



Aoxin Q & M Dental Group Limited

Condensed Interim Financial Statements For the Six Months Ended 30 June 2022

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

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Content	Page
Condensed interim consolidated statement of profit or loss and other comprehensive income	1
Condensed interim statements of financial position	3
Condensed interim statements of changes in equity	4
Condensed interim consolidated statement of cash flows	6
Notes to the condensed interim consolidated financial statements	7
Other information required by Catalist Rule Appendix 7C	16

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

	Notes	6 months ended 30 June		Change %
		2022 RMB'000	2021 RMB'000	
Revenue				
Primary healthcare		41,770	44,599	(6.3%)
Distribution of dental equipment and supplies		16,938	30,219	(43.9%)
Laboratory services		6,410	7,452	(14.0%)
Total revenue	4	<u>65,118</u>	<u>82,270</u>	(20.8%)
Interest income		45	48	(6.3%)
Other income and gains	5	985	647	52.2%
Expenses:				
Consumables and dental supplies		(5,180)	(6,587)	(21.4%)
Cost of sales in dental equipment and supplies		(14,256)	(25,481)	(44.1%)
Cost of laboratory services		(1,495)	(2,043)	(26.8%)
Employee benefits expenses		(33,922)	(33,560)	1.1%
Depreciation and amortisation expenses		(5,422)	(5,171)	4.9%
Depreciation of right-of-use assets		(3,444)	(3,527)	(2.4%)
Rental expenses		(659)	(463)	42.3%
Finance costs	6	(1,270)	(1,625)	(21.8%)
Other expenses		(7,090)	(10,550)	(32.8%)
Other losses	5	(488)	(125)	NM
Share of results of associate		3,164	–	NM
Loss before income tax		<u>(3,914)</u>	<u>(6,167)</u>	(36.5%)
Income tax	7	549	77	NM
Loss, net of tax		<u>(3,365)</u>	<u>(6,090)</u>	(44.7%)
Other comprehensive loss				
<i>Item that may be reclassified subsequently to profit or loss</i>				
Exchange differences on translation to presentation currency		3,517	(244)	NM
Total comprehensive profit/(loss)		<u>152</u>	<u>(6,334)</u>	NM
Loss, net of tax attributable to:				
Owners of the Company		(3,364)	(6,090)	(44.8%)
Non-controlling interest		(1)	–	NM
		<u>(3,365)</u>	<u>(6,090)</u>	(44.7%)
Total comprehensive profit/(loss) attributable to:				
Owners of the Company		153	(6,334)	NM
Non-controlling interests		(1)	–	NM
		<u>152</u>	<u>(6,334)</u>	NM

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

		6 months ended 30 June		
		<u>2022</u>	<u>2021</u>	
		RMB Cents	RMB Cents	
Loss per share				
– Basic/ Diluted	8	<u>(0.66)</u>	<u>(1.60)</u>	(58.8%)

NM: Not meaningful.

Condensed Interim Statements of Financial Position

	Notes	Group		Company	
		30 Jun <u>2022</u> RMB'000	31 Dec <u>2021</u> RMB'000	30 Jun <u>2022</u> RMB'000	31 Dec <u>2021</u> RMB'000
ASSETS					
<u>Non-current assets</u>					
Property, plant and equipment		43,944	48,154	24	22
Right-of-use assets		36,737	37,994	865	940
Goodwill	9	125,219	125,219	–	–
Intangible assets		4,299	4,779	188	205
Investments in subsidiaries		–	–	279,478	273,569
Investment in associate	10	130,976	125,064	150,076	146,904
Other receivables, non-current		239	239	5,776	7,538
Other non-financial assets, non-current		155	191	153	177
Total non-current assets		<u>341,569</u>	<u>341,640</u>	<u>436,560</u>	<u>429,355</u>
<u>Current assets</u>					
Inventories		10,864	11,595	–	–
Trade and other receivables, current		39,910	61,043	10,014	30,148
Other non-financial assets, current		3,041	1,482	112	147
Cash and cash equivalents		36,035	24,370	19,540	6,938
Total current assets		<u>89,850</u>	<u>98,490</u>	<u>29,666</u>	<u>37,233</u>
Total assets		<u>431,419</u>	<u>440,130</u>	<u>466,226</u>	<u>466,588</u>
EQUITY AND LIABILITIES					
<u>Equity</u>					
Share capital	11	445,473	443,203	445,473	443,203
Accumulated profits/(losses)		(28,102)	(24,761)	6,409	7,947
Other reserves (adverse balance)		(50,443)	(54,558)	9,802	(615)
Equity attributable to owners of the Company		<u>366,928</u>	<u>363,884</u>	<u>461,684</u>	<u>450,535</u>
Non-controlling interest		1	2	–	–
Total equity		<u>366,929</u>	<u>363,886</u>	<u>461,684</u>	<u>450,535</u>
<u>Non-current liabilities</u>					
Deferred tax liabilities		824	926	–	–
Lease liabilities, non-current		27,192	28,447	759	835
Other financial liabilities, non-current	12	1,521	8,982	1,521	8,982
Total non-current liabilities		<u>29,537</u>	<u>38,355</u>	<u>2,280</u>	<u>9,817</u>
<u>Current liabilities</u>					
Income tax payable		61	341	–	–
Trade and other payables		22,867	21,357	1,757	2,573
Lease liabilities, current		6,483	6,549	217	209
Other financial liabilities, current	12	5,542	9,642	288	3,454
Total current liabilities		<u>34,953</u>	<u>37,889</u>	<u>2,262</u>	<u>6,236</u>
Total liabilities		<u>64,490</u>	<u>76,244</u>	<u>4,542</u>	<u>16,053</u>
Total equity and liabilities		<u>431,419</u>	<u>440,130</u>	<u>466,226</u>	<u>466,588</u>

