



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

Unaudited Financial Statements and Dividend Announcement For the half year ended 30 June 2018

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

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

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Background

The Company was incorporated on 05 May 2011 in Singapore under the Singapore Companies Act as a company limited by shares under the name of “Q & M Dental Holdings (China) Pte. Ltd.”. On 25 January 2017, the Company changed its name to “Aoxin Q & M Dental Group Pte. Ltd.”. The Company was converted into a public limited company and renamed “Aoxin Q & M Dental Group Limited” on 30 March 2017.

The Company and its subsidiaries (the “**Group**”) was formed pursuant to a restructuring exercise (the “**Restructuring Exercise**”) undertaken as part of a corporate reorganization implemented for the purposes of the Company’s initial public offering (“**IPO**”) on the Catalist Board of the SGX-ST (“**Catalist**”). The Company was listed on the Catalist on 26 April 2017. Please refer to the Company’s offer document dated 18 April 2017 for further details on the Restructuring Exercise.

The Group’s business can be categorised into three segments:

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



Financial Statement Announcement for Half-Year Ended 30 June 2018

PART I - INFORMATION REQUIRED FOR HALF-YEAR ANNOUNCEMENT

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

In RMB'000	Note	Group		
		1H2018	1H2017	Change %
Revenue				
Primary healthcare		38,280	32,389	18
Distribution of dental equipment and supplies		15,493	15,226	2
Laboratory services		5,921	-	NM
Total revenue		59,694	47,615	25
Interest income		78	25	212
Other gains	1(a)(i)	-	86	NM
Expenses				
Consumables and dental supplies		(4,913)	(4,038)	22
Cost of dental equipment and supplies		(12,368)	(11,960)	3
Cost of laboratory services		(1,395)	-	NM
Employee benefits expense		(21,669)	(13,675)	58
Depreciation and amortisation expense		(3,240)	(2,680)	21
Rental expense		(3,648)	(2,279)	60
Finance costs		-	(3)	NM
Professional fees and expenses related to the IPO		-	(5,192)	NM
Other expenses		(7,394)	(4,298)	72
Other losses	1(a)(ii)	(319)	-	NM
Profit before tax from continuing operations		4,826	3,601	34
Income tax expense		(1,427)	(2,296)	(38)
Profit net of tax from continuing operations		3,399	1,305	160
Profit from disposal of discontinued operations		-	130	NM
Profit net of tax		3,399	1,435	137
Other comprehensive losses				
Exchange differences on translating foreign operations		(195)	(1,390)	(86)
Total other comprehensive losses		(195)	(1,390)	(86)
Total comprehensive income		3,204	45	NM
Profit net of tax attributable to:				
Owners of the parent				
- Continuing operations		3,399	1,305	160
- Discontinued operations		-	134	NM
		3,399	1,439	136
Non-controlling interest				
- Discontinued operations		-	(4)	NM
		-	(4)	NM
Profit net of tax		3,399	1,435	137



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Profit net of tax excluding professional fee and expenses related to the IPO attributable to owners of the parent from continuing operations	3,399	6,497	NM
Comprehensive income/(losses) attributable to:			
Owners of the parent			
- Continuing operations	3,204	(85)	NM
- Discontinued operations	-	134	NM
	3,204	49	NM
Non-controlling interest			
- Discontinued operations	-	(4)	NM
	-	(4)	NM
Total comprehensive income	3,204	45	NM

NM: Not Meaningful

Note:

