AOXIN Q&M

AOXIN Q & M DENTAL GROUP LIMITED

ANNUAL REPORT 2016

Contents

Corporate Profile

Listed on the Catalist Board of SGX-ST since 26 April 2017, Aoxin Q & M Dental Group Limited ("Aoxin Q & M", and together with its subsidiaries the "Group") (SGX Stock Code: 1D4.SI) is a leading provider of private dental services and dental equipment and supplies in Liaoning Province, Northern People's Republic of China ("PRC").

With a rich history dating back to 1997, the Group provides a comprehensive suite of both general and specialist dental services through 11 dental centres, consisting of 4 dental hospitals and 7 polyclinics, in 4 different cities in Liaoning Province, namely, Shenyang, Huludao, Panjin and Gaizhou.

Supported by 240 dental professionals, comprising over 110 dentists and more than 130 dental surgery assistants, the majority of the Group's conveniently-located dental centres are accredited as Designated Medical Institutions of Medical Insurance.

In its aspirations to establish a strong dental value chain, the Group acquired dental equipment and supplies distribution business, Shenyang Maotai Q & M Medical Equipment Co., Ltd. in January 2016. Currently, the Group's distribution network covers Liaoning, Heilongjiang and Jilin Provinces in Northern PRC.

For further information on Aoxin Q & M, please visit http://www.aoxinqm.com.sg/

Message to Shareholders

Dear Shareholders, we are pleased to present our maiden annual report since our listing on 26 April 2017. On behalf of the Board of Directors, I would like to welcome our new shareholders and thank you for your overwhelming support during the Group's initial public offering ("IPO") and listing on the Catalist Board of the Singapore Exchange ("SGX-ST"). The IPO was a success, and the proceeds raised have enhanced our ability to expand our business.

Leveraging On Our Roots

We are an established Group with history that can be traced back almost 20 years. Since our beginnings in 1997 when we started Shenyang Aoxin Stomatology Polyclinic, we have been steadily expanding our operations through organic growth, acquisitions of other dental centres and engaging with strategic partners, leading us to where we stand today.

Maintaining close ties with the community, we have formed strong collaborations with synergistic parties that continue to aid us in solidifying our future prospects, giving us greater market presence and access to the latest dental and oral health developments.

We are now one of the leading providers of dental services, equipment and supplies in the Liaoning Province, Northern People's Republic of China ("PRC") with 11 dental centres, comprising 4 dental hospitals and 7 polyclinics.

It is our aim to continue building up our value chain, professional services and operating processes to extend upon our accomplishments.

Setting the Mould

In 2016, we made significant headway towards our vision of becoming the leading dental healthcare group in Northern PRC. Our efforts came to fruition through our listing on the Catalist Board of SGX-ST on 26 April 2017.

The IPO raised net proceeds of approximately S$9.1 million of which S$6.4 million will be used for expansion of our business via organic growth, mergers and acquisitions, joint ventures and partnerships. The remaining S$2.7 million will be used for the enhancement of infrastructure and working capital purposes.

The listing has bolstered our ability to grow our business and we remain committed to providing quality private dental services by continuously upgrading the knowledge and skills of our dental professionals.

As part of our aim to build an ecosystem of sustainable growth for our business, we acquired Shenyang Maotai Q & M Medical Equipment Co., Ltd. ("SY Maotai") in January 2016. The acquisition expanded our value chain to include dental equipment and supplies distribution and enlarged our geographical footprint into Jilin and Heilongjiang Provinces. We also collaborated with leading academic institutions and held regular public seminars and conferences during the year. Through the relationships forged, we have collaborated with the Jinzhou Medical University, to provide, amongst others, instruction and training to students and dental professionals. Notably, pursuant to such collaboration, certain of our dental centres are designated training centres. Such collaboration with a leading academic institution further cements our position as one of the leading providers of dental services, equipment and supplies in the Liaoning Province, Northern PRC, and the direct result of which is greater market presence for us and our offerings. Such collaboration also ensures that we are on the cutting edge of dental and oral health developments, and have first access to promising dental professionals.

We endeavour to continue to place ourselves in the forefront of the dental industry, to enable us to identify upcoming trends and technologies that may benefit us in the long run.

During the year, we also increased our exposure to the paediatric dental health market as well as the medical insurance market. We held monthly events targeted at building relationships with kindergartens, children-related businesses and corporate clients. Paired with our marketing and media campaigns through online and traditional methods, we are able to adopt a complete approach towards our outreach program as well as raising dental health awareness and our reputation in the region. This saw promising results with revenue from paediatric dental care and corporate clients showing robust growth.

We are pleased to report that for the financial year ended 31 December 2016 ("FY2016"), our revenue increased by 87.0% or RMB 40.4 million to RMB 86.9 million, as compared to RMB 46.5 million for the financial year ended 31 December 2015 ("FY2015"). On the back of this outstanding growth in revenue, we reported a 745.0% year-on-year growth to RMB 4.6 million in the Group's net profit attributable to owners of the parent from continuing operations for FY2016, excluding one-time IPO expenses. This commendable performance was principally due to growth in our primary healthcare segment and the acquisition of dental clinics and dental equipment and supplies distributor in FY2016.

Scaling New Heights

The consumer landscape in the PRC is evolving with a growing middle class that is in need of quality services and healthcare expenditure has been growing steadily at an annual growth rate of 17.2% from 2004 to 2013.[1] Supported by government initiatives for a consumption driven economy, the healthcare industry in the PRC is in a prime position to continue benefitting from this transformation.

The PRC also has a comparatively low dentist to population ratio of 100 dentists for every 1 million population compared to developed or moderately developed countries with 500 to 1,000 dentists for every 1 million population.[2] With demand overshadowing supply, dental hospitals in the PRC have been experiencing strong revenue growth. This presents a robust outlook for both our dental services and dental equipment and supplies distribution segments.

Adding to our competitive edge is that 9 out of our 11 dental centres are accredited as Designated Medical Institutions of Medical Insurance. This raises our attractiveness to customers as their public medical insurance accounts can be utilised in those centres. Furthermore, our standing as a leading dental provider places us favourably as a proxy to the burgeoning dental services market in Northern PRC.

Overall, with the support of our shareholders, we believe that our inaugural year as a listed company will be a year of strengthening as we aim for further expansion into other parts of Northern PRC.

In Appreciation

We would like to express sincere gratitude to the Board and management team for their invaluable guidance and the staff for their dedication to the expansion of the Group. We are also appreciative of the professional parties' efforts towards our successful listing.

Lastly, to our shareholders, we thank you for putting your faith in us and recognising our value. As a Group, together we will strive to achieve a strong foundation year and shine beyond!

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

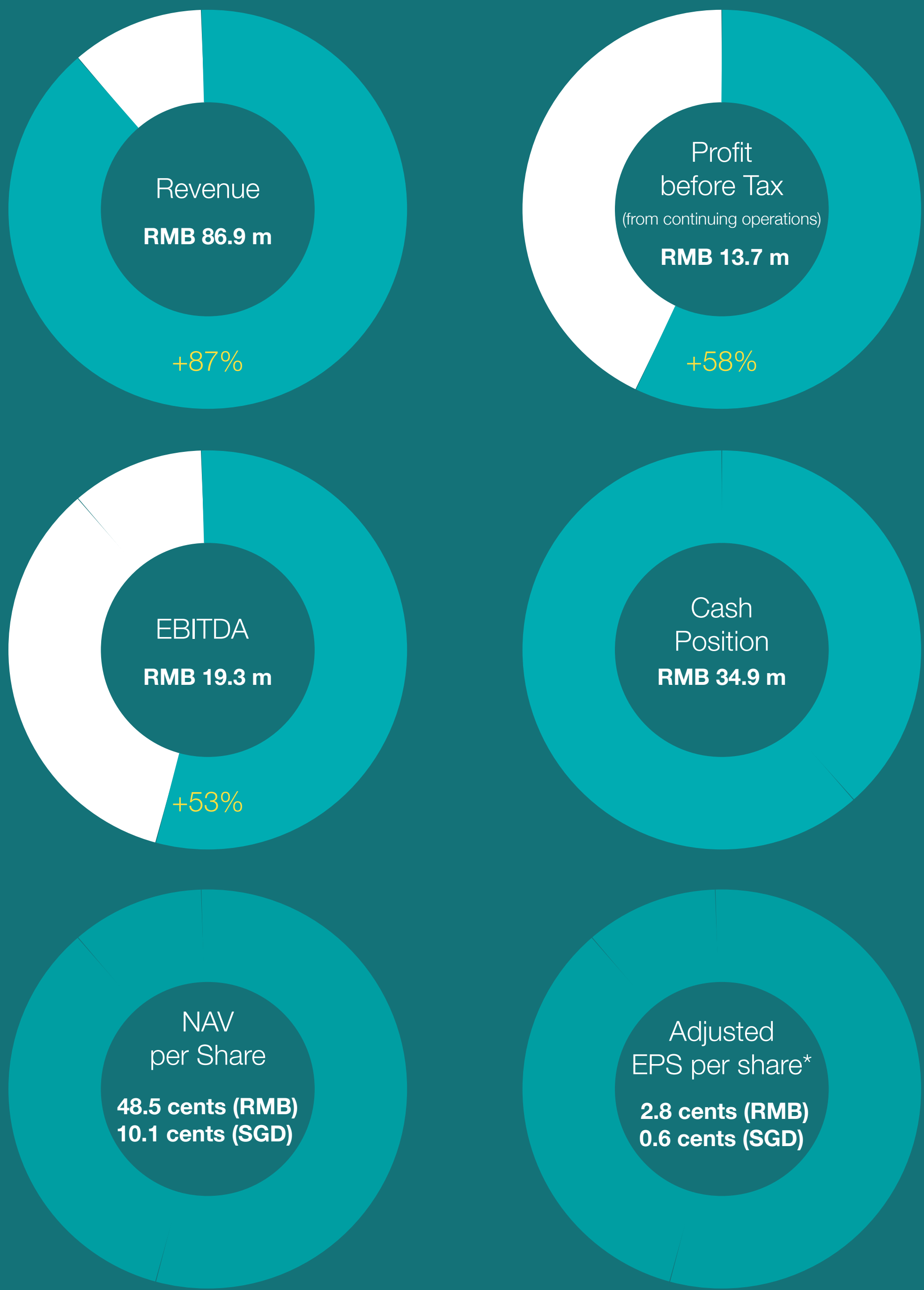
Dr. Shao Yongxin
Executive Director and Group CEO

[1] *https://www2.deloitte.com/content/dam/Deloitte/global/Documents/Life-Sciences-Health-Care/gx-lshc-china-healthcare-provider-market-en-150512.pdf*
[2] *http://www.researchinchina.com/htmls/report/2014/6799.html*

Highlights of the Year
FY2016 Key Figures

The People's Republic of China

- Acquisition of 60% stakes in Panjin Jingcheng Q & M Stomatology Co., Ltd (Jingcheng Dental Clinic, Jingying Dental Clinic and Jingyi Dental Clinic), Panjin Jinsai Q & M Stomatology Co., Ltd and Gaizhou City Aoxin Q & M Stomatology Hospital Co., Ltd via Shenyang Xinao Hospital Management Co., Ltd and subsequently, the remaining 40% pursuant to a restructuring exercise in connection with the listing of Aoxin Q & M.
- Acquisition of 60% stake in Shenyang Maotai Q & M Medical Equipment Co., Ltd via Shenyang Quanxin Medical Equipment Leasing Co., Ltd. and subsequently, the remaining 40% pursuant to a restructuring exercise in connection with the listing of Aoxin Q & M.



* Excluding one-time professional fees and expenses in relation to the IPO from continuing operations.

Operations Review

The Group's footprint extends to 4 different cities in Liaoning Province, Northern PRC namely Shenyang, Huludao, Panjin and Gaizhou. Through a total of 11 strategically-located dental centres comprising 4 dental hospitals and 7 polyclinics, the Group provides convenient quality dental services that meet the needs of an increasingly affluent and sophisticated population. Save for two dental centres, the Group's dental centres continue to be accredited as Designated Medical Institutions of Medical Insurance, allowing customers usage of their public medical insurance accounts. As a complete dental solutions provider, the Group's services include an extensive array of advanced and specialised dental services such as orthodontics, dental implantology, paediatric dentistry and aesthetic dentistry.

For FY2016, in its steps towards expanding its business, the Group saw the materialization of several significant milestones. These include the acquisitions, through Shenyang Xinao Hospital Management Co., Ltd., of 60.0% stakes in:

(a) Panjin Jingcheng Q & M Stomatology Co., Ltd. ("PJ Jingcheng");

(b) Panjin Jinsai Q & M Stomatology Co., Ltd. ("PJ Jinsai");

(c) Gaizhou City Aoxin Q & M Stomatology Hospital Co., Ltd. ("GZ Aoxin"); and

(d) Shenyang Maotai Q & M Medical Equipment Co., Ltd. ("SY Maotai").

The Group's acquisitions of PJ Jingcheng, PJ Jinsai, GZ Aoxin (collectively, the "PG Acquisitions") added 1 dental hospital and 4 fully operational dental clinics in Liaoning Province, China, strengthening the Group's standing as a leading dental service provider in Northern PRC.

Further to its PRC expansion plans, the Group's acquisition of dental equipment and supplies distributor, SY Maotai, marked its inaugural foray into the expansion of its dental value chain. The acquisition provides the Group an operational distribution segment in PRC with a total of 14 sales personnel and more than 180 sub-distributors in Liaoning, Jilin and Heilongjiang Provinces.

Subsequently, during FY2016, the Group entered into share transfer agreements to acquire the remaining 40.0% interest in the abovementioned 4 subsidiaries to shore up its operations and focus on building further operating synergies.

Operations Review

In keeping ahead of the advances in the dental industry, the Group believes in constant education for its dentists and staff and continuous improvement of its services offerings to stay relevant to its customers' needs. The Group explored deeper into newer treatments and technologies such as periodontal painless treatment solutions, microscopic root canal treatment and ultrasonic osteotome minimally invasive surgery technology. Additionally, the Group upgraded the facilities and services provided in clinics by purchasing new equipment, renovating existing dental rooms in PJ Jinsai and GZ Aoxin, and establishing a paediatric dentistry centre in GZ Aoxin. These resulted in expanded revenue streams for the Group.

Complementing the expansion of service offerings and business depth, the Group maintained its marketing, branding and relationship-building efforts. Over the years, the Group has positioned itself as a reputable and leading brand in Northern PRC. As such, the Group continued its efforts in cultivating this image through collaborations with leading academic institutions, regular participation in public and professional seminars, marketing and media campaigns, and monthly events targeted at children-related businesses and corporate clients. This led to positive developments such as collaborations with Jinzhou Medical University to provide training to undergraduates, and simultaneously serves as the Group's training base and a renewable talent resource.

Other achievements from the Group during the year include:

(a) Jinsai Clinic and Jingcheng Clinic named Council members for the Liaoning Province Stomatological Association.

(b) Dr. Shao Yongxin named Director of the Fifth Council of the Chinese Stomatological Association, Vice Chairman of Liaoning Stomatological Association (Private Branch), and Deputy Director of Shenyang Private Dental Medical Branch.

(c) Dr. Ren Hong from PJ Jingcheng joined the Standing Committee of Chinese Stomatological Association (Private Dental Medical Branch), was elected a Member of Orthodontics of Liaoning Province Stomatological Association and was named General Secretary of Liaoning Province Stomatological Association.

(d) Dr. Zhang Chun from PJ Jinsai joined the Committee of Liaoning Province Stomatological Association (Private Dental Medical Branch) and was re-elected as Vice Chairman for the Fifth Geriatric Stomatology Specialized Committee of Liaoning Province Stomatological Association.

(e) Dr. Dong Zhihong from PJ Jinsai joined the Committee of Liaoning Province Stomatological Association (General Treatment).

These achievements are a testament to the Group's standing as a leading dental service provider in Northern PRC.

Financial Review

Revenue

For the financial year ended 31 December 2016 ("FY2016"), the Group's revenue from primary healthcare increased by 35.5% to RMB 62.9 million, from RMB 46.5 million for the financial year ended 31 December 2015 ("FY2015"). The increase of RMB 16.5 million was mainly attributed to an increase in revenue resulting from the PG Acquisitions and an increase in revenue from existing dental centres.

As at 31 December 2016, the Group had a total of 11 dental centres, comprising 4 dental hospitals and 7 dental polyclinics as compared to 6 dental centres, comprising 3 dental hospitals and 3 dental polyclinics as at 31 December 2015.

For FY2016, revenue contribution from the Group's dental equipment and supplies distribution business was RMB 23.9 million. The dental equipment and supplies distribution segment is a new segment as a result of the acquisition of Shenyang Maotai Q & M Medical Equipment Co., Ltd. ("SY Maotai") in January 2016.

Operating Expenses

Consumables and dental supplies used in FY2016 increased by 29.2% to RMB 6.9 million from RMB 5.3 million in FY2015. This was in line with the increase in dental services revenue from existing dental centres and PG Acquisitions.

As a percentage of revenue from primary healthcare, consumables and dental supplies used in the dental centres in FY2016 was 11.0% as compared to 11.5% for FY2015.

Cost of dental equipment and supplies amounted to RMB 19.3 million for FY2016. This was attributed to the acquisition of SY Maotai in January 2016.

As a percentage of revenue from dental equipment and supplies distribution, cost of dental equipment and supplies distribution in FY2016 was 80.5%.

Employee benefits expense for FY2016 increased by 34.3% to RMB 24.7 million, from RMB 18.4 million for FY2015. This was in line with the increase in revenue, PG Acquisitions and SY Maotai acquisition, which resulted in higher employee headcount across the Group.

Depreciation and amortisation expenses for FY2016 increased by 27.0% to RMB 4.9 million from RMB 3.9 million for FY2015. The increase was a result of dental equipment purchased in FY2016, amortisation of intangible assets from PG Acquisitions and the SY Maotai acquisition.

Financial Review

Rental expense for FY2016 increased by 63.9% to RMB 4.5 million from RMB 2.7 million for FY2015. The increase was mainly due to the rental of premises for dental centres, offices and warehouse resulting from the PG Acquisitions and the SY Maotai acquisition.

Finance costs incurred in FY2016 amounted to RMB 0.6 million. This was mainly due to interest expense from a term loan for working capital purposes.

Professional fee and expenses amounted to RMB 3.3 million for FY2016. This was incurred for the IPO.

Other expenses for FY2016 increased by 21.9% for FY2016 to RMB 9.0 million from RMB 7.4 million for FY2015. This was due to increases in advertisements, marketing expenses, professional fees, travelling expenses and other ancillary expenses incurred in conjunction with the PG Acquisitions and SY Maotai acquisition.

Profitability

The Group's profit before tax from continuing operations for FY2016 increased by 57.9% to RMB 13.7 million from RMB 8.7 million in FY2015. Excluding one-time professional fees and expenses in relation to the IPO, the Group's profit before tax from continuing operations for FY2016 would have amounted to RMB 17.1 million.

Net profit attributable to owners of the parent from continuing operations, excluding one-time professional fees and expenses in relation to the IPO, amounted to RMB 4.6 million for FY2016.

Net profit attributable to owners of the parent from discontinued operations amounted to RMB 8.1 million in FY2016. The Group's discontinued operations comprises of Shanghai Chuangyi Investment and Management Co., Ltd., Shanghai Kangyi Dental Polyclinic Co., Ltd. which were transferred in March 2017 and Q & M Aidite International Pte. Ltd. which were disposed in FY2016.

Statement of Financial Position

The net book value of plant and equipment as at 31 December 2016 increased to RMB 36.8 million from RMB 35.1 million as at 31 December 2015. The increase of RMB 1.7 million was mainly in relation to leasehold improvements and the purchase of dental equipment, furniture and fittings.

Intangible assets as at 31 December 2016 increased to RMB 99.8 million from RMB 87.3 million as at 31 December 2015. The increase of RMB 12.5 million comprised goodwill and other intangible assets arising from PG acquisitions and the SY Maotai acquisition in January 2016.

Financial Review

Other assets (current and non-current) as at 31 December 2016 decreased to RMB 1.3 million from RMB 2.0 million as at 31 December 2015. This comprised prepayments and sign-on bonuses. The decrease of RMB 0.7 million was mainly due to a reduction in prepayments.

Assets classified as disposal group as at 31 December 2016 decreased to RMB 13.2 million from RMB 189.6 million as at 31 December 2015. Liabilities classified as disposal group decreased to RMB 0.3 million from RMB 109.0 million in FY2015. These changes were mainly due to the transfer of 100.0% of Q & M Aidite International Pte. Ltd. which held 51.0% of Aidite (Qinhuangdao) Technology Co., Ltd. shares to immediate parent company, Q & M Dental Group (Singapore) Limited, for an aggregate consideration of approximately S$4.9 million, fully satisfied by way of set off against the other payable to the immediate parent company.

Inventories increased to RMB 6.8 million as at 31 December 2016 from RMB 1.5 million as at 31 December 2015. The increase of RMB 5.3 million was mainly due to the increase of inventories arising from the SY Maotai acquisition in January 2016.

Trade and other receivables decreased to RMB 16.0 million as at 31 December 2016 from RMB 47.0 million as at 31 December 2015. Trade and other payables as at 31 December 2016 decreased to RMB 111.1 million from RMB 177.4 million as at 31 December 2015. These decrease were primarily due to the transfer of Q & M Aidite, to immediate parent company, Q & M Dental Group (Singapore) Limited, partially offset by increase arising from acquisition of SY Maotai.

Cash and cash equivalents as at 31 December 2016 increased to RMB 34.9 million from RMB 14.4 million as at 31 December 2015. The increase of RMB 20.5 million was mainly due to profit generated from operations and financing activities, partially offset by the PG Acquisitions, SY Maotai acquisition and purchase of plant and equipment.

Cash Flows

The Group generated net cash flow from operating activities of RMB 7.8 million in FY2016. This was mainly derived from the profit generated in FY2016 and cash flow from discontinuing operating activities offset by an increase in working capital and income tax paid.

Net cash flow used in investing activities in FY2016 amounted to RMB 7.6 million, mainly due to the PG Acquisitions and the SY Maotai acquisition, purchase of plant and equipment, cash flows used in discontinued investing activities, and partially offset by sales proceeds from the disposal of Q & M Aidite.

Net cash flow from financing activities in FY2016 was RMB 20.3 million, mainly attributed to the advances from related companies, partially offset by a repayment of amount owing to immediate parent company, dividends payment and payment for acquisition of non-controlling interest without change of control.

As a result of the aforementioned changes, the Group's cash and cash equivalents stood at RMB 34.9 million as at 31 December 2016.

Board Of Directors

Mr. Chua Ser Miang

Non-Executive Chairman and Independent Director

Mr. Chua was appointed as a Non-Executive Chairman and Independent Director of the Group on 30 March 2017. Mr. Chua has more than 20 years of experience in the financial industry beginning his career in 1993 with the Monetary Authority of Singapore, leaving in 1996 as its Senior Review Officer to join Kim Eng Securities Pte. Ltd. as an Investment Analyst.