Aoxin Q & M Dental Group Limited

Condensed Interim Statements of Changes in Equity

Group	Total equity RMB'000	Attributable to owners of the Company RMB'000	Share capital RMB'000	Accumulated losses RMB'000	Other Reserve RMB'000	Statutory reserve RMB'000	Share-Based payment reserve RMB'000	Foreign currency translation reserve RMB'000	Non-controlling interest RMB'000
Current year									
Opening balance at 1 January 2022	363,886	363,884	443,203	(24,761)	(71,920)	8,535	6,515	2,312	2
Total comprehensive profit/(loss) for the period	152	153	–	(3,364)	–	–	–	3,517	(1)
New shares issued	2,270	2,270	2,270	–	–	–	–	–	–
Transfer to statutory reserve	–	–	–	23	–	(23)	–	–	–
Share-based payments	621	621	–	–	–	–	621	–	–
Closing balance at 30 June 2022	<u>366,929</u>	<u>366,928</u>	<u>445,473</u>	<u>(28,102)</u>	<u>(71,920)</u>	<u>8,512</u>	<u>7,136</u>	<u>5,829</u>	<u>1</u>
Previous year									
Opening balance at 1 January 2021	223,345	223,343	295,356	(16,832)	(71,920)	7,932	5,095	3,712	2
Total comprehensive loss for the period	(6,334)	(6,334)	–	(6,090)	–	–	–	(244)	–
Transfer to statutory reserve	–	–	–	(3)	–	3	–	–	–
Share-based payments	636	636	–	–	–	–	636	–	–
Closing balance at 30 June 2021	<u>217,647</u>	<u>217,645</u>	<u>295,356</u>	<u>(22,925)</u>	<u>(71,920)</u>	<u>7,935</u>	<u>5,731</u>	<u>3,468</u>	<u>2</u>

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

Company	Total equity RMB'000	Share capital RMB'000	Accumulated Profits/(losses) RMB'000	Share-based Payment Reserve RMB'000	Foreign currency translation reserve RMB'000
Current year					
Opening balance at 1 January 2022	450,535	443,203	7,947	6,515	(7,130)
Total comprehensive profit/(loss) for the period	8,258	–	(1,538)	–	9,796
New shares issued	2,270	2,270	–	–	–
Share-based payments	621	–	–	621	–
Closing balance at 30 June 2022	<u>461,684</u>	<u>445,473</u>	<u>6,409</u>	<u>7,136</u>	<u>2,666</u>
Previous year					
Opening balance at 1 January 2021	296,424	295,356	(11,819)	5,095	7,792
Total comprehensive loss for the period	(9,348)	–	(1,057)	–	(8,291)
Share-based payments	636	–	–	636	–
Closing balance at 30 June 2021	<u>287,712</u>	<u>295,356</u>	<u>(12,876)</u>	<u>5,731</u>	<u>(499)</u>

