AOXIN Q&M

AOXIN Q & M DENTAL GROUP LIMITED

YOUR TRUSTWORTHY PARTNER

ANNUAL REPORT 2017

CONTENTS

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

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

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CORPORATE **PROFILE**

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

With a rich history dating back to 1997, the Group provides comprehensive suite of both general and specialist dental services through 11 dental centres, comprising 4 dental hospitals and 7 polyclinics, in 5 different cities in Liaoning Province, namely Shenyang, Huludao, Panjin, Gaizhou and Zhuanghe.

Supported by more than 300 dental professionals, consisting of 120 dentists, 130 dental surgery assistants and 61 laboratory technicians, the majority of the Group's conveniently-located dental centres are accredited as Designated Medical Institutions of Medical Insurance.

Further strengthening its dental value chain, the Group acquired one of the largest dental prosthetic device makers in North East China, Shenyang Qingaomei Oral Restorative Technology Co., Ltd. in 2017. This is in addition to the current distribution business that covers provinces of Liaoning, Heilongjiang and Jilin.

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 annual report for the financial year ended 31 December 2017 ("FY2017"). The Group has delivered a strong performance with a turnover exceeding RMB100 million. Due to the support from our investors, we raised approximately S$9.1 million of net proceeds from the Group's initial public offering ("IPO") on the Catalist Board of the Singapore Exchange ("SGX-ST") in April 2017. This has significantly increased our cash flow for working capital purposes, as well as for expansion and acquisitions.

CAPITALISING ON THE INDUSTRIAL TREND

The dentistry industry in the People's Republic of China ("PRC") has been progressing steadily over the years with a rising awareness of the potential of this industry. As the industry continues to grow, there is intense competition for dental professionals, particularly in the area of dental services for children, or paediatric dentistry. This is in line with the spending patterns in China, where falling birthrates and rising affluence have led to higher expenditures on child-related products and services.

The rising demand in the paediatric dental market has attracted large investments in this space in the last couple of years. There were new paediatric dentistry centres being set up to provide these services, all backed by aggressive marketing efforts. To capitalize on this trend, the Group is collaborating with Jinzhou Medical University to provide, amongst others, instruction and training to dental students and professionals, which also serves as a platform to recruit talents in this area.

Furthermore, the PRC dental industry is going through a phase of consolidation and integration, where small dental operators are finding it difficult to compete with the larger dental clinic chains. This development presents both challenges and opportunities for the Group.

We continue to monitor the development and trends of the dental industry. To maintain our edge, the Group adopts initiatives and measures at an early stage, such as the collaboration with Jinzhou Medical University. The Group is also prudent in our expenditures and allocation of financial resources, in view of the expected rise in staff costs, especially among paediatric dentists.

In spite of the challenges faced, the Group taps on new opportunities by building our own pool of dentists and developing paediatric dental care services. The Group also persists in improving operational performance and achieving higher financial returns through optimizing costs and improving the quality of dental care services at our 4 hospitals. In addition, the Group has garnered more market share through the consolidation and alignment of our businesses, promotion of our brand name and professional service standards.

SIGNIFICANT MILESTONES IN 2017

Following our successful listing in April 2017, we embarked on a corporate exercise to lay out and align the corporate culture and management practices across the Group. The objective is to introduce and inculcate the established business model of Shenyang Aoxin Q & M Stomatology Hospital Co., Ltd ("Shenyang Aoxin Hospital") to the newly acquired entities, so that the group companies can adopt a common corporate identity, and leverage on the strengths and resources of one another.

Some of the staff members at Shenyang Aoxin Hospital were seconded to the new entities to conduct on-the-job training for the staff. At the same time, the employees from these entities took turns to be posted to Shenyang Aoxin Hospital to undergo induction courses to learn and observe the business practices at the head office.

After our IPO, we made two acquisitions during the year, namely Shenyang Qingaomei Oral Restorative Technology Co., Ltd. ("SYQM") and Zhuanghe City Aoxin Dawei Dental Co., Ltd. ("Aoxin Dawei"). We are also setting up a new dental specialist hospital at Panjin City, which ranked second highest in terms of per capita income in the Liaoning Province of China.

The market in Panjin City is highly fragmented with many small dental clinics offering limited range of services. With a high per capita income, we see huge growth potential in the nascent dental sector. The new private dental specialist hospital will build presence and strengthen our foothold in this city. The investment is estimated to be about RMB12 million, to be carried out in several phases over 2 years. This will allow the Group to add a fully operational hospital by 2018.

As at 31 December 2017, the Group has 11 dental centres, comprising 4 dental hospitals and 7 polyclinics in 5 different cities in Liaoning Province, Northern PRC, namely Shenyang, Huludao, Panjin, Gaizhou and Zhuanghe. The Group's dental equipment and supplies distribution network covers Liaoning, Heilongjiang and Jilin Provinces in the Northern PRC.

FUTURE PROSPECTS

Backed by favourable industrial policies in the PRC and the influx of capital, the domestic dental market is experiencing rapid growth through mergers and acquisitions and business expansions. There is now intense competition for talents and patients, and a constant challenge to raise service standards and keep price affordable.

In view of this, the Group strive to expand our business through organic growth, mergers and acquisitions, as well as through joint ventures and partnerships. We will also recruit and train more dentists, nurses and technicians to support our growth as we seek to enlarge our presence in the domestic market. The Group will continue to consolidate our dental and equipment supplies business as we expand beyond the 3 provinces that we currently operate in.

We are optimistic that the domestic market will present new growth opportunities and catalysts to take our business to greater heights.

DIVIDEND

As a form of appreciation to our shareholders, the Group has proposed a final tax-exempt dividend of 0.20 cents per ordinary share in respect of FY2017 subject to shareholders' approval at the forthcoming annual general meeting ("AGM") of the Company. If approved at the AGM, the final dividend will be paid out on 17 May 2018.

ACKNOWLEDGEMENTS

We would like to use this opportunity to extend our gratitude to the Board and management team for their contributions to the Group. We would also like to thank our staff for their commitment and dedication.

Finally, we would like to express our appreciation to our shareholders for their unwavering support throughout our IPO journey. We look forward to forge ahead together to create greater shareholder value for everyone!

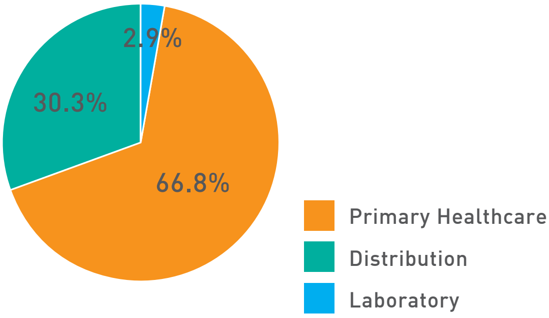
Mr. Chua Ser Miang
Non-Executive Chairman and Independent Director

Dr. Shao Yongxin
Executive Director and Group CEO

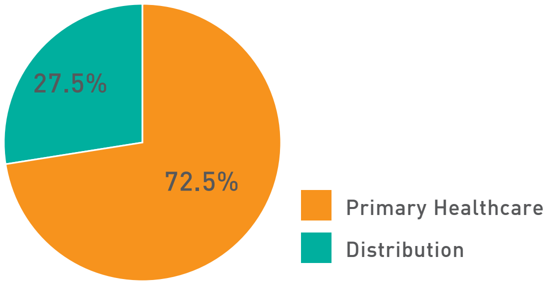
HIGHLIGHTS OF THE YEAR
FY2017 KEY FIGURES

REVENUE BY SEGMENT

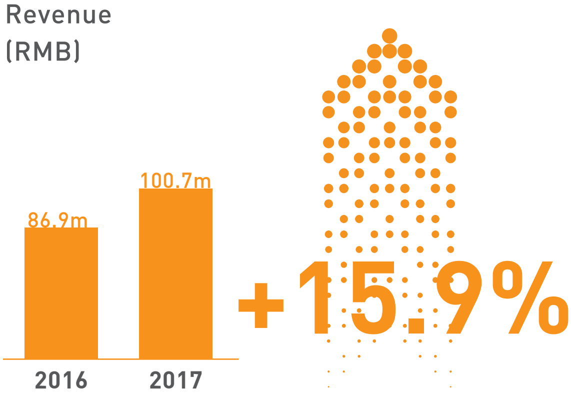
2017



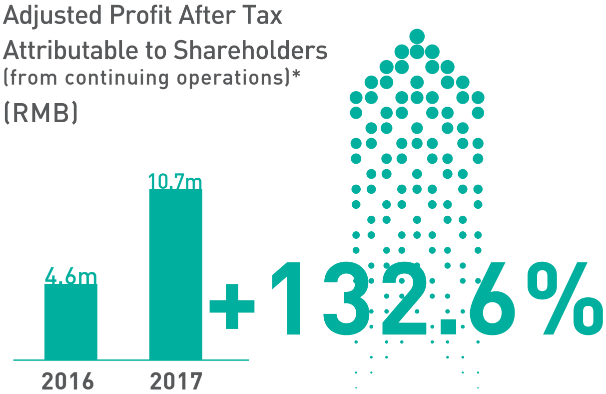
2016



Revenue
(RMB)



Adjusted Profit After Tax
Attributable to Shareholders
(from continuing operations)*
(RMB)



Current Ratio (times)

2016	2017
0.6	3.9

Cash Position (RMB)

2016	2017
34.9m	95.3m

NAV per Share

2016	2017
48.5 cents (RMB)	63.5 cents (RMB)
10.1 cents (SGD)	13.0 cents (SGD)

Adjusted EPS per Share*

2016	2017
2.8 cents (RMB)	3.3 cents (RMB)
0.6 cents (SGD)	0.7 cents (SGD)

** After adding back the one-time professional fees and expenses in relation to the IPO of the Company*

OPERATIONS **REVIEW**

Since our listing in April 2017, the Group has embarked on building a corporate identity and vision. This allows the divisions to understand and to work towards common corporate objectives. We also implemented new work practices and principles, taking into consideration the business needs of our clinics, to allow for a smoother workflow and achieve operational efficiencies.

To capitalize on the growing paediatric dentistry market, we have set up a centre in Shenyang Aoxin Hospital to provide such services. This centre will serve as a launchpad to drive the development of the Group's paediatric dental services in various locations.

While the efforts in the earlier years had given the Group a first-mover advantage, we have also put in place several initiatives to further grow and secure our market position in the paediatric dental market. During the year, we stepped up marketing efforts and promotional campaigns in this area.

We expect the market for paediatric dentistry to expand, as the age of these patients will increase from current 2-5 years to the school-going age group. Accordingly, we have introduced initiatives to target the school-going children population. We are one of the first organisation to work with schools and government authorities to launch school dental health and education programmes.

Our efforts have shown results as we have seen a rise in revenue from the paediatric dentistry segment. This group of patients will also drive demand for large-scale development of orthodontic and orthographic surgery centres in the near future.

To remain competitive, we put emphasis on our staff to upgrade and improve on their knowledge and skills to stay relevant in the market. To this end, we have completed a practical training programme for 20 undergraduate dentists and 30 nursing internship students. We have also expanded the structure of our marketing department and recruited marketing professionals to raise our market profile and brand image.

During the year, the Group has made the following acquisitions:

(a) SYQM was acquired for RMB16.7 million. It is one of the largest dental laboratories in North Eastern China providing laboratory support crowns and bridges, dentures and other prostheses. It is also equipped with CAD/CAM Technology.

(b) Aoxin Dawei was acquired for RMB8.4 million. It is a general dental clinic based in Zhuanghe City, Liaoning Province, China.

OPERATIONS REVIEW

Additionally, we are setting up a new private hospital at Panjin City, Liaoning Province, China. The initial investment cost is estimated to be approximately RMB12.0 million (approximately S$2.4 million). This hospital is established as a Sino-Foreign Equity Joint Venture (EJV) enterprise with registered capital of RMB20.0 million. The hospital is 70% owned by Q & M Dental (Shenyang) Pte. Ltd., and 30% held by Shenyang Xinao Hospital Management Co., Ltd. The hospital is expected to commence operations in 2Q2018.

