

# REPORT ON CORPORATE GOVERNANCE

The Board of Directors of Q & M Dental Group (Singapore) Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) (the “**Board**” or “**Directors**”) 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, for the financial year ended 31 December 2020 (“**FY2020**”), the Company has generally adhered to the principles and guidelines set out in the Code.

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 the Listing Manual of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) (the “**Mainboard Rules**”).

## 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 Board is entrusted with the responsibility for the overall management of the Company. It provides entrepreneurial leadership and establishes the corporate strategies of the Company as well as sets the direction and goals for the executive management. The Board ensures that the necessary resources are in place for the Company to meet its strategic objectives and constructively challenge the Management and review its performance. It instils an ethical corporate culture and ensure that the Company's values, standards, policies and practices are consistent with such culture. The Board is also responsible for implementing and maintaining sound corporate governance practices for the Company, and to ensure transparency and accountability to key stakeholder groups.

The Board has sought to identify the key stakeholder groups and recognise that their perceptions affect the Company's reputation, including but not limited to the dentists and patients.

The Board has considered 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 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 interest of the Group.

#### 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, each Director is also required to submit details of his other directorships and interests in other entities for the purpose of monitoring interested persons transactions. 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. In respect of certain matters, he may be permitted to participate in the discussions if the Board is of the opinion that his presence and participation is necessary to enhance the efficacy of such discussion. Nonetheless, he will abstain from voting in relation to such issues of conflict.

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## 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 quarterly, 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.

## Directors' Orientation and Training

For each newly appointed Director, he/she will receive appropriate training including familiarisation with the Company's business, governance practices and relevant statutory and regulatory compliance issues to ensure that he/she has a proper understanding of the Company and is fully aware of his/her responsibilities and obligations of being a Director of a listed company. To get a better understanding of the Group's business, the Directors are given the opportunity to visit the Group's 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.

The Company is responsible for arranging and funding the training of new and existing Directors. Directors are updated with the latest professional developments in relation to the Mainboard 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. Management informs the Directors of upcoming conferences and seminars relevant to their roles as directors of the Company. The Company has an ongoing budget for its Directors to attend appropriate courses, conferences and seminars conducted by external professionals for them to stay abreast of relevant business developments and outlook.

## 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.

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

	Board	Audit Committee	Nominating Committee	Remuneration Committee
Mr Narayanan Sreenivasan	Chairman	Member	Member	Member
Dr Ng Chin Siau	Member	-	-	-
Dr Ang Ee Peng Raymond	Member	-	-	-
Mr Ng Weng Sui Harry	Member	Chairman	Member	Member
Prof Toh Chooi Gait	Member	Member	Chairperson	Chairperson
Mr Chik Wai Chiew (Zhi Weichao)	Member	-	-	-
Dr Kuan Chee Keong (Alternate Director to Dr Ng Chin Siau)	-	-	-	-
Dr Chong Kai Chuan (Alternate Director to Dr Ang Ee Peng Raymond)	-	-	-	-

## Board Meetings and Attendance

During the financial year ended 31 December 2020, the Board scheduled to meet on a half-yearly basis 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 for ad-hoc meetings, if warranted by circumstances deemed appropriate by the Board. 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 the financial year ended 31 December 2020 and the attendance of each Director, where relevant, are as follows:

	Board	Audit Committee	Nominating Committee	Remuneration Committee
No. of Meetings held	2	2	1	1
Name of Directors				
Mr Narayanan Sreenivasan	2	2	1	1
Dr Ng Chin Siau	2	NA	NA	NA
Dr Ang Ee Peng Raymond	2	NA	NA	NA
Mr Ng Weng Sui Harry	2	2	1	1
Prof Toh Chooi Gait	2	2	1	1
Mr Chik Wai Chiew (Zhi Weichao)	2	NA	NA	NA
Dr Kuan Chee Keong (Alternate Director to Dr Ng Chin Siau)	NA <sup>(1)</sup>	NA	NA	NA
Dr Chong Kai Chuan (Alternate Director to Dr Ang Ee Peng Raymond)	NA <sup>(1)</sup>	NA	NA	NA

NA: Not Applicable

- (1) Not required to attend the Board meetings as he is an alternate Director and the appointing Director was available to attend the Board Meetings.

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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.

## Access to Information

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

The Company Secretary(ies) or her representative(s), attends and prepares minutes of all Board and Board Committees meetings. The Company Secretary(ies) 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(ies) 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

The Board comprises six (6) Directors of whom two (2) are Executive Directors; three (3) are Independent Non-Executive Directors; and one (1) is a Non-Independent Non-Executive Director, which have the 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 Narayanan Sreenivasan	(Independent Non-Executive Chairman)
Dr Ng Chin Siau	(Non-Independent Executive Director and Group CEO)
Dr Ang Ee Peng Raymond	(Non-Independent Executive Director and Chief Operating Officer)
Mr Ng Weng Sui Harry	(Independent Non-Executive Director)
Prof Toh Chooi Gait	(Independent Non-Executive Director)
Mr Chik Wai Chiew (Zhi Weichao)	(Non-Independent Non-Executive Director)
Dr Kuan Chee Keong	(Alternate Director to Dr Ng Chin Siau)
Dr Chong Kai Chuan	(Alternate Director to Dr Ang Ee Peng Raymond)

Dr Kuan Chee Keong and Dr Chong Kai Chuan were appointed as Alternate Director to Dr Ng Chin Siau and Dr Ang Ee Peng Raymond, respectively, on 19 August 2020.