In 2000, Mr. Chua joined Overseas Union Bank Limited as Assistant Vice President, Corporate Finance. Subsequently, in 2001, he joined HL Bank as a Manager. Following this, in 2004, Mr. Chua joined Daiwa Securities SMBC Singapore Limited as Vice President. In 2005, Mr. Chua joined Asia Growth Capital Pte. Ltd. and served as its Managing Director. In 2006, he joined DMG & Partners Securities Pte. Ltd. as Associate Director, Corporate Finance, and left in 2012 as its Director.

In 2013, Mr. Chua established his own business and management consultancy firm, Eastwin Capital Pte. Ltd. and concurrently, from 2013 to 2014, he served as Principal Consultant at Stamford Management Pte. Ltd.

Mr. Chua has prior experience as a director of listed companies, and is currently an Independent Director of Yamada Green Resources Limited, which is listed on the SGX-ST.

Mr. Chua is a graduate of the National University of Singapore (Bachelor of Business Administration (Second Upper Class Honours) (1993)). He is also a Chartered Financial Analyst.

Board Of Directors

Dr. Shao Yongxin (邵永新)

Executive Director and Group CEO

Dr. Shao was appointed as the Group's Executive Director and Group CEO on 24 February 2017. He is responsible for the overall strategic, management and business development of the Group.

Dr. Shao has more than 35 years of experience in the dental industry. He began his career in 1980 as an Attending Staff (行诊人员) with the Shenyang Shenhe Dental Disease Prevention & Cure Clinic (沈阳市沈河区牙病防治所). He was subsequently appointed as a dentist in 1986. In 1993, he joined the Shenhe District No. 6 Hospital (沈河区第六医院) as its Head of Stomatology (口腔科主任), a position he held until 2002 when his personal investment vehicle, Shenyang Aoxin Industrial Co., Ltd. (沈阳奥新实业有限公司), was awarded the rights to manage and operate the government-owned Shenhe District No. 6 Hospital (沈河区第六医院), for a period of 10 years. Pursuant thereto, Dr. Shao took over the management of Shenhe District No. 6 Hospital (沈河区第六医院) and became its Hospital Director (院长), a position he held until 2016.

Dr. Shao also established the Shenyang Aoxin Stomatology Polyclinic (沈阳奥新口腔门诊部) in 1997, which was renamed the Shenyang Aoxin Stomatology Hospital (沈阳奥新口腔医院), following its upgrade to a dental hospital in 2005. Thereafter, Dr. Shao became the Hospital Director (院长) of Shenyang Aoxin Q & M Stomatology Hospital (沈阳奥新全民口腔医院) in 2014, a role he currently serves, in conjunction with the Group's acquisition of 60.0% of Q & M Dental (Shenyang) Pte. Ltd. and Shenyang Xinao Hospital Management Co., Ltd. (沈阳新奥医院管理有限公司).

Dr. Shao is a graduate of the Shenyang Shenhe District Health Improvement School (沈阳市沈河区卫生进修学校) (Professional Certificate (Stomatology) (1986)), the Shenyang Dental Skills Training Centre (沈阳市口腔医师技术培训中心) (Professional Certificate (Stomatology) (1991)) and the Jilin University of Technology (吉林工业大学) (Master of Business Administration (2000)).

Board Of Directors

Mr. Vitters Sim Yu Xiong

Non-Executive Director

Mr. Sim was appointed as the Non-Executive Director of the Group on 28 December 2016. Mr. Sim has more than 35 years of experience in the accounting and finance industry, beginning his career in 1980 as an Auditor with Coopers & Lybrand. In 1986, he joined Fullmark Pte. Ltd. as a General Manager, before joining Torie Holdings Pte. Ltd. as a Finance Manager in 1997. Between 2003 and 2007, Mr. Sim served as the Financial Controller of Pacific Healthcare Holdings Ltd. In 2007, he joined Inke Pte. Ltd. as a General Manager. Subsequently, Mr. Sim joined W Atelier Pte. Ltd. as its Chief Financial Officer in 2008. In 2010, he joined Q & M Dental Group (Singapore) Limited as its Chief Financial Officer, a position he currently serves.

Mr Sim is Fellow Member with the Institute of Singapore Chartered Accountants and a Fellow of the Association of Chartered Certified Accountants (UK).

Mr. San Yi Leong @ Tan Yi Leong

Non-Executive Director

Mr. San was appointed as the Non-Executive Director of the Group on 23 March 2017. Mr. San has more than 15 years of experience in auditing, accounting, financial management, corporate restructuring, business development and mergers and acquisitions.

Mr. San began his career in 1999 as an Audit Assistant II with Ng, Lee and Associates – DFK, where he was subsequently promoted to Audit Assistant I in 2000, and then to Audit Senior in 2001. In 2003, he joined Oracle Petroleum Consultancy Pte. Ltd. as Assistant Finance Manager. Thereafter, in 2005, he joined Q & M Dental Group (Singapore) Limited, as its Business Development Manager. In 2011, Mr. San was promoted to Business Development Director, a position he held until 2015. Concurrently, Mr. San was also the General Manager of its subsidiary, Q & M Medical Group (Singapore) Pte. Ltd., from 2013 to 2015. From 2015 to March 2017, Mr. San was the Group's Chief Financial Officer. In March 2017, Mr. San transferred to Q & M Dental Group (Singapore) Limited as its Business Development Director.

Mr. San is a graduate of Curtin University of Technology (Bachelor of Commerce (Accounting and Finance) (1999)). He is also a Chartered Accountant of Singapore and a Certified Practising Accountant of Australia.

Board Of Directors

Professor Chew Chong Yin @ Chew Chong Lin

Independent Director

Professor Chew was appointed as an Independent Director of the Group on 30 March 2017. Professor Chew has more than 45 years of experience in the dental industry, beginning his career in 1971 as a Dental Officer with the Ministry of Health, Malaysia. In 1974, he joined the National University of Singapore as a Lecturer, and thereafter, was promoted to Senior Lecturer in 1980. Professor Chew was made an Associate Professor in 1985 and subsequently, became a Professor in 1992. Since 1992, he has been a Professor with the National University of Singapore's Faculty of Dentistry. Additionally, between 1986 and 2012, Professor Chew was also the National University of Singapore's Director of Graduate Dental Studies, and concurrently held the position of Dean of the National University of Singapore's Faculty of Dentistry between 1995 and 2000.

Between 1989 and 1994, Professor Chew was also Deputy Director of Medical Services (Dental) with the Ministry of Health, Singapore, and between 2001 and 2006, he was also its Chief Dental Officer. Professor Chew was also a member of the Singapore Health Services Board between 2000 and 2002. Professor Chew has also been the President of the Singapore Dental Council since 2009, and a member of the Singapore Ministry of Health's Dental Specialist Accreditation Board since January 2008.

Professor Chew is a graduate of the University of Singapore (Bachelor of Dental Surgery (1971), Master of Dental Surgery (1978) and Doctor of Philosophy (1999)) and Indiana University (Master of Science in Dentistry (1977)). He was awarded Fellowship in Dental Surgery of the Royal College of Surgeons, Edinburgh in 1991.

In 2004, Professor Chew was bestowed with the Public Administration Medal (Silver) by Singapore. In 2009, he was awarded the Inspiring Mentor Award by the National University of Singapore, the Emeritus Consultant Award by the National University Health System, the National Medical Excellence Award (National Outstanding Clinician Mentor Award) by the Ministry of Health, Singapore, and the Lifetime Achievement Award by the National Health Group.

Mr. Lin Ming Khin

Independent Director

Mr. Lin was appointed as an Independent Director of the Group on 30 March 2017. Mr. Lin has more than 25 years of experience as a medical-legal practitioner. He began his career in 1989 as a Legal Assistant with Donaldson & Burkinshaw LLP, where he ascended to partnership in 1992. Subsequently, in 2011, he joined MyintSoe & Selvaraj as a consultant.

Mr. Lin is a graduate of the University of Buckingham (Bachelor of Laws (Second Upper Class Honours) (1987)). He is a Barrister-at-Law (Middle Temple) and an Advocate and Solicitor of the Supreme Court of Singapore.

Executive Officers

Dr. Bai Yi

General Manager

Dr. Bai is the Group's General Manager and she assists the Group's Executive Director and Group CEO, Dr. Shao, in overseeing operations. Dr. Bai joined the Group in 2014, and she has more than 35 years of experience in the dental industry.

Dr. Bai began her career in 1978 as an employee and doctor's assistant with the Shenyang Shenhe Dental Disease Prevention & Cure Clinic (沈阳市沈河区牙病防治所), where she was eventually promoted to Head of Clinic (所长) in 1983. She then joined the Shenyang Shenhe People's Hospital (沈阳市沈河区人民医院) in 1996 as its Hospital Director (院长), before joining Shenyang Aoxin Industrial Co., Ltd. (沈阳奥新实业有限公司) in 2005 as its Deputy General Manager (副总经理) pursuant to which, she was also appointed as Deputy Hospital Director (副院长) of Shenyang Aoxin Stomatology Hospital (沈阳奥新口腔医院). In 2011, Dr. Bai was promoted to General Manager (总经理) of Shenyang Aoxin Industrial Co., Ltd. (沈阳奥新实业有限公司) and Hospital Director (院长) of Shenyang Aoxin Stomatology Hospital (沈阳奥新口腔医院). Dr. Bai subsequently joined Shenyang Aoxin Q & M Stomatology Hospital Co.,Ltd. (沈阳奥新全民口腔医院有限公司) as its General Manager and Hospital Director (总经理兼职院长) in 2014.

Dr. Bai is a graduate of the Shenyang Medical College (沈阳医学专科学校) (Diploma (Stomatology) (1983)), Jilin University of Technology (吉林工业大学) (Professional Certificate (Administration) (1996)) and Peking University (北京大学) (Master's Degree (Administration) (2002)).

Between 1997 and 2002, and 2002 and 2007, Dr. Bai was the representative of the 14th and 15th Shenhe District People's Congress (沈河区人大代表), respectively.

Dr. Ren Hong

Principal Dentist of Panjin Jingcheng Q & M Stomatology Co., Ltd. (盘锦精诚全民口腔有限责任公司) ("PJ Jingcheng")

Dr. Ren is the Principal Dentist of PJ Jingcheng and joined the Group in 2016. As the Principal Dentist of PJ Jincheng, Dr. Ren is responsible for overseeing PJ Jingcheng's operations. She has more than 15 years of experience in the dental industry.

Dr. Ren began her career in 1998 as a dentist with the Liaohe Oilfield No. 2 Workers' Hospital (辽河油田第二职工医院). In 2003, Dr. Ren established Panjin Xinglongtai Jingcheng Dental Clinic (盘锦兴隆台区精诚齿科), which business she transferred into PJ Jingcheng in 2015.

Dr. Ren is a graduate of Peking University's Stomatology College (北京大学口腔医学院) (Bachelor's Degree (Stomatology) (1998)) and the China Medical University's Stomatology College (中国医科大学口腔医学院) (Master's Degree (Stomatology) (2004) and Doctorate (Stomatology) (2011)).

Mr. Cui Guo An

General Manager of Shenyang Maotai Q & M Medical Equipment Co., Ltd. (沈阳茂泰全民医疗设备有限公司) ("SY Maotai")

Mr. Cui is the General Manager of SY Maotai and joined our Group in 2016. As the General Manager of SY Maotai, Mr. Cui is responsible for overseeing SY Maotai's operations. He has over 30 years of experience in the medical industry, of which more than 20 years have been in the dental industry.

Mr. Cui began his career in 1986 as a Lab Technician (医学实验室技师) with the Liaoning Basics Medical Science Institute (辽宁省基础医学研究所). In 1988, he joined the Liaoning College of Health Vocational Technology (辽宁省卫生职工医学院) as Chief of Academic Affairs (教务处科长). In 1990, he joined the China Medical University Science & Technology Development Company (中国医科大学科技开发总公司) as Sales Manager (销售部销售经理), before leaving in 1994 to establish Shenyang M&T Medical Equipment Co., Ltd., which business he transferred into SY Maotai in 2015.

Mr. Cui is a graduate of the China Medical University (中国医科大学) (Bachelor's Degree (Clinical Medicine) (1993)).

Dr. Zhang Chun

Principal Dentist of Panjin Jinsai Q & M Stomatology Co., Ltd. (盘锦金赛全民口腔有限责任公司) ("PJ Jinsai")

Dr. Zhang joined the Group and was appointed Principal Dentist of PJ Jinsai in 2016. As the Principal Dentist of PJ Jinsai, Dr. Zhang is responsible for overseeing PJ Jinsai's operations. He has more than 25 years of experience in the dental industry.

Executive Officers

Dr. Zhang began his career in 1991 as a dentist with the Stomatological Hospital of Shenyang (沈阳市口腔医院). In 1996, he joined Shenhe District No. 6 Hospital (沈河区第六医院) as a dentist, before leaving to join Shenyang Aoxin Stomatology Polyclinic (沈阳奥新口腔门诊部). In 2008, Dr. Zhang established Panjin Shuangtaizi District Jinsai Stomatology Clinic (盘锦市双台子区金赛口腔门诊部), which business he transferred into PJ Jinsai in 2015. Since 2016, Dr. Zhang has also been a Deputy Professor (副教授) of the Jinzhou Medical University.

Dr. Zhang is a graduate of the China Medical University (中国医科大学) (Bachelor's Degree (Stomatology) (1991)) and the West China Medical University (华西医科大学) (Continuing Professional Education Certificate (Oral Medicine) (1994)).

Dr. Li Zhuo

Principal Dentist of Gaizhou City Aoxin Q & M Stomatology Hospital Co., Ltd. (盖州市奥新全民口腔医院有限公司) ("GZ Aoxin")

Dr. Li joined the Group and was appointed Principal Dentist of GZ Aoxin in 2016. As the Principal Dentist of GZ Aoxin, Dr. Li is responsible for overseeing GZ Aoxin's operations. She has more than 5 years of experience in the dental industry.

Dr. Li began her career in 2008 as an employee of the Gaizhou Central Hospital (盖州市中心医院), where she subsequently became a dentist in 2012. In 2015, Dr. Li established Gaizhou Zuoyue Dental Centre (盖州卓越口腔), which business she transferred into GZ Aoxin in 2015.

Dr. Li is a graduate of Jilin University (吉林大学) (Diploma (Stomatology) (2007) and Bachelor's Degree (Stomatology) (2009)).

Ms. Wan Sin Nee

Financial Controller

As the Group's Financial Controller, Ms. Wan is responsible for the Group's financial and accounting matters. Ms. Wan has more than 10 years of experience in auditing, accounting, and financial management.

She began her career in 2004 as a Senior Associate with BDO LLP. In 2008, she joined W. Atelier Pte. Ltd. as Senior Accountant. Thereafter, in 2011, she joined Q & M Dental Group (Singapore) Limited as its Senior Accountant, where she was promoted to Group Accountant in 2013. In 2016, Ms. Wan transferred to the Group as its Group Accountant, and was promoted to Senior Group Accountant later that year. Ms. Wan was promoted to Financial Controller in 2017.

Ms. Wan is a graduate of Universiti Putra Malaysia (Bachelor of Accountancy (2004)). Ms. Wan is also a Fellow of the Association of Chartered Certified Accountants, and is a member of the Institute of Singapore Chartered Accountants.

Mr. Zhang Dong Wei

Deputy General Manager (Finance)

As the Group's Deputy General Manager (Finance), Mr. Zhang assists the Group's Financial Controller, Ms. Wan, with financial and accounting matters. Mr. Zhang has over 20 years of experience in auditing, accounting, and financial management.

Mr. Zhang began his career in 1991 as the Finance Manager (财务经理) of the Meihekou, Jilin branch of the Shenyang Mulan Electronics Group Co., Ltd. (沈阳木兰电子集团吉林省梅河口分公司). Between 1995 and 1998, he was self-employed and engaged in the sale of furniture. In 1998, Mr. Zhang joined Shenyang Bigtide Direction Group Co. Ltd. (沈阳北泰方向集团有限公司及其各子公司), as its Finance Manager (财务经理). Subsequently, in 2008, Mr. Zhang joined Shenyang Aoxin Stomatology Hospital (沈阳奥新口腔医院) as Deputy General Manager (Finance) (财务副总经理). In 2014, he joined Shenyang Aoxin Q & M Stomatology Hospital Co.,Ltd. (沈阳奥新全民口腔医院有限公司) as its Deputy General Manager (Finance) (财务副总经理).

Mr. Zhang is a graduate of the Dongbei University of Finance and Economics (东北财经大学) (Bachelor's Degree (Economics) (1990)). Mr. Zhang is a Registered Tax Agent (中国注册税务师) and Senior Accountant (高级会计师) of the PRC. He is also a Non-Practicing Member of the Chinese Certified Tax Agents Association (中国注册税务师协会非执业会员) and a Non-Practicing Member of the Chinese Institute of Certified Public Accountants (中国注册会计师协会 非执业会员).

Corporate Information

Board of Directors:
Mr. Chua Ser Miang
Non-Executive Chairman and Independent Director

Dr. Shao Yongxin (邵永新)
Executive Director and Group Chief Executive Officer

Mr. Vitters Sim Yu Xiong
Non-Executive Director

Mr. San Yi Leong @ Tan Yi Leong
Non-Executive Director

Professor Chew Chong Yin @ Chew Chong Lin
Independent Director

Mr. Lin Ming Khin
Independent Director

Audit Committee:
Mr. Chua Ser Miang (Chairman)
Professor Chew Chong Yin @ Chew Chong Lin
Mr. Lin Ming Khin

Remuneration Committee:
Professor Chew Chong Yin @ Chew Chong Lin (Chairman)
Mr. Chua Ser Miang
Mr. Lin Ming Khin

Nominating Committee:
Mr. Lin Ming Khin (Chairman)
Professor Chew Chong Yin @ Chew Chong Lin
Mr. Chua Ser Miang

Company Secretary:
Teo Meng Keong
Cheok Hui Yee

Registered Office:
80 Robinson Road #02-00
Singapore 068898
Tel: (65) 6236 3333
Fax: (65) 6236 4399

Share Registrar:
Tricor Barbinder Share Registration Services
(a division of Tricor Singapore Pte. Ltd.)
80 Robinson Road #02-00
Singapore 068898

Sponsor:
SAC Capital Private Limited
1 Robinson Road
#21-02 AIA Tower
Singapore 048542

Auditors:
RSM Chio Lim LLP
8 Wilkie Road
#04-08 Wilkie Edge
Singapore 228095
Partner-in-charge: Goh Swee Hong
(Member of the Institute of Singapore Chartered Accountants)
Effective from year ended 31 December 2011

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Corporate Governance Report

The Board of Directors (the "**Board**" or "**Directors**") of Aoxin Q & M Dental Group Limited (the "**Company**" and together with its subsidiaries, the "**Group**") is committed to maintaining high standards of corporate governance and has adopted the principles of the Code of Corporate Governance 2012 (the "**Code**") to enhance transparency and accountability as well as to protect the interest of shareholders. The Board confirms that, from the listing of the Company on the Catalist Board of the SGX-ST on 26 April 2017 up till the date of this Annual Report, the Company has generally adhered to the principles and guidelines set out in the Code. Where there are deviations from the Code, appropriate explanations are provided.

The Company will continue to enhance its corporate governance practices appropriate to the conduct and growth of its business and to review such practices from time to time to ensure compliance with Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**").

BOARD MATTERS

The Board's Conduct of its Affairs

Principle 1 ***Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.***

The Board is entrusted with the responsibility for the overall management of the Company.

The principal functions of the Board, in addition to carrying out its statutory responsibilities, *inter alia*, are as follows:

(a) establishes the corporate strategies of the Company as well as sets the direction and goals for the executive management (the "**Management**");

(b) supervise the executive management and monitors performance of these goals to enhance shareholders' value;

(c) implementing and maintaining sound corporate governance practices for the Company;

(d) identify the key stakeholder groups and recognise that their perceptions affect the Company's reputation, including but not limited to the dentists and patients; and

(e) consider sustainability issues, such as environmental and social factors, as part of its strategic formulation of the Group.

All Directors exercise due diligence and independent judgment, and are obliged to act in good faith and consider at all times the interests of the Company.

To facilitate effective management and to support the Board in discharging its duties and responsibilities efficiently and effectively, certain functions of the Board have been delegated to various Board committees, namely the Audit Committee (the "**AC**"), Nominating Committee (the "**NC**") and Remuneration Committee (the "**RC**") (collectively the "**Board Committees**"). The Board Committees function within clearly defined terms of references and operating procedures, which are reviewed on a regular basis.

The Board has established an internal framework to ensure that the type of material transactions that require the Board's approval is consistently applied throughout the Group. Matters requiring Board approval include:

(a) Overall Company's business and budget strategy;

(b) Capital expenditures, investments or divestments exceeding material limits;

Corporate Governance Report

(c) All capital-related matters including capital issuance;

(d) Significant policies governing the operations of the Company;

(e) Corporate strategic development and restructuring;

(f) Material acquisitions and disposals of assets;

(g) Material interested person transactions;

(h) Risk management strategies;

(i) Approval of financial results announcements and the release thereof; and

(j) Approval of the annual reports and accounts for presentation at annual general meeting ("**AGM**").

The Constitution of the Company provides for Directors to participate in meetings of Directors by means of telephone conferencing, video conferencing, audio visual, or other similar communication equipment by means of which all persons participating in the meeting can hear and be heard by each other, without a Director being in the physical presence of the other Directors.

The Board has scheduled to meet at least two (2) times a year and to coincide such meetings with the review and approval of the Group's results announcements. The Board meets on a regular basis as well as ad-hoc meetings, if warranted by circumstances deemed appropriate by the Board. At those meetings, the Board will review the Group's financial performance, annual budget, corporate strategy, business plans, potential acquisitions, risk management policies and significant operational matters.

As the Company was listed on the Catalist of the SGX-ST on 26 April 2017, there were no Board and/or Board Committees meetings held in the financial year ended 31 December 2016 ("**FY2016**"). Nonetheless, the Board attended various verification and due diligence meetings, together with other professional advisers involved in the initial public offering ("**IPO**") of shares in the share capital of the Company (where applicable), for the purpose of verifying the information contained in the Company's Offer Document dated 18 April 2017.

For each newly appointed Director, he/she will receive appropriate training including familiarisation with the Company's business, governance practices and relevant statutory and regulatory compliance issues to ensure that he/she has a proper understanding of the Company and is fully aware of his/her responsibilities and obligations of being a Director of a listed company. To get a better understanding of the Group's business, the Directors are given the opportunity to visit the Group's operating facilities and meet with the key management personnel. The Company will also provide each newly appointed Director with a formal letter of appointment setting out the Director's duties and responsibilities.

