AOXIN Q&M

AOXIN Q & M DENTAL GROUP LIMITED

Fortifying Our Foothold

Annual Report 2019

Contents

Fortifying Our Foothold

2019 has been another year of growth for the Group with the acquisition of 3 dental facilities and the opening of 3 others in Liaoning Province, China. Moving ahead, our focus will be on deepening our foothold in the Chinese market — expanding the top line, building our brand, and enhancing our operational efficiency.

VISION
MISSION
CORE VALUES

Vision 愿景

Becoming the leading dental medical group in Northern China
成为中国北方地区领先的牙科医疗集团

Mission 使命

Business growth, contribution to the society, and providing quality healthcare
发展事业、造福社会、呵护健康

Core values 核心价值观

To be kind, dedicated, hardworking and ambitious
厚德、精业、勤诚、致远

AT A GLANCE

About Aoxin Q & M

Aoxin Q & M Dental Group Limited ("**Aoxin Q & M**", and together with its subsidiaries, the "**Group**") is a leading provider of private dental services in the Liaoning Province, Northern PRC. The Group operates 17 dental centres, comprising 11 dental polyclinics and 6 dental hospitals, located across 8 cities in Liaoning Province, namely Shenyang, Huludao, Panjin, Gaizhou, Zhuanghe, Jinzhou, Dalian and Anshan. We currently have more than 400 dental professionals, including 175 dentists, 180 dental surgery assistants and 45 laboratory technicians. A majority of our dental centres are accredited as Designated Medical Institutions of Medical Insurance.

Additionally, the Group is engaged in the provision of dental laboratory services, as well as the distribution and sale of dental equipment and supplies in the Liaoning, Heilongjiang and Jilin Provinces in the Northern PRC.

11
Dental
Polyclinics

6
Dental
Hospitals

4
Training
Centres

1
Dental Distribution
& Supplies

1
Dental
Laboratory

Note:
Based on the general classification code by PRC's Ministry of Health, dental polyclinics must have at least 4 dental chairs, and dental hospitals must have 20 or more dental chairs.

Collaboration with Jinzhou Medical University

As part of its commitment towards dental training and education, the Group collaborates with Jinzhou Medical University to provide training to dental students and dental professionals. Aoxin Q & M is the only corporation in the Northern PRC to be accredited by a university to provide training in dentistry.

There are four dental centres within the Group that are accredited by Jinzhou Medical University and designated as training centres to carry out practical training, namely:

- Shenyang Aoxin Q & M Stomatology Hospital Co., Ltd
- Panjin Aoxin Quanmin Stomatology Hospital Co., Ltd
- Jinzhou Aoxin Youxin Dental Clinic Co., Ltd
- Huludao Aoxin Q & M Stomatology Hospital Co., Ltd

List of Dental Services

Stomatology and General Dentistry | Endodontics | Orthodontics
Periodontics | Prosthodontics | Dental Implantology
Oral and Maxillofacial Surgery | Aesthetic Dentistry | Paedodontics

CORPORATE MILESTONES

1997

Dr Shao Yongxin, Executive Director and Group Chief Executive Officer, established Shenyang Aoxin Stomatology Polyclinic, our first dental polyclinic in Shenyang City

2005

Shenyang Polyclinic was upgraded into our first dental hospital and renamed Shenyang Aoxin Stomatology Hospital (“Shenyang Hospital”)

2009

Shenyang Hospital was awarded the ISO 9001:2008 Certificate of Approval (Quality Management Systems) certification

2014

Acquired 3 dental hospitals and 3 dental polyclinics in Shenyang City and Huludao City

2015

Acquired 5 dental polyclinics in Panjin City and Gaizhou City

Collaboration with Jinzhou Medical University to provide training and internship opportunities to its students

Diversified into the distribution of dental equipment and supplies through the acquisition of 60.0% of Shenyang Maotai Q & M Medical Equipment Co., Ltd. ("SY Maotai")

2017

Listed on the Catalist Board of the Singapore Exchange Securities Trading Limited

Acquired a dental laboratory in Shenyang City

Acquired a dental polyclinic in Zhuanghe City

2018

Official opening of a dental hospital in Panjin City and a dental polyclinic in Shenyang City

2019

Acquired 3 dental polyclinics in Jinzhou City and Shenyang City

Opened 2 dental clinics in Huludao City and Anshan City, and a dental hospital in Dalian City

MESSAGE TO SHAREHOLDERS

Dear Shareholders,

We are pleased to present our annual report for the financial year ended 31 December 2019 ("FY2019"). 2019 saw a year of record number of openings. We commenced operations of our 6th dental hospital, Dalian Aoxin Quanmin Stomatology Hospital, two new dental clinics in Huludao City and Anshan City, and completed the onshore share transfers of 3 dental polyclinics in Jinzhou City and Shenyang City during the first seven months of the year.

Dalian Aoxin Quanmin Stomatology Hospital, a two-storey hospital with 20 VIP treatment suites, was officially opened, in July 2019, by Mr Masagos Zulkifli, Singapore's Minister for the Environment and Water Resources, Mr Sam Tan Chin Siong, Minister of State, Ministry of Foreign Affairs and Ministry of Social and Family Development, and Liaoning senior officials.

Strategically located in Dalian's Economic and Technological Development Zone, the hospital is equipped with the latest technology in dentistry to provide a broad spectrum of specialised services such as endodontics, orthodontics, periodontics, paedodontics and general dentistry to both local and foreign patients.

It is also the first private dental hospital with a large-scale children's dental care centre in Northern China. Paediatric dentistry is a growing business in China, where there is an increasing awareness of the importance of oral hygiene amongst the young, particularly preschoolers.

We also increased our efforts in reaching out to schools to impart the importance of dental healthcare. We undertook numerous corporate social responsibility initiatives where some of our dentists and staff went to kindergartens, preschools, and early education centres to teach young children good dental habits. We also conducted free dental check-ups at kindergartens. Additionally, in Jinzhou, some of our dentists even held an information session to educate preschool teachers on adolescent dental care, so that these teachers may then pass the knowledge on to their students.

The opening of these 6 dental outlets in FY2019 had been in line with the Group's business strategy and future plans to expand our business, subsequent to our Catalist listing in 2017. As at 31 December 2019, the Group has a total of 17 dental centres, comprising 6 dental hospitals and 11 polyclinics in 8 cities in Liaoning Province. Moving ahead, our focus will be on growing the top line and enhancing efficiency in our operations.

To adequately support our growth, we remain deeply focused on recruiting, training, and developing a pool of qualified and motivated dentists, nurses, and laboratory technicians through our training centres, which are accredited by Jinzhou Medical University. Three of our hospitals in Shenyang, Panjin and Huludao, as well as a clinic in Jinzhou, are accredited as training hospitals under the Jinzhou Medical University's College of Dentistry, which trains more than 30 undergraduate dentists, 30 nurses and 20 laboratory technicians annually.

Financial Highlights

During the year in review, the Group's revenue increased by 18% to RMB141.1 million due to higher contributions from all three business segments – primary healthcare, distribution of dental equipment and supplies, and laboratory services. Revenue for the primary healthcare segment, which was the Group's largest contributor, rose 9% to RMB81.7 million, boosted by the newly-opened dental hospital and polyclinics, partially offset by lower revenue and management fees from the existing dental hospitals and polyclinics.

However, the Group's performance was affected by gestation losses following its rapid expansion which resulted in an increase in headcount and employee benefits, as well as higher depreciation and amortisation expenses relating to the new dental centres. Consequently, the Group registered a loss after tax of RMB13.5 million in FY2019.

As at 31 December 2019, the Group had a net asset value of RMB234.2 million, which translated into a net asset value per share of 61.4 RMB cents.

Outlook and Strategy

In light of the global uncertainty caused by the Covid-19 outbreak, the Group is vigilantly monitoring the situation in order to contend with its ever-evolving repercussions.

As announced on 10 February 2020, the Group's operations in the Liaoning Province were suspended in accordance with directives from the Chinese government and local dental health authorities within the province. As of 2 March 2020, we had resumed dental treatment services at 4 dental hospitals and 4 dental polyclinics after receiving conditional approval from the relevant authorities. Subsequently, all 17 of our dental centres, as well as our distribution and laboratory services businesses had resumed operations as of 26 March 2020. While the COVID-19 situation in the PRC remains challenging, the Group is expecting to register an operating loss for the current financial year ending 31 December 2020 on the back of the COVID-19 outbreak and gestation losses from our newly opened dental hospitals and clinics.

Nevertheless, with the resumption of operating activities, we intend to cautiously but steadily refocus our efforts back towards bolstering the Group's performance through both long and short-term efforts, namely, improving the revenue of our hospitals and clinics, reducing gestation losses, maximising cost efficiency of our operations, and increasing the utilisation of our operating assets. We will also continue to focus on the recruitment and training of undergraduate dentists, nurses, and laboratory technicians in order to support our operations in the long term. Additionally, the Group will also work towards consolidating the Group's dental and equipment supplies business segment in the Liaoning, Heilongjiang, and Jilin provinces, by continuing to collaborate with existing vendors in order to introduce new products and reach out to new clients, as well as by seeking additional reputable vendors in order to increase the range of high-end products available to customers.

Appreciation

We would like to express our deepest appreciation to our fellow directors on the Board for their support and strategic counsel, and to our management and staff for their unwavering commitment and hard work. To all our shareholders – thank you for your support as we walk through this growth journey together. We hope to deliver higher value to shareholders in the years ahead.

Mr Chua Ser Miang
Non-Executive Chairman and Independent Director

Dr Shao Yongxin
Executive Director and Group Chief Executive Officer

Children's dental care centre at
Dalian Aoxin Quanmin Stomatology Hospital

BOARD OF DIRECTORS

Mr. Chua Ser Miang, 51
Non-Executive Chairman
Independent Director

Date of Appointment 30 March 2017
Date of Last Re-appointment 30 May 2017
Length of service as a director (as at 31 December 2019) 2 years 9 months
Country of Principal Residence Singapore

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

Board's Comments on the Appointment
The re-appointment of Mr. Chua Ser Miang as Non-Executive Chairman and 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 Qualifications
- Bachelor of Business Administration (Honours), National University of Singapore
- Member of CFA Institute
- Member of the Singapore Institute of Directors

Shareholding interest (direct & deemed) in the Company and its subsidiaries (as at 15 May 2020) NIL

Family Relationship None

Other Principal Commitments (as defined in the Singapore Code of Corporate Governance) including Directorships in other companies

Present
Listed Companies
- Yamada Green Resources Limited

Non-listed companies
- Eastwin Capital Pte. Ltd.

Past (for the last 5 years)
- Deskera Holdings Limited
- Romulus Corporation

Working Experience and Occupation(s) over the last 10 years
- Director of Eastwin Capital Pte. Ltd. (January 2013 to present)
- Director, Corporate Finance Department of DMG & Partners Securities Pte. Ltd. (September 2006 to December 2012)

Conflict of interest (including any competing business) NIL

Dr. Shao Yongxin (邵永新), 58
Executive Director and
Group Chief Executive Officer

Date of Appointment 24 February 2017
Date of Last Re-appointment 26 April 2018
Length of service as a director (as at 31 December 2019) 2 years 10 months
Country of Principal Residence China

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

Job Title and Area of Responsibility
Executive Director and Group Chief Executive Officer
- Responsible for the overall strategic, management and business development of the Group

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

Shareholding interest (direct & deemed) in the Company and its subsidiaries (as at 15 May 2020) 109,401,709 (deemed interest)

Family Relationship None

Other Principal Commitments (as defined in the Singapore Code of Corporate Governance) including Directorships in other companies

Present
- Dean of Jinzhou Medical University Shenyang College of Dentistry

Non-listed companies
- 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.

Past (for the last 5 years) NIL

Working Experience and Occupation(s) over the last 10 years
- Executive Director and Group Chief Executive Officer of Aoxin Q&M Dental Group Limited (2017 to present)
- Hospital Director of Shenyang Aoxin Q & M Stomatology Hospital Co., Ltd. (2014 to present)
- Hospital Director of Shenhe District No. 6 Hospital (1997 to 2016)
- Hospital Director of Shenyang Aoxin Stomatology Hospital Co., Ltd. (1997 to 2014)

Conflict of interest (including any competing business) NIL

BOARD OF DIRECTORS

Mr. San Yi Leong @ Tan Yi Leong, 42
Executive Director and Deputy Chief Executive Officer

Date of Appointment 23 March 2017
Date of Last Re-appointment 30 April 2019
Length of service as a director (as at 31 December 2019) 2 years 9 months
Country of Principal Residence Singapore

Board's Comments on the Appointment
Not applicable. Mr. San Yi Leong @ Tan Yi Leong (**"Mr. San"**) is not subjected to re-election

Job Title and Area of Responsibility
Executive Director and Deputy Chief Executive Officer.
- Assist the Group CEO in overseeing and managing the overall administration, business and operations of the Group
- Assist the Group CEO in company strategic planning, merger and acquisition activities, fund raising activities and financial function
- Assist the Group CEO in communications with the Board of Directors, regulators, investor relations, and on corporate road show activities

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

Shareholding interest (direct & deemed) in the Company and its subsidiaries (as at 15 May 2020) NIL

Family Relationship
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

Other Principal Commitments (as defined in the Singapore Code of Corporate Governance) including Directorships in other companies

Present
Non-listed companies
- EM2Ai Pte Ltd (formerly known as Q & M Dental AI Pte. Ltd.)
- Q & M Dental (Shenyang) Pte. Ltd.
- Shanghai Q & M Investment Management & Consulting Co., Ltd.

Past (for the last 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.

Working Experience and Occupation(s) over the last 10 years
- Executive Director and Deputy Chief Executive Officer of Aoxin Q&M Dental Group Limited (2019 to present)
- Chief Executive Officer of EM2Ai Pte Ltd (2018 to present)
- Non-Executive Director of Aoxin Q & M Dental Group Limited (2017 – 2018)
- Business Development Director of Q & M Dental Group Limited (Singapore) (2017 – 2018)
- Chief Financial Officer of Aoxin Q & M Dental Group Limited (2015 – 2017)
- General Manager of Q & M Medical Group (Singapore) Pte. Ltd. (2013 – 2015)
- Business Development Director of Q & M Dental Group (Singapore) Limited (2011 to 2015)
- Business Development Manager of Q & M Dental Group (Singapore) Limited (2005 – 2011)

Conflict of interest (including any competing business)
Mr. San is a director and Chief Executive Officer of EM2Ai Pte Ltd (**"EM2Ai"**) (formerly known as Q & M Dental AI Pte. Ltd.). EM2Ai is in the business of developing artificial software and solutions in relation to dental health issues. The Board, in consultation with the Nominating Committee, is of the view that the interests of Mr. San and his associates in EM2Ai do not post any conflict of interests with the Group's business as Mr. San has confirmed that EM2Ai is not in a competing business with the Group. Should there be any conflict of interest which Mr. San is reasonably aware in respect of himself and/or his associates in future, Mr. San will make such conflict of interest known to the Board as soon as he is reasonably aware so that he may recuse himself from such related discussions and/or decisions and resolutions as most appropriate

BOARD OF DIRECTORS

Mr. Vitters Sim Yu Xiong, 61
Non-Executive Director

Date of Appointment 28 December 2016
Date of Last Re-appointment 26 April 2018
Length of service as a director (as at 31 December 2019) 3 years
Country of Principal Residence Singapore

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

Academic & Professional Qualifications
- Fellow of Institute of Singapore Chartered Accountants
- Fellow of Association of Chartered Certified Accountants, United Kingdom

Shareholding interest (direct & deemed) in the Company and its subsidiaries (as at 15 May 2020) NIL

Family Relationship None

Other Principal Commitments (as defined in the Singapore Code of Corporate Governance) including Directorships in other companies

Present
- Chief Financial Officer of Q & M Dental Group (Singapore) Limited

Non-listed companies
- 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.
- EM2Ai Pte Ltd (formerly known as 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.

Past (for the last 5 years)
- Q & M Dental (Shenyang) Pte. Ltd.

Working Experience and Occupation(s) over the last 10 years
- Chief Financial Officer of Q & M Dental Group (Singapore) Limited (2010 to 2019)
- Chief Financial Officer of W. Atelier Pte. Ltd. (2008 to 2010)

Conflict of interest (including any competing business) NIL

Professor Chew Chong Yin @ Chew Chong Lin, 74
Independent Director

Date of Appointment 30 March 2017
Date of Last Re-appointment 30 April 2019
Length of service as a director (as at 31 December 2019) 2 years 9 months
Country of Principal Residence Singapore

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

Board's Comments on the Appointment
Not applicable. Professor Chew Chong Yin @ Chew Chong Lin is not subjected to re-election

Academic & Professional Qualifications
- 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

Shareholding interest (direct & deemed) in the Company and its subsidiaries (as at 15 May 2020) 100,000 (direct interest)

Family Relationship None

Other Principal Commitments (as defined in the Singapore Code of Corporate Governance) including Directorships in other companies

Present
- President of Singapore Dental Council
- Emeritus Professor at National University of Singapore, Faculty of Dentistry
- Dental Specialist Accreditation Board, Ministry of Health, Singapore

Past (for the last 5 years) NIL

Working Experience and Occupation(s) over the last 10 years
- Emeritus Professor at National University of Singapore, Faculty of Dentistry (1992 to 2019)

Awards
- Public Administration Medal (Silver), 2004
- National Medical Excellence Award, Ministry of Health, Singapore (National Clinician Mentor Award), 2009

Conflict of interest (including any competing business) NIL

BOARD OF DIRECTORS

Mr. Lin Ming Khin, 61
Independent Director

Date of Appointment 30 March 2017
Date of Last Re-appointment 30 May 2017
Length of service as a director (as at 31 December 2019) 2 years 9 months
Country of Principal Residence Singapore

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

Board's Comments on the Appointment
The re-appointment of Mr. Lin Ming Khin 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 Qualifications
- Bachelor of Laws, University of Buckingham

Shareholding interest (direct & deemed) in the Company and its subsidiaries (as at 15 May 2020) 50,000 (direct)

Family Relationship None

Other Principal Commitments (as defined in the Singapore Code of Corporate Governance) including Directorships in other companies

Present
- Commissioner for Oaths
- Notary Public

Non-listed companies
- Charles Lin LLC
- Bee Entertainment Pte. Ltd.

Past (for the last 5 years) NIL

Working Experience and Occupation(s) over the last 10 years
- Director at Charles Lin LLC (2017 to current)
- Consultant at MyintSoe & Selvaraj (2011 to 2017)

Conflict of interest (including any competing business) NIL

EXECUTIVE OFFICERS

Dr. Bai Yi
General Manager

Dr. Bai is the Group's General Manager. She assists the Group's Executive Director and Chief Executive Officer, Dr. Shao, in overseeing operations. Dr. Bai joined the Group in 2014, and she has more than 36 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 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, before joining Shenyang Aoxin Industrial Co., Ltd. (沈阳奥新实业有限公司) in 2005 as its Deputy General Manager pursuant to which she was also appointed as Deputy Hospital Director of Shenyang Aoxin Stomatology Hospital (沈阳奥新口腔医院). In 2011, Dr. Bai was promoted to General Manager of Shenyang Aoxin Industrial Co., Ltd. (沈阳奥新实业有限公司) and Hospital Director 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 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.

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 15 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 Aoxin Q & M Dental Group Limited 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. Cui Guo An
Chief Operating Officer

Mr. Cui was appointed Chief Operating Officer ("**COO**") of the Group on 28 May 2018. As the COO of the Group, he is responsible for overseeing the Group's operations. He is also the 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 joined our Group in 2016. He has over 35 years of experience in the medical industry, of which more than 30 years have been in the dental industry. Mr. Cui began his career in 1986 as a Lab Technician 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. 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, 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)).

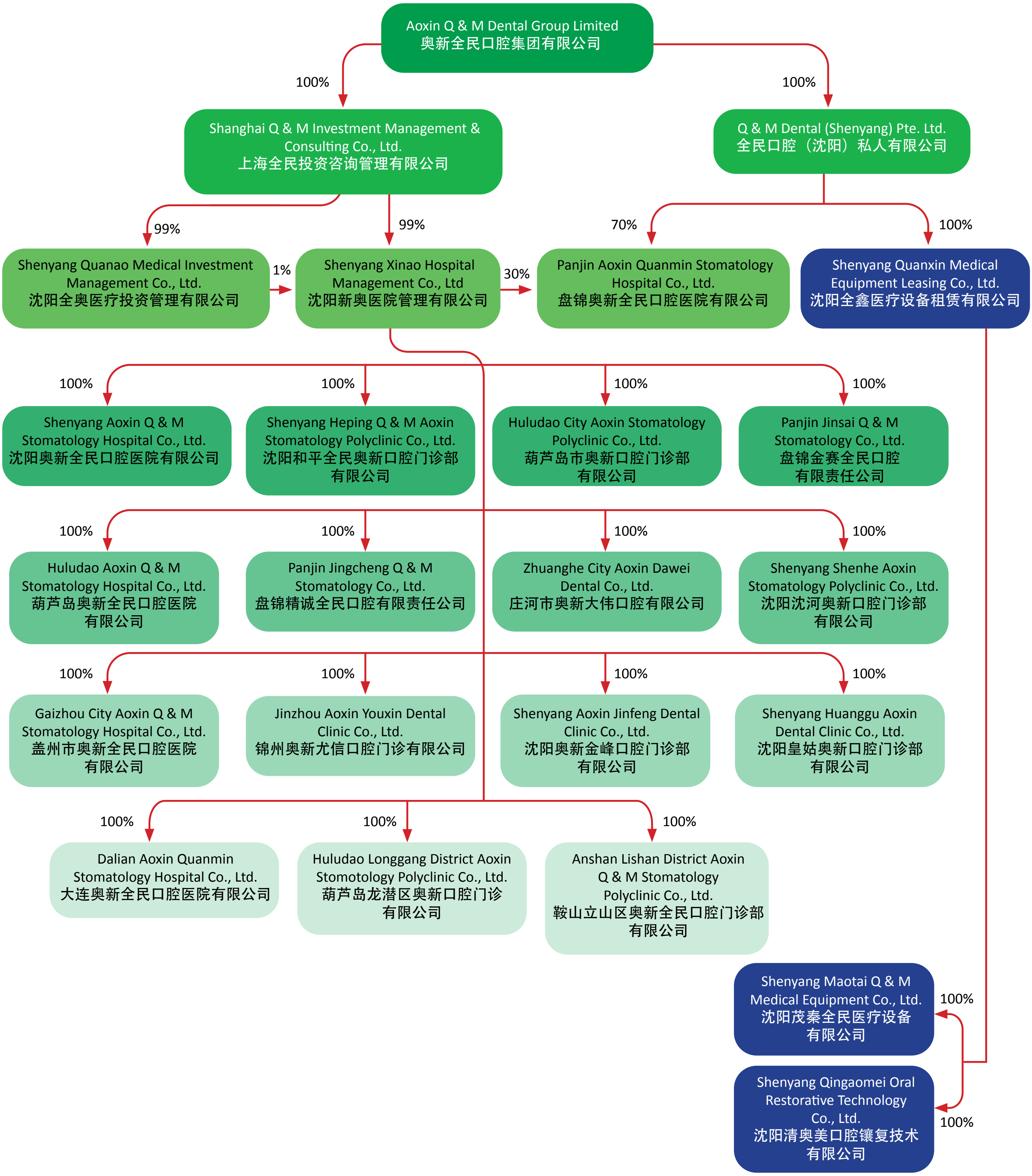
Mr. Zhang Dong Wei
Deputy General Manager (Finance)

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 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. Subsequently, in 2008, Mr. Zhang joined Shenyang Aoxin Stomatology Hospital (沈阳奥新口腔医院) as Deputy General Manager (Finance). 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).

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 and Senior Accountant 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).

GROUP STRUCTURE



HIGHLIGHTS OF THE YEAR FY2019 KEY FIGURES

Revenue

RMB141.1 million

(FY2018: RMB119.1 million)

NAV Per Share

61.4 RMB cents

(FY2018: 64.5 RMB cents)

Loss After Tax

RMB13.5 million

(FY2018: RMB0.5 million)

EBITDA

RMB9.5 million

(FY2018: RMB8.6 million)

Cash Position

RMB27.0 million

(As at 31 December 2018: RMB 50.3 million)

Current Ratio

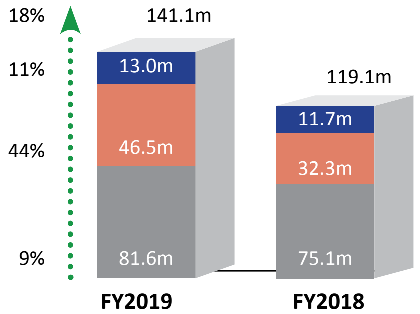
1.8 times

(As at 31 December 2018: 4.8 times)

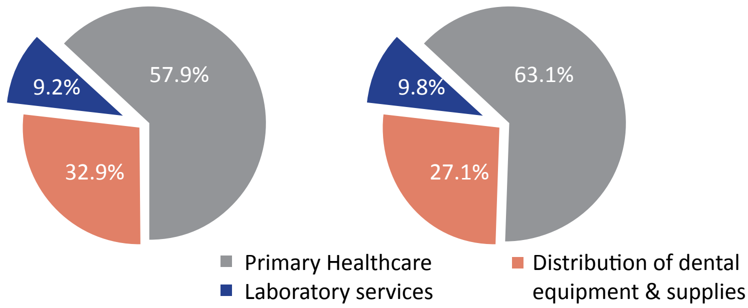
FINANCIAL REVIEW

PERFORMANCE REVIEW

Revenue (RMB)



Revenue by Business Segment FY2019 / Revenue by Business Segment FY2018



Overall, revenue increased by 18%, from RMB119.1 million in FY2018 to RMB141.1 million in FY2019 due to higher contributions from all the three business segments – primary healthcare, distribution of dental equipment and supplies, and laboratory services.

Revenue from the primary healthcare segment increased by 9% to RMB81.6 million in FY2019 (FY2018: RMB75.1 million) mainly due to revenue contribution from the new dental hospital and polyclinics of RMB11.0 million. However, the increase was partially offset by a decrease in revenue from the existing dental hospitals and polyclinics of RMB2.6 million, as well as lower management fee received from Shenhe District Sixth Hospital and Shenyang Huanggu Aoxin Dental Clinic Co., Ltd. ("Huanggu") of RMB1.9 million.

As at the end of FY2019, the Group has a total of 17 dental centres, comprising 6 dental hospitals and 11 dental polyclinics. This is a significant increase compared to 11 dental centres, comprising 5 dental hospitals and 6 dental polyclinics at the end of FY2018.

Revenue from the distribution of dental equipment and supplies segment increased by 44% to RMB46.5 million in FY2019 (FY2018: RMB32.3 million) driven by higher sales of dental equipment and materials to distributors.

Revenue from the laboratory services segment increased by 11% to RMB13.0 million in FY2019 (FY2018: RMB11.7 million) mainly due to higher sales to government hospitals.

The primary healthcare, distribution of dental equipment and supplies, and laboratory services segments accounted for 57.9%, 32.9% and 9.2% of revenue respectively in FY2019 as compared to 63.1%, 27.1% and 9.8% in FY2018.

Operating Expenses

Consumables and dental supplies used increased by 4% to RMB11.7 million in FY2019 (FY2018: RMB11.3 million) in line with the higher revenue from the primary healthcare segment. As a percentage of revenue from the primary healthcare segment, consumables and dental supplies used decreased to 14.4% (FY2018: 15.1%).

Cost of sales from the dental equipment and supplies distribution business segment increased by 48% to RMB38.6 million in FY2019 (FY2018: RMB26.1 million), in line with increased revenue contributions from the dental equipment and supplies distribution segment. As a percentage of revenue from the distribution of dental equipment and supplies segment, cost of sales for dental equipment and supplies increased to 83.1% (FY2018: 80.7%). Gross profit margin dropped slightly to 16.9% in FY2019 (FY2018: 19.3%) as a result of higher sales to distributors during the year, which typically have lower margins as compared to sales to government and private sectors.

Cost of laboratory services increased by 16% to RMB3.2 million in FY2019 (FY2018: RMB2.7 million) in line with the higher revenue from laboratory services. As a percentage of revenue from the laboratory services segment, cost of laboratory services increased to 24.4% (FY2018: 23.4%).

Employee benefits expense increased by 28% to RMB59.9 million in FY2019 (FY2018: RMB46.8 million), mainly due to:

(i) an increase in headcount, salary costs and bonus for the distribution of dental equipment and supplies segment of RMB1.3 million; and

(ii) an increase in headcount and salary costs for the primary healthcare segment mainly due to:

  (a) Panjin Aoxin Quanmin Stomatology Hospital Co., Ltd and Shenyang Shenhe Aoxin Stomatology Polyclinic Co., Ltd, which were set up in FY2018, of RMB2.3 million;

  (b) Dalian Aoxin Quanmin Stomatology Hospital Co., Ltd ("DLAX"), Huludao Longgang District Aoxin Stomatology Polyclinic Co., Ltd ("HLG") and Anshan Lishan District Aoxin Q & M Stomatology Polyclinic Co., Ltd ("Anshan"), which were set up in FY2019, of RMB3.3 million; and

  (c) the newly acquired Shenyang Aoxin Jinfeng Dental Clinic Co., Ltd ("Jinfeng"), Jinzhou Aoxin Youxin Dental Clinic Co., Ltd ("JZYX") and Huanggu of RMB3.9 million.

As a percentage of revenue, employee benefits expense increased to 42.4% (FY2018: 39.3%).

Depreciation of property, plant and equipment and amortisation expense of intangible assets increased by 28% to RMB10.5 million (FY2018: RMB8.2 million) mainly due to the increase in depreciation for dental equipment and renovation for the new hospitals and clinics. As a percentage of revenue, depreciation and amortisation expense increased to 7.5% (FY2018: 6.9%).