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## Board Diversity

The Company's diversity policy endorses the principle that the Board should have a balance of skills, knowledge, experience and diversity of perspectives appropriate to its business. 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 optimal composition of the Board and when possible should be balanced appropriately. 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 of both gender with strong industry knowledge and diversified background such as legal and accounting, and who collectively bring with them a wide range of experience. The Board is also of the view that the Board comprises persons who as a group provide capabilities required for the Board to be effective. Members of the Board are regularly in touch with the Management to provide advice and guidance on matters for which their expertise will be constructive to the Group.

## Non-Executive Directors

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 Directors 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. To facilitate a more effective check on Management, the Non-Executive Directors will, when necessary, meet in the absence of Management to discuss concerns or matters such as overall Group business strategic and investments.

The Company has also adopted initiatives to ensure that the 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.

## Independence of Independent Directors

Each of the Independent Directors has completed an independent director's declaration form and confirmed his/her 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.

The NC has determined that the Independent Directors are independent in accordance with the Code. The Independent Non-Executive Directors, Mr Narayanan Sreenivasan, Mr Ng Weng Sui Harry and Prof Toh Chooi Gait 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. With the Independent Directors making up half of the Board, the NC is of the view that there is a strong and independent element on the Board.

For FY2020, the Independent Directors who have served for more than 9-year tenure were rigorously assessed by the NC and the Board to determine if they possess positive personal attributes such as independent thinking and keen observation, and if they had demonstrated the ability to maintain integrity and strong principles.

Based on the Directors' performance assessment and the rigorous review process for FY2020, the NC and the Board were satisfied that the Directors who had served for more than 9-year tenure, namely Mr Narayanan Sreenivasan and Mr Ng Weng Sui Harry, had continued to maintain independence in their oversight role and to add value to the Company. They had demonstrated strong independence character and judgement over the years in discharging their duties and responsibilities as independent directors of the Company with the utmost commitment in upholding the interest of the non-controlling shareholders. They have expressed individual viewpoints, debated issues and objectively scrutinised and challenged Management. Each Independent Director had recused himself in the determination of his own independence.

In addition, with effect from 1 January 2022, the Mainboard Rules will be amended to mandate that an independent director who has served on a Company's board for more than nine (9) years will no longer be considered to be independent unless his appointment as an independent director is approved in separate resolutions (i) by a majority of the Company's shareholders;

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and (ii) by a majority of the Company's shareholders, excluding the directors and CEO, and their associates (if any of these are shareholders). Accordingly, shareholders' approval for the continued appointment of Mr Narayanan Sreenivasan and Mr Ng Weng Sui Harry as independent directors of the Company from and after 1 January 2022 will be sought at the forthcoming annual general meeting of the Company to be held on 26 April 2021 (the "AGM").

The profiles of the Directors are set out on pages 8 to 10 of this Annual 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.*

There is a clear division of responsibilities between the Chairman and Group CEO, which is documented in writing and which ensures there is a balance of power and authority, such that no one individual represents a considerable concentration of power. Mr Narayanan Sreenivasan, the Independent Non-Executive Chairman, and Dr Ng Chin Siau, the Group CEO, are not related to each other.

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

The Chairman leads the Board discussion and also ensures that Board meetings are convened when necessary. He sets the Board's meeting agenda and ensures that Directors are provided with complete, adequate and timely information. He chairs the Board meetings and ensures that adequate time is available for discussion of all agenda items, in particular strategic issues, and promotes a culture of openness and debate at the Board. He also 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 is 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 Independent Directors also hold meeting(s) without the presence of the other Directors, and provide feedback to the Chairman after the meeting(s). 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 Non-Executive Directors, all of whom are independent of the Management. The NC comprises the following members:

Prof Toh Chooi Gait	(Chairperson)
Mr Narayanan Sreenivasan	(Member)
Mr Ng Weng Sui Harry	(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;

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- (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 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 Group CEO and key management personnel; and
- (g) the review of training and professional development programs for the Board.

The NC is charged with determining the independence of the directors as set out under the Code. The Board, after taking into consideration the views of the NC, is of the view that Mr Narayanan Sreenivasan, Mr Ng Weng Sui Harry and Prof Toh Chooi Gait are independent and that, no individual or small group of individual dominates the Board's decision-making process.

The NC reviews the need for appointment of additional director(s) from time to time and has in place policies and procedures for the selection, appointment and re-appointment of Directors to the Board, including a search and nomination process. The NC will seek to identify the competence required for the Board to fulfil its responsibilities. The NC can also engage recruitment consultants or engage other independent experts to undertake research on, or assess candidates for new positions on the Board. New Directors are appointed by way of Director's resolution, after the NC has reviewed and nominated them by taking into consideration the qualification and experience of each candidate. The Constitution of the Company has stated clearly the procedures for the appointment of new Directors, re-election and removal of Directors.

In accordance with the Company's Constitution, one-third (1/3) of the Directors (excluding the CEO or any Director who is acting in the same capacity as the CEO), or if their number is not three or a multiple of three, then the number nearest one-third are required to retire by rotation and shall be eligible for re-election at every annual general meeting 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 annual general meeting and thereafter be eligible for re-election at that annual general meeting.

The Board has accepted NC's recommendation to seek shareholders' approval to re-elect Mr Narayanan Sreenivasan and Mr Chik Wai Chiew (Zhi Weichao) at the Company's forthcoming AGM.

In making the above recommendation, the NC has considered the respective Director's overall performance and contributions. Mr Narayanan Sreenivasan had abstained from the NC's deliberation in respect of his performance assessment and re-nomination as a Director of the Company.

