

CIRCULAR DATED 29 MAY 2025

THIS CIRCULAR IS ISSUED BY AOXIN Q & M DENTAL GROUP LIMITED (THE "COMPANY"). THIS CIRCULAR IS IMPORTANT AS IT CONTAINS THE RECOMMENDATION OF THE RECOMMENDING DIRECTORS (AS DEFINED HEREIN) AND THE ADVICE OF HONG LEONG FINANCE LIMITED (AS THE INDEPENDENT FINANCIAL ADVISER TO THE RECOMMENDING DIRECTORS). THIS CIRCULAR REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

If you are in any doubt in relation to this Circular or as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

Unless otherwise stated, capitalised terms on this cover are defined in this Circular under the section titled "DEFINITIONS".

If you have sold or transferred all your issued and fully paid-up ordinary shares in the capital of the Company ("**Shares**") held through The Central Depository (Pte) Limited ("**CDP**"), you need not forward this Circular to the purchaser or transferee as arrangements will be made by CDP for a separate hardcopy notification ("**Notification**") (containing the address and instructions for the electronic retrieval of this Circular and its related documents) to be sent to the purchaser or transferee. If you have sold or transferred all your Shares which are not held through CDP, you should immediately hand the Notification to the purchaser or transferee or to the bank, stockbroker or agent through whom you effected the sale or transfer, for onward transmission to the purchaser or transferee. However, such documents should not be forwarded or transmitted to any jurisdiction outside of Singapore.

This Circular has been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. ("**Sponsor**"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") and the SGX-ST assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document.

The contact person for the Sponsor is Ms Foo Jien Jieng, 16 Collyer Quay, #10-00 Collyer Quay Centre, Singapore 049318, sponsorship@ppcf.com.sg.



AOXIN Q & M DENTAL GROUP LIMITED

(Company Registration Number: 201110784M)
(Incorporated in the Republic of Singapore)

CIRCULAR TO SHAREHOLDERS

in relation to the

MANDATORY UNCONDITIONAL CASH OFFER

by



Q & M DENTAL GROUP (SINGAPORE) LIMITED

(Company Registration Number: 200800507R)
(Incorporated in the Republic of Singapore)

to acquire all the issued and paid-up ordinary shares in the capital of the Company other than those already owned, controlled or agreed to be acquired by the Offeror

Independent Financial Adviser to the Recommending Directors of the Company



HONG LEONG FINANCE

HONG LEONG FINANCE LIMITED

(Company Registration No. 196100003D)
(Incorporated in the Republic of Singapore)

SHAREHOLDERS SHOULD NOTE THAT THE OFFER DOCUMENT STATES THAT ACCEPTANCES SHOULD BE RECEIVED BY THE CLOSE OF THE OFFER AT 5.30 P.M. (SINGAPORE TIME) ON 16 JUNE 2025. THE OFFEROR DOES NOT INTEND TO EXTEND THE OFFER BEYOND 5.30 P.M. (SINGAPORE TIME) ON 16 JUNE 2025 OR TO REVISE THE TERMS OF THE OFFER. ACCORDINGLY, SHAREHOLDERS WHO WISH TO ACCEPT THE OFFER MUST DO SO BY SUCH TIME AND DATE.

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DEFINITIONS

Except where the context otherwise requires, the following definitions apply throughout this Circular:

“Accepting Shareholders”	: Shareholders who validly accept the Offer
“Announcement Date”	: 30 April 2025, being the date of the Offer Announcement
“Auditors”	: RSM SG Assurance LLP
“Board”	: The board of directors of the Company as at the Latest Practicable Date
“Business Day”	: A day (other than a Saturday, a Sunday or a gazetted public holiday) on which commercial banks are open for business in Singapore
“Catalist Rules”	: The Listing Manual Section B: Rules of Catalist of the SGX-ST, as amended, supplemented or otherwise modified from time to time
“CDP”	: The Central Depository (Pte) Limited
“Circular”	: This circular to Shareholders dated 29 May 2025 in relation to the Offer, enclosing, <i>inter alia</i> , the IFA Letter
“Closing Date”	: 5.30 p.m. (Singapore time) on 16 June 2025 , being the last day for the lodgment of acceptances of the Offer
“Code”	: The Singapore Code on Take-overs and Mergers
“Companies Act”	: The Companies Act 1967 of Singapore
“Company”	: Aoxin Q & M Dental Group Limited
“Constitution”	: The constitution of the Company as amended, supplemented or modified from time to time
“Directors”	: The directors of the Company as at the Latest Practicable Date, and “Director” means any one of them
“FAA”	: Form of Acceptance and Authorisation for Offer Shares, which forms part of the Offer Document and which is issued to Depositors whose Offer Shares are deposited with CDP
“FAT”	: Form of Acceptance and Transfer for Offer Shares, which forms part of the Offer Document and which is issued to Shareholders whose Offer Shares are registered in their own name in the Register and are not deposited with CDP

"FY2022"	: Financial year ending 31 December 2022
"FY2023"	: Financial year ending 31 December 2023
"FY2024"	: Financial year ending 31 December 2024
"Group"	: The Company and its subsidiaries
"IFA"	: Hong Leong Finance Limited, the independent financial adviser to the Recommending Directors in connection with the Offer
"IFA Letter"	: The letter dated 29 May 2025 from the IFA to the Recommending Directors in respect of the Offer as set out in Appendix A to this Circular
"Interested Directors"	: The Directors who are facing conflicts of interests, namely: <ul style="list-style-type: none"> (a) Dr. Shao Yongxin; (b) Dr. Ng Chin Siau; (c) Ms. Ng Sook Hwa; and (d) Professor Chew Chong Yin
"Interested Person"	: As defined in Note on Rule 24.6 of the Code and read with Note on Rule 23.12 of the Code, an interested person, in relation to a company, is: <ul style="list-style-type: none"> (a) a director, chief executive officer, or Substantial Shareholder of the company; (b) the immediate family of a director, the chief executive officer, or a Substantial Shareholder (being an individual) of the company; (c) the trustees, acting in their capacity as such trustees, of any trust of which a director, the chief executive officer, or a Substantial Shareholder (being an individual) and his immediate family is a beneficiary; (d) any company in which a director, the chief executive officer, or a Substantial Shareholder (being an individual) together and his immediate family together (directly or indirectly) have an interest of 30% of more; (e) any company that is the subsidiary, holding company or fellow subsidiary of the Substantial Shareholder (being a company); or

- (f) any company in which a Substantial Shareholder (being a company) and any of the companies listed in (e) above together (directly or indirectly) have an interest of 30% or more

"Latest Practicable Date"	:	26 May 2025, being the latest practicable date prior to the despatch of this Circular electronically.
"Offer"	:	The mandatory unconditional cash offer by the Offeror to acquire the Offer Shares, on the terms and subject to the conditions set out in the Offer Document, the FAA and the FAT
"Offer Announcement"	:	The announcement in connection with the Offer released by the Offeror on the Announcement Date
"Offeror Concert Party Group"	:	Parties acting in concert with the Offeror
"Offer Document"	:	The document dated 19 May 2025, including the FAA and/or FAT, issued by the Offeror in respect of the Offer
"Offer Price"	:	S\$0.0321 in cash for each Offer Share
"Offer Shares"	:	All Shares in issue, excluding those Shares already owned, controlled, or agreed to be acquired by the Offeror and parties acting concert with it as at the date of the Offer
"Offeror"	:	Q & M Dental Group (Singapore) Limited
"Offeror Securities"	:	Offeror Shares, securities which carry substantially the same rights as any Offeror Shares, and convertible securities, warrants, options and derivatives in respect of such shares or securities
"Offeror Shares"	:	Ordinary shares in the capital of the Offeror
"Overseas Shareholders"	:	Shareholders whose addresses are outside Singapore as shown in the Register or, as the case may be, in the records of CDP
"Reference Period"	:	The period commencing on 30 October 2024, being the date falling six months prior to the Announcement Date, and ending on the Latest Practicable Date
"Register"	:	The register of holders of Shares, as maintained by the Registrar
"Registrar"	:	Tricor Barbinder Share Registration Services, in its capacity as the share registrar of the Company
"Relevant Acceptance Form"	:	The FAA or the FAT, as the case may be

"Relevant Securities"	: (a) Shares; (b) other securities which are being offered for or which carry voting rights in the Company; and (c) convertible securities, warrants, options and derivatives in respect of any Shares or securities which are being offered for or carry voting rights in the Company
"Recommending Directors"	: The Directors who are considered independent for the purposes of the Offer, namely: (a) Mr. Chua Ser Miang; and (b) Mr. Lin Ming Khin
"Securities Account"	: A securities account maintained by a Depositor with CDP but does not include a securities sub-account
"SFA"	: The Securities and Futures Act 2001 of Singapore
"SGXNET"	: A system network used by listed companies to send information and announcements to the SGX-ST or any other system networks prescribed by the SGX-ST
"SGX-ST"	: Singapore Exchange Securities Trading Limited
"Shareholders"	: Holders of Shares, including persons whose/which Shares are deposited with CDP or who/which have purchased Shares on the SGX-ST
"Shares"	: Issued and paid-up ordinary shares in the share capital of the Company
"SIC"	: Securities Industry Council of Singapore
"SRS"	: The Supplementary Retirement Scheme
"SRS Investors"	: Investors who purchase Shares pursuant to SRS
"Sponsor"	: PrimePartners Corporate Finance Pte. Ltd., the sponsor of the Company
"Substantial Shareholder"	: A person (including a corporation) who has an interest or interests (directly or indirectly) in one or more voting Shares in the Company, and the votes attached to that Share, or those Shares, in not less than five per cent. (5%) of the total votes attached to all the voting Shares in the Company
<i>Units and currencies</i>	
"RMB"	: Renminbi, the lawful currency of the People's Republic of China
"S\$"	: Singapore dollars, being the lawful currency of Singapore
"%" or "per cent."	: Per centum or percentage

Acting in Concert. Unless otherwise defined, the expression “**acting in concert**” shall have the same meaning as ascribed to it in the Code.

Announcements and notices. References to the making of an announcement or the giving of notice by the Company shall include the release of an announcement by the Company or its agents, for and on behalf of the Company, to the press or the delivery of or transmission by telephone, facsimile, SGXNET or otherwise of an announcement to the SGX-ST. An announcement made otherwise than to the SGX-ST shall be notified to the SGX-ST simultaneously.

Capitalised Terms in Extracts. Statements which are reproduced in their entirety from the Offer Document, the IFA Letter and the Constitution are set out in this Circular within quotes and italics, and capitalised terms used within these reproduced statements and not defined herein shall bear the same meanings as attributed to them in the Offer Document, the IFA Letter and the Constitution respectively.

Depositor, Depository Agent and Depository Register. The expressions “**Depositor**”, “**Depository Agent**”, and “**Depository Register**” shall have meanings ascribed to them respectively in Section 81SF of the SFA.

Expressions. Words importing the singular shall, where applicable, include the plural and *vice versa*. Words importing a single gender shall, where applicable, include any or all genders. References to persons shall, where applicable, include corporations.

Genders. Words importing the singular shall, where applicable, include the plural and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall, where applicable, include corporations.

Headings. The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Rounding. Any discrepancies in the figures in this Circular between the listed amounts and the totals thereof are due to rounding. Accordingly, the figures shown as totals in this Circular may not be an arithmetic aggregation of the figures that precede them.

Shareholders. References to “**you**”, “**your**” and “**yours**” in this Circular are, as the context so determines, to Shareholders.

Statutes. Any reference in this Circular to any enactment or statutory provision is a reference to that enactment or statutory provision as for the time being amended or re-enacted, unless the context otherwise requires. Any word defined under the Companies Act, the Code, the Catalist Rules, the SFA or any modification thereof and not otherwise defined in this Circular shall, where applicable, have the same meaning assigned to that word under the Companies Act, the Code, the Catalist Rules, the SFA or that modification thereof, as the case may be, unless the context otherwise requires.

Subsidiary and Related Corporation. The terms “**subsidiary**” and “**related corporation**” shall have the meanings ascribed to them in Sections 5 and 6 of the Companies Act respectively.

Time and Date. Any reference to a time of day and date in this Circular is made by reference to Singapore time and date respectively unless otherwise stated.

Total number of Shares and Percentage as at the Latest Practicable Date. In this Circular, the total number of Shares is a reference to a total of 511,522,048 Shares in issue as at the Latest Practicable Date (excluding treasury Shares), unless the context otherwise requires. Unless otherwise specified, all references to a percentage shareholding in the capital of the Company in this Circular are based on 511,522,048 Shares in issue as at the Latest Practicable Date (excluding treasury Shares).

Legal Counsel. For the purposes of this Circular, Virtus Law LLP has been appointed as the legal counsel to the Company as to Singapore law in relation to the Offer.

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

All statements other than statements of historical facts included in this Circular are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as “**aim**”, “**seek**”, “**expect**”, “**anticipate**”, “**believe**”, “**estimate**”, “**intend**”, “**project**”, “**plan**”, “**potential**”, “**strategy**”, “**forecast**”, “**possible**”, “**probable**” and similar expressions or future or conditional verbs such as “**if**”, “**will**”, “**would**”, “**should**”, “**could**”, “**may**” and “**might**”. These statements reflect the Company’s current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information as at the Latest Practicable Date. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements. Shareholders and investors should not place undue reliance on such forward-looking statements, and neither the Company nor the IFA guarantees any future performance or event, or undertakes any obligation to update publicly or revise any forward-looking statements, subject to compliance with all applicable laws and regulations and/or the rules of the SGX-ST and/or any other regulatory or supervisory body or agency.

INDICATIVE TIMETABLE

Date of despatch of Offer Document : **19 May 2025**

Date of despatch of this Circular : **29 May 2025**

Closing Date in respect of the Offer : **16 June 2025**

Date of settlement of consideration for valid acceptances of the Offer : In respect of valid and complete acceptances received, within seven (7) Business Days after the date of receipt of each such acceptance.

Please refer to paragraph 2 of Appendix A to the Offer Document for further information.

LETTER TO SHAREHOLDERS

AOXIN Q & M DENTAL GROUP LIMITED
(Company Registration Number: 201110784M)
(Incorporated in the Republic of Singapore)

Board of Directors:

Dr. Shao Yongxin (*Executive Director and Group CEO*)
Mr. Chua Ser Miang (*Non-Executive Chairman and Independent Director*)
Professor Chew Chong Yin (*Independent Director*)
Mr. Lin Ming Khin (*Independent Director*)
Dr. Ng Chin Siau (*Non-Executive and Non-Independent Director*)
Ms. Ng Sook Hwa (*Non-Executive and Non-Independent Director*)

Registered Address:

9 Raffles Place
#26-01 Republic Plaza
Singapore 048619

29 May 2025

To: The Shareholders of Aoxin Q & M Dental Group Limited

Dear Sir / Madam

MANDATORY UNCONDITIONAL CASH OFFER BY Q & M DENTAL GROUP (SINGAPORE) LIMITED FOR THE OFFER SHARES

1. INTRODUCTION

- 1.1. **Offer Announcement.** On 30 April 2025, the Offeror announced that the Offeror intends to make a mandatory unconditional cash offer for all the issued and paid-up ordinary shares in the capital of the Company other than those already owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with the Offeror in accordance with Rule 14 of the Code.

A copy of the Offer Announcement is available on the website of the SGX-ST at <https://www.sgx.com/securities/company-announcements>.

- 1.2. **Offer Document.** Shareholders should have, as at the date of this Circular, received a copy of the Offer Document issued by the Offeror, which was despatched on 19 May 2025, setting out, *inter alia*, the terms and conditions of the Offer.

Shareholders are advised to read the terms and conditions of the Offer contained in the Offer Document carefully.

The Offer Document is available on the website of the SGX-ST at <https://www.sgx.com/securities/company-announcements>.

- 1.3. **Independent Financial Adviser.** Hong Leong Finance Limited has been appointed as the independent financial adviser to the Recommending Directors in respect of the Offer.

- 1.4. **Purpose of this Circular.** The purpose of this Circular is to provide Shareholders with relevant information pertaining to the Company, the Offer, the advice of the IFA to the Recommending Directors and the recommendation of the Recommending Directors with regard to the Offer.

Shareholders should read the Offer Document and this Circular (including the IFA Letter) carefully and consider the recommendation of the Recommending Directors and the advice of the IFA to the Recommending Directors in respect of the Offer before deciding on whether to accept or reject the Offer. If you are in any doubt in relation to this Circular or as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

2. THE OFFER

- 2.1. **Terms of the Offer.** The principal terms and conditions of the Offer, as extracted from the Offer Document, are set out below. Unless otherwise defined, all terms and expressions used in the extracts below shall have the same meanings as those defined in the Offer Document.

"2. TERMS OF THE OFFER

2.1 Offer

In accordance with Rule 14.1 of the Code, the Offeror hereby offers to acquire all the Offer Shares, subject to the terms and conditions set out in this Offer Document. **The terms of the Offer will not be revised.**

2.2 Offer Price

For each Offer Share: S\$0.0321 in cash (the "Offer Price").

The Offer Price is final. The Offeror does not intend to revise the Offer Price.

2.3 Offer Shares

The Offer will be extended, on the same terms and conditions, to:

- (a) all the Shares other than those already owned, controlled or agreed to be acquired by the Offeror Concert Party Group; and
- (b) all new Shares unconditionally issued or to be issued, or treasury shares unconditionally delivered or to be delivered, as the case may be, prior to the final closing date of the Offer, pursuant to the valid vesting and release of any outstanding awards ("**Awards**") granted under the Aoxin Q & M Performance Share Plan and/or exercise of options ("**Options**") under the Aoxin Q & M Employee Share Option Scheme,

(collectively, the "**Offer Shares**").

2.4 No Encumbrances

The Offer Shares will be acquired:

- (i) validly issued and fully paid;

(ii) free from all Encumbrances; and

(iii) together with all rights, benefits, entitlements and advantages attached thereto as at the Offer Announcement Date and thereafter attaching thereto, including but not limited to all voting rights, the right to receive and retain all dividends, rights, return of capital and other distributions ("**Distributions**") (if any) which may be announced, declared, made or paid thereon by the Company on or after the Offer Announcement Date.

If any Distribution is announced, declared, paid or made by the Company on or after the Offer Announcement Date, depending on the settlement date in respect of the Offer Shares tendered in acceptance of the Offer, the Offeror reserves the right to reduce the Offer Price payable to Shareholders who validly accept or have validly accepted the Offer ("**Accepting Shareholders**") by an amount equivalent to such Distribution.

2.5 Unconditional

The Offer is **unconditional** in all respects.

2.6 No Awards and/or Options Offer

Based on the latest information available to the Offeror, there are no outstanding Awards or Options granted under the Aoxin Q & M Performance Share Plan and/or the Aoxin Q & M Employee Share Option Scheme as at the Latest Practicable Date. Accordingly, the Company will not make an offer to acquire any outstanding Awards or Options.

2.7 Warranty

A Shareholder who tenders his Offer Shares in acceptance of the Offer will be deemed to unconditionally and irrevocably warrant that he sells such Offer Shares as or on behalf of the beneficial owner(s) thereof:

(a) fully paid;

(b) free from all Encumbrances; and

(c) together with all rights, benefits and entitlements and advantages attaching thereto as at the Offer Announcement Date and hereafter attaching thereto, including the right to receive and retain (if any) all Distributions announced, declared, paid or made by the Company in respect of such Offer Shares on or after the Offer Announcement Date as set out in paragraph 2.4 above.

2.8 Choices

Shareholders can, in relation to all or part of their Offer Shares, either:

(a) accept the Offer in respect of such Offer Shares in accordance with the procedures set out in **Appendix B** to this Offer Document; or

(b) take no action and let the Offer lapse in respect of their Offer Shares.

2.9 Duration of the Offer

The Offer is open for acceptance by Shareholders for at least 28 days from the Despatch Date, unless the Offer is withdrawn with the consent of the SIC and every person released from any obligation incurred thereunder.

The Offer will close at 5.30 p.m. (Singapore time) on 16 June 2025, being the Closing Date. The Offeror does not intend to extend the Offer beyond 5.30 p.m. (Singapore time) on 16 June 2025 and the Offer will not be open for acceptances beyond 5.30 p.m. (Singapore time) on 16 June 2025. The Offeror does not intend to revise the terms of the Offer.

Accordingly, notice is hereby given that the Offer will close at 5.30 p.m. (Singapore time) on 16 June 2025 and will not be open for acceptances beyond 5.30 p.m. (Singapore time) on 16 June 2025 and the terms of the Offer will not be revised, save that such notice shall not be capable of being enforced in a competitive situation."

- 2.2. **Details of the Offer.** Further details on the Offer, in relation to (a) the settlement of the consideration of the Offer, (b) the requirements relating to the announcement(s) of the level of acceptances of the Offer, and (c) the right of withdrawal of acceptances of the Offer are set out in Appendix A to the Offer Document. Unless otherwise defined, all terms and expressions used in the extracts below shall have the same meanings as those defined in the Offer Document.

"APPENDIX A – DETAILS OF THE OFFER

1. DURATION OF THE OFFER

1.1 Closing Date

The Offer is open for acceptance by Shareholders for at least 28 days from the Despatch Date, unless the Offer is withdrawn with the consent of the SIC and every person released from any obligation incurred thereunder. **Accordingly, notice is hereby given that the Offer will close at 5.30 p.m. (Singapore time) on 16 June 2025. The Offeror does not intend to extend the Offer beyond 5.30 p.m. (Singapore time) on 16 June 2025 and the Offer will not be open for acceptances beyond 5.30 p.m. (Singapore time) on 16 June 2025. The Offeror does not intend to revise the terms of the Offer.**

1.2 Revision

Pursuant to Rule 20.1 of the Code, the Offer, if revised, will remain open for acceptance for a period of at least 14 days from the date of despatch of the written notification of the revision to Shareholders. In any case, where the terms are revised, the benefit of the Offer (as so revised) will be made available to each of the Shareholders, including those who have previously accepted the Offer. **The Offeror does not intend to revise the Offer Price or any other terms of the Offer.**

2. SETTLEMENT FOR THE OFFER

Mode of Settlement

Subject to the receipt by the Offeror from Accepting Shareholders of valid acceptances and all relevant documents required by the Offeror which are complete and valid in all

respects and in accordance with the requirements set out in this Offer Document, the FAA, the FAT and/or the terms and conditions for Electronic Acceptance (as the case may be), and in the case of Depositors, the receipt by the Offeror of confirmations satisfactory to it that the number of Offer Shares tendered by the Accepting Shareholders in acceptance of the Offer are standing to the credit of the "Free Balance" of their respective Securities Accounts at the relevant time, remittances for the appropriate amounts will be despatched, pursuant to Rule 30 of the Code, to Accepting Shareholders (or, in the case of Shareholders holding share certificate(s) which are not deposited with CDP, their designated agents, as they may direct) by the following means:

(a) in the case of Accepting Shareholders who are Depositors:

- (i) who are subscribed to CDP's Direct Crediting Service ("**DCS**"), CDP will send each Accepting Shareholder a notification letter stating the number of Offer Shares debited from the Depositor's Securities Account together with payment of the Offer Price in respect of such Offer Shares which will be credited directly into the Depositor's designated bank account for Singapore Dollars via CDP's DCS; or
- (ii) who are not subscribed to CDP's DCS, credited to such Accepting Shareholder's Cash Ledger and be subject to the same terms and conditions as Cash Distributions under the CDP Operation of Securities Account with the Depository Terms and Conditions ("**Cash Ledger**" and "**Cash Distribution**" are as defined therein); or

(b) in the case of Accepting Shareholders holding share certificate(s) which is/are not deposited with CDP, a Singapore dollar crossed cheque drawn on a bank in Singapore and sent by ordinary post to the address stated in the respective FATs or, if none is set out, to the respective addresses maintained in the Register, at the risk of the Accepting Shareholders,

as soon as practicable and in any case within seven (7) Business Days after receipt of acceptances of the Offer which are complete and valid in all respects and which are received by 5.30 p.m. (Singapore time) on the Closing Date.

3. ANNOUNCEMENTS

3.1 Timing and Contents

Pursuant to Rule 28.1 of the Code, by 8.00 a.m. (Singapore time) on the dealing day ("**Relevant Day**") immediately after the day on which the Offer is due to expire, or is revised (if applicable), the Offeror will announce and simultaneously inform the SGX-ST of the total number of Shares (as nearly as practicable):

- (a) for which valid acceptances of the Offer have been received;
- (b) held by the Offeror and any of its Concert Parties before the Offer Period; and
- (c) acquired or agreed to be acquired by the Offeror and any of its Concert Parties during the Offer Period,

and will specify the percentages of the total number of Shares represented by such numbers.

3.2 Suspension

Under Rule 28.2 of the Code, if the Offeror is unable, within the time limit, to comply with any of the requirements of paragraph 3.1 (Timing and Contents) of this **Appendix A**, the SIC will consider requesting the SGX-ST to suspend dealings in the Shares until the relevant information is given.

3.3 Valid Acceptances

Subject to paragraph 16.4 (Valid Acceptances) of this Offer Document, in computing the number of Offer Shares represented by acceptances received by the Offeror, the Offeror will, at the time of making an announcement, take into account acceptances which are valid in all respects.

3.4 Announcements

In this Offer Document, references to the making of any announcement or the giving of notice by the Offeror include the release of an announcement by the Offeror to the press or the delivery of or transmission by telephone, telefax, facsimile, SGXNET or otherwise of an announcement to the SGX-ST. An announcement made otherwise than to the SGX-ST shall be notified simultaneously to the SGX-ST.

4. RIGHT OF WITHDRAWAL IN RELATION TO THE OFFER

4.1 Acceptances Irrevocable

Except as expressly provided in this Offer Document and the Code, acceptances of the Offer shall be irrevocable and may not be withdrawn.

4.2 Right of Withdrawal of Shareholders

If the Offeror fails to comply with any of the requirements of Rule 28.1 of the Code by 3.30 p.m. (Singapore time) on the Relevant Day, then immediately thereafter:

- (a) Shareholders holding Offer Shares which are deposited with CDP and accepting the Offer will be entitled to withdraw their acceptance by written notice to **Q & M Dental Group (Singapore) Limited c/o The Central Depository (Pte) Limited at Privy Box No. 920764, Singapore 929292**; and
- (b) Shareholders holding Offer Shares which are not deposited with CDP and accepting the Offer will be entitled to withdraw their acceptance by written notice to **Q & M Dental Group (Singapore) Limited c/o Tricor Barbinder Share Registration Services at 9 Raffles Place, Republic Plaza, Tower 1, #26-01, Singapore 048619**.

A notice of withdrawal shall be effective only if signed by the Accepting Shareholder or his agent duly appointed in writing and evidence of whose appointment is produced in a form satisfactory to the Offeror within the said notice and when actually received by the Offeror."

- 2.3. **Closing Date.** The Offer will close at 5.30 p.m. (Singapore time) on 16 June 2025, being the Closing Date. The Offeror does not intend to extend the Offer beyond 5.30 p.m. (Singapore time)

on 16 June 2025 and the Offer will not be open for acceptances beyond 5.30 p.m. (Singapore time) on 16 June 2025. The Offeror does not intend to revise the terms of the Offer.

Accordingly, notice is hereby given that the Offer will close at 5.30 p.m. (Singapore time) on 16 June 2025 and will not be open for acceptances beyond 5.30 p.m. (Singapore time) on 16 June 2025 and the terms of the Offer will not be revised, save that such notice shall not be capable of being enforced in a competitive situation.

3. PROCEDURES FOR ACCEPTANCE

3.1. PROCEDURES FOR ACCEPTANCE OF THE OFFER

The procedures for acceptance of the Offer are set out in paragraph 4 of the Letter to Shareholders in the Offer Document and Appendix B to the Offer Document, extracts of which are set out below. Unless otherwise defined, all terms and expressions used in the extracts below shall have the same meanings as those defined in the Offer Document.

"APPENDIX B – PROCEDURES FOR ACCEPTANCE OF THE OFFER

1. PROCEDURES FOR ACCEPTANCE OF THE OFFER

1.1 Depositors

1.1.1 Depositors whose Securities Accounts are Credited with Offer Shares. If you have Offer Shares standing to the credit of the “Free Balance” of your Securities Account, you should receive the Notification together with a FAA. If you do not receive the FAA, you may obtain a copy of such FAA, upon production of satisfactory evidence that you are a Shareholder, from CDP by submitting a request to CDP via phone (+65 6535 7511) during their operating hours or email services (asksgx@sgx.com).

Acceptance. If you wish to accept the Offer, you should:

(i) complete the FAA in accordance with this Offer Document and the instructions printed on the FAA. In particular, you must state in **Section C** of the FAA or the relevant section in the electronic form of the FAA, the number of Offer Shares in respect of which you wish to accept the Offer;

(a) if you:

(aa) do not specify such number; or

(bb) specify a number which exceeds the number of Offer Shares standing to the credit of the “Free Balance” of your Securities Account on the Date of Receipt or, in the case where the Date of Receipt is on the Closing Date, by 5.30 p.m. (Singapore time) on the Closing Date,

you shall be deemed to have accepted the Offer in respect of all the Offer Shares standing to the credit of the “Free Balance” of your Securities Account on the Date of Receipt or 5.30 p.m. (Singapore time) on the Closing Date (if the FAA is received by CDP on the Closing Date); and

(b) if paragraph 1.1.1(i)(a)(bb) above applies and at the time of verification by CDP of the FAA on the Date of Receipt, there are outstanding settlement instructions with CDP to receive further Offer Shares into the “Free Balance” of your Securities Account (“**Unsettled Buy Position**”), and the Unsettled Buy Position settles such that the Offer Shares in the Unsettled Buy Position are transferred to the “Free Balance” of your Securities Account at any time during the period the Offer is open, up to 5.30 p.m. (Singapore time) on the Closing Date (“**Settled Shares**”), you shall be deemed to have accepted the Offer in respect of the balance number of Offer Shares inserted in Part A of the FAA or the relevant section of the electronic form of the FAA which have not yet been accepted pursuant to paragraph 1.1.1(i)(a)(bb) above, or the number of Settled Shares, whichever is less;

(ii) if you are submitting the FAA in physical form, sign the FAA in accordance with this **Appendix B** and the instructions printed on the FAA; and

(iii) submit the completed FAA:

(a) **by post**, in the enclosed pre-addressed envelope at your own risk, to Q & M Dental Group (Singapore) Limited c/o The Central Depository (Pte) Limited, Privy Box No. 920764, Singapore 929292; or

(b) **in electronic form**, via SGX's Investor Portal at <https://investors.sgx.com/>,

in each case so as to arrive not later than 5.30 p.m. (Singapore time) on the Closing Date. If the completed and signed FAA is delivered by post to the Offeror, please use the enclosed pre-addressed envelope, which is **NOT** pre-paid for posting. It is your responsibility to affix adequate postage on the said envelope.

If you have sold or transferred all your Offer Shares held through CDP, you need not forward the Notification and the accompanying FAA to the purchaser or transferee, as CDP will arrange for a separate Notification and FAA to be sent to the purchaser or transferee.

If you are a Depository Agent, you may accept the Offer via Electronic Acceptance. CDP has been authorised by the Offeror to receive Electronic Acceptances on their behalf and such Electronic Acceptances must be submitted not later than 5.30 p.m. (Singapore time) on the Closing Date. Such Electronic Acceptances submitted will be deemed irrevocable and subject to each of the terms and conditions contained in the FAA and this Offer Document as if the FAA had been completed and delivered to CDP.

1.1.2 Depositors whose Securities Accounts will be Credited with Offer Shares. If you have purchased Offer Shares on the SGX-ST and such Offer Shares are in the process of being credited to the “Free Balance” of your Securities Account, you should also receive the Notification together with a FAA. If you do not receive the FAA, you may obtain a copy of such FAA, **upon** production of satisfactory evidence that you are a Shareholder, from CDP by submitting a request to CDP via phone (+65 6535 7511) during their operating hours or email services (asksgx@sgx.com).

Acceptance. If you wish to accept the Offer in respect of such Offer Shares, you should, after the “Free Balance” of your Securities Account has been credited with such number of Offer Shares:

(i) complete the FAA in accordance with paragraph 1.1.1 of this **Appendix B** and the instructions printed on the FAA; and

(ii) submit the completed FAA:

(a) **by post**, in the enclosed pre-addressed envelope at your own risk, to Q & M Dental Group (Singapore) Limited c/o The Central Depository (Pte) Limited, Privy Box No. 920764, Singapore 929292; or

(b) **in electronic form**, via SGX's **Investor Portal** at <https://investors.sgx.com/>,

in each case so as to arrive not later than 5.30 p.m. (Singapore time) on the Closing Date. If the completed and signed FAA is delivered by post to the Offeror, please use the enclosed pre-addressed envelope which is enclosed with the FAA, which is **NOT** pre-paid for posting. It is your responsibility to affix adequate postage on the said envelope.

Rejection. If upon receipt by CDP, on behalf of the Offeror, of the FAA, it is established that such Offer Shares have not been or will not be, credited to the "Free Balance" of your Securities Account (as, for example, where you sell or have sold such Offer Shares), your acceptance is liable to be rejected. None of the Offeror and CDP accepts any responsibility or liability in relation to such a rejection, including the consequences thereof.

If you purchase Offer Shares on the SGX-ST on a date close to the Closing Date, your acceptance in respect of such Offer Shares is liable to be rejected if the "Free Balance" of your Securities Account is not credited with such Offer Shares by the Date of Receipt or by 5.30 p.m. (Singapore time) on the Closing Date (if the FAA is received by CDP on the Closing Date), unless paragraph 1.1.1(i)(a)(bb) read together with paragraph 1.1.1(i)(b) of this **Appendix B** apply. If the Unsettled Buy Position does not settle by 5.30 p.m. (Singapore time) on the Closing Date, your acceptance in respect of such Offer Shares will be rejected. None of the Offeror and CDP accepts any responsibility or liability in relation to such a rejection, including the consequences thereof.

1.1.3 Depositors whose Securities Accounts are and will be Credited with Offer Shares. If you have Offer Shares credited to your Securities Account, and have purchased additional Offer Shares on the SGX-ST which are in the process of being credited to your Securities Account, you may accept the Offer in respect of the Offer Shares standing to the credit of the "Free Balance" of your Securities Account and may accept the Offer in respect of the additional Offer Shares purchased which are in the process of being credited to your Securities Account only **AFTER** the "Free Balance" of your Securities Account has been credited with such number of Offer Shares.

1.1.4 FAAs Received on Saturday, Sunday and Public Holidays. For the avoidance of doubt, FAAs received by CDP on a Saturday, Sunday or public holiday in Singapore will only be processed and validated on the next Business Day.

1.1.5 General. No acknowledgement will be given by CDP for submissions of FAAs. All communications, notices, documents and payments to be delivered or sent to you will be sent by ordinary post at your own risk to your address as it appears in the records of CDP. For reasons of confidentiality, CDP will not entertain telephone enquiries relating to the number of Offer Shares credited to your Securities Account. You can verify such number in your Securities Account: (i) through CDP Online if you have

registered for the CDP Internet Access Service; or (ii) through the CDP Phone Service using SMS OTP, under the option "To check your securities balance".

1.1.6 **Blocked Balance.** Upon receipt of the FAA which is complete and valid in all respects, CDP will transfer the Offer Shares in respect of which you have accepted the Offer from the "Free Balance" of your Securities Account to the "Blocked Balance" of your Securities Account. Such Offer Shares will be held in the "Blocked Balance" until the consideration for such Offer Shares has been despatched to you.

1.1.7 **Notification.** As the Offer is unconditional, if you have accepted the Offer in accordance with the provisions contained in this **Appendix B** and the FAA, CDP will send you a notification letter stating the number of Offer Shares debited from your Securities Account together with payment of the Offer Price which will be credited directly into your designated bank account for Singapore Dollars via CDP's DCS on the payment date as soon as practicable and in any event within seven (7) business days after receipt of such acceptance(s) of the Offer which is complete and valid in all respects and which is received by 5.30 p.m. (Singapore time) on the Closing Date.

In the event you are not subscribed to CDP's DCS, any monies to be paid shall be credited to your Cash Ledger and subject to the same terms and conditions as Cash Distributions under the CDP Operation of Securities Account with the Depository Terms and Conditions (Cash Ledger and Cash Distribution are as defined therein).

1.1.8 **No Securities Account.** If you do not have an existing Securities Account in your own name at the time of acceptance of the Offer, your acceptance as contained in the FAA will be **rejected**.

1.2 Holders of Offer Shares in Scrip Form

1.2.1 Shareholders whose Offer Shares are not deposited with CDP

If you hold Offer Shares which are not deposited with CDP ("**in scrip form**"), you should receive the Notification together with a FAT. If you do not receive a FAT, you may obtain a copy of such FAT, upon production of satisfactory evidence that you are a Shareholder, from the Registrar, Tricor Barbinder Share Registration Services at 9 Raffles Place, Republic Plaza, Tower 1, #26-01, Singapore 048619.

1.2.2 Acceptance

If you wish to accept the Offer, you should:

(i) complete the FAT in accordance with this Offer Document and the instructions printed on the FAT. In particular, you must state in the FAT the number of Offer Shares in respect of which you wish to accept the Offer and state in the FAT the share certificate number(s) of the relevant share certificate(s). If you:

(a) do not specify such number in the FAT; or

(b) specify a number in the FAT which exceeds the number of Offer Shares represented by the share certificate(s) accompanying the FAT,

you shall be deemed to have accepted the Offer in respect of the total number of Offer Shares represented by the share certificate(s) accompanying the FAT;

(ii) sign the FAT in accordance with this **Appendix B** and the instructions printed on the FAT; and

(iii) deliver:

(a) the completed and signed FAT;

(b) the share certificate(s), other document(s) of title and/or other relevant document(s) required by the Offeror and/or the Registrar relating to the Offer Shares in respect of which you wish to accept the Offer. If you are recorded in the Register of Members of the Company as holding Offer Shares but you do not have the relevant share certificate(s) relating to such Offer Shares, you, at your own risk, are required to procure the Company to issue such share certificate(s) in accordance with the Constitution of the Company and then deliver such share certificate(s) in accordance with the procedures set out in this Offer Document and the FAT;

(c) where such Offer Shares are not registered in your name, a transfer form, duly executed by the person in whose name such share certificate(s) is/are registered and stamped, with the particulars of the transferee left blank (to be completed by the Offeror, or any person nominated in writing by the Offeror or a person authorised by either); and

(d) any other relevant document(s),

either:

(1) by **hand**, to Q & M Dental Group (Singapore) Limited c/o Tricor Barbinder Share Registration Services at 9 Raffles Place, Republic Plaza, Tower 1, #26-01, Singapore 048619; or

(2) by **post**, in the enclosed pre-addressed envelope at your own risk, to Q & M Dental Group (Singapore) Limited c/o Tricor Barbinder Share Registration Services at 9 Raffles Place, Republic Plaza, Tower 1, #26-01, Singapore 048619,

in either case so as to arrive not later than 5.30 p.m. (Singapore time) on the Closing Date. If the completed and signed FAT is delivered by post to the Offeror, please use the enclosed pre-addressed envelope, which is **NOT** pre-paid for posting. It is your responsibility to affix adequate postage on the said envelope.

1.2.3 **Receipt**

No acknowledgement of receipt of any FAT, share certificate(s), other document(s) of title, transfer form(s) or any other accompanying document(s) will be given by the Offeror or the Registrar.

1.2.4 **FATs Received on Saturday, Sunday and Public Holidays**

For the avoidance of doubt, FATs received by the Offeror and/or the Registrar on a Saturday, Sunday or public holiday in Singapore will only be processed and validated on the next Business Day.

2. GENERAL

2.1 Disclaimer

The Offeror, CDP and/or the Registrar will be authorised and entitled, in their sole and absolute discretion, to reject any acceptance of the Offer through the FAA and/or the FAT, as the case may be, which is not entirely in order or which does not comply with the terms of this Offer Document and the relevant Acceptance Forms or which is otherwise incomplete, incorrect, unsigned, signed but not in its originality, or invalid in any respect. If you wish to accept the Offer, it is your responsibility to ensure that the relevant Acceptance Forms are properly completed and executed in all respects and submitted with original signature(s) and that all required documents (where applicable) are provided. Any decision to reject or treat as valid any acceptance will be final and binding and none of the Offeror, CDP or the Registrar accepts any responsibility or liability for such a decision, including the consequences of such a decision.

2.2 Discretion

The Offeror reserves the right to treat acceptances of the Offer as valid if received by or on behalf of either of them at any place or places determined by them otherwise than as stated in this Offer Document or in the FAA and FAT, as the case may be, or if made otherwise than in accordance with the provisions of this Offer Document and the FAA and FAT, as the case may be. Any decision to reject or treat such acceptances as valid will be final and binding and none of the Offeror, CDP and/or the Registrar accepts any responsibility or liability for such a decision, including the consequences of such a decision.

2.3 Scripless and Scrip Offer Shares

If you hold some Offer Shares with CDP and others in scrip form, you should complete the FAA for the former and the FAT for the latter in accordance with the respective procedures set out in this **Appendix B** and the respective Acceptance Forms if you wish to accept the Offer in respect of such Offer Shares.

2.4 Deposit Time

If you hold Offer Shares in scrip form, the Offer Shares may not be credited into your Securities Account with CDP in time for you to accept the Offer if you were to deposit your share certificate(s) with CDP after the Despatch Date. If you wish to accept the Offer in respect of such Offer Shares, you should complete the FAT and follow the procedures set out in Paragraph 1.2 of this **Appendix B**.

