AOXIN Q&M

AOXIN Q & M DENTAL GROUP LIMITED

ADVANCING TO THE NEXT LEVEL

ANNUAL REPORT 2018

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.

The contact person for the Sponsor is Mr Foo Siang Sheng (Tel: (65) 6232 3210) at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.

CORPORATE PROFILE

Pediatric Dental Centre in
Panjin Aoxin Quanmin Stomatology Hospital

Aoxin Q&M Dental Group Limited ("AXQM"), together with its subsidiaries (the "Group"), is a leading provider of private dental services in the Liaoning Province, Northern PRC. The Group was successfully listed on the SGX on April 26, 2017. Besides providing private dental services, the Group has a dental laboratory company and a dental equipment and supplies distribution network which covers Liaoning, Heilongjiang and Jilin Provinces in the Northern PRC.

The Group manages and operates 5 dental hospitals and 9 dental polyclinics across six cities in Liaoning Province, Northern PRC, namely, Shenyang, Huludao, Panjin, Gaizhou, Zhuanghe and Jinzhou. The Group is supported by more than 385 dental professionals, consisting of 145 dentists, 180 dental surgery assistants and 60 laboratory technicians. Majority of the Group's conveniently-located dental centres are accredited as Designated Medical Institutions of Medical Insurance. In addition, the Group collaborates with Jinzhou Medical University and is the only training centre in Northern PRC to be accredited by a university that provides instruction and training to students and dental professionals.

MESSAGE TO SHAREHOLDERS

Dear Shareholders,

We are pleased to present our annual report for the financial year ended 31 December 2018 ("FY2018"). Notwithstanding the challenging conditions for FY2018, the Group achieved a revenue growth of 18% to RMB119 million, as we focused our attention on expanding our Group's business through organic growth, mergers and acquisitions, joint ventures and partnerships.

HONING OUR COMPETITIVE EDGE

The Group is steered to focus on staff training and upgrading as we juggle between the challenges of balancing long and short-term goals with creating a distinct corporate positioning. Towards this end, we have implemented customised training models to nurture our staff and enhance our service quality. To date, we have completed a 100-day practical training programme for 20 undergraduate dentists and 30 nursing internship students.

We have also invested resources and training geared towards the field of paediatric dentistry as it presents immense growth potential. The local paediatric dentistry industry has seen an expansion of the children's age group, whereby the patient structure has moved from the past trend of 2-5 years old to include children in the schooling age. We have partnered with schools to impart knowledge to these children on the importance of dental health. This could also provide a potential patient base for the development of our upcoming orthodontic and orthographic surgery centres.

We have managed to capitalise on the paediatric dentistry wave by riding on the uptrend of the maturing market and harnessing our progressively advanced paediatric dentistry infrastructure network using established Shenyang Aoxin Q&M Stomatology Hospital Co., Ltd. ("Shenyang Aoxin") as a platform.

Besides the paediatric dentistry segment, we are heartened that since our successful initial public offer ("IPO") in April 2017, we have successfully carried out several strategic acquisitions during the year. With this, we will continue to expand our customer base through boosting online marketing efforts and strategic partnerships.

KEY DEVELOPMENTS IN 2018

Since our successful IPO in April 2017, we have grown from strength to strength, being supported by a competent and responsible team which is aligned with the Group's objectives.

We have also adopted the Aoxin Q&M employee share option scheme and the Aoxin Q&M performance share plan as part of our plan to attract and retain quality talents in all areas of the Group's operations. This will help us give recognition to dentists and employees who have contributed significantly to the Group, and to foster an ownership culture amongst team members. This also gives the Group more flexibility and effectiveness in motivating employees' performance, while enabling the Group to better manage our costs without compromising on performance and efficiency.

MESSAGE TO SHAREHOLDERS

During the year, we continued to focus on organic growth. As at 9 November 2018, the Group has fully utilised the IPO Proceeds of S$9.1 million for expansion of business through organic growth, and mergers and acquisitions. We have also re-allocated S$2.7 million of our IPO proceeds originally allocated for the enhancement of infrastructure and working capital purposes to the expansion of the Group's business.

Currently, the Group has 14 dental centres, comprising 5 dental hospitals and 9 polyclinics. The dental centres are located in six different cities in Liaoning Province, Northern PRC, namely, Shenyang, Huludao, Panjin, Gaizhou, Zhuanghe and Jinzhou. The Group's dental equipment and supplies distribution network covers the Liaoning, Heilongjiang and Jilin Provinces in the Northern PRC.

Where corporate social responsibility was concerned, we also sponsored the Liaoning Children Health Checkup initiative, while conducting about a hundred rounds of free dental hygiene education and dental checkup, offering dental hygiene assistance to special needs children.

FUTURE OUTLOOK

As slowing growth continued to ensue in China's economy, we expect FY2019 to be challenging. But we also view this as an opportunity to consolidate and integrate our operations, thereby strengthening our foundation. Going forward, we will focus our efforts on improving the revenue of the hospitals and clinics, reduce gestation losses, maximise clinics' cost efficiency and increase dental chairs utilisation. The Group will continue to recruit and train undergraduate dentists, nurses and laboratory technicians to support our long-term growth plan.

Through vendor collaboration and expanding our vendor network, we seek to consolidate our dental and equipment supplies segment and expand outside the three provinces of Liaoning, Heilongjiang and Jilin to grow our presence in the PRC market.

IN APPRECIATION

We would like to take this opportunity to welcome Mr. San Yi Leong who was appointed Executive Director and Deputy Chief Executive Officer on 1 January 2019. We look forward to working closely with him as we bring the Group to greater heights.

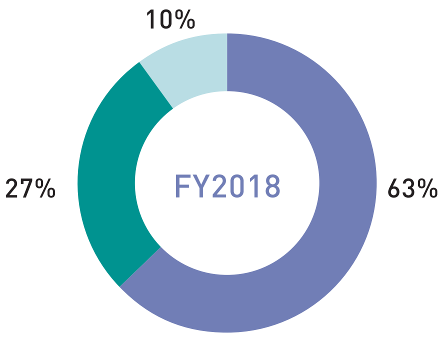
On behalf of the Board, we would like to thank our fellow directors, management and staff for their perseverance and hard work that have steered the Group through our corporate journey. We would also like to express our gratitude to you for your staunch faith and trust in us. Together, we will move forward to achieve bigger accomplishments.

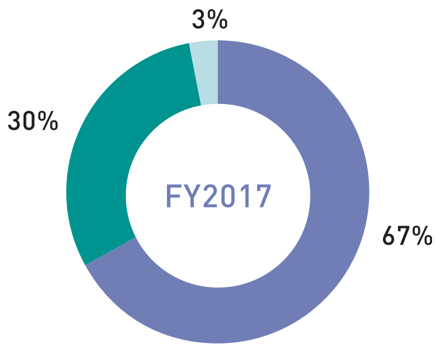
Mr. Chua Ser Miang
Non-Executive Chairman and Independent Director

Dr. Shao Yongxin
Executive Director and Chief Executive Officer ("CEO")

HIGHLIGHTS OF THE YEAR FY2018 KEY FIGURES

REVENUE BY SEGMENT

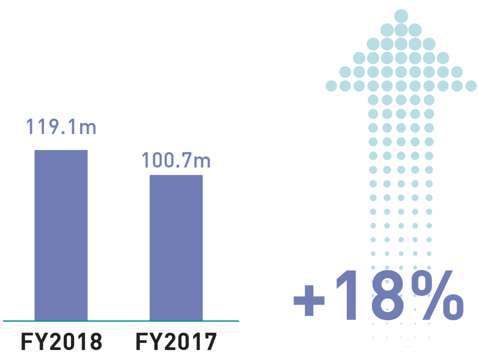




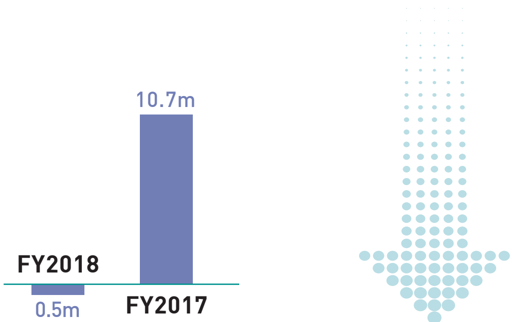
- Primary Healthcare
- Distribution of dental equipment & supplies
- Laboratory services

- Primary Healthcare
- Distribution of dental equipment & supplies
- Laboratory services

Revenue
(RMB)



Adjusted (Loss)/Profit Net of Tax Attributable to Shareholders
(from continuing operations)*
(RMB)



* *Excluding one-time professional fees and expenses in relation to the IPO*

Current Ratio (times)

As at 31 December 2018	As at 31 December 2017
4.8	3.9

Cash Position (RMB)

As at 31 December 2018	As at 31 December 2017
50.3m	95.3m

NAV per Share

As at 31 December 2018	As at 31 December 2017
64.5 cents (RMB) 12.8 cents (SGD)	63.6 cents (RMB) 13.0 cents (SGD)

Adjusted (Losses)/Earnings per share*

FY2018	FY2017
(0.12) cents (RMB) (0.02) cents (SGD)	3.3 cents (RMB) 0.7 cents (SGD)

* *Excluding one-time professional fees and expenses in relation to the IPO*

OPERATIONS REVIEW

As we entered our first year of listing in FY2018, we took steps to further fine-tune our operations to be in line with Singapore's listing regulations and better meet our clinical business needs. Towards this end, we enhanced and optimised our workflow processes to improve our productivity. We also expanded the functions of our management automation system and enhanced the transparency of our mechanism systems.

During the year, we continued to grow organically through establishing new dental entities. In line with the Group's dental business expansion in North China, we added two fully operational dental entities to our portfolio. They were Panjin Aoxin Quanmin Stomatology Hospital Co., Ltd. and Shenyang Shenhe Aoxin Stomatology Polyclinic Co., Ltd..

Officially opened on 20 May 2018, the Panjin Aoxin Quanmin Stomatology Hospital is the first dental hospital to be set up by the Group since our Catalist listing in April 2017. Located in Xinglongtai District, Panjin City, China, the hospital uses state-of-the-art imported dental equipment including cone beam computed tomography (CT) scanner, CAD/CAM system, erbium laser and digital panoramic X-ray machine.

Separately, the Shenyang Shenhe Aoxin Stomatology Polyclinic started operations on 30 May 2018. This is the first polyclinic, within the Group to be located in a shopping mall (Kaisa Commercial Centre), and marks a milestone in the Group's strategy to expand its dental business to new locations. Sited at a prime location along one of the busiest streets in Shenhe District, Shenyang City, China, the polyclinic utilises highly advanced dental technology to provide comprehensive dental services for adults and children.

Concurrently, we also made progress in the following projects:

<u>Dental Entities</u>

(a) Shenyang Huanggu Aoxin Dental Clinic Co., Ltd was acquired for RMB1.1 million. On 30 January 2019, the Group completed the onshore share transfer of Shenyang Huanggu Aoxin Dental Clinic. It is a dental clinic operating in Huanggu District, Shenyang City, Liaoning Province, China.

(b) Youxin Dental Clinic was acquired for RMB19.6 million. It is a dental clinic providing general and specialist dentistry services in Jinzhou City, Liaoning Province, China. On 15 January 2019, the Group completed the onshore share transfer of Youxin Dental Clinic.

(c) Shenyang Aoxin Jinfeng Dental Clinic Co., Ltd. ("Jinfeng") was acquired for RMB10.3 million. It is a newly set-up clinic in Huanggu District, Shenyang City, Liaoning Province, China, and will provide general and specialist dentistry services. On 14 March 2019, the Group completed the onshore share transfer of Jinfeng.

OPERATIONS REVIEW

Property

In FY2018, the Group completed the acquisition of the premise located at No.190 of Danan Street, Shenhe District, Shenyang City from Ms. Li Xiao Lan for a total consideration of RMB6.6 million. The acquisition provides us with a strategic opportunity to secure a permanent location for the operation of the dental hospital on Danan Street.

By 2Q2019, the Group will expand our footprint by opening another dental hospital in Dalian (Dalian Aoxin Quanmin Stomatology Hospital Co., Ltd.) and three dental clinics separately in Anshan, Huludao Longgang District and Shenyang. This will allow the Group to gain access to a wider market share and expand our customer base accordingly.

Besides the above mentioned, the Group's professional members also garnered several awards as testament to our team's notable expertise and standards. This is also a form of recognition for the Group's technical competence and quality of service, encouraging more dental professionals to upgrade their skills and inspire more collaborations. The accolades included:

(a) Dr. Ma Shuyi from Shenyang Aoxin Hospital together with Dr. Sun Hailong from Shenyang Shenhe Aoxin Stomatology Polyclinic, were conferred the Clinical Specialist Centre of Prosthodontics, the Best Clinical Expert and the Young Clinical Dentist awards respectively at a medical conference held in Jinzhou Medical University.

沈阳奥新全民口腔医院牙医马书意医生及沈阳沈河奥新口腔门诊部牙医孙海龙医生分别荣获由锦州医科大学颁发的锦州医科大学第一批临床首席专家及锦州医科大学第一批临床青年名医。

(b) The Group's Chief Executive Officer, Dr. Shao Yongxin was re-appointed by Jinzhou Medical University as the Dean of its Shenyang Department of Stomatology. Dr. Shao was the Dean of Jinzhou Medical University, Shenyang Department of Stomatology for the past three years.

集团首席执行官邵永新医生作为锦州医科大学研究生院硕士研究生导师，在年起任满锦州医科大学沈阳口腔医学院院长三年任期后，于年再次任命继续担任锦州医科大学沈阳口腔医学院院长。

(c) Dr. Sun Hailong from Shenyang Aoxin Hospital won the second runner-up at the National Root Canal Competition in 2018 organised by Yi Rui China.

沈阳奥新全民口腔医院牙医孙海龙医生荣获2018年全国根管大师比赛三等奖，由益锐中国颁发。

(d) Dr. Xu Liqiang from Shenyang Shenhe Aoxin Stomatology Polyclinic garnered the National Dental Endodontics Academic Conference Case Competition and National Top 100 Case Award conferred by the Dental Endodontics Special Committee of Chinese Stomatological Association.

沈阳沈河奥新口腔门诊部牙医徐立强医生荣获由中华口腔医学会牙体牙髓专委会颁发的全国牙体牙髓病学学术大会病例比赛全国百强病例奖。

(e) Dr. Niu Jing from Shenyang Aoxin Hospital won the top 50 position in the CEREC Good Voice Case Study Competition organised by Sirona Dental Systems Inc.

沈阳奥新全民口腔医院牙医牛静医生荣获西诺德颁发的”CEREC好声音病例大赛”前50强

(g) Dr. Guo Shumin was awarded the Most Influential Enterprise Advanced Individual Award by the Liaoning Children's Service Industry Association.

沈阳奥新全民口腔医院牙医郭淑敏医生荣获由辽宁省儿童服务产业协会颁发的最具影响力企业先进个人奖。

These accolades continue to serve as an affirmation for the Group's well-established professional reputation, underscoring our strong performance in the PRC market.

FINANCIAL REVIEW

REVENUE

Revenue from primary healthcare increased by approximately 12% to RMB75.1 million in FY2018 (FY2017: RMB67.3 million). This was mainly due to higher paediatric dentistry and implantology revenue from the existing hospitals and clinics, newly opened Panjin Hospital and Shenyang Shenhe Aoxin Stomatology Polyclinic in May 2018 and revenue from Zhuanghe City Aoxin Dawei Dental Co., Ltd. ("**AXDW**") which was acquired in December 2017.

Revenue from the distribution of dental equipment and supplies segment increased by 6% to RMB32.3 million in FY2018 (FY2017: RMB30.6 million), due to higher sales generated from dental supplies as compared to last year.

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

OPERATING EXPENSES

Consumables and dental supplies used increased by approximately 28% to RMB11.3 million in FY2018 (FY2017: RMB8.9 million). This was mainly due to the increase in the cost of materials which was partially due to the increase in revenue for primary healthcare. As a percentage of revenue, consumables and dental supplies used in the primary healthcare segment increased to 15.1% (FY2017: 13.2%).

In line with higher revenue, cost of sales for the distribution of dental equipment and supplies segment increased by approximately 9% to RMB26.1 million in FY2018 (FY2017: RMB24.0 million). As a percentage of revenue, the cost of sales for the distribution of dental equipment and supplies segment increased to 80.7% (FY2017: 78.6%).