Condensed Interim Consolidated Statement of Cash Flows

	6 months ended 30 June	
	<u>2022</u>	<u>2021</u>
	RMB'000	RMB'000
<u>Cash flows from /(used in) operating activities</u>		
Loss before income tax	(3,914)	(6,167)
Bad debts written-off	–	48
Depreciation of plant and equipment	4,933	4,720
Amortisation of intangible assets	489	451
Depreciation of right-of-use assets	3,444	3,527
Expected credit loss allowance on trade receivables	103	–
Gain on derecognised of right-of-use assets	(46)	–
Plant and equipment written-off	–	3
Unrealised foreign exchange gains	677	(204)
Interest expense	1,270	1,625
Share-based payments	621	636
Share of result of associate	(3,164)	–
Operating cash flows before changes in working capital	<u>4,413</u>	<u>4,639</u>
Inventories	732	179
Trade and other receivables	(2,054)	(10,324)
Other non-financial assets	(1,524)	424
Trade and other payables	<u>1,510</u>	<u>222</u>
Net cash flows from /(used in) operations	3,077	(4,860)
Income taxes refunded /(paid)	<u>167</u>	<u>(479)</u>
Net cash flows from /(used in) operating activities	<u>3,244</u>	<u>(5,339)</u>
<u>Cash flows from/ (used in) investing activities</u>		
Acquisition of plant and equipment	(723)	(4,122)
Acquisition of intangible assets – software	–	(47)
Dividend received from associate	23,084	–
Decrease in staff loans	–	4
Net cash flows from/ (used in) investing activities	<u>22,361</u>	<u>(4,165)</u>
<u>Cash flows (used in)/ from financing activities</u>		
Proceeds from bank loan and bill payable	733	8,957
Repayments of bank loan and bill payable	(12,405)	(4,370)
Interest expense paid	(247)	(287)
Payment of principal portion of lease liabilities	(3,435)	(1,150)
Payment of interest portion of lease liabilities	(1,023)	(1,189)
Issuance of new shares	<u>2,270</u>	<u>–</u>
Net cash flows (used in)/ from financing activities	<u>(14,107)</u>	<u>1,961</u>
Net increase/ (decrease) in cash and cash equivalents	11,498	(7,543)
Cash and cash equivalents, beginning balance	24,370	37,912
Effect of foreign exchange rate changes on cash and cash equivalents	167	(474)
Cash and cash equivalents, ending balance	<u>36,035</u>	<u>29,895</u>

Notes to the Condensed Interim Consolidated Financial Statements For the Six Months Ended 30 June 2022

1. General

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

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

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

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed in Note 2 on financial information by operating segments.

The latest audited annual financial statements for the reporting year ended 31 December 2021 were not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

COVID-19 related disclosures

The COVID-19 pandemic and its aftermath have caused, and will continue to cause, disruptions resulting in uncertainties surrounding the Group’s business, including affecting its relationships with its existing and future patients, customers, suppliers and employees, which had and will continue to have an adverse effect on its financial position, financial performance of operations, cash flows and medium and long-term prospects for the foreseeable future. The Group incurred a loss, net of tax of RMB3,365,000 for the six months ended 30 June 2022. The net cash flow generated from operating activities were RMB3,244,000. The prolonged disruptions arising from COVID-19 may materially affect the Group’s ability to generate sufficient cash flows from its operations. However, management reached a conclusion that the going concern basis of accounting is appropriate due to the following mitigating actions which include: monitoring the COVID-19 situation closely, maintaining communications with the relevant authorities and implementing additional short-term precautionary measures, if required; controls on procurement and discretionary spend; rescheduling capital expenditures; focusing on maintaining cash flow and securing additional funding facilities. The management has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.

Basis of preparation

These condensed consolidated interim financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) (“**SFRS(I)**”) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. They are also in compliance with the International Financial Reporting Standards issued by the International Accounting Standards Board and the provisions of the SGX Catalist Rules. The Company’s separate financial statements have been prepared on the same basis, and as permitted by SGX Catalist Rules, the Company’s separate statement of profit or loss and other comprehensive income and statement of cash flows are not presented.

1. General (cont'd)

Basis of preparation (cont'd)

The accounting policies and methods of computation applied in these condensed interim financial statements are consistent with those of the latest audited annual financial statements for the reporting year ended 31 December 2021. The Group has adopted all the new and revised SFRS (I) that are relevant to its operations and effective for the current financial year. The adoption of these new/revised SFRS(I)s did not result in material changes to the Group's accounting policies and has no material effect on the financial results or position of the Group and the Company. However, the typical notes and information included in the latest audited annual financial statements are not included in these interim financial statements except for the selected explanatory notes included to explain events and transactions that are significant to an understanding of the changes in the performance and financial position the Group since the latest audited annual financial statements.