2.5 Correspondences

All communications, certificates, notices, documents, payments and remittances to be delivered or sent to you (or, in the case of scrip holders, your designated agent or, in the case of joint Accepting Shareholders who have not designated any agent, to the one first named in the Register of Members of the Company) will be sent by ordinary post to your respective addresses as they appear in the records of CDP or the Registrar, as the case may be, at the risk of the person entitled thereto.

2.6 Evidence of Title

Delivery of the duly completed and signed FAA and/or FAT, as the case may be, together with the relevant share certificate(s) and/or other document(s) of title and/or other relevant

document(s) required by the Offeror, to the Offeror, CDP and/or the Registrar, shall be conclusive evidence in favour of the Offeror, CDP and/or the Registrar of the right and title of the person(s) signing it to deal with the same and with the Offer Shares to which it relates.

2.7 Loss in Transmission

The Offeror, CDP and/or the Registrar as the case may be, shall not be liable for any loss in transmission of the FAA and/or FAT.

2.8 Acceptances Irrevocable

Except as expressly provided in this Offer Document and the Code, the acceptance of the Offer made by you using the FAA and/or the FAT, as the case may be, shall be irrevocable.

2.9 Personal Data Privacy

By completing and delivering a FAA and/or FAT, each person (a) consents to the collection, use and disclosure of his personal data by the Offeror, CDP, the Registrar, the Company, and the SGX-ST (collectively, "**Indemnified Persons**") for the purpose of facilitating his acceptance of the Offer, and in order for the Indemnified Persons to comply with any applicable laws, listing rules, regulations and/or guidelines, (b) warrants that where he discloses the personal data of another person, such disclosure is in compliance with applicable laws, and (c) agrees that he will indemnify the Indemnified Persons in respect of any penalties, liabilities, claims, demands, losses and damages as a result of his breach of warranty."

4. INFORMATION ON THE OFFEROR

Paragraph 5 of the Letter to Shareholders in the Offer Document sets out certain information on the Offeror, extracts of which are set out below. Additional information on the Offeror extracted from Appendix C to the Offer Document is set out in Appendix C to this Circular. Unless otherwise defined, all terms and expressions used in the extracts below shall have the same meanings as those defined in the Offer Document.

"5. INFORMATION ON THE OFFEROR AND OFFEROR CONCERT PARTY GROUP

5.1 Information on the Offeror

The Offeror is a company incorporated in Singapore and is listed on the Mainboard of the SGX-ST. The Offeror Group is a leading private dental healthcare group in Southeast Asia.

As at the Latest Practicable Date, the Offeror has an issued share capital (excluding treasury shares) of S\$75,787,000 comprising of 948,560,520 issued ordinary shares.

As at the Latest Practicable Date, the directors of the Offeror are:

- (a) Dr. Ng (Non-Independent Executive Director/Group Chief Executive Officer);
- (b) Mr. Tan Teck Koon (Chairman, Independent Non-Executive Chairman);

- (c) Mr. Lim Yeow Hua (Independent Non-Executive Director);
- (d) Prof Chew (Independent Non-Executive Director); and
- (e) Dr. Raymond (Alternate Director to Dr. Ng).

5.2 Information on the Offeror Concert Party Group

As at the Latest Practicable Date, the Offeror Concert Party Group includes the following individuals and entities:

- (a) the Offeror;
- (b) directors of the Offeror;
- (c) QMH (being the Offeror's parent company, holding approximately 52.72% of the shares in the Offeror);
- (d) Dr. Ng (Dr. Ng is the Non-Independent Executive Director/Group Chief Executive Officer of the Offeror);
- (e) Mrs. Ng (being the wife of Dr. Ng); and
- (f) Ms. Ng (being the Chief Financial Officer of the Offeror and is the sister of Dr. Ng),

and the Offeror Concert Party Group currently holds an aggregate of 258,486,418 Shares, representing approximately 50.53% of the total number of issued Shares (excluding treasury shares in the Company), as follows:

- (a) the Offeror holds directly 255,644,318 Shares, following the acquisition of Security Enforcement Shares, representing approximately 49.98% of the total number of issued Shares (excluding treasury shares in the Company);
- (b) QMH holds directly 2,562,800 Shares, representing approximately 0.50% of the total number of issued Shares (excluding treasury shares in the Company);
- (c) Dr. Ng holds directly 163,300 Shares, representing approximately 0.03% of the total number of issued Shares (excluding treasury shares in the Company);
- (d) Mrs. Ng holds directly 10,000 Shares, representing approximately 0.002% of the total number of issued Shares (excluding treasury shares in the Company);
- (e) Prof Chew holds directly 100,000 Shares, representing approximately 0.02% of the total number of issued Shares (excluding treasury shares in the Company); and
- (f) Dr. Raymond holds directly 6,000 Shares, representing approximately 0.001% of the total number of issued Shares (excluding treasury shares in the Company)."

5. REASONS AND BENEFITS FOR THE OFFER

The full text of the reasons and benefits for the Offer has been extracted from paragraph 8 of the Letter to Shareholders in the Offer Document, extracts of which are set out below. Unless otherwise defined, all terms and expressions used in the extracts below shall have the same meanings as those defined in the Offer Document.

"8. RATIONALE FOR THE OFFER AND THE OFFEROR'S INTENTIONS FOR THE COMPANY

8.1 Compliance with the Code

The Offer is made by the Offeror to comply with Rule 14.1 of the Code because following completion of the Security Enforcement, the Offeror Concert Party Group have increased its shareholding percentage in the Company from approximately 33.33% to 50.53%."

6. THE OFFEROR'S INTENTIONS FOR THE COMPANY

The full text of the Offeror's intentions for the Company has been extracted from paragraph 8 of the Letter to Shareholders in the Offer Document, extracts of which are set out below. Unless otherwise defined, all terms and expressions used in the extracts below shall have the same meanings as those defined in the Offer Document. **Shareholders are advised to read the extracts below carefully and note the Offeror's future plans for the Company.**

"8. RATIONALE FOR THE OFFER AND THE OFFEROR'S INTENTIONS FOR THE COMPANY

8.2 Intention of the Offeror

The Offeror has no current intention to (a) make material changes to the existing business of the Group, (b) re-deploy the Group's fixed assets (if any), or (c) discontinue the employment of the existing employees of the Group, other than in the ordinary course of business. The Offeror however retains the flexibility at any time to consider options or opportunities which may present themselves and which it may regard to be in the interests of the Offeror or the Group.

It is the current intention of the Offeror to maintain the present listing status of the Company on the SGX-ST following completion of the Offer. In the event that the trading of the Shares on the SGX-ST is suspended pursuant to Rule 724 or 1104 of the Catalist Rules, the Offeror intends to work together with the Company to lift the suspension by the SGX-ST."

7. LISTING STATUS AND COMPULSORY ACQUISITION

Paragraph 9 of the Letter to Shareholders in the Offer Document sets out the intentions of the Offeror relating to the listing status of the Company and compulsory acquisition, extracts of which are set out below. Unless otherwise defined, all terms and expressions used in the extracts below shall have the same meanings as those defined in the Offer Document. **Shareholders are advised to read the extracts below carefully and note the matters relating to compulsory acquisition and listing status and trading suspensions.**

"9. LISTING STATUS AND COMPULSORY ACQUISITION

9.1 Listing Status

Pursuant to Rule 1104 of the Catalist Rules, upon an announcement by the Offeror that acceptances have been received pursuant to the Offer that bring the holdings owned by the Offeror Concert Party Group to above 90% of the total number of issued Shares (excluding treasury shares), the SGX-ST may suspend the trading of the Shares in the Ready and Unit Share markets until it is satisfied that at least 10% of the total number of issued Shares (excluding treasury shares) are held by at least 200 shareholders who are members of the public. Rule 1303(1) of the Catalist Rules provides that if the Company succeeds in garnering acceptances exceeding 90% of the total number of issued Shares (excluding treasury shares), thus causing the percentage of the total number of issued Shares (excluding treasury shares) held in public hands to fall below 10%, the SGX-ST will suspend trading of the Shares only at the close of the Offer.

In addition, under Rule 724 of the Catalist Rules, if the percentage of the total number of issued Shares (excluding treasury shares) held in public hands falls below 10%, the Company must, as soon as practicable, notify its sponsor and announce that fact, and the SGX-ST may suspend the trading of all the Shares. Rule 724 of the Catalist Rules further states that the SGX-ST may allow the Company a period of three (3) months, or such longer period as the SGX-ST may agree, to raise the percentage of Shares (excluding treasury shares) in public hands to at least 10%, failing which the Company may be removed from the official list of the SGX-ST.

It is the current intention of the Offeror to maintain the present listing status of the Company on the SGX-ST following completion of the Offer. In the event that the trading of the Shares on the SGX-ST is suspended pursuant to Rule 724 or 1104 of the Catalist Rules, the Offeror intends to work together with the Company to lift the suspension by the SGX-ST.

It is the current intention of the Offeror to maintain the present listing status of the Company on the SGX-ST following completion of the Offer. In the event that the trading of the Shares on the SGX-ST is suspended pursuant to Rule 724 or 1104 of the Catalist Rules, the Offeror intends to work together with the Company to lift the suspension by the SGX-ST.

9.2 No Compulsory Acquisition

Pursuant to Section 215(1) of the Companies Act, if the Offeror receives valid acceptances pursuant to the Offer in respect of not less than 90% of the total number of Shares (excluding treasury shares and other than those already held as at the date of the Offer by the Offeror and its related corporations (or their respective nominees) or any person or body corporate falling within the meaning of Section 215(9A) of the Companies Act), the Offeror will be entitled to exercise the right to compulsorily acquire, at the Offer Price, all the Shares from the Company's shareholders who have not accepted the Offer ("**Dissenting Shareholders**"), and proceed to delist the Company from the SGX-ST.

In addition, Dissenting Shareholders have the right under and subject to Section 215(3) of the Companies Act, to require the Offeror to acquire their Shares at the Offer Price in the event that the Offeror acquires, pursuant to the Offer, such number of Shares which, together with treasury shares and the Shares held by the Offeror and its related corporations (or their respective nominees) and any person or body corporate falling within the meaning of Section 215(9A) of the Companies Act, comprise 90% or more of the total

number of issued Shares as at the close of the Offer. Dissenting Shareholders who wish to exercise such right are advised to seek their own independent legal advice.

However, it is the current intention of the Offeror to maintain the listing status of the Company on the SGX-ST. As such, the Offeror does not intend to exercise the right of compulsory acquisition which it may have under Section 215(1) of the Companies Act."

8. FINANCIAL ASPECTS OF THE OFFER

Paragraph 10 of the Letter to Shareholders in the Offer Document sets out certain information on the financial aspects of the Offer, extracts of which are set out below. Unless otherwise defined, all terms and expressions used in the extracts below shall have the same meanings as those defined in the Offer Document.

"10. FINANCIAL EVALUATION

The Offer Price represents the following discount to the benchmark prices of the Shares as listed below:

	Description	Benchmark Price (S\$) ⁽¹⁾	Discount to the Benchmark price (%) ⁽²⁾
(a)	Last transacted price per Share on 22 April 2025, being Last Trading Date	0.0321	-
(b)	VWAP per Share for the one (1)-month period prior to and including the Last Trading Date	0.0384	16.41%
(c)	VWAP per Share for the three (3)-month period prior to and including the Last Trading Date	0.0396	18.94%
(d)	VWAP per Share for the six (6)-month period prior to and including the Last Trading Day	0.0415	22.65%
(e)	VWAP per Share for the 12-month period prior to and including the Last Trading Day	0.0473	32.14%

Notes:

(1) Based on data extracted from Bloomberg L.P. Figures rounded to the nearest four (4) decimal places.

(2) Figures rounded to the nearest two (2) decimal places."

9. DISCLOSURE OF SHAREHOLDINGS AND DEALINGS

- 9.1. Paragraph 11 of the Letter to Shareholders in the Offer Document and Appendix E and Appendix F to the Offer Document set out certain information relating to disclosure of holdings and dealings, extracts of which are set out below. Unless otherwise defined, all terms and expressions used in the extracts below shall have the same meanings as those defined in the Offer Document.

"11. DISCLOSURE OF HOLDINGS, DEALINGS AND OTHER ARRANGEMENTS IN COMPANY SECURITIES

11.1 Holdings and Dealings in the Company Securities

Save as disclosed in this Offer Document (in particular, but without limitation, in **Appendix E** to this Offer Document), and based on responses received pursuant to enquiries that the Offeror has made, as at the Latest Practicable Date, none of the Offeror Concert Party Group ("**Relevant Persons**"):

- (a) owns, controls or has agreed to acquire any Company Securities; or
- (b) has dealt for value in any Company Securities during the Reference Period.

11.2 Other Arrangements

Save as disclosed in this Offer Document (in particular, but without limitation, in **Appendix F** to this Offer Document), and based on responses received pursuant to enquiries that the Offeror has made, as at the Latest Practicable Date, none of the Relevant Persons have:

- (a) entered into any arrangement of the kind referred to in Note 7 on Rule 12 of the Code with any person, including any indemnity or option arrangements, and any agreement or understanding, formal or informal, of whatever nature, relating to any Company Securities which may be an inducement to deal or refrain from dealing;
- (b) received any irrevocable commitment to accept or reject the Offer in respect of any Company Securities;
- (c) granted any security interest relating to any Company Securities to another person, whether through a charge, pledge or otherwise;
- (d) borrowed any Company Securities from another person (excluding borrowed Company Securities which have been on-lent or sold); or
- (e) lent any Company Securities to another person."

- 9.2. As previously announced by the Company on 18 March 2024, in relation to profit guarantees made in the course of the acquisition of Shenyang Qingamei Oral Restorative Technology Co., Ltd., 1,135,000 Shares have been pledged by Exclusive Innovation Pte. Ltd. in favour of the Company until 30 September 2029. The profit guarantees are met for FY2024 (that is relevant during this offer period) and there is no intention for the Company to claim the pledged shares.

- 9.3. As previously announced by the Company on inter alia 18 September 2017 and 22 February 2023, in relation to profit guarantees made in the course of the acquisition of Zhuanghe City Aoxin Dawei Dental Co., Ltd.:
- (a) 525,000 Shares have been pledged by Dr. Jia Dawei in favour of the Company for 15 years ending on 31 December 2032. The profit guarantees are met for FY2024 (that is relevant during this offer period) and there is no intention for the Company to claim the pledged shares; and
 - (b) 3,754,781 Shares (including the 525,000 Shares) are subject to moratorium until 30 September 2025.
- 9.4. As previously announced by the Company on 4 October 2021, in relation to the acquisition of 49% of the issued share capital of Acumen Diagnostics Pte. Ltd. by the Company, 127,272,726 Shares were issued and allotted to each of Acumen Holdings Pte. Ltd. and Dr. Ong Siew Hwa on 1 November 2021 (and in particular, Dr. Ong Siew Hwa's Shares are further subject to the terms of the settlement agreement entered into between Dr. Ong Siew Hwa and the Company on 22 March 2025 as announced on 22 March 2025). Under the terms of the acquisition agreement, 70% of these Shares are subject to moratorium for a nine (9) year period from the date of issue and allotment, with a 10% release of the moratorium on an annual basis beginning from the third anniversary of the issue and allotment of the Shares. The Shares held by Acumen Holdings Pte. Ltd. has been subsequently distributed to its shareholders and remain subject to their existing moratorium schedule.

10. CONFIRMATION OF FINANCIAL RESOURCES

Paragraph 12 of the Letter to Shareholders in the Offer Document sets out certain information on the confirmation of financial resources, extracts of which are set out below. Unless otherwise defined, all terms and expressions used in the extracts below shall have the same meanings as those defined in the Offer Document.

"12. CONFIRMATION OF FINANCIAL RESOURCES

Oversea-Chinese Banking Corporation Limited ("OCBC") confirms that sufficient financial resources are available to the Offeror to satisfy full acceptance of the Offer in respect of the Offer Shares (including the 46,739,594 Shares which are subject to the Aoxin IPO Share Restriction). For the avoidance of doubt, OCBC is not acting as financial adviser to the Offeror for the Offer."

11. OVERSEAS SHAREHOLDERS

- 11.1. **Availability of Offer.** The availability of the Offer to Overseas Shareholders may be affected by the laws of the relevant overseas jurisdiction.

Overseas Shareholders should refer to paragraph 14 of the Letter to Shareholders in the Offer Document, extracts of which are set out below. Unless otherwise defined, all terms and expressions used in the extracts below shall have the same meanings as those defined in the Offer Document.

"14. OVERSEAS SHAREHOLDERS

14.1 Overseas Jurisdictions

This Offer Document, the Notification, the Acceptance Forms and/or any related documents do not constitute an offer to sell or the solicitation of an offer to subscribe for or buy any security, nor is it a solicitation of any vote or approval in any jurisdiction, nor shall there be any sale, issuance or transfer of the securities referred to in this Offer Document, the Notification, the Acceptance Forms and/or any related documents in any jurisdiction in contravention of applicable law.

The release, publication or distribution of this Offer Document, the Notification, the Acceptance Forms and/or any related documents in certain overseas jurisdictions may be restricted by law and therefore persons in any such jurisdictions into which this Offer Document, the Notification, the Acceptance Forms and/or any related documents is released, published or distributed should inform themselves about and observe such restrictions.

Copies of this Offer Document, the Notification, the Acceptance Forms and/or any related documents and any formal documentation relating to the Offer are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any jurisdiction where the making of or the acceptance of the Offer would violate the laws of that jurisdiction (a "**Restricted Jurisdiction**") and will not be capable of acceptance by any such use, instrumentality or facility within any Restricted Jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from any Restricted Jurisdiction.

The Offer (unless otherwise determined by the Offeror and permitted by applicable law and regulation) will not be made, directly or indirectly, in or into, or by the use of mails of, or by any means or instrumentality (including without limitation, telephonically or electronically) of interstate or foreign commerce of, or any facility of a national, state or other securities exchange of, any Restricted Jurisdiction and the Offer will not be capable of acceptance by any such use, means, instrumentality or facilities.

14.2 Overseas Shareholders

The availability of the Offer to Overseas Shareholders and the ability of Overseas Shareholders to accept the Offer may be affected by the laws of the relevant overseas jurisdictions in which they are located. Accordingly, Overseas Shareholders should inform themselves of, and observe, any applicable legal requirements in the relevant overseas jurisdictions and exercise caution in relation to the Offer, as this Offer Document has not been reviewed by any regulatory authority in any overseas jurisdiction. **Where there are potential restrictions on sending the Notification and/or the relevant Acceptance Forms to any overseas jurisdictions, the Offeror, CDP and the Registrar each reserves the right not to send these documents or any part thereof to Overseas Shareholders in such overseas jurisdictions.**

For the avoidance of doubt, the Offer is open to all Shareholders holding Offer Shares, including those to whom the Notification and/or the relevant Acceptance Forms have not been, or may not be, sent.

It is the responsibility of Overseas Shareholders who wish (a) to request for the Notification and/or the relevant Acceptance Forms; or (b) to accept the Offer, to satisfy themselves as to the full observance of the laws of the relevant overseas jurisdiction in that connection, including the obtaining of any governmental or other consent which may be required, or compliance with other necessary formalities or legal requirements and the payment of any taxes, imposts, duties or other requisite payments due in such jurisdiction. Such Overseas Shareholders shall be liable for any such taxes, imposts, duties or other requisite payments payable and the Offeror, CDP, the Registrar and any person acting on their behalf shall be fully indemnified and held harmless by such Overseas Shareholders for any such taxes, imposts, duties or other requisite payments as the Offeror, CDP, the Registrar and/or any person acting on their behalf may be required to pay. In (a) requesting for the Notification and the relevant Acceptance Forms; and/or (b) accepting the Offer, each Overseas Shareholder represents and warrants to the Offeror, CDP and the Registrar that he is in full observance of the laws of the relevant jurisdiction in that connection and that he is in full compliance with all necessary formalities or legal requirements.

Any Overseas Shareholder who is in doubt about his position, including (without limitation) the ability to accept the Offer, should consult his professional adviser in the relevant jurisdiction.

14.3 Copies of the Notification and the Relevant Acceptance Forms

Subject to compliance with applicable laws, any affected Overseas Shareholder may, nonetheless, obtain a copy of the Notification, the relevant Acceptance Forms and any related documents during normal business hours and up to the Closing Date, from CDP (if he is a Depositor) by contacting CDP's Customer Service Hotline at +65 6535 7511 during their operating hours or emailing CDP at asksgx@sgx.com for instructions on how to obtain a copy of such documents or the office of the Registrar, Tricor Barbinder Share Registration Services (if he is a scripholder) at 9 Raffles Place, Republic Plaza, Tower 1, #26-01, Singapore 048619.

Alternatively, an Overseas Shareholder may, subject to compliance with applicable laws, write to the Offeror at (a) Q & M Dental Group (Singapore) Limited c/o The Central Depository (Pte) Limited at Privy Box No. 920764, Singapore 929292 (if he is a Depositor), or (b) Q & M Dental Group (Singapore) Limited c/o Tricor Barbinder Share Registration Services at 9 Raffles Place, Republic Plaza, Tower 1, #26-01, Singapore 048619 (if he is a scripholder), to request for the Notification, the relevant Acceptance Forms and any related documents to be sent to an address in Singapore by ordinary post at his own risk, up to five (5) Market Days prior to the Closing Date.

Electronic copies of this Offer Document and the relevant Acceptance Forms are available on the website of the SGX-ST at <https://www.sgx.com>.

14.4 Notice

The Offeror reserves the right to notify any matter, including the fact that the Offer has been made, to any or all Shareholders (including Overseas Shareholders) by announcement to the SGX-ST and if necessary, paid advertisement in a daily newspaper published or circulated in Singapore, in which case, such notice shall be deemed to have been sufficiently given notwithstanding any failure by any Shareholder (including Overseas Shareholders) to receive or see such announcement or advertisement."

- 11.2. **Copies of Circular.** This Circular may not be sent to Overseas Shareholders due to potential restrictions on sending such documents to the relevant overseas jurisdictions. Any affected Overseas Shareholder may, nevertheless, download a copy of this Circular from the website of the SGX-ST at <https://www.sgx.com/securities/company-announcements>.

12. INFORMATION RELATING TO SRS INVESTORS

Paragraph 15 of the Letter to Shareholders in the Offer Document sets out information relating to SRS Investors, extracts of which are set out below. Unless otherwise defined, all terms and expressions used in the extracts below shall have the same meanings as those defined in the Offer Document.

"15. INFORMATION PERTAINING TO SRS INVESTORS

SRS Investors will receive further information on how to accept the Offer from their SRS Agent Banks directly. SRS Investors are advised to consult their SRS Agent Banks should they require further information, and if they are in any doubt as to the action they should take, SRS Investors should seek independent professional advice.

SRS Investors who wish to accept the Offer are to reply to their SRS Agent Banks accordingly by the deadline stated in the letter from their SRS Agent Banks. SRS Investors who accept the Offer will receive the Offer Price in respect of their Offer Shares, in their SRS investment accounts."

13. DIRECTORS' INTERESTS

Details of the Directors including, *inter alia*, the Directors' direct and deemed interests in the Offeror Securities and Relevant Securities as at the Latest Practicable Date are set out in Appendix B to this Circular.

14. ADVICE AND RECOMMENDATIONS IN RELATION TO THE OFFER

- 14.1. **General.** Shareholders should read and carefully consider the recommendations of the Recommending Directors and the advice of the IFA to the Recommending Directors in respect of the Offer dated 29 May 2025 in their entirety before deciding whether to accept or reject the Offer. The IFA Letter is reproduced in Appendix A to this Circular.

14.2. Independence of Directors.

The Offeree had sought and obtained a ruling from SIC on 26 May 2025 confirming *inter alia*, that Dr. Shao Yongxin (*Executive Director and Group CEO*) is exempted from the requirement to make a recommendation to Shareholders in connection with the Offer as he will face conflicts of interest in doing so. Dr. Shao's Shares remain subject to share restriction and information on the restriction has been extracted from paragraphs 1.1 and 7 of the Letter to Shareholders in the Offer Document, extracts of which are set out below. Unless otherwise defined, all terms and expressions used in the extracts below shall have the same meanings as those defined in the Offer Document.

"1. INTRODUCTION

1.1 Offer Announcement

On the Offer Announcement Date, the Offeror announced that the Offeror had acquired 87,973,480 Shares from HFEL pursuant to the share security agreement dated 12 October 2016 entered into by HFEL in favour of the Offeror ("**Share Security Agreement**"). The acquisition was completed based on the VWAP of S\$0.0321 per Share for trades done on 22 April 2025, being the last full market day on which the Shares were traded on the SGX-ST up to the trading halt on 28 April 2025 (the "**Last Trading Date**") and forms the partial settlement of the profit guarantee amounts owed by Dr. Shao and HFEL⁽¹⁾ pursuant to the master agreement dated 13 November 2013 ("**Master Agreement**")⁽²⁾ and the Share Security Agreement ("**Security Enforcement**")⁽³⁾. In compliance with Rule 14.1 of the Code, the Offeror is making the Offer for all the Offer Shares.

A copy of the Offer Announcement is available on the website of the SGX-ST at <https://www.sgx.com>.

Note:

- (1) As disclosed in the Company's IPO Offer Document and the Offeror's 2016 Circular, HFEL is a company incorporated in the British Virgin Islands which is 100.00% held by Action Health Enterprises Limited (which is in turn 100.00% held by Dr. Shao).
- (2) The term "Master Agreement" includes the supplemental agreements dated 2 December 2013, 6 July 2014, 12 October 2016 and 27 February 2017. Please refer to the Company's IPO Offer Document and the Offeror's 2016 Circular for more information in relation to the Master Agreement. Copies of the IPO Offer Document and the 2016 Circular are available on the website of the SGX-ST at www.sgx.com.
- (3) Please refer to the Company's IPO Offer Document and the Offeror's 2016 Circular for more information in relation to the Share Security Agreement. Copies of the IPO Offer Document and the 2016 Circular are available on the website of the SGX-ST at www.sgx.com."

"7. IPO RESTRICTED SHAREHOLDERS

7.1 The Offeror has only acquired 87,973,480 Shares as partial settlement of the profit guarantee amounts owed by Dr. Shao and HFEL, and the remaining 21,428,229 Shares not acquired by the Offeror and held by HFEL will continue to be subject to the Share Security Agreement.

7.2 In addition to the Share Security Agreement, as disclosed in the Company's IPO Offer Document, the Offeror has also entered into an agreement dated 12 October 2016 (the "**IPO Share Restriction Agreement**"), with certain shareholders of the Company, namely, HFEL, Finest International Limited, Mountain Limited, Excellent Warship International Limited, Joyce International Limited (collectively, the "**Aoxin IPO Restricted Shareholders**"), pursuant to which, each of the parties agreed, amongst others, not to transfer or sell the Shares held by them ("**Aoxin IPO Share Restriction**"), save in compliance with the terms of the IPO Share Restriction Agreement, at any time and ending six (6) years from the listing date of the Company or until the Offeror ceases to hold any Shares, whichever is later. The shareholding of the Aoxin IPO Restricted Shareholders is set out in the table below:

Name of Aoxin IPO Restricted Shareholder	No. of Shares subject to share restriction	Approximate percentage shareholding in the Company ⁽¹⁾ (%)
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HFEL	21,428,229 (Shares not acquired pursuant to the Security Enforcement)	4.19
Finest International Limited	10,516,320	2.06
Mountain Limited	7,265,605	1.42
Excellent Warship International Limited	5,502,969	1.08
Joyce International Limited	2,026,471	0.40
Total	46,739,594	9.14

Note:

(1) Based on the issued and paid-up share capital of the Company comprising of 511,522,048 Shares.

The Offeror had sought and obtained a ruling from SIC on 20 January 2025 and 24 April 2025 confirming, *inter alia*, that the following Directors are exempted from the requirement to make a recommendation to Shareholders in connection with the Offer as they will face irreconcilable conflicts of interest in doing so:

- (a) Dr. Ng Chin Siau (*Non-Executive and Non-Independent Director*), who is a Director and Shareholder of the Company, is interested in the Offer as a Non-Independent Executive Director, the Group Chief Executive Officer, and a shareholder of the Offeror and is part of the Offeror Concert Party Group. He is also the Offeror's nominee on the Board;
- (b) Ms. Ng Sook Hwa (*Non-Executive and Non-Independent Director*), who is Director and Shareholder of the Company, is interested in the Offer as the current Chief Financial Officer of the Offeror and is part of the Offeror Concert Party Group. She is also the Offeror's nominee on the Board; and
- (c) Professor Chew Chong Yin (*Independent Director*), who is a Director and Shareholder of the Company, is interested in the Offer as the Independent Non-Executive Director and shareholder of the Offeror and is part of the Offeror Concert Party Group.

Dr. Shao, Dr. Ng Chin Siau, Ms. Ng Sook Hwa and Professor Chew Chong Yin are referred to as "**Interested Directors**".

Nevertheless, all of the Directors must still assume responsibility for the accuracy of the facts stated or opinions expressed in documents and advertisements issued by, or on behalf of, the Company to the Shareholders in connection with the Offer, including this Circular.

As at the Latest Practicable Date, all of the Recommending Directors consider themselves independent for the purposes of making a recommendation to the Shareholders in relation to the Offer.

14.3. Advice of the IFA to the Recommending Directors

- (a) **IFA.** Hong Leong Finance Limited has been appointed as the independent financial adviser to advise the Recommending Directors in respect of the Offer. Shareholders should read and consider carefully the recommendation of the Recommending Directors and the advice of the IFA to the Recommending Directors in respect of the Offer before deciding whether to accept or reject the Offer. The IFA's advice is set out in its letter dated 29 May 2025, which is set out in Appendix A to this Circular.
- (b) **Key factors taken into consideration by the IFA.** In arriving at its recommendation, the IFA has taken into account several key considerations, set forth in paragraphs 10 of the IFA Letter. Shareholders should read paragraph 10 of the IFA Letter in conjunction with, and in the context of, the full text of the IFA Letter.
- (c) **Advice of the IFA to the Recommending Directors.** After having regard to the considerations set out in the IFA Letter, and based on the circumstances of the Company and the information as at the Latest Practicable Date, the IFA has made certain recommendations to the Recommending Directors as extracted below. Shareholders should read the extracts below in conjunction with, and in the context of, the full text of the IFA Letter. Unless otherwise defined or the context otherwise requires, all terms and expressions used in the extract below shall have the same meanings as those defined in the IFA Letter.

"10 OUR OPINION AND ADVICE

In arriving at our opinion and advice in respect of the Offer, we have taken into account, and reviewed the following key considerations, which we consider to be pertinent in our assessment of the Offer. The following should be read in conjunction with, and in the context of, the full text of this IFA Letter:

- (a) an assessment of the historical share price performance and trading activity of the Shares during the Period Under Review, as set out in paragraph 9.1 of this IFA Letter;
- (b) historical financial performance of the Group, as set out in paragraph 9.2 of this IFA Letter;
- (c) the financial position of the Group including the NAV and NTA of the Group, as set out in paragraph 9.3 of this IFA Letter;
- (d) a comparison with the valuation statistics of the Comparable Companies, as set out in paragraph 9.4 of this IFA Letter;
- (e) a comparison with recent non-privatisation mandatory general offer transactions for companies listed on the SGT-ST, as set out in paragraph 9.5 of this IFA Letter;

(f) estimated range of value of the Shares, as set out in paragraph 9.6 of this IFA Letter; and

(g) other relevant considerations, as set out in paragraph 9.7 of this IFA Letter.

In determining the “**fairness**” of the Offer, we have considered, *inter alia*, the following pertinent factors:

- (a) the Offer Price is below the closing prices of the Shares for most of the Market Days during the Period Under Review;
- (b) the Offer Price represents a discount of 32.2%, 22.6%, 19.0% and 15.4% over the VWAP of the Shares for the 12-month, 6-month, 3-month and 1-month periods up to and including the Last Trading Day respectively;
- (c) the Offer Price represents significant discounts to the NAV per Share and NTA per Share of 66.7% or P/NAV of 0.33 times and 36.0% or P/NTA of 0.64 times respectively;
- (d) excluding the cash and cash equivalents per Share, the ex-cash P/NAV ratio will only be 0.19 times;
- (e) the P/NAV and EV/EBITDA ratios as implied by the Offer Price are below the range of P/NAV and EV/EBITDA ratios of the Comparable Companies;
- (f) the discounts as implied by the Offer Price over the VWAP of the Shares for the 12-month, 6-month, 3-month and 1-month periods up to and including the Last Trading Day were inferior with respect to the corresponding mean and median discounts/premia of the Non-Privatisation Take-Over Transactions;
- (g) the P/NAV ratio as implied by the Offer Price of 0.33 times is lower than the corresponding mean and median ratios of the Non-Privatisation Take-Over Transactions; and
- (h) the Offer Price is below the estimated value range of the Shares of S\$0.0982 and S\$0.1343.

In view of the above, we are of the opinion that the Offer is **NOT FAIR**.

In determining the “**reasonableness**” of the Offer, we have considered, *inter alia*, the following pertinent factors:

- (a) the Group’s financial performance seems to be improving as reflected by its increasing revenue from RMB139.7 million in FY2022 to RMB183.7 million in FY2024, and reducing losses attributable to Shareholders from RMB67.7 million in FY2022 to RMB1.8 million in FY2024;
- (b) the Group’s Acumen-related issues seem to have been resolved; and
- (c) the Offer Price is pegged to the VWAP of S\$0.0321 per Share for trades done on 22 April 2025, and forms the partial settlement of the profit guarantee amounts owed by Dr Shao Yongxin and HFEL pursuant to the Security Enforcement.

In view of the above, we are of the opinion that the Offer is **NOT REASONABLE**.

In conclusion, we are of the opinion that, on balance, the financial terms of the Offer are **not fair and not reasonable**. Accordingly, we advise the Recommending Directors to recommend Shareholders to **REJECT** the Offer."

- 14.4. **Recommendations of the Recommending Directors.** The Recommending Directors, having considered carefully the terms of the Offer and the advice given by the IFA in the IFA Letter, have set out their recommendation on the Offer below:

The Recommending Directors CONCUR with the IFA's assessment of the Offer and its recommendation thereon. **Accordingly, the Recommending Directors recommend that Shareholders REJECT the Offer.**

- 14.5. **No regard to specific objectives.** Shareholders should note that trading of the Shares is subject to, *inter alia*, the performance and prospects of the Company, prevailing economic conditions, economic outlook and stock market conditions and sentiments. Accordingly, the advice by the IFA to the Recommending Directors in respect of the Offer does not and cannot take into account the future trading activities or patterns or price levels that may be established beyond the Latest Practicable Date.

Shareholders are advised to read the terms and conditions of the Offer Document carefully. Shareholders are advised to read the full text of the IFA Letter set out in Appendix A to this Circular and other relevant information set out in this Circular carefully before deciding whether to accept or reject the Offer. Shareholders should note that the IFA's advice to the Recommending Directors and the recommendation of the Recommending Directors should not be relied upon by any Shareholder as the sole basis for deciding whether or not to accept the Offer.

In rendering the advice and the recommendations above, both the IFA and the Recommending Directors have not had regard to the general or specific investment objectives, financial situation, tax status, risk profiles, unique needs and constraints or other particular circumstances of any individual Shareholder. As different Shareholders would have different investment objectives and profiles, the Recommending Directors recommend that any individual Shareholder who may require specific advice in the context of his Shares should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

SHAREHOLDERS ARE ADVISED TO READ THE FULL TEXT OF THE IFA LETTER WHICH IS SET OUT IN APPENDIX A TO THIS CIRCULAR IN THEIR ENTIRETY CAREFULLY.

15. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who **wish to accept the Offer** must do so not later than **5.30 p.m. (Singapore time) on the Closing Date**, abiding by the procedures for the acceptance of the Offer as set out in Appendix B to the Offer Document and in the accompanying FAA and/or FAT (in the case of the Offer) respectively.

Shareholders who **do not wish to accept the Offer** need not take any further action in respect of the Offer Document, the FAA and/or the FAT (in the case of the Offer) which have been sent to them.

16. CONSENTS

Hong Leong Finance Limited, named as the IFA, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name, the IFA Letter as set out in Appendix A to this Circular, and all references to the IFA's name, in the form and context in which they appear in this Circular.

RSM SG Assurance LLP, named as the auditor of the Company, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name, the independent auditor's report in relation to the audited financial statements of the Group for FY2024, and all references to the Auditor's name, in the form and context in which they appear in this Circular.

Tricor Barbinder Share Registration Services, named as the Registrar, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and all the references to its name in the form and context in which they appear in this Circular.

17. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Company's registered office at 9 Raffles Place, #26-01, Republic Plaza, Singapore 048619, during normal business hours from the date of this Circular up to and including the Closing Date:

- (a) the Constitution of the Company;
- (b) the annual reports of the Company, which comprise the audited consolidated financial statements of the Group for FY2022, FY2024 and FY2023;
- (c) the Offer Announcement;
- (d) the Offer Document;
- (e) the IFA Letter as set out in Appendix A to this Circular; and
- (f) the written confirmations of consent from the IFA, the Company's auditors, and the Registrar referred to in Section 16 of this Circular.

18. DIRECTORS' RESPONSIBILITY STATEMENT

Save for (a) the IFA Letter (for which the IFA takes responsibility); (b) the information extracted from the Offer Announcement and the Offer Document; and (c) the information relating to the Offeror, the Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Offer, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading.

Where any information in this Circular (other than the IFA Letter for which the IFA takes responsibility) has been extracted or reproduced from published or otherwise publicly available sources (including, without limitation, the Offer Announcement and the Offer Document), the sole responsibility of the Directors has been to ensure, through reasonable enquiries, that such information has been accurately extracted from such sources or, as the case may be, reflected or reproduced in this Circular in its proper form and context.

19. ADDITIONAL INFORMATION

The attention of the Shareholders is also drawn to the Appendices which form part of this Circular.

Yours faithfully

For and on behalf of the Board of Directors of
AOXIN Q & M DENTAL GROUP LIMITED

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

**APPENDIX A – LETTER FROM THE IFA TO
THE RECOMMENDING DIRECTORS IN RESPECT OF THE OFFER**

Please see attached pages below.

**LETTER FROM HONG LEONG FINANCE LIMITED TO
THE RECOMMENDING DIRECTORS OF AOXIN Q & M DENTAL GROUP LIMITED**

29 May 2025

The Recommending Directors

9 Raffles Place #26-01
Republic Plaza
Singapore 048619

Dear Sirs,

MANDATORY UNCONDITIONAL CASH OFFER BY Q & M DENTAL GROUP (SINGAPORE) LIMITED FOR ALL THE ISSUED AND PAID-UP ORDINARY SHARES IN THE CAPITAL OF AOXIN Q & M DENTAL GROUP LIMITED OTHER THAN THOSE ALREADY OWNED, CONTROLLED OR AGREED TO BE ACQUIRED BY Q & M DENTAL GROUP (SINGAPORE) LIMITED AND ITS CONCERT PARTIES

Unless otherwise defined or the context otherwise requires, all terms defined in the circular dated 29 May 2025 (“Circular”) issued by Aoxin Q & M Dental Group Limited shall have the same meaning herein.

1. INTRODUCTION

On 30 April 2025, Q & M Dental Group (Singapore) Limited (“**Offeror**”) announced that the Offeror has acquired 87,973,480 Shares of Aoxin Q & M Dental Group Limited (“**Company**”) from Health Field Enterprises Limited (“**HFEL**”) pursuant to a share security agreement dated 12 October 2016 entered into by HFEL in favour of the Offeror (“**Share Security Agreement**”). The acquisition was completed at the volume weighted average price (“**VWAP**”) of S\$0.0321 per Share for trades done on 22 April 2025, being the last full market day on which the Shares were traded on the SGX-ST up to the trading halt on 28 April 2025 and forms the partial settlement of the profit guarantee amounts owed by Dr Shao Yongxin and HFEL pursuant to the master agreement dated 13 November 2013 (“**Master Agreement**”) and the Share Security Agreement (“**Security Enforcement**”).

Following completion of the Security Enforcement, the Offeror and persons acting in concert with the Offeror (collectively, “**Offeror Concert Party Group**”) has increased its shareholdings in the Company from approximately 33.33% to 50.53%, and the Offeror is required to make a mandatory general offer for all the Shares (other than those already owned, controlled and agreed to be acquired by the Offeror) (“**Offer Shares**”), in accordance with Rule 14.1 of the Singapore Code on Take-overs and Mergers (“**Code**”). Accordingly, the Offeror had on 30 April 2025 (“**Offer Announcement Date**”) announced that the Offeror intends to make a mandatory unconditional cash offer (“**Offer**”) for all the Offer Shares.

In connection with the Offer, the Company has appointed Hong Leong Finance Limited (“**HLF**”) as the Independent Financial Adviser (“**IFA**”) to the directors of the Company who are considered independent (“**Recommending Directors**”) for the purpose of making recommendation to the Shareholders in relation to the Offer.

This letter (“**IFA Letter**”) is addressed to the Recommending Directors and sets out, *inter alia*, our evaluation and our opinion on the financial terms of the Offer. This IFA Letter forms part of the Circular

to Shareholders dated 29 May 2025, which provides, *inter alia*, the details of the Offer and the recommendations of the Recommending Directors thereon.

2. TERMS OF REFERENCE

We have confined our evaluation of the Offer solely from a financial point of view on the bases set out herein.

