and remind staff on water conservation, as well as conduct regular checks on our pipelines to ensure there is no leakage and that all pipelines are well-functioning. We have also launched share-and-learn sessions, which take place twice a year, for staff to share their experiences and the efforts put in to conserve water and energy, as well as to learn new methods of conserving water and energy.

As seen from the table below, despite the increase in energy, water and natural gas consumption (due to the corresponding increase in gross floor area), the energy, water, and natural gas intensities have decreased as a result of our conservation efforts and initiatives.

Year	2019	2018	2017
Gross Floor Area (m ²)	18,671	14,169	8,853
Energy Consumption (kWh)	1,007,049	777,888	508,421
Water Consumption (m ³)	16,393	14,047	10,337
Natural Gas Consumption (kWh)	40,460	38,670	31,143
Energy Intensity per GFA (kWh/m ²)	53.94	54.90	57.43
Water Intensity per GFA (m ³ /m ²)	0.88	0.99	1.17
Natural Gas Intensity per GFA (kWh/m ²)	2.17	2.73	3.52

Energy

Subsequent Reporting for FY2020

For each of its energy, water and natural gas intensities per gross floor area, the Group aims to, minimally, maintain the same level for FY2020 as compared to FY2019. As the Group is unable to control its energy consumption at the premises of its clinics due to certain restrictions, the Company will endeavour to maintain the same levels of intensities through other conservation efforts and initiatives. The Company will, at an appropriate time, consider setting targets on a medium-term and long-term basis. Moving forward, we aim to implement more energy conservation initiatives, reduce energy consumption, and increase monitoring of the Group's energy consumption as part of our sustainable efforts.

Training and Education

With the rapid technological and market changes, it is vital for our employees to keep themselves abreast of the latest industry developments and be future-ready. As our employees are our greatest assets, we believe that training and education is instrumental in ensuring the continuous development of our employees to equip them with the relevant skill sets to provide top quality service to our patients.

Orientation pre-job training and a probation period of 3 months are mandatory for all new employees, during which their technical skills and knowledge, as well as work attitude, ethics, and efficiency are assessed. During the 3 months' probation, new employees undergo strict centralised training. In addition to on-the-job training, our new hires will also shadow another experienced employee to familiarise themselves with our Group's operations, and their specific job scopes. Employees who have passed the probation assessment will be provided with regular and continuous training and development conducted internally.

Furthermore, our stomatology centre in Shenyang provides students with exciting internship programs. The internship program includes general skills trainings, such as public speaking and interpersonal communication, as well as technical trainings, such as stomatological technical training and practical training. Interns who had completed their program and have met all necessary educational requirements has the opportunity to be offered employment with our Group. In FY2019, 66 students participated in the internship program, of which 15 of them had obtained their practitioner licences and were employed by our Group.



