



Aoxin Q & M Dental Group Limited

Condensed Interim Financial Statements For the Six Months Ended 30 June 2024

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 %
		2024 RMB'000	2023 RMB'000	
Revenue				
Primary healthcare		56,981	50,631	12.5
Distribution of dental equipment and supplies		17,668	20,989	(15.8)
Laboratory services		10,795	8,955	20.5
Total revenue	4	<u>85,444</u>	<u>80,575</u>	6.0
Interest income		51	59	(13.6)
Other income and gains	5	1,271	407	NM
Expenses:				
Consumables and dental supplies		(8,380)	(6,873)	21.9
Cost of sales in dental equipment and supplies		(14,767)	(18,165)	(18.7)
Cost of laboratory services		(2,644)	(1,892)	39.7
Employee benefits expenses		(39,349)	(37,052)	6.2
Depreciation and amortisation expenses		(4,397)	(5,531)	(20.5)
Depreciation of right-of-use assets		(3,260)	(3,458)	(5.7)
Rental expenses		(473)	(483)	(2.1)
Finance costs	6	(762)	(961)	(20.7)
Impairment loss on trade receivables		(26)	(91)	(71.4)
Other expenses		(7,966)	(8,727)	(8.7)
Other losses	5	(27)	(1,031)	(97.4)
Share of results of associate		2,677	2,049	30.6
Profit/(loss) before income tax		<u>7,392</u>	<u>(1,174)</u>	NM
Income tax (expense)/benefit	7	<u>(58)</u>	<u>20</u>	NM
Profit/(loss), net of tax		<u>7,334</u>	<u>(1,154)</u>	NM
Other comprehensive profit				
<i>Item that may be reclassified subsequently to profit or loss</i>				
Exchange differences on translation to presentation currency		34	4,731	(99.3)
Total comprehensive profit		<u>7,368</u>	<u>3,577</u>	NM
Profit/(loss), net of tax attributable to:				
Owners of the Company		7,334	(1,154)	NM
Non-controlling interest		—*	—*	NM
		<u>7,334</u>	<u>(1,154)</u>	NM
Total comprehensive profit attributable to:				
Owners of the Company		7,368	3,577	NM
Non-controlling interests		—*	—*	NM
		<u>7,368</u>	<u>3,577</u>	NM

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

	<u>Notes</u>	6 months ended 30 June		<u>Change</u> %
		<u>2024</u> RMB Cents	<u>2023</u> RMB Cents	
Earnings/(loss) per share				
– Basic	8	1.43	(0.23)	NM
– Diluted	8	1.43	(0.23)	NM

NM: Not meaningful.