Depreciation of right-of-use ("ROU") assets amounted to RMB7.1 million, as a result of the adoption of the new leasing accounting standard, Singapore Financial Reporting Standards (International) ("SFRS(I)") 16: Leases, in FY2019. Rental expense decreased by 85% to RMB1.1 million in FY2019 (FY2018: RMB7.3 million) following the adoption of SFRS(I) 16 which resulted in a corresponding decrease in rental expense. As a percentage of revenue, depreciation of ROU assets and rental expense decreased to 5.9% (FY2018: 6.2%).

Finance costs amounted to RMB3.2 million in FY2019. The adoption of the new lease accounting standard, SFRS (I) 16 resulted in a lease interest expense of RMB3.0 million for FY2019.

Other expenses remained relatively unchanged at RMB15.6 million in FY2019 compared to RMB15.7 million in FY2018. The slight decrease was mainly due the cost-cutting measures implemented by existing polyclinics, which was partially offset by an increase in expenses incurred for setting up new dental hospitals and polyclinics as well as higher entertainment and marketing expenses

FINANCIAL REVIEW

in the distribution of dental equipment and supplies segment. As a percentage of revenue, other expenses decreased to 11.1% (FY2018: 13.2%).

The Group also recognized an impairment loss allowance of RMB0.9 million in FY2019 (FY2018: nil). Other losses decreased slightly to RMB0.6 million in FY2019 from RMB0.7 million in FY2018, mainly due to a decrease in net foreign exchange adjustment losses, partially offset by an increase in plant and equipment written off. As a percentage of revenue, other losses decreased to 0.46% (FY2018: 0.59%).

Loss after tax

For the reasons given above, the Group recorded a loss after tax of RMB13.5 million in FY2019 (FY2018: RMB0.5 million). Excluding the front-loaded total lease expenses of RMB1.9 million on adoption of SFRS (I) 16 and the provision for expected credit loss allowance on trade receivables of RMB0.9 million, the Group would have registered a loss after tax of RMB10.7 million in FY2019 compared to a loss after tax of RMB0.5 million in FY2018.

Financial Position

The Group's net asset value as at 31 December 2019 was RMB234.2 million, which translated into a net asset value per share of 61.4 RMB cents.

Non-current assets

Non-current assets as at 31 December 2019 increased to RMB245.9 million (FY2018: RMB178.2 million), mainly due to (i) recognition of ROU assets following the adoption of the new lease accounting standard, SFRS (I) 16; and (ii) an increase in intangible assets.

Property, plant and equipment as at 31 December 2019 increased to RMB62.5 million (31 December 2018: RMB62.4 million), mainly due to purchase of plant and equipment and renovation for the newly acquired polyclinics (JZYX, Huanggu, Jinfeng), newly set up hospital (DLAX) and newly set up polyclinics (Anshan, HLG) during the year, which was partially offset by depreciation and reclassification of leasehold property to ROU assets resulted from adoption of SFRS(I) 16.

ROU assets amounted to RMB50.8 million as at 31 December 2019 as a result of the adoption of SFRS(I) 16 with effect from 1 January 2019.

Intangible assets as at 31 December 2019 increased to RMB132.2 million (31 December 2018: RMB115.4 million), mainly due to the recognition of goodwill arising from the acquisition of JZYX and Jinfeng.

Current assets

Current assets as at 31 December 2019 decreased to RMB62.7 million (31 December 2018: RMB87.6 million), mainly due to a decrease in cash and cash equivalents and other assets, which was partially offset by an increase in inventories and trade and other receivables.

Cash and cash equivalents at 31 December 2019 decreased to RMB27.0 million (31 December 2018: RMB50.3 million), mainly attributable to cash flow used in investing activities for the purchase of plant and equipment and renovation for the newly acquired and set up dental hospitals and polyclinics, and payment made to the vendors for the acquisition of subsidiaries in FY2019, as well as prior years.

Other assets as at 31 December 2019 decreased to RMB1.6 million (31 December 2018: RMB6.0 million), mainly due to (i) reclassification of prepaid lease rental of RMB2.8 million to ROU assets following the adoption of SFRS(I) 16; and (ii) a reduction in prepayment by RMB4.2 million as a result of lower amount of prepayment to contractors and lessors during the year.

Inventories as at 31 December 2019 increased to RMB10.8 million (31 December 2018: RMB9.6 million) in anticipation of higher sales from the primary healthcare and distribution dental equipment and supplies segments.

Trade and other receivables as at 31 December 2019 increased to RMB21.6 million (31 December 2018: RMB19.6 million), mainly due to an increase of RMB4.3 million in trade receivables from the government sector which have longer credit terms. However, this increase was partially offset by impairment loss allowance on trade receivables of RMB0.9 million, and a decrease in other receivables of RMB1.2 million, mainly due to lower management fee income from Shenyang Aoxin Q & M Stomatology Hospital Co., Ltd.

Non-current liabilities

Non-current liabilities as at 31 December 2019 was RMB38.9 million (31 December 2018: RMB1.5 million), which comprised mainly lease liabilities arising from ROU assets of RMB37.6 million (31 December 2018: nil) following the adoption of the new leasing accounting standard, SFRS(I) 16 with effect from 1 January 2019.

Current liabilities

Current liabilities at 31 December 2019 increased to RMB35.5 million (31 December 2018: RMB18.2 million), mainly due to (i) an increase in trade and other payables and other financial liabilities; and (ii) recognition of lease liabilities following the adoption of SFRS (I) 16.

Trade and other payables as at 31 December 2019 increased to RMB24.6 million (31 December 2018: RMB17.3 million), mainly due to the increase in trade payables of RMB4.1 million, and the remaining purchase consideration payable to the vendors of the acquired subsidiaries amounting to RMB7.6 million.

Other financial liabilities as at 31 December 2019 increased to RMB4.3 million (31 December 2018: RMB0.9 million), mainly due to an increase in bill payables for a subsidiary in the dental equipment and supplies segment, Shenyang Maotai Q & M Medical Equipment Co., Ltd.

Lease liabilities arising from ROU assets as at 31 December 2019 was RMB6.5 million (31 December 2018: nil), following the adoption of SFRS(I) 16 in FY2019. Lease liabilities relate to the present value of future lease payment for rental of dental hospitals and polyclinics premises.

Cash Flow

The Group generated net cash flow from operating activities of RMB10.2 million in FY2019. This was mainly attributable to positive operating cash flow before changes in working capital of RMB11.8 million, as well as a decrease in other assets and an increase in trade and other payables, which was partially offset by an increase in inventories and trade and other receivables.

Net cash used in investing activities of RMB30.5 million was mainly due to the purchase of plant and equipment and renovation for the newly acquired and set up dental hospitals and polyclinics, and payment made to the vendors for the acquisition of subsidiaries in FY2019, as well as prior years.

Net cash used in financing activities of RMB3.8 million was mainly due to repayment of lease liabilities arising from the ROU assets and interests payment, partially offset by net proceeds from bill payables.

As a result of the above, the Group's cash and cash equivalents were RMB27.0 million as at 31 December 2019.

CORPORATE SOCIAL RESPONSIBILITY

In addition to maintaining sustainable business development and growth, we are committed towards giving back to our local community. In FY2019, we actively engaged in numerous corporate social responsibility ("CSR") initiatives across the Group.

These CSR activities took place within the Liaoning Province, namely in Shenyang, Dalian, Gaizhou, Panjin, Huludao, Jinzhou, and Anshan, where our clinics and hospitals are located.

In line with Aoxin Q & M's inroads into the paediatric dentistry business segment, many of our CSR activities in the past year have been focused on inculcating good dental habits and raising dental health awareness amongst the young.

Throughout the year, we held numerous "Little Dentists" programmes (小牙医活动) throughout Liaoning Province. During these outreach sessions, our dentists and staff went to kindergartens, preschools, and early education centres to share good dental habits with young children and educate them on the importance of maintaining good dental health. Additionally, we conducted free dental check-ups at kindergartens. In Jinzhou, some of our dentists held an information session to educate preschool teachers on adolescent dental care.

In addition to our paediatric dentistry CSR activities, we also provided free ad-hoc check-ups in various cities. For example, in Panjin, we provided free check-ups for employees of numerous corporations such as Panjin City Commercial Bank and Ping An Insurance Company of China.

The Group is also committed towards helping to cultivate excellent dental talent. Through its training centres, the Group grooms promising students into capable dental health professionals. The Group also provides opportunities for training and technical exchange to visiting students from the International Medical University in Malaysia.

In addition to providing us with a platform to give back to society, these activities also allow our employees to connect and engage with their community. Many of our employees felt that these initiatives were an effective way to educate the public, especially youth, on the importance of good dental health. Additionally, by connecting with the community through such programmes, Aoxin Q & M has been able to bolster its reputation as a quality dental service provider for the community as well.

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

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

Foo Kon Tan LLP
Public Accountants and
Chartered Accountants
24 Raffles Place #07-03
Clifford Centre
Singapore 048621

Partner-in-charge: Chang Fook Kay
(Effective from financial year ended 31 December 2019)

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CORPORATE GOVERNANCE REPORT

The Board of Directors (the "**Board**" or "**Directors**") of Aoxin Q & M Dental Group Limited (the "**Company**" and together with its subsidiaries, the "**Group**") is committed to maintaining high standards of corporate governance and has adopted the principles of the Code of Corporate Governance 2018 (the "**Code**") to enhance transparency and accountability as well as to protect the interest of shareholders. The Board confirms that the Company had, for the financial year ended 31 December 2019 ("**FY2019**"), complied with and observed the Principles set out in the Code, and where there are deviations from the Provisions of the Code, explanations, including the provision from which it has varied, reasons for deviation and how the Group's practices adopted are consistent with the intent, aim and philosophy of the Principle in question, have been provided in the relevant sections below.

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

BOARD MATTERS

The Board's Conduct of its Affairs

Principle 1 The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

Board's Role

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

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

(b) ensures that the necessary financial and human resources are in place for the Company to meet its strategic objectives;

(c) supervise and constructively challenge the Management and review its performance;

(d) instils an ethical corporate culture and ensure that the Company's values, standards, policies and practices are consistent with such culture;

(e) implementing and maintaining sound corporate governance practices for the Company, and to ensure transparency and accountability to key stakeholder groups;

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

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

Independent Judgement

The Board and the Management fully appreciate that an effective and robust board whose members engage in open and constructive debate and challenge the Management on its assumptions and proposals is fundamental to good corporate governance. The Directors have the appropriate core competencies and diversity of experience to enable them to contribute effectively. All Directors are fiduciaries who are expected to exercise due diligence and independent judgment in dealing with the business affairs of the Group and are obliged to act in good faith and to take objective decisions in the best interest of the Group.

CORPORATE GOVERNANCE REPORT

Conflicts of Interest

Each Director is required to promptly disclose any conflict of interest, whether direct or indirect, in relation to a transaction or proposed transaction with the Group as soon as is practicable after the relevant facts have come to his knowledge. On an annual basis or as and when necessary, each Director is required to submit details of his other directorships and interests in other entities. Where a Director has a conflict of interest in relation to any matter, he will recuse himself from discussions and decisions involving the issues of conflict.

Matters requiring Board Approval

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 half yearly and year end result announcements and the release thereof; and

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

Directors' Orientation and Training

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

Newly-appointed directors with no prior experience as a director of a listed company in Singapore will undergo training in the roles and responsibilities of a listed company director as prescribed by the SGX-ST in accordance to Rule 406(3)(a) of the Catalist Rules. For FY2019, there were no newly appointed directors.

The Company is responsible for arranging and funding the training of Directors. Directors have been updated with the latest professional developments in relation to the Catalist Rules, accounting standards and other applicable regulatory updates or amendments to relevant laws, rules and regulations to ensure the compliance of the same by all Directors. New releases issued by the SGX-ST and the Accounting and Corporate Regulatory Authority ("**ACRA**") and news articles/reports (including analyst reports) which are relevant to the Group's business are regularly circulated to the 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. The Company has an ongoing budget for its Directors to attend appropriate courses, conferences and/or seminars conducted by external professionals for them to stay abreast of relevant business developments and outlook.

CORPORATE GOVERNANCE REPORT

Delegation by the Board

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 taking into consideration the changes in the governance and legal environment. Any change to the terms of reference for any Board Committee requires the specific written approval of the Board.

All the Board Committees are actively engaged and play an important role in ensuring good corporate governance in the Company and within the Group. 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.

The composition of the Board and Board Committees is set out below:

	Board	Audit Committee	Nominating Committee	Remuneration Committee
Mr. Chua Ser Miang	Chairman	Chairman	Member	Member
Professor Chew Chong Yin @ Chew Chong Lin	Member	Member	Member	Chairman
Mr. Lin Ming Khin	Member	Member	Chairman	Member
Dr. Shao Yongxin	Member	–	–	–
Mr. San Yi Leong @ Tan Yi Leong	Member	–	–	–
Mr. Vitters Sim Yu Xiong	Member	–	–	–

Board Meetings and Attendance

The Board has scheduled to meet at least four (4) times a year and to coincide such meetings with the review and approval of the Group's results announcements. The Board meets on a regular basis as well as ad-hoc meetings, if warranted by circumstances deemed appropriate by the Board. Directors with multiple board representations will ensure that sufficient time and attention are given to the affairs of each company. At those meetings, the Board reviewed the Group's financial performance, annual budget, corporate strategy, business plans, potential acquisitions, risk management policies and significant operational matters. The number of Board and Board Committees meetings held during FY2019 and the attendance of each Director, where relevant, are as follows:

	Board	Audit Committee	Nominating Committee	Remuneration Committee
No. of Meetings held / Name of Directors	4	4	1	1
	No. of Meetings attended			
Mr. Chua Ser Miang	4	4	1	1
Dr. Shao Yongxin	4	4*	1*	1*
Mr. San Yi Leong @ Tan Yi Leong	4	4*	1*	1*
Mr. Vitters Sim Yu Xiong	4	4*	1*	1*
Professor Chew Chong Yin @ Chew Chong Lin	4	4	1	1
Mr. Lin Ming Khin	4	4	1	1

*: By Invitation

The Company's Constitution provides for Directors to participate in meetings of Directors by means of conference telephone, 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 and Board Committees also make decisions through circulation of written resolutions.

CORPORATE GOVERNANCE REPORT

Following the amendments to Rule 705 of the Catalist Rules, the Board has, after due deliberation and consideration, decided to cease quarterly reporting and adopt half yearly reporting with effect for the financial year ending 31 December 2020. In this regard, the Board will meet at least two times a year and at other times as warranted by particular circumstances to discuss and review the Group's key activities.

Access to Information

The Directors have separate and independent access to the Management and the Company Secretary at all times. The Board is informed of all material events and transactions as and when they occur, and provided with complete, adequate and timely information so as to enable them to make informed decisions to discharge their duties and responsibilities. Requests for information from the Board are dealt with promptly by the Management. The Management provides the Board with quarterly reports 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 and Board Committees meetings.

The Company has also adopted initiatives to ensure that the board of Directors are supported by accurate and timely information and have unrestricted access to the management. These initiatives include informal meetings for the management to brief the Directors on potential deals and strategies at an early stage and to circulate relevant information on various business initiatives.

The Company Secretary or 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 appointment and removal of the Company Secretary is a matter decided by the Board as a whole.

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

Board Composition and Guidance

Principle 2 The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

Board Composition and Diversity

The Board comprises six (6) Directors, comprising two (2) Executive Directors; three (3) Independent Non-Executive Directors; and one (1) Non-Independent Non-Executive Director. There is an appropriate mix of core competencies and diversity of experience to direct and lead the Company. There is a good balance between the Executive and Non-Executive Directors, with a strong and independent element on the Board. As at the date of this report, the Board comprises the following members:

Mr. Chua Ser Miang	(Non-Executive Chairman and Independent Director)
Dr. Shao Yongxin	(Executive Director and Group Chief Executive Officer ("**Group CEO**"))
Mr. San Yi Leong @ Tan Yi Leong	(Executive Director and Deputy CEO ("**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 decision making, taking into account the nature and scope of operations of the Group. The make-up of the Board reflects diversity of gender, age, skills and knowledge. 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.

CORPORATE GOVERNANCE REPORT

Currently, the Company does not have a Board diversity policy as provided by Provision 2.4 of the Code, but the Board conducts an annual review to assess if the existing attributes and core competencies of the Board are complementary and contributes to the efficacy of the Board. This enables the Board to maintain or enhance balance and diversity within the Board. In reviewing Board composition and succession planning, the NC will consider the benefits of all aspects of diversity, including diversity of background, experience, gender, age and other relevant factors. These differences will be considered in determining the optimum composition of the Board and when possible should be balanced appropriately. Accordingly, the Board is of the view that its current practices are consistent with the aim of Principle 2 of the Code.

Non-Executive Directors

Currently, Non-Executive Directors (including Independent Directors) make up majority of the Board. The Non-Executive Directors exercise no management functions in the Company or any of its subsidiaries. Although all the Directors are equally responsible for the performance of the Group, the role of the Non-Executive Director are important to ensure that the strategies proposed by the management are fully discussed and examined by taking into account the long-term interests of shareholders, employees, customers, suppliers and the various communities in which the Group conducts its business. The Non-Executive Director 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.

To facilitate a more effective check on management, the Non-Executive Director led by the Independent Chairman will, when necessary, meet in the absence of management to discuss concerns or matters such as overall Group business strategic and investments. The Independent Chairman will provide feedback of such meetings to the Board as appropriate.

Independence of Independent Directors

Each of the Independent Directors has completed an independent director's declaration form and confirmed his independence. The independence of each 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. Rigorous review will also be conducted by the NC when assessing the continued independence of a Director who has served for more than nine (9) years from the date of first appointment. None of the independent directors who have served for more than 9-years from the date of their appointments.

Rules 406(3)(d)(i) and 406(3)(d)(ii) of the Catalist Rules also stipulate that a director will not be independent if he is employed or has been employed by the issuer or any of its related corporations in the current or any of the past three financial years; or if he has an immediate family member who is employed or has been employed by the issuer or any of its related corporations in the current or any of the past three financial years, and whose remuneration is or was determined by the remuneration committee of the issuer. In this regard, each of the Independent Directors has confirmed that they and their respective associates do and did not have any employment relationships with the Company.

The NC has determined that the Independent Directors are independent in accordance with the Code. The Independent Non-Executive Directors, Mr. Chua Ser Miang, Professor Chew Chong Yin @ Chew Chong Lin, 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 in 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, Provision 2.2 of the Code, where Independent Directors should make up majority of the Board, is not applicable. Rule 406(3)(c) of the Catalist Rules, which requires independent directors to make up at least one-third of the Board, will come into effect on 1 January 2020. Prior to which, the corresponding guideline 2.1 of the 2012 Code of Corporate Governance, requiring independent directors to make up at least one-third of the Board will continue to apply. 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 one-third of the Board.

The profiles of the Directors are set out in the section entitled "Board of Directors" of this Annual Report.

CORPORATE GOVERNANCE REPORT

Chairman and Chief Executive Officer

Principle 3 There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

The Chairman and the CEO are separate persons, and there is a clear division of responsibilities between the Chairman and the CEO, which ensures an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision making. Mr. Chua Ser Miang, the Non-Executive Chairman and Independent Director, and Dr. Shao Yongxin, the Executive Director and Group CEO, are not related to each other.

The 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 and Independent Director leads the Board discussion and also ensures that Board meetings are convened when necessary. He sets the Board's meeting agenda and ensures that Directors are provided with complete, adequate and timely information. He chairs the Board meetings and ensures that adequate time is available for discussion of all agenda items, in particular strategic issues, and promotes a culture of openness and debate at the Board. He also assists in ensuring compliance with the Group's guidelines on 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. The Chairman is available to Shareholders where they have concerns and for which contact through the normal channels of communication with the Management are inappropriate or inadequate.

The Board has not appointed a Lead Independent Director as the roles of the Chairman and CEO are distinctly separate. The Chairman is not part of executive management and is an Independent Director; the Board has a strong element of independence with three (3) out of six (6) Directors being independent; and the Board's discussions are open and frank. The Board will review the need for a Lead Independent Director as part of its continuous assessment of corporate governance best practices.

Board Membership

Principle 4 The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

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

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

The NC meets at least once a year. The principle functions of the NC under its term of reference include, but are not limited to, the following:

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

(b) determining on an annual basis whether or not a Director is independent;

(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, the Board Committees and contribution of each Director to the effectiveness of the Board;

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

(f) reviewing and recommending to the Board succession plans for Directors, in particular, the Chairman, the CEO and key management personnel; and

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

CORPORATE GOVERNANCE REPORT

Review of independence of Independent Directors

The NC determines annually, and as and when circumstances require, the independence of the Independent Directors, where the criteria of independence are based on the definition given in the Catalist Rules and the Code. Under Provision 2.1 of the Code, the NC has reviewed the independence of each independent Director and is of the view that Mr. Chua Ser Miang, Professor Chew Chong Yin @ Chew Chong Lin and Mr. Lin Ming Khin are independent and are able to exercise judgment on the corporate affairs of the Group independently of the Management. There are no relationships between the Independent Directors with the Company, its related corporations, its substantial shareholders or its officers, if any, which may affect their independence.

Multiple board representations and other principal commitments

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. Based on the Directors' commitments and contributions to the Company, which are also evident in their level of attendance and participation at Board and Board Committee meetings, the NC and the Board are satisfied that all the Directors were able to and have been adequately carrying out their duties as Directors of the Company in FY2019.

Selection, appointment and re-appointment of 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.

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

In accordance with the Company's Constitution, one-third (1/3) of the Directors are required to retire by rotation and shall be eligible for re-election at every AGM of the Company. Further, 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. Director(s) appointed by the Board during the financial year, shall only hold office until the next AGM and thereafter be eligible for re-election at that AGM.

The Board has accepted NC's recommendation to seek shareholders' approval to re-elect Mr. Chua Ser Miang and Mr. Lin Ming Khin, at the forthcoming AGM.

In making the above recommendation, the NC has considered the respective Director's overall performance and contributions. Mr. Chua Ser Miang and Mr. Lin Ming Khin had each abstained from the NC's deliberation in respect of their performance assessment and re-nomination as a Director of the Company.

The NC has recommended that Mr. Chua Ser Miang and Mr. Lin Ming Khin 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.

CORPORATE GOVERNANCE REPORT

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

Mr. Chua Ser Miang, upon re-election as a Director, remain as Non-Executive Chairman and Independent Director of the Company, Chairman of the AC and a member of the NC and RC. Mr. Lin Ming Khin will, upon re-election as a Director, remain as Independent Director of the Company, Chairman of NC and member of AC and RC. Mr. Lin Ming Khin was the subject of a complaint made to the Law Society of Singapore more than twenty (20) years ago. The complaint arose in the context of an acrimonious litigation matter, and was in relation to the tone of a letter of demand sent on behalf of a client for a corporate matter. The complaint was dismissed and to date, there have been no further follow-up actions. Save for which, 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(1) of the Catalist Rules.

CORPORATE GOVERNANCE REPORT

Key information regarding the Directors, including their present and past five (5) years' directorship(s) in other listed companies and other principal commitments are set out below:

Director	Position	Date of initial appointment	Date of last re-election / re-appointment	Current directorships in other listed companies	Directorships in other listed companies over the past five (5) years	Other Principal commitments
Mr. Chua Ser Miang	Non- Executive Chairman and Independent Director	30 March 2017	30 May 2017	- Yamada Green Resources Limited	- Romulus Corporation	- Director at Eastwin Capital Pte. Ltd.
Dr. Shao Yongxin	Executive Director and Group CEO	24 February 2017	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 April 2019	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 April 2019	NIL	NIL	- Emeritus Professor at National University of Singapore - President of Singapore Dental Council - Dental Specialist Accreditation Board, Ministry of Health, Singapore
Mr. Lin Ming Khin	Independent Director	30 March 2017	30 May 2017	NIL	NIL	- Director at Charles Lin LLC - Commissioner for Oaths - Notary Public

CORPORATE GOVERNANCE REPORT

Board Performance

Principle 5 The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

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 and the Board Committees 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.

All NC members have abstained from the voting or review process of any matters in connection with the assessment of his performance.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 6 The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

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

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

The RC meets at least once a year. The principle functions of the RC under its term of reference include, but are not limited to, the following:

(a) to recommend to the Board a framework of remuneration for the Board and key management personnel, determine specific remuneration packages for each Executive Director and 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;

CORPORATE GOVERNANCE REPORT

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

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

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

(e) to consider the various disclosure requirements for Director's and senior management'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.

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

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

The RC may from time to time, and where required, seek advice from external consultants in framing the remuneration policy and determining the level and mix of remuneration for Directors and key management personnel. If external consultants are appointed, the RC will ensure that existing relationships, if any, between the Company and its appointed consultants will not affect the independence and objectivity of the consultants. The expense of such services shall be borne by the Company. The RC did not seek the service of an external remuneration consultant in FY2019.

Level and Mix of Remuneration

Principle 7 ***The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.***

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

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

The Company has entered into a fixed-term service agreement with our Executive Director and Group CEO. The service agreement is valid for an initial term of five (5) years from the date of the listing of the Company on the Catalist Board of the SGX-ST. Upon the expiry of the initial period of five (5) years, the employment of Dr. Shao Yongxin shall be automatically extended for one (1) year thereafter unless terminated in accordance with the service agreement. Based on terms stipulated in Dr. Shao Yongxin's service agreement as disclosed in the Company's offer document dated 18 April 2017, he is entitled to receive a monthly service fee equal to 35.0% of the monthly net sales revenue (being the total professional fees charged to and paid by the patients attended to by Dr. Shao Yongxin, less all costs, allowances, discounts, laboratory fees, sale of dental products, applicable taxes and other deductions as per the accounting policy of the Company), and an annual variable discretionary bonus as recommended by the NC, subject to Dr. Shao Yongxin's performance. Please refer to Principle 8 of this Report for more details on Dr. Shao Yongxin's remuneration for FY2019.

CORPORATE GOVERNANCE REPORT

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.

In setting remuneration packages, the RC will take into consideration the pay and employment conditions within the industry and comparable companies and the broad guidelines recommended by the Singapore Institute of Directors. The remuneration of Non-Executive Directors will also be reviewed to ensure that the remuneration commensurate with the effort, time spent, contribution and responsibilities of the Non-Executive Directors. All revisions to the remuneration packages for the Directors and key management personnel are subject to the review by and approval of the Board.

The Non-Executive and 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. No member of the RC is involved in deliberating and deciding in respect of any remuneration, compensation or any form of benefits to be granted to him.

The Company will submit the quantum of Directors' fees to the shareholders for approval at the AGM annually. The Board concurred with the RC that the proposed Directors' fees for FY2019 is appropriate and not excessive, taking into consideration the level of contributions by the Directors and factors such as effort and time spent for serving on the Board and Board Committees, as well as the responsibilities and obligations of the Directors.

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 8 The Company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

The compensation packages for employees including the Executive Directors and the key management personnel comprise a fixed component (base salary), a variable component (cash-based annual bonus) and benefits-in-kind, where applicable, taking into account, amongst other factors, the individual's performance and the performance of the Group and industry practices.

A breakdown showing the level and mix of each individual Director's remuneration payable for FY2019 is as follows:

Name	Remuneration Band [1]	Salary %	Bonus %	Benefits [2] %	Directors' Fees [3] %	Total %
Mr. Chua Ser Miang	A	–	–	–	100	100
Dr. Shao Yongxin [4]	B	75	–	25	–	100
Mr. San Yi Leong @ Tan Yi Leong [5]	A	87	7	6	–	100
Mr. Vitters Sim Yu Xiong	A	–	–	–	100	100
Professor Chew Chong Yin @ Chew Chong Lin	A	–	–	–	100	100
Mr. Lin Ming Khin	A	–	–	–	100	100

Notes:

1. Band A: Below S$250,000
   Band B: Between S$250,000 to S$500,000

CORPORATE GOVERNANCE REPORT

2. Benefits refer to mainly employer's contribution to the Central Provident Fund or equivalent

3. The Directors' Fees are subject to approval by shareholders at the forthcoming AGM

4. For FY2019, Dr. Shao Yongxin did not receive any monthly service fees as stipulated in his service agreement, and had only received a fixed salary, housing allowance, as well as remuneration pursuant to his employment contract in the PRC as per his service agreement

5. 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

Provision 8.1 of the Code stipulates that the Company should disclose the names, amounts and breakdown of remuneration of each individual director and the CEO. However, to maintain confidentiality on the remuneration policies of the Company, the Board is of the view that it is in the best interests of the Company to keep the disclosure of remuneration of each individual Director and key management personnel in remuneration bands of S$250,000.

As at the date of this report, the Group only has four (4) key management personnel who are not Directors or the CEO. For FY2019, the aggregate remuneration paid to all the key management personnel of the Group amounted to approximately S$437,000. The details of remuneration of the key management personnel are set out below:

Name	Remuneration Band [1]	Salary %	Bonus %	Benefits [2] %	Total %
Ms. Wan Sin Nee	A	78	11	11	100
Dr. Bai Yi	A	100	–	–	100
Mr. Zhang Dongwei	A	90	–	10	100
Mr. Cui GuoAn	A	54	28	18	100

Notes:

1. Band A: Below S$250,000

2. Benefits refer to mainly employer's contribution to the Central Provident Fund or equivalent

The details of the remuneration of employees who are substantial shareholders of the Company, or who are immediate family members of a Director, the CEO or a substantial shareholder of the Company, are set out as follows:

Name	Remuneration Band [1]	Salary %	Bonus %	Benefits [2] %	Total %
Mdm Shao Li Hua [3]	A	100	–	–	100
Mr. San Yi Leong @ Tan Yi Leong [4]	C	87	7	6	100

Notes:

1. Band A: Below S$100,000
   Band B: Between S$100,000 to S$200,000
   Band C: Between S$200,000 to S$300,000

2. Benefits refer to mainly employer's contribution to the Central Provident Fund

3. Mdm Shao Li Hua is the sister of the Executive Director and Group CEO, Dr. Shao Yongxin

4. Mr. San Yi Leong @ Tan Yi Leong is the brother-in-law of Dr. Ng Chin Siau, the Executive Director and Group Chief Executive Officer of Q & M Dental Group (Singapore) Limited, a controlling shareholder of the Company

Save as disclosed, there are no employees who are immediate family members of a Director, the CEO or a substantial shareholder, and whose remuneration exceeds S$100,000 during the year.

