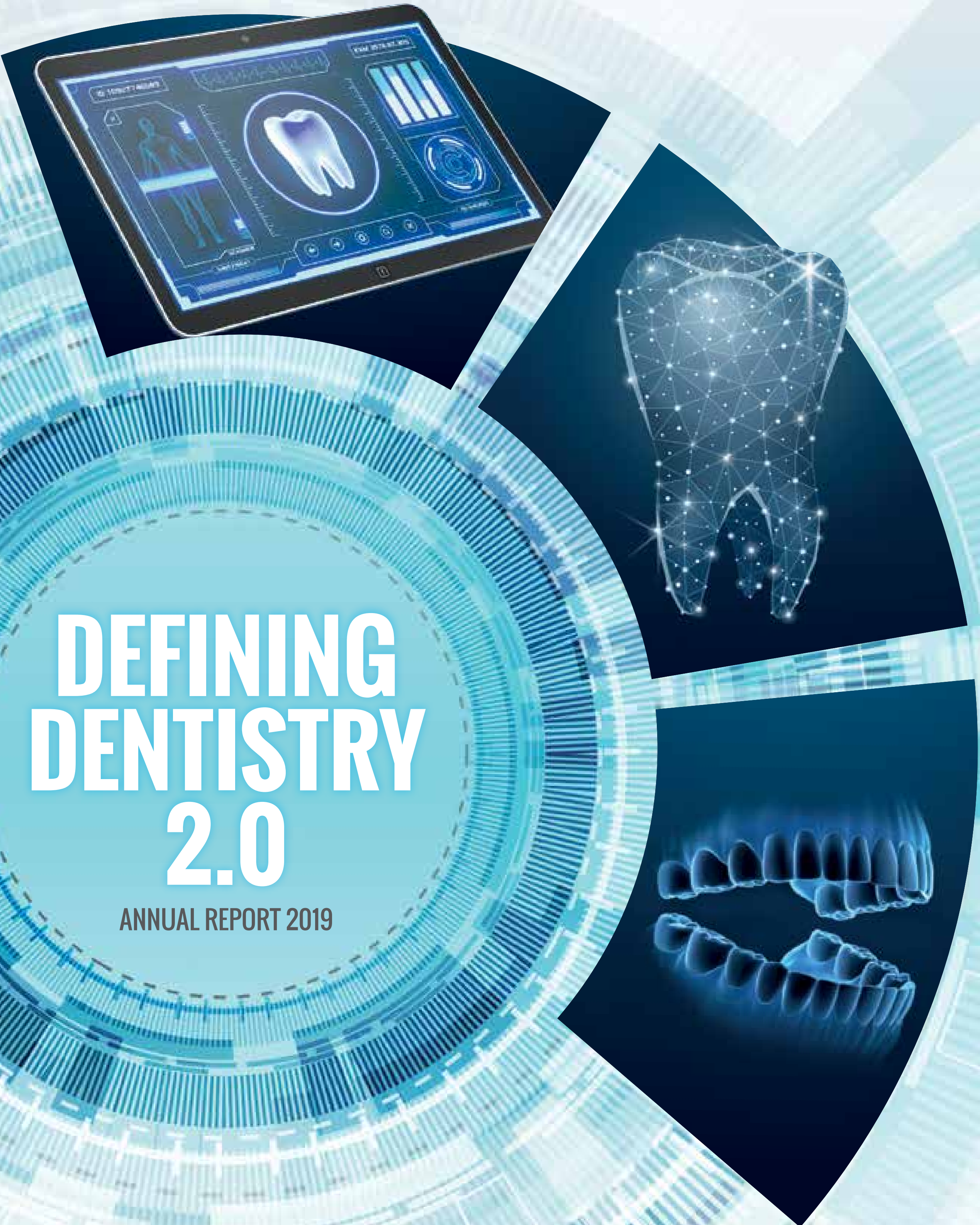
全民
Q&M

Q & M Dental Group (Singapore) Limited



DEFINING DENTISTRY 2.0

ANNUAL REPORT 2019

CORPORATE PROFILE

Q & M Dental Group (Singapore) Limited ("Q & M" or together with its subsidiaries, the "Group") [QC7.SI] is a leading private dental healthcare group in Asia. The Group owns the largest network of private dental outlets in Singapore and aims to expand its operations geographically and vertically through the value chain in Malaysia, the People's Republic of China ("PRC") and within ASEAN. Established in 1996, Q & M has built a brand that is synonymous with accessible and quality dental healthcare.

The Group operates 114 dental outlets, 5 medical clinics and 3 dental supplies and equipment distribution companies across Singapore, Malaysia and the PRC. Underpinned by more than 230 experienced dentists and close to 400 supporting staff, the Group has an outreach of more than 600,000 patients in Singapore.

With an extensive network of outlets spanning various locations in Singapore, the Group continues to make private dental healthcare easily accessible as it continues to expand its operations through organic growth across the island. Additionally, outside of Singapore, the Group also continues to grow its presence in Malaysia organically.

In addition to providing general and specialised dental and medical care, the Group has also expanded into postgraduate education with the establishment of the Q & M College of Dentistry in 2019. It offers Singapore's first private postgraduate diploma programme in clinical dentistry.

The Group has also made inroads into the development of advanced technology in healthcare with the establishment of EM2AI Pte. Ltd. ("EM2AI", formerly known as Q & M Dental AI Pte. Ltd.) in 2018. Since its inception, EM2AI has been focused on developing AI-engine powered solutions in diagnosis and treatment planning.

The Group was listed on the Mainboard of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 26 November 2009.

For further information on the Group, please visit www.QandMDental.com.sg.

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REGIONAL FOOTPRINT AND LIST OF SERVICES

As at 31 December 2019

Over 230 dentists and more than 400 staff in Singapore; about 52 dentists and 130 staff in Malaysia

More than 600,000 patients in Singapore

Number of clinics

Singapore
Dental: **79**
Medical: **5**
Dental College: **1**

China
Dental:**1**

Malaysia
Dental: **33**

Manufacturing of Dental Materials / Distribution of Dental Equipment and Supplies
Singapore 2
Malaysia 1

LIST OF SERVICES

DENTAL

- Aesthetic/Cosmetic Dentistry
- CAD CAM Digital Dentistry
- Children Dentistry
- Consultations
- Crowns and Bridges
- Dental X-rays
- Dentures
- Extractions
- General Dentistry
- Geriatric Dentistry
- Gum Disease and Surgery
- Implant Dentistry
- Mouth Guards
- Oral Surgery
- Orthodontics (Braces)
- Root Canal Treatment
- Scaling and Polishing
- Sensitive Teeth
- Teeth Grinding (Bruxism)
- Teeth Whitening
- Tooth-Coloured Fillings
- Wisdom Tooth Surgery

MEDICAL

General Health Services:

- Adult and Children Consultation
- Chronic Disease Management
- Men's Health
- Skin Care

Preventive Care:

- Cervical PAP Smear
- Family Planning
- General Health Screening
- Pre-Marital Health Screening
- Smoking Cessation
- Weight Loss Management

Vaccinations:

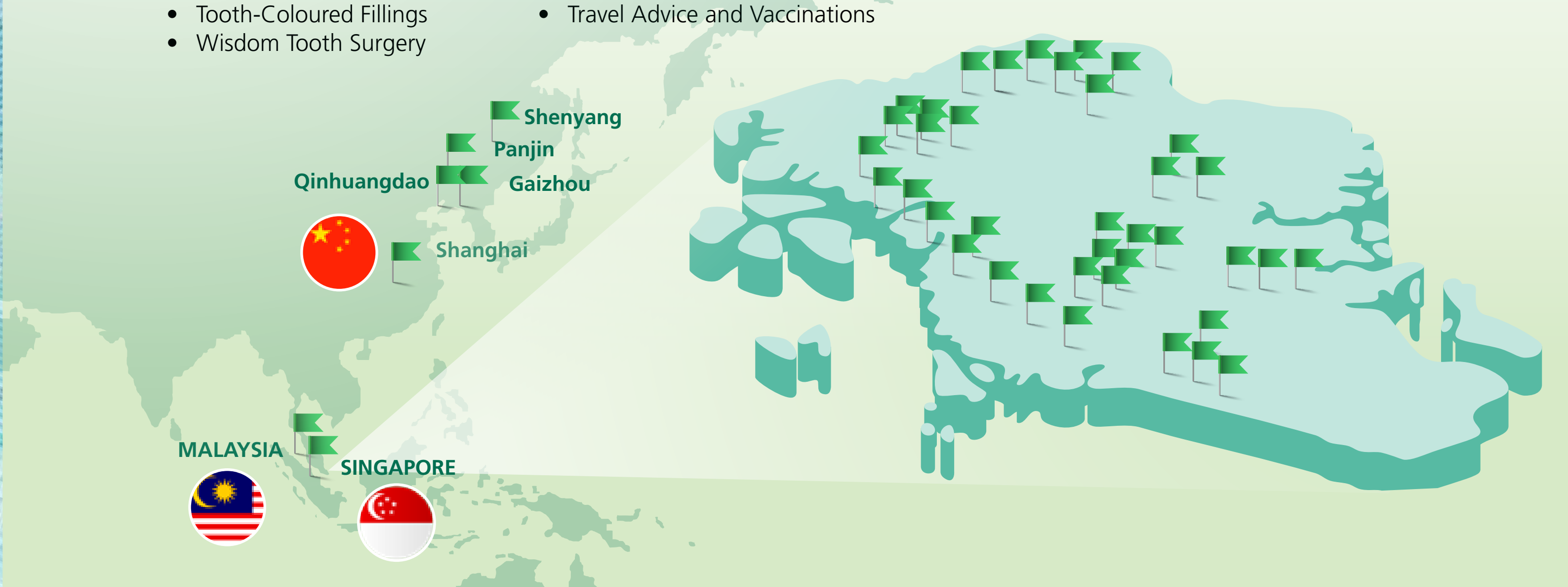
- Cervical Cancer
- Chicken Pox
- Childhood Vaccinations
- Hepatitis Profiling and Vaccinations
- Influenza
- Travel Advice and Vaccinations

Extensive Medical Check-Ups:

- Pre-education/Extracurricular Activity Certification
- Pre-employment Checks

Minor Procedures:

- Ear Syringing
- Removal of Foreign Material
- Removal of Warts
- Suturing
- Wound Care and Dressing



Regional Footprint (as at 31 December 2019)

FIGHTING COVID-19 TOGETHER WE CAN!