** Representing amount less than RMB1,000.*

Condensed Interim Statements of Financial Position

	Notes	<u>Group</u>		<u>Company</u>	
		30 Jun <u>2024</u> RMB'000	31 Dec <u>2023</u> RMB'000	30 Jun <u>2024</u> RMB'000	31 Dec <u>2023</u> RMB'000
ASSETS					
<u>Non-current assets</u>					
Property, plant and equipment	9	31,175	34,395	16	21
Right-of-use assets		26,339	29,364	512	614
Goodwill	10	125,219	125,219	–	–
Intangible assets		2,467	2,906	117	140
Investments in subsidiaries		–	–	311,093	310,983
Investment in an associate	11	23,589	20,897	20,904	20,897
Deferred tax asset	7	2,106	2,106	–	–
Other receivables, non-current		–	–	6,429	6,426
Other non-financial assets, non-current		97	115	46	77
Total non-current assets		<u>210,992</u>	<u>215,002</u>	<u>339,117</u>	<u>339,158</u>
<u>Current assets</u>					
Inventories		12,227	11,075	–	–
Trade and other receivables, current		34,399	37,534	20,120	17,161
Other non-financial assets, current		1,614	1,775	252	154
Cash and cash equivalents		57,775	51,184	19,058	23,193
Total current assets		<u>106,015</u>	<u>101,568</u>	<u>39,430</u>	<u>40,508</u>
Total assets		<u>317,007</u>	<u>316,570</u>	<u>378,547</u>	<u>379,666</u>
EQUITY AND LIABILITIES					
<u>Equity</u>					
Share capital	12	445,473	445,473	445,473	445,473
Accumulated losses		(133,252)	(140,268)	(123,250)	(123,801)
(Adverse balance) / other reserves		(37,828)	(38,180)	53,392	53,257
Equity attributable to owners of the Company		<u>274,393</u>	<u>267,025</u>	<u>375,615</u>	<u>374,929</u>
Non-controlling interests		–*	–*	–	–
Total equity		<u>274,393</u>	<u>267,025</u>	<u>375,615</u>	<u>374,929</u>
<u>Non-current liabilities</u>					
Deferred tax liabilities		418	519	–	–
Lease liabilities, non-current		16,501	17,504	355	469
Other financial liabilities, non-current	13	–	339	–	339
Total non-current liabilities		<u>16,919</u>	<u>18,362</u>	<u>355</u>	<u>808</u>
<u>Current liabilities</u>					
Income tax payable		284	335	–	–
Trade and other payables		18,980	23,147	1,675	3,034
Lease liabilities, current		5,749	7,020	220	214
Other financial liabilities, current	13	682	681	682	681
Total current liabilities		<u>25,695</u>	<u>31,183</u>	<u>2,577</u>	<u>3,929</u>
Total liabilities		<u>42,614</u>	<u>49,545</u>	<u>2,932</u>	<u>4,737</u>
Total equity and liabilities		<u>317,007</u>	<u>316,570</u>	<u>378,547</u>	<u>379,666</u>

* Representing amount less than RMB1,000.

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Condensed Interim Statements of Changes in Equity

Group	Total equity RMB'000	Attributable to owners of the Company RMB'000	Share capital RMB'000	(Accumulated losses)/ retained earnings 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
Current year									
Opening balance at 1 January 2024	267,025	267,025	445,473	(140,268)	(71,920)	9,069	7,403	17,268	—*
Total comprehensive profit for the period	7,368	7,368	—	7,334	—	—	—	34	—*
Transfer to statutory reserve	—	—	—	(318)	—	318	—	—	—
Closing balance at 30 June 2024	<u>274,393</u>	<u>274,393</u>	<u>445,473</u>	<u>(133,252)</u>	<u>(71,920)</u>	<u>9,387</u>	<u>7,403</u>	<u>17,302</u>	<u>—*</u>
Previous year									
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>

* Representing amount less than RMB1,000.

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

Company	Total equity RMB'000	Share capital RMB'000	(Accumulated losses)/ retained earnings RMB'000	Share-based Payment Reserve RMB'000	Foreign currency translation reserve RMB'000
Current year					
Opening balance at 1 January 2024	374,929	445,473	(123,801)	7,403	45,854
Total comprehensive profit for the period	686	–	551	–	135
Closing balance at 30 June 2024	<u>375,615</u>	<u>445,473</u>	<u>(123,250)</u>	<u>7,403</u>	<u>45,989</u>
Previous year					
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>