We have relied upon and assumed, *inter alia*, the accuracy, adequacy and completeness of all publicly available information or information provided to or discussed with us by the Company or otherwise reviewed by or for us. We have not independently verified such information or its accuracy, adequacy or completeness. We do not represent or warrant, expressly or impliedly, and do not accept any responsibility for the accuracy, completeness or adequacy of such information. We have not conducted any valuation or appraisal of any assets or liabilities, (including without limitation, real properties) nor have we evaluated the solvency of the Company, the Company and its subsidiaries ("**Group**"), the Offeror (and parties acting in concert with them) or any other relevant party to the Offer under any applicable laws relating to bankruptcy, insolvency or similar matters. We are not legal, regulatory or tax experts. We are the financial advisers only and have relied on, without independent verification, the assessments made by advisers to the Company with respect to such issues. We have nevertheless made reasonable enquiries and exercised reasonable judgement as we deemed necessary or appropriate in assessing such information and we are not aware of any reason to doubt the reliability of the information.

In addition, we have assumed that the Offer will be consummated in accordance with the terms set forth in the Offer Document without any waiver, amendment or delay of any terms or conditions and that no conditions or restrictions will be imposed that would have a material adverse effect on the contemplated benefits expected to be derived from the Offer. We have further assumed, *inter alia*, that all material governmental, regulatory or other consents and approvals necessary for the consummation of the Offer will be obtained and that no delays, limitations, conditions or restrictions will be imposed that would have any material adverse effect on the Company or on the contemplated benefits of the Offer.

Our opinion as set out in this IFA Letter is based upon prevailing market, economic, industry, monetary and other conditions (if applicable) and the information made available to us as of 26 May 2025 ("**Latest Practicable Date**"). Developments after the Latest Practicable Date may affect the contents of this IFA Letter and we assume no responsibility to update, revise or reaffirm our opinion in light of any subsequent development after the Latest Practicable Date that may affect the contents of this IFA Letter. Our opinion is limited to the fairness and reasonableness, from a financial point of view, of the Offer. We express no opinion as to the fairness and reasonableness of the Offer to, or any consideration received in connection therewith by, the holders of any class of securities, creditors or other constituencies of the Company or as to the underlying decision by the Company to engage in the Offer.

We have not been requested to, and we do not, express any opinion on the structure of the Offer, the specific amount of the Offer Price, or any other aspects of the Offer, or to provide services other than the delivery of this IFA Letter. We were not involved in negotiations pertaining to the Offer nor were we involved in the deliberation leading up to the decision to put forth the Offer to the Shareholders. We have not been requested or authorised to solicit, and we have not solicited, any indication of interest from any third party with respect to the Shares and/or any other alternative transaction.

Our terms of reference also do not require us to evaluate or comment on the strategic merits, long term or otherwise, and/or on the commercial merits and risks (if any) of the Offer or the future prospects

and earnings potential of the Company or the Group, nor do our terms of reference require us to evaluate or comment on the merits of the statements or opinions stated in any research reports on the Company, including any other reports issued by any other party. We have accordingly not made such evaluation or comments. Such evaluation or comments, if any, remains the sole responsibility of the Directors, although we may draw upon their views to the extent deemed necessary or appropriate by us in arriving at our opinion as set out in this IFA Letter. In addition, our terms of reference do not require us to express, and we do not express, an opinion on the future growth prospects and earnings potential of the Company and/or the Group. The Recommending Directors may wish to advise Shareholders to take note of any announcement relevant to their consideration of the Offer, which may be released by the Company after the Latest Practicable Date.

The Directors have confirmed to us, after making all reasonable enquiries that, to the best of their knowledge and belief, all material information in connection with the Company, the Group, the Offer and the Circular has been disclosed to us, that such information constitutes a full and true disclosure in all material respects and that there is no other information or fact, the omission of which would cause any information disclosed to us or the facts of or in relation to the Company and/or the Group as stated in the Circular to be incomplete, inaccurate or misleading in any material respect. The Directors have jointly and severally accepted the responsibility for the accuracy and completeness of such information. We have relied upon such confirmation by the Directors and the accuracy and completeness of all information given to us by the Directors and/or management of the Company (**"Management"**) and have not independently verified such information, whether written or verbal, and accordingly cannot and do not represent and warrant, expressly or impliedly, and do not accept any responsibility for, the accuracy, completeness or adequacy of such information. For the purposes of providing this IFA Letter and our evaluation of the Offer from a financial point of view, we have not received or relied on any financial projections or forecasts in respect of the Company, the Group, or any part or division of any of the foregoing.

In rendering our opinion, we have not had regard to any general or specific investment objectives, financial situation, tax position, risk profile, tax status or positions or particular needs and constraints or other particular circumstances of any Shareholder and do not assume any responsibility for, nor hold ourselves out as advisers to, any person other than the Recommending Directors. As each Shareholder would have different investment objectives and profiles, the Recommending Directors may wish to advise any Shareholder who may require specific advice in relation to his specific investment portfolio to consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other appropriate professional adviser immediately.

This IFA Letter is addressed to the Recommending Directors and is for their benefit in connection with and for the purpose of their consideration of the Offer. However, the recommendations made by them shall remain the responsibility of the Recommending Directors. This IFA Letter is not addressed to and may not be relied upon by any third party including, without limitation, Shareholders of the Company, employees or creditors of the Company. This IFA Letter does not constitute, and should not be relied on, as advice or a recommendation to, or confer any rights or remedies upon, any Shareholders as to how such person should deal with their Shares in relation to the Offer or any matter related thereto.

The Company has been separately advised by its own advisers in the preparation of the Circular (other than this IFA Letter). We have had no role or involvement and have not provided and will not provide any advice, financial or otherwise, whatsoever in the preparation, review and verification of the Circular (other than this IFA Letter). Accordingly, we take no responsibility for, and express no views (express or implied) on, the contents of the Circular (other than this IFA Letter).

Our opinion in relation to the Offer should be considered in the context of the entirety of this IFA Letter and the Circular.

3. THE OFFER

The following paragraphs have been extracted from **Section 2** of the Offer Document and are set out in *italics*. All terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document, unless otherwise stated. Shareholders are advised to read the Offer Document including relevant sections, as extracted below, carefully.

"2. TERMS OF THE OFFER

2.1 Offer

*In accordance with Rule 14.1 of the Code, the Offeror hereby offers to acquire all the Offer Shares, subject to the terms and conditions set out in this Offer Document. **The terms of the Offer will not be revised.***

2.2 Offer Price

For each Offer Share: S\$0.0321 in cash (the "Offer Price").

The Offer Price is final. The Offeror does not intend to revise the Offer Price.

2.3 Offer Shares

The Offer will be extended, on the same terms and conditions, to:

- (a) all the Shares other than those already owned, controlled or agreed to be acquired by the Offeror Concert Party Group; and*
- (b) all new Shares unconditionally issued or to be issued, or treasury shares unconditionally delivered or to be delivered, as the case may be, prior to the final closing date of the Offer, pursuant to the valid vesting and release of any outstanding awards ("**Awards**") granted under the Aoxin Q & M Performance Share Plan and/or exercise of options ("**Options**") under the Aoxin Q & M Employee Share Option Scheme,*

*(collectively, the "**Offer Shares**").*

2.4 No Encumbrances

The Offer Shares will be acquired:

- (a) validly issued and fully paid;*
- (b) free from all Encumbrances; and*
- (c) together with all rights, benefits, entitlements and advantages attached thereto as at the Offer Announcement Date and thereafter attaching thereto, including but not limited to all voting rights, the right to receive and retain all dividends, rights, return of capital and other distributions ("**Distributions**") (if any) which may be announced, declared, made or paid thereon by the Company on or after the Offer Announcement Date.*

*If any Distribution is announced, declared, paid or made by the Company on or after the Offer Announcement Date, depending on the settlement date in respect of the Offer Shares tendered in acceptance of the Offer, the Offeror reserves the right to reduce the Offer Price payable to Shareholders who validly accept or have validly accepted the Offer ("**Accepting Shareholders**") by an amount equivalent to such Distribution.*

2.5 Unconditional

*The Offer is **unconditional** in all respects.*

2.6 No Awards and/or Options Offer

Based on the latest information available to the Offeror, there are no outstanding Awards or Options granted under the Aoxin Q & M Performance Share Plan and/or the Aoxin Q & M Employee Share Option Scheme as at the Latest Practicable Date. Accordingly, the Company will not make an offer to acquire any outstanding Awards or Options.

2.7 Warranty

A Shareholder who tenders his Offer Shares in acceptance of the Offer will be deemed to unconditionally and irrevocably warrant that he sells such Offer Shares as or on behalf of the beneficial owner(s) thereof:

- (a) fully paid;*
- (b) free from all Encumbrances; and*
- (c) together with all rights, benefits and entitlements and advantages attaching thereto as at the Offer Announcement Date and hereafter attaching thereto, including the right to receive and retain (if any) all Distributions announced, declared, paid or made by the Company in respect of such Offer Shares on or after the Offer Announcement Date as set out in paragraph 2.4 above.*

2.8 Choices

Shareholders can, in relation to all or part of their Offer Shares, either:

- (a) accept the Offer in respect of such Offer Shares in accordance with the procedures set out in **Appendix B** to this Offer Document; or*
- (b) take no action and let the Offer lapse in respect of their Offer Shares.*

2.9 Duration of the Offer

The Offer is open for acceptance by Shareholders for at least 28 days from the Despatch Date, unless the Offer is withdrawn with the consent of the SIC and every person released from any obligation incurred thereunder.

The Offer will close at 5.30 p.m. (Singapore time) on 16 June 2025, being the Closing Date. The Offeror does not intend to extend the Offer beyond 5.30 p.m. (Singapore time) on 16 June 2025 and the Offer will not be open for acceptances beyond 5.30 p.m. (Singapore time) on 16 June 2025. The Offeror does not intend to revise the terms of the Offer.

Accordingly, notice is hereby given that the Offer will close at 5.30 p.m. (Singapore time) on 16 June 2025 and will not be open for acceptances beyond 5.30 p.m. (Singapore time) on 16 June 2025 and the terms of the Offer will not be revised, save that such notice shall not be capable of being enforced in a competitive situation.”

4. FURTHER DETAILS OF THE OFFER

Please refer to **Appendix A** to the Offer Document for details of the Offer on (i) the settlement of the consideration for the Offer; (ii) the requirements relating to the announcement(s) of the level of acceptances of the Offer; and (iii) the right of withdrawal of acceptances of the Offer.

Please refer to **Appendix B** to the Offer Document for the procedures for acceptance of the Offer.

5. INFORMATION ON THE OFFEROR AND OFFEROR CONCERT PARTY GROUP

Please refer to **Section 5** of the Offer Document for information and further disclosures on the Offeror.

6. INFORMATION ON THE COMPANY

Please refer to **Section 6** of the Offer Document for information and further disclosures on the Company. Additional information on the Company is set out in **Appendix D** to the Offer Document.

7. RATIONALE FOR THE OFFER

As set out in **Section 8** of the Offer Document, the Offer is made by the Offeror in compliance with the requirements of the Code because following the completion of the Security Enforcement, the Offeror Concert Party Group have increased its shareholdings in the Company from approximately 33.33% to 50.53%.

8. THE OFFEROR'S INTENTIONS IN RELATION TO THE COMPANY

The following paragraphs have been extracted from **Sections 8 and 9** of the Offer Document and are set out in *italics* below. All terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document, unless otherwise stated. Shareholders are advised to read the Offer Document including the relevant sections, as extracted below, carefully.

“8.2 Intention of the Offeror

The Offeror has no current intention to (a) make material changes to the existing business of the Group, (b) re-deploy the Group's fixed assets (if any), or (c) discontinue the employment of the existing employees of the Group, other than in the ordinary course of business. The Offeror however retains the flexibility at any time to consider options or opportunities which may present themselves and which it may regard to be in the interests of the Offeror or the Group.

It is the current intention of the Offeror to maintain the present listing status of the Company on the SGX-ST following completion of the Offer. In the event that the trading of the Shares on the SGX-ST is suspended pursuant to Rule 724 or 1104 of the Catalyst Rules, the Offeror intends to work together with the Company to lift the suspension by the SGX-ST.

9.1 Listing Status

Pursuant to Rule 1104 of the Catalist Rules, upon an announcement by the Offeror that acceptances have been received pursuant to the Offer that bring the holdings owned by the Offeror Concert Party Group to above 90% of the total number of issued Shares (excluding treasury shares), the SGX-ST may suspend the trading of the Shares in the Ready and Unit Share markets until it is satisfied that at least 10% of the total number of issued Shares (excluding treasury shares) are held by at least 200 shareholders who are members of the public. Rule 1303(1) of the Catalist Rules provides that if the Company succeeds in garnering acceptances exceeding 90% of the total number of issued Shares (excluding treasury shares), thus causing the percentage of the total number of issued Shares (excluding treasury shares) held in public hands to fall below 10%, the SGX-ST will suspend trading of the Shares only at the close of the Offer.

It is the current intention of the Offeror to maintain the present listing status of the Company on the SGX-ST following completion of the Offer. In the event that the trading of the Shares on the SGX-ST is suspended pursuant to Rule 724 or 1104 of the Catalist Rules, the Offeror intends to work together with the Company to lift the suspension by the SGX-ST.

9.2 No Compulsory Acquisition

*Pursuant to Section 215(1) of the Companies Act, if the Offeror receives valid acceptances pursuant to the Offer in respect of not less than 90% of the total number of Shares (excluding treasury shares and other than those already held as at the date of the Offer by the Offeror and its related corporations (or their respective nominees) or any person or body corporate falling within the meaning of Section 215(9A) of the Companies Act), the Offeror will be entitled to exercise the right to compulsorily acquire, at the Offer Price, all the Shares from the Company's shareholders who have not accepted the Offer ("**Dissenting Shareholders**"), and proceed to delist the Company from the SGX-ST.*

In addition, Dissenting Shareholders have the right under and subject to Section 215(3) of the Companies Act, to require the Offeror to acquire their Shares at the Offer Price in the event that the Offeror acquires, pursuant to the Offer, such number of Shares which, together with treasury shares and the Shares held by the Offeror and its related corporations (or their respective nominees) and any person or body corporate falling within the meaning of Section 215(9A) of the Companies Act, comprise 90% or more of the total number of issued Shares as at the close of the Offer. Dissenting Shareholders who wish to exercise such right are advised to seek their own independent legal advice.

However, it is the current intention of the Offeror to maintain the listing status of the Company on the SGX-ST. As such, the Offeror does not intend to exercise the right of compulsory acquisition which it may have under Section 215(1) of the Companies Act."

9. FINANCIAL ASSESSMENT OF THE OFFER

For the purpose of our analysis in this IFA Letter, we wish to highlight the following dates:

- (a) 22 April 2025 ("**Last Trading Day**"), being the last full market day on which the Shares were traded immediately prior to the Offer Announcement Date;
- (b) 30 April 2025, being the date that the Offeror intends to make a mandatory unconditional cash offer for all the Shares in the capital of the Company ("**Offer Announcement**"); and
- (c) 26 May 2025, being the Latest Practicable Date prior to the despatch of the Circular, save that where parts of the Offer Document (including the letter from the Offeror to the Shareholders

in the Offer Document) are reproduced, references to the “Latest Practicable Date” in such reproduction shall mean the latest practicable date as defined in the Offer Document.

In the course of our evaluation of whether the Offer is fair and reasonable from a financial point of view, we have considered the following factors based on publicly available information and information made available to us by the Company as of the Latest Practicable Date:

- (a) Historical share price performance and trading activity of the Shares;
- (b) Historical financial performance and position of the Group;
- (c) Net asset value (“NAV”) and net tangible assets (“NTA”) of the Group;
- (d) Valuation ratios of selected listed companies which are broadly comparable with the Group;
- (e) Selected precedent non-privatisation mandatory general offer transactions on the SGX-ST;
- (f) Estimated values of the Shares; and
- (g) Other relevant considerations.

The figures, underlying financial and market data used in our analysis have been extracted from Bloomberg L.P., the SGX-ST, and other public filings as at the Latest Practicable Date or as provided by the Company where relevant. HLF makes no representation or warranty, express or implied, on the accuracy or completeness of such information.

9.1 Historical share price performance and trading activity of the Shares

For the purpose of our analysis of the trading performance of the Shares in respect of the Offer, we have compared the Offer Price to the historical market price performance of the Shares and considered the historical trading volume of the Shares for the 12-month period prior to the Last Trading Day (i.e. from 8 May 2024 to the Last Trading Day), and up to the Latest Practicable Date (“**Period Under Review**”).

Closing price (in S\$) and volume (in thousands) of the Shares for the Period Under Review



Source: Bloomberg L.P.

A summary of the salient announcements and key events relating to the Group's business operations and the Offer during the Period Under Review is as follows:

Date	Event
10 May 2024	The Company announced that its subsidiaries, Youxin Dental Clinic and Shenyang Qingaomei Oral Restorative Technology Co Ltd, have met the profit guarantee for FY2023 while its subsidiary, Zhuanghe City Aoxin Dawei Dental Co Ltd has not met its profit guarantee for FY2022 but has met its profit guarantee for FY2023.
29 June 2024	The Company announced that Dr Ong Siew Hua (" Dr Ong "), the chief executive officer of Acumen Diagnostic Pte Ltd (" Acumen ") has been placed on a leave of absence to facilitate investigations into Dr Ong's acquisition of an indirect interest in the assets of a supplier of Acumen and ancillary issues arising from it.
31 July 2024	The Company announced that the Group anticipates a significant overall improvement in its financial results for 1H2024, primarily attributable to the increase in revenue generated from the Primary Healthcare and Laboratory Services business segments as well as a general reduction in expenses.
12 August 2024	The Company announced the Group's financial results for 1H2024, which reported a net profit of RMB7.3 million as compared to a net loss of RMB1.2 million in 1H2023.
16 September 2024	The Company announced that Acumen was notified by the Ministry of Health (" MOH ") that the clinical laboratory service licence (" Laboratory Licence ") issued by MOH to Dr Ong has expired on 15 September 2024.
24 September 2024	The Company announced the responses to the SGX-ST queries in relation to Dr Ong's leave of absence and the expiry of the Laboratory Licence.
28 October 2024	The Company announced the suspension of Acumen's laboratory business, closure of Sengkang Joint Testing and Vaccination Centre, contractual termination of Dr Ong and update on CLA Global TS Risk Advisory Pte Ltd's investigation into Dr Ong's acquisition.
4 November 2024	The Company announced the responses to SGX-ST queries in relation to the termination of Dr Ong and the temporary cessation of the operations of Acumen.
16 December 2024	The Company announced the cessation of Dr Ong as a director of Acumen.
17 February 2025	The Company announced that it has received a requisition notice (" Requisition Notice ") from Q & M Dental Group (Singapore) Limited to convene an EGM to remove Dr Ong as an executive director of the Company.
18 February 2025	The Company announced the validity of the Requisition Notice and will be required to convene an EGM as soon as practicable in relation to the removal of Dr Ong as an executive director of the Company.
28 February 2025	The Company announced: (a) the Group's financial results for FY2024, which reported a net loss of RMB1.8 million as compared to RMB47.3 million in FY2023; and (b) the promotion of Mr Huang Zhenxing to Deputy General Manager.
22 March 2025	The Company announced: (a) the settlement agreement with Dr Ong and withdrawal of the Requisition Notice; and (b) the resignation of Dr Ong as executive director of the Company.
14 April 2025	The Company announced the release of the annual report for FY2024.
20 April 2025	The Company announced the issuance of letter of demand by its controlling shareholder, Q & M Dental Group (Singapore) Limited to Executive Director, Dr Shao Yongxin demanding payment for an amount of RMB72.3 million (S\$13.0 million) arising from shortfalls under certain profit guarantees.

28 April 2025	The Company announced the trading halt pending release of announcement.
30 April 2025	The Company announced the release of the Offer Announcement.
1 May 2025	The Company announced: (a) the response to the Offer Announcement; (b) the changes in interest of the Offeror; and (c) the lifting of the trading halt.
5 May 2025	The Company announced: (a) clarification on The Straits Times article dated 5 May 2025; and (b) the changes in interest of Executive Director, Dr Shao Yongxin and substantial shareholder, HFEL.
9 May 2025	The Company announced the appointment of IFA in respect of the Offer.
19 May 2025	The Company announced the despatch of the Offer Document.

Source: Company's announcements on the SGX-ST

We have sought to benchmark the Offer Price against the traded closing prices of the Shares, VWAP, and average daily trading volumes ("ADTV") for the Period Under Review:

	Highest closing price ⁽¹⁾ (S\$)	Lowest closing price ⁽¹⁾ (S\$)	VWAP ⁽¹⁾ (S\$)	Discount of Offer Price over VWAP (%)	ADTV ⁽²⁾	ADTV as percentage of free float ⁽³⁾ (%)
<u>Periods prior to and including the Last Trading Day</u>						
12-month	0.0780	0.0300	0.0474	(32.2)	13,912	0.010
6-month	0.0600	0.0300	0.0415	(22.6)	12,052	0.008
3-month	0.0600	0.0300	0.0396	(19.0)	17,274	0.012
1-month	0.0600	0.0300	0.0379	(15.4)	25,800	0.018
Last Trading Day ⁽⁴⁾	0.0300	0.0300	0.0321	0.0	117,000	0.081
<u>Period after the Offer Announcement Date and up to the Latest Practicable Date</u>						
After the Offer Announcement Date and up to the Latest Practicable Date	0.0680	0.0360	0.0538	(40.3)	100,144	0.070
Latest Practicable Date ⁽⁵⁾	0.0420	0.0420	0.0428	(25.0)	75,000	0.052

Source: Bloomberg L.P. and HLF's computations

Notes:

- (1) Based on data extracted from Bloomberg L.P. and with the figures rounded to the nearest four decimal places.
- (2) The ADTV of the Shares is calculated based on the total volume of the Shares traded divided by the number of Market Days during the relevant periods. "Market Day" refers to a day on which the SGX-ST is open for the trading of securities.

- (3) For the purpose of computing the ADTV as a percentage of free float, we have used the free float of approximately 143,584,239 Shares based on the free float of 28.07% as disclosed in the annual report of the Company for FY2024.
- (4) Refers to the closing price of the Shares and ADTV on the Last Trading Day.
- (5) Refers to the closing price of the Shares and ADTV on the Latest Practicable Date.

We note the following with regard to the Shares prices and the ADTV of the Shares for the Period Under Review:

Periods prior to and including the Last Trading Day

- (a) During the 12-month period up to and including the Last Trading Day, the closing prices of the Shares ranged between a low of S\$0.0300 and a high of \$0.0780. The Offer Price represents: (i) a premium of 7.0% over the lowest closing price of the Shares; and (ii) a discount of 58.8% over the highest closing price.
- (b) The Offer Price represents a discount of 32.2% over the VWAP of the Shares for the 12-month period up to and including the Last Trading Day.
- (c) The Offer Price represents a discount of 22.6%, 19.0% and 15.4% over the VWAP of the Shares for the 6-month, 3-month and 1-month periods up to and including the Last Trading Day respectively. The Offer Price was equivalent to the VWAP of the Shares of S\$0.0321 on the Last Trading Day.
- (d) In relation to the trading liquidity of the Shares for the 12-month, 6-month, 3-month and 1-month periods up to and including the Last Trading Day, ADTV of the Shares were between 0.008% and 0.081% of the free float of the Company.
- (e) During the 12-month period up to and including the Last Trading Day, the Shares were only traded on 67 Market Days out of 246 Market Days.

Period after the Offer Announcement Date and up to the Latest Practicable Date

- (f) The daily closing prices of the Shares were above the Offer Price subsequent to the Offer Announcement Date and up to the Latest Practicable Date.
- (g) The Offer Price represents (i) a discount of 40.3% to the VWAP of S\$0.0538 for the period after the Offer Announcement and up to the Latest Practicable Date; and (ii) a discount of 25.0% to the VWAP of S\$0.0428 as at the Latest Practicable Date.
- (h) The Shares had been traded on 13 Market Days out of 16 Market Days for the period after the Offer Announcement and up to the Latest Practicable Date, and the ADTV of the Shares was 100,144 Shares, representing 0.070% of the free float of the Company, during the period after the Offer Announcement and up to the Latest Practicable Date.

In evaluating the Offer, it is relevant to examine the trading volume of the Shares over a reasonable period, during which the market price of the Shares may reflect public investors' valuation of the Shares, based on publicly available information.

We note the following with regard to the trading liquidity of the Shares:

- (a) The ADTV of the Shares for the 12-month period up to and including the Last Trading Day was 13,912 Shares, representing 0.010% of the Company's free float.

- (b) The ADTV for the 6-month, 3-month and 1-month periods up to and including the Last Trading Day were 12,052 Shares, 17,274 Shares and 25,800 Shares respectively.
- (c) We also note that the Shares were traded quite thinly. We calculated that the Shares were traded on 27.2%, 20.0%, 24.2% and 29.2% of the Market Days for the 12-month, 6-month, 3-month and 1-month periods up to and including the Last Trading Day.

Based on the above, we note that the trading of the Shares appears to be relatively illiquid for the aforementioned periods up to and including the Last Trading Day. In addition, the ADTV for the aforementioned periods prior to and including the Last Trading Day represents less than 0.081% of the Company's free float, and the ADTV during the aforementioned periods prior to and including the Last Trading Day was relatively low at less than 117,000 Shares.

For the period after the Offer Announcement and up to the Latest Practicable Date, the liquidity of the Shares seems to have improved with the Offer as we note that the Shares were traded on 81.3% of the Market Days for the period after the Offer Announcement and up to the Latest Practicable Date. Notwithstanding, the ADTV of the Shares after the Offer Announcement and up to the Latest Practicable Date was relatively low at 100,144 Shares, representing 0.070% of the Company's free float.

Given the low liquidity of the Shares during the periods observed, the Offer Price may represent a realistic exit opportunity for Shareholders to realise their investment for cash. In the absence of the Offer Price, such an exit for all Shareholders may not be readily available due to the low trading liquidity for the Shares.

Shareholders should note that there is no assurance that the market prices of the Shares would remain at the current prevailing level as at the Latest Practicable Date after the close of the Offer. Shareholders should also note that past trading performance of the Shares should not in any way be relied upon as an indication or a guarantee of its future trading performance, which may be affected by, *inter alia*, the performance and prospects of the Company, prevailing economic conditions, economic outlook, stock market conditions and sentiment.

9.2 Historical financial performance and position of the Group

The Group is a provider of private dental healthcare services in Liaoning province, the People's Republic of China ("PRC"). Additionally, the Group is engaged in the provision of dental laboratory services, as well as the distribution and sale of dental equipment and supplies in the Liaoning, Heilongjiang and Jilin provinces in the PRC.

For the purpose of evaluating the financial terms of the Offer, we have considered the audited consolidated financial statements of the Group for the last three financial years ended 31 December 2024, 2023 and 2022 ("FY2024", "FY2023" and "FY2022", respectively).

The following summary of the financial information should be read in conjunction with the full text of the Group's published financial statements for FY2024, FY2023 and FY2022, in respect of the relevant financial years including the notes thereto.

Summary of consolidated income statements

Figures in RMB'000	Audited		
	FY2024	FY2023	FY2022
Revenue	183,722	177,255	139,721
Other income and gains	3,525	3,436	2,604
Cost of sales	(58,210)	(57,993)	(48,159)
Employee benefits expenses	(79,398)	(76,868)	(69,802)
Depreciation and amortisation expenses	(14,965)	(17,832)	(17,984)
Finance costs	(1,373)	(1,660)	(2,339)
Impairment loss on investment in associate	-	(46,869)	(60,175)
Other expenses and losses	(19,398)	(24,669)	(18,549)
Share of results of an associate	(14,237)	1,061	1,720
Loss before income tax	(334)	(44,139)	(72,963)
Loss after tax attributable to Shareholders of the Company	(1,761)	(47,300)	(67,673)

FY2024 vs FY2023

The Group's revenue increased by 3.6% from RMB177.3 million in FY2023 to RMB183.7 million in FY2024, mainly due to an overall increase in patient numbers seeking dental treatments for the Primary Healthcare Segment and business expansion from China to Singapore for the Laboratory Services Segment. The increases were partially offset by decrease in revenue for the Distribution of Dental Equipment and Supplies Segment due to lower demand for dental equipment from government hospitals arising from a reduction in government capital expenditure budget.

Other income and gains increased by 2.9% from RMB3.4 million in FY2023 to RMB3.5 million in FY2024, mainly due to higher government grant/ incentive and higher rental discount/ waiver from landlords.

Cost of sales increased by 0.3% from RMB58.0 million in FY2023 to RMB58.2 million in FY2024, mainly due to increase in consumables and dental supplies used and cost of laboratory services which were in line with the increase in revenue from the Primary Healthcare Segment and Laboratory Services Segment respectively. The increases were partially offset by decrease in the cost of sales in dental and supplies due to decrease in revenue from the Distribution of Dental Equipment and Supplies Segment.

Employee benefits expenses increased by 3.3% from RMB76.9 million in FY2023 to RMB79.4 million in FY2024, and as a percentage of revenue, employee benefits expenses was 43.2% in FY2024 compared to 43.4% in FY2023.

Depreciation and amortisation expenses decreased by 15.7% from RMB17.8 million to RMB15.0 million, mainly due to the full depreciation of certain ageing assets.

There was no impairment loss on investment in an associate in FY2024 as compared to the impairment loss of RMB46.9 million provided in FY2023 due to the weak performance of associates arising from the relaxation of COVID-19 measures in many countries including Singapore.

Other expenses and losses decreased by 21.5% from RMB24.7 million in FY2023 to RMB19.4 million in FY2024, mainly due to decrease in professional fee to dentists, advertisement fee, motor vehicle expenses, entertainment expenses, foreign exchange adjustment losses, impairment loss on plant, property and equipment, inventories write down, bad debts written-off and reversal of prior year's profit guarantee income. As a percentage of revenue, other expenses and losses was 10.6% in FY2024 compared to 13.9% in FY2023.

Share of results of associate decreased from a net profit of RMB1.1 million in FY2023 to a net loss of RMB14.2 million in FY2024, mainly due to the impairment of assets held by the associate as a result of the expiry of laboratory licence and cessation of government contract for COVID-19 vaccination.

Taking into account the income tax expense, the Group recorded a net loss of RMB1.8 million in FY2024 as compared to a net loss of RMB47.3 million in FY2023. Excluding impairment loss on investment in an associate and share of results of associate, the Group recorded a net profit of RMB12.5 million in FY2024 as compared to a net loss of RMB1.5 million in FY2023.

FY2023 vs FY2022

The Group's revenue increased by 26.9% from RMB139.7 million in FY2022 to RMB177.3 million in FY2023, mainly due to the recovery from COVID-19 for all the business segments. The higher revenue from all business segments was due to the full operation resumption at all the Group's dental polyclinics and hospitals in FY2023. In FY2022, the resurgence of COVID-19 in the PRC led to temporary closures of some of the Group's dental polyclinics and hospitals for more than a month.

Other income and gains increased by 30.8% from RMB2.6 million in FY2022 to RMB3.4 million in FY2023, mainly due to gain from remeasurement of right-of-use assets and liabilities and higher government grant.

Cost of sales increased by 20.3% from RMB48.2 million in FY2022 to RMB58.0 million in FY2023, mainly due to increase in consumables and dental supplies used, cost of sales in dental equipment and supplies and cost of laboratory services, which was in line with the increase in revenue from all business segments.

Employee benefits expenses increased by 10.2% from RMB69.8 million in FY2022 to RMB76.9 million in FY2023, mainly due to the commissions payable to employees correlated to the increase in revenue. As a percentage of revenue, employee benefits expense was 43.4% in FY2023 compared to 50.0% in FY2022.

The impairment loss on investment in an associate was RMB46.9 million and RMB60.2 million in FY2023 and FY2022 respectively. The impairment loss was due to the weak performance of the associate arising from the relaxation of COVID-19 measures in many countries including Singapore.

Other expenses and losses increased by 33.5% from RMB18.5 million in FY2022 to RMB24.7 million in FY2023, mainly due to increase in professional fee to dentists, travelling expenses, tax expenses, advertisement fee, utilities expenses, impairment loss on plant, property and equipment, inventories and plant and equipment write down, and bad debts written-off. As a percentage of revenue, other expenses and losses was 13.9% in FY2023 compared to 13.3% in FY2022.

Share of results of associate decreased by 35.3% from RMB1.7 million in FY2022 to RMB1.1 million in FY2023, mainly due to changes in Singapore government's policy shift to antigen rapid test following the reclassification of COVID-19 from pandemic to endemic stage.

Taking into account the income tax expense, the Group recorded a net loss of RMB47.3 million in FY2023 as compared to a net loss of RMB67.7 million in FY2022. Excluding impairment loss on investment in an associate, the Group recorded a net loss of RMB0.4 million in FY2023 as compared to a net loss of RMB7.5 million in FY2022.

Summary of consolidated statements of cash flows

Figures in RMB'000	Audited		
	FY2024	FY2023	FY2022
Net cash flows from operating activities	30,190	17,848	15,972
Net cash (used in)/from investing activities	(2,153)	6,634	19,061
Net cash used in financing activities	(9,282)	(13,615)	(20,676)
Cash and cash equivalents at end of year	69,937	51,184	39,429

FY2024

The Group's net cash flows generated from operating activities in FY2024 was RMB30.2 million. This was mainly attributable to operating cash inflows before changes in working capital of RMB30.1 million and increase in trade and other payables of RMB2.1 million, and partially offset by increase in trade and other receivables of RMB2.4 million.

Net cash used in investing activities in FY2024 was RMB2.2 million, mainly due to the acquisition of plant and equipment for the Group's operations.

Net cash flows used in financing activities in FY2024 was RMB9.3 million, mainly due to the repayment of lease liabilities and bank loan.

As a result of the above, the Group's cash and cash equivalents stood at RMB69.9 million as at 31 December 2024.

FY2023

The Group's net cash flows generated from operating activities in FY2023 was RMB17.8 million. This was mainly attributable to operating cash inflows before changes in working capital of RMB22.1 million, and partially offset by increase in trade and other receivables of RMB3.2 million and increase in inventories of RMB0.6 million.

Net cash generated from investing activities in FY2023 was RMB6.6 million, mainly due to receipt of dividend income from its associate company, and partially offset by the acquisition of plant and equipment for the Group's operations.

Net cash flows used in financing activities in FY2023 was RMB13.6 million, mainly due to the repayment of lease liabilities and bank loans.

As a result of the above, the Group's cash and cash equivalents stood at RMB51.2 million as at 31 December 2023.

FY2022

The Group's net cash flows generated from operating activities in FY2022 was RMB16.0 million. This was mainly attributable to operating cash inflows before changes in working capital of RMB9.5 million and decrease in trade and other receivables of RMB4.3 million and increase in trade and other payables of RMB1.8 million.

Net cash generated from investing activities in FY2022 was RMB19.1 million, mainly due to receipt of dividend income from its associate company, and partially offset by the acquisition of plant and equipment for the Group's operations.

Net cash flows used in financing activities in FY2022 was RMB20.7 million, mainly due to repayment of lease liabilities and bank loans, and partially offset by the cash inflow from issuance of new Shares and proceeds from bank loans.

As a result of the above, the Group's cash and cash equivalents stood at RMB39.4 million as at 31 December 2022.

Summary of consolidated statements of financial position

Figures in RMB'000	Audited		
	As at 31 Dec 24	As at 31 Dec 23	As at 31 Dec 22
Non-current assets	186,925	215,002	283,858
Current assets	121,932	101,568	86,003
Total assets	308,857	316,570	369,861
Non-current liabilities	11,291	18,362	24,331
Current liabilities	32,669	31,183	35,004
Total liabilities	43,960	49,545	59,335
Equity attributable to Shareholders of the Company	264,896	267,025	310,526

Non-current assets

Non-current assets decreased by RMB28.1 million from RMB215.0 million as at 31 December 2023 to RMB186.9 million as at 31 December 2024, mainly due to the following:

- (a) Property, plant and equipment decreased by RMB6.0 million mainly due to depreciation during the year;
- (b) Right-of-use ("ROU") assets decreased by RMB6.0 million mainly due to depreciation of ROU assets which are related to premises leased by the Group for its dental centres and business units;
- (c) Investment in an associate decreased by RMB14.2 million due to share of loss of the associate; and
- (d) Deferred tax assets decreased by RMB1.1 million due to utilisation of prior years' unutilised losses and expiry of unutilised losses which had previously been recognised as deferred tax assets.

Non-current assets decreased by RMB68.9 million from RMB283.9 million as at 31 December 2022 to RMB215.0 million as at 31 December 2023, mainly due to the following:

- (a) Property, plant and equipment decreased by RMB7.6 million mainly due to depreciation during the year;
- (b) Right-of-use (“**ROU**”) assets decreased by RMB3.4 million mainly due to depreciation of ROU assets which are related to premises leased by the Group for its dental centres and business units;
- (c) Investment in an associate decreased by RMB53.9 million mainly due to impairment loss of RMB46.9 million and dividend received of RMB10.5 million, which were partially offset by foreign exchange adjustment of RMB2.4 million and share of results of an associate of RMB1.1 million; and
- (d) Deferred tax assets decreased by RMB2.9 million due to an adjustment to deferred tax assets as a result of change of tax rate.

Current assets

Current assets increased by RMB20.3 million from RMB101.6 million as at 31 December 2023 to RMB121.9 million as at 31 December 2024, mainly due to the following:

- (a) Trade and other receivables increased by RMB2.4 million, mainly as a result of higher revenue from the Primary Healthcare Segment; and
- (b) Cash and cash equivalents increased by RMB18.7 million.

Current assets increased by RMB15.6 million from RMB86.0 million as at 31 December 2022 to RMB101.6 million as at 31 December 2023, mainly due to the following:

- (a) Trade and other receivables increased by RMB3.6 million, mainly as a result of higher revenue from the Primary Healthcare Segment; and
- (b) Cash and cash equivalents increased by RMB11.8 million.

Non-current liabilities

Non-current liabilities decreased by RMB7.1 million from RMB18.4 million as at 31 December 2023 to RMB11.3 million as at 31 December 2024, mainly due to repayment of lease liabilities of RMB6.6 million.

Non-current liabilities decreased by RMB5.9 million from RMB24.3 million as at 31 December 2022 to RMB18.4 million as at 31 December 2023, mainly due to repayment of lease liabilities of RMB5.1 million and repayment of bank loan of RMB0.7 million.

Current liabilities

Current liabilities increased by RMB1.5 million from RMB31.2 million as at 31 December 2023 to RMB32.7 million as at 31 December 2024, mainly due to the following:

- (a) Trade and other payables increased by RMB2.1 million, mainly due to accrual of employee costs and other operating expenses; and
- (b) Lease liabilities and other financial liabilities decreased by RMB0.7 million, mainly due to repayment of lease liabilities and bank loan.

Current liabilities decreased by RMB3.8 million from RMB35.0 million as at 31 December 2022 to RMB31.2 million as at 31 December 2023, mainly due to repayment of lease liabilities of RMB1.4 million and repayment of bank loan of RMB2.5 million.

Shareholders' equity

Equity attributable to Shareholders of the Company decreased by RMB2.1 million from RMB267.0 million as at 31 December 2023 to RMB264.9 million as at 31 December 2024, mainly due to the net loss recorded for FY2024.

Equity attributable to Shareholders of the Company decreased by RMB43.5 million from RMB310.5 million as at 31 December 2022 to RMB267.0 million as at 31 December 2023, mainly due to the impairment loss on investment in associate in FY2023.

9.3 NAV and NTA of the Group

The NAV of a group refers to the aggregate value of all the assets in their existing condition, net of any non-controlling interests and all liabilities of the group. The NAV approach may provide an estimate of the value of a group assuming the hypothetical sale of all assets over a reasonable period of time, the proceeds of which would be first used to settle the liabilities of the group with the balance available for distribution to its shareholders.

The NTA of a group refers to the aggregate value of all the assets in their existing condition, net of any non-controlling interests, all liabilities and intangible assets of the group. The NTA approach may provide an estimate of the value of a group assuming the hypothetical sale of all assets (other than intangible assets) over a reasonable period of time, the proceeds of which would be first used to settle the liabilities of the group with the balance available for distribution to its shareholders.

Therefore, the net assets of a group are perceived as providing support for the value of the shareholders' equity.

Shareholders should nonetheless note that an analysis based on the NAV and NTA of the Group provides only an estimate of the value of the Group based on a hypothetical scenario, and such hypothetical scenario is assumed without considering factors such as, *inter alia*, time value of money, market conditions, legal and professional fees, liquidation costs, taxes, contractual obligations, regulatory requirements and availability of potential buyers, which would theoretically lower the NAV and NTA that can be realised. While the asset base of the Group can be a basis for valuation, such valuation does not necessarily imply a realisable market value as the market value of the assets and liabilities may vary depending on prevailing market and economic conditions.

In respect of the above, the Directors and Management have confirmed that as at the Latest Practicable Date and to the best of their knowledge and belief:

- (a) there is no material difference between the realisable values of the Group's assets and their respective book values as at the Latest Practicable Date which would have a material impact on the NAV and NTA of the Group as at 31 December 2024;
- (b) they are not aware of any circumstances which may cause the NAV and NTA of the Group as at the Latest Practicable Date to be materially different from that recorded in the audited statement of financial position of the Group as at 31 December 2024;
- (c) there are no contingent liabilities, bad or doubtful debts, impairment losses or material events as at the Latest Practicable Date which are likely have a material impact on the NAV and NTA of the Group as at 31 December 2024;
- (d) there are no litigation, claim or proceedings pending or threatened against the Group or of any fact likely to give rise to any proceedings as at the Latest Practicable Date which would have a material impact on the audited statement of financial position of the Group as at 31 December 2024;
- (e) there is no other intangible asset as at the Latest Practicable Date which ought to be disclosed in accordance with the Singapore Financial Reporting Standards (International) and which has not been disclosed that would have a material impact on the NAV and NTA of the Group as at 31 December 2024; and
- (f) there are no material acquisitions or disposals of assets by the Group between 31 December 2024 and the Latest Practicable Date, and the Group does not have any plans for any such impending material acquisitions or disposal of assets, conversion of the use of the Group's material assets or material change in the nature of the Group's business.

