



## Aoxin Q & M Dental Group Limited

### Condensed Interim Financial Statements For the Six Months Ended 30 June 2023

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.

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**Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income**

	Notes	6 months ended 30 June		Change %
		2023 RMB'000	2022 RMB'000	
<b>Revenue</b>				
Primary healthcare		50,631	41,770	21.2
Distribution of dental equipment and supplies		20,989	16,938	23.9
Laboratory services		8,955	6,410	39.7
Total revenue	4	<u>80,575</u>	<u>65,118</u>	23.7
Interest income		59	45	31.1
Other income and gains	5	407	985	(58.7)
<b>Expenses:</b>				
Consumables and dental supplies		(6,873)	(5,180)	32.7
Cost of sales in dental equipment and supplies		(18,165)	(14,256)	27.4
Cost of laboratory services		(1,892)	(1,495)	26.6
Employee benefits expenses		(37,052)	(33,922)	9.2
Depreciation and amortisation expenses		(5,531)	(5,422)	2.0
Depreciation of right-of-use assets		(3,458)	(3,444)	0.4
Rental expenses		(483)	(659)	(26.7)
Finance costs	6	(961)	(1,270)	(24.3)
Impairment loss on trade receivables		(91)	(103)	(11.7)
Other expenses		(8,727)	(6,987)	24.9
Other losses	5	(1,031)	(488)	NM
Share of results of associate		2,049	3,164	(35.2)
<b>Loss before income tax</b>		<u>(1,174)</u>	<u>(3,914)</u>	(70.0)
Income tax	7	20	549	(96.4)
<b>Loss, net of tax</b>		<u>(1,154)</u>	<u>(3,365)</u>	(65.7)
<b>Other comprehensive profit</b>				
<i>Item that may be reclassified subsequently to profit or loss</i>				
Exchange differences on translation to presentation currency		4,731	3,517	34.5
<b>Total comprehensive profit</b>		<u>3,577</u>	<u>152</u>	NM
<b>Loss, net of tax attributable to:</b>				
Owners of the Company		(1,154)	(3,364)	(65.7)
Non-controlling interest		–	(1)	NM
		<u>(1,154)</u>	<u>(3,365)</u>	(65.7)
<b>Total comprehensive profit/(loss) attributable to:</b>				
Owners of the Company		3,577	153	NM
Non-controlling interests		–	(1)	NM
		<u>3,577</u>	<u>152</u>	NM

**Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income (cont'd)**

	6 months ended 30 June		
	<u>2023</u>	<u>2022</u>	
	RMB Cents	RMB Cents	
<b>Loss per share</b>			
– Basic/ Diluted	8	<u>(0.23)</u>	<u>(0.66)</u> (65.2)

NM: Not meaningful.

## Condensed Interim Statements of Financial Position

	Notes	Group		Company	
		30 Jun 2023 RMB'000	31 Dec 2022 RMB'000	30 Jun 2023 RMB'000	31 Dec 2022 RMB'000
<b>ASSETS</b>					
<b><u>Non-current assets</u></b>					
Deferred tax asset		5,050	5,050	–	–
Property, plant and equipment	9	38,676	41,972	26	21
Right-of-use assets		30,317	32,755	748	821
Goodwill	10	125,219	125,219	–	–
Intangible assets		3,416	3,896	163	179
Investments in subsidiaries		–	–	310,982	298,380
Investment in associate	11	80,110	74,832	77,992	74,832
Other receivables		–	–	6,426	6,166
Other non-financial assets		135	134	108	134
<b>Total non-current assets</b>		<b>282,923</b>	<b>283,858</b>	<b>396,445</b>	<b>380,533</b>
<b><u>Current assets</u></b>					
Inventories		11,803	11,113	–	–
Trade and other receivables		37,450	33,856	14,080	10,923
Other non-financial assets		2,657	1,605	253	160
Cash and cash equivalents		34,224	39,429	15,498	20,401
<b>Total current assets</b>		<b>86,134</b>	<b>86,003</b>	<b>29,831</b>	<b>31,484</b>
<b>Total assets</b>		<b>369,057</b>	<b>369,861</b>	<b>426,276</b>	<b>412,017</b>
<b>EQUITY AND LIABILITIES</b>					
<b><u>Equity</u></b>					
Share capital	12	445,473	445,473	445,473	445,473
Accumulated losses		(93,840)	(92,662)	(77,477)	(76,184)
Other reserves (adverse balance)		(37,530)	(42,285)	53,910	36,804
<b>Equity attributable to owners of the Company</b>		<b>314,103</b>	<b>310,526</b>	<b>421,906</b>	<b>406,093</b>
<b>Total equity</b>		<b>314,103</b>	<b>310,526</b>	<b>421,906</b>	<b>406,093</b>
<b><u>Non-current liabilities</u></b>					
Deferred tax liabilities		620	722	–	–
Lease liabilities		21,236	22,630	660	742
Other financial liabilities	13	682	979	682	979
<b>Total non-current liabilities</b>		<b>22,538</b>	<b>24,331</b>	<b>1,342</b>	<b>1,721</b>
<b><u>Current liabilities</u></b>					
Income tax payable		4	199	–	–
Trade and other payables		22,384	23,146	2,136	3,359
Lease liabilities		7,155	8,420	219	205
Other financial liabilities	13	2,873	3,239	673	639
<b>Total current liabilities</b>		<b>32,416</b>	<b>35,004</b>	<b>3,028</b>	<b>4,203</b>
<b>Total liabilities</b>		<b>54,954</b>	<b>59,335</b>	<b>4,370</b>	<b>5,924</b>
<b>Total equity and liabilities</b>		<b>369,057</b>	<b>369,861</b>	<b>426,276</b>	<b>412,017</b>