The Board has sought to link the quantum of salary to the current market for the Executive Directors and key management personnel taking into consideration their respective roles and responsibilities. Bonuses are paid based on the individual performances and the performance of the Company as a whole. The remuneration of the Company's top four (4) key management personnel takes into account the pay and employment conditions within the industry and is performance-related.

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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 FY2019.

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 ("**EGM**") 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.

ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

Principle 9 The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the Company and its shareholders.

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

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

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

The Company outsources the internal audit function to an external professional firm to perform the review and test of controls of the Group's processes. The Company has appointed Nexia TS Risk Advisory Pte Ltd ("**Nexia TS**") as the internal auditor to review the internal control processes of the Group. Nexia TS is a company of Nexia TS Public Accounting Corporation, which is recognised as an established mid-tier accounting firm for more than 25 years. Nexia TS possesses vast experience in providing internal audits, risk management services and advisory services in the region. The current engagement team assigned comprises of three (3) members and is led by Ms Pamela Chen who has more than 13 years performing internal audits for listed companies. The primary reporting line of the internal auditors is to the AC. The AC also decides on the appointment, termination and remuneration of the internal auditors.

Based on the work performed by Nexia TS, the Board is satisfied with the Company's levels of risk tolerance and risk policies, and overseen the Management in the design, implementation and monitoring of the risk management and internal control systems.

The Board has also received assurance from the Group CEO, Deputy CEO and the Financial Controller ("**FC**") that (a) the financial records have been properly maintained, the financial statements 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 adequate and effective.

Based on the report of the IA and internal controls established and maintained by the Group, actions taken by the Management, assurances from the Group CEO, Deputy CEO and FC as well as reviews performed by the internal auditors and external auditors, the Board, with the concurrence of the AC, is of the opinion that the Group's risk management and internal control systems are adequate and effective in addressing the financial, operational, compliance and information technology risk of the Group for FY2019.

Management will continue to review and strengthen the Group's control environment and devote resources and expertise towards improving its internal policies and procedures to maintain a high level of governance and internal controls.

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Audit Committee

Principle 10 The Board has an Audit Committee ("AC") which discharges its duties objectively.

Functions of the AC

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.

The AC Chairman has recent and relevant accounting or related financial management expertise or experience. Notwithstanding that Provision 10.2 requires at least 2 members, including the AC Chairman to have recent and relevant accounting or related financial management expertise or experience, the Board is of the view that the current composition of the AC is in the best interests of the Company, given that there is a diverse range of relevant experience ranging from accounting, finance, legal and dentistry. Accordingly, the AC, collectively, has the relevant accounting and financial management expertise or experience to discharge the responsibilities of the AC's functions, in line with the intent of Principle 10.

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

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

No former Partner or Director of the Company's existing auditing firm or auditing corporation has acted as a member of the Company's AC: (a) within a period of two years commencing on the date of his/her ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case (b) for as long as he/she has any financial interest auditing firm or auditing corporation.

The AC meets quarterly 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;

CORPORATE GOVERNANCE REPORT

(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 judgements with the Financial Controller and the external auditors so as to ensure the integrity of the financial statements of the Group and any announcements relating to the Group's financial performance;

(m) review the adequacy, effectiveness, scope and results of the audit, cost effectiveness, the independence and objectivity of the external auditors and internal 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 auditors' primary line of reporting is 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 reporting to the Board at least 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) review the policy and arrangements for employees to raise concerns about possible improprieties in financial reporting or any other matters to be safely raised, independently investigated and appropriately followed up on, and reassurance that they will be protected from reprisals or victimization for whistle blowing in good faith.

The AC has the power to conduct or authorise investigations into any matters within the AC's scope of responsibility. 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 has full access to and co-operation from the Management and has full discretion to invite any Executive Director or Executive Officer to attend its meetings, and has been given reasonable resources to enable it to discharge its functions.

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

External Auditors

During the financial year under review, the Company has incurred an aggregate S$145,000 paid to the external auditors for its audit services, and has incurred an aggregate of S$10,000 paid to the external auditors for its other non-audit professional services which was relating to tax consultancy services. The AC, having reviewed the range and value of non-audit services performed by the external auditors, Foo Kon Tan LLP, was satisfied that the nature and extent of such services has not prejudiced the independence and objectivity of external auditors.

CORPORATE GOVERNANCE REPORT

The Company confirms that it has complied with Rules 712, 715 and 716 of the Catalist Rules in relation to the appointment of its external auditors. The Board and Audit Committee have reviewed and confirmed the suitability of the appointment of different auditors (which are also members of HLB International, a network of independent professional accounting firms and business advisers of which Foo Kon Tan LLP is also a member of) for the Group's certain significant foreign associated companies and are satisfied that the such arrangements would not compromise the standard and effectiveness of the audit of the Group.

The Group's main operations are in the PRC. The outbreak of COVID-19 and the resulting worldwide movement restrictions have posed various challenges to companies in terms of operating their businesses including conducting audits. In view of the challenges faced by the Company, the management of the Company, in consultation with the Audit Committee, carried out a review of the audit process that would enable the completion of the audit of the Group in a timely manner in situations such as the COVID-19 pandemic where travel restrictions are imposed. Based on such review, the management of the Company determined that the proposed audit approach of RSM Chio Lim meets the requirements of the Group.

Due to above reasons, the AC had recommended, and the Board had approved the nomination to appoint RSM Chio Lim LLP as the Company's external auditor for the financial year ending 31 December 2020, subject to the approval of shareholders to be obtained at the forthcoming AGM. In view of the aforesaid, Foo Kon Tan LLP, the existing external auditor of the Company will retire and not seek re-appointment at the AGM.

Internal Audit

The Company's internal audit function is outsourced to Nexia TS that reports directly to the AC Chairman. The Board is of the view that the outsourcing of the internal audit function had deliver enhanced independence as well as improve the quality of the audit as the IA is adequately qualified and equipped with a broad range of expertise with advanced degrees and technological specialisation to discharge its duties effectively.

The Board recognises that it is responsible for maintaining robust internal controls to safeguard shareholders' investment and the Company's business and assets. The AC approves the hiring, removal, evaluation and compensation of the internal auditors and reviews and approves the internal audit's plan during the AC meeting for each financial year. The AC also ensures that the internal auditors have unfettered access to all the Company's documents, records, properties and personnel including access to the AC.

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 has reviewed the report submitted by Nexia TS on internal procedures and the internal controls in place, and is satisfied that there are adequate internal controls in the Company. The AC will review on an annual basis the adequacy and effectiveness of the internal audit function.

The AC is also of the view that the outsourced internal audit function is independent, effective, adequately resourced, has appropriate standing within the Company and is staffed with persons with the relevant qualifications and experience, and in performing their work, the internal auditors uses the International Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors as a reference and guide.

Whistle-Blowing Policy

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 FC of the Company, where appropriate. The whistle-blowing policy can also be found at the Company's website at http://www.aoxinqm.com.sg.

There was no reported incident pertaining to whistle blowing during FY2019 and until the date of this Annual Report.

CORPORATE GOVERNANCE REPORT

SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

Principle 11 The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its 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.

Shareholders are encouraged to attend the AGM and EGM 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. Any notice of general meeting is issued at least 14 clear days before the scheduled date of such meeting. Notice of the general meetings will be advertised in newspapers and announced on SGXNet.

All Shareholders who are not relevant intermediaries can appoint up to two (2) proxies during his/her absence to attend, speak and vote in general meeting in compliance with Companies Act, Chapter 50 of Singapore. Shareholders who are relevant intermediaries may appoint more than two proxies to attend, speak and vote at general meetings.

Voting in absentia by mail, facsimile or email is currently not permitted to ensure proper authentication of the identity of shareholders and their voting intent. This is not in line with Provision 11.4 of the Code, where the Company's Constitution should allow for absentia voting at general meeting of shareholders. As the authenticity of shareholders' identity and other related integrity issues still remain a concern, the Company has decided, for the time being, not to implement voting in absentia.

The Company ensures that Shareholders have the opportunity to participate effectively in and vote at general meetings of shareholders. The Chairman briefs the Shareholders on the rules, including voting procedures, that govern general meetings of shareholders and addresses any queries that they may have on the procedures. The Company ensures that there are separate resolutions at general meetings on each distinct issue unless the issues are interdependent and linked so as to form one significant proposal. In situations where resolutions are "bundled", the Company will provide clear explanations on the reasons and material implications in the notice of meeting. All resolutions are put to vote by poll in the presence of independent scrutineers, and the voting results will be announced via SGXNet after the conclusion of the general meeting.

The Company's general meetings (AGM and/or EGM where applicable), are the principal forums for dialogue with shareholders. The Chairman of the AC, RC and NC as well as the Board will be present and available at the Company's AGMs and EGMs to address questions from shareholders. The external auditors will also be present to address shareholders' queries about the conduct of the audit and the preparation and content of the auditors' report. All of the Directors were present at the previous AGM of the Company held on 30 April 2019, as well as the Company's EGM held on 9 January 2019. All Directors will endeavour to be present at the Company's forthcoming AGM to address Shareholders' questions.

The proceedings 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. These minutes are published on its corporate website as soon as practicable.

The Board notes that Provision 11.6 of the Code sets out that the company should have a dividend policy and communicates it to shareholders. However, the Company does not have a formal dividend policy. Nonetheless, the Company is of the view that the following disclosure would constitute a balanced and understandable assessment of its position on a dividend policy, and such practice is consistent with the intent of Principle 11 of the Code. Additionally, the Company also discloses the reasons for the decision of the Board not to declare or recommend a dividend, together with the announcement of the financial statements, which is in line with Rule 704(23) of the Catalist Rules.

CORPORATE GOVERNANCE REPORT

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 FY2019, the Board has not declared or recommended any dividend as the Group has decided to conserve cash for working capital needs.

Engagement with Shareholders

Principle 12 The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

The Company does not practise selective disclosure. In line with the continuous obligations of the Company pursuant to the Catalist Rules, the Board's policy is that all shareholders should be equally informed of all major developments impacting the Company. Price-sensitive and trade-sensitive information is publicly disclosed on an immediate basis where required under the Catalist Rules. Material information on the Group will be released to the public through the Company's announcements via SGXNet.

With effect from 7 February 2020, following the revisions to the quarterly reporting framework of the Catalist Rules, the Group will cease to release its financial statements results announcement on a quarterly basis. Instead, the Group will adopt financial reporting on a half-yearly basis and financial statements results announcements of the Group will be released within 45 days from the end of the Group's half-year period, and 60 days from the full financial year end.

Information is disseminated to shareholders on a timely basis through:

- Announcements and news releases on SGXNet.
- Annual report and circulars prepared and issued to all shareholders.
- Notices of shareholders' meetings are published in Company's website 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 FC with the responsibility of facilitating communications with shareholders and analysts and attending to their queries or concerns. Shareholders may contact the investor relations team at qnm@aoxin.sg or +65 62351188 with questions, through which the investor relations team may respond to such questions.

The Company currently does not have an Investor Relation Policy as set out under Provision 12.2 of the Code. The Company will assess the need to have such a policy should the need arises. The Company's current practices allow for an ongoing exchange of views, and are able to engage with shareholders for effective communication, in line with the intent of Principle 12.

All shareholders are accorded their rights in accordance with the Companies Act, Chapter 50 of Singapore and the Company's Constitution.

To promote a better understanding of shareholders' views, the Board actively encourages shareholders to participate and vote at the Company's general meeting. These meetings provide excellent opportunities for the Company to obtain shareholders' view on value creation.

The Company will review its Constitution from time to time and make such amendments to the Constitution to be in line with the applicable requirements or rules and regulations governing the Continuing Listing obligations of the Catalist Rules.

CORPORATE GOVERNANCE REPORT

MANAGING STAKEHOLDERS RELATIONSHIPS

Engagement with Stakeholders

Principle 13 The board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

The Company's key stakeholders are those who most materially impact the Company's strategy or are directly impacted by it. They comprise the Company's shareholders, customers, employees, community and regulators. Engagement with stakeholders provides the Company with an understanding of the matters they are most concerned with. These matters help to define the Company's strategic priorities and guide the Company's initiatives. The Company has regularly engaged its stakeholders through various medium and channels to ensure that the business interests are aligned with those of the stakeholders, to understand and address the concerns so as to improve services standards, as well as to sustain business operations for long-term growth.

Our stakeholder issues and engagement platforms are detailed below:

Our Group's senior management periodically assesses focus areas where our Group can have the greatest economic, environmental and social impact, as well as areas that are most important to our stakeholders. Our Group has made efforts to seek the opinions of many stakeholders either through informal or formal means. We evaluate the needs and expectations of our key stakeholder groups which are significant to our Group's value creation strategy and strive to build mutually beneficial relationships.

In Aoxin, we recognise the importance of a meaningful two-way engagement with our key stakeholders to understand their interests, expectations and also addressing the economic and ESG topics that are material to our business and stakeholders, whilst taking into account any pivotal developments within this industry. We have made conscious efforts to seek the opinions of our stakeholders through formal and informal engagements as well as establishing an internal review process to integrate stakeholder feedback with our corporate strategies.

The Company's corporate website at http://www.aoxinqm.com.sg also provides updated information to its stakeholders on its latest financial results and corporate developments. The website, which is updated regularly, contains various information on the Group and the Company which serves as an important resource for investors and all stakeholders.

MATERIAL CONTRACTS

Rule 1204(8) of the Catalist Rules

Save for the service agreements entered into with the Group CEO and Deputy CEO, there were no material contracts entered into by the Company or any of its subsidiaries involving the interest of the CEO, any Director, or controlling shareholder either subsisting at the end of the financial year reported on or if not then subsisting, which were 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 reviewed the rationale for the 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 not prejudicial to the interest of shareholders.

CORPORATE GOVERNANCE REPORT

No general mandate has been obtained from shareholders in respect of interested person transactions for FY2019. Particulars of the interested person transactions for FY2019, disclosed in accordance with Rule 907 of the Catalist Rules set out below:

Name of Interested Person	Nature of relationship	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
Mdm Shao Li Hua - Rental of premises at Shenyang Aoxin Q & M Stomatology Hospital Co., Ltd. and Shenyang Heping Q & M Aoxin Stomatology Polyclinic Co., Ltd.	Mdm Shao Li Hua is the sister of the Executive Director and Group CEO, Dr. Shao Yongxin.	137	NIL

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 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.

Following the cessation of quarterly reporting of its financial results with effect from 7 February 2020 Directors, executive officers and any other persons as determined by the Management who may possess unpublished material price-sensitive information of the Group are prohibited to deal in the Company's shares during the period commencing one (1) month before the announcement of the Company's half year and full year financial statements.

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 FY2019.

SUSTAINABILITY REPORTING

This is the third year the Company is publishing its sustainability report and it will continue to address the activities, data and measurements, where applicable, that fall within FY2019. The Company is proud to have continued its efforts in improving the report, giving the requisite "descriptive and quantitative information on how business is conducted" and how its ESG factors are being managed for a sustainable future, in compliance with the Catalist Rules and Global Reporting Initiative ("GRI") Sustainability Reporting Standards: Core Option. The Company will continue to demonstrate its commitment to grow its sustainable business model both as a responsible and a forward-looking corporate citizen. More information on how the Company engages with its stakeholders, as well as its approach to material topics and its overall sustainability performance, can be found in the Company's Sustainability Report 2019, which was released on 28 May 2020.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2019 and the statement of financial position of the Company as at 31 December 2019.

In the opinion of the directors,

(a) the accompanying financial statements of the Group and the Company are drawn up so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2019 and the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International); and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

Names of Directors

The directors of the Company in office at the date of this report 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

Arrangements to enable directors to acquire benefits by means of the acquisitions of shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or of any other body corporate, other than as disclosed in this statement.

Directors' interest in shares or debentures

According to the Register of Directors' Shareholdings kept by the Company under Section 164 of the Act, none of the directors who held office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Direct interest		Deemed interest	
	As at 1.1.2019	**As at 31.12.2019**	As at 1.1.2019	**As at 31.12.2019**
The Company		Number of ordinary shares		
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**	–	**–**

There were no changes in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2020.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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 comprising all the members 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 (Non-Executive Chairman and Independent Director)
Lin Ming Khin (Independent Director)

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

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

- No options have been granted to the controlling shareholders of the Company and their associates;
- No 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 parent company and its subsidiaries; and
- No options have been granted at a discount.

Share options

On 20 January 2020, the Company granted options to subscribe 2,441,000 ordinary shares of the Company at exercise price of S$0.20 per share which is equal to the average of the last dealt prices of the shares in the SGX-ST over the five (5) consecutive market days immediately preceding the date of grant ("2020 Options"). The 2020 Options are exercisable one year from the date of grant and will expire on 21 January 2021. Fair value of the 2020 Options granted was estimated to be S$48,820 based on the Black-Scholes Pricing Model. No Options were granted to the directors.

The options may be exercised in full or in respect of 1,000 shares or a multiple thereof, on payment of the exercise price at any time after one year from the date of grant of Options, subject to the New Shares upon exercise of the Options being moratorised up to 30 September 2022.

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

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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 will expire on 8 January 2029.

The Plan is administered by the PSP Committee comprising all the members 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 (Non-Executive Chairman and Independent Director)
Lin Ming Khin (Independent Director)

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

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

Under the Plan, performance target(s), which shall be set according to the specific roles of the participant, will be at the discretion of the PSP Committee.

Since the adoption of the Plan till the end of the financial year, no performance shares have been granted under the Plan.

On 20 January 2020, the Company granted awards in respect of 960,565 performance shares which vest in accordance with the vesting schedules each commencing on 1 January 2020 and ending on 31 December 2029, subject to certain vesting conditions.

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 Section B: Rules of Catalist.

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 four 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.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

Independent auditor

The retiring auditor, Foo Kon Tan LLP, will not be seeking re-appointment at the forthcoming AGM. RSM Chio Lim LLP has indicted its willingness to accept appointment as auditor.

On behalf of the Directors

....	....
SHAO YONGXIN	SAN YI LEONG @ TAN YI LEONG

Dated: 30 April 2020

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 financial statements of Aoxin Q & M Dental Group Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2019, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying 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 the financial position of the Company as at 31 December 2019 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the changes in equity of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSA"). 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 Group 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 period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF AOXIN Q & M DENTAL GROUP LIMITED

Key Audit Matters (Cont'd)

<table>
<tr><td rowspan="2">Key Audit Matter No. 1</td><td><u>Business combinations</u> (refer to Note 2(d) and Note 6 to the financial statements)</td></tr>
<tr><td>During the financial year ended 31 December 2019, the Group acquired three dental practices and recorded as intangible assets which also include goodwill on acquisition amounting to RMB 17.7 million as at that date.

The acquisitions were accounted for as business combinations using the acquisition method of accounting. Management has engaged an independent professional valuer to carry out a purchase price allocation ("PPA") exercise for the above acquisitions in accordance with SFRS(I) 3 Business Combinations.

We determined the acquisitions to be a key audit matter as these constitute material acquisitions to the Group and the PPA exercise involves significant management judgement and estimates in determining the fair values of the identifiable assets and liabilities and purchase consideration.</td></tr>
<tr><td>How the Key Audit Matter was addressed in our audit</td><td>Our audit procedures included, among others:

(a) Inspected the sale and purchase agreements for the understanding of the terms and conditions of the acquisitions;

(b) Evaluated the appropriateness of management's accounting treatment of the acquisitions against the relevant accounting standards;

(c) Reviewed management's assessment of the date of acquisition and date of control resulting in the PPA exercise against relevant supporting documentation and examined them for related evidences of control;

(d) Evaluated the competency, capabilities and objectivity of the management expert, obtained an understanding of the work of that expert; and evaluated the appropriateness of that expert's work as audit evidence for the relevant assertion;

(e) Engaged an auditor expert to review the appropriateness of the valuation methodologies, assumptions and reasonableness of certain key inputs used by management as assisted by the independent valuer in determining the fair values of the assets acquired and liabilities assumed including the fair value of the consideration given;

(f) Challenged the identification of the assets and liabilities in the PPA exercise based on our understanding of the acquired businesses and based on discussions with management, management's independent professional valuer and our auditor expert;

(g) Evaluated whether the auditors' expert has the necessary competence, capability and objectivity for our purpose;

(h) Performed sensitivity analysis over the assumptions and estimates over its measurement; and

(i) Assessed the adequacy of disclosure in relation to the business combinations.</td></tr>
</table>

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF AOXIN Q & M DENTAL GROUP LIMITED

Key Audit Matters (Cont'd)

<table>
<tr><td rowspan="2">Key Audit Matter No. 2</td><td><u>Revenue recognition</u> (refer to Note 2(d) and Note 17 to the financial statements)</td></tr>
<tr><td>The Group's revenue comprises mainly the following:

i. Primary healthcare – private dental services

ii. Distribution of dental equipment & supplies

iii. Laboratory services

iv. Management services

v. Leasing services

Revenue from the provision of private dental healthcare services forms most of the revenue of the Group accounting for approximately 54.5% (2018: 57.6%) of the Group's revenue. For this category of revenue, the Group is reliant on a computer system known as Clinic Assist ("CA") for the recording of revenue from large volumes of transactions, and on the daily reconciliations that are performed manually to match the revenue against different sources of receipts such as cash, credit cards, receivables from the People's Republic of China ("PRC") social health insurance bureau (医保 or Yibao or Yibao bureau) and other electronic forms of payments received from customers.

Other streams of revenue are recognised when the Group satisfies a performance obligation by transferring a promised good or service to a customer.

Singapore Standard of Auditing No. 240 The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements presumes there is a risk of fraud in revenue recognition. In addition, any minor errors arising from the significant volumes of low value amounts being transacted and processed from the provision of private dental healthcare services could, in aggregate, have a material impact on the financial statements.</td></tr>
<tr><td>How the Key Audit Matter was addressed in our audit</td><td>Our audit procedures included, among others:

(a) Obtained an understanding of the revenue and receipts processes;

(b) Reviewed and evaluated the appropriateness of accounting policy for revenue recognition as to whether the performance obligations are satisfied at a point in time or over time;

(c) Reviewed for consistent application of revenue recognition policy in relation to the respective revenue streams and the terms and conditions in the sale agreements;

(d) Performed a walkthrough of the revenue and receivable cycle, assessed the design and implementation effectiveness of key controls identified, and tested the operating effectiveness of these key controls;

(e) Performed disaggregated revenue analytics to ascertain overall reasonableness of revenue recognised from respective revenue streams;

(f) Discussed with management on significant variances from prior corresponding periods;

(g) Performed revenue cut-off procedures as at year end;

(h) Performed substantive analytical procedures and substantive test of details, where applicable, by tracing to source documentation;

(i) Reviewed reconciliations of and/or adjustments made to revenue accounts (e.g. discounts approved by management);</td></tr>
</table>

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF AOXIN Q & M DENTAL GROUP LIMITED

Key Audit Matters (Cont'd)

Key Audit Matter No. 2 (Cont'd)	**Revenue recognition** (Cont'd)
How the Key Audit Matter was addressed in our audit	Our audit procedures included, among others (Cont'd): (j) Performed data analytics to identify and tested unusual items and high-risk items from large populations of revenue accounts for audit testing purposes; (k) Performed circularisation to major customers to ascertain the occurrence, accuracy and completeness of revenue recognised; (l) Reviewed for large or unusual sales occurring close to accounting year-end; (m) Reviewed for significant and unusual credit notes issued during the period and post period-end; and (n) Reviewed the adequacy of disclosures related to revenue recognition made in the financial statements. In addition to the above work, we also performed the following procedures: Primary healthcare: (a) Due to the high reliance of revenue recognition on the Group's CA system, we evaluated the effectiveness of the general IT control environment by engaging an IT auditor expert; (b) Compared the total revenue generated from the CA system against the revenue recorded in the General Ledger, and verified identified material variances to supporting documentation, as appropriate; (c) Using computer assisted audit technique, tested the prices indicated on the sales invoices against the master price list for accuracy in the CA system on a sample basis; (d) Checked that the sales invoices from the provision of dental services were agreed to the total revenue recorded in the CA system and checked to supporting documentation for differences, if any; (e) Independently verified the revenue transactions from the Yibao system against the statements of account acknowledged by the Yibao bureau and verified to source documentation on the sales invoices and Yibao receipts during the year including receipts from Yibao bureau subsequent to year end on a sample basis; (f) Evaluated the competency, capability and objectivity of the IT auditor expert, obtained an understanding of the work of that expert; and evaluated the appropriateness of that expert's work as audit evidence for the relevant assertion; and (g) Performed test of controls on the revenue cycle over the patients' registration, patients' case notes, medication dispensation, billings and invoicing, daily transactions reconciliation, daily cash bank-in, approval of monthly Yibao revenue from the Yibao bureau and the recording of patient revenue transactions.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF AOXIN Q & M DENTAL GROUP LIMITED

Key Audit Matters (Cont'd)

<table>
<tr><td>Key Audit Matter No. 2 (Cont'd)</td><td><u>Revenue recognition</u> (Cont'd)</td></tr>
<tr><td>How the Key Audit Matter was addressed in our audit</td><td><u>Distribution of dental equipment & supplies & laboratory services:</u>
(a) Performed test of controls over the sale cycle by checking to source documentations such as approval of sales orders and sales invoices, receipt of acknowledgement of delivery of goods by customers and the recording of sale transactions on a sample basis;

(b) Carried out interviews with the Group's distributors of dental equipment & supplies to corroborate the distribution terms and conditions, obtained confirmations from distributors on the transactions and balances during and as of the reporting date on a sample basis and/or performed alternative procedures for non-replies;

(c) Performed tests of details for selected sale transactions by vouching to supporting documents such as sale invoices, delivery orders, customer acknowledgement; and

(d) Authenticated sales invoices to the PRC tax authority website on a sample basis.

<u>Management services:</u>
(a) Checked to management agreements to ascertain the existence and accuracy of management fee income recorded;

(b) Performed reasonableness test on management fee income against the management agreements on the rate and terms; and

(c) Performed circularisation to major customers to ascertain the occurrence, accuracy and completeness of revenue recognised.

<u>Leasing services:</u>
(a) Checked to lease agreements to ascertain the existence and accuracy of rental income recorded; and

(b) Performed reasonableness test on rental income in accordance with rental rate and term.</td></tr>
<tr><td>Key Audit Matter No. 3</td><td><u>Impairment of intangible assets</u>
(refer to Note 2(d) and Note 5 to the financial statements)</td></tr>
<tr><td></td><td>As at 31 December 2019, the total carrying amount of intangible assets including goodwill was RMB 132.2 million (2018: RMB 115.4 million) which forms the majority of the total assets of the Group.

The Group has performed an impairment assessment on intangible assets including the annual impairment assessment of goodwill.

In performing the impairment assessment, management recognised that the cash generating units ("CGU") for its primary healthcare services comprising all its private dental practices which are integral to its dental operations should be integrated as a whole as opposed to stand-alone. During the year ended 31 December 2019, the Group has reallocated and/or reassigned its professional dentists between the Group's hospitals and polyclinics for the training of new professional dentists in other dental centres as well as for the provision of dental services, setting up of new dental establishments, acquisition of new dental centres, deployment of specialists and the provision of support to other dental centres within the Group which are regarded as a single business strategy.

