

Full Year Financial Statement Announcement for the Financial Year Ended 31 December 2018

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF FULL YEAR RESULTS

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

1(a)(i) Unaudited Consolidated Statement of Comprehensive Income of our Group for the full year (twelve months) ended 31 December 2018.

In RMB'000	Note	Group		Change %
		12 months		
		FY2018 (Unaudited)	FY2017 (Audited)	
Revenue				
Primary healthcare		75,125	67,253	12
Distribution of dental equipment and supplies		32,321	30,551	6
Laboratory services		11,668	2,865	NM
Total revenue		119,114	100,669	18
Interest income	(a)	152	75	NM
Other gains		45	20	NM
Expenses	(b)			
Consumables and dental supplies		(11,325)	(8,865)	28
Cost of dental equipment and supplies		(26,080)	(24,020)	9
Cost of laboratory services		(2,730)	(521)	NM
Employee benefits expense		(46,817)	(32,799)	43
Depreciation and amortisation expense		(8,211)	(5,523)	49
Rental expense		(7,333)	(4,889)	50
Finance costs		(2)	(1)	NM
Professional fee and expenses related to the IPO		-	(5,803)	NM
Other expenses		(15,714)	(9,497)	65
Other losses		(700)	(362)	93
Profit before tax from continuing operations		399	8,484	(95)
Income tax expense		(852)	(3,606)	(76)
(Loss)/Profit after tax from continuing operations		(453)	4,878	NM
Profit from disposal of discontinued operations		-	130	NM
(Loss)/Profit after tax		(453)	5,008	NM
Other comprehensive income/(losses):				
Exchange differences on translating foreign operations	1,569	(1,925)	NM	
Other comprehensive income/(losses) for the year	1,569	(1,925)	NM	
Total comprehensive income for the year	1,116	3,083	(64)	
(Loss)/Profit attributable to:				
Owners of the parent				
- Continuing operations	(453)	4,878	NM	
- Discontinued operations	-	134	NM	
	(453)	5,012	NM	
Non-controlling interest				
- Continuing operations	-	-	-	
- Discontinued operations	-	(4)	NM	

In RMB'000	Note	Group		Change %
		12 months		
		FY2018 (Unaudited)	FY2017 (Audited)	
(Loss)/Profit net of tax		-	(4)	NM
		(453)	5,008	NM
(Loss)/Profit net of tax excluding professional fee and expenses related to the IPO attributable to owners of the parent from continuing operations		(453)	10,681	NM
Comprehensive income attributable to: Owners of the parent				
- Continuing operations		1,116	2,953	(62)
- Discontinued operations		-	134	NM
		1,116	3,087	(64)
Non-controlling interest				
- Continuing operations		-	-	-
- Discontinued operations		-	(4)	NM
		-	(4)	NM
Total comprehensive income		1,116	3,083	(64)

NM: Not Meaningful

Notes:

(a) Other gains

In RMB'000	FY2018 (Unaudited)	FY2017 (Audited)
Government grant	11	20
PIC cash payout	34	-
	45	20

(b) Other losses

In RMB'000	FY2018 (Unaudited)	FY2017 (Audited)
Foreign exchange translation losses	(432)	(346)
Loss on disposal of plant and equipment	(1)	-
Plant and equipment written off	(267)	(16)
	(700)	(362)

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

In RMB'000	Group		Company	
	31 Dec 2018 (Unaudited)	31 Dec 2017 (Audited) (Restated)	31 Dec 2018 (Unaudited)	31 Dec 2017 (Audited)
ASSETS				
<u>Non-current assets</u>				
Property, plant and equipment	62,442	36,135	369	411
Intangible assets	115,372	116,257	-	-
Investment in subsidiaries	-	-	267,209	254,039
Other assets	402	410	328	410
Total non-current assets	178,216	152,802	267,906	254,860
<u>Current assets</u>				
Inventories	9,576	7,327	-	-
Trade and other receivables	19,586	10,402	10,501	3,231
Other assets	8,078	2,485	289	317
Cash and cash equivalents	50,318	95,265	22,297	36,563
Total current assets	87,558	115,479	33,087	40,111
Total assets	265,774	268,281	300,993	294,971
EQUITY AND LIABILITIES				
<u>Equity</u>				
Share capital	295,356	284,744	295,356	284,744
Retained earnings/(accumulated losses)	10,764	16,584	(2,638)	295
Other reserves	(60,103)	(64,719)	5,970	3,149
Total equity	246,017	236,609	298,688	288,188
<u>Non-current liabilities</u>				
Deferred tax liabilities	1,536	1,757	-	-
Total non-current liabilities	1,536	1,757	-	-
<u>Current liabilities</u>				
Income tax payables	-	182	-	-
Trade and other payables	17,284	29,733	2,305	6,783
Other financial liabilities	937	-	-	-
Total current liabilities	18,221	29,915	2,305	6,783
Total liabilities	19,757	31,672	2,305	6,783
Total equity and liabilities	265,774	268,281	300,993	294,971