1(a)(i) Other gains

In RMB'000	1H2018	1H2017
Foreign exchange adjustments gain	-	86
	-	86

1(a)(ii) Other losses

In RMB'000	1H2018	1H2017
Foreign exchange translation loss	(319)	-
	(319)	-



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

In RMB'000	Group		Company	
	30 Jun 2018 (Unaudited)	31 Dec 2017 (Audited)	30 Jun 2018 (Unaudited)	31 Dec 2017 (Audited)
ASSETS				
<u>Non-current assets</u>				
Plant and equipment	49,191	36,135	382	411
Intangible assets	114,962	115,147	-	-
Investment in subsidiaries	-	-	254,039	254,039
Other assets	425	410	361	410
Total non-current assets	164,578	151,692	254,782	254,860
<u>Current assets</u>				
Inventories	7,929	7,327	-	-
Trade and other receivables	20,221	10,402	5,862	3,231
Other assets	6,157	2,485	494	317
Cash and cash equivalents	66,197	95,265	41,022	36,563
Total current assets	100,504	115,479	47,378	40,111
Total assets	265,082	267,171	302,160	294,971
EQUITY AND LIABILITIES				
<u>Equity</u>				
Share capital	295,356	284,744	295,356	284,744
Retained earnings/(accumulated losses)	16,325	16,584	(3,229)	295
Other reserves	(64,285)	(64,719)	3,626	3,149
Total equity	247,396	236,609	295,753	288,188
<u>Non-current liabilities</u>				
Deferred tax liabilities	601	647	-	-
Total non-current liabilities	601	647	-	-
<u>Current liabilities</u>				
Income tax payables	455	182	-	-
Trade and other payables	16,630	29,733	6,407	6,783
Total current liabilities	17,085	29,915	6,407	6,783
Total liabilities	17,686	30,562	6,407	6,783
Total equity and liabilities	265,082	267,171	302,160	294,971

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

As at 30 June 2018 and 31 December 2017, the Group had no borrowings.



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

In RMB'000	Group	
	1H2018	1H2017
<u>Cash flows from operating activities</u>		
Profit before tax	4,826	3,601
Adjustments for:		
Depreciation and amortisation expenses	3,240	2,680
IPO expenses	-	5,192
Foreign currency translation reserve	(192)	(1,071)
Interest expense	-	3
Share-based payment	629	-
Operating cash flows before changes in working capital	8,503	10,405
Inventories	(602)	(994)
Trade and other receivables	(9,819)	(1,523)
Other assets	(3,687)	(2,027)
Trade and other payables	3,079	5,602
Net cash flows (used in)/from operations	(2,526)	11,463
Income taxes paid	(1,199)	(2,929)
Net cash flows (used in)/from operating activities	(3,725)	8,534
<u>Cash flows used in investing activities</u>		
Amounts paid to vendors of acquired subsidiaries	(16,182)	-
Purchase of plant and equipment	(16,115)	(1,761)
Net cash flows used in investing activities	(32,297)	(1,761)
<u>Cash flows from financing activities</u>		
Repayment of advances to related companies	-	(4,857)
Dividend paid	(3,658)	-
Interest paid	-	(3)
Proceeds from share subscription	10,612	59,683
IPO expenses	-	(8,153)
Net cash flows from financing activities	6,954	46,670
Net (decrease)/increase in cash and cash equivalents	(29,068)	53,443
Cash and cash equivalents at beginning of the period	95,265	34,918
Cash and cash equivalents at end of the period	66,197	88,361



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

In RMB'000	Share capital	Retained earnings	Other reserves	Attributable to parent Total	Non-controlling Interest	Total equity
Group						
Opening balance at 1 January 2018	284,744	16,584	(64,719)	236,609	-	236,609
Changes in equity:						
Total comprehensive income/(loss) for the period	-	3,399	(195)	3,204	-	3,204
Issue of new shares	10,612	-	-	10,612	-	10,612
Dividend paid	-	(3,658)	-	(3,658)	-	(3,658)
Share-based payments	-	-	629	629	-	629
Closing balance at 30 June 2018	295,356	16,325	(64,285)	247,396	-	247,396
Group						
Opening balance at 1 January 2017	44,312	12,317	22,646	79,275	15,587	94,862
Changes in equity:						
Total comprehensive income/(loss) for the period	-	1,439	(1,390)	49	(4)	45
Issue of new shares pursuant to Restructuring Exercise	178,105	-	(101,808)	76,297	-	76,297
Issue of new shares pursuant to the IPO	56,221	-	-	56,221	-	56,221
Decrease in non-controlling interest without a change in control	-	-	14,984	14,984	(14,984)	-
Capitalisation of IPO expenses	(2,961)	-	-	(2,961)	-	(2,961)
Disposal of subsidiary classified under disposal group	-	-	-	-	(599)	(599)
Closing balance at 30 June 2017	275,677	13,756	(65,568)	223,865	-	223,865