Condensed Interim Consolidated Statement of Cash Flows

	6 months ended 30 June	
	<u>2024</u>	<u>2023</u>
	RMB'000	RMB'000
<u>Cash flows from operating activities</u>		
Profit/(loss) before income tax	7,392	(1,174)
Depreciation of property, plant and equipment	3,898	5,043
Amortisation of intangible assets	499	488
Depreciation of right-of-use assets	3,260	3,458
Impairment allowance on trade receivables	26	91
Inventories written down	1	26
(Gain)/loss on remeasurement of right-of-use assets	(12)	27
Gain on derecognised of right-of-use assets	(106)	–
Property, plant and equipment written-off	1	10
Unrealised foreign exchange losses	8	672
Interest expense	762	961
Share of result of associate	(2,677)	(2,049)
Operating cash flows before changes in working capital	<u>13,052</u>	<u>7,553</u>
Inventories	(1,151)	(716)
Trade and other receivables	3,108	(3,684)
Other non-financial assets	159	(1,051)
Trade and other payables	(4,167)	(763)
Net cash flows from operations	<u>11,001</u>	<u>1,339</u>
Income taxes paid	(190)	(280)
Net cash flows from operating activities	<u>10,811</u>	<u>1,059</u>
<u>Cash flows used in investing activities</u>		
Acquisition of property, plant and equipment	(679)	(1,754)
Acquisition of intangible assets	(60)	–
Increase in staff loans	–	(1)
Net cash flows used in investing activities	<u>(739)</u>	<u>(1,755)</u>
<u>Cash flows used in financing activities</u>		
Repayments of bank loan	(339)	(721)
Interest expense paid	(10)	(85)
Payment of principal portion of lease liabilities	(2,389)	(3,715)
Payment of interest portion of lease liabilities	(752)	(876)
Net cash flows used in financing activities	<u>(3,490)</u>	<u>(5,397)</u>
Net increase/(decrease) in cash and cash equivalents	6,582	(6,093)
Cash and cash equivalents, beginning balance	51,184	39,429
Effect of foreign exchange rate changes on cash and cash equivalents	9	888
Cash and cash equivalents, ending balance	<u>57,775</u>	<u>34,224</u>

Notes to the Condensed Interim Consolidated Financial Statements For the Six Months Ended 30 June 2024

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**”) 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 2023 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 2023. 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 2023.

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.

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

	<u>Primary healthcare</u>		<u>Distribution of dental equipment and supplies</u>		<u>Laboratory services</u>		<u>Consolidated</u>	
	<u>2024</u> RMB'000	<u>2023</u> RMB'000	<u>2024</u> RMB'000	<u>2023</u> RMB'000	<u>2024</u> RMB'000	<u>2023</u> RMB'000	<u>2024</u> RMB'000	<u>2023</u> RMB'000
Revenue from external customers (Note 3)	56,981	50,631	17,668	20,989	10,795	8,955	85,444	80,575
Inter-segment revenue	16,806	8,955	5,174	3,479	6,941	9,564	28,921	21,989
Total Revenue	73,787	59,586	22,842	24,468	17,736	18,519	114,365	102,573
Segment results excluding share of results of associate (EBITDA)	12,070	5,958	110	(221)	954	990	13,134	6,727
Share of result of associate	–	–	–	–	2,677	2,049	2,677	2,049
Finance costs							(762)	(961)
Depreciation of property, plant and equipment							(3,898)	(5,043)
Depreciation of right-of-use assets							(3,260)	(3,458)
Amortisation of intangible assets							(499)	(488)
Profit/(loss) before income tax							7,392	(1,174)
Income tax (expense)/benefit							(58)	20
Profit/(loss), net of tax							7,334	(1,154)
Expenditure for non-current assets								
Property, plant and equipment	562	1,419	–	–	117	335	679	1,754
Other material non-cash items								
Depreciation of property, plant and equipment	3,403	4,390	63	9	432	644	3,898	5,043
Depreciation of right-of-use assets	3,089	3,249	59	31	112	178	3,260	3,458
Amortisation of intangible assets	263	252	20	21	216	215	499	488
Finance costs	712	857	5	60	45	44	762	961
Property, plant and equipment written-off	1	10	–	–	–	–	1	10
ECL (reversal)/allowance on trade receivables	(28)	(1)	37	(115)	17	207	26	91

3C. Balance Sheet as at 30 June 2024 and 31 December 2023

Segment assets	249,019	250,525	19,921	18,697	48,067	47,348	317,007	316,570
Segment liabilities	33,932	40,466	4,338	5,051	4,344	4,028	42,614	49,545

4. Revenue

	<u>6 months ended 30 June</u>	
	<u>2024</u>	<u>2023</u>
	RMB'000	RMB'000
<u>Revenue classified by nature type</u>		
Rendering of services	51,730	47,889
Sale of goods	17,668	20,989
Laboratory services	10,795	8,955
Leasing income	216	534
Management fee income from outside parties	5,021	2,196
Other income	14	12
Total revenue	<u>85,444</u>	<u>80,575</u>
 <u>Revenue classified by timing of revenue recognition</u>		
Point in time	80,207	77,845
Over time	5,237	2,730
	<u>85,444</u>	<u>80,575</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.