A summary of the audited financial position of the Group as at 31 December 2024 is set out below:

Figures in RMB'000	Audited As at 31 December 2024
<u>Non-current assets</u>	
Property, plant and equipment	28,427
Right-of-use assets	23,446
Goodwill	125,219
Other intangible assets	2,090
Investment in an associate	6,716
Deferred tax assets	978
Other non-financial assets	49
Total non-current assets	186,925
<u>Current assets</u>	
Inventories	10,320
Trade and other receivables	39,908
Other non-financial assets	1,767
Cash and cash equivalents	69,937
Total current assets	121,932
Total assets	308,857
<u>Non-current liabilities</u>	
Deferred tax liabilities	346
Lease liabilities	10,945

Total non-current liabilities	11,291
<u>Current liabilities</u>	
Income tax payable	425
Trade and other payables	25,214
Lease liabilities	6,691
Other financial liabilities	339
Total current liabilities	32,669
Total liabilities	43,960
Net assets	264,897
<u>Equity</u>	
Share capital	445,723
Accumulated losses	(143,083)
Other revenues	(37,744)
Equity attributable to Shareholders of the Company	264,896
Non-controlling interests	1
Total equity	264,897
NAV attributable to the Shareholders of the Company	264,896
NTA attributable to the Shareholders of the Company	137,587
Number of issued shares ('000)	511,522
NAV per Share (RMB)	0.5179
NTA per Share (RMB)	0.2690
NAV per Share (S\$ equivalent) ⁽¹⁾	0.0965
NTA per Share (S\$ equivalent) ⁽¹⁾	0.0501
Discount of Offer Price to NAV per Share	66.7%
Discount of Offer Price to NTA per Share	36.0%
Price-to-NAV (" P/NAV ") ratio as implied by the Offer Price	0.33 times
Price-to-NAV (" P/NTA ") ratio as implied by the Offer Price	0.64 times

Note:

- (1) Based on the exchange rate of RMB/SGD 0.1864 as at 31 December 2024 as extracted from the Monetary Authority of Singapore's website

In our evaluation of the financial terms of the Offer, we have considered whether there is any other asset which should be valued at an amount that is materially different from that which was recorded in the statement of financial position of the Group as at 31 December 2024 and whether there are any factors which have not been otherwise disclosed in the financial statements of the Group or announced by the Company that are likely to impact the NAV of the Group as at 31 December 2024.

A summary of the material assets which accounted for more than 5% of the NAV of the Group as at 31 December 2024 is set out below:

	Audited as at 31 December 2024	
	RMB'000	As a percentage of the Group's NAV
Non-current assets – Goodwill	125,219	47.3%
Current assets – Cash and cash equivalents	69,937	26.4%
Current assets – Trade and other receivables	39,908	15.1%
Non-current assets – Property, plant and equipment	28,427	10.7%
Non-current assets – Right-of-use assets	23,446	8.9%

Non-current assets – Goodwill

The Group's goodwill is allocated to cash-generating units ("CGUs") and tested for impairment at least annually and whenever there is an indication that it may be impaired. Any shortfall of the recoverable amounts against the carrying value of the assets would be recognised as impairment losses.

No impairment losses were recognised as at 31 December 2024 because the carrying amounts of all CGUs were lower than their recoverable amounts.

The Directors have confirmed, to the best of their knowledge and belief as at the Latest Practicable Date, that no material provisions on goodwill are required.

Current assets – Cash and cash equivalents

The Group had cash and cash equivalents of approximately RMB69.9 million as at 31 December 2024. After excluding total borrowings (comprising bank loans and lease liabilities) of approximately RMB18.0 million as at 31 December 2024, the Group will still have net cash of approximately RMB51.9 million.

Based on the total number of 511,522,048 Shares as at the Latest Practicable Date and the cash and cash equivalents of approximately RMB51.9 million (excluding bank loans and lease liabilities) as at 31 December 2024, the cash and cash equivalents per Share as at 31 December 2024 was approximately RMB0.1016 (S\$0.0189 equivalent).

Excluding the cash and cash equivalents per Share of S\$0.0189 as at 31 December 2024 from the Offer Price and the NAV per Share, the ex-cash P/NAV ratio will be 0.19 times.

Current assets – Trade and other receivables

The Group's dental hospitals and clinics do not generally grant credit as services are usually settled in cash, credit card payments and "Yi Bao", which is the PRC's social health insurance. The subsidiaries engaged in the trading of dental surgery materials and equipment, and provision of laboratory services generally grant credit term of 30 days to 180 days to their customers.

Other receivables including staff loans, are non-trade in nature, non-interest bearing, unsecured and repayable on demand or within the next 12 months from the reporting date.

The Directors have confirmed, to the best of their knowledge and belief as at the Latest Practicable Date, that no material provisions on the trade and other receivables are required.

Non-current assets – Property, plant and equipment and right-of-use assets

Property, plant and equipment consist mainly of leasehold improvements and furniture, fittings and equipment. Property, plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses.

Right-of-use assets consist mainly of its leasehold building, dental clinics, hospitals and office space for use in the Group's business operations. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The Directors have confirmed, to the best of their knowledge and belief as at the Latest Practicable Date, that the leasehold building, dental clinics, hospitals and office space (i) are held for long-term use purposes and internal use; and (ii) there are no known immediate plans to dispose of its interest in the leasehold building, dental clinics, hospitals and office space.

NAV per Share

Based on the total number of 511,522,048 Shares as at the Latest Practicable Date and the audited NAV attributable to Shareholders of approximately RMB264.9 million as at 31 December 2024, the NAV per Share as at 31 December 2024 was approximately RMB0.5179 (S\$0.0965 equivalent).

The Offer Price of S\$0.0321 represents a discount of approximately 66.7% to the audited NAV per Share of S\$0.0965 as at 31 December 2024, or a P/NAV ratio of approximately 0.33 times.

NTA per Share

The Group had intangible assets aggregating approximately RMB127.3 million as at 31 December 2024. The Group's intangible assets comprised goodwill of approximately RMB125.2 million and other intangible assets of RMB2.1 million.

Based on the total number of 511,522,048 Shares as at the Latest Practicable Date and the audited NTA attributable to Shareholders of approximately RMB137.6 million as at 31 December 2024, the NTA per Share as at 31 December 2024 was approximately RMB0.2690 (S\$0.0501 equivalent).

The Offer Price of S\$0.0321 represents a discount of approximately 36.0% to the audited NTA per Share of S\$0.0501 as at 31 December 2024, or a P/NTA ratio of approximately 0.64 times.

Enterprise Value to Earnings before Interest, Tax, Depreciation and Amortisation ("EV/EBITDA")

The enterprise value ("EV") of the Group as implied by the Offer Price is set out below:

	S\$'000
Value of Company as implied by the Offer Price	16,420
Add: Bank loans and lease liabilities	3,351 ⁽¹⁾
Add: Non-controlling interests	0.19 ⁽¹⁾
Less: Cash and cash equivalents	13,036 ⁽¹⁾
EV	6,734

Note:

- (1) Based on the exchange rate of RMB/SGD 0.1864 as at 31 December 2024 as extracted from the Monetary Authority of Singapore's website

Based on the above EV calculations and the Group's earnings before interest, tax, depreciation and amortisation ("EBITDA") of approximately RMB30.4 million (S\$5.7 million equivalent) (excluding share of results of an associate) for FY2024, the EV/EBITDA ratio of the Group as implied by the Offer Price is 1.19 times.

9.4 Valuation ratios of selected listed companies which are broadly comparable with the Group

The Group is a provider of private dental healthcare services in the PRC. Additionally, the Group is engaged in the provision of dental laboratory services, as well as the distribution and sale of dental equipment and supplies in the PRC.

For the purposes of assessing the valuation ratios of the Company as implied by the Offer Price, we have considered comparing the valuation ratios of the Company as implied by the Offer Price with valuation ratios of listed companies whose business are broadly comparable with the Group.

In light of the lack of direct comparable companies on the SGX-ST, we have, in consultation with the Management, used the following companies listed in the PRC including Hong Kong, which we consider to be broadly comparable to the Group (“**Comparable Companies**”) to get an indication of the current market expectations with regard to the perceived valuation of the Group.

We wish to highlight that the Comparable Companies are not exhaustive and there is no listed company or group which may be considered identical to the Group in terms of, *inter alia*, business activities, market capitalisation, scale of operations, risk profile, geographical spread, operating and financial leverage, accounting policies, tax factors, track record and future prospects. As such, any comparison made herein is strictly limited in scope and merely serves as an illustrative guide to Shareholders.

In evaluating the Comparable Companies, we have applied and used the following valuation ratios:

Valuation ratio	Description
Price-earnings (“P/E”) ratio	The historical P/E ratio, which illustrates the ratio of the market price of a company’s shares relative to its historical consolidated earnings per share, is commonly used for the purpose of illustrating the profitability, and hence valuation, of a company.
P/NAV ratio	A NAV/NTA-based approach is useful to illustrate the extent that the value of each share is backed by assets, and would be more relevant in the case where the group were to change the nature of its business or realise or convert the use of all or most of its assets. The NAV/NTA based valuation approach may provide an estimate of the value of a company or group assuming the hypothetical sale of all its assets over a reasonable period of time at the aggregate value of the assets used in the computation of the NAV/NTA, with the balance to be distributed to its shareholders after the settlement of all the liabilities and obligations of the company or group.
EV/EBITDA ratio	The historical EV/EBITDA ratio illustrates the ratio of the market value of a company’s business relative to its historical consolidated pre-tax operating cashflow performance, without regard to its capital structure, and provides an indication of current market valuation relative to operating performance. “EV” is the sum of a company’s market capitalisation, preferred equity, minority interests, short- and long-term debts and lease liabilities less cash and cash equivalents and represents the actual cost to acquire the entire company. “EBITDA” refers to historical consolidated earnings before interest, tax, depreciation and amortisation expenses. EBITDA can be used to analyse the profitability between companies as it eliminates the effects of financing and accounting decisions.

A brief description of the Comparable Companies is as follows:

Company	Description	Stock Exchange
C-MER Medical Holdings Limited	The company provides general medical and surgical hospital services. The hospital offers eye disease examination, treatment, vision aid, and dental medical services. The company serves patients in Hong Kong.	Hong Kong
Meihao Medical Group Co Ltd	The company owns and operates as a dental hospital. The hospital provides oral therapy and prosthodontics, implant dentistry, orthodontics, and other related dental services. The company serves patients in China and Hong Kong.	Hong Kong
Arrail Group Limited	The company operates dental care businesses. The company provides dental implant, dental beauty, and daily cleaning services. The company conducts businesses in China.	Hong Kong
Town Health International Medical Group Limited ("Town Health International")	The company through its subsidiaries, provides management services to medical and dental practitioners and licenses the Town Health Centre name. The company also provides healthcare and related services including general dental consultation services, paramedical services, operates health portals, and distributes health food products.	Hong Kong
Topchoice Medical Investment Co Inc	The company provides medical services. The company offers oral medical services, reproductive medical services, and other services. The company conducts business in China.	Shanghai
Whole Shine Medical Technology Co Ltd	The company operates health care businesses. The Company provides oral diseases diagnosis, oral health care, and restorative services. The company also develops and manufactures switches.	Shenzhen

Source: Bloomberg L.P.

The financial ratios of the Comparable Companies as at the Latest Practicable Date are set out below:

Company	Market capitalisation (\$million) ⁽¹⁾	P/E (times) ⁽²⁾	P/NAV (times) ⁽²⁾	EV/EBITDA (times) ⁽²⁾
C-MER Medical Holdings Limited	354.0	Negative earnings	1.23	15.39
Meihao Medical Group Co Ltd	30.5	Negative earnings	1.43	Negative EBITDA
Arrail Group Ltd	209.2	52.05	0.69	4.68
Town Health International	264.2	Negative earnings	0.54	116.42 ⁽³⁾
Topchoice Medical Investment Co Inc	3,252.4	35.59	4.32	Negative EBITDA
Whole Shine Medical Technology Co Ltd	408.3	Negative earnings	5.98	Negative EBITDA
Minimum		35.59	0.54	4.68
Median		43.82	1.33	10.04
Mean		43.82	2.37	10.04

Maximum		52.05	5.98	116.42
Company (implied by the Offer Price)	16.4	n.m.⁽⁴⁾	0.33	1.19

Source: Bloomberg L.P. and HLF's computations

Notes:

- (1) Based on last traded prices of the respective companies and exchange rates as at the Latest Practicable Date.
- (2) The ratios of the Comparable Companies are calculated based on the latest available 12 months results of the Comparable Companies as extracted from Bloomberg L.P.
- (3) Being a static outlier, Town Health International has been excluded from the computation of mean and median EV/EBITDA ratio.
- (4) n.m. denotes not meaningful as the Company was loss making in FY2024.

Based on the above, we observe that:

- (a) as the Group had recorded a net loss in FY2024, any assessment of the valuation of the Group (implied by the Offer Price) based on the P/E ratio approach would not be meaningful.
- (b) the P/NAV ratio of 0.33 times of the Group as implied by the Offer Price is below the range of P/NAV ratios of the Comparable Companies of between 0.54 times and 5.98 times.
- (c) the EV/EBITDA ratio of 1.19 times of the Group as implied by the Offer Price is below the range of EV/EBITDA ratios of the Comparable Companies of between 4.68 times and 116.42 times.

9.5 Selected precedent non-privatisation mandatory general offer transactions on the SGX-ST

As set out in **Section 9** of the Offer Document, we note that it is the intention of the Offeror to maintain the listing status of the Company on the SGX-ST and that it does not intend to exercise any right of compulsory acquisition that may arise under Section 215(1) of the Companies Act.

In our assessment of the Offer, we have compared the financial terms of the Offer with selected recent completed mandatory general offers in cash for companies (excluding real estate investment trusts and business trusts) listed on the SGX-ST, that were announced since 1 January 2022 up to and including the Offer Announcement Date and completed as at the Latest Practicable Date, and wherein the offeror had indicated its intention to preserve the listing status of the target company ("**Non-Privatisation Take-Over Transactions**").

This analysis serves as a general indication of the relevant premium/discount that the offerors had paid in order to acquire the target companies without having regard to their specific industry characteristics or other considerations, and the comparison sets out:

- (a) the premium or discount represented by each of the offer prices to the last transacted prices and VWAPs over the 1-month, 3-month, 6-month and 12-month periods prior to the announcement of the Non-Privatisation Take-Over Transactions; and
- (b) the premium or discount represented by each of the respective offer prices to the NAV or NTA of the respective offeree companies, where applicable. We note that certain Non-Privatisation Take-Over Transactions had undertaken revaluations and/or adjustments to their assets

which may have a material impact on their last announced book values, we have also, where relevant, compared the financial terms of such offer transactions with the revalued NAV (or RNTA where applicable) and/or adjusted NAV (or adjusted NTA where applicable) of the Non-Privatisation Take-Over Transactions.

We wish to highlight that the Non-Privatisation Take-Over Transactions set out below are by no means exhaustive, and may not be directly comparable to the Company in terms of operations, market capitalisation, business activities, asset base, geographical spread, track record, financial performance, operating and financial leverage, risk profile, liquidity, future prospects and other relevant criteria. Each of the Non-Privatisation Take-Over Transactions must be considered on its own commercial and financial merits. Shareholders should also note that the premium (if any) to be paid by an offeror in a non-privatisation take-over transaction varies in different circumstances depending on, *inter alia*, the offeror's intentions with regard to the target company, the potential synergy that the offeror can gain from acquiring the target company, the attractiveness of the underlying business to be acquired, the trading liquidity of the target company's shares, existing and desired level of control in the target company, prevailing market expectations and the presence of competing bids. Conclusions drawn from the comparisons made may not reflect any perceived market valuation of the Company.

Details of the Non-Privatisation Take-Over Transactions announced since 1 January 2022 and up to the Latest Practicable Date are set out below:

Company	Date of offer announcement	Offer Price (\$)	Premium/(discount) of offer price over					Offer price to NAV or RNAV (times) ⁽¹⁾
			Last transacted price (%)	1-month VWAP (%)	3-month VWAP (%)	6-month VWAP (%)	12-month VWAP (%)	
Keong Hong Holdings Limited	21 Jan 2022	0.3840	3.8	7.9	11.1	11.0	12.8	0.50
Procurri Corporation Limited	20 May 2022	0.4250	0.0	3.2	9.3	17.3	20.4	2.19
Chip Eng Seng Corporation Ltd	24 Nov 2022	0.7500	6.7	13.1	26.5	33.7	42.6	0.60
Revez Corporation Ltd	7 Dec 2022	0.0306	(66.0)	(65.6)	(67.0)	(69.7)	(75.1)	0.83
Halcyon Agri Corporation Limited	3 Feb 2023	0.4130	42.4	64.2	68.6	71.0	69.8	1.12
Sunrise Shares Holdings Ltd	10 Jul 2023	0.0218	(37.7)	(36.3)	(40.1)	(41.1)	(46.2)	1.20
ICP Ltd	11 Jul 2023	0.0070	(12.5)	(24.7)	(29.3)	(28.6)	(28.6)	0.90
Datapulse Technology Limited	11 Aug 2023	0.0900	(2.2)	0.0	0.0	(1.1)	(5.3)	0.37
Nera Telecommunications Ltd	4 Sep 2024	0.0750	(6.3)	(5.1)	(3.9)	(6.3)	(5.1)	0.60
NSL Ltd	23 Sep 2024	0.7500	7.1	10.1	5.3	4.2	2.9	0.92
Broadway Industrial Group Limited	28 Oct 2024	0.1970	7.1	3.7	3.1	7.1	27.1	0.84
Avarga Limited	11 Nov 2024	0.2500	22.1	23.7	24.2	26.4	33.8	0.60
Vibropower Corporation Limited	21 Nov 2024	0.0200	0.0	(9.1)	(20.0)	(9.1)	17.7	0.13
HG Metal Manufacturing Limited	16 Dec 2024	0.2660	(12.8)	(14.7)	(15.0)	(13.4)	(9.2)	0.50
Minimum			(66.0)	(65.6)	(67.0)	(69.7)	(75.1)	0.13
Mean			(3.4)	(2.1)	(1.9)	0.1	4.1	0.81
Median			0.0	1.6	1.6	1.6	7.9	0.72
Maximum			42.4	64.2	68.6	71.0	69.8	2.19
Company (implied by the Offer Price)	30 Apr 2025	0.0321	0.0	(15.4)	(19.0)	(22.6)	(32.2)	0.33

Source: The offeree circulars of the respective companies and HLF's computations

Note:

- (1) Based on the NAV per share or the adjusted NAV or RNAV per share, where available, as published in the independent financial adviser's letter set out in the respective circular of the companies.

Based on the information above, we note the following:

- (a) The parity of the Offer Price with the last transacted price of the Shares prior to the Last Trading Day (i) is within the range of corresponding (discount)/premiums of the Non-Privatisation Take-Over Transactions of between (66.0%) and 42.4%; and (ii) compares favourably with the corresponding mean discount of 3.4% and on par with the median of 0.0% of the Non-Privatisation Take-Over Transactions.

- (b) The discount of the Offer Price over the VWAP of the Shares for the 1-month period prior to the Last Trading Day of 15.4% is (i) within the range of the corresponding (discount)/premium of the Non-Privatisation Take-Over Transactions of between (65.6%) and 64.2%; and (ii) above the corresponding mean discount of 2.1% and inferior to the median premium of 1.6% of the Non-Privatisation Take-Over Transactions.
- (c) The discount of the Offer Price over the VWAP of the Shares for the 3-month period prior to the Last Trading Day of 19.0% is (i) within the range of the corresponding (discount)/premium of the Non-Privatisation Take-Over Transactions of between (67.0%) and 68.6%; and (ii) above the corresponding mean discount of 1.9% and inferior to the median premium of 1.6% of the Non-Privatisation Take-Over Transactions.
- (d) The discount of the Offer Price over the VWAP of the Shares for the 6-month period prior to the Last Trading Day of 22.6% is (i) within the range of the corresponding (discount)/premium of the Non-Privatisation Take-Over Transactions of between (69.7%) and 71.0%; and (ii) inferior to the corresponding mean and median premium of 0.1% and 1.6% of the Non-Privatisation Take-Over Transactions.
- (e) The discount of the Offer Price over the VWAP of the Shares for the 12-month period prior to the Last Trading Day of 32.2% is (i) within the range of the corresponding (discount)/premium of the Non-Privatisation Take-Over Transactions of between (75.1%) and 69.8%; and (ii) inferior to the corresponding mean and median premium of 4.1% and 7.9% of the Non-Privatisation Take-Over Transactions.
- (e) the Group's P/NAV ratio of 0.33 times (as implied by the Offer Price) is (i) within the range of the P/NAV ratios of the Non-Privatisation Take-Over Transactions of between 0.13 times and 2.19 times, and (ii) below the mean and median P/NAV ratio of 0.81 times and 0.72 times of the Non-Privatisation Take-Over Transactions.

9.6 Estimated value of the Shares

In deriving a range of values for the Shares, we have considered:

- (a) the financial performance and position of the Group, in particular the NAV per Share of the Group as at 31 December 2024;
- (b) P/NAV valuation multiples from the Comparable Companies;
- (c) EV/EBITDA valuation multiples from the Comparable Companies;
- (d) P/NAV valuation multiples from the Non-Privatisation Take-Over Transactions; and
- (e) market prices of the Shares.

We have not considered the earnings multiples as the Group was loss making, thus any assessment based on the P/E ratio approach would not be meaningful.

We noted the low trading liquidity of the Shares and the Shares have been consistently trading below its NAV per Share for the Period Under Review. As such, we have excluded parameter (e) above in arriving at the overall range of derived theoretical valuation, summarised in our analysis below:

Valuation Parameter	Implied Valuation Range (S\$'million)	
	Low	High
(a) NAV as at 31 December 2024	49.4	49.4
(b) P/NAV (mean and median) ⁽¹⁾ of Comparable Companies	65.7	116.8
(c) EV/EBITDA (mean and median) ⁽²⁾ of Comparable Companies	495.6 ⁽³⁾	495.6 ⁽³⁾
(d) P/NAV (mean and median) ⁽⁴⁾ of Non-Privatisation Take-Over Transactions	35.3	39.9
Implied Valuation Range (S\$'million)⁽³⁾	50.1	68.7
Implied Share Price (S\$)	0.0980	0.1343

Notes:

- (1) Based on the NAV of the Group of approximately RMB264.9 million (S\$49.4 million equivalent) as at 31 December 2024, and the mean and median P/NAV ratios of the Comparable Companies of between 1.33 times and 2.37 times.
- (2) Based on the NAV of the Group of approximately RMB264.9 million (S\$49.4 million equivalent) as at 31 December 2024, and the mean and median EV/EBITDA ratios of the Comparable Companies of 10.04 times.
- (3) The lower and upper range have been arrived at based on the average of parameters (a), (b) and (d) respectively. Being a statistical outlier, parameter (c) has been excluded from the computation of the lower and upper range. We noted that the deviation of the lower and upper range of the derived theoretical valuations is more than 15%, mainly due to the absence of available meaningful parameters as explained above, where the only meaningful approach adopted were the asset-based valuation parameters. Notwithstanding the above, we believe that the implied range of the derived theoretical valuations above is still relevant as it centers around the NAV per Share of the Group as at 31 December 2024, after taking into consideration the current financial performance and position of the Group.
- (4) Based on the NAV of the Group of approximately RMB264.9 million (S\$49.4 million equivalent) as at 31 December 2024, and the mean and median P/NAV ratios of the Non-Privatisation Take-Over Transactions of 0.72 times and 0.81 times.

Based on the above, the overall range of derived theoretical valuations is between S\$50.1 million and S\$68.7 million, which translate to between S\$0.0980 and S\$0.1343 per Share. We note that the Offer Price of S\$0.0321 is below our estimated value range of the Shares.

9.7 Other relevant considerations

9.7.1 Dividend track record of the Company

We note that the Company last declared its dividend for financial year ended 31 December 2017 and had not declared any dividends for the last seven financial years.

The Directors have confirmed that the Company does not have a fixed dividend policy. For the purpose of analysing the Offer, we have considered that Shareholders who accept the Offer may re-invest the proceeds from the Offer in alternative investments such as broad market index instruments.

We wish to highlight that the above dividend analysis merely serves as an illustrative guide only. In addition, Shareholders should note that the above analysis is not an indication of the Company's future dividend policy, and there is no assurance that the Company will or will not pay dividends in the future and/or maintain the level of dividends paid in past periods (if any).

9.7.2 Outlook of the Group

We note that the Company had, in its unaudited FY2024 financial results announcement, included a commentary on 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 for the next reporting period and the next 12 months which is reproduced in italics below:

“In FY2025, the Group will strive to build upon the momentum to achieve higher revenues across all segments, while continuing to improve the quality of dental care services during and post treatment, in order to further strengthen our branding in the market.

For the next 12 months, the Group is cautiously optimistic, against the backdrop of improving consumer spending and economic activities 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.”

In addition, we note that the Company had, in its annual report for FY2024, included a commentary on the outlook and strategy of the Group which is reproduced in italics below:

“FY2024 was a year of transformation. We addressed legacy challenges, streamlined operations, and reinforced our competitive edge in China’s dental care market. The resolution of Acumen related issues, while difficult, allows us to concentrate fully on our strengths: delivering exceptional patient care, innovating for the future, and maintaining financial discipline.

The road ahead demands vigilance, but the Board is confident in our strategy. Our robust liquidity, strong market position in Northeast China, and growing regional presence in laboratory services provide a solid foundation for sustainable growth. We remain committed to transparency, ethical governance, and creating long-term value for shareholders, employees, and communities.”

9.7.3 Absence of alternative or competing offers

As at the Latest Practicable Date, other than the Offer, there is no publicly available evidence of an alternative or competing offer for the Shares from any other party.

In addition, the Directors have confirmed that as at the Latest Practicable Date, apart from the Offer, they have not received any alternative or competing offer for the Shares from any other party.

9.7.4 Existing interest in the Company by the Offeror Concert Party Group

Shareholders should note that, as at the Offer Announcement Date, the Offeror Concert Party Group holds 258,486,418 Shares, representing approximately 50.53% of the total number of Shares.

Additionally, the Offeror as the single largest Shareholder holding 49.98% interest in the capital of the Company, the Offeror is likely to be able to pass all ordinary resolutions on matters in which the Offeror and its associates do not have any interest at future general meetings of Shareholders including resolutions on dividend payments by the Company.

9.7.5 Rationale for the Offer and the Offeror's intention for the Group

We note from **Section 8** of the Offer Document that the Offer is made to comply with the requirements of the Code.

We note that the Offeror has no present intention to (i) introduce any major changes to the existing businesses of the Group; (ii) re-deploy fixed assets of the Group; or (iii) discontinue employment of the employees of the Group, other than in the ordinary course of business or which has been announced by the Company. However, the Offeror retains and reserves the right and flexibility to consider any options or opportunities which may present themselves and which it may regard to be in the best interest of the Offeror or the Group.

9.7.6 Offeror's intention relating to the listing status and compulsory acquisition

As set out in **Section 9** of the Offer Document, it is the current intention of the Offeror to maintain the present listing status of the Company on the SGX-ST following completion of the Offer and the Offeror does not intend to exercise the right of compulsory acquisition which it may have under Section 215(1) of the Companies Act.

In the event that the trading of the Shares on the SGX-ST is suspended pursuant to Rule 724 or 1104 of the Catalist Rules, the Offeror intends to work together with the Company to lift the suspension by the SGX-ST.

9.7.7 Offer is unconditional and no revision of the Offer Price

As set out in **Section 2.5** of the Offer Document, the Offer is unconditional in all respects.

In addition, as set out in **Section 2.2** of the Offer Document, Shareholders should note that the Offer Price is final and the Offeror does not intend to revise the Offer Price.

10 OUR OPINION AND ADVICE

In arriving at our opinion and advice in respect of the Offer, we have taken into account, and reviewed the following key considerations, which we consider to be pertinent in our assessment of the Offer. The following should be read in conjunction with, and in the context of, the full text of this IFA Letter:

- (a) an assessment of the historical share price performance and trading activity of the Shares during the Period Under Review, as set out in paragraph 9.1 of this IFA Letter;
- (b) historical financial performance of the Group, as set out in paragraph 9.2 of this IFA Letter;
- (c) the financial position of the Group including the NAV and NTA of the Group, as set out in paragraph 9.3 of this IFA Letter;
- (d) a comparison with the valuation statistics of the Comparable Companies, as set out in paragraph 9.4 of this IFA Letter;
- (e) a comparison with recent non-privatisation mandatory general offer transactions for companies listed on the SGT-ST, as set out in paragraph 9.5 of this IFA Letter;
- (f) estimated range of value of the Shares, as set out in paragraph 9.6 of this IFA Letter; and

- (g) other relevant considerations, as set out in paragraph 9.7 of this IFA Letter.

In determining the “**fairness**” of the Offer, we have considered, *inter alia*, the following pertinent factors:

- (a) the Offer Price is below the closing prices of the Shares for most of the Market Days during the Period Under Review;
- (b) the Offer Price represents a discount of 32.2%, 22.6%, 19.0% and 15.4% over the VWAP of the Shares for the 12-month, 6-month, 3-month and 1-month periods up to and including the Last Trading Day respectively;
- (c) the Offer Price represents significant discounts to the NAV per Share and NTA per Share of 66.7% or P/NAV of 0.33 times and 36.0% or P/NTA of 0.64 times respectively;
- (d) excluding the cash and cash equivalents per Share, the ex-cash P/NAV ratio will only be 0.19 times;
- (e) the P/NAV and EV/EBITDA ratios as implied by the Offer Price are below the range of P/NAV and EV/EBITDA ratios of the Comparable Companies;
- (f) the discounts as implied by the Offer Price over the VWAP of the Shares for the 12-month, 6-month, 3-month and 1-month periods up to and including the Last Trading Day were inferior with respect to the corresponding mean and median discounts/premia of the Non-Privatisation Take-Over Transactions;
- (g) the P/NAV ratio as implied by the Offer Price of 0.33 times is lower than the corresponding mean and median ratios of the Non-Privatisation Take-Over Transactions; and
- (g) the Offer Price is below the estimated value range of the Shares of S\$0.0980 and S\$0.1343.

In view of the above, we are of the opinion that the Offer is **NOT FAIR**.

In determining the “**reasonableness**” of the Offer, we have considered, *inter alia*, the following pertinent factors:

- (a) the Group’s financial performance seems to be improving as reflected by its increasing revenue from RMB139.7 million in FY2022 to RMB183.7 million in FY2024, and reducing losses attributable to Shareholders from RMB67.7 million in FY2022 to RMB1.8 million in FY2024;
- (b) the Group’s Acumen-related issues seem to have been resolved; and
- (c) the Offer Price is pegged to the VWAP of S\$0.0321 per Share for trades done on 22 April 2025, and forms the partial settlement of the profit guarantee amounts owed by Dr Shao Yongxin and HFEL pursuant to the Security Enforcement.

In view of the above, we are of the opinion that the Offer is **NOT REASONABLE**.

In conclusion, we are of the opinion that, on balance, the financial terms of the Offer are **not fair and not reasonable**. Accordingly, we advise the Recommending Directors to recommend Shareholders to **REJECT** the Offer.

In rendering our opinion and advice, we have not had regard to the specific investment objectives, financial situation, tax position or individual circumstances of any Shareholder. We recommend that any Shareholder who may require specific advice in relation to his investment portfolio should consult his legal, financial, tax or other professional adviser.

Our opinion and advice are addressed to the Recommending Directors for their benefit and for the purposes of their consideration of the Offer. The recommendation to be made by them to the Shareholders shall remain the responsibility of the Recommending Directors. Whilst a copy of this IFA Letter may be reproduced in the Circular, no other person may reproduce, disseminate or quote this IFA Letter (or any part thereof) for any purpose at any time and in any manner without the prior written consent of HLF in each specific case, except for the purpose of the Offer.

This IFA Letter is governed by and shall be construed in accordance with the laws of Singapore and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours truly,
for and on behalf of
Hong Leong Finance Limited

Kaeson Chui
Vice President

Edmund Chua
Assistant Vice President

APPENDIX B – ADDITIONAL GENERAL INFORMATION

1. DIRECTORS

The names, addresses and descriptions of the Directors as at the Latest Practicable Date are set out below:

Name	Address	Description
Dr. Shao Yongxin	c/o 9 Raffles Place #26-01 Republic Plaza, Singapore 048619	Executive Director and Group CEO
Mr. Chua Ser Miang	c/o 9 Raffles Place #26-01 Republic Plaza, Singapore 048619	Non-Executive Chairman and Independent Director
Professor Chew Chong Yin	c/o 9 Raffles Place #26-01 Republic Plaza, Singapore 048619	Independent Non- Executive Director
Mr. Lin Ming Khin	c/o 9 Raffles Place #26-01 Republic Plaza, Singapore 048619	Independent Non- Executive Director
Dr. Ng Chin Siau	c/o 9 Raffles Place #26-01 Republic Plaza, Singapore 048619	Non-Executive and Non- Independent Director
Ms. Ng Sook Hwa	c/o 9 Raffles Place #26-01 Republic Plaza, Singapore 048619	Non-Executive and Non- Independent Director

2. REGISTERED OFFICE OF THE COMPANY

The registered office of the Company is at 9 Raffles Place, #26-01, Republic Plaza, Singapore 048619.

3. PRINCIPAL ACTIVITIES OF THE COMPANY

The Company is a limited liability company incorporated in Singapore on 5 May 2011. The Company is listed on the Catalist of the SGX-ST. The principal activities of the Company are acting as a holding company and manufacture of medical and dental tools, instruments, and supplies. For more information on the business streams of the Company, its subsidiaries and associated companies, please refer to the latest version of the Company's annual report: <https://www.aoxingm.com.sg/AnnualReport2024.pdf>.

4. SHARE CAPITAL OF THE COMPANY

4.1. Number and class of Shares

As at the Latest Practicable Date, the Company has only one class of Shares, being ordinary shares. The Shares are quoted and listed on the Catalist of the SGX-ST. As at the Latest Practicable Date, the Company has an issued and paid-up share capital of RMB445,723,000 (approximately S\$79,962,706)¹ comprising 511,522,048 Shares and does not have any treasury shares.

There is no restriction in the Constitution of the Company on the right to transfer any Offer Shares, which has the effect of requiring the Shareholders, before transferring them, to offer them for purchase to members of the Company or to any other person.

4.2. Rights of Shareholders in respect of capital, dividends and voting

The rights of Shareholders in respect of capital, dividends and voting are contained in the Constitution. An extract of the relevant provisions in the Constitution relating to the rights of Shareholders in respect of capital, dividends and voting is reproduced in Appendix E to this Circular. The Constitution is available for inspection at the registered office of the Company at 9 Raffles Place, #26-01, Republic Plaza, Singapore 048619 during normal business hours for the period during which the Offer remains open for acceptance. Capitalised terms and expressions not defined in the extract have the meanings ascribed to them in the Constitution.

4.3. Number of Shares issued since the end of the last financial year

As at the Latest Practicable Date, 511,522,048 Shares have been issued by the Company since 31 December 2024, being the end of the last financial year.

5. SUMMARY OF FINANCIAL INFORMATION

5.1. Consolidated statements of comprehensive income

A summary of the financial information of the Group for FY2023 and FY2024 (based on the audited consolidated statement of profit or loss and other comprehensive income of the Group for FY2023 and FY2024) is set out below.

	<u>Notes</u>	<u>2024</u> RMB'000	<u>2023</u> RMB'000
Revenue	5	183,722	177,255
Interest income		116	137
Other income and gains	6	3,525	3,436
Consumables and dental supplies		(17,318)	(16,800)
Cost of dental equipment and supplies		(35,675)	(36,507)

¹ Based on the Offer Document, amounts in Renminbi shall be converted to Singapore dollars at the closing exchange rate of approximately RMB1 = S\$0.1794 as at 9 May 2025, extracted from the Monetary Authority of Singapore's website.

Cost of laboratory services		(5,217)	(4,686)
Employee benefits expenses	7	(79,398)	(76,868)
Depreciation and amortisation expenses		(14,965)	(17,832)
Finance costs	8	(1,489)	(1,797)
Impairment loss on investment in associate		–	(46,869)
Other expenses	9	(18,586)	(20,802)
Other losses	6	(812)	(3,867)
Share of results of an associate		(14,237)	1,061
Loss before income tax		(334)	(44,139)
Income tax expense	10A	(1,426)	(3,161)
Loss, net of tax		(1,760)	(47,300)
Other comprehensive income			
<i>Item that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation to presentation currency		49	3,678
Total comprehensive loss		<u>(1,711)</u>	<u>(43,622)</u>
(Loss) / profit, net of tax attributable to:			
Owners of the Company		(1,761)	(47,300)
Non-controlling interests		1	– *
		<u>(1,760)</u>	<u>(47,300)</u>
Total comprehensive (loss) / income attributable to:			
Owners of the Company		(1,712)	(43,622)
Non-controlling interests		1	– *
		<u>(1,711)</u>	<u>(43,622)</u>
Earnings per share (loss)		2024	2023
		RMB Cents	RMB Cents
Basic and diluted	12	<u>(0.34)</u>	<u>(9.25)</u>

* Representing amount less than RMB1,000.

The financial information for FY2023 and FY2024 should be read in conjunction with the audited consolidated financial statements of the Group and the accompanying notes as set out in the annual reports of the Company for FY2023 and FY2024.

5.2. Statement of financial position

A summary of the audited consolidated statement of financial position of the Group as at FY2024 (being the date to which the Company's last published audited financial statements were made up) is set out below.

	<u>Notes</u>	<u>Group</u>		<u>Company</u>	
		<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
		RMB'000	RMB'000	RMB'000	RMB'000
ASSETS					
Non-current assets					
Property, plant and equipment	13	28,427	34,395	12	21
Right-of-use assets	14	23,446	29,364	489	614
Goodwill	15A	125,219	125,219	–	–
Other intangible assets	15B	2,090	2,906	93	140
Investments in subsidiaries	16	–	–	310,958	310,983
Investment in an associate	17	6,716	20,897	6,716	20,897

Deferred tax assets	10C	978	2,106	–	–
Other receivables	18	–	–	6,426	6,426
Other non-financial assets	19	49	115	15	77
Total non-current assets		<u>186,925</u>	<u>215,002</u>	<u>324,709</u>	<u>339,158</u>
Current assets					
Inventories	20	10,320	11,075	–	–
Trade and other receivables	21	39,908	37,534	18,604	17,161
Other non-financial assets	19	1,767	1,775	154	154
Cash and cash equivalents	22	69,937	51,184	21,965	23,193
Total current assets		<u>121,932</u>	<u>101,568</u>	<u>40,723</u>	<u>40,508</u>
Total assets		<u>308,857</u>	<u>316,570</u>	<u>365,432</u>	<u>379,666</u>
EQUITY AND LIABILITIES					
Equity					
Share capital	23	445,723	445,473	445,723	445,473
Accumulated losses		(143,083)	(140,268)	(136,899)	(123,801)
Other reserves	24	(37,744)	(38,180)	52,612	53,257
Equity attributable to owners of the Company		<u>264,896</u>	<u>267,025</u>	<u>361,436</u>	<u>374,929</u>
Non-controlling interests		1	– *	–	–
Total equity		<u>264,897</u>	<u>267,025</u>	<u>361,436</u>	<u>374,929</u>
Non-current liabilities					
Deferred tax liabilities	10C	346	519	–	–
Lease liabilities	25	10,945	17,504	246	469
Other financial liabilities	26	–	339	–	339
Total non-current liabilities		<u>11,291</u>	<u>18,362</u>	<u>246</u>	<u>808</u>
Current liabilities					
Income tax payable		425	335	–	–
Trade and other payables	27	25,214	23,147	3,173	3,034
Lease liabilities	25	6,691	7,020	238	214
Other financial liabilities	26	339	681	339	681
Total current liabilities		<u>32,669</u>	<u>31,183</u>	<u>3,750</u>	<u>3,929</u>
Total liabilities		<u>43,960</u>	<u>49,545</u>	<u>3,996</u>	<u>4,737</u>
Total equity and liabilities		<u>308,857</u>	<u>316,570</u>	<u>365,432</u>	<u>379,666</u>

* Representing amount less than RMB1,000.

The accompanying notes form an integral part of these financial statements.

The above summary should be read together with the annual report for FY2024 and the audited consolidated statements of financial position of the Group for FY2024, which are set out in Appendix D to this Circular, and the related notes thereto.

The financial information for FY2024 should be read in conjunction with the audited consolidated financial statements of the Group and the accompanying notes as set out in the annual report of the Company for FY2024.

5.3. Material accounting policies

A summary of the material accounting policies of the Group is set out in pages 63 to 71 of the annual report of the Company for FY2024. Copies of the above are available for inspection at the registered office of the Company at 9 Raffles Place, #26-01, Republic Plaza, Singapore 048619 during normal business hours for the period during which the Offer remains open for acceptance.