Mr Narayanan Sreenivasan will, upon re-election as Director of the Company, remain as the Independent Chairman of the Board and a member of the AC, NC and RC. Mr Narayanan Sreenivasan will be considered independent for the purpose of Rule 704(8) of the Mainboard Rules. He has no relationship with the Company, its related corporations, its substantial shareholders or its officers.

Mr Chik Wai Chiew (Zhi Weichao) will, upon re-election as Director of the Company, remain as a Non-Independent Non-Executive Director.

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The following information relating to Mr Narayanan Sreenivasan, Mr Chik Wai Chiew (Zhi Weichao) and Mr Ng Weng Sui Harry, each of whom is standing for re-election as a Director in accordance to the Constitution and/or continued appointment as Independent Director pursuant to the Rule 210(5)(d)(iii) of the Mainboard Rules which will take effect from 1 January 2021, is provided pursuant to Rule 720(6) of the Mainboard Rules:

Name of Director	Mr Narayanan Sreenivasan	Mr Chik Wai Chiew (Zhi Weichao)	Mr Ng Weng Sui Harry
Date of Appointment	14 October 2009	14 August 2017	14 October 2009
Date of last re-appointment (if applicable)	19 April 2018	19 April 2018	25 April 2019
Age	60	49	65
Country of principal residence	Singapore	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The NC and the Board have determined that Mr Narayanan Sreenivasan remains objective and independent-minded in Board deliberations. His vast experience enables him to provide the Board and the various Board Committees on which he serves, with pertinent experience and competence to facilitate sound decision-making and that his length of service does not in any way interfere with his exercises of independent judgement nor hinder his ability to act in the best interests of the Company. The NC and the Board proposed for the (1) re-election and re-nomination in accordance to the Constitution; and (2) continued appointment pursuant to Rule 210(5)(d)(iii) of the Mainboard Rules; of Mr Narayanan Sreenivasan as Independent Chairman of the Board and a member of the AC, NC and RC	The Board has considered the NC's recommendation and assessment of Mr Chik Wai Chiew (Zhi Weichao)'s overall performance and contribution, and is satisfied that this appointment will be beneficial to the Board and the Company.	The NC and the Board have determined that Mr Ng Weng Sui Harry remains objective and independent-minded in Board deliberations. His vast experience enables him to provide the Board and the various Board Committees on which he serves, with pertinent experience and competence to facilitate sound decision-making and that his length of service does not in any way interfere with his exercises of independent judgement nor hinder his ability to act in the best interests of the Company. The NC and the Board proposed for his continued appointment pursuant to Rule 210(5)(d)(iii) of the Mainboard Rules. If pass, Mr Harry Ng will remain as an Independent Director, Chairman of the AC and a member of NC and RC
Whether the appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive	Non-Executive
Job Title	Independent Non-Executive Chairman	Non-Independent Non-Executive Director	Independent Non-Executive Director
Professional qualifications	Please refer to the "Board of Directors" section of this Annual Report	Please refer to the "Board of Directors" section of this Annual Report	Please refer to the "Board of Directors" section of this Annual Report
Working experience and occupation(s) during the past 10 years	Please refer to the "Board of Directors" section of this Annual Report	Please refer to the "Board of Directors" section of this Annual Report	Please refer to the "Board of Directors" section of this Annual Report
Shareholding Interest in the listed issuer and its subsidiaries	Yes Please refer to the "Directors' Statement" section of this Annual Report	No	Yes Please refer to the "Directors' Statement" section of this Annual Report

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Name of Director	Mr Narayanan Sreenivasan	Mr Chik Wai Chiew (Zhi Weichao)	Mr Ng Weng Sui Harry
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the Company and/or substantial shareholder of the Company or of any of its principal subsidiaries	No	No	No
Conflict of Interest (including any competing business)	No	No	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes
<b>Other Principal Commitments including Directorships – Past (for the last 5 years) and Present</b>	<p><u>Past directorship</u></p> <p>(1) MUFG Fund Services (Singapore) Pte Ltd</p> <p>(2) Hydroinformatics Institute Pte. Ltd.</p> <p>(3) Cennerv Pharmaceuticals Ltd</p> <p><u>Present directorship</u></p> <p>(1) K&amp;L Gates Straits Law LLC</p> <p>(2) Law Society Pro Bono Services</p> <p>(3) Singapore Business Federation Foundation Limited</p> <p>(4) KLGs Corporate Services Pte. Ltd.</p> <p>(5) FSL Trust Management Pte. Ltd.</p> <p><u>Principal Commitments</u></p> <p>Managing Partner at K&amp;L Gates Straits Law LLC</p>	<p><u>Past directorship</u></p> <p>(1) KKT Technology Pte. Ltd.</p> <p>(2) Oriental Wisdom International Holdings Pte. Ltd.</p> <p><u>Present directorship</u></p> <p>(1) Heritas Capital Management Pte. Ltd.</p> <p>(2) Heritas Helios Investments Pte. Ltd.</p> <p>(3) Heritas Helios Investments II Pte. Ltd.</p> <p>(4) Heritas Venture Fund Pte. Ltd.</p> <p>(5) Mestika Unik Sdn. Bhd.</p> <p>(6) Well Circle Sdn Bhd</p> <p>(7) Bedrock Healthcare Sdn Bhd</p> <p>(8) Empire Healthcare Pte. Ltd.</p> <p>(9) Saravita Holdings Sdn Bhd</p> <p>(10) JCS Venture Lab Pte. Ltd.</p> <p>(11) Akcome International Asset Management (Singapore) Pte. Ltd.</p> <p>(12) Heritas Global Funds Investment Pte. Ltd.</p> <p>(13) Alchemy Foodtech Pte. Ltd.</p> <p>(14) Uniglo Enterprise Sdn. Bhd.</p> <p>(15) Eminent Rock Sdn. Bhd.</p> <p>(16) Hummingbird Bioscience Holdings Pte. Ltd.</p> <p>(17) BHL Education Joint Stock Company</p> <p>(18) Heritas Capital VCC</p> <p>(19) Caretech Inc Pte. Ltd.</p> <p>(20) Silverconnect Pte. Ltd.</p> <p><u>Principal Commitments</u></p> <p>Executive Director and Chief Executive Officer at Heritas Capital Management Pte. Ltd.</p>	<p><u>Past directorship</u></p> <p>(1) HealthPro Pte. Ltd.</p> <p>(2) IEV Energy Investment Pte. Ltd.</p> <p>(3) IEV Technologies Pte. Ltd.</p> <p><u>Present directorship</u></p> <p>(1) MC Payment Limited (formerly known as Artivision Technologies Ltd)</p> <p>(2) HLM (International) Corporate Services Pte Ltd</p> <p>(3) Oxley Holdings Limited</p> <p>(4) Medi Lifestyle Limited (formerly known as IEV Holdings Limited)</p> <p>(5) HG Metal Manufacturing Limited</p> <p><u>Principal Commitments</u></p> <p>(1) Executive Director at HLM (International) Corporate Services Pte Ltd</p> <p>(2) Singapore Dental Council</p> <p>(3) NCC Research Fund</p> <p>(4) NCCS Cancer Fund</p>