## Aoxin Q & M Dental Group Limited

### Condensed Interim Statements of Changes in Equity

<u>Group</u>	Total equity RMB'000	Attributable to owners of the Company RMB'000	Share capital RMB'000	Accumulated losses RMB'000	Other Reserve RMB'000	Statutory reserve RMB'000	Share-Based payment reserve RMB'000	Foreign currency translation reserve RMB'000	Non-controlling interest RMB'000
<b>Current year</b>									
Opening balance at 1 January 2023	310,526	310,526	445,473	(92,662)	(71,920)	8,763	7,282	13,590	–
Total comprehensive profit/(loss) for the period	3,577	3,577	–	(1,154)	–	–	–	4,731	–
Transfer to statutory reserve	–	–	–	(24)	–	24	–	–	–
Closing balance at 30 June 2023	<u>314,103</u>	<u>314,103</u>	<u>445,473</u>	<u>(93,840)</u>	<u>(71,920)</u>	<u>8,787</u>	<u>7,282</u>	<u>18,321</u>	<u>–</u>
<b>Previous year</b>									
Opening balance at 1 January 2022	363,886	363,884	443,203	(24,761)	(71,920)	8,535	6,515	2,312	2
Total comprehensive loss for the period	152	153	–	(3,364)	–	–	–	3,517	(1)
New shares issued	2,270	2,270	2,270	–	–	–	–	–	–
Transfer to statutory reserve	–	–	–	23	–	(23)	–	–	–
Share-based payments	621	621	–	–	–	–	621	–	–
Closing balance at 30 June 2022	<u>366,929</u>	<u>366,928</u>	<u>445,473</u>	<u>(28,102)</u>	<u>(71,920)</u>	<u>8,512</u>	<u>7,136</u>	<u>5,829</u>	<u>1</u>

**Condensed Interim Statements of Changes in Equity (cont'd)**

<b><u>Company</u></b>	<b><u>Total equity</u></b> RMB'000	<b><u>Share capital</u></b> RMB'000	<b><u>Accumulated Profits/(losses)</u></b> RMB'000	<b><u>Share-based Payment Reserve</u></b> RMB'000	<b><u>Foreign currency translation reserve</u></b> RMB'000
<b>Current year</b>					
Opening balance at 1 January 2023	406,093	445,473	(76,184)	7,282	29,522
Total comprehensive profit/(loss) for the period	15,813	–	(1,293)	–	17,106
Closing balance at 30 June 2023	<u>421,906</u>	<u>445,473</u>	<u>(77,477)</u>	<u>7,282</u>	<u>46,628</u>
<b>Previous year</b>					
Opening balance at 1 January 2022	450,535	443,203	7,947	6,515	(7,130)
Total comprehensive loss for the period	8,258	–	(1,538)	–	9,796
New shares issued	2,270	2,270	–	–	–
Share-based payments	621	–	–	621	–
Closing balance at 30 June 2022	<u>461,684</u>	<u>445,473</u>	<u>6,409</u>	<u>7,136</u>	<u>2,666</u>