Save as disclosed in this Circular and publicly available information on the Group (including but not limited to that contained in the audited financial statements of the Group for FY2024), there are no material accounting policies or any points from the notes to the financial statements which are of major relevance for the interpretation of the accounts.

5.4. Changes of financial reporting standards

As detailed in Notes 30 and 31 to the financial statements under the annual report of the Company for FY2024, the Accounting Standards Committee issued certain new or revised financial reporting standards for FY2024. Those applicable to the Group had no material impact on the Group. The Accounting Standards Committee issued new or revised financial reporting standards for the future reporting years beginning on or after 1 January 2025. The transfer to the applicable new or revised standards from the effective dates is not expected to result in material modification of the measurement methods or the presentation in the financial statements for the following reporting year from the known or reasonably estimable information relevant to assessing the possible impact that application of the new or revised standards may have on the Group's financial statements in the period of initial application.

6. MATERIAL CHANGES IN FINANCIAL POSITION

Save as disclosed in this Circular and publicly available information on the Company (including without limitation, the announcements released by the Company on the SGXNET), there are no known material changes in the financial position of the Company as at the Latest Practicable Date since 31 December 2024, being the date to which the Company's last published audited accounts were made up.

7. DISCLOSURE OF INTERESTS OF THE COMPANY, THE DIRECTORS AND THE IFA

7.1. Shareholdings and dealings

As at the Latest Practicable Date:

- (a) neither the Company nor its subsidiaries have any direct or deemed interests in any Offeror Securities;
- (b) save as disclosed below and in this Circular, none of the Directors has any direct or deemed interests in any Offeror Securities:

Name	No. of Offeror Shares					
	Direct interest		Deemed interest		Total interest	
	No. of shares	%	No. of shares	%	No. of shares	%
Professor Chew Chong Yin	25,000	0.003	-	-	25,000	0.003

Dr. Ng Chin Siau	6,628,900	0.7	504,798,489	53.22	511,427,389	53.92
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- (c) each of the Company, its subsidiaries and the Directors have not dealt for value in any Offeror Securities during the Reference Period;
- (d) save as disclosed below and in this Circular, none of the Directors has any direct or deemed interests in any Relevant Securities:

Name	No. of Relevant Securities					
	Direct interest		Deemed interest		Total interest	
	No. of shares	% ⁽¹⁾	No. of shares	% ⁽¹⁾	No. of shares	% ⁽¹⁾
Dr. Shao Yongxin ⁽²⁾	-	-	21,428,229	4.19	21,428,229	4.19
Dr. Ong Siew Hwa ⁽³⁾	88,021,818	17.21	-	-	88,021,818	17.21
Professor Chew Chong Yin	100,000	0.02	-	-	100,000	0.02
Dr. Ng Chin Siau ⁽⁴⁾	163,300	0.03	170,243,638	33.28	170,406,938	33.31

Notes:

- (1) The percentage shareholding interest is computed based on 511,522,048 Shares as at the Latest Practicable Date and rounded to the nearest two decimal places.
- (2) Dr. Shao Yongxin is deemed interested in an aggregate of 21,428,229 shares held by Health Field Enterprises Limited by virtue of his 100% indirect shareholding in Health Field Enterprises Limited. Health Field Enterprises Limited is 100% held by Action Health Enterprises Limited, which is in turn 100% held by Dr. Shao Yongxin.
- (3) On 22 March 2025, Dr. Ong Siew Hwa resigned as director of the Company.
- (4) Dr. Ng Chin Siau is deemed interested in an aggregate of 170,233,638 shares held by Q & M Dental Group (Singapore) Limited and Quan Min Holdings Pte. Ltd. by virtue of his 49.80% shareholding in Quan Min Holdings Pte. Ltd.. He is also deemed interested in 10,000 shares held by his spouse, Madam Foo Siew Jiuan.
- (e) none of the Directors has dealt for value in any Relevant Securities during the Reference Period;
- (f) none of the IFA, its related corporations or any of the funds whose investments are managed by the IFA or its related corporations on a discretionary basis, own or control any Relevant Securities;
- (g) none of the IFA, its related corporations or any of the funds whose investments are managed by the IFA or its related corporations on a discretionary basis, has dealt for value in the Relevant Securities during the Reference Period;

- (h) none of the IFA, its related corporations or any of the funds whose investments are managed by the IFA or its related corporations on a discretionary basis, own or control any Offeror Securities; and
- (i) none of the IFA, its related corporations or any of the funds whose investments are managed by the IFA or its related corporations on a discretionary basis, has dealt for value in the Offeror Securities during the Reference Period.

7.2. Directors' intentions in relation to the Offer

As at the Latest Practicable Date, the following Directors who have direct or deemed interests in the Shares have informed the Company of their intentions in respect of the Offer as follows:

- (a) Professor Chew Chong Yin has informed the Company that he intends to **REJECT** the Offer in respect of his own Shares; and
- (b) Dr. Ng Chin Siau has informed the Company that he intends to **REJECT** the Offer in respect of his own Shares.

Dr. Shao Yongxin's Shares will remain subject to share restriction and information on the restriction has been extracted from paragraphs 1.1 and 7 of the Letter to Shareholders in the Offer Document, extracts of which are set out below. Unless otherwise defined, all terms and expressions used in the extracts below shall have the same meanings as those defined in the Offer Document.

"1. INTRODUCTION

1.1 Offer Announcement

On the Offer Announcement Date, the Offeror announced that the Offeror had acquired 87,973,480 Shares from HFEL pursuant to the share security agreement dated 12 October 2016 entered into by HFEL in favour of the Offeror ("**Share Security Agreement**"). The acquisition was completed based on the VWAP of S\$0.0321 per Share for trades done on 22 April 2025, being the last full market day on which the Shares were traded on the SGX-ST up to the trading halt on 28 April 2025 (the "**Last Trading Date**") and forms the partial settlement of the profit guarantee amounts owed by Dr. Shao and HFEL⁽¹⁾ pursuant to the master agreement dated 13 November 2013 ("**Master Agreement**")⁽²⁾ and the Share Security Agreement ("**Security Enforcement**")⁽³⁾. In compliance with Rule 14.1 of the Code, the Offeror is making the Offer for all the Offer Shares.

A copy of the Offer Announcement is available on the website of the SGX-ST at <https://www.sgx.com>.

Note:

- (4) As disclosed in the Company's IPO Offer Document and the Offeror's 2016 Circular, HFEL is a company incorporated in the British Virgin Islands which is 100.00% held by Action Health Enterprises Limited (which is in turn 100.00% held by Dr. Shao).
- (5) The term "Master Agreement" includes the supplemental agreements dated 2 December 2013, 6 July 2014, 12 October 2016 and 27 February 2017. Please refer to the Company's IPO Offer Document and the

Offeror's 2016 Circular for more information in relation to the Master Agreement. Copies of the IPO Offer Document and the 2016 Circular are available on the website of the SGX-ST at www.sgx.com.

- (6) Please refer to the Company's IPO Offer Document and the Offeror's 2016 Circular for more information in relation to the Share Security Agreement. Copies of the IPO Offer Document and the 2016 Circular are available on the website of the SGX-ST at www.sgx.com."

"7. IPO RESTRICTED SHAREHOLDERS

7.1 The Offeror has only acquired 87,973,480 Shares as partial settlement of the profit guarantee amounts owed by Dr. Shao and HFEL, and the remaining 21,428,229 Shares not acquired by the Offeror and held by HFEL will continue to be subject to the Share Security Agreement.

7.2 In addition to the Share Security Agreement, as disclosed in the Company's IPO Offer Document, the Offeror has also entered into an agreement dated 12 October 2016 (the **"IPO Share Restriction Agreement"**), with certain shareholders of the Company, namely, HFEL, Finest International Limited, Mountain Limited, Excellent Warship International Limited, Joyce International Limited (collectively, the **"Aoxin IPO Restricted Shareholders"**), pursuant to which, each of the parties agreed, amongst others, not to transfer or sell the Shares held by them (**"Aoxin IPO Share Restriction"**), save in compliance with the terms of the IPO Share Restriction Agreement, at any time and ending six (6) years from the listing date of the Company or until the Offeror ceases to hold any Shares, whichever is later. The shareholding of the Aoxin IPO Restricted Shareholders is set out in the table below:

Name of Aoxin IPO Restricted Shareholder	No. of Shares subject to share restriction	Approximate percentage shareholding in the Company⁽¹⁾ (%)
HFEL	21,428,229 (Shares not acquired pursuant to the Security Enforcement)	4.19
Finest International Limited	10,516,320	2.06
Mountain Limited	7,265,605	1.42
Excellent Warship International Limited	5,502,969	1.08
Joyce International Limited	2,026,471	0.40
Total	46,739,594	9.14

Note:

- (1) Based on the issued and paid-up share capital of the Company comprising of 511,522,048 Shares.

7.3. Directors' service contracts

As at the Latest Practicable Date, (i) there are no service contracts between any Director or proposed director with the Company or any of its subsidiaries with more than 12 months to run, which the employing company cannot, within the next 12 months, terminate without payment of compensation; and (ii) there are no such service contracts entered into or amended between any of the Directors or proposed director with the Company or any of its subsidiaries during the period between the start of six (6) months preceding the Announcement Date and the Latest Practicable Date.

7.4. Arrangements affecting directors

As at the Latest Practicable Date:

- (a) there are no payments or other benefits which will be made or given to any Director or any director of any corporation, which is by virtue of Section 6 of the Companies Act, deemed to be related to the Company, as compensation for loss of office or otherwise in connection with the Offer;
- (b) there are no agreements or arrangements made between any Director and any other person in connection with or conditional upon the outcome of the Offer; and
- (c) save as disclosed in Section 7 (Disclosure of Interests of the Company, the Directors and the IFA) of this Appendix B, none of the Directors have a material personal interest, whether direct or indirect, in any material contract entered into by the Offeror.

8. **MATERIAL CHANGE IN INFORMATION**

Save as disclosed in this Circular and save for the information relating to the Company and the Offer that is publicly available, there has been no material change in the information previously published by or on behalf of the Company during the period commencing from the Offer Announcement Date and ending on the Latest Practicable Date.

9. **MATERIAL CONTRACTS WITH INTERESTED PERSONS**

As at the Latest Practicable Date, save as disclosed in publicly available information on the Company (including but not limited to the annual reports of the Company and other announcements released by the Company), neither the Company nor any of its subsidiaries have entered into any material contracts with persons who are Interested Persons (other than those entered into in the ordinary course of business carried on by the Company) during the period commencing three (3) years preceding the Announcement Date, and ending on the Latest Practicable Date.

10. MATERIAL LITIGATION

As at the Latest Practicable Date:

- (a) save for the information relating to the Company that is publicly available, neither the Company nor any of its subsidiaries is engaged in any material litigation or arbitration proceedings, as plaintiff or defendant, which might materially and adversely affect the financial position of the Company and its subsidiaries taken as a whole; and
- (b) the Directors are not aware of any litigation, claim, arbitration or other proceedings pending or threatened against the Company or any of its subsidiaries or of any facts likely to give rise to any proceedings which might materially and adversely affect the financial position of the Company and its subsidiaries taken as a whole.

11. COSTS AND EXPENSES

All expenses and costs incurred by the Company in relation to the Offer shall be borne by the Company.

APPENDIX C – ADDITIONAL INFORMATION ON THE OFFEROR

The following information on the Offeror has been extracted from Appendix C to the Offer Document, and unless otherwise defined, all terms and expressions used in the extracts below shall have the same meanings as those defined in the Offer Document:

"APPENDIX C – ADDITIONAL INFORMATION ON THE OFFEROR

1. OFFEROR

The names, addresses and descriptions of the Offeror Directors as at the Latest Practicable Date are as follows:

Name	Address	Description
Dr. Ng Chin Siau	c/o 2 Clementi Loop, #04-01, Logis Hub @ Clementi, Singapore 129809	Non-Independent Executive Director/Group Chief Executive Officer
Mr. Tan Teck Koon	c/o 2 Clementi Loop, #04-01, Logis Hub @ Clementi, Singapore 129809	Chairman, Independent Non-Executive Chairman
Mr. Lim Yeow Hua	c/o 2 Clementi Loop, #04-01, Logis Hub @ Clementi, Singapore 129809	Independent Non-Executive Director
Professor Chew Chong Yin	c/o 2 Clementi Loop, #04-01, Logis Hub @ Clementi, Singapore 129809	Independent Non-Executive Director
Dr. Ang Ee Peng Raymond	c/o 2 Clementi Loop, #04-01, Logis Hub @ Clementi, Singapore 129809	Alternate Director to Dr. Ng Chin Siau

2. PRINCIPAL ACTIVITIES AND SHARE CAPITAL

The Offeror is a company incorporated in Singapore and is listed on the Mainboard of the SGX-ST. The Offeror Group is a leading private dental healthcare group in Southeast Asia.

As at the Latest Practicable Date the Offeror has an issued and paid-up share capital (excluding treasury shares) of S\$75,787,000 comprising of 948,560,520 ordinary shares.

3. SUMMARY OF FINANCIAL PERFORMANCE

A summary of the audited consolidated income statements of the Offeror for FY2022, FY2023 and FY2024 is set out in the table below:

	FY2024 (\$'000) (Audited)	FY2023 (\$'000) (Audited)	FY2022 (\$'000) (Audited)
Revenue	180,674	182,723	181,214
Interest income	—	61	25
Other income and gains	1,741	90	65
Consumables, dental equipment and dental supplies used	(20,428)	(21,319)	(25,170)
Employee benefits expense	(105,886)	(108,853)	(103,612)
Depreciation and amortisation expense	(17,976)	(17,776)	(17,059)

Finance costs	(5,372)	(5,655)	(3,909)
Other expenses	(12,108)	(12,514)	(11,465)
Other losses	(6,400)	(3,010)	(5,275)
Share of profit (loss) from equity-accounted associates	507	(83)	(537)
Profit before tax from continuing operations	14,752	13,664	14,277
Income tax expense	(1,686)	(2,591)	(2,421)
Profit from continuing operations, net of tax	13,066	11,073	11,856
Other comprehensive income (loss):			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operation, net of tax	639	(1,169)	(2,005)
Other comprehensive income (loss) for the year, net of tax	639	(1,169)	(2,005)
Total comprehensive income	13,705	9,904	9,851
Profit attributable to owners of the parent, net of tax	14,637	11,517	11,309
(Loss) profit attributable to non-controlling interests, net of tax	(1,571)	(444)	547
Profit net of tax	13,066	11,073	11,856
Total comprehensive income attributable to owners of the parent	15,208	10,437	9,378
Total comprehensive (loss) income attributable to non-controlling interests	(1,503)	(533)	473
Total comprehensive income	13,705	9,904	9,851
Basic and Diluted earnings per share (cents)	1.55	1.22	1.20
Dividends per share (cents)	0.93	0.76	1.40
4. STATEMENTS OF FINANCIAL POSITION			
A summary of the audited consolidated balance sheet of the Offeror as at 31 December 2024 is set out in the table below:			
			FY2024 (\$'000) (Audited)
Assets			
Non-current assets			
Property, plant and equipment			
Leasehold improvements			4,546
Furniture and fittings and equipment			14,756
Leasehold properties			17,650
Motor vehicles			104
Total Property, plant and equipment			<u>37,056</u>
Right-of-use assets			38,182
Investments in subsidiaries			—
Investments in associates			26,208

Goodwill	52,357
Other intangible assets	427
Other receivables	2,933
Other non-financial assets	6,549
	<hr/>
	126,656
Total non-current assets	<hr/>
	163,712
Current assets	
Inventories	10,587
Trade and other receivables	35,981
Other non-financial assets	3,151
Cash and cash equivalents	34,342
Total current assets	<hr/>
	84,061
Total assets	<hr/>
	247,773
Liabilities	
Non-current liabilities	
Provisions	985
Deferred tax liabilities	2,518
Lease liabilities	30,714
Other financial liabilities	73,239
Total non-current liabilities	<hr/>
	107,456
Current liabilities	
Income tax payable	1,762
Lease liabilities	10,923
Trade and other payables	18,621
Other financial liabilities	504
Total current liabilities	<hr/>
	31,810
Total liabilities	<hr/>
	139,266
Equity	
Shareholders' equity	
Share capital	86,758
Treasury shares	(10,855)
Retained earnings	33,674
Other reserves	(3,407)
Total shareholders' equity	<hr/>
	106,170
Non-controlling interests	<hr/>
	2,337
Total equity	<hr/>
	108,507
Total liabilities and equity	<hr/>
	247,773

5. MATERIAL CHANGES IN FINANCIAL POSITION

As at the Latest Practicable Date, save for the making of the Offer and save as disclosed in this Offer Document and save for the information on the Offeror Group which is publicly available, there has not been, to the knowledge of Offeror Group, any material change in the financial position of the Offeror Group since 31 December 2024, being the date of the last audited consolidated financial statements of the Offeror Group.

6. SIGNIFICANT ACCOUNTING POLICIES

The Offeror Group prepares its financial statements in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)") as required by the Companies Act. The significant accounting policies of the Offeror Group are disclosed in Note 2 to the audited consolidated financial statements of the Offeror Group for FY2024 and as extracted from the Offeror's Annual Report for FY2024 and set out in **Appendix G** to this Offer Document and also

available on the website of the Offeror at <https://qandm-dental.listedcompany.com/newsroom.html>.

Save as disclosed in this Offer Document and in publicly available information on the Offeror, there are no significant accounting policies or any points from the notes to the financial statements which are of major relevance for the interpretation of the accounts.

7. CHANGES IN ACCOUNTING POLICIES

The changes in the significant accounting policies of the Offeror Group are disclosed in Note 2 to the audited consolidated financial statements of the Offeror Group for FY2024 as extracted from the Offeror's Annual Report for FY2024 and set out in Appendix G to this Offer Document.

Save as disclosed in this Offer Document and in publicly available information on the Offeror as at the Latest Practicable Date, there are no changes in the accounting policies of the Offeror Group which will cause the financial information of the Offeror Group disclosed in this Offer Document to not be comparable to a material extent.

8. REGISTERED OFFICE

The registered office of the Offeror is at 2 Clementi Loop, #04-01 Logis Hub @ Clementi, Singapore 129809."

**APPENDIX D – AUDITED CONSOLIDATED FINANCIAL STATEMENTS
OF THE GROUP FOR FY2024**

The audited consolidated financial statements of the Group for FY2024 which are set out below have been reproduced from the Company's annual report for FY2024, and were not specifically prepared for inclusion in this Circular.

All capitalised terms used in the Notes to the audited consolidated financial statements of the Group for FY2024 set out below shall have the same meanings given to them in the annual report of the Company for FY2024.

A copy of the annual report of the Company for FY2024 is available for inspection at the Company's registered office at 9 Raffles Place, #26-01, Republic Plaza, Singapore 048619, during normal business hours until the Closing Date.

Please see attached pages below.

STATEMENT BY DIRECTORS

The directors are pleased to present their statement together with the audited consolidated financial statements of Aoxin Q & M Dental Group Limited (the "Company") and its subsidiaries (collectively, the "Group") and statement of financial position and statement of changes in equity of the Company for the reporting year ended 31 December 2024.

1. Opinion of the directors

In the opinion of the directors,

- (a) the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2024 and of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the reporting year ended on that date; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The board of directors approved and authorised these financial statements for issue.

2. Directors

The directors of the Company in office at the date of this statement are:

Mr. Chua Ser Miang
 Dr. Shao Yongxin
 Professor Chew Chong Yin
 Mr. Lin Ming Khin
 Ms. Ng Sook Hwa
 Dr. Ng Chin Siau

3. Directors' interests in shares and debentures

The directors of the Company holding office at the end of the reporting year had no interests in shares in or debentures of the Company or other related body corporate as recorded in the register of directors' interests in shares in or debentures kept by the Company under section 164 of the Companies Act 1967 ("the Act") except as follows:

Name of directors and companies in which interests are held	Direct interest		Deemed interest	
	At beginning of the reporting year	At end of the reporting year	At beginning of the reporting year	At end of the reporting year
<u>The Company</u>				
	<u>Number of ordinary shares of no par value</u>			
Dr. Shao Yongxin	–	–	109,401,709	109,401,709
Dr. Ong Siew Hwa*	88,021,818	88,021,818	–	–
Professor Chew Chong Yin	100,000	100,000	–	–
Dr. Ng Chin Siau	163,300	163,300	170,243,638	170,243,638

* On 22 March 2025, Dr. Ong Siew Hwa resigned as director of the Company.

By virtue of section 7 of the Act, Dr. Shao Yongxin, Dr. Ong Siew Hwa and Dr. Ng Chin Siau are deemed to have an interest in all related body corporates of the Company.

The directors' interests as at 21 January 2025 were the same as those at the end of the reporting year.

STATEMENT BY DIRECTORS

4. Arrangements to enable directors to acquire benefits by means of the acquisition of shares and debentures

Neither at the end of the reporting year nor at any time during the reporting year did there subsist arrangements to which the Company is a party, being arrangements whose objects are, or one of whose objects is, to enable directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate except as mentioned below.

5. Aoxin Q & M Employee Share Option Scheme

The Company adopted a long-term employee incentive scheme known as Aoxin Q & M Employee Share Option Scheme (the "Scheme" or "ESOS") that was approved by its shareholders at an Extraordinary General Meeting held on 9 January 2019. The Scheme will expire on 8 January 2029.

The Scheme is administered by the ESOS Committee whose members are the same as the Remuneration Committee ("RC") of the Company from time to time. The members of the ESOS Committee are as follows:

Professor Chew Chong Yin	(RC Chairman and Independent Director)
Mr. Chua Ser Miang	(Independent Director)
Mr. Lin Ming Khin	(Independent Director)

Under the Scheme, the aggregate number of shares arising from options which the ESOS Committee may grant on any date, when added to the number of shares allotted and issued in respect of (i) all options and awards granted under the Scheme and the Aoxin Q & M Performance Share Plan, and (ii) all options or awards granted under other incentive schemes or share plans adopted by the Company and for the time being in force, shall not exceed 15% of the issued share capital (excluding treasury shares and subsidiary holdings) of the Company on the day immediately preceding the date of grant of the option.

Since the adoption of the Scheme till the date of this statement:

- No options have been granted to the controlling shareholders of the Company and their associates;
- No options were granted to the directors of the Company;
- No participant has received 5% or more of the total number of options available under the Scheme;
- No options that entitle the holder to participate, by virtue of the options, in any share issue of any other corporation have been granted; and
- No options have been granted at a discount.

The options granted by the Company do not entitle the holders of the options, by virtue of such holding, to any rights to participate in any share issue of any other company.

The Company does not have a parent company. Therefore, the disclosures required under Catalist Rule 851(1)(b)(i), (ii), (iii), (c) and (d) are not applicable.

As at 31 December 2023 and 31 December 2024, there were no outstanding share options.

STATEMENT BY DIRECTORS

6. Aoxin Q & M Performance Share Plan

The Company adopted the Aoxin Q & M Performance Share Plan (the "Plan" or "PSP") that was approved by its shareholders at an Extraordinary General Meeting held on 9 January 2019. The Plan will expire on 8 January 2029.

The Plan is administered by the PSP Committee whose members are of the RC of the Company from time to time. The members of the PSP Committee are as follows:

Professor Chew Chong Yin	(RC Chairman and Independent Director)
Mr. Chua Ser Miang	(Independent Director)
Mr. Lin Ming Khin	(Independent Director)

The objective of the Plan is to incentivise participants to excel in their performance and encourage greater dedication and loyalty to the Company. Full-time executives (including executive directors) of the Company, its subsidiary companies or associated companies who hold such rank as may be designated by the PSP Committee from time to time and non-executive directors are eligible to participate in the Plan. The performance target(s), which shall be set according to the specific roles of the participant, will be at the discretion of the PSP Committee.

Under the Plan, the aggregate number of shares arising from awards which the PSP Committee may grant on any date, when added to the number of shares allotted and issued in respect of (i) all options and awards granted under the Scheme and the Plan, and (ii) all options or awards granted under other incentive schemes or share plans adopted by the Company and for the time being in force, shall not exceed 15% of the issued share capital (excluding treasury shares and subsidiary holdings) of the Company on the day immediately preceding the date of grant of the award.

On 20 January 2020, the Company awarded 960,565 performance shares to one of the principal dentists of Anshan Lishan District Aoxin Q & M Stomatology Polyclinic Co., Ltd., a subsidiary of the Company. These performance shares would vest in accordance with the vesting schedules each commencing on 1 January 2020 and ending on 31 December 2029, subject to certain vesting conditions. On 24 December 2024, the Company issued 233,413 ordinary shares to this dentist in accordance with the Plan. The remaining 727,152 performance shares awarded had lapsed as the clinic where the dentist was operating ceased operation in October 2024 and the dentist has left the Group.

The Company does not have a parent company. Therefore, the disclosures required under Catalist Rule 851(1)(b)(i), (ii), (iii), (c)(i) and (d) are not applicable.

As at 31 December 2024, the total number of performance shares under the Plan that remained outstanding and unvested was Nil (2023: 960,565).

7. Independent auditor

RSM SG Assurance LLP has expressed willingness to accept re-appointment.

STATEMENT BY DIRECTORS

8. Audit Committee

The members of the Audit Committee ("AC") at the date of this statement are as follows:

Mr. Chua Ser Miang	(AC Chairman)
Professor Chew Chong Yin	(Member)
Mr. Lin Ming Khin	(Member)

The AC performs the functions in accordance with section 201B(5) of the Act, including the following:

- Review the audit plan of the independent external auditor.
- Review the independent external auditor's evaluation of the adequacy of the Company's internal accounting controls that are relevant to the statutory audit, and their report on the financial statements and the assistance given by the Group and the management to the independent external auditors.
- Review the internal auditor's scope and results of the internal audit procedures (including those relating to financial, operational, information technology and compliance controls and risk management) and the assistance given by the Group and the management to the internal auditor.
- Review the financial statements of the Group and of the Company prior to their submission to the board of directors of the Company for adoption.
- Review the interested person transactions in accordance with the requirements of Chapter 9 of the Singapore Exchange Securities Trading Limited's Listing Manual.

The independent external auditor did not provide non-audit related services to the Group during the reporting year and up to the date of this statement.

The AC convened two meetings during the reporting year. The AC also met with the internal and external auditors, without the presence of the Company's management, at least once a year.

The AC has recommended to the board that RSM SG Assurance LLP be nominated for re-appointment as independent external auditor at the forthcoming annual general meeting of the Company.

Further details regarding the AC are disclosed in the Corporate Governance Report.

9. Subsequent developments

There are no significant developments subsequent to the release of the Group's and the Company's preliminary financial information, as announced on 28 February 2025, which would materially affect the Group's and the Company's operating and financial performance as of the date of this statement.

On behalf of the directors

.....
Dr. Shao Yongxin
Director

.....
Mr. Chua Ser Miang
Director

2 April 2025

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF AOXIN Q & M DENTAL GROUP LIMITED

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of Aoxin Q & M Dental Group Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Group, and statement of changes in equity of the Company for the reporting year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2024 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the changes in equity of the Company for the reporting year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current reporting year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment assessment on the Group's property, plant and equipment, right-of-use assets, goodwill and other intangible assets, and the Company's investments in subsidiaries

Please refer to Note 2A for the relevant accounting policies on "property, plant and equipment", "right-of-use assets", "goodwill", "other intangible assets", "subsidiaries" and "carrying amounts of non-financial assets", Note 2B for critical judgements, assumptions and estimation uncertainties on "assessing impairment of goodwill", "assessment of carrying values of property, plant and equipment, other intangible assets and right-of-use assets" and "assessing the impairment loss on subsidiaries", and Note 15 for the key assumptions used in impairment assessment of property, plant and equipment, right-of-use assets, goodwill and other intangible assets and investments in subsidiaries.

As at 31 December 2024, the carrying values of the Group's property, plant and equipment, right-of-use assets, goodwill and other intangible assets, and the Company's investments in subsidiaries were RMB28,427,000, RMB23,446,000, RMB125,219,000, RMB2,090,000 and RMB310,958,000, respectively.

The Group's property, plant and equipment, right-of-use assets, goodwill and other intangible assets, and the Company's investments in subsidiaries were subject to impairment assessments due to losses incurred in the current and previous reporting years.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF AOXIN Q & M DENTAL GROUP LIMITED

Key audit matters (cont'd)

Impairment assessment on the Group's property, plant and equipment, right-of-use assets, goodwill and other intangible assets, and the Company's investments in subsidiaries (cont'd)

The Group's goodwill is allocated to cash-generating units ("CGUs") and tested for impairment at least annually and whenever there is an indication that it may be impaired. Any shortfall of the recoverable amounts against the carrying value of the assets would be recognised as impairment losses.

Management engaged an external valuation expert to assist in the impairment assessment. Management applied the value-in-use method to determine the recoverable amounts of the abovementioned assets. The value-in-use calculation requires management to estimate the future cash flows arising from the CGUs and a suitable discount rate in order to calculate present value of the recoverable amount of each CGU. Management's estimation of the future cash flows is based on the forecasted revenue, growth rates, profit margins and tax rates using presently available information. Based on management's assessment, no impairment loss was recognised as the estimated recoverable amount was higher than the carrying values of the abovementioned assets. As the impairment assessment processes require management to exercise high degree of judgement, we have therefore identified these areas requiring particular audit attention.

We assessed management's process for the selection of its appointed external valuation expert, including the determination of the scope of work to be performed by the expert. We evaluated the competency of the external valuation expert by considering the expert's qualification and objectivity.

Our audit procedures included, among other things, involving our valuation specialists as auditor's expert to assist us in evaluating the methodologies and assumptions used by management. We discussed with management the process over the determination of the forecasted revenue, growth rates, profit margins, tax rates and discount rate.

We, including our valuation specialists, reviewed the estimates applied by management in the value-in-use calculations to arrive at the recoverable amounts of the CGUs by comparing them against historical forecasts and performance, and the growth rate of the dental patients' fee, patient numbers including the different types of dental treatment services offered by the dental centres. We also assessed the reasonableness of the forecasted operating costs and capital expenditure. Our valuation specialists reviewed the appropriateness of management's methodology used in the impairment assessment, the reasonableness of discount rate by comparing the rate to market observable data including market and country risk premiums and any asset-specific risk premium, and tested the accuracy of the computations.

We also reviewed the adequacy of the disclosures about those assumptions to which the outcome of the impairment test is most sensitive, that is, those that have the most significant effect on the determination of the recoverable amount of the assets including goodwill.

Assessment of impairment of carrying value of investment in associate

Please refer to Note 2A for the relevant accounting policies on "associate" and "carrying amounts of non-financial assets", Note 2B for critical judgements, assumptions and estimation uncertainties on "assessment of impairment of associate", and Note 17 for the key assumptions used in the impairment assessment of carrying value of investment in associate.

As at 31 December 2024, the carrying value of the Group's and the Company's investment in associate, namely, Acumen Diagnostics Pte. Ltd. ("Acumen") and its subsidiary (collectively, the "Acumen Group"), was RMB6,716,000.

The Group's and the Company's investment in the Acumen Group was subject to impairment assessment due the suspension of Acumen's laboratory business after the expiry of Acumen's laboratory license and the cessation of Acumen's sole source of revenue and income after the closure of its Joint Testing and Vaccination Centre during the reporting year. Any shortfall of recoverable amounts against the carrying value of the assets would be recognised as impairment loss.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF AOXIN Q & M DENTAL GROUP LIMITED

Key audit matters (cont'd)

Assessment of impairment of carrying value of investment in associate (cont'd)

In the absence of new source of revenue and uncertainty about the future business and cash flows regarding the Acumen Group, management applied the fair value less costs of disposal method to determine the recoverable amount of investment in associate. Management exercised judgement and determined that the net assets value of Acumen Group as at 31 December 2024 approximates the fair value of the associate, and the costs of disposal is not material. The net assets value of Acumen Group comprised primarily cash and cash equivalents and receivables, and accrued expenses. Management reviewed the statement of financial position of the Acumen Group and determined no further write down of assets and accrual of liabilities is necessary. There are uncertainties over the estimation of the net assets value of Acumen Group.

We obtained from management the statement of financial position of Acumen Group as at 31 December 2024 and we discussed with management the process over estimating the fair value less cost of disposal of the Acumen Group. We evaluated the basis and assumptions used by management in their assessment of net assets value of the Acumen Group. The recoverable amount of these net assets is dependent on timing of disposal of assets and settlement of liabilities.

As the impairment assessment process require management to exercise high degree of judgement and is subject to significant estimation uncertainties, we have therefore identified this area as requiring particular audit attention.

We also reviewed the adequacy of disclosures about those assumptions to which the outcome of the impairment test is most sensitive, that is, those that have the most significant effect on the determination of the recoverable amount of the associate.

Other information

Management is responsible for the other information. The other information comprises the statement by directors and the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and the financial reporting standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF AOXIN Q & M DENTAL GROUP LIMITED

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF AOXIN Q & M DENTAL GROUP LIMITED

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the company and by a subsidiary corporation incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Chan Weng Keen.

RSM SG Assurance LLP
Public Accountants and
Chartered Accountants
Singapore

2 April 2025

Engagement partner – effective from reporting year ended 31 December 2020

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

1. General information

Aoxin Q & M Dental Group Limited (Registration No. 201110784M) (the "Company") is incorporated in Singapore with limited liability. The Company is listed on Catalyst 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 information in these financial statements are rounded to the nearest thousand ("RMB'000"), except when otherwise indicated.

The board of directors approved and authorised these financial statements for issue on the date of the statement by directors. The directors have the power to amend and reissue the financial statements.

The principal activities of the Company is investment holding.

The principal activities of the subsidiaries are disclosed in Note 16 to the financial statements.

The registered office of the Company is located at 9 Raffles Place, #26-01, Republic Plaza, Singapore 048619 and its principal place of business is in Singapore.

Statement of compliance with financial reporting standards

These financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)") and the related Interpretations to SFRS(I) ("SFRS(I) INT") as issued by the Accounting Standards Committee under Accounting and Corporate Regulatory Authority ("ASC"). They comply with the provisions of the Companies Act 1967 and with the International Financial Reporting Standards issued by the International Accounting Standards Board.

Basis of preparation of the financial statements

The financial statements are prepared on a going concern basis under the historical cost convention except where a financial reporting standard requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. The accounting policies in the financial reporting standards may not be applied when the effect of applying them is not material. The disclosures required by financial reporting standards may not be provided if the information resulting from that disclosure is not material.

Basis of presentation and principles of consolidated

The consolidated financial statements include the financial statements made up to the end of the reporting year of the Company and all of its subsidiaries. The consolidated financial statements are the financial statements of the Group (the parent and its subsidiaries) presented as those of a single economic entity and are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All significant intragroup balances and transactions are eliminated on consolidation. Subsidiaries are consolidated from the date the reporting entity obtains control of the investee. They are de-consolidated from the date that control ceases.

Changes in the Group's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity as transactions with owners in their capacity as owners. The carrying amounts of the Group's and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. When the Group loses control of a subsidiary it derecognises the assets and liabilities and related equity components of the former subsidiary. Any gain or loss is recognised in profit or loss. Any investment retained in the former subsidiary is measured at fair value at the date when control is lost and is subsequently accounted as equity investments financial assets in accordance with the financial reporting standard on financial instruments.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

2. Material accounting policy information and other explanatory information

2A. Material accounting policies

Revenue recognition

Revenue is recognised at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer (which excludes estimates of variable consideration that are subject to constraints, such as right of return exists, and modifications), net of any related taxes and excluding any amounts collected on behalf of third parties. An asset (goods or services) is transferred when or as the customer obtains control of that asset. As a practical expedient the effects of any significant financing component is not adjusted if the payment for the good or service will be within one year.

Revenue from provision of dental health care and laboratory services is recognised when the entity satisfies the performance obligation at a point in time generally when the significant acts have been completed and when transfer of control occurs or for services that are not significant transactions revenue is recognised as the services are provided.

Revenue from sale of goods is recognised at a point in time when the performance obligation is satisfied by transferring a promised good to the customer. Control of the goods is transferred to the customer, generally on delivery of the goods (in this respect, incoterms are considered).

Management fee income is recognised over time during the contract period and is accounted for as a single performance obligation that is satisfied over time.

Employee benefits

Contributions to a defined contribution retirement benefit plan are recorded as an expense as they fall due. The Company's legal or constructive obligation is limited to the amount that it is obligated to contribute to an independently administered fund (such as the Central Provident Fund in Singapore, a government managed defined contribution retirement benefit plan).

Pursuant to relevant government regulations of the People's Republic of China ("PRC") government, the subsidiaries in the PRC have participated in a local municipal government retirement benefits scheme (the "Scheme"), whereby the subsidiaries of the PRC are required to contribute to a certain percentage to the basis salaries of its employees to the Scheme to fund their retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of those employees of the Group. Contributions to the Scheme are recorded as an expense as they fall due.

For employee leave entitlement the expected cost of short-term employee benefits in the form of compensated absences is recognised in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences; and in the case of non-accumulating compensated absences, when the absences occur. A liability for bonuses is recognised where the entity is contractually obliged or where there is constructive obligation based on past practice.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

2. Material accounting policy information and other explanatory information (cont'd)

2A. Material accounting policies (cont'd)

Share-based compensation

There is an option plan for employees and directors. For the equity-settled share-based compensation transactions, the fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed on a straight-line basis over the vesting period is measured by reference to the fair value of the options granted ignoring the effect of non-market conditions such as profitability and sales growth targets. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. The fair value is measured using a relevant option pricing model. The expected lives used in the model are adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. At each end of the reporting year, a revision is made of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in profit or loss with a corresponding adjustment to equity. The proceeds received net of any directly attributable transaction costs are credited to share capital when the options are exercised. Cancellations of grants of equity instruments during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied) are accounted for as an acceleration of vesting, therefore any amount unrecognised that would otherwise have been charged is recognised immediately in profit or loss.

Borrowing costs

Borrowing costs are interest and other costs incurred in connection with the borrowings and are recognised as an expense in the period in which they are incurred. Interest expense is calculated using the effective interest method.

Foreign currency transactions

The functional currency of the Company is the Singapore Dollar ("S\$") as it reflects the primary economic environment in which the entity operates. Transactions in foreign currencies are recorded in the functional currency at the rates ruling at the dates of the transactions. At each end of the reporting year, recorded monetary balances and balances measured at fair value that are denominated in non-functional currencies are reported at the rates ruling at the end of the reporting year and fair value measurement dates respectively. All realised and unrealised exchange adjustment gains and losses are dealt with in profit or loss.

The presentation currency of the Company and the Group is the Chinese Renminbi ("RMB"). For the RMB financial statements assets and liabilities are translated at year end rates of exchange and the income and expense items are translated at average rates of exchange for the reporting year. The resulting translation adjustments (if any) are recognised in other comprehensive income and accumulated in a separate component of equity. The translations of \$ amounts into RMB amounts are included solely for the convenience of readers. The reporting year end rates used are \$1 to RMB5.3550 (2023: \$1 to RMB5.3555) which approximate the rate of exchange at the end of the reporting year. The average rates of exchange for the reporting year were \$1 to RMB5.3773 (2023: \$1 to RMB5.2646). Certain balances are translated at historical rates. Such translation should not be constructed as a representation that the RMB amounts could be converted into \$ at the above exchange rates or other rates.

Translation of financial statements of other entities

Each component in the group determines the appropriate functional currency as it reflects the primary economic environment in which the relevant reporting entity operates. In translating the financial statements of such an entity for incorporation in the consolidated financial statements in the presentation currency the assets and liabilities denominated in other currencies are translated at end of the reporting year rates of exchange and the income and expense items for each statement presenting profit or loss and other comprehensive income are translated at average rates of exchange for the reporting year. The resulting translation adjustments (if any) are recognised in other comprehensive income and accumulated in a separate component of equity until the disposal of that relevant reporting entity.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

2. Material accounting policy information and other explanatory information (cont'd)

2A. Material accounting policies (cont'd)

Income tax

Tax expense (tax benefit) is the aggregate amount included in the determination of profit or loss for the reporting year in respect of current tax and deferred tax. Current income tax is the expected tax payable on the taxable income for the reporting year; calculated using rates enacted or substantively enacted at the statements of financial position date; and inclusive of any adjustment to income tax payable or recoverable in respect of previous reporting years. Deferred tax is recognised using the liability method; based on temporary differences between the carrying amounts of assets and liabilities in the financial statements and their respective income tax bases; and determined using tax rates that have been enacted or substantively enacted by the reporting year end date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. A deferred tax amount is recognised for all temporary differences, unless the deferred tax amount arises from the initial recognition of an asset or liability in a transaction which (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax liability or asset is recognised for all taxable temporary differences associated with investments in subsidiaries, branches and associates, and joint arrangements except where the reporting entity is able to control the timing of the reversal of the taxable temporary difference and it is probable that the taxable temporary difference will not reverse in the foreseeable future or for deductible temporary differences, they will not reverse in the foreseeable future and they cannot be utilised against taxable profits.

Property, plant and equipment

Property, plant and equipment are carried at cost on initial recognition and after initial recognition at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes acquisition cost, borrowing cost capitalised and any cost directly attributable to bringing the asset or component to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent costs are recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss when they are incurred.

Depreciation is provided on a straight-line method to allocate the gross carrying amounts of the assets less their residual values over their estimated useful lives of each part of an item of these assets (or, for certain leased assets, the shorter lease term).