	<u>6 months ended 30 June</u>	
	<u>2024</u>	<u>2023</u>
	RMB'000	RMB'000
Foreign exchange adjustment gains/(losses)	3	(961)
Government grant/incentive	757	99
Rental discount/waiver	224	175
Gain on de-recognised of right-of-use assets	106	–
Gain/(loss) on remeasurement of right-of-use assets	12	(27)
Non-trade payables written off	153	132
Other losses	(25)	(7)
Other gains	16	–
Inventories written down	(1)	(26)
Gain on disposal of property, plant and equipment	–	1
Property, plant and equipment written-off	(1)	(10)
Net	<u>1,244</u>	<u>(624)</u>
 Presented in profit or loss as:		
Other income and gains	1,271	407
Other losses	(27)	(1,031)
	<u>1,244</u>	<u>(624)</u>

6. Finance costs

	<u>6 months ended 30 June</u>	
	<u>2024</u>	<u>2023</u>
	RMB'000	RMB'000
Interest on borrowings	(10)	(85)
Interest on lease liabilities	(752)	(876)
	<u>(762)</u>	<u>(961)</u>

7. Income tax

	<u>6 months ended 30 June</u>	
	<u>2024</u>	<u>2023</u>
	RMB'000	RMB'000
<u>Current tax expense</u>		
Current tax expense	(202)	(45)
Under provision in respect of prior years	(55)	–
Subtotal	<u>(257)</u>	<u>(45)</u>
<u>Deferred tax income</u>		
Deferred tax income	<u>101</u>	<u>101</u>
<u>Withholding tax expense</u>		
Current withholding tax expense	(13)	(36)
Over provision in respect of prior years	111	–
Subtotal	<u>98</u>	<u>(36)</u>
Total income tax (expense)/credit	<u>(58)</u>	<u>20</u>

	<u>Group</u>	
	<u>30 Jun</u> <u>2024</u>	<u>31 Dec</u> <u>2023</u>
	RMB'000	RMB'000
<u>Deferred tax assets</u>		
Tax losses carryforward	2,106	2,106
Excess of carrying values over tax values of intangible assets, and property, plant and equipment	(418)	(519)
	<u>1,688</u>	<u>1,587</u>
Presented in the statement of financial position as follows:		
Deferred tax assets	2,106	2,106
Deferred tax liabilities	(418)	(519)
	<u>1,688</u>	<u>1,587</u>

As at 30 June 2024, deferred tax asset of RMB2,106,000 (31 December 2023: RMB2,106,000) 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. Earnings/(loss) per share

	<u>6 months ended 30 June</u>	
	<u>2024</u>	<u>2023</u>
	RMB cents	RMB cents
Basic earnings/(loss) per share	1.43	(0.23)
Diluted earnings/(loss) per share	1.43	(0.23)
Weighted average number of shares:-		
Basic	<u>511,288,635</u>	<u>511,288,635</u>
Diluted	<u>512,249,200</u>	<u>511,288,635</u>

Basic earnings/(loss) per share is computed by dividing the profit/(loss) after tax attributable to owners of the Company against the weighted average number of ordinary shares outstanding for the respective reporting periods.

Diluted earnings/(loss) per share is computed by dividing the profit/(loss) after tax attributable to owners of the Company against the weighted average number of ordinary shares outstanding for the respective reporting periods plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

There have been no transaction involving ordinary shares or potential ordinary shares since the reporting date and before the completion of these condensed interim financial statements.