Q & M COLLEGE OF DENTISTRY OFFICIAL OPENING 17 OCTOBER 2019

MESSAGE TO SHAREHOLDERS

"For FY2019, the Group recorded a 6% increase in revenue to S$128.0 million, boosted by higher contributions from existing and new dental outlets in Singapore and Malaysia, as well as our dental equipment and supplies distribution arm."

Q & M has entered into its second decade as Singapore's largest private dental healthcare group.

The first decade has been one of steady conventional growth in providing dental healthcare in Singapore, both by organic growth and acquisition of practices. Internationally, we had made strategic investments in dental groups in China and Malaysia and in allied businesses.

While these time-tested strategies will be maintained, the new decade will need new initiatives. Our market position can only be improved if we remain as a trusted and respected dental healthcare provider. This position is critical not just for patient care, but also to be the dental group of first choice for talented and motivated dentists, in all the geographical areas that we operate in, and plan to expand into.

A key area that we are developing is artificial intelligence ("**AI**") technology that will enhance and bolster dental practice. Since early 2019, we have been working with AI Singapore and a team from the International Medical University in Malaysia, together with an internal team of about 35 experienced and highly qualified dentists. The clinical data from Q & M and our collective expertise in diagnostics and treatment, combined with the latest research in dentistry is being used to build this AI platform. This AI platform will greatly assist our dentists to quickly and accurately identify a patient's underlying condition, and subsequently suggest the most suitable treatment.

AI will drive the future of dentistry as it will give a holistic analysis of the patient's dental conditions and symptoms, and help to provide the most effective and suitable treatment plans for patients. The platform will make available to every dentist in the Q & M Group access to the combined expertise and collective knowledge of all the dentists, including specialists, within the Group. Patients can be assured of more accurate diagnosis and the best treatment plans while avoiding possible errors based on gaps in the individual dentist's experience which may affect judgement. By introducing AI technology into our clinics, more people will be encouraged and feel confident to get regular dental checkups to keep their oral health wellness.

LAUNCH OF Q & M COLLEGE OF DENTISTRY

At the end of the day, the skill and knowledge of the individual dentist remains the single most important factor in providing quality dental healthcare. As the clinical environment is transformed by technology, the capabilities of dental professionals must, in tandem, be upgraded to optimise outcomes of treatment for our patients.

To this end, on 17 October 2019, we officially launched our very own Q & M College of Dentistry. Singapore's first private dentistry institution, the Q & M College of Dentistry offers a two-year graduate diploma course with 9 modules covering courses in patient management & ethics in dentistry, orthodontics, implant dentistry endodontics, prosthodontics/restorative dentistry; CAD/CAM & digital dentistry, periodontics, oral & maxillofacial surgery and laser dentistry. The first cohort of 20 students, all of whom are from the Group, were enrolled in October 2019.

This College, staffed by 32 lecturers, many of whom are also specialists at Q & M, was born out of our desire to equip general-practitioner dentists in Singapore with various advanced skill sets that would mould them to be "Super GPs". We call them "Super GPs" – because they are general practicing dentists equipped with advanced surgical skill sets. While these "Super GPs" will not replace specialist dentists, their expanded abilities and skillsets will enable them to give much more value to patients in terms of cost and time efficiencies. Moreover, patients would be comforted that some of these added services can be done by their customary and preferred dental professional.

Looking ahead, we hope to create a new generation of dentists who possess not just essential skills, but an added expertise in advanced surgical skills. Coupled with our venture into AI technology, we believe we can revolutionise the dental healthcare industry in Singapore and Asia. Our College can also collaborate with the best of educational institutions in the region and from around the world in years to come, thereby establishing Singapore as a hub for continuing dental training and education.

LAUNCH OF Q & M DENTAL GROUP SCHOLARSHIP

Investing in the future also means building and nurturing the talent pool for the longer term. It is for this reason that we launched the Q & M Dental Group Scholarship scheme in October 2019. Each year, we have committed to giving at least half a million dollars in scholarships to local dentistry students at the National University of Singapore. At this year's launch, we awarded scholarships to nine bright young students who come from various backgrounds, but who are united in their common passion for dentistry. Depending on the grant received, the scholars will serve as dentists at Q & M for a minimum duration of 2 years, upon completing their bond with the Ministry of Health.

FINANCIAL HIGHLIGHTS

For FY2019, the Group recorded a 6% increase in revenue to S$128.0 million, boosted by higher contributions from existing and new dental outlets in Singapore and Malaysia, as well as our dental equipment and supplies distribution arm. Net profit attributable to shareholders jumped 28% to S$18.0 million. Additionally, the Group saw a one-time gain of S$11.6 million from its partial disposal of 36% of its equity-accounted associate, Aidite (Qinhuangdao) Technology Co., Ltd. ("**Aidite**").

As at 31 December 2019, the Group had cash and cash equivalents of S$27.3 million. Net asset value was S$122.0 million and net asset value per ordinary share rose 10.2% to 15.5 Singapore cents.

GROWTH IN THE REGION

Against the backdrop of an increasingly volatile business landscape, we continue to grow organically in Singapore, Malaysia and China. As at 31 December 2019, the Group has a total of 79 dental outlets, 5 medical outlets, and 1 dental college in Singapore – a remarkable growth trajectory since listing. In Malaysia, we have grown from 5 clinics in 2016 to 33 dental outlets as at year's end. Additionally, our operations in China, through the spin-off listing of Aoxin Q & M Dental Group Limited in April 2017, has continued to hold steady. As the Q & M name gains more traction, we hope to expand our footprint in the region progressively and organically.

Apart from organic growth in these three core markets, we are also continually looking for opportunities for expansion by opening new dental clinics within the greater Southeast Asia region. In addition, with the war chest amassed from our divestment of Aidite, we are well-positioned to tap on promising opportunities in the region as and when they arise.

THE WAY AHEAD

As has been our strategy from the beginning, we will continue to maintain our core business by expanding our Group through organic growth. In Singapore, we hope to open at least 10 new clinics in the coming year, and have already secured the location for a new clinic which is slated to commence operations in the first half of 2020. In Malaysia, we have secured locations for 3 new clinics, which are similarly expected to commence operations in 1H2020. While the eventual number of dental outlets we open in FY2020 will ultimately depend on available opportunities and market conditions, we are prudently optimistic that our organic growth strategy will continue to bear fruit.

We are also closely monitoring the recent COVID-19 outbreak in order to minimise disruptions to our operations. We have taken concrete steps towards mitigating the effects of the virus on our supply chain, such as by securing a steady supply of surgical masks for our clinical operations during this period. In March 2020, we announced that we had entered into a non-binding memorandum of understanding ("**MOU**") with Hubei Aishubao Living Supplies Co., Ltd and Guangzhou Pharmasen Co., Ltd., for the proposed establishment of a surgical mask manufacturing company as a joint venture. With the recent spike in worldwide demand for surgical masks, we believe it is prudent to reduce our reliance on external manufacturers, and we are optimistic that by investing in our own mask manufacturing operations, we will be able to safeguard our operations against future supply shocks.

DIVIDEND

The Directors had initially recommended a final dividend of 0.42 cents and a special dividend of 2.0 cents per share in respect of the financial year ended 31 December 2019, subject to shareholders' approval at the Annual General Meeting. The special dividend is intended to reward shareholders, in view of the profit generated from the partial disposal of interest in Aidite.

However, due to the COVID-19 situation, the Company has decided to bring forward the payment of the final dividend and special dividend by reclassifying them as a second interim tax exempt (one-tier) dividend of 2.42 cents per share.

In addition to an interim dividend of 0.4 cents paid in September 2019, the total dividend for FY2019 is 2.82 cents per share.

APPRECIATION

We would like to express our deepest appreciation to our dentists, doctors, clinic support and administrative staff, for their dedication and hard work. Without you, we would not have been able to achieve our success so far. We are also grateful to all our patients – thank you for your support and your trust all these years.

We look forward to meeting our shareholders at the upcoming Annual General Meeting. Meanwhile, have a fruitful and rewarding year ahead!