Critical judgements, assumptions and estimation uncertainties

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

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the latest audited annual financial statements as at and for the year ended 31 December 2021.

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

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

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

2. Seasonal operations

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

3. Financial information by operating segments

3A. Information about reportable segment profit or loss, assets and liabilities

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

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

Aoxin Q & M Dental Group Limited

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

	Primary healthcare		Distribution of dental equipment and supplies		Laboratory services		Consolidated	
	2022 RMB'000	2021 RMB'000	2022 RMB'000	2021 RMB'000	2022 RMB'000	2021 RMB'000	2022 RMB'000	2021 RMB'000
Revenue from external customers (Note 3)	41,770	44,599	16,938	30,219	6,410	7,452	65,118	82,270
Inter-segment revenue	10,120	9,365	4,191	4,949	7,406	1,255	21,717	15,569
Total Revenue	51,890	53,964	21,129	35,168	13,816	8,707	86,835	97,839
Segment results includes share of results of associate (EBITDA)	2,126	1,733	45	690	4,051	1,733	6,222	4,156
Finance costs							(1,270)	(1,625)
Depreciation of plant and equipment							(4,933)	(4,720)
Depreciation of right-of-use assets							(3,444)	(3,527)
Amortisation of intangible assets							(489)	(451)
Loss before income tax							(3,914)	(6,167)
Income tax expense							549	77
Loss, net of tax							(3,365)	(6,090)
Expenditure for non-current assets								
Property, plant and equipment	326	2,519	27	169	370	1,434	723	4,122
Other material non-cash items								
Depreciation of plant and equipment	4,297	4,181	9	9	627	530	4,933	4,720
Depreciation of right-of-use assets	3,205	3,316	66	66	173	145	3,444	3,527
Amortisation of intangible assets	257	223	21	21	211	207	489	451
Finance costs	1,101	1,361	122	233	47	31	1,270	1,625
Plant and equipment written-off	–	3	–	–	–	–	–	3
ECL (reversal)/allowance on trade receivables	–	–	(144)	–	247	–	103	–
Share-based payments	621	636	–	–	–	–	621	636

3C. Balance Sheet as at 30 June 2022 and 31 December 2021

Segment assets	252,582	243,990	24,067	25,353	154,770	170,787	431,419	440,130
Segment liabilities	45,605	58,588	12,043	11,757	6,842	5,899	64,490	76,244

4. Revenue

	<u>6 months ended 30 June</u>	
	<u>2022</u>	<u>2021</u>
	RMB'000	RMB'000
<u>Revenue classified by nature type</u>		
Rendering of services	41,159	43,886
Sale of goods	16,938	30,219
Laboratory services	6,410	7,452
Leasing income	534	534
Management fee income from outside parties	66	179
Other income	11	–
Total revenue	<u>65,118</u>	<u>82,270</u>
 <u>Revenue classified by timing of revenue recognition</u>		
Point in time	65,052	82,091
Over time	66	179
	<u>65,118</u>	<u>82,270</u>

5. Other income and gains and (other losses)

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

	<u>6 months ended 30 June</u>	
	<u>2022</u>	<u>2021</u>
	RMB'000	RMB'000
Bad debts written-off	–	(48)
Compensation damages ^(a)	–	(2)
Foreign exchange adjustment (loss)/gain	(344)	467
Government grant income	329	90
Rental discount	610	85
Gain on derecognised of right-of-use assets	46	–
Other gains	–	5
Other losses	–	(19)
Penalty / Compensation on early termination of leases ^(b)	(144)	(53)
Plant and equipment written-off	–	(3)
Net	<u>497</u>	<u>522</u>
 Presented in profit or loss as:		
Other income and gains	985	647
Other losses	(488)	(125)
	<u>497</u>	<u>522</u>

^(a) Compensation damages for 1H2021 is related to closure of business operation in Shenyang Aoxin Jinfeng Dental Clinic Co., Ltd.