As from this integration as explained herein, management has determined that the dental centre operations, previously considered to be separate CGUs within the primary healthcare services, are now regarded as one single and integrated CGU. With this revision, impairment tests were computed against the cash flows of the combined primary healthcare services CGU for possible impairment. The CGU for the distribution of dental equipment and for the provision of laboratory services remained unchanged during the year. The impairment assessment by management involves significant management judgments and estimates.</td></tr>
</table>

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF AOXIN Q & M DENTAL GROUP LIMITED

Key Audit Matters (Cont'd)

Key Audit Matter No. 3 (Cont'd)	**Impairment of intangible assets** (Cont'd)
How the Key Audit Matter was addressed in our audit	Our audit procedures included, among others: (a) We assessed the appropriateness of the CGU's identified by management including our understanding of the nature of dental centre operations. The integrated business unit as a single operation is consistent with the management's expectation to benefit from the synergies of each business combination in respect of the primary healthcare services group. We reviewed the Group's scheduling and allocation plans for its professional dentists during the year and observed that the same masthead is used in the dental centres operated throughout the province of Liaoning that form part of the group's integration of its primary healthcare operations. We also interviewed the Chief Executive Officer and key management personnel to understand the integration and developments surrounding the Group's primary healthcare business including how management has changed the monitoring and reporting of its primary healthcare operations as a single CGU during the financial year; (b) We assessed the competency, capability and objectivity of the independent professional valuer used by management; (c) We challenged the assumptions and methodologies used in determining the recoverable amounts based on cash flow projections using a value-in-use calculation by engaging our auditor expert in critically assessing the discount rate applied by management. We also assessed the reasonableness of the forecasted future cash flows by comparison to historical performance and considering the growth rate of the dental patients' fee and patients numbers at the dental practices including the different types of dental treatment services offered. We also reviewed the reasonableness of management's committed plans in the near future (such as plans to convert certain polyclinics into dental hospitals to expand its dental operating capabilities and patient outreach for dental treatment), forecasted professional dentists recruitment and deployment having regard to past performance and forecasted operating costs, capital expenditure, timing of cash flows, trend analysis and market expectations, as appropriate; (d) We assessed the annual growth rate and long-term growth rate applied within the model, including comparison to economic and external sources where appropriate; (e) We have evaluated whether the auditor's expert has the necessary competence, capability and objectivity for our purpose; and (f) We have assessed and validated the adequacy and appropriateness of the disclosures made in the financial statements in accordance with the relevant accounting standards.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF AOXIN Q & M DENTAL GROUP LIMITED

Key Audit Matters (Cont'd)

Key Audit Matter No. 4	**<u>Impairment assessment on the Group's property, plant and equipment and right-of-use assets, and the impairment assessment of the Company's investment in subsidiaries</u>** (refer to Notes 2(d), 3, 4 and 6 to the financial statements)
	As of 31 December 2019, the carrying value of the Group's property, plant and equipment ("PPE") and right-of-use assets ("ROU assets"), which consist principally of dental chairs and related equipment and ROU assets, amounted to RMB 62.5 million and RMB 50.8 million respectively (2018: RMB 62.4 million and nil). The Company's investment in subsidiaries was RMB 302.2 million as at 31 December 2019 (2018: RMB 227.2 million). PPE and ROU assets, and investment in subsidiaries are tested for impairment whenever there are indications of impairment. Following management's impairment assessment using the discounted cashflow method, no impairment allowance was recorded for the year ended 31 December 2019. We consider this to be a Key Audit Matter as the impairment assessment requires significant judgement and estimation.
How the Key Audit Matter was addressed in our audit	Our audit procedures included, among others: (a) We evaluated management's impairment assessment including the work performed by an independent valuer used by management and evaluated its appropriateness as audit evidence; (b) We evaluated the competency, capability and objectivity of the independent valuer used by management, including inquiry regarding interests and relationships that may create a threat to their objectivity; (c) We involved our auditor expert in responding to this risk and focused our work on assessing the appropriateness of the discount rate used by management; (d) We reviewed the methodologies and challenging the assumptions and estimates used by management on the discounted cashflow forecast and corroborated their assumptions against historical data and past experience and to relevant market data, as appropriate; (e) We evaluated the competency, capability and objectivity of the auditor expert for our purposes; (f) We performed sensitivity analysis on the assumptions and estimates over its measurement; and (g) We assessed and validated the adequacy and appropriateness of the disclosures made in the financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF AOXIN Q & M DENTAL GROUP LIMITED

Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement section of the annual report but does not include the financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the remaining sections of the annual report, which are expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will 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 identified above 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 on the other information that we obtained prior to the date of this auditor's report, 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.

When we read the remaining sections of the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and take appropriate actions in accordance with SSA.

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 SFRS(I)s, 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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF AOXIN Q & M DENTAL GROUP LIMITED

Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

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

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

Other Matter

The financial statements for the year ended 31 December 2018 were audited by another firm of auditors whose report dated 30 March 2019 expressed an unmodified opinion on those financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF AOXIN Q & M DENTAL GROUP LIMITED

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations 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 Chang Fook Kay.

Foo Kon Tan LLP
Public Accountants and
Chartered Accountants

Singapore,
30 April 2020

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

		The Group		The Company	
		2019	2018	2019	2018
	Note	RMB'000	RMB'000	RMB'000	RMB'000
ASSETS					
Non-Current Assets					
Property, plant and equipment	3	**62,491**	62,442	**337**	369
Right-of-use assets	4	**50,831**	–	**1,446**	–
Intangible assets	5	**132,231**	115,372	**–**	–
Investment in subsidiaries	6	**–**	–	**302,225**	227,210
Other receivables	8	**–**	–	**10,351**	–
Other assets	9	**350**	402	**314**	328
Deferred tax assets	13	**14**	–	**–**	–
Total non-current assets		**245,917**	178,216	**314,673**	277,907
Current Assets					
Inventories	7	**10,790**	9,576	**–**	–
Income tax recoverable		**1,752**	2,116	**–**	–
Trade and other receivables	8	**21,554**	19,586	**6,935**	10,501
Other assets	9	**1,635**	5,962	**304**	289
Cash and cash equivalents	10	**26,956**	50,318	**2,843**	22,297
Total current assets		**62,687**	87,558	**10,082**	33,087
Total assets		**308,604**	265,774	**324,755**	310,994
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	11	**295,356**	295,356	**295,356**	295,356
(Accumulated losses)/Retained earnings		**(4,205)**	10,764	**(8,519)**	(2,638)
Other reserves	12	**(56,973)**	(60,103)	**25,457**	15,971
Equity attributable to owners of the Company		**234,178**	246,017	**312,294**	308,689
Non-controlling interest		**3**	–*	**–**	–
Total equity		**234,181**	246,017	**312,294**	308,689
Non-Current Liabilities					
Deferred tax liabilities	13	**1,332**	1,536	**–**	–
Lease liabilities	16	**37,614**	–	**1,345**	–
Total non-current liabilities		**38,946**	1,536	**1,345**	–
Current Liabilities					
Income tax payables		**79**	–	**–**	–
Trade and other payables	14	**24,592**	17,284	**10,892**	2,305
Other financial liabilities	15	**4,288**	937	**–**	–
Lease liabilities	16	**6,518**	–	**224**	–
Total current liabilities		**35,477**	18,221	**11,116**	2,305
Total liabilities		**74,423**	19,757	**12,461**	2,305
Total equity and liabilities		**308,604**	265,774	**324,755**	310,994

** Amount less than RMB 1,000*

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	2019 RMB'000	2018 RMB'000
Revenue	17	**141,109**	119,114
Interest income		**129**	152
Other income and gains	18	**–**	45
Consumables and dental supplies		**(11,733)**	(11,325)
Cost of dental equipment and supplies		**(38,626)**	(26,080)
Cost of laboratory services		**(3,173)**	(2,730)
Employee benefits expense	19	**(59,881)**	(46,817)
Depreciation of property, plant and equipment and amortisation expense of intangible assets		**(10,521)**	(8,212)
Depreciation of right-of-use assets		**(7,145)**	–
Rental expense		**(1,134)**	(7,333)
Finance costs	20	**(3,210)**	(2)
Other expenses	21	**(15,614)**	(15,713)
Impairment loss allowance	8	**(894)**	–
Other losses	18	**(645)**	(700)
(Loss)/Profit before taxation	22	**(11,338)**	399
Taxation	23	**(2,176)**	(852)
Loss for the year		**(13,514)**	(453)
Other comprehensive income, after tax			
Items that may be reclassified subsequently to profit or loss			
Currency translation differences arising from foreign operations		**327**	1,569
Total comprehensive (loss)/income for the year		**(13,187)**	1,116
(Loss)/Profit attributable to:			
Owners of the Company		**(13,517)**	(453)
Non-controlling interests		**3**	–*
Loss for the year		**(13,514)**	(453)
Total comprehensive (loss)/income attributable to:			
Owners of the Company		**(13,190)**	1,116
Non-controlling interests		**3**	–*
Total comprehensive (loss)/income for the year		**(13,187)**	1,116
Loss per share	25		
- Basic		**(3.54)**	(0.12)
- Diluted		**(3.54)**	(0.12)

** Amount less than RMB 1,000*

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

		Equity attributable to owners of the Company								
		Share capital	Statutory reserve	Share-based payment reserve	Foreign currency translation reserve	Other reserve	Retained earnings/ (Accumulated losses)	Total	Non-controlling interest	Total equity
The Group	Note	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2018		284,744	4,245	640	2,301	(71,905)	16,584	236,609	–*	236,609
Total comprehensive (loss)/ income for the year		–	–	–	1,569	–	(453)	1,116	–*	1,116
Issue of shares	11	10,612	–	–	–	–	–	10,612	–	10,612
Dividend paid	24	–	–	–	–	–	(3,658)	(3,658)	–	(3,658)
Share-based payment	12	–	–	1,338	–	–	–	1,338	–	1,338
Transfer to statutory reserve	12	–	1,709	–	–	–	(1,709)	–	–	–
Balance at 31 December 2018 and at 1 January 2019		**295,356**	**5,954**	**1,978**	**3,870**	**(71,905)**	**10,764**	**246,017**	**–***	**246,017**
Total comprehensive (loss)/ income for the year		**–**	**–**	**–**	**327**	**–**	**(13,517)**	**(13,190)**	**3**	**(13,187)**
Share-based payment	12	**–**	**–**	**1,351**	**–**	**–**	**–**	**1,351**	**–**	**1,351**
Transfer to statutory reserve	12	**–**	**1,452**	**–**	**–**	**–**	**(1,452)**	**–**	**–**	**–**
Balance at 31 December 2019		**295,356**	**7,406**	**3,329**	**4,197**	**(71,905)**	**(4,205)**	**234,178**	**3**	**234,181**

** Amount less than RMB 1,000*

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

The Company	Note	Share capital RMB'000	Share-based payment reserve RMB'000	Foreign currency translation reserve RMB'000	Retained earnings/ (Accumulated losses) RMB'000	Total RMB'000
Balance at 1 January 2018		284,744	640	2,509	295	288,188
Total comprehensive (loss)/income for the year		–	–	11,484	725	12,209
Issue of shares	11	10,612	–	–	–	10,612
Dividend paid	24	–	–	–	(3,658)	(3,658)
Share-based payment	12	–	1,338	–	–	1,338
Balance at 31 December 2018 and at 1 January 2019		**295,356**	**1,978**	**13,993**	**(2,638)**	**308,689**
Total comprehensive (loss)/income for the year		**–**	**–**	**8,135**	**(5,881)**	**2,254**
Share-based payment	12	**–**	**1,351**	**–**	**–**	**1,351**
Balance at 31 December 2019		**295,356**	**3,329**	**22,128**	**(8,519)**	**312,294**

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	2019 RMB'000	2018 RMB'000 (Restated)
Cash Flows from Operating Activities			
(Loss)/Profit before taxation		**(11,338)**	399
Adjustments for:			
Bad debts written off		**47**	–
Impairment loss allowance on trade receivables	8	**894**	–
Depreciation of property, plant and equipment and amortisation of intangible assets	3,5	**10,521**	8,212
Depreciation of right-of-use assets	4	**7,145**	–
Loss on disposal of property, plant and equipment	A	**3**	1
Property, plant and equipment written-off	3	**345**	267
Unrealised foreign exchange gains		**(368)**	(162)
Interest expense	20	**3,210**	2
Share-based payment		**1,351**	1,338
Operating profit before working capital changes		**11,810**	10,057
Inventories		**(1,214)**	(2,249)
Trade and other receivables		**(2,049)**	(7,371)
Other assets		**1,662**	(3,469)
Trade and other payables		**1,974**	3,733
Net cash flows generated from operations		**12,183**	701
Income tax paid		**(1,952)**	(3,371)
Net cash flows generated from/(used in) operating activities		**10,231**	(2,670)
Cash Flows from Investing Activities			
Acquisition of property, plant and equipment	3	**(15,329)**	(33,889)
Acquisition of subsidiaries	6A	**(12,222)**	–
Advances paid for right-of-use assets	B	**161**	–
Decrease/(Increase) in staff loans		**236**	(1,813)
Payments to vendors for acquisitions of subsidiaries in prior years		**(3,350)**	(16,182)
Proceeds from disposal of property, plant and equipment	A	**16**	–
Net cash used in investing activities		**(30,488)**	(51,884)
Cash Flows from Financing Activities			
Proceeds from bill payable		**9,076**	937
Repayments of bill payable		**(5,725)**	–
Dividend paid		**–**	(3,658)
Interest paid		**(119)**	(2)
Proceeds from share subscription		**–**	10,612
Repayment of principal portion of lease liabilities		**(3,998)**	–
Repayment of interest portion of lease liabilities		**(3,040)**	–
Net cash flows (used in)/generated from financing activities		**(3,806)**	7,889
Net decrease in cash and cash equivalents		**(24,063)**	(46,665)
Cash and cash equivalents at the beginning of the year		**50,318**	95,265
Effect of foreign exchange rate changes on cash and cash equivalents		**701**	1,718
Cash and cash equivalents at the end of the year	**10**	**26,956**	50,318

Refer to Note 34 for the restatement.

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

Reconciliation of liabilities arising from financing activities

The following is the disclosures of the reconciliation of liabilities arising from financing activities, excluding equity items:

				Non-cash changes			
The Group	Note	As at 1 January RMB'000	Cash flows RMB'000	Adoption of SFRS(I) 16 (Note 2(b)) RMB'000	New leases RMB'000	Interest expense RMB'000	As at 31 December RMB'000
2019							
Bill payable	15	**937**	**3,351**	**–**	**–**	**–**	**4,288**
Lease liabilities	16	**–**	**(7,038)**	**43,193**	**4,937**	**3,040**	**44,132**
2018							
Bill payable	15	–	937	–	–	–	937

Note A

The Group	Note	2019 RMB'000	2018 RMB'000
Proceed from disposal of property, plant and equipment		**16**	–
Cost	**3**	**(36)**	(142)
Less: Accumulated depreciation	**3**	**17**	141
Net book value disposed		**(19)**	(1)
Loss on disposal of plant and equipment		**(3)**	(1)

Note B

During the year, total additions to the Group's right-of-use assets were RMB 5,098,000 (2018: Nil), of which RMB 161,000 was paid in advance.

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

1 General information

The financial statements of the Company for the year ended 31 December 2019 were authorised for issue in accordance with a resolution of the directors on the date of the Directors' Statement.

The Company is incorporated as a limited liability company and domiciled in Singapore and is listed on the Catalist Board of the Singapore Exchange Securities Trading Limited.

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

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed in Note 6 to the financial statements.

2(a) Basis of preparation

The financial statements are prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)") including related Interpretations promulgated by the Accounting Standards Council ("ASC") of Singapore. The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The financial statements are presented in Renminbi ("RMB") which is the Group's functional currency. All financial information are disclosed in RMB, unless otherwise stated.

The preparation of the financial statements in conformity with SFRS(I) requires the use of judgements, 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 financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

The critical accounting estimates and assumptions used and area involving a high degree of judgements are described below:

Significant judgements

Determination of functional currency

The Company has adopted the Singapore Dollar ("S$") as its functional currency. In determining the functional currency of the Company, judgement is required to determine the primary economic environment in which the Company operates. The Company considers factors such as the currency in which sales prices of goods and services and of the country whose competitive forces and regulations that mainly determines the sales prices of its goods and services and the operating expenses in which the operating activities are expended as determinants of the primary economic environment.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2(a) Basis of preparation (Cont'd)

Significant judgements (Cont'd)

Determination of functional currency (Cont'd)

While the functional currency of the Company is the Singapore Dollar, management has presented the financial statements of the Group in the RMB, whereby most of its revenue are derived in the People's Republic of China ("PRC"), and where its operating activities are substantially based in the PRC, and accordingly, the presentation of the Group's financial statements in RMB would better reflect the nature of the Group's operations.

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 RMB5.1757 to S$1 (2018: RMB5.0427 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 RMB5.1656 to S$1 (2018: RMB5.0244 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.

Determining cash generating units ("CGU")

A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The integration of the operations in the primary healthcare services during the year led to an interdependence in revenues between the dental centres. A similar continuing increase is being observed in the interdependency of revenues between dental centres, which share the same corporate masthead, professional dentists and nurses, as well as dental equipment between dental centres. As a result of that interdependence, the Group has determined that the dental centres in primary healthcare service operation, previously considered to be separate CGUs, are now a single and integrated CGU. With this revision, CGU impairment tests in respect of the primary healthcare group are computed against the cash flows of the combined CGU in the primary healthcare group.

Impairment of investment in subsidiaries (Note 6)

The Company assesses at each reporting date whether there is any objective evidence that the investment in subsidiaries are impaired. To determine whether there is objective evidence of impairment, the Company considers factors such as the subsidiaries' financial performance and financial position and the overall economic environment.

No allowance for impairment of the investment in subsidiaries was recognised for the current financial year (2018 - Nil). The carrying amount of the Company's investment in subsidiaries as at 31 December 2019 is disclosed in Note 6.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2(a) Basis of preparation (Cont'd)

Significant judgements (Cont'd)

Purchase price allocation ("PPA") (Note 6)

Accounting of business combinations requires the purchase consideration to be allocated to the fair value of the identifiable assets acquired and liabilities assumed at their fair values, with the unallocated portion being recognised as goodwill. The Group makes judgments on the identification of assets acquired and liabilities assumed and significant estimates in relation to the fair valuation of these identifiable assets and liabilities. The result of the purchase price allocation exercise is disclosed in Note 6A.

Impairment of receivables (Note 8)

When measuring Expected Credit Loss ("ECL"), the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

Income taxes (Notes 13 and 23)

The Group has exposure to income taxes in several jurisdictions. Significant judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amounts of current taxation and deferred taxation are disclosed in the statement of financial position.

Determination of the lease term (Note 16)

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects the assessment, and that is within the control of the lessee. For leases of property, dental and hospital premises, office, staff accommodation premises and certain plant and equipment, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate).
- Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

As at 31 December 2019, potential future cash outflows of RMB 59,000 (undiscounted) have not been included in the lease liabilities because it is not reasonably certain that the leases will be extended (or not terminated).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2(a) Basis of preparation (Cont'd)

Critical accounting estimates and key sources of estimation uncertainty

Depreciation of property, plant and equipment and right-of-use assets (Notes 3 and 4)

Property, plant and equipment ("PPE") and right-of-use assets ("ROU assets") are depreciated on a straight-line basis over their estimated useful lives. Management estimates the remaining useful lives of the leasehold building to be 21 years and useful lives of the plant and equipment to be within 3 to 10 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of the Group's PPE and ROU assets as at 31 December 2019 is disclosed in Notes 3 and 4.

If the depreciation of PPE and ROU assets increases/decreases by 10% from management's estimates, it would result in a variance of RMB 971,000 and RMB 715,000 (2018 – RMB 733,000 and Nil) to the Group's results for the year.

Impairment of non-current assets (Notes 3, 4 and 5)

Property, plant and equipment, intangible assets (other than goodwill) and right-of-use assets are reviewed to determine whether there are any indications that the carrying value of these assets may not be recoverable and have suffered an impairment loss or indications that an impairment loss recognised in prior periods may no longer exist or may have decreased as at the end of the reporting period. If any such indication exists, the assets are tested for impairment. An impairment loss is recognised when the carrying amount of a CGU exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less costs of disposal and value-in-use. The recoverable amounts of other non-current assets were based on value-in-use calculation.

The determination of the recoverable amounts includes use of unobservable inputs. Factors such as changes in discount rates, forecasted and committed deployment of existing and new professional dentists, the presence of competition, technical obsolescence and lower-than-anticipated product sales could lead to shorter useful lives or impairment. Due to the inherent valuation uncertainty, those estimated recoverable amounts may differ significantly from actual results, and those differences could be material. A decrease of 5% in the value-in-use of the Group's property, plant and equipment, intangible assets (other than goodwill) and right-of-use assets would have increased the Group's loss by RMB 1,332,000.

Impairment of goodwill (Note 5)

The Group tests goodwill annually for impairment or more frequently if there are indicators that goodwill might be impaired. The recoverable amount of each cash generating unit ("CGU") to which the goodwill has been allocated in full, or in part, are determined based on value in use ("VIU") calculations that require the use of assumptions and estimates, such as growth rate, discount rate and terminal growth rate. These VIU calculations use cash flows projection based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the growth rate as estimated by management. The carrying amount of the goodwill in the Group's consolidated financial statements and the information relating to the key inputs used in the impairment assessment of goodwill are disclosed in Note 5.

Estimation of the incremental borrowing rate ("IBR") (Notes 4 and 16)

For the purpose of calculating the right-of-use asset and lease liability, an entity applies the interest rate implicit in the lease ("IRIIL") and, if the IRIIL is not readily determinable, the entity shall use its IBR applicable to the lease asset. The IBR is the rate of interest that the entity would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. For most of the leases whereby the Group is the lessee, the IRIIL is not readily determinable. Therefore, the Group estimates the IBR relevant to each lease asset by using observable inputs (such as market interest rate and asset yield) when available, and then making certain lessee specific adjustments (such as a group entity's credit rating). The carrying amount of the Group's right-of-use assets and lease liabilities are disclosed in Notes 4 and 16 respectively. An increase/decrease of 50 basis points in the estimated IBR will decrease/increase the Group's right-of-use assets and lease liabilities by approximately RMB 806,000 and RMB 738,000 respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2(b) Adoption of new and revised SFRS(I) effective for the current financial year

On 1 January 2019, the Group and the Company have adopted all the new and revised SFRS(I)s, SFRS(I) interpretations ("SFRS(I) INT") and amendments to SFRS(I), effective for the current financial year that are relevant to them. The adoption of these new and revised SFRS(I) pronouncements did not result in significant changes to the Group's and the Company's accounting policies and has no material effect on the amounts or the disclosures reported for the current or prior reporting periods, except as discussed below:

Reference	Description	Effective date (Annual periods beginning on or after)
SFRS(I) 16	Leases	1 January 2019
Amendments to SFRS(I) 9	Prepayment Features with Negative Compensation	1 January 2019
SFRS(I) INT 23	Uncertainty over Income Tax Treatments	1 January 2019

SFRS(I) 16 Leases

SFRS(I) 16 *Leases* supersedes SFRS(I) 1-17 *Leases*, SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease*, SFRS(I) INT 1-15 *Operating Leases - Incentives* and SFRS(I) INT 1-27 *Evaluating the Substance of Transactions involving the Legal Form of a Lease*, and pronounces new or amended requirements with respect to lease accounting. For lessee accounting, SFRS(I) 16 introduces significant changes by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low-value assets when such recognition exemptions are adopted. For lessor accounting, the requirements have remained largely unchanged. The impact of the adoption of SFRS(I) 16 on the Group's and the Company's financial statements are discussed below.

The date of initial application of SFRS(I) 16 for the Group is 1 January 2019. The Group has elected to transition to SFRS(I) 16 using the cumulative catch-up (or modified retrospective) approach which requires the Group to recognise the cumulative effect of initially applying SFRS(I) 16 as an adjustment to the opening balance of retained earnings at the date of initial application, without restatement of comparatives under SFRS(I) 1-17.

(a) Definition of a lease

The new definition of a lease under SFRS(I) 16 mainly relates to the concept of 'control' that determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration, which is in contrast to the concept of 'risks and rewards' under SFRS(I) 1-17.

The Group has elected to apply the practical expedient available on transition to SFRS(I) 16 not to reassess whether a contract is, or contains, a lease. Accordingly, the superseded definition of a lease under SFRS(I) 1-17 continues to be applied to those leases entered into, or modified, before 1 January 2019, and the Group applies the new definition of a lease and related guidance set out in SFRS(I) 16 only to those lease contracts entered into, or modified, on or after 1 January 2019. After the transition to SFRS(I) 16, the Group shall reassess whether a contract is, or contains, a lease only if the terms and conditions of the contract are changed.

The new requirements for identifying a lease under SFRS(I) 16 do not change significantly the scope of contracts that will meet the definition of a lease for the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2(b) Adoption of new and revised SFRS(I) effective for the current financial year (Cont'd)

SFRS(I) 16 Leases (Cont'd)

(b) Lessee accounting

Before the adoption of SFRS(I) 16, the Group's and the Company's non-cancellable operating lease payments in future reporting periods for a leases of dental and hospital premises, office, staff accommodation premises and certain plant and equipment, were not recognised as liabilities in the statement of financial position but were disclosed as commitments in the notes to the financial statements, and these lease payments were reported as rental expenses in profit or loss over the lease term on a straight-line basis and presented under operating activities in the statement of cash flows. Under SFRS(I) 16, the Group recognises right-of-use assets and lease liabilities in the statement of financial position for these outstanding lease payments, reports depreciation of right-of-use assets and interest expense on lease liabilities in profit or loss, and presents these lease payments as principal repayment and interest paid separately under financing activities in the statement of cash flows.

Under SFRS(I) 16, lease incentives are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under SFRS(I)1-17, they resulted in the recognition of a lease incentive liability, amortised as a reduction of rental expenses on a straight-line basis.

The Group has elected, as a practical expedient of SFRS(I) 16, not to separate non-lease components from lease components for all classes of underlying assets and instead account for each lease component and any associated non-lease components as a single lease component, except if the non-lease component is an embedded derivative according to SFRS(I) 9.

For short-term leases and leases of low-value assets, the Group has elected for exemption under SFRS(I) 16 from recognising their right-of-use assets and lease liabilities, and to report their lease expenses in profit or loss on a straight-line basis.

On 1 January 2019, the Group has applied the following SFRS(I) 16 transition provisions under the cumulative catch-up approach for each lease, or each portfolio of leases with reasonably similar characteristics, formerly classified as operating lease under SFRS(I) 1-17:

- recognises a lease liability at the present value of the remaining lease payments using the lessee's incremental borrowing rate for the underlying lease asset;
- recognises a right-of-use asset, on a lease-by-lease basis:
  - an amount equal to its corresponding lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application;
- applies SFRS(I) 1-36 Impairment of Assets to perform an impairment review of the right-of-use asset; and
- adjusts any difference between the carrying amounts of the right-of-use asset and the lease liability to the opening balance of retained earnings.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2(b) Adoption of new and revised SFRS(I) effective for the current financial year (Cont'd)

SFRS(I) 16 Leases (Cont'd)

(b) Lessee accounting (Cont'd)

The Group has adopted the following SFRS(I) 16 practical expedients when applying the cumulative catch-up transition approach to leases formerly classified as operating lease under SFRS(I) 1-17:

- applies a single discount rate to a portfolio of leases with reasonably similar characteristics;
- adjusts the right-of-use asset at the date of initial application by the amount of provision for onerous leases recognised under SFRS(I) 1-37 Provisions, Contingent Liabilities and Contingent Assets in the statement of financial position immediately before the date of initial application, as an alternative to performing an impairment review under SFRS(I) 1-36;
- elects not to recognise the right-of-use asset and lease liability for a lease with lease term ending within twelve months of the date of initial application;
- excludes initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- uses hindsight for determining the lease term when the contract contains options to extend or terminate the lease.

(c) Lessor accounting

SFRS(I) 16 has not changed substantially how the Group as lessor accounts for leases, except when it is the intermediate lessor of sublease. Under SFRS(I) 16, the Group continues to classify leases, where it is the lessor, as either finance lease or operating lease and to account for the two types of leases differently. However, SFRS(I) 16 changes and expands the disclosures required, in particular, regarding how the Group as lessor manages the risks arising from its residual interest in leased assets.

(d) Financial impact of initial application of SFRS(I) 16

The Group's weighted average incremental borrowing rate applied to measure the Group's and the Company's lease liabilities recognised in the statement of financial position on 1 January 2019 was 6.33% and 6.37% respectively.

A reconciliation of the differences between the Group's operating lease commitments previously disclosed in the financial statements as at 31 December 2018 and the Group's lease liabilities recognised in the statement of financial position on 1 January 2019 is as follows:

	The Group RMB'000	The Company RMB'000
Operating lease commitments as at 31 December 2018 under SFRS(I) 1-17 in the Group's consolidated financial statements	55,304	2,164
Less: Short-term leases	(511)	–
Less: Discounting effect using weighted average incremental borrowing rate	(12,781)	(511)
Less: Advances paid in 2018	(2,941)	–
Add: Adjustments as a result of a different treatment of extension and termination options	4,122	–
Lease liabilities recognised as at 1 January 2019	**43,193**	**1,653**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2(b) Adoption of new and revised SFRS(I) effective for the current financial year (Cont'd)

SFRS(I) 16 Leases (Cont'd)

(d) Financial impact of initial application of SFRS(I) 16 (Cont'd)

The effects of adoption of SFRS(I) 16 on the Group's and the Company's financial statements as at 1 January 2019 are as follows:

	Increase/(Decrease)	
	The Group RMB'000	The Company RMB'000
Assets		
Property, plant and equipment	(6,745)	–
Right-of-use assets	52,878	1,653
Advance	(2,940)	–
	43,193	1,653
Liabilities		
Lease liabilities	43,193	1,653
	43,193	1,653

(e) Deferred tax impact from adoption of SFRS(I) 16

In the jurisdictions that the Group operates in, tax deductions are received in respect of the right-of-use asset (i.e. depreciation allowance) and the lease liability (i.e. deduction for finance cost) in a manner consistent with the accounting treatment, and there is no difference between the accounting and tax depreciation rates, no temporary differences arise from recognition of the right-of-use asset and lease liability.

2(c) New and revised SFRS(I) in issue but not yet effective

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2020 and which the Group has not early adopted:

Reference	Description	Effective date (Annual periods beginning on or after)
Various	*Amendments to References to the Conceptual Framework in SFRS(I)*	1 January 2020
SFRS(I) 3	*Amendments to SFRS(I) 3: Definition of a Business*	1 January 2020
SFRS(I) 1-1, SFRS(I) 1-8	*Amendments to SFRS(I) 1-1 and SFRS(I) 1-8: Definition of Material*	1 January 2020
SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7	*Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7: Interest Rate Benchmark Reform*	1 January 2020
SFRS(I) 10, SFRS(I) 1-28	*Amendments to SFRS(I) 10 and SFRS(I) 1-28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	To be determined

The directors do not anticipate that the adoption of the above SFRS(I)s in the future periods will have a material impact on the financial statements of the Group in the period of their initial adoption.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2(d) Summary of significant accounting policies

Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances. Information on its subsidiaries is given in Note 6 to the financial statements.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

Losses and other comprehensive income are attributable to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- de-recognises the assets (including goodwill, if any) and liabilities of the subsidiary at their carrying amounts as at that date when control is lost;
- de-recognises the carrying amount of any non-controlling interest;
- de-recognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss;
- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it 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.

Thus, the Group controls an investee if and only if the Group has all of the following:

- power over the investee;
- exposure, or rights or variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2(d) Summary of significant accounting policies (Cont'd)

Consolidation (Cont'd)

A change in the ownership interests

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Group.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill) and liabilities of the subsidiary, and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable SFRS(I)). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9, or when applicable, the cost on initial recognition of an investment in an associate.