Cost of laboratory services was attributed by SYQM, which was acquired in October 2017. As a percentage of revenue, the cost of laboratory services increased to 23.4% in FY2018 (FY2017: 18.2%), which was in line with the higher revenue.

Employee benefits expense increased by approximately 43% to RMB46.8 million in FY2018 (FY2017: RMB32.8 million). These were mainly due to: (i) Increase in headcount and salary costs for both primary healthcare and distribution of dental equipment and supplies segment, which increased in line with the increase in revenue; and (ii) Additional headcount due to the newly acquired entities such as SYQM and AXDW, and the newly opened Panjin Hospital and Shenyang Shenhe Aoxin Stomatology Polyclinic. As a percentage of revenue, employee benefits expense increased to 39.3% in FY2018 (FY2017: 32.6%).

Depreciation and amortisation expense increased by approximately 49% to RMB8.2 million in FY2018 (FY2017: RMB5.5 million). The increase of RMB2.7 million was mainly due to renovation costs and purchase of dental and laboratory equipment in relation to the acquisitions of SYQM and AXDW, as well as the purchase of equipment and renovation for the newly opened Panjin Hospital and Shenyang Shenhe Aoxin Stomatology Polyclinic. As a percentage of revenue, depreciation and amortisation expense increased to 6.9% (FY2017: 5.5%).

FINANCIAL REVIEW

Rental expenses increased by approximately 50% to RMB7.3 million in FY2018 (FY2017: RMB4.9 million). The increase of RMB2.4 million was mainly due to the increase in rental expenses for the newly acquired entities such as SYQM and AXDW, and the newly opened Panjin Hospital and Shenyang Shenhe Aoxin Stomatology Polyclinic. As a percentage of revenue, rental expenses increased to 6.2% (FY2017: 4.9%).

In FY2017, professional fees and expenses of RMB5.8 million were related to the IPO of the Company.

Other expenses increased by approximately 65% to RMB15.7 million in FY2018 (FY2017: RMB9.5 million). The increase of RMB6.2 million was mainly due to marketing and advertisement costs for promoting the hospitals and clinics, travel expenses and entertainment fees. As a percentage of revenue, other expenses increased to 13.2% (FY2017: 9.4%).

Other losses of RMB700,000 in FY2018 was mainly due to losses in foreign currency translations and plant and equipment written off.

PROFITABILITY

Profit from continuing operations, net of tax decreased by approximately RMB5.4 million, from a profit from continuing operations, net of tax of RMB4.9 million in FY2017 to a loss from continuing operations, net of tax of RMB0.5 million in FY2018. This was mainly due to the losses in Heping polyclinic and the gestation losses in Panjin Hospital and Shenyang Shenhe Aoxin Stomatology Polyclinic which was newly opened in May 2018.

Excluding the professional fee and expenses incurred in relation to the IPO, loss, net of tax attributable to owners of the parent from continuing operations would have been RMB0.5 million in FY2018 as compared to profit, net of tax of RMB10.7 million in FY2017.

STATEMENT OF FINANCIAL POSITION

The comparative performance for both the assets and liabilities are based on the Group's financial statements as at 31 December 2018 and 31 December 2017.

Non-current assets increased by approximately RMB25.4 million to RMB178.2 million as at 31 December 2018 (31 December 2017: RMB152.8 million). This was mainly due to the purchase of property at No.190 of Danan Street, Shenhe District, Shenyang City amounting to RMB6.8 million, the acquisition of plant and equipment in relation to the acquisition of SYQM and AXDW of RMB4.2 million, and the purchase of equipment and renovation for the newly opened Panjin Hospital and Shenyang Shenhe Aoxin Stomatology Polyclinic of RMB15.9 million. These were partially offset by depreciation and fixed assets written off.

Current assets decreased by approximately RMB27.9 million to RMB87.6 million as at 31 December 2018 (31 December 2017: RMB115.5 million).

FINANCIAL REVIEW

Inventories increased by RMB2.3 million to RMB9.6 million as at 31 December 2018 (31 December 2017: RMB7.3 million) mainly due to the increase in the dental equipment and supplies for the new hospital, clinics and newly acquired subsidiaries.

Trade and other receivables increased by RMB9.2 million to RMB19.6 million as at 31 December 2018 (31 December 2017: RMB10.4 million). This was mainly due to higher sales to government hospitals, increase in advances paid to suppliers and increase in loans to staff.

Other assets increased by RMB3.5 million to RMB6.0 million as at 31 December 2018 (31 December 2017: RMB2.5 million). This was mainly due to prepaid rental.

Cash and cash equivalents decreased by RMB45.0 million to RMB50.3 million as at 31 December 2018 (31 December 2017: RMB95.3 million). This was mainly due to purchase of properties, and use of IPO proceeds for expansion of business through organic growth and acquisitions.

Current liabilities decreased by approximately RMB11.7 million to RMB18.2 million as at 31 December 2018 (31 December 2017: RMB29.9 million).

Trade and other payables decreased by RMB12.4 million to RMB17.3 million as at 31 December 2018 (31 December 2017: RMB29.7 million). The decrease was mainly due to payment made to vendors for the acquisition of subsidiaries, partially offset by bills payable in the distribution of dental equipment and supplies segment of RMB937,000.

CASH FLOWS

The Group's net cash flow used in operating activities in FY2018 was RMB1.0 million. This was mainly attributable to cash flow from operations, increase in trade and other receivables, inventories, and other assets, offset by the increase of trade and other payables.

Net cash used in investing activities in FY2018 amounted to RMB51.9 million. This was mainly attributable to the purchase of property, plant and equipment and amount paid to vendors for acquisition of subsidiaries.

Net cash from financing activities in FY2018 was RMB7.9 million, and was mainly attributable to issuance of new shares and partially offset by dividend for FY2017 paid in May 2018.

Due to the above reasons, the Group's cash and cash equivalents was RMB50.3 million as at 31 December 2018 as compared to RMB95.3 million as at 31 December 2017.

BOARD OF DIRECTORS

Mr. Chua Ser Miang

Non-Executive Chairman and Independent Director

Age 50
Date of Appointment 30 March 2017
Date of Last Re-appointment 30 May 2017
Country of Principal Residence Singapore

Board Committee Membership
- Chairman of Audit Committee
- Member of Remuneration Committee
- Member of Nominating Committee

Board's Comments on the Appointment
Not applicable, Mr. Chua Ser Miang is not subjected to re-election.

Academic & Professional Qualification
- Bachelor of Business Administration (Hons), National University of Singapore
- Member of Chartered Financial Analyst Institute, USA
- Member of the Singapore Institute of Directors

Present Directorship, other than the Company
– Listed company
Yamada Green Resources Limited

Present Directorship
– Non-listed company
Eastwin Capital Pte. Ltd.

Principle commitments *(other than Directorship)* NIL

Past Directorship over the preceding 5 years
Deskera Holdings Limited
Romulus Corporation
China Puda High Tech Holdings Limited

Family Relationship None

Working Experience during the past 10 years
Jan 2013 to Present:
Eastwin Capital Pte. Ltd.
Director
Sep 2006 to Dec 2012:
DMG & Partners Securities Pte. Ltd.
Director, Corporate Finance Department

Shareholdings (direct & deemed) in the Company (as at 20 March 2019)
NIL

Conflict of Interest (including any competing business)
NIL

Dr. Shao Yongxin (邵永新)

Executive Director and CEO

Age 57
Date of Appointment 24 February 2017
Date of Last Re-appointment 26 April 2018
Country of Principal Residence China
Board Committee Membership NIL

Board's Comments on the Appointment
Not applicable, Dr. Shao Yongxin is not subjected to re-election.

Academic & Professional Qualification
- Professional Certificate (Stomatology), Shenyang Dental Skills Training Centre
- Master of Business Administration, Jilin University of Technology

Present Directorship, other than the Company
– Listed company NIL

Present Directorship
– Non-listed company
Health Field Enterprises Limited
Action Health Enterprises Limited
Q & M Dental (Shenyang) Pte. Ltd.
Shanghai Q & M Investment Management & Consulting Co., Ltd.
Shenyang Xinao Hospital Management Co., Ltd.
Shenyang Quanxin Medical Equipment Leasing Co., Ltd.

Principle commitments (other than Directorship)
Jinzhou Medical University Shenyang College of Dentistry (Dean)

Past Directorship over the preceding 5 years
NIL

Family Relationship None

Working Experience during the past 10 years
2014 to Present:
Shenyang Aoxin Q & M Stomatology Hospital Co., Ltd.
Hospital Director
1997 to 2016:
Shenhe District No. 6 Hospital
Hospital Director
1997 to 2014:
Shenyang Aoxin Stomatology Hospital Co., Ltd.
Hospital Director

Shareholdngs (direct & deemed) in the Company (as at 20 March 2019)
109,401,709 (deemed interest)

Conflict of Interest (including any competing business)
NIL

Mr. San Yi Leong @ Tan Yi Leong

Executive Director and Deputy CEO

Age 41
Date of Appointment 23 March 2017
Date of Last Re-appointment 30 May 2017
Country of Principal Residence Singapore
Board Committee Membership NIL

Board's Comments on the Appointment
The re-appointment of Mr. San Yi Leong @ Tan Yi Leong as Executive Director and Deputy CEO of the Company was recommended by the Nominating Committee and approved by the Board, after taking into consideration his contributions, qualifications, expertise and past experiences.

Academic & Professional Qualification
- Bachelor of Commerce (Accounting and Finance), Curtin University of Technology
- Chartered Accountant of Singapore
- Certified Practising Accountant of Australia

Present Directorship, other than the Company
– Listed company NIL

Present Directorship
– Non-listed company
Q & M Dental AI Pte. Ltd.
Q & M Dental (Shenyang) Pte. Ltd.
Shanghai Q & M Investment Management & Consulting Co., Ltd.

Principle Commitments (other than Directorship) NIL

Past Directorship over the preceding 5 years
Q & M Management & Consultancy Pte. Ltd.
Quantumleap Healthcare Pte. Ltd.
Q & M Dental (Shanghai) Pte. Ltd.
Q & M Dental Holdings (Shenzhen) Pte. Ltd.
Aidite (Qinhuangdao) Technology Co., Ltd. (China)
Shenyang Q & M Management Consulting Co. Ltd.

Family Relationship
Yes, Mr. San is the brother-in-law of Dr Ng Chin Siau, Group Chief Executive Officer of Q & M Dental Group (Singapore) Limited, who is a deemed controlling shareholder of the Company.

Working Experience during the past 10 years
March 2017 – December 2018
Aoxin Q & M Dental Group Limited
Non-Executive Director
March 2017 – December 2018
Q & M Dental Group (Singapore) Limited
Business Development Director
2015 – March 2017
Aoxin Q & M Dental Group Limited
Chief Financial Officer
2013 – 2015
Q & M Medical Group (Singapore) Pte. Ltd.
General Manager
2011 – 2015
Q & M Dental Group (Singapore) Limited
Business Development Director
2005 – 2011
Q & M Dental Group (Singapore) Limited
Business Development Manager

Shareholdings (direct & deemed) in the Company (as at 20 March 2019)
NIL

Conflict of Interest (including any competing business)
NIL

Mr. Vitters Sim Yu Xiong

Non-Executive Director

Age 60
Date of Appointment 28 December 2016
Date of Last Re-appointment 26 April 2018
Country of Principal Residence Singapore
Board Committee Membership NIL

Board's Comments on the Appointment
Not applicable, Mr. Vitters Sim Yu Xiong is not subject to re-election.

Academic & Professional Qualification
- Fellow member with Institute of Singapore Chartered Accountants
- Fellow of Association of Chartered Certified Accountants (UK)

Present Directorship, other than the Company
– Listed company NIL

Present Directorship
– Non-listed company
Aesthetics Dental Surgery Pte. Ltd.
Lee & Lee (Dental Surgeons) Pte. Ltd.
Q & M Dental Holdings (Shenzhen) Pte. Ltd.
Q & M Professionals Holding Pte. Ltd.
Q & M Dental Holdings (Malaysia) Pte. Ltd.
Q & M Dental AI Pte. Ltd.
Q & M Dental Group (Malaysia) Sdn. Bhd.
Q & M Dental Holdings (Malaysia) Sdn. Bhd.
AR Dental Supplies Sdn. Bhd.

Principle Commitments (other than Directorship)
Q & M Dental Group (Singapore) Limited
Chief Financial Officer

Past Directorship over the preceding 5 years
Q & M Dental (Shenyang) Pte. Ltd.

Family Relationship None

Working Experience during the past 10 years
2010 – Present:
Q & M Dental Group (Singapore) Limited
Chief Financial Officer
2008-2010
W. Atelier Pte. Ltd.
Chief Financial Officer

Shareholdings (direct & deemed) in the Company (as at 20 March 2019)
NIL

Conflict of Interest (including any competing business)
NIL

BOARD OF DIRECTORS

Professor Chew Chong Yin @ Chew Chong Lin

Independent Director

Age 73
Date of Appointment 30 March 2017
Date of Last Re-appointment 30 May 2017
Country of Principal Residence Singapore

Board Committee Membership
- Chairman of Remuneration Committee
- Member of Audit Committee
- Member of Nominating Committee

Board's Comments on the Appointment
The re-appointment of Professor Chew Chong Yin @ Chew Chong Lin as Independent Director of the Company was recommended by the Nominating Committee and approved by the Board, after taking into consideration his contributions, qualifications, expertise and past experiences.

Academic & Professional Qualification
- Bachelor of Dental Surgery, University of Singapore
- Master of Dental Surgery, University of Singapore
- Doctor of Philosophy, University of Singapore
- Master of Science in Dentistry, Indiana University

Present Directorship, other than the Company
– Listed company NIL

Present Directorship
– Non-listed company NIL

Principle Commitments (other than Directorship)
- Singapore Dental Council (President)
- Singapore Ministry of Health's Dental Specialist Accreditation Board (Member)
- Professor at National University of Singapore's Faculty of Dentistry

Past Directorship over the preceding 5 years
NIL

Family Relationship None

Working Experience during the past 10 years
1992 to Present:
National University of Singapore, Faculty of Dentistry
Professor

Shareholdings (direct & deemed) in the Company (as at 20 March 2019)
100,000 (direct interest)

Conflict of Interest (including any competing business)
NIL

Mr. Lin Ming Khin

Independent Director

Age 59
Date of Appointment 30 March 2017
Date of Last Re-appointment 30 May 2017
Country of Principal Residence Singapore

Board Committee Membership
- Chairman of Nominating Committee
- Member of Audit Committee
- Member of Remuneration Committee

Board's Comments on the Appointment
Not applicable, Mr. Lin Ming Khin is not subject to re-election.

Academic & Professional Qualification
- Bachelor of Laws, University of Buckingham

Present Directorship, other than the Company
– Listed company NIL

Present Directorship
– Non-listed company
Charles Lin LLC
Bee Entertainment Pte. Ltd.

Principle Commitments (other than Directorship)
- Commissioner for Oaths
- Notary Public
- Partner at Charles Lin LLC

Past Directorship over the preceding 5 years
NIL

Family Relationship None

Working Experience during the past 10 years
2017 to Present:
Charles Lin LLC
Advocate & Solicitors
1989-2019
Advocate & Solicitor

Shareholdings (direct & deemed) in the Company (as at 20 March 2019)
50,000 (direct interest)

Conflict of Interest (including any competing business)
NIL

EXECUTIVE OFFICERS

Dr. Bai Yi
General Manager

Dr. Bai is the Group's General Manager and she assists the Group's Executive Director and 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.

Mr. Cui Guo An
Chief Operating Officer and 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 was appointed as Chief Operating Officer ("COO") of the Group on 28 May 2018. He is the General Manager of SY Maotai and joined our Group in 2016. As the COO of the Group, Mr. Cui is responsible for overseeing the Group'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)).

EXECUTIVE OFFICERS

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 Financial Controller, Ms. Wan, with financial and accounting matters. Mr. Zhang has over 20 years of experience in auditing, accounting, and financial management.