For new Directors who do not have prior experience as a director of a public listed company in Singapore, they will attend training courses organised by the Singapore Institute of Directors or other training institutions in areas such as accounting, legal and industry-specific knowledge, where appropriate, in connection with their duties. Prior to the IPO of the Company, Directors who did not have prior experience as a director of a listed company had received relevant training to familiarise themselves with the roles and responsibilities of a director.

The Company is responsible for arranging and funding the training of Directors. Directors are updated with the latest professional developments in relation to the Catalist Rules, accounting standards and other applicable regulatory updates or amendments to relevant laws, rules and regulations to ensure the compliance of the same by all Directors.

Corporate Governance Report

Board Composition and Guidance

Principle 2 ***There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.***

The Board comprises of six (6) Directors of whom three (3) are Independent Directors, which have the appropriate mix of core competencies and diversity of experience to direct and lead the Company. As independent directors make up half of the Board, the Company has complied with the relevant guideline of the Code. The Board is able to exercise objective judgement independently from management and no individual or small group of individuals dominate the decisions of the Board. As at the date of this report, the Board comprises the following members:

Mr Chua Ser Miang	(Non-Executive Chairman and Independent Director)
Dr Shao Yongxin	(Executive Director and Group Chief Executive Officer)
Mr Vitters Sim Yu Xiong	(Non-Executive Director)
Mr San Yi Leong @ Tan Yi Leong	(Non-Executive Director)
Professor Chew Chong Yin @ Chew Chong Lin	(Independent Director)
Mr Lin Ming Khin	(Independent Director)

The Board considers its current Board size appropriate for the facilitation of effective decision making, taking into account the nature and scope of operations of the Group. The Board comprises Directors with strong industry knowledge and diversified background such as legal and accounting, and who collectively bring with them a wide range of experience. The Board is also of the view that the Board comprises persons who as a group provide capabilities required for the Board to be effective. Members of the Board are regularly in touch with the management to provide advice and guidance on matters for which their expertise will be constructive to the Group.

Each of the Independent Directors has completed an independent director's declaration form and confirmed his independence. The independence of each Independent Director has been and will be reviewed on an annual basis and as and when the circumstances require, by the NC, with reference to the guidelines as set out in the Code. The independence of any Director who has served on the Board beyond nine years from the date of his first appointment will be subject to more rigorous review, taking into account the need for progressive refreshing of the Board. None of the Independent Directors have served on the Board for a period exceeding nine years from the date of their appointments.

The NC has determined that the Independent Directors are independent in accordance with the Code. The Independent Directors, Mr Chua Ser Ming, Professor Chew Chong Yin @ Chew Chong Lin, and Mr Lin Ming Khin have confirmed that they do not have any relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of their independent business judgement with a view to the best interests of the Company. After taking into account the views of the NC, the Board is satisfied that each Independent Director is independent in character and judgement and that there are no relationships or circumstances which are likely to affect, or could affect, each Independent Director's judgement.

The Non-Executive Directors participate in developing the Group's strategic process, reviewing the performance of management in meeting agreed goals and objectives, and monitoring the reporting of performance. Where necessary, the Non-Executive Directors meet without the presence of the management of the Company.

The profile of the Directors are found on pages 10 to 13 of this Annual Report.

Corporate Governance Report

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3 There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the Company's business. No one individual should represent a considerable concentration of power.

There is a clear division of responsibilities between the Chairman and Group Chief Executive Officer ("**CEO**"), which ensures there is a balance of power and authority, such that no one individual represents a considerable concentration of power. Mr Chua Ser Miang, the Non-Executive Chairman and Independent Director, and Dr Shao Yongxin, the Executive Director and Group CEO, are not related to each other.

The Group CEO is responsible for the business management and day-to-day operations of the Company. He takes a leading role in developing and expanding the businesses of the Group including making major business and finance decisions. He also oversees the execution of the Company's corporate and business strategy as set out by the Board and ensures that the Directors are kept updated and informed of the Company's businesses.

The Non-Executive Chairman leads the Board discussion and also ensures that Board meetings are convened when necessary. He sets the Board's meeting agenda and ensures that Directors are provided with complete, adequate and timely information. He chairs the Board meetings and ensures that adequate time is available for discussion of all agenda items, in particular strategic issues, and promotes a culture of openness and debate at the Board. He also facilitates the effective contribution of Non-Executive Directors in particular and promotes high standards of corporate governance. He encourages constructive relations within the Board and between the Board and the Management, and ensures effective communications between the Company and its shareholders.

BOARD MEMBERSHIP

Principle 4 There should be a formal and transparent process for the appointment of new Directors and re-appointment of Directors to the Board.

All NC members are Independent Directors, all of whom are independent of the Management. The NC comprises the following members:

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

The NC holds at least one (1) meeting in each financial year. The principle functions of the NC under its term of reference include, but are not limited to, the following:

(a) recommending to the Board on all board appointments, including re-nominations of existing Directors for re-election in accordance with the Constitution of the Company, having regard to the Director's contribution and performance;

(b) determining on an annual basis whether or not a Director is independent having regard to the Code and any salient factors;

(c) deciding whether the Director is able to and has been adequately carrying out his/her duties particularly when he/she has multiple board representations;

(d) implementing a process for evaluation and assessing the performance of the Board and contribution of each Director to the effectiveness of the Board;

(e) reviewing and approving any new employment of related persons and their proposed terms of employment;

Corporate Governance Report

(f) reviewing and recommending to the Board succession plans for Directors, in particular, the Chairman and the Executive Director and Group CEO;

(g) reviewing and approving any new employment of related persons and the proposed terms of their employment; and

(h) the review of training and professional development programs for the Board.

The NC has reviewed the independence of each Independent Director and is of the view that Mr Lin Ming Khin, Professor Chew Chong Yin @ Chew Chong Lin, and Mr Chua Ser Miang are independent as defined in the Code and are able to exercise judgement on the corporate affairs of the Group independently of the Management.

The NC has in place policies and procedures for the selection, appointment and re-appointment of Directors to the Board, including a search and nomination process. Candidates will be first sourced through an extensive network of contacts and selected based on, *inter alia*, the needs of the Group and the relevant expertise required. Where necessary, the NC will engage recruitment consultants or engage other independent experts to undertake research on, or assess candidates for new positions on the Board. New Directors are appointed by way of Director's resolution, after the NC has reviewed and nominated them by taking into consideration the qualification and experience of each candidate. The new Director's independence, expertise, background and right skills will be considered before the Board makes its final decision on the appointment. For re-appointment of Directors to the Board, the Board will take into consideration, amongst others, the Director's integrity, competencies, independence, commitment, contribution and performance (such as attendance, participation, preparedness and candour). The Constitution of the Company has stated clearly the procedures for the appointment of new Directors, re-election and removal of Directors.

Each member of the NC shall abstain from voting on any resolutions in respect of the assessment of his performance, appointment or re-appointment as a director.

The Board provides for appointment of alternate director only in exceptional cases such as when a director has a medical emergency. The Board will take into consideration the same criteria for selection of directors such as his qualifications, competencies, and independence. Currently, the Company does not have alternate directors.

In accordance with the Constitution of the Company, one-third of the Directors are required to retire at every AGM of the Company and all Directors are required to retire from office at least once every three (3) years, and such Directors will be eligible for re-election at the meeting at which he retires.

The Constitution of the Company further provides that any Director appointed to fill a casual vacancy shall hold office only until the next AGM of the Company and shall then be eligible for re-election.

The NC has recommended to the Board that all directors, namely Mr Chua Ser Miang, Dr Shao Yongxin, Mr Vitters Sim Yu Xiong, Mr San Yi Leong @ Tan Yi Leong, Professor Chew Chong Yin @ Chew Chong Lin and Mr Lin Ming Khin be nominated for re-election at the forthcoming AGM of the Company. Mr Chua Ser Miang, Professor Chew Chong Yin @ Chew Chong Lin and Mr Lin Ming Khin will be considered independent for the purposes of Rule 704(7) of the Catalist Rules. Dr Shao Yongxin is deemed interested in Health Field Enterprises Limited's Shares by virtue of his 100% indirect shareholding in Health Field Enterprises Limited. Mr San Yi Leong @ Tan Yi Leong is the brother-in-law of the Company's Controlling Shareholder, Dr Ng Chin Siau. Save as disclosed above, none of the Directors have any relationships, including any family relations with the other Directors, the Company or its 10% shareholders. In making the above recommendation, the NC has considered the Directors' overall contributions and performance, and the Board has accepted the NC's recommendation.

The NC reviews and determines annually whether Directors who have multiple board representations and other principal commitments, give sufficient time and attention to the affairs of the Company and adequately carry out his duties as a director of the Company. The NC takes into consideration the contributions of the individual Director and his actual conduct on the Board, in making this assessment.

Corporate Governance Report

For the period under review, the NC was satisfied that, where a Director had other listed company board representations and/or other principal commitments, the Director was able to carry out and had been adequately carrying out, his/her duties as a Director of the Company. As the time requirement of each Director are subjective, the NC has decided not to fix a maximum limit on the number of directorships a Director can hold. The NC is of the view that the multiple board representations held presently by its Directors do not impede their respective performance in carrying out their duties for the Company.

Key information regarding the Directors, including their present and past three (3) years' directorship(s) in other listed companies and other principal commitments are set out below:

Director	Position	Date of initial appointment	Date of last re-appointment	Current directorships in other listed companies	Directorships in other listed companies over the past three years	Principal commitments
Mr Chua Ser Miang	Non-Executive Chairman and Independent Director	30 March 2017	NA	- Yamada Green Resources Limited	- Romulus Corporation - China Puda High Tech Holdings Limited	NIL
Dr Shao Yongxin	Executive Director and Group CEO	24 February 2017	NA	NIL	NIL	NIL
Mr Vitters Sim Yu Xiong	Non-Executive Director	28 December 2016	NA	NIL	NIL	- Chief Financial Officer at Q & M Dental Group (Singapore) Limited
Mr San Yi Leong @ Tan Yi Leong	Non-Executive Director	23 March 2017	NA	NIL	Aidite (Qinhuangdao) Technology Co., Ltd	- Business Development Director at Q & M Dental Group (Singapore) Limited
Professor Chew Chong Yin @ Chew Chong Lin	Independent Director	30 March 2017	NA	NIL	NIL	NIL
Mr Lin Ming Khin	Independent Director	30 March 2017	NA	NIL	NIL	NIL

NA: Not applicable

Corporate Governance Report

BOARD PERFORMANCE

Principle 5 ***There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.***

The Board has established processes to be carried out by the NC, for monitoring and evaluating the performance of the Board as a whole and the Board Committees, and the effectiveness and contribution of each individual Director.

The NC examines the performance of the Board as a whole and the Board Committees, covering areas that include the size and composition of the Board, the Board's access to information, Board processes and accountability annually. The NC review and evaluate the overall performance of the Board in terms of its role and responsibilities and the conduct of its affairs as a whole. The NC will review the appropriateness of the Board size, taking into consideration changes in the nature of the Group's businesses, the scope of operations, as well as changing regulatory requirements from time to time.

For the evaluation process, the Directors will complete a board evaluation questionnaire which seeks to assess the effectiveness of the Board and the Board Committees. The results are then collated by the Company Secretary who will submit to the Chairman of the NC in the form of a report. The report will be discussed during the NC meeting with a view to implementing recommendations to further enhance the effectiveness of the Board and/or the Board Committees.

The contribution of each individual Director to the effectiveness of the Board is assessed individually and reviewed by the NC Chairman. The assessment criteria include, *inter alia*, Director's attendance, commitment of time, candour, participation, knowledge and abilities, teamwork and overall effectiveness. The performance of each Director will be taken into account in his/her re-election or re-appointment.

The NC, having reviewed the overall performance of the Board in terms of its role and responsibilities and the conduct of its affairs as a whole, and the individual Director's performance, is of the view that the performance of the Board, the Board Committees and each individual Director has been satisfactory for the period under review.

Each member of the NC shall abstain from voting on any resolutions and making any recommendation and/or participating in any deliberations of the NC in respect of the assessment of his own performance or re-nomination as director.

ACCESS TO INFORMATION

Principle 6 ***In order to fulfil their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.***

The Directors have separate and independent access to the Management and the Company Secretary at all times. Requests for information from the Board are dealt with promptly by the Management. The Board is informed of all material events and transactions as and when they occur so as to enable them to make informed decisions to discharge their duties and responsibilities. The Management provides the Board with periodic updates of the Company's performance. The Management also consults with Board members regularly whenever necessary and/or appropriate. The Board is issued with board papers in a timely fashion prior to Board meetings.

The Company Secretary or his/her representative, attends and prepares minutes of all Board and Board Committees meetings. The Company Secretary assists the Chairman in ensuring that Board procedures are followed and regularly reviewed so that the Board functions effectively, and the Company's Constitution and the relevant rules and regulations applicable to the Company are complied with. The role of the Company Secretary, the appointment and removal of whom is a matter for the Board as a whole.

Corporate Governance Report

The Directors have separate and independent access to the Company Secretary and to other key management personnel of the Group at all times.

The Board in fulfilling its responsibilities, can as a Company or individually, when deemed fit, direct the Company to appoint professional advisers to render professional advice at the Company's expense.

REMUNERATION MATTERS

Principle 7 There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

All RC members are Independent Directors. The RC comprises the following members:

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

The RC holds at least one (1) meeting in each financial year. The principle functions of the RC under its term of reference include, but are not limited to, the following:

(a) to recommend to the Board a framework of remuneration for the Board and key management personnel, determine specific remuneration packages for each Executive Director and key management personnel and submit such recommendations for endorsement by the entire Board covering all aspects of remuneration, including but not limited to director's fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits in kind;

(b) to perform annual review of the remuneration of employees related to the Directors and Substantial Shareholders to ensure that their remuneration packages are in line with the Company's staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities which include review and approve any bonuses, pay increases and/or promotions for these employees;

(c) to review and recommend to the Board the terms of renewal for those Executive Directors whose current employment contracts will expire or have expired;

(d) to recommend the remuneration of Non-Executive Directors appropriate for the level of contribution, taking into account factors such as effort and time spent, and responsibilities of the Directors; and

(e) to consider the various disclosure requirements for Director's and key management personnel's remuneration, particularly those required by regulatory bodies such as the SGX-ST, and ensure that there is adequate disclosure in the financial statements to ensure and enhance transparency between the Company and relevant interested parties.

In discharging its duties, the RC will review and make recommendations on the specific remuneration packages for the Directors and key management personnel. The recommendations of the RC will be submitted for endorsement by the entire Board. All aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, share-based incentives and awards, and benefits in kind, will be covered by the RC. The RC shall also, as part of their meetings, evaluate Dr Shao Yongxin, the Group CEO's monthly service fee pursuant to the service agreement.

Corporate Governance Report

Where applicable, the RC will also review annually the remuneration of employees related to the Directors and substantial shareholders to ensure that their remuneration packages are in line with the staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. In the event that a member of the RC is related to the employee under review, he will abstain from participating in the review and voting on any resolution in relation to the remuneration package of that employee related to him.

Each member of the RC shall abstain from voting on any resolutions or making any recommendations and/or participating in the deliberations of the RC in respect of his/her remuneration package.

The RC may from time to time, and where required, seek advice from external consultants in framing the remuneration policy and determining the level and mix of remuneration for Directors and key management personnel. If external consultants are appointed, the RC will ensure that existing relationships, if any, between the Company and its appointed consultants will not affect the independence and objectivity of the consultants. The expense of such services shall be borne by the Company.

The RC reviews the Company's obligations arising in the event of termination of service contracts entered into between the Group and its Executive Directors or key management personnel, as the case may be, to ensure that the service contracts contain fair and reasonable termination clauses which are not overly onerous to the Group.

LEVEL AND MIX OF REMUNERATION

Principle 8 ***The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.***

In recommending the level and mix of remuneration, the RC seeks to build, motivate and retain Directors and key management personnel. It ensures that competitive remuneration policies and practices are in place to draw and motivate high-performance executives so as to drive the Group's businesses to greater growth, efficiency and profitability.

The RC seeks to ensure that the level and mix of remuneration of Executive Directors and key management personnel is competitive, relevant and appropriate in linking awards with performance and that the amount and mix of compensation is aligned with the interests of shareholders and promotes the long-term success of the Group.

The Company has entered into a fixed-term service agreement with our Executive Director and Group CEO. The service agreement is valid for an initial term of five (5) years from the date of the listing of the Company on the Catalist Board of the SGX-ST. Upon the expiry of the initial period of five (5) years, the employment of Dr Shao Yongxin shall be automatically extended for one (1) year thereafter unless terminated in accordance with the service agreement.

In setting remuneration packages, the RC will take into consideration the pay and employment conditions within the industry and comparable companies and the broad guidelines recommended by the Singapore Institute of Directors. The remuneration of Non-Executive Directors will also be reviewed to ensure that the remuneration commensurate with the contribution and responsibilities of the Non-Executive Directors. The Company believes that the current remuneration of Non-Executive Directors is at a level that will not compromise the independence of the Non-Executive Directors.

The Director's fee for the Executive Director shall be agreed or determined by the RC. The Company will submit the quantum of Directors' fees to the shareholders for approval at the AGM annually.

The RC is of the view that it is currently not necessary to use contractual provisions to allow the Company to reclaim incentive components of remuneration from the Executive Director and key management personnel in exceptional cases of wrongdoings.

Corporate Governance Report

DISCLOSURE ON REMUNERATION

Principle 9 ***Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.***

A breakdown showing the level and mix of each individual Director's remuneration payable for FY2016 is as follows:

Name	Remuneration Band [1]	Salary %	Bonus %	Benefits %	Professional Fees %	Directors' Fees [+] %	Total %
Mr Chua Ser Miang	NA [2]	–	–	–	–	–	–
Dr Shao Yongxin	A	100	–	–	–	–	100
Mr Vitters Sim Yu Xiong	–	–	–	–	–	–	–
Mr San Yi Leong @ Tan Yi Leong	NA [2, 3]	–	–	–	–	–	–
Professor Chew Chong Yin @ Chew Chong Lin	NA [2]	–	–	–	–	–	–
Mr Lin Ming Khin	NA [2]	–	–	–	–	–	–

[+] The Directors' Fees are subject to approval by shareholders at the forthcoming AGM.

Remuneration of the key management personnel (who are not Directors or the CEO) is set out below:

Name	Remuneration Band [1]	Salary %	Bonus %	Benefits %	Total %
Ms Wan Sin Nee	A	90.3	9.7	0.0	100
Dr Bai Yi	A	100.0	0.0	0.0	100
Dr Ren Hong	A	100.0	0.0	0.0	100
Mr Cui Guo An	A	100.0	0.0	0.0	100
Dr Zhang Chun	A	68.6	0.0	31.4	100
Dr Li Zhuo	A	100.0	0.0	0.0	100
Mr Zhang Dong Wei	A	100.0	0.0	0.0	100

Notes:

1. Band A: Below S$250,000.
2. Not appointed during FY2016.
3. Mr San Yi Leong @ Tan Yi Leong was an employee of the Group up till his resignation on 23 March 2017. He has been re-designated as an Non-Executive Director of the Group on 23 March 2017. He has received remuneration as an employee in FY2016.

The total remuneration paid to the above key management personnel was S$427,183 for FY2016.

The Company is of the opinion that it is not in the best interest of the Company to disclose the specific amount of remuneration of the Directors and key management personnel due to the competitive hiring conditions and talent retention.

Corporate Governance Report

There were no employees of the Company or its subsidiaries who were immediate family members of any Director or the CEO and whose remuneration exceeded S$50,000 during FY2016.

All Directors and the key management personnel are remunerated on an earned basis and there was no termination, retirement and post-employment benefits granted during FY2016. Currently, the Company has not implemented any employee share option schemes.

The Board has sought to link the quantum of salary to the current market for the Executive Director and Group CEO and key management personnel taking into consideration their respective roles and responsibilities. Bonuses are paid based on their individual performances and the Group's performance.

ACCOUNTABILITY AND AUDIT

Principle 10 ***The Board should present a balanced and understandable assessment of the company's performance, position and prospects.***

The Board is accountable to the shareholders and is mindful of its obligations to furnish timely information that present a balanced and understandable assessment of the Company's performance, position and prospects and to ensure full disclosure of material information to shareholders in compliance with statutory requirements and the Catalist Rules.

Price sensitive information will be publicly released either before the Company meets with any group of investors or analysts or simultaneously with such meetings. Financial results and annual reports will be announced or issued within the legally prescribed periods.

The Management provides the Board with updates covering operational performance, financial results, marketing and business development and other relevant information on a regular basis as the Board may require from time to time, enabling the Board to make a balanced and informed assessment of the Company's performance, position and prospect.

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 11 ***The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.***

The Board oversees Management in the area of risk management and internal control system. The Board regularly reviews and improves the Company's business and operational activities to identify areas of significant risks as well as take appropriate measures to control and mitigate these risks.

It is the opinion of the Board that, in the absence of evidence to the contrary, the system of internal controls maintained by the Management that was in place throughout the financial year and up to the date of this report provides reasonable, but not absolute, assurance against material financial misstatements or losses, and includes the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulations and best practices, and the identification and containment of financial, operational and compliance risks.

The Board notes that all internal control systems contain inherent limitations and no system of internal controls could provide absolute assurance against the occurrence of material errors, poor judgment in decision making, human error losses, fraud or other irregularities.

Corporate Governance Report

The AC reviewed the adequacy and effectiveness of the Group's key internal controls that address the Group's financial, operational, compliance and information technology controls, and risk management systems, with the assistance of the internal and external auditors and the Management, who provide regular reports during the year to the AC in addition to the briefings and updates provided at the AC meeting.

The Board has received assurance from the Executive Director and Group CEO and the Financial Controller (a) that the financial records have been properly maintained and the financial statements for FY2016 give a true and fair view of the Company's operations and finances, and (b) regarding the effectiveness of the Company's risk management and internal control systems.

Based on the report of the IA and internal controls established and maintained by the Group, actions taken by the Management, assurances from the Executive Director and Group CEO and the Financial Controller, as well as reviews performed by the internal auditors and external auditors, the Board, with the concurrence of the AC, is of the opinion that the Group's risk management and internal control systems are adequate and effective in addressing the financial, operational, compliance and information technology controls and risk management systems of the Group for FY2016.

AUDIT COMMITTEE

Principle 12 The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

The role of the AC is to assist the Board with regard to the discharge of its responsibility to safeguard the Company's assets, maintain adequate accounting records, develop and maintain effective systems of internal controls with an overall objective to ensure that the Management has created and maintained an effective control environment in the Company, and that the Management demonstrates and stimulates the necessary aspect of the Company's internal control structure among all parties.