The Group's other achievements during the year also includes:

(a) Shenyang Aoxin Hospital was conferred the Model Reliable Consumption Hospital title for the Quality of Commodities in Circulation in Liaoning Province by the Shenyang Administration for Industry and Commerce.
沈阳奥新全民口腔医院获得由沈阳市工商行政管理局颁发的“辽宁省流通领域商品质量放心消费示范店”荣誉称号。

(b) Shenyang Aoxin Hospital and SYQM, won the outstanding company accolade awarded by the Shenyang General Chamber of Commerce and Shenyang Health Planning Commission.
沈阳奥新全民口腔医院和沈阳清奥美口腔镶复技术有限公司获得了由沈阳市总工会和沈阳市卫计委颁发的优秀组织奖。

(c) The Group garnered the Best PRC Employer of 2017 Nomination Award bestowed by the Institute of Social Science Survey at Peking University and Zhaopin.
2017年中国年度最佳雇主提名奖，由北京大学社会调查研究中心与智联招聘联合评定。

(d) Dr. Sun Hailong from Shenyang Aoxin Hospital won the championship at the National Root Canal Treatment Cases Competition in 2017 organised by the Private Stomatology Branch of Chinese Stomatological Association.
沈阳奥新全民口腔医院牙医孙海龙医生荣获2017年全国根管治疗病例大赛冠军，由中华口腔医学会民营口腔分会颁发。

(e) Shenyang Health and Family Planning Commission awarded dentists from Shenyang Aoxin Hospital in the respective categories: Dr. Lu Jinlong, winner for General Dental Treatment; Dr Niu Jing, for Excellence in Prosthodontics; and Dr Chen Dezhen, for Excellence in General Dental Treatment.
沈阳奥新全民口腔医院路金龙医生获治疗组一等奖、牛静医生获修复组优秀奖、陈德真医生获治疗组优秀奖、沈阳清奥美口腔镶复技术有限公司的陶慧获技工组二等奖，由沈阳市卫计委颁发。

(f) Both from Shenyang Aoxin Hospital, Dr. Li Lili won the second prize for the treatment of missing anterior teeth with dental implants while Dr. Zhang Xiaoyan won the second prize for using implants in the posterior region. The awards were won at the Implantation Cases Competition in 2017 organised by Dental Implantology Committee of Liaoning Stomatology Association.
沈阳奥新全民口腔医院牙医李立立医在2017种植病例大赛前牙组获得二等奖、张晓燕医生获得后牙组二等奖，由辽宁省口腔医学会种植专委会颁发。

These achievements demonstrated the hospital's capabilities in root canal treatment and raises the Group's professional standing.

FINANCIAL REVIEW

REVENUE

For the financial year ended 31 December 2017 ("FY2017"), the Group's revenue from primary healthcare increased by approximately 7% from RMB62.9 million for the financial year ended 31 December 2016 ("FY2016") to RMB67.3 million for FY2017. This was mainly due to the Group's efforts to promote paediatric dentistry for its hospitals and clinics, contribution of full 12 months of operations for the new Orthodontic Department at Shenyang Aoxin Q & M Stomatology Co., Ltd, and an increase in the number of dental chairs at both Gaizhou City Aoxin Q & M Stomatology Hospital Co., Ltd and Panjin Jinsai Q & M Stomatology Co., Ltd at the end of 2016.

Separately, revenue from the distribution of dental equipment and supplies business increased by approximately 28% to RMB30.6 million in FY2017 as more supply contracts were secured, while revenue from the laboratory services business was attributed to SYQM which was acquired during the year.

OPERATING EXPENSES

Consumables and dental supplies used during the year increased by approximately 29% from RMB6.9 million in FY2016 to RMB8.9 million in FY2017. This was due to an increase in the cost of materials in tandem with the increase in revenue from primary healthcare.

In line with higher revenue, cost of sales for distribution of dental equipment and supplies business increased by approximately 24% from RMB19.3 million in FY2016 to RMB24.0 million in FY2017.

Cost of laboratory services was attributed to SYQM which was acquired during the year.

Employee benefits for the year increased by approximately 33% from RMB24.7 million in FY2016 to RMB32.8 million in FY2017 as a result of an increase in headcounts and salary for both segments of primary healthcare and distribution of dental equipment and supplies which were in line with the increase in revenue.

FINANCIAL REVIEW

The costs for recruitment and training for undergraduate dentists, nurses and laboratory technicians to support the Group's long-term plan for growth also contributed to the expense. There was also an addition of headcounts with the acquisition of SYQM.

Depreciation and amortisation expenses increased by approximately 12% to RMB5.5 million in FY2017 from RMB4.9 million in FY2016. This was mainly due to the renovation and purchase of dental and laboratory equipment.

Rental expense increased by approximately 10% from RMB4.5 million in FY2016 to RMB4.9 million in FY2017. The increase of RMB0.4 million was mainly due to increase in rental and rental expense from the acquisition of SYQM.

Finance costs reduced from RMB0.6 million in FY2016 to RMB1,000 in FY2017 as the Company repaid its term loan in August 2016.

Professional fees and expenses incurred in relation to the IPO of the Group amounted to RMB5.8 million in FY2017 and RMB3.3 million in FY2016.

Other losses increased by RMB0.3 million from RMB45,000 in FY2016 to RMB362,000 in FY2017 mainly due to loss in foreign currency translation.

PROFITABILITY

The Group's profit after tax from continuing operations decreased by approximately 37% from RMB7.7 million in FY2016 to RMB4.9 million in FY2017. This was mainly due to the professional fees and expenses incurred in relation to the IPO, as well as the increase in expenses as described above.

The Group's profit after tax attributable to owners of the parent from continuing operations increased by RMB3.7 million from RMB1.2 million in FY2016. Excluding the one-time professional fees and expenses incurred in relation to the IPO, profit net of tax attributable to owners of the parent from continuing operations would have been RMB10.7 million for FY2017 as compared to RMB4.6 million for FY2016.

STATEMENT OF FINANCIAL POSITION

Non-current assets increased by RMB14.6 million from RMB137.1 million as at 31 December 2016 to RMB151.7 million as at 31 December 2017 mainly due to goodwill arising from acquisition of SYQM and Aoxin Dawei.

Current assets increased by RMB43.8 million from RMB71.7 million as at 31 December 2016 to RMB115.5 million as at 31 December 2017 mainly attributable to the net proceeds from issuance of shares pursuant to the IPO of RMB56.2 million, higher amount of prepaid expenses, as well as an increase in inventories which were in line with the increase in revenue for distribution of dental equipment and supplies.

The increases above were offset by a decrease in assets classified as disposal group of RMB13.2 million due to the completion of the sale of Shanghai Chuangyi Investment and Management Co., Ltd in March 2017 and decrease in trade and other receivables due to settlement of payment from the Sixth Hospital.

There were no record of liabilities classified as disposal group as at 31 December 2017 as the disposal of Shanghai Chuangyi Investment and Management Co., Ltd was completed in March 2017.

Trade and other payables as at 31 December 2017 decreased to RMB29.7 million from RMB111.1 million as at 31 December 2016. The decrease of RMB81.4 million was mainly due to the capitalisation of amount due to related company.

CASH FLOWS

The Group's net cash flow from operating activities in FY2017 was RMB11.8 million. This was mainly attributable to the increase in operating cash flows before changes in working capital and trade and other receivables, which were partially offset by the increase of inventories, trade and other payables and other assets.

Net cash used in investing activities in FY2017 was RMB6.6 million, which was mainly attributable to the purchase of plant and equipment and acquisition of SYQM and Aoxin Dawei.

Net cash from financing activities in FY2017 was RMB55.1 million, which was mainly attributable to the issuance of new shares pursuant to the Company's restructuring exercise and the IPO.

As a result of the aforementioned factors, the Group's cash and cash equivalents as at 31 December 2017 increased by RMB60.3 million to RMB95.3 million from RMB35.0 million as at 31 December 2016.

BOARD OF DIRECTORS

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

Mr. Chua was appointed as the Non-Executive Chairman and Independent Director of the Group on 30 March 2017, and assumes the role of Chairman of the Audit Committee and a member of the Nominating and Remuneration Committees. Mr. Chua currently provides management consultancy services through Eastwin Capital Pte Ltd, which he established in 2013 after spending twenty years in both the private and public sectors.

Prior to this, Mr. Chua was a Director of Corporate Finance at DMG & Partners Securities where he was primarily involved in advising local and foreign corporates on a broad range of financial and equity capital market transactions, including initial public offerings and mergers and acquisitions. He was also previously a Vice President with Daiwa Securities SMBC Singapore Limited and the Managing Director of Asia Growth Capital Advisory Pte. Ltd. where he was engaged in similar functions. Mr. Chua started his career as a Senior Review Officer with the Monetary Authority of Singapore in 1993.

Mr. Chua is currently the Lead Independent Director of Yamada Green Resources Limited, which is listed on the Mainboard of the SGX-ST.

Mr. Chua graduated with a Bachelor of Business Administration (Hons) from the National University of Singapore. He is also a member of the CFA Institute, USA, and the Singapore Institute of Directors.

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

Dr. Shao was appointed as the 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 1997 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 in April 2017. Mr. Sim has accumulated vast experience in the areas of finance, audit and business management.

Mr. Sim joined Q & M Dental Group (Singapore) Limited as its Chief Financial Officer since 2010. He was the Chief Financial Officer with W. Atelier Pte Ltd from April 2008 to March 2010. From June 2007 to March 2008, he held the position of General Manager at Inke Pte Ltd. Between June 2003 and June 2007, Mr. Sim was the Group Financial Controller with Pacific Healthcare Holdings Ltd. In addition, he had also held various managerial positions previously as Finance Manager with Torie Holdings Pte Ltd from August 1997 to May 2003 and General Manager with Fullmark Pte Ltd from August 1987 to August 1997. From September 1980 to July 1986, Mr. Sim was an auditor with Coopers & Lybrand, prior to its merger with Price Waterhouse in 1998.

Mr. Sim is a 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.

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 Healthcare 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 30 years of experience as a medical-legal practitioner. He has defended medical practitioners in high profile cases in the High Court. 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. He left in 2017 and has started his own law firm, Charles Lin LLC. He continues his practise of advising, helping and defending medical practitioners and dentists as he has done for the past 30 years. 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.

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)).

Mr. Cheong Yew Meng

Chief Financial Officer

Mr. Cheong was appointed to the Group in June 2017. His areas of responsibilities include the full spectrum of finance and accounting, treasury operations, financial and strategic planning, risk management, corporate taxation and internal audit.

He has more than 30 years of experience in industries such as manufacturing, project management, retail, engineering and construction. Areas of experience include financial management, compliance reporting, strategic planning and treasury.

Mr. Cheong joined Rotary Engineering Limited, which is listed on SGX mainboard, in 1996. At Rotary Engineering Limited, he helped the company to arrange more than S$300 million in project financing facilities, raised S$42 million from the public through the issuance of the Medium-Term Note, executed the rights issue and implemented a share buy-back programme. He left as Group Financial Controller in 2015 to join HSL Constructor Pte Ltd, where he had held the position of Group Financial Controller/Finance Director.

Mr. Cheong graduated from Royal Melbourne Institute of Technology with a Bachelor of Business in Accountancy. He is also a member of both Chartered Accountants of Singapore and Certified Public Accountants of Australia.

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 University 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 Chief Financial Officer, Mr. Cheong 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

Lee Pay Lee
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

FINANCIAL **CONTENTS**

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, for the financial year ended 31 December 2017 ("**FY2017**"), 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 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;

(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 Company's Constitution 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 meets regularly with at least two (2) scheduled meetings held within each financial year. At those meetings, the Board will review the Group's financial performance, review and approve the Group's results announcements, annual budget, corporate strategy, business plans, potential acquisitions, risk management policies and significant operational matters. Additional meetings may be held to address significant transactions or issues, if warranted by circumstances deemed appropriate by the Board.