Mr Narayanan Sreenivasan @ N Sreenivasan
Independent Non-Executive Chairman

Dr Ng Chin Siau
Group Chief Executive Officer and
Executive Director

FY2019 KEY FIGURES

Revenue
$128.0 m

Current Ratio (Times)
1.8

EBITDA
$27.8 m

Nav Per Share
15.5 cents

Profit Before Tax
$20.1 m

Earnings Per Share
2.29 cents

Cash Position
$27.3 m

BOARD OF DIRECTORS

MR NARAYANAN SREENIVASAN @ N SREENIVASAN

Independent Non-Executive Chairman

Mr Narayanan Sreenivasan @ N Sreenivasan was appointed as Independent Non-Executive Chairman of Q & M on 14 October 2009. He is the Managing Director of K & L Gates Straits Law LLC and has 34 years of experience in government and private legal practice. He is also an Independent Director of FSL Trust Management Pte. Ltd. He graduated with a LLB (Hons) from the National University of Singapore in July 1985. He is an Advocate and Solicitor of the Supreme Court of the Republic of Singapore and is also a Fellow of the Singapore Institute of Arbitrators and a Fellow of the Chartered Institute of Arbitrators. Mr Sreenivasan has an active litigation practice and was appointed as Senior Counsel in January 2013. He is a director of the Law Society Pro Bono Services and the Singapore Business Federation Foundation. Mr Sreenivasan has previously been the Honorary Secretary of the Singapore Indian Development Association and a Council Member and Treasurer of the Law Society.

DR NG CHIN SIAU

Non-Independent Executive Director and Group Chief Executive Officer

Dr Ng Chin Siau is the Group's founder and Group Chief Executive Officer. He was appointed as a Non-Independent Executive Director of Q & M on 7 January 2008. Dr Ng is responsible for the corporate direction of the Group. He leads the Group in all aspects of its business strategies, policy planning and business development in Singapore, Malaysia and the PRC.

In June 1992, he graduated from the National University of Singapore with a Bachelor of Dental Surgery. Dr Ng also obtained a Certificate of Implantology from the University of Frankfurt in December 2003. He was also an elected member of the Singapore Dental Council from May 2006 to April 2009. From May 1992 to October 1994, he was a Dental Officer with the Ministry of Health. Subsequently in November 1994, he left to join a private dental clinic at Bukit Batok as an Associate Dental Surgeon until October 1996. In November 1996, he founded the Group and has charted its growth since then.

Dr Ng is a member of the Singapore-Liaoning and Singapore-Shangdong Economic and Trade Council, Guangzhou Singapore Business Council, a Patron of the Ang Mo Kio-Hougang Citizen's Consultative Committee and a Committee Member of River Valley High School's School Advisory Committee.

Dr Ng received the Best Entrepreneur Award in the discipline of Dentistry from the National University of Singapore's Business Incubation of Global Organisations in September 2007. In September 2009, he was named the "Top Entrepreneur" and winner of "The Entrepreneur of the Year Award ("EYA") for Enterprise" in the 2009 Rotary Club - ASME EYA. In December 2010, Dr Ng was conferred the "Ernst & Young Entrepreneur of The Year 2010 Award (Healthcare Services)". In 2015, Dr Ng was named the "Best CEO of the Year for Companies with $300 million to $1 billion Market Capitalisation" at the Singapore Corporate Awards.

DR ANG EE PENG RAYMOND

Non-Independent Executive Director and Chief Operating Officer

Dr Ang Ee Peng Raymond is the Group's Chief Operating Officer. He was appointed as a Non-Independent Executive Director of Q & M on 13 June 2008. Dr Ang's responsibilities include the Group's human resource function, information technology, procurement, marketing, ISO implementation and complaints handling. He is assisted by the Group's General Manager, Mdm Foo Siew Jiuan.

Dr Ang is a practicing dentist in the Group's dental clinics at Bukit Gombak and Bukit Panjang. Dr Ang joined the Group in April 2004. Prior to that, from July 1994 to 1996, Dr Ang served as a staff officer with the Singapore Armed Forces Medical Corps. From July 1996 to March 2004, Dr Ang was with the dental group practice, First Impressions Dental Surgery Pte Ltd.

He graduated from the National University of Singapore with a Bachelor of Dental Surgery in July 1994. He has been a Fellow of the Academy of Dentistry International since September 2009 and Fellow of the International College of Dentist since November 2010. Dr Ang is also an Advisor to the Singapore Dental Association Ethics Committee. Dr Ang has been an elected member of the SDC since May 2009. He is also the Chairman of the SDC Audit Committee, a member of the SDC's Complaints Panel and the SDC's Continuing Professional Education Committee. Dr Ang is a member of Nanyang Polytechnic School of Health Sciences Dental Therapy & Hygiene Advisory Panel. He is also member of the Singapore Medical Council's Complaints Panel. In 2012 Dr Ang was presented with the prestigious "Singapore Dental Association Meritorious Award" for his contributions to the dental profession in Singapore.

BOARD OF DIRECTORS

PROF TOH CHOOI GAIT

Independent Non-Executive Director

Professor Toh Chooi Gait was appointed as an Independent Non-Executive Director of Q & M on 25 June 2013. Currently, she is the Pro Vice Chancellor (Engagement & Industrial Partnership) in International Medical University, Malaysia. She is the Chairman of the Examination Committee of the Malaysian Dental Council that is responsible for the development and implementation of the Professional Qualifying Examination for registration of Dental Practitioners. She has also served in various leading positions in the International Association for Dental Research and South East Asia Association for Dental Education.

Professor Toh has over 35 years of experience in dentistry and has co-authored books and published more than 60 articles on dentistry in various professional journals. She regularly conducts dental workshops and training for dentists in Malaysia and abroad. She has a Bachelor of Dental Surgery with Honors from the University of Singapore, Master of Science in Conservative Dentistry from University of London, Diploma in Restorative Dentistry from Royal College of Surgeons of Edinburgh, and is a Fellow in Dental Surgery with the Royal College of Physicians and Surgeons of Glasgow. She has also been conferred Honorary Fellowships by Academy of Dentistry International, International College of Dentists and Royal College of Surgeons of Edinburgh. She serves as an examiner for the Royal College of Surgeons of Edinburgh for the MFDS Part 2 Examination and the Diploma in Implant Dentistry Examination.

MR NG WENG SUI HARRY

Independent Non-Executive Director

Mr Ng Weng Sui Harry was appointed as an Independent Non-Executive Director of Q & M on 14 October 2009.He is currently the executive director of HLM (International) Corporate Services Pte Ltd, a company that provides business consultancy and corporate services. Prior to this position, he was the chief financial officer with a number of companies listed on the SGX-ST.

He has more than thirty years of experience in finance, accounting and audit. He sits on the boards of a few listed companies in SGX-ST as the independent director and chairman of the audit committees.

Mr Ng is a Fellow Member of the Institute of Singapore Chartered Accountants and a Fellow of the Association of Chartered Certified Accountants (UK). He obtained a Master of Business Administration (General Business Administration) from The University of Hull, UK.

MR CHIK WAI CHIEW (ZHI WEICHAO)

Non-Independent Non-Executive Director

Mr Chik Wai Chiew was appointed as a Non-Independent and Non-Executive Director of Q & M on 14 August 2017. Currently, he is the Chief Executive Officer and the Executive Director of Heritas Capital Management Pte. Ltd., a Singapore based private equity and venture capital investment firm that makes investments in healthcare, technology and education sectors across Asia Pacific. He has over 20 years of experience in global investment management and strategic business development, having been active in leading various companies on transformational growth strategies, fund raising and mergers & acquisitions. Mr Chik was awarded the Glaxo-EDB scholarship and holds a BA in Economics from Cambridge University, UK and an MA from Yale University, USA. He has also completed EMBA (conducted in Mandarin) from Cheung Kong Graduate School of Business, the PRC.

EXECUTIVE OFFICERS

MS FOO SIEW JIUAN

General Manager

Mdm Foo Siew Jiuan is the Group's General Manager and her current responsibilities include overseeing the daily operational matters, such as human resource, procurement, marketing and service recovery. From May 1993 to January 1997, she was a retail pharmacist and outlet manager at Guardian Pharmacy Singapore. From May 1998 to June 1999, she continued to work part-time as a pharmacist at St. Luke's Hospital in Singapore. She joined the Group in November 1996 on a part-time basis before working fulltime with the Group from July 1999. She graduated with a Bachelor of Science (Pharmacy) from the National University of Singapore in June 1992.

MR SIM YU XIONG

Chief Financial Officer

Mr Sim Yu Xiong is the Group's Chief Financial Officer. He is responsible for the Group's financial management, tax and investment, as well as assisting the Group CEO on merger and acquisition activities. Mr Sim has accumulated vast experiences in the areas of finance, audit and business management. Prior to joining the Group on 6 April 2010, he was the Chief Financial Officer of W.Atelier Pte. Ltd. from April 2008 to March 2010. From June 2007 to March 2008, he held the position of General Manager at Inke Pte. Ltd. Between June 2003 and June 2007, Mr Sim was the Group Financial Controller of Pacific Healthcare Holdings Ltd. In addition, he had also held various managerial positions previously as Finance Manager with Torie Holdings Pte Ltd from August 1997 to May 2003 and General Manager with Fullmark Pte. Ltd. from August 1986 to August 1997. From September 1980 to July 1986, Mr Sim was an auditor with Coopers & Lybrand, prior to its merger with Price Waterhouse in 1998. Mr Sim was appointed as the Non Executive Director of Aoxin Q & M Dental Group Limited in April 2017. Mr Sim is a Fellow Member with the Institute of Singapore Chartered Accountants and a Fellow of the Association of Chartered Certified Accountants (UK).