## Condensed Interim Consolidated Statement of Cash Flows

	6 months ended 30 June	
	2023	2022
	RMB'000	RMB'000
<b><u>Cash flows from operating activities</u></b>		
Loss before income tax	(1,174)	(3,914)
Depreciation of plant and equipment	5,043	4,933
Amortisation of intangible assets	488	489
Depreciation of right-of-use assets	3,458	3,444
Impairment allowance on trade receivables	91	103
Impairment allowance on inventories	26	–
Loss on remeasurement of right-of-use assets	27	–
Gain on derecognised of right-of-use assets	–	(46)
Plant and equipment written-off	10	–
Unrealised foreign exchange gains	672	677
Interest expense	961	1,270
Share-based payments	–	621
Share of result of associate	(2,049)	(3,164)
Operating cash flows before changes in working capital	7,553	4,413
Inventories	(716)	732
Trade and other receivables	(3,684)	(2,054)
Other non-financial assets	(1,051)	(1,524)
Trade and other payables	(763)	1,510
Net cash flows from operations	1,339	3,077
Income taxes (paid)/ refunded	(280)	167
Net cash flows from operating activities	1,059	3,244
<b><u>Cash flows (used in)/from investing activities</u></b>		
Acquisition of plant and equipment	(1,754)	(723)
Dividend received from associate	–	23,084
Increase in staff loans	(1)	–
Net cash flows (used in)/ from investing activities	(1,755)	22,361
<b><u>Cash flows used in financing activities</u></b>		
Proceeds from bank loan and bill payable	–	733
Repayments of bank loan and bill payable	(721)	(12,405)
Interest expense paid	(85)	(247)
Payment of principal portion of lease liabilities	(3,715)	(3,435)
Payment of interest portion of lease liabilities	(876)	(1,023)
Issuance of new shares	–	2,270
Net cash flows used in financing activities	(5,397)	(14,107)
<b>Net (decrease)/ increase in cash and cash equivalents</b>	(6,093)	11,498
Cash and cash equivalents, beginning balance	39,429	24,370
Effect of foreign exchange rate changes on cash and cash equivalents	888	167
<b>Cash and cash equivalents, ending balance</b>	<b>34,224</b>	<b>36,035</b>



## Notes to the Condensed Interim Consolidated Financial Statements For the Six Months Ended 30 June 2023

### 1. General

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

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

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

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed in Note 3A on financial information by operating segments.

The latest audited annual financial statements for the reporting year ended 31 December 2022 were not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

#### **Basis of preparation**

These condensed consolidated interim financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) (“**SFRS(I)**”) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. They are also in compliance with the International Financial Reporting Standards issued by the International Accounting Standards Board and the provisions of the SGX Catalist Rules.

The accounting policies and methods of computation applied in these condensed interim financial statements are consistent with those of the latest audited annual financial statements for the reporting year ended 31 December 2022. The Group has adopted all the new and revised SFRS (I) that are relevant to its operations and effective for the current financial year. The adoption of these new/revised SFRS(I)s did not result in material changes to the Group’s accounting policies and has no material effect on the financial results or position of the Group and the Company. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, the typical notes and information included in the latest audited annual financial statements are not included in these interim financial statements except for the selected explanatory notes included to explain events and transactions that are significant to an understanding of the changes in the performance and financial position the Group since the latest audited annual financial statements.

**1. General (cont'd)****Critical judgements, assumptions and estimation uncertainties**

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

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the latest audited annual financial statements as at and for the year ended 31 December 2022.

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

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next interim period are as follows:

- Assessment of impairment of goodwill
- Assessment of carrying amounts of property, plant and equipment and right-of-use assets
- Estimation of useful lives of property, plant and equipment
- Assessment of impairment of subsidiaries
- Assessment of write-down of inventories
- Assessment of impairment for trade receivables
- Assessment of deferred tax asset

**2. Seasonal operations**

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

**3. Financial information by operating segments****3A. Information about reportable segment profit or loss, assets and liabilities**

For management purpose, the Group is organised into the following strategic operating segments that offer different products and services: (1) primary healthcare, (2) dental equipment and supplies distribution, and (3) laboratory services. Such a structural organisation is determined by the nature of the risks and returns associated with each business segment and it defines the management structure as well as the internal reporting system. It represents the basis on which the management reports the primary segment information that is available and that is evaluated regularly by the chief operating decision maker, being the Group chief executive officer, in deciding how to allocate resources and in assessing the performance. They are managed separately because each business requires different strategies.