CORPORATE
GOVERNANCE REPORT

The number of Board and Board Committees meetings held during FY2017 and the attendance of each Director, where relevant, are as follows:

Directors	Board		Audit Committee		Remuneration Committee		Nominating Committee	
	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended
Mr. Chua Ser Miang	2	2	2	2	1	1	1	1
Dr. Shao Yongxin	2	2	2*	2*	1*	1*	1*	1*
Mr. Vitters Sim Yu Xiong	2	2	2*	2*	1*	1*	1*	1*
Mr. San Yi Leong @ Tan Yi Leong	2	2	2*	2*	1*	1*	1*	1*
Professor Chew Chong Yin @ Chew Chong Lin	2	2	2	2	1	1	1	1
Mr. Lin Ming Khin	2	2	2	2	1	1	1	1

* *By Invitation*

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 as 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 key management personnel. For newly-appointed 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.

The Company will also provide each newly appointed Director with a formal letter of appointment setting out the Director's duties and responsibilities.

The Company is responsible for arranging and funding the training of Directors. Directors are encouraged to attend seminars and receive training to improve themselves in the discharge of their duties as Directors. During FY2017, Directors were provided with briefings and updates on the developments in financial reporting and governance standards by the external auditors, RSM Chio Lim LLP, during the Board and/or Board Committee meetings.

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. 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 ("**CEO**"))
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, after taking into account the nature and scope of the 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. Details of the Directors' qualifications and experience are presented in the section entitled "Board of Directors" of this Annual Report. 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 reviewed and determined that the Independent Directors are independent in accordance with the Code. The Independent Directors, Mr. Chua Ser Miang, 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 constructively challenge and assist in developing the Group's strategic process, reviewing the performance of the 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.

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 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 meets at least once a 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 Company's Constitution 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 recommending to the Board succession plans for Directors, in particular, the Chairman and the Group CEO;

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

(g) 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 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.

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.

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.

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 a Directors' 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 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 Company's Constitution states 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.

CORPORATE **GOVERNANCE REPORT**

In accordance with the Company's Constitution, at least 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 Company's Constitution 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 two (2) Directors, namely Dr. Shao Yongxin and Mr. Vitters Sim Yu Xiong be nominated for re-election at the forthcoming AGM of the Company. In making the above recommendation, the NC has considered the Directors' overall contributions and performance, and the Board has accepted the NC's recommendation.

Key information for each Director is disclosed in their profile as set out in the section entitled "Board of Directors" of this Annual Report. The date of initial appointment and last re-election of each Director, together with their present and past three (3) years' directorship(s) in other listed companies and other principal commitments, are set out below:

Directors	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	30 May 2017	– Yamada Green Resources Limited	– Romulus Corporation	– Director at Eastwin Capital Pte. Ltd.
Dr. Shao Yongxin	Executive Director and Group CEO	24 February 2017	30 May 2017	NIL	NIL	NIL
Mr. Vitters Sim Yu Xiong	Non-Executive Director	28 December 2016	30 May 2017	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	30 May 2017	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	30 May 2017	NIL	NIL	– Professor at National University of Singapore's Faculty of Dentistry
Mr. Lin Ming Khin	Independent Director	30 March 2017	30 May 2017	NIL	NIL	– Partner at Charles Lin LLC

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 Board has not engaged any external facilitator in conducting the assessment of the Board's performance and the performance of individual Directors. Where relevant, the NC will consider such engagement.

The NC examines the performance of the Board as a whole and the Board Committees, covering areas including, amongst others, the size and composition of the Board, the Board's access to information, Board processes and accountability annually. The NC reviews 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 NC Chairman 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 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 periodical 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.

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 meets at least once a 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 also evaluates Dr. Shao Yongxin, the Group CEO's monthly service fee pursuant to the service agreement.

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 them.

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 Director 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 the Executive Director 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 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 the 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 the Non-Executive Directors is at a level that will not compromise the independence of the Non-Executive Directors.

The remuneration package for the Executive Director shall be agreed or determined by the RC. All revisions to the remuneration packages for the Directors and key management personnel are subject to the review by and approval of the Board. The Company will submit the quantum of Directors' fees to the shareholders for approval at the AGM annually.

There are no termination, retirement and post-employment benefits that may be granted to the Directors and key management personnel of the Group. 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.

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 FY2017 is as follows:

Name	Remuneration Band[1]	Salary %	Bonus %	Benefits %	Directors' Fees+ %	Total %
Mr. Chua Ser Miang	A	–	–	–	100.0	100.0
Dr. Shao Yongxin	A	100.0	–	–	–	100.0
Mr. Vitters Sim Yu Xiong	A	–	–	–	100.0	100.0
Mr. San Yi Leong @ Tan Yi Leong[2]	A	60.9	39.1	–	–	100.0
Professor Chew Chong Yin @ Chew Chong Lin	A	–	–	–	100.0	100.0
Mr. Lin Ming Khin	A	–	–	–	100.0	100.0

\+ 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 %
Mr. Cheong Yew Meng	A	92.3	7.7	–	100.0
Ms. Wan Sin Nee	A	87.9	12.1	–	100.0
Dr. Bai Yi	A	100.0	–	–	100.0
Dr. Ren Hong	A	100.0	–	–	100.0
Mr. Cui Guo An	A	100.0	–	–	100.0
Dr. Zhang Chun	A	62.5	–	37.5	100.0
Dr. Li Zhuo	A	100.0	–	–	100.0
Mr. Zhang Dong Wei	A	100.0	–	–	100.0

Notes:

1. Band A: Below S$250,000
2. 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 a Non-Executive Director of the Company on 23 March 2017. He has received remuneration as an employee in FY2017.

The total remuneration paid to the above key management personnel was S$455,000 for FY2017.

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.

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 FY2017.

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 FY2017. 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 the 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.

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 Chief Financial Officer ("**CFO**"), (a) that the financial records have been properly maintained and the financial statements for FY2017 give a true and fair view of the Company's operations and finances, and (b) the Company's risk management and internal control systems are effective.

Based on the findings of the internal and external auditors and the internal controls established and maintained by the Group, actions taken by the Management, assurances from the Executive Director and Group CEO and the CFO, 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 FY2017.

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 meets at least twice a 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 the Management's response, and results of the audits compiled by the 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);

(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 the 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 the Group;

(l) review the significant financial reporting issues and judgement with the CFO 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 the Group has put in place in respect of the legal representatives of the subsidiaries in the People's Republic of China; and

(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 the external auditors. The AC has also reviewed the audit fee paid to the external auditors for FY2017. The Company has incurred an aggregate of S$71,500 payable to the external auditors for its audit services, and has incurred an aggregate of S$120,250 payable to the external auditors for its other non-audit professional services.

The Group does not appoint different auditors for its significant substantial or associated corporations. The Company confirms that it has complied with Rules 712 and 715 of the Catalist Rules in relation to its appointment of the external auditors for the Group. No former partner or director of the Company's existing auditing firm is a member of the AC.

The AC has recommended and the Board has approved the nomination of RSM Chio Lim LLP for re-appointment as the external auditors of the Company at the forthcoming AGM.

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 CFO.

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 reports administratively to the Group CEO. The AC also approves 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;

(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 has reviewed the adequacy and effectiveness of the internal auditors and is satisfied that the internal auditors are staffed by qualified and experienced personnel and that the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors are used as a reference and guide by the Company's internal auditors. The AC will review annually the adequacy and effectiveness of the internal auditors.

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 CFO with the responsibility of facilitating communications with shareholders and analysts and attending to their queries or concerns.

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 payouts are clearly communicated to shareholders via announcements on SGXNet when the Company discloses its financial results. For FY2017, the Board has proposed a final one-tier tax exempt dividend of S$0.002 per ordinary share, subject to shareholders' approval at the forthcoming AGM.

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 extraordinary general meetings 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 FY2017 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.

Particulars of the interested person transactions for FY2017, 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 $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the Catalist Rules) S$'000	Aggregate value of all interested person transactions conducted under the shareholders' mandate pursuant to Rule 920 of the Catalist Rules (excluding transactions less than $100,000) S$'000
Shao Li Hua[1]	146	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 from shareholders for interested person transactions pursuant to Rule 920 of the Catalist Rules.

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 Company 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 Company 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 FY2017, the Company paid S$648,000 to its sponsor, SAC Capital Private Limited, for acting as the issue manager, sponsor and placement agent to the Company's IPO.

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 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	5.7	0.7
Enhancement of infrastructure and working capital purposes	2.7	–	2.7
Total	**9.1**	**5.7**	**3.4**

STATEMENT BY DIRECTORS

The directors of the Company are pleased to present the financial statements of the Company and of the Group for the reporting year ended 31 December 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	
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**	**At end of the reporting year**	**At beginning of the reporting year**	**At end of the reporting year**
	Number of shares			
Shao Yongxin	–	–	–	109,401,709
Lin Ming Khin	–	50,000	–	–
Professor Chew Chong Yin @ Chew Chong Lin	–	100,000	–	–

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2018.

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

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Shao Yongxin Director	San Yi Leong @ Tan Yi Leong Director

28 March 2018

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 2017, 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 2017 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.

Key audit matters (Continued)

(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 RMB112.6 million (2016: RMB96.8 million) which arose from the acquisition of subsidiaries. The amounts are allocated to certain cash generating units ("CGUs") as at 31 December 2017. 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.

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.

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

(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

28 March 2018

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 DECEMBER 2017

	Notes	Group 2017 RMB'000	Group 2016 RMB'000
Revenue	5	**100,669**	86,861
Interest income		**75**	47
Other gains	6	**20**	10
Consumables and dental supplies		**(8,865)**	(6,892)
Cost of dental equipment and supplies		**(24,020)**	(19,255)
Cost of laboratory services		**(521)**	–
Employee benefits expense	7	**(32,799)**	(24,679)
Depreciation and amortisation expense		**(5,523)**	(4,944)
Rental expense		**(4,889)**	(4,457)
Finance costs	8	**(1)**	(603)
Professional fee and expenses related to IPO		**(5,803)**	(3,324)
Other expenses	9	**(9,497)**	(8,984)
Other losses	6	**(362)**	(45)
Profit before tax from continuing operation		**8,484**	13,735
Income tax expense	10	**(3,606)**	(6,026)
Profit from continuing operations for the year		**4,878**	7,709
Profit from discontinuing operations, net of tax	12	**–**	897
Profit from disposal of discontinued operations, net of tax	12	**130**	9,100
Profit net of tax		**5,008**	17,706
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operation, net of tax		**(1,925)**	(5,962)
Other comprehensive loss for the year, net of tax		**(1,925)**	(5,962)
Total comprehensive income		**3,083**	11,744

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 2017

	Notes	Group 2017 RMB'000	Group 2016 RMB'000
Attributable to:			
Owners of parent			
Profit from continuing operations, net of tax		**4,878**	1,239
Profit from discontinuing operations, net of tax		**134**	8,080
Profit attributable to owners of parent, net of tax		**5,012**	9,319
Non-controlling interests			
Profit from continuing operations, net of tax		**–**	6,470
(Loss) profit from discontinuing operations, net of tax		**(4)**	1,917
(Loss) profit attributable to non-controlling interests, net of tax		**(4)**	8,387
Profit net of tax		**5,008**	17,706
Attributable to:			
Owners of parent			
Total comprehensive income (loss) from continuing operations, net of tax		**2,953**	(887)
Total comprehensive income from discontinuing operations, net of tax		**134**	4,176
Total comprehensive income attributable to owners of the parent		**3,087**	3,289
Non-controlling interests			
Total comprehensive income from continuing operations, net of tax		**–**	6,538
Total comprehensive (loss) income from discontinuing operations, net of tax		**(4)**	1,917
Total comprehensive (loss) income attributable to non-controlling interests		**(4)**	8,455
Total comprehensive income		**3,083**	11,744
Earnings per share		**Cents**	**Cents**
Basic – continuing operations	11	**1.5**	0.8
Basic – discontinuing operations	11	**0.0**	4.9
Total		**1.5**	5.7
Diluted – continuing operations	11	**1.5**	0.8
Diluted – discontinuing operations	11	**0.0**	4.9
Total		**1.5**	5.7