MS NG SOOK HWA

Group Financial Controller

Mdm Ng Sook Hwa is the Group Financial Controller. Her current responsibilities include assisting the Group's Chief Financial Officer in finance and compliance matters. Prior to joining the Group in March 2002, Mdm Ng was a second year graduate assistant in KPMG, Singapore from October 2000 to February 2002. Mdm Ng graduated with a Bachelor of Commerce, Finance and Marketing (with distinction) from Curtin University of Technology, Australia in August 1998. She also obtained her Masters of Accounting from Curtin University of Technology, Australia in April 2000 and is a member of CPA Australia.

OPERATIONS REVIEW

Q & M's business strategy has always centred around organic growth and regional expansion. This year, this trend continued, as reflected by the growth in our Singapore and Malaysia operations. Additionally, in the past two years, we expanded our operations into two new sectors – dental higher education and dental technology (specifically, artificial intelligence). These two segments are ripe with potential, and the Group hopes to capitalise on our first mover advantage, qualified personnel, and proven expertise to become a leader in both fields.

SINGAPORE

In the Group's home market of Singapore, we continued to strengthen our foothold in the dental and medical healthcare segment.

We closed 2 dental outlets in Pasir Ris and Raffles Place and relocated the clinic at Serangoon 262 to Serangoon 261 in order to optimise the Group's operations. However, we opened 7 new dental clinics in Havelock, Paya Lebar Quarter, Kovan, Poiz, Kinex, Clementi West, and Tampines Street 11, and also acquired the Specialist Oral Surgeons clinic at Novena, bringing the Group's overall number of outlets in Singapore to 79.

The Group's dental equipment and dental supplies distribution arm, Quantumleap Healthcare Pte Ltd, also continued to contribute positively to the Group's revenue. In addition to serving the Group's network of clinics, the company also distributes equipment and supplies to third-party dentists and dental clinics. Additionally, it also operates a CAD/CAM digital dental laboratory.

The Group also formally ventured into the education segment this year. While plans to expand into higher education have long been in the works, we made a definitive step towards establishing a formal institute by first registering our subsidiary, Q & M College of Dentistry Pte. Ltd., in December 2018. Since then, we have made considerable progress with the official opening of the Q & M College of Dentistry in October 2019. The College is the first private institution in Singapore to offer postgraduate diplomas in clinical dentistry, and has a 9-module catalogue comprising patient management & ethics in dentistry, orthodontics, implant dentistry endodontics, prosthodontics/restorative dentistry; CAD/CAM & digital dentistry, periodontics, oral & maxillofacial surgery and laser dentistry. Its inaugural cohort has 20 students.

Our artificial intelligence arm, EM2AI Pte. Ltd. ("EM2AI"), has also made considerable inroads into the dental technology field. We initially incorporated EM2AI in November 2018 with the intention of exploring and developing autonomous dental healthcare software in diagnostics and treatment planning. Since then, we have begun working with International Medical University ("IMU") to develop an AI system which will fully examine a patient's dental health and subsequently produce the most comprehensive evidence-based ethical treatment plan. IMU School of Dentistry will develop an evidence-based decision tree while IMU Institute for Research, Development and Innovation is tasked with validating and programming results into the AI system. Throughout the project, the Group's dentists will provide data for IMU to analyse and input, drawing on the Group's wealth of dental knowledge and expertise. The Group will also own the rights to the technology once it has been fully developed.

Our strategic moves into dental higher education and dental technology have placed us at the forefront of these two burgeoning industries. Additionally, we are optimistic that our investments will create more revenue streams for the Group.

As at 31 December 2019, we had 79 dental outlets, 5 medical outlets, and 1 dental college in Singapore. Our Singapore operations are bolstered by 230 dentists and more than 400 clinical and administrative personnel.

MALAYSIA

In Malaysia, the Group has 15 dental clinics in Johor, 3 dental clinics in Malacca, and 1 dental centre and 14 dental clinics in Kuala Lumpur. Additionally, the Group distributes dental equipment and supplies within the country through its subsidiary, AR Dental Supplies Sdn Bhd.

During the year, the Group expanded its operations with 16 new openings. Additionally, the Group incorporated 3 wholly-owned subsidiaries in Malaysia, namely Q & M Dental AI. Sdn. Bhd., Q & M Dental (Southern) Sdn. Bhd., and Q & M Dental Surgery (Taman Merdeka) Sdn. Bhd. We are keen to expand our operations in Malaysia, particularly in the Johor and Klang Valley regions.

As at 31 December 2019, the Group had a total of 33 dental outlets in Malaysia. This represents an increase of 16 new outlets from 17 dental outlets at 31 December 2018.

THE PEOPLE'S REPUBLIC OF CHINA (PRC)

The Group's growth strategy in the PRC has thus far consisted of both organic clinic openings and joint ventures with local partners. Moving forward, we will look towards pursuing organic growth, remaining vigilant in seeking out sustainable growth opportunities.

In November 2018, Aidite (Qinhuangdao) Technology Co. Ltd ("Aidite"), an associated company of the Group, delisted its shares from the National Equities Exchange and Quotations of the People's Republic of China. On 20 December 2019, the Group completed its disposal of 36.0% of the registered capital of Aidite for a total aggregate consideration of RMB 360 million. Post-disposal, the Group still has a 12.246% stake in the registered capital of Aidite through its subsidiary, QMAI.

As at 31 December 2019, the Group had 1 dental clinic in the People's Republic of China.

FINANCIAL REVIEW

REVENUE

For the financial year ended 31 December 2019 ("**FY2019**"), the Group's revenue from dental and medical outlets increased by 6% from S$112.6 million for the 12 months ended 31 December 2018 ("**FY2018**") to S$119.2 million for the 12 months ended 31 December 2019 ("**FY2019**"). The increase of S$6.6 million was mainly due to higher revenue from existing and new dental outlets in Singapore and Malaysia.

As at the end of FY2019, the Group had a total of 79 dental outlets, 5 medical outlets, and 1 dental college in its Singapore operations, 33 dental outlets in Malaysia, and 1 dental outlet in the People's Republic of China ("**PRC**"). This is a marked increase compared to 73 dental outlets and 4 medical outlets in Singapore, 17 dental outlets in Malaysia, and 1 dental outlet in PRC at the end of FY2018.

Revenue contribution from our dental equipment and supplies distribution business segment increased by 7% from S$8.2 million in FY2018 to S$8.8 million in FY2019. The increase of S$0.6 million was mainly due to higher revenue from AR Dental Supplies Sdn. Bhd. ("**AR Dental Supplies**"), the dental equipment and supplies distribution company in Malaysia.

OTHER GAINS AND OTHER LOSSES

Other gains and other losses in FY2019 amounted to S$9.0 million, compared to S$0.4 million in FY2018. The increase was mainly due to the one-time gain arising from the partial disposal of 36% of equity-accounted associate, Aidite (Qinhuangdao) Technology Co ("**Aidite**"), of S$11.6 million, offset by allowance for impairment for trade and other receivables.

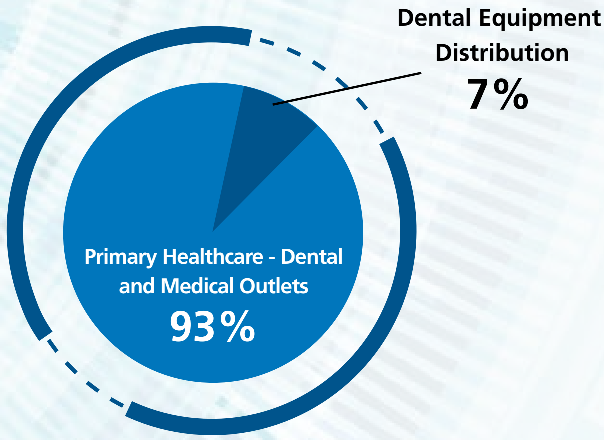
OPERATING EXPENSES

Consumables and supplies used increased by 10% from S$8.4 million in FY2018 to S$9.2 million in FY2019. This was in line with our growth in revenue, opening of new dental clinics in Singapore and Malaysia, as well as higher cost of consumables and laboratory charges during the year. As a percentage of revenue, consumables and dental supplies used in dental and medical outlets in FY2019 was 7.7% (FY2018: 7.5%).

The cost of sales from the dental equipment and supplies distribution business segment increased by 12% from S$5.8 million in FY2018 to S$6.5 million in FY2019, in line with increased revenue contributions from the dental equipment and supplies distribution company in Malaysia, as well as increased cost of imported equipment due to fluctuations in the Malaysian ringgit. As a percentage of revenue, cost of sales for dental equipment and supplies distribution in FY2019 was 74.3% (FY2018: 71.0%).

Employee benefits expense increased by 9% from S$70.6 million in FY2018 to S$77.1 million in FY2019, in line with a rise in revenue, an increase in headcount to support the expansion of dental outlets in Singapore and Malaysia, as well as provision of a one-time special bonus to staff for the profit generated from the partial disposal of 36%

REVENUE BY SEGMENT (%)



of Aidite. As a percentage of revenue, employee benefits expense for FY2019 was 60.3% (FY2018: 58.4%).