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

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

CORPORATE INFORMATION

• BOARD OF DIRECTORS

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

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

Mr. San Yi Leong @ Tan Yi Leong
Executive Director and Deputy CEO

Mr. Vitters Sim Yu Xiong
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

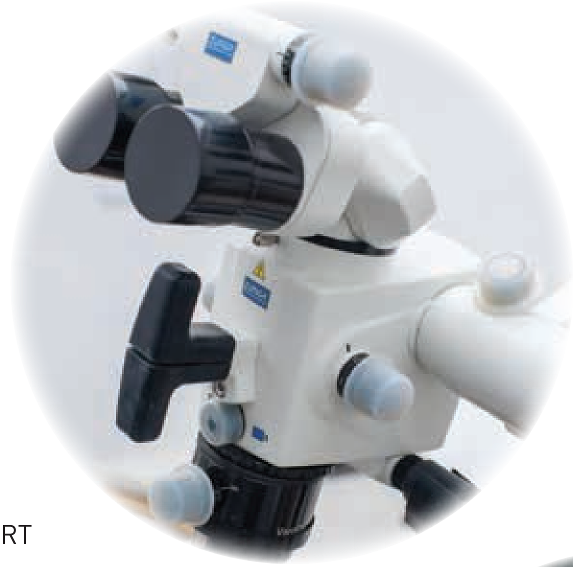
Tricor Barbinder Share Registration Services
(a division of Tricor Singapore Pte. Ltd.)
80 Robinson Road #11-02
Singapore 068898

• SPONSOR

SAC Capital Private Limited
1 Robinson Road
#21-00 AIA Tower
Singapore 048542

• AUDITORS

RSM Chio Lim LLP
8 Wilkie Road
#04-08 Wilkie Edge
Singapore 228095
Partner-in-charge: Chan Weng Keen
(Member of the Institute of Singapore Chartered Accountants)
Effective from year ended
31 December 2018



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 2018 ("**FY2018**"), 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**").

The revised Code of Corporate Governance was recently issued on 6 August 2018 (the "**2018 Code**"), with the aim to enhance board quality by strengthening board independence and diversity and encourage better engagement between companies and all stakeholders. The 2018 Code is effective for annual reports covering financial years commencing from 1 January 2019. In this regard, the Company will endeavour to comply with the 2018 Code once it is effective.

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 primary role of the Board is to lead and control the Company's operations and affairs and to protect and enhance long-term shareholders' value. 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) ensure that there are necessary financial and human resources in place for the Company to meet its objectives;

(c) supervise the Management and monitors performance of these goals to enhance shareholders' value;

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

(e) 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

(f) 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 judgement, 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 acknowledges that while the Board Committees have the authority to examine particular issues and report back to the Board with their decisions and recommendations, the ultimate responsibility on all matters lies with the Board.

CORPORATE GOVERNANCE REPORT

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 the annual general meeting ("**AGM**").

The Company's Constitution provides for Directors to participate in meetings 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.

Details of the Board and Board Committees meetings held during FY2018 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. San Yi Leong @ Tan Yi Leong	2	2	2*	2*	1*	1*	1*	1*
Mr. Vitters Sim Yu Xiong	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 the key management personnel. For newly-appointed Directors who do not have prior experience as a director of a public listed company in Singapore, pursuant to the amended Rule 406(3)(a) of the Catalist Rules, which was revised to be consistent with the 2018 Code and effective from 1 January 2019, the Company will arrange for the SGX-ST's prescribed training courses organised by the Singapore Institute of Directors on the roles and responsibilities of a director of a listed company, or other training institutions in areas such as management, 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, and to be kept informed on the relevant new laws, regulations, code of corporate governance, financial reporting standards and changing commercial risks, from time to time. During FY2018, Directors were provided with briefings and updates (i) on the developments in financial reporting and governance standards by the external auditors, RSM Chio Lim LLP; and (ii) on changes in the relevant laws and regulations pertaining to the Group's business and changing commercial risks and business conditions of the Group by the Management during the Board Committees 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, three (3) of whom are Independent Directors. The Board is able to exercise objective judgement independently from the 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 Chief Executive Officer ("**CEO**"))
Mr. San Yi Leong @ Tan Yi Leong	(Executive Director and Deputy Chief Executive Officer ("**Deputy CEO**"))
Mr. Vitters Sim Yu Xiong	(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.

CORPORATE GOVERNANCE REPORT

Following the recent revision to the Code, the Catalist Rules has been amended to be consistent with the 2018 Code. In relation to the assessment of the independence of directors, specific tests of directors' independence have been hardcoded into the Catalist Rules to clarify that these circumstances which deemed directors not to be independent should be applied without any exceptions. Under Rules 406(3)(d)(i) and 406(3)(d)(ii) of the Catalist Rules which took effect on 1 January 2019, it stipulates that a director will not be considered as independent if he is or has been employed by the issuer or any of its related corporations for the current or any of the past three financial years; or if he has an immediate family member who is or has been employed by the issuer or any of its related corporation for the past three financial years, and whose remuneration is determined by the remuneration committee of the issuer. In this regard, the Independent Directors have confirmed that they and their immediate family members do not have any employment relationships with the Company or any of its related corporations for the current or any of the past three financial years.

The NC has reviewed and determined that the Independent Directors are independent in accordance with the Code, the 2018 Code and the Catalist Rules. 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 substantial 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 Board is of the view that there is a good balance between the Executive and Non-Executive Directors, and there is a strong and independent element on the Board.

Mr. Chua Ser Miang is the Non-Executive and Independent Chairman of the Company. In view of the fact that the Chairman is an Independent Director, with the Board comprising six (6) Directors, three (3) of whom are independent and one (1) of whom is Non-Executive and Non-Independent, the composition of the Board complies with the recommendation under the Code that Independent Directors make up at least half of the Board, as well as the recommendation under the 2018 Code that the Non-Executive Directors make up a majority of the Board.

The Non-Executive Directors (i.e. including Independent Directors) will constructively challenge and assist in developing the Group's strategic process, reviewing the performance of the Management in meeting agreed goals and objectives, and in monitoring the reporting of performance. Where necessary, the Non-Executive Directors meet without the presence of the Management.

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 the 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 CEO, are not related to each other.

The 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 discussions 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 terms 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, the Catalist Rules 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 as a whole, its Board Committees and the contribution of each individual Director to the effectiveness of the Board;

(e) reviewing and recommending to the Board succession plans for Directors, in particular, the Chairman and the 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 (within the meaning of the Code, the 2018 Code and the Catalist Rules), 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 duties as a Director of the Company. As the time requirement of each Director is 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.

CORPORATE GOVERNANCE REPORT

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 has 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.

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 that Professor Chew Chong Yin @ Chew Chong Lin and Mr. San Yi Leong @ Tan Yi Leong 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.

Professor Chew Chong Yin @ Chew Chong Lin will, upon re-election as a Director, remain as an Independent Director of the Company, Chairman of the RC and a member of the AC and NC. Mr. San Yi Leong @ Tan Yi Leong will, upon re-election as a Director, remain as an Executive Director and the Deputy CEO. The retiring Directors have responded negative to items (a) to (k) listed in Appendix 7F of the Catalist Rules.

Key information for each Director is disclosed in their profile as set out in the section entitled "Board of Directors" of this Annual Report. In addition, pursuant to Rule 720(5) of the Catalist Rules, the additional information as set out in Appendix 7F of the Catalist Rules relating to the retiring Directors who are submitting themselves for re-election is disclosed below to be read in conjunction with the information in the section entitled "Board of Directors" of this Annual Report. The Company has procured the undertakings from all the Directors in the format set out in Appendix 7H under Rule 720(I) of the Catalist Rules.

The date of initial appointment and last re-election of each Director, together with their present and past five (5) 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 five (5) 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 – China Puda High Tech Holdings Limited	– Director at Eastwin Capital Pte. Ltd.
Dr. Shao Yongxin	Executive Director and CEO	24 February 2017	26 April 2018	NIL	NIL	– Dean of Jinzhou Medical University Shenyang College of Dentistry
Mr. San Yi Leong @ Tan Yi Leong	Executive Director and Deputy CEO	23 March 2017	30 May 2017	NIL	– Aidite (Qinhuangdao) Technology Co., Ltd	NIL
Mr. Vitters Sim Yu Xiong	Non-Executive Director	28 December 2016	26 April 2018	NIL	NIL	– Chief Financial Officer 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 – Singapore Dental Council (President) – Singapore Ministry of Health's Dental Specialist Accreditation Board (Member)
Mr. Lin Ming Khin	Independent Director	30 March 2017	30 May 2017	NIL	NIL	– Partner at Charles Lin LLC – Commissioner for Oaths – Notary Public

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 their 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 Directors have separate and independent access to the Company Secretary at all times. 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 whole or individually, when deemed fit, direct the Company to appoint professional advisers to render professional advice at the Company's expense.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

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 terms 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 Directors' 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 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 remuneration package.

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

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

Level and Mix of Remuneration

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

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

The Company has entered into a fixed-term service agreement with our Executive Director and 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.

The review of the remuneration of the Executive Directors and key management personnel takes into consideration the performance and the contributions of the Executive Directors and key management personnel to the Company and/or the Group and gives due regard to the financial and business performance of the Group. The Group seeks to offer competitive level of remuneration to attract/motivate and retain senior management of the required competency to run the Group successfully.

The Executive Directors do not receive any Directors' fees. The remuneration of the Executive Directors and key management personnel comprise primarily a basic salary component and a variance component which is inclusive of bonuses and other benefits.

The Independent Directors receive Directors' fees in accordance with their representation and contributions on the Board and various Board Committees, taking into account factors such as effort and time spent, as well as the general corporate responsibilities, risks and obligations of the Directors. The Company recognises the need to pay competitive fees to attract, motivate and retain Directors without being excessive to the extent that their independence might be compromised. Directors' fees are recommended by the Board for approval at the Company's AGM. 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 Company has adopted the Aoxin Q & M Employee Share Option Scheme and Aoxin Q & M Performance Share Plan (collectively, the "**Schemes**") that were approved by shareholders at the extraordinary general meeting held on 9 January 2019, to align itself with and embrace local trends and best practices in employee compensation and retention. The Schemes aim to promote higher performance goals, recognise exceptional achievement and retain talents within the Group. The Schemes are administered by the RC. Please refer to the section entitled "Directors' Statement" of this annual report for more information on the Schemes.

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 remuneration package for the Executive Directors 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.

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 Directors and key management personnel in exceptional cases of wrongdoings. The RC will review such contractual provision as and when necessary.

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 FY2018 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	77.2	–	22.8	–	100.0
Mr. Vitters Sim Yu Xiong	A	–	–	–	100.0	100.0
Mr. San Yi Leong @ Tan Yi Leong[2]	A	–	–	–	100.0	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.

Notes:

1. Band A: Below S$250,000.
2. Mr. San Yi Leong @ Tan Yi Leong was re-designated from a Non-Executive Director to an Executive Director and Deputy CEO on 1 January 2019. He received remuneration as a Non-Executive Director of the Company in FY2018.

CORPORATE GOVERNANCE REPORT

As at the date of this report, the Group only has four (4) key management personnel who are not Directors or the CEO. For FY2018, the aggregate remuneration paid to all the key management personnel of the Group amounted to approximately S$743,000. The details of remuneration of the key management personnel of the Group are as follows:

Name	Remuneration Band[1]	Salary %	Bonus %	Benefits %	Total %
Mr. Cheong Yew Meng[2]	A	89.0	11.0	–	100.0
Ms. Wan Sin Nee	A	86.0	14.0	–	100.0
Dr. Bai Yi	A	96.4	3.6	–	100.0
Dr. Ren Hong[3]	A	70.9	29.1	–	100.0
Mr. Cui Guo An	A	88.5	11.5	–	100.0
Dr. Zhang Chun[4]	A	51.3	7.7	41.0	100.0
Dr. Li Zhuo[4]	A	100.0	–	–	100.0
Mr. Zhang Dong Wei	A	86.6	13.4	–	100.0

Notes:

1. Band A: Below S$250,000.
2. Mr. Cheong Yew Meng resigned from his position as Chief Financial Officer on 7 February 2019.
3. Dr. Ren Hong resigned from her position as Chief Medical Officer on 31 January 2019. She remains as Principal Dentist of Panjin Jincheng Q & M Stomatology Co., Ltd..
4. Dr. Zhang Chun and Dr. Li Zhuo resigned from their positions as Executive Officers on 31 January 2019. They remain as Principal Dentist of Panjin Jinsai Q & M Stomatology Co., Ltd. and Gaizhou City Aoxin Q & M Stomatology Hospital Co., Ltd. respectively.

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 FY2018.

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 FY2018.

In developing long-term incentive schemes, the Company's main objectives are to provide its employees an opportunity to participate in the equity of the Company and to enhance its competitive edge in attracting, recruiting and retaining talented key management personnel and employees. In line with these objectives, the Group has adopted the Schemes. The Schemes are administrated by the RC in accordance with the rules thereof. The Company believes that the Schemes will align the interests of its employees with those of its shareholders.

The Board has sought to link the quantum of salary for the Executive Directors and key management personnel to the pay and employment conditions within the same industry and in comparable companies, taking into consideration their respective roles and responsibilities. Bonuses are paid based on their individual performances and the Group's performance.

ACCOUNTABILITY AND AUDIT

Accountability

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 prospects.

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 judgement in decision making, human error losses, fraud or other irregularities.

The adequacy and effectiveness of these controls is subject to review by the internal auditors and is monitored by the AC. In addition, the external auditors also review the accounting systems and internal controls that are relevant to the statutory audit that came to their attention during the course of audit. Significant non-compliance in internal controls, together with recommendations for improvement, is reported to the AC. Copies of these reports are also issued to the relevant department for follow-up action. 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 CEO and the former Chief Financial Officer ("**CFO**"), (a) that the financial records have been properly maintained and the financial statements for FY2018 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 CEO and the former 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 FY2018.

The Board will, on a continuing basis, endeavour to further enhance and improve the Company's system of internal controls and risk management policies and systems.

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, compliance and information technology control 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 Financial Controller and the external auditors so as to ensure the integrity of the financial statements of the Group and any formal announcement relating to the Group's financial performance;

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

(n) ensure that the internal auditor's primary line of reporting should be to the AC Chairman although he would also report administratively to the 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 external auditors did not render any non-audit services to the Group during the financial year. The audit fees paid to the external auditors for FY2018 was S$82,500.

The Company confirms that it has complied with Rules 712 and 715 of the Catalist Rules in relation to the appointment of its external auditors. No former partner or director of the Company's existing auditing firm is a member of the AC.

RSM Chio Lim LLP has served as external auditors for 8 consecutive audits since the financial year ended 31 December 2011. The AC is of the view that a change of external auditors is in the best interests of the Company and the shareholders as the Board is of the view that a rotation of auditors is advantageous for strategic purpose and as part of ongoing good corporate governance, a change of Auditors would enable the Company to benefit from fresh perspectives and the views of another professional audit firm and also enhance the value of the audit. The AC had recommended, and the Board had approved the nomination to appoint Foo Kon Tan LLP as the Company's external auditor for the financial year ending 31 December 2019 subject to the approval of shareholders.

The Company has put in place a whistle-blowing policy to provide a channel for employees to report in good faith and in confidence, without fear of reprisals, concerns about possible improprieties in financial reporting or other matters. The objective for such an arrangement is to ensure independent investigation of such matters and for appropriate follow-up action. All complaints or information would be forwarded to the AC Chairman or the Financial Controller. Details of the whistle-blowing policy and arrangements have been made available to all employees. During the financial year under review, there was no report of any whistle-blowing incidents.

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 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 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

Shareholder Rights

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 are 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, it is the Board's policy 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; and
- 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. 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 Directors and the Financial Controller with the responsibility of facilitating communications with shareholders and analysts and attending to their queries or concerns.

The Company currently does not have an Investor Relation Policy. The Company will assess the need to have such a policy should the need arises. 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 the SGXNet when the Company discloses its financial results. For FY2018, the Board has not declared or recommended any dividend as the Group has decided to conserve cash for expansion.

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)

The Company and its subsidiaries did not enter into any material contracts (including loans) involving the interests of any Directors or controlling shareholders, which are either still subsisting as at the end of FY2018 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.

The AC has reviewed the rationale for and terms of the Group's interested person transactions and is of the view that the interested person transactions are entered on normal commercial terms and are not prejudicial to the interests of shareholders.

No general mandate has been obtained from shareholders in respect of interested person transactions for FY2018. Particulars of the interested person transactions for FY2018, 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] – Rental of premises at Shenyang Aoxin Q & M Stomatology Hospital Co., Ltd. and Shenyang Heping Q & M Aoxin Stomatology Polyclinic Co., Ltd.	141	NIL

Note:

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

DEALING IN SECURITIES

(Rule 1204(19) of the Catalist Rules)

In compliance 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 two (2) weeks prior to the announcement of the Company's quarterly results and one (1) month prior to the announcement of the full year results, as the case may be, and ending on the date of the announcement of the relevant 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 Company 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)

There were no non-sponsor fees paid or to be paid to the Sponsor, SAC Capital Private Limited, for FY2018.