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Name of Director	Mr Narayanan Sreenivasan	Mr Chik Wai Chiew (Zhi Weichao)	Mr Ng Weng Sui Harry
<b>Disclosure on the following matters concerning the Director:</b>			
<b>(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?</b>	No	No	No
<b>(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?</b>	No	No	No
<b>(c) Whether there is any unsatisfied judgment against him?</b>	No	No	No
<b>(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?</b>	No	No	No
<b>(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?</b>	No	No	No

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Name of Director	Mr Narayanan Sreenivasan	Mr Chik Wai Chiew (Zhi Weichao)	Mr Ng Weng Sui Harry
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-			
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No	No

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Name of Director	Mr Narayanan Sreenivasan	Mr Chik Wai Chiew (Zhi Weichao)	Mr Ng Weng Sui Harry
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,	No	No	No
in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?			
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No
(Applicable to appointment of director only) Any prior experience as a Director of an issuer listed on the Exchange? If Yes, please provide details of prior experience. If No, please state if the Director has attended or will be attending training on the roles and responsibilities of a Director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the Nominating Committee's reasons for not requiring the Director to undergo training as prescribed by the Exchange (if applicable)	Not applicable	Not applicable	Not applicable

# REPORT ON CORPORATE GOVERNANCE

Alternate directors may be appointed as and when the Board deems necessary. During FY2020, the Board accepted and approved the NC's recommendation for the appointment of Dr Kuan Chee Keong as alternate director to Dr Ng Chin Siau and the appointment of Dr Chong Kai Chuan as alternate director to Dr Ang Ee Peng Raymond.

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/her duties as a Director of the Company. The NC takes into account the results of the assessment of the effectiveness of the individual Director and his/her actual conduct on the Board, in making this determination.

For FY2020, the NC was satisfied that, where a Director had other listed company board representations and/or other principal commitments, the Director was able to carry out and had been adequately carrying out, his/her duties as a Director of the Company. As the time requirement of each Director are subjective, the NC has decided not to fix a maximum limit on the number of directorships a Director can hold. The NC considers 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 FY2020.

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

Director	Position	Date of initial appointment	Date of last re-election / re-appointment	Current directorships in other listed companies	Directorships in other listed companies over the past three years	Principal commitments
Dr Ng Chin Siau	Non-Independent Executive Director and Group CEO	7 January 2008	16 June 2020	NIL	NIL	NIL
Dr Ang Ee Peng Raymond	Non-Independent Executive Director and Chief Operating Officer	13 June 2008	25 April 2019	NIL	NIL	NIL
Mr Narayanan Sreenivasan	Independent Non-Executive Chairman	14 October 2009	19 April 2018	NIL	NIL	- Managing Director at K & L Gates Straits Law LLC
Mr Ng Weng Sui Harry	Independent Non-Executive Director	14 October 2009	25 April 2019	- MC Payment Limited (formerly known as Artivision Technologies Ltd) - Oxley Holdings Limited - Medi Lifestyle Limited (formerly known as IEV Holdings Limited) - HG Metal Manufacturing Limited	NIL	- Executive Director at HLM (International) Corporate Services Pte Ltd - Singapore Dental Council - NCC Research Fund - NCCS Cancer Fund

# REPORT ON CORPORATE GOVERNANCE

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 three years	Principal commitments
Prof Toh Chooi Gait	Independent Non-Executive Director	25 June 2013	16 June 2020	NIL	NIL	- Pro Vice Chancellor and Professor of International Medical University, Malaysia
Mr Chik Wai Chiew (Zhi Weichao)	Non-Independent Non-Executive Director	14 August 2017	19 April 2018	NIL	NIL	- Executive Director and Chief Executive Officer at Heritas Capital Management Pte. Ltd.
Dr Kuan Chee Keong	Alternate Director to Dr Ng Chin Siau	19 August 2020	NA	NIL	NIL	- Dentist at the Company
Dr Chong Kai Chuan	Alternate Director to Dr Ang Ee Peng Raymond	19 August 2020	NA	NIL	NIL	- Dentist at the Company

NA: Not applicable

## 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 including taking into consideration the attendance record at the meetings of the Board and the Board Committees for monitoring and evaluating the performance of the Board as a whole and effectiveness and contribution of individual Directors. The Board and individual Directors can direct more effort in those areas for achieving better performance of the Board and better effectiveness of individual Directors.