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

6. Finance costs

	<u>6 months ended 30 June</u>	
	<u>2022</u>	<u>2021</u>
	RMB'000	RMB'000
Interest on borrowings	(247)	(436)
Interest on lease liabilities	(1,023)	(1,189)
	<u>(1,270)</u>	<u>(1,625)</u>

7. Income tax

	<u>6 months ended 30 June</u>	
	<u>2022</u>	<u>2021</u>
	RMB'000	RMB'000
<u>Current tax expense</u>		
Current tax expense	(56)	(115)
Over provision in respect of prior years	157	35
Subtotal	<u>101</u>	<u>(80)</u>
<u>Deferred tax income</u>		
Deferred tax income	<u>101</u>	<u>101</u>
<u>Withholding tax expense</u>		
Current withholding tax expense	(58)	(248)
Over provision in respect of prior years	405	304
Subtotal	<u>347</u>	<u>56</u>
Total income tax credit	<u>549</u>	<u>77</u>

8. Loss per share

	<u>6 months ended 30 June</u>	
	<u>2022</u>	<u>2021</u>
	RMB cents	RMB cents
Basic/ Diluted loss per share ^(a)	<u>(0.66)</u>	<u>(1.60)</u>
Weighted average number of shares	<u>510,358,088</u>	<u>381,574,909</u>

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

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

9. Goodwill

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

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

10. Investment in an associate

	<u>Group</u>		<u>Company</u>	
	30 Jun 2022 RMB'000	31 Dec 2021 RMB'000	30 Jun 2022 RMB'000	31 Dec 2021 RMB'000
Unquoted equity shares	<u>130,976</u>	<u>125,064</u>	<u>150,076</u>	<u>146,904</u>
Balance at beginning of the year	125,064	–	146,904	–
Additions	–	147,847	–	147,847
Foreign exchange adjustments	2,748	(540)	3,172	(943)
Share of results for the period	3,164	1,273	–	–
Dividends	–	(23,516)	–	–
Balance at end of the year	<u>130,976</u>	<u>125,064</u>	<u>150,076</u>	<u>146,904</u>

11. Share capital

	<u>Number of shares '000</u>	<u>Share Capital RMB'000</u>
Ordinary shares		
Balance as at 31 December 2021	508,848	443,203
Issuance of new shares ^(a)	<u>2,441</u>	<u>2,270</u>
Balance as at 30 June 2022	<u>511,289</u>	<u>445,473</u>

^(a) On 8 March 2022, the Company issued 2,441,000 new ordinary shares at S\$0.20 per share to Mr You Zhongjiang, held in trust by Honour Pte. Ltd. in accordance with PRC legal requirements as Mr You Zhongjiang is a PRC national, pursuant to the exercise of the options granted under the Aoxin Q & M Employee Share Option Scheme in relation to the acquisition of 100% equity interest in Youxin Dental Clinic.

Share options

As at 30 June 2022, there were no outstanding share options. (30 June 2021: 2,441,000).

Share awards

As at 30 June 2022, the total number of share awards outstanding under Aoxin Q & M Performance Share Plan was 960,565 (30 June 2021: 960,565) which vest in accordance with the vesting schedules each commencing on 1 January 2020 and ending on 31 December 2029, subject to certain vesting conditions.

As at 30 June 2022, the issued and paid-up share capital excluding treasury shares of the Company comprised 511,288,635 (31 December 2021: 508,847,635) ordinary shares.

Save as disclosed, there were no subsidiary holdings, treasury shares or outstanding convertibles as at 30 June 2022 and 30 June 2021.

12. Other financial liabilities – borrowings and debt securities

<u>Group</u>	<u>Secured</u>		<u>Unsecured</u>	
	30 Jun 2022 RMB'000	31 Dec 2021 RMB'000	30 Jun 2022 RMB'000	31 Dec 2021 RMB'000
Repayable in one year or less, or on demand:				
Bank loan (unsecured)	–	–	288	3,454
Bill payable (secured)	5,254	6,188	–	–
Subtotal	5,254	6,188	288	3,454
Repayable after one year:				
Bank loan (unsecured)	–	–	1,521	8,982
Total	5,254	6,188	1,809	12,436

<u>Company</u>	<u>Secured</u>		<u>Unsecured</u>	
	30 Jun 2022 RMB'000	31 Dec 2021 RMB'000	30 Jun 2022 RMB'000	31 Dec 2021 RMB'000
Repayable in one year or less, or on demand:				
Bank loan (unsecured)	–	–	288	3,454
Repayable after one year:				
Bank loan (unsecured)	–	–	1,521	8,982
Total	–	–	1,809	12,436

12A. Bank loan (unsecured)

The unsecured bank loan of RMB1,809,000 (31 Dec 2021: RMB12,436,000) is related to a 5-year temporary bridging loan (“TBL”) extended by a bank in Singapore. The TBL shall be repaid over 60 monthly instalments with fixed interest rate of 2.25% per annum.