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

		Group		Company	
	Notes	2017 RMB'000	2016 RMB'000	2017 RMB'000	2016 RMB'000
ASSETS					
Non-current assets					
Plant and equipment	13	**36,135**	36,778	**411**	2
Intangible assets	14	**115,147**	99,798	**–**	–
Investment in subsidiaries	15	**–**	–	**254,039**	223,801
Other assets	18	**410**	491	**410**	491
Total non-current assets		**151,692**	137,067	**254,860**	224,294
Current assets					
Assets classified as disposal group	12	**–**	13,218	**–**	–
Inventories	16	**7,327**	6,780	**–**	–
Trade and other receivables	17	**10,402**	16,048	**3,231**	3,279
Other assets	18	**2,485**	762	**317**	676
Cash and cash equivalents	19	**95,265**	34,918	**36,563**	10,561
Total current assets		**115,479**	71,726	**40,111**	14,516
Total assets		**267,171**	208,793	**294,971**	238,810
EQUITY AND LIABILITIES					
Equity					
Share capital	20	**284,744**	44,312	**284,744**	44,312
Retained earnings (accumulated losses)		**16,584**	12,317	**295**	(5,639)
Other reserves	21	**(64,719)**	22,646	**3,149**	106,614
Equity attributable to owners of the parent		**236,609**	79,275	**288,188**	145,287
Non-controlling interest		**–**	15,587	**–**	–
Total equity		**236,609**	94,862	**288,188**	145,287
Non-current liabilities					
Deferred tax liabilities	10	**647**	1,657	**–**	–
Total non-current liabilities		**647**	1,657	**–**	–
Current liabilities					
Liabilities classified as disposal group	12	**–**	276	**–**	–
Income tax payables		**182**	870	**–**	–
Trade and other payables	22	**29,733**	111,128	**6,783**	93,523
Total current liabilities		**29,915**	112,274	**6,783**	93,523
Total liabilities		**30,562**	113,931	**6,783**	93,523
Total equity and liabilities		**267,171**	208,793	**294,971**	238,810

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

Group	Total equity RMB'000	Attributable to parent RMB'000	Share capital RMB'000	Retained earnings RMB'000	Other reserves RMB'000	Non-controlling interest RMB'000
Current year:						
Opening balance at 1 January 2017	**94,862**	**79,275**	**44,312**	**12,317**	**22,646**	**15,587**
Changes in equity:						
Total comprehensive income/(loss) for the year	**3,083**	**3,087**	**–**	**5,012**	**(1,925)**	**(4)**
Issue of new shares pursuant to Restructuring Exercise (Note 20)	**76,297**	**76,297**	**178,105**	**–**	**(101,808)**	**–**
Issue of new shares pursuant to the IPO (Note 20)	**56,221**	**56,221**	**56,221**	**–**	**–**	**–**
Issue of share capital (Note 20)	**9,184**	**9,184**	**9,184**	**–**	**–**	**–**
Decrease in non-controlling interest without a change in control	**–**	**14,984**	**–**	**–**	**14,984**	**(14,984)**
Share-based payment (Note 21)	**640**	**640**	**–**	**–**	**640**	**–**
Transfer to statutory reserve	**–**	**–**	**–**	**(744)**	**744**	**–**
Dividend paid	**(1)**	**(1)**	**–**	**(1)**	**–**	**–**
Share issue costs (Note 20)	**(3,078)**	**(3,078)**	**(3,078)**	**–**	**–**	**–**
Disposal of subsidiary classified under disposal group (Note 12)	**(599)**	**–**	**–**	**–**	**–**	**(599)**
Closing balance at 31 December 2017	**236,609**	**236,609**	**284,744**	**16,584**	**(64,719)**	**–**
Previous year:						
Opening balance at 1 January 2016	87,772	17,371	525	6,498	10,348	70,401
Changes 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 23)	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

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

STATEMENTS OF
CHANGES IN EQUITY (CONTINUED)

YEAR ENDED 31 DECEMBER 2017

Company	Total equity RMB'000	Share capital RMB'000	Retained earnings (accumulated losses) RMB'000	Other reserves RMB'000
Current year:				
Opening balance at 1 January 2017	**145,287**	**44,312**	**(5,639)**	**106,614**
Changes in equity:				
Total comprehensive income (loss) for the year	**3,637**	**–**	**5,934**	**(2,297)**
Issue of new shares pursuant to Restructuring Exercise (Note 20)	**76,297**	**178,105**	**–**	**(101,808)**
Issue of new shares pursuant to the IPO (Note 20)	**56,221**	**56,221**	**–**	**–**
Issue of share capital (Note 20)	**9,184**	**9,184**	**–**	**–**
Share-based payment (Note 21)	**640**	**–**	**–**	**640**
Share issue costs (Note 20)	**(3,078)**	**(3,078)**	**–**	**–**
Closing balance at 31 December 2017	**288,188**	**284,744**	**295**	**3,149**
Previous year:				
Opening balance at 1 January 2016	(13,168)	525	(20,453)	6,760
Changes 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 21B)	101,808	–	–	101,808
Closing balance at 31 December 2016	145,287	44,312	(5,639)	106,614

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

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2017

	Group	
	2017	2016
	RMB'000	RMB'000
Cash flows from operating activities		
Profit before tax	**8,484**	13,735
Adjustments for:		
Depreciation and amortisation expense	**5,523**	4,944
IPO expenses	**5,803**	3,324
Gain on disposal of discontinued operations	**(61)**	(5,104)
Plant and equipment written off	**16**	–
Foreign currency translation reserve	**(1,609)**	(1,866)
Interest expense	**1**	603
Share-based payment	**640**	–
Profit from discontinuing operations	**–**	718
Operating cash flows before changes in working capital	**18,797**	16,354
Inventories	**(547)**	(5,058)
Trade and other receivables	**5,688**	(7,522)
Other assets	**(1,642)**	758
Trade and other payables	**(5,158)**	10,126
Cash flows from discontinuing operating activities	**–**	3,064
Net cash flows from operations	**17,138**	17,722
Income taxes paid	**(5,304)**	(6,600)
Net cash flows from operating activities	**11,834**	11,122
Cash flows used in investing activities		
Acquisition of subsidiaries (Note 23)	**(2,210)**	(6,344)
Disposal of discontinued operations (Note 12B)	**–**	6,482
Purchase of plant and equipment	**(4,407)**	(6,132)
Cash flows used in discontinuing investing activities	**–**	(1,574)
Net cash flows used in investing activities	**(6,617)**	(7,568)
Cash flows from financing activities		
Advances from immediate parent company and related companies	**(4,857)**	25,366
Dividend paid	**(1)**	(4,000)
Interest paid	**(1)**	(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	**68,870**	2,161
Contribution from non-controlling interest of a subsidiary	**–**	2,553
IPO expenses	**(8,881)**	(3,324)
Net cash flows from financing activities	**55,130**	16,974
Net increase in cash and cash equivalents	**60,347**	20,528
Cash and cash equivalents, statement of cash flows, beginning balance	**34,918**	14,390
Cash and cash equivalents, statement of cash flows, ending balance (Note 19)	**95,265**	34,918

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

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 principal activities of the Company is that of investment holding. It is listed on Catalist of the Singapore Exchange Securities Trading Limited on 26 April 2017.

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 an 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 not material. The disclosures required by FRSs need not be made if the information is not material. Other comprehensive income comprises items of income and expenses (including reclassification adjustments) that are not recognised in the income statement, as required or permitted by FRS.

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.

1. General (Continued)

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 are 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. A government grant related to assets, including non-monetary grant at fair value is presented in the statement of financial position by setting up as deferred income.

2. Significant accounting policies and other explanatory information (Continued)

2A. Significant accounting policies (Continued)

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 (such as the Central Provident Fund in Singapore, a government managed defined contribution 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 ("S$") as it reflects the primary economic environment in which the entity operates. Transactions in foreign currencies are recorded in the functional currency at the rates ruling at the dates of the transactions. At each end of the reporting year, recorded monetary balances and balances measured at fair value that are denominated in non-functional currencies are reported at the rates ruling at the end of the reporting year and fair value measurement dates respectively. All realised and unrealised exchange adjustment gains and losses are dealt with in profit or loss except when recognised in other comprehensive income and if applicable deferred in equity such as for qualifying cash flow hedges. The presentation currency is the Chinese Renminbi ("RMB"). For the RMB financial statements assets and liabilities are translated at year end rates of exchange and the income and expense items are translated at average rates of exchange for the reporting year. The resulting translation adjustments (if any) are recognised in other comprehensive income and accumulated in a separate component of equity. The translations of S$ amounts into RMB amounts are included solely for the convenience of readers. The reporting year end rates used are RMB4.8938 to S$1.00 (2016: RMB4.7959 to S$1.00) which approximate the rate of exchange at the end of the reporting year. The average rates of exchange for the reporting year were RMB4.8668 to S$1.00 (2016: RMB4.8234 to S$1.00). Such translation should not be constructed as a representation that the RMB amounts could be converted into S$ at the above rate or other rate.

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.

2. Significant accounting policies and other explanatory information (Continued)

2A. Significant accounting policies (Continued)

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.

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.

2. Significant accounting policies and other explanatory information (Continued)

2A. Significant accounting policies (Continued)

Plant and equipment

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. 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.

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.

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. 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.

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

2. Significant accounting policies and other explanatory information (Continued)

2A. Significant accounting policies (Continued)

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

Business combinations

Business combinations are accounted for by applying the acquisition method.

A business combination is a 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.

2. Significant accounting policies and other explanatory information (Continued)

2A. Significant accounting policies (Continued)

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.

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.

2. Significant accounting policies and other explanatory information (Continued)

2A. Significant accounting policies (Continued)

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. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

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.

2. Significant accounting policies and other explanatory information (Continued)

2A. Significant accounting policies (Continued)

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.

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.

2. Significant accounting policies and other explanatory information (Continued)

2A. Significant accounting policies (Continued)

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.

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. Liabilities at amortised cost: These liabilities are carried at amortised cost using the effective interest method.

Fair value 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. It is a market-based measurement, not an entity-specific measurement. 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.

2. Significant accounting policies and other explanatory information (Continued)

2A. Significant accounting policies (Continued)

Fair value measurement (Continued)

The fair value measurements categorise the inputs 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.

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.

2. Significant accounting policies and other explanatory information (Continued)

2C. Critical judgements, assumptions and estimation uncertainties (Continued)

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 ("CGUs") 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 on inventories.

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 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 on income tax.

2. Significant accounting policies and other explanatory information (Continued)

2C. Critical judgements, assumptions and estimation uncertainties (Continued)

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 year ended 31 December 2017 affected by the assumption is RMB36,135,000 (2016: RMB36,778,000).

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.

During the year ended 31 December 2017, the Company issued new shares pursuant to a Restructuring Exercise and its Initial Public Offering (Note 20). As a result, Quan Min Holdings Pte. Ltd. and Q & M Dental Group (Singapore) Limited ceased to be the Company's ultimate parent company and immediate parent company respectively after the Initial Public Offering on 26 April 2017.

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

3A. 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 and financial guarantees are unsecured, without fixed repayment terms and interest 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.

3. Related party relationships and transactions (Continued)

3A. Related party transactions: (Continued)

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	
	2017 RMB'000	2016 RMB'000
Sales of goods*	**–**	(1,461)
Rental expense	**159**	919
Purchase of goods*	**550**	4,783
Purchase of plant and equipment*	**1,407**	–
General expenses*	**30**	–
Management fee expense paid to immediate parent company	**–**	118
Unutilised tax losses of Company transferred to other related companies as Group relief	**–**	1,265

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

3B. Key management compensation:

	Group	
	2017 RMB'000	2016 RMB'000
Salaries and other short-term employee benefits	**2,858**	2,061

The above amounts are included under employee benefits expense. Included in the above amounts are the following items:

	Group	
	2017 RMB'000	2016 RMB'000
Remuneration of directors of the Company	**321**	4
Remuneration of directors of the subsidiaries	**495**	577
Remuneration of executive officers of the Group	**1,718**	1,480
Fees to directors of the Company	**324**	–

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.