All AC members are Independent Directors and collectively have relevant accounting and financial management expertise or experience to discharge the responsibilities of the AC's functions The AC comprises the following members:

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

The AC holds at least two (2) meetings in each financial year to discuss and review the following where applicable:

(a) review, with the internal and external auditors, the audit plans, scope of work, their evaluation of the system of internal accounting controls, their management letter and our Management's response, and results of our audits compiled by our internal and external auditors;

(b) review the periodic consolidated financial statements and results announcements before submission to the Board for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards and the Catalist Rules and any other relevant statutory or regulatory requirements;

(c) review the effectiveness and adequacy of the internal control procedures addressing financial, operational, information technology and compliance risks, and ensure coordination between the internal and external auditors, and the Management, reviewing the assistance given by the Management to the auditors, and discuss problems and concern, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of the Management where necessary);

Corporate Governance Report

(d) review and discuss with external and internal auditors, any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and the Management's response;

(e) make recommendations to our Board on the proposals to the Shareholders on the appointment, reappointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors;

(f) review transactions falling within the scope of Chapter 9 and Chapter 10 of the Catalist Rules;

(g) review any potential conflict of interests, including reviewing and considering transactions in which there may be potential conflicts of interest between the Group and its interested persons and recommend whether those who are in a position of conflict should abstain from participating in any discussions or deliberations of the Board or voting on resolutions of the Board or the shareholders in relation to such transaction;

(h) undertake such other reviews and projects as may be requested by the Board, and report to the Board its findings from time to time on matters arising and requiring the attention of the AC;

(i) review the Company's key financial risk areas, with a view to providing an independent oversight on the Company's financial reporting. The outcome of these reviews will be disclosed in the annual report of the Company or where the findings are material, immediately announced via SGXNet;

(j) generally to undertake such other functions and duties as may be required by statute or the Catalist Rules, or by such amendments as may be made thereto from time to time;

(k) review and approve all hedging policies and instruments (if any) to be implemented by our Group;

(l) review the significant financial reporting issues and judgement with the Financial Controller and the external auditors so as to ensure the integrity of the financial statements of the Group and any formal announcement relating to the Group's financial performance;

(m) review the scope and results of the audit, its cost effectiveness, the independence and objectivity of the external auditors annually. Where the auditors also supply a substantial volume of non-audit services to the Company, the nature and extent of such services should be reviewed in order to balance the maintenance of objectivity and value for money;

(n) ensure that the internal auditor's primary line of reporting should be to the AC Chairman although he would also report administratively to the Group CEO. The internal auditor should meet or exceed the standards set by nationally or internationally recognised professional bodies including the Standards for the Professional Practice set by The Institute of Internal Auditors;

(o) review and report to the Board annually on the effectiveness and adequacy of the Group's risk management and internal controls systems in addressing the financial, operational, compliance and information technology controls via reviews carried out by the internal auditors;

(p) investigate any matter within its terms of reference, having full access to and co-operation from the Management and full discretion to invite any Executive Director or Executive Officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly;

(q) review and monitor the measures our Group has put in place in respect of the legal representatives of our subsidiaries in the People's Republic of China; and

Corporate Governance Report

(r) provide an avenue for employees to raise concerns and reassurance that they will be protected from reprisals or victimization for whistle blowing in good faith, a whistle blowing reporting policy has been established by the Company for its employees.

The AC has the authority to conduct or authorise investigations into any matters within the AC's scope of responsibility and the discretion to invite any director to attend its meetings. The Management shall grant full cooperation and resources to enable it to discharge its functions properly. The AC is authorised to obtain independent professional advice, if it deems necessary, in the discharge of its responsibilities. Such expenses are to be borne by the Company.

The AC also meets with the internal and external auditors without the presence of the Management at least annually to ascertain if there are any material weaknesses or control deficiencies in the Group's financial and operational systems.

The AC will review the independence of the external auditors annually. The AC, having reviewed the range and value of non-audit services performed by the external auditors, RSM Chio Lim LLP, was satisfied that the nature and extent of such services has not prejudiced the independence and objectivity of external auditors as these services were provided solely in connection with the Company's IPO.

During the financial year under review, the Company has incurred an aggregate of S$34,000 payable to the external auditors for its audit services, and has incurred an aggregate of S$186,000 payable to the external auditors for its other non-audit professional services. The Company confirms that it has complied with Rules 712 and 715 of the Catalist Rules in its engagement of RSM Chio Lim LLP, as the external auditors of the Company. No former partner or director of the Company's existing auditing firm is a member of the AC.

The Company has put in place a whistle-blowing policy to provide a channel for employees to report in good faith and in confidence, without fear of reprisals, concerns about possible improprieties in financial reporting or other matters. The objective for such an arrangement is to ensure independent investigation of such matters and for appropriate follow-up action. All complaints or information would be forwarded to the AC Chairman or the Financial Controller of the Group.

The AC is kept abreast by the Management and the external auditors of changes to accounting standards, Catalist Rules and other regulations which could have an impact on the Group's business and financial statements.

INTERNAL AUDIT

Principle 13 The Company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The Company's internal audit function is outsourced to Nexia TS Risk Advisory Pte Ltd ("**Nexia TS**" or "**IA**") that reports directly to the AC Chairman and administratively to the Group CEO. The AC will also approve the appointment, removal, evaluation and compensation of the internal auditor. Nexia TS has unrestricted direct access to all of the Group's documents, records, properties and personnel and reports directly to the AC on all internal audit matters. The IA plans its internal audit schedules in consultation with, but independent of the Management. The audit plan is submitted to the AC for approval prior to the commencement of the internal audit work.

The Board recognises that it is responsible for maintaining robust internal controls to safeguard shareholders' investment and the Company's business and assets.

The primary functions of internal audit are to:

(a) assess if adequate systems of internal controls are in place to protect the funds and assets of the Company and to ensure control procedures are complied with;

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(b) conduct regular in-depth audits of high-risk areas; and

(c) identify and recommend improvement to internal control procedures, where required.

The AC had reviewed and approved the internal audit plan and reviewed the results of the internal audit. The AC is satisfied that the internal audit work is carried out in accordance with the Standards for Professional Practice of Internal Auditing set by The Institute of Internal Auditors. The AC reviews the adequacy and effectiveness of the internal audit function on an annual basis and is satisfied with its adequacy and effectiveness. The Board and the AC are of the opinion that the internal audit function is sufficiently resourced and internal audits are performed by competent professional staff.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Principle 14 Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

The Company is committed to making timely and accurate announcements of all material information to the shareholders that would be likely to materially affect the value of the Company's shares. Any notice of general meeting is issued at least 14 clear days before the scheduled date of such meeting. Shareholders who are not relevant intermediaries can vote in person or appoint not more than two (2) proxies (or in the case of shareholders who are relevant intermediaries, more than two (2) proxies) to attend and vote on their behalf at the general meetings. There is no provision in the Company's Constitution that limits the number of proxies for nominee companies.

The Company ensures that shareholders have the opportunity to participate effectively in and vote at general meetings of shareholders. Shareholders will be briefed on the rules, including voting procedures, that govern general meetings of shareholders. The Company will address any queries that the shareholders may have on the procedures.

COMMUNICATION WITH SHAREHOLDERS

Principle 15 Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

The Company does not practise selective disclosure. In line with the continuous obligations of the Company pursuant to the Catalist Rules, the Board's policy is that all shareholders should be equally informed of all major developments impacting the Company.

Information is disseminated to shareholders on a timely basis through:

- Announcements and news releases on SGXNet.
- Annual report and circulars prepared and issued to all shareholders.
- Notices of shareholders' meetings are published in the local newspapers and announced via SGXNet.

Communication with shareholders is managed by the Board. The Company is committed to regular and proactive communication with its shareholders in line with the continuous disclosure obligations of the Company under the Catalist Rules. Price sensitive information is first publicly released before the Company meets with any group of investors or analysts.

The Group has specifically entrusted an investor relations team comprising the Executive Director and Group CEO and the Financial Controller with the responsibility of facilitating communications with shareholders and analysts and attending to their queries or concerns.

Corporate Governance Report

The Company's corporate website at http://www.aoxinqm.com.sg also provides updated information to investors on its latest financial results and corporate developments.

The Company does not have a formal dividend policy. The form, frequency and amount of dividends will depend on the Group's earnings, financial position, results of operations, capital needs, plans for expansion, and other factors as the Board may deem appropriate. Any dividend pay outs are clearly communicated to shareholders in public announcements and via announcements on SGXNet when the Company discloses its financial results. The Board will not be recommending any dividends for FY2016, as it was only recently listed on the Catalist Board of the SGX-ST on 26 April 2017.

CONDUCT OF SHAREHOLDER MEETINGS

Principle 16 ***Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.***

The Company's general meetings are the principal forums for dialogue with shareholders. The Chairman of the AC, RC and NC as well as the Board will be present and available at the Company's AGMs and EGMs to address questions from shareholders. The external auditors will also be present to address shareholders' queries about the conduct of the audit and the preparation and content of the auditors' report.

Shareholders are encouraged to attend the general meetings to ensure a high level of accountability and to stay apprised of the Company's strategy and goals. Shareholders are given the opportunity to raise questions and clarify any issues that they may have relating to the resolutions to be passed. Notice of the general meetings will be advertised in newspapers and announced on SGXNet.

The Company's Constitution allow a shareholder entitled to attend and vote to appoint not more than two (2) proxies who need not be a shareholder of the Company, to attend and vote at the meetings. The Company ensures that there are separate resolutions at general meetings on each substantially separate issue. All resolutions are put to vote by poll, and their detailed results will be announced via SGXNet after the conclusion of the general meeting.

The proceeding of the general meeting will be properly recorded, including all substantial and relevant comments or queries from shareholders relating to the agenda of the meeting, and responses from the Board and the Management. All minutes of general meetings will be available for inspection by shareholders upon their request.

MATERIAL CONTRACTS

(Rule 1204(8) of the Catalist Rules)

There were no material contracts entered into by the Company or any of its subsidiaries involving the interest of the Group CEO, any Director, or controlling shareholder either still subsisting at the end of FY2016 or if not then subsisting, entered into since the end of the previous financial year.

INTERESTED PERSON TRANSACTIONS

(Rule 907 of the Catalist Rules)

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and that the transactions are conducted on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders.

Corporate Governance Report

Particulars of the interested person transactions for the financial year ended 31 December 2016, disclosed in accordance with Rule 907 of the Catalist Rules were set out below.

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the Catalist Rules) S$	Aggregate value of all interested person transactions conducted under the shareholders' mandate pursuant to Rule 920 of the Catalist Rules (excluding transactions less than $100,000) S$
Shao Li Hua[(1)]	147,000	NIL

Note:

(1) Ms Shao Li Hua is the sister of the Executive Director and Group CEO, Dr Shao Yongxin.

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

DEALING IN SECURITIES

(Rule 1204(19) of the Catalist Rules)

In line with Rule 1204(19) of the Catalist Rules, the Group has adopted and implemented policies in line with the SGX-ST's best practices in relation to the dealing of shares of the Company. The policies have been made known to Directors, executive officers and any other persons as determined by the Management who may possess unpublished material price-sensitive information of the Group.

The Group has advised Directors and all key executives not to deal in the Company's shares during the period commencing one (1) month prior to the announcement of the Company's half-year and full-year results respectively and ending on the date of the announcement of the results.

The Group has reminded its Directors and officers that it is an offence under the Securities and Futures Act (Chapter 289 of Singapore) for a listed issuer or its officers to deal in the listed issuer's securities as well as securities of other listed issuers when the officers are in possession of unpublished material price-sensitive information in relation to those securities. Directors and officers are expected and reminded to observe insider trading laws at all times even when dealing in securities within permitted trading periods. The Group has further reminded its Directors and officers not to deal in the Company's securities on short-term considerations.

NON-SPONSOR FEES

(Rule 1204(21) of the Catalist Rules)

For FY2016, the Company paid S$90,000 to its sponsor, SAC Capital Private Limited, for acting as the issue manager, sponsor and placement agent to the Company's IPO.

Corporate Governance Report

USE OF IPO PROCEEDS

(Rule 1204(22) of the Catalist Rules)

The utilisation of the net proceeds from the Company's IPO as of the date of this Annual Report is set out as below:

	Amount Allocated S$'million	Amount Utilised S$'million	Balance Amount S$'million
Expansion of business through organic growth, mergers and acquisitions, joint ventures and partnerships	6.4	–	6.4
Enhancement of infrastructure and working capital purposes	2.7	–	2.7
Total	**9.1**	**–**	**9.1**

Statement by Directors

The directors of the Company are pleased to present the accompanying financial statements of the Company and of the Group for the reporting year ended 31 December 2016.

The Company changed its name to Aoxin Q & M Dental Group Limited upon its conversion to a public company on 30 March 2017.

1. Opinion of the directors

In the opinion of the directors,

(a) the accompanying financial statements and the consolidated financial statements are drawn up so as to give a true and fair view of the financial position and performance of the Company and, of the financial position and performance of the Group for the reporting year covered by the financial statements or consolidated financial statements; and

(b) at the date of the 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:

Vitters Sim Yu Xiong	(Appointed on 28 December 2016)
Shao Yongxin	(Appointed on 24 February 2017)
San Yi Leong @ Tan Yi Leong	(Appointed on 23 March 2017)
Lin Ming Khin	(Appointed on 30 March 2017)
Chua Ser Miang	(Appointed on 30 March 2017)
Professor Chew Chong Yin @ Chew Chong Lin	(Appointed on 30 March 2017)

3. Directors' interests in shares and debentures

The directors of the Company holding office at the end of the reporting year were not interested in shares or debentures of the Company or other related body corporate as recorded in the register of directors' shareholdings kept by the Company under section 164 of the Companies Act, Chapter 50 ("the Act") except as follows:

	Direct Interest		Deemed Interest	
Name of directors and companies in which interests are held	**At beginning of the reporting year or date of appointment if later**	**At end of the reporting year**	**At beginning of the reporting year or date of appointment if later**	**At end of the reporting year**
Parent company – Q & M Dental Group (Singapore) Limited	Number of shares of no par value			
Ng Sook Hwa (Resigned on 23 March 2017)	91,000	91,000	–	–

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.

5. Options

During the reporting year, no option to take up unissued shares of the Company or other body corporate in the Group was granted.

During the reporting year, there were no shares issued by virtue of the exercise of an option to take up unissued shares.

At the end of the reporting year, there were no unissued shares under option.

6. Independent auditor

RSM Chio Lim LLP has expressed willingness to accept re-appointment.

On behalf of the directors

....	....
Shao Yongxin	San Yi Leong @ Tan Yi Leong
Director	Director

6 April 2017

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 (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 2016, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and consolidated 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 accounting policies.

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, Chapter 50 (the Act) and the Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the consolidated financial position of the Group and financial position of the Company as at 31 December 2016 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 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.

Independent Auditor's Report

to the Members of AOXIN Q & M DENTAL GROUP LIMITED

Key audit matters (cont'd)

(a) Assessment of impairment of goodwill

Please refer to Note 2A "Goodwill", "Impairment of non-financial assets", and Note 2C "Assessment of impairment of goodwill" for relevant accounting policies and discussion of significant accounting estimates, and Note 14 "Intangible assets" for the key assumptions used in impairment testing of goodwill.

The Group had goodwill of approximately RMB96.8 million which arose from the acquisition of subsidiaries. The amounts are allocated to certain cash generating units ("CGUs") as at 31 December 2016. These CGUs are assessed for impairment annually. Management applies the value-in-use method to determine the recoverable amount of goodwill. The value in use calculation requires the Group to estimate the future cash flows arising from the CGU and a suitable discount rate in order to calculate present value of the recoverable amount of each CGUs. Any shortfall of the recoverable amounts against the carrying amounts would be recognised as impairment losses.

Management determined the recoverable amounts based on the forecasted revenue, growth rates, profit margins, tax rates and discount rates using presently available information. These estimates require judgement and the determination of the recoverable amounts is a key focus area for our audit.

We discussed with management the process over the determination of the forecasted revenues, growth rates, profit margins, tax rates and discount rates. As the assessment process is judgemental and is based on assumptions that are affected by expected future market or economic conditions, our audit procedures included, among others, using our in-house valuation specialists to assist us in evaluating the assumptions and methodologies used by the management.

We assessed management's estimates applied in the value-in-use models based on our knowledge of the CGUs' operations, and compared them against historical forecasts and performance and industry benchmarks. Our in-house valuation specialists also performed a review of the management's methodology, expectations and the discount rate used in the impairment assessment and tested the accuracy of the computations.

We also assessed the adequacy of the Group's 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 goodwill.

Information other than the financial statements and auditor's report thereon

Management is responsible for the other information. The other information comprises the information included in the statement by directors and 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.

Independent Auditor's Report

to the Members of AOXIN Q & M DENTAL GROUP LIMITED

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 FRSs, 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.

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.

Independent Auditor's Report

to the Members of AOXIN Q & M DENTAL GROUP LIMITED

Auditor's responsibilities for the audit of the financial statements (cont'd)

(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.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Group and by the 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 Goh Swee Hong.

RSM Chio Lim LLP
Public Accountants and
Chartered Accountants
Singapore

6 April 2017

Partner-in-charge of audit : effective from year ended 31 December 2011

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year Ended 31 Decemb1er 2016

	Notes	Group 2016 RMB'000	Group 2015 RMB'000
Revenue	5	86,861	46,450
Interest income		47	43
Other gains	6	10	–
Consumables and dental supplies		(6,892)	(5,335)
Cost of dental equipment and supplies		(19,255)	–
Employee benefits expense	7	(24,679)	(18,377)
Depreciation and amortisation expense		(4,944)	(3,892)
Rental expense		(4,457)	(2,720)
Finance costs	8	(603)	–
Professional fee and expenses in relation to the listing		(3,324)	–
Other expenses	9	(8,984)	(7,367)
Other losses	6	(45)	(102)
Profit before tax from continuing operation		13,735	8,700
Income tax expense	10	(6,026)	(3,925)
Profit from continuing operations, net of tax		7,709	4,775
Profit from discontinuing operations, net of tax	12	897	20,091
Profit from disposal of discontinued operations, net of tax	12	9,100	–
Profit net of tax		17,706	24,866
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operation, net of tax		(5,962)	2,168
Other comprehensive (loss) income for the year, net of tax		(5,962)	2,168
Total comprehensive income		11,744	27,034

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

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year Ended 31 December 2016

	Notes	Group 2016 RMB'000	Group 2015 RMB'000
Attributable to:			
Owners of parent			
Profit from continuing operations, net of tax		1,239	540
Profit from discontinuing operations, net of tax		8,080	9,098
Profit attributable to owners of parent, net of tax		9,319	9,638
Non-controlling interests			
Profit from continuing operations, net of tax		6,470	4,235
Profit from discontinuing operations, net of tax		1,917	10,993
Profit attributable to non-controlling interests, net of tax		8,387	15,228
Profit net of tax		17,706	24,866
Attributable to:			
Owners of parent			
Total comprehensive (loss)/income from continuing operations, net of tax		(887)	1,776
Total comprehensive income from discontinuing operations, net of tax		4,176	10,030
Total comprehensive income attributable to owners of the parent		3,289	11,806
Non-controlling interests			
Total comprehensive income from continuing operations, net of tax		6,538	4,235
Total comprehensive income from discontinuing operations, net of tax		1,917	10,993
Total comprehensive income attributable to non-controlling interests		8,455	15,228
Total comprehensive income		11,744	27,034
Earnings per share		**Cents**	**Cents (Restated)**
Basic – continuing operations	11	0.8	0.3
Basic – discontinuing operations	11	4.9	5.6
Total		5.7	5.9
Diluted – continuing operations	11	0.8	0.3
Diluted – discontinuing operations	11	4.9	5.6
Total		5.7	5.9

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

Statements of Financial Position

As at 31 December 2016

	Notes	Group 2016 RMB'000	Group 2015 RMB'000	Company 2016 RMB'000	Company 2015 RMB'000
ASSETS					
Non-current assets					
Plant and equipment	13	36,778	35,146	2	7
Intangible assets	14	99,798	87,337	–	–
Investment in subsidiaries	15	–	–	223,801	111,336
Other assets	18	491	561	491	561
Total non-current assets		137,067	123,044	224,294	111,904
Current assets					
Assets classified as disposal group	12	13,218	189,616	–	–
Inventories	16	6,780	1,530	–	–
Trade and other receivables	17	16,048	46,962	3,279	46,549
Other assets	18	762	1,450	676	617
Cash and cash equivalents	19	34,918	14,390	10,561	1,170
Total current assets		71,726	253,948	14,516	48,336
Total assets		208,793	376,992	238,810	160,240
EQUITY AND LIABILITIES					
Equity					
Share capital	20	44,312	525	44,312	525
Retained earnings (Accumulated losses)		12,317	6,498	(5,639)	(20,453)
Other reserves	27	22,646	10,348	106,614	6,760
Equity attributable to owners of the parent		79,275	17,371	145,287	(13,168)
Non-controlling interest		15,587	70,401	–	–
Total equity		94,862	87,772	145,287	(13,168)
Non-current liabilities					
Deferred tax liabilities	10	1,657	1,133	–	–
Total non-current liabilities		1,657	1,133	–	–
Current liabilities					
Liabilities classified as disposal group	12	276	108,982	–	–
Income tax payables		870	1,668	–	–
Trade and other payables	21	111,128	177,437	93,523	173,408
Total current liabilities		112,274	288,087	93,523	173,408
Total liabilities		113,931	289,220	93,523	173,408
Total equity and liabilities		208,793	376,992	238,810	160,240

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

Statements of Changes in Equity

Year Ended 31 December 2016

Group	Total equity	Attributable to parent	Share capital	Retained earnings	Other reserves	Non-controlling interest
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Current year:						
Opening balance at 1 January 2016	87,772	17,371	525	6,498	10,348	70,401
Movements in equity:						
Total comprehensive income/(loss) for the year	11,744	3,357	–	9,319	(5,962)	8,387
Dividends paid to non-controlling interest	(4,000)	–	–	–	–	(4,000)
Issue of share capital (Note 20)	43,787	43,787	43,787	–	–	–
Acquisition of subsidiaries (Note 22)	3,155	–	–	–	–	3,155
Transfer to statutory reserve	–	–	–	(3,500)	3,500	–
Increase in non-controlling interest without a change in control	(108)	14,851	–	–	14,851	(14,959)
Capital contribution by non-controlling interests	2,553	–	–	–	–	2,553
Disposal of subsidiary classified under disposal group (Note 12)	(50,041)	(91)	–	–	(91)	(49,950)
Closing balance at 31 December 2016	94,862	79,275	44,312	12,317	22,646	15,587
Previous year:						
Opening balance at 1 January 2015	60,738	5,565	525	(3,140)	8,180	55,173
Movements in equity:						
Total comprehensive income for the year	27,034	11,806	–	9,638	2,168	15,228
Closing balance at 31 December 2015	87,772	17,371	525	6,498	10,348	70,401

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

Statements of Changes in Equity

Year Ended 31 December 2016

Company	Total Equity RMB'000	Share capital RMB'000	Accumulated losses RMB'000	Other reserves RMB'000
Current year:				
Opening balance at 1 January 2016	(13,168)	525	(20,453)	6,760
Movements in equity:				
Total comprehensive income/(loss) for the year	12,860	–	14,814	(1,954)
Issue of share capital (Note 20)	43,787	43,787	–	–
Acquisition of non-controlling interest shares in subsidiaries (Note 27B)	101,808	–	–	101,808
Closing balance at 31 December 2016	145,287	44,312	(5,639)	106,614
Previous year:				
Opening balance at 1 January 2015	(6,129)	525	(12,180)	5,526
Movements in equity:				
Total comprehensive (loss)/income for the year	(7,039)	–	(8,273)	1,234
Closing balance at 31 December 2015	(13,168)	525	(20,453)	6,760

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

Consolidated Statement of Cash Flows

Year Ended 31 December 2016

	Group	
	2016	**2015**
	RMB'000	**RMB'000**
Cash flows from operating activities		
Profit before tax	13,735	8,700
Adjustments for:		
Depreciation and amortisation expense	4,944	3,892
Gain on disposal of discontinued operations	(5,104)	–
Foreign currency translation reserve	(1,866)	934
Interest expense	603	–
Profit from discontinuing operations	718	9,098
Operating cash flows before changes in working capital	13,030	22,624
Inventories	(5,058)	(372)
Trade and other receivables	(7,522)	277
Other assets	758	(191)
Trade and other payables	10,126	1,973
Cash flows from/(used in) discontinuing operating activities	3,064	(7,695)
Net cash flows from operations	14,398	16,616
Income taxes paid	(6,600)	(3,318)
Net cash flows from operating activities	7,798	13,298
Cash flows used in investing activities		
Acquisition of subsidiaries (Note 22)	(6,344)	(12,290)[a]
Disposal of discontinued operations (Note 12B)	6,482	–
Other assets	–	(561)
Purchase of plant and equipment	(6,132)	(6,780)
Cash flows used in discontinuing investing activities	(1,574)	(23,765)
Net cash flows used in investing activities	(7,568)	(43,396)
Cash flows from financing activities		
Advances from (to) immediate parent company and related companies	25,366	15,566
Dividend paid	(4,000)	–
Interest paid	(603)	–
Proceeds from borrowing	48,872	–
Repayment of term loan	(48,872)	–
Acquisition of non-controlling interest without change of control	(5,179)	–
Proceeds from share subscription	2,161	–
Contribution from non-controlling interest of a subsidiary	2,553	–
Cash flows used in discontinuing financing activities	–	18,684
Net cash flows from financing activities	20,298	34,250
Net increase in cash and cash equivalents	20,528	4,152
Cash and cash equivalents, statement of cash flows, beginning balance	14,390	10,238
Cash and cash equivalents, statement of cash flows, ending balance (Note 19)	34,918	14,390

[a] This relates to payment made in 2015 for the remaining amounts payable to the vendor for the acquisition of Aoxin Stomatology Group of companies in 2014.