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

In RMB'000	Share capital	Retained earnings / (accumulated losses)	Other reserves	Total equity
Company				
Opening balance at 1 January 2018	284,744	295	3,149	288,188
Changes in equity:				
Total comprehensive income/(loss) for the period	-	134	(152)	(18)
Issue of new shares	10,612	-	-	10,612
Share-based payments	-	-	629	629
Dividend paid #	-	(3,658)	-	(3,658)
Closing balance at 30 June 2018	295,356	(3,229)	3,626	295,753
Company				
Opening balance at 1 January 2017	44,312	(5,639)	106,614	145,287
Changes in equity:				
Total comprehensive loss for the period	-	(1,078)	(1,954)	(3,032)
Issue of new shares pursuant to Restructuring Exercise	178,105	-	(101,808)	76,297
Issue of new shares pursuant to IPO exercise	56,221	-	-	56,221
Capitalisation of IPO expenses	(2,961)	-	-	(2,961)
Closing balance at 30 June 2017	275,677	(6,717)	2,852	271,812

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



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

Ordinary shares	Number of shares '000	Share capital RMB'000
At 1 January 2018	372,162	284,744
Issuance of new shares (Note 1)	9,413	10,612
Balance as at 30 June 2018	381,575	295,356

There were no subsidiary holdings, treasury shares or convertible instruments as at 30 June 2018 and 30 June 2017.

Note 1: On 1 March 2018, the Company issued 9,413,271 new ordinary shares at an issue price of S\$0.236 per share to Exclusive Innovation Pte. Ltd. and Weixia Pte. Ltd. for a cash consideration of S\$2,221,532 in respect of the acquisitions of Shenyang Qingamei Oral Restorative Technology Co., Ltd. and Zhuanghe City Aoxin Dawei Dental Co., Ltd.

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

	30 Jun 2018	31 Dec 2017
Total number of issued shares excluding treasury shares	381,574,909	372,161,638

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

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

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

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



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

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

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

Not applicable.

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

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

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

In the current reporting period, the Group adopted all of the Singapore Financial Reporting Standards (International) ("SFRS(I)") and Interpretations to SFRS(I) ("SFRS(I) INT") that are relevant to its operations and are effective for first-time adoption during the current reporting period. The adoption of these SFRS(I) and SFRS(I) INT does not have material effect on the amounts reported for the current or prior reporting periods.

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

Earnings per ordinary share (RMB cents)	Group	
	1H2018	1H2017
Basic earnings per share		
a. Continuing operations	0.90	0.47
b. Discontinued operations	-	0.05
	0.90	0.52
Weighted average number of shares	378,506,495	279,053,200
Fully diluted earnings per share		
a. Continuing operations	0.90	0.46
b. Discontinued operations	-	0.05
	0.90	0.51
Weighted average number of shares	378,506,495	282,825,354

The EPS for the period ended 30 June 2018 and 30 June 2017 have been computed by dividing profit, net of tax attributable to equity holders of Company against the weighted average number of shares for the period.



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

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

	Group		Company	
	30 Jun 2018	31 Dec 2017	30 Jun 2018	31 Dec 2017
Net asset value per ordinary share (RMB cents)	64.8	63.5	77.5	77.4

The net asset value per ordinary share of the Group and of the Company have been calculated based on the total issued number of ordinary shares of 381,574,909 and 372,161,638 as at 30 June 2018 and 31 December 2017 respectively.

8. A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion of the following:

- a) any significant factors that affected the turnover, costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
b) any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.

Statement of Comprehensive Income

Revenue

Group Revenue increased by approximately 25% from RMB47.6 million in 1H2017 to RMB59.7 million in 1H2018.

Revenue from primary healthcare increased by approximately 18% from RMB32.4 million in 1H2017 to RMB38.3 million in 1H2018. This was mainly due to:

- (i) Higher contribution of revenue from the existing hospitals and clinics especially from paediatric dentistry and implantology; and
(ii) Revenue from Zhuanghe City Aoxin Dawei Dental Co., Ltd ("**AXDW**") which was acquired in December 2017.

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

Expenses

Consumables and Dental Supplies

Consumables and dental supplies used increased by approximately 22% from RMB4.0 million in 1H2017 to RMB4.9 million in 1H2018. This increase in the cost of materials is in line with the increase in revenue from primary healthcare. As a percentage of revenue from the primary healthcare, consumables and dental supplies used in the primary healthcare business in 1H2018 was 12.8% as compared to 12.5% in 1H2017.