Acquisition of businesses

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary or business combination comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent arrangement and any pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill.

Disposals

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2(d) Summary of significant accounting policies (Cont'd)

Consolidation (Cont'd)

Transactions with non-controlling interest

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Goodwill

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the gain or loss on disposal of the entity or the relevant cash generating unit.

Intangible assets

Intangible assets acquired in a business combination, including customer lists, are identified and initially recognised at cost separately from goodwill. The cost of these intangible assets is their fair value at the acquisition date.

Subsequent to initial recognition, customer lists are carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over 10 years, which is the shorter of their estimated useful lives and periods of contractual rights. The customer lists will be fully amortised on average within the next 6.5 years (2018: 7.5 years).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2(d) Summary of significant accounting policies (Cont'd)

Property, plant and equipment and depreciation

Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is calculated using the straight-line method to allocate the depreciable amount of the assets over their estimated useful lives as follows:

	Depreciation rates	Residual value rate
Leasehold property	4%	5%
Leasehold improvements	10%	5%
Furniture and fittings and equipment	10% to 20%	5%
Motor vehicles	10%	5%
Software	10% to 33%	–

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

Subsequent expenditure relating to property, plant and equipment that have been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

For acquisitions and disposals during the financial year, depreciation is provided from the following month of acquisition and to the month of disposal respectively. Fully depreciated property, plant and equipment are retained in the books of accounts until they are no longer in use.

Depreciation methods, useful lives and residual values are reviewed and adjusted as appropriate, at each reporting date as a change in estimates to ensure that the method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of plant and equipment.

The gain or loss arising from the derecognition of an item of plant and equipment shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item. Any gain or loss on derecognition of the asset is included in profit or loss in the period the asset is disposed.

Financial assets

Classification and measurement

The Group classifies its financial assets in the following measurement categories:

- Amortised costs;
- Fair value through other comprehensive income (FVOCI); and
- Fair value through profit or loss (FVPL).

The classification depends on the Group's business model for management the financial assets as well as the contractual terms of the cash flows of the financial asset.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and revenue.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2(d) Summary of significant accounting policies (Cont'd)

Financial assets (Cont'd)

Classification and measurement (Cont'd)

At initial recognition

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

At subsequent measurement

(i) Debt instruments

Debt instruments mainly comprise of trade and other receivable and cash and cash equivalents.

There are three subsequent measurement categories, depending on the Group's business model for managing the asset and the cash flow characteristics of the asset:

- Amortised cost: Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method. Upon adoption of SFRS(I) 9, the Group had trade and other receivables and other assets including accrued income classified at amortised cost.

- FVOCI: Debt instruments that are held for collection of contractual cash flows and for sale, and where the assets' cash flows represent solely payments of principal and interest, are classified as FVOCI. Movements in fair values are recognised in Other Comprehensive Income ("OCI") and accumulated in fair value reserve, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and presented in "other income or other expenses". Interest income from these financial assets is recognised using the effective interest rate method and presented in "other income".

- FVPL: Debt instruments that are held for trading as well as those that do not meet the criteria for classification as amortised cost or FVOCI are classified as FVPL. Movement in fair values and interest income is recognised in profit or loss in the period in which it arises and presented in "other income and other expenses".

(ii) Equity investments

The Group subsequently measures all its equity investments at their fair values. Equity investments are classified as FVPL with movements in their fair values recognised in profit or loss in the period in which the changes arise and presented in "other operating income or other expense", except for those equity securities which are not held for trading. The Group has elected to recognise changes in fair value of equity securities not held for trading in other comprehensive income as these are strategic investments and the Group considers this to be more relevant. Movements in fair values of investments classified as FVOCI are presented as "fair value gains or losses" in Other Comprehensive Income. Dividends from equity investments are recognised in profit or loss as "dividend income".

There were no FVOCI, equity instruments or FVPL financial assets at 31 December 2018 and 2019.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2(d) Summary of significant accounting policies (Cont'd)

Financial assets (Cont'd)

Classification and measurement (Cont'd)

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposure for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of time of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 30 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Trade and other receivables

Trade receivables are recognised initially at the amount of consideration that is unconditional to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of a third party, if the trade receivables do not contain a significant financing component. Other receivables generally arise from transactions outside the normal operating activities of the Group. Trade and other receivables are subsequently measured at amortised cost using the effective interest method, less loss allowance.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes all costs in bringing the inventories to their present location and condition. The cost of inventories is based on the weighted average principle, and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

Provision is made for obsolete, slow-moving and defective inventories in arriving at the net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at bank and fixed deposits which are subjected to an insignificant risk of changes in value.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2(d) Summary of significant accounting policies (Cont'd)

Cash and cash equivalents (Cont'd)

RMB is not freely convertible into foreign currencies. However, under PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks that are authorised to conduct foreign exchange business. The remittance of these funds maintained with banks in the PRC by the Group out of the PRC is subject to currency exchange restrictions.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

Financial liabilities

The Group's financial liabilities include trade and other payables, amounts owing related companies and interest-bearing liabilities. They are included in the statement of financial position items as "liabilities".

Financial liabilities are recognised when the Group becomes a party to the contractual agreements of the instrument. All interest related charges are recognised as an expense in "finance cost" in profit or loss. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Borrowings are recognised initially at the fair value of proceeds received less attributable transaction costs, if any. Borrowings are subsequently stated at amortised cost which is the initial fair value less any principal repayments. Any difference between the proceeds (net of transaction costs) and the redemption value is taken to the profit or loss over the period of the borrowings using the effective interest method. The interest expense is chargeable on the amortised cost over the period of the borrowings using the effective interest method.

Borrowings which are due to be settled within 12 months after the end of the reporting period are included in current borrowings in the statement of financial position even though the original terms was for a period longer than twelve months and an agreement to refinance, or to reschedule payments, on a long term basis is completed after the end of reporting period. Other borrowings due to be settled more than twelve months after the end of reporting period are included in non-current borrowings in the statement of financial position.

Gains and losses are recognised in the profit or loss when the liabilities are derecognised as well as through the amortisation process.

Trade and other payables

Trade and other payables and amounts owing to related companies are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest method.

Provisions

Provisions are recognised when the Group has 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. Present obligations arising from onerous contracts are recognised as provisions.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2(d) Summary of significant accounting policies (Cont'd)

Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of:

- the amount determined in accordance with the expected credit loss model under SFRS(I) 9 Financial Instruments and
- the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15 Revenue from Contracts with Customers.

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

Revenue recognition

Revenue consists of:

- Primary healthcare – private dental services
- Distribution of dental equipment & supplies
- Laboratory services
- Management services
- Leasing services

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2(d) Summary of significant accounting policies (Cont'd)

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.

Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted-average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

Leases

The accounting policy for leases before 1 January 2019 is as follows:

(i) When the Group is the lessee:

The Group leases office space, clinics spaces, warehouse, and staff dormitory under operating leases from non-related parties.

- Lessee – Operating leases

  Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

  Contingent rents are recognised as an expense in profit or loss when incurred.

(ii) When the Group is the lessor:

- Lessor – Operating leases

  Leases where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

  Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

  Contingent rents are recognised as income in profit or loss when earned.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2(d) Summary of significant accounting policies (Cont'd)

Leases (Cont'd)

The accounting policy for leases from 1 January 2019 is as follows:

(i) When the Group is the lessee:

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of twelve months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

- Lease liabilities

  The initial measurement of lease liability is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group shall use its incremental borrowing rate. Lease payments include the following:

Lease payments include the following:

- Fixed payment (including in-substance fixed payments), less any lease incentives receivables;
- Variable lease payment that are based on an index or rate, initially measured using the index or rate as at the commencement date;
- Amount expected to be payable under residual value guarantees;
- The exercise price of a purchase option if is reasonably certain to exercise the option; and
- Payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

For contract that contain both lease and non-lease components, the Group allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease component. The Group has elected to not separate lease and non-lease component for property leases and account these as one single lease component.

The lease liability is subsequently measured at amortised cost, by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (with a corresponding adjustment to the related right-of-use asset or to profit or loss if the carrying amount of the right-of-use asset has already been reduced to nil) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or
- a lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2(d) Summary of significant accounting policies (Cont'd)

Leases (Cont'd)

The accounting policy for leases from 1 January 2019 is as follows (Cont'd):

(i) When the Group is the lessee (Cont'd):

- Right-of-use assets

  The Group recognises a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

  These right-of-use assets is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. Depreciation on right-of-use assets is calculated using the straight-line method to allocate their depreciable amounts over the shorter period of lease term and useful life of the underlying asset, as follows:

Leasehold property	25 years
Office premises	2 to 12 years
Dormitory	1.5 to 4 years
Warehouse premises	1.5 years
Software	10 years

- Short term and low value leases

  The Group has elected to not recognises right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value leases, except for sublease arrangements. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

- Variable lease payments

  Variable lease payments that are not based on an index or a rate are not included as part of the measurement and initial recognition of the lease liability. The Group shall recognise those lease payments in profit or loss in the periods that triggered those lease payments.

Operating lease

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease. Contingent rents are recognised as an expense in profit or loss when incurred.

Finance lease

Leases where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases. The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the statement of financial position as plant and equipment and borrowings respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between the interest expense and the reduction of the outstanding lease liability. The interest expense is recognised within "finance costs" in profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2(d) Summary of significant accounting policies (Cont'd)

Leases (Cont'd)

The accounting policy for leases from 1 January 2019 is as follows (Cont'd):

(ii) When the Group is the lessor:

Generally, the accounting policies applicable to the Group as a lessor in the comparative period were not different from SFRS(I) 16, except for the classification of the sublease entered into that resulted in a finance lease classification.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. If an arrangement contains lease and non-lease components, then the Group applies SFRS(I) 15 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in SFRS(I) 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognises lease payments received from equipment under operating leases as income on a straight-line basis over the lease term within "revenue" in profit or loss.

Operating lease

Leases where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income. Contingent rents are recognised as income in profit or loss when earned.

Finance lease

Leases where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases.

The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the statement of financial position as plant and equipment and borrowings respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between the interest expense and the reduction of the outstanding lease liability. The interest expense is recognised within "finance costs" in profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2(d) Summary of significant accounting policies (Cont'd)

Employee benefits

Pension obligations

The Group contributes to the Central Provident Fund ("CPF"), a defined contribution plan regulated and managed by the Government of Singapore, which applies to the majority of the employees. The Group's contributions to CPF are charged to profit or loss in the period to which the contributions relate.

Employee leave entitlements

No provision has been made for employee leave entitlements as any unconsumed annual leave will be forfeited.

Key management personnel

Key management personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. Directors are considered as key management personnel.

Share-based payment

Share-based compensation benefits are provided to employees, an employee share scheme, the executive short-term incentive scheme and share appreciation rights.

Employee options

The fair value of options granted under Aoxin Q & M Employee Share Option Scheme is recognised as an employee benefits expense, with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

– including any market performance conditions (e.g. The entity's share price)
– excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specified time period), and
– including the impact of any non-vesting conditions (e.g. the requirement for employees to save or hold shares for a specific period of time).

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

When the options are exercised, the trust transfers the appropriate amount of shares to the employee. The proceeds received, net of any directly attributable transaction costs, are credited directly to equity.

Employee share scheme

Under the employee share scheme, shares issued to employees for no cash consideration vest immediately on grant date. On this date, the market value of the shares issued is recognised as an employee benefits expense, with a corresponding increase in equity.

Related parties

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and the Company if that person:

(i) has control or joint control over the Company;

(ii) has significant influence over the Company; or

(iii) is a member of the key management personnel of the Group or the Company or of a parent of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2(d) Summary of significant accounting policies (Cont'd)

Related parties (Cont'd)

(b) An entity is related to the Group and the Company if any of the following conditions applies:

(i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(iii) both entities are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or

(viii) the entity, or any member of a group which is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting year. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes tax liabilities, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Except for investment properties measured using the fair value model, if any, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2(d) Summary of significant accounting policies (Cont'd)

Income taxes (Cont'd)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively), or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets subject to impairment are reviewed at end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

If it is not possible to estimate the recoverable amount of the individual asset, then the recoverable amount of the cash-generating unit to which the asset belongs will be identified.

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

Individual assets or cash-generating units that include other intangible assets, if any, with an indefinite useful life or those not yet available for use are tested for impairment at least annually. All other individual assets or cash generating unit ("CGU") are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss, if any is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value-in-use, based on an internal discounted cash flow evaluation.

An impairment loss is charged to profit or loss unless it reverses a previous revaluation in which case it is charged to equity.

All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount or when there is an indication that the impairment loss recognised for the asset no longer exists or decreases.

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 determined if no impairment loss had been recognised. Such reversal of an impairment loss is credited as income in the profit or loss.

A reversal of an impairment loss on a revalued asset is credited directly to equity under the heading revaluation reserve. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expenses in the profit or loss, a reversal of that impairment loss is recognised as income in the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2(d) Summary of significant accounting policies (Cont'd)

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 currencies

Functional and presentation currency

Items included in the financial statements of the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the Company ("the functional currency"). The financial statements of the Group and the Company are presented in RMB, while the Company's functional currency are in Singapore Dollar.

Conversion of foreign currencies

Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the date of the transactions. Currency translation differences from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the end of the reporting period are recognised in profit or loss. However, in the consolidated financial statements, currency translation differences arising from net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the date of the transaction.

Group entities

The results and financial position of all the entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities are translated at the closing exchange rates at the end of the reporting period;

(ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) All resulting currency translation differences are recognised in other comprehensive income and accumulated in the translation reserve.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

3 Property, plant and equipment

The Group	Leasehold property RMB'000	Leasehold improvements RMB'000	Furniture, fittings and equipment RMB'000 (Restated)	Motor vehicles RMB'000	Software RMB'000 (Restated)	Total RMB'000
Cost						
At 1 January 2018	–	10,124	40,725	476	794	52,119
Additions	6,818	11,858	15,193	–	20	33,889
Disposals	–	–	(142)	–	–	(142)
Written-off	–	–	(511)	–	–	(511)
Exchange differences	–	–	2	–	13	15
At 31 December 2018	**6,818**	**21,982**	**55,267**	**476**	**827**	**85,370**
Additions	**–**	**6,525**	**8,741**	**–**	**63**	**15,329**
Arising from acquisition of subsidiaries (Note 6A)	**–**	**383**	**1,194**	**–**	**–**	**1,577**
Disposals	**–**	**–**	**(36)**	**–**	**–**	**(36)**
Adoption of SFRS(I) 16 - Reclassification to ROU assets	**(6,818)**	**–**	**–**	**–**	**–**	**(6,818)**
Written-off	**–**	**–**	**(588)**	**(215)**	**–**	**(803)**
Exchange differences	**–**	**–**	**–**	**–**	**12**	**12**
At 31 December 2019	**–**	**28,890**	**64,578**	**261**	**902**	**94,631**
Accumulated depreciation						
At 1 January 2018	–	2,776	12,993	126	89	15,984
Depreciation for the year	73	1,575	5,503	88	88	7,327
Disposals	–	–	(141)	–	–	(141)
Written-off	–	–	(244)	–	–	(244)
Exchange differences	–	–	–	–	2	2
At 31 December 2018	**73**	**4,351**	**18,111**	**214**	**179**	**22,928**
Depreciation for the year	**–**	**2,477**	**7,087**	**45**	**98**	**9,707**
Arising from acquisition of subsidiaries (Note 6A)	**–**	**22**	**28**	**–**	**–**	**50**
Disposals	**–**	**–**	**(17)**	**–**	**–**	**(17)**
Adoption of SFRS(I) 16 - Reclassification to ROU assets	**(73)**	**–**	**–**	**–**	**–**	**(73)**
Written-off	**–**	**–**	**(339)**	**(119)**	**–**	**(458)**
Exchange differences	**–**	**–**	**–**	**–**	**3**	**3**
At 31 December 2019	**–**	**6,850**	**24,870**	**140**	**280**	**32,140**
Net book value						
At 31 December 2019	**–**	**22,040**	**39,708**	**121**	**622**	**62,491**
At 31 December 2018	6,745	17,631	37,156	262	648	62,442

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

3 Property, plant and equipment (Cont'd)

The Group as lessor

The Group leases out a number of equipment under operating leases. The leases run for a period of 2 years. None of the lease includes variable lease payments. The disaggregation of these equipment under operating leases included within furniture, fittings and equipment and the reconciliation of the carrying amount at the beginning and end of the year are set out as below:

The Group	Furniture, fittings and equipment under operating leases RMB'000
Cost	
At 1 January 2018 and 31 December 2018	3,298
Written off	**(331)**
At 31 December 2019	**2,967**
Accumulated depreciation	
At 1 January 2018	1,367
Depreciation for the year	356
At 31 December 2018	1,723
Depreciation for the year	**258**
Written off	**(157)**
At 31 December 2019	**1,824**
Net book value	
At 31 December 2019	**1,143**
At 31 December 2018	1,575

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

3 Property, plant and equipment (Cont'd)

The Company	Furniture, fittings and equipment RMB'000 (Restated)	Software RMB'000 (Restated)	Total RMB'000
Cost			
At 1 January 2018	40	439	479
Exchange differences	1	13	14
At 31 December 2018	**41**	**452**	**493**
Additions	**20**	**–**	**20**
Exchange differences	**–**	**12**	**12**
At 31 December 2019	**61**	**464**	**525**
Accumulated depreciation			
At 1 January 2018	22	46	68
Depreciation for the year	6	48	54
Exchange differences	–	2	2
At 31 December 2018	**28**	**96**	**124**
Depreciation for the year	**11**	**50**	**61**
Exchange differences	**1**	**2**	**3**
At 31 December 2019	**40**	**148**	**188**
Net book value			
At 31 December 2019	**21**	**316**	**337**
At 31 December 2018	13	356	369

Refer to Note 34 for the restatement.

4 Right- of-use assets

The Group as lessee

Leasehold property

In prior years, the Group has made an upfront payment to secure a 30-year leasehold building that is used as hospital premises for its operations. The leasehold property which was previously recorded under property, plant and equipment has been reclassified to ROU assets on adoption of SFRS(I) 16 in 2019.

Office premises

The Group leases several dental and hospital premises for use in its operations.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

4 Right-of-use assets (Cont'd)

The Group as lessee (Cont'd)

Dormitory

The Group leases staff accommodation premises for office and operation use, mainly in the primary healthcare segment.

Warehouse premises

The Group leases warehouse premises for storage of dental equipment and supplies.

Software

The Group leases software and related services for primary healthcare segment.

There are no externally imposed covenants on these lease arrangements.

The Group	Leasehold property RMB'000	Office premises RMB'000	Dormitory RMB'000	Warehouse premises RMB'000	Software RMB'000	Total RMB'000
Cost						
Adoption of SFRS(I) 16						
- Initial recognition (Note 2(b))	–	44,212	74	194	1,653	46,133
- Reclassification from property, plant and equipment	6,818	–	–	–	–	6,818
At 1 January 2019	6,818	44,212	74	194	1,653	52,951
Additions	**–**	**4,947**	**151**	**–**	**–**	**5,098**
At 31 December 2019	**6,818**	**49,159**	**225**	**194**	**1,653**	**58,049**
Accumulated depreciation						
Adoption of SFRS(I) 16						
- Initial recognition (Note 2(b))	–	–	–	–	–	–
- Reclassification from property, plant and equipment	73	–	–	–	–	73
At 1 January 2019	73	–	–	–	–	73
Depreciation for the year	**281**	**6,450**	**96**	**111**	**207**	**7,145**
Exchange differences	**–**	**–**	**–**	**–**	**–**	**–**
At 31 December 2019	**354**	**6,450**	**96**	**111**	**207**	**7,218**
Net book value						
At 31 December 2019	**6,464**	**42,709**	**129**	**83**	**1,446**	**50,831**
At 1 January 2019	6,745	44,212	74	194	1,653	52,878

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

4 Right-of-use assets (Cont'd)

The Group as lessee (Cont'd)

The Company	Software RMB'000	Total RMB'000
Cost		
Adoption of SFRS(I) 16		
- Initial recognition (Note 2(b))	1,653	1,653
At 1 January 2019	1,653	1,653
Additions	–	–
At 31 December 2019	**1,653**	**1,653**
Accumulated depreciation		
Adoption of SFRS(I) 16		
- Initial recognition (Note 2(b))	–	–
At 1 January 2019	–	–
Depreciation for the year	**207**	**207**
Exchange differences	–	–
At 31 December 2019	**207**	**207**
Net book value		
At 31 December 2019	**1,446**	**1,446**
At 1 January 2019	1,653	1,653

The Group does not have any finance leases as a lessor.

Details of property at the reporting date are as follows:

Description of property	Tenure	Unexpired lease term (year)	Existing use	Gross floor area (sq. metres)
No. 190 of Danan Street, Shenhe District, Shenyang, Liaoning Province, PRC	Leasehold*	23*	Commercial	345.26

* The property owned by the Group is located on leasehold land.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

5 Intangible assets

The Group	Note	2019 RMB'000	2018 RMB'000
Goodwill	5A	**126,901**	109,228
Other intangible assets	5B	**5,330**	6,144
		132,231	115,372

5A Goodwill

The Group	2019 RMB'000	2018 RMB'000
Balance at beginning of year	**109,228**	109,228
Arising from acquisition of subsidiaries (Note 6A)	**17,673**	–
Balance at end of the year	**126,901**	109,228

Impairment testing of goodwill

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The goodwill was tested for impairment at the end of the reporting year. The identification of CGUs requires significant judgment and is influenced by the manner in which management monitors the Group's operations, specifically on the integration of the primary healthcare services during the current financial year, and as to how management makes decisions about continuing or disposing of the Group's assets or operation.

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 considering the historical and forecasted average dental patients' fee and patients' numbers at the dental practices including the different types of dental treatment services offered. In arriving at the key assumptions, management has also committed plans in the near future (such as plans to convert certain polyclinics into dental hospitals to expand its dental operating capabilities and patient outreach for dental treatment), forecasted professional dentists recruitment and deployment having regard to past performance and forecasted operating costs, capital expenditure and considered the timing of cash flows.

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 historical performance and management's committed plans in the near future. The discount rates reflect specific risks relating to the relevant segments and the countries in which they operate. The terminal growth rate was determined based on management's estimate of the long-term compound annual EBITDA growth rate, consistent with the assumptions that a market participant would make. The value in use is a recurring fair value measurement (Level 3).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

5 Intangible assets (Cont'd)

5A Goodwill (Cont'd)

Impairment testing of goodwill (Cont'd)

2019

Each of these cash-generating units represents the Group's integration segments as follows:

The Group	2019 RMB'000
Name of the subsidiaries	
Primary healthcare	
All dental centres consisting of dental hospitals and polyclinic	**116,886**
Distribution of dental equipment and supplies ("Distribution")	
Shenyang Maotai Q & M Medical Equipment Co., Ltd.	**3,203**
Laboratory services	
Shenyang Qingaomei Oral Restorative Technology Co., Ltd.	**6,812**
	126,901

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:

The Group	Revenue growth rate [1]	Discount rate [2]
Primary healthcare CGU	**7.8%**	**13.3%**
Distribution CGU	**15%**	**14.4%**
Laboratory services CGU	**10%**	**13.5%**

[1] 5-year annual average growth rates

[2] Pre-tax discount rates

Management forecasts the terminal growth rates at 2.5%.

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

Primary healthcare CGU:

During the year ended 31 December 2019, the Group has reallocated and/or reassigned its professional dentists between the Group's hospitals and polyclinics with regards to the training of new professional dentists in other dental centres as well as for the provision of dental services, setting up of new dental establishments, acquisition of new dental centres, deployment of specialists and nurses, and the provision of support to other dental centres within the Group which are regarded as a single business strategy. Arising from the above, management also changed its monitoring and reporting of the primary healthcare operations to that of a single CGU during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

5 Intangible assets (Cont'd)

5A Goodwill (Cont'd)

Impairment testing of goodwill (Cont'd)

2019 (Cont'd)

Primary healthcare CGU (Cont'd):

Arising from the integration, management has determined that the dental centre operations, previously considered to be separate CGUs, are now regarded as one single and integrated CGU within the primary healthcare group. With this revision, CGU impairment tests are computed against the cash flows of the combined CGU in primary healthcare group rather than against separate and respective CGUs and the assessment of CGUs for possible impairment. There were no changes in the determination of the CGUs in respect of the distribution of dental equipment and supplies and the provision of laboratory services during the financial year.

Actual outcomes could vary from these estimates. A decrease in the revenue 5-year annual average revenue growth rate by 46 basis point could result in the recoverable amount of primary healthcare segment to be equal to the carrying amount of its CGU. If the revised estimated discount rate applied to the discounted cash flows had been 100 basis point less favourable than management's estimates, there would be a need to reduce the recoverable amount of CGU by RMB 25,334,000.

Distribution CGU: Shenyang Maotai Q & M Medical Equipment Co., Ltd.:

Actual outcomes could vary from these estimates. A decrease in the revenue 5-year annual average revenue growth rate by 17 basis point will result in the recoverable amount of distribution segment to be equal to the carrying amount of its CGU. If the revised estimated discount rate applied to the discounted cash flows had been 100 basis point less favourable than management's estimates, there would be a need to reduce the carrying value of CGU by RMB 2,137,000.

Laboratory services CGU: Shenyang Qingaomei Oral Restorative Technology Co., Ltd.:

Actual outcomes could vary from these estimates. A decrease in the revenue 5-year annual average revenue growth rate by 12.4 percent point will result in the recoverable amount of distribution segment to be equal to the carrying amount of its CGU. If the revised estimated discount rate applied to the discounted cash flows had been 100 basis point less favourable than management's estimates, there would be a need to reduce the recoverable amount of CGU by RMB 2,956,000. However, the recoverable amount would still be higher than the carrying amount of CGU.

2018

Each of these cash-generating units represents the Group's investments by subsidiaries as follows:

The Group	2018 RMB'000
Name of the subsidiaries	
Primary healthcare	
Aoxin Stomatology group of companies	85,251
Panjin Jingcheng Q & M Stomatology Co., Ltd.	4,455
Panjin Jinsai Q & M Stomatology Co., Ltd.	2,978
Gaizhou City Aoxin Q & M Stomatology Hospital Co., Ltd.	954
Zhuanghe City Aoxin Dawei Dental Co., Ltd.	5,575
	99,213
Distribution of dental equipment and supplies ("Distribution")	
Shenyang Maotai Q & M Medical Equipment Co., Ltd.	3,203
Laboratory services	
Shenyang Qingaomei Oral Restorative Technology Co., Ltd.	6,812
	109,228

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

5 Intangible assets (Cont'd)

5A Goodwill (Cont'd)

Impairment testing of goodwill (Cont'd)

2018 (Cont'd)

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:

The Group	Revenue growth rate	Discount rate
Name of subsidiaries		
Primary healthcare		
Aoxin Stomatology group of companies	10% for the next 5 years	13%
Panjin Jingcheng Q & M Stomatology Co., Ltd.	5% for the next 5 years	13%
Panjin Jinsai Q & M Stomatology Co., Ltd.	5% for the next 2 years and 3% for subsequent 3 years	13%
Gaizhou City Aoxin Q & M Stomatology Hospital Co., Ltd.	10% for the next 5 years	13%
Zhuanghe City Aoxin Dawei Dental Co., Ltd.	10% for the next 5 years	13%
Distribution		
Shenyang Maotai Q & M Medical Equipment Co., Ltd.	13% for the next 3 years and 10% for subsequent 2 years	13%
Laboratory services		
Shenyang Qingaomei Oral Restorative Technology Co., Ltd.	12% for the next 5 years	13%

Management forecasts the terminal growth rates at 2%.

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

Aoxin Stomatology group of companies:

Actual outcomes could vary from these estimates. If the revised estimated revenue growth rate at the end of the reporting year had been 3 percent point less favourable than management's estimates at the end of the reporting year, there would be a need to reduce the carrying value of goodwill by RMB 3,796,000. 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 RMB 17,278,000. 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 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 RMB 719,000. 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 RMB 1,102,000. However, the recoverable amount will still be higher than the carrying amount of goodwill.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

5 Intangible assets (Cont'd)

5A Goodwill (Cont'd)

Impairment testing of goodwill (Cont'd)

2018 (Cont'd)

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 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 RMB 247,000. 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 RMB 944,000. 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 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 RMB 259,000. 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 RMB 146,000.

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 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 RMB 15,000. 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 RMB 669,000. However, the recoverable amount will still be higher than the carrying amount of goodwill.

Shenyang Maotai Q & M Medical Equipment Co., Ltd.:

Actual outcomes could vary from these estimates. If the revised estimated revenue growth rate at the end of the reporting year had been 1 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 RMB 417,000. 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 RMB 1,092,000.

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 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 RMB 1,092,000. 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 RMB 3,057,000. However, the recoverable amount will still be higher than the carrying amount of goodwill.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

5 Intangible assets (Cont'd)

5B Other intangible assets

The Group	Customer lists RMB'000
Cost	
At 1 January 2018, 31 December 2018 and 2019	**8,136**
Accumulated amortisation	
At 1 January 2018	1,107
Amortisation for the year	885
At 31 December 2018	**1,992**
Amortisation for the year	**814**
At 31 December 2019	**2,806**
Net book value	
At 31 December 2019	**5,330**
At 31 December 2018	6,144

Customer lists amortise on a straight-line basis over their estimated useful lives.