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

	31 December 2018		31 December 2017	
	RMB'000		RMB'000	
	Secured	Unsecured	Secured	Unsecured
<u>Bills payable</u>				
Amount repayable within one year or less, or on demand	937	-	-	-
Amount repayable after one year	-	-	-	-

The Group's debt securities above relates to the bills payables of the subsidiary, and are secured or covered by corporate guarantee from the Company and trade receivables pledged.

- 1(b)(iii) Certain reclassifications were made to the prior year's financial statements to enhance comparability with the current year's financial statements. The reclassifications included the following:

On 26 October 2017 and 8 December 2017, the Group acquired Shenyang Qingamei Oral Restorative Technology Co., Ltd. and Zhuanghe City Aoxin Dawei Dental Co., Ltd respectively.

In FY2017, the fair values of identifiable assets acquired and liabilities assumed from the acquisition of the abovementioned subsidiaries were recorded on a provisional basis as the hindsight period (of not more than 12 months) allowed by SFRS(I) 3, Business Combinations, has not yet expired as at 31 December 2017.

In FY2018, management finalised the purchase price allocation exercise required by SFRS(I) 3. Consequently, certain comparative figures in the FY2018 financial statements have been reclassified to reflect the fair values of the identifiable assets acquired and liabilities assumed at date of acquisition as follows:

	After reclassification	Before reclassification	Difference
	RMB'000	RMB'000	RMB'000
Group			
<u>As at 31 December 2017</u>			
Intangible assets	116,257	115,147	1,110
Deferred tax liabilities	(1,757)	(647)	(1,110)

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

In RMB'000	Group	
	FY2018 (Unaudited)	FY2017 (Audited)
<u>Cash flows from operating activities</u>		
Profit before tax	399	8,484
Adjustments for:		
Depreciation and amortisation expense	8,211	5,523
IPO expenses	-	5,803
Gain on disposal of discontinued operations	-	(61)
Loss on disposal of plant and equipment	1	-
Plant and equipment written off	267	16
Foreign currency translation reserve	1,556	(1,609)
Interest expense	2	1
Share-based payments	1,338	640
Operating cash flows before changes in working capital	11,774	18,797
Inventories	(2,249)	(547)
Trade and other receivables	(7,370)	5,970
Other assets	(3,469)	(1,642)
Trade and other payables	3,733	(5,158)
Net cash flows from operations	2,419	17,420
Income taxes paid	(3,370)	(5,304)
Net cash flows (used in)/ generated from operating activities	(951)	12,116
<u>Cash flows used in investing activities</u>		
Acquisitions of subsidiaries	-	(2,210)
Amount paid to vendors for acquisition of subsidiaries in prior years	(16,182)	-
Purchase of property, plant and equipment	(33,889)	(4,407)
Net cash flows used in investing activities	(50,071)	(6,617)
<u>Cash flows from financing activities</u>		
Repayment of advances to related companies	-	(4,857)
Dividend paid	(3,658)	(1)
Interest paid	(2)	(1)
Proceeds from short term loan	937	-
Proceeds from share subscription	10,612	68,870
Other receivables	(1,814)	(282)
IPO expenses	-	(8,881)
Net cash flows generated from financing activities	6,075	54,848
Net (decrease)/increase in cash and cash equivalents	(44,947)	60,347
Cash and cash equivalents at beginning of year	95,265	34,918
Cash and cash equivalents at end of year	50,318	95,265