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

Notes to the Financial Statements

31 December 2016

1. General

The Company is incorporated in Singapore with limited liability. The financial statements are presented in Chinese Renminbi and they cover the Company (referred to as "parent") and the subsidiaries.

The board of directors approved and authorised these financial statements for issue on the date of the statement by directors.

The Company changed its name from Q & M Dental Holdings (China) Pte. Ltd. to Aoxin Q & M Dental Group Limited upon its conversion to a public company on 30 March 2017.

The principal activities of the Company is that of investment holding. The principal activities of the subsidiaries are disclosed in Note 15 to the financial statements.

The registered office is: 80 Robinson Road, #02-00 Singapore 068898. The Company is situated in Singapore.

Accounting convention

The financial statements have been prepared in accordance with the Financial Reporting Standards in Singapore ("FRSs") and the related Interpretations to FRS ("INT FRS") as issued by the Singapore Accounting Standards Council and the Companies Act, Chapter 50. The financial statements are prepared on a going concern basis under the historical cost convention except where a FRS requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. The accounting policies in FRSs may not be applied when the effect of applying them is immaterial. The disclosures required by FRSs need not be made if the information is immaterial. Other comprehensive income comprises items of income and expense (including reclassification adjustments) that are not recognised in the income statement, as required or permitted by FRS. Reclassification adjustments are amounts reclassified to profit or loss in the income statement in the current period that were recognised in other comprehensive income in the current or previous periods.

Basis of preparation of the financial statements

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Apart from those involving estimations, management has made judgements in the process of applying the entity's accounting policies. The areas requiring management's most difficult, subjective or complex judgements, or areas where assumptions and estimates are significant to the financial statements, are disclosed at the end of this footnote, where applicable.

Notes to the Financial Statements

31 December 2016

1. General (cont'd)

Basis of presentation

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 in which the assets, liabilities, equity, income, expenses and cash flows of the parent and its subsidiaries are 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, including income, expenses and cash flows are eliminated on consolidation. Subsidiaries are consolidated from the date the reporting entity obtains control of the investee and cease when the reporting entity loses control of the investee. Control exists when the Group has the power to govern the financial and operating policies so as to gain benefits from its activities.

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 its fair value at the date when control is lost and is subsequently accounted as available-for-sale financial assets in accordance with FRS 39.

The Company's separate financial statements have been prepared on the same basis, and as permitted by the Companies Act, Chapter 50, the Company's separate statement of profit or loss and other comprehensive income is not presented.

2. Significant accounting policies and other explanatory information

2A. Significant accounting policies

Revenue recognition

The revenue amount is the fair value of the consideration received or receivable from the gross inflow of economic benefits during the reporting year arising from the course of the activities of the entity and it is shown net of any related sales taxes and rebates. Revenue from rendering of services is recognised when the services are performed. Revenue from the sale of goods is recognised when significant risks and rewards of ownership are transferred to the buyer, there is neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the amount of revenue and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Government grants

A government grant is recognised at fair value when there is reasonable assurance that the conditions attaching to it will be complied with and that the grant will be received. Grants recognition of specific expenses is recognised as income over the periods necessary to match them with the related costs that they are intended to compensate, on a systematic basis. A grant related to depreciable assets is allocated to income over the period in which such assets are used in the project subsidised by the grant.

Notes to the Financial Statements

31 December 2016

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Employee benefits

Contributions to a defined contribution retirement benefit plans are recorded as an expense as they fall due. The entity's legal or constructive obligation is limited to the amount that it agrees to contribute to an independently administered fund which is the Central Provident Fund in Singapore (a government managed retirement benefit plan). 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. Sign-on bonuses are expensed over the duration of the employee's service agreement.

Pursuant to relevant 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 in the PRC are required to contribute to a certain percentage to the basic 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.

Foreign currency transactions

The functional currency of the Company is Singapore dollar and the subsidiaries are Renminbi as it reflects the primary economic environment in which the entities operate. 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 except when recognised in other comprehensive income and if applicable deferred in equity such as for qualifying cash flow hedges. The presentation is in the functional currency.

Translation of financial statements of other entities

Each entity 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.

Segment reporting

The reporting entity 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 in deciding how to allocate resources and in assessing performance. Generally, financial information is reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

Notes to the Financial Statements

31 December 2016

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Income tax

The income taxes are accounted using the asset and liability method that requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequence of events that have been recognised in the financial statements or tax returns. The measurements of current and deferred tax liabilities and assets are based on provisions of the enacted or substantially enacted tax laws; the effects of future changes in tax laws or rates are not anticipated. Tax expense (tax income) 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 and deferred income taxes are recognised as income or as an expense in profit or loss unless the tax relates to items that are recognised in the same or a different period outside profit or loss. For such items recognised outside profit or loss the current tax and deferred tax are recognised (a) in other comprehensive income if the tax is related to an item recognised in other comprehensive income and (b) directly in equity if the tax is related to an item recognised directly in equity. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same income tax authority. The carrying amount of deferred tax assets is reviewed at each end of the reporting year and is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realised. 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 and associates 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.

Plant and equipment

Depreciation is provided on a straight-line basis 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. The estimated residual value rate and annual rates of depreciation are as follows:

	Residual value rate	Useful life (rate)
Leasehold improvements	5%	10%
Furniture and fittings and equipment	5%	10% – 20%
Motor vehicles	5%	10%

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.

Plant and equipment are carried at cost on initial recognition and after initial recognition at cost less any accumulated depreciation and any accumulated impairment losses. The gain or loss arising from the derecognition of an item of plant and equipment is measured as the difference between the net disposal proceeds, if any, and the carrying amount of the item and is recognised in profit or loss. The residual value and the useful life of an asset is reviewed at least at end of each reporting year and, if expectations differ significantly from previous estimates, the changes are accounted for as a change in an accounting estimate, and the depreciation charge for the current and future periods are adjusted.

Cost also 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.

Notes to the Financial Statements

31 December 2016

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Subsidiaries

A subsidiary is an entity including unincorporated and special purpose entity that is controlled by the reporting entity and the reporting entity 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.

Leases

Leases are classified as finance leases if substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases. At the commencement of the lease term, a finance lease is recognised as an asset and as a liability in the statement of financial position at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each measured at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease, if this is practicable to determine, the lessee's incremental borrowing rate is used. Any initial direct costs of the lessee are added to the amount recognised as an asset. The excess of the lease payments over the recorded lease liability are treated as finance charges which are allocated to each reporting year during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the reporting years in which they are incurred. The assets are depreciated as owned depreciable assets. Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. For operating leases, lease payments are recognised as an expense 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. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense.

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 any accumulated amortisation and any accumulated impairment losses. An intangible asset with an indefinite useful life is not amortised.

An intangible asset is regarded as having an indefinite useful life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity.

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. The useful life is as follows:

Customer lists	10 years

Notes to the Financial Statements

31 December 2016

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Business combinations

Business combinations are accounted for by applying the acquisition method.

A business combination is transaction or other event which requires that the assets acquired and liabilities assumed constitute a business. It is accounted for by applying the acquisition method of accounting. The cost of a business combination includes the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquiree. The acquisition-related costs are expensed in the periods in which the costs are incurred and the services are received except for any costs to issue debt or equity securities are recognised in accordance with FRS 32 and FRS 39. As of the acquisition date, the acquirer recognises, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree measured at acquisition-date fair values as defined in and that meet the conditions for recognition under FRS 103. If there is gain on bargain purchase, for the gain on bargain purchase a reassessment is made of the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the business combination and any excess remaining after this reassessment is recognised immediately in profit or loss.

Where the fair values are measured on a provisional basis they are finalised within one year from the acquisition date with consequent retrospective changes to the amounts recognised at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognised as of that date.

Goodwill and fair value adjustments resulting from the application of purchase accounting at the date of acquisition are treated as assets and liabilities of the foreign entity and are recorded at the exchange rates prevailing at the acquisition date and are subsequently translated at the period end exchange rate.

Non-controlling interests

The non-controlling interest is equity in a subsidiary not attributable, directly or indirectly, to the reporting entity as the parent. The non-controlling interest is presented in the consolidated statement of financial position within equity, separately from the equity of the owners of the parent. For each business combination, any non-controlling interest in the acquiree (subsidiary) is initially measured either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Where the non-controlling interest is measured at fair value, the valuation techniques and key model inputs used are disclosed in the relevant Note. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Notes to the Financial Statements

31 December 2016

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

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 FRS 103 (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 this FRS 103.

After initial recognition, goodwill acquired in a business combination is measured at cost less any accumulated impairment losses. Goodwill is not amortised. Irrespective of whether there is any indication of impairment, goodwill (and also an intangible asset with an indefinite useful life or an intangible asset not yet available for use) are tested for impairment, at least annually. Goodwill impairment is not reversed in any circumstances.

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 represent the lowest level within the entity at which the goodwill is monitored for internal management purposes and is not larger than a segment.

Assets and liabilities classified as disposal group

Identifiable assets and liabilities and any disposal groups are classified as held for sale if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use. The sale is expected to qualify for recognition as a completed sale within one year from the date of classification, except as permitted by FRS 105 in certain circumstances. It can include a subsidiary acquired exclusively with a view to resale. Assets that meet the criteria to be classified as held for sale are measured at the lower of carrying amount and fair value less costs of disposal and are presented separately on the face of the statement of financial position. Once an asset is classified as held for sale or included in a group of assets held for sale no further depreciation or amortisation is recorded. Impairment losses on initial classification of the balances as held for sale are included in profit or loss, even when there is a revaluation. The same applies to gains and losses on subsequent remeasurement.

Inventories

Inventories are measured at the lower of cost (first in first out 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. A write down on cost is made where the cost is not recoverable or if the selling prices have declined. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Notes to the Financial Statements

31 December 2016

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Impairment of non-financial assets

Irrespective of whether there is any indication of impairment, an annual impairment test is performed at the same time every year on an intangible asset with an indefinite useful life or an intangible asset not yet available for use. The carrying amount of other non-financial assets is reviewed at each end of the reporting year for indications of impairment and where an asset is impaired, it is written down through profit or loss to its estimated recoverable amount. The impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in profit or loss. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in 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.

Financial assets

Initial recognition, measurement and derecognition:

A financial asset is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument. The initial recognition of financial assets is at fair value normally represented by the transaction price. The transaction price for financial asset not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial asset. Transaction costs incurred on the acquisition or issue of financial assets classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date.

Irrespective of the legal form of the transactions performed, financial assets are derecognised when they pass the "substance over form" based de-recognition test prescribed by FRS 39 relating to the transfer of risks and rewards of ownership and the transfer of control. Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is currently a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and liabilities simultaneously.

Subsequent measurement:

Subsequent measurement based on the classification of the financial assets in one of the following four categories under FRS 39 is as follows:

1. Financial assets classified at fair value through profit or loss: As at end of the reporting year date, there were no financial assets classified in this category.

Notes to the Financial Statements

31 December 2016

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Financial assets (cont'd)

2. Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Assets that are for sale immediately or in the near term are not classified in this category. These assets are carried at amortised costs using the effective interest method (except that short-duration receivables with no stated interest rate are normally measured at original invoice amount unless the effect of imputing interest would be significant) minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility. Impairment charges are provided only when there is objective evidence that an impairment loss has been incurred as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The methodology ensures that an impairment loss is not recognised on the initial recognition of an asset. Losses expected as a result of future events, no matter how likely, are not recognised. For impairment, the carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. Typically the trade and other receivables are classified in this category.

3. Held-to-maturity financial assets: As at end of the reporting year date there were no financial assets classified in this category.

4. Available-for-sale financial assets: As at end of the reporting year date there were no financial assets classified in this category.

Cash and cash equivalents

Cash and cash equivalents include bank and cash balances, on demand deposits and any highly liquid debt instruments purchased with an original maturity of three months or less. For the statement of cash flows the item includes cash and cash equivalents less cash subject to restriction and bank overdrafts payable on demand that form an integral part of cash management.

Financial liabilities

Initial recognition, measurement and derecognition:

A financial liability is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument and it is derecognised when the obligation specified in the contract is discharged or cancelled or expires. The initial recognition of financial liability is at fair value normally represented by the transaction price. The transaction price for financial liability not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial liability. Transaction costs incurred on the acquisition or issue of financial liability classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date.

Notes to the Financial Statements

31 December 2016

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Financial liabilities (cont'd)

Subsequent measurement:

Subsequent measurement based on the classification of the financial liabilities in one of the following two categories under FRS 39 is as follows:

1. Liabilities at fair value through profit or loss: Liabilities are classified in this category when they are incurred principally for the purpose of selling or repurchasing in the near term (trading liabilities) or are derivatives (except for a derivative that is a designated and effective hedging instrument) or have been classified in this category because the conditions are met to use the "fair value option" and it is used. All changes in fair value relating to liabilities at fair value through profit or loss are charged to profit or loss as incurred.

2. Other financial liabilities: All liabilities, which have not been classified in the previous category fall into this residual category. These liabilities are carried at amortised cost using the effective interest method.

Fair value measurement

Fair value is taken to be 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 (that is, an exit price). It is a market-based measurement, not an entity-specific measurement. When measuring fair value, management uses the assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk. 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. In making the fair value measurement, management determines the following: (a) the particular asset or liability being measured (these are identified and disclosed in the relevant notes below); (b) for a non-financial asset, the highest and best use of the asset and whether the asset is used in combination with other assets or on a stand-alone basis; (c) the market in which an orderly transaction would take place for the asset or liability; and (d) the appropriate valuation techniques to use when measuring fair value. The valuation techniques used maximise the use of relevant observable inputs and minimise unobservable inputs. These inputs are consistent with the inputs a market participant may use when pricing the asset or liability.

The fair value measurements and related disclosures categorise the inputs to valuation techniques used to measure fair value by using a fair value hierarchy of three levels. These are recurring fair value measurements unless stated otherwise in the relevant notes to the financial statements. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. The level is measured on the basis of the lowest level input that is significant to the fair value measurement in its entirety. Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting year. If a financial instrument measured at fair value has a bid price and an ask price, the price within the bid-ask spread or mid-market pricing that is most representative of fair value in the circumstances is used to measure fair value regardless of where the input is categorised within the fair value hierarchy. If there is no market, or the markets available are not active, the fair value is established by using an acceptable valuation technique.

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 significant 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.

Notes to the Financial Statements

31 December 2016

2. Significant accounting policies and other explanatory information (cont'd)

2B. Other explanatory information

Provisions

A liability or provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. A provisions is made using best estimates of the amount required in settlement and where the effect of the time value of money is material, the amount recognised is the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. Changes in estimates are reflected in profit or loss in the reporting year they occur.

2C. Critical judgements, assumptions and estimation uncertainties

The critical judgements made in the process of applying the accounting policies that have the most significant effect on the amounts recognised in the financial statements and the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities currently or within the next reporting year are discussed below. 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.

Assessment of impairment of goodwill:

An assessment is made annually whether goodwill has suffered any impairment loss. The assessment process is complex and highly judgmental and is based on assumptions that are affected by expected future market or economic conditions. Judgement is required in identifying the cash generating units ("CGU") and the use of estimates as disclosed in Note 14. Actual outcomes could vary from these estimates.

Net realisable value of inventories:

A review is made on inventory for excess inventory and declines in net realisable value below cost and an allowance is recorded against the inventory balance for any such declines. The review requires management to consider the future demand for the products. In any case the realisable value represents the best estimate of the recoverable amount and is based on the acceptable evidence available at the end of the reporting year and inherently involves estimates regarding the future expected realisable value. The usual considerations for determining the amount of allowance or write-down include ageing analysis, technical assessment and subsequent events. In general, such an evaluation process requires significant judgement and materially affects the carrying amount of inventories at the end of the reporting year. 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 the Note 16 on inventories.

Notes to the Financial Statements

31 December 2016

2. Significant accounting policies and other explanatory information (cont'd)

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

Allowance for doubtful trade and other receivables:

An allowance is made for doubtful trade and other receivables for estimated losses resulting from the subsequent inability of the customers to make required payments. If the financial conditions of the customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required in future periods. To the extent that it is feasible impairment and uncollectibility is determined individually for each item. In cases where that process is not feasible, a collective evaluation of impairment is performed. At the end of the reporting year, the trade receivables carrying amount approximates the fair value and the carrying amounts might change materially within the next reporting year but these changes would not arise from assumptions or other sources of estimation uncertainty at the end of the reporting year. The carrying amount is disclosed in the Note 17 on trade and other receivables.

Income tax amounts:

The entity recognises tax liabilities and assets tax 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. Moreover, the measurement of a deferred tax asset or liability reflects the manner in which the entity expects to recover the asset's carrying value or settle the liability. As a result, due to their inherent nature assessments of likelihood are judgmental and not susceptible to precise determination. The income tax amounts are disclosed in the Note 10 on income tax.

Useful lives of plant and equipment:

The estimates for the useful lives and related depreciation charges for plant and equipment is based on commercial and other factors which could change significantly as a result 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 the specific asset (or class of assets) of the Group at the end of the reporting period ended 31 December 2016 affected by the assumption is RMB36,778,000 (2015: RMB35,146,000).

3. Related party relationships and transactions

FRS 24 on related party disclosures requires the reporting entity to disclose: (a) transactions with its related parties; and (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.

The ultimate controlling party is Dr Ng Chin Siau, a director and significant shareholder of Quan Min Holdings Pte. Ltd.

Notes to the Financial Statements

31 December 2016

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

3A. Members of a group:

Name	Relationship	Country of incorporation
Quan Min Holdings Pte. Ltd.	Ultimate parent company	Singapore
Q & M Dental Group (Singapore) Limited	Parent company	Singapore

Related companies in these financial statements include the members of the above Group of companies. Associates also include those that are associates of members of the above Group.

3B. Related party transactions:

There are transactions and arrangements between the reporting entity and related parties and the effects 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 unless stated otherwise. For any balances and financial guarantees no interest or charge is imposed 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.

In addition to the transactions and balances disclosed elsewhere in the notes to the financial statements, this item includes the following:

Significant related party transactions:

	Group	
	2016	2015
	RMB'000	RMB'000
Sales of goods*	(1,461)	–
Rental expense	919	710
Purchase of goods*	4,783	–
Management fee expense	118	1,861
Unutilised tax losses of company transferred to other related companies as group relief	1,265	940

* These relate to transactions occurred between the group and an entity owned by director of a subsidiary.

3C. Key management compensation:

	2016	2015
	RMB'000	RMB'000
Salaries and other short-term employee benefits	2,061	2,355

The above amounts are included under employee benefits expense.

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

The above amounts for key management compensation are for all the directors and other key management personnel. The amounts also include fees paid to directors for dental services rendered in their capacity as dentists.

Notes to the Financial Statements

31 December 2016

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

3D. Other receivables from and other payables to related parties:

The trade transactions and the trade receivables and payables balances arising from sales and purchases of goods and services are disclosed elsewhere in the notes to the financial statements.

The movements in other receivables from and other payables to related parties are as follows:

	Immediate parent company	
	2016	2015
	RMB'000	RMB'000
Group		
Other payables:		
Balance at beginning of the year	(166,610)	(144,372)
Amounts paid in and settlement of liabilities on behalf of the Company	–	(20,763)
Amounts paid out and settlement of liabilities on behalf of the immediate parent company	10,218	–
Capitalised as share capital (Note 20)	43,787	–
Disposal of discontinued operations (Note 12)	24,245	–
Management fee	(118)	(2,709)
Foreign exchange differences	(4,317)	1,234
Balance at end of the year (Note 21)	(92,795)	(166,610)

On 25 January 2017, the company capitalised RMB75.8 million (S$15.6 million) of the other payable to the immediate parent company by the issue and the allotment of 153,461,538 new shares at RMB0.50 (S$0.10) per share.