Cost of Laboratory services

This was attributed to SYQM which was acquired in October 2017.



Employee Benefits Expense

Employee benefits increased by approximately 58% from RMB13.7 million in 1H2017 to RMB21.7 million in 1H2018. These were mainly due to:

- (i) The costs for recruitment and training for undergraduate dentists, nurses and laboratory technicians to support the Group's long-term growth plan;
- (ii) Additional staff cost incurred after listing such as share-based payment, executive officers' remuneration and director's salary; and
- (iii) Increase in headcounts and salary costs for both primary healthcare and distribution of dental equipment and supplies segments.

As a percentage of revenue, employee benefits in 1H2018 was 36.3% as compared to 28.7% in 1H2017.

Depreciation and Amortisation Expense

Depreciation and amortisation expense increased by approximately 21% from RMB2.7 million in 1H2017 to RMB3.2 million in 1H2018. The increase of RMB0.5 million was mainly due to renovation and purchase of dental and laboratory equipment in relation to the acquisitions of SYQM and AXDW. As a percentage of revenue, depreciation and amortisation expense in 1H2018 was 5.4% as compared to 5.6% in 1H2017.

Rental Expense

Rental expense increased by approximately 60% from RMB2.3 million in 1H2017 to RMB3.6 million in 1H2018. The increase of RMB1.3 million was mainly due to increase in rental expenses for the new set-up Panjin Aoxin Quanmin Stomatology Hospital Co., Ltd ("PJAX") and the rental expenses incurred for SYQM and AXDW. As a percentage of revenue, rental expense in 1H2018 was 6.1% as compared to 4.8% in 1H2017.

Professional Fee and Expenses Related to the IPO

Professional fees and expenses of RMB5.2 million in 1H2017 were related to the IPO of the Company.

Other Expenses

Other expenses increased by approximately 72% from RMB4.3 million in 1H2017 to RMB7.4 million in 1H2018. The increase of RMB3.1 million was mainly due to higher marketing costs for promoting the hospitals and clinics, listing compliance fee incurred by the Company, travel expenses, withholding tax and other tax expenses. As a percentage of revenue, other expense in 1H2018 was 12.4% as compared to 9.0% in 1H2017.

Other Losses

Other losses of RMB319,000 in 1H2018 was mainly due to loss in foreign currency translations.

Profit Net of Tax from Continuing Operations

Profit net of tax from continuing operations increased by approximately RMB2.1 million from RMB1.3 million in 1H2017 to RMB3.4 million in 1H2018 due to the reasons stated above.

Profit Net of Tax Excluding Professional Fee and Expenses Related to the IPO Attributable to Owners of the Parent from Continuing Operations

Excluding the professional fee and expenses incurred in relation to the IPO, profit net of tax attributable to owners of the parent from continuing operations would have been RMB3.4 million for 1H2018 as compared to RMB6.5 million for 1H2017. This was mainly due to initial start-up losses incurred in Panjin hospital and to the costs incurred on dentists training to support the Group's long-term growth plan.



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 2018 and 31 December 2017.

Non-Current Assets

Non-current assets increased by RMB12.9 million from RMB151.7 million as at 31 December 2017 to RMB164.6 million as at 30 June 2018 mainly due to plant and equipment acquired for PJAX and Shenyang Shenhe Aoxin Stomatology Polyclinic Co., Ltd. ("JZY").

Current Assets

Inventories increased by RMB0.6 million from RMB7.3 million as at 31 December 2017 to RMB7.9 million as at 30 June 2018 mainly due to the incorporation of PJAX as well as higher sales by SYQM.

Trade and other receivables increased by RMB9.8 million from RMB10.4 million as at 31 December 2017 to RMB20.2 million as at 30 June 2018 mainly due to higher sales to government hospitals, advances paid to suppliers and expenses paid on behalf.

Other assets increased by RMB3.7 million from RMB2.5 million as at 31 December 2017 to RMB6.2 million as at 30 June 2018 mainly due to deposits paid for renovation, deposits for purchase of equipment and prepaid rental.

Cash and cash equivalents decreased by RMB29.1 million from RMB95.3 million as at 31 December 2017 to RMB66.2 million as at 30 June 2018 mainly due to the use of IPO proceeds for expansion of business through organic growth and new acquisitions.