9. Property, plant and equipment

During the financial period, the Group acquired property, plant and equipment amounting to RMB0.7 million (1H2023: RMB1.8 million). The written-off and disposal of property, plant and equipment amounted to RMB1,000 (1H2023: RMB90,000) and RMB103,000 (1H2023: RMB93,000) 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 2024 RMB'000	31 Dec 2023 RMB'000	30 Jun 2024 RMB'000	31 Dec 2023 RMB'000
Unquoted equity shares	<u>23,589</u>	<u>20,897</u>	<u>20,904</u>	<u>20,897</u>
Balance at beginning of the year	20,897	74,832	20,897	74,832
Foreign exchange adjustments	15	2,370	7	2,191
Share of results for the year	2,677	1,061	-	-
Dividends	-	(10,497)	-	-
Impairment loss	-	(46,869)	-	(56,126)
Balance at end of the year	<u>23,589</u>	<u>20,897</u>	<u>20,904</u>	<u>20,897</u>

12. Share capital

	<u>Number of shares</u> '000	<u>Share Capital</u> RMB'000
Ordinary shares		
Balance as at 31 December 2023 and 30 June 2024	<u>511,289</u>	<u>445,473</u>

Share options

As at 30 June 2024, there were no outstanding share options. (30 June 2023: Nil).

Share awards

As at 30 June 2024, the total number of share awards outstanding under Aoxin Q & M Performance Share Plan was 960,565 (30 June 2023: 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 2023: 960,565 shares) and represents 0.18% (30 June 2023: 0.18%) of Company's total issued share capital as at end of the financial period.

As at 30 June 2024, the issued and paid-up share capital excluding treasury shares of the Company comprised 511,288,635 (31 December 2023: 511,288,635) ordinary shares.

Save as disclosed, there were no subsidiary holdings, treasury shares or outstanding convertibles as at 30 June 2024 and 30 June 2023.

13. Other financial liabilities – borrowings and debt securities

	<u>Unsecured</u>	
	<u>30 Jun 2024</u> RMB'000	<u>31 Dec 2023</u> RMB'000
<u>Group</u>		
Repayable in one year or less, or on demand:		
Bank loan (unsecured)	682	681
Repayable after one year:		
Bank loan (unsecured)	–	339
Total	<u>682</u>	<u>1,020</u>

	<u>Unsecured</u>	
	<u>30 Jun 2024</u> RMB'000	<u>31 Dec 2023</u> RMB'000
<u>Company</u>		
Repayable in one year or less, or on demand:		
Bank loan (unsecured)	682	681
Repayable after one year:		
Bank loan (unsecured)	–	339
Total	<u>682</u>	<u>1,020</u>

The unsecured bank loan of RMB682,000 (31 Dec 2023: RMB1,020,000) 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.

14. Net assets value

	<u>Group</u>		<u>Company</u>	
	30 Jun <u>2024</u> RMB cents	31 Dec <u>2023</u> RMB cents	30 Jun <u>2024</u> RMB cents	31 Dec <u>2023</u> RMB cents
Net assets value per ordinary share	<u>53.7</u>	<u>52.2</u>	<u>73.5</u>	<u>73.3</u>

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 2024 and 31 December 2023 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 2024, the total carrying values of the Group's and Company's right-of-use assets related to these leases were RMB3,538,000 and RMB512,000 (31 December 2023: RMB4,154,000 and RMB614,000).

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 <u>2024</u> RMB'000	31 Dec <u>2023</u> RMB'000	30 Jun <u>2024</u> RMB'000	31 Dec <u>2023</u> RMB'000
<u>Financial assets:</u>				
Financial assets at amortised cost	<u>92,175</u>	<u>88,718</u>	<u>45,606</u>	<u>46,780</u>
<u>Financial liabilities:</u>				
Financial liabilities at amortised cost	<u>39,075</u>	<u>46,366</u>	<u>2,934</u>	<u>4,737</u>

17. Contingent liabilities and contingent assets

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

18. Capital commitments

As at 30 June 2024, there was no committed future capital expenditure not recognised in the financial statements (31 December 2023: Nil).