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

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

## Aoxin Q & M Dental Group Limited

### 3B. Profit or loss for the six months ended 30 June from continuing operations and reconciliations

	Primary healthcare		Distribution of dental equipment and supplies		Laboratory services		Consolidated	
	2023 RMB'000	2022 RMB'000	2023 RMB'000	2022 RMB'000	2023 RMB'000	2022 RMB'000	2023 RMB'000	2022 RMB'000
Revenue from external customers (Note 3)	50,631	41,770	20,989	16,938	8,955	6,410	80,575	65,118
Inter-segment revenue	8,955	10,120	3,479	4,191	9,564	7,406	21,989	21,717
<b>Total Revenue</b>	<b>59,586</b>	<b>51,890</b>	<b>24,468</b>	<b>21,129</b>	<b>18,519</b>	<b>13,816</b>	<b>102,573</b>	<b>86,835</b>
Segment results excluding share of results of associate (EBITDA)	5,958	2,126	(221)	45	990	887	6,727	3,058
Share of result of associate	–	–	–	–	2,049	3,164	2,049	3,164
Finance costs							(961)	(1,270)
Depreciation of plant and equipment							(5,043)	(4,933)
Depreciation of right-of-use assets							(3,458)	(3,444)
Amortisation of intangible assets							(488)	(489)
Loss before income tax							(1,174)	(3,914)
Income tax expense							20	549
<b>Loss, net of tax</b>							<b>(1,154)</b>	<b>(3,365)</b>
<b>Expenditure for non-current assets</b>								
Property, plant and equipment	1,419	326	–	27	335	370	1,754	723
<b>Other material non-cash items</b>								
Depreciation of plant and equipment	4,390	4,297	9	9	644	627	5,043	4,933
Depreciation of right-of-use assets	3,249	3,205	31	66	178	173	3,458	3,444
Amortisation of intangible assets	252	257	21	21	215	211	488	489
Finance costs	857	1,101	60	122	44	47	961	1,270
Plant and equipment written-off	10	–	–	–	–	–	10	–
ECL (reversal)/allowance on trade receivables	(1)	–	(115)	(144)	207	247	91	103
Share-based payments	–	621	–	–	–	–	–	621

### 3C. Balance Sheet as at 30 June 2023 and 31 December 2022

<b>Segment assets</b>	<b>245,129</b>	<b>243,187</b>	<b>19,232</b>	<b>21,130</b>	<b>104,696</b>	<b>105,544</b>	<b>369,057</b>	<b>369,861</b>
<b>Segment liabilities</b>	<b>43,476</b>	<b>43,856</b>	<b>6,598</b>	<b>8,560</b>	<b>4,880</b>	<b>6,919</b>	<b>54,954</b>	<b>59,335</b>

#### 4. Revenue

	6 months ended 30 June	
	2023	2022
	RMB'000	RMB'000
<u>Revenue classified by nature type</u>		
Rendering of services	47,889	41,159
Sale of goods	20,989	16,938
Laboratory services	8,955	6,410
Leasing income	534	534
Management fee income from outside parties	2,196	66
Other income	12	11
Total revenue	<u>80,575</u>	<u>65,118</u>
 <u>Revenue classified by timing of revenue recognition</u>		
Point in time	77,845	64,458
Over time	2,730	660
	<u>80,575</u>	<u>65,118</u>

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

The following other income and gains and (other losses) were included in the statement of comprehensive income.

	6 months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Foreign exchange adjustment losses	(961)	(344)
Government grant income	99	329
Rental discount	175	610
De-recognised of right-of-use assets	–	46
Loss on remeasurement of right-of-use assets	(27)	–
Non-trade payables written off	132	–
Other losses	(7)	–
Impairment loss on inventories	(26)	–
Penalty / Compensation on early termination of leases <sup>(a)</sup>	–	(144)
Gain on disposal of plant and equipment	1	–
Plant and equipment written-off	(10)	–
Net (other losses)/gains	<u>(624)</u>	<u>497</u>
Presented in profit or loss as:		
Other income and gains	407	985
Other losses	<u>(1,031)</u>	<u>(488)</u>
	<u>(624)</u>	<u>497</u>

<sup>(a)</sup> Compensation on early termination of leases for 6 months ended 30 June 2022 was for the purpose of cost saving by signing new leases with other landlord for larger space with lower rent.