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

In RMB'000	Share capital	Retained earnings	Other reserves	Total attributable to parent	Non-controlling Interest	Total equity
Group						
Opening balance at 1 January 2018	284,744	16,584	(64,719)	236,609	-	236,609
Changes in equity:						
Total comprehensive (loss)/income for the year	-	(453)	1,569	1,116	-	1,116
Issue of share capital	10,612	-	-	10,612	-	10,612
Dividend paid	-	(3,658)	-	(3,658)	-	(3,658)
Share-based payments	-	-	1,338	1,338	-	1,338
Transfer to statutory reserve	-	(1,709)	1,709	-	-	-
Closing balance at 31 December 2018	295,356	10,764	(60,103)	246,017	-	246,017
Group						
Opening balance at 1 January 2017	44,312	12,317	22,646	79,275	15,587	94,862
Changes in equity:						
Total comprehensive income/(loss) for the year	-	5,012	(1,925)	3,087	(4)	3,083
Issue of new shares pursuant to the Restructuring Exercise	178,105	-	(101,808)	76,297	-	76,297
Issue of new shares pursuant to the IPO	56,221	-	-	56,221	-	56,221
Issue of share capital	9,184	-	-	9,184	-	9,184
Decrease in non-controlling interest without a change in control	-	-	14,984	14,984	(14,984)	-
Share-based payments	-	-	640	640	-	640
Transfer to statutory reserve	-	(744)	744	-	-	-
Dividend paid	-	(1)	-	(1)	-	(1)
Capitalisation of IPO expenses	(3,078)	-	-	(3,078)	-	(3,078)
Disposals of subsidiaries classified under disposal group	-	-	-	-	(599)	(599)
Closing balance at 31 December 2017	284,744	16,584	(64,719)	236,609	-	236,609

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

In RMB'000	Share capital	Retained earnings / (accumulated losses)	Other reserves	Total equity
Company				
Opening balance at 1 January 2018	284,744	295	3,149	288,188
Changes in equity:				
Total comprehensive income for the year	-	725	1,483	2,208
Issue of share capital	10,612	-	-	10,612
Dividend paid [#]	-	(3,658)	-	(3,658)
Share-based payments	-	-	1,338	1,338
Closing balance at 31 December 2018	295,356	(2,638)	5,970	298,688
Company				
Opening balance at 1 January 2017	44,312	(5,639)	106,614	145,287
Changes in equity:				
Total comprehensive income/(loss) for the year	-	5,934	(2,297)	3,637
Issue of new shares pursuant to Restructuring Exercise	178,105	-	(101,808)	76,297
Issue of new shares pursuant to IPO	56,221	-	-	56,221
Issue of share capital	9,184	-	-	9,184
Share-based payments	-	-	640	640
Capitalisation of IPO expenses	(3,078)	-	-	(3,078)
Closing balance at 31 December 2017	284,744	295	3,149	288,188

[#] Final one-tier tax exempt dividend in respect of profit for the reporting year ended 31 December 2017 amounting to RMB5,934,000.

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

There has been no change in the Company's issued and paid up share capital from 1 July 2018 to 31 December 2018.

There were no subsidiary holdings, treasury shares or convertible instruments as at 31 December 2018 and 31 December 2017.

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

	31 Dec 2018	31 Dec 2017
Total number of issued shares excluding treasury shares	<u>381,574,909</u>	<u>372,161,638</u>

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

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

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

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

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

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

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

Not applicable.

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

Except as set out in Paragraph 5 of this announcement, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period as those used in the audited annual financial statements for the financial year ended 31 December 2017.

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

In the current reporting period, the Group adopted the new and revised Singapore Financial Reporting Standards (International) (“**SFRS(I)**”) and Interpretations to SFRS(I) (“**SFRS(I) INT**”) that are relevant to its operations and are effective for first-time adoption during the current reporting period. The adoption of these new and revised SFRS(I) and SFRS(I) INT has no material effect on Group’s financial statements.

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

	Group	
Earnings per ordinary share (RMB cents)	FY2018	FY2017
Basic/fully diluted earnings per share (“EPS”)		
a. Continuing operations	(0.12)	1.49
b. Discontinued operations	-	0.04
	<u>(0.12)</u>	<u>1.53</u>
Weighted average number of shares	380,053,312	326,513,568

The EPS for FY2018 and FY2017 have been computed based on the (loss)/profit attributable to equity holders of the Company, net of tax, respectively.

