



**VOLUNTARY BUSINESS UPDATE FOR THE 9 MONTHS ENDED
30 SEPTEMBER 2021**

The Board of Directors (the “**Board**”) of Aoxin Q&M Dental Group Limited (the “**Company**”, “**AOXIN Q & M**” and together with its subsidiaries, the “**Group**”) wishes to update shareholders in this voluntary business update on the Group’s financial performance for the nine months ended 30 September 2021 (“**9M2021**”). The financial information for 9M2021 is based on the Group’s latest unaudited consolidated management accounts.

AOXIN Q & M has reversed net loss and recorded profit of RMB2.3 million for three months ended 30 September 2021 (“3Q2021”). The Group has also narrowed losses to RMB3.8 million for 9M2021 compared to nine months ended 30 September 2020 (“9M2020”).

Key Financial Performance Highlights

Group	Third Quarter			Nine Months		
	3Q2021	3Q2020	Change	9M2021	9M2020	Change
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Revenue	41,008	41,312	(0.7)	123,278	90,208	36.7
EBITDA ¹	7,904	8,790	(10.1)	12,060	8,609	40.1
Net profit/(loss)	2,290	3,190	(28.2)	(3,800)	(7,264)	(47.7)

Dr. Shao Yongxin, Group Chief Executive Officer of Aoxin Q & M, said “We are encouraged by our recent results, showing recovery from 2020 which was adversely affected by the nationwide lockdown in China. The Group will continue to monitor the COVID-19 situation and be disciplined in managing our costs, to produce a steady performance for 2021. The third quarter of 2021 has been a profitable and exciting period, and we look forward to the last quarter of 2021 conservatively following this performance as well.

We are also hopeful that our recent acquisition of 49% of Acumen Diagnostics, would improve the profitability and cashflow of the Group moving forward. This added capability enables the Group to provide a vital service amidst Singapore’s strategy of living with COVID-19, with increased testing services required as travel gradually resumes. In addition, it also allows us to enter the innovative space of medical diagnostics.”

¹ EBITDA: Earnings Before Interest Expenses, Tax, Depreciation and Amortisation



9M2021 Financial Analysis

Revenue

The Group reported revenue of RMB123.3 million in 9M2021, an increase of RMB33.1 million or 36.7% year on year. The increase was mainly due to strong recovery from primary healthcare segment and increased sales from distribution of dental equipment and supplies segment.

EBITDA¹

The Group's EBITDA also increased from RMB8.6 million in 9M2020 to RMB12.1 million in 9M2021. The increase in EBITDA was mainly attributable to higher revenue and better performance from key dental hospitals and polyclinics as well as higher sales for dental equipment and supplies.

Net loss for the period

As a result of the foregoing, the Group's net loss in 9M2021 has narrowed to RMB3.8 million, from a net loss of RMB7.3 million in 9M2020.

9M2021 Revenue Analysis by Segments

	9M2021	9M2020	Change
	RMB'000	RMB'000	%
Primary healthcare	71,808	55,834	28.6
Distribution of dental equipment and supplies	39,533	24,875	58.9
Laboratory services	11,937	9,499	25.7

Revenue from the primary healthcare segment increased by 28.6% in 9M2021 as compared to the corresponding period. The primary healthcare segment's increase in revenue were from our key hospitals in Shenyang and Dalian cities, and the outstanding performance of a polyclinic from Panjin city. In the previous corresponding period in 2020, six of our dental polyclinics and hospitals were suspended temporarily for two months in January and February 2020 and all 16 dental centres were suspended from providing non-essential dental services in February and March 2020.

The distribution of dental equipment and supplies segment showed a significant revenue growth rate of 58.9% due to increase in marketing promotion efforts for the sales of dental supplies through agents and distributors.

Revenue from laboratory services segment increased by 25.7% in 9M2021, as more of our services were rendered to the government dental hospital in Shenyang city.



Overall, the demand for dental supplies and laboratories increased, due to support by government hospitals amidst a gradual economic recovery in China backed by the roll out of the COVID-19 vaccination in the country.