Depreciation of Right-Of-Use assets amounted to S$11.5 million, following the adoption of SFRS(I) 16 in FY2019. Rental expenses decreased by 99%, from S$12.9 million in FY2018 to S$0.2 million in FY2019, following the adoption of SFRS(I) 16 in FY2019 which resulted in S$11.5 million recategorised as depreciation of Right-Of-Use assets, and S$1.6 million recategorised as finance costs. As a percentage of revenue, total expenses on depreciation of Right-Of-Use assets, rental expenses, and finance costs arising from the adoption of SFRS(I) 16 for FY2019 was 10.3% (FY2018: 10.6%).

Finance costs increased by 67% from S$2.6 million in FY2018 to S$4.4 million in FY2019. The adoption of SFRS(I) 16 resulted in an interest expense of S$1.6 million for FY2019. As a percentage of revenue, finance costs for FY2019 was 3.4% (FY2018: 2.2%).

Other expenses increased by 19% from S$7.5 million in FY2018 to S$8.9 million in FY2019 mainly due to an increase in legal and professional fees arising from regulatory compliance, legal cases in China and Malaysia, and drafting of agreements. As a percentage of revenue, other expenses for FY2019 was 6.9% (FY2018: 6.2%).

SHARE OF PROFIT FROM EQUITY - ACCOUNTED ASSOCIATES

Share of profit from equity-accounted associates decreased by 10% from S$4.6 million in FY2018 to S$4.2 million in FY2019, mainly due to share of losses from Aoxin Q & M Dental Group Limited ("Aoxin Q & M"), which reported gestation losses from newly opened hospitals and clinics.

PROFITABILITY

For the reasons given above, the Group's profit before tax increased by 36% from S$14.8 million in FY2018 to S$20.1 million in FY2019. The provision of a one-time special bonus to staff for the profit generated from the partial disposal of 36% of Aidite, as well as the adoption of SFRS(I) 16, resulted in a reduction in the Group's profit before tax of S$3.1 million in FY2019.

After deducting provision for income tax expense of S$1.9 million, the Group's net profit after tax increased by 29% from S$14.1 million in FY2018 to S$18.2 million in FY2019.

After excluding net profit from non-controlling interests, net profit attributable to shareholders increased by 28% from S$14.0 million in FY2018 to S$18.0 million in FY2019.

STATEMENT OF FINANCIAL POSITION

Current Assets

As at 31 December 2019, the Group's cash and cash equivalents were S$27.3 million (FY2018: S$24.9 million). The increase was mainly attributed to cash generated from operations.

Trade and other receivables increased to S$87.3 million as at 31 December 2019 (FY2018: S$16.7 million), mainly due to proceeds receivable of S$69.6 million from the partial disposal of 36% of Aidite.

Other non-financial assets increased to S$3.4 million as at 31 December 2019 (FY2018: S$2.6 million), mainly due to an increase in sign on bonus for new dentists, and scholarships to Singapore Bachelor of Dental Surgery undergraduates for 9 students.

Inventories increased to S$7.0 million as at 31 December 2019 (FY2018: S$6.9 million), mainly due to an increase in inventories from AR Dental Supplies.

Non-current Assets

The net book value of property, plant and equipment as at 31 December 2019 was S$26.1 million (FY2018: S$20.4 million). The increase of S$5.7 million was mainly due to the purchase of 2 clinics' properties located in Bishan and Novena Medical Centre, amounting to S$2.9 million and S$2.5 million respectively, in addition to new plant and equipment for new dental clinics in Singapore and Malaysia.

Following the adoption of SFRS(I) 16 in FY2019, the net book value of Right-Of-Use assets as at 31 December 2019 was S$49.5 million. Right-Of-Use assets relate to the leases of premises occupied by the Group's clinics and business units.

Investment in associates amounted to S$42.0 million (FY2018: S$77.4 million). The decrease of S$35.4 million was due to the partial disposal of 36% of Aidite.

Other non-financial assets decreased to S$9.4 million as at 31 December 2019 (FY2018: S$10.8 million). The decrease was mainly due to the reclassification of S$5.5 million from preference shares held in trust in Aidite, to trade and other receivables, following the partial disposal of 36% of Aidite. However, this decrease was partially offset by an increase in sign-on bonus for dentists and prepaid services of S$2.3 million via performance shares plan.

Current Liabilities

Trade and other payables as at 31 December 2019 increased to S$27.1 million (FY2018: S$14.0 million), mainly due to the accrual of expenses arising from the partial disposal of 36% of Aidite, as well as from Q & M Performance Share Plan shares awarded that have yet to be issued to certain dentists.

Other financial liabilities as at 31 December 2019 increased to S$32.6 million (FY2018: S$0.4 million) mainly due to (i) the reclassification of a S$15.0 million bank term loan from non-current liabilities to current liabilities as the date for repayment is in 2020; (ii) fair value of the redeemable preference shares of S$15.8 million, which are subsequently redeemed and (iii) bill payables arising from the Group's dental and equipment supplies distribution business in Malaysia.

Lease liabilities arising from Right-Of-Use assets as at 31 December 2019 was S$10.2 million (FY2018: nil), due to the adoption of SFRS(I) 16 in FY2019. Lease liabilities relate to leases of premises occupied by the Group's clinics and business units, which will be paid in the next financial year.

Non-current Liabilities

Other financial liabilities as at 31 December 2019 decreased to S$69.8 million (FY2018: S$86.2 million), mainly due to the reclassification of a S$15.0 million bank term loan, from non-current liabilities to current liabilities. This was, however, partially offset by new bank loans for the purchase of clinics' properties located in Bishan and Novena Medical Centre, amounting to S$2.3 million and S$2.0 million respectively.

Lease liabilities arising from Right-Of-Use assets amounted to S$39.9 million as at 31 December 2019 (FY2018: nil), due to the adoption of SFRS(I) 16 in FY2019. Lease liabilities relate to leases of premises occupied by the Group's clinics and business units with a remaining lease period ranging from two (2) years to three (3) years which have options to renew.

STATEMENT OF CASH FLOWS

The Group generated net cash flow from operating activities of S$28.0 million in FY2019. This was mainly derived from profit generated during the year.

Net cash used in investing activities in FY2019 amounted to S$9.3 million, mainly due to (i) the purchase of 2 clinics' properties located in Bishan and Novena Medical Centre, amounting to S$2.9 million and S$2.5 million respectively; (ii) plant and equipment for new and existing clinics; and (iii) sign-on bonus for dentists.

Net cash used in financing activities amounted to S$16.3 million, mainly due to (i) dividends paid to equity owners amounting to S$6.4 million; (ii) payment of lease liabilities arising from Right-Of-Use assets; and (iii) interest payment. These were partially offset by the drawdown of bank loans for the purchase of 2 clinics' properties located in Bishan and Novena Medical Centre.

As a result of the above, the Group's cash and cash equivalents was $27.3 million as at 31 December 2019.

CORPORATE SOCIAL RESPONSIBILITY

As one of the region's largest dental health groups, Q & M Dental Group is committed towards reaching out to the community beyond providing quality dental care. The Group regularly engages in Corporate Social Responsibility ("CSR") initiatives as a means of giving back to society.

Throughout the year, we sponsored numerous activities aimed at promoting dental health awareness for children. In December 2019, we sponsored dental kits for "Kids' World 2019", a 3-day camp where participating children were able to learn about dental health through fun games and activities. The camp was organised by Nanyang Technological University's Welfare Services Club for a total of 100 beneficiaries from CampusImpact (Yishun), Loving Heart Multi-service Centre, Lakeside Family Services Centre (Jurong East), Lakeside Family Services Centre (Jurong West) and Beyond Social Services (Lengkok Bahru).

Our Group also sponsored dental kits for an overseas volunteer trip to Ben Tre, Vietnam organised by River Valley High School. This was an outreach trip aimed at reaching out to local primary school children in need. Through the trip, students and teachers helped to improve the local children's oral hygiene by educating them on proper dental care.

We were also involved in Project Cloud Nine, an overseas volunteer trip to Hue, Vietnam, organised by the OIKOS club from Singapore Management University's ("SMU") School of Economics. During the trip, the SMU students undertook small-scale infrastructure construction projects and conducted ad-hoc lessons on a range of topics, including dental hygiene, for local children.

Additionally, in November 2019, we sponsored dental kits for Care Corner Singapore's "Together We RISE Community Carnival & Volunteers Day" at Toa Payoh HDB Hub, which was held with the aim of celebrating volunteerism and raising awareness of underprivileged groups in the community, as well as "Make A Wish 2019 – A Gift of Love!", a Christmas event organised by Sengkang West Community in December 2019 for 200 needy families in their community.