## 6. Finance costs

	<u>6 months ended 30 June</u>	
	<u>2023</u>	<u>2022</u>
	RMB'000	RMB'000
Interest on borrowings	(85)	(247)
Interest on lease liabilities	(876)	(1,023)
	<u>(961)</u>	<u>(1,270)</u>

## 7. Income tax

	<u>6 months ended 30 June</u>	
	<u>2023</u>	<u>2022</u>
	RMB'000	RMB'000
<u>Current tax expense</u>		
Current tax expense	(45)	(56)
Over provision in respect of prior years	–	157
Subtotal	<u>(45)</u>	<u>101</u>
<u>Deferred tax income</u>		
Deferred tax income	<u>101</u>	<u>101</u>
<u>Withholding tax expense</u>		
Current withholding tax expense	(36)	(58)
Over provision in respect of prior years	–	405
Subtotal	<u>(36)</u>	<u>347</u>
Total income tax credit	<u>20</u>	<u>549</u>

	<u>Group</u>	
	<u>30 Jun</u>	<u>31 Dec</u>
	<u>2023</u>	<u>2022</u>
	RMB'000	RMB'000
<u>Deferred tax assets</u>		
Tax losses carryforward	5,050	5,050
Excess of carrying values over tax values of intangible assets, and plant and equipment	(620)	(722)
	<u>4,430</u>	<u>4,328</u>
Presented in the statement of financial position as follows:		
Deferred tax assets	5,050	5,050
Deferred tax liabilities	(620)	(722)
	<u>4,430</u>	<u>4,328</u>

As at 30 June 2023, deferred tax asset of RMB5,050,000 (31 December 2022: RMB5,050,000) was recognised in respect of these unutilised tax losses as it is probable that the benefit will flow to the entities having these losses and the benefit can be reliably measured.

**8. Loss per share**

	6 months ended 30 June	
	<u>2023</u>	<u>2022</u>
	RMB cents	RMB cents
Basic/ Diluted loss per share <sup>(a)</sup>	<u>(0.23)</u>	<u>(0.66)</u>
Weighted average number of shares	<u>511,288,635</u>	<u>510,358,088</u>

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

<sup>(a)</sup> The basic and diluted loss per share for the respective financial periods are the same as the performance shares granted are anti-dilutive and there were no other outstanding convertibles or other dilutive equity instruments.

**9. Property, plant and equipment**

During the financial period, the Group acquired assets amounting to RMB1.8 million (1H2022: RMB0.7 million). The written-off and disposal of assets amounted to RMB90,000 (1H2022: RMB5,000) and RMB93,000 (1H2022: nil) respectively.

**10. Goodwill**

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

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

**11. Investment in an associate**

	<u>Group</u>		<u>Company</u>	
	30 Jun <u>2023</u> RMB'000	31 Dec <u>2022</u> RMB'000	30 Jun <u>2023</u> RMB'000	31 Dec <u>2022</u> RMB'000
Unquoted equity shares	<u>80,110</u>	<u>74,832</u>	<u>77,992</u>	<u>74,832</u>
Balance at beginning of the year	74,832	125,064	74,832	146,904
Impairment loss	–	(60,175)	–	(81,070)
Foreign exchange adjustments	3,229	8,223	3,160	8,998
Share of results for the period	<u>2,049</u>	<u>1,720</u>	<u>–</u>	<u>–</u>
Balance at end of the year	<u>80,110</u>	<u>74,832</u>	<u>77,992</u>	<u>74,832</u>

## 12. Share capital

	<u>Number of shares</u> '000	<u>Share Capital</u> RMB'000
<b>Ordinary shares</b>		
Balance as at 31 December 2022 and 30 June 2023	<u>511,289</u>	<u>445,473</u>

Share options

As at 30 June 2023, there were no outstanding share options. (30 June 2022: Nil).

Share awards

As at 30 June 2023, the total number of share awards outstanding under Aoxin Q & M Performance Share Plan was 960,565 (30 June 2022: 960,565) which vest in accordance with the vesting schedules each commencing on 1 January 2020 and ending on 31 December 2029, subject to certain vesting conditions. Total number of shares which are the subject of unvested share awards is 960,565 shares (30 June 2022: 960,565 shares) and represents 0.18% (30 June 2022: 0.18%) of Company's total issued share capital as at end of the financial period.

As at 30 June 2023, the issued and paid-up share capital excluding treasury shares of the Company comprised 511,288,635 (31 December 2022: 511,288,635) ordinary shares.

Save as disclosed, there were no subsidiary holdings, treasury shares or outstanding convertibles as at 30 June 2023 and 30 June 2022.