The annual rates of depreciation are as follows:

<u>Categories</u>	<u>Useful lives</u>	<u>Residual value rates</u>
Leasehold improvements	10 years	–
Furniture and fittings and equipment	5 to 10 years	5%
Motor vehicles	10 years	5%
Software	2 to 10 years	–

An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle. Fully depreciated assets still in use are retained in the financial statements.

The residual values, useful lives and recognised impairment losses of assets are reviewed, and adjusted if appropriate, whenever events or circumstances indicate that a revision is warranted.

The gain or loss arising from de-recognition of an item of property, plant and equipment is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

2. Material accounting policy information and other explanatory information (cont'd)

2A. Material accounting policies (cont'd)

Right-of-use assets

The right-of-use assets are accounted and presented as if they were owned such as property, plant and equipment. The annual rates of depreciation are as follows:

Leasehold building	–	24.3 years
Dental clinics, hospitals, and office space	–	1.3 to 11 years
Dormitory	–	1.3 to 3.6 years
Warehouses	–	1.2 to 2 years
Software	–	8 years

Leases of lessee

A lease conveys the right to use an asset (the underlying asset) for a period in exchange for consideration. Lease payments are apportioned between finance costs and reduction of the lease liability to reflect the interest on the remaining balance of the liability. Leases with a term of 12 months or less and leases for low value are not recorded as a liability and lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. For short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office equipment) where an accounting policy choice exists under the lease standard, for such leases, a right-of-use asset is recognised.

Leases of lessor

For a lessor each of lease is classified as either an operating lease or a finance lease. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis.

Goodwill

Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognised. Goodwill is recognised as of the acquisition date measured as the excess of (a) over (b); (a) being the aggregate of: (i) the consideration transferred which generally requires acquisition-date fair value; (ii) the amount of any non-controlling interest in the acquiree measured in accordance with the financial reporting standard on business combinations (measured either at fair value or as the non-controlling interest's proportionate share of the acquiree's net identifiable assets); and (iii) in a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree; and (b) being the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed measured in accordance with the financial reporting standard on business combinations. Irrespective of whether there is any indication of impairment, an annual impairment test is performed at about the same time every year on goodwill. An impairment loss recognised for goodwill is not reversed in a subsequent period.

For the purpose of impairment testing and since the acquisition date of the business combination, goodwill is allocated to each cash-generating unit, or groups of cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree were assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes and is not larger than a segment.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

2. Material accounting policy information and other explanatory information (cont'd)

2A. Material accounting policies (cont'd)

Other intangible assets

An identifiable non-monetary asset without physical substance is recognised as an intangible asset at acquisition cost if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. After initial recognition, an intangible asset with finite useful life is carried at cost less accumulated amortisation and any accumulated impairment losses.

The amortisable amount of an intangible asset with finite useful life is allocated on a systematic basis over the best estimate of its useful life from the point at which the asset is ready for use as follows:

Customer lists	–	10 years
Software	–	2 to 10 years

Subsidiaries

A subsidiary is an entity including unincorporated and special purpose entity that is controlled by the Group and the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The existence and effect of substantive potential voting rights that the reporting entity has the practical ability to exercise (that is, substantive rights) are considered when assessing whether the reporting entity controls another entity.

In the Company's separate financial statements, an investment in a subsidiary is accounted for at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for a subsidiary is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying value and the net book value of the investment in a subsidiary are not necessarily indicative of the amount that would be realised in a current market exchange.

Associate

An associate is an entity including an unincorporated entity in which the Group has a significant influence and that is neither a subsidiary nor a joint arrangement of the reporting entity. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. An investment in an associate includes goodwill on acquisition, which is accounted for in accordance with the financial reporting standard on business combinations.

In the consolidated financial statements, the accounting for investments in an associate is on the equity method. Under the equity method the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the investor's share of the investee's net assets. The carrying value and the net book value of the investment in the associate are not necessarily indicative of the amounts that would be realised in a current market exchange. The investor's profit or loss includes its share of the investee's profit or loss and the investor's other comprehensive income includes its share of the investee's other comprehensive income.

In the Company's separate financial statements, an investment in an associate is accounted for at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for an associate is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

2. Material accounting policy information and other explanatory information (cont'd)

2A. Material accounting policies (cont'd)

Carrying amounts and assessment of impairment loss allowance on non-financial assets

The amounts of the non-current non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised in the statement of profit or loss whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Irrespective of whether there is any indication of impairment, an annual impairment test is performed at about the same time every year on an intangible asset with an indefinite useful life or an intangible asset not yet available for use.

When the fair value less costs of disposal method is used, any available recent market transactions are taken into consideration. When the value in use method is adopted, in assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). At each end of the reporting year, non-financial assets other than goodwill with impairment loss recognised in prior periods are assessed for possible reversal of the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been measured, net of depreciation or amortisation, if no impairment loss had been recognised.

Inventories

Inventories are measured at the lower of cost (weighted average method) and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Financial instruments

Recognition and derecognition of financial instruments

A financial asset or a financial liability is recognised when, and only when, the entity becomes party to the contractual provisions of the instrument. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised and derecognised, as applicable, using trade date accounting or settlement date accounting.

At initial recognition the financial asset or financial liability is measured at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the entity neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. A financial liability is removed from the statement of financial position when, and only when, it is extinguished, that is, when the obligation specified in the contract is discharged or cancelled or expires.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

2. Material accounting policy information and other explanatory information (cont'd)

2A. Material accounting policies (cont'd)

Financial instruments (cont'd)

Classification of financial assets and financial liabilities and subsequent measurement

The financial reporting standard on financial instruments requires certain classification of financial instruments. At the end of the reporting year, the Group and the Company had the following classes of financial assets and financial liabilities:

Financial asset classified as measured at amortised cost: A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss ("FVTPL"), that is (a) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Typically trade and other receivables, bank and cash balances are classified in this category.

Financial liabilities are categorised as FVTPL in either of the following circumstances: (1) the liabilities are managed, evaluated and reported internally on a fair value basis; or (2) the designation eliminates or significantly reduces an accounting mismatch that would otherwise arise. All other financial liabilities are carried at amortised cost using the effective interest method. Reclassification of any financial liability is not permitted.

Cash and cash equivalents

Cash comprises cash on hand and demand deposits. For the statement of cash flows, cash and cash equivalents includes cash and cash equivalents less cash subject to restriction and bank overdrafts payable on demand that form an integral part of cash management.

Cash flows are reported using the indirect method, whereby profit or loss is adjusted for the effects of transactions of a non-cash nature, and items of income or expense associated with investing or financing cash flows.

Fair value measurement

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or a liability, market observable data to the extent possible is used. If the fair value of an asset or a liability is not directly observable, an estimate is made using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs (e.g., by use of the market comparable approach that reflects recent transaction prices for similar items, discounted cash flow analysis, or option pricing models refined to reflect the issuer's specific circumstances). Inputs used are consistent with the characteristics of the asset or liability that market participants would take into account. The entity's intention to hold an asset or to settle or otherwise fulfil a liability is not taken into account as relevant when measuring fair value.

Fair values are categorised into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety: Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices). Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). Transfers between levels of the fair value hierarchy are recognised at the end of the reporting period during which the change occurred.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

2. Material accounting policy information and other explanatory information (cont'd)

2A. Material accounting policies (cont'd)

Fair value measurement (cont'd)

The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value. The fair values of non-current financial instruments may not be disclosed separately unless there are material differences at the end of the reporting year and in the event the fair values are disclosed in the relevant notes to the financial statements. The recurring measurements are made at each reporting year end date.

2B. Critical judgements, assumptions and estimation uncertainties

Disclosures on significant judgements made in the process of applying the accounting policies and on material information about the assumptions management made about the future, and other major sources of estimation uncertainty at the end of the reporting year, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below or in the corresponding Notes to these financial statements. These estimates and assumptions are periodically monitored to ensure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

Assessing impairment of goodwill

The amount of goodwill is tested annually for impairment, and when circumstances indicate that the carrying value maybe impaired. The impairment test is material and the process is complex and highly judgemental and is based on assumptions that are affected by expected future market or economic conditions. As a result, judgement is required in evaluating the assumptions and methodologies used by management, in particular those relating to the forecasted revenue growth and profit margins. Small changes in the key assumptions used could give rise to an impairment of the goodwill balance in the future. Actual outcomes could vary from these estimates. The carrying amount of goodwill at the end of the reporting year is disclosed in Note 15.

Assessment of carrying values of property, plant and equipment, other intangible assets and right-of-use assets

An assessment is made for the reporting year whether there is any indication that the asset may be impaired. If any such indication exists, an estimate is made of the recoverable amount of the asset. The recoverable amounts of cash-generating units is the higher of its fair value less costs of disposal or its value in use which incorporate a number of key estimates and assumptions. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the balances affected. The carrying values of property, plant and equipment, other intangible assets and right-of-use assets at the end of the reporting year are disclosed in Note 13, Note 14 and Note 15 respectively.

Assessing impairment loss on subsidiaries

Where an investee is in net equity deficit and or has suffered losses a test is made whether the investment in the investee has suffered any impairment loss. This measurement requires significant judgement. An estimate is made of the future profitability of the investee, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, and operational and financing cash flow. Value-in-use calculation based on each CGU that linked to each investees, will be used in the assessment of impairment of subsidiaries. The key assumption and estimates are disclosed in Note 15. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the asset or liability affected. The carrying amount of investments in subsidiaries at the end of the reporting year affected by the assumption is disclosed in Note 16.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

2. Material accounting policy information and other explanatory information (cont'd)

2B. Critical judgements, assumptions and estimation uncertainties (cont'd)

Assessment of impairment loss on associate

Where there is a negative change in the market demand that leads to weaker performance for the associate, a test is made whether the investment in the investee has suffered any impairment loss. This measurement requires significant judgement. Management exercised judgement and determined that the net assets value of Acumen Group as at 31 December 2024 approximates the fair value of the associate, and the costs of disposal is not material. The net assets value of Acumen Group comprised primarily cash and cash equivalents and receivables, and accrued expenses. Management reviewed the statement of financial position of the Acumen Group and determined no further write down of assets and accrual of liabilities is necessary. The recoverable amount of these net assets is dependent on timing of disposal of assets and settlement of liabilities. The carrying amount of investment in associate at the end of the reporting year is disclosed in Note 17.

Estimating of useful lives of property, plant and equipment

The estimates for the useful lives and related depreciation charges for property, plant and equipment are based on commercial and other factors that could change materially because of innovations and in response to market conditions. The depreciation charge is increased where useful lives are less than previously estimated lives, or the carrying amounts written off or written down for technically obsolete items or assets that have been abandoned. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the balances affected. The carrying amount of property, plant and equipment at the end of the reporting year is disclosed in Note 13.

Assessing loss allowance on inventories

The assessment of the allowance for impairment loss on inventories requires a degree of estimation and judgement. The level of the loss allowance is assessed by taking into account the recent sales experience, the ageing of inventories, other factors that affect inventory obsolescence and subsequent events. Possible changes in these estimates could result in revisions to the stated value of the inventories. The carrying amount of inventories at the end of the reporting year is disclosed in Note 20.

Assessing expected credit loss allowance on trade receivables

The customers' balances are subject to the expected credit loss ("ECL") assessment under the financial reporting standard on financial instruments. The assessment of the ECL requires a degree of estimation and judgement. In measuring the expected credit losses, management considers all reasonable and supportable information such as the reporting entity's past experience at collecting receipts, any increase in the number of delayed receipts in the portfolio past the average credit period, and forward-looking information such as forecasts of future economic conditions. The carrying amounts might change materially within the next reporting year but these changes may not arise from assumptions or other sources of estimation uncertainty at the end of the reporting year. The carrying amount of trade receivables at the end of the reporting year is disclosed in Note 21.

Estimating income tax amounts

The Group recognises tax liabilities and tax assets based on an estimation of the likely taxes due, which requires significant judgement as to the ultimate tax determination of certain items. Where the actual amount arising from these issues differs from these estimates, such differences will have an impact on income tax and deferred tax amounts in the period when such determination is made. In addition, management judgement is required in determining the amount of current and deferred tax recognised and the extent to which amounts should or can be recognised. A deferred tax asset is recognised for unused tax losses if it is probable that the entity will earn sufficient taxable profit in future periods to benefit from a reduction in tax payments. This involves the management making assumptions within its overall tax planning activities and periodically reassessing them in order to reflect changed circumstances as well as tax regulations. As a result, due to their inherent nature assessments of likelihood are judgemental and not susceptible to precise determination. The income tax amounts are disclosed in Note 10.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

3. Related party relationships and transactions

The financial reporting standard on related party disclosures requires the reporting entity to disclose: (a) related party relationships, transactions and outstanding balances, including commitments, including (b) relationships between parents and subsidiaries irrespective of whether there have been transactions between those related parties. A party is related to a party if the party controls, or is controlled by, or can significantly influence or is significantly influenced by the other party.

3A. Members of a group

Related companies in these financial statements include the members of the Company's group of companies.

Related parties in these financial statements refer to the entities which the controlling shareholders and directors of the Company as well as their family members, have a controlling interest in.

3B. Related party transactions and balances

There are transactions and arrangements between the Group and its related parties and the effect of these on the basis determined between the parties are reflected in these financial statements. The related party balances are unsecured, without fixed repayment terms and interest or charge unless stated otherwise.

Intragroup transactions and balances that have been eliminated in these consolidated financial statements are not disclosed as related party transactions and balances below.

During the reporting year, certain subsidiaries leased clinics, hospitals and offices from their directors and the Company leased software from a related party. As at 31 December 2024, the total carrying values of the Group's and the Company's right-of-use assets related to these leases were RMB3,175,000 and RMB489,000 (2023: RMB4,154,000 and RMB614,000) respectively.

Other than above, the Group also carried out transactions with related parties during the reporting year as follows:

	<u>Group</u>	
	2024	2023
	RMB'000	RMB'000
Revenue from laboratory services	2,588	295
Management fee	(467)	—
Expenses relating to short-term leases	(201)	—

Other related party transactions and balances are disclosed elsewhere in the notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

3. Related party relationships and transactions (cont'd)

3C. Key management compensation

	Group	
	2024	2023
	RMB'000	RMB'000
Salaries and other short-term employee benefits	4,268	4,618
Included in the above amount are the following items:		
Remuneration of director of the Company	682	1,152
Remuneration of executive officers of the Group	2,161	2,224
Fees to directors of the Company	1,425	1,242

The above amounts are included under employee benefits expense.

Key management personnel include the directors and those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly.

Further information about the remuneration of individual directors is provided in the report on corporate governance.

3D. Balances with subsidiaries

	Company	
	2024	2023
	RMB'000	RMB'000
At beginning of the year	7,277	6,868
Interest income	245	149
Exchange differences	–	260
At end of the year	7,522	7,277

Presented in the statements of financial position as follows:

Other receivables, non-current (Note 18)	6,426	6,426
Other receivables, current (Note 21)	1,096	851
	7,522	7,277

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

4. Financial information by operating segments

The Group discloses financial and descriptive information about its consolidated reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components about which separate financial information is available that is evaluated regularly by the chief operating decision maker to allocate resources and in assessing performance. Generally, financial information on segments is reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments. Disclosure of information about operating segments, products and services, the geographical areas, and the major customers are made as required by the financial reporting standard on operating segments. This disclosure standard has no impact on the reported financial performance or financial position of the Group.

4A. Information about reportable segment profit or loss, assets and liabilities

For management purposes the Group is organised into three major strategic operating segments that offer different products and services. Such a structural organisation is determined by the nature of 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 board of directors (who are identified as the chief operating decision makers) in deciding how to allocate resources and in assessing the performance. They are managed separately because each business requires different strategies.

Two or more operating segments may be aggregated into a single operating segment if in the judgement of management the segments have similar economic characteristics, and the segments are similar in some aspects such as the nature of the products and services; production processes; type or class of customer; distribution methods.

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; and
- (iii) Laboratory services comprising the manufacturing of porcelain crown, bridges and dentures.

Inter-segment sales are measured on the basis that the entity actually used to price the transfers. Internal transfer pricing policies of the reporting entity are as far as practicable based on market prices. The accounting policies of the operating segments are the same as those used by the reporting entity.

The management reporting system evaluates performances based on a number of factors. However, the primary profitability measurement to evaluate segment's operating results comprises major financial indicators earnings from operations before depreciation and amortisation, interests and income taxes (called "Recurring EBITDA") and (2) operating result before interests and income taxes (called "Segment results").

Notes 4B to 4D disclosed the information about the reportable segment profit or loss, assets and liabilities. Certain information on revenue is also given in Note 5.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

4. Financial information by operating segments (cont'd)

4B. Profit or loss and assets and liabilities and reconciliations

	Primary healthcare		Distribution of dental equipment and supplies		Laboratory services		Consolidated	
	2024	2023	2024	2023	2024	2023	2024	2023
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue from external customers (Note 5)	119,254	115,887	41,639	42,151	22,829	19,217	183,722	177,255
Inter-segment revenue	34,331	23,887	10,711	7,978	12,804	19,017	57,846	50,882
Total revenue (before elimination)	153,585	139,774	52,350	50,129	35,633	38,234	241,568	228,137
Segment results exclude								
unallocated corporate expenses	34,925	27,727	474	86	(12,533)	(43,720)	22,866	(15,907)
Unallocated corporate expenses							(6,746)	(8,603)
Finance costs							(1,489)	(1,797)
Depreciation of property, plant and equipment							(7,485)	(9,867)
Depreciation of right-of-use assets							(6,604)	(6,949)
Amortisation of other intangible assets							(876)	(1,016)
Loss before income tax							(334)	(44,139)
Income tax expense							(1,426)	(3,161)
Loss, net of tax							(1,760)	(47,300)
Additions to non-current assets								
Property, plant and equipment	1,441	1,944	17	1,213	635	687	2,093	3,844
Other material non-cash items								
Depreciation of property, plant and equipment	6,618	8,614	18	36	849	1,217	7,485	9,867
Depreciation of right-of-use assets	6,235	6,524	115	70	254	355	6,604	6,949
Amortisation of other intangible assets	403	545	42	42	431	429	876	1,016
Plant and equipment written off	576	528	-	-	-	67	576	595
Impairment loss on plant and equipment	-	962	-	-	-	-	-	962
Impairment loss on investment in associate	-	-	-	-	-	46,869	-	46,869
Impairment on trade receivables – (reversal)/allowance	(28)	4	(40)	(141)	55	(326)	(13)	(463)
Share-based payment – (reversal)/expense	(417)	121	-	-	-	-	(417)	121
Segment assets	256,024	250,525	19,345	18,697	33,488	47,348	308,857	316,570
Segment liabilities	34,963	40,466	3,784	5,051	5,213	4,028	43,960	49,545

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

4. Financial information by operating segments (cont'd)

4C. Geographical segments

	<u>Revenue</u>		<u>Non-current assets</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
	RMB'000	RMB'000	RMB'000	RMB'000
People's Republic of China	181,134	176,960	179,600	193,253
Singapore	2,588	295	7,325	21,749
	<u>183,722</u>	<u>177,255</u>	<u>186,925</u>	<u>215,002</u>

4D. Information about major customers

There are no customers with revenue transactions of over 10% of the Group's revenue.

5. Revenue

	<u>Group</u>	
	<u>2024</u>	<u>2023</u>
	RMB'000	RMB'000
<u>Revenue classified by type</u>		
Rendering of services	107,799	108,795
Sale of goods	41,639	42,151
Laboratory services	22,829	19,217
Leasing income	274	1,068
Management fee income	11,146	5,852
Other income	35	172
	<u>183,722</u>	<u>177,255</u>
<u>Revenue classified by timing of revenue recognition</u>		
Point in time	172,302	170,335
Over time	11,420	6,920
	<u>183,722</u>	<u>177,255</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

6. Other income and gains and (other losses)

	Group	
	2024	2023
	RMB'000	RMB'000
Bad debts written off	(56)	(315)
Foreign exchange adjustments gain/(loss), net	38	(1,042)
Government grant income	2,053	948
Gain on remeasurement / de-recognition of right-of-use assets	465	1,528
Compensation on early termination of lease	(58)	–
Compensation received from insurance	41	–
Rental discounts	740	335
Impairment loss on property, plant and equipment (Note 13)	–	(962)
Impairment loss on trade receivables – reversal (Note 21)	13	463
Property, plant and equipment written off	(576)	(595)
Reversal of prior year's profit guarantee income	–	(260)
Non-trade payables derecognised	155	161
Inventories written down (Note 20)	(70)	(615)
Others gains	20	1
Other losses	(52)	(78)
Net	<u>2,713</u>	<u>(431)</u>

	Group	
	2024	2023
	RMB'000	RMB'000
Presented in profit or loss as:		
Other income and gains	3,525	3,436
Other losses	(812)	(3,867)
	<u>2,713</u>	<u>(431)</u>

7. Employee benefits expense

	Group	
	2024	2023
	RMB'000	RMB'000
Short term employee benefits expense	64,077	61,007
Contributions to defined contribution plan	11,653	11,857
Share-based payments – (reversal)/charge (Note 248)	(417)	121
Other benefits	4,085	3,883
	<u>79,398</u>	<u>76,868</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

8. Finance costs

	Group	
	2024	2023
	RMB'000	RMB'000
Interest expense:		
- Bank borrowings	16	76
- Lease liabilities	1,473	1,721
	<u>1,489</u>	<u>1,797</u>

9. Other expenses

The major components and other selected components include the following:

	Group	
	2024	2023
	RMB'000	RMB'000
Entertainment expenses	1,085	1,193
Marketing expenses	976	1,089
Other tax expenses	2,074	2,901
Professional fees	5,203	6,767
Travelling expenses	1,431	1,520
Utilities expenses	<u>1,830</u>	<u>1,880</u>

10. Income tax

10A. Components of tax expense/(benefit) recognised in profit or loss

	Group	
	2024	2023
	RMB'000	RMB'000
<u>Current tax</u>		
Current tax expense	498	339
Under adjustments in respect of prior years	55	–
Subtotal	<u>553</u>	<u>339</u>
<u>Deferred tax</u>		
Deferred tax expense	<u>955</u>	<u>2,741</u>
<u>Withholding tax</u>		
Current withholding tax expense	29	81
Over adjustments in respect of prior years	(111)	–
Subtotal	<u>(82)</u>	<u>81</u>
Total income tax expense	<u>1,426</u>	<u>3,161</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

10. Income tax (cont'd)

10A. Components of tax expense/(benefit) recognised in profit or loss (cont'd)

The reconciliation of income taxes below is determined by applying the PRC corporate tax rate as the Group primarily operates in the PRC. The income tax in profit or loss varied from the amount determined by applying the PRC income tax rate of 25% (2023: 25%) to profit or loss before income tax as a result of the following differences:

	Group	
	2024	2023
	RMB'000	RMB'000
Loss before income tax	(334)	(44,139)
Share of results of associate	14,237	(1,061)
	<u>13,903</u>	<u>(45,200)</u>
Income tax expense / (benefit) at the above rate	3,476	(11,300)
Tax effect of concessionary tax rate of 5%	(1,827)	(535)
Effect of different tax rates in different countries	(233)	2,049
Tax effect on non-deductible expenses	138	10,279
Tax incentives	(24)	(74)
Deferred tax expense relating to changes in tax rates	–	3,156
Unrecognised deferred tax assets recognised this year	(1)	(415)
Under adjustment to current tax in respect of prior years	55	–
Over adjustment of withholding tax in respect of prior years	(111)	–
Withholding tax	29	81
Others	(76)	(80)
Total income tax expense	<u>1,426</u>	<u>3,161</u>

There are no income tax consequences of dividends to owners of the Company.

Certain subsidiaries in the Group qualify as small and thin-profit enterprises under relevant regulations in the PRC. These subsidiaries' annual taxable income up to RMB3,000,000 is subject to corporate income tax rate of 5% from 1 January 2024 to 31 December 2027.

10B. Deferred tax expense recognised in profit or loss

	Group	
	2024	2023
	RMB'000	RMB'000
Excess of carrying values over tax values of intangible assets, and property, plant and equipment	173	768
Deferred tax associated with right-of-use assets	3	(2,175)
Deferred tax associated with lease liabilities	(1,706)	1,610
Tax losses carryforwards	575	(2,944)
Total deferred tax expense	<u>(955)</u>	<u>(2,741)</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

10. Income tax (cont'd)

10C. Deferred tax balance in the statements of financial position

	Group	
	2024	2023
	RMB'000	RMB'000
Excess of carrying values over tax values of intangible assets, and property, plant and equipment	(346)	(519)
Deferred tax associated with right-of-use assets	(5,945)	(5,948)
Deferred tax associated with lease liabilities	4,370	6,076
Tax losses carryforwards	2,553	1,978
	<u>632</u>	<u>1,587</u>

Presented in the statements of financial position as follows:

Deferred tax assets	978	2,106
Deferred tax liabilities	(346)	(519)
	<u>632</u>	<u>1,587</u>

At the end of the reporting year, the Group has unutilised tax losses of RMB31,249,000 (2023: RMB33,725,000) that are available for offset against future taxable profits of companies in which the losses arose, for which no deferred tax asset have been recognised as the future profit streams are not probable against which the tax losses can be utilised.

The unutilised tax losses expiring in the following years are as follows:

	Group	
	2024	2023
	RMB'000	RMB'000
Expiring within:		
One year	7,904	11,791
Between one and three years	19,663	19,786
Between three and five years	3,682	1,911
	<u>31,249</u>	<u>33,488</u>

Other unutilised tax losses may be carried forward indefinitely.

The realisation of the future income tax benefits from tax losses carryforwards is subject to the agreement by the tax authorities.

As at 31 December 2024, no deferred tax liability has been recognised for withholding tax that would be payable on the undistributed profits of the PRC subsidiaries as management has determined that the portion of the undistributed profits of its PRC subsidiaries will not be distributed in the foreseeable future. Such temporary difference for which no deferred tax liability has been recognised amounted to approximately RMB53,609,000 (2023: RMB42,474,000) and the related deferred tax liability is estimated at approximately RMB2,680,000 (2023: RMB2,124,000), subject to certain conditions being fulfilled.

NOTES TO THE FINANCIAL STATEMENTS

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11. Items in profit or loss

In addition to the charges and credits disclosed elsewhere in the notes to the financial statements, other expenses also include the following charges:

	<u>Group</u>	
	<u>2024</u>	<u>2023</u>
	RMB'000	RMB'000
Audit fees to the independence auditor of the Company	519	686
Audit fees to alliance firm of independent auditor of the Company	720	720
Audit fees to other independent auditors – non-network firms	53	45
Expenses relating to short-term leases	844	737
Expenses relating to low value assets	305	149

12. Earnings per share (loss)

	<u>Group</u>	
	<u>2024</u>	<u>2023</u>
	RMB Cents	RMB Cents
Basic and diluted	(0.34)	(9.25)

The numerators and denominators used to calculate basic and diluted earnings per share of no par value are as follows:

	<u>Group</u>	
	<u>2024</u>	<u>2023</u>
	RMB'000	RMB'000
<u>Numerators</u>		
Loss, net of tax attributable to equity holders	(1,760)	(47,300)
	<u>Number of shares</u>	
	'000	'000
<u>Denominators</u>		
Weighted average number of equity shares		
– basic and diluted	511,292	511,289

The weighted average number of equity shares refers to share in circulation during the reporting year.

Basic and diluted earnings per share (loss) are calculated by dividing loss, net of tax for the reporting year attributable to owners of the Company by the weighted average number of equity shares.

As at the end of the reporting year, there was no transactions involving ordinary shares or potential ordinary shares of the Company (2023: Nil).

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13. Property, plant and equipment

Group	Leasehold improvements RMB'000	Furniture, fittings and equipment RMB'000	Motor vehicles RMB'000	Software RMB'000	Total RMB'000
<u>Cost:</u>					
At 1 January 2023	32,595	64,085	1,015	10	97,705
Additions	1,375	2,469	–	–	3,844
Written off	–	(5,971)	–	–	(5,971)
Foreign exchange differences	–	4	–	–	4
At 31 December 2023	33,970	60,587	1,015	10	95,582
Additions	424	1,669	–	–	2,093
Written off	–	(5,417)	–	(10)	(5,427)
At 31 December 2024	34,394	56,839	1,015	–	92,248
<u>Accumulated depreciation and impairment:</u>					
At 1 January 2023	16,087	39,251	385	10	55,733
Depreciation for the year	3,236	6,535	96	–	9,867
Impairment loss for the year	962	–	–	–	962
Written off	–	(5,376)	–	–	(5,376)
Foreign exchange differences	–	1	–	–	1
At 31 December 2023	20,285	40,411	481	10	61,187
Depreciation for the year	2,942	4,465	78	–	7,485
Written off	–	(4,841)	–	(10)	(4,851)
At 31 December 2024	23,227	40,035	559	–	63,821
<u>Carrying value:</u>					
At 1 January 2023	16,508	24,834	630	–	41,972
At 31 December 2023	13,685	20,176	534	–	34,395
At 31 December 2024	11,167	16,804	456	–	28,427

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

13. Property, plant and equipment (cont'd)

<u>Company</u>	Furniture, fittings and equipment RMB'000
<u>Cost:</u>	
At 1 January 2023	80
Additions	9
Written off	(27)
Foreign exchange differences	3
At 31 December 2023 and 31 December 2024	<u>65</u>
<u>Accumulated depreciation:</u>	
At 1 January 2023	59
Depreciation for the year	10
Written off	(27)
Foreign exchange differences	2
At 31 December 2023	<u>44</u>
Depreciation for the year	9
At 31 December 2024	<u>53</u>
<u>Carrying value:</u>	
At 1 January 2023	<u>21</u>
At 31 December 2023	<u>21</u>
At 31 December 2024	<u>12</u>

Refer to Note 15A for the key assumptions used for impairment assessment.

NOTES TO THE FINANCIAL STATEMENTS

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14. Right-of-use assets

Group	Leasehold building RMB'000	Dental clinics, hospitals, and office space RMB'000	Warehouses RMB'000	Software RMB'000	Total RMB'000
<u>Cost:</u>					
At 1 January 2023	6,818	49,349	–	1,641	57,808
Additions	–	996	103	–	1,099
Written-off	–	(651)	–	–	(651)
Remeasurement	–	708	–	(73)	635
Foreign exchange differences	–	–	–	68	68
At 31 December 2023	6,818	50,402	103	1,636	58,959
Additions	–	2,226	–	–	2,226
Written-off	–	(6,101)	–	–	(6,101)
Remeasurement	–	(233)	–	323	90
Foreign exchange differences	–	–	–	(1)	(1)
At 31 December 2024	6,818	46,294	103	1,958	55,173
<u>Accumulated depreciation:</u>					
At 1 January 2023	1,177	23,056	–	820	25,053
Depreciation for the year	265	6,473	3	208	6,949
Written-off	–	(651)	–	–	(651)
Remeasurement	–	(1,750)	–	(43)	(1,793)
Foreign exchange differences	–	–	–	37	37
At 31 December 2023	1,442	27,128	3	1,022	29,595
Depreciation for the year	265	6,092	34	213	6,604
Written-off	–	(4,441)	–	–	(4,441)
Remeasurement	–	(265)	–	235	(30)
Foreign exchange differences	–	–	–	(1)	(1)
At 31 December 2024	1,707	28,514	37	1,469	31,727
<u>Carrying value:</u>					
At 1 January 2023	5,641	26,293	–	821	32,755
At 31 December 2023	5,376	23,274	100	614	29,364
At 31 December 2024	5,111	17,780	66	489	23,446

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

14. Right-of-use assets (cont'd)

<u>Company</u>	<u>Software</u> RMB'000
<u>Cost:</u>	
At 1 January 2023	1,641
Remeasurement	(73)
Foreign exchange differences	68
At 31 December 2023	1,636
Remeasurement	323
Foreign exchange differences	(1)
At 31 December 2024	1,958
<u>Accumulated depreciation:</u>	
At 1 January 2023	820
Remeasurement	(43)
Depreciation for the year	208
Foreign exchange differences	37
At 31 December 2023	1,022
Remeasurement	235
Depreciation for the year	213
Foreign exchange differences	(1)
At 31 December 2024	1,469
<u>Carrying value:</u>	
At 1 January 2023	821
At 31 December 2023	614
At 31 December 2024	489

The Group leases land and properties (i.e. dental clinics, hospitals and office space), dormitory, warehouses and software for use in the Group's business operations.

Refer to Note 15A for the key assumptions used for impairment assessment.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

15. Intangible assets

	<u>Group</u>		<u>Company</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
	RMB'000	RMB'000	RMB'000	RMB'000
Goodwill (Note 15A)	125,219	125,219	–	–
Other intangible assets (Note 15B)	2,090	2,906	93	140
	<u>127,309</u>	<u>128,125</u>	<u>93</u>	<u>140</u>

15A. Goodwill

	<u>Group</u>	
	<u>2024</u>	<u>2023</u>
	RMB'000	RMB'000
Cost at beginning and end of the reporting years	<u>125,219</u>	<u>125,219</u>

Goodwill is allocated to CGUs for the purpose of impairment testing. Each of those CGUs represents the Group's investment by each primary reporting segments are as follows:

<u>Name of segment</u>	<u>Group</u>	
	<u>2024</u>	<u>2023</u>
	RMB'000	RMB'000
<i>Primary healthcare</i>		
All dental centres consisting of dental hospitals and polyclinics	115,204	115,204
<i>Distribution of dental equipment and supplies</i>		
Shenyang Maotai Q & M Medical Equipment Co., Ltd.	3,203	3,203
<i>Laboratory services</i>		
Shenyang Qingaomei Oral Restorative Technology Co., Ltd.	6,812	6,812
	<u>125,219</u>	<u>125,219</u>

The goodwill was tested for impairment at the end of the reporting year. The identification of CGUs requires significant judgement and is influenced by the manner in which management monitors the Group's operations, and as to how management makes decisions about continuing or disposing of the Group's assets or operation.

The recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal or value in use. The recoverable amounts of CGUs have been measured using the value in use method (Level 3). The value in use is regarded as the lowest level for fair value measurement as the valuation includes inputs for the asset that are not based on observable market data (unobservable inputs).

Management engaged an external valuation expert to assist in the impairment assessment. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and considering the historical and forecasted average dental patients' fee and patients' numbers at the dental practices including the different types of dental treatment services offered. In arriving at the key assumptions, management has also considered the committed plans for the near future, forecasted professional dentists recruitment and deployment having regard to past performance and forecasted operating costs, capital expenditure and the timing of cash flows.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

15. Intangible assets (cont'd)

15A. Goodwill (cont'd)

Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The revenue growth rates are based on historical performance and management's committed plans in the near future. The discount rates reflect specific risks relating to the relevant segments and the countries in which they operate. The terminal growth rate was determined based on management's estimate of the long-term compound annual EBITDA growth rate, consistent with the assumptions that a market participant would make. The value in use is a recurring fair value measurement.

The cash flow forecasts have been prepared using information derived from the most recent financial budgets approved by the board of directors for the next 5 years. Management forecasted the revenue growth rates and discount rates as follows:

Group	Revenue growth rate ⁽¹⁾		Discount rate ⁽²⁾	
	2024	2023	2024	2023
Primary healthcare CGU	10.4%	13.3%	12.0%	12.5%
Distribution CGU	9.9%	10.7%	9.0%	10.0%
Laboratory services CGU	7.1%	5.6%	9.5%	11.0%

⁽¹⁾ 5-year annual average growth rates.

⁽²⁾ Pre-tax discount rates.

Management forecasts the terminal growth rate at 3% (2023: 3%).

No impairment losses were recognised because the carrying amounts of all cash-generating units were lower than their recoverable amounts.

Primary healthcare CGU

Actual outcomes could vary from these estimates. A decrease in the 5-year annual average revenue growth rate by 305 basis points (2023: 580 basis points) could result in the recoverable amount of primary healthcare segment to be equal to the carrying amount of its CGU. If the revised estimated discount rate applied to the discounted cash flows had been 100 basis points less favourable than management's estimates, there would be a need to reduce the recoverable amount of CGU by RMB42,765,000 (2023: RMB38,241,000).

Distribution CGU

Actual outcomes could vary from these estimates. A decrease in the 5-year annual average revenue growth rate by 136 basis points (2023: 160 basis points) will result in the recoverable amount of distribution segment to be equal to the carrying amount of its CGU. If the revised estimated discount rate applied to the discounted cash flows had been 100 basis points less favourable than management's estimates, there would be a need to reduce the recoverable amount of CGU by RMB5,850,000 (2023: RMB4,667,000).

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

15. Intangible assets (cont'd)

15A. Goodwill (cont'd)

Laboratory services CGU

Actual outcomes could vary from these estimates. A decrease in the revenue 5-year annual average revenue growth rate by 135 basis points (2023: 610 basis points) will result in the recoverable amount of distribution segment to be equal to the carrying amount of its CGU. If the revised estimated discount rate applied to the discounted cash flows had been 100 basis points less favourable than management's estimates, there would be a need to reduce the recoverable amount of CGU by RMB7,396,000 (2023: RMB4,502,000).

The same cash flow forecasts have also been used for impairment assessment of the Group's property, plant and equipment, other intangible assets and right-of-use assets, and the Company's investments in subsidiaries. No impairment loss was recognised because the carrying amounts of the assets were lower than their recoverable amounts.

15B. Other intangible assets

<u>Group</u>	<u>Customer lists</u> RMB'000	<u>Software</u> RMB'000	<u>Total</u> RMB'000
<u>Cost:</u>			
At 1 January 2023	8,136	1,633	9,769
Additions	–	19	19
Foreign exchange differences	–	19	19
At 31 December 2023	8,136	1,671	9,807
Additions	–	60	60
At 31 December 2024	8,136	1,731	9,867
<u>Accumulated amortisation:</u>			
At 1 January 2023	5,247	626	5,873
Amortisation for the year	814	202	1,016
Foreign exchange differences	–	12	12
At 31 December 2023	6,061	840	6,901
Amortisation for the year	691	185	876
At 31 December 2024	6,752	1,025	7,777
<u>Carrying value:</u>			
At 1 January 2023	2,889	1,007	3,896
At 31 December 2023	2,075	831	2,906
At 31 December 2024	1,384	706	2,090

NOTES TO THE FINANCIAL STATEMENTS

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15. Intangible assets (cont'd)

15B. Other intangible assets (cont'd)

<u>Company</u>	<u>Software</u> RMB'000
<u>Cost:</u>	
At 1 January 2023	462
Foreign exchange differences	19
At 31 December 2023 and 31 December 2024	481
<u>Accumulated amortisation:</u>	
At 1 January 2023	283
Amortisation for the year	45
Foreign exchange differences	13
At 31 December 2023	341
Amortisation for the year	47
At 31 December 2024	388
<u>Carrying value:</u>	
At 1 January 2023	179
At 31 December 2023	140
At 31 December 2024	93

Refer to Note 15A for the key assumptions used for impairment assessment.