	Related companies	
	2016	2015
	RMB'000	RMB'000
Group		
Other receivables (payables):		
Balance at beginning of the year	35,522	30,312
Amounts paid in and settlement of liabilities on behalf of the Company	(35,584)	–
Amounts paid out and settlement of liabilities on behalf of the related companies	–	5,210
Balance at end of the year	(62)	35,522
Presented in the statement of financial position as follows:		
Other receivables (Note 17)	153	42,344
Other payables (Note 21)	(215)	(6,822)
Balance at end of the year	(62)	35,522

Notes to the Financial Statements

31 December 2016

4. Financial information by operating segments

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

Disclosure of information about operating segments, products and services, the geographical areas, and the major customers are made as required by FRS 108 Operating Segments. This disclosure standard has no impact on the reported results or financial position of the reporting entity.

For management purpose the reporting entity is organised into the following major strategic operating segments that offer different products and services: (1) primary healthcare (2) dental equipment and & supplies distribution. 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 chief operating decision maker in deciding how to allocate resources and in assessing the performance. They are managed separately because each business requires different strategies.

The following summary describes the organisations in each of the Group's operating segments:

(1) Primary healthcare comprising dentistry services.

(2) Dental equipment & supplies distribution comprising distribution of dental supplies and equipment.

Performance is measured based on segment results before income tax, as included in the internal management reports. Segment results are used to measure performance as management believes that such information is the most relevant in evaluating the results of the operating segments relative to other entities that operate in similar industries.

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 described in the significant accounting policies.

The following tables illustrate the information about the reportable segment profit or loss, assets and liabilities.

4B. Profit or loss

	2016	2015
	RMB'000	RMB'000
Segment Revenue		
Primary healthcare	62,934	46,450
Dental equipment & supplies distribution	23,927	–
Total	86,861	46,450

Notes to the Financial Statements

31 December 2016

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

4B. Profit or loss (cont'd)

	2016 RMB'000	2015 RMB'000
Segment Results		
Primary healthcare	11,908	8,700
Dental equipment & supplies distribution	1,827	–
Consolidated profit before income tax	13,735	8,700
Income tax expense	(6,026)	(3,925)
Profit for the year	7,709	4,775

4C. Assets and liabilities reconciliation

	2016 RMB'000	2015 RMB'000
Segment Assets		
Primary healthcare	181,804	187,376
Dental equipment & supplies distribution	13,771	–
Total	195,575	187,376

	2016 RMB'000	2015 RMB'000
Segment Liabilities		
Primary healthcare	104,084	180,238
Dental equipment & supplies distribution	9,571	–
Total	113,655	180,238

	2016 RMB'000	2015 RMB'000
Expenditure for non-current assets		
Primary healthcare	6,834	6,780
Dental equipment & supplies distribution	539	–
Total	7,373	6,780

Notes to the Financial Statements

31 December 2016

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

4D. Other material item

	2016 RMB'000	2015 RMB'000
Depreciation		
Primary healthcare	4,533	3,647
Dental equipment & supplies distribution	41	–
Total	4,574	3,647

	2016 RMB'000	2015 RMB'000
Amortisation		
Primary healthcare	328	245
Dental equipment & supplies distribution	42	–
Total	370	245

4E. Geographical information

The Group operates principally in the People's Republic of China. The contribution from Singapore is not material and therefore no separate geographical segments have been presented.

4F. Information about major customers

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

5. Revenue

	2016 RMB'000	2015 RMB'000
Rendering of services	58,869	44,567
Management fee income	3,591	1,883
Sale of goods	23,928	–
Other income	473	–
	86,861	46,450

Notes to the Financial Statements

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6. Other gains and (other losses)

	2016 RMB'000	2015 RMB'000
Government grant	10	–
Foreign exchange translation loss	(45)	(102)
Net	(35)	(102)
Presented in profit or loss as:		
Other gains	10	–
Other losses	(45)	(102)
Net	(35)	(102)

7. Employee benefits expense

	2016 RMB'000	2015 RMB'000
Short term employee benefits expense	17,465	13,935
Contributions to defined contribution plans	5,120	3,452
Other benefits	2,094	990
Total employee benefits expense	24,679	18,377

8. Finance costs

	2016 RMB'000	2015 RMB'000
Interest expense	603	–

9. Other expenses

The major components and other selected components include the following:

	2016 RMB'000	2015 RMB'000
Management fee	118	1,861
Marketing expenses	1,872	601
Professional fee	1,070	629
Travelling expenses	1,579	1,469

Notes to the Financial Statements

31 December 2016

10. Income tax expense

10A. Components of tax expense recognised in profit or loss include:

	2016 RMB'000	2015 RMB'000
Current tax expense	5,812	3,670
Deferred tax expense	214	255
Total income tax expense	6,026	3,925

The reconciliation of income taxes below is determined by applying the People's Republic of China corporate tax rate.

The income tax in profit or loss varied from the amount of income tax amount determined by applying the People's Republic of China income tax rate of 25.0% (2015: 25.0%) to profit or loss before income tax as a result of the following differences:

	2016 RMB'000	2015 RMB'000
Profit before tax from continuing operations	13,735	8,700
Income tax expense at the above rate	3,434	2,175
Expenses not deductible for tax purposes	488	45
Unutilised tax losses of company transferred to other related companies as group relief	1,265	940
Effect of different tax rate in different countries	595	442
Undistributed profit of PRC subsidiaries	306	316
Other minor items less than 3% each	(62)	7
Total income tax expense on continuing operations	6,026	3,925

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

10B. Deferred tax expense recognised in profit or loss include:

	2016 RMB'000	2015 RMB'000
From deferred tax liabilities recognised in profit or loss:		
Undistributed profits of subsidiaries	306	316
Excess of net book value of intangible assets, plant and equipment over tax values	(92)	(61)
Total deferred income tax expense recognised in profit or loss	214	255

10. Income tax expense (cont'd)

10C. Deferred tax balance in the statement of financial position:

	2016 RMB'000	2015 RMB'000
Deferred tax liabilities recognised in profit or loss:		
Undistributed profits of PRC subsidiaries	917	611
Excess of net book value of intangible assets, plant and equipment over tax values	740	522
Total deferred tax liabilities	1,657	1,133

It is impracticable to estimate the amount expected to be settled or used within one year.

11. Earnings per share

The following table illustrates the numerators and denominators used to calculate basic and diluted earnings per share of no par value:

		Group	
		2016 RMB'000	2015 RMB'000
A.	Numerators: earnings attributable to equity:		
	Continuing operations: attributable to equity holders	1,239	540
	Discontinuing operations: earnings for the year	8,080	9,098
B.	Total basic earnings	9,319	9,638
C.	Diluted earnings	9,319	9,638
D.	Denominators: weighted average number of equity shares		
	Basic and diluted (Restated)	163,462	163,462

The weighted average number of ordinary shares outstanding during the period and for all periods presented are adjusted for events that have changed the number of ordinary shares outstanding without a corresponding change in resources. The number of ordinary shares outstanding before the event is adjusted for the proportionate change in the number of ordinary shares outstanding as if the event had occurred at the beginning of the earliest period presented. The disclosures for last year have been revised accordingly. Because the capitalization of the amounts payable to immediate parent company [(Note 20 and 24(i))] was without consideration, it is treated as if it had occurred before the beginning of 2015, the earliest period presented.

There is no dilutive effect from the issuance of shares after reporting year end date to the non-controlling interest of subsidiaries for the acquisition of the remaining interest in the subsidiaries and from the subscription of shares by Dr Cheah Kim Fee and Honour Pte. Ltd. (see Note 24) as they are anti-dilutive.

Notes to the Financial Statements

31 December 2016

12. Disposal group

12A. Financial effect of discontinuing group

On 5 May 2015, the Group formulated a plan to dispose the subsidiaries, Shanghai Chuangyi Investment and Management Co., Ltd., Shanghai Kangyi Dental Polyclinic Co., Ltd., Q & M Aidite International Pte. Ltd. and Aidite (Qinhuangdao) Technology Co., Ltd..

On 18 March 2016, the Group transfered 100% of its shares in Q & M Aidite International Pte. Ltd. that holds 51% of Aidite (Qinhuangdao) Technology Co., Ltd. shares to Q & M Dental Group (Singapore) Limited. The profit/loss on disposal of the discontinued operation is disclosed in Note 12B.

The results for the year from discontinued operations and the results for the previous and current reporting year, which have been included in the consolidated financial statements, were as follows:

	2016 RMB'000	2015 RMB'000
Revenue	6,398	82,023
Other income	313	1,087
Consumables, and dental supplies and dental supplies manufacturing used	(851)	(30,745)
Employee benefits expense	(2,514)	(12,834)
Depreciation and amortisation expense	(321)	(1,295)
Rental expense	(580)	(722)
Other expenses	(1,437)	(11,201)
Profit before tax	1,008	26,313
Income tax expense	(111)	(6,222)
Profit from discontinuing operations	897	20,091

The profit from discontinuing operations included the results from discontinued operations in Note 12B.

The following table summarises the carrying value of the account balances of the discontinuing operations:

<u>Group</u>	2016 RMB'000	2015 RMB'000
Assets:		
Property, plant and equipment	980	27,777
Intangible assets	8,521	69,667
Deferred tax assets	–	97
Inventories	180	23,388
Trade and other receivables	914	34,883
Other assets	437	4,154
Cash and cash equivalents	2,186	29,650
Assets of disposal group classified as held for sale	13,218	189,616
Liabilities:		
Deferred tax liabilities	34	1,289
Income tax payables	15	1,700
Trade and other payables	227	105,993
Liabilities directly associated with disposal group classified as held for sale	276	108,982
Net assets directly associated with disposal group classified as held for sale	12,942	80,634
Net assets attributable to non-controlling interests	(602)	(48,635)
Net assets attributable to owners of the parent	12,340	31,999

Notes to the Financial Statements

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12. Disposal group (cont'd)

12A. Financial effect of discontinuing group (cont'd)

The cash flows of the discontinued operations for the previous and current year, which have been included in the consolidated financial statements, were as follows:

	2016 RMB'000	2015 RMB'000
Operating cash flows	1,019	(7,695)
Investing activities	(126)	(23,765)
Financing activities	–	18,684
Total cash flows	893	(12,776)

12B. Disposal of discontinued operations

On 18 March 2016, the Company transferred 100.0% of Q & M Aidite International Pte. Ltd. who holds 51% of Aidite (Qinhuangdao) Technology Co., Ltd. shares to immediate parent company, Q & M Dental Group (Singapore) Limited, for an aggregate consideration of approximately RMB24.2 million (S$4.9 million), fully satisfied by way of set off against the other payable to the immediate parent company.

The results for the year from discontinued operations and the results for the previous and current reporting, which have been included in the consolidated financial statements, were as follows:

	At date of disposal in 2016 RMB'000	Year ended 31.12.2015 RMB'000
Revenue	10,290	75,959
Other income	1	1,087
Dental supplies manufacturing used	(2,548)	(30,042)
Employee benefits expense	(1,106)	(9,851)
Depreciation and amortisation expense	(152)	(965)
Rental expense	(14)	(113)
Other expenses	(1,782)	(7,592)
Profit before tax	4,689	28,483
Income tax expense	(693)	(6,072)
Profit after tax before disposal profit	3,996	22,411
Profit on disposal of subsidiaries	5,104	
Total profit on discontinued operations	9,100	

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12. Disposal group (cont'd)

12B. Disposal of discontinued operations (cont'd)

The following table summarises the carrying value of the account balances of the discontinued operations that were sold on 18 March 2016:

Group	At date of disposal in 2016	Year ended 31.12.2015
	RMB'000	RMB'000
Property, plant and equipment	27,960	26,707
Intangible assets	60,954	61,041
Deferred tax assets	–	97
Inventories	27,645	23,204
Trade and other receivables	47,885	34,441
Other assets	435	3,845
Cash and cash equivalents	17,763	27,936
Deferred tax liabilities	(1,189)	(1,211)
Income tax payable	(977)	(1,587)
Trade and other payables	(111,294)	(105,790)
Net assets disposed of	69,182	
Non-controlling interest	(49,950)	
Foreign currency translation reserve	(91)	
Gain on disposal	5,104	
Total consideration	24,245	
Net cash inflow on disposal:		
Cash consideration	24,245	
Cash balance disposed	(17,763)	
Net cash inflow on disposal	6,482	

The cash flows of the discontinued operations for the previous year and for the period from the beginning of the reporting year to 18 March 2016, which have been included in the consolidated financial statements, were as follows:

	At date of disposal in 2016	Year ended 31.12.2015
	RMB'000	RMB'000
Operating cash flows	2,045	31,100
Investing cash flows	(1,448)	(7,757)
	597	23,343

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13. Plant and equipment

Group	Leasehold Improvement	Furniture and fittings and equipment	Motor vehicle	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Cost:				
At 1 January 2015	5,591	28,586	453	34,630
Additions	3,014	3,766	–	6,780
Disposals	–	(2)	–	(2)
At 31 December 2015	8,605	32,350	453	41,408
Additions	1,135	4,997	–	6,132
Arising from acquisition of subsidiaries (Note 22)	–	51	23	74
Disposals	–	(3)	–	(3)
At 31 December 2016	9,740	37,395	476	47,611
Accumulated depreciation:				
At 1 January 2015	367	2,214	36	2,617
Depreciation for the year	562	3,042	43	3,647
Disposals	–	(2)	–	(2)
At 31 December 2015	929	5,254	79	6,262
Depreciation for the year	871	3,658	45	4,574
Disposals	–	(3)	–	(3)
At 31 December 2016	1,800	8,909	124	10,833
Carrying value:				
At 1 January 2015	5,224	26,372	417	32,013
At 31 December 2015	7,676	27,096	374	35,146
At 31 December 2016	7,940	28,486	352	36,778

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13. Plant and equipment (cont'd)

Company	**Furniture and fittings and equipment**
	RMB'000
Cost:	
At 1 January 2015	14
Additions	3
At 31 December 2015	17
Additions	–
Translation	1
At 31 December 2016	18
Depreciation:	
At 1 January 2015	4
Depreciation for the year	6
At 31 December 2015	10
Depreciation for the year	6
At 31 December 2016	16
Carrying value:	
At 1 January 2015	10
At 31 December 2015	7
At 31 December 2016	2

14. Intangible assets

Group	**2016**	**2015**
	RMB'000	**RMB'000**
Goodwill (Note 14A)	96,841	85,251
Other intangible assets (Note 14B)	2,957	2,086
	99,798	87,337

14A. Goodwill

Group	**2016**	**2015**
	RMB'000	**RMB'000**
Cost:		
Balance at beginning of the year	85,251	85,251
Arising from acquisition of subsidiaries (Note 22)	11,590	–
Balance at end of the year	96,841	85,251

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31 December 2016

14. Intangible assets (cont'd)

14A. Goodwill (cont'd)

Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each of those cash-generating units represents the Group's investment by the subsidiary as follows:

Group	2016 RMB'000	2015 RMB'000
Name of the subsidiary		
Primary healthcare:		
Aoxin Stomatology Group of companies	85,251	85,251
Panjin Jingcheng Q & M Stomatology Co., Ltd.	4,455	–
Panjin Jinsai Q & M Stomatology Co., Ltd.	2,978	–
Gaizhou City Aoxin Q & M Stomatology Hospital Co., Ltd.	954	–
Sub-total	93,638	85,251
Dental equipment & supplies distribution:		
Shenyang Maotai Q & M Medical Leasing Co., Ltd.	3,203	–
	96,841	85,251

The goodwill was tested for impairment at the end of the reporting year. An impairment loss is the amount by which the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount. The recoverable amount of an asset or a cash-generating unit ("CGU") is the higher of its fair value less costs of disposal or its value in use. The recoverable amounts of cash-generating units have been determined based on its value in use method. The value 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).

The value in use was determined by management. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. 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 growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market. 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.

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14. Intangible assets (cont'd)

14A. Goodwill (cont'd)

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next 5 years. Management forecasted the revenue growth rates and discount rates as follows:

2016	**Revenue growth rate**	**Discount rate**
	%	**%**
Name of the subsidiaries		
Primary healthcare:		
Aoxin Stomatology Group of companies	14	13
Panjin Jingcheng Q & M Stomatology Co., Ltd.	5 in 2017 and 2018 and 3 for subsequent years	13
Panjin Jinsai Q & M Stomatology Co., Ltd.	8	13
Gaizhou City Aoxin Q & M Stomatology Hospital Co., Ltd.	8	13
Dental equipment & supplies distribution:		
Shenyang Maotai Q & M Medical Equipment Co., Ltd.	8 in 2017 and 2018 and 6 for subsequent years	13

2015	**Revenue growth rate**	**Discount rate**
	%	**%**
Name of the subsidiaries		
Primary healthcare:		
Aoxin Stomatology Group of companies	11 in 2016 and 14 for subsequent years	13

14. Intangible assets (cont'd)

14A. Goodwill (cont'd)

Aoxin Stomatology Group of companies: Actual outcomes could vary from these estimates. If the revised estimated revenue growth rate at the end of the reporting year had been 3 percent point less favourable than management's estimates at the end of the reporting year, there would be a need to reduce the carrying value of goodwill by RMB1,941,000. If the revised estimated discount rate applied to the discounted cash flows had been 1 percent point less favourable than management's estimates, there would be a need to reduce the recoverable amount of goodwill by RMB13,452,000. However the recoverable amount will still be higher than the carrying amount of goodwill.

Panjin Jingcheng Q & M Stomatology Co., Ltd.: Actual outcomes could vary from these estimates. If the revised estimated revenue growth rate at the end of the reporting year had been 10 percent point less favourable than management's estimates at the end of the reporting year, there would be a need to reduce the carrying value of goodwill by RMB301,000. If the revised estimated discount rate applied to the discounted cash flows had been 1 percent point less favourable than management's estimates, there would be a need to reduce the recoverable amount of goodwill by RMB1,163,000. However the recoverable amount will still be higher than the carrying amount of goodwill.

Panjin Jinsai Q & M Stomatology Co., Ltd.: Actual outcomes could vary from these estimates. If the revised estimated revenue growth rate at the end of the reporting year had been 9 percent point less favourable than management's estimates at the end of the reporting year, there would be a need to reduce the carrying value of goodwill by RMB449,000. If the revised estimated discount rate applied to the discounted cash flows had been 1 percent point less favourable than management's estimates, there would be a need to reduce the recoverable amount of goodwill by RMB890,000. However the recoverable amount will still be higher than the carrying amount of goodwill.

Gaizhou City Aoxin Q & M Stomatology Hospital Co., Ltd.: Actual outcomes could vary from these estimates. If the revised estimated revenue growth rate at the end of the reporting year had been 8 percent point less favourable than management's estimates at the end of the reporting year, there would be a need to reduce the carrying value of goodwill by RMB110,000. If the revised estimated discount rate applied to the discounted cash flows had been 1 percent point less favourable than management's estimates, there would be a need to reduce the recoverable amount of goodwill by RMB312,000. However the recoverable amount will still be higher than the carrying amount of goodwill.

Shenyang Maotai Q & M Medical Equipment Co., Ltd.: Actual outcomes could vary from these estimates. If the revised estimated revenue growth rate at the end of the reporting year had been 5 percent point less favourable than management's estimates at the end of the reporting year, there would be a need to reduce the carrying value of goodwill by RMB65,000. If the revised estimated discount rate applied to the discounted cash flows had been 1 percent point less favourable than management's estimates, there would be a need to reduce the recoverable amount of goodwill by RMB580,000. However the recoverable amount will still be higher than the carrying amount of goodwill.

Management forecasts the terminal growth rates at 0%.

In this case no impairment loss were recognised because the carrying amounts of all CGUs were lower than their recoverable amount.

Notes to the Financial Statements

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14. Intangible assets (cont'd)

14B. Other intangible assets

Group	Customer lists RMB'000
Cost:	
At 1 January 2015	2,454
Additions	–
At 31 December 2015	2,454
Additions	1,241
At 31 December 2016	3,695
Amortisation:	
At 1 January 2015	123
Amortisation for the year	245
At 31 December 2015	368
Amortisation for the period	370
At 31 December 2016	738
Carrying value:	
At 1 January 2015	2,331
At 31 December 2015	2,086
At 31 December 2016	2,957

15. Investment in subsidiaries

Company	2016 RMB'000	2015 RMB'000
Cost at beginning of the year	111,336	111,336
Acquisitions	112,465	–
Cost at end of the year	223,801	111,336

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15. Investment in subsidiaries (cont'd)

15A. Details of subsidiaries

The subsidiaries held by the Company are listed below:

Name of Subsidiaries	Cost in books of Company 2016	2015	Effective percentage of equity held by Company 2016	2015
	RMB'000	RMB'000	%	%
Held by company				
Shanghai Q & M Investment Management & Consulting Co., Ltd [(b) (g)]	110,318	9,336	100	100
Q & M Aidite International Pte Ltd. [(c) (j) (k)]	–	–	–	100
Q & M Dental (Shenyang) Pte. Ltd. [(c) (j) (k)]	113,483	102,000	60	60
	223,801	111,336		

Name of Subsidiaries	Effective percentage of equity held by Company 2016	2015
Held through subsidiaries		
Shanghai Chuangyi Investment and Management Co., Ltd [(h)]	80	80
Shanghai Kangyi Dental Polyclinic Co., Ltd [(h)]	80	80
Shenyang Xinao Hospital Management Co., Ltd. [(c) (i) (l)]	100	60
Shenyang Aoxin Q & M Stomatology Hospital Co., Ltd. [(i) (l)]	100	60
Shenyang Heping Q & M Aoxin Stomatology Polyclinic Co., Ltd. [(i) (l)]	100	60
Huludao City Aoxin Stomatology Polyclinic Co., Ltd. [(i) (l)]	100	60
Huludao Aoxin Q & M Stomatology Hospital Co., Ltd. [(i) (l)]	100	60
Shenyang Quanxin Medical Equipment Leasing Co., Ltd. [(f) (i) (l)]	60	60
Aidite (Qinhuangdao) Technology Co., Ltd. (Formerly known as Qinhuangdao Aidite High Technical Ceramic Co., Ltd. (disposed on 18 March 2016) [(d) (m)]	–	51
Panjin Jinsai Q & M Stomatology Co., Ltd. (acquired on 1 January 2016) [(i)]	100	–
Panjin Jingcheng Q & M Stomatology Co., Ltd. (acquired on 1 January 2016) [(i)]	100	–
Gaizhou City Aoxin Q & M Stomatology Hospital Co., Ltd. (acquired on 1 January 2016) [(i)]	100	–
Shenyang Maotai Q & M Medical Equipment Co., Ltd. (acquired on 1 January 2016) [(e) (i)]	100	–
Shenyang Quanao Medical Investment Management Co., Ltd. (acquired on 7 April 2016) [(c) (n)]	99	–

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15. Investment in subsidiaries (cont'd)

15A. Details of subsidiaries (cont'd)

(a) All subsidiaries are incorporated in People's Republic of China unless otherwise stated.

(b) The principal activities of the subsidiary are provision of consultancy services.

(c) This subsidiary is an investment holding company.