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

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr Narayanan Sreenivasan @ N Sreenivasan
(Independent Non-Executive Chairman)

Dr Ng Chin Siau
(Non-Independent Executive Director and Group Chief Executive Officer)

Dr Ang Ee Peng Raymond
(Non-Independent Executive Director and Chief Operating Officer)

Prof Toh Chooi Gait
(Independent Non-Executive Director)

Mr Ng Weng Sui Harry
(Independent Non-Executive Director)

Mr Chik Wai Chiew (Zhi Weichao)
(Non-Independent Non-Executive Director)

AUDIT COMMITTEE

Mr Ng Weng Sui Harry (Chairman)

Mr Narayanan Sreenivasan @ N Sreenivasan
Prof Toh Chooi Gait

REMUNERATION COMMITTEE

Prof Toh Chooi Gait (Chairperson)

Mr Ng Weng Sui Harry
Mr Narayanan Sreenivasan @ N Sreenivasan

NOMINATING COMMITTEE

Prof Toh Chooi Gait (Chairperson)

Mr Ng Weng Sui Harry
Mr Narayanan Sreenivasan @ N Sreenivasan

COMPANY SECRETARIES

Ms Lim Sim Ving
(Appointed on 9 March 2020)

Ms Cheok Hui Yee
(Appointed on 9 March 2020)

REGISTERED OFFICE

2 Clementi Loop, #04-01 Logis Hub @ Clementi,
Singapore 129809
www.QandMDental.com.sg

SHARE REGISTRAR

Tricor Barbinder Share
Registration Services
(A division of Tricor Singapore Pte Ltd)
80 Robinson Road, #02-00
Singapore 068898

AUDITORS

RSM Chio Lim LLP
8 Wilkie Road
#04-08 Wilkie Edge
Singapore 228095
Tay Hui Jun, Sabrina (Partner-in-charge)

THE Q & M EXTENDED FAMILY

DIRECTORY OF Q & M'S OUTLETS IN SINGAPORE

Q & M DENTAL CENTRES

Bugis	6837 2292
City Square Mall	6509 1133
Jurong East Central (JEM)	6425 0398
Novena	6258 2623
Orchard	6732 2633

Q & M DENTAL CLINICS

CENTRAL

Ang Mo Kio Central	6554 3363
Bishan	6255 5228
Braddell	6358 1098
Bt. Timah	6466 3393
Havelock Road	6694 5271
Killiney	6235 1638
Mayflower	6261 2562
Novena	6251 3233
River Valley	6235 4261
Serangoon Central	6343 0398, 6383 1763
Serangoon Central (NEX)	6509 8858
Serangoon North	6282 8597
Toa Payoh Central	6356 6789, 6256 3633
Toh Yi	6762 7660
Towner Road	6299 8980

EAST

Bedok Central	6876 0533
Bedok Mall	6384 6288
Buangkok MRT	6315 6882
Elias Mall	6584 8793
Eunos MRT	6749 8518
Hougang Central	6386 2663
Hougang Mall	6282 5500
Hougang (The Midtown)	6386 2339
Kallang MRT	6547 1833
Kovan	6246 3956
Marine Parade Central	6346 1882
Old Airport Road	6447 9033
Pasir Ris Central	6583 0298
Paya Lebar	6968 7802
Potong Pasir (The Poiz Centre)	6968 5131
Punggol MRT	6584 0478
Tanjong Katong	6241 6562
Simei MRT	6741 6819
Tampines Central	6588 3233, 6260 2720
Tampines MRT	6785 0608
Tampines St 11	6781 0309

NORTH

Admiralty	6365 3903
Khatib	6852 3363
Khatib (Wisteria Mall)	6339 0994
Marsiling	6365 6500
Sembawang MRT	6752 3093
Yishun Central	6851 6789
Yishun Central (Northpoint)	6257 1548
Woodlands	6369 0047

SOUTH

Redhill MRT	6272 4858
Tiong Bahru	6270 8168

WEST

Boon Lay MRT	6791 3323
Bt. Batok	6665 4233
Bt. Batok Central	6569 3239
Bt. Gombak	6569 3120
Bt. Gombak MRT	6562 1161
Bt. Panjang	6766 3363
Clementi Central	6872 3633, 6778 2768
Clementi West	6261 1752
Holland Village MRT	6892 3913
Jelapang	6891 2668
Yew Tee Point	6794 5263

SUBSIDIARY CLINICS

Aesthetics Dental Surgery	6333 3233
Bright Smile Dental Surgery	6274 6800
British Dental Surgery	6765 3323
Foo & Associates Dental Surgeons	6838 0903
Ho Dental Surgery	6442 1956
Horizon Dental Surgery	6733 5388
Jurong Point Dental Surgery	6792 1811

Lee & Lee (Dental Surgeons)

- Bukit Batok 6563 2262
- Ocean Financial Centre 6535 6113
- Tampines Central 6788 2262

Specialist Oral Surgeons	6397 6638
Tiong Bahru Dental Surgery	6271 3083
TP Dental Surgeons	6737 9011

MEDICAL CLINICS

Buangkok MRT	6242 9133
Bukit Batok	6565 3866
City Square Mall	6509 9558
Serangoon Central	6488 2336
Tampines Central	6781 3323

FINANCIAL CONTENTS

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 2019 ("**FY2019**"), 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.

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 ("**AGM**").

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.

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

	Board	Audit Committee	Nominating Committee	Remuneration Committee
Mr Narayanan Sreenivasan @ N 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	-	-	-

Board Meetings and Attendance

During the financial year ended 31 December 2019, the Board scheduled to meet on a quarterly 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 2019 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	2
Mr Narayanan Sreenivasan @ N Sreenivasan	4	4	1	2
Dr Ng Chin Siau	4	NA	NA	NA
Dr Ang Ee Peng Raymond	4	NA	NA	NA
Mr Ng Weng Sui Harry	4	4	1	2
Prof Toh Chooi Gait	3	3	1	2
Mr Chik Wai Chiew (Zhi Weichao)	4	NA	NA	NA

NA: Not Applicable

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 @ N 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)

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 the Management, the Non-Executive Directors will, when necessary, meet in the absence of the 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 @ N 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 FY2019, 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 FY2019, the NC and the Board were satisfied that the Directors who had served for more than 9-year tenure, namely Mr Narayanan Sreenivasan @ N 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 the Management. Each Independent Director had recused himself in the determination of his own independence.

Nonetheless, the Board notes that 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; and (ii) by a majority of the Company's shareholders, excluding the directors and CEO, and their associates (if any of these are shareholders). The Board will take the foregoing into consideration and evaluate its board renewal process in 2020.

The profiles of the Directors are set out on pages 9 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 @ N 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 out of six 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 @ N 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;

(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 @ N 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.

REPORT ON CORPORATE GOVERNANCE

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 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 Dr Ng Chin Siau and Prof Toh Chooi Gait, at the forthcoming AGM.

In making the above recommendation, the NC has considered the respective Director's overall performance and contributions. Prof Toh Chooi Gait had abstained from the NC's deliberation in respect of her performance assessment and re-nomination as a Director of the Company.

Dr Ng Chin Siau will, upon re-election as Director of the Company, remain as a Non-Independent Executive Director and Group CEO.

Prof Toh Chooi Gait will upon re-election as Director of the Company, remain as an Independent Non-Executive Director, Chairman of NC and RC, and member of AC. Prof Toh Chooi Gait will be considered independent for the purpose of Rule 704(8) of the Mainboard Rules. She has no relationship with the Company, its related corporations, its substantial shareholders or its officers.

The following information relating to Dr Ng Chin Siau and Prof Toh Chooi Gait, each of whom is standing for re-election as a Director at the forthcoming AGM, is provided pursuant to Rule 720(6) of the Mainboard Rules:

Name of Director	**Dr Ng Chin Siau**	**Prof Toh Chooi Gait**
Date of Appointment	7 January 2008	25 June 2013
Date of last re-appointment (if applicable)	-	27 April 2017
Age	52	70
Country of principal residence	Singapore	Malaysia
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board has considered the NC's recommendation and assessment of Dr Ng Chin Siau's overall performance and contribution, and is satisfied that this appointment will be beneficial to the Board and to the Company.	The Board has considered the NC's recommendation and assessment of Prof Toh Chooi Gait's overall performance and contribution, and is satisfied that this appointment will be beneficial to the Board and to the Company.

REPORT ON CORPORATE GOVERNANCE

Name of Director	Dr Ng Chin Siau	Prof Toh Chooi Gait
Whether the appointment is executive, and if so, the area of responsibility	Executive. Responsible for the corporate direction of the Group. He leads the Group in all aspects of its business strategies, policy planning and business development in Singapore, Malaysia and the People's Republic of China.	Non-Executive
Job Title	Non-Independent Executive Director and Group CEO	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
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
Shareholding Interest in the listed issuer and its subsidiaries	Yes Please refer to the "**Directors**' Statement" section of this Annual Report	No
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	• Husband of Foo Siew Jiuan, General Manager of the Company • Brother of Ng Sook Hwa, Group Financial Controller of the Company • Brother in law of San Yi Leong (husband of Ng Sook Hwa), Deputy CEO and Executive Director of Q & M Aoxin Ltd, an associate of the Company. • Brother of Ng Sui Hing, Senior Finance Manager of Q & M Dental Group (Malaysia) Sdn Bhd • Brother in law of Kow Ngan Chai (husband of Ng Sui Hing), Business Development Manager of Q & M Dental Group (Malaysia) Sdn Bhd • Brother in law of Foo Sien Loon (brother of Foo Siew Jiuan), Group General Manager of Q & M Dental Group (Malaysia) Sdn Bhd	No
Conflict of Interest (including any competing business)	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
Other Principal Commitments including Directorships – Past (for the last 5 years) and Present	Past directorship 1. Aoxin Q & M Dental Group Limited	Past directorship Nil Present directorship Nil

REPORT ON CORPORATE GOVERNANCE

Name of Director	Dr Ng Chin Siau	Prof Toh Chooi Gait
Other Principal Commitments including Directorships – Past (for the last 5 years) and Present	Present directorship 1. Q & M Dental Group (China) Pte. Ltd. 2. Quan Min Holdings Pte Ltd 3. Q & M Dental Surgery (Molek) Sdn. Bhd. 4. Q & M Dental Surgery (Austin) Sdn. Bhd. 5. Q & M Professionals Holding Pte. Ltd. 6. Q & M Dental Holdings (Malaysia) Pte. Ltd. 7. EM2AI Pte. Ltd.	Principal Commitments Foundation Dean and Professor of International Medical University Malaysia
Information required under items (a) to (k) of Appendix 7.4.1 of the Listing Manual	There is no change to the responses previously disclosed by Dr Ng Chin Siau under items (a) to (k) of Appendix 7.4.1 of the Listing Manual which were all "No". The Appendix 7.4.1 information in respect of Dr Ng Chin Siau's appointment as Director was announced on 26 November 2009.	There is no change to the responses previously disclosed by Prof Toh Chooi Gait under items (a) to (k) of Appendix 7.4.1 of the Listing Manual which were all "No". The Appendix 7.4.1 information in respect of Prof Toh Chooi Gait's appointment as Director was announced on 25 June 2013.
(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

The Company does not have any alternate directors currently. Alternate directors may be appointed as and when the Board deems necessary.