USE OF IPO PROCEEDS

(Rule 1204(22) of the Catalist Rules)

On 9 November 2018, the Group had fully utilized the IPO Proceeds of S$9.1 million for expansion of business through organic growth, mergers and acquisitions.

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 2018.

1. Opinion of the directors

In the opinion of the directors,

(a) the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018 and of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the reporting year ended on that date; and

(b) at the date of 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:

Shao Yongxin
San Yi Leong @ Tan Yi Leong
Lin Ming Khin
Chua Ser Miang
Professor Chew Chong Yin @ Chew Chong Lin
Vitters Sim Yu Xiong

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 Singapore Companies Act, Chapter 50 (the "Act") except as follows:

Name of directors and companies in which interests are held	Direct Interest: At beginning of the reporting year	Direct Interest: At end of the reporting year	Deemed Interest: At beginning of the reporting year	Deemed Interest: At end of the reporting year
The Company		**Number of shares of no par value**		
Shao Yongxin	–	–	109,401,709	109,401,709
Lin Ming Khin	50,000	50,000	–	–
Professor Chew Chong Yin @ Chew Chong Lin	100,000	100,000	–	–

The directors' interests as at 21 January 2019 were the same as those at the end of the reporting year.

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. Aoxin Q & M Employee Share Option Scheme

The Company has adopted a long-term employee incentive scheme known as Aoxin Q & M Employee Share Option Scheme (the "Scheme") that was approved by shareholders at the extraordinary general meeting held on 9 January 2019. The Scheme will expire on 8 January 2029.

The Scheme is administered by the ESOS Committee whose members are made up of the Remuneration Committee ("RC") of the Company from time to time:

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

Under the Scheme, the number of additional ordinary shares to be issued pursuant to the Scheme shall not exceed 15% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company but subject to the aggregate number of shares available under the Scheme and the Plan (as defined below) not exceeding 15% of total number of issued shares (excluding treasury shares and subsidiary holdings), from time to time.

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

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

6. Aoxin Q & M Performance Share Plan

The Company has adopted the Aoxin Q & M Performance Share Plan (the "Plan") that was approved by shareholders at the extraordinary general meeting held on 9 January 2019.

The Plan is administered by the PSP Committee whose members are made up of the RC of the Company from time to time:

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

Under the Plan, the number of additional ordinary shares to be issued pursuant to the Plan shall not exceed 15% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company but subject to the aggregate number of shares available under the Scheme and the Plan not exceeding 15% of total number of issued shares (excluding treasury shares and subsidiary holdings), from time to time.

Since the adoption of the Plan till the date of this statement, no performance shares have been granted under the Plan.

7. Audit Committee

The members of the Audit Committee at the date of this statement are as follows:

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

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

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

The Audit Committee, having reviewed all non-audit services provided by the external auditor to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditor. The Audit Committee has also conducted a review of the interested person transactions.

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

Further details regarding the Audit Committee are disclosed in the Corporate Governance Report.

8. Subsequent developments

There are no significant developments subsequent to the release of the Group's and the Company's preliminary financial statements, as announced on 28 February 2019, which would materially affect the Group's and the Company's operating and financial performance as of the date of this statement.

On behalf of the directors

Shao Yongxin Director	San Yi Leong @ Tan Yi Leong Director

30 March 2019

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF AOXIN Q & M DENTAL GROUP LIMITED

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of Aoxin Q & M Dental Group Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2018, 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 a summary of significant 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 Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS (I)") 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 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the changes in equity of the Company for the reporting year ended on that date.

Basis for opinion

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

Key audit matters

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

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 16 "Intangible assets" for the key assumptions used in impairment testing of goodwill.

As at 31 December 2018, the Group's goodwill arose from the acquisition of subsidiaries amounted to RMB109,228,000 (2017: RMB109,228,000) and this amount represented 41% (2017: 41%) of the Group's total assets. Goodwill is allocated to certain cash-generating units ("CGUs"), which 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 CGUs and a suitable discount rate in order to calculate present value of the recoverable amount of each CGU. 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.

Key audit matters (Continued)

Assessment of impairment of goodwill (Continued)

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 rates used in the impairment assessment and tested the accuracy of the computations.

We also assessed the adequacy of the Group's disclosures in the financial statements 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.

Other information

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

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

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

Responsibilities of management and directors for the financial statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

(a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

(d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by 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 Chan Weng Keen.

RSM Chio Lim LLP
Public Accountants and
Chartered Accountants
Singapore

30 March 2019

Engagement partner – effective from year ended 31 December 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

REPORTING YEAR ENDED 31 DECEMBER 2018

	Notes	2018 RMB'000	2017 RMB'000
Revenue	5	**119,114**	100,669
Interest income		**152**	75
Other income and gains	6	**45**	20
Consumables and dental supplies		**(11,325)**	(8,865)
Cost of dental equipment and supplies		**(26,080)**	(24,020)
Cost of laboratory services		**(2,730)**	(521)
Employee benefits expense	7	**(46,817)**	(32,799)
Depreciation and amortisation expense		**(8,212)**	(5,523)
Rental expense		**(7,333)**	(4,889)
Finance costs	8	**(2)**	(1)
Professional fees and expenses related to IPO		**–**	(5,803)
Other expenses	9	**(15,713)**	(9,497)
Other losses	6	**(700)**	(362)
Profit before income tax from continuing operations		**399**	8,484
Income tax expense	11	**(852)**	(3,606)
(Loss) profit from continuing operations, net of tax		**(453)**	4,878
Profit from disposal of discontinued operations, net of tax	14	**–**	130
(Loss) profit, net of tax		**(453)**	5,008
Other comprehensive income (losses)			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**1,569**	(1,925)
Total comprehensive income		**1,116**	3,083
Attributable to:			
Owners of parent			
(Loss) profit from continuing operations, net of tax		**(453)**	4,878
Profit from discontinuing operations, net of tax		**–**	134
(Loss) profit, net of tax attributable to owners of parent		**(453)**	5,012
Non-controlling interests			
Loss from discontinuing operations, net of tax		**–**	(4)
Loss, net of tax attributable to non-controlling interests		**–**	(4)
(Loss) profit, net of tax		**(453)**	5,008
Attributable to:			
Owners of parent			
Total comprehensive income from continuing operations, net of tax		**1,116**	2,953
Total comprehensive income from discontinuing operations, net of tax		**–**	134
Total comprehensive income attributable to owners of the parent		**1,116**	3,087
Non-controlling interests			
Total comprehensive loss from discontinuing operations, net of tax		**–**	(4)
Total comprehensive loss attributable to non-controlling interests		**–**	(4)
Total comprehensive income		**1,116**	3,083

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

REPORTING YEAR ENDED 31 DECEMBER 2018

(Losses) earnings per share	**2018 RMB Cents**	2017 RMB Cents
Basic – continuing operations	**(0.12)**	1.49
Basic – discontinuing operations	**–**	0.04
	(0.12)	1.53
Diluted – continuing operations	**(0.12)**	1.49
Diluted – discontinuing operations	**–**	0.04
	(0.12)	1.53

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Notes	Group		
		31.12.2018 RMB'000	31.12.2017 RMB'000	1.1.2017 RMB'000
ASSETS				
Non-current assets				
Property, plant and equipment	15	**62,442**	36,135	36,778
Intangible assets	16	**115,372**	116,257	99,798
Other assets	21	**402**	410	491
Total non-current assets		**178,216**	152,802	137,067
Current assets				
Assets classified as disposal group	14	**–**	–	13,218
Inventories	19	**9,576**	7,327	6,780
Income tax recoverable		**2,116**	–	–
Trade and other receivables	20	**19,586**	10,402	16,048
Other assets	21	**5,962**	2,485	762
Cash and cash equivalents	22	**50,318**	95,265	34,918
Total current assets		**87,558**	115,479	71,726
Total assets		**265,774**	268,281	208,793
EQUITY AND LIABILITIES				
Equity				
Share capital	23	**295,356**	284,744	44,312
Retained earnings		**10,764**	16,584	12,317
Other reserves	24	**(60,103)**	(64,719)	22,646
Equity attributable to owners of the parent		**246,017**	236,609	79,275
Non-controlling interest		**–**	–	15,587
Total equity		**246,017**	236,609	94,862
Non-current liabilities				
Deferred tax liabilities	11	**1,536**	1,757	1,657
Total non-current liabilities		**1,536**	1,757	1,657
Current liabilities				
Liabilities classified as disposal group	14	**–**	–	276
Income tax payables		**–**	182	870
Trade and other payables	25	**17,284**	29,733	111,128
Other financial liabilities	26	**937**	–	–
Total current liabilities		**18,221**	29,915	112,274
Total liabilities		**19,757**	31,672	113,931
Total equity and liabilities		**265,774**	268,281	208,793

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Notes	Company 31.12.2018 RMB'000	31.12.2017 RMB'000	1.1.2017 RMB'000
ASSETS				
Non-current assets				
Plant and equipment	15	**369**	411	2
Investments in subsidiaries	17	**277,210**	254,039	223,801
Other assets	21	**328**	410	491
Total non-current assets		**277,907**	254,860	224,294
Current assets				
Trade and other receivables	20	**10,501**	3,231	3,279
Other assets	21	**289**	317	676
Cash and cash equivalents	22	**22,297**	36,563	10,561
Total current assets		**33,087**	40,111	14,516
Total assets		**310,994**	294,971	238,810
EQUITY AND LIABILITIES				
Equity				
Share capital	23	**295,356**	284,744	44,312
Retained earnings (accumulated losses)		**(2,638)**	295	(5,639)
Other reserves	24	**15,971**	3,149	106,614
Total equity		**308,689**	288,188	145,287
Current liabilities				
Trade and other payables	25	**2,305**	6,783	93,523
Total equity and liabilities		**310,994**	294,971	238,810

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

STATEMENTS OF CHANGES IN EQUITY

REPORTING YEAR ENDED 31 DECEMBER 2018

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 2018	**236,609**	**236,609**	**284,744**	**16,584**	**(64,719)**	**–**
Total comprehensive income (loss) for the year	**1,116**	**1,116**	**–**	**(453)**	**1,569**	**–**
Issue of share capital (Note 23)	**10,612**	**10,612**	**10,612**	**–**	**–**	**–**
Dividend paid (Note 12)	**(3,658)**	**(3,658)**	**–**	**(3,658)**	**–**	**–**
Share-based payment (Note 24)	**1,338**	**1,338**	**–**	**–**	**1,338**	**–**
Transfer to statutory reserve (Note 24)	**–**	**–**	**–**	**(1,709)**	**1,709**	**–**
Closing balance at 31 December 2018	**246,017**	**246,017**	**295,356**	**10,764**	**(60,103)**	**–**
Previous year:						
Opening balance at 1 January 2017	94,862	79,275	44,312	12,317	22,646	15,587
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 23)	76,297	76,297	178,105	–	(101,808)	–
Issue of new shares pursuant to the IPO (Note 23)	56,221	56,221	56,221	–	–	–
Issue of share capital (Note 23)	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 24)	640	640	–	–	640	–
Transfer to statutory reserve (Note 24)	–	–	–	(744)	744	–
Dividend paid	(1)	(1)	–	(1)	–	–
Share issue costs (Note 23)	(3,078)	(3,078)	(3,078)	–	–	–
Disposal of subsidiary classified under disposal group (Note 14)	(599)	–	–	–	–	(599)
Closing balance at 31 December 2017	236,609	236,609	284,744	16,584	(64,719)	–

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

STATEMENTS OF CHANGES IN EQUITY

REPORTING YEAR ENDED 31 DECEMBER 2018

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 2018	**288,188**	**284,744**	**295**	**3,149**
Total comprehensive income for the year	**12,209**	**–**	**725**	**11,484**
Issue of share capital (Note 23)	**10,612**	**10,612**	**–**	**–**
Dividend paid (Note 12)	**(3,658)**	**–**	**(3,658)**	**–**
Share-based payment (Note 24)	**1,338**	**–**	**–**	**1,338**
Closing balance at 31 December 2018	**308,689**	**295,356**	**(2,638)**	**15,971**
Previous year:				
Opening balance at 1 January 2017	145,287	44,312	(5,639)	106,614
Total comprehensive income (loss) for the year	3,637	–	5,934	(2,297)
Issue of new shares pursuant to Restructuring Exercise (Note 23)	76,297	178,105	–	(101,808)
Issue of new shares pursuant to the IPO (Note 23)	56,221	56,221	–	–
Issue of share capital (Note 23)	9,184	9,184	–	–
Share-based payment (Note 24)	640	–	–	640
Share issue costs (Note 23)	(3,078)	(3,078)	–	–
Closing balance at 31 December 2017	288,188	284,744	295	3,149

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

CONSOLIDATED STATEMENT OF CASH FLOWS

REPORTING YEAR ENDED 31 DECEMBER 2018

	2018 RMB'000	2017 RMB'000
Cash flows from operating activities		
Profit before income tax	**399**	8,484
Depreciation and amortisation expense	**8,212**	5,523
IPO expenses	**–**	5,803
Gain on disposal of discontinued operations	**–**	(61)
Loss on disposal of plant and equipment	**1**	–
Plant and equipment written-off	**267**	16
Interest expense	**2**	1
Share-based payment	**1,338**	640
Net effect of exchange rate changes in consolidating foreign operations	**1,556**	(1,609)
Operating cash flows before changes in working capital	**11,775**	18,797
Inventories	**(2,249)**	(547)
Trade and other receivables	**(7,371)**	5,970
Other assets	**(3,469)**	(1,642)
Trade and other payables	**3,733**	(5,158)
Net cash flows from operations	**2,419**	17,420
Income taxes paid	**(3,371)**	(5,304)
Net cash flows (used in) from operating activities	**(952)**	12,116
Cash flows used in investing activities		
Acquisition of subsidiaries (Note 18)	**–**	(2,210)
Cash balance disposed for discontinued operations	**–**	(2,501)
Increase in staff loans	**(1,813)**	(282)
Payments to vendors for acquisitions of subsidiaries in prior years	**(16,182)**	–
Purchase of plant and equipment	**(33,889)**	(4,407)
Net cash flows used in investing activities	**(51,884)**	(9,400)
Cash flows from financing activities		
Repayment of advances to related companies	**–**	(2,356)
Dividend paid to equity owners	**(3,658)**	–
Dividends paid to non-controlling interests of subsidiaries	**–**	(1)
Interest expense paid	**(2)**	(1)
Increase in short term borrowings	**937**	–
Proceeds from share subscription	**10,612**	68,870
IPO expenses	**–**	(8,881)
Net cash flows from financing activities	**7,889**	57,631
Net (decrease) increase in cash and cash equivalents	**(44,947)**	60,347
Cash and cash equivalents, beginning balance	**95,265**	34,918
Cash and cash equivalents, ending balance (Note 22)	**50,318**	95,265

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

1. General

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

The financial statements are presented in Chinese Renminbi and they cover the Company and its subsidiaries (collectively, the "Group").

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

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries are disclosed in Note 17 to the financial statements.

The registered office of the Company is located at 80 Robinson Road, #02-00 Singapore 068898 and the principal place of business of the Company is in Singapore.

Statement of compliance with financial reporting standards

These financial statements for the year ended 31 December 2018 are the first time for the Group and the Company have prepared in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)s") and the related Interpretations to SFRS(I) ("SFRS(I) INT") as issued by the Singapore Accounting Standards Council. Accordingly, the Group and the Company have prepared financial statements that comply with SFRS(I) applicable as at 31 December 2018, together with the comparative period data for the year ended 31 December 2017, as described in the summary of significant accounting policies. On preparing the financial statements, the Group's and the Company's opening statement of financial position were prepared as at 1 January 2017, the Group and the Company's date of transition to SFRS(I).

These financial statements are in compliance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and with SFRS(I)s issued by the Singapore Accounting Standards Council.

Accounting convention

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

Basis of 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 in Note 2C below, 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 (the Company and its subsidiaries) presented as those of a single economic entity and are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All significant intragroup balances and transactions are eliminated on consolidation. Subsidiaries are consolidated from the date the reporting entity obtains control of the investee and cease when the reporting entity loses control of the investee.