6 Investment in subsidiaries

The Company	2019 RMB'000	2018 RMB'000
Unquoted equity shares, at cost		
At beginning of year	**277,210**	254,039
Additions (Note 6A)	**17,182**	13,110
Exchange differences	**7,833**	10,061
At end of year	**302,225**	277,210

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

6 Investment in subsidiaries (Cont'd)

The investments in subsidiaries held by the Company at 31 December 2018 and 2019 are as follows:

Name of subsidiary	Country of incorporation/ principal place of business	Cost of investment 2019 RMB'000	Cost of investment 2018 RMB'000	Effective equity held 2019 %	Effective equity held 2018 %
Held by the Company					
Q & M Dental (Shenyang) Pte. Ltd. [c] [g]	Singapore	**170,196**	165,822	**100**	100
Shanghai Q & M Investment Management & Consulting Co., Ltd. [b] [i]	People's Republic of China	**132,029**	111,388	**100**	100
		302,225	277,210		
Held through subsidiaries					
Shenyang Xinao Hospital Management Co., Ltd. [a] [c] [h]				**100**	100
Shenyang Aoxin Q & M Stomatology Hospital Co., Ltd. [a] [h]				**100**	100
Shenyang Heping Q & M Aoxin Stomatology Polyclinic Co., Ltd. [a] [h]				**100**	100
Huludao City Aoxin Stomatology Polyclinic Co., Ltd. [a] [h]				**100**	100
Huludao Aoxin Q & M Stomatology Hospital Co., Ltd. [a] [h]				**100**	100
Shenyang Quanxin Medical Equipment Leasing Co., Ltd. [a] [f] [h]				**100**	100
Panjin Jinsai Q & M Stomatology Co., Ltd. [j]				**100**	100
Panjin Jingcheng Q & M Stomatology Co., Ltd.[h]				**100**	100
Gaizhou City Aoxin Q & M Stomatology Hospital Co., Ltd. [j]				**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
Shenyang Qingaomei Oral Restorative Technology Co., Ltd.[d] [h]				**100**	100
Shenyang Quanao Medical Investment Management Co., Ltd. [j]				**99**	99
Shenyang Shenhe Aoxin Stomatology Polyclinic Co., Ltd. [j] (registered on 10 May 2018)				**100**	100
Dalian Aoxin Quanmin Stomatology Hospital Co., Ltd. [k] (registered on 4 September 2018)				**100**	100
Huludao Longgang District Aoxin Stomatology Polyclinic Co., Ltd. [k] (registered on 20 September 2018)				**100**	100
Anshan Lishan District Aoxin Q&M Stomatology Polyclinic Co., Ltd. [k] (registered on 26 December 2018)				**100**	100
Jinzhou Aoxin Youxin Dental Clinic Co., Ltd. (acquired on 15 January 2019) [l]				**100**	–
Shenyang Huanggu Aoxin Dental Clinic Co., Ltd. (acquired on 30 January 2019) [l]				**100**	–
Shenyang Aoxin Jinfeng Dental Clinic Co., Ltd. (acquired on 14 March 2019) [l]				**100**	–

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

6 Investment in subsidiaries (Cont'd)

(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 FKT LLP (2018: RSM Chio Lim LLP).

(h) Audited by HLB Liaoning Zhongheng CPAs Co., Ltd., a member of HLB International network of firms (2018: RSM China CPA LLP, a member firm of RSM International of which RSM Chio Lim LLP in Singapore is a member).

(i) Audited by HLB Liaoning Zhongheng CPAs Co., Ltd., a member of HLB International network of firms. (2018: 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 HLB Liaoning Zhongheng CPAs Co., Ltd., a member of HLB International network of firms (2018: 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) Audited by HLB Liaoning Zhongheng CPAs Co., Ltd., a member of HLB International network of firms (2018: Not audited, as it was not material).

(l) Audited by HLB Liaoning Zhongheng CPAs Co., Ltd., a member of HLB International network of firms.

Other than Q & M Dental (Shenyang) Pte. Ltd., which is incorporated and operating in Singapore, the remaining subsidiaries are registered and operating in the PRC.

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.

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.

6A Acquisition of subsidiaries

On 15 January 2019, 30 January 2019 and 14 March 2019, the Group through its wholly-owned subsidiary, Shenyang Xinao Hospital Management Co., Ltd. ("SYXA"), acquired 100% of equity interests in Jinzhou Aoxin Youxin Dental Clinic Co., Ltd. ("Youxin"), Shenyang Huanggu Aoxin Dental Clinic Co., Ltd. ("Huanggu") and Shenyang Aoxin Jinfeng Dental Clinic Co., Ltd. ("Jinfeng") respectively. The Group has made the acquisition to increase its market share in the PRC, reduce costs through economies of scale and complement the Group's primary healthcare segment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

6 Investment in subsidiaries (Cont'd)

6A Acquisition of subsidiaries (Cont'd)

Details of the consideration paid, assets acquired and liabilities assumed, goodwill arising, and the effects on the cash flows of the Group are as follows:

	Youxin RMB'000	Huanggu RMB'000	Jinfeng RMB'000	Total RMB'000
Purchase consideration				
Cash	16,600	1,100	780	**18,480**
Consideration shares - Amount payable to vendors of the acquired subsidiaries (Note 14)	–	–	1,682	**1,682**
Total purchase consideration	**16,600**	**1,100**	**2,462**	**20,162**
Identifiable assets acquired and liabilities assumed at fair value				
Cash and cash equivalents	214	54	110	**378**
Trade and other receivables	174	199	700	**1,073**
Property, plant and equipment	815	712	–	**1,527**
Trade and other payables	(205)	(253)	(30)	**(488)**
Current tax liabilities	–	(1)	–	**(1)**
Identifiable net assets acquired	**998**	**711**	**780**	**2,489**
Goodwill arising on acquisition (Note 5A)	**15,602**	**389**	**1,682**	**17,673**
Effects on cash flows of the Group				
Cash consideration	16,600	1,100	780	**18,480**
Less: Cash and cash equivalents in acquiree	(214)	(54)	(110)	**(378)**
Less: Amount payable to vendors of the acquired subsidiaries (Note 14)	(5,880)	–	–	**(5,880)**
Cash outflow on acquisition	**10,506**	**1,046**	**670**	**12,222**

The Company and its subsidiary have recognised in their books RMB 17,182,000 and RMB 2,980,000 respectively totalling RMB 20,162,000 million as investment in subsidiaries, out of which RMB 7,562,000 remains payable to the vendors of the acquired entities as at 31 December 2019.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

6 Investment in subsidiaries (Cont'd)

6A Acquisition of subsidiaries (Cont'd)

Consideration shares

As part of the total purchase consideration for the acquisition of Jinfeng, the Company is to issue RMB 2,606,000 worth of consideration shares ("Consideration Shares") in the capital of the Company to the Vendors in full at the date of acquisition. However, due to the regulatory restrictions on residents of PRC on overseas investment, no Consideration Shares have been issued to them as of the date of these consolidated financial statements. Notwithstanding that the Consideration Shares were not yet issued to the Vendors, the acquisition of Jinfeng has been completed as the entire equity interest of Jinfeng has been transferred to the Group as at the date of acquisition of 14 March 2019 and the results of Jinfeng have been consolidated with those of the Group as of and for the year ended 31 December 2019. The Group is currently negotiating with the Vendors to find an alternative solution.

The management has accounted for the Consideration Shares in these financial statements at its fair value at date of acquisition, under SFRS(I) 3 *Business Combinations*. The fair value of this contingent consideration at the acquisition date is estimated to be RMB 1,682,000 based on the Discount for Lack of Marketability ("DLOM") method as they are subjected to moratorium period.

Financial assets and financial liabilities

The carrying amounts of the financial assets and financial liabilities approximated their fair values at the acquisition date. The receivables acquired in this transaction, mainly comprising trade and other receivables, with a fair value of RMB 1,073,000 which is same as the gross contractual amounts of RMB 1,073,000.

Goodwill

The goodwill of RMB 17.7 million allocated to the primary healthcare CGU arising from the acquisition during the year was attributable to Youxin, Huanggu and Jinfeng arising from the synergies that is expected to be harnessed as a multi-business group under the primary healthcare services group. The goodwill was not deductible for tax purposes.

Revenue and profit contribution

(i) *Youxin*

The revenue and net profit of the acquired business for the period from 15 January 2019 to 31 December 2019 were RMB 5,271,000 and RMB 898,000 respectively. Had Youxin been acquired from 1 January 2019, the revenue and net profit of Youxin that are attributable to the Group for the year ended 31 December 2019 would have been RMB 5,354,000 and RMB 891,000 respectively.

(ii) *Huanggu*

The revenue and net profit of the acquired business for the period from 30 January 2019 to 31 December 2019 were RMB 1,970,000 and RMB 392,000 respectively. Had Huanggu been acquired from 1 January 2019, the revenue and net profit of Huanggu that are attributable to the Group for the year ended 31 December 2019 would have been RMB 2,162,000 and RMB 420,000 respectively.

(iii) *Jinfeng*

The revenue and net loss of the acquired business for the period from 14 March 2019 to 31 December 2019 were RMB 1,223,000 and RMB 213,000 respectively. Had Jinfeng been acquired from 1 January 2019, the revenue and net loss of Jinfeng that are attributable to the Group for the year ended 31 December 2019 would have been RMB 1,223,000 and RMB 213,000 respectively.

Had these subsidiaries been acquired from 1 January 2019, consolidated revenue and consolidated net loss of the Group for the year ended 31 December 2019 would have been RMB 141,384,000 and RMB 13,493,000 respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

7 Inventories

The Group	**2019** **RMB'000**	2018 RMB'000
Dental and medical supplies	**3,538**	2,400
Finished goods and goods for resale	**6,477**	6,397
Raw materials	**775**	779
	10,790	9,576

There are no inventories pledged as securities for liabilities.

8 Trade and other receivables

	The Group		**The Company**	
	2019 **RMB'000**	2018 RMB'000	**2019** **RMB'000**	2018 RMB'000
Non-current				
Other receivables:				
Subsidiary	–	–	**10,351**	–
Total non-current other receivables	–	–	**10,351**	–
Current				
Trade receivables:				
Outside parties	**17,347**	12,370	**–**	10
Subsidiaries	**–**	–	**6,400**	10,491
	17,347	12,370	**6,400**	10,501
Less: Loss allowance				
At beginning of year	**–**	–	**–**	**–**
Allowance for the year	**(894)**	–	**–**	–
At end of the year	**(894)**	–	**–**	–
Trade receivables - net	**16,453**	12,370	**6,400**	10,501
Other receivables:				
Deposits paid to suppliers	**1,371**	2,116	**–**	–
Staff loans	**2,015**	2,250	**–**	–
Outside parties	**1,715**	2,850	**256**	–
Subsidiaries	**–**	–	**279**	–
	5,101	7,216	**535**	–
Total current trade and other receivables	**21,554**	19,586	**6,935**	10,501
Total trade and other receivables	**21,554**	19,586	**17,286**	10,501

As at 1 January 2018, the Group's and the Company's gross trade receivables from contracts with customers due from non-related parties amounted to RMB 7,563,000 and Nil respectively.

Trade receivables are non-interest bearing. They are recognised at their original invoice amounts which represent their fair values on initial recognition. The Group assesses the potential customer's credit quality and determines credit limits to be allowed before accepting any new customer. Credit limits granted to customers are reviewed regularly.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

8 Trade and other receivables (Cont'd)

Loss allowance for trade receivables is measured at an amount equal to lifetime ECL. The ECL on trade receivables are estimated using a provision matrix, and by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. In particular, the Group recognises loss allowance in full against all trade receivables over 90 days past due because historical experience has indicated that these receivables are generally not recoverable.

A trade receivable is written off when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier. None of the trade receivables that have been written off is subject to enforcement activities.

The Group's credit risk exposure in relation to trade receivables under SFRS (I) 9 are set out in the provision matrix as follows:

		Past due				
		Within 30	**31 to 60**	**61 to 90**	**More than**	
	Current	**days**	**days**	**days**	**90 days**	**Total**
The Group	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
31 December 2019						
ECL rate (%)	*0.4%*	*12.8%*	*29.6%*	*57.8%*	*49.4%*	
Trade receivables - Gross	**14,499**	**1,480**	**142**	**64**	**1,162**	**17,347**
Loss allowance	**(52)**	**(189)**	**(42)**	**(37)**	**(574)**	**(894)**
Trada receivables - net	**14,447**	**1,291**	**100**	**27**	**588**	**16,453**
31 December 2018						
Trade receivables - Gross	4,034	2,066	1,189	2,605	2,476	12,370
Loss allowance	–	–	–	–	–	–
Trada receivables - net	4,034	2,066	1,189	2,605	2,476	12,370

		Past due				
		Within 30	31 to 60	61 to 90	More than	
	Current	days	days	days	90 days	Total
The Company	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2018						
Trade receivables - Gross	10	–	–	–	–	10
Loss allowance	–	–	–	–	–	–
Trada receivables - net	10	–	–	–	–	10

The Group has many varied 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 of RMB 894,000 (2018 - Nil) is recognised.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

8 Trade and other receivables (Cont'd)

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 (2018 - 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 generally grant credit term of 30 days to 180 days (2018 - 30 days to 180 days) to their customers.

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.

Non-current other receivables from a subsidiary are interest-bearing, unsecured and are repayable on 19 May 2029. Interest is charged at 4.35% per annum.

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

The deposits have been assessed to be placed with counterparties that are creditworthy and accordingly, no allowance for non-recovery of these deposits is required.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for trade and other receivables.

9 Other assets

	The Group		The Company	
	2019	2018	**2019**	2018
	RMB'000	RMB'000	**RMB'000**	RMB'000
Non-current:				
Sign-on bonus	**314**	328	**314**	328
Others	**36**	74	**–**	–
	350	402	**314**	328
Current:				
Sign-on bonus	**60**	94	**60**	94
Deposits	**–**	127	**–**	–
Prepayments	**1,575**	5,741	**244**	195
	1,635	5,962	**304**	289

The sign-on bonus relates to payments made to our Executive Director and Group Chief Executive Officer, Dr. Shao Yongxin, in relation to a 12-year service agreement before the date of the public listing of the Company.

Prepayments relate to partial payments in advance to non-trade suppliers.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

10 Cash and cash equivalents

	The Group		The Company	
	2019	2018	**2019**	2018
	RMB'000	RMB'000	**RMB'000**	RMB'000
Cash and bank balances	**26,956**	50,318	**2,843**	22,297

The interest earning balances are not significant.

RMB is not freely convertible into foreign currencies and the remittance of these funds maintained with banks in the PRC by the Group out of the PRC is subject to currency exchange restriction amounting to RMB 23,106,503 (2018: RMB 23,690,773).

11 Share capital

	Number of shares		Amount	
The Group and The Company	**2019**	2018	**2019**	2018
	'000	'000	**RMB'000**	RMB'000
Issued and fully paid with no par value:				
Balance at beginning of year	**381,575**	372,162	**295,356**	284,744
Issuance of new shares [1]	**–**	9,413	**–**	10,612
Balance at end of year	**381,575**	381,575	**295,356**	295,356

The holder of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. All shares rank equally with regard to the Company's residual assets.

[1] On 1 March 2018, the Company issued 9,413,271 new ordinary shares at RMB 1.127 (S$0.236) per share to Exclusive Innovation Pte. Ltd. and Weixia Pte. Ltd. for a cash consideration of RMB 10,611,956 (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.

12 Other reserves

		The Group		The Company	
		2019	2018	**2019**	2018
	Note	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Statutory reserve	(a)	**7,406**	5,954	**–**	–
Share-based payment reserve	(b)	**3,329**	1,978	**3,329**	1,978
Foreign currency translation reserve	(c)	**4,197**	3,870	**22,128**	13,993
Other reserve	(d)	**(71,905)**	(71,905)	**–**	–
		(56,973)	(60,103)	**25,457**	15,971

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

12 Other reserves (Cont'd)

(a) Statutory reserve

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

(b) Share-based payment reserve

The share-based payment reserve is in relation to shares subscription by Honour Pte. Ltd. The share issue price of S$0.12 (equivalent to RMB 0.59) is S$0.08 (RMB 0.39) lower than the IPO price of S$0.20 (RMB 0.98). 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 RMB 6,399,505 (S$1,307,680) is amortised to the profit or loss over 5 years as share-based payment.

(c) Foreign currency translation reserve

	The Group		The Company	
	2019	2018	**2019**	2018
	RMB'000	RMB'000	**RMB'000**	RMB'000
At beginning of year	**3,870**	2,301	**13,993**	2,509
Exchange differences on translating foreign operations	**327**	1,569	**8,135**	11,484
At end of year	**4,197**	3,870	**22,128**	13,993

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

(d) 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 prior to 31 December 2016.

	2019	2018
The Group	**RMB'000**	RMB'000
At beginning and at end of year	**71,905**	71,905

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

12 Other reserves (Cont'd)

(e) Share Option

(i) 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.

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

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

- 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 parent company and its subsidiaries; and
- No options have been granted at a discount.

(ii) 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 will expire on 8 January 2029.

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

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

Under the Plan, performance target(s), which shall be set according to the specific roles of the participant, will be at the discretion of the PSP Committee.

Since the adoption of the Plan till the end of the financial year, no performance shares have been granted under the Plan.

On 20 January 2020, the Company granted awards in respect of 960,565 performance shares which vest in accordance with the vesting schedules each commencing on 1 January 2020 and ending on 31 December 2029, subject to certain vesting conditions.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

12 Other reserves (Cont'd)

(e) Share Option (Cont'd)

(iii) Share options

On 20 January 2020, the Company granted options to subscribe 2,441,000 ordinary shares of the Company at exercise price of S$0.20 per share which is equal to the average of the last dealt prices of the shares in the SGX-ST over the five (5) consecutive market days immediately preceding the date of grant ("2020 Options"). The 2020 Options are exercisable one year from the date of grant and will expire on 21 January 2021. Fair value of the 2020 Options granted was estimated to be S$48,820 based on the Black-Scholes Pricing Model. No Options were granted to the directors.

The options may be exercised in full or in respect of 1,000 shares or a multiple thereof, on payment of the exercise price at any time after one year from the date of grant of Options, subject to the New Shares upon exercise of the Options being moratorised up to 30 September 2022.

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

13 Deferred tax

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes relate to the same taxation authority. The carrying amounts of deferred tax assets and liabilities are shown on the statements of financial position as follows:

The Group	**2019** **RMB'000**	2018 RMB'000
Deferred tax asset		
- To be recovered within one year	**14**	–
	14	–
Deferred tax liabilities		
- To be settled within one year	**(203)**	(221)
- To be settled after one year	**(1,129)**	(1,315)
	(1,332)	(1,536)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

13 Deferred tax (Cont'd)

The movement in deferred tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) are as follows:

The Group	**2019** **RMB'000**	2018 RMB'000
Deferred tax asset - provisions		
Balance at 1 January	**–**	–
Tax credited to profit or loss (Note 23)		
- current year	**14**	–
Balance at 31 December	**14**	–

The Group	**2019** **RMB'000**	2018 RMB'000
Deferred tax liabilities - others		
Balance at 1 January	**(1,536)**	(1,757)
Tax credited to profit or loss (Note 23)		
- current year	**204**	221
Balance at 31 December	**(1,332)**	(1,536)

On 22 February 2008, the State Administration of Taxation of the 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 2019, 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 RMB 9,554,000 (2018: RMB 16,000,000) and the deferred tax liability is estimated at approximately RMB 478,000 (2018: RMB 800,000), subject to certain conditions being fulfilled.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

14 Trade and other payables

	The Group		The Company	
	2019	2018	**2019**	2018
	RMB'000	RMB'000	**RMB'000**	RMB'000
Trade payables:				
Outside parties and accrued liabilities	**13,902**	9,687	**2,697**	2,062
Entity owned by a director of a subsidiary	**–**	115		–
Related companies	**–**	50	**–**	50
	13,902	9,852	**2,697**	2,112
Other payables:				
Related companies	**–**	–	**2**	–
Due to vendors of acquired subsidiaries	**7,562**	3,350	**7,562**	–
Outside parties	**3,128**	4,082	**631**	193
	10,690	7,432	**8,195**	193
Total trade and other payables	**24,592**	17,284	**10,892**	2,305

The average credit period on purchases of goods and services is 60 to 120 days (2018 - 60 to 120 days). Trade and other payables, comprising amounts outstanding for trade purchases and operating costs, are unsecured and non-interest bearing. The Group has financial risk management policies in place to ensure that all payables are within the credit timeframe.

Other payables due to vendors of acquired subsidiaries are RMB 7,562,000 (2018: RMB 3,350,000), are non-trade in nature, unsecured, interest-free and repayable on demand. Refer to Note 6A for details.

Included in other payable is contract liabilities of RMB 1,000,000 (31 December 2018: RMB 850,000; 1 January 2018: RMB 286,000) relate to advance consideration received from customers. Contract liabilities are recognised as revenue as and when the Group satisfies the performance obligations under its contracts.

15 Other financial liabilities

	2019	2018
The Group	**RMB'000**	RMB'000
Bills payable	**4,288**	937

The bills payable bear floating interest at 5.44% (2018: 5.44%) per annum. They are repayable within 180 days (2018 - 180 days) and secured by corporate guarantee from the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

16 Lease liabilities

	The Group 2019 RMB'000	The Company 2019 RMB'000
Undiscounted lease payments due:		
- Year 1	8,197	272
- Year 2	7,962	272
- Year 3	7,738	272
- Year 4	7,670	272
- Year 5	7,300	272
- Year 6 and onwards	14,975	544
Total	53,842	1,904
Less: Unearned interest cost	(9,710)	(335)
Lease liabilities	44,132	1,569
Presented as:		
- Non-current	37,614	1,345
- Current	6,518	224
Lease liabilities	44,132	1,569

Interest expense on lease liabilities of RMB 3,040,000 is recognised within finance costs in profit or loss.

Rental expenses not capitalised in lease liabilities but recognised within "operating expenses" in profit or loss are set out below:

	The Group 2019 RMB'000
Short-term leases	1,129
Low value asset	5

Total cash outflows for all leases in the year amount to RMB 7,038,000.

As at 31 December 2019, the Group's short-term lease commitments at the reporting date are not substantially dissimilar to those giving rise to the Group's short-term lease expense for the year.

The Group's and the Company's lease liabilities are secured by the lessors' title to the leased assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

17 Revenue

The Group	2019 RMB'000	2018 RMB'000
Revenue classified by nature type:		
Rendering of services – primary healthcare	**76,916**	68,622
Sale of goods – distribution of dental equipment and supplies	**46,474**	32,321
Laboratory services	**12,979**	11,668
Management fee income from outside parties	**3,629**	5,246
Other income	**43**	189
Revenue from Contracts with Customers	**140,041**	118,046
Leasing income	**1,068**	1,068
Total revenue	**141,109**	119,114
Revenue classified by timing of revenue recognition:		
Point in time	**136,412**	112,800
Over time	**3,629**	5,246
	140,041	118,046

The Group applies the practical expedient in SFRS(I)15 and does not disclose information about its remaining performance obligation as the performance obligation is part of contracts that have original expected duration of one year or less.

18 Other income and gains and (other losses)

The Group	2019 RMB'000	2018 RMB'000
Government grants	**–**	11
PIC cash pay-out	**–**	34
Foreign exchange adjustment losses, net	**(250)**	(432)
Loss on disposal of plant and equipment	**(3)**	(1)
Plant and equipment written-off	**(345)**	(267)
Bad debts written off	**(47)**	–
Net	**(645)**	(655)
Presented in profit or loss as:		
Other income and gains	**–**	45
Other losses	**(645)**	(700)
	(645)	(655)

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19 Employee benefits expense

The Group	**2019 RMB'000**	2018 RMB'000
Short term employee benefits expense	**46,243**	35,396
Contributions to defined contribution plans	**9,748**	8,288
Other benefits	**2,539**	1,819
Share-based payment (Note 12(b))	**1,351**	1,314
	59,881	46,817

20 Finance costs

The Group	**2019 RMB'000**	2018 RMB'000
Interest expense:		
- bill payable	**170**	2
- lease liabilities	**3,040**	–
	3,210	2

21 Other operating expenses

The major components and other selected components include the following:

The Group	**2019 RMB'000**	2018 RMB'000
Entertainment fees	**1,261**	1,166
General expenses	**508**	354
Marketing expenses	**1,818**	3,238
Other tax expenses	**1,775**	1,703
Motor vehicle expenses	**761**	792
Professional fees	**2,502**	2,379
Travelling expenses	**2,007**	1,997
Utilities expenses	**1,444**	1,235

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

22 (Loss)/Profit before taxation

The Group	2019 RMB'000	2018 RMB'000
(Loss)/Profit before taxation has been arrived at after charging/(crediting):		
Audit fees to the independent auditor of the Company	**749**	399
Audit fees to the other independent auditors	**128**	582
Non-audit fees to the other independent auditors		
- Tax advisory services	**50**	–
Rental expense:		
- Short-term leases	**1,129**	–
- Low value asset	**5**	–
- Minimum lease payments under operating lease	**–**	7,333

23 Taxation

The Group	2019 RMB'000	2018 RMB'000
Current taxation	**609**	552
Deferred taxation (Note 13)	**(218)**	(221)
Withholding tax	**683**	–
Under provision of withholding tax in respect of prior years	**1,102**	521
	2,176	852

The reconciliation of income taxes below is determined by applying the PRC corporate tax rate as the Group primarily operates in the PRC.

The income tax in profit or loss varied from the amount determined by applying the PRC income tax rate of 25% (2018 - 25%) to profit or loss before income tax as a result of the following differences:

The Group	2019 RMB'000	2018 RMB'000
(Loss)/Profit before taxation	**(11,338)**	399
Income tax expense at the above rate	**(2,835)**	100
Effect of different tax rate in different countries	**328**	(50)
Tax effect on non-deductible expenses	**383**	26
Tax incentives	**1,666**	–
Unutilised tax losses not recognised	**926**	274
Under provision of withholding tax in respect of prior years	**1,102**	521
Withholding tax	**683**	–
Others	**(77)**	(19)
	2,176	852

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

23 Taxation (Cont'd)

Subject to the agreement by the tax authorities, the Group and the Company have unutilised tax losses of RMB 11.89 million and RMB 5.12 million (2018: RMB 8.18 million and RMB 3.86 million) respectively available for offset against future profits at the reporting date. No deferred tax asset has been recognised in respect of the unutilised tax losses due to the unpredictability of future profit streams. Included in unrecognised tax losses of the Group are losses of RMB 6.41 million (2018: RMB 4.0 million), which can only be carried forward for a maximum period of 5 years from the year of assessment. Other tax losses may be carried forward indefinitely.

24 Dividend paid

The Group and the Company	**2019** **RMB'000**	2018 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 RMB 3,658,000 (equivalent to S$744,000) out of its profit, net of tax for the reporting year ended 31 December 2017 of RMB 5,934,000. This final dividend was approved by the shareholders of the Company in an annual general meeting held on 26 April 2018.

25 Loss per share

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

The Group	**2019** **RMB'000**	2018 RMB'000
Numerator:		
Loss net of tax attributable to equity holders – basic and diluted	**(13,514)**	(453)
	No. of shares	
Denominator:	**'000**	'000
Weighted average number of equity shares - basic and diluted	**381,575**	380,053

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.

The basic and diluted earnings per share for all respective financial periods are the same as there are no outstanding convertibles or other dilutive equity instruments. The effect of the consideration shares (refer to Notes 6A and 14) as potential ordinary shares upon issuance and the employee share options and performance shares issued after year end (refer to Note 12(e)) are anti-dilutive.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

26 Related party transactions

(a) Sale and purchase of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

The Group	**2019** **RMB'000**	2018 RMB'000
Rental expense [a]	**–**	1,164
Software rental [b]	**–**	187
Depreciation of right-of-use assets [c]	**1,307**	–
Interest expense on lease liabilities [c]	**584**	–

[a] These relate to transactions occurred between the Group and directors of its subsidiaries.

[b] These relate to transactions occurred between the Group and a subsidiary of Q & M Dental Group (Singapore) Limited (the "controlling shareholder").

[c] These relate to transactions between the Group with a subsidiary of a controlling shareholder and directors of its subsidiaries.

(b) Compensation of key management personnel

The Group	**2019** **RMB'000**	2018 RMB'000
Salaries and other short-term employee benefits	**6,895**	5,261
Comprise amounts paid to:		
Remuneration of directors of the Company	**2,825**	596
Remuneration of directors of the subsidiaries	**1,193**	228
Remuneration of executive officers of the Group	**2,034**	2,958
Remuneration of directors of the subsidiaries cum executive officers of the Group	**223**	776
Fees to directors of the Company	**620**	703

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 of the Company and subsidiaries for dental services rendered in their capacity as dentists.

27 Operating lease commitments

Where the Group is the lessee

At the end of the reporting period, the Group has the following rental payments in respect of non-cancellable operating leases as follows:

	The Group 2018 RMB'000	The Company 2018 RMB'000
Not later than one year	7,423	256
Later than one year and not later than five years	25,309	1,088
Later than five years	22,572	820
	55,304	2,164
Rental expenses for the year	7,333	187

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 year in 2018.

Obligations under operating lease are reclassified to lease liabilities (Note 16) on 1 January 2019 arising from the adoption of SFRS(I) 16. The impact of adoption is disclosed in Note 2(b).

Where the Group is the lessor

The Group leases out equipment to a non-related party under operating leases. At the end of the reporting period, the Group's undiscounted future minimum lease income receivables under non-cancellable operating lease contracted are as follows:

The Group	**2019 RMB'000**	2018 RMB'000
- Year 1	**1,100**	1,100
- Year 2	**1,100**	1,100
- Year 3	**183**	1,100
- Year 4	**–**	183
Total	**2,383**	3,483

These leases are classified as operating lease because the risk and rewards incidental to ownership of the assets are not substantially transferred.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

28 Capital commitments and contingencies

(a) 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:

The Group	**2019** **RMB'000**	2018 RMB'000
Commitments to purchases of property	**5,130**	3,662
Commitments for acquisitions of investments in subsidiaries	**–**	20,700
	5,130	24,362

(b) Contingent liabilities

The Company has issued corporate guarantees to banks for credit facilities of a subsidiary with net asset positions. These bank borrowings amounted to RMB 4,288,000 (2018: RMB 937,000) at the balance sheet date.