(d) The subsidiary is principally engaged in manufacturing and trading of medical and dental instruments and supplies.

(e) The subsidiary is engaged in the trading of medical and dental instruments and supplies.

(f) The subsidiary is principally engaged in the leasing of dental equipment.

(g) Audited by SBA Stone Forest Shanghai Certified Public Accountants (Partnership), an affiliate firm of RSM Chio Lim LLP.

(h) Audited by other independent auditors, Shanghai Daohe CPA Partnership, a firm of accountants other than member firms of RSM International of which RSM Chio Lim LLP in Singapore is a member.

(i) Audited by RSM China CPAs, a member firm of RSM International of which RSM Chio Lim LLP in Singapore is a member.

(j) Audited by RSM Chio Lim LLP.

(k) Incorporated in Singapore.

(l) Collectively known as Aoxin Stomatology Group of companies.

(m) Audited by other independent auditors, China Audit Asia Pacific CPAs, a firm of accountants other than member firms of RSM International of which RSM Chio Lim LLP in Singapore is a member.

(n) Audited by other independent auditors, Liaoning ZhongCheng CPAs.

All subsidiaries are engaged in the provision of dental services unless otherwise disclosed above.

There are three subsidiaries that have non-controlling interests that are considered material to the reporting entity and additional disclosures on them (amounts before inter-company eliminations) are presented below.

	Group	
	2016	2015
	RMB'000	RMB'000
Name of the subsidiary: Aidite (Qinhuangdao) Technology Co., Ltd.		
The profit allocated to non-controlling interests of the subsidiary during the reporting year	2,043	10,908
Accumulated non-controlling interests of the subsidiary at the end of the reporting year	–	47,907
The summarised financial information of the subsidiary (not adjusted for the percentage ownership held by the Group and amounts before inter-company eliminations) is as follows:		
Current assets	–	87,992
Non-current assets	–	30,120
Current liabilities	–	(23,975)
Revenue	–	80,494
Profit for the reporting year	–	28,684
Total comprehensive income	–	28,684
Operating cash inflows	–	22,161
Net increase in cash flows	–	16,058

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15. Investment in subsidiaries (cont'd)

	Group 2016 RMB'000	Group 2015 RMB'000
Name of the component: Aoxin Stomatology Group of companies		
The profit allocated to non-controlling interests of the subsidiaries during the reporting year	5,650	4,235
Accumulated non-controlling interests of the subsidiaries at the end of the reporting year	–	27,166
The summarised financial information of the subsidiaries (not adjusted for the percentage ownership held by the Group and amounts before inter-company eliminations) is as follows:		
Current assets	–	18,929
Non-current assets	–	35,392
Current liabilities	–	(5,569)
Revenue	–	46,442
Profit for the reporting year	–	11,508
Total comprehensive income	–	11,508
Operating cash inflows	–	12,033
Net increase in cash flows	–	3,549
Name of the component: Shenyang Maotai Q&M Medical Equipment Co., Ltd		
The profit allocated to non-controlling interests of the subsidiaries during the reporting year	928	–
Accumulated non-controlling interests of the subsidiaries at the end of the reporting year	928	–
The summarised financial information of the subsidiaries (not adjusted for the percentage ownership held by the Group and amounts before inter-company eliminations) is as follows:		
Current assets	15,106	–
Non-current assets	141	–
Current liabilities	(12,589)	–
Revenue	27,073	–
Profit for the reporting year	1,393	–
Total comprehensive income	1,393	–
Operating cash inflows	906	–
Net increase in cash flows	3,376	–

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16. Inventories

	Group		Company	
	2016	2015	2016	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Finished goods and goods for resale	4,564	–	–	–
Dental and medical supplies	2,216	1,530	–	–
	6,780	1,530	–	–

There are no inventories pledged as securities for liabilities.

17. Trade and other receivables

	Group		Company	
	2016	2015	2016	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables:				
Outside parties	8,500	2,359	–	–
Entity owned by director of a subsidiary	1,724	–	–	–
Related companies (Note 3)	–	–	–	3,900
Trade receivables - sub-total	10,224	2,359	–	3,900
Other receivables:				
Related companies (Note 3)	153	42,344	331	42,502
Amounts due from companies owned by directors of subsidiaries	2,948	–	2,948	–
Deposits paid to suppliers	2,078	887	–	–
Staff loans	155	896	–	–
Other receivables	490	476	–	147
Other receivables - sub-total	5,824	44,603	3,279	42,649
Total trade and other receivables	16,048	46,962	3,279	46,549

18. Other assets

	Group		Company	
	2016	2015	2016	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current:				
Sign-on bonus	491	561	491	561
Current:				
Sign-on bonus	89	79	89	79
Deposits	25	27	–	–
Prepayments	648	1,344	587	538
	762	1,450	676	617

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19. Cash and cash equivalents

	Group		Company	
	2016	2015	2016	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Not restricted in use	34,918	14,390	10,561	1,170

The interest earning balances are not significant.

20. Share capital

	Number of shares issued	Share Capital
	'000	RMB'000
Ordinary shares of no par value:		
At 1 January 2015 and 31 December 2015	1,250	525
Issue of share capital – by way of capitalisation of amount payable to immediate parent company [(a)]	8,750	43,787
Balance as at 31 December 2016	10,000	44,312

(a) On 29 February 2016, the Company increased its share capital by RMB43,787,000 (equivalent to S$9,900,000) by capitalising the amount payable to immediate parent company.

The ordinary shares of no par value are fully paid, carry one vote each and have no right to fixed income. The Company is not subject to any externally imposed capital requirements.

Capital management:

The objectives when managing capital are: to safeguard the reporting entity'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.

The Group has no significant external borrowing. The debt-to-adjusted capital ratio therefore does not provide a meaningful indicator of the risk of borrowings.

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21. Trade and other payables

	Group		Company	
	2016	2015	2016	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables:				
Outside parties and accrued liabilities	6,137	1,743	498	81
Entity owned by director of a subsidiary	5,355	–	–	–
Related companies (Note 3)	126	–	126	–
Trade payables – sub-total	11,618	1,743	624	81
Other payables:				
Immediate parent company (Note 3)	92,795	166,610	92,795	166,610
Related companies (Note 3)	215	6,822	–	6,700
Amounts due to vendor of acquired subsidiary (Note 22)	4,032	–	–	–
Outside parties	1,648	2,262	104	17
Entity owned by director of a subsidiary	820	–	–	–
Other payables – sub-total	99,510	175,694	92,899	173,327
Total trade and other payables	111,128	177,437	93,523	173,408

22. Acquisition of subsidiaries

(a) Shenyang Xinao Hospital Management Co., Ltd., an indirect subsidiary of the Group had acquired 60% of the share capital in Panjin Jingcheng Q & M Dental Co., Ltd., Panjin Jinsai Q & M Dental Co., Ltd., Gaizhou City Aoxin Q & M Dental Hospital Co., Ltd. and Shenyang MaoTai Q & M Medical Equipment Co., Ltd. on 1 January 2016.

The Group's acquisition of Panjin Jingcheng Q & M Stomatology Co., Ltd., Panjin Jinsai Q & M Stomatology Co., Ltd., Gaizhou City Aoxin Q & M Stomatology Hospital Co., Ltd. allows the Group to add 4 fully operational dental clinics in Liaoning Province, China as part of its PRC expansion plans.

The Group's acquisition of Shenyang Maotai Q & M Medical Equipment Co., Ltd. is in line with the Group's plan to continue the expansion of its dental equipment and supplies distribution business and allows the Group to add an operational distribution company in China.

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22. Acquisition of subsidiaries (cont'd)

The business combinations during the reporting period are presented separately as follows:

	Pre-acquisition book value under FRS				
	Shenyang Maotai	Panjin Jingcheng	Panjin Jinsai	Gaizhou City Aoxin	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Plant and equipment	59	5	5	5	74
Intangible assets	416	495	294	36	1,241
Trade and other receivables	390	11	406	–	807
Inventories	192	–	–	–	192
Cash and cash equivalents	649	1,241	600	500	2,990
Deferred tax liabilities	(104)	(124)	(73)	(9)	(310)
Trade and other payables	(36)	(31)	(6)	–	(73)
Income tax recoverable	10	–	–	–	10
Non-controlling interests	(1,009)	(1,022)	(784)	(340)	(3,155)
Net identifiable assets	567	575	442	192	1,776
Goodwill arising on consolidation	3,203	4,455	2,978	954	11,590
Purchase consideration	3,770	5,030	3,420	1,146	13,366
Amount payable to vendors of the acquired subsidiaries (Note 21)	(4,032)	–	–	–	(4,032)
Less: cash and cash equivalents acquired	(649)	(1,241)	(600)	(500)	(2,990)
Net cash flow (from)/used in acquisition of subsidiaries	(911)	3,789	2,820	646	6,344

The goodwill amounts arising on acquisition of above subsidiaries are attributable to the anticipated profitability of the acquired subsidiaries and the operating synergies from the combination.

The goodwill is not deductible for tax purposes.

The contributions from the acquired subsidiaries for the period between the date of acquisition and the statement of financial position date and had the transaction been affected at the beginning of the year were as follows:

2016	Group From date of acquisition on 1 January 2016 2016
	RMB'000
Revenue	38,771
Profit before tax	5,388

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22. Acquisition of subsidiaries (cont'd)

(b) On 12 October 2016 , the subsidiary Shenyang Xinao Hospital Management Co., Ltd entered into share transfer agreements to acquire the remaining 40% interest in its subsidiaries Gaizhou City Aoxin Q & M Stomatology Hospital Co., Ltd, Panjin Jingcheng Q & M Stomatology Co., Ltd, and Panjin Jinsai Q & M Stomatology Co., Ltd for an aggregate consideration of approximately RMB0.2 million, RMB0.8 million and RMB0.6 million respectively as the issuance of the company's shares [see Note 24 (c), (d) and (e)].

(c) On 12 October 2016 , the subsidiary Shenyang Quanxin Medical Equipment Leasing Co., Ltd entered into a share transfer agreement to acquire the remaining 40% interest in Shenyang Maotai Q & M Medical Equipment Co., Ltd for an aggregate consideration of approximately RMB0.8 million and the issuance of the company's shares (see Note 24 (f)).

23. Operating lease payment commitment – as lessees

At the end of the reporting year, the total of future minimum lease payment commitments under non-cancellable operating leases are as follows:

	2016 RMB'000	2015 RMB'000
Not later than one year	6,242	2,998
Later than one year and not later than five years	14,023	11,899
Later than five years	13,988	15,577
Rental expenses for the year	4,457	2,720

Operating lease payments are for rental payable for certain dental hospitals, clinics and office premises. The lease rental terms are negotiated for an average term of 8 years (2015: 7 years).

24. Events after the end of the reporting year

In connection with the listing of the Company on the Catalist Board, the Company undertook a restructuring exercise to streamline and rationalise the group structure.

The restructuring exercise involved the following steps:

(a) Disposal of Shanghai Chuangyi Investment and Management Co., Ltd. and its subsidiary, Shanghai Kangyi Dental Polyclinic Co., Ltd. (collectively known as "Chuangyi Group")

On 30 March 2017, pursuant to a sale and purchase agreement, Shanghai Q & M Investment Management & Consulting Co., Ltd. ("SH Q & M IMC") disposed of its 80.0% beneficial interest in Chuangyi Group to Q & M Dental Group (Singapore) Limited ("QDGS"), for the aggregate consideration of approximately RMB12.2 million (S$2.5 million). The aggregate consideration for the transfer was arrived at on a willing-seller and willing-buyer basis, after negotiations which were conducted at arm's length between the Company and QDGS, and took into account, amongst others, the net asset value of Chuangyi Group. See Note 12A.

Pursuant to the terms of the agreement, the Group's beneficial interest, and any and all rights (including but not limited to management rights, financial and operational control) attaching thereto, shall be deemed transferred and belong to QDGS, and accordingly, QDGS shall bear any and all obligations attaching thereto. Accordingly, any and all profits, losses, assets, liabilities, benefits, entitlements and obligations attaching to the beneficial interest in Chuangyi Group shall forthwith accrue to QDGS and in connection therewith, to the extent that SH Q & M IMC receives any dividends, benefits and entitlements pursuant to its legal interest in Chuangyi Group, the Group will forthwith pay an equivalent amount to QDGS, save in respect of those the record date of which falls prior to the date of the sale and purchase agreement.

Notes to the Financial Statements

31 December 2016

24. Events after the end of the reporting year (cont'd)

(b) Acquisition of remaining 40.0% of Q & M Dental (Shenyang) Pte. Ltd. and subscription of shares by Health Field Enterprises Limited

The Company has entered into a share purchase agreement dated 12 October 2016 and a first amendment agreement dated 7 February 2017, with Health Field Enterprises, a company owned by Dr Shao to acquire its remaining 40.0% interest in Q & M Dental (Shenyang) Pte. Ltd. and its subsidiaries for the aggregate consideration of S$1.00. The acquisition of the remaining 40.0% of Q & M Dental (Shenyang) Pte. Ltd. and its subsidiaries was completed on 7 February 2017. Upon completion of the acquisitions, the Company increased its shareholding interest in both Q & M Dental (Shenyang) Pte. Ltd. from 60.0% to 100.0%.

Pursuant to a share subscription agreement dated 12 October 2016, the Company had, on 25 January 2017, issued and allotted 109,401,709 new shares at an issue price of approximately RMB0.02 (S$0.01) per share to Health Field Enterprises Limited for an aggregate consideration of RMB2,705,000 (S$556,900), which was satisfied in cash. The aggregate consideration was arrived at on a willing-seller and willing-buyer basis, after negotiations which were conducted at arm's length between the Group and Health Field Enterprises Limited, and took into account the acquisition of the remaining 40.0% of Q & M Dental (Shenyang) Pte. Ltd. from Health Field Enterprises Limited.

(c) Subscription of shares by Joyce International Limited

Pursuant to a share subscription agreement dated 12 October 2016, the Company had, on 25 January 2017, issued and allotted 2,026,471 new shares at an issue price of approximately RMB0.12 (S$0.02) per share to Joyce International Limited, a company wholly owned by Ms. Gao, for an aggregate consideration of RMB243,000 (S$50,000), which was satisfied in cash. The aggregate consideration was arrived at on a willing-seller and willing-buyer basis, after negotiations which were conducted at arm's length between the Group and Joyce International Limited, and took into account the acquisition of the remaining 40.0% interest in Gaizhou City Aoxin Q & M Stomatology Hospital Co., Ltd from Ms. Gao during the year (Note 22 (b)).

(d) Subscription of shares by Excellent Warship International Limited

Pursuant to a share subscription agreement dated 12 October 2016, the Company had, on 25 January 2017, issued and allotted 5,502,969 new shares at an issue price of approximately RMB0.10 (S$0.02) per share to Excellent Warship International Limited, a company wholly owned by Dr. Zhang, for an aggregate consideration of RMB572,000 (S$119,000), which was satisfied in cash. The aggregate consideration was arrived at on a willing-seller and willing-buyer basis, after negotiations which were conducted at arm's length between the Group and Excellent Warship International, and took into account the acquisition of the remaining 40.0% interest in Panjin Jinsai Q & M Stomotology Co., Ltd from Dr. Zhang during the year (Note 22(b)).

(e) Subscription of Shares by Finest International Limited

Pursuant to a share subscription agreement dated 12 October 2016, the Company had, on 25 January 2017, issued and allotted 10,516,320 new shares at an issue price of approximately RMB0.07 (S$0.02) per share to Finest International Limited, a company wholly owned by Dr. Ren, for an aggregate consideration of RMB768,000 (S$160,000), which was satisfied in cash. The aggregate consideration was arrived at on a willing-seller and willing-buyer basis, after negotiations which were conducted at arm's length between the Group and Finest International, and took into account the acquisition of the remaining 40.0% interest in Panjin Jingcheng Q & M Stomotology Co., Ltd from Dr. Ren during the year (Note 22 (b)).

Notes to the Financial Statements

31 December 2016

24. Events after the end of the reporting year (cont'd)

(f) Subscription of shares by Mountain Limited

Pursuant to a share subscription agreement dated 12 October 2016, the Company had, on 25 January 2017, issued and allotted 7,265,605 new shares at an issue price of approximately RMB0.11 (S$0.02) per share to Mountain Limited, a company wholly owned by Mr. Cui, for an aggregate consideration of RMB821,000 (S$171,000), which was satisfied in cash. The aggregate consideration was arrived at on a willing-seller and willing-buyer basis, after negotiations which were conducted at arm's length between the Group and Mountain Limited, and took into account the acquisition of the remaining 40.0% interest in Shenyang Maotai Q & M Medical Equipment Co., Ltd from Mr. Cui during the year (Note 22 (c)).

(g) Subscription of shares by Dr. Cheah Kim Fee ("Dr Cheah"), former Chief Executive Officer of the Group

Pursuant to a share subscription agreement dated 12 October 2016, the Company had, on 31 January 2017, issued and allotted 641,026 new shares at an issue price of approximately RMB0.76 (S$0.16) per share to Dr. Cheah for an aggregate consideration of RMB486,000 (S$100,000), which was satisfied in cash. The aggregate consideration was arrived at on a willing-seller and willing-buyer basis, after negotiations which were conducted at arm's length between the Group and Dr. Cheah.

(h) Subscription of shares by Honour Pte. Ltd. ("Honour"), an investment company incorporated in the Republic of Singapore

On 12 October 2016, the Company had entered into a share subscription agreement with Honour to reward and incentivise certain PRC-based dental professionals and employees of the Group who have contributed to the development and success in the PRC. Honour is an investment holding company incorporated in the Republic of Singapore.

Pursuant to the terms of the share subscription agreement, the Group shall issue and allot 16,346,000 new shares at an issue price of approximately S$0.12 per share to Honour for the aggregate consideration of S$1,961,520, which shall be satisfied in cash. Honour shall thereafter, pursuant to the terms of a trust deed to be executed by Honour in favour of the eligible employees on the date of completion of the Honour Subscription, hold the aforementioned shares in trust for the eligible employees who have paid their respective portion of the aggregate consideration (calculated with reference to the numbers for each of them pursuant to the trust deed) as their nominee and shall have no beneficial right, title or interest in the shares. None of the Group's directors or substantial shareholders has any interest, direct or indirect, in Honour. An eligible employee is PRC-based dental professionals and employees of the Group. None of the eligible employees have a beneficial interest in more than 433,000 Shares held by Honour. As the relevant PRC regulatory approvals have to be obtained for the Honour subscription, it is contemplated that the completion of the subscription will only take place in 2017.

(i) Capitalisation of other payable to immediate parent company

On 25 January 2017, the company capitalised RMB75.8 million (S$15.6 million) of the other payable to the immediate parent company by the issue and the allotment of 153,461,538 new shares at RMB0.50 (S$0.10) per share.

(j) Lodgement of preliminary offer document with Singapore Exchange Securities Trading Limited

The Group has lodged a preliminary offer document with Singapore Exchange Securities Trading Limited on 31 March 2017 in relation to the placement of 57,000,000 ordinary shares at S$0.20 each in full on application and the listing of its shares on Catalist.

Notes to the Financial Statements

31 December 2016

25. Financial instruments: information on financial risks

25A. Categories of financial assets and liabilities

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

	Group		Company	
	2016	2015	2016	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets:				
Cash and cash equivalents	34,918	14,390	10,561	1,170
Loan and receivables	16,048	46,962	3,279	46,549
At end of the year	50,966	61,352	13,840	47,719
Financial liabilities:				
Trade and other payables measured at amortised cost	111,128	177,437	93,523	173,408
At end of the year	111,128	177,437	93,523	173,408

Further quantitative disclosures are included throughout these financial statements.

25B. 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 and currency 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:

1. Minimise interest rate, currency, credit and market risks for all kinds of transactions.
2. 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.
3. All financial risk management activities are carried out and monitored by senior management staff.
4. All financial risk management activities are carried out following acceptable market practices.

There have been no changes to the exposure to risk; the objectives, policies and processes for managing the risk and the methods use to measure the risk.

Notes to the Financial Statements

31 December 2016

25. Financial instruments information on financial risks (cont'd)

25C. 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 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.

25D. Credit risk on financial assets

Financial assets that are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner consist principally of cash balances with banks, cash equivalents and receivables. The maximum exposure to credit risk is: the total of the fair value of the financial assets; the maximum amount the entity could have to pay if the guarantee is called on; and the full amount of any payable commitments at the end of the reporting year. Credit risk on cash balances with banks and any other financial instruments is limited because the counter-parties are entities with acceptable credit ratings. For credit risk on receivables an ongoing credit evaluation is performed on the financial condition of the debtors and a loss from impairment is recognised in profit or loss. The exposure to credit risk with customers is controlled by setting limits on the exposure to individual customers and these are disseminated to the relevant persons concerned and compliance is monitored by management.

Note 19 discloses the maturity of the cash and cash equivalents balances.

The average credit period generally granted to non-related trade receivable customers is about 30 days (2015: 30 days). The dental hospitals and clinics do not generally grant credit as services are usually settled in cash, "Yi Bao"(医保), the PRC's social health insurance and credit card payments. The trade receivables are mainly credit card payments that take approximately a few days to settle. A subsidiary engaged in the trading of dental surgery materials and equipment grant credit term of 30 days to 180 days (2015: Nil) to their customers.

Ageing analysis of the age of trade receivable amounts that are past due as at the end of reporting year but not impaired:

	Group	
	2016	**2015**
	RMB'000	**RMB'000**
Financial assets:		
Less than 30 days	1,171	12
31 to 60 days	1,373	290
Over 60 days	4,054	527
Total	6,598	829

As at the end of the reporting year there were no amounts that were impaired.

Notes to the Financial Statements

31 December 2016

25. Financial instruments information on financial risks (cont'd)

25D. Credit risk on financial assets (cont'd)

Concentration of trade receivable customers as at the end of reporting year:

	Group 2016 RMB'000
Top 1 customer	1,724
Top 2 customers	2,561
Top 3 customers	3,052

There is no significant concentration of credit risk on receivables as at 31 December 2015, as the exposure is spread over a large number of counter-parties and debtors.

Other receivables are normally with no fixed terms and therefore there is no maturity.

25E. Liquidity risk – financial liabilities maturity analysis

There are no non-current financial liabilities at the end of the reporting periods. 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 paid at their contractual maturity. The average credit period taken to settle trade payables is about 60 days (2015: 60 days). The other payables are with short-term durations. 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. In order to meet such cash commitments the operating activity is expected to generate sufficient cash inflows.

25F. Interest rate risk

The Group is not exposed to significant interest rate risk.

25G. Foreign currency risk

The Group is not exposed to significant foreign currency risk.