The NC examines the Board's and the Board Committees' performances covering areas that include the size and composition of the Board, the Board's access to information, Board processes and accountability annually. The NC review and evaluate the overall performance of the Board in terms of its role and responsibilities and the conduct of its affairs as a whole.

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(ies) who will submit to the Chairman of the NC in the form of a report. The report will be discussed during the NC meeting with a view to implementing recommendations to further enhance the effectiveness of the Board and/or the Board Committees.

The contribution of each individual Director to the effectiveness of the Board is assessed individually and reviewed by the NC Chairman. The performance of the Directors is evaluated using agreed criteria, aligned as far as possible with appropriate corporate objectives. The assessment criteria include, *inter alia*, Director's attendance, commitment of time, candour, participation, knowledge and abilities, teamwork and overall contributions.

The NC would review the aforementioned criteria on periodic basis to ensure that the criteria is able to provide an accurate and effective performance assessment taking into consideration industry standards and the economic climate with the objective to enhance long term shareholders value, thereafter propose amendments if any, to the Board for approval. There has been no change in assessment criteria for FY2020 as the assessment criteria for FY2019 was considered adequate for the aforementioned assessment.

# REPORT ON CORPORATE GOVERNANCE

The NC, having reviewed the overall performance of the Board in terms of its role and responsibilities and the conduct of its affairs as a whole, and the individual Director's performance, is of the view that the performance of the Board, the Board Committees and each individual Director has been satisfactory in FY2020. 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. In consultation with the NC, the Chairman will act on the results of the performance evaluation, propose for new members to be appointed to the Board or seek the resignation of Directors, where appropriate.

## 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 Non-Executive Directors. The RC comprises the following members:

Prof Toh Chooi Gait	(Chairperson)
Mr Narayanan Sreenivasan	(Member)
Mr Ng Weng Sui Harry	(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;
- (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.

# REPORT ON CORPORATE GOVERNANCE

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.

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.

In November 2020, the Company engaged an external remuneration consultant, Robinson Consulting Pte Ltd, to advise on the remuneration of our Directors. The consultant does not have any other existing relationship with the Company and the RC is satisfied with the independence of the consultant.

## 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 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 remuneration of the Executive Directors, namely the Group CEO, and Chief Operating Officer are set out in their one (1) year service agreements with automatic renewal annually on such terms and conditions as the parties may agree commencing from 1 April 2011 (unless otherwise terminated by either party giving not less than six (6) months' notice to the other), and consists mainly of salary. In accordance with the said service agreement, each of them is entitled to receive a variable bonus at such rates or on such terms as may be determined and approved by the RC of the Company. In designing the compensation structure, the Company seeks to ensure that the level and mix of remuneration is transparent, competitive, relevant and appropriate in finding a balance between the current and longer term objectives of the Company so as to be able to attract, retain and motivate talents without being excessive, and thereby maximise value for Shareholders.

In setting remuneration packages, the RC will take into consideration the pay and employment conditions within the industry and comparable companies and the broad guidelines recommended by the Singapore Institute of Directors. The remuneration of Non-Executive Directors will also be reviewed to ensure that the remuneration commensurate with the contribution and responsibilities of the Non-Executive Directors.

The Director's fee for each of the Non-Executive Director shall be agreed or determined by the RC of the Company. 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 annual general meeting annually. The Board concurred with the RC that the proposed directors' fees for FY2020 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.

# REPORT ON CORPORATE GOVERNANCE

## 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, the performance of the Group and industry practices.

A breakdown showing the level and mix of each individual Director's remuneration paid/payable for FY2020 is as follows:

	Salary	Bonus	Benefits <sup>1</sup>	Professional Fees <sup>2</sup>	Directors' Fees <sup>+</sup>	Total	Total
Name	%	%	%	%	%	%	S\$
Mr Narayanan Sreenivasan	0	0	0	0	100	100	64,000
Mr Ng Weng Sui Harry	0	0	0	0	100	100	64,000
Prof Toh Chooi Gait	0	0	0	0	100	100	64,000
Dr Ng Chin Siau	88	7	5	0	0	100	410,400
Dr Ang Ee Peng Raymond	80	7	6	7	0	100	292,516
Mr Chik Wai Chiew (Zhi Weichao)	0	0	0	0	0	0	0
Dr Kuan Chee Keong (Alternate Director to Dr Ng Chin Siau)	0	0	0	100	0	100	100,121
Dr Chong Kai Chuan (Alternate Director to Dr Ang Ee Peng Raymond)	0	0	0	100	0	100	334,953

+ The Directors' Fees are subject to approval by shareholders at the AGM

Remuneration Band of key management personnel is set out below:

	Remuneration Band	Salary	Bonus	Benefits <sup>1</sup>	Total
Name	Below \$250,000	%	%	%	%
Mr Sim Yu Xiong	√	89	7	4	100
Ms Foo Siew Jiuan	√	80	12	8	100
Ms Ng Sook Hwa	√	76	16	8	100

As the Company has less than five key management personnel, the above table discloses the remuneration details of all of the Company's key management personnel.