3. Related party relationships and transactions (Continued)

3C. 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	
	2017	2016
Group	RMB'000	RMB'000
Other payables:		
Balance at beginning of the year	**(92,795)**	(166,610)
Amounts paid out and settlement of liabilities on behalf of the immediate parent company	**4,857**	10,218
Capitalised as share capital (Note 20)	**75,784**	43,787
Disposal of discontinued operations (Note 12)	**12,153**	24,245
Management fee	**–**	(118)
Foreign exchange differences	**1**	(4,317)
Balance at end of the year (Note 22)	**–**	(92,795)

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	
	2017	2016
Group	RMB'000	RMB'000
Other receivables (payables):		
Balance at beginning of the year – net (credit) debit	**(62)**	35,522
Amounts paid in and settlement of liabilities on behalf of the Company	**–**	(35,584)
Amounts paid out and settlement of liabilities on behalf of related companies	**62**	–
Balance at end of the year	**–**	(62)
Presented in the statement of financial position as follows:		
Other receivables (Note 17)	**–**	153
Other payables (Note 22)	**–**	(215)
Balance at end of the year	**–**	(62)

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 purposes 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 (3) laboratory services. Such a structural organisation is determined by the nature of risks and returns associated with each business segment and it defines the management structure as well as the internal reporting system. It represents the basis on which the management reports the primary segment information that is available and that is evaluated regularly by the 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) Distribution of dental equipment and supplies, which includes, amongst others, the distribution of equipment and supplies used in the provision of dental services.

(3) Laboratory services comprising the manufacturing of porcelain crown, bridges and dentures.

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.

4. Financial information by operating segments (Continued)

4B. Profit or loss from continuing operations and reconciliations

	2017 RMB'000	2016 RMB'000
Segment Revenue		
Primary healthcare	**67,253**	62,934
Distribution of dental equipment and supplies	**30,551**	23,927
Laboratory services	**2,865**	–
Total	**100,669**	86,861

	2017 RMB'000	2016 RMB'000
Segment Results		
Primary healthcare	**11,596**	15,232
Distribution of dental equipment and supplies	**1,741**	1,827
Laboratory services	**950**	–
IPO expenses	**(5,803)**	(3,324)
Consolidated profit before tax	**8,484**	13,735
Income tax expense	**(3,606)**	(6,026)
Profit for the year	**4,878**	7,709

4C. Assets and liabilities reconciliation

	2017 RMB'000	2016 RMB'000
Segment Assets		
Primary healthcare	**245,902**	181,804
Distribution of dental equipment and supplies	**11,575**	13,771
Laboratory services	**9,694**	–
Total	**267,171**	195,575

4. Financial information by operating segments (Continued)

4C. Assets and liabilities reconciliation (Continued)

	2017 RMB'000	2016 RMB'000
Segment Liabilities		
Primary healthcare	**25,376**	104,084
Distribution of dental equipment and supplies	**3,736**	9,571
Laboratory services	**1,450**	–
Total	**30,562**	113,655

	2017 RMB'000	2016 RMB'000
Expenditure for non-current assets		
Primary healthcare	**2,109**	6,834
Distribution of dental equipment and supplies	**528**	539
Laboratory services	**1,770**	–
Total	**4,407**	7,373

4D. Other material item

	2017 RMB'000	2016 RMB'000
Depreciation		
Primary healthcare	**5,036**	4,533
Distribution of dental equipment and supplies	**18**	41
Laboratory services	**100**	–
Total	**5,154**	4,574

	2017 RMB'000	2016 RMB'000
Amortisation		
Primary healthcare	**327**	328
Distribution of dental equipment and supplies	**42**	42
Total	**369**	370

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

	2017 RMB'000	2016 RMB'000
Rendering of services	**63,865**	58,869
Management fee income	**3,230**	3,591
Sale of goods	**30,551**	23,928
Laboratory services	**2,865**	–
Other income	**158**	473
Total revenue	**100,669**	86,861

6. Other gains and (other losses)

	2017 RMB'000	2016 RMB'000
Government grant	**20**	10
Foreign exchange adjustment loss	**(346)**	(45)
Plant and equipment written off	**(16)**	–
Net	**(342)**	(35)
Presented in profit or loss as:		
Other gains	**20**	10
Other losses	**(362)**	(45)
Net	**(342)**	(35)

7. Employee benefits expense

	2017 RMB'000	2016 RMB'000
Short term employee benefits expense	**23,383**	17,465
Contributions to defined contribution plans	**7,234**	5,120
Other benefits	**1,546**	2,094
Share-based payment*	**636**	–
Total employee benefits expense	**32,799**	24,679

* The share-based payment is in connection to the Honour Pte. Ltd. shares subscription (Note 20 and 21E).

8. Finance costs

	2017 RMB'000	2016 RMB'000
Interest expense	**1**	603

9. Other expenses

The major components and other selected components include the following:

	2017 RMB'000	2016 RMB'000
Management fee	**–**	118
Marketing expenses	**1,308**	1,872
Professional fees	**1,652**	1,070
Travelling expenses	**1,563**	1,579
Other tax expenses	**1,258**	573

10. Income tax expense

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

	2017 RMB'000	2016 RMB'000
Current tax expense	**4,087**	5,812
Deferred tax expense	**(481)**	214
Total income tax expense	**3,606**	6,026

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% (2016: 25%) to profit or loss before income tax as a result of the following differences:

	2017 RMB'000	2016 RMB'000
Profit before tax from continuing operations	**8,484**	13,735
Income tax expense at the above rate	**2,121**	3,434
Expenses not deductible for tax purposes	**1,000**	488
Unutilised tax losses of company transferred to other related companies as group relief	**–**	1,265
Unutilised tax losses	**443**	–
Effect of different tax rate in different countries	**604**	595
Undistributed profit of PRC subsidiaries	**(388)**	306
Others	**(174)**	(62)
Total income tax expense on continuing operations	**3,606**	6,026

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

10. Income tax expense (Continued)

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

	2017 RMB'000	2016 RMB'000
From deferred tax liabilities recognised in profit or loss:		
Undistributed profits of subsidiaries	**(388)**	306
Excess of net book value of intangible assets, plant and equipment over tax values	**(93)**	(92)
Total deferred income tax expense recognised in profit or loss	**(481)**	214

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

	2017 RMB'000	2016 RMB'000
Deferred tax liabilities recognised in profit or loss:		
Undistributed profits of PRC subsidiaries	**–**	917
Excess of net book value of intangible assets, plant and equipment over tax values	**647**	740
Total deferred tax liabilities	**647**	1,657

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

At the end of the reporting year, the aggregate amount of temporary difference associated with investments in subsidiaries for which deferred tax liabilities have not been recognised is RMB604,000 (2016:Nil).

11. Earnings per share

The following table illustrates the numerators and denominators used to calculate basic and diluted earnings per share:

	Group	
	2017 RMB'000	2016 RMB'000
A. Numerators: earnings attributable to equity:		
Continuing operations: attributable to equity holders	**4,878**	1,239
Discontinuing operations: earnings for the year	**134**	8,080
B. Total basic earnings	**5,012**	9,319
C. Diluted earnings	**5,012**	9,319
D. Denominators: weighted average number of equity shares		
Basic and diluted	**326,514**	163,462

11. Earnings per share (Continued)

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.

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 transferred 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.

On 30 March 2017, the Group disposed its 80% beneficial interest in Shanghai Chuangyi Investment and Management Co., Ltd. and its subsidiary, Shanghai Kangyi Dental Polyclinic Co., Ltd. (collectively known as "Chuangyi Group") 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:

	2017 RMB'000	2016 RMB'000
Revenue	–	6,398
Other income	–	313
Consumables and dental supplies	–	(851)
Employee benefits expense	–	(2,514)
Depreciation and amortisation expense	–	(321)
Rental expense	–	(580)
Other expenses	–	(1,437)
Profit before tax	–	1,008
Income tax expense	–	(111)
Profit from discontinuing operations	–	897

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

12. Disposal group (Continued)

12A. Financial effect of discontinuing group (Continued)

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

Group	2017 RMB'000	2016 RMB'000
Assets:		
Property, plant and equipment	–	980
Intangible assets	–	8,521
Inventories	–	180
Trade and other receivables	–	914
Other assets	–	437
Cash and cash equivalents	–	2,186
Assets of disposal group classified as held for sale	–	13,218
Liabilities:		
Deferred tax liabilities	–	34
Income tax payables	–	15
Trade and other payables	–	227
Liabilities directly associated with disposal group classified as held for sale	–	276
Net assets directly associated with disposal group classified as held for sale	–	12,942
Net assets attributable to non-controlling interests	–	(602)
Net assets attributable to owners of the parent	–	12,340

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:

	2017 RMB'000	2016 RMB'000
Operating cash flows	–	1,019
Investing activities	–	(126)
Total cash flows	–	893

12B. Disposal of discontinued operations

2017

On 30 March 2017, the Group disposed its 80% beneficial interest in Shanghai Chuangyi Investment and Management Co., Ltd. and its subsidiary, Shanghai Kangyi Dental Polyclinic Co., Ltd. to its immediate parent company, Q & M Dental Group (Singapore) Limited, for an aggregate consideration of approximately RMB12.2 million (S$2.5 million), by way of fully off setting against the other payable due to the immediate parent company.

12. Disposal group (Continued)

12B. Disposal of discontinued operations (Continued)

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 2017 RMB'000	Year ended 31.12.2016 RMB'000
Revenue	**1,595**	6,398
Other income	**–**	313
Dental supplies manufacturing used	**(233)**	(851)
Employee benefits expense	**(604)**	(2,422)
Depreciation and amortisation expense	**(74)**	(321)
Rental expense	**(254)**	(580)
Other expenses	**(245)**	(1,437)
Profit before tax	**185**	1,100
Income tax expense (credit)	**6**	(111)
Profit after tax before disposal profit	**191**	989
Loss on disposal of subsidiaries	**(61)**	
Total profit on discontinued operations	**130**	

The following table summarises the carrying value of the account balances of the discontinued operations that were sold on 30 March 2017:

Group	At date of disposal in 2017 RMB'000	Year ended 31.12.2016 RMB'000
Property, plant and equipment	**912**	980
Intangible assets	**8,497**	8,521
Inventories	**187**	180
Trade and other receivables	**983**	914
Other assets	**240**	437
Cash and cash equivalents	**2,501**	2,186
Deferred tax liabilities	**(28)**	(34)
Income tax payable	**(9)**	(15)
Trade and other payables	**(151)**	(227)
Net assets disposed of	**13,132**	
Non-controlling interest	**(599)**	
Foreign currency translation reserve	**(319)**	
Gain on disposal	**(61)**	
Total consideration	**12,153**	

12. Disposal group (Continued)

12B. Disposal of discontinued operations (Continued)

	At date of disposal in 2017 RMB'000
Net cash inflow on disposal:	
Cash consideration	**12,153**
Cash balance disposed	**(2,501)**
Net cash inflow on disposal	**9,652**

The cash flows of the discontinued operations for the previous year and for the period from the beginning of the reporting year to 30 March 2017, which have been included in the consolidated financial statements, were as follows:

	At date of disposal in 2017 RMB'000	Year ended 31.12.2016 RMB'000
Operating cash flows	**173**	1,019
Investing cash flows	**17**	(126)
	190	893

2016

On 18 March 2016, the Company transferred 100% 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
Revenue	10,290
Other income	1
Dental supplies manufacturing used	(2,548)
Employee benefits expense	(1,106)
Depreciation and amortisation expense	(152)
Rental expense	(14)
Other expenses	(1,782)
Profit before tax	4,689
Income tax expense	(693)
Profit after tax before disposal profit	3,996
Profit on disposal of subsidiaries	5,104
Total profit on discontinued operations	9,100

12. Disposal group (Continued)

12B. Disposal of discontinued operations (Continued)

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 RMB'000
Property, plant and equipment	27,960
Intangible assets	60,954
Inventories	27,645
Trade and other receivables	47,885
Other assets	435
Cash and cash equivalents	17,763
Deferred tax liabilities	(1,189)
Income tax payable	(977)
Trade and other payables	(111,294)
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 RMB'000
Operating cash flows	2,045
Investing cash flows	(1,448)
	597