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

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

2. Significant accounting policies and other explanatory information

2A. Significant accounting policies

Revenue recognition

The financial reporting standard on revenue from contracts with customers establishes a five-step model to account for revenue arising from contracts with customers. Revenue is recognised at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer (which excludes estimates of variable consideration that are subject to constraints, such as right of return exists, trade discounts, volume rebates and changes to the transaction price arising from modifications), net of any related sales taxes and excluding any amounts collected on behalf of third parties. An asset (goods or services) is transferred when or as the customer obtains control of that asset. As a practical expedient the effects of any significant financing component is not adjusted if the payment for the good or service will be within one year.

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

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

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

Leasing income is recognised on a time-proportion basis that takes into account the effective yield on the asset on a straight-line basis over the lease term.

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

2A. Significant accounting policies (Continued)

Government grants

Government grants are recognised at fair value when there is reasonable assurance that the conditions attaching to them will be complied with and that the grants will be received. Grants in recognition of specific expenses are recognised in profit or loss on a systematic basis over the periods necessary to match them with the related costs that they are intended to compensate. The grant related to assets is presented in the statement of financial position by recognising the grant as deferred income that is recognised in profit or loss on a systematic basis over the useful life of the asset and in the proportions in which depreciation expense on those assets is recognised.

Employee benefits

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

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.

Operating leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. For operating leases, lease payments are recognised as an expense in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense.

Borrowing costs

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

Foreign currency transactions

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

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

2A. Significant accounting policies (Continued)

Foreign currency transactions (Continued)

The presentation currency of the Company 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 RMB5.0427 to S$1 (2017: RMB4.8938 to S$1, 2016: RMB4.7959 to S$1) which approximate the rate of exchange at the end of the reporting year. The average rates of exchange for the reporting year were RMB5.0244 to S$1 (2017: RMB4.8668 to S$1, 2016: RMB4.8234 to S$1). Certain balances are translated at historical rates. Such translation should not be constructed as a representation that the RMB amounts could be converted into S$ 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.

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 by the end of the reporting year; 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 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)

Property, plant and equipment

Property, 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.

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.

The gain or loss arising from the derecognition of an item of property, 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.

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 annual rates of depreciation and estimated residual value rate are as follows:

	Useful life	Residual value rate
Leasehold property	4%	5%
Leasehold improvements	10%	5%
Furniture and fittings and equipment	10% to 20%	5%
Motor vehicles	10%	5%

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

The residual value and the useful life of an asset is reviewed at least at each end of the 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.

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.

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

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.

Business combinations

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 the financial reporting standard on financial instruments. 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 the financial reporting standard on business combinations. 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.

Goodwill

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

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

2A. Significant accounting policies (Continued)

Goodwill (Continued)

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 any intangible asset with an indefinite useful life or any 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 represents the lowest level within the entity at which the goodwill is monitored for internal management purposes and is not larger than a segment.

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

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)

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.

Financial instruments

Recognition and derecognition of financial instruments

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the entity becomes party to the contractual provisions of the instrument. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised and derecognised, as applicable, using trade date accounting or settlement date accounting. A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the entity neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. A financial liability is removed from the statement of financial position when, and only when, it is extinguished, that is, when the obligation specified in the contract is discharged or cancelled or expires. At initial recognition the financial asset or financial liability is measured at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Classification and measurement of financial assets

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

(ii) Financial asset that is a debt asset instrument classified as measured at fair value through other comprehensive income (FVTOCI): There were no financial assets classified in this category at reporting year end date.

(iii) Financial asset that is an equity investment classified as measured at fair value through other comprehensive income (FVTOCI): There were no financial assets classified in this category at reporting year end date.

(iv) Financial asset classified as measured at fair value through profit or loss (FVTPL): There were no financial assets classified in this category at reporting year end date.

Classification and measurement of financial liabilities

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

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

2A. Significant accounting policies (Continued)

Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of cash flows include bank and cash balances and on demand deposits. For the consolidated statement of cash flows, the item includes cash and cash equivalents less cash subject to restriction, if any.

Fair value measurement

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

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

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 provision 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.

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

2B. Other explanatory information (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 the financial reporting standard on non-current assets held for sale and discontinued operations 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.

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.

2C. Critical judgements, assumptions and estimation uncertainties

The critical judgements made in the process of applying the accounting policies that have the most significant effect on the amounts recognised in the financial statements and the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities currently or within the next reporting year are discussed below. These estimates and assumptions are periodically monitored to ensure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

Assessment of impairment of goodwill:

The carrying amount of goodwill is tested annually for impairment. This annual impairment test is significant and the process is complex and highly judgmental and is based on assumptions that are affected by expected future market or economic conditions. As a result, significant judgement is required in evaluating the assumptions and methodologies used by management, in particular those relating to the forecasted revenue growth and profit margins. Judgement is also required in identifying the cash-generating units ("CGUs"). The disclosures about goodwill are included in Note 16, which explains that small changes in the key assumptions used could give rise to an impairment of the goodwill balance in the future. Actual outcomes could vary from these estimates.

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

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

Net realisable value of inventories:

A review is made on inventory for slow moving 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 trade receivables:

The trade receivables are subject to the expected credit loss model under the financial reporting standard on financial instruments. The expected lifetime losses are recognised from initial recognition of these assets. These assets are grouped based on shared credit risk characteristics and the days past due for measuring the expected credit losses. A simplified approach is adopted to determine the loss allowance for all trade receivables. The carrying amounts might change materially within the next reporting year but these changes may not arise from assumptions or other sources of estimation uncertainty at the end of the reporting year. The carrying amount is disclosed in the Note on trade and other receivables.

Income tax amounts:

The Group 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. As a result, due to their inherent nature assessments of likelihood are judgemental and not susceptible to precise determination. The income tax amounts are disclosed in the Note on income tax.

Assessment of impairment of property, plant and equipment:

An assessment is made for the reporting year whether there is any indication that the asset may be impaired. If any such indication exists, an estimate is made of the recoverable amount of the asset. The recoverable amounts of cash-generating units if applicable is measured based on the fair value less costs of disposal or value in use calculations. 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 at the end of the reporting year affected by the assumption is RMB1,685,937 (31.12.2017 and 1.1.2017: Nil).

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

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

Useful lives of properties:

The estimates for the useful lives and related depreciation charges for properties classified under property, plant and equipment are 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 2018 affected by the assumption is RMB6,745,000 (31.12.2017 and 1.1.2017: Nil).

3. Related party relationships and transactions

The financial reporting standard 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.

3A. Related party transactions

There are transactions and arrangements between the Group and its 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 transfer of resources, services or obligations if any are unsecured, without fixed repayment terms and interest or charge unless stated otherwise.

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

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

	2018 **RMB'000**	2017 RMB'000
Purchase of goods[a]	**–**	550
Purchase of plant and equipment[a]	**–**	1,407
General expenses[a]	**–**	30
Rental expense[b]	**1,164**	890
Software rental[c]	**187**	159

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

(b) These relate to transactions occurred between the Group and directors of its subsidiaries.

(c) These relate to transactions occurred between the Group and a subsidiary of a controlling shareholder.

3. Related party relationships and transactions (Continued)

3B. Key management compensation

	Group	
	2018	**2017**
	RMB'000	**RMB'000**
Salaries and other short-term employee benefits	**5,261**	2,858

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

	Group	
	2018	2017
	RMB'000	RMB'000
Remuneration of directors of the Company	**596**	321
Remuneration of directors of the subsidiaries	**228**	495
Remuneration of executive officers of the Group	**2,958**	1,718
Remuneration of directors of the subsidiaries cum executive officers of the Group	**776**	–
Fees to directors of the Company	**703**	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.

Further information about the remuneration of individual directors is provided in the corporate governance statement included in the annual report of the Company.

3C. Other receivables from and other payables to related parties

The trade transactions and the related 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:

	Group and company		
	31.12.2018	31.12.2017	1.1.2017
	RMB'000	RMB'000	RMB'000
Immediate parent company			
Balance at beginning of the year	**–**	(92,795)	(166,610)
Amounts paid out and settlement of liabilities on behalf of the other party	**–**	4,857	10,218
Capitalised as share capital (Note 23)	**–**	75,784	43,787
Disposal of discontinued operations (Note 14)	**–**	12,153	24,245
Management fee	**–**	–	(118)
Foreign exchange differences	**–**	1	(4,317)
Balance at end of the year (Note 25)	**–**	–	(92,795)

3. Related party relationships and transactions (Continued)

3C. Other receivables from and other payables to related parties (Continued)

	Group		
	31.12.2018 RMB'000	31.12.2017 RMB'000	1.1.2017 RMB'000
Related companies			
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 20)	–	–	153
Other payables (Note 25)	–	–	(215)
	–	–	(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 the financial reporting standard on operating segments. This disclosure standard has no impact on the reported financial performance or financial position of the Company.

For management purposes the Group 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 segments and the types of products and services are as follows:

(i) Primary healthcare comprising dentistry services.

(ii) Distribution of dental equipment and supplies, which includes, amongst others, the distribution of equipment and supplies used in the provision of dental services.

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

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 management reporting system evaluates performances based on a number of factors. However, the primary profitability measurement to evaluate segment's operating results comprises two major financial indicators: (1) earnings from operations before amortisation and depreciation, interests and income taxes ("Recurring EBITDA"); and (2) operating results before income taxes and other unallocated items ("ORBIT").

4. Financial information by operating segments (Continued)

4B. Profit or loss from continuing operations and reconciliations

	Group	
	2018 RMB'000	2017 RMB'000
Segment revenue		
Primary healthcare	**75,125**	67,253
Distribution of dental equipment and supplies	**32,321**	30,551
Laboratory services	**11,668**	2,865
	119,114	100,669
Segment results		
Primary healthcare	**(1,995)**	11,596
Distribution of dental equipment and supplies	**1,277**	1,741
Laboratory services	**1,117**	950
IPO expenses	**–**	(5,803)
Profit before income tax	**399**	8,484
Income tax expense	**(852)**	(3,606)
(Loss) profit for the year	**(453)**	4,878

4C. Assets and liabilities reconciliation

		Group	
	31.12.2018 RMB'000	31.12.2017 RMB'000	1.1.2017 RMB'000
Segment assets			
Primary healthcare	**231,141**	247,012	181,804
Distribution of dental equipment and supplies	**21,951**	11,575	13,771
Laboratory services	**12,682**	9,694	–
	265,774	268,281	195,575
Segment liabilities			
Primary healthcare	**13,085**	26,486	104,084
Distribution of dental equipment and supplies	**5,072**	3,736	9,571
Laboratory services	**1,600**	1,450	–
	19,757	31,672	113,655
Expenditure for non-current assets			
Primary healthcare	**30,258**	2,109	6,834
Distribution of dental equipment and supplies	**42**	528	539
Laboratory services	**3,589**	1,770	–
	33,889	4,407	7,373

4. Financial information by operating segments (Continued)

4D. Other material profit or loss items

	Group 2018 RMB'000	Group 2017 RMB'000
Depreciation expense		
Primary healthcare	**6,434**	5,036
Distribution of dental equipment and supplies	**64**	18
Laboratory services	**829**	100
	7,327	5,154
Amortisation expense		
Primary healthcare	**360**	327
Distribution of dental equipment and supplies	**42**	42
Laboratory services	**483**	–
	885	369

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's revenue.

5. Revenue

	Group 2018 RMB'000	Group 2017 RMB'000
Revenue classified by nature type:		
Rendering of services	**68,622**	62,797
Sale of goods	**32,321**	30,551
Laboratory services	**11,668**	2,865
Management fee income from outside parties	**5,246**	3,230
Leasing income	**1,068**	1,068
Other income	**189**	158
	119,114	100,669
Revenue classified by timing of revenue recognition:		
Point in time	**112,800**	96,371
Over time	**6,314**	4,298
	119,114	100,669

All the contracts are less than 12 months.

6. Other income and gains and (other losses)

	Group 2018 RMB'000	Group 2017 RMB'000
Government grants	**11**	20
PIC cash payout	**34**	–
Foreign exchange adjustment losses, net	**(432)**	(346)
Loss on disposal of plant and equipment	**(1)**	–
Plant and equipment written-off	**(267)**	(16)
Net	**(655)**	(342)
Presented in profit or loss as:		
Other income and gains	**45**	20
Other losses	**(700)**	(362)
	(655)	(342)

7. Employee benefits expense

	Group 2018 RMB'000	Group 2017 RMB'000
Short term employee benefits expense	**35,396**	23,383
Contributions to defined contribution plans	**8,288**	7,234
Other benefits	**1,819**	1,546
Share-based payment (Note 24C)	**1,314**	636
	46,817	32,799

8. Finance costs

	Group 2018 RMB'000	Group 2017 RMB'000
Interest expense	**2**	1

9. Other expenses

The major components and other selected components include the following:

	Group 2018 RMB'000	Group 2017 RMB'000
Entertainment fees	**1,166**	545
Marketing expenses	**3,238**	1,308
Professional fees	**2,379**	1,652
Travelling expenses	**1,997**	1,563
Utilities expenses	**1,235**	773
Other tax expenses	**1,703**	1,258

10. Items in profit or loss

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

	Group	
	2018	2017
	RMB'000	RMB'000
Audit fees to the independent auditor of the Company	**399**	307
Audit fees to the other independent auditors	**582**	511
Other fees to the independent auditor of the Company	**–**	500
Other fees to the other independent auditors	**–**	381

11. Income tax expense

11A. Components of tax expense recognised in profit or loss

	Group	
	2018	2017
	RMB'000	RMB'000
Current tax expense		
Current tax expense	**552**	4,087
Deferred tax expense		
Deferred tax income	**(221)**	(100)
Under (over) adjustments to tax in respect of prior years	**521**	(381)
Subtotal	**300**	(481)
Total income tax expense	**852**	3,606

The reconciliation of income taxes below is determined by applying the People's Republic of China ("PRC") corporate tax rate as the Group primarily operates in the PRC.

The income tax in profit or loss varied from the amount determined by applying the PRC income tax rate of 25% (2017: 25%) to profit or loss before income tax as a result of the following differences:

	Group	
	2018	2017
	RMB'000	RMB'000
Profit before income tax from continuing operations	**399**	8,484
Income tax expense at the above rate	**100**	2,121
Effect of different tax rate in different countries	**(50)**	604
Expenses not deductible for tax purposes	**26**	1,000
Unutilised tax losses	**274**	443
Under (over) adjustments to tax in respect of prior periods	**521**	(381)
Others	**(19)**	(181)
Total income tax expense on continuing operations	**852**	3,606

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

11. Income tax expense (Continued)

11B. Deferred tax expense recognised in profit or loss

	Group	
	2018	2017
	RMB'000	RMB'000
Under (over) adjustments to tax in respect of prior years	**521**	(381)
Excess of carrying values over tax values of intangible assets, and plant and equipment	**(221)**	(100)
Total deferred tax expense (income) recognised in profit or loss	**300**	(481)

11C. Deferred tax balance in the statement of financial position

	Group		
	31.12.2018	31.12.2017	1.1.2017
	RMB'000	RMB'000	RMB'000
Undistributed profits of PRC subsidiaries	**–**	–	917
Excess of carrying values over tax values of intangible assets, and plant and equipment	**1,536**	1,757	740
Total deferred tax liabilities	**1,536**	1,757	1,657

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

On 22 February 2008, the State Administration of Taxation of the People's Republic of China ("PRC") issued a circular Caishui [2008] No. 001, which imposes withholding tax on distribution of dividends from post 1 January 2008 profits to foreign investors. Accordingly, provision for deferred tax liabilities is required on profits accumulated from 1 January 2008 onwards.

However, as at 31 December 2018, no deferred tax liability has been recognised for withholding tax that would be payable on the undistributed profits of the PRC subsidiaries as the Group has determined that the portion of the undistributed profits of its PRC subsidiaries will not be distributed in the foreseeable future. Such temporary difference for which no deferred tax liability has been recognised amounted to approximately RMB16,000,000 (31.12.2017: RMB12,080,000; 1.1.2017: Nil) and the deferred tax liability is estimated at approximately RMB800,000 (31.12.2017: RMB604,000; 1.1.2017: Nil), subject to certain conditions being fulfilled.