Training and Education

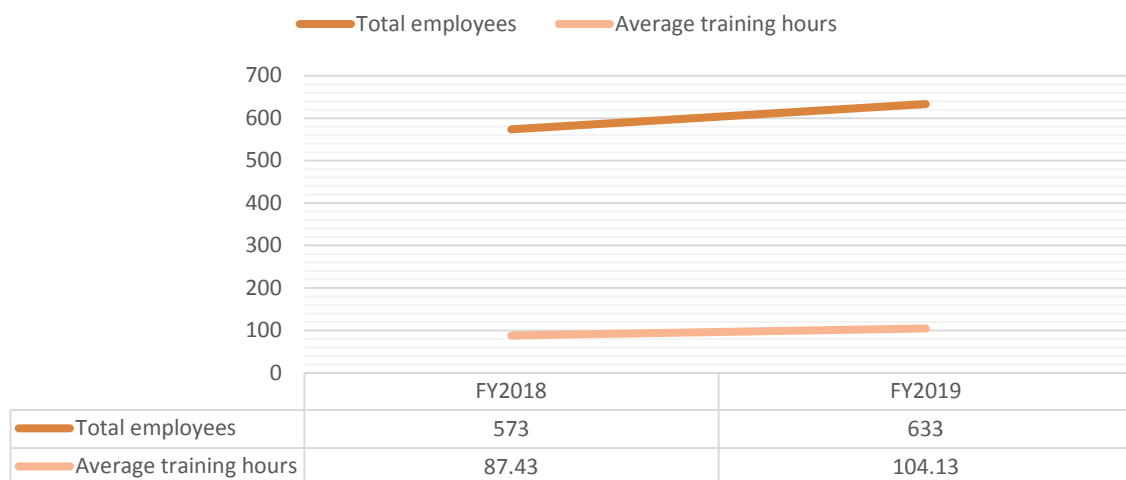
Dental Professionals

Our Group has implemented customised training models to nurture our staff and enhance our service quality. In FY2019, our Group's training plans were divided into 3 main segments: trainee dentists, trainee nurses, and new employees. We pride ourselves in having the relevant resources and budgets to allow our staffs and employees to attend several training programs that are held throughout the year, in order to ensure the continued education in our dental professionals.

To assist and facilitate our dentists in their continuous efforts in keeping abreast with the latest technology and evidence-based practice, we are always engaging them with workshops, seminars and conferences, including training by external experts. We ensure that our dental centres are fully equipped with qualified dental professionals with the necessary exposure and experience in different departments.

Our dentists participated in a total of 9 conferences in the past year, and our total training hours for all staff was 65,912 hours in FY2019 as compared to 50,100 hours in FY2018. Following a review of the previously disclosed statistics, our Group is of the view that the presentation of overall average training hours for each employee will be more accurate.

Total employees and average training hours



Besides providing basic training and teaching classes, we often encourage our dental professionals to share on academic platforms to exchange ideas. Additionally, our dental professionals would attend courses and postgraduate trainings which are held in specialised institutions such as China Medical University and Jinzhou Medical University. Our dental professionals also receive regular performance and career development review with their respective heads of department.

Training and Education



Subsequent Reporting for FY2020

Due to the COVID-19 lockdown in China, physical training sessions have been halted temporarily, until such time that there is more certainty on the COVID-19 situation. As the health and safety of its employees is of utmost importance to the Group, we expect the training hours in FY2020 to be affected adversely. Hence, for FY2020, we target to maintain the same number of training hours as FY2019.

Occupational Health and Safety

Physical Well-being

The safety of all our employees are of utmost importance. We acknowledge that in our line of work, dentists and nurses are highly exposed to several health hazards, such as bacterial or viral infections transmitted through needles, and it is our responsibility as employers to mitigate such risks. Therefore, in FY2019, we have appointed a Health and Safety Committee (“HSC”) in place to monitor and implement comprehensive safety measures that are in line with regulations set by the relevant government authorities. Our HSC comprises of the Director, 4 Deputy Directors, and 7 members, who are staff of the Group, with the following responsibilities respectively:

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

The Infection Control Department of the Ministry of Health conducts health and safety procedures trainings 2 – 3 times a year and all our staff are required to attend these trainings. The National Medical Products Administration also requires hospitals and clinics to apply for health certificates annually for all employees who are involved in handling drugs and materials, waste treatment and disposal, as well as clinical surgery. Non-compliance will result in penalties and fines. Our Group ensures compliance by having the Department-In-Charge monitor the expiry dates of the certificates and all applications of the health certificates must be reviewed and approved by the Deputy General Manager.

In addition, the Group has implemented guidelines on clinic operational procedures to safeguard patients’ safety and health. We provide every patient with a new set of dental consumables such as gloves, dental bib, mouth-rinsing cup, needles and dental instruments. After each session, this set of dental consumables will be properly disposed and replaced with a new set, and the dental instruments used will be sterilised.



Occupational Health and Safety

Physical Well-being (Cont'd)

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

Other examples of health hazards include exposure to X-ray radiation during trainings, and we have posters to remind our employees on the safety measures. We ensure an X-ray signage is displayed on the X-ray room door in all clinics. We are subject to inspection from government officials to ensure we adhere to the country's safety standards. Furthermore, we have posters in the clinics to remind our employees on the safety measures and risks exposure. For example, an X-ray signage is displayed on the X-ray room door in all clinics to caution employees on X-ray radiation. We also put up posters to promote healthy lifestyle to all staff and these posters are updated every quarter.