# REPORT ON CORPORATE GOVERNANCE

Remuneration Band of employees who are substantial shareholders or who are immediate family members of Dr Ng Chin Siau, the Group CEO and Executive Director of the company is set out as follows:

	Remuneration Band	Salary	Bonus	Benefits <sup>1</sup>	Total
Name	Below \$200,000	%	%	%	%
Ms Foo Siew Jiuian <sup>3</sup>	√	80	12	8	100
Ms Ng Sook Hwa <sup>3</sup>	√	76	16	8	100

1. Benefits refer to mainly employer's contribution to the Central Provident Fund.
2. Professional fees refer to fees received as a practising dentist from certain wholly-owned subsidiaries of the Company.
3. Key management personnel who are related to the Group CEO and Executive Director, Dr Ng Chin Siau.
  - (i) Ms Foo Siew Jiuian is the wife of Dr Ng Chin Siau.
  - (ii) Ms Ng Sook Hwa is a sister of Dr Ng Chin Siau.

The total remuneration paid to the top five key management personnel was S\$694,000 for FY2020.

The remuneration of the Company's top five key management personnel takes into account the pay and employment conditions within the industry and is performance-related.

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 FY2020.

Save as disclosed, there are no employees who are immediate family members of a Director or the Group CEO, 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 Board adopted the Q & M Employee Share Option Scheme 2018 ("**2018 Option Scheme**") to replace the previous Q & M Employee Share Option Scheme ("**Previous Scheme**"). The 2018 Option Scheme is to provide an opportunity for Employees and Directors who have contributed significantly to the growth and performance of the Group, to participate in the equity of the Company so as to motivate them to greater dedication, loyalty and higher standards of performance, and to give recognition to past contributions and services. In addition, the 2018 Option Scheme will help the Group to attract and retain the services of appropriate, qualified and experienced employees who would be able to contribute to the Group's business and operations.

# REPORT ON CORPORATE GOVERNANCE

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

Risk assessment and evaluation has become an essential part of the business planning and monitoring process. The Group has put in place a documentation on its risk profile which summarises the material risks faced by the Group and the countermeasures in place to manage or mitigate those risks for the review by the Board annually. Having regard to the risks which the Group is exposed to, the likelihood of such risks occurring and the risk tolerance accepted by the Group, the internal controls structure of the Group has been designed and put in place by the Group to provide reasonable assurance against material financial misstatements or loss, for the safeguarding of assets, for the maintenance of proper accounting records, for the provision of financial and other information with integrity, reliability and relevance, and in compliance with applicable laws and regulations.

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 has appointed an independent third party, Nexia TS Risk Advisory Pte Ltd ("**Nexia TS**" or "**IA**") to perform internal audit reviews and to highlight all significant matters to the Management and the AC. Based on the work performed by the IA, the Board is satisfied with the Company's levels of risk tolerance and risk policies, and has overseen the Management in the design, implementation and monitoring of the risk management and internal control systems.

The Board has received assurance from the Group CEO and the CFO that, as at 31 December 2020, the Group's financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances.

The Board has also received assurance from the Group CEO, CFO and Group Financial Controller, who are responsible, that the Group's risk management and internal control systems were adequate and effective as at 31 December 2020 to address the risks that the Group considers relevant and material to its operations.

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.

The Company prohibits its officers from dealing in the Company's shares on short term considerations. They are required to observe insider trading provisions under the Securities and Futures Act at all times even when dealing in the Company's securities in the permitted periods.

# REPORT ON CORPORATE GOVERNANCE

## 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.

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

Mr Ng Weng Sui Harry	(Chairman)
Mr Narayanan Sreenivasan	(Member)
Prof Toh Chooi Gait	(Member)

The Board is of the view that the AC Chairman and members are appropriately qualified, with the necessary accounting, financial advisory, business management, corporate and finance, investment and corporate legal expertise and experience to discharge the AC's functions. The AC Chairman, a Fellow Member with the Institute of Singapore Chartered Accountants and a Fellow of the Association of Chartered Certified Accounts (UK), having more than 30 years of experience in accountancy, audit and finance, is well qualified to chair the AC. Mr Narayanan Sreenivasan, a member of the AC, has vast financial management experience. He is currently a member of the audit and risk committee of First Ship Lease Trust and was previously a member of the audit committee of UMS Holdings Limited. He has also served on the finance committee and audit committee of the Singapore Red Cross and was the treasurer of the Law Society of Singapore. He is currently a member of the board and audit committee of the Law Society Pro Bono Services Office. He is also the managing director at K & L Gates Straits Law LLC and manages all aspects of its finances.

The AC meets at least half-yearly to discuss and review the following where applicable:

- (a) review with the external and internal auditors, the audit plan, their evaluation of the system of internal controls, their audit report, their management letter and the Management's response;
- (b) review the quarterly (if applicable), half yearly and annual 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 Mainboard Rules and any other relevant statutory or regulatory requirements;
- (c) review at least annually the internal control procedures and ensure co-ordination between the external auditors and the Management, and review the assistance given by the Management to the auditors, and discuss problems and concerns, if any, arising from 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 Company's operating results or financial position, and the Management's response;
- (e) consider and recommend the appointment or re-appointment of the external auditors and matters relating to the resignation or dismissal of the external auditors;
- (f) review transaction falling within the scope of Chapter 9 of the Mainboard Rules;