26. Items in profit or loss

In addition to the charges and credits disclosed elsewhere in the notes to the financial statements, this item includes the following charges:

	Group	
	2016 RMB'000	2015 RMB'000
Audit fees to the independent auditors of the Company	163	17
Audit fees to the other independent auditors	368	288
Other fees to the independent auditors of the Company	895	–
Other fees to the other independent auditors	311	–

Notes to the Financial Statements

31 December 2016

27. Other reserves

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Statutory reserve (27A)	3,500	–	–	–
Share application reserve (27B)	101,808	–	101,808	–
Other reserve (27C)	(86,957)	–	–	–
Foreign currency translation reserve (Note 27D)	4,295	10,348	4,806	6,760
Total at end of the year	22,646	10,348	106,614	6,760

27A. Statutory reserve

In accordance with the relevant regulations in the People's Republic of China (the "PRC"), the subsidiaries of 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.

27B. Share application reserve

Share application reserve relates to the issuance of shares to the non-controlling interest of subsidiaries after reporting year end date for the acquisition of remaining interest in the subsidiaries prior to 31 December 2016. [See Note 22(b) and (c) and 24 (b), (c), (d), (e) and (f)]. The fair value of the shares issued is RMB0.76 (S$0.16) per share.

27C. Other reserve

Other reserve relates to the excess of the fair value over the issue price of the shares issued as described in Note 27B above.

27D. Foreign currency translation reserve

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
At beginning of the year	10,348	8,180	6,760	5,526
Exchange differences on translating foreign operations	(5,962)	2,168	(1,954)	1,234
Arising from disposal of a subsidiary classified under disposal group (Note 12)	(91)	–	–	–
At end of the year	4,295	10,348	4,806	6,760

All reserves classified on the face of the statement of financial position as retained earnings represent past accumulated earnings and are distributable as cash dividends. The other reserves are not available for cash dividends unless realised.

Notes to the Financial Statements

31 December 2016

28. Changes and adoption of financial reporting standards

For the current reporting year new or revised Financial Reporting Standards in Singapore and the related Interpretations to FRS ("INT FRS") were issued by the Singapore Accounting Standards Council. Those applicable to the reporting entity are listed below. These applicable new or revised standards did not require any modification of the measurement methods or the presentation in the financial statements.

FRS No.	Title
FRS 1	Amendments to FRS 1: Disclosure Initiative
FRS 27	Amendments to FRS 27: Equity Method in Separate Financial Statements

29. New or amended standards in issue but not yet effective

For the future reporting years new or revised Financial Reporting Standards in Singapore and the related Interpretations to FRS ("INT FRS") were issued by the Singapore Accounting Standards Council and these will only be effective for future reporting years. Those applicable to the reporting entity for future reporting years are listed below. The transfer to the applicable new or revised standards from the effective dates is not expected to result in material adjustments to the financial position, results of operations, or cash flows for the following year except as disclosed below for the material adjustments from the known or reasonably estimable information relevant to assessing the possible impact that application of the new or revised FRSs will have on the entity's financial statements in the period of initial application.

FRS No.	Title	Effective date for periods beginning on or after
FRS 7	Amendments to FRS 7: Disclosure Initiative	1 January 2017
FRS 109	Financial Instruments	1 January 2018
FRS 115	Revenue from Contracts with Customers	1 January 2018
FRS 115	Amendments to FRS 115: Clarifications to FRS 115 Revenue from Contracts with Customers	1 January 2018
FRS 116	Leases	1 January 2019

FRS 116 Leases effective for annual periods beginning on or after 1 January 2019 replaces FRS 17 and its interpretations. Almost all leases will be brought onto lessees' statements of financial position under a single model (except leases of less than 12 months and leases of low value assets). Lessor accounting, however, remains largely unchanged and the distinction between operating and finance leases is retained. The management anticipates that FRS 116 will be adopted in the financial statements when it becomes mandatory and that the application of the new standard will have a significant effect on amounts reported in respect of the leases.

However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

Singapore-incorporated companies listed on the Singapore Exchange will be required to comply with new financial reporting standards (to be issued by the Singapore Accounting Standards Council) as identical to the International Financial Reporting Standards for reporting year beginning on after 1 January 2018. Comparative figures are required. The management anticipates that new financial reporting standards will be adopted in the financial statements when they become mandatory. The application of IFRS 1 First-time adoption of IFRS might have a significant effect on amounts reported in the financial statements. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

Statistics of Shareholdings

As at 28 April 2017

Class of shares	:	Ordinary Shares
Voting rights	:	One vote per ordinary share
Number of issued shares	:	355,815,638
Number of treasury shares	:	NIL
Number of subsidiary holdings	:	NIL

DISTRIBUTION OF SHAREHOLDINGS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	0	0.00	0	0.00
100 - 1,000	3	1.01	3,000	0.00
1,001 - 10,000	58	19.46	498,000	0.14
10,001 - 1,000,000	222	74.50	29,073,026	8.17
1,000,001 and above	15	5.03	326,241,612	91.69
Total	298	100.00	355,815,638	100.00

LIST OF 20 LARGEST REGISTERED SHAREHOLDERS

No.	Name	No. of Shares	%
1	Q & M DENTAL GROUP (SINGAPORE) LIMITED	163,461,538	**45.94**
2	HEALTH FIELD ENTERPRISES LIMITED	109,401,709	**30.75**
3	MAYBANK KIM ENG SECURITIES PTE LTD	11,857,000	**3.33**
4	FINEST INTERNATIONAL LIMITED	10,516,320	**2.96**
5	MOUNTAIN LIMITED	7,265,605	**2.04**
6	EXCELLENT WARSHIP INTERNATIONAL LIMITED	5,502,969	**1.55**
7	KWONG SIEW KIEN	3,000,000	**0.84**
8	AUW SIEW AI SERENE	2,600,000	**0.73**
9	CHEN YAN FENG	2,500,000	**0.70**
10	TEOH TEIK KEE	2,500,000	**0.70**
11	JOYCE INTERNATIONAL LIMITED	2,026,471	**0.57**
12	ADELINE OON YAR CHING (ADELINE WEN YAQING)	1,500,000	**0.42**
13	LEE YOKE WANG	1,500,000	**0.42**
14	TOH GEOK HONG	1,500,000	**0.42**
15	ANDREA CHUNG PUI PING	1,110,000	**0.31**
16	LAI MING CHUN @ LAI POH LIN	1,000,000	**0.28**
17	TAY BENG HOCK	1,000,000	**0.28**
18	NG SEOW HOON	766,000	**0.22**
19	LIM KAI CHI PATRICIA MRS PATRICIA CHIA	750,000	**0.21**
20	CHEAH KIM FEE	741,026	**0.21**
	Total:	**330,498,638**	**92.88**

Statistics of Shareholdings

As at 28 April 2017

SHAREHOLDING HELD IN THE HANDS OF PUBLIC

Based on information available to the Company as at 28 April 2017, approximately 16.14% of the issued ordinary shares of the Company were held in the hands of the public. Accordingly, Rule 723 of the Catalist Rules is complied with.

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

		Direct Interest		Deemed Interest	
No.	**Name**	**Number of Shares**	**%**	**Number of Shares**	**%**
1.	Q & M Dental Group (Singapore) Limited[1]	163,461,538	45.94	–	–
2.	Health Field Enterprises Limited[3][4]	109,401,709	30.75	–	–
3.	Quan Min Holdings Pte. Ltd. [1]	–	–	163,461,538[1]	45.94[1]
4.	Dr Ng Chin Siau [1] [2]	–	–	163,461,538[1]	45.94[1]
5.	Dr Shao Yongxin[3]	–	–	109,401,709	30.75
6.	Action Health Enterprises Limited[4]	–	–	109,401,709	30.75

Notes:

(1) Quan Min Holdings Pte. Ltd. ("Quan Min") is deemed interested in Q & M Dental Group (Singapore) Limited's ("Q & M Singapore") Shares by virtue of its 48.04% shareholding in Q & M Singapore.

(2) Dr Ng Chin Siau is deemed interested in Q & M Singapore's Shares by virtue of his 43.91% shareholding in Quan Min, and consequently, its 54.70% deemed shareholding in the Company.

(3) Our Executive Director and Group Chief Executive Officer ("CEO"), Dr Shao Yongxin, is deemed interested in Health Field Enterprises Limited ("Health Field Enterprises") Shares by virtue of his 100.0% indirect shareholding in Health Field Enterprises.

(4) Health Field Enterprises is an investment holding company incorporated in the British Virgin Islands. Health Field Enterprises is 100.0% held by Action Health Enterprises Limited, an investment holding company incorporated in the British Virgin Islands, which is turn 100.0% held by our Executive Director and Group CEO, Dr Shao Yongxin.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Aoxin Q & M Dental Group Limited (the "**Company**") will be held at 180 Kitchener Road, #B1-13/15 City Square Mall, Singapore 208539 on Tuesday, 30 May 2017 at 2.30 p.m. (the "**AGM**") for the following purposes:

As Ordinary Business

1. To receive and adopt the Directors' Statement and Audited Financial Statements of the Company for the financial year ended 31 December 2016 together with the Independent Auditors' Report thereon. **(Resolution 1)**

2. To re-elect Mr Chua Ser Miang who is retiring pursuant to Regulation 122 of the Company's Constitution. **(Resolution 2)** [see Explanatory Note (i)]

3. To re-elect Dr Shao Yongxin who is retiring pursuant to Regulation 122 of the Company's Constitution. **(Resolution 3)** [see Explanatory Note (ii)]

4. To re-elect Mr Vitters Sim Yu Xiong who is retiring pursuant to Regulation 122 of the Company's Constitution. **(Resolution 4)** [see Explanatory Note (iii)]

5. To re-elect Mr San Yi Leong @ Tan Yi Leong who is retiring pursuant to Regulation 122 of the Company's Constitution. **(Resolution 5)** [see Explanatory Note (iv)]

6. To re-elect Professor Chew Chong Yin @ Chew Chong Lin who is retiring pursuant to Regulation 122 of the Company's Constitution. **(Resolution 6)** [see Explanatory Note (v)]

7. To re-elect Mr Lin Ming Khin who is retiring pursuant to Regulation 122 of the Company's Constitution. **(Resolution 7)** [see Explanatory Note (vi)]

8. To re-appoint Messrs RSM Chio Lim LLP as the Company's Auditors and to authorise the Directors to fix their remuneration. **(Resolution 8)**

9. To transact any other ordinary business which may properly be transacted at an annual general meeting.

As Special Business

To consider and, if thought fit, to pass the following resolution as Ordinary Resolution, with or without any modifications:

10. **Authority to allot and issue shares**

That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore (the "**Act**") and Rule 806 of the Listing Manual (Section B: Rules of Catalist) ("**Catalist Rules**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), the Directors of the Company be authorised and empowered to:

(I) (a) allot and issue shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or

Notice of Annual General Meeting

(b) 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, convertible securities or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may, in their absolute discretion, deem fit; and

(II) (notwithstanding that the authority conferred by this resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this resolution was in force, provided that:

(a) the aggregate number of Shares to be allotted and issued (including Shares to be issued in pursuance of Instruments made or granted) pursuant to this resolution, shall not exceed one hundred per cent (100%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (b) below), of which the aggregate number of Shares to be allotted and issued (including Shares to be issued in pursuance of Instruments made or granted) other than on a pro rata basis to the existing shareholders of the Company shall not exceed fifty per cent (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (b) below);

(b) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this resolution) that may be issued under sub-paragraph (a) above, the percentage of the total number of issued Shares (excluding treasury shares and subsidiary holdings) shall be based on the Company's total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time this resolution is passed, after adjusting for:

(i) new Shares arising from the conversion or exercise of any convertible securities;

(ii) new Shares arising from exercising of share options or vesting of share awards which are outstanding and/or subsisting at the time of the passing of this resolution, provided the share options or share awards (as the case may be) were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

(iii) any subsequent bonus issue, consolidation or subdivision of Shares;

(c) in exercising the authority conferred by this resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST), and all applicable legal requirements under the Act and the Constitution for the time being of the Company;

Notice of Annual General Meeting

(d) the authority conferred by this resolution shall, unless revoked or varied by the Company in a general meeting, continue to be in force until the conclusion of the Company's next annual general meeting or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier. **(Resolution 9)**
[see Explanatory Note (vii)]

By Order of the Board

Dr Shao Yongxin
Executive Director and
Group Chief Executive Officer

Singapore, 15 May 2017

Explanatory Notes:

(i) In relation to Ordinary Resolution 2

Mr Chua Ser Miang will, upon re-election as a Director of the Company, remain as the Non-Executive Chairman and Independent Director, the Chairman of the Audit Committee and a member of the Nominating and Remuneration Committees. He is considered independent for the purpose of Rule 704(7) of the Catalist Rules.

(ii) In relation to Ordinary Resolution 3

Dr Shao Yongxin will, upon re-election as a Director of the Company, remain as the Executive Director and Group Chief Executive Officer.

(iii) In relation to Ordinary Resolution 4

Mr Vitters Sim Yu Xiong will, upon re-election as a Director of the Company, remain as a Non-Executive Director.

(iv) In relation to Ordinary Resolution 5

Mr San Yi Leong @ Tan Yi Leong will, upon re-election as a Director of the Company, remain as a Non-Executive Director.

(v) In relation to Ordinary Resolution 6

Professor Chew Chong Yin @ Chew Chong Lin will, upon re-election as a Director of the Company, remain as an Independent Director, the Chairman of the Remuneration Committee and a member of the Audit and Nominating Committees. He is considered independent for the purpose of Rule 704(7) of the Catalist Rules.

(vi) In relation to Ordinary Resolution 7

Mr Lin Ming Khin will, upon re-election as a Director of the Company, remain as an Independent Director, the Chairman of the Nominating Committee and a member of the Audit and Remuneration Committees. He is considered independent for the purpose of Rule 704(7) of the Catalist Rules.

(vii) Ordinary Resolution 9, if passed, will empower the Directors of the Company, effective until conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to allot and issue Shares, make or grant Instruments and to issue Shares pursuant to such Instruments, without seeking any further approval from shareholders in general meeting but within the limitation imposed by this resolution, for such purposes as the Directors of the Company may consider would be in the best interests of the Company. The aggregate number of Shares (including Shares to be made in pursuance of Instruments made or granted pursuant to this resolution) to be allotted and issued would not exceed one hundred per cent (100%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time of passing of this resolution. For issue of Shares (including Shares to be made in pursuance of instruments made or granted pursuant to this resolution) other than on a pro-rata basis to all shareholders shall not exceed fifty per cent (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time of the passing of this resolution.

Notice of Annual General Meeting

NOTES:

1. (a) A member who is not a relevant intermediary is entitled to appoint not more than two (2) proxies to attend and vote at the AGM in his/her stead. Where such member's form of proxy appoints more than one (1) proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

   (b) A member who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend and vote at the AGM, 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.

   "Relevant intermediary" has the meaning ascribed to it in Section 181(6) of the Companies Act, Chapter 50.

2. A proxy need not be a member of the Company.

3. The instrument appointing a proxy or proxies must be under the hand of the appointor or by his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.

4. Where an instrument appointing a proxy or proxies is signed and authorized on behalf of the appointer by an attorney, the letter of power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument, failing which the instrument may be treated as invalid.

5. The instrument appointing a proxy or proxies must be deposited at the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road, #11-02 Singapore 068898 not less than 72 hours before the time appointed for holding the AGM. If a shareholder submits a proxy form and subsequently attends the AGM in person and votes, the appointment of the proxy should be revoked.

6. A Depositor's name must appear on the Depository Register maintained by the Central Depository (Pte) Limited as at 72 hours before the time fixed for holding the AGM in order for the Depositor to be entitled to attend and vote at the AGM.

7. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register as defined under the Securities and Futures Act, Chapter 289 of Singapore, he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member of the Company.

8. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intensions of the appointer are not ascertainable from the instructions of the appointer specified in this instrument appointing a proxy or proxies. In addition, in the case of the members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

9. A corporation which is a member may authorize by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with section 179 of the Act.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend and vote at the AGM and/or any adjournment thereof, a member of the Company:

(a) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**");

(b) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and

Notice of Annual General Meeting

(c) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

This notice has been prepared by the Company and its contents have been reviewed by the Company's sponsor ("**Sponsor**"), SAC Capital Private Limited, for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**").

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

The contact person for the Sponsor is Mr Ong Hwee Li (Telephone: (65) 6532 3829) at 1 Robinson Road, #21-02 AIA Tower, Singapore 048542. SAC Capital Private Limited is the parent company of SAC Advisors Private Limited.

AOXIN Q & M DENTAL GROUP LIMITED

(Company Registration No.: 201110784M)
(Incorporated in the Republic of Singapore)

Important:
Relevant intermediaries as defined in Section 181(6) of the Companies Act, Chapter 50 may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.

ANNUAL GENERAL MEETING PROXY FORM

(Please refer to notes overleaf before completing this Form)

*I/We ______________________________ (Name)

*NRIC/Passport No./Co. Registration No. ______________________________

of ______________________________ (Address)

being a *member/members of Aoxin Q & M Dental Group Limited (the "**Company**"), hereby appoint

Name	Address	NRIC/Passport Number	Proportion of Shareholdings	
			No. of Shares	%

* and/or

Name	Address	NRIC/Passport Number	Proportion of Shareholdings	
			No. of Shares	%

or failing *him/her/them, the Chairman of the Annual General Meeting ("**AGM**"), as *my/our *proxy/proxies to attend, speak and vote for *me/us on *my/our behalf at the AGM of the Company to be held at 180 Kitchener Road, #B1-13/15 City Square Mall, Singapore 208539 on Tuesday, 30 May 2017 at 2.30 p.m. and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for or against the Ordinary Resolutions to be proposed at the AGM as indicated with a "√" in the spaces provided hereunder. If no specific directions as to voting are given, the *proxy/proxies will vote or abstain from voting at *his/her/their discretion, as *he/she/they may on any other matter arising at the AGM.

(Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against" the relevant resolution, please tick [√] within the relevant box provided. Alternatively, if you wish to exercise your votes both "For" and "Against" the relevant resolution, please indicate the number of shares in the boxes provided.)

No.	Resolutions	For	Against
	ORDINARY BUSINESS		
1.	To receive and adopt the Directors' Statement and Audited Financial Statements of the Company for the financial year ended 31 December 2016 together with the Auditors' Report thereon.		
2.	To re-elect Mr Chua Ser Miang who is retiring pursuant to Regulation 122 of the Company's Constitution.		
3.	To re-elect Dr Shao Yongxin who is retiring pursuant to Regulation 122 of the Company's Constitution.		
4.	To re-elect Mr Vitters Sim Yu Xiong who is retiring pursuant to Regulation 122 of the Company's Constitution.		
5.	To re-elect Mr San Yi Leong @ Tan Yi Leong who is retiring pursuant to Regulation 122 of the Company's Constitution.		
6.	To re-elect Professor Chew Chong Yin @ Chew Chong Lin who is retiring pursuant to Regulation 122 of the Company's Constitution.		
7.	To re-elect Mr Lin Ming Khin who is retiring pursuant to Regulation 122 of the Company's Constitution.		
8.	To re-appoint Messrs RSM Chio Lim LLP as the Company's auditors and to authorise the Directors to fix their remuneration.		
	SPECIAL BUSINESS		
9.	To authorise Directors to allot and issue shares.		

Dated this ________ day of ________________ 2017.

Total No. of Shares in	No. of Shares
CDP Register	
Register of Members	

____
Signature(s) of Member(s) or Common Seal

** Delete accordingly*

IMPORTANT: Please Read Notes for this Proxy Form

NOTES:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (maintained by The Central Depository (Pte) Limited), you should insert that number of shares. If you have shares registered in your name in the Register of Members (maintained by or on behalf of the Company), you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.

2. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend and vote at the AGM in his/her stead. 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.

   (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote at the AGM, 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.

   "Relevant intermediary" has the meaning as ascribed to it in Section 181(6) of the Companies Act, Chapter 50 of Singapore (the "**Act**").

3. A proxy need not be a member of the Company.

4. The instrument appointing a proxy or proxies must be under the hand of the appointer or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.

5. Where an instrument appointing a proxy or proxies is signed and authorised on behalf of the appointer 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, failing which the instrument may be treated as invalid.

6. The instrument appointing a proxy or proxies must be deposited at the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road, #11-02 Singapore 068898 not less than 72 hours before the time appointed for holding the AGM. If a shareholder submits a proxy form and subsequently attends the AGM in person and votes, the appointment of the proxy should be revoked.

7. A Depositor's name must appear on the Depository Register maintained by the Central Depository (Pte) Limited as at 72 hours before the time fixed for holding the AGM in order for the Depositor to be entitled to attend and vote at the AGM.

8. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intensions of the appointer are not ascertainable from the instructions of the appointer specified in this instrument appointing a proxy or proxies. In addition, in the case of the members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

9. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Act.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend and vote at the AGM and/or any adjournment thereof, a member of the Company:

(a) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**");

(b) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and

(c) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

Directory of Aoxin Q & M's Outlets in Northern PRC

Directory of Aoxin Q & M's outlets	Address	Tel
Shenyang Aoxin Q & M Stomatology Hospital Co., Ltd.	No. 196 of Da Nan Street, Shenhe District, Shenyang City	4001026766
Shenyang Heping Q & M Aoxin Stomatology Polyclinic Co., Ltd.	Door 6, No. 31Jia, Xita Street, Heping District, Shenyang City	4001026766
Huludao Aoxin Q & M Stomatology Hospital Co., Ltd.	Part A, No. 81 Building, Longwan Street, Longgang District, Huludao City	4001026766
Huludao City Aoxin Stomatology Polyclinic Co., Ltd.	17#-19, Lida Development Xinhua Street, Bohai Street, Lianshan District, Huludao City	4001026766
Gaizhou City Aoxin Q & M Stomatology Hospital Co., Ltd.	Room 106 & 206, 1-2/F, Building 8, Huayang Garden, Xicheng Office, Gaizhou City	0417-7673688
Panjin Jinsai Q & M Stomatology Co., Ltd.	No. 2-27-567-101, Fenghua Community, Shuangtaizi District, Panjin City, Liaoning Province	0417-3811118
Panjin Jingcheng Q & M Stomatology Co., Ltd.	No. 7, Building E of Xin Guang Sha Tower, Xinglongtai District, Panjin City, Liaoning Province	0417-7879499
Panjin Jingcheng Q & M Stomatology Co., Ltd Xinglongtai Branch	No. 03, Building 0047, Xinhuadong Commercial zone, Bohai Area, Panjin City	0417-7879499
Panjin Jingcheng Q & M Stomatology Co., Ltd Shengtaiyuan Branch	No. 006, Line 0002, Shengtaiyuan Development Centre Commercial Zone, Xinglongtai District, Panjin City	0417-7879 499
Shenyang Maotai Q & M Medical Equipment Co., Ltd.	No. 113 of North Nanjing Street, Heping District, Shenyang City	024-22874848

AOXIN Q & M DENTAL GROUP LIMITED
(Company Registration No.: 201110784M)

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Singapore 068898
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Fax: (65) 6236 4399