Current Liabilities

Trade and other payables decreased by RMB13.1 million from RMB29.7 million as at 31 December 2017 to RMB16.6 million as at 30 June 2018. The decrease was mainly due to payment made to vendors of the acquired subsidiaries.

Statement of Cash Flows

The Group's net cash flow used in operating activities in 1H2018 was RMB3.7 million. This was mainly attributable to the increase in trade and other receivables, inventories, and other assets which was partially offset by the increase of trade and other payables.

Net cash used in investing activities in 1H2018 was RMB32.3 million, which was mainly attributable to the purchase of plant and equipment for PJAX and JZY, and payment of amounts due to the vendors of acquired subsidiaries.

Net cash from financing activities in 1H2018 was RMB7.0 million, which was mainly attributable to the issuance of new shares and partially offset by dividend paid.

Overall, the Group's cash and cash equivalents decreased by RMB29.1 million from RMB95.3 million as at 31 December 2017 to RMB66.2 million as at 30 June 2018.



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

No forecast or a prospect statement was disclosed previously.

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

Industry Prospects

There is good demand for premium dental services in China. Barring any unforeseen circumstances, there are no major known factors or events that may adversely affect the Group in the next reporting period and the next twelve months.

Recent Developments

- Update on Development of New Hospital in Panjin

On 20 May 2018, the Group announced the official opening of the PJAX which is located in the city of Panjin, Xinglongtai District. PJAX is established as a Sino-Foreign Equity Joint Venture (EJV) enterprise with registered capital of RMB 20.0 million.

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

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

- Update on Proposed Acquisition of Youxin Dental Clinic

On 18 May 2018, the Group announced the proposed acquisitions of Youxin Dental Clinic ("YX Dental"). YX Dental is incorporated in Jinzhou City, Liaoning Province, China and its principal activities are those of providing general and specialist dentistry services. The acquisition consideration of RMB19.6 million will be satisfied in cash of RMB13.72 million and an issuance of RMB5.88 million worth of new ordinary shares at S\$0.23 each. The new shares to be issued will be moratorised till 30 September 2022.

- Awards from Jinzhou Medical University

On 7 July 2018, the Group's subsidiary Shenyang Aoxin Q&M Stomatology Hospital and its dentists, Dr Ma Shuyi and Dr Sun Hailong, won awards in a medical conference held at Jinzhou Medical University for the Clinical Specialist Centre for Prosthodontics, the Best Clinical Expert and the Young Clinical Dentist respectively. These awards were in recognition of the Group's technical competence and quality of service.



Future Plans

The Group intends to continue executing the business plans outlined below.

- Business Expansion through organic growth, mergers and acquisitions, joint ventures and partnerships

The Group intends to:

- open 3 to 5 dental centres, particularly in areas where the Group does not have a presence in, to meet the growing demand for such services in Northern PRC. The eventual number of dental centres opened will depend on opportunities and market conditions.;
- expand footprint through mergers and acquisitions, joint ventures and partnerships with other dental centres who seek collaboration with the Group; and
- continue with business development and expansion by hiring and retaining more dental professionals while improving the Group's value proposition through the enhancement of compensation and the quality of its dental centres.

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

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

- Consolidate the Group dental and equipment supplies business and expand outside the three provinces

The Group will continue to:

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

11. Dividend

(a) Current financial period reported on

Any dividend declared for the current financial period reported on?

None.

(b) Corresponding period of the immediately preceding financial year

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

None.

(c) The date the dividend is payable.

Not applicable.

(d) Books closure date Not applicable



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

No dividend has been declared or recommended for 1H2018.

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

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

14. Use of proceeds

	Amount allocated	Amount utilised	Balance of net proceeds as at the date of this announcement
	S\$ million	S\$ million	S\$ million
Expansion of business through organic growth, mergers and acquisitions, joint ventures and partnerships	9.1	7.3	1.8
Net Proceeds from IPO	9.1	7.3	1.8

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

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

16. Negative Confirmation by the Board pursuant to Rules 705(5) of the Catalist Rules

The Board of Directors of the Company confirms, to the best of their knowledge, nothing has come to their attention which may render the unaudited financial statements for the six-month ended 30 June 2018 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Dr. Shao Yongxin
Group Chief Executive Officer
14 August 2018