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

<u>Group</u>	<u>Secured</u>		<u>Unsecured</u>	
	30 Jun <u>2023</u> RMB'000	31 Dec <u>2022</u> RMB'000	30 Jun <u>2023</u> RMB'000	31 Dec <u>2022</u> RMB'000
Repayable in one year or less, or on demand:				
Bank loan (unsecured)	–	–	673	639
Bill payable (secured)	<u>2,200</u>	<u>2,600</u>	<u>–</u>	<u>–</u>
Subtotal	<u>2,200</u>	<u>2,600</u>	<u>673</u>	<u>639</u>
Repayable after one year:				
Bank loan (unsecured)	<u>–</u>	<u>–</u>	<u>682</u>	<u>979</u>
Total	<u>2,200</u>	<u>2,600</u>	<u>1,355</u>	<u>1,618</u>

<u>Company</u>	<u>Secured</u>		<u>Unsecured</u>	
	30 Jun <u>2023</u> RMB'000	31 Dec <u>2022</u> RMB'000	30 Jun <u>2023</u> RMB'000	31 Dec <u>2022</u> RMB'000
Repayable in one year or less, or on demand:				
Bank loan (unsecured)	–	–	673	639
Repayable after one year:				
Bank loan (unsecured)	<u>–</u>	<u>–</u>	<u>682</u>	<u>979</u>
Total	<u>–</u>	<u>–</u>	<u>1,355</u>	<u>1,618</u>

**13A. Bank loan (unsecured)**

The unsecured bank loan of RMB1,355,000 (31 Dec 2022: RMB1,618,000) is related to a 5-year temporary bridging loan (“TBL”) extended by a bank in Singapore. The TBL shall be repaid over 60 monthly instalments with fixed interest rate of 2.25% per annum.

**13B. Bills payables (secured)**

The bill payable bear floating interest rate at 4.60% (31 Dec 2022: 4.60% to 5.46%) per annum. They are repayable within 12 months (31 Dec 2022: 6 to 12 months). The bill payable is secured by a pledge of a subsidiary’s property and corporate guarantee of two subsidiaries in the Group.

**14. Net assets value**

	<u>Group</u>		<u>Company</u>	
	30 Jun 2023 RMB cents	31 Dec 2022 RMB cents	30 Jun 2023 RMB cents	31 Dec 2022 RMB cents
Net assets value per ordinary share	61.4	63.3	82.5	82.0

The net asset value per ordinary share of the Group and the Company have been calculated based on the total issued number of ordinary shares of 511,288,635 as at 30 June 2023 and 31 December 2022 respectively.

**15. Related party transactions**

During the reporting period, certain subsidiaries leased clinics, hospitals and offices from their directors and the Company leased software from a related party. As at 30 June 2023, the total carrying values of the Group’s and Company’s right-of-use assets related to these leases were RMB4,917,000 and RMB748,000 (31 December 2022: RMB5,110,000 and RMB821,000).

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

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

	<u>Group</u>		<u>Company</u>	
	30 Jun 2023 RMB'000	31 Dec 2022 RMB'000	30 Jun 2023 RMB'000	31 Dec 2022 RMB'000
<u>Financial assets:</u>				
Financial assets at amortised cost	71,674	73,285	36,004	37,490
<u>Financial liabilities:</u>				
Financial liabilities at amortised cost	51,727	55,339	4,370	5,924



**17. Contingent liabilities and contingent assets**

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

	<u>Company</u>	
	30 Jun <u>2023</u> RMB'000	31 Dec <u>2022</u> RMB'000
Financial guarantee contracts – bank guarantee in favour of subsidiaries	–	400

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

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

**18. Capital commitments**

As at 30 June 2023, there was no committed future capital expenditure not recognised in the financial statements (31 December 2022: RMB 378,000).

**19. Events after the end of the reporting period**

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

**OTHER INFORMATION REQUIRED BY CATALIST RULE APPENDIX 7C****1. Review**

The condensed interim consolidated statement of financial position of Aoxin Q & M Dental Group Limited and its subsidiaries as at 30 June 2023 and the related condensed interim consolidated profit or loss and other comprehensive income, condensed interim consolidated statement of changes in equity and condensed interim consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

**2. A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business****Statement of Comprehensive Income (“1H2023 vs 1H2022”)****Revenue**

The Group recorded revenue of RMB80.6 million for the six months ended 30 June 2023 (“1H2023”) as compared to RMB65.1 million in the corresponding period in the preceding year (“1H2022”), representing an increase of RMB15.5 million or 23.7% year on year. The increase was mainly attributable to the recovery from Covid-19 for all business segments of the Group.