13. Plant and equipment

Group	Leasehold Improvement RMB'000	Furniture and fittings and equipment RMB'000	Motor vehicle RMB'000	Total RMB'000
Cost:				
At 1 January 2016	8,605	32,350	453	41,408
Additions	1,135	4,997	–	6,132
Arising from acquisition of subsidiaries (Note 23)	–	51	23	74
Disposals	–	(3)	–	(3)
At 31 December 2016	9,740	37,395	476	47,611
Additions	384	4,023	–	4,407
Arising from acquisition of subsidiaries (Note 23)	–	120	–	120
Disposals	–	(19)	–	(19)
At 31 December 2017	10,124	41,519	476	52,119
Accumulated depreciation:				
At 1 January 2016	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
Depreciation for the year	976	4,176	2	5,154
Disposals	–	(3)	–	(3)
At 31 December 2017	2,776	13,082	126	15,984
Carrying value:				
At 1 January 2016	7,676	27,096	374	35,146
At 31 December 2016	7,940	28,486	352	36,778
At 31 December 2017	7,348	28,437	350	36,135

Company	Furniture and fittings and equipment RMB'000
Cost:	
At 1 January 2016	17
Foreign currency translation adjustment	1
At 31 December 2016	18
Additions	461
At 31 December 2017	479
Accumulated depreciation:	
At 1 January 2016	10
Depreciation for the year	6
At 31 December 2016	16
Depreciation for the year	52
At 31 December 2017	68
Carrying value:	
At 1 January 2016	7
At 31 December 2016	2
At 31 December 2017	411

14. Intangible assets

	Group 2017 RMB'000	Group 2016 RMB'000
Goodwill (Note 14A)	**112,559**	96,841
Other intangible assets (Note 14B)	**2,588**	2,957
	115,147	99,798

14A. Goodwill

	Group 2017 RMB'000	Group 2016 RMB'000
Cost:		
Balance at beginning of the year	**96,841**	85,251
Arising from acquisition of subsidiaries (Note 23)	**15,718**	11,590
Balance at end of the year	**112,559**	96,841

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 2017 RMB'000	Group 2016 RMB'000
Name of the subsidiaries		
Primary healthcare:		
Aoxin Stomatology group of companies	**85,251**	85,251
Panjin Jingcheng Q & M Stomatology Co., Ltd.	**4,455**	4,455
Panjin Jinsai Q & M Stomatology Co., Ltd.	**2,978**	2,978
Gaizhou City Aoxin Q & M Stomatology Hospital Co., Ltd.	**954**	954
Zhuanghe City Aoxin Dawei Dental Co., Ltd.	**5,800**	–
Subtotal	**99,438**	93,638
Distribution of dental equipment and supplies:		
Shenyang Maotai Q & M Medical Equipment Co., Ltd.	**3,203**	3,203
Laboratory services:		
Shenyang Qingaomei Oral Restorative Technology Co., Ltd.	**9,918**	–
Total	**112,559**	96,841

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 measured 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).

14. Intangible assets (Continued)

14A. Goodwill (Continued)

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.

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:

2017	Revenue growth rate %	Discount rate %
Name of the subsidiaries		
Primary healthcare:		
Aoxin Stomatology group of companies	15	13
Panjin Jingcheng Q & M Stomatology Co., Ltd.	5 in 2018 & 2019 and 3 for subsequent years	13
Panjin Jinsai Q & M Stomatology Co., Ltd.	5 in 2018 & 2019 and 3 for subsequent years	13
Gaizhou City Aoxin Q & M Stomatology Hospital Co., Ltd.	8 in 2018 & 2019 and 5 for subsequent years	13
Zhuanghe City Aoxin Dawei Dental Co., Ltd.	5	13
Distribution of dental equipment and supplies:		
Shenyang Maotai Q & M Medical Equipment Co., Ltd.	5 in 2018 & 2019 and 3 for subsequent years	13
Laboratory services:		
Shenyang Qingaomei Oral Restorative Technology Co., Ltd.	10	13

14. Intangible assets (Continued)

14A. Goodwill (Continued)

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 & 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 & 2018 and 6 for subsequent years	13

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 8 (2016: 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 RMB5,299,000 (2016: 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 RMB17,381,000 (2016: 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 (2016: 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 RMB452,000 (2016: 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 RMB1,194,000 (2016: 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 6 (2016: 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 RMB40,000 (2016: 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 RMB724,000 (2016: RMB890,000). However the recoverable amount will still be higher than the carrying amount of goodwill.

14. Intangible assets (Continued)

14A. Goodwill (Continued)

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 2 (2016: 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 RMB131,000 (2016: 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 RMB157,000 (2016: RMB312,000). However the recoverable amount will still be higher than the carrying amount of goodwill.

Zhuanghe City Aoxin Dawei Dental 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 4 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 RMB271,000. 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 RMB587,000. 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 9 (2016: 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 RMB848,000 (2016: 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 RMB591,000 (2016: RMB580,000). However the recoverable amount will still be higher than the carrying amount of goodwill.

Shenyang Qingaomei Oral Restorative Technology 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 (2016: 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 RMB695,000. 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 RMB1,721,000. However the recoverable amount will still be higher than the carrying amount of goodwill.

Management forecasts the terminal growth rates at 2%.

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

14. Intangible assets (Continued)

14B. Other intangible assets

Group	Customer lists RMB'000
Cost:	
At 1 January 2016	2,454
Additions	1,241
At 31 December 2016	3,695
Additions	–
At 31 December 2017	**3,695**
Amortisation:	
At 1 January 2016	368
Amortisation for the year	370
At 31 December 2016	738
Amortisation for the period	369
At 31 December 2017	**1,107**
Carrying value:	
At 1 January 2016	2,086
At 31 December 2016	2,957
At 31 December 2017	**2,588**

15. Investment in subsidiaries

	Company	
	2017 RMB'000	**2016 RMB'000**
Cost at beginning of the year	**223,801**	111,336
Acquisitions	**30,238**	112,465
Cost at end of the year	**254,039**	223,801

15. Investment in subsidiaries (Continued)

15A. Details of subsidiaries

The subsidiaries held by the Company are listed below:

Name of Subsidiaries	Cost in books of Company 2017 RMB'000	2016 RMB'000	Effective percentage of equity held by Company 2017 %	2016 %
Held by Company				
Shanghai Q & M Investment Management & Consulting Co., Ltd. [b] [g]	**106,999**	110,318	**100**	100
Q & M Dental (Shenyang) Pte. Ltd. [c] [j] [k]	**147,040**	113,483	**100**	60
	254,039	223,801		

Name of Subsidiaries	Effective percentage of equity held by Company 2017 %	2016 %
Held through subsidiaries		
Shanghai Chuangyi Investment and Management Co., Ltd.[b] [h] (disposed on 30 March 2017)	**–**	80
Shanghai Kangyi Dental Polyclinic Co., Ltd.[h] (disposed on 30 March 2017)	**–**	80
Shenyang Xinao Hospital Management Co., Ltd.[c] [i] [l]	**100**	100
Shenyang Aoxin Q & M Stomatology Hospital Co., Ltd.[i] [l]	**100**	100
Shenyang Heping Q & M Aoxin Stomatology Polyclinic Co., Ltd.[i] [l]	**100**	100
Huludao City Aoxin Stomatology Polyclinic Co., Ltd.[i] [l]	**100**	100
Huludao Aoxin Q & M Stomatology Hospital Co., Ltd.[i] [l]	**100**	100
Shenyang Quanxin Medical Equipment Leasing Co., Ltd.[f] [i] [l]	**100**	60
Panjin Jinsai Q & M Stomatology Co., Ltd.[i]	**100**	100
Panjin Jingcheng Q & M Stomatology Co., Ltd.[i]	**100**	100
Gaizhou City Aoxin Q & M Stomatology Hospital Co., Ltd.[i]	**100**	100
Zhuanghe City Aoxin Dawei Dental Co., Ltd. (acquired on 8 December 2017)[n]	**100**	–
Panjin Aoxin Quanmin Stomatology Hospital Co., Ltd. (incorporated on 13 November 2017)[n]	**100**	–
Shenyang Maotai Q & M Medical Equipment Co., Ltd.[e] [i]	**100**	100
Shenyang Qingaomei Oral Restorative Technology Co., Ltd. (acquired on 26 October 2017)[d] [i]	**100**	–
Shenyang Quanao Medical Investment Management Co., Ltd.[c] [l] [m]	**99**	99

15. Investment in subsidiaries (Continued)

15A. Details of subsidiaries (Continued)

(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 laboratory services including processing of porcelain crown, bridges and dentures.
(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 other independent auditors, Shanghai Haoyin CPA Partnership, a firm of accountants other than member firms of RSM International of which RSM Chio Lim LLP in Singapore is a member.
(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, Liaoning ZhongCheng CPAs, a firm of accountants other than member firms of RSM International of which RSM Chio Lim LLP in Singapore is a member.
(n) Not audited, as it is not material.

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

There is no subsidiary that has non-controlling interests that is considered material to the reporting entity.

The Group fully disposed its subsidiary, Aidite (Qinhuangdao) Technology Co., Ltd. on 18 March 2016 (Note 12).

16. Inventories

	Group		Company	
	2017	2016	**2017**	2016
	RMB'000	RMB'000	**RMB'000**	RMB'000
Dental and medical supplies	**2,397**	2,216	**–**	–
Finished goods and goods for resale	**4,342**	4,564	**–**	–
Raw materials	**588**	–	**–**	–
	7,327	6,780	**–**	–

There are no inventories pledged as securities for liabilities.

17. Trade and other receivables

	Group		Company	
	2017 RMB'000	2016 RMB'000	2017 RMB'000	2016 RMB'000
Trade receivables:				
Outside parties	**7,563**	8,500	**–**	–
Entity owned by a director of a subsidiary	**–**	1,724	**–**	–
Subsidiaries	**–**	–	**3,214**	–
Subtotal	**7,563**	10,224	**3,214**	–
Other receivables:				
Related companies (Note 3)	**–**	153	**–**	331
Amounts due from companies owned by directors of a subsidiary	**43**	2,948	**–**	2,948
Deposits paid to suppliers	**693**	2,078	**–**	–
Staff loans	**437**	155	**–**	–
Outside parties	**1,666**	490	**17**	–
Subtotal	**2,839**	5,824	**17**	3,279
Total trade and other receivables	**10,402**	16,048	**3,231**	3,279

18. Other assets

	Group		Company	
	2017 RMB'000	2016 RMB'000	2017 RMB'000	2016 RMB'000
Non-current:				
Sign-on bonus	**410**	491	**410**	491
Current:				
Sign-on bonus	**91**	89	**91**	89
Deposits	**52**	25	**–**	–
Prepayments	**2,342**	648	**226**	587
	2,485	762	**317**	676

19. Cash and cash equivalents

	Group		Company	
	2017 RMB'000	2016 RMB'000	2017 RMB'000	2016 RMB'000
Not restricted in use	95,265	34,918	36,563	10,561

The interest earning balances are not significant.

20. Share capital

	Number of shares issued '000	Share Capital RMB'000
Ordinary shares:		
At 1 January 2016	1,250	525
Issuance of new shares – 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
Issuance of new shares – by way of capitalisation of amount payable to immediate parent company[b]	153,462	75,784
Issuance of new shares pursuant to Restructuring Exercise[c]	134,713	101,835
Issuance of new shares pursuant to the IPO[d]	57,000	56,221
Issuance of new shares to Honour Pte. Ltd.[e]	16,346	9,184
Issuance of new shares to Dr Cheah Kim Fee[f]	641	486
Share issue costs	–	(3,078)
Balance as at 31 December 2017	**372,162**	**284,744**

(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.

(b) On 31 January 2017, the Company increased its share capital by RMB75,784,000 (equivalent to S$15,600,000) by capitalising the amount payable to immediate parent company.

(c) Pursuant to the IPO, the Company has in 2016 entered into various share purchase agreement to acquire the remaining interest of its subsidiaries from the non-controlling shareholders. The Company has correspondingly entered into various share subscription agreements with the non-controlling interest to issue shares for an aggregate cash consideration of RMB5,109,000. The cash consideration was arrived at on a willing buyer willing seller basis, taking into consideration the acquisition of the remaining interest in the subsidiaries. The Company issued these new shares on 25 January 2017.

(d) The Company issued 57,000,000 new ordinary shares at S$0.20 each pursuant to the listing of its shares on Catalist.

(e) On 14 July 2017, the Company had issued 16,346,000 new ordinary shares at an issue price of RMB0.59 (equivalent to S$0.12) per share to Honour Pte. Ltd. for the cash consideration of RMB9,721,000 (equivalent to S$1,961,520) to reward and incentivise certain dental professionals and employees of the Group who are based in the People's Republic of China (Note 21E).