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 FY2019, 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 the 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.

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	NA	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 @ N 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	- Artivision Technologies Ltd - Oxley Holdings Limited - IEV Holdings Limited - HG Metal Manufacturing Limited	NIL	- Executive Director at HLM (International) Corporate Services Pte Ltd
Prof Toh Chooi Gait	Independent Non-Executive Director	25 June 2013	27 April 2017	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.

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 FY2019 as the assessment criteria for FY2018 was considered adequate for the aforementioned assessment.

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 FY2019. 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 @ N 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.

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. 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 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 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.

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 payable for FY2019 is as follows:

	Salary	Bonus	Benefits [1]	Professional Fees [2]	Directors' Fees +	Total	Total
Name	%	%	%	%	%	%	S$
Mr Narayanan Sreenivasan @ N 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	26	73	1	0	0	100	1,410,145
Dr Ang Ee Peng Raymond	78	6	6	10	0	100	301,835
Mr Chik Wai Chiew (Zhi Weichao)	0	0	0	0	0	0	0

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

Remuneration Band of key management personnel is set out below:

	Remuneration Band	Salary	Bonus	Benefits [1]	Total
Name	Below $250,000	%	%	%	%
Mr Sim Yu Xiong	√	89	7	4	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.

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 [1]	Total
Name	Below $200,000	%	%	%	%
Ms Foo Siew Jiuan [3]	√	84	7	9	100
Ms Ng Sook Hwa [3]	√	84	7	9	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 Jiuan is spouse of Dr Ng Chin Siau.
   (ii) Ms Ng Sook Hwa is sister of Dr Ng Chin Siau.

The total remuneration paid to the top five key management personnel was S$639,000 for FY2019.

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 FY2019.

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.

ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

Principle 9 ***The Board is responsible for the governance of risk and ensures that the 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 2019, 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 2019 to address the risks that the Group considers relevant and material to its operations.

The 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.

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 @ N 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 @ N 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 quarterly 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, 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;

(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.

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 forthcoming 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 $365,000.00 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 FY2019 and until the date of this Annual 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 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.

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 (AGM and/or extraordinary general meeting ("**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 Directors will endeavour to be present at the Company's forthcoming AGM to address Shareholders' questions.

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. Notice of the general meetings will be advertised in newspapers and 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. With effect from FY2019, the Company will ensure that the minutes of its AGM are made publicly available on the Company's website.

REPORT ON CORPORATE GOVERNANCE

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. Due to the COVID-19 situation, the Company's FY2019 AGM will be postponed and is expected to take place on or before 29 June 2020. With the postponement of the AGM, the Company has decided to bring forward the payment of the final dividend and special dividend announced by the Company on 27 February 2020, by reclassifying them as an interim tax-exempt (one-tier) dividend of S$0.0242 per share. Please refer to the Company's announcement dated 15 April 2020 for more details.

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 in the local newspapers 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 (vitters@qnm.sg and +65 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.

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.

REPORT ON CORPORATE GOVERNANCE

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.

The Company's corporate website at 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, the Company issues a quarterly letter to its Directors, executive officers and employees with non-published price sensitive information prohibiting dealings in listed securities of the Company from two (2) weeks or one (1) month, as the case may be, before the announcement of the Company's quarterly 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 2019. 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.

REPORT ON CORPORATE GOVERNANCE

Particulars of the interested person transactions for the financial year ended 31 December 2019, 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

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.

Throughout the year, the Company sponsored numerous activities aimed at promoting dental health awareness for children. In December 2019, the Company sponsored dental kits for "Kids' World 2019", a 3-day camp where participating children were able to learn about dental health through fun games and activities. The camp was organised by Nanyang Technological University's Welfare Services Club for a total of 100 beneficiaries from CampusImpact (Yishun), Loving Heart Multi-service Centre, Lakeside Family Services Centre (Jurong East), Lakeside Family Services Centre (Jurong West) and Beyond Social Services (Lengkok Bahru).

The Company also sponsored dental kits for an overseas volunteer trip to Ben Tre, Vietnam organised by River Valley High School. This was an outreach trip aimed at reaching out to local primary school children in need. Through the trip, students and teachers helped to improve the local children's oral hygiene by educating them on proper dental care.

The Company was also involved in Project Cloud Nine, an overseas volunteer trip to Hue, Vietnam, organised by the OIKOS club from Singapore Management University's ("**SMU**") School of Economics. During the trip, the SMU students undertook small-scale infrastructure construction projects and conducted ad-hoc lessons on a range of topics, including dental hygiene, for local children.

Additionally, in November 2019, the Company sponsored dental kits for Care Corner Singapore's "Together We RISE Community Carnival & Volunteers Day" at Toa Payoh HDB Hub, which was held with the aim of celebrating volunteerism and raising awareness of underprivileged groups in the community, as well as "Make A Wish 2019 – A Gift of Love!", a Christmas event organised by Sengkang West Community for 200 needy families in their community.

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 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 its financial year ended 31 December 2019. 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 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 2019, which will be released in 31 May 2020.

STATEMENT BY DIRECTORS

The directors of the Company are pleased to present the accompanying financial statements of the Company and of the Group for the reporting year ended 31 December 2019.

1. Opinion of the directors

In the opinion of the directors,

(a) the accompanying financial statements and the consolidated financial statements are drawn up so as to give a true and fair view of the financial position and performance of the Company and, of the financial position and performance of the Group for the reporting year covered by the financial statements or consolidated financial statements; and

(b) at the date of 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 approved and authorised these financial statements for issue.

2. Directors

The directors of the Company in office at the date of this statement are:

Dr Ng Chin Siau
Dr Ang Ee Peng Raymond
Mr Narayanan Sreenivasan @ N Sreenivasan
Mr Ng Weng Sui Harry
Prof Toh Chooi Gait
Mr Chik Wai Chiew (Zhi Weichao)

3. Directors' interests in shares and debentures

The directors of the Company holding office at the end of the reporting year were not interested in shares or debentures of the Company or other related body corporate as recorded in the register of directors' shareholdings kept by the Company under section 164 of the Companies Act, Chapter 50 ("the Act") except as follows:

Name of directors and companies in which interests are held	Direct Interest: At beginning of the reporting year	Direct Interest: At end of the reporting year	Deemed Interest: At beginning of the reporting year	Deemed Interest: At end of the reporting year
The Company – Q & M Dental Group (Singapore) Limited	Number of shares of no par value			
Dr Ng Chin Siau	11,440,110	11,440,110	409,524,245	436,442,476
Mr Narayanan Sreenivasan @ N Sreenivasan	320,000	320,000	–	–
Mr Ng Weng Sui Harry	240,000	240,000	–	–

STATEMENT BY DIRECTORS

3. Directors' interests in shares and debentures (cont'd)

Name of directors and companies in which interests are held	Direct Interest: At beginning of the reporting year	Direct Interest: At end of the reporting year	Deemed Interest: At beginning of the reporting year	Deemed Interest: At end of the reporting year
Ultimate parent company – Quan Min Holdings Pte. Ltd.	Number of shares of no par value			
Dr Ng Chin Siau	178,551,814	192,327,876	–	–
Dr Ang Ee Peng Raymond	10,552,502	11,366,674	–	–

By virtue of section 7 of the Act, Dr Ng Chin Siau is deemed to have an interest in the Company as disclosed above and all the related body corporates of the Company.

The directors' interests as at 21 January 2020 were the same as those at the end of the reporting year except as follows:

Name of directors and companies in which interests are held	Direct Interest: At end of the reporting year	Direct Interest: As at 21 January 2020	Deemed Interest: At end of the reporting year	Deemed Interest: As at 21 January 2020
The Company – Q & M Dental Group (Singapore) Limited	Number of shares of no par value			
Dr Ng Chin Siau	11,440,110	11,440,110	436,442,476	436,690,676

4. Arrangements to enable directors to acquire benefits by means of the acquisition of shares and debentures

Save as disclosed in this report, neither at the end of the reporting year nor at any time during the reporting year did there subsist arrangements to which the Company is a party, being arrangements whose objects are, or one of whose objects is, to enable directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

5. Options

Share options

The Company has adopted an employee share option scheme known as the "Q & M Employee Share Option Scheme" (the "Option Scheme") on 26 April 2011. The Option Scheme, which forms an integral component of its compensation plan, is designed to reward and retain eligible participants whose services are important to its continued well-being and success. It provides eligible participants who have contributed to the growth and performance of the Group with an opportunity to participate in the equity of the Company so as to motivate these participants to greater dedication, loyalty and higher standards of performance and to give recognition to past contributions and services.