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 2024 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 ("1H2024 vs 1H2023")

Revenue

The Group recorded revenue of RMB85.4 million for the six months ended 30 June 2024 ("1H2024") as compared to RMB80.6 million in the corresponding period in the preceding year ("1H2023"), representing an increase of RMB4.8 million or 6.0% year on year.

Revenue from primary healthcare segment increased by 12.5% in 1H2024 due mainly to an overall increase in patient numbers seeking dental treatments, in particular for gum diseases, as well as better affordability resulting from the changing regulatory environment towards healthcare in China.

Revenue from distribution of dental equipment and supplies segment decreased by 15.8% in 1H2024. This was mainly due to lesser demand for dental equipment from government hospitals due to a reduction in government capital expenditure budget.

Revenue from laboratory services segment increased by 20.5% in 1H2024. The increase was mainly due to business expansion to overseas markets.

Other Income and Gains

Other income and gains

Other income and gains increased by RMB0.9 million in 1H2024 mainly due to an increase in government grant/incentive, gain on de-recognition of right-of-use assets mainly due to early termination and write-off of certain building leasing contracts and rental discount/waiver from landlords.

Expenses

Cost of consumables and dental supplies

The increase of 21.9% or RMB1.5 million was mainly due to the (i) increase in revenue from primary healthcare segment and (ii) reclassification of RMB0.9 million of value added tax ("VAT") in relation to purchase of consumables from other expenses.

The cost of consumables and dental supplies in 1H2024 would have been RMB7.5 million if VAT is included in other expenses.

As a percentage of revenue from the primary healthcare segment, cost of consumables and dental supplies used in 1H2024 was 14.7% as compared to 13.6% in 1H2023. The lower gross profit margin for the primary healthcare segment was mainly due to the national centralised procurement policy for dental implants implemented by the government in mid 2023, which placed a price cap on dental implants and thereby resulting in lower margins for such procedures.

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 decrease in cost of sales of RMB 3.4 million or 18.7% was mainly due to the decrease in revenue from the distribution of dental equipment and supplies segment.

As a percentage of revenue from the distribution of dental equipment and supplies segment, cost of sales in dental equipment and supplies in 1H2024 was 83.6% as compared to 86.5% in 1H2023.

Cost of laboratory services

The increase in cost of laboratory services of RMB0.8 million or 39.7% was largely due to the increase in revenue from laboratory services segment.

As a percentage of revenue from the laboratory services segment, cost of laboratory services was 24.5% in 1H2024 as compared to 21.1% in 1H2023. The lower gross profit margin of the laboratory services segment was mainly due to the national centralised procurement policy implemented from April 2023 by the government which led to lower revenue from implant projects and resulted in lower margin.

Employee benefits expenses

The increase in employee benefits expenses by 6.2% or RMB2.3 million in 1H2024 was largely due to the commissions payable to employees that is correlated to the increase in revenue.

As a percentage of revenue, employee benefits expenses in 1H2024 remained at 46.1% as compared to 46.0% in 1H2023.

Depreciation and amortisation expenses

Depreciation and amortisation expenses decreased by 20.5% or RMB1.1 million in 1H2024. The decrease was mainly due to some of the property, plant and equipment being fully depreciated in the previous financial period as a result of end of useful life.

Other expenses

The decrease in other expenses by 8.7% or RMB0.7 million in 1H2024 was mainly due to (i) lower entertainment, marketing, advertising, motor vehicles, repair and maintenance expenses; and (ii) reclassification of RMB0.9 million VAT in relation to purchase of consumables being reclassified to cost of consumables and dental supplies.

The above decreases were partially offset by increase of professional fee by RMB0.3 million.

As a percentage of revenue, other expenses in 1H2024 decreased to 9.3% from 10.8% in 1H2023.