(f) The Company issued 641,026 new ordinary shares at an issue price of RMB0.76 (S$0.16) per share to Dr Cheah, former Chief Executive Officer of the Group for cash.

The ordinary shares 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.

21. Other reserves

	Group		Company	
	2017	2016	2017	2016
	RMB'000	RMB'000	RMB'000	RMB'000
Statutory reserve (Note 21A)	**4,245**	3,500	**–**	–
Share application reserve (Note 21B)	**–**	101,808	**–**	101,808
Share-based payment reserve (Note 21E)	**640**	–	**640**	–
Other reserve (Note 21C)	**(71,905)**	(86,957)	**–**	–
Foreign currency translation reserve (Note 21D)	**2,301**	4,295	**2,509**	4,806
Total at end of the year	**(64,719)**	22,646	**3,149**	106,614

21A. 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.

21B. Share application reserve

Share application reserve relates to the issuance of shares to the non-controlling interest of subsidiaries after reporting year ended 31 December 2016 for the acquisition of remaining interest in the subsidiaries prior to 31 December 2016. [See Note 20(c), 23(a) and 23(b)]. The fair value of the shares issued is RMB0.76 (equivalent to S$0.16) per shares.

21C. Other reserve

Other reserve relates to the excess of the fair value of the shares issued over the net assets of the remaining interest in the subsidiaries acquired as described in Note 21B above.

21D. Foreign currency translation reserve

	Group		Company	
	2017	2016	2017	2016
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of the year	**4,295**	10,348	**4,806**	6,760
Exchange differences on translating foreign operations	**(1,994)**	(5,962)	**(2,297)**	(1,954)
Arising from disposal of subsidiary classified under disposal group (Note 12)	**–**	(91)	**–**	–
At end of the year	**2,301**	4,295	**2,509**	4,806

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.

21. Other reserves (Continued)

21E. Share-based payment reserve

The share-based payment reserve is in relation to Honour Pte. Ltd. shares subscription as described in Note 20(e). The share issue price of S$0.12 (equivalent to RMB0.59) is S$0.08 (RMB0.39) lower than the IPO price of S$0.20 (RMB0.98). As prescribe in the agreement dated 11 July 2017 which was signed between the Company and Honour, eligible employees shall remain employed by the Group and shall not sell or dispose the shares within 5 years from 14 July 2017. Hence, the difference between the issue price and IPO price amounting to RMB6,399,505 (S$1,307,680) is amortised over 5 years as share-based payment.

22. Trade and other payables

	Group		Company	
	2017 RMB'000	2016 RMB'000	2017 RMB'000	2016 RMB'000
Trade payables:				
Outside parties and accrued liabilities	**5,804**	6,137	**920**	498
Entity owned by a director of a subsidiary	**2,062**	5,355	**–**	–
Related companies (Note 3)	**1**	126	**1**	126
Subtotal	**7,867**	11,618	**921**	624
Other payables:				
Immediate parent company (Note 3)	**–**	92,795	**–**	92,795
Related companies (Note 3)	**–**	215	**–**	–
Amounts due to vendors of acquired subsidiaries (Note 23)	**19,532**	4,032	**–**	–
Outside parties	**2,334**	1,648	**162**	104
Subsidiaries	**–**	–	**5,700**	–
Entity owned by a director of a subsidiary	**–**	820	**–**	–
Subtotal	**21,866**	99,510	**5,862**	92,899
Total trade and other payables	**29,733**	111,128	**6,783**	93,523

23. Acquisition of subsidiaries

2017

The Group acquired 100% of the share capital in Shenyang Qingaomei Oral Restorative Technology Co., Ltd. and Zhuanghe City Aoxin Dawei Dental Co., Ltd. on 26 October 2017 and 8 December 2017 respectively.

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

	Pre-acquisition book value under FRS		
	Zhuanghe Aoxin Dawei RMB'000	Shenyang Qingaomei RMB'000	Total RMB'000
Plant and equipment	–	120	120
Trade and other receivables	–	2,972	2,972
Cash and cash equivalents	500	990	1,490
Trade and other payables	–	(1,100)	(1,100)
Net identifiable assets	500	2,982	3,482
Goodwill arising on consolidation	5,800	9,918	15,718
Purchase consideration	6,300	12,900	19,200
Amount payable to vendors of the acquired subsidiaries (Note 22)	(5,700)	(9,800)	(15,500)
Less: cash and cash equivalents acquired	(500)	(990)	(1,490)
Net cash flows used in acquisition of subsidiaries	100	2,110	2,210

23. Acquisition of subsidiaries (Continued)

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 Group expect the above pre-acquisition book value under FRS to approximate the provisional fair values. The fair values are provisional as the hindsight period (of not more than 12 months) allowed by FRS 103 Business Combinations has not yet expired. A detailed expert report on the fair values is expected to be available before the end of next reporting year.

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:

2017

	Group	
	From date of acquisition in 2017 RMB'000	From beginning of the year 2017 RMB'000
Revenue	2,914	2,914
Profit before tax	360	343

2016

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.

23. Acquisition of subsidiaries (Continued)

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

	Pre-acquisition book value under FRS					
	Shenyang Maotai RMB'000	Panjin Jingcheng RMB'000	Panjin Jinsai RMB'000	Gaizhou City Aoxin RMB'000	Total RMB'000	Restated Fair value RMB'000
Plant and equipment	59	5	5	5	74	74
Intangible assets	–	–	–	–	–	1,241
Trade and other receivables	390	11	406	–	807	807
Inventories	192	–	–	–	192	192
Cash and cash equivalents	649	1,241	600	500	2,990	2,990
Deferred tax liabilities	(104)	(124)	(73)	(9)	(310)	(310)
Trade and other payables	(36)	(31)	(6)	–	(73)	(73)
Income tax recoverable	10	–	–	–	10	10
Non-controlling interests	(1,009)	(1,022)	(784)	(340)	(3,155)	(3,155)
Net identifiable assets	151	80	148	156	535	1,776
Goodwill arising on consolidation	3,619	4,950	3,272	990	12,831	11,590
Purchase consideration	3,770	5,030	3,420	1,146	13,366	13,366
Amount payable to vendors of the acquired subsidiaries (Note 22)	(4,032)	–	–	–	(4,032)	(4,032)
Less: cash and cash equivalents acquired	(649)	(1,241)	(600)	(500)	(2,990)	(2,990)
Net cash flows (from) used in acquisition of subsidiaries	(911)	3,789	2,820	646	6,344	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.

23. Acquisition of subsidiaries (Continued)

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 RMB'000
Revenue	38,771
Profit before tax	5,388

(a) 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 cash consideration of approximately RMB0.2 million, RMB0.8 million and RMB0.6 million respectively. Correspondingly the Company had on 25 January 2017 issued a total of 18,045,760 new ordinary shares to the vendors for the same cash consideration [Note 21 (c)].

(b) 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 cash consideration of approximately RMB0.8 million. Correspondingly the Company had on 25 January 2017 issued a total of 7,265,605 new ordinary shares to the vendors for the same cash consideration [Note 21 (c)].

(c) On 12 October 2016, the Company has entered into share purchase agreement to acquire the remaining 40% interest in Q & M Dental (Shenyang) Pte. Ltd. and its subsidiaries for a consideration of S$1.00. Correspondingly the Company had on 25 January 2017 issued and allotted 109,401,709 new ordinary shares at an issue price of the same amount to the vendor [Note 21 (c)].

24. Operating lease payment commitment – as lessees

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

	2017 RMB'000	2016 RMB'000
Not later than one year	**5,558**	6,242
Later than one year and not later than five years	**18,714**	14,023
Later than five years	**15,079**	13,988
Rental expenses for the year	**4,889**	4,457

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 (2016: 8 years).

25. Capital commitments

Estimated amounts committed at the end of the reporting year for future capital expenditure but not recognised in the financial statements are as follows:–

	2017 RMB'000	2016 RMB'000
Commitments to purchase plant and equipment	**3,804**	–

26. Financial instruments: information on financial risks

26A. 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	
	2017 RMB'000	2016 RMB'000	2017 RMB'000	2016 RMB'000
Financial assets:				
Cash and cash equivalents	**95,265**	34,918	**36,563**	10,561
Loan and receivables	**10,402**	16,048	**3,231**	3,279
At end of the year	**105,667**	50,966	**39,794**	13,840
Financial liabilities:				
Trade and other payables measured at amortised cost	**29,733**	111,128	**6,783**	93,523
At end of the year	**29,733**	111,128	**6,783**	93,523

Further quantitative disclosures are included throughout these financial statements.

26B. 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 used to measure the risk.

26. Financial instruments: information on financial risks (Continued)

26C. 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.

26D. 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 (2016: 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. Subsidiaries engaged in the trading of dental surgery materials and equipment, and provision of laboratory services grant credit term of 30 days to 180 days (2016: 30 days to 180 days) 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	
	2017 RMB'000	2016 RMB'000
Trade receivables:		
Less than 30 days	**1,934**	1,171
31 to 60 days	**1,290**	1,373
Over 60 days	**1,559**	4,054
Total	**4,783**	6,598

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

26. Financial instruments: information on financial risks (Continued)

26D. Credit risk on financial assets (Continued)

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

	Group	
	2017	2016
	RMB'000	RMB'000
Top 1 customer	**983**	1,724
Top 2 customers	**1,711**	2,561
Top 3 customers	**2,432**	3,052

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

26E. Liquidity risk – financial liabilities maturity analysis

There are no liabilities contracted to fall due after twelve months at the end of the reporting year. 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 (2016: 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.

26F. Interest rate risk

The Group is not exposed to significant interest rate risk.

26G. Foreign currency risk

The Group is not exposed to significant foreign currency risk.

27. Dividends on equity shares

In respect of the current year, the directors propose that a final dividend of S$0.002 per share with a total of approximately S$744,000 (RMB3,641,000) be paid to shareholders. There are no income tax consequences. This dividend is subject to approval by shareholders at the next annual general meeting and has not been included as a liability in these financial statements. The proposed final dividend for 2017 is payable in respect of all ordinary shares in issue at the end of the reporting year and including the new qualifying shares issued up to the date the dividend becomes payable.

28. 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	
	2017	2016
	RMB'000	RMB'000
Audit fees to the independent auditors of the Company	**307**	163
Audit fees to the other independent auditors	**511**	368
Other fees to the independent auditors of the Company	**500**	895
Other fees to the other independent auditors	**381**	311

29. Events after the end of the reporting year

(a) Subscription of shares by Exclusive Innovation Pte. Ltd.

Pursuant to a share subscription agreement dated on 26 January 2018, the Company allotted 5,658,490 new shares on 1 March 2018, at an issue price of S$0.236 (equivalent to RMB1.127) to Exclusive Innovation Pte. Ltd., a company incorporated in Singapore and wholly owned by Ms. Wang Jie, for an aggregate consideration of S$1,335,404 (equivalent to RMB6,450,000), which was satisfied in cash. The aggregate consideration was arrived on a willing-seller and willing-buyer basis. The transaction between the Group and Exclusive Innovation Pte. Ltd. was conducted at arm's length basis.

(b) Subscription of shares by Weixia Pte. Ltd.

Pursuant to a share subscription agreement dated 26 January 2018, the Company allotted 3,754,781 new shares on 1 March 2018, at an issue price of approximately S$0.236 (equivalent to RMB1.127) to Weixia Pte. Ltd., a company incorporated in Singapore and wholly owned by Mr. Jia Da Wei, for an aggregate consideration of S$886,128 (equivalent to RMB4,280,000), which was satisfied in cash. The aggregate consideration was arrived on a willing-seller and willing-buyer basis. The transaction between the Group and Weixia Pte. Ltd. was conducted at arm's length basis.

30. 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 7	Amendments to FRS 7: Disclosure Initiative
FRS 12	Amendments to FRS 12: Recognition of Deferred Tax Assets for Unrealised Losses
FRS 112	Amendments to FRS 112: Disclosure of Interests in Other Entities

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

Singapore-incorporated companies listed on the Singapore Exchange are required to comply with new financial reporting standards (issued by the Singapore Accounting Standards Council) that are identical to the International Financial Reporting Standards for reporting year beginning on after 1 January 2018. The new framework is referred to as SFRS(I)s. SFRS(I) First-time Adoption of Singapore Financial Reporting Standards (International) will be adopted in the financial statements when it becomes mandatory. Based on the current accounting treatment of the account balances, management does not anticipate that the application of SFRS(I) will have a material impact on the financial position and financial performance of the entity.