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

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

	Group		Company	
	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
Net asset value per ordinary share (RMB cents)	<u>64.5</u>	<u>63.6</u>	<u>78.3</u>	<u>77.4</u>

The net asset value per ordinary share of the Group and of the Company have been calculated based on the total issued number of ordinary shares of 381,574,909 and 372,161,638 as at 31 December 2018 and 31 December 2017 respectively.

8. A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion of the following:
- a) any significant factors that affected the turnover, costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
 - b) any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.

Statement of Comprehensive Income

Revenue

Revenue from primary healthcare increased by approximately 12% to RMB75.1 million in FY2018 (FY2017: RMB67.3 million). This was mainly due to higher paediatric dentistry and implantology revenue from the existing hospitals and clinics, newly opened Panjin Hospital and Shenhe Clinic in May 2018 and revenue from Zhuanghe City Aoxin Dawei Dental Co., Ltd ("AXDW") which was acquired in December 2017.

Revenue from the distribution of dental equipment and supplies segment increased by 6% to RMB32.3 million in FY2018 (FY2017: RMB30.6 million), due to higher sales generated from dental supplies as compared to last year.

Revenue from laboratory services segment was contributed by Shenyang Qingamei Oral Restorative Technology Co., Ltd. ("SYQM") which was acquired in October 2017.

Expenses

Cost of consumables and dental supplies

Consumables and dental supplies used increased by approximately 28% to RMB11.3 million in FY2018 (FY2017: RMB8.9 million). This was mainly due to the increase in the cost of materials which was partially due to the increase in revenue for primary healthcare. As a percentage of revenue, consumables and dental supplies used in the primary healthcare segment increased to 15.1% (FY2017: 13.2%).

Cost of dental equipment and supplies

In line with higher revenue, cost of sales for the distribution of dental equipment and supplies segment increased by approximately 9% to RMB26.1 million in FY2018 (FY2017: RMB24.0 million). As a percentage of revenue, the cost of sales for the distribution of dental equipment and supplies segment increased to 80.7% (FY2017: 78.6%).

Cost of laboratory services

This was attributed by SYQM, which was acquired in October 2017. As a percentage of revenue, the cost of laboratory services increased to 23.4% in FY2018 (FY2017: 18.2%), which was in line with the higher revenue.

Employee benefits expense

Employee benefits increased by approximately 43% to RMB46.8 million in FY2018 (FY2017: RMB32.8 million). These were mainly due to:

- (i) Increase in headcount and salary costs for both primary healthcare and distribution of dental equipment and supplies segment, which increased in line with the increase in revenue; and
- (ii) Additional headcount due to the newly acquired entities such as SYQM and AXDW, and the newly opened Panjin Hospital and Shenhe Clinic.

As a percentage of revenue, employee benefits expense increased to 39.3% in FY2018 (FY2017: 32.6%).

Depreciation and amortisation expense

Depreciation and amortisation expenses increased by approximately 49% to RMB8.2 million in FY2018 (FY2017: RMB5.5 million). The increase of RMB2.7 million was mainly due to renovation costs and purchase of dental and laboratory equipment in relation to the acquisitions of SYQM and AXDW, as well as the purchase of equipment and renovation for the newly opened Panjin Hospital and Shenhe Clinic. As a percentage of revenue, depreciation and amortisation expense increased to 6.9% (FY2017: 5.5%).

Rental expenses

Rental expenses increased by approximately 50% to RMB7.3 million in FY2018 (FY2017: RMB4.9 million). The increase of RMB2.4 million was mainly due to the increase in rental expenses for the newly acquired entities such as SYQM and AXDW, and the newly opened Panjin Hospital and Shenhe Clinic. As a percentage of revenue, rental expenses increased to 6.2% (FY2017: 4.9%).

Professional Fee and Expenses Related to the IPO

In FY2017, professional fees and expenses of RMB5.8 million were related to the IPO of the Company.

Other Expenses

Other expenses increased by approximately 65% to RMB15.7 million in FY2018 (FY2017: RMB9.5 million). The increase of RMB6.2 million was mainly due to marketing and advertisement costs for promoting the hospitals and clinics, travel expenses and entertainment fee. As a percentage of revenue, other expenses increased to 13.2% (FY2017: 9.4%).