窝沟封闭 的作用

每个人口腔内后边大牙的咬合面(没有尖的一边)是凹凸不平的,凹陷的部位容易藏污,其清洁不好,这些窝沟容易藏污,食物残渣容易进去,很容易发生龋齿(俗称“蛀牙”)。医学上称这些窝沟为窝沟。窝沟封闭是预防龋齿,特别是青少年恒牙以上的龋齿发生的重要手段。“窝沟封闭”就是窝沟封闭剂好牙部位,它是能封闭窝沟的牙齿,其作用功能很大,也更容易发生龋齿,甚至造成过早脱落,所以保持乳牙的第一颗窝沟封闭,窝沟封闭是预防窝沟龋齿的有效方法。

“三减三健”如何实现?

- ★ 纠正过咸口味,可以使用醋、柠檬汁、果汁、香料、蒜蓉等调味,使菜肴有鲜味。
- ★ 采取控油措施,防止要盐勺,控油摄入量。
- ★ 控制饮酒量,将酒精摄入量控制在100g以内。
- ★ 少吃高盐、高糖食品及深加工食品。
- ★ 少吃零食,学会看食品标签,拒绝高盐食品。

二手烟的危害

被动吸烟俗称“吸二手烟”,不吸烟者每日被动吸烟15分钟以上者定为被动吸烟,又称“吸吸烟”或“间接吸烟”。在通常情况下绝大多数人不可能完全避免被动吸烟,但可通过主动吸烟者,当吸烟者吸烟时本身吸烟的同时,二手烟也形成污染源。除了刺激眼、鼻和咽喉外,它还会明显地增加呼吸系统和心血管系统的患病机会,以及其它呼吸系统疾病等等。严重危害人们的身体健康,现在也有办法将二手烟完全隔绝了,比如其中比较成功的是no-smoker办法,但最成功办法是彻底杜绝二手烟。

毒品介绍

一、毒品的危害性主要表现在哪些方面?

1. 严重危害人的身心健康;
2. 毒品问题危害社会和经济秩序;
3. 毒品问题阻碍和摧毁人权,加剧腐败现象;
4. 毒品问题给社会造成巨大的经济损失。

二、染上毒瘾的人一般有哪些迹象?

1. 家中或单位偷窃钱财、物品,或突然断绝向父母或亲友索取钱财;
2. 长时间躲在房间里内,或经常与人、他人、不相见人;
3. 外出时该表现得很鬼祟;
4. 随身携带吸毒工具;
5. 出现流泪的现象,在不适当的场合痛哭流泪;
6. 面色灰暗,眼睛无神,食欲不振,身体消瘦;
7. 为检查手臂上的注射针孔,以带零钱长时间观察;
8. 情绪不稳定,常常的愤怒、发脾气,坐立不安;
9. 经常无故出入偏僻的场所及吸毒者住处。

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Mental Well-being

In addition to physical well-being, we also place emphasis on the mental well-being of our staff and employees. Each freshly graduated dentist will be tagged to an experienced dentist to facilitate on-the-job training. Experienced dentists can share their valuable experiences and guide new dentists through this new working environment. This will help to alleviate the stress and provide mental support for these young dentists, thus resulting in them being able to provide their best service to our patients.

Occupational Health and Safety

Privacy

Besides physical and mental well-being, we recognize privacy to be fundamental to human rights. The protection of patients' privacy is an industry consensus, and at Aoxin Q & M, we take a firm stance in safeguarding the confidentiality of personal information. Our clinics have adopted the use of the Clinic Assist (CA) IT systems, which ensures that adequate controls are in place to restrict access to such sensitive information. Examples includes computers being connected internally to our local intranet and that our dentists can only view the information of patients that they have attended to.

We are pleased to share that in FY2019, there was no reported workplace injury nor fatalities and no penalties were imposed to the Group by regulatory authorities.