# REPORT ON CORPORATE GOVERNANCE

- (g) review any potential conflict of interests;
- (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 Mainboard Rules, or by such amendments as may be made thereto from time to time;
- (k) review the Rule 716 of the Mainboard Rules that if different auditors are appointed for its subsidiaries or significant associated companies, the AC must be satisfied that the appointment would not compromise the standard of effectiveness of the audit;
- (l) reviewing the assurance from the CEO and the CFO on the financial records and financial statements;
- (m) review the significant financial reporting issues and judgement so as to ensure the integrity of the financial statements of the Company and any formal announcement relating to the Company's financial performance;
- (n) review the scope and results of the audit, its cost effectiveness, the independence and objectivity of the external auditors annually. Where the auditors also supply a substantial volume of non-audit services to the Company, the nature and extent of such services should be reviewed in order to balance the maintenance of objectivity and value for money;
- (o) ensure that the internal auditor's primary line of reporting should be to the AC. 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;
- (p) review and report to the Board annually on the effectiveness and adequacy of the Group's risk management and internal controls systems in addressing the financial, operational, compliance and information technology risk;
- (q) 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; and
- (r) provide an avenue for employees to raise concerns and reassurance that they will be protected from reprisals or victimization for whistle blowing in good faith, a whistle blowing reporting policy has been established by the Company for its employees.

The AC has the 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.

# REPORT ON CORPORATE GOVERNANCE

## External Auditors

The AC, having reviewed the range and value of non-audit services performed by the external auditors, RSM Chio Lim LLP, was satisfied that the nature and extent of such services has not prejudiced the independence and objectivity of external auditors. Therefore, the AC recommends the re-appointment of RSM Chio Lim LLP as external auditors at the AGM. There is no disagreement between the Board and AC regarding the selection, appointment, resignation or dismissal of external auditors. During the financial year under review, the Company has incurred an aggregate S\$377,000 payable to the external auditors for its audit services. The Company confirms that it has complied with Rules 712 and 715 of the Mainboard Rules in engaging RSM Chio Lim LLP, registered with the Accounting and Corporate Regulatory Authority, Singapore, as the external auditors of the Company and local subsidiaries. The Company also confirmed that it has complied with Rule 716 of the Mainboard Rules in engaging different auditing firms for its foreign subsidiaries.

None of the AC members were previous partners or directors of the existing external auditing firm and none of the AC members hold any financial interest in the external auditing firm.

## Internal Audit

The Company's internal audit function is outsourced to Nexia TS that reports directly to the AC. 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 adheres to professional standards including those promulgated by the relevant local or international recognised professional bodies.

## 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 Chairman of AC or Chief Finance Officer of the Company.

There was no reported incident pertaining to whistle blowing during FY2020 and until the date of this Annual Report.

# REPORT ON CORPORATE GOVERNANCE

## 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 Mainboard 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.

Any notice of general meeting is issued at least fourteen (14) clear days before the scheduled date of such meeting. Shareholders are invited to attend the general meetings to put forth any questions they may have on the motions to be debated and decided upon. 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 (2) 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. Notwithstanding the foregoing, for the Company's general meetings which are convened and held 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 (the "**Order**"), Shareholders may only appoint the chairman of the meeting as their proxy to attend, speak and vote on their behalf at the general meeting.

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. 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 (annual general meeting and/or extraordinary general meeting where applicable), are the principal forums for dialogue with shareholders. In FY2020, the Company's AGM in respect of FY2019 ("**AGM 2020**") was deferred to a later date as a result of measures introduced by the Singapore government in April 2020 to curb community spread of COVID-19. The deferred AGM 2020 was subsequently convened and held by way of electronic means on 16 June 2020, pursuant to the Order. The alternative arrangements put in place for the conduct of AGM 2020 included attendance at the AGM 2020 via electronic means under which shareholders could observe and/or listen to the AGM 2020 proceedings via live audio-visual webcast or live audio-only stream, submission of questions in advance of the AGM 2020, addressing of substantial and relevant questions prior to the AGM 2020 and voting by appointing the chairman of the meeting as proxy. All Directors attended the AGM 2020 either in-person or via electronic means. The forthcoming AGM in respect of FY2020 will also be convened and held by way of electronic means pursuant to the Order.

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

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. The minutes of the Company's annual general meeting are made publicly available on the Company's website.

The Company has adopted a dividend policy of paying dividends of at least 30% of the Group's core operating earnings, excluding other one-time income and share of associate profits. The Company had on 1 March 2021 announced a special dividend of S\$0.025 per share for FY2020, such dividend having been paid on 23 March 2021. Separately, the Board will be recommending a final dividend of S\$0.005 per share for FY2020, to be tabled at the AGM for Shareholders' approval.

# REPORT ON CORPORATE GOVERNANCE

## 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 Mainboard Rules, the Board's policy is that all shareholders should be equally informed of all major developments impacting the Company.

Information is disseminated to shareholders on a timely basis through:

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

Regular briefings are also organised for media and analysts to ensure a better appreciation of the Company's performance and developments. The Company has a team of investor relations personnel who focus on facilitating the communications with all stakeholders – Shareholders, regulators, analysts and media, etc – on a regular basis, to attend to their queries or concerns as well as to keep the investors public apprised of the Group's corporate developments and financial performance. To enhance and encourage communication with Shareholders and investors, the Company provides the contact information **Email: vitters@qnm.sg Tel: 6705 9888** of its investor relations personnel. The Board has also taken to solicit and understand the views of the shareholders through analyst briefings and investor roadshows conducted by the Management.