Other Losses

Other losses of RMB700,000 in FY2018 was mainly due to losses in foreign currency translations and plant and equipment written off.

(Loss)/Profit after Tax from Continuing Operations

Profit after tax from continuing operations decreased by approximately RMB5.4 million, from a profit after tax from continuing operations of RMB4.9 million in FY2017 to a loss after tax from continuing operations of RMB0.5 million in FY2018. This was mainly due to the losses in Heping polyclinic and the gestation losses in Panjin Hospital and Shenhe Clinic which was newly opened in May 2018.

(Loss)/Profit after Tax Excluding Professional Fee and Expenses Related to the IPO Attributable to Owners of the Parent from Continuing Operations

Excluding the professional fee and expenses incurred in relation to the IPO, loss after tax attributable to owners of the parent from continuing operations would have been RMB0.5 million in FY2018 as compared to profit after tax of RMB10.7 million in FY2017.

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 2018 and 31 December 2017.

Non-Current Assets

Non-current assets increased by approximately RMB25.4 million to RMB178.2 million as at 31 December 2018 (31 December 2017: RMB152.8 million). This was mainly due to the purchase of property at No.190 of Da Nan Street, Shenhe District, Shenyang City amounting to RMB6.8 million, the acquisition of plant and equipment in relation to the acquisition of SYQM and AXDW of RMB4.2 million, and the purchase of equipment and renovation for the newly opened Panjin Hospital and Shenhe Clinic of RMB15.9 million. These were partially offset by depreciation and fixed assets written off.

Current Assets

Current assets decreased by approximately RMB27.9 million to RMB87.6 million as at 31 December 2018 (31 December 2017: RMB115.5 million).

Inventories increased by RMB2.3 million to RMB9.6 million as at 31 December 2018 (31 December 2017: RMB7.3 million) mainly due to the increase in the dental equipment and supplies for the new hospital, clinics and newly acquired subsidiaries.

Trade and other receivables increased by RMB9.2 million to RMB19.6 million as at 31 December 2018 (31 December 2017: RMB10.4 million). This was mainly due to higher sales to government hospitals, increase in advances paid to suppliers and increase in loans to staff.

Other assets increased by RMB5.6 million to RMB8.1 million as at 31 December 2018 (31 December 2017: RMB2.5 million). This was mainly due to prepaid rental and tax recoverable.

Cash and cash equivalents decreased by RMB45.0 million to RMB50.3 million as at 31 December 2018 (31 December 2017: RMB95.3 million). This was mainly due to purchase of properties, and use of IPO proceeds for expansion of business through organic growth and acquisitions.

Current Liabilities

Current liabilities decreased by approximately RMB11.7 million to RMB18.2 million as at 31 December 2018 (31 December 2017: RMB29.9 million).

Trade and other payables decreased by RMB12.4 million to RMB17.3 million as at 31 December 2018 (31 December 2017: RMB29.7 million). The decrease was mainly due to payment made to vendors for the acquisition of subsidiaries, partially offset by bills payable in the distribution of dental equipment and supplies segment of RMB937,000.

Statement of Cash Flows

The Group's net cash flow used in operating activities in FY2018 was RMB1.0 million. This was mainly attributable to cash flow from operations, increase in trade and other receivables, inventories, and other assets, offset by the increase of trade and other payables.

Net cash used in investing activities in FY2018 amounted to RMB50.1 million. This was mainly attributable to the purchase of property, plant and equipment and amount paid to vendors for acquisition of subsidiaries.

Net cash from financing activities in FY2018 was RMB6.1 million, and was mainly attributable to issuance of new shares and partially offset by dividend for FY2017 paid in May 2018.

Due to the above reasons, the Group's cash and cash equivalents was RMB50.3 million as at 31 December 2018 as compared to RMB95.3 million as at 31 December 2017.

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

No forecast or a prospect statement was disclosed previously.

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

Industry Prospects

Barring any unforeseen circumstance, there are no significant changes in the trends and competitive conditions of the industry in which the Group operates in.

Recent Developments

- Update on Development of New Hospital in Panjin

On 20 May 2018, the Group announced the official opening of the Panjin Hospital which is located in the city of Panjin, Xinglongtai District. Panjin Aoxin Q&M Stomatology Hospital Co., Ltd is established as a Sino-Foreign Equity Joint Venture (EJV) enterprise with registered capital of RMB20.0 million.