16. Investments in subsidiaries

	<u>Company</u>	
	<u>2024</u>	<u>2023</u>
	RMB'000	RMB'000
Unquoted equity interests, at cost	284,331	284,331
Less: Allowance for impairment loss	(1,740)	(1,740)
Foreign exchange differences	28,367	28,392
Net carrying amount	310,958	310,983
 Movements in allowance for impairment loss:		
At beginning of the year	(1,740)	(1,670)
Foreign exchange differences	—	(70)
At end of the year	(1,740)	(1,740)

NOTES TO THE FINANCIAL STATEMENTS

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16. Investment in subsidiaries (cont'd)

16A. Listing of and information on subsidiaries

Name of subsidiaries, place of operations and principal activities	Cost of investment		Effective equity held	
	2024	2023	2024	2023
	RMB'000	RMB'000	%	%
<i>Held by the Company</i>				
Q & M Dental (Shenyang) Pte. Ltd. ^{(b) (f)}	176,094	176,109	100	100
上海全民投资管理咨询有限公司 Shanghai Q & M Investment Management & Consulting Co., Ltd. ^{(a) (g)}	134,864	134,874	100	100
	<u>310,958</u>	<u>310,983</u>		
<i>Held through subsidiaries</i>				
沈阳新奥医院管理有限公司 Shenyang Xinao Hospital Management Co., Ltd. ^{(b) (g)}			100	100
沈阳奥新全民口腔医院有限公司 Shenyang Aoxin Q & M Stomatology Hospital Co., Ltd. ^(g)			100	100
沈阳和平全民奥新口腔门诊部有限公司 Shenyang Heping Q & M Aoxin Stomatology Polyclinic Co., Ltd. ^(g)			100	100
葫芦岛市奥新口腔门诊部有限公司 Huludao City Aoxin Stomatology Polyclinic Co., Ltd. ^(g)			100	100
葫芦岛奥新全民口腔医院有限公司 Huludao Aoxin Q & M Stomatology Hospital Co., Ltd. ^(g)			100	100
沈阳全鑫医疗设备租赁有限公司 Shenyang Quanxin Medical Equipment Leasing Co., Ltd. ^{(e) (g)}			100	100
盘锦金赛全民口腔有限责任公司 Panjin Jinsai Q & M Stomatology Co., Ltd. ^(h)			100	100
盘锦精诚全民口腔有限责任公司 Panjin Jingcheng Q & M Stomatology Co., Ltd. ^(g)			100	100
盖州市奥新全民口腔医院有限公司 Gaizhou City Aoxin Q & M Stomatology Hospital Co., Ltd. ^(h)			100	100

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

16. Investment in subsidiaries (cont'd)

16A. Listing of and information on subsidiaries (cont'd)

Name of subsidiaries, place of operations and principal activities	Effective equity held	
	2024	2023
	%	%
<i>Held through subsidiaries (cont'd)</i>		
庄河市奥新大伟口腔有限公司 Zhuanghe City Aoxin Dawei Dental Co., Ltd. ^(a)	100	100
盘锦奥新全民口腔医院有限公司 Panjin Aoxin Quanmin Stomatology Hospital Co., Ltd. ^(a)	100	100
沈阳茂泰全民医疗设备有限公司 Shenyang Maotai Q & M Medical Equipment Co., Ltd. ^{(d) (g)}	100	100
沈阳盛泰深茂贸易有限公司 Shenyang Shengtai Shenmao Trading Co., Ltd. ^{(d) (i)}	100	—
沈阳清奥美口腔镶复技术有限公司 Shenyang Qingaomei Oral Restorative Technology Co., Ltd. ^{(c) (g)}	100	100
启诚（沈阳市）数字智能科技有限公司 Qicheng (Shenyang) Digital Intelligent Technology Co., Ltd. ^{(c) (h) (k)}	100	—
沈阳全奥医疗投资管理有限公司 Shenyang Quanao Medical Investment Management Co., Ltd. ^{(b) (h)}	99	99
沈阳沈河奥新口腔门诊部有限公司 Shenyang Shenhe Aoxin Stomatology Polyclinic Co., Ltd. ^(a)	100	100
大连奥新全民口腔医院有限公司 Dalian Aoxin Quanmin Stomatology Hospital Co., Ltd. ^(a)	100	100
葫芦岛龙港区奥新口腔门诊有限公司 Huludao Longgang District Aoxin Stomatology Polyclinic Co., Ltd. ^(h)	100	100
鞍山立山区奥新全民口腔门诊部有限公司 Anshan Lishan District Aoxin Q & M Stomatology Polyclinic Co., Ltd. ^{(h) (i)}	100	100
锦州奥新尤信口腔医院有限公司 Jinzhou Aoxin Youxin Dental Stomatology Hospital Co., Ltd. ^(a)	100	100
沈阳皇姑奥新口腔门诊部有限公司 Shenyang Huanggu Aoxin Dental Clinic Co., Ltd. ^(h)	100	100
沈阳奥新金峰口腔门诊部有限公司 Shenyang Aoxin Jinfeng Dental Clinic Co., Ltd. ^(h)	100	100
沈阳新创医疗科技有限公司 Shenyang Xinchuang Medical Technology Co., Ltd. ^{(c) (g)}	100	100

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16. Investment in subsidiaries (cont'd)

16A. Listing of and information on subsidiaries (cont'd)

- (a) The principal activities of the subsidiary are provision of consultancy services.
- (b) The principal activity of the subsidiaries is investment holding.
- (c) The principal activities of the subsidiaries are the provision of laboratory services including processing of porcelain crown, bridges and dentures, development of dental inlay technology, and provision of technical consultancy services.
- (d) The principal activities of the subsidiary are trading of medical and dental instruments and supplies, provision of investment consultancy services, and leasing of medical equipment.
- (e) The principal activities of the subsidiary are leasing of dental equipment.
- (f) Audited by RSM SG Assurance LLP.
- (g) Audited by SBA Stone Forest (Shanghai) CPA Co., Ltd, an alliance firm of RSM SG Assurance LLP.
- (h) Audited by Liaoning Runzhi CPAs, a firm of accountants other than member firms of RSM International of which RSM SG Assurance LLP in Singapore is a member.
- (i) Registered in PRC on 3 December 2024.
- (j) Ceased operation in October 2024 and in the midst of applying for strike-off.
- (k) Registered in PRC on 12 July 2024.

All subsidiaries are engaged in the provision of dental services unless otherwise disclosed above.

Other than Q & M Dental (Shenyang) Pte. Ltd., which is incorporated and operating in Singapore, the remaining subsidiaries are registered and operating in the PRC.

No subsidiary has non-controlling interests that is considered material to the Group.

17. Investment in an associate

	Group		Company	
	2024	2023	2024	2023
	RMB'000	RMB'000	RMB'000	RMB'000
Unquoted equity shares at cost	147,847	147,847	147,847	147,847
Less: Allowance for impairment	(107,044)	(107,044)	(151,435)	(137,196)
Share of results, net of dividend received	(44,198)	(29,959)	–	–
Foreign exchange adjustments	10,111	10,053	10,304	10,246
Net carrying amount	<u>6,716</u>	<u>20,897</u>	<u>6,716</u>	<u>20,897</u>
Movements in net carrying amount:				
At beginning of the year	20,897	74,832	20,897	74,832
Impairment loss	–	(46,869)	(14,239)	(56,126)
Share of results for the year	(14,239)	1,061	–	–
Dividends	–	(10,497)	–	–
Foreign exchange adjustments	58	2,370	58	2,191
At end of the year	<u>6,716</u>	<u>20,897</u>	<u>6,716</u>	<u>20,897</u>
Movements in above allowance for impairment:				
At beginning of the year	(107,044)	(60,175)	(137,196)	(81,070)
Impairment loss to profit or loss	–	(46,869)	(14,239)	(56,126)
At end of the year	<u>(107,044)</u>	<u>(107,044)</u>	<u>(151,435)</u>	<u>(137,196)</u>

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17. Investment in an associate (cont'd)

The associate held by the Group is listed as below:

Name of associates, country of incorporation, place of operations and principal activities and independent auditor

Effective equity held

2024 2023

Held by Company

% %

Acumen Diagnostics Pte. Ltd. ^{(a) (c)}
Singapore

49 49

Held by Acumen Diagnostics Pte. Ltd.

Acumen Research Laboratories Pte. Ltd. ^{(b) (c)}
Singapore

49 49

- (a) The principal activities of the associate are medical laboratories and manufacture of medical, dental tools, instruments and supplies.
- (b) The principal activities of the investee are research and experimental development on biotechnology, life and medical science.
- (c) Audited by RSM SG Assurance LLP.

Acumen Diagnostics Pte. Ltd. and Acumen Research Laboratories Pte. Ltd. are referred to as the Acumen Group.

The Group's and the Company's investment in the Acumen Group was subject to impairment assessment due the suspension of Acumen's laboratory business after the expiry of Acumen's laboratory license and the cessation of Acumen's sole source of revenue and income after the closure of its Joint Testing and Vaccination Centre during the reporting year. Any shortfall of recoverable amounts against the carrying value of the assets would be recognised as impairment loss.

In the absence of new source of revenue and uncertainty about the future business and cash flows from Acumen Group, management applied the fair value less costs of disposal method to determine the recoverable amount of investment in associate. Management exercised judgement and determined that the net assets value of Acumen Group as at 31 December 2024 approximates the fair value of the associate, and the costs of disposal is not material. The net assets value of Acumen Group comprised primarily cash and cash equivalents and receivables, and accrued expenses. Management reviewed the statement of financial position of the Acumen Group and determined no further write down of assets and accrual of liabilities is necessary.

For FY2023, the impairment test was carried out using a discounted cash flow model covering a nine-year period. Cash flows projections are based on the next nine year budgets and plans approved by management; cash flows projections beyond that nine-year period have been extrapolated on the basis of a 3% terminal growth rate. Such a growth rate does not exceed the long-term average growth rate of the sector. The discount rate applied (weighted average cost of capital "WACC" gross of tax effect) is 25%. Management believes that any reasonably possible change in the key assumptions on which this segment's recoverable amount is based would not cause the carrying amount to exceed its recoverable amount. The value in use is a recurring fair value measurement (Level 3). The quantitative information about the value in use measurement using significant unobservable inputs for the cash generating unit are consistent with those used for the measurement last performed.

NOTES TO THE FINANCIAL STATEMENTS

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17. Investment in an associate (cont'd)

The summarised financial information and the amounts (and not the reporting entity's share of those amounts) based on the financial statements of the associate is as follows:

	Group	
	2024	2023
	RMB'000	RMB'000
<u>Acumen Group</u>		
Revenue	22,519	34,362
Total comprehensive (loss) / income	<u>(29,057)</u>	<u>2,627</u>
Non-current assets	–	30,891
Current assets	17,246	17,841
Current liabilities	(3,207)	(4,687)
Non-current liabilities	(247)	(9,967)
Net assets of associate	<u>13,792</u>	<u>34,078</u>
Interest at 49%	6,758	16,698
Goodwill	101,190	101,190
Foreign exchange differences	5,812	10,053
Impairment loss	<u>(107,044)</u>	<u>(107,044)</u>
Net carrying amount of interest in associate	<u>6,716</u>	<u>20,897</u>

18. Other receivables

	Company	
	2024	2023
	RMB'000	RMB'000
Subsidiary (Note 3)	<u>6,426</u>	<u>6,426</u>

Other receivables from a subsidiary bear interest at 4.35% (2023: 4.35%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

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19. Other non-financial assets

	Group		Company	
	2024	2023	2024	2023
	RMB'000	RMB'000	RMB'000	RMB'000
<u>Non-current</u>				
Sign-on bonus	15	77	15	77
Prepayments	34	38	–	–
Subtotal	49	115	15	77
<u>Current</u>				
Sign-on bonus	62	62	62	62
Prepayments	1,705	1,692	92	92
Income tax recoverable	–	21	–	–
Subtotal	1,767	1,775	154	154
Total other non-financial assets	1,816	1,890	169	231

The sign-on bonus relates to payments made to Executive Director and Chief Executive Officer of the Group, Dr. Shao Yongxin, in relation to a 12-year service agreement before the date of the public listing of the Company.

Prepayments relate to partial payments in advance to non-trade suppliers.

20. Inventories

	Group	
	2024	2023
	RMB'000	RMB'000
Dental and medical supplies	3,283	3,752
Finished goods for resale	4,989	5,589
Raw materials	2,048	1,734
	10,320	11,075
Inventories are stated after allowance as follows:		
At beginning of the year	615	–
Charge to profit or loss in other losses (Note 6)	70	615
At end of the year	685	615

There are no inventories pledged as security for liabilities.

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21. Trade and other receivables

	Group		Company	
	2024	2023	2024	2023
	RMB'000	RMB'000	RMB'000	RMB'000
<u>Trade receivables:</u>				
Outside parties	32,374	29,285	–	–
Subsidiaries (Note 3)	–	–	17,506	16,308
Less: Allowance for impairment	(667)	(680)	–	–
Subtotal	31,707	28,605	17,506	16,308
<u>Other receivables:</u>				
Outside parties	5,435	4,933	2	2
Staff loans	2,239	2,240	–	–
Deposits paid to suppliers	527	1,756	–	–
Subsidiaries (Note 3)	–	–	1,096	851
Subtotal	8,201	8,929	1,098	853
Total trade and other receivables	39,908	37,534	18,604	17,161
 Movements in above allowance:				
At beginning of the year	680	1,164	–	–
Reversal to profit or loss	(13)	(463)	–	–
Used	–	(21)	–	–
At end of the year	667	680	–	–

There are no collaterals held as security and other credit enhancements for the trade receivables.

Trade receivables

The Group's dental hospitals and clinics do not generally grant credit as services are usually settled in cash, credit card payments and "Yi Bao" (i.e. 中华人民共和国医疗保险), which is the PRC's social health insurance. The credit card companies usually take a few days to settle the payments made by the customers to the Group and Yi Bao is managed by the National Healthcare Security Administration ("NHSA"), a government agency in the PRC. The credit card companies and NHSA are regarded as of low credit risk. The subsidiaries engaged in the trading of dental surgery materials and equipment, and provision of laboratory services generally grant credit term of 30 days to 180 days (2023: 30 days to 180 days) to their customers. As part of the process of setting customer credit limits, different credit terms are used. However, some customers take a longer period to settle the amounts.

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21. Trade and other receivables (cont'd)

Trade receivables (cont'd)

The Group's credit risk exposure in relation to trade receivables are set out in the provision matrix as follows:

			<u>Past due</u>			
	<u>Current</u>	<u>Within</u>	<u>31 to 60</u>	<u>61 to 90</u>	<u>Over</u>	<u>Total</u>
	RMB'000	30 days	days	days	90 days	RMB'000
2024						
ECL rate (%)	0.1%	3.4%	4.3%	6.7%	33.2%	2.1%
Trade receivables – gross	28,523	1,130	516	610	1,595	32,374
Loss allowance	(37)	(38)	(22)	(41)	(529)	(667)
	<u>28,486</u>	<u>1,092</u>	<u>494</u>	<u>569</u>	<u>1,066</u>	<u>31,707</u>
2023						
ECL rate (%)	0.1%	1.6%	4.9%	6.5%	46.6%	2.3%
Trade receivables – gross	24,804	2,498	506	247	1,230	29,285
Loss allowance	(25)	(41)	(25)	(16)	(573)	(680)
	<u>24,779</u>	<u>2,457</u>	<u>481</u>	<u>231</u>	<u>657</u>	<u>28,605</u>

Concentration of trade receivable customers as at the end of reporting year:

	<u>Group</u>	
	<u>2024</u>	<u>2023</u>
	RMB'000	RMB'000
Top 1 customer	2,056	2,336
Top 2 customers	3,527	3,993
Top 3 customers	<u>4,805</u>	<u>5,528</u>

Other receivables

Other receivables, including staff loans, are non-trade in nature, non-interest bearing, unsecured and repayable on demand or within the next 12 months from the reporting date.

The deposits have been assessed to be placed with counterparties that are creditworthy and accordingly, no allowance for non-recovery of these deposits is required.

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22. Cash and cash equivalents

	<u>Group</u>		<u>Company</u>	
	2024	2023	2024	2023
	RMB'000	RMB'000	RMB'000	RMB'000
Not restricted in use	<u>69,937</u>	<u>51,184</u>	<u>21,965</u>	<u>23,193</u>

The interest earning balances are not material.

RMB is not freely convertible into foreign currencies. The remittance of these funds, which are maintained with banks in the PRC by the Group, out of the PRC is subject to local currency control regulations. As at the end of the reporting year, cash and cash equivalents held by the Group's subsidiaries in the PRC totalled RMB46,896,000 (2023: RMB26,820,000).

22A. Reconciliation of liabilities arising from financing activities

<u>Group</u>	<u>Beginning of the year</u>	<u>Cash flows</u>	<u>Non-cash changes^(a)</u>	<u>End of the year</u>
	RMB'000	RMB'000	RMB'000	RMB'000
2024				
Borrowings	1,020	(700)	19	339
Lease liabilities	<u>24,524</u>	<u>(8,582)</u>	<u>1,694</u>	<u>17,636</u>
	<u>25,544</u>	<u>(9,282)</u>	<u>1,713</u>	<u>17,975</u>
2023				
Borrowings	1,618	(655)	57	1,020
Bill payables	2,600	(2,600)	—	—
Lease liabilities	<u>31,050</u>	<u>(10,284)</u>	<u>3,758</u>	<u>24,524</u>
	<u>35,268</u>	<u>(13,539)</u>	<u>3,815</u>	<u>25,544</u>

(a) Due to foreign exchange differences and remeasurement of lease liabilities.

23. Share capital

	<u>Group and Company</u>	
	<u>Number of shares issued</u>	<u>Share capital</u>
	'000	RMB'000
<u>Ordinary shares of no par value:</u>		
At 1 January 2023 and 31 December 2023	511,289	445,473
Issuance of new shares	<u>233</u>	<u>250</u>
At 31 December 2024	<u>511,522</u>	<u>445,723</u>

The ordinary shares of no par value are fully paid, carry one vote each and have no right to fixed income.

On 24 December 2024, the Company issued 233,413 new ordinary shares amounting to RMB250,000 to Dr Yang Li, who was a dentist in a subsidiary, in accordance with the performance shares granted under the Aoxin Q & M Performance Share Plan. These shares are held in trust by Honour Pte. Ltd. on behalf of Dr Yang Li.

NOTES TO THE FINANCIAL STATEMENTS

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23. Share capital (cont'd)

Capital management:

In order to maintain its listing on the Singapore Exchange, the Company has to have share capital with a free float of at least 10% of the shares. The Company met the capital requirement on its initial listing and the rules limiting treasury share purchases mean it will continue to satisfy that requirement, as it did throughout the reporting year. Management receives a report from the share registrars frequently on substantial share interest showing the non-free float to ensure continuing compliance with the 10% limit throughout the reporting year.

The objectives when managing capital are: to safeguard the Group's and the Company's ability to continue as a going concern, so that it can continue to provide returns for owners and benefits for other stakeholders, and to provide an adequate return to owners by pricing the sales commensurately with the level of risk. The management sets the amount of capital to meet its requirements and the risk taken. There were no changes in the approach to capital management during the reporting year. The management manages the capital structure and makes adjustments to it where necessary or possible in the light of changes in conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the management may adjust the amount of dividends paid to owners, return capital to owners, issue new shares, or sell assets to reduce debt. Adjusted capital comprises all components of equity (that is, share capital and reserves).

The management monitors the capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net (cash)/debt/adjusted capital (as shown below). Net debt is calculated as total borrowings less cash and cash equivalents.

As at the end of the reporting year, the Group's cash and cash equivalents were in excess of its total borrowings. Therefore, the debt-to-adjusted capital ratio may not provide a meaningful indicator of the risk from borrowings.

The subsidiaries incorporated in the PRC are subject to local currency exchange controls on the remittance of funds out of the PRC.

23A. Aoxin Q & M Employee Share Option Scheme

The Company adopted a long-term employee incentive scheme known as Aoxin Q & M Employee Share Option Scheme (the "Scheme") that was approved by its shareholders at the Extraordinary General Meeting held on 9 January 2019. The Scheme will expire on 8 January 2029.

Under the Scheme, the aggregate number of shares arising from options which the ESOS Committee may grant on any date, when added to the number of shares allotted and issued in respect of (i) all options and awards granted under the Scheme and the Aoxin Q & M Performance Share Plan, and (ii) all options or awards granted under other incentive schemes or share plans adopted by the Company and for the time being in force, shall not exceed 15% of the issued share capital (excluding treasury shares and subsidiary holdings) of the Company on the day immediately preceding the date of grant of the option.

The options granted by the Company do not entitle the holders of the options, by virtue of such holding, to any rights to participate in any share issue of any other company.

As at 31 December 2023 and 31 December 2024, there were no outstanding share options.

NOTES TO THE FINANCIAL STATEMENTS

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23. Share capital (cont'd)

23B. Aoxin Q & M Performance Share Plan

The Company adopted the Aoxin Q & M Performance Share Plan (the "Plan") that was approved by its shareholders at the Extraordinary General Meeting held on 9 January 2019. The Plan will expire on 8 January 2029.

The objective of the Plan is to incentivise participants to excel in their performance and encourage greater dedication and loyalty to the Company. Full-time executives (including executive directors) of the Company, its subsidiary companies or associated companies who hold such rank as may be designated by the PSP Committee from time to time and non-executive directors are eligible to participate in the Plan. The performance target(s), which shall be set according to the specific roles of the participant, will be at the discretion of the PSP Committee.

Under the Plan, the aggregate number of shares arising from awards which the PSP Committee may grant on any date, when added to the number of shares allotted and issued in respect of (i) all options and awards granted under the Scheme and the Plan, and (ii) all options or awards granted under other incentive schemes or share plans adopted by the Company and for the time being in force, shall not exceed 15% of the issued share capital (excluding treasury shares and subsidiary holdings) of the Company on the day immediately preceding the date of grant of the award.

On 20 January 2020, the Company granted awards in respect of 960,565 performance shares to one of the principal dentists of Anshan Lishan District Aoxin Q & M Stomatology Polyclinic Co., Ltd., a subsidiary of the Company, that would vest in accordance with the vesting schedules each commencing on 1 January 2020 and ending on 31 December 2029, subject to certain vesting conditions. On 24 December 2024, the Company issued 233,413 ordinary shares to this dentist in accordance to the Plan. The remaining 727,152 performance shares awarded had lapsed as the clinic where the dentist was operating ceased operation in October 2024 and the dentist has left the Group.

As at 31 December 2024, there are no (2023: 960,565) outstanding or unvested performance shares.

24. Other reserves

	<u>Group</u>		<u>Company</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
	RMB'000	RMB'000	RMB'000	RMB'000
Statutory reserve (Note 24A)	10,123	9,069	–	–
Share-based payment reserve (Note 24B)	6,736	7,403	6,736	7,403
Foreign currency translation reserve (Note 24C)	17,317	17,268	45,876	45,854
Other reserve (Note 24D)	(71,920)	(71,920)	–	–
	<u>(37,744)</u>	<u>(38,180)</u>	<u>52,612</u>	<u>53,257</u>

The other reserves are not available for cash dividends unless realised.

24A. Statutory reserve

In accordance with the relevant regulations in the PRC, the subsidiaries in the Group incorporated in the PRC are required to transfer a certain percentage of the profit after tax, if any, to a statutory reserve until the reserve balance reaches 50% of the registered capital. Subject to certain restrictions as set in the relevant PRC regulations, the statutory reserve which is not available for appropriation may be used to offset the accumulated losses, if any, of the subsidiaries.

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24. Other reserves (cont'd)

24B. Share-based payment reserve

	Group and Company	
	2024	2023
	RMB'000	RMB'000
At beginning of the year	7,403	7,282
Expense recognised in profit or loss (Note 7)	(417)	121
Issuance of new shares (Note 23)	(250)	–
At end of the year	<u>6,736</u>	<u>7,403</u>

The share-based payment reserve comprises:

- Shares subscription by Honour Pte. Ltd. The share issue price of \$0.12 (equivalent to RMB0.59) is \$0.08 (RMB0.39) lower than the IPO price of \$0.20 (RMB0.98). As prescribed in the agreement dated 11 July 2017 which was signed between the Company and Honour Pte. Ltd., eligible employees in the Group shall not sell or dispose of the shares within 5 years from 14 July 2017. Hence, the difference between the issue price and IPO price amounting to RMB6,400,000 (\$1,308,000) had been amortised to profit or loss over 5 years as share-based payments.
- Cumulative value of employee services received for the issue of share awards. When share awards vested, the cumulative amount in the share-based payment reserve which relates to the valuable consideration received in the form of employee services is transferred to share capital / reserve for own shares. See Note 23A and Note 23B for the detail of Aoxin Q & M Employee Share Option Scheme and Aoxin Q & M Performance Share Plan respectively.

24C. Foreign currency translation reserve

	Group		Company	
	2024	2023	2024	2023
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of the year	17,268	13,590	45,854	29,522
Exchange differences on translating foreign operations	49	3,678	22	16,332
At end of the year	<u>17,317</u>	<u>17,268</u>	<u>45,876</u>	<u>45,854</u>

The foreign currency translation reserve represents exchange differences arising from the translation of financial statements of the Company and a subsidiary, whose functional currency is in Singapore Dollar, to the Group's presentation currency.

24D. Other reserve

	Group
	2024
	RMB'000
At beginning and end of the year	<u>(71,920)</u>

Other reserve relates to the excess of the fair value of the shares issued over the net assets of the remaining equity interests in the subsidiaries acquired prior to 31 December 2016.

NOTES TO THE FINANCIAL STATEMENTS

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25. Lease liabilities

	<u>Group</u>		<u>Company</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current	10,945	17,504	246	469
Current	6,691	7,020	238	214
	<u>17,636</u>	<u>24,524</u>	<u>484</u>	<u>683</u>

The leases are for dental and medical clinics and office premises. The lease contracts are usually for fixed periods of 1 to 11 years but may have extension options. Lease terms contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

A summary of the maturity analysis of lease liabilities is disclosed in Note 29E. Total cash outflows from leases are shown in the statement of cash flows. The related information of right-of-use-assets are disclosed in Note 14.

The weighted average incremental borrowing rate applied to lease liabilities recognised is between 4.8% and 6.4% (2023: 4.8% and 6.4%) per annum.

Apart from the disclosures made in other notes to the financial statements, amounts relating to leases include the following:

	<u>Group</u>	
	<u>2024</u>	<u>2023</u>
	RMB'000	RMB'000
Expense relating to short-term leases included in other expenses	844	737
Expense relating to leases of low-value assets included in other expenses	<u>305</u>	<u>149</u>
Total commitments on short-term leases at year end date	<u>1,045</u>	<u>329</u>

Total cash outflows for all leases in the year amount to RMB9,731,000 (2023: RMB11,170,000).

As at 31 December 2024, the Group's short-term lease commitments at the reporting date are not substantially dissimilar to those giving rise to the Group's short-term lease expense for the year.

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26. Other financial liabilities

	<u>Group</u>		<u>Company</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
	RMB'000	RMB'000	RMB'000	RMB'000
Bank loans (unsecured)	<u>339</u>	<u>1,020</u>	<u>339</u>	<u>1,020</u>
Presented in the statements of financial position as follows:				
Non-current	–	339	–	339
Current	<u>339</u>	<u>681</u>	<u>339</u>	<u>681</u>
	<u>339</u>	<u>1,020</u>	<u>339</u>	<u>1,020</u>

The unsecured bank loan is a 5-year temporary bridging loan extended by a bank in Singapore.

27. Trade and other payables

	<u>Group</u>		<u>Company</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
	RMB'000	RMB'000	RMB'000	RMB'000
<u>Trade payables:</u>				
Outside parties and accrued liabilities	<u>19,377</u>	<u>16,550</u>	<u>3,173</u>	<u>3,034</u>
<u>Other payables:</u>				
Outside parties	3,489	4,272	–	–
Contract liabilities	<u>2,348</u>	<u>2,325</u>	<u>–</u>	<u>–</u>
Subtotal	<u>5,837</u>	<u>6,597</u>	<u>–</u>	<u>–</u>
Total trade and other payables	<u>25,214</u>	<u>23,147</u>	<u>3,173</u>	<u>3,034</u>

The contract liabilities are advance considerations received from customers. Contract liabilities are recognised as revenue as and when the Group satisfies the performance obligations under its contracts and these are expected within a year.

28. Operating lease income commitment – as lessor

The Group leases out equipment to a non-related party under operating leases. These leases are classified as operating lease because the risk and rewards incidental to ownership of the assets are not substantially transferred.

A maturity analysis of the undiscounted non-cancellable lease amounts to be received on an annual basis for a minimum of each of the first five years and a total of the amounts for the remaining years is as follows:

	<u>Group</u>	
	<u>2024</u>	<u>2023</u>
	RMB'000	RMB'000
Between 1 and 2 years	<u>119</u>	<u>183</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

29. Financial instruments: information on material policy information and financial risks

29A. Categories of financial assets and financial liabilities

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

	Group		Company	
	2024	2023	2024	2023
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets at amortised cost	109,845	88,718	46,995	46,780
Financial liabilities at amortised cost	40,841	46,366	3,996	4,737

Further quantitative disclosures are included throughout these financial statements.

29B. Financial risk management

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the entity's operating, investing and financing activities. There are exposures to the financial risks on the financial instruments such as credit risk, liquidity risk and market risk comprising interest rate risk, currency risk and price risk exposures. Management has certain practices for the management of financial risks. The guidelines set up the short and long-term objectives and action to be taken in order to manage the financial risks. The guidelines include the following:

- Minimise interest rate, currency, credit and market risk for all kinds of transactions.
- Maximise the use of "natural hedge": favouring as much as possible the natural off-setting of sales and costs and payables and receivables denominated in the same currency and therefore put in place hedging strategies only for the excess balance (if necessary). The same strategy is pursued with regard to interest rate risk.
- All financial risk management activities are carried out and monitored by senior management staff.
- All financial risk management activities are carried out following acceptable market practices.
- When appropriate consideration is given to entering into derivatives or any other similar instruments for hedging purposes.

There have been no changes to the exposures to risk; the objectives, policies and processes for managing the risk and the methods used to measure the risk.

The Group and the Company are exposed to currency and interest rate risks. There are no arrangements to reduce such risk exposures through derivatives and other hedging instruments.

29C. Fair values of financial instruments

The analyses of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 are disclosed in the relevant notes to the financial statements. These include both the significant financial instruments stated at amortised cost and at fair value in the statement of financial position. The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

29. Financial instruments: information on material policy information and financial risks (cont'd)

29D. Credit risk on financial assets

Financial assets subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner arise principally from cash balances with banks and receivables.

The general approach in the financial reporting standard on financial instruments is applied to measure expected credit losses (ECL) allowance on financial assets measured at amortised cost. On initial recognition, a loss allowance is recorded equal to the 12 month ECL unless the assets are considered credit impaired. The ECL allowance for debt assets is recognised at an amount equal to the lifetime ECL if the credit risk on that financial instrument has increased significantly since initial recognition. However, for trade receivables that do not contain a material financing component or when the reporting entity applies the practical expedient of not adjusting the effect of a material financing component, the simplified approach in calculating ECL is applied.

Under the simplified approach, the loss allowance is recognised at an amount equal to lifetime ECL at each reporting date using historical loss rates for the respective risk categories and incorporating forward-looking estimates. Lifetime ECL may be estimated individually or collectively.

For the credit risk on the financial assets an ongoing credit evaluation is performed on the financial condition of the debtors and any loss is recognised in profit or loss. Reviews and assessments of credit exposures in excess of designated limits are made. Renewals and reviews of credits limits are subject to the same review process.

Note 22 discloses the cash balances. There was no identified impairment loss.

29E. Liquidity risk – financial liabilities maturity analysis

The liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be settled at their contractual maturity.

The following table analyses the financial liabilities at the end of the reporting year by remaining contractual maturity (contractual undiscounted cash flows):

Group	Within 1 year RMB'000	Within 2 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
2024:				
Trade and other payables	25,214	–	–	25,214
Lease liabilities	7,549	11,105	3,945	22,599
Other financial liabilities	348	–	–	348
	<u>33,111</u>	<u>11,105</u>	<u>3,945</u>	<u>48,161</u>
2023:				
Trade and other payables	23,147	–	–	23,147
Lease liabilities	8,359	18,470	387	27,216
Other financial liabilities	697	348	–	1,045
	<u>32,203</u>	<u>18,818</u>	<u>387</u>	<u>51,408</u>

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29. Financial instruments: information on material policy information and financial risks (cont'd)

29E. Liquidity risk – financial liabilities maturity analysis (cont'd)

<u>Company</u>	Within 1 year RMB'000	Within 2 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
2024:				
Trade and other payables	3,173	–	–	3,173
Lease liabilities	251	251	–	502
Other financial liabilities	348	–	–	348
	<u>3,772</u>	<u>251</u>	<u>–</u>	<u>4,023</u>
2023:				
Trade and other payables	3,034	–	–	3,034
Lease liabilities	257	514	–	771
Other financial liabilities	697	348	–	1,045
	<u>3,988</u>	<u>862</u>	<u>–</u>	<u>4,850</u>

The undiscounted amounts on the borrowings with fixed and floating interest rates are determined by reference to the conditions existing at the reporting date.

The above amounts disclosed in the maturity analysis are the contractual undiscounted cash flows and such undiscounted cash flows differ from the amount included in the statement of financial position. When the counterparty has a choice of when an amount is paid, the liability is included based on the earliest date on which it can be required to pay.

The average credit period taken to settle current trade payables is about 60 (2023: 60) days. The classification of the financial assets is shown in the statement of financial position as they may be available to meet liquidity needs and no further analysis is deemed necessary.

29F. Interest rate risk

The Group is not exposed to material interest rate risk.

29G. Foreign currency risk

Foreign exchange risk arises on financial instruments that are denominated in a foreign currency that is a currency other than the functional currency in which they are measured. Currency risk does not arise from financial instruments that are non-monetary items or from financial instruments denominated in the functional currency as defined in the financial reporting standard on financial instruments.

Analysis of amounts of financial assets and financial liabilities at the end of the reporting year denominated in non-functional currencies is as follows:

<u>Group</u>	<u>United States Dollar</u>	
	<u>2024</u>	<u>2023</u>
	RMB'000	RMB'000
Financial assets:		
Cash and cash equivalents	<u>160</u>	<u>427</u>

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29. Financial instruments: information on material policy information and financial risks (cont'd)

29G. Foreign currency risk (cont'd)

Company	Chinese Renminbi		United States Dollar	
	2024	2023	2024	2023
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets:				
Trade and other receivables	17,506	15,983	–	–
Cash and cash equivalents	10,029	4,704	–	272
Total financial assets	27,535	20,687	–	272

Sensitivity analysis:

Group	2024	2023
	RMB'000	RMB'000
A hypothetical 10% (2023: 10%) strengthening in the exchange rate of Chinese Renminbi against the United States Dollar with all other variables held constant would have an adverse effect on pre-tax profit of:	(16)	(43)

Company

A hypothetical 10% (2023: 10%) strengthening in the exchange rate of the functional currency Singapore Dollar against Chinese Renminbi with all other variables held constant would have an adverse effect on pre-tax profit of:	(2,754)	(2,069)
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A hypothetical 10% (2023: 10%) strengthening in the exchange rate of the functional currency Singapore Dollar against the United States Dollar with all other variables held constant would have an adverse effect on pre-tax profit of:	–	(27)
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The above table shows sensitivity to a hypothetical percentage variation in the functional currencies of the Group's companies against the relevant material non-functional foreign currencies. The sensitivity rate used is the reasonably possible change in foreign exchange rates. For a similar rate weakening of the functional currencies against the relevant foreign currencies above, there would be comparable impacts in the opposite direction.

The hypothetical changes in exchange rates are not based on observable market data (unobservable inputs). The sensitivity analysis is disclosed for each non-functional currency to which the entity has significant exposure at end of the reporting year. The analysis above has been carried out on the basis that there are no hedged transactions.

In management's opinion, the above sensitivity analysis is unrepresentative of the foreign currency risks as the historical exposure does not reflect the exposure in future.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

30. Changes and adoption of financial reporting standards

For the current reporting year the ASC issued certain new or revised financial reporting standards. Those applicable to the Group are listed below and none had material impact on the Group.

<u>SFRS(I) No.</u>	<u>Title</u>
SFRS(I) 1-1	Presentation of Financial Statements- amendment relating to Classification of Liabilities as Current or Non-current
SFRS(I) 1- 1	Presentation of Financial Statements- amendment relating to Non-current Liabilities with Covenants
SFRS(I) 1-7 and 7	Supplier Finance Arrangements (amendment)
SFRS(I) 16	Lease Liability in a Sale and Leaseback (Amendments)
SFRS(I) PS 2	SFRS(I) Practice Statement 2 Making Materiality Judgements

31. New or amended standards in issue but not yet effective

The ASC issued certain new or revised financial reporting standards for the future reporting years. Those applicable to the Group for future reporting years are listed below.

<u>SFRS(I) No.</u>	<u>Title</u>	<u>Effective date for periods beginning on or after</u>
SFRS(I) 1-21	The Effects of Changes in Foreign Exchange Rates (amendment) Lack of Exchangeability	1 January 2025
SFRS(I) 9 and 7	Amendments to Classification and Measurement of Financial Instruments	1 January 2026
SFRS(I) 18	Presentation and disclosures in financial statements	1 January 2027
SFRS(I) 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
SFRS(I) 10 and SFRS(I) 1-28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

SFRS(I) 18 replaces SFRS(I) 1-1. The new version includes (a) revised presentation of specified categories and defined subtotals in the statement of profit or loss; (b) new disclosures on management-defined performance measures in the notes to the financial statements; and (c) improved disclosures of aggregation and disaggregation of balances.

The transfer to the applicable new or revised standards from the effective dates is not expected to result in material modification of the measurement methods or the presentation in the financial statements for the following reporting year from the known or reasonably estimable information relevant to assessing the possible impact that application of the new or revised standards may have on the Group's financial statements in the period of initial application.

APPENDIX E – RELEVANT PROVISIONS OF THE CONSTITUTION

The provisions in the Constitution relating to rights of Shareholders in respect of capital, dividends and voting are reproduced below.

All capitalised terms used in the following extracts shall have the same meanings ascribed to them in the Constitution, a copy of which is available for inspection at Company's registered office at 9 Raffles Place, #26-01, Republic Plaza, Singapore 048619, during normal business hours until the Closing Date.