12B. Bills payables (secured)

The bills payables bear floating interest rate at 4.79% (31 Dec 2021: 4.78% to 5.65%) per annum. They are repayable within 12 months (31 Dec 2021: 6 to 12 months). These payables are covered by corporate guarantee from the Company and secured by pledge of certain trade receivables of the Group.

13. Net assets value

	<u>Group</u>		<u>Company</u>	
	30 Jun <u>2022</u> RMB cents	31 Dec <u>2021</u> RMB cents	30 Jun <u>2022</u> RMB cents	31 Dec <u>2021</u> RMB cents
Net assets value per ordinary share	<u>71.8</u>	<u>71.5</u>	<u>90.3</u>	<u>88.5</u>

The net asset value per ordinary share of the Group and the Company have been calculated based on the total issued number of ordinary shares of 511,288,635 and 508,847,635 as at 30 June 2022 and 31 December 2021 respectively.

14. Related party transactions

During the reporting period, certain subsidiaries in the Group leased dental polyclinics, hospitals and offices from its directors, and certain subsidiaries in the Group leased software from a related party. The right-of-use assets as at 30 June 2022 are RMB5,874,000 (FY2021: RMB4,691,000). The leases are for 3 years to 11 years (FY2021: 0.5 year to 10 years).

15. Categories of financial assets and liabilities

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

	<u>Group</u>		<u>Company</u>	
	30 Jun <u>2022</u> RMB'000	31 Dec <u>2021</u> RMB'000	30 Jun <u>2022</u> RMB'000	31 Dec <u>2021</u> RMB'000
<u>Financial assets:</u>				
Financial assets at amortised cost	<u>76,184</u>	<u>85,652</u>	<u>35,330</u>	<u>44,624</u>
<u>Financial liabilities:</u>				
Financial liabilities at amortised cost	<u>59,162</u>	<u>71,712</u>	<u>4,542</u>	<u>16,053</u>

16. Contingent liabilities and contingent assets

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

	<u>Company</u>	
	30 Jun <u>2022</u> RMB'000	31 Dec <u>2021</u> RMB'000
Financial guarantee contracts – bank guarantee in favour of subsidiaries	5,254	6,188

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

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

17. Capital commitments

As at 30 June 2022 and 31 December 2021, there was no committed future capital expenditure but not recognised in the financial statements.

18. Events after the end of the reporting period

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

OTHER INFORMATION REQUIRED BY CATALIST RULE APPENDIX 7C

1. Review

The condensed interim consolidated statement of financial position of Aoxin Q & M Dental Group Limited and its subsidiaries as at 30 June 2022 and the related condensed interim consolidated profit or loss and other comprehensive income, condensed interim consolidated statement of changes in equity and condensed interim consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

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

Statement of Comprehensive Income

Revenue

The Group recorded revenue of RMB65.1 million for the six months ended 30 June 2022 ("1H2022") as compared to RMB82.3 million in the corresponding period in the preceding year ("1H2021"), representing a decrease of RMB17.2 million or representing a 20.8% year on year. The decrease was mainly due to the resurgence of Covid-19 from March to May 2022 which affected all business segments of the Group.

Revenue from primary healthcare segment decreased by 6.3%, from RMB44.6 million in 1H2021 to RMB41.8 million in 1H2022 whilst revenue from laboratory services segment decreased by 14.0% from RMB7.5 million to RMB6.4 million in 1H2022. Lower revenue for primary healthcare services and laboratory services were due to the temporarily closure of some of our dental polyclinics and hospitals for more than one month in end March to early May 2022.

Revenue from distribution of dental equipment and supplies segment decreased by 43.9%, from RMB30.2 million in 1H2021 to RMB17.0 million in 1H2022. In addition to closure of operation for more than one month, there was lower demand for dental equipment from government hospitals due to lesser government tender and supply of the dental equipment was also impacted by supply chain disruption.

Other Income and Gains

Other income and gains increased by RMB0.3 million in 1H2022 mainly due to rental discount/rental waiver from landlords.