Other losses

Other losses decreased by RMB1.0 million in 1H2024 mainly due to small unrealised foreign exchange gain in 1H2024 as compared to RMB1.0 million unrealised foreign exchange loss in 1H2023.

EBITDA (excluding share of results of associate)

The Group's EBITDA increased by 95.2% to RMB13.1 million in 1H2024. The increase was largely due to improvement in primary healthcare segment by RMB6.1 million as a result of higher revenue.

Share of results of associate

Share of results of associate, Acumen Diagnostics Pte. Ltd., increased by 30.6% to RMB2.7 million in 1H2024. The improvement was largely due to cost-cutting measures implemented during the financial period.

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

Income tax (expense)/benefit

Tax expense was RMB0.06 million in 1H2024 as compared to a tax benefit of RMB0.02 million in 1H2023. The tax expense was largely due to the Group reporting a profit before tax in 1H2024 as compared to a loss before tax in 1H2023.

Profit/(loss) After Tax

Arising from the above reasons, the Group recorded a net profit of RMB7.3 million in 1H2024 as compared to a net loss of RMB1.2 million in 1H2023.

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 2024 and 31 December 2023.

Non-Current Assets

Property, plant and equipment decreased by RMB3.2 million, largely due to the depreciation of property, plant and equipment of RMB3.9 million, partially offset by the assets acquired amounting to RMB0.7 million.

Right-of-use ("ROU") assets decreased by RMB3.0 million, mainly due to depreciation of ROU assets of RMB3.3 million. 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 RMB2.7 million mainly due to the improvement in performance from the associate.

Current Assets

Trade and other receivables decreased by RMB3.1 million, largely due to improvement in collection from trade receivables of laboratory services segment.

Cash and cash equivalents increased by RMB6.6 million mainly due to reasons as detailed in the cash flow movements analysis below.

Non-Current Liabilities

Lease liabilities decreased by RMB1.0 million mainly due to the payment of lease liabilities during 1H2024 and repayment of the unsecured bank loan of RMB0.3 million during 1H2024.

Current Liabilities

Trade and other payables decreased by RMB4.2 million, mainly due to payments of employee costs, other payables and trade payables.

Lease liabilities decreased by RMB1.3 million mainly due to payment made during 1H2024.

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

Statement of Cash Flows

The Group's net cash flow from operating activities in 1H2024 was RMB10.8 million. This was largely attributable to operating cash flows before change in working capital of RMB13.1 million offset by working capital changes of RMB2.1 million and tax payment of RMB0.2 million.

Net cash used in investing activities in 1H2024 of RMB0.7 million was mainly attributable to the acquisition of property, plant and equipment.

Net cash flows used in financing activities in 1H2024 was RMB3.5 million, mainly due to the repayment of lease liabilities.

Consequent to the above, the Group's cash and cash equivalents stood at RMB57.8 million as at 30 June 2024.

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

For the next 12 months, the Group is cautiously optimistic, against the backdrop of improving consumer spending and economic activity in China. The Group expects the public healthcare sector to remain competitive, mainly driven by the changing regulatory environment affecting medical insurance policy (医保统筹) and the national centralised procurement policy.

At the same time, the Group will explore digital technology to develop precise and suitable treatment plans/alternatives to patients and seek the next growth curve for performance improvement.

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 1H2024.

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 1H2024, 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**

On 12 July 2024, the Company's 100% owned subsidiary, Shenyang Quanxin Medical Equipment Leasing Co., Ltd. incorporated a 100% wholly owned subsidiary, Qicheng (Shenyang) Digital Intelligent Technology Co., Ltd. (启诚 (沈阳市) 数字智能科技有限公司) ("**Qicheng Shenyang**"), a company incorporated in the People's Republic of China with a paid up capital of RMB100,000. The principal activity of Qicheng Shenyang includes consultancy and technical advisory services, sales and marketing and labs services.

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 2024 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**

12 August 2024