12. Dividends on equity shares

	Company	
	2018	2017
	RMB'000	RMB'000
Final tax exempt (one-tier) dividend paid	**3,658**	–

In 2018, the Company paid a final tax exempt (one-tier) dividend of S$0.002 per share amounted to RMB3,658,000 (equivalent to S$744,000) out of its profit, net of tax for the reporting year ended 31 December 2017 of RMB5,934,000. This final dividend was approved by the shareholders of the Company in an annual general meeting held on 26 April 2018.

13. (Losses) earnings per share

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

	Group	
	2018	2017
	RMB'000	RMB'000
Numerators:		
(Loss) profit, net of tax attributable to equity holders:		
– Continuing operations	**(453)**	4,878
– Discontinuing operations	**–**	134
Total basic and diluted (losses) earnings	**(453)**	5,012
	No. of shares	
	'000	**'000**
Denominators:		
Weighted average number of equity shares – basic and diluted	**380,053**	326,514

The weighted average number of ordinary shares outstanding during the reporting year 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.

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

14. Disposal of discontinued operations in 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 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 Q & M Dental Group (Singapore) Limited.

The results for the reporting year ended 31 December 2017 from discontinued operations and the results for the previous reporting, which had been included in the consolidated financial statements, were as follows:

Group	**1.1.2017 to 30.3.2017 RMB'000**	**Reporting 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	

14. Disposal of discontinued operations in 2017 (Continued)

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

Group	On date of disposal in 2017 RMB'000	31.12.2016 RMB'000
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)	
Loss on disposal	(61)	
Total cash consideration	12,153	
Cash balance disposed	(2,501)	
Net cash inflow on disposal	9,652	

The cash flows of the discontinued operations from the beginning of the reporting year to 30 March 2017 and the reporting year ended 31 December 2016, which had been included in the consolidated financial statements, were as follows:

	1.1.2017 to 30.3.2017 RMB'000	Reporting year ended 31.12.2016 RMB'000
Operating cash flows	173	1,019
Investing cash flows	17	(126)
	190	893

15. Property, plant and equipment

Group	Leasehold property RMB'000	Leasehold improvements RMB'000	Furniture, fittings and equipment RMB'000	Motor vehicles RMB'000	Total RMB'000
Cost:					
At 1 January 2017	–	9,740	37,395	476	47,611
Additions	–	384	4,023	–	4,407
Arising from acquisition of subsidiaries (Note 18)	–	–	120	–	120
Disposals	–	–	(19)	–	(19)
At 31 December 2017	–	10,124	41,519	476	52,119
Additions	6,818	11,858	15,213	–	33,889
Disposals	–	–	(142)	–	(142)
Written-off	–	–	(511)	–	(511)
Foreign currency translation adjustment	–	–	15	–	15
At 31 December 2018	6,818	21,982	56,094	476	85,370
Accumulated depreciation:					
At 1 January 2017	–	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
Depreciation for the year	73	1,575	5,591	88	7,327
Disposals	–	–	(141)	–	(141)
Written-off	–	–	(244)	–	(244)
Foreign currency translation adjustment	–	–	2	–	2
At 31 December 2018	73	4,351	18,290	214	22,928
Net carrying value:					
At 1 January 2017	–	7,940	28,486	352	36,778
At 31 December 2017	–	7,348	28,437	350	36,135
At 31 December 2018	6,745	17,631	37,804	262	62,442

15. Property, plant and equipment (Continued)

Company	Furniture, fittings and equipment RMB'000
Cost:	
At 1 January 2017	18
Additions	461
At 31 December 2017	479
Foreign currency translation adjustment	14
At 31 December 2018	493
Accumulated depreciation:	
At 1 January 2017	16
Depreciation for the year	52
At 31 December 2017	68
Depreciation for the year	54
Foreign currency translation adjustment	2
At 31 December 2018	124
Net carrying value:	
At 1 January 2017	2
At 31 December 2017	411
At 31 December 2018	369

16. Intangible assets

		Group	
	31.12.2018 RMB'000	31.12.2017 RMB'000	1.1.2017 RMB'000
Goodwill (Note 16A)	**109,228**	109,228	96,841
Other intangible assets (Note 16B)	**6,144**	7,029	2,957
	115,372	116,257	99,798

16A. Goodwill

		Group	
	31.12.2018 RMB'000	31.12.2017 RMB'000	1.1.2017 RMB'000
At cost:			
Balance at beginning of the year	**109,228**	96,841	85,251
Arising from acquisitions of subsidiaries (Notes 18 and 31)	**–**	12,387	11,590
Balance at end of the year	**109,228**	109,228	96,841

16. Intangible assets (Continued)

16A. Goodwill (Continued)

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

Name of the subsidiaries	Group 31.12.2018 RMB'000	31.12.2017 RMB'000	1.1.2017 RMB'000
Primary healthcare			
Aoxin Stomatology group of companies	**85,251**	85,251	85,251
Panjin Jingcheng Q & M Stomatology Co., Ltd.	**4,455**	4,455	4,455
Panjin Jinsai Q & M Stomatology Co., Ltd.	**2,978**	2,978	2,978
Gaizhou City Aoxin Q & M Stomatology Hospital Co., Ltd.	**954**	954	954
Zhuanghe City Aoxin Dawei Dental Co., Ltd.	**5,575**	5,575	–
Subtotal	**99,213**	99,213	93,638
Distribution of dental equipment and supplies			
Shenyang Maotai Q & M Medical Equipment Co., Ltd.	**3,203**	3,203	3,203
Laboratory services			
Shenyang Qingaomei Oral Restorative Technology Co., Ltd.	**6,812**	6,812	–
	109,228	109,228	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 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).

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.

16. Intangible assets (Continued)

16A. Goodwill (Continued)

The cash flow forecasts have been prepared using information 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:

Name of subsidiaries	Revenue growth rate			Discount rate		
	31.12.2018	31.12.2017	1.1.2017	**31.12.2018**	31.12.2017	1.1.2017
Primary healthcare						
Aoxin Stomatology group of companies	**10% for the next 5 years**	15% for the next 5 years	14% for the next 5 years	**13%**	13%	13%
Panjin Jingcheng Q & M Stomatology Co., Ltd.	**5% for the next 5 years**	5% for the next 2 years and 3% for subsequent 3 years	5% for the next 2 years and 3% for subsequent 3 years	**13%**	13%	13%
Panjin Jinsai Q & M Stomatology Co., Ltd.	**5% for the next 2 years and 3% for subsequent 3 years**	5% for the next 2 years and 3% for subsequent 3 years	8% for the next 5 years	**13%**	13%	13%
Gaizhou City Aoxin Q & M Stomatology Hospital Co., Ltd.	**10% for the next 5 years**	8% for the next 2 years and 5% for subsequent 3 years	8% for the next 5 years	**13%**	13%	13%
Zhuanghe City Aoxin Dawei Dental Co., Ltd.	**10% for the next 5 years**	5% for the next 5 years	–	**13%**	13%	–
Distribution of dental equipment and supplies						
Shenyang Maotai Q & M Medical Equipment Co., Ltd.	**13% for the next 3 years and 10% for subsequent 2 years**	5% for the next 2 years and 3% for subsequent 3 years	8% for the next 2 years and 6% for subsequent 3 years	**13%**	13%	13%
Laboratory services						
Shenyang Qingaomei Oral Restorative Technology Co., Ltd.	**12% for the next 5 years**	10% for the next 5 years	–	**13%**	13%	–

Management forecasts the terminal growth rates at 2% (31.12.2017: 2%; 1.1.2017: Nil).

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

16. Intangible assets (Continued)

16A. Goodwill (Continued)

Aoxin Stomatology group of companies:

Actual outcomes could vary from these estimates. If the revised estimated revenue growth rate at the end of the reporting year had been 3 (31.12.2017: 8; 1.1.2017: 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 RMB3,796,000 (31.12.2017: RMB5,299,000; 1.1.2017: 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 RMB17,278,000 (31.12.2017: RMB17,381,000; 1.1.2017: 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 6 (31.12.2017: 10; 1.1.2017: 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 RMB719,000 (31.12.2017: RMB452,000; 1.1.2017: 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 RMB1,102,000 (31.12.2017: RMB1,194,000; 1.1.2017: 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 7 (31.12.2017: 6; 1.1.2017: 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 RMB247,000 (31.12.2017: RMB40,000; 1.1.2017: 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 RMB944,000 (31.12.2017: RMB724,000; 1.1.2017: RMB890,000). However the recoverable amount will still be higher than the carrying amount of goodwill.

Gaizhou City Aoxin Q & M Stomatology Hospital Co., Ltd.:

Actual outcomes could vary from these estimates. If the revised estimated revenue growth rate at the end of the reporting year had been 1 (31.12.2017: 2; 1.1.2017: 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 RMB259,000 (31.12.2017: RMB131,000; 1.1.2017: 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 carrying value of goodwill by RMB146,000 (31.12.2017: recoverable amount by RMB157,000; 1.1.2017: recoverable amount by RMB312,000).

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 2 (31.12.2017: 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 RMB15,000 (31.12.2017: 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 RMB669,000 (31.12.2017: RMB587,000). However the recoverable amount will still be higher than the carrying amount of goodwill.

16. Intangible assets (Continued)

16A. Goodwill (Continued)

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 1 (31.12.2017: 9; 1.1.2017: 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 RMB417,000 (31.12.2017: RMB848,000; 1.1.2017: 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 carrying value of goodwill by RMB1,092,000 (31.12.2017: recoverable amount by RMB591,000; 1.1.2017: recoverable amount by RMB580,000).

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 3 (31.12.2017: 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 RMB1,092,000 (31.12.2017: 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 RMB3,057,000 (31.12.2017: RMB1,721,000). However the recoverable amount will still be higher than the carrying amount of goodwill.

16B. Other intangible assets

Group	Customer lists RMB'000
Cost:	
At 1 January 2017	3,695
Reclassification adjustment to opening balance (Notes 18 and 31)	4,441
At 31 December 2017 and 31 December 2018	8,136
Accumulated amortisation:	
At 1 January 2017	738
Amortisation for the year	369
At 31 December 2017	1,107
Amortisation for the year	885
At 31 December 2018	1,992
Carrying value:	
At 1 January 2017	2,957
At 31 December 2017	7,029
At 31 December 2018	6,144

17. Investments in subsidiaries

	Company	
	31.12.2018	31.12.2017
	RMB'000	RMB'000
Unquoted equity interests at cost	**277,210**	254,039
Movements in cost during the year:		
Balance at beginning of the year	**254,039**	223,801
Additions	**13,110**	30,238
Foreign currency translation adjustment	**10,061**	–
Balance at end of the year	**277,210**	254,039

17A. Details of subsidiaries

The subsidiaries held by the Company are listed below:

Name of subsidiaries	Cost			Effective equity held		
	31.12.2018	31.12.2017	1.1.2017	**31.12.2018**	31.12.2017	1.1.2017
	RMB'000	RMB'000	RMB'000	**%**	%	%
Held by the Company						
Q & M Dental (Shenyang) Pte. Ltd.[c] [g]	**165,822**	147,040	113,483	**100**	100	60
Shanghai Q & M Investment Management & Consulting Co., Ltd.[b] [i]	**111,388**	106,999	110,318	**100**	100	100
	277,210	254,039	223,801			
Held through subsidiaries						
Shenyang Xinao Hospital Management Co., Ltd.[a] [c] [h]				**100**	100	100
Shenyang Aoxin Q & M Stomatology Hospital Co., Ltd.[a] [h]				**100**	100	100
Shenyang Heping Q & M Aoxin Stomatology Polyclinic Co., Ltd.[a] [h]				**100**	100	100
Huludao City Aoxin Stomatology Polyclinic Co., Ltd.[a] [h]				**100**	100	100
Huludao Aoxin Q & M Stomatology Hospital Co., Ltd.[a] [h]				**100**	100	100
Shenyang Quanxin Medical Equipment Leasing Co., Ltd.[a] [f] [h]				**100**	100	60
Panjin Jinsai Q & M Stomatology Co., Ltd.[j]				**100**	100	100
Panjin Jingcheng Q & M Stomatology Co., Ltd.[h]				**100**	100	100
Gaizhou City Aoxin Q & M Stomatology Hospital Co., Ltd.[j]				**100**	100	100
Zhuanghe City Aoxin Dawei Dental Co., Ltd.[j]				**100**	100	–
Panjin Aoxin Quanmin Stomatology Hospital Co., Ltd.[h]				**100**	100	–
Shenyang Maotai Q & M Medical Equipment Co., Ltd.[e] [h]				**100**	100	100
Shenyang Qingaomei Oral Restorative Technology Co., Ltd.[d] [h]				**100**	100	–
Shenyang Quanao Medical Investment Management Co., Ltd.[j]				**99**	99	99
Shenyang Shenhe Aoxin Stomatology Polyclinic Co., Ltd.[j] (registered on 10 May 2018)				**100**	–	–
Dalian Aoxin Quanmin Stomatology Hospital Co., Ltd.[k] (registered on 4 September 2018)				**100**	–	–
Huludao Longgang District Aoxin Stomatology Polyclinic Co., Ltd.[k] (registered on 20 September 2018)				**100**	–	–
Anshan Lishan District Aoxin Q & M Stomatology Polyclinic Co., Ltd.[k] (registered on 26 December 2018)				**100**	–	–
Shanghai Chuangyi Investment and Management Co., Ltd				**–**	–	80
Shanghai Kangyi Dental Polyclinic Co., Ltd				**–**	–	80

17. Investment in subsidiaries (Continued)

17A. Details of subsidiaries (Continued)

(a) Collectively known as Aoxin Stomatology group of companies.

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

(c) The principal activity of the subsidiary is investment holding.

(d) The principal activities of the subsidiary are the provision of laboratory services including processing of porcelain crown, bridges and dentures.

(e) The principal activities of the subsidiary are trading of medical and dental instruments and supplies.

(f) The principal activities of the subsidiary are leasing of dental equipment.

(g) Audited by RSM Chio Lim LLP.

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

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

(j) Audited by 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.

(k) Not audited, as it is not material.

Other than Q & M Dental (Shenyang) Pte. Ltd., which is incorporated and operating in Singapore, the remaining subsidiaries are registered and operating in the People's Republic of China.

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 Group.

On 30 March 2017, the Group disposed its entire interest in Shanghai Chuangyi Investment and Management Co., Ltd., and Shanghai Kangyi Dental Polyclinic Co., Ltd. (Note 14).

As is required by Rule 716 of the Listing Manual of the Singapore Exchange Securities Trading Limited, the audit committee and the board of directors of the Company have satisfied themselves that the appointment of different auditors for certain of its overseas subsidiaries would not compromise the standard and effectiveness of the audit of the Group.

18. Acquisition of subsidiaries

2017

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

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

	Pre-acquisition book value under FRS			
	Zhuanghe Aoxin Dawei RMB'000	Shenyang Qingaomei RMB'000	Total RMB'000	Fair value RMB'000
Plant and equipment	–	120	120	120
Intangible assets	–	–	–	4,441
Trade and other receivables	–	2,972	2,972	2,972
Cash and cash equivalents	500	990	1,490	1,490
Deferred tax liabilities	–	–	–	(1,110)
Trade and other payables	–	(1,100)	(1,100)	(1,100)
Net identifiable assets	500	2,982	3,482	6,813
Goodwill arising on consolidation	5,800	9,918	15,718	12,387
Purchase consideration	6,300	12,900	19,200	19,200
Amounts payable to vendors of the acquired subsidiaries (Note 25)	(5,700)	(9,800)	(15,500)	(15,500)
Cash and cash equivalents acquired	(500)	(990)	(1,490)	(1,490)
Net cash flow used in acquisitions of subsidiaries	100	2,110	2,210	2,210

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.

Goodwill is not deductible for tax purposes.

In 2017, the fair values of identifiable assets acquired and liabilities assumed from the acquisition of the abovementioned subsidiaries were recorded on a provisional basis as the hindsight period (of not more than 12 months) allowed by SFRS(I) 3, Business Combinations, has not yet expired as at 31 December 2017.

In 2018, management finalised the purchase price allocation exercise required by SFRS(I) 3. Consequently, certain comparative figures in the 2017 financial statements have been reclassified to reflect the fair values of the identifiable assets acquired and liabilities assumed at date of acquisition (Note 31).

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

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

18. Acquisition of subsidiaries (Continued)

2016

On 1 January 2016, Shenyang Xinao Hospital Management Co., Ltd., an indirect subsidiary of the Group acquired 60% of equity interests 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..

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. allowed the Group to add 4 fully operational dental clinics in Liaoning Province, People's Republic of China as part of its 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 the People's Republic of China.