- Update on Shenyang Shenhe Aoxin Stomatology Polyclinic Co., Ltd.

On 30 May 2018, the Group announced the official opening of the Shenhe Clinic. Shenhe Clinic is located in the city of Shenyang, Shenhe District, and occupies one unit on the 6th storey of Kaisa Commercial Centre. Kaisa Commercial Centre is a newly-built shopping mall situated along Youth Avenue, a well-known commercial street in Shenyang City.

- Update on Proposed Acquisition of Youxin Dental Clinic

On 31 December 2018, the Group announced that Shenyang Xin Ao Hospital Management Co., Ltd. ("SYXA"), a subsidiary of the Company, had entered into a Master Agreement and further definitive agreements for the proposed acquisition of Youxin Dental Clinic ("YX Dental"). YX Dental is incorporated in Jinzhou City, Liaoning Province, China and its principal activities are those of providing general and specialist dentistry services. The acquisition consideration of RMB19.6 million will be satisfied in cash of RMB13.7 million and an issuance of new ordinary shares amounting to RMB5.9 million at S\$0.23 each. The new shares to be issued will be moratorised till 30 September 2022.

On 15 January 2019, SYXA had completed the onshore share transfer of YX Dental.

- Awards from Jinzhou Medical University

On 7 July 2018, the Group's subsidiary Shenyang Aoxin Q&M Stomatology Hospital and its dentists, Dr Ma Shuyi and Dr Sun Hailong, won awards in a medical conference held at Jinzhou Medical University for the Clinical Specialist Centre of Prosthodontics, the Best

Clinical Expert and the Young Clinical Dentist respectively. These awards were in recognition of the Group's technical competence and quality of service.

- Acquisition of Property

On 17 October 2018, the Group's subsidiary Shenyang Aoxin Q&M Stomatology Hospital completed the acquisition of the premise located at No.190 of Da Nan Street, Shenhe District, Shenyang City from Ms. Li Xiao Lan for a total consideration of RMB6.6 million.

- Completion of Share Gift by Q&M Dental Group (Singapore) Limited

Pursuant to the Offer Document issued by the Company for its listing, the controlling shareholder of the Company, Q&M Dental Group (Singapore) Limited ("**Q&M Singapore**"), completed the transfer of 1,107,500 Shares to its 452 employees on 26 October 2018. Subsequent to the completion of the Share Gift, the shareholding of Q&M Singapore in the Company changed from 42.84% to 42.55%.

- Proposed Acquisitions of properties as Interested Person Transactions

On 6 December 2018, the Group announced the following Proposed Acquisitions:

- a) the Group's subsidiary, Shenyang Aoxin Q & M Stomatology Hospital Co., Ltd. entered into a binding framework agreement with Mdm Shao Li Hua ("**Vendor**"), to acquire the premise located at No. 192 of Danan Street, Shenhe District, Shenyang, Liaoning Province, the People's Republic of China (the "**PRC**"), for a total consideration of RMB10.2 million; and
- b) the Group's subsidiary, Shenyang Heping Q & M Aoxin Stomatology Polyclinic Co., Ltd. entered into a binding framework agreement with the Vendor, to acquire the premise located at No. 31A of Xita Street, Heping District, Shenyang, Liaoning Province, the PRC, for a total consideration of RMB8.7 million.

The Vendor is the sister of Dr. Shao Yongxin, the Executive Director and Group Chief Executive Officer. Accordingly, the Vendor is an interested person within the meaning of Chapter 9 of the Catalist Rules. The Proposed Acquisitions were approved by the shareholders of the Company on 9 January 2019.

- Update on Acquisition of Shenyang Huanggu Aoxin Dental Clinic Co., Ltd

On 21 December 2018, the Group announced that SYXA has entered into a sale and purchase agreement for the acquisition of Shenyang Huanggu Aoxin Dental Clinic Co., Ltd ("**Huanggu Clinic**") for a total consideration of RMB1.1 million.

On 30 January 2019, SYXA had completed the onshore share transfer of Huanggu Clinic.

- Update on Incorporation of Subsidiaries

On 26 December 2018, the Company announced that SYXA incorporated the following indirect wholly-owned subsidiaries:

- a) Dalian Aoxin Quanmin Stomatology Hospital Co., Ltd.
- b) Huludao Longgang District Aoxin Stomatology Polyclinic Co., Ltd.
- c) Anshan Lishan District Aoxin Q&M Stomatology Polyclinic Co., Ltd.

