
**VOLUNTARY BUSINESS UPDATE FOR THE FIRST QUARTER ENDED
31 MARCH 2022 (“1Q2022”)**

The Board of Directors (the “**Board**”) of Aoxin Q&M Dental Group Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to update shareholders on the Group’s financial performance for the first quarter ended 31 March 2022 (“**1Q2022**”). The financial information for 1Q2022 is based on the Group’s unaudited consolidated management accounts.

Key Financial Highlights

	1Q2022	1Q2021	Change	Change
	RMB'000	RMB'000	RMB'000	%
Revenue	34,280	34,799	(519)	(1.5)
EBITDA ¹	7,974	452	7,522	>100
(Loss) for the period (excluding share of profit from associate)	(1,485)	(4,661)	(3,176)	(68.1)
Share of profit from associate	4,289	-	4,289	NM ²
Net profit/(loss) for the period	2,804	(4,661)	7,465	NM ²

Revenue

The Group reported revenue of RMB34.3 million in 1Q2022, a slight decrease of RMB0.5 million or 1.5% as compared to the corresponding period (“**1Q2021**”). The decrease was largely due to lower revenue contribution from the distribution of dental equipment and supplies segment resulting from the closure of operations due to resurgence Covid-19 offset by an increase in revenue from the primary healthcare segment.

EBITDA¹

The Group’s EBITDA increased RMB7.5 million to RMB8.0 million in 1Q2022 from RMB0.5 million in 1Q2021. The increase in EBITDA was mainly attributable to (i) improvement in gross profit margin as well as cost reduction in the primary healthcare segment; (ii) share of profit from its 49% associate, Acumen Diagnostics Pte Ltd (“**Acumen**”) of RMB4.3 million which was acquired on 1 November 2021.

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

² NM: Not meaningful



Net profit for the period

As a result of the foregoing, the Group recorded a profit of RMB2.8 million in 1Q2022 as compared to a net loss of RMB4.7 million in 1Q2021.

Revenue Analysis by Segments

	1Q2022	1Q2021	Change	Change
	RMB'000	RMB'000	RMB'000	%
Primary healthcare	21,349	19,634	1,715	8.7
Distribution of dental equipment and supplies	9,492	11,681	(2,189)	(18.7)
Laboratory services	3,439	3,484	(45)	(1.3)
Total	34,280	34,799	(519)	(1.5)

Revenue from the primary healthcare segment increased by RMB1.7 million or 8.7% in 1Q2022 as compared to 1Q2021. Despite the resurgence of Covid-19 and lockdown in Dalian and Shenyang in March 2022, revenue from the primary healthcare segment remains resilient and the increase was mainly due to increase in high value services like orthodontics and implantology.

Revenue from the distribution of dental equipment and supplies segment decreased by RMB2.2 million or 18.7% in 1Q2022. The decrease in 1Q2022 was mainly due to closure of operations as a result of resurgence of Covid-19 which led to a reduction of demand for the dental equipment and supplies as customers minimise their expenditure.

Revenue from the laboratory services segment decreased slightly by 1.3% from RMB3.5 million in 1Q2021 to RMB3.4 million in 1Q2022 mainly due to temporary Covid-19 closure in 1Q2022. There was no such closure in 1Q2021.

Condensed Consolidated Statement of Financial Position

	<u>Unaudited</u> As at 31 March 2022	<u>Audited</u> As at 31 December 2021
	RMB'000	RMB'000
Cash and cash equivalents	48,085	24,370
Total equity	368,343	363,886
Total borrowings	19,279	18,624



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

Financial Position

As at 31 March 2022, the Group has cash and cash equivalent of RMB48.1 million while bank borrowings amounted to RMB19.3 million. As at 31 December 2021, the Group has cash and cash equivalent of RMB24.4 million while bank borrowings amounted to RMB18.6 million. The increase in cash and cash equivalent in 1Q2022 was mainly due to dividend received of RMB23.1 million from Acumen. Bank gearing ratio as at 31 March 2022 and 31 December 2021 were 5.2% and 5.1% respectively.

Outlook

- Due to the resurgence of Covid-19 cases in March 2022 in People's Republic of China ("PRC"), the National Health Commission of the PRC had issued a directive to all medical facilities to temporarily suspend all non-emergency medical treatments, including dental services, resulting in the temporary closures of some of our hospitals and dental polyclinics in the cities of Shenyang and Dalian.
- Acumen will focus on rolling out its pipeline of new tests including PCR assays for sepsis, as well as identification of bacterial pathogens and their associated antibiotics resistance in pneumonia and blood stream infections, in addition to PCR tests for screening of colorectal cancer.
- Despite the challenging business environment arising from a zero-Covid policy adopted by China resulting in periodic lock down, barring any unforeseen circumstances, there are no known significant changes in the trends and competitive conditions in which the Group operates and no other known factors or events that may adversely affect the Group's performance in the next 12 months.

BY ORDER OF THE BOARD

Dr. Shao Yongxin
Group Chief Executive Officer
11 May 2022

This announcement has been reviewed by the Company's Sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor"). It 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 announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Ms Lim Hui Ling, 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, sponsorship@ppcf.com.sg.