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	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
Amounts payable to vendors of the acquired subsidiaries (Note 25)	(4,032)	–	–	–	(4,032)	(4,032)
Cash and cash equivalents acquired	(649)	(1,241)	(600)	(500)	(2,990)	(2,990)
Net cash flow (from) used in acquisitions 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.

Goodwill is not deductible for tax purposes.

18. Acquisition of subsidiaries (Continued)

2016 (Continued)

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

	Group From date of acquisition on 1 January 2016 RMB'000
Revenue	38,771
Profit before income 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% equity interests in its subsidiaries, namely, 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. On 25 January 2017, the Company issued 18,045,760 new ordinary shares to the vendors for the same cash consideration.

(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% equity interests in Shenyang Maotai Q & M Medical Equipment Co., Ltd. for cash consideration of approximately RMB0.8 million. On 25 January 2017, the Company issued 7,265,605 new ordinary shares to the vendors for the same cash consideration.

(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. On 25 January 2017, the Company issued 109,401,709 new ordinary shares to the vendors for the same cash consideration.

19. Inventories

	Group		
	31.12.2018 RMB'000	31.12.2017 RMB'000	1.1.2017 RMB'000
Dental and medical supplies	**2,400**	2,397	2,216
Finished goods and goods for resale	**6,397**	4,342	4,564
Raw materials	**779**	588	–
	9,576	7,327	6,780

There are no inventories pledged as securities for liabilities.

20. Trade and other receivables

	Group		
	31.12.2018 RMB'000	31.12.2017 RMB'000	1.1.2017 RMB'000
Trade receivables:			
Outside parties	**12,370**	7,563	8,500
Entity owned by a director of a subsidiary	**–**	–	1,724
Subtotal	**12,370**	7,563	10,224
Other receivables:			
Related companies (Note 3)	**–**	–	153
Due from entities owned by directors of a subsidiary	**–**	43	2,948
Deposits paid to suppliers	**2,116**	693	2,078
Staff loans	**2,250**	437	155
Outside parties	**2,850**	1,666	490
Subtotal	**7,216**	2,839	5,824
Total trade and other receivables	**19,586**	10,402	16,048

	Company		
	31.12.2018 RMB'000	31.12.2017 RMB'000	1.1.2017 RMB'000
Trade receivables:			
Outside parties	**10**	–	–
Subsidiaries	**10,491**	3,214	–
Subtotal	**10,501**	3,214	–
Other receivables:			
Related companies	**–**	–	331
Due from entities owned by directors of a subsidiary	**–**	–	2,948
Outside parties	**–**	17	–
Subtotal	**–**	17	3,279
Total trade and other receivables	**10,501**	3,231	3,279

The Group has many customers and which are considered to have low credit risk individually. The trade receivables shown above are subject to the expected credit loss model under the financial reporting standard on financial instruments. At the end of the reporting year, a loss allowance is recognised at an amount equal to 12 month expected credit losses because there has not been a significant increase in credit risk since initial recognition. No loss allowance is necessary.

At each subsequent reporting date, an evaluation is made whether there is a significant change in credit risk by comparing the customer's credit risk at initial recognition (based on the original, unmodified cash flows) with the credit risk at the reporting date (based on the modified cash flows). Adjustment to the loss allowance is made for any increase or decrease in credit risk.

There are no collateral held as security and other credit enhancements for the trade receivables.

As part of the process of setting customer credit limits, different credit terms are used. The average credit period generally granted to outside party trade receivable customers is about 30 days (31.12.2017: 30 days; 1.1.2017: 30 days). The Group's dental hospitals and clinics do not generally grant credit as services are usually settled in cash, "Yi Bao" (中华人民共和国医疗保险), which is the PRC's social health insurance, and credit card payments. The trade receivables are mainly credit card payments that take 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 (31.12.2017: 30 days to 180 days; 1.1.2017: 30 to 180 days) to their customers.

20. Trade and other receivables (Continued)

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

	Group		
	31.12.2018 RMB'000	31.12.2017 RMB'000	1.1.2017 RMB'000
Top 1 customer	**1,792**	983	1,724
Top 2 customers	**3,558**	1,711	2,561
Top 3 customers	**4,429**	2,432	3,052

The other receivables at amortised cost shown above are subject to the expected credit loss model under the financial reporting standard on financial instruments. Other receivables are normally with no fixed terms and therefore there is no maturity. Other receivables are regarded as of low credit risk if they have a low risk of default and the debtor has a strong capacity to meet its contractual cash flow obligations in the near term. The methodology applied for impairment loss depends on whether there has been a significant increase in credit risk.

Related companies and subsidiaries receivables are regarded as of low credit risk if they are guaranteed with the ability to settle the amount.

21. Other assets

	Group			Company		
	31.12.2018 RMB'000	31.12.2017 RMB'000	1.1.2017 RMB'000	**31.12.2018 RMB'000**	31.12.2017 RMB'000	1.1.2017 RMB'000
Non-current:						
Sign-on bonus	**328**	410	491	**328**	410	491
Others	**74**	–	–	**–**	–	–
	402	410	491	**328**	410	491
Current:						
Sign-on bonus	**94**	91	89	**94**	91	89
Deposits	**127**	52	25	**–**	–	–
Prepayments	**5,741**	2,342	648	**195**	226	587
	5,962	2,485	762	**289**	317	676

22. Cash and cash equivalents

	Group			Company		
	31.12.2018 RMB'000	31.12.2017 RMB'000	1.1.2017 RMB'000	**31.12.2018 RMB'000**	31.12.2017 RMB'000	1.1.2017 RMB'000
Not restricted in use	**50,318**	95,265	34,918	**22,297**	36,563	10,561

The interest earning balances are not significant.

22A. Reconciliation of liabilities arising from financing activities

	Group		
	31.12.2017 RMB'000	Cash flows RMB'000	**31.12.2018 RMB'000**
Short-term borrowings	–	937	**937**

23. Share capital

	Group and company Number of shares issued '000	Share capital RMB'000
Ordinary shares of no par value:		
Balance as at 1 January 2017	10,000	44,312
Issuance of new shares – by way of capitalisation of amount payable to immediate parent company[a]	153,462	75,784
Issuance of new shares pursuant to Restructuring Exercise[b]	134,713	101,835
Issuance of new shares pursuant to the IPO[c]	57,000	56,221
Issuance of new shares to Honour Pte. Ltd.[d]	16,346	9,184
Issuance of new shares to Dr Cheah Kim Fee[e]	641	486
Share issue costs	–	(3,078)
Balance as at 31 December 2017	372,162	284,744
Issuance of new shares[f]	9,413	10,612
Balance as at 31 December 2018	381,575	295,356

(a) 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 its immediate parent company.

(b) Pursuant to the IPO, the Company had in 2016 entered into various share purchase agreements to acquire the remaining equity interests of its subsidiaries from the non-controlling shareholders. The Company has correspondingly entered into various share subscription agreements with the non-controlling interests 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.

(c) The Company issued 57,000,000 new ordinary shares at S$0.20 each pursuant to the listing of its shares on the Catalist Board of the Singapore Exchange Securities Trading Limited.

(d) On 14 July 2017, the Company 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 24C).

(e) 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.

(f) On 1 March 2018, the Company issued 9,413,271 new ordinary shares at RMB1.127 (S$0.236) per share to Exclusive Innovation Pte. Ltd. and Weixia Pte. Ltd. for a cash consideration of RMB10,611,956 (equivalent to S$2,221,532) for the acquisitions of Shenyang Qingaomei Oral Restorative Technology Co., Ltd. and Zhuanghe City Aoxin Dawei Dental Co., Ltd..

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

Capital management:

In order to maintain its listing on the Singapore Exchange, the Company has to have share capital with a free float of at least 10% of the shares. The Company met the capital requirement on its initial listing and the rules limiting treasury share purchases mean it will continue to satisfy that requirement, as it did throughout the reporting year. Management receives a report from the share registrars frequently on substantial share interest showing the non-free float to ensure continuing compliance with the 10% limit throughout the reporting year.

The objectives when managing capital are: to safeguard the 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

23. Share capital (Continued)

Capital management: (Continued)

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 insignificant external borrowing. The debt-to-adjusted capital ratio therefore does not provide a meaningful indicator of the risk of borrowings.

24. Other reserves

	Group			Company		
	31.12.2018	31.12.2017	1.1.2017	**31.12.2018**	31.12.2017	1.1.2017
	RMB'000	RMB'000	RMB'000	**RMB'000**	RMB'000	RMB'000
Statutory reserve (Note 24A)	**5,954**	4,245	3,500	**–**	–	–
Share application reserve (Note 24B)	**–**	–	101,808	**–**	–	101,808
Share-based payment reserve (Note 24C)	**1,978**	640	–	**1,978**	640	–
Foreign currency translation reserve (Note 24D)	**3,870**	2,301	4,295	**13,993**	2,509	4,806
Other reserve (Note 24E)	**(71,905)**	(71,905)	(86,957)	**–**	–	–
	(60,103)	(64,719)	22,646	**15,971**	3,149	106,614

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.

24A. Statutory reserve

In accordance with the relevant regulations in the People's Republic of China (the "PRC"), the subsidiaries in the Group incorporated in the PRC are required to transfer a certain percentage of the profit after tax, if any, to a statutory reserve until the reserve balance reaches 50% of the registered capital. Subject to certain restrictions as set in the relevant PRC regulations, the statutory reserve which is not available for appropriation may be used to offset the accumulated losses, if any, of the subsidiaries.

24B. Share application reserve

Share application reserve relates to the issuance of shares to the non-controlling interests 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 23(b)]. The fair value of the shares issued was RMB0.76 (equivalent to S$0.16) per share.

24. Other reserves (Continued)

24C. Share-based payment reserve

The share-based payment reserve is in relation to shares subscription by Honour Pte. Ltd. as described in Note 23(d). 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 prescribed in the agreement dated 11 July 2017 which was signed between the Company and Honour Pte. Ltd., eligible employees in the Group shall not sell or dispose 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 to the profit or loss over 5 years as share-based payment.

24D. Foreign currency translation reserve

		Group			Company	
	31.12.2018 RMB'000	31.12.2017 RMB'000	1.1.2017 RMB'000	**31.12.2018 RMB'000**	31.12.2017 RMB'000	1.1.2017 RMB'000
At beginning of the year	**2,301**	4,295	10,348	**2,509**	4,806	6,760
Exchange differences on translating foreign operations	**1,569**	(1,994)	(5,962)	**11,484**	(2,297)	(1,954)
Arising from disposal of subsidiary classified under disposal group	**–**	–	(91)	**–**	–	–
At end of the year	**3,870**	2,301	4,295	**13,993**	2,509	4,806

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

24E. Other reserve

Other reserve relates to the excess of the fair value of the shares issued over the net assets of the remaining equity interests in the subsidiaries acquired as described in Note 24B above.

		Group	
	31.12.2018 RMB'000	31.12.2017 RMB'000	1.1.2017 RMB'000
At beginning of the year	**71,905**	86,957	–
Acquisition of subsidiaries (Note 23(b))	**–**	–	86,957
Acquisition of subsidiaries from non-controlling interests (Note 24B)	**–**	(15,052)	–
At end of the year	**71,905**	71,905	86,957

25. Trade and other payables

	Group		
	31.12.2018 RMB'000	31.12.2017 RMB'000	1.1.2017 RMB'000
Trade payables:			
Outside parties and accrued liabilities	**9,687**	5,804	6,137
Entity owned by a director of a subsidiary	**115**	2,062	5,355
Related companies (Note 3)	**50**	1	126
Subtotal	**9,852**	7,867	11,618
Other payables:			
Immediate parent company (Note 3)	**–**	–	92,795
Related companies (Note 3)	**–**	–	215
Due to vendors of acquired subsidiaries (Note 18)	**3,350**	19,532	4,032
Outside parties	**4,082**	2,334	1,648
Entity owned by a director of a subsidiary	**–**	–	820
Subtotal	**7,432**	21,866	99,510
Total trade and other payables	**17,284**	29,733	111,128

	Company		
	31.12.2018 RMB'000	31.12.2017 RMB'000	1.1.2017 RMB'000
Trade payables:			
Outside parties and accrued liabilities	**2,062**	920	498
Related companies (Note 3)	**50**	1	126
Subtotal	**2,112**	921	624
Other payables:			
Immediate parent company (Note 3)	**–**	–	92,795
Outside parties	**193**	162	104
Subsidiaries	**–**	5,700	–
Subtotal	**193**	5,862	92,899
Total trade and other payables	**2,305**	6,783	93,523

26. Other financial liabilities

	Group		
	31.12.2018 RMB'000	31.12.2017 RMB'000	1.1.2017 RMB'000
Bank loans	**937**	–	–

The loans bear floating interest at 5.44% per annum. They are repayable within 180 days (31.12.2017 and 1.1.2017: Nil) and secured by corporate guarantee from the Company.

27. Operating lease payment commitment

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

	Group	
	2018	2017
	RMB'000	RMB'000
Not later than one year	**7,423**	5,558
Later than one year and not later than five years	**25,309**	18,714
Later than five years	**22,572**	15,079
Total	**55,304**	39,351
Rental expenses for the year	**7,333**	4,889

Operating lease payments are for rental payable for certain dental hospitals, clinics, motor vehicles and office premises. The lease rental terms are negotiated for an average term of 8 years (2017: 8 years).

28. Capital commitments

At the end of the reporting year, estimated amounts committed for future capital expenditure but not recognised in the financial statements are as follows:

	Group	
	2018	2017
	RMB'000	RMB'000
Commitments to purchases of plant and equipment	**3,662**	3,804
Commitments for acquisitions of investments in subsidiaries	**20,700**	–
	24,362	3,804

29. Financial instruments: information on financial risks

29A. Categories of financial assets and liabilities

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

	Group			Company		
	31.12.2018	31.12.2017	1.1.2017	**31.12.2018**	31.12.2017	1.1.2017
	RMB'000	RMB'000	RMB'000	**RMB'000**	RMB'000	RMB'000
Financial assets:						
Financial assets at amortised cost	**69,904**	105,667	50,966	**32,798**	39,794	13,840
Financial liabilities:						
Financial liabilities at amortised cost	**18,221**	29,733	111,128	**2,305**	6,783	93,523

Further quantitative disclosures are included throughout these financial statements.

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

29B. Financial risk management

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the entity's operating, investing and financing activities. There are exposures to the financial risks on the financial instruments such as credit risk, liquidity risk and market risk comprising interest rate 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:

- Minimise interest rate, currency, credit and market risks for all kinds of transactions.
- Maximise the use of "natural hedge": favouring as much as possible the natural off-setting of sales and costs and payables and receivables denominated in the same currency and therefore put in place hedging strategies only for the excess balance (if necessary). The same strategy is pursued with regard to interest rate risk.
- All financial risk management activities are carried out and monitored by senior management staff.
- All financial risk management activities are carried out following acceptable market practices.

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.

29C. Fair values of financial instruments

The analyses of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 are disclosed in the relevant notes to the financial statements. These include 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.

29D. 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. These arise principally from cash balances with banks and receivables. The maximum exposure to credit risk is the total of the fair value of the financial assets at the end of the reporting year. Credit risk on cash balances with banks is limited because the counter-parties are entities with acceptable credit ratings. For expected credit losses ("ECL") on financial assets, a simplified approach is permitted by the financial reporting standards on financial instruments for financial assets that do not have a significant financing component, such as trade receivables. On initial recognition, a day-1 loss is recorded equal to the 12 month ECL (or lifetime ECL for trade receivables), unless the assets are considered credit impaired. For credit risk on trade receivables an ongoing credit evaluation is performed on the financial condition of the debtors and an impairment loss is recognised in profit or loss. Reviews and assessments of credit exposures in excess of designated limits are made. Renewals and reviews of credits limits are subject to the same review process.

Note 22 discloses the maturity of the cash and cash equivalents balances. Cash and cash equivalents are also subject to the impairment requirements of the standard on financial instruments. There was no identified impairment loss.

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

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

29E. Liquidity risk – financial liabilities maturity analysis

The liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

It is expected that all the liabilities will be settled at their contractual maturity. There are no liabilities contracted to fall due after 12 months at the end of the reporting year. The average credit period taken to settle trade payables is about 60 days (31.12.2017: 60 days; 1.1.2017: 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.

29F. Interest rate risk

The Group is not exposed to significant interest rate risk.

29G. Foreign currency risk

The Group is not exposed to significant foreign currency risk.