For the future reporting years new or revised Singapore Financial Reporting Standards (International) and the related Interpretation's to SFRS(I)s ("SFRS(I) INT") 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.

SFRS No.	Title	Effective date for periods beginning on or after
SFRS(I) 1	First-time Adoption of Singapore Financial Reporting Standards (International)	1 January 2018
SFRS(I) 2	Amendments to, Classification and Measurement of Share-based Payment Transactions	1 January 2018
SFRS(I) 9	Financial Instruments	1 January 2018
SFRS(I) 15	Revenue from Contracts with Customers Amendments to, Clarifications to SFRS(I) 15 Revenue from Contracts with Customers	1 January 2018
SFRS(I) 16	Leases and Leases – Illustrative Examples & Amendments to Guidance on Other Standards	1 January 2019
SFRS(I) INT 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
SFRS(I) INT 23	Uncertainty over Income Tax Treatments	1 January 2019

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:–

SFRS(I) 116 Leases is effective for annual periods beginning on or after 1 January 2019 and it replaces SFRS(I) 1-17 and the related 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.

31. New or amended standards in issue but not yet effective (Continued)

Based on a preliminary assessment, the standard will affect primarily the accounting for the Group's operating leases. The Group's operating leases (Note 24) are currently classified as operating leases and the lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term. Under SFRS(I) 16, the Group will need to recognise and measure a liability at the present value of the future minimum lease payments and recognise a corresponding right-of-use asset for these leases. The interest expense on the lease liability, and depreciation on the right-of-use asset will be recognised in profit or loss. The Group's assets and liabilities will increase, and the timing of expense recognition will also be impacted as a result.

As discussed in Note 24, the Group's future minimum lease payments under non-cancellable operating leases for its dental hospital, clinics and office premises amounted to approximately RMB39,351,000 as at 31 December 2017. The leases are expected to be recognised as lease liabilities, with corresponding right-of-use assets, once SFRS(I) 16 is adopted. The amounts will be adjusted for the effects of discounting and the transition relief is available to the Group.

STATISTIC OF **SHAREHOLDINGS**

AS AT 13 MARCH 2018

Class of shares	:	Ordinary Shares
Voting rights	:	One vote per ordinary share
Number of issued shares	:	381,574,909
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	–	–	–	–
100 – 1,000	21	3.80	14,000	0.00
1,001 – 10,000	143	25.91	1,002,600	0.26
10,001 – 1,000,000	372	67.39	33,335,026	8.74
1,000,001 and above	16	2.90	347,223,283	91.00
Total	552	100.00	381,574,909	100.00

LIST OF 20 LARGEST REGISTERED SHAREHOLDERS

(As recorded in the Register of Members and Depository Register)

No.	Name	No. of Shares	%
1	Q & M DENTAL GROUP (SINGAPORE) LIMITED	163,461,538	**42.84**
2	HEALTH FIELD ENTERPRISES LIMITED	109,401,709	**28.67**
3	HONOUR PTE. LTD.	16,346,000	**4.28**
4	MAYBANK KIM ENG SECURITIES PTE. LTD.	10,855,400	**2.84**
5	FINEST INTERNATIONAL LIMITED	10,516,320	**2.76**
6	MOUNTAIN LIMITED	7,265,605	**1.90**
7	EXCLUSIVE INNOVATION PTE. LTD.	5,658,490	**1.48**
8	EXCELLENT WARSHIP INTERNATIONAL LIMITED	5,502,969	**1.44**
9	WEIXIA PTE. LTD.	3,754,781	**0.98**
10	TAN CHWEE HUAT	3,510,000	**0.92**
11	KWONG SIEW KIEN	3,000,000	**0.79**
12	JOYCE INTERNATIONAL LIMITED	2,026,471	**0.53**
13	QUAN MIN HOLDINGS PTE. LTD.	2,013,000	**0.53**
14	OCBC SECURITIES PRIVATE LIMITED	1,537,600	**0.40**
15	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	1,263,400	**0.33**
16	ANDREA CHUNG PUI PING	1,110,000	**0.29**
17	CHEE SWEE HENG	1,000,000	**0.26**
18	HENG WEE JIN	1,000,000	**0.26**
19	AUW SIEW AI SERENE	800,000	**0.21**
20	CHEAH KIM FEE	741,026	**0.19**
	Total:	**350,764,309**	**91.90**

STATISTIC OF **SHAREHOLDINGS**

AS AT 13 MARCH 2018

SHAREHOLDINGS HELD IN THE HANDS OF PUBLIC

Based on information available to the Company as at 13 March 2018, approximately 27.92% 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	42.84	–	–
2.	Health Field Enterprises Limited[3][4]	109,401,709	28.67	–	–
3.	Quan Min Holdings Pte. Ltd.[1][2]	2,013,000	0.53	163,461,538	42.84
4.	Dr. Ng Chin Siau[2]	–	–	165,474,538	43.37
5.	Action Health Enterprises Limited[3]	–	–	109,401,709	28.67
6.	Dr. Shao Yongxin[3][4]	–	–	109,401,709	28.67

Notes:

(1) Quan Min Holdings Pte. Ltd. is deemed to be interested in Q & M Dental Group (Singapore) Limited's shares by virtue of its 48.63% shareholdings in Q & M Dental Group (Singapore) Limited.

(2) Dr. Ng Chin Siau is deemed interested in Q & M Dental Group (Singapore) Limited's shares by virtue of his 43.91% shareholding in Quan Min Holdings Pte. Ltd., and consequently, Quan Min Holdings Pte. Ltd.'s 42.84% deemed shareholding in the Company.

(3) Health Field Enterprises Limited is an investment holding company incorporated in the British Virgin Islands. Health Field Enterprises Limited is 100% held by Action Health Enterprises Limited, an investment holding company incorporated in the British Virgin Islands, which is in turn 100% held by Dr. Shao Yongxin.

(4) 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.

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 Thursday, 26 April 2018 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 2017 together with the Independent Auditors' Report thereon. **(Resolution 1)**

2. To declare a final one-tier tax exempt dividend of 0.20 cents per ordinary share in respect of the financial year ended 31 December 2017. **(Resolution 2)**

3. To approve the payment of Directors' fees of S$66,683.00 for the financial year ended 31 December 2017. **(Resolution 3)**

4. To re-elect Dr. Shao Yongxin who is retiring pursuant to Regulation 117 of the Company's Constitution. **(Resolution 4)**
[see Explanatory Note (i)]

5. To re-elect Mr. Vitters Sim Yu Xiong who is retiring pursuant to Regulation 117 of the Company's Constitution. **(Resolution 5)**
[see Explanatory Note (ii)]

6. To re-appoint Messrs RSM Chio Lim LLP as the Company's Independent Auditors and to authorise the Directors to fix their remuneration. **(Resolution 6)**

7. 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:

8. **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

(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;

(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 7)**

[see Explanatory Note (iii)]

By Order of the Board

Dr. Shao Yongxin
Executive Director and Group Chief Executive Officer

Singapore, 11 April 2018

Explanatory Notes:

(i) In relation to Ordinary Resolution 4

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

(ii) In relation to Ordinary Resolution 5

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

(iii) Ordinary Resolution 7, 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 a 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.

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 (2) 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 Act.

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 intentions 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.

NOTICE OF
ANNUAL GENERAL MEETING

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.

*This notice has been prepared by the Company and its contents have been reviewed by the Company's sponsor, SAC Capital Private Limited ("**Sponsor**"), 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 Ms. Alicia Sun (Telephone: +65 6532 3829) at 1 Robinson Road, #21-02 AIA Tower, Singapore 048542.

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 (2) 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 Thursday, 26 April 2018 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.	Ordinary 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 2017		
2.	To declare a final one-tier tax exempt dividend of 0.20 cents per ordinary share in respect of the financial year ended 31 December 2017		
3.	To approve the payment of Directors' fees of S$66,683.00 for the financial year ended 31 December 2017		
4.	To re-elect Dr. Shao Yongxin who is retiring pursuant to Regulation 117 of the Company's Constitution		
5.	To re-elect Mr. Vitters Sim Yu Xiong who is retiring pursuant to Regulation 117 of the Company's Constitution		
6.	To re-appoint Messrs RSM Chio Lim LLP as the Company's auditors and to authorise the Directors to fix their remuneration		
	SPECIAL BUSINESS		
7.	To authorise Directors to allot and issue shares		

Dated this __________ day of ____________________ 2018.

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

____
Signature(s) of Member(s) or Common Seal of Corporate Member
* *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 (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 (2) 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 intentions 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. 沈阳奥新全民口腔医院有限公司	No. 196 of Da Nan Street, Shenhe District, Shenyang City, Liaoning Province 辽宁省沈阳市沈河区大南街196号	86-400-102-6766
Shenyang Heping Q & M Aoxin Stomatology Polyclinic Co., Ltd. 沈阳和平全民奥新口腔门诊部有限公司	No. 31, Xita Street, Heping District, Shenyang City, Liaoning Province 辽宁省沈阳市和平区西塔街31号	86-400-102-6766
Huludao Aoxin Q & M Stomatology Hospital Co., Ltd 葫芦岛奥新全民口腔医院有限公司	No. 81A, Longwan Street, Longgang District, Huludao City, Liaoning Province 辽宁省葫芦岛市龙港区龙湾大街81A	86-400-102-6766
Huludao City Aoxin Stomatology Polyclinic Co., Ltd. 葫芦岛市奥新口腔门诊部有限公司	No. 17-19, Lida Development Xinhua Street, Bohai Street, Lianshan District, Huludao City, Liaoning Province 辽宁省葫芦岛市连山区新华大街海军南院17-19号	86-400-102-6766
Gaizhou City Aoxin Q & M Stomatology Hospital Co., Ltd. 盖州市奥新全民口腔医院有限公司	Room 107-207, 1-2/F, Building 8, Huayang Garden, Xicheng Office, Gaizhou City, Liaoning Province 辽宁省盖州市华阳花园小区8号楼1-2层107-207	86-417-767-3688
Panjin Jinsai Q & M Stomatology Co., Ltd 盘锦金赛全民口腔有限责任公司	No. 168, Shengli Street, Shuangtaizi District, Panjin City, Liaoning Province 辽宁省盘锦市双台子区胜利街168号 盘锦市中医院西侧	86-427-381-1118
Panjin Jingcheng Q & M Stomatology Co., Ltd. 盘锦精诚全民口腔有限责任公司	No. 7, Building E of Xin Guang Sha Tower, Xinglongtai District, Panjin City, Liaoning Province 辽宁省盘锦市兴隆台区新广厦E座7号商网	86-427-780-4899
Panjin Jingcheng Q & M Stomatology Co., Ltd Shengtaiyuan Branch 盘锦精诚全民口腔生态园诊所(精英齿科)	No. 006, Line 0002, Shengtaiyuan Development Centre Commercial Zone, Xinglongtai District, Panjin City, Liaoning Province 辽宁省盘锦市兴隆台区研发中心2排6号	86-427-780-4899
Zhuanghe City Aoxin Dawei Dental Co., Ltd 庄河市奥新大伟口腔有限公司	No. 10, Xiangyang Road 2nd Section, Chengguan Street, Zhuanghe City, Liaoning Province 辽宁省大连庄河市城关街道向阳路二段10号	86-411-8985-6668
Shenyang Maotai Q & M Medical Equipment Co., Ltd 沈阳茂泰全民医疗设备有限公司	Room 2101, No. 107 Nanjing North Street, Heping District, Shenyang City, Liaoning Province 沈阳市和平区南京北街107号(2101)	86-24-2287-4848
Shenyang Qingaomei Oral Restorative Technology Co., Ltd 沈阳清奥美口腔镶复技术有限公司	Room 601, Block C, No. 113 Nanjing North Street, Heping District, Shenyang City, Liaoning Province 辽宁省沈阳市和平区南京北街113号运恒国际C座601室	86-24-8673-7370

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

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