The above subsidiaries are expected to commence business operations in 2Q2019.

Future Plans

The Group continues to execute the business plans outlined below.

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

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

- Consolidate the Group's dental and equipment supplies segment and expand outside the three provinces (Liaoning, Heilongjiang and Jilin)

The Group will continue to:

- collaborate with existing vendors to introduce products and reach out to new clients beyond the three provinces; and
- source for reputable vendors to increase the range of high-end products available to customers.

11. Dividend

(a) Current financial period reported on

Any dividend declared for the current financial period reported on?

None.

(b) Corresponding period of the immediately preceding financial year

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

Yes.

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

(c) The date the dividend is payable.

Not applicable.

(d) Books closure date

Not applicable.

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

No dividend has been declared or recommended for the financial year ended 31 December 2018 as the Group has decided to conserve cash for expansion.

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

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

14. Use of proceeds

On 9 November 2018, the Group had fully utilized the IPO Proceeds of S\$9.1 million for expansion of business through organic growth, mergers and acquisitions.

PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

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

The Group has three reportable segments as described below:

- the provision of private dental services, which includes, amongst others, the practice of stomatology and general dentistry, endodontics, orthodontics, periodontics, prosthodontics, dental implantology, oral and maxillofacial surgery, aesthetic dentistry and paedodontics, as well as the management of dental centres for and on behalf of other owners;
- the distribution of dental equipment and supplies, which includes, amongst others, the distribution of equipment and supplies used in the provision of dental services; and
- the laboratory services, which includes, amongst others, the manufacturing of porcelain crown, bridges and dentures.

In RMB'000	FY2018	FY2017
Segment Revenue		
Primary healthcare	75,125	67,253
Distribution of dental equipment and supplies	32,321	30,551
Laboratory services	11,668	2,865
Total	119,114	100,669
Segment Result		
Primary healthcare	(1,995)	11,596
Distribution of dental equipment and supplies	1,277	1,741
Laboratory services	1,117	950
Professional fee and expenses in relation to the IPO	-	(5,803)
Consolidated profit before tax	399	8,484
Income tax expense	(852)	(3,606)
(Loss)/Profit for the year	(453)	4,878
Segment Asset		
Primary healthcare	231,141	247,012
Distribution of dental equipment and supplies	21,951	11,575
Laboratory services	12,682	9,694
Total	265,774	268,281

In RMB'000	FY2018	FY2017
Segment Liabilities		
Primary healthcare	13,085	26,486
Distribution of dental equipment and supplies	5,072	3,736
Laboratory services	1,600	1,450
Total	19,757	31,672
Capital Expenditure		
Primary healthcare	30,705	2,109
Distribution of dental equipment and supplies	42	528
Laboratory services	3,589	1,770
Total	34,336	4,407
Depreciation		
Primary healthcare	6,434	5,036
Distribution of dental equipment and supplies	64	18
Laboratory services	829	100
Total	7,327	5,154
Amortisation		
Primary healthcare	360	327
Distribution of dental equipment and supplies	41	42
Laboratory services	483	-
Total	884	369

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

Performance by business segment

The increase in revenue for primary healthcare segment in FY2018 was mainly due to organic growth through the incorporation of new hospital and clinics.

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

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

17. A breakdown of sales

In RMB'000	2018	2017	Change %
Revenue reported for first half year	59,694	47,615	25
Operating profit after tax reported for first half year	3,399	1,435	137
Revenue reported for second half year	59,420	53,054	12
Operating (loss)/profit after tax reported for second half year	(3,852)	3,573	NM

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

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

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

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

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

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

Name	Age	Family relationship with any director, chief executive officer and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Shao LiHua	67	Sister of Dr Shao YongXin, Group Chief Executive Officer of Aoxin Q & M Dental Group Limited.	Deputy Admin Manager (2014)	None
San Yi Leong	42	Brother-in-law of Dr Ng Chin Siau, a substantial shareholder.	Deputy Group Chief Executive Officer (2019)	None

BY ORDER OF THE BOARD

Dr. Shao Yongxin
Group Chief Executive Officer
28 February 2019

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

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

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