Revenue from primary healthcare segment, distribution of dental equipment and supplies segment and laboratory services segment increased by 21.2%, 23.9% and 39.7% respectively in 1H2023. Higher revenue from all segments due to resumption to full operation at all our dental polyclinics and hospitals in 1H2023 and absence of factors such as the resurgence of Covid-19 in the PRC from March to May 2022 that led to temporarily closures of some of our dental polyclinics and hospitals for more than one month in 1H2022.

**Other Income and Gains/(losses)**Other gains

Other gains decreased by RMB0.6 million in 1H2023 mainly due to lesser rental discount/rental waiver from landlords and reduction in government grant income.

Other losses

The increase in other losses was mainly due to higher unrealised foreign exchange loss caused by appreciation of Singapore Dollar against Renminbi arising from translation of financial assets.

**Expenses**Cost of consumables and dental supplies

The increase of 32.4% or RMB1.7 million was mainly due to the increase in revenue from primary healthcare segment and higher material cost for implant and orthodontics.

As a percentage of revenue from the primary healthcare segment, cost of consumables and dental supplies used in 1H2023 was 13.6% as compared to 12.4% in 1H2022.

**2. A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business (cont'd)**Cost of sales in dental equipment and supplies

The increase in cost of sales of RMB 3.9 million or 27.2% was partially due to the increase in revenue from the distribution of dental equipment and supplies segment and higher cost of sales due to higher cost for some of the products.

As a percentage of revenue from the distribution of dental equipment and supplies segment, cost of sales in dental equipment and supplies in 1H2023 was 86.5% as compared to 84.2% in 1H2022.

Cost of laboratory services

The increase in cost of laboratory services of RMB0.4 million or 26.7% was largely due to the increase in revenue from laboratory services segment. In addition, the gross margin for laboratory services increased in 1H2023 mainly due to economies of scale.

As a percentage of revenue from the laboratory services segment, cost of laboratory services was 21.1% in 1H2023 as compared to 23.3% in 1H2022.

Employee benefits expenses

The increase in employee benefits expenses mainly related to commissions payable to employees that is correlated to the increase in revenue. It should be noted that the increase in employee benefits expenses was at a comparably lower rate (of 9.2%) compared to the increase in revenue of 23.7% due to the fixed salaries paid to administrative staff, nurses and some dentists.

As a percentage of revenue, employee benefits expenses in 1H2023 decreased to 46.0% as compared to 52.1% in 1H2022.

Other expenses

The increase was mainly due to:

- (i) increase in travelling expenses of RMB0.5 million;
- (ii) increase in advertising expenses of RMB0.4 million;
- (iii) increase in entertainment expenses of RMB0.3 million; and
- (iv) increase in office expense and repair & maintenance fee of RMB0.2 million.

The above increases were offset by decrease of rental expenses by RMB0.2 million and lower finance costs due to lower bank borrowing.

As a percentage of revenue, other expenses in 1H2023 decreased to 10.8% from 10.9% in 1H2022.

EBITDA (excluding share of results of associate)

The Group's EBITDA increased from RMB3.1 million in 1H2022 to RMB6.7 million in 1H2023. The increase was largely due to improvement in primary healthcare and laboratory services segment by RMB3.8 million and RMB0.1 million respectively as a result of higher revenue. However, the increase was partially offset by the lower EBITDA from the distribution of dental equipment and supplies segment which was largely due to the decrease in profit margin and higher operating expenses incurred due to increased marketing and promotional efforts post covid-19.

Share of results of associate

Share of results of associate, Acumen Diagnostics Pte. Ltd., decreased from RMB3.2 million in 1H2022 to RMB2.0 million in 1H2023. The decrease was largely due to changes in Singapore government's policy on PCR test and the shift to antigen rapid test as a result of reclassification of Covid-19 from pandemic to endemic stage.

Income tax credit

The decrease in income tax credit was largely due to absence of over provision of income tax and withholding tax in prior years.

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

**Loss After Tax**

The Group recorded RMB2.2 million net loss despite increase in revenue mainly due to: -

- i) Share of results of associate decreased by RMB1.1 million; and
- ii) RMB 0.5 million increase in other losses and RMB 0.6 million decrease in other gains for reasons explained above.

**Statement of Financial Position**

The comparative performance for both the assets and liabilities are based on the Group's financial statements as at 30 June 2023 and 31 December 2022.

**Non-Current Assets**

Property, plant and equipment decreased by RMB3.3 million, largely due to the depreciation of property, plant and equipment of RMB5.0 million, partially offset by the assets acquired amounting to RMB1.8 million.