29 Operating segments

29.1 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").

29 Operating segments (Cont'd)

29.2 Profit or loss for the year and reconciliations

Information of the reportable segments as reviewed by the CODM, before any reconciling adjustments to the Group's consolidated financial information, are set out below:

	Primary healthcare		Distribution of dental equipment and supplies		Laboratory services		Consolidated	
	2019	2018 (Restated*)	**2019**	2018 (Restated*)	**2019**	2018 (Restated*)	**2019**	2018
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Sales to external customers	**81,656**	75,125	**46,474**	32,321	**12,979**	11,668	**141,109**	119,114
Inter-segment revenue	**9,415**	12,996	**5,343**	13,655	**1,561**	1,398	**16,319**	28,049
Segment results	**7,000**	6,640	**(234)**	110	**2,772**	1,863	**9,538**	8,613
Profit from operating activities							**9,538**	8,613
Finance costs							**(3,210)**	(2)
Depreciation of PPE							**(9,988)**	(7,327)
Depreciation of ROU assets							**(6,864)**	–
Amortisation of intangible assets							**(814)**	(885)
(Loss)/Profit before income tax							**(11,338)**	399
Tax expense							**(2,176)**	(852)
Loss for the year							**(13,514)**	(453)
Other material non-cash items:								
Capital expenditure								
- Property, plant and equipment	**9,122**	30,258	**5,777**	42	**430**	3,589	**15,329**	33,889
Depreciation of PPE	**8,006**	6,434	**412**	64	**1,289**	829	**9,707**	7,327
Depreciation of ROU assets	**6,658**	–	**206**	–	**281**	–	**7,145**	–
Amortisation of intangible assets	**358**	360	**42**	42	**414**	483	**814**	885
Finance cost	**3,040**	–	**170**	2	**–**	–	**3,210**	2
PPE written off	**330**	267	**–**	–	**15**	–	**345**	267
ECL allowance on trade receivables	**178**	–	**699**	–	**17**	–	**894**	–
Share-based payment	**1,351**	1,338	**–**	–	**–**	–	**1,351**	1,338
Segment assets	**270,221**	231,141	**24,440**	21,951	**13,943**	12,682	**308,604**	265,774
Segment liabilities	**63,460**	13,085	**9,923**	5,072	**1,040**	1,600	**74,423**	19,757

* Refer to Note 34 for the restatement.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

29 Operating segments (Cont'd)

29.2 Profit or loss from continuing operations and reconciliations (Cont'd)

Reconciliation of the revenue, profit or loss, assets and liabilities of the reportable segments to the Group's consolidated financial information are as follows:

	2019	2018
	RMB'000	RMB'000
Revenue		
Total revenue for reportable segments	**157,428**	147,163
Elimination of inter-segment revenue	**(16,319)**	(28,049)
Consolidated revenue	**141,109**	119,114

	2019	2018
	RMB'000	RMB'000
Profit or loss before tax		
Total profit or loss before tax for reportable segments	**(9,125)**	2,399
Elimination of inter-segment profits	**(2,213)**	(2,000)
Consolidated (loss)/profit before tax	**(11,338)**	399

29.3 Geographical information

The Group operates principally in the PRC. The contribution from Singapore is not material and therefore no separate geographical segments have been presented.

29.4 Information about major customers

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

30 Financial risk management objectives and policies

The Group does not have a set of written risk management policies and guidelines. The Boards of Directors of the Company and its subsidiaries meet periodically to analyse and formulate measures to manage the Group's exposure to market risk, including principally changes in interest rates and currency exchange rates, credit risk and liquidity risk. The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks included currency risk, cash flow and fair value interest rate risk, credit risk, market risk and liquidity risk. The Group's and the Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise adverse effects from the unpredictability of financial markets on the Group's and the Company's financial performance.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

30 Financial risk management objectives and policies

30.1 Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group transacts business in various foreign currencies, including the Singapore dollar, United States dollar and Renminbi, and therefore is exposed to foreign exchange risk.

The Group's and the Company's exposures to currency risks are as follows:

	Singapore dollar		United States dollar	
The Group	**2019**	2018	**2019**	2018
	RMB'000	RMB'000	**RMB'000**	RMB'000
Financial Assets				
Trade and other receivables	**249**	–	**–**	–
Cash and bank balances	**2,036**	23,689	**162**	163
	2,285	23,689	**162**	163
Financial Liabilities				
Trade and other payables	**(3,335)**	(2,313)	**–**	–
Lease liabilities	**(1,569)**	–	**–**	–
	(4,904)	(2,313)	**–**	–
Net currency exposure on financial assets and (financial liabilities)	**(2,619)**	21,376	**162**	163

	Renminbi		United States dollar	
The Company	**2019**	2018	**2019**	2018
	RMB'000	RMB'000	**RMB'000**	RMB'000
Financial Assets				
Trade and other receivables	**6,400**	–	**–**	–
Cash and bank balances	**1,571**	2,709	**47**	49
	7,971	2,709	**47**	49
Financial Liabilities				
Trade and other payables	**(7,565)**	–	**–**	–
	(7,565)	–	**–**	–
Net currency exposure on financial assets and (financial liabilities)	**406**	2,709	**47**	49

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

30 Financial risk management objectives and policies (Cont'd)

30.1 Currency risk (Cont'd)

Sensitivity analysis for foreign currency risk

A 5% (2018 - 5%) strengthening of the above currencies against the respective functional currencies of the Group entities at year ended would have increased/(decreased) loss before tax and increased/(decreased) equity by the amounts shown below. Similarly, a 5% (2018 - 5%) weakening would have the equal but opposite effect. This analysis has not taken into account the associated tax effects and assumes that all other variables, in particular interest rates, remain constant.

	Increase/(Decrease)			
	2019		2018	
	Loss before tax RMB'000	**Equity RMB'000**	Loss before tax RMB'000	Equity RMB'000
The Group				
Singapore dollar	**(131)**	**(98)**	1,069	802
United States dollar	**8**	**6**	8	6
The Company				
Renminbi	**20**	**17**	135	112
United States dollar	**2**	**2**	2	2

30.2 Interest rate risk

Interest rate risk is the risk that future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group is not exposed to significant interest rate risk.

30.3 Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group and the Company. As at 31 December 2019, the Group's and the Company's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group and the Company due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group and the Company arises from:

- the carrying amount of the respective recognized financial assets as stated in the statements of financial position; and
- the maximum amount the Group and the Company would have to pay if the financial guarantee is called upon, irrespective of the likelihood of the guarantee being exercised. The related loss allowance is disclosed in the respective notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

30 Financial risk management objectives and policies (Cont'd)

30.3 Credit risk (Cont'd)

In order to minimise credit risk, the Group has tasked its credit management committee to develop and maintain the Group's and the Company's credit risk gradings to categorise exposures according to their degree of risk of default. The credit rating information is supplied by independent rating agencies where available and, if not available, the credit management committee uses other publicly available financial information and the Group's and the Company's own trading records to rate its major customers and other debtors. The Group's and the Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Group's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising expected credit losses ("ECL")
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit-impaired
In default	Amount is >90 days past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the group has no realistic prospect of recovery.	Amount is written off

The tables below detail the credit quality of the Group's and the Company's financial assets and other items, as well as maximum exposure to credit risk by credit risk rating grades:

The Group	Note	Internal credit rating	External credit rating	12-month or Lifetime ECL	Gross carrying amount RMB'000	Loss allowance RMB'000	Net carrying amount RMB'000
2019							
Trade receivables	8	n.a	(i)	Lifetime ECL (simplified approach)	**17,347**	**(894)**	**16,453**
Other receivables	8	n.a	Performing	12-month ECL	**5,101**	**–**	**5,101**
					22,448	**(894)**	**21,554**
2018							
Trade receivables	8	n.a	(i)	Lifetime ECL (simplified approach)	12,370	–	12,370
Other receivables	8	n.a	Performing	12-month ECL	7,216	–	7,216
					19,586	–	19,586

(i) For trade receivables, contract assets and finance lease receivables, the Group has applied the simplified approach in SFRS(I) 9 to measure the loss allowance at lifetime ECL. The Group determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

30 Financial risk management objectives and policies (Cont'd)

30.3 Credit risk (Cont'd)

The Company	Note	Internal credit rating	External credit rating	12-month or Lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
					RMB'000	RMB'000	RMB'000
2019							
Related parties	8	n.a	Performing	12-month ECL	**17,030**	–	**17,030**
Third parties	8	n.a	Performing	12-month ECL	**256**	–	**256**
					17,286	–	**17,286**
2018							
Related parties	8	n.a	Performing	12-month ECL	10,491	–	10,491
Third parties	8	n.a	Performing	12-month ECL	10	–	10
					10,501	–	10,501

The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For trade receivables, the Group and the Company adopt the policy of dealing only with customers of appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk. For other financial assets, the Group and the Company adopt the policy of dealing only with high credit quality counterparties.

Credit exposure to an individual counterparty is restricted by credit limits that are approved by the managing director based on ongoing credit evaluation. The counterparty's payment profile and credit exposure are continuously monitored at the entity level by the respective management and at company and at group level by the managing director.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statements of financial position, except as follow:

The Company	**2019**	2018
	RMB'000	RMB'000
Corporate guarantees provided to banks on a subsidiary's credit facilities	**4,288**	937

The Company has issued financial guarantees to banks for credit facilities of a subsidiary. The amounts included above for financial guarantee contracts are the maximum amounts the Company can be forced to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the reporting date, the Company considers that it is more likely than not that such an amount will not be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

NOTES TO THE FINANCIAL STATEMENTS

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30 Financial risk management objectives and policies (Cont'd)

30.3 Credit risk (Cont'd)

Concentration of trade receivables

The carrying amounts of trade and other receivables represent the Group's and the Company's maximum exposure to credit risk in relation to its financial assets. The Company's exposure to credit risk is minimal as it has a small balance of other receivables. The Group's trade receivables comprise of 10 debtors (2018 - 10 debtors) that represented 66% (2018 - 71%) of trade receivables. Cash for the Group and the Company are held with financial institutions of good standing. Concentration of trade receivable customers as at the end of reporting year:

The Group	**2019** **RMB'000**	2018 RMB'000
Top 1 customer	**1,641**	1,792
Top 2 customers	**3,200**	3,558
Top 3 customers	**4,378**	4,429

Please refer to Note 8 to the financial statements for further details on expected credit losses and movements in credit loss allowance.

30.4 Liquidity risk

Liquidity or funding risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities. The Group manages its liquidity risk by ensuring the availability of adequate funds to meet all its obligation in a timely and cost-effective manner.

The table below analyses the maturity profile of the Company's and the Group's non-derivative financial liabilities based on contractual undiscounted cash flows:

		Contractual undiscounted cash flows			
The Group	**Carrying amount** **RMB'000**	**Within 1 year** **RMB'000**	**Within 2 to 5 years** **RMB'000**	**Over 5 years** **RMB'000**	**Total** **RMB'000**
2019					
Trade payables and other payables	**24,592**	**24,592**	**–**	**–**	**24,592**
Other financial liabilities	**4,288**	**4,383**	**–**	**–**	**4,383**
Lease liabilities	**44,132**	**8,197**	**30,670**	**14,975**	**53,842**
	73,012	**37,172**	**30,670**	**14,975**	**82,817**
2018					
Trade payables and other payables	17,284	17,284	–	–	17,284
Other financial liabilities	937	963	–	–	963
	18,221	18,247	–	–	18,247

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

30 Financial risk management objectives and policies (Cont'd)

30.4 Liquidity risk (Cont'd)

The Company	Carrying amount RMB'000	Contractual undiscounted cash flows: Within 1 year RMB'000	Within 2 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
2019					
Trade payables and other payables	**10,892**	**10,892**	**–**	**–**	**10,892**
Lease liabilities	**1,569**	**272**	**1,088**	**544**	**1,904**
	12,461	**11,164**	**1,088**	**544**	**12,796**
Corporate guarantee contracts	**4,288**	**4,288**	**–**	**–**	**4,288**
2018					
Trade payables and other payables	2,305	2,305	–	–	2,305
	2,305	2,305	–	–	2,305
Corporate guarantee contracts	937	937	–	–	937

31 Capital management

The Group's objectives when managing capital are:

(a) To safeguard the Group's ability to continue as a going concern, so that it continues to provide returns for shareholder and benefits for other stakeholder;

(b) To support the Group's stability and growth;

(c) To provide capital for the purpose of strengthening the Group's risk management capability; and

(d) To provide an adequate return to shareholders.

The Group regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder's returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group currently does not adopt any formal dividend policy.

The Group monitors capital using Gearing Ratio, which is net debt divided by total capital. Net debt represents the total bills payable (Note 15) and total lease liabilities (Note 16) less cash and cash equivalents (Note 10). Total capital consists of net debt and equity of the Group.

The gearing ratio of the Group at the reporting date is as follows:

The Group		2019 RMB'000	2018 RMB'000
Debts		**48,420**	937
Cash and bank balances		**(26,956)**	(50,318)
Net debt	(A)	**21,464**	(49,381)
Total equity	(B)	**234,181**	246,017
Net debt to equity ratio (%)	(A)/(B)	**9.17%**	N.M

N.M – Not meaningful

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

31 Capital management (Cont'd)

The increase in net debt to equity ratio was mainly due to the adoption of SFRS(I) 16 Leases in the current financial year. Both net debt and gross assets increased following the recognition of ROU assets and lease liabilities on 1 January 2019. Refer to Note 2(b) for further information.

There were no changes in the Group's approach to capital management during the current and previous financial years.

The Group is not subject to externally imposed capital requirements. However, the subsidiaries incorporated in the PRC are subject to currency exchange restrictions on the remittance of funds out of the PRC.

32 Financial instruments

Accounting classifications of financial assets and financial liabilities

The carrying amounts of financial assets and financial liabilities in each category are as follows:

	The Group		The Company	
	2019	2018	**2019**	2018
	RMB'000	RMB'000	**RMB'000**	RMB'000
Financial assets at amortised cost:				
Trade receivables	**16,453**	12,370	**6,400**	10,501
Other receivables and deposits	**5,101**	7,216	**10,886**	–
Cash and bank balances	**26,956**	50,318	**2,843**	22,297
	48,510	69,904	**20,129**	32,798
Financial liabilities carried at amortised cost:				
Trade payables	**13,902**	9,852	**2,697**	2,112
Other payables and accruals	**9,690**	6,582	**8,195**	193
Other financial liabilities	**4,288**	937	**–**	–
Lease liabilities	**44,132**	–	**1,569**	–
	72,012	17,371	**12,461**	2,305

33 Fair value measurement

The Company categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 : quoted prices (unadjusted) in active markets for identical assets
- Level 2 : inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly
- Level 3 : unobservable inputs for the asset.

Measurement of fair value of financial assets

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

33 Fair value measurement

Measurement of fair value of financial assets (Cont'd)

The carrying amounts of financial assets and financial liabilities with a maturity of less than one year are assumed to approximate their fair values.

The short-term carrying amount of bills payable approximate fair value as the bills payable bear variable interest rate. The fair value of finance leases approximates the present value of payments as disclosed in Note 16.

The non-current amount due from a subsidiary approximate its fair value as the loan bears interest rate which approximates the present value as disclosed in Note 8:

The Company	Fair value of financial instruments carried at fair value	Fair value of financial instruments not carried at fair value	Total fair value	Carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000
2019				
Non-current assets				
Other receivables	–	9,136	9,136	10,351
	–	9,136	9,136	10,351

The Group does not anticipate that the carrying amounts recorded at the end of the reporting period would be significantly different from the values that would eventually be received or settled.

34 Reclassifications and comparative figures

Certain reclassifications were made to the prior year's financial statements to enhance comparability with the current year's financial statements. The reclassifications included the following:

(i) Consolidated Statement of Cash Flows for the financial year ended 31 December 2018

The Group	As previously reported	Re-classification	As restated
	RMB'000	RMB'000	RMB'000
Operating activities			
Unrealised foreign exchange gains	1,556	(1,718)	**(162)**
Net decrease in cash and cash equivalents			
Effect of foreign exchange rate changes on cash and cash equivalents	–	1,718	**1,718**

The restatement arose as the unrealised foreign exchange gain adjusted from the operating activities in the Statement of Cash Flow for the financial year ended 31 December 2018 included the effect of foreign exchange rate changes on cash and cash equivalents which has now been reclassified.

The third balance sheet has not been presented as the restatements are not significant.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

34 Reclassifications and comparative figures (Cont'd)

(ii) Property, plant and equipment (Note 3)

Software have been reclassified from furniture, fittings and equipment for better presentation:

The Group	Furniture, fittings and equipment			Software		
	As previously reported RMB'000	Re-classification RMB'000	As restated RMB'000	As previously reported RMB'000	Re-classification RMB'000	As restated RMB'000
Cost						
At 1 January 2018	41,519	(794)	**40,725**	–	794	**794**
Additions	15,213	(20)	**15,193**	–	20	**20**
Disposals	(142)	–	**(142)**	–	–	**–**
Written-off	(511)	–	**(511)**	–	–	**–**
Exchange differences	15	(13)	**2**	–	13	**13**
At 31 December 2018	56,094	(827)	**55,267**	–	827	**827**
Accumulated depreciation						
At 1 January 2018	13,082	(89)	**12,993**	–	89	**89**
Depreciation for the year	5,591	(88)	**5,503**	–	88	**88**
Disposals	(141)	–	**(141)**	–	–	**–**
Written-off	(244)	–	**(244)**	–	–	**–**
Exchange differences	2	(2)	**–**	–	2	**2**
At 31 December 2018	18,290	(179)	**18,111**	–	179	**179**
Net book value						
At 31 December 2018	37,804	(648)	**37,156**	–	648	**648**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

34 Reclassifications and comparative figures (Cont'd)

(ii) Property, plant and equipment (Note 3) (Cont'd)

Software have been reclassified from furniture, fittings and equipment for better presentation:

The Company	Software			Furniture, fittings and equipment		
	As previously reported RMB'000	Re-classification RMB'000	As restated RMB'000	As previously reported RMB'000	Re-classification RMB'000	As restated RMB'000
Cost						
At 1 January 2018	479	(40)	**439**	–	40	**40**
Exchange differences	14	(1)	**13**	–	1	**1**
At 31 December 2018	493	(41)	**452**	–	41	**41**
Accumulated depreciation						
At 1 January 2018	68	(22)	**46**	–	22	**22**
Depreciation for the year	54	(6)	**48**	–	6	**6**
Exchange differences	2	–	**2**	–	–	**–**
At 31 December 2018	124	(28)	**96**	–	28	**28**
Net book value						
At 31 December 2018	369	(13)	**356**	–	13	**13**

The third balance sheet has not been presented as the reclassification is within the financial statement caption.

(iii) Segment result for the financial year ended 31 December 2018 (Note 29)

The Group	As previously reported RMB'000	Re-presentation RMB'000	As restated RMB'000
Segment Result			
Primary healthcare	(1,995)	8,635	**6,640**
Distribution of dental equipment and supplies	1,277	(1,167)	**110**
Laboratory services	1,117	746	**1,863**

The restatement arose as the segment results for the financial year ended 31 December 2018 were presented by segments profit before tax which have now been presented by segments Recurring EBITDA.

The third balance sheet has not been presented as the restatements are not significant.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

35 Events after the end of the reporting year

(a) On 21 January 2020, the Group announced the amendments to the Master Agreement and clarification of the proposed acquisition of Jinzhou Aoxin Youxin Dental Clinic Co., Ltd. ("Proposed Youxin Acquisition"). The amendment includes, inter alia, the vendor not being required to subscribe for the subscription shares in connection with the Proposed Youxin Acquisition. In order to align the interest of the vendor with that of the Group, the Board has also granted to the vendor, who is an employee of the Group, options to subscribe for 2,441,000 shares on 20 January 2020 pursuant to the Aoxin ESOS.

On 15 January 2019, the Group completed the onshore share transfer for acquisition of Youxin.

(b) On 20 January 2020, the Group announced that the Company has granted options to subscribe 2,441,000 ordinary shares of the Company at exercise price of $0.20 per share ("2020 Options") to Youxin vendor. The Options are exercisable one year from the date of grant and will expire on 21 January 2021. The effect of the Options as potential ordinary shares upon issuance is anti-dilutive as at 31 December 2019.

(c) On 20 January 2020, the Group awarded 960,565 performance shares which vest in accordance with the vesting schedules commencing on 1 January 2020 and ending on 31 December 2029, subject to achieving the vesting conditions. The effect of the performance shares as potential ordinary shares upon issuance is anti-dilutive as at 31 December 2019.

(d) On 10 February 2020, the Company announced that its dental hospitals and dental polyclinics were suspended until further notice as directed by the Chinese government and local dental health authorities. On 27 February 2020, the Company announced that the SGX-ST has granted the Company:

i. Extension of 1 month up to 31 March 2020 for the announcement of its unaudited full year financial statements for the financial year ended 31 December 2019; and

ii. Extension to hold Company's Annual General Meeting by no later than 30 June 2020.

As of 26 March 2020, all 6 dental hospitals and 10 dental polyclinics of the Group had resumed its dental treatment services.

(e) An outbreak of COVID-19 (Coronavirus Disease 2019) had been reported to the World Health Organisation in China on 31 December 2019. At the date of these financial statements, while the outbreak has been most severe in Asia, it has spread to various regions around the world, including Australia, Europe, Middle East and the United States of America. The Group operates in various regions affected by the outbreak. While the full impact to the Group cannot be quantified reliably, the Group's performance subsequent to the balance sheet date is likely to be negatively impacted as a result of regional and global travel restrictions, quarantine and/or illness of employees, loss of customers, supply chain disruptions, and other forms of interruptions to business.

APPENDIX

APPENDIX DATED 12 JUNE 2020

THIS APPENDIX IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

This Appendix is issued by Aoxin Q & M Dental Group Limited (the "Company", and together with its subsidiaries, the "Group"). If you are in any doubt about the contents of this Appendix or the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, tax adviser or any other professional adviser immediately.

If you have sold or transferred all your ordinary shares in the capital of the Company (the "**Shares**") held through The Central Depository (Pte) Limited ("**CDP**"), you need not forward this Appendix to the purchaser or transferee as arrangements will be made by the CDP for a separate Appendix with the Notice of AGM (as defined herein) and the accompanying Proxy Form (as defined herein) to be sent to the purchaser or transferee. If you have sold or transferred all your Shares represented by physical share certificate(s) which are not deposited with the CDP, you should immediately forward this Appendix, together with the annual report of the Company for the financial year ended 31 December 2019 ("**Annual Report**"), the Notice of AGM and the accompanying Proxy Form to the purchaser or transferee, or to the bank, stockbroker or agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee.

Capitalised terms appearing on the cover of this Appendix have the same meanings as defined herein.

This Appendix is circulated to the Shareholders together with the Company's Annual Report. The purpose of this Appendix is to provide Shareholders with information relating to, and seek Shareholders' approval for, the Proposed Change of Auditors at the 2020 AGM (as defined herein).

This Appendix has been reviewed by the Company's sponsor, SAC Capital Private Limited (the "**Sponsor**"). This Appendix has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") and the SGX-ST assumes no responsibility for the contents of this Appendix, including the correctness of any of the statements or opinions made, or reports contained in this Appendix.

The contact person for the Sponsor is Mr. Ong Hwee Li (Tel: (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)

APPENDIX TO THE NOTICE OF AGM

IN RELATION TO

THE PROPOSED CHANGE OF AUDITORS FROM MESSRS FOO KON TAN LLP TO MESSRS RSM CHIO LIM LLP

APPENDIX

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APPENDIX

DEFINITIONS

In this Appendix, the following definitions apply throughout unless the context otherwise requires or otherwise stated:–

"**2020 AGM**"	:	The annual general meeting of the Company to be held on 29 June 2020 at 2.30 p.m. by way of electronic means, notice of which is set out in the Notice of AGM
"**ACRA**"	:	The Accounting and Corporate Regulatory Authority of Singapore
"**Act**" or "**Companies Act**"	:	The Companies Act, (Chapter 50) of Singapore, as amended, modified or supplemented from time to time
"**Annual Report**"	:	The annual report of the Company for the financial year ended 31 December 2019
"**Appendix**"	:	This appendix to the Notice of AGM dated 12 June 2020 in respect of the Proposed Change of Auditors
"**Audit Committee**"	:	The audit committee of the Company as at the date of this Appendix comprising Mr. Chua Ser Miang, Professor Chew Chong Yin @ Chew Chong Lin and Mr. Lin Ming Khin
"**Auditors**"	:	The auditors of the Company for the time being
"**Board**"	:	The board of directors of the Company as at the Latest Practicable Date
"**Catalist**"	:	The sponsor-supervised listing platform of the SGX-ST
"**Catalist Rules**"	:	Listing Manual Section B: Rules of Catalist of the SGX-ST, as amended, modified or supplemented from time to time
"**CDP**"	:	The Central Depository (Pte) Limited
"**CICPA**"		The Chinese Institute of Certified Public Accountants
"**Company**"	:	Aoxin Q & M Dental Group Limited
"**Constitution**"	:	The constitution of the Company, as amended, modified or supplemented from time to time
"**Directors**"	:	The directors of the Company as at the Latest Practicable Date
"**Foo Kon Tan**"	:	Messrs Foo Kon Tan LLP
"**Group**"	:	The Company and its subsidiaries, collectively
"**Latest Practicable Date**"	:	1 June 2020, being the latest practicable date prior to the printing of this Appendix
"**Listing Manual**"	:	The listing manual of the SGX-ST, as may be amended, modified or supplemented from time to time
"**Notice of AGM**"	:	The notice of the 2020 AGM as set out on pages 143 to 147 of the Annual Report

APPENDIX

DEFINITIONS

"PRC" : The People's Republic of China

"Proposed Change of Auditors" : The proposed change of auditors of the Company from Foo Kon Tan to RSM Chio Lim

"Proxy Form" : The proxy form in respect of the 2020 AGM as set out in the last two (2) pages of the Annual Report

"RSM Chio Lim" : Messrs RSM Chio Lim LLP

"SBASF CPA" : SBA Stone Forest CPA (Beijing) General Partnership

"Securities Account" : A securities account maintained by a Depositor with the CDP, but does not include a securities sub-account maintained with a Depository Agent

"SFA" : The Securities and Futures Act, (Chapter 289) of Singapore, as amended, modified or supplemented from time to time

"SGX-ST" : Singapore Exchange Securities Trading Limited

"Shareholders" : Registered holders of Shares in the register of members of the Company, except that where the registered holder is the CDP, the term "**Shareholders**" shall, where the context admits, mean the persons named as Depositors in the Depository Register maintained by the CDP and into whose Securities Accounts those Shares are credited

"Shares" : Ordinary shares in the capital of the Company

"Sponsor" : SAC Capital Private Limited

"Substantial Shareholder" : A person (including a corporation) who has an interest or interests in one or more voting Shares in the Company, and the votes attached to that Share, or those Shares, is not less than 5% of the total votes attached to all the voting Shares in the Company

"Take-over Code" : The Singapore Code on Take-overs and Mergers, as amended, modified or supplemented from time to time

"treasury shares" : Treasury shares shall have the meaning ascribed to it under Section 4 of the Companies Act

Currency, Units and Others

"%" : Percentage or per centum

"S$" : Singapore dollars

The terms "**Depositor**", "**Depository Agent**" and "**Depository Register**" shall have the same meanings ascribed to them respectively in Section 81SF of the SFA.

The term "**subsidiary**" shall have the meaning ascribed to it in Section 5 of the Companies Act. The term "**subsidiary holdings**" means shares referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Companies Act.

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DEFINITIONS

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

Any reference in this Appendix to any enactment is a reference to that enactment for the time being amended or re-enacted. Any word defined in the Companies Act, SFA, the Catalist Rules, the Take-over Code or any statutory modification thereof and used in this Appendix shall, where applicable, have the meaning ascribed to it under the Companies Act, SFA, the Catalist Rules, the Take-over Code or any statutory modification thereof (as the case may be) unless otherwise provided.

Any reference to a time of a day and date in this Appendix shall be a reference to Singapore time and date, respectively, unless otherwise stated.

The total of figures listed in certain tables included in this Appendix may not be the same as the arithmetic sum of the figures. Any such discrepancies are due to rounding.

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AOXIN Q & M DENTAL GROUP LIMITED

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

Directors:

Mr. Chua Ser Miang (Non-Executive Chairman and Independent Director)
Dr. Shao Yongxin (Executive Director and Group Chief Executive Officer)
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)

Registered Office:

80 Robinson Road
#02-00
Singapore 068898

12 June 2020

To: The Shareholders of **AOXIN Q & M DENTAL GROUP LIMITED**

Dear Sir/Madam,

THE PROPOSED CHANGE OF AUDITORS FROM MESSRS FOO KON TAN LLP TO MESSRS RSM CHIO LIM LLP

1. INTRODUCTION

The Board is seeking the Shareholders' approval, at the 2020 AGM, for the proposed change of auditors from Messrs Foo Kon Tan LLP ("**Foo Kon Tan**") to Messrs RSM Chio Lim LLP ("**RSM Chio Lim**") ("**Proposed Change of Auditors**").

The purpose of this Appendix is to provide Shareholders with the relevant information relating to, and to explain the rationale for, the Proposed Change of Auditors.

Shareholders are advised that the SGX-ST assumes no responsibility for the contents of this Appendix, including the correctness of any of the statements or opinions made or reports contained in this Appendix.

2. THE PROPOSED CHANGE OF AUDITORS

2.1. Rationale for the Proposed Change of Auditors

The Company's existing auditors, Foo Kon Tan, was appointed as the Auditors at the last annual general meeting of the Company held on 30 April 2019 to hold office until the conclusion of the next annual general meeting of the Company.