Expenses

Cost of consumables and dental supplies

Consumables and dental supplies used decreased from RMB6.6 million in 1H2021 to RMB5.2 million in 1H2022. This was mainly due to decrease in dental lab processing cost, and decrease in other material cost which was in line with the decrease in revenue from the primary healthcare segment.

As a percentage of revenue from the primary healthcare segment, cost of consumables and dental supplies used in 1H2022 was 12.4% as compared to 14.8% in 1H2021 mainly due to higher revenue contribution from high-end dental services which generate higher gross profit margin.

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

Cost of sales in dental equipment and supplies

Cost of sales in dental equipment and supplies decreased from RMB25.5 million in 1H2021 to RMB14.3 million in 1H2022, which was in line with the decrease in revenue from the distribution of dental equipment and supplies segment.

As a percentage of revenue from the distribution of dental equipment and supplies segment, cost of sales in dental equipment and supplies in 1H2022 was 84.2% as compared to 84.3% in 1H2021.

Cost of laboratory services

Cost of laboratory services decreased from RMB2.0 million in 1H2021 to RMB1.5 million in 1H2022, which was in line with the decrease in revenue from laboratory services segment.

As a percentage of revenue from the laboratory services segment, cost of laboratory services was 23.3% in 1H2022 as compared to 27.4% in 1H2021. This was mainly due to our cost control measures taken by the management.

Employee benefits expenses

Employee benefits expense increased from RMB33.6 million in 1H2021 to RMB33.9 million in 1H2022. These was mainly due to the increase of social insurance contributions caused by a change of government regulation resulting in an increase of the contribution rate. However, the increase was partially offset by the decrease of staff salaries and director fee.

Other expenses

Other expenses decreased from RMB10.6 million in 1H2021 to RMB7.1 million in 1H2022. The decrease was mainly due to:

- (i) decrease in management fee of RMB1.7 million
- (ii) decrease in professional fee of RMB0.5 million;
- (iii) decrease in entertainment expenses of RMB0.2 million;
- (iv) decrease in advertising expenses of RMB0.2 million;
- (v) decrease in travelling cost of RMB0.2 million; and
- (vi) decrease in office expenses and tender fee of RMB0.2 million.

As a percentage of revenue, other expenses in 1H2022 decreased to 10.9% from 12.8% in 1H2021.

Other losses

Other losses increased by RMB0.4 million from RMB0.1 million in 1H2021 to RMB0.5 million in 1H2022. The increase in other losses was due to loss on foreign exchange and compensation on early termination of leases.

EBITDA (including share of results of associate)

The Group EBITDA increase from RMB4.2 million in 1H2021 to RMB6.2 million in 1H2022. The increase was largely due to increase of share of results of associate of RMB3.2 million. Excluding share of results of associate, EBITDA decreased by RMB1.1 million.

Share of result of associate

Share of result of associate was RMB3.2 million in 1H2022 related to Acumen Diagnostics Pte. Ltd. which was acquired on 1 November 2021.

Income tax credit

Increase in income tax credit was mainly due to lower current withholding tax expense and increase in over provision for prior years income tax and withholding tax.

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

Loss After Tax

For the reasons given above, the Group has recorded net loss of RMB3.4 million in 1H2022 as compared to RMB6.1 million in 1H2021.

Statement of Financial Position

The comparative performance for both the assets and liabilities are based on the Group's financial statements as at 30 June 2022 and 31 December 2021.

Non-Current Assets

Property, plant and equipment decreased by RMB4.2 million, from RMB48.2 million as at 31 December 2021 to RMB44.0 million as at 30 June 2022. The decrease was largely due to the depreciation of property, plant and equipment of RMB4.9 million and partially offset by the assets acquired amounting to RMB0.7 million.

Investment in associate increased by RMB5.9 million, from RMB125.1 million as at 31 December 2021 to RMB131.0 million as at 30 June 2022. The increase was due to the share of result from associate amounting to RMB3.2 million and foreign exchange adjustment amounting to RMB2.7 million.

Current Assets

Trade and other receivables decreased by RMB21.1 million, from RMB61.0 million as at 31 December 2021 to RMB39.9 million as at 30 June 2022 mainly due to receipt of dividend income from associate company of RMB23.1 million. However, the decrease was partially offset by higher trade receivable for the laboratory services segment.

Other non-financial assets increased by RMB1.5 million, from RMB1.5 million as at 31 December 2021 to RMB3.0 million as at 30 June 2022 was mainly due to down payment of clinic's renovation and advance payment for inventories.