Subsequent Reporting for FY2020

We aim to raise the standards of our medical quality and service, as well as to continue practicing medical safety among all staff and employees to minimise the risks of infections and exposure to health hazards. We also target to maintain zero serious workplace injuries encountered by our staff and employees for the following years.

Local Communities

Investing in our community is an integral part of our sustainability strategy. Our Group is committed to being a responsible corporate citizen in the market we operate, driving positive and sustainable change for our communities. Through our partnerships and staff engagement initiatives, we combine our collective resources and leverage our skills and core competencies to make a positive and sustainable change to communities in need.

We hold free clinics and treatment sessions at every of our Group's clinic on "Oral Care Day" on 20 September every year. Throughout the year, we held numerous "Little Dentists" programmes (小牙医活动) throughout Liaoning Province. During these outreach sessions, our dentists and staff went to kindergartens, elementary schools, and early education centres to teach young children the good dental habits and educate them on the importance of maintaining good dental health. Additionally, we conducted free dental check-ups at kindergartens. In Jinzhou, 4 of our staff even held an information session to educate preschool teachers on adolescent dental care.

We also sponsored the Liaoning Children Health Check-up initiative and conducted free dental hygiene education and dental check-up, offering dental hygiene assistance to special needs children.

In FY2019, we further partnered with trade unions to hold ad-hoc check-ups and dental screenings for local communities in various cities. In addition, we collaborated with other corporations to educate dental hygiene to communities, as well as conduct surveys to promote dental hygiene and raise dental health awareness to these communities. We also worked together with leading academic institutions and conducted visits to kindergartens, schools, and communal space to organise educational talks on oral care.

We also promote dental health awareness through marketing and digital media campaigns on online platforms such as WeChat and Weibo, which in turn resulted in raising our Group's reputation in the region. These initiatives are in line with our corporate concept of giving back to the community and have allowed us to integrate Aoxin Q & M's values into our business decisions.

Local Communities



Our Group also teamed up with Jinzhou Medical University to provide lectures and practical training to students and dental professionals. In particular, 4 of our dental centres are designated as training centres/ clinical hospital:

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

Our stomatology training centre at Shenyang is fully equipped with a multimedia teaching hall, a multi-function simulation laboratory and a technical laboratory, so that aspiring dentists are sufficiently educated and trained in the appropriate fields of practice, ensuring that they are competent enough to offer patients their services. In addition, Dr. Shao Yongxin who is also the Dean of Jinzhou Medical University, Shenyang Department of Stomatology, actively participates in the learning and growth of the undergraduates through conducting lectures and reviewing their progress.



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

Local Communities



Enrolment remains highly competitive and it is extremely well-received as a degree of choice among undergraduates in the region.

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

Subsequent Reporting for FY2020

Moving forward, we target to have more collaborations with charity organisations or youth organisations to reach out to more people through free clinic, free dental hygiene education and dental check-up, offering dental hygiene assistance to children with special needs.