The Board is of the view that the Proposed Change of Auditors will be in the best interests of the Company and the Shareholders, taking into consideration the following factors.

The Group's main operations are in the PRC. The outbreak of COVID-19 and the resulting worldwide movement restrictions have posed various challenges to companies in terms of operating their businesses including conducting audits. In view of the challenges faced by the Company, the management of the Company, in consultation with the Audit Committee, carried out a review of the audit process that would enable the completion of the audit of the Group in a timely manner in situations such as the COVID-19 pandemic where travel restrictions are imposed. Based on such review, the management of the Company determined that the proposed audit approach of RSM Chio Lim meets the requirements of the Group.

RSM Chio Lim has proposed SBA Stone Forest CPA (Beijing) General Partnership ("**SBASF CPA**") to be the component auditor of the Company's subsidiaries whose operations are in the PRC. SBASF CPA is a partner-owned public accounting practice headquartered in Shanghai, the PRC. It is registered with the Chinese Institute of Certified Public Accountants ("**CICPA**") and is a member of Allinial Global, an accounting firm association of legally independent accounting and consulting firms. RSM Chio Lim in Singapore provides technical support including training in audit methodology and International Financial Reporting Standards as well as practice management support to SBASF

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CPA. The audit of the Group's operations in PRC will be carried out by SBASF CPA's audit teams in Shanghai and Beijing, and the audit field work in the PRC will be undertaken by them. Accordingly, there will be a lesser need for the Singapore audit team to travel to PRC to conduct an audit. This arrangement will ensure that the Group is able to complete its audit in a timely manner in situations such as the COVID-19 pandemic where travel restrictions are imposed. The strong alliance between RSM Chio Lim in Singapore and SBASF CPA in the PRC will enable the two firms to work together in meeting the Group's audit requirements.

The Board also considered that RSM Chio Lim is familiar with the Group's needs and reporting requirements, having served as an auditor of the Company for eight (8) consecutive audits since FY2011, including at the time of the Company's initial public offering. The scope of audit services to be provided by RSM Chio Lim will be comparable to those currently provided by Foo Kon Tan. Accordingly, the Board is of the view that a change of Auditors is in the best interests of the Company.

In addition, following a review and consideration of the factors listed in Section 2.3 below in consultation with the Audit Committee, the Board has determined that the proposal given by RSM Chio Lim is suited to the existing needs and requirements of the Group. The Board has considered, *inter alia*, the size and complexity of the Group, the number of staff in the audit engagement team, the seniority of the audit team members and the relevant experience of and profile of the clientele of RSM Chio Lim and the engagement partner-in-charge and is of the opinion that RSM Chio Lim is suitable to be appointed as the Auditors.

On 25 May 2020, the Company received notice from Foo Kon Tan of their retirement as Auditors. RSM Chio Lim has given its consent to act as auditors of the Company by way of a letter dated 9 June 2020. The retirement of Foo Kon Tan and the appointment of RSM Chio Lim will be effective upon the approval of Shareholders being obtained at the 2020 AGM. Upon the appointment, RSM Chio Lim will hold office until the conclusion of the next annual general meeting of the Company. The Directors would like to highlight that the Proposed Change of Auditors is in no way the result of any disagreement.

The Board wishes to express their appreciation for the past services rendered by Foo Kon Tan.

2.2. Information on RSM Chio Lim and the Audit Engagement Partner

About RSM Chio Lim

RSM Chio Lim is part of the international RSM network of independent public accounting firms providing assurance, tax and business advisory services. The international RSM network has over 810 offices worldwide and over 43,000 global staff strength. It is the 6th largest global provider of audit, tax and accounting services, and each line of service is staffed with highly qualified and experienced professionals.

With a total staff strength of over 70 partners/directors and over 950 and 320 staff in Singapore and China respectively, RSM Chio Lim is ranked the largest accounting and business advisory group outside the big four accounting firms in Singapore. It is also registered with the Public Company Accounting Oversight Board (PCAOB).

The list of audit engagements (past and present) of RSM Chio Lim involved in similar industries includes Q & M Dental Group (Singapore) Limited and Alliance Healthcare Group Limited.

For more information about RSM Chio Lim, its core values and services, please visit RSM Chio Lim's website at – https://www.rsm.global/singapore/.

About the Audit Engagement Partner

For the purposes of the audit of the Group, the Group audit engagement team of RSM Chio Lim in Singapore will comprise the following professionals: one (1) audit associate, one (1) audit senior, one (1) audit manager, and one (1) audit engagement partner. In addition, the audit of the Group will also be reviewed by an audit engagement quality control review partner.

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The engagement partner-in-charge from RSM Chio Lim will be Mr Chan Weng Keen ("**Mr Chan**"). Mr Chan is a practicing member of the Institute of Singapore Chartered Accountants and a public accountant registered with ACRA. He has more than 25 years of experience in providing audit and assurance services to a variety of clients. His professional experience includes providing audit and assurance services to public companies listed on the Singapore Exchange, subsidiaries of multinational corporations listed overseas, and growing and emerging companies. These companies are in various industries – industrial products, property development and construction, commodities trading, consumer products, technology, utilities, logistics, oil and gas, and retail. Mr Chan is also RSM Chio Lim's Co-Head of China Practice who focuses on assisting foreign businesses in establishing a foothold in China as well as supporting Chinese businesses looking to expand globally using Singapore as a springboard to the region.

The Audit Committee has also enquired on whether Mr Chan has been subject to the Practice Monitoring Programme review by ACRA. In this regard, the Audit Committee has noted that Mr Chan passed the Practice Monitoring Programme review by ACRA in 2016 and received no adverse feedback from those exercises. Additionally, the Audit Committee has also considered all of the Audit Quality Indicators listed in ACRA's Audit Quality Indicators Disclosure Framework in its selection of RSM Chio Lim as new auditors of the Company.

2.3. Compliance with Rules 712 and 715 of the Catalist Rules

RSM Chio Lim is registered with ACRA. The Board, together with the concurrence of the Audit Committee, is satisfied that RSM Chio Lim will be able to meet the audit requirements of the Group after taking into account various factors, including the adequacy of the resources and experience of RSM Chio Lim, the audit engagement partner assigned to the audit, RSM Chio Lim's other audit engagements, the size and complexity of the Group, and the number and experience of supervisory and professional staff assigned to the audit.

In accordance with the requirements of Rules 712(3) and 715 of the Catalist Rules:

(a) Foo Kon Tan has confirmed by way of a letter dated 26 May 2020 that it is not aware of any professional reasons why RSM Chio Lim should not accept appointment as Auditors;

(b) the Company confirms that there were no disagreements with Foo Kon Tan on accounting treatments within the last twelve (12) months from the date of this Appendix;

(c) the Company confirms that it is not aware of any circumstances connected with the Proposed Change of Auditors that should be brought to the attention of the Shareholders which has not been disclosed in this Appendix;

(d) the Company confirms that the specific reasons for the Proposed Change of Auditors are disclosed in Section 2.1 above. The Proposed Change of Auditors is neither due to the dismissal of Foo Kon Tan nor Foo Kon Tan declining to stand for election; and

(e) the Company confirms that it complies with Rules 712 and 715 of the Catalist Rules in relation to the proposed appointment of RSM Chio Lim as its Auditors.

2.4. Requirements under Rule 715 of the Catalist Rules

Assuming that the Proposed Change of Auditors is approved by the Shareholders at the 2020 AGM, it is intended that (a) RSM Chio Lim shall be appointed to audit the consolidated financial statements of the Group and the financial statements of the Company's Singapore-incorporated subsidiaries and significant associated companies; and (b) the Company's significant foreign-incorporated subsidiaries and significant associated companies shall be audited by SBASF CPA. As SBASF CPA is registered with the CICPA and has experience working with RSM Chio Lim on similar engagements where RSM Chio Lim in Singapore is the group auditor of SGX-ST listed parent companies in Singapore and SBASF CPA is the component auditor of such companies' subsidiaries whose operations are in the PRC, the Proposed Change of Auditors, if approved, will be in compliance with Rule 715(2) of the Catalist Rules.

The Board and Audit Committee are satisfied that such audit arrangements set out above will not compromise the standard and effectiveness of the audit of the Company.

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3. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The interests of the Directors and the Substantial Shareholders in the issued share capital of the Company as at the Latest Practicable Date are set out below:–

	Direct Interests		Deemed Interests		Total Interests	
Name	**No of Shares**	**%[1]**	**No of Shares**	**%[1]**	**No of Shares**	**%[1]**
Directors						
Mr. Chua Ser Miang	–	–	–	–	–	–
Dr. Shao Yongxin[2]	–	–	109,401,709	28.67	109,401,709	28.67
Mr. San Yi Leong @ Tan Yi Leong	–	–	–	–	–	–
Mr. Vitters Sim Yu Xiong	–	–	–	–	–	–
Professor Chew Chong Yin @ Chew Chong Lin	100,000	0.03	–	–	100,000	0.03
Mr. Lin Ming Khin	50,000	0.01	–	–	50,000	0.01
Substantial Shareholders (other than Directors)						
Q & M Dental Group (Singapore) Limited	162,354,038	42.55	–	–	162,354,038	42.55
Health Field Enterprises Limited	109,401,709	28.67	–	–	109,401,709	28.67
Quan Min Holdings Pte. Ltd.[4]	2,562,800	0.67	162,354,038	42.55	164,916,838	43.22
Dr. Ng Chin Siau[5]	10,000	0.003	164,926,838	43.22	164,936,838	43.23
Action Health Enterprises Limited[2][3]	–	–	109,401,709	28.67	109,401,709	28.67

Notes:–

(1) The percentage of shareholdings is computed based on the issued and paid-up share capital of the Company comprising 381,574,909 Shares (excluding treasury shares) as at the Latest Practicable Date.

(2) 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.

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

(4) Quan Min Holdings Pte. Ltd. is deemed to be interested in Q & M Dental Group (Singapore) Limited's shares by virtue of its 57.1% shareholdings in Q & M Dental Group (Singapore) Limited.

(5) 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 47.89% shareholding in Quan Min Holdings Pte. Ltd.; and (ii) his spouse, Madam Foo Siew Jiuan.

Save as disclosed in this Appendix, none of the Directors and Substantial Shareholders has any interest, direct or indirect, (other than through their respective shareholdings in the Company, if any) in the Proposed Change of Auditors.

APPENDIX

4. AUDIT COMMITTEE'S RECOMMENDATION

The Audit Committee has reviewed the Proposed Change of Auditors and recommended the appointment of RSM Chio Lim as Auditors of the Company in place of Foo Kon Tan, after taking into account the suitability and independence of RSM Chio Lim to meet the audit requirements of the Group, the various factors set out in Section 2.3 of this Appendix and compliance with the requirements of the Catalist Rules.

5. DIRECTORS' RECOMMENDATIONS

The Directors having considered the rationale for the Proposed Change of Auditors, and the recommendations of the Audit Committee, are of the view that the Proposed Change of Auditors is in the best interests of the Company, and accordingly, recommend that Shareholders vote in favour of the ordinary resolution in respect of the Proposed Change of Auditors, as set out in the Notice of AGM.

6. ACTION TO BE TAKEN BY SHAREHOLDERS

Due to the current COVID-19 restriction in Singapore, Shareholders will not be able to attend the 2020 AGM in person. Instead, alternative arrangements have been put in place to allow Shareholders to participate at the 2020 AGM pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020.

Shareholders should refer to the Company's announcement, the Notice of AGM, this Appendix and the accompanying Proxy Form which have been uploaded on SGXNET and the Company's website at **https://www.aoxinqm.com.sg**, for further information, including the steps to be taken by Shareholders to participate at the 2020 AGM.

A Depositor shall not be regarded as a member of the Company entitled to attend and vote at the 2020 AGM unless his/her name appears on the Depository Register as at seventy-two (72) hours before the time appointed for holding the 2020 AGM, as certified by the CDP to the Company.

7. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries thatto the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the Proposed Change of Auditors, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading.

Where information in this Appendix has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Appendix in its proper form and context.

APPENDIX

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 80 Robinson Road, #02-00, Singapore 068898 during normal business hours from the date hereof up to and including the date of the 2020 AGM:–

(a) the Constitution;

(b) Foo Kon Tan's notice of retirement as Auditors dated 25 May 2020;

(c) Foo Kon Tan's letter of professional clearance to RSM Chio Lim dated 26 May 2020;

(d) RSM Chio Lim's letter to the Company in respect of their consent to act as Auditors dated 9 June 2020; and

(e) the Annual Report.

In compliance with the Singapore Government's enhanced measures for safe distancing to minimise further spread of the ongoing COVID-19, Shareholders who wish to inspect the above documents shall make an appointment via the following email address qnm@aoxin.sg.

Yours faithfully

For and on behalf of the Board of Directors
Aoxin Q & M Dental Group Limited

Dr. Shao Yongxin
Executive Director and Group Chief Executive Officer

STATISTICS OF SHAREHOLDINGS

AS AT 15 MAY 2020

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 holding	:	NIL

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	0	0.00	0	0.00
100 - 1,000	207	28.36	196,200	0.05
1,001 - 10,000	209	28.63	1,149,600	0.30
10,001 - 1,000,000	298	40.82	27,683,126	7.26
1,000,001 and above	16	2.19	352,545,983	92.39
Total	**730**	**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.	16,297,000	4.27
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 LTD	2,917,400	0.76
12	KWONG SIEW KIEN	2,634,800	0.69
13	JOYCE INTERNATIONAL LIMITED	2,026,471	0.53
14	CHEN YAN FENG	1,845,000	0.48
15	EMI COMAROFF	1,409,400	0.37
16	ANDREA CHUNG PUI PING	1,106,000	0.29
17	AUW SIEW AI SERENE	800,000	0.21
18	JAY HOE JUN JIN	750,000	0.20
19	HSBC (SINGAPORE) NOMINEES PTE LTD	746,000	0.20
20	CHEAH KIM FEE	741,026	0.19
	Total:	**355,583,009**	**93.17**

STATISTICS OF SHAREHOLDINGS

AS AT 15 MAY 2020

SHAREHOLDINGS HELD IN THE HANDS OF PUBLIC

Based on information available to the Company as at 15 May 2020, 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 57.1% 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 47.89% 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 by way of electronic means on Monday, 29 June 2020 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 2019 together with the Independent Auditors' Report thereon. **(Resolution 1)**

2. To approve the payment of Directors' fees of S$120,000.00 for the financial year ended 31 December 2019. **(Resolution 2)**

3. To re-elect Mr. Chua Ser Miang who is retiring pursuant to Regulation 117 of the Company's Constitution. **(Resolution 3)**
[see Explanatory Note (i)]

4. To re-elect Mr. Lin Ming Khin who is retiring pursuant to Regulation 117 of the Company's Constitution. **(Resolution 4)**
[see Explanatory Note (ii)]

5. To appoint Messrs RSM Chio Lim LLP as the Company's Auditors in place of the retiring Auditors, Messrs Foo Kon Tan 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);

NOTICE OF ANNUAL GENERAL MEETING

(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, 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;

Adjustments in accordance with Rule 806(3)(a) or Rule 806(3)(b) are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of the resolution approving the mandate.

(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 for the time being; and

(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. **Authority to allot and issue shares under the Aoxin Q & M Employee Share Option Scheme (the "Scheme") and Aoxin Q & M Performance Shares Plan (the "Share Plan")**

That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore, the Directors of the Company be authorised and empowered to offer and grant share options and share awards in accordance with the provisions of the Scheme and the Share Plan to allot and issue and/or deliver from time to time such number of fully paid-up shares as may be required to be issued or delivered pursuant to the exercise of share options or the vesting of awards, provided that the aggregate number of shares available pursuant to the Scheme, the Share Plan and any other share-based schemes of the Company, shall not exceed 15% of the total issued shares of the Company (excluding any treasury shares) from time to time, and the authority conferred by this resolution shall, unless revoked or varied by the Company in a general meeting, continue to be in force until the conclusion of the Company's next annual general meeting or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier.

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

By Order of the Board

Dr. Shao Yongxin
Executive Director and
Group Chief Executive Officer

Singapore, 12 June 2020

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

(i) In relation to Ordinary Resolution 3

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

(ii) In relation to Ordinary Resolution 4

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

(iii) Ordinary Resolution 5 proposed above is to approve the appointment of Messrs RSM Chio Lim LLP as the Company's Auditors in place of the retiring Auditors, Messrs Foo Kon Tan LLP and to authorize Directors to fix their remuneration. Please refer to the Appendix accompanying this Notice dated 12 June 2020 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, 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 grant share options under the Scheme and grant of share awards under the Share Plan, which were approved at the Extraordinary General Meeting of the Company held on 9 January 2019, and to allot and issue and/or deliver from time to time such number of fully paid-up shares pursuant to the exercise of share options or the vesting of awards, provided that the aggregate number of Shares available pursuant to the Scheme, the Share Plan and any other share-based schemes of the Company, shall not exceed 15% of the total issued shares of the Company (excluding any treasury shares) from time to time.

NOTICE OF ANNUAL GENERAL MEETING

IMPORTANT NOTES:

The COVID-19 (Temporary Measures) Act 2020 was passed by Parliament on 7 April 2020 and the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the "**Order**") was issued by the Minister for Law on 13 April 2020 which provide, among others, legal certainty to enable issuers to make alternative arrangements to hold general meetings where personal attendance is required under written law or legal instruments (such as a company's constitution). A joint statement was also issued on 13 April 2020, and subsequently updated on 27 April 2020, by the Accounting and Corporate Regulatory Authority, the Monetary Authority of Singapore and the Singapore Exchange Regulation providing guidance for listed and non-listed entities on the manner in which general meetings are to be conducted during the period when elevated safe distancing measures are in place.

In light of the above developments, the AGM is being convened, and will be held, by electronic means pursuant to the Order. The Company is arranging for a live webcast and live audio feed of the AGM proceedings (the "**Live AGM Webcast**" or "**Live AGM Audio Feed**") which will take place on Monday, 29 June 2020 at 2.30 p.m. in place of the physical AGM. **Members will be able to watch or listen to the AGM proceedings through the Live AGM Webcast or the Live AGM Audio Feed, and the Company will not accept any physical attendance by members. Any member seeking to attend the AGM physically in person will be turned away.**

Printed copies of the Notice of AGM and accompanying Annual Report 2019, Appendix and proxy form will not be sent to members. Instead, these documents will be made available on SGXNet at https://www.sgx.com/securities/company-announcements and the Company's website at https://www.aoxinqm.com.sg.

Members will be able to participate in the AGM in following manner set out in the paragraphs below.

Live AGM Webcast and Live AGM Audio Feed:

1. Members may watch or listen to the AGM proceedings through the Live AGM Webcast or the Live AGM Audio Feed. To do so, members will need to pre-register at http://aoxinqm.availeasemgdwebinar.com (the "**Registration Link**") by 2.30 p.m. on 24 June 2020 (the "**Registration Deadline**") to enable the Company to verify their status.

2. Following verification, authenticated members will receive an email by 2.30 p.m. on 26 June 2020 containing a link to access the Live AGM Webcast or Live AGM Audio Feed according to their preferred mode of accessing the AGM proceedings selected during the pre-registration process.

3. Members must not forward the abovementioned link to other persons who are not members of the Company and who are not entitled to attend the AGM. This is also to avoid any technical disruptions or overload to the Live AGM Webcast or the Live AGM Audio Feed.

4. Members who have registered by the Registration Deadline but did not receive an email response by 2.30 p.m. on 26 June 2020 may contact the Company by email at qnm@aoxin.sg.

Submission of Proxy Forms to Vote:

1. **Members will not be able to vote online or through the Live AGM Webcast or the Live AGM Audio Feed on the resolutions to be tabled for approval at the AGM. Members who wish to exercise their votes must submit a proxy form to appoint the Chairman of the AGM to cast votes on their behalf.**

2. Members (whether individual or corporate) appointing the Chairman of the AGM as proxy must give specific instructions as to his/her/its manner of voting, or abstentions from voting, in the proxy form, failing which the appointment will be treated as invalid.

3. The Chairman of the AGM, as proxy, need not be a member of the Company.

4. The proxy form, duly completed and signed, must be submitted by:

   (a) mail to the Company's share registrar, Tricor Barbinder Share Registration Services, at 80 Robinson Road, #11-02, Singapore 068898; or

   (b) email to sg.is.proxy@sg.tricorglobal.com,

   in either case, by no later than 2.30 p.m. on 26 June 2020, being 72 hours before the time fixed for the AGM. Any incomplete/improperly completed proxy form (including proxy form which is not appointing "Chairman of the Meeting" as proxy) will be rejected by the Company.

   Members are strongly encouraged to submit completed proxy forms electronically via email in view of the current COVID-19 situation.

5. Investors who hold shares through relevant intermediaries as defined in Section 181 of the Companies Act, including investors under the Supplementary Retirement Scheme ("**SRS Investors**"), who wish to exercise their votes by appointing the Chairman of the AGM as proxy should approach their SRS Operators to submit their voting instructions at least seven (7) working days before the AGM (i.e. by 2.30 p.m. on 17 June 2020) in order to allow sufficient time for their respective relevant intermediaries to in turn submit a proxy form to appoint the Chairman of the AGM to vote on their behalf by 2.30 p.m. on 26 June 2020.

NOTICE OF ANNUAL GENERAL MEETING

Submission of Questions in Advance:

1. **Please note that members will not be able to ask questions during the Live AGM Webcast or the Live AGM Audio Feed, and therefore it is important for members to pre-register their participation in order to be able to submit their questions in advance of the AGM.**

2. Members may submit questions relating to the items on the agenda of the AGM by 2.30 p.m. on 22 June 2020, via email to qnm@aoxin.sg. For verification purposes, a shareholder who wishes to submit their questions by email is required to indicate their full name (for individuals)/company name (for corporates), NRIC/Passport No./Company Registration number, email address, contact number, shareholding type and number of shares held together with their submission of questions, to the email provided.

3. The Company will endeavour to address the substantial and relevant questions before or during the AGM. The responses to questions from members will be posted on the SGXNet and the Company's website soonest possible before the AGM, or if answered during the AGM, to be included in the minutes of the AGM which will be published on the SGXNet and the Company's website within one (1) month after the date of the AGM.

Investors who hold Shares through Relevant Intermediaries (as defined in Section 181 of the Companies Act):

1. Such investors (including SRS Investors) who wish to participate in the AGM by:

   a. observing or listening to the AGM proceedings contemporaneously via the Live AGM Webcast or the Live AGM Audio Feed;

   b. submitting questions in advance of the AGM; and/or

   c. voting by appointing the Chairman of the AGM as proxy at the AGM,

   should contact the relevant intermediary through which they hold such Shares as soon as possible in order for the necessary arrangements to be made for their participation in the AGM.

A depositor shall not be regarded as a member of the Company entitled to attend and vote at the AGM unless his/her name appears on the Depository Register not less than 72 hours before the time of the AGM.

IMPORTANT REMINDER: Members should also note that the Company may be required to make further changes to its AGM arrangements at short notice as the COVID-19 situation evolves, and members should keep abreast of the Company's announcements that may be made from time to time on SGXNet.

The Company wishes to thank all members for their patience and co-operation in enabling the Company to hold the AGM with the optimum safe distancing measures amidst the current COVID-19 pandemic.

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 reviewed by the Company's sponsor, SAC Capital Private Limited ("**Sponsor**").*

*This notice has not been examined or approved by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") and the SGX-ST assumes no responsibility for the contents of this notice, including the correctness of any of the statements or opinions made, or reports contained in this notice.*

The contact person for the Sponsor is Mr. Ong Hwee Li (Telephone: (65) 6232 3210) at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.

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AOXIN Q & M DENTAL GROUP LIMITED

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

ANNUAL GENERAL MEETING
PROXY FORM

IMPORTANT:

1. The Annual General Meeting ("AGM" or the "Meeting") is being convened, and will be held by electronic means pursuant to COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Alternative arrangements relating to, among others, attendance via electronic means, submission of questions in advance and/or voting by proxy at the AGM are set out in the Notice of AGM dated 12 June 2020 which has been uploaded on SGXNet and the Company's website on the same day.
2. A member will not be able to attend the AGM in person. If a member (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the AGM. In appointing the Chairman of the Meeting as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment of Chairman of the Meeting as proxy for that resolution will be treated as invalid.
3. This proxy form is not valid for use by investors holdings shares in the Company through relevant intermediaries (as defined in Section 181 of the Companies Act (Chapter 50 of Singapore)) ("Investor") (including investors holdings through Supplementary Retirement Scheme ("SRS") ("SRS Investors") and shall be ineffective for all intents and purposes if used or purported to be used by them. An Investor who wishes to vote should instead approach his/her relevant intermediary as soon as possible to specify voting instructions. A SRS Investors who wishes to vote should approach his/her SRS Operator by 2.30 p.m. on 17 June 2020, being seven (7) working days before the date of AGM to submit his/her voting instructions.
4. By submitting an instrument appointing the Chairman of the Meeting as proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 12 June 2020.
5. Please read the notes overleaf which contain instructions on, inter alia, the appointment of the Chairman of the Meeting as a member's proxy to vote on his/her/its behalf at the AGM.

*This form of proxy has been made available on SGXNet and the Company's website and may be assessed at the URLs **https://www.sgx.com/securities/company-announcements** and **https://www.aoxinqm.com.sg**. A printed copy of this proxy form will not be despatched to members.*

*I/We ______________________________ (Name)

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

of ______________________________ (Address)

being a *member/members of the Company, hereby appoint the Chairman of the Meeting, as *my/our *proxy to attend and vote for *me/us on *my/our behalf at the AGM of the Company to be held at by way of electronic means via live webcast and live audio feed on Monday, 29 June 2020 at 2.30 p.m. and at any adjournment thereof.

(Voting will be conducted by poll. If you wish the Chairman of the Meeting as your proxy to exercise all your votes "For" or "Against" the relevant resolution, please tick [√] within the relevant box provided. Alternatively, please indicate the number of votes "For" or "Against" each resolution. If you wish the Chairman of the Meeting as your proxy to abstain from voting on a resolution, please indicate with a "√" in the "Abstain" box. Alternatively, please indicate the number of shares that the Chairman of the Meeting as your proxy is directed to abstain from voting. **In the absence of specific directions, the appointment of the Chairman of the Meeting as your proxy will be treated as invalid.**)

No.	Resolutions	For	Against	Abstain
	ORDINARY BUSINESS			
1.	To receive and adopt the Directors' Statement and Audited Financial Statements of the Company for the financial year ended 31 December 2019			
2.	To approve the payment of Directors' fees of S$120,000.00 for the financial year ended 31 December 2019			
3.	To re-elect Mr. Chua Ser Miang who is retiring pursuant to Regulation 117 of the Company's Constitution			
4.	To re-elect Mr. Lin Ming Khin who is retiring pursuant to Regulation 117 of the Company's Constitution			
5.	To appoint Messrs RSM Chio Lim LLP as the Company's Auditors in place of the retiring Auditors, Messrs Foo Kon Tan LLP and to authorise the Directors to fix their remuneration			
	SPECIAL BUSINESS			
6.	To authorise Directors to allot and issue shares			
7.	To authorise Directors to allot and issue shares under the Scheme and Share Plan			

Dated this __________ day of __________________ 2020.

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 the Chairman of the AGM as proxy shall be deemed to relate to all the shares held by you.

2. Members will not be able to vote online or through the live webcast or the live audio feed on the resolutions to be tabled for approval at the AGM. Members who wish to exercise their votes must submit a proxy form to appoint the Chairman of the AGM to cast votes on their behalf. Members (whether individual or corporate) appointing the Chairman of the AGM as proxy must give specific instructions as to his manner of voting, or abstentions from voting, in the proxy form, failing which the appointment will be treated as invalid.

3. The Chairman of the AGM, as proxy, need not be a member of the Company.

4. The instrument appointing the Chairman of the AGM as proxy 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 the Chairman of the AGM as proxy 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 the Chairman of the AGM as proxy 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, or emailed to: sg.is.proxy@sg.tricorglobal.com, not less than 72 hours before the time appointed for holding the AGM.

   A member who wishes to submit an instrument of proxy must first **download, complete and sign the proxy form**, before submitting it by post to the address provided above, or scanning and sending it by email to the email address provided above.

   Members are strongly encouraged to submit completed proxy forms electronically via email in view of the current COVID-19 situation.

7. The Company shall be entitled to reject the instrument appointing the Chairman of the AGM as proxy 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 the Chairman of the AGM as proxy. 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 the Chairman of the AGM as proxy 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.

Personal data privacy:

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

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

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

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

DIRECTORY OF AOXIN Q & M'S OUTLETS

OUTLET	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 DaNan 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渤海街利达开发新华大街17#-19	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. 169, Shengli Street, Shuangtaizi District, Panjin City, Liaoning Province 辽宁省盘锦市双台子区胜利街169号	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
Huludao Longgang District Aoxin Stomatology Polyclinic Co., Ltd. 葫芦岛龙港区奥新口腔门诊有限公司	No. D, Building 55-3, Long Wan Street, Longgang District, Huludao City, Liaoning Province 辽宁省葫芦岛市龙港区龙湾大街55-3号楼D	86-429-203-3777
Anshan Lishan District Aoxin Q & M Stomatology Polyclinic Co., Ltd. 鞍山立山区奥新全民口腔门诊部有限公司	No. 149, Shengli North Road, Lishan District, Anshan City, Liaoning Province 辽宁省鞍山市立山区胜利北路149号	86-412-643-1666
Dalian Aoxin Quanmin Stomatology Hospital Co., Ltd. 大连奥新全民口腔医院有限公司	No. 172, Jinma Road, Development District, Dalian City, Liaoning Province 辽宁省大连市开发区金马路172号	86-411-8761-7777
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 辽宁省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号和泰运恒国际C座601室	86-24-8673-7370

AOXIN Q&M

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