Quarterly Trend

	3Q2021	2Q2021	1Q2021
	RMB'000	RMB'000	RMB'000
Revenue	41,008	47,471	34,799
EBITDA ²	7,904	3,704	452
Net profit/(loss)	2,290	(1,429)	(4,661)
Revenue by business division			
Primary healthcare	27,209	24,965	19,634
Distribution of dental equipment and supplies	9,314	18,538	11,681
Laboratory services	4,485	3,968	3,484

From the first quarter of 2021 (“**1Q2021**”) to 3Q2021, the Group’s revenue has increased from RMB34.8 million to RMB41.0 million. Revenue contribution from the Group’s primary healthcare segment has also increased steadily from RMB19.6 million in 1Q2021 to RMB27.2 million in 3Q2021. In addition, the Group’s net profit has steadily improved from 1Q2021 to 3Q2021, reversing a net loss of RMB4.7 million for 1Q2021 to post a net profit of RMB2.3 million for 3Q2021.

Condensed Financial Position

	As at 30 Sep 2021	As at 31 Dec 2020	Change
	RMB'000	RMB'000	%
Cash and cash equivalents	29,046	37,912	(23.4)
Trade and other receivables, current	36,026	27,595	30.6
Total borrowings	20,955	17,657	18.7
Total equity / net assets	220,107	223,345	(1.4)

² EBITDA: Earnings Before Interest Expenses, Tax, Depreciation and Amortisation



Aoxin Q & M Dental Group Limited
(Incorporated in the Republic of Singapore)
(Company Registration No: 201110784M)

Financial Position Analysis

The Group's financial position as at 30 September 2021 remains strong, with net asset position of RMB220.1 million and cash position of RMB29.0 million.

Cash and cash equivalents decreased by 23.4% to RMB29.0 million, as more cash was utilised for purchased of fixed assets. Trade and other receivables for the period, increased by 30.6% to RMB 36.0 million, in parallel with the increase in revenue. Total borrowings for the period increased by 18.7% to RMB21.0 million, mainly due to an increase in bills payable for the distribution of dental equipment and supplies segment, for the purchases of goods and services.

Overall, total equity dropped slightly by 1.4% to RMB220.1 million due to the accumulated losses from business operations.

Outlook

The Group's 9M2021 result shows progress and recovery from 9M2020 results, which was adversely affected by the nationwide lockdown in China. Amidst economic recovery and the continued roll out of the COVID-19 vaccination, we are hopeful that the number of patients continues to pick up.

In addition, we are hopeful that the completion of the 49% acquisition of Acumen Diagnostics Pte. Ltd. ("**Acumen Diagnostics**"), a medical technology company for S\$29.4 million on 1 November 2021, would help to improve the profitability of the Group.

Dr Ong Siew Hwa, Executive Director of Aoxin Q & M added, "*For the past year, Acumen Diagnostics has been a dedicated COVID-19 PCR clinical testing laboratory, contributing to the national campaign of infection control through identifying infected individuals and contact tracing.*"

In the endemic phase of Singapore's COVID-19 strategy, rapid test kits and testing services remain an important and integral part of Singapore's strategy of living with COVID-19 and continue to be important with the rapid opening of borders.

Moving forward, Acumen Diagnostics will continue to offer COVID-19 testing by PCR for patients requiring PCR test results and for travelers as Singapore opens its borders, as well as distribute COVID-19 antigen rapid test (ART) kits. In addition, Acumen Diagnostics will also continue to innovate with a panel of new PCR tests in infectious diseases, sepsis, and cancer."

The Group will continue to focus on disciplined management of operating expenditures, costs and capital expenditures, due to the economic uncertainties posed by COVID-19 and the risk of any temporary closures due to the outbreaks of COVID-19. Overall, the Group is cautiously optimistic to deliver a stable performance for FY2021 amidst economic recovery as vaccinations continue to be progressively rolled out.



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BY ORDER OF THE BOARD

Dr. Shao Yongxin
Executive Director and Group Chief Executive Officer
11 November 2021

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

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