SGX Five Primary Components Index

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

GRI Standard	Disclosure	Page Reference and Reasons for Omission, if applicable (page)
GENERAL DISCLOSURE		
GRI 102: General Disclosures	Organisational Profile	
	102-1 Name of the organisation	3
	102-2 Activities, brands, products, and services	5
	102-3 Location of headquarters	5
	102-4 Location of operations	5 - 6
	102-5 Ownership and legal form	6
	102-6 Markets served	5 - 6
	102-7 Scale of the organisation	6
	102-8 Information on employees and other workers	5, 17, 18, 27
	102-9 Supply chain	9
	102-10 Significant changes to the organisation and its supply chain	9
	102-11 Precautionary principle or approach	19
	102-12 External initiatives	32 - 34
	102-13 Membership of associations	10 - 15
	Strategy	
	102-14 Statement from senior decision maker	3
	Ethics and Integrity	
	102-16 Values, principles, standards, and norms of behaviour	7 - 8
	Governance	
	102-18 Governance structure	16 - 18
	Stakeholder Engagement	
	102-40 List of stakeholder groups	20
	102-41 Collective bargaining agreements	Not Applicable, as our employees are not covered by collective bargaining agreements
	102-42 Identifying and selecting stakeholders	20
	102-43 Approach to stakeholder engagement	20
	102-44 Key topics and concerns raised	20
	Reporting Practice	
	102-45 Entities included in the consolidated financial statements	Annual Report for FY2020, to be issued on or before 14 June 2020
	102-46 Defining report content and topic boundaries	4
	102-47 List of material topics	21
	102-48 Restatements of information	NIL
	102-49 Changes in reporting	Not Applicable
102-50 Reporting period	4	
102-51 Date of most recent report	29 May 2019	
102-52 Reporting cycle	4	
102-53 Contact point for questions regarding the report	4	
102-54 Claims of reporting in accordance with the GRI Standards	4	
102-55 GRI content index	36 - 37	
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GRI Standard	Disclosure	Page Reference and Reasons for Omission, if applicable (page)
MATERIAL TOPICS		
Economic Performance		
GRI 201: Economic Performance	103-1 Explanation of the material topic and its boundaries	22
	103-2 The management approach and its components	22
	103-3 Evaluation of the management approach	22
	201-1 Direct Economic value generated and distributed	22
	201-2 Financial implications and other risk and opportunities due to climate change	Annual Report for FY2020, to be issued on or before 14 June 2020
	201-3 Defined benefit plan obligations and other retirement plans	
201-4 Financial assistance received from government		
Anti-Corruption		
GRI 103: Management Approach	103-1 Explanation of the material topic and its boundaries	23
	103-2 The management approach and its components	23
	103-3 Evaluation of the management approach	23
GRI 205: Anti-Corruption	205-1 Operations assessed for risks related to corruption	23
	205-2 Communication and training about anti-corruption policies and procedures	23
	205-3 Confirmed incidents of corruption and actions taken	23
Energy		
GRI 103: Management Approach	103-1 Explanation of the material topic and its boundaries	24 - 25
	103-2 The management approach and its components	24 - 25
	103-3 Evaluation of the management approach	24 - 25
GRI 302: Energy	302-1 Energy consumption within the organisation	24 - 25
	302-2 Energy consumption outside of the organisation	Not Applicable
	302-3 Energy intensity	24 - 25
	302-4 Reduction of energy consumption	24 - 25
	302-5 Reductions in energy requirements of products and services	24 - 25
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GRI 103: Management Approach	103-1 Explanation of the material topic and its boundaries	26 - 28
	103-2 The management approach and its components	26 - 28
	103-3 Evaluation of the management approach	26 - 28
GRI 404: Training and Education	404-1 Average hours of training per year per employee	26 - 28
	404-2 Programs for upgrading employee skills and transition assistance programs	26 - 28
Occupational Health and Safety		
GRI 103: Management Approach	103-1 Explanation of the material topic and its boundaries	29 - 31
	103-2 The management approach and its components	29 - 31
	103-3 Evaluation of the management approach	29 - 31
GRI 403: Occupational Health and Safety	403-1 Occupational health and safety management system	29 - 31
	403-2 Hazard identification, risk assessment, and incident investigation	29 - 31
	403-3 Occupational health services	29 - 31
	403-4 Worker participation, consultation, and communication on occupational health and safety	29 - 31
	403-5 Worker training on occupational health and safety	29 - 31
	403-6 Promotion of worker health	29 - 31
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	29 - 31
	403-8 Workers covered by an occupational health and safety management system	29 - 31
	403-9 Work-related injuries	29 - 31
	403-10 Work-related ill health	29 - 31
Local Communities		
GRI 103: Management Approach	103-1 Explanation of the material topic and its boundaries	32 - 34
	103-2 The management approach and its components	32 - 34
	103-3 Evaluation of the management approach	32 - 34
GRI 413: Local Communities	413-1 Operations with local community engagement, impact assessments, and development programs	32 - 34
	413-2 Operations with significant actual and potential negative impacts on local communities	Not Applicable