## 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:

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

The Company recognises the importance of a meaningful two-way engagement with its key stakeholders to understand their interests, expectations and also addressing the economic and environmental, social and governance ("ESG") topics that are material to its business and stakeholders, whilst taking into account any pivotal developments within this industry. The Company has made conscious efforts to seek the opinions of its stakeholders through formal and informal engagements as well as establishing an internal review process to integrate stakeholder feedback with its corporate strategies.

# REPORT ON CORPORATE GOVERNANCE

The Company's corporate website at [www.QandMDental.com.sg](http://www.QandMDental.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.

## DEALING IN SECURITIES

Rule 1207(19) of the Mainboard Rules

In line with Rule 1207(19) of the Mainboard Rules on Dealings in Securities, for FY 2020 the Company issues a half yearly letter to its Directors, executive officers and employees with non-published price sensitive information prohibiting dealings in listed securities of the Company from one (1) month, as the case may be, before the announcement of the Company's half yearly and annual financial results and ending on the date of the announcement of the relevant results.

The Directors and employees are expected to observe the insider trading laws at all times even when dealing in the Company's securities within permitted trading period.

## RISK MANAGEMENT

Rule 1207(4)(b)(iv) of the Mainboard Rules

The Company regularly reviews and improves its business and operational activities to identify areas of significant business risks as well as take appropriate measures to control and mitigate these risks. The Company reviews all significant control policies and procedures and highlights all significant matters to the AC and Board.

## MATERIAL CONTRACTS

Rule 1207(8) of the Mainboard Rules

There were no material contracts entered into by the Company or any of its subsidiaries involving the interest of the Group CEO, any Director, or controlling shareholder subsisting at the end of financial year ended 31 December 2020. There was no such contract subsisted at the end of the financial year under review.

## INTERESTED PERSON TRANSACTIONS

Rule 907 of the Mainboard 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 an arm's length basis and are not prejudicial to the interests of the shareholders.

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

Particulars of the interested person transactions for the financial year ended 31 December 2020, disclosed in accordance with Rule 907 of the Listing Manual of the SGX-ST were 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 Mainboard Rules)	Aggregate value of all interested person transactions conducted under the shareholders' mandate pursuant to Rule 920 of the Mainboard Rules (excluding transactions less than \$100,000)
Nil	Nil	Nil	Nil

# REPORT ON CORPORATE GOVERNANCE

## **CORPORATE SOCIAL RESPONSIBILITY (“CSR”)**

As one of the region’s largest dental health group, the Company is committed towards reaching out to the community beyond providing quality dental care. The Company regularly engages in CSR initiatives as a means of giving back to society.

In 2020, the Company established Q & M Cares – a new division dedicated to lead and coordinate our corporate social responsibility (“CSR”) activities, during the year. The Q & M Cares team comprises dentists and supporting staff from the Company, who beyond their frontline and backend duties, work together with the management to spearhead new CSR initiatives that improve the lives of the community. These initiatives include working with various welfare organisations in Singapore on an ad-hoc basis to provide meaningful services, sponsorships, and donations.

In view of the ongoing Covid-19 pandemic, the Company’s CSR initiatives in 2020 were mainly focused towards combatting the spread of the virus in Singapore. As a healthcare group, we believe it is important to come together and stand with the community during this COVID-19 crisis. In April 2020, the Company joined in national efforts to combat the Covid-19 pandemic, during which more than 120 dentists and staff volunteered to administer Covid-19 swab tests to foreign workers residing in various factory-converted dormitories and government quarantine facilities. In less than a month, the volunteers collectively swabbed approximately 14,000 foreign workers. Using their experience gained during this exercise, some of our dentists went on to assist the Health Promotion Board to train others in the procedure.

The Company also donated a total of 50,000 surgical masks along with hand scrubs, hand sanitizers, thermometers, and Personal Protection Equipment (PPE) such as gowns, goggles, and medical face shields to 17 charity organisations in Singapore. The onset of the Covid-19 pandemic had led to a substantial rise in the demand for masks coupled with a severe disruption in its supply chain. These developments resulted in global shortages, as well as a surge in the prices of masks. Many organisations then faced huge challenges of trying to procure masks at affordable costs.

In addition to our contributions towards fighting Covid-19, the Company worked with the social services offices under the Ministry of Social and Family Development to donate school kits to underprivileged children in Kreta Ayer, Boon Lay and Woodlands. The school kits comprised a school bag and stationery items, to help the children prepare for the coming academic year.

The Company is also working towards our long-term goal of making quality dental healthcare services more accessible to the underprivileged. Q & M Cares is currently collaborating with the Foreign Domestic Worker Association for Social Support and Training (“FAST”) to provide free wisdom tooth surgery for foreign domestic workers who are FAST members. Our committed team of dentists and clinic assistants volunteer on their off days to provide the service.

The Company continues to support the ‘Q & M Dental Group Students Fund’ which was established in April 2019. This donation is used to support student life in the Faculty of Dentistry (“FOD”) of the National University of Singapore with the aim of fostering camaraderie among the student body, encouraging self-directed learning and personal development, as well as inspiring the students to contribute back to the student body. Furthermore, the Company also gives out scholarships to deserving students pursuing undergraduate and postgraduate studies in FOD.

In the coming year, the Company will continue to actively pursue meaningful CSR activities and extend its help to the community wherever possible.

## **SUSTAINABILITY REPORTING**

This is the fourth year the Company is publishing its sustainability report and it will continue to address the activities, data and measurements, where applicable, that fall within its financial year ended 31 December 2020. 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 are being managed for a sustainable future, in compliance with the Mainboard Rules and Global Reporting Initiative (“GRI”) Sustainability Reporting Standards. 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 2020, which will be released by 31 May 2021.