Cash and cash equivalents increased by RMB11.7 million, from RMB24.4 million as at 31 December 2021 to RMB36.0 million as at 30 June 2022 mainly due to receipt of dividend income of RMB23.1 million and partially offset by the repayment of bank loan and bills payable of RMB 12.4 million. For details on fluctuation of cash and cash equivalents, please refer to cash flow analysis below.

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

Non-Current Liabilities

Lease liabilities was RMB27.2 million as at 30 June 2022 as compared to RMB28.4 million as at 31 December 2021. The lease liabilities decreased by RMB1.2 million due to payment of lease liabilities.

Other non-current financial liabilities decreased by RMB7.5 million, from RMB9.0 million as at 31 December 2021 to RMB1.5 million as 30 June 2022 largely due to early repayment of bank loan.

Current Liabilities

Trade and other payables increased by RMB1.5 million, from RMB21.4 million as at 31 December 2021 to RMB22.9 million as at 30 June 2022 mainly due to advance receipt from customers from distribution of dental equipment and supplies segment.

Other financial liabilities decreased by RMB4.1 million, from RMB9.6 million as at 31 December 2021 to RMB5.5 million as at 30 June 2022 mainly due to early repayment of bank loan.

Statement of Cash Flows

The Group's net cash flow from operating activities in 1H2022 was RMB3.2 million. This was largely attributable to operating cash flows before change in working capital of RMB4.4 million. The increase in trade and other payables of RMB1.5 million was partially offset by the decrease in trade and other receivables and increase in other non-financial assets of RMB2.1 million and RMB1.5 million respectively.

Net cash from investing activities in 1H2022 was RMB22.4 million, which was mainly attributable to receipt of dividend from its associate company.

Net cash flows used in financing activities in 1H2022 was RMB14.1 million, mainly due to the repayments of bank loan and bill payable as well as lease liabilities. The above cash outflow was partially offset by the cash inflow from issuance of new shares and proceeds from bank loan and bill payables.

Consequent to the above, the Group's cash and cash equivalents stood at RMB36.0 million as at 30 June 2022.

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

The 1H2022 results were in line with the commentary of the Group expecting its performance for 1H2022 to be impacted by temporary closure due to Covid-19 situation in China. Please refer to the Company's announcements dated 15 June 2022.

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

Prospects

The Group expects its performance for FY2022 to continue to be impacted by COVID-19 in the event there is a resurgence of COVID-19 virus in China. Barring any unforeseen circumstances and further worsening of the COVID-19 situation leading to ad-hoc lock down in cities where the Group operates, there are no known significant changes in the trends and competitive conditions of the industry in which the Group operates and no other major known factors or events that may adversely affect the Group in the next reporting period and the next 12 months. The Group will continue to focus on disciplined management of its operating expenses and capital expenditure.

Currently all our dental clinics and hospitals are in operations.

The Group's homegrown medical technology associate company, Acumen Diagnostics Pte Ltd, will continue to progressively roll out its pipeline of new PCR tests. These include the tests for sepsis, identification of bacteria pathogens and their associated antimicrobial resistance in hospitalised pneumonia, as well as colorectal cancer screening and pharmacogenomics.

Overall, the Group expects the business environment to remain challenging for the second half of 2022.

- 5. Dividend**

(a) Current financial period reported on

Any dividend declared for the current financial period reported on?

None.

(b) Corresponding period of the immediately preceding financial year

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

None.

(c) The date the dividend is payable.

Not applicable.

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

Not applicable.

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

No dividend has been declared or recommended for 1H2022 as the Group was not profitable.

7. Interested person transactions

The Group has not obtained a general mandate from shareholders for interested person transactions pursuant to Rule 920 of the Catalist Rules. In 1H2022, the Group did not enter into any IPT of S\$100,000 and more.

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

During 1H2022, the Company did not incorporate, acquire or dispose of any shares resulting in any of the prescribed situations under Rule 706A.

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

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

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

On behalf of the directors of the Company, we, the undersigned director, do hereby confirm that, to the best of the knowledge of the directors of the Company, nothing has come to the attention of the board of directors that may render the Group's unaudited condensed interim financial statements for the six months ended 30 June 2022 to be false or misleading in any material aspect.

On behalf of the board of directors

Dr. Shao Yongxin
Executive Director and Group Chief
Executive Officer

Mr Chua Ser Miang
Non-Executive Chairman and
Independent Director

13 August 2022