30. Events after the end of the reporting year

(a) On 31 December 2018, the Group announced that Shenyang Xin Ao Hospital Management Co., Ltd. ("SYXA"), a subsidiary of the Company, entered into a Master Agreement and further definitive agreements for the proposed acquisition of Youxin Dental Clinic ("YX Dental"). YX Dental is registered in Jinzhou City, Liaoning Province, People's Republic of China and its principal activities are those of providing general and specialist dentistry services. The acquisition consideration of RMB19.6 million is to be satisfied in cash of RMB13.7 million and an issuance of new ordinary shares in the capital of the Company amounting to RMB5.9 million at S$0.23 each. The new shares are subject to moratorium until 30 September 2022.

On 15 January 2019, SYXA completed the onshore share transfer for acquisition of YX Dental.

(b) On 21 December 2018, the Group announced that SYXA entered into a sale and purchase agreement for the acquisition of Shenyang Huanggu Aoxin Dental Clinic Co., Ltd. ("Huanggu Clinic") for a total consideration of RMB1.1 million. Huanggu Clinic is registered in Shenyang City, Liaoning Province, People's Republic of China and its principal activities are those of providing general and specialist dentistry services.

On 30 January 2019, SYXA completed the onshore share transfer for acquisition of Huanggu Clinic.

(c) On 28 February 2019, the Group announced that SYXA had entered into a Master Agreement and further definitive agreements for the proposed acquisition of Shenyang Aoxin Jinfeng Dental Clinic Co., Ltd. ("Jinfeng Clinic"). The acquisition consideration of RMB10.3 million will be satisfied in cash of RMB7.7 million and an issuance of new ordinary shares amounting to RMB2.6 million at S$0.23 each. Jinfeng Clinic is registered in Shenyang City, Liaoning Province, People's Republic of China and its principal activities are those of providing general and specialist dentistry services.

On 14 March 2019, SYXA completed the onshore share transfer for acquisition of Jinfeng Clinic.

31. Reclassifications and comparative figures

On 26 October 2017 and 8 December 2017, the Group acquired Shenyang Qingaomei Oral Restorative Technology Co., Ltd. and Zhuanghe City Aoxin Dawei Dental Co., Ltd. respectively (Note 18).

As at 31 December 2017, the fair values of identifiable assets acquired and liabilities assumed from the acquisition of the abovementioned subsidiaries were recorded on a provisional basis as the hindsight period (of not more than 12 months) allowed by SFRS(I) 3, Business Combinations, has not yet expired as at 31 December 2017.

As at 31 December 2018, management finalised the purchase price allocation exercise required by SFRS(I) 3. Consequently, certain comparative figures in the 2017 financial statements have been reclassified to reflect the fair values of the identifiable assets acquired and liabilities assumed at date of acquisition as follows:

	After reclassification RMB'000	Before reclassification RMB'000	Difference RMB'000
Group			
Statement of financial position as at 31 December 2017			
Intangible assets	116,257	115,147	1,110
Deferred tax liabilities	(1,757)	(647)	(1,110)

32. Changes and adoption of financial reporting standards

The accounting policies adopted are consistent with those previously applied under FRS except that in the current financial year, the Group has adopted all the SFRS(I) which are effective for annual reporting periods beginning on or after 1 January 2018.

For the current reporting year new or revised financial reporting standards were issued by the Singapore Accounting Standards Council. Those applicable to the Group are listed below:

SFRS(I) No.	Title
SFRS(I) 1	First-time Adoption of Singapore Financial Reporting Standards (International)
SFRS(I) 2	Amendments to, Classification and Measurement of Share-based Payment Transactions
SFRS(I) 9	Financial Instruments
SFRS(I) 15	Revenue from Contracts with Customers. Amendments to, Clarifications to SFRS(I) 15 Revenue from Contracts with Customers
SFRS(I) INT 22	Foreign Currency Transactions and Advance Consideration

The adoption of the above applicable new or revised standards did not require any significant modification of the measurement methods or the presentation in the financial statements.

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

For the future reporting years certain new or revised financial reporting standards were issued by the Singapore Accounting Standards Council and these will only be effective for future reporting years. Those applicable to the Group for future reporting years are listed below:

SFRS(I) No.	Title	Effective date for periods beginning on or after
SFRS(I) 16	Leases and Leases – Illustrative Examples & Amendments to Guidance on Other Standards	1 January 2019
SFRS(I) 1-12	Improvements (2017) – Amendments: Income Taxes	1 January 2019
SFRS(I) 1-23	Improvements (2017) – Amendments: Borrowing Costs	1 January 2019
SFRS(I) 3	Improvements (2017) – Amendments: Business Combinations	1 January 2019

The new financial reporting standard that is expected to have a material impact is described below.

SFRS(I) 16, Leases

The financial reporting standard on leases is effective for annual periods beginning on or after 1 January 2019 and it supersedes the previous reporting standard and the related interpretations on leases. For the lessor, the accounting remains largely unchanged. As for the finance leases of a lessee, as the financial statements have already recognised an asset and a related finance lease liability for the lease arrangement, the application of the new reporting standard on leases is not expected to have a material impact on the amounts recognised in the financial statements. For the lessee almost all leases will be brought onto the statements of financial position under a single model (except leases of less than 12 months and leases of low-value assets), eliminating the distinction between operating and finance leases.

For the Group's total non-cancellable operating lease commitments of RMB55,304,000 as at 31 December 2018 shown in Note 27, a preliminary assessment indicates that these arrangements will continue to meet the definition of a lease under the new reporting standard on leases. Thus, the entity will have to recognise a right-of-use asset and a corresponding liability in respect of all these leases (unless they qualify for low value or short-term leases) which might have a material impact on the amounts recognised in the financial statements. However, it is not practical to provide a reasonable financial estimate of that effect until the detailed review by management is completed.

STATISTIC OF SHAREHOLDINGS

AS AT 20 MARCH 2019

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

Size of Shareholdings			No. of Shareholders	%	No. of Shares	%
1	–	99	–	–	–	–
100	–	1,000	209	27.76	200,100	0.05
1,001	–	10,000	217	28.82	1,203,000	0.32
10,001	–	1,000,000	312	41.43	31,156,426	8.16
1,000,001	and	above	15	1.99	349,015,383	91.47
	Total		753	100.00	381,574,909	100.00

LIST OF 20 LARGEST REGISTERED SHAREHOLDERS

No.	Name	No. of Shares	%
1	Q & M DENTAL GROUP (SINGAPORE) LIMITED	162,354,038	42.55
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.	14,874,400	3.90
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	OCBC SECURITIES PRIVATE LIMITED	2,918,900	0.76
12	KWONG SIEW KIEN	2,729,700	0.72
13	JOYCE INTERNATIONAL LIMITED	2,026,471	0.53
14	ANDREA CHUNG PUI PING	1,106,000	0.29
15	CHEN YAN FENG	1,050,000	0.28
16	EMI COMAROFF	1,000,000	0.26
17	HENG WEE JIN	900,000	0.24
18	AUW SIEW AI SERENE	800,000	0.21
19	CHEAH KIM FEE	741,026	0.19
20	CITIBANK NOMINEES SINGAPORE PTE LTD	727,900	0.19
	Total:	353,184,309	92.55

STATISTIC OF SHAREHOLDINGS

AS AT 20 MARCH 2019

SHAREHOLDINGS HELD IN THE HANDS OF PUBLIC

Based on information available to the Company as at 20 March 2019, approximately 28.06% 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

		Direct Interest		Deemed Interest	
No.	Name	Number of Shares	%	Number of Shares	%
1.	Q & M Dental Group (Singapore) Limited	162,354,038	42.55	–	–
2.	Health Field Enterprises Limited	109,401,709	28.67	–	–
3.	Quan Min Holdings Pte. Ltd.[1]	2,562,800	0.67	162,354,038	42.55
4.	Dr. Ng Chin Siau[2]	10,000	0.003	164,926,838	43.22
5.	Dr. Shao Yongxin[3]	–	–	109,401,709	28.67
6.	Action Health Enterprises Limited[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 52.17% shareholdings in Q & M Dental Group (Singapore) Limited.

(2) Dr. Ng Chin Siau is deemed to have interest in the shares held by (i) Q & M Dental Group (Singapore) Limited's shares by virtue of his 43.91% shareholding in Quan Min Holdings Pte. Ltd; and (ii) his spouse, Madam Foo Siew Jiuan.

(3) 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.

(4) 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, and investment holding company incorporated in the British Virgin Islands, which is in turn 100% held by Dr. Shao Yongxin.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Aoxin Q & M Dental Group Limited (the "**Company**") will be held at 10 Anson Road, #28-15 International Plaza, Singapore 079903 on Tuesday, 30 April 2019 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 2018 together with the Independent Auditors' Report thereon. **(Resolution 1)**

2. To approve the payment of Directors' fees of S$140,000.00 for the financial year ended 31 December 2018. **(Resolution 2)**

3. To re-elect Professor Chew Chong Yin @ Chew Chong Lin who is retiring pursuant to Regulation 117 of the Company's Constitution. **(Resolution 3)**
[see Explanatory Note (i)]

4. To re-elect Mr. San Yi Leong @ Tan Yi Leong who is retiring pursuant to Regulation 117 of the Company's Constitution. **(Resolution 4)**
[see Explanatory Note (ii)]

5. To appoint Messrs Foo Kon Tan LLP as the Company's Auditors in place of the retiring Auditors, Messrs RSM Chio Lim LLP and to authorise the Directors to fix their remuneration. **(Resolution 5)**
[see Explanatory Note (iii)]

6. 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 resolutions as Ordinary Resolutions, with or without any modifications:

7. **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 Company's Constitution;

(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 6)**

[see Explanatory Note (iv)]

8. **The Proposed Renewal of the Share Purchase Mandate**

That for the purposes of Sections 76C and 76E of the Act and such other laws and regulations as may for the time being be applicable, the Directors be and are hereby authorised to exercise all the powers of the Company to purchase or otherwise acquire Shares from time to time (whether by way of market purchases or off-market purchases on an equal access scheme) of up to 10% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) ascertained as at the time of passing of this Resolution, at the price of up to but not exceeding the Maximum Price as set out in the Appendix and this mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the date that the next annual general meeting of the Company is held or is required by law to be held or the date when purchases and acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated, whichever is the earlier.

In this Resolution:

"**Maximum Price**" in relation to a Share to be purchased, means an amount (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

(i) in the case of a market purchase, 105% of the Average Closing Price; and

(ii) in the case of an off-market purchase pursuant to an equal access scheme, 120% of the Average Closing Price,

"**Average Closing Price**" means the average of the closing market prices of a Share over the last five (5) Market Days, on which transactions in the Shares were recorded, immediately preceding the day of the making of the market purchase, and deemed to be adjusted for any corporate action that occurs after the relevant five (5) Market Days;

"**day of the making of the offer**" means the day on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from the shareholders of the Company, stating the purchase price (which shall not be more than the Maximum Price for an off-market purchase calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the off-market purchase;

"**Market Day**" means a day on which the SGX-ST is open for trading in securities;

(Resolution 7)
[see Explanatory Note [v]]

By Order of the Board

Dr. Shao Yongxin
Executive Director and
Chief Executive Officer

Singapore, 15 April 2019

Explanatory Notes:

(i) In relation to Ordinary Resolution 3

Professor Chew Chong Yin @ Chew Chong Lin will, upon re-election as a Director of the Company, remain as an Independent Director, Chairman of the Remuneration Committee and a member of the Audit and Nominating Committee.

(ii) In relation to Ordinary Resolution 4

Mr. San Yi Leong @ Tan Yi Leong will, upon re-election as an Executive Director of the Company, remain as an Executive Director and Deputy Chief Executive Officer.

(iii) Ordinary Resolution 5 proposed above is to approve the appointment of Messrs Foo Kon Tan LLP as the Company's Auditors in place of the retiring Auditors, Messrs RSM Chio Lim LLP and to authorize Directors to fix their remuneration. Please refer to the Appendix accompanying this Notice dated 15 April 2019 for further information.

(iv) Ordinary Resolution 6, if passed, will empower the Directors of the Company, effective until conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to allot and issue Shares, make or grant Instruments and to issue Shares pursuant to such Instruments, without seeking any further approval from shareholders in general meeting but within the limitation imposed by this resolution, for such purposes as the Directors of the Company may consider would be in the best interests of the Company. The aggregate number of Shares (including Shares to be made in pursuance of Instruments made or granted pursuant to this resolution) to be allotted and issued would not exceed one hundred per cent (100%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time of passing of this resolution. For issue of Shares (including Shares to be made in pursuance of instruments made or granted pursuant to this resolution) other than on a *pro rata* basis to all shareholders shall not exceed fifty per cent (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time of the passing of this resolution.

(v) Ordinary Resolution 7, if passed, will empower the Directors of the Company, from the date of the AGM of the Company until the date the next annual general meeting of the Company is to be held or is required by law to be held, whichever is the earlier, to make purchases (whether by way of market purchases or off -market purchases on an equal access scheme) from time to time of up to ten per cent (10%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) at prices up to but not exceeding the Maximum Price. The rationale for, the authority and limitation on, the sources of funds to be used for the purchase or acquisition including the amount of financing and the financial effects of the purchase or acquisition of shares by the Company pursuant to the Share Purchase Mandate are set out in greater detail in the Appendix accompanying this Notice dated 15 April 2019.

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 that 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.

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 SGX-ST.*

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

The contact person for the Sponsor is Mr. Foo Siang Sheng (Telephone: (65) 6232 3210) at 1 Robinson Road, #21-00 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 10 Anson Road, #28-15 International Plaza, Singapore 079903 on Tuesday, 30 April 2019 at 2.30 p.m. and at any adjournment thereof.

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

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

No.	Resolutions	For	Against
	ORDINARY BUSINESS		
1.	To receive and adopt the Directors' Statement and Audited Financial Statements of the Company for the financial year ended 31 December 2018		
2.	To approve the payment of Directors' fees of S$140,000.00 for the financial year ended 31 December 2018		
3.	To re-elect Professor Chew Chong Yin @ Chew Chong Lin who is retiring pursuant to Regulation 117 of the Company's Constitution		
4.	To re-elect Mr. San Yi Leong @ Tan Yi Leong who is retiring pursuant to Regulation 117 of the Company's Constitution		
5.	To appoint Messrs Foo Kon Tan LLP as the Company's Auditors in place of the retiring Auditors, Messrs RSM Chio Lim LLP and to authorise the Directors to fix their remuneration		
	SPECIAL BUSINESS		
6.	To authorise Directors to allot and issue shares		
7.	To approve the Proposed Renewal of the Share Purchase Mandate		

Dated this ____________ day of ________________________ 2019.

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.

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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	86-24-2481-8888
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	86-24-2481-5555
Shenyang Shenhe Aoxin Stomatology Polyclinic Co., Ltd. 沈阳沈河奥新口腔门诊部有限公司	Lot F623, No. 173, QingNian Main Street, Shenhe District, Shenyang City, Liaoning Province 辽宁省沈阳市沈河区青年大街173号F623号商铺	86-24-8411-1333
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	86-429-821-0555
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	86-429-218-6003
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 Aoxin Quanmin Stomatology Hospital Co., Ltd. 盘锦奥新全民口腔医院有限公司	Block 0A04-0A05, LeYuan Community, Xinglongtai District, Panjin City, Liaoning Province 辽宁省盘锦市兴隆台区乐园小区0A04-0A05栋	86-427-651-7777
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
Jinzhou Aoxin Youxin Dental Clinic Co., Ltd. 锦州奥新尤信口腔门诊有限公司	No. 14-77 Anheli, Linghe District, Jinzhou City, Liaoning Province 辽宁省锦州市凌河区安和里14-77号	86-416-331-7777
Shenyang Huanggu Aoxin Dental Clinic Co., Ltd. 沈阳皇姑奥新口腔门诊部有限公司	No. 11 Kunshan Middle Road, Huanggu District, Shenyang City, Liaoning Province 辽宁省沈阳市皇姑区昆山中路11号	86-24-8626-1199
Shenyang Aoxin Jinfeng Dental Clinic Co., Ltd. 沈阳奥新金峰口腔门诊有限公司	14 Gate 28 Tieshan Road, Huanggu District, Shenyang City, Liaoning Province 辽宁省沈阳市皇姑区铁山路28号14门	86-24-3117-2333
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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Singapore 068898
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Fax: (65) 6236 4399