Right-of-use (“**ROU**”) assets decreased by RMB2.5 million, mainly due to depreciation of ROU assets. The Group's ROU assets are related to premises leased by the Group for its dental centres and business units.

Investment in associate increased by RMB5.3 million, due to the share of result from associate amounting to RMB2.0 million and foreign exchange adjustment amounting to RMB3.2 million as a result of appreciation of Singapore Dollar against Renminbi.

**Current Assets**

Trade and other receivables increased by RMB3.6 million, largely due to higher trade receivable for laboratory services segment due to slower payment from the customers.

Other non-financial assets increased by RMB1.1 million, mainly due to prepayment for rental.

Cash and cash equivalents decreased by RMB5.2 million mainly due to payment of principal of lease liabilities of RMB3.7 million and acquisition of plant and equipment of RMB1.8 million. For details on fluctuation of cash and cash equivalents, please refer to cash flow analysis below.

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

**Non-Current Liabilities**

Lease liabilities decreased by RMB1.4 million mainly due to the payment of lease liabilities during 1H2023.

**Current Liabilities**

Trade and other payables decreased by RMB0.7 million, mainly due to payments of professional fees and Directors' fees.

Lease liabilities decreased by RMB1.2 million mainly due to payment made during 1H2023.

**Statement of Cash Flows**

The Group's net cash flow from operating activities in 1H2023 was RMB1.1 million. This was largely attributable to operating cash flows before change in working capital of RMB7.6 million offset by working capital changes of RMB6.2 million and tax payment of RMB0.3 million.

Net cash used in investing activities in 1H2023 of RMB1.8 million was mainly attributable to the acquisition of plant and equipment.

Net cash flows used in financing activities in 1H2023 was RMB5.4 million, mainly due to the repayment of bank loans and bill payables as well as lease liabilities.

Consequent to the above, the Group's cash and cash equivalents stood at RMB34.2 million as at 30 June 2023.

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

Not applicable.

**4. 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**

**Prospects**

The Group is cautiously optimistic that business operations will continue to improve in the second half of 2023. The Group intends to capitalise on the effects of the implementation of China's centralised procurement policy for dental implants (种植集采政策) around April 2023, and work towards enhancing/ refining its operations/ service offerings with a view to achieve stable improvement in performance. The Group, on an on-going basis, explores potential business ventures and/or other corporate actions, with the aim of enhancing shareholders' value. As at the date of this announcement, no definitive agreements have been executed.

The Group's homegrown medical technology associate company, Acumen, continues to progressively roll out its pipeline of new non-Covid PCR tests. These include the tests for sepsis, identification of bacteria pathogens and their associated antimicrobial resistance in hospitalised pneumonia, as well as colorectal cancer screening and pharmacogenomics. Acumen is looking into the feasibility of replicating the testing centres and tests in international markets. This

expansion plan aligns with Acumen's commitment to provide efficient and innovative healthcare solutions to individuals worldwide.

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 in the next 12 months.

**5. Dividend**

**If a decision regarding dividend has been made:**

**(a) Whether an interim ordinary dividend has been declared (recommended); and**

None.

**(b) (i) Amount per share and cents**

Not applicable

**(ii) Previous corresponding period and cents**

Not applicable

**(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived.**

Not applicable

**(d) The date the dividend is payable.**

Not applicable.

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

Not applicable.

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

No dividend has been declared or recommended for 1H2023 as the Company was not profitable.

**7. Interested person transactions**

The Group has not obtained a general mandate from shareholders for interested person transactions pursuant to Rule 920 of the Catalist Rules. In 1H2023, the Group did not enter into any IPT of S\$100,000 and more.

**8. Disclosure on incorporation, acquisition and realization of shares pursuant to Catalist Rule 706A**

During 1H2023, the Company did not incorporate, acquire or dispose of any shares resulting in any of the prescribed situations under Rule 706A.

**9. Confirmation pursuant to Rule 720(1) of the Catalist Rules**

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

**10. Confirmation by the Board pursuant to Rule 705 (5) of the Catalist Rules**

On behalf of the directors of the Company, we, the undersigned directors, do hereby confirm that, to the best of our knowledge, nothing has come to the attention of the board of directors of the Company that may render the unaudited condensed interim financial statements of the Company and the Group for the six months ended 30 June 2023 to be false or misleading in any material aspect.

**On behalf of the board of directors**

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

**Mr Chua Ser Miang**  
**Non-Executive Chairman and**  
**Independent Director**

14 August 2023