(i) RIGHTS IN RESPECT OF CAPITAL

	SHARES
6.	The Company may, subject to and in accordance with the Act, purchase or otherwise acquire its issued shares on such terms and in such manner as the Company may from time to time think fit. If required by the Act, any share which is so purchased or acquired by the Company shall, unless held in treasury in accordance with the Act, be deemed to be cancelled immediately on purchase or acquisition by the Company. On the cancellation of any share as aforesaid, the rights and privileges attached to that share shall expire. In any other instance, the Company may hold or deal with any such share which is so purchased or acquired by it in such manner as may be permitted by, and in accordance with, the Act.
7.	<p>Subject to the Act and this Constitution, no shares may be issued by the Directors without the prior approval of the Company in General Meeting but subject thereto and to article 53, and to any special rights attached to any shares for the time being issued, the Directors may allot and issue shares or grant options over or otherwise dispose of the same to such persons on such terms and conditions and for such consideration (if any) and at such time and subject or not to the payment of any part of the amount (if any) thereof in cash as the Directors may think fit, and any shares may be issued with such preferential, deferred, qualified or special rights, privileges or conditions as the Directors may think fit, and preference shares may be issued which are or at the option of the Company are liable to be redeemed, the terms and manner of redemption being determined by the Directors provided always that:-</p> <p>(a) (subject to any direction to the contrary that may be given by the Company in General Meeting) any issue of shares for cash to Members holding shares of any class shall be offered to such Members in proportion as nearly as may be to the number of shares of such class then held by them and the provisions of the second sentence of article 53(1) with such adaptations as are necessary shall apply; and</p> <p>(b) any other issue of shares, the aggregate of which would exceed the limits referred to in article 53(2), shall be subject to the approval of the Company in General Meeting.</p>
8.	<p>(1) The rights attaching to shares of a class other than ordinary shares shall be expressed in this Constitution.</p> <p>(2) The Company may issue shares for which no consideration is payable to the Company.</p> <p>(3) Preference shares may be issued subject to such limitation thereof as may be prescribed by any stock exchange upon which the shares of the Company may be listed. Preference shareholders shall have the same rights as ordinary shareholders as regards receiving of notices, reports and balance sheets and attending General Meetings, and preference shareholders shall also have the right to vote at any General Meeting convened for the</p>

	<p>purpose of reducing the capital or winding-up or sanctioning a sale of the undertaking of the Company or where the proposal to be submitted to the General Meeting directly affects their rights and privileges or when the dividend on the preference shares is more than six months in arrears. In the event of preference shares being issued, the total number of issued preference shares shall not at any time exceed the total number of issued ordinary shares.</p> <p>(4) The Company has power to issue further preference capital ranking equally with, or in priority to, preference shares already issued.</p>
9.	The Company shall not exercise any right in respect of treasury shares other than as provided by the Act. Subject thereto, the Company may hold or deal with its treasury shares in the manner authorised by, or prescribed pursuant to, the Act.
10.	If, at any time the share capital is divided into different classes, subject to the provisions of the Act, preference capital, other than redeemable preference capital, or any alteration of preference shareholders' rights, may be repaid and the special rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be varied or abrogated with the sanction of a Special Resolution passed at a separate General Meeting of the holders of shares of the class and to every such Special Resolution the provisions of the Act shall with such adaptations as are necessary apply. To every such separate General Meeting the provisions of this Constitution relating to General Meetings shall mutatis mutandis apply; but so that the necessary quorum shall be two persons at least holding or representing by proxy at least one-third of the issued shares of the class and any holder of shares of the class present in person or by proxy may demand a poll. Provided always that where the necessary majority for such a Special Resolution is not obtained at such General Meeting, consent in writing if obtained from the holders of three-fourths of the issued shares of the class concerned within two months of the General Meeting shall be as valid and effectual as a Special Resolution carried at the General Meeting.
11.	The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall, unless otherwise expressly provided by the terms of issue of the shares of that class or by this Constitution as is in force at the time of such issue, be deemed to be varied by the issue of further shares ranking equally therewith.
12.	The Company may pay commission or brokerage on any issue of shares at such rate or amount and in such manner as the Directors may deem fit. Such commission or brokerage may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in one way and partly in the other.
13.	If any shares of the Company are issued for the purpose of raising money to defray the expenses of the construction of any works or buildings or the provision of any plant which cannot be made profitable for a long period, the Company may, subject to the conditions and restrictions mentioned in the Act, pay interest on so much of the share capital (except treasury shares) as is for the time being paid up and may charge the same to capital as part of the cost of the construction or provision.
14.	Except as required by law, no person shall be recognised by the Company as holding any share upon any trust and the Company shall not be bound by or compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any interest in any fractional part of a share or (except only as by this Constitution or by law otherwise provided) any other rights in respect of any share, except an absolute right to the entirety thereof in the person (other than the Depository or its nominee

	(as the case may be)) entered in the Register of Members as the registered holder thereof or (as the case may be) the person whose name is entered in the Depository Register in respect of that share.
15.	Except as herein provided no person shall exercise any rights or privileges of a Member until he is registered in the Register of Members or (as the case may be) the Depository Register as a Member and shall have paid all calls and other money due for the time being on every share held by him.
16.	<p>When two or more persons are registered as the holders of any share they shall be deemed to hold the same as joint tenants with benefit of survivorship subject to the provisions following:-</p> <p>(a) The Company shall not be bound to register more than three persons as the holders of any share except in the case of executors or administrators (or trustees) of the estate of a deceased Member.</p> <p>(b) For the purposes of a quorum joint-holders of any share shall be treated as one Member.</p> <p>(c) Only one certificate shall be issued in respect of any share.</p> <p>(d) Only the person whose name stands first in the Register of Members as one of the joint-holders of any share shall be entitled to delivery of the certificate relating to such share or to receive notices from the Company. Any notice served on any one of the joint-holders shall be deemed to have been duly served on all of them.</p> <p>(e) The joint-holders of any share shall be liable severally as well as jointly in respect of calls and any other payments which ought to be made in respect of such share.</p> <p>(f) Any one of the joint-holders of any share may give effectual receipts for any dividend, return of capital or other sum of money payable to such joint-holders in respect of such share.</p> <p>(g) On the death of any one of the joint-holders of any share the survivor or survivors shall be the only person or persons recognised by the Company as having any title to such share but the Directors may require such evidence of death as they think necessary to call for.</p> <p>(h) If more than one of such joint-holders are present in person or proxy at any General Meeting only that one of the joint-holders or his attorney or proxy, whose name stands first in the Register of Members or (as the case may be) the Depository Register amongst so present in person or proxy shall be entitled to vote in respect of any of the shares so held.</p>

	SHARE CERTIFICATES
17.	Every share certificate shall be issued under the Seal and shall specify the number and class of shares to which it relates, whether the shares are fully or partly paid up, and the amount (if any) unpaid thereon. No certificate shall be issued representing shares of more than one class.
18.	Every person whose name is entered as a Member in the Register of Members shall be entitled within ten market days (or such other period as may be approved by any stock exchange upon which the shares of the Company may be listed) of the closing date of any

	<p>application for shares or, as the case may be, the date of lodgement of a registrable transfer or on a transmission of shares to one certificate for all his shares of any one class or several certificates in reasonable denominations each for a part of the shares so allotted or transferred. If a Member shall require several certificates each for a part of the shares so allotted or transferred or included in the transmission or if a Member transfers part only of the shares comprised in a certificate or requires the Company to cancel any certificate or certificates and issue new certificates for the purpose of subdividing his holding in a different manner the Member shall pay prior to the issue of the certificates or certificate a fee not exceeding \$2 for each such new certificate as the Directors may determine.</p>
19.	<p>Subject to the provisions of the Act, if any certificate shall be defaced, worn out, destroyed, lost or stolen, a new certificate may be issued in lieu thereof on such evidence being produced and a letter of indemnity (if required) being given by the shareholder, transferee, person entitled, purchaser, member firm or member company of any stock exchange upon which the shares of the Company may be listed or on behalf of its or their client or clients as the Directors shall require, and (in case of defacement or wearing out) on delivery up of the old certificate and in any case on payment of such sum not exceeding \$2 as the Directors may from time to time require. In the case of destruction, loss or theft, a shareholder or person entitled to whom such new certificate is given shall also bear the loss and pay to the Company all expenses incidental to the investigations by the Company of the evidence of such destruction or loss.</p>

	TRANSFER OF SHARES
20.	<p>Subject to the provisions of this Constitution, all transfers of shares shall be effected by written instrument of transfer in the form as approved by any stock exchange upon which the shares of the Company may be listed or in any other form acceptable to the Directors.</p>
21.	<p>The instrument of transfer of any share shall be signed by or on behalf of both the transferor and the transferee and be witnessed, provided that an instrument of transfer in respect of which the transferee is the Depository or its nominee (as the case may be) shall be effective although not signed or witnessed by or on behalf of the Depository or its nominee (as the case may be). The transferor shall remain the holder of the share concerned until the name of the transferee is entered in the Register of Members in respect thereof.</p>
22.	<p>No shares shall in any circumstances be transferred to any infant, bankrupt or person who is mentally disordered and incapable of managing himself or his affairs.</p>
23.	<p>There shall be no restriction on the transfer of fully paid up shares (except as required by law, the listing rules of any stock exchange upon which the shares of the Company may be listed or the rules and/or bye-laws governing any stock exchange upon which the shares of the Company may be listed) but the Directors may in their discretion decline to register any transfer of shares upon which the Company has a lien and in the case of shares not fully paid up may refuse to register a transfer to a transferee of whom they do not approve.</p>
24.	<p>If the Directors refuse to register a transfer of any share, they shall within ten market days after the date on which the transfer was lodged with the Company, send to the transferor and the transferee notice of refusal as required by the Act.</p>

25.	<p>The Directors may decline to register any instrument of transfer unless:-</p> <p>(a) such fee not exceeding \$2 as the Directors may from time to time require, is paid to the Company in respect thereof;</p> <p>(b) the amount of proper duty (if any) with which each instrument of transfer is chargeable under any law for the time being in force relating to stamps is paid;</p> <p>(c) the instrument of transfer is deposited at the Office or at such other place (if any) as the Directors may appoint accompanied by a certificate of payment of stamp duty (if any), the certificates of the shares to which the transfer relates, and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer and, if the instrument of transfer is executed by some other person on his behalf, the authority of the person so to do; and</p> <p>(d) the instrument of transfer is in respect of only one class of shares.</p> <p>All instruments of transfer which are registered may be retained by the Company, but any instrument of transfer which the Directors may decline to register shall be returned to the person depositing the same except in the case of fraud.</p>
26.	<p>The registration of transfers may be suspended at such times and for such period as the Directors may from time to time determine provided always that such registration shall not be suspended for more than thirty days in any year. The Company shall give prior notice of such closure as may be required to any stock exchange upon which the shares of the Company may be listed, stating the period and the purpose or purposes of such closure.</p>
27.	<p>Nothing in this Constitution shall preclude the Directors from recognising a renunciation of the allotment of any share by the allottee in favour of some other person.</p>

	TRANSMISSIONS OF SHARES
28.	<p>(1) In the case of the death of a Member whose name is entered in the Register of Members, the survivor or survivors where the deceased was a joint-holder, and the executors or administrators of the deceased where he was a sole or only surviving holder, shall be the only persons recognised by the Company as having any title to his interest in the shares.</p> <p>(2) In the case of the death of a Member who is a Depositor, the survivor or survivors where the deceased was a joint-holder, and the executors or administrators of the deceased where he was a sole or only surviving holder and where such executors or administrators are entered in the Depository Register in respect of any shares of the deceased Member, shall be the only persons recognised by the Company as having any title to his interest in the shares.</p> <p>(3) Nothing in this article shall release the estate of a deceased holder from any liability in respect of any share solely or jointly held by him.</p>
29.	<p>Any person becoming entitled to the legal title in a share in consequence of the death or bankruptcy of a Member whose name is entered in the Register of Members, and any guardian of an infant becoming entitled to the legal title in a share and whose name is entered in the Register of Members, and any person as properly has the management of the estate of a Member whose name is entered in the Register of Members and who is mentally disordered and incapable of managing himself or his affairs may, upon such evidence being produced as may from time to time properly be required by the Directors</p>

	and subject as hereinafter provided, elect either to be registered himself as holder of the share or transfer the share to some other person, but the Directors shall, in either case, have the same right to decline or suspend registration as they would have had in the case of a transfer of the share by a Member.
30.	If the person so becoming entitled shall elect to be registered himself, he shall deliver or send to the Company a notice in writing in a form approved by the Directors signed by him stating that he so elects. If he shall elect to transfer the share to another person he shall testify his election by executing to that person a transfer of the share. All the limitations, restrictions and provisions of this Constitution relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the event upon which transmission took place had not occurred and the notice or transfer were a transfer signed by the person from whom the title by transmission is derived.
31.	A person becoming entitled to a share by transmission shall be entitled to receive and give a discharge for the same dividends and be entitled to the other advantages to which he would be entitled if he were the Member in respect of the share, except that he shall not, before being registered as a Member in the Register of Members or before his name shall have been entered in the Depository Register in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to General Meetings.
32.	The Directors may at any time give notice requiring any person entitled to a share by transmission to elect either to be registered himself or to transfer the share, and if the notice is not complied with within ninety days the Directors may thereafter withhold payment of all dividends, or other moneys payable in respect of the share until the requirements of the notice have been complied with.
33.	There shall be paid to the Company in respect of the registration of any probate, letters of administration, certificate of marriage or death, power of attorney or other document relating to or affecting the title to any shares, such fee not exceeding \$2 as the Directors may from time to time require or prescribe.

CALLS ON SHARES	
34.	The Directors may from time to time make calls upon the Members in respect of any moneys unpaid on their shares and not by the conditions of allotment thereof made payable at fixed times, and each Member shall (subject to receiving at least fourteen days' notice specifying the time or times and place of payment) pay to the Company at the time or times and place so specified the amount called on his shares. A call may be revoked or postponed as the Directors may determine.
35.	A call shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed and may be required to be paid by instalments.
36.	If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom it is due shall pay interest on the sum from the day appointed for payment thereof to the time of actual payment at such rate not exceeding eight per cent per annum as the Directors may determine, but the Directors shall be at liberty to waive payment of such interest wholly or in part.
37.	Any sum which by the terms of issue of a share becomes payable on allotment or at any fixed date shall for the purposes of this Constitution be deemed to be a call duly made and payable on the date on which by the terms of issue the same becomes payable, and in case of non- payment all the relevant provisions of this Constitution as to payment of interest and

	expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.
38.	The Directors may, on the issue of shares, differentiate between the holders as to the amount of calls to be paid and the times of payment.
39.	The Directors may, if they think fit, receive from any Member willing to advance the same all or any part of the moneys uncalled and unpaid upon the shares held by him and such payments in advance of calls shall extinguish, so far as the same shall extend, the liability upon the shares in respect of which it is made, and upon the moneys so received or so much thereof as from time to time exceed the amount of the call then made upon the shares concerned, the Company may pay interest at such rate not exceeding eight per cent per annum as the Member paying such sum and the Directors agree upon. Capital paid on shares in advance of calls shall not whilst carrying interest confer a right to participate in profits.
40.	The Directors may apply all dividends which may be declared in respect of any shares in payment of any calls made or instalments payable and which may remain unpaid in respect of the same shares.

	LIEN AND FORFEITURE
41.	The Company shall have a first and paramount lien and charge on every share (not being a fully paid share) registered in the name of each Member (whether solely or jointly with others) and on the dividends declared or payable in respect thereof. Such lien shall be restricted to unpaid calls and instalments upon the specific shares in respect of which such moneys are due and unpaid, and to such amount as the Company may be called upon by law to pay in respect of the shares of the Member or deceased Member.
42.	For the purpose of enforcing such lien the Directors may sell all or any of the shares subject thereto in such manner as they think fit but no sale shall be made until such time as the moneys owing to the Company are presently payable and until a notice in writing stating the amount due and demanding payment and giving notice of intention to sell in default shall have been served in such manner as the Directors shall think fit on such Member or the person (if any) entitled to effect a transmission of the shares and who shall have produced to the Company satisfactory evidence of such capacity and default in payment shall have been made by him or them for fourteen days after such notice. Provided always that if a Member shall have died or become mentally disordered and incapable of managing himself or his affairs or bankrupt and no person shall have given to the Company satisfactory proof of his right to effect a transmission of the shares held by such Member the Directors may exercise such power of sale without serving any such notice.
43.	Upon any sale being made by the Directors of any shares to satisfy the lien of the Company thereon the proceeds shall be applied first in the payment of the costs of such sale, next in satisfaction of the debt, obligation, engagement or liability of the Member to the Company and the residue (if any) shall be paid to the Member whose shares have been forfeited or as he shall direct or to his executors, administrators or assigns.

44.	A statutory declaration in writing that the declarant is a Director and that a share has been duly forfeited or surrendered or sold to satisfy a lien of the Company on a date stated in the declaration shall be conclusive evidence of the facts stated therein as against all persons claiming to be entitled to the share, and such declaration and the receipt of the Company for the consideration (if any) given for the share on the sale, re-allotment or disposal thereof together (where the same be required) with the share certificate delivered to a purchaser (or where the purchaser is a Depositor, to the Depository or its nominee (as the case may be))
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	or allottee thereof shall (subject to the execution of a transfer if the same be required) constitute good title to the share and the share shall be registered in the name of the person to whom the share is sold, re-allotted or disposed of or, where such person is a Depositor, the Company shall procure that his name be entered in the Depository Register in respect of the share so sold, re- allotted or disposed of. Such person shall not be bound to see to the application of the purchase money (if any) nor shall his title to the share be affected by any irregularity or invalidity in the proceedings relating to the forfeiture, surrender, sale, re-allotment or disposal of the share.
45.	In the event of a forfeiture of shares or a sale of shares to satisfy the Company's lien thereon the Member or other person who prior to such forfeiture or sale was entitled thereto shall be bound to deliver and shall forthwith deliver to the Company the certificate or certificates held by him for the shares so forfeited or sold.
46.	If a Member fails to pay any call or any part thereof on the day appointed for payment thereof, the Directors may, at any time thereafter during such time as any part of the call or instalment remains unpaid, serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued and any expenses incurred by the Company by reason of such non-payment.
47.	The notice shall name a further day (not earlier than the expiration of fourteen days from the date of service of the notice) on or before which the payment required by the notice is to be made, and shall state that in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.
48.	If the requirements of such notice as aforesaid are not complied with, any share in respect of which the notice has been given may at any time thereafter before all payments required by the notice have been made, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited share and not actually paid before the forfeiture. The Directors may accept a surrender of any share liable to be forfeited hereunder.
49.	A share so forfeited or surrendered shall become the property of the Company and may be sold, re-allotted or otherwise disposed of either to the person who was before such forfeiture or surrender the holder thereof or entitled thereto, or to any other person, upon such terms and in such manner as the Directors shall think fit, and at any time before a sale, re-allotment or disposition the forfeiture or surrender may be cancelled on such terms as the Directors think fit. To give effect to any such sale, the Directors may, if necessary, authorise some person to transfer or effect the transfer of a forfeited or surrendered share to any such person as aforesaid.
50.	A Member whose shares have been forfeited or surrendered shall cease to be a Member in respect of the shares, but shall notwithstanding the forfeiture or surrender remain liable to pay to the Company all moneys which at the date of forfeiture or surrender were payable by him to the Company in respect of the shares with interest thereon at eight per cent per annum (or such lower rate as the Directors may approve) from the date of forfeiture or surrender until payment, but such liability shall cease if and when the Company receives payment in full of all such money in respect of the shares and the Directors may waive payment of such interest either wholly or in part.
51	The provisions of this Constitution as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time as if the same had been payable by virtue of a call duly made and notified.

	ALTERATION OF SHARE CAPITAL
52.	Without prejudice to any special rights previously conferred on the holders of any shares or class of shares for the time being issued, any share in the Company may be issued with such preferred, deferred or other special, limited or conditional rights, or subject to such restrictions, whether as regards dividend, return of capital, voting or otherwise, or which do not confer voting rights, as the Company may from time to time by Ordinary Resolution or, if required by the Act, by Special Resolution determine (or, in the absence of any such determination, but subject to the Act, as the Directors may determine) and subject to the provisions of the Act, the Company may issue preference shares which are, or at the option of the Company are, liable to be redeemed.
53.	<p>(1) Subject to any direction to the contrary that may be given by the Company in General Meeting or except as permitted under the listing rules of the Singapore Exchange Securities Trading Limited, all new shares shall before issue be offered to such persons who as at the date of the offer are entitled to receive notices from the Company of General Meetings in proportion as far as the circumstances admit, to the number of the existing shares to which they are entitled. In offering such new shares in the first instance to all the then holders of any class of shares the offer shall be made by notice specifying the number of shares offered and limiting the time within which the offer if not accepted will be deemed to be declined and after the expiration of that time or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of those shares in such manner as they think most beneficial to the Company and the Directors may as they think most beneficial to the Company dispose of any such new shares which by reason of the proportion borne by them to the shares held by holders entitled to any such offer or by reason of any other difficulty in apportioning the same cannot, in the opinion of the Directors, be conveniently offered under this article.</p> <p>(2) Notwithstanding article 53(1) but subject to article 8(3), the Company may by Ordinary Resolution in General Meeting give to the Directors a general authority, either unconditionally or subject to such conditions as may be specified in the Ordinary Resolution, to:-</p> <p>(a) issue shares of the Company ("shares") whether by way of rights, bonus or otherwise and/or make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares; and</p> <p>(b) (notwithstanding the authority conferred by the Ordinary Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the Ordinary Resolution was in force, provided that:-</p> <p>(i) the aggregate number of shares to be issued pursuant to the Ordinary Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to the Ordinary Resolution) shall be subject to such limits and manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited;</p> <p>(ii) in exercising the authority conferred by the Ordinary Resolution, the Company shall comply with the provisions of the listing rules of the Singapore Exchange Securities Trading Limited for the time being in force (unless such compliance</p>

	<p>is waived by the Singapore Exchange Securities Trading Limited) and this Constitution; and</p> <p>(iii) (unless revoked or varied by the Company in General Meeting) the authority conferred by the Ordinary Resolution shall not continue in force beyond the conclusion of the Annual General Meeting next following the passing of the Ordinary Resolution, or the date by which such Annual General Meeting is required by law to be held, or the expiration of such other period as may be prescribed by the Act (whichever is the earliest).</p>
54.	Except so far as otherwise provided by the conditions of issue or by this Constitution, all new shares shall be subject to the provisions of the Act and this Constitution with reference to allotments, payment of calls, lien, transfer, transmission, forfeiture and otherwise.

55.	<p>(1) The Company may by Ordinary Resolution:-</p> <p>(a) consolidate and divide all or any of its shares;</p> <p>(b) subdivide its shares or any of them (subject nevertheless to the provisions of the Act and this Constitution) provided always that in such subdivision the proportion between the amount paid and the amount (if any) unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived; and</p> <p>(c) subject to the provisions of this Constitution and the Act, convert its share capital or any class of shares from one currency to another currency.</p> <p>(2) The Company may by Special Resolution, subject to and in accordance with the Act and other applicable laws, convert one class of shares into another class of shares, provided always that a multiple vote share structure shall not be adopted unless the listing rules of the Singapore Exchange Securities Trading Limited have been amended to allow the same.</p>
56.	The Company may by Special Resolution reduce its share capital, or any other undistributable reserve in any manner and subject to any incident authorised and consent required by law. Without prejudice to the generality of the foregoing, upon cancellation of any share purchased or otherwise acquired by the Company pursuant to this Constitution and the Act, the number of issued shares of the Company shall be diminished by the number of the shares so cancelled, and, where any such cancelled share was purchased or acquired out of the capital of the Company, the amount of share capital of the Company shall be reduced accordingly.

	CONVERSION OF SHARES INTO STOCK
57.	The Company may by Ordinary Resolution convert any paid-up shares into stock, and may from time to time by like resolution re-convert any stock into paid-up shares of any denomination.
58.	The holders of stock may transfer the same or any part thereof in the same manner and subject to the same articles as and subject to which the shares from which the stock arose might previously to conversion have been transferred or as near thereto as circumstances

	admit; but the Directors may from time to time fix the minimum number of stock units transferable and restrict or forbid the transfer of fractions of that minimum.
59.	The holders of stock shall, according to the number of stock units held by them, have the same rights, privileges and advantages as regards dividend, return of capital, voting and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except as regards dividend and return of capital and the assets on winding up) shall be conferred by any such number of stock units which would not if existing in shares have conferred that privilege or advantage; and no such conversion shall affect or prejudice any preference or other special privileges attached to the shares so converted.
60.	The provisions of this Constitution which are applicable to paid-up shares shall, so far as circumstances will admit, apply to stock, and the words "share" and "shareholder" therein shall include "stock" and "stockholder".

	CAPITALISATION OF PROFITS AND RESERVES
152.	<p>(1) The Directors may, with the sanction of an Ordinary Resolution of the Company, including any Ordinary Resolution passed pursuant to article 53(2) (but subject to article 8(3)):-</p> <p>(a) issue bonus shares for which no consideration is payable to the Company to the persons registered as holders of shares in the Register of Members or (as the case may be) the Depository Register at the close of business on:-</p> <p>(i) the date of the Ordinary Resolution (or such other date as may be specified therein or determined as therein provided); or</p> <p>(ii) (in the case of an Ordinary Resolution passed pursuant to article 53(2)) such other date as may be determined by the Directors, in proportion to their then holdings of shares; and/or</p> <p>(b) capitalise any sum standing to the credit of any of the Company's reserve accounts or other undistributable reserve or any sum standing to the credit of profit and loss account by appropriating such sum to the persons registered as holders of shares in the Register of Members or (as the case may be) in the Depository Register at the close of business on:-</p> <p>(i) the date of the Ordinary Resolution (or such other date as may be specified therein or determined as therein provided); or</p> <p>(ii) (in the case of an Ordinary Resolution passed pursuant to article 53(2)) such other date as may be determined by the Directors,</p> <p>in proportion to their then holdings of shares and applying such sum on their behalf in paying up in full new shares (or, subject to any special rights previously conferred on any shares or class of shares for the time being issued, new shares of any other class not being redeemable shares) for allotment and distribution credited as fully paid up to and amongst them as bonus shares in the proportion aforesaid.</p> <p>(2) The Directors may do all acts and things considered necessary or expedient to give effect to any such bonus issue or capitalisation under article 152(1), with full power to the Directors to make such provisions as they think fit for any fractional entitlements which would arise on the basis aforesaid (including provisions whereby fractional</p>

	<p>entitlements are disregarded or the benefit thereof accrues to the Company rather than to the Members concerned). The Directors may authorise any person to enter on behalf of all the Members interested into an agreement with the Company providing for any such bonus issue or capitalisation and matters incidental thereto and any agreement made under such authority shall be effective and binding on all concerned.</p> <p>(3) In addition and without prejudice to the powers provided for by articles 152(1) and 152(2), the Directors shall have power to issue shares for which no consideration is payable and/or to capitalise any undivided profits or other moneys of the Company not required for the payment or provision of any dividend on any shares entitled to cumulative or non-cumulative preferential dividends (including profits or other moneys carried and standing to any reserve or reserves) and to apply such profits or other moneys in paying up in full new shares, in each case on terms that such shares shall, upon issue:-</p> <p>(a) be held by or for the benefit of participants of any share incentive or option scheme or plan implemented by the Company and approved by shareholders in General Meeting and on such terms as the Directors shall think fit; or</p> <p>(b) be held by or for the benefit of non-executive Directors as part of their remuneration under article 91 and/or article 92(2) approved by shareholders in General Meeting in such manner and on such terms as the Directors shall think fit.</p> <p>The Directors may do all such acts and things considered necessary or expedient to give effect to any of the foregoing.</p>
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(ii) RIGHTS IN RESPECT OF DIVIDENDS

	RESERVES
151.	<p>The Directors may from time to time set aside out of the profits of the Company and carry to reserve such sums as they think proper which, at the discretion of the Directors, shall be applicable for meeting contingencies or for the gradual liquidation of any debt or liability of the Company or for repairing or maintaining the works, plant and machinery of the Company or for special dividends or bonuses or for equalising dividends or for any other purpose to which the profits of the Company may properly be applied and pending such application may either be employed in the business of the Company or be invested. The Directors may divide the reserve into such special funds as they think fit and may consolidate into one fund any special funds or any parts of any special funds into which the reserve may have been divided. The Directors may also without placing the same to reserve carry forward any profits which they may think it not prudent to divide.</p>

	DIVIDENDS
137.	<p>The Company in General Meeting may declare dividends, but no dividend shall exceed the amount recommended by the Directors.</p>
138.	<p>The Directors may from time to time pay to the Members such interim dividends as appear to the Directors to be justified by the profits of the Company.</p>
139.	<p>No dividend shall be paid otherwise than out of profits.</p>

140.	<p>Subject to any rights or restrictions attached to any shares or class of shares and except as otherwise permitted under the Act:-</p> <p>(a) all dividends in respect of shares must be paid in proportion to the number of shares held by a Member but where shares are partly paid all dividends must be apportioned and paid proportionately to the amounts paid or credited as paid on the partly paid shares; and</p> <p>(b) all dividends must be apportioned and paid proportionately to the amounts so paid or credited as paid during any portion or portions of the period in respect of which the dividend is paid.</p> <p>For the purposes of this article, an amount paid or credited as paid on a share in advance of a call is to be ignored.</p>
141.	Whenever the Directors or the Company in General Meeting have resolved or proposed that a dividend (including an interim, final, special or other dividend) be paid or declared on the ordinary share capital of the Company, the Directors may further resolve that Members entitled to such dividend be entitled to elect to receive an allotment of ordinary shares credited as fully paid in lieu of cash in respect of the whole or such part of the dividend as the Directors may think fit.
142.	The Directors may retain any dividends or other moneys payable on or in respect of a share on which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities, or engagements in respect of which the lien exists.
143.	Any General Meeting declaring a dividend may direct payment of such dividend wholly or partly by the distribution of specific assets and in particular of paid up shares, debentures or debenture stock of any other company or in any one or more of such ways, and the Directors shall give effect to such resolution and where any difficulty arises in regard to such distribution, the Directors may settle the same as they think expedient, and in particular may issue fractional certificates and fix the value for distribution of such specific assets or any part thereof and may determine that cash payments shall be made to any Members upon the footing of the value so fixed in order to adjust the rights of all parties and may vest any such specific assets in trustees as may seem expedient to the Directors. No valuation, adjustment or arrangement so made shall be questioned by any Member.
144.	Any dividend, interest or other moneys payable in cash on or in respect of shares may be paid by cheque, draft, warrant or Post Office order sent through the post directed to the registered address of the holder or in the case of joint holders, to the registered address of that one of the joint holders who is first named in the Register of Members or (as the case may be) the Depository Register or to such person and to such address as the holder or joint holders may in writing direct. Every such cheque, draft, warrant or Post Office order shall be payable to the order of the person to whom it is sent.
145.	Every such cheque, draft, warrant or Post Office order shall be sent at the risk of the person entitled to the money represented thereby, and the Company shall not be responsible for the loss of any cheque, draft, warrant or Post Office order which shall be sent by post duly addressed to the person for whom it is intended.
146.	No unpaid dividend shall bear interest against the Company.
147.	A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer.

148.	The Directors may retain the dividends payable upon shares in respect of which any person is under the provisions as to the transmission of shares hereinbefore contained entitled to become a Member or which any person under that article is entitled to transfer, until such person shall become a Member in respect thereof or shall duly transfer the same.
149.	The payment by the Directors of any unclaimed dividends or other moneys payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof. All dividends unclaimed after being declared may be invested or otherwise made use of by the Directors for the benefit of the Company and any dividend unclaimed after a period of six years from the date of declaration of such dividend may be forfeited and if so shall revert to the Company but the Directors may at any time thereafter at their absolute discretion annul any such forfeiture and pay the dividend so forfeited to the person entitled thereto prior to the forfeiture. If the Depository returns any such dividend or moneys to the Company, the relevant Depositor shall not have any right or claim in respect of such dividend or moneys against the Company if a period of six years has elapsed from the date of the declaration of such dividend or the date on which such other moneys are first payable.
150.	A payment by the Company to the Depository of any dividend or other moneys payable to a Depositor shall, to the extent of the payment made, discharge the Company from any liability to the Depositor in respect of that payment.

(iii) RIGHTS IN RESPECT OF VOTING

	GENERAL MEETINGS
61.	<p>(1) Save as otherwise permitted under the Act, an Annual General Meeting shall be held once in every year, at such time (within a period of not more than 15 months after the holding of the last preceding Annual General Meeting) and place as may be determined by the Directors.</p> <p>(2) All General Meetings other than Annual General Meetings shall be called Extraordinary General Meetings.</p>
62.	The Directors may, whenever they think fit, convene an Extraordinary General Meeting and Extraordinary General Meetings shall also be convened by such requisition or, in default, may be convened by such requisitionists, in accordance with the provisions of the Act. If at any time there are not within Singapore sufficient Directors capable of acting to form a quorum at a meeting of Directors, any Director may convene an Extraordinary General Meeting in the same manner as nearly as possible as that in which meetings may be convened by the Directors.

	NOTICE OF GENERAL MEETINGS
63.	(1) Any General Meeting at which it is proposed to pass a Special Resolution or (save as provided by the Act) a resolution of which special notice has been given to the Company shall be called by at least twenty-one days' notice in writing and any Annual General Meeting and any other Extraordinary General Meeting by at least fourteen days' notice in writing. The period of notice shall in each case be exclusive of the day on which it is served or deemed to be served and of the day on which the General Meeting is to be held and shall be given in the manner hereinafter mentioned to such persons as are under the provisions herein contained and the Act entitled to receive such notices from the Company; Provided that a General Meeting notwithstanding that it has been called by a shorter notice than that specified above shall be deemed to have been duly called if it is so agreed:-

	<p>(a) in the case of an Annual General Meeting by all the Members entitled to attend and vote thereat; and</p> <p>(b) in the case of an Extraordinary General Meeting by a majority in number of the Members having a right to attend and vote thereat, being a majority together holding not less than 95 per cent of the total voting rights of all the Members having a right to vote at that meeting.</p> <p>Provided also that the accidental omission to give notice to, or the non-receipt by any person entitled thereto, shall not invalidate the proceedings at any General Meeting. At least fourteen days' notice of any General Meeting shall be given by advertisement in the daily press and in writing to any stock exchange upon which the shares of the Company may be listed.</p> <p>(2) Notice of every General Meeting shall be given to:-</p> <p>(a) every Member;</p> <p>(b) every person entitled to a share in consequence of the death or bankruptcy or otherwise of a Member who but for the same would be entitled to receive notice of the General Meeting; and</p> <p>(c) the Auditor for the time being of the Company.</p>
64.	<p>(1) Every notice calling a General Meeting shall specify the place and the day and hour of the meeting, and there shall appear with reasonable prominence in every such notice a statement that a Member entitled to attend and vote is entitled to appoint a proxy to attend and to vote instead of him and that a proxy need not be a Member.</p> <p>(2) In the case of an Annual General Meeting, the notice shall also specify the meeting as such.</p> <p>(3) In the case of any General Meeting at which business other than routine business is to be transacted, the notice shall specify the general nature of the business; and if any resolution is to be proposed as a Special Resolution or as requiring special notice, the notice shall contain a statement to that effect.</p>
65.	<p>Routine business shall mean and include only business transacted at an Annual General Meeting of the following classes, that is to say:-</p> <p>(a) declaring dividends;</p> <p>(b) considering and adopting the financial statements, the Directors' statement, the Auditor's report and other documents required to be attached to the financial statements;</p> <p>(c) appointing or re-appointing the Auditor and fixing the remuneration of the Auditor or determining the manner in which such remuneration is to be fixed; and</p> <p>(d) appointing or re-appointing Directors in place of those retiring by rotation or otherwise and fixing the remuneration of the Directors.</p>
66.	<p>Any notice of a General Meeting to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business.</p>

	PROCEEDINGS AT GENERAL MEETINGS
67.	No business shall be transacted at any General Meeting unless a quorum is present at the time when the meeting proceeds to business. Save as herein otherwise provided, five Members present in person or by proxy shall form a quorum.
68.	If within half an hour from the time appointed for the General Meeting (or such longer interval as the Chairman of the meeting may think fit to allow) a quorum is not present, the meeting, if convened on the requisition of Members, shall be dissolved. In any other case it shall stand adjourned to the same day in the next week (or if that day is a public holiday then to the next business day following that public holiday) at the same time and place, or to such other day and at such other time and place as the Directors may determine, and if at such adjourned meeting a quorum is not present within fifteen minutes from the time appointed for holding the meeting, the Members present in person or by proxy shall be deemed to be a quorum.
69.	The Chairman, if any, of the Directors shall preside as Chairman at every General Meeting. If there be no such Chairman or if at any General Meeting he be not present within fifteen minutes after the time appointed for holding the meeting or be unwilling to act, the Members present shall choose some Director to be Chairman of the meeting or, if no Director be present or if all the Directors present decline to take the chair, one of their number present to be Chairman.
70.	The Chairman may, with the consent of any General Meeting at which a quorum is present (and shall if so directed by the meeting) adjourn the meeting from time to time (or sine die) and from place to place, but no business shall be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting from which the adjournment took place. Where a General Meeting is adjourned sine die, the time and place for the adjourned meeting shall be fixed by the Directors. When a General Meeting is adjourned for thirty days or more or sine die, notice of the adjourned meeting shall be given as in the case of the original meeting. Save as aforesaid, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned General Meeting.
71.	<p>(1) If required by the listing rules of any stock exchange upon which the shares of the Company may be listed, all resolutions at General Meetings shall be voted by poll (unless such requirement is waived by such stock exchange).</p> <p>(2) Subject to article 71(1), at any General Meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll be (before or on the declaration of the result of the show of hands) demanded:-</p> <p>(a) by the Chairman; or</p> <p>(b) by at least five Members present in person or by proxy and entitled to vote thereat; or</p> <p>(c) by any Member or Members present in person or by proxy and representing not less than five per cent of the total voting rights of all the Members having the right to vote at the General Meeting; or</p> <p>(d) by a Member or Members present in person or by proxy, holding shares conferring a right to vote at the General Meeting, being shares on which an aggregate sum has been paid up equal to not less than five per cent of the total sum paid up on all the shares conferring that right.</p> <p>A demand for a poll made pursuant to this article 71(2) shall not prevent the continuance of the General Meeting for the transaction of any business, other than the question on which the poll has been demanded. Unless a poll be so demanded (and the demand be not</p>

	withdrawn) a declaration by the Chairman that a resolution has been carried or carried unanimously or by a particular majority or lost and an entry to that effect in the minute book shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution. A demand for a poll may be withdrawn.
72.	Where a poll is taken, it shall be taken in such manner (including the use of ballot or voting papers or tickets) as the Chairman may direct and the result of the poll shall be deemed to be the resolution of the General Meeting. The Chairman may (and, if required by the listing rules of any stock exchange upon which the shares of the Company may be listed or if so requested by the meeting, shall) appoint scrutineers and may adjourn the meeting to some place and time fixed by him for the purpose of declaring the result of the poll.
73.	If any votes be counted which ought not to have been counted or might have been rejected, the error shall not vitiate the result of the voting unless it be pointed out at the same General Meeting or at any adjournment thereof and not in any case unless it shall in the opinion of the Chairman be of sufficient magnitude.
74.	In the case of an equality of votes, whether on a poll or on a show of hands, the Chairman of the meeting at which the poll or show of hands takes place shall be entitled to a casting vote.
75.	A poll on the election of a Chairman or on a question of adjournment shall be taken forthwith. A poll on any other question shall be taken either immediately or at such subsequent time (not being more than thirty days from the date of the General Meeting) and place as the Chairman may direct. No notice need be given of a poll not taken immediately.
76..	After the Chairman of any meeting shall have declared the General Meeting to be over and shall have left the chair no business or question shall under any pretext whatsoever be brought forward or discussed.

	VOTES OF MEMBERS
77.	<p>(1) Subject and without prejudice to any special privileges or restrictions as to voting for the time being attached to any special class of shares for the time being forming part of the capital of the Company and to article 9, each Member entitled to vote may vote in person or by proxy. Every Member who is present in person or by proxy shall:-</p> <p>(a) on a poll, have one vote for every share which he holds or represents; and</p> <p>(b) on a show of hands, have one vote, provided that:-</p> <p>(i) in the case of a Member who is not a relevant intermediary and who is represented by two proxies, only one of the two proxies as determined by that Member or, failing such determination, by the Chairman of the meeting (or by a person authorised by him) in his sole discretion shall be entitled to vote on a show of hands; and</p> <p>(ii) in the case of a Member who is a relevant intermediary and who is represented by two or more proxies, each proxy shall be entitled to vote on a show of hands.</p> <p>For the purpose of determining the number of votes which a Member, being a Depositor, or his proxy may cast at any General Meeting on a poll, the reference to shares held or represented shall, in relation to shares of that Depositor, be the number of shares entered against his name in the Depository Register as at 72 hours before the time of the relevant General Meeting as certified by the Depository to the Company.</p>

	<p>(2) Save as otherwise provided in the Act:-</p> <p>(a) a Member who is not a relevant intermediary may appoint not more than two proxies to attend, speak and vote at the same General Meeting. Where such Member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy; and</p> <p>(b) a Member who is a relevant intermediary may appoint more than two proxies to attend, speak and vote at the same General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such Member. Where such Member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.</p> <p>(3) In any case where a Member is a Depositor, the Company shall be entitled and bound:-</p> <p>(a) to reject any instrument of proxy lodged by that Depositor if he is not shown to have any shares entered against his name in the Depository Register as at 72 hours before the time of the relevant General Meeting as certified by the Depository to the Company; and</p> <p>(b) to accept as the maximum number of votes which in aggregate the proxy or proxies appointed by that Depositor is or are able to cast on a poll a number which is the number of shares entered against the name of that Depositor in the Depository Register as at 72 hours before the time of the relevant General Meeting as certified by the Depository to the Company, whether that number is greater or smaller than the number specified in any instrument of proxy executed by or on behalf of that Depositor.</p> <p>(4) The Company shall be entitled and bound, in determining rights to vote and other matters in respect of a completed instrument of proxy submitted to it, to have regard to the instructions (if any) given by and the notes (if any) set out in the instrument of proxy.</p>
78.	Any corporation which is a Member may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any General Meeting or of any class of Members and the persons so authorised shall be entitled to exercise the same powers on behalf of the corporation as the corporation would exercise if it were an individual Member and such corporation shall for the purpose of this Constitution (but subject to the Act) be deemed to be present in person at any such General Meeting if a person so authorised is present thereat.
79.	Where there are joint holders of any share any one of such persons may vote and be reckoned in a quorum at any General Meeting either personally or by proxy as if he were solely entitled thereto and if more than one of such joint holders be so present at any General Meeting that one of such persons so present whose name stands first in the Register of Members or (as the case may be) the Depository Register in respect of such share shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased Member in whose name any share stands shall for the purpose of this article be deemed joint holders thereof.
80.	Subject to the provisions of this Constitution every Member shall be entitled to be present and to vote at any General Meeting either personally or by proxy and to be reckoned in a quorum in respect of any share or shares upon which all calls due have been paid.
81.	No objection shall be raised to the qualification of any voter except at the General Meeting or adjourned General Meeting at which the vote objected to is given or tendered and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the Chairman of the meeting whose decision shall be final and conclusive.

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82.	On a poll votes may be given either personally or by proxy and a person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.
83.	<p>(1) An instrument appointing a proxy shall be in writing and:-</p> <p>(a) in the case of an individual shall be:-</p> <p>(i) signed by the appointor or his attorney if the instrument of proxy is delivered personally or sent by post; or</p> <p>(ii) authorised by that individual through such method and in such manner as may be approved by the Directors, if the instrument is submitted by electronic communication; and</p> <p>(b) in the case of a corporation shall be:-</p> <p>(i) either given under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation if the instrument of proxy is delivered personally or sent by post; or</p> <p>(ii) authorised by that corporation through such method and in such manner as may be approved by the Directors, if the instrument is submitted by electronic communication.</p> <p>The Directors may, for the purposes of articles 83(1)(a)(ii) and 83(1)(b)(ii), designate procedures for authenticating any such instrument, and any such instrument not so authenticated by use of such procedures shall be deemed not to have been received by the Company.</p> <p>The signature on, or authorisation of, such instrument need not be witnessed. Where an instrument appointing a proxy is signed or authorised on behalf of the appointor (which shall, for purposes of this paragraph include a Depositor) by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy pursuant to article 85, failing which the instrument may be treated as invalid.</p> <p>(2) The Directors may, in their absolute discretion:-</p> <p>(a) approve the method and manner for an instrument appointing a proxy to be authorised; and</p> <p>(b) designate the procedure for authenticating an instrument appointing a proxy,</p> <p>as contemplated in articles 83(1)(a)(ii) and 83(1)(b)(ii) for application to such Members or class of Members as they may determine. Where the Directors do not so approve and designate in relation to a Member (whether of a class or otherwise), article 83(1)(a)(i) and/or (as the case may be) article 83(1)(b)(i) shall apply.</p>
84.	A proxy need not be a Member.
85.	<p>(1) An instrument appointing a proxy or the power of attorney or other authority, if any:-</p> <p>(a) if sent personally or by post, must be left at the Office or such other place (if any) as is specified for the purpose in the notice convening the General Meeting; or</p>

	<p>(b) if submitted by electronic communication, must be received through such means as may be specified for that purpose in or by way of note to or in any document accompanying the notice convening the General Meeting,</p> <p>and in either case not less than 72 hours before the time appointed for the holding of the General Meeting or adjourned General Meeting (or in the case of a poll before the time appointed for the taking of the poll) to which it is to be used and in default shall not be treated as valid.</p> <p>(2) The Directors may, in their absolute discretion, and in relation to such Members or class of Members as they may determine, specify the means through which instruments appointing a proxy may be submitted by electronic communications, as contemplated in article 85(1)(b). Where the Directors do not so specify in relation to a Member (whether of a class or otherwise), article 85(1)(a) shall apply.</p>
86.	An instrument appointing a proxy shall be deemed to include the right to demand or join in demanding a poll, to move any resolution or amendment thereto and to speak at the General Meeting.
87.	<p>An instrument appointing a proxy shall be in writing in any usual or common form or in any other form which the Directors may approve.</p> <p>An instrument appointing a proxy shall, unless the contrary is stated therein be valid as well for any adjournment of the General Meeting as for the General Meeting to which it relates and need not be witnessed.</p>
88.	A vote given in accordance with the terms of an instrument of proxy (which for the purposes of this Constitution shall also include a power of attorney) shall be valid notwithstanding the previous death or mental disorder of the principal or revocation of the proxy, or of the authority under which the proxy was executed or the transfer of the share in respect of which the proxy is given, provided that no intimation in writing of such death, mental disorder, revocation or transfer shall have been received by the Company at the Office (or such other place as may be specified for the deposit of instruments appointing proxies) before the commencement of the General Meeting or adjourned General Meeting (or in the case of a poll before the time appointed for the taking of the poll) at which the proxy is used.