Under the rules of the Scheme, the directors and confirmed employees of the Group are eligible to participate in the Scheme. Controlling shareholders or their associates are also eligible to participate in the Scheme subject to the approval of independent shareholders in separate resolution for each participant.

5. Options (cont'd)

Share options (cont'd)

The total number of shares over which options may be granted shall not exceed 15% of the issued share capital (excluding treasury shares) of the Company on the date immediately preceding the date of grant.

An Option Scheme committee ("Committee") is charged with the administration of the Option Scheme in accordance with the rules of the Scheme. The Committee comprising all the members of the Remuneration Committee of the Company from time to time, and duly authorised and appointed by the board of directors. The number of shares comprised in options offered to a participant shall be determined at the absolute discretion of the Committee who shall take into account, where applicable, criteria such as rank, past performance, years of service, potential contribution of the participant provided that: (a) the aggregate number of shares which may be offered to participants who are controlling shareholders and their associates during the entire operation of the Option Scheme (including adjustments under the rules) shall not exceed 25% of the shares available under the Option Scheme; and (b) the number of shares which may be offered to each participant who is a controlling shareholder or his associate during the entire operation of the Scheme shall not exceed 10% of the shares available under the Option Scheme.

(a) Exercise Price

The exercise price for each share in respect of which an option is exercisable shall be determined by the Committee at its absolute discretion, on the date of grant, at:-

(i) the market price; or

(ii) a price which is set at a discount to the market price (incentive price), the quantum of such discount to be determined by the Committee in its absolute discretion, provided that the maximum discount which may be given in respect of any option shall not exceed 20% of the market price. In the event that SGX-ST prescribes or permits a higher percentage of discount, the Company will seek shareholders' approval for the increase in discount at a general meeting.

(b) Exercise Period

Unless otherwise determined in the sole discretion of the Committee, options granted shall be exercised in the following manner:-

(i) in the case of market price options granted to a participant:- (i) one-third (1/3) of such options granted shall only vest and be exercisable by an option holder after the first anniversary of the date of grant of that option; (ii) the next one-third (1/3) of such options granted shall only vest and be exercisable by an option holder after the second anniversary of the date of grant of that option; and (iii) the remaining one-third (1/3) of such options granted shall only vest and be exercisable by an option holder after the third anniversary of the date of grant of that option, provided always that all the options shall be exercised before the second anniversary of the relevant date of vesting, or such earlier date as may be determined by the Committee, failing which all unexercised options shall immediately lapse and become null and void and an option holder shall have no claim against the Company; and

(ii) in the case of incentive options granted to a participant:- (i) one-third (1/3) of such options granted shall only vest and be exercisable by an option holder after the second anniversary of the date of grant of that option; (ii) the next one-third (1/3) of such options granted shall only vest and be exercisable by an option holder after the third anniversary of the date of grant of that option; and (iii) the remaining one-third (1/3) of such options granted shall only vest and be exercisable by an option holder after the fourth anniversary of the date of grant of that option, provided always that all the options shall be exercised before the second anniversary of the relevant date of vesting, or such earlier date as may be determined by the Committee, failing which all unexercised options shall immediately lapse and become null and void and an option holder shall have no claim against the Company.

5. Options (cont'd)

(b) Exercise Period (cont'd)

There are special provisions dealing with the lapsing under certain circumstances including ceasing of employment, bankruptcy, and death of the participant.

Performance share plan

The Company has adopted a performance share plan known as the "Q & M Performance Share Plan 2018" (the "Plan") on 13 November 2018. The Plan, which forms an integral component of its compensation plan, is designed to incentivise participants to excel in their performance and encourage greater dedication and loyalty to the Company. Through the Plan, the Company will be able to recognise and reward past contributions and services and motivate participants to continue to strive for the Group's long-term prosperity. In addition, the Plan aims to foster an ownership culture within the Group.

Under the rules of the Plan, the directors and employees of the Group are eligible to participate in the Plan. Controlling shareholders or their associates are also eligible to participate in the Plan.

The aggregate number of shares which may be issued or transferred pursuant to awards granted under the Plan on any date, when added to the number of shares issued and/or issuable and/or transferred and transferable in respect of all awards granted under the Plan and all shares issued and issuable and/or transferred and transferable in respect of all options granted or awards granted under any other share schemes or share plans which the Company adopted and for the time being in force or may implement from time to time, including but not limited to Option Scheme, will not exceed 15% of total issued shares in the capital of the Company (excluding treasury shares and subsidiary holdings) on the day preceding the relevant award date.

A Plan Committee is charged with the administration of the Plan in accordance with the rules of the Plan. The Committee comprising all the members of the Remuneration Committee of the Company from time to time, and duly authorised and appointed by the board of directors. The number of shares offered to a participant shall be determined at the absolute discretion of the Committee who shall take into account, where applicable, criteria such as *inter alia*, the rank, scope of responsibilities, performance, years of service, potential contribution for future development, contribution to the success of the Group and the extent of effort and resourcefulness with which the performance target(s) may be achieved within the performance period of the participant provided that: (a) the aggregate number of shares which may be offered to participants who are controlling shareholders and their associates during the entire operation of the Plan (including adjustments under the rules) shall not exceed 25% of the shares available under the Plan; and (b) the number of shares which may be offered to each participant who is a controlling shareholder or his associate during the entire operation of the Plan shall not exceed 10% of the shares available under the Plan.

Awards represent the right of a participant to receive fully-paid shares free of charge, provided that certain prescribed performance targets (if any) are met and upon expiry of the prescribed performance period. In addition to the performance targets, in relation to each award, the Plan Committee shall have the discretion to prescribe a vesting period of between 1 to 10 years depending on the importance of the individual participant to the long-term growth of the Group and such other conditions as the Plan Committee may determine.

Shares which are allotted and issued or transferred to a participant are not subject to any restrictions against disposal or sale or any other dealings by the participant.

During the reporting year, the Company has granted share awards to eligible employees of the Group by the allotment of an aggregate of 3,050,000 ordinary shares from the treasury shares of the Company pursuant to the Plan. See also Note 24 of the financial statements.

During the reporting year, no option to take up unissued shares of the Company or other body corporate in the Group was granted.

At the end of the reporting year, there were no unissued shares under option.

6. Independent auditor

RSM Chio Lim LLP has expressed willingness to accept re-appointment.

7. Report of audit committee

The members of the audit committee at the date of this report are as follows:

Mr Ng Weng Sui Harry (Chairman)	(Non-Executive and Independent Director)
Mr Narayanan Sreenivasan @ N Sreenivasan	(Non-Executive and Independent Director)
Prof Toh Chooi Gait	(Non-Executive and Independent Director)

The audit committee performs the functions specified by section 201B(5) of the Act. Among other functions, it performed the following:

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

Other functions performed by the audit committee are described in the report on corporate governance included in the annual report of the Company. It also includes an explanation of how independent auditor objectivity and independence is safeguarded where the independent auditor provide non-audit services.

The audit committee has recommended to the board of directors that the independent auditor, RSM Chio Lim LLP, be nominated for re-appointment as independent auditor at the next annual general meeting of the Company.

8. Directors' opinion on the adequacy of internal controls

Based on the internal controls established and maintained by the Company, work performed by the internal and external auditors, and reviews performed by management, other committees of the board and the board, the audit committee and the board are of the opinion that the Company's internal controls, addressing financial, operational and compliance risks, are adequate as at the end of the reporting year 31 December 2019.

STATEMENT BY DIRECTORS

9. Subsequent developments

There are no significant developments subsequent to the release of the Group's and the Company's preliminary financial statements, as announced on 27 February 2019, which would materially affect the Group's and the Company's operating and financial performance as of the date of this report.

On behalf of the directors

………………………………………………..	………………………………………………..
Dr Ng Chin Siau	Dr Ang Ee Peng Raymond
Director	Director

6 April 2020

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of Q & M Dental Group (Singapore) 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 statement of changes in equity of the Company for the reporting year then ended, and notes to the financial statements, including accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and 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 reporting year ended on that date.

Basis for opinion

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

Key audit matters

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

(a) <u>Assessment of impairment of goodwill</u>

Please refer to Note 2A "Goodwill", "Impairment of non-financial assets" for relevant accounting policies, Note 2C "Assessment of impairment of goodwill", for discussion of significant accounting estimates, and Note 16A "Goodwill" for the key assumptions used in impairment testing of goodwill.

<u>Key audit matter</u>

The carrying value of goodwill amounted to $51,675,000 and accounted for approximately 17% of the Group's total assets as at the end of the reporting year.

The goodwill arose from the acquisition of subsidiaries. The amount is allocated to certain cash-generating units ("CGUs") as at 31 December 2019. These CGUs are assessed for impairment annually. Management applies the value-in-use method to determine the recoverable amount of goodwill. The value-in-use calculation requires the Group to estimate the future cash flows arising from the CGUs and an appropriate discount rate in order to calculate the present value of the recoverable amount of each CGUs. Any shortfall of the recoverable amounts against the carrying amounts would be recognised as impairment losses in profit or loss.

Management determined the recoverable amounts based on the forecasted revenue, terminal growth rates and discount rates using presently available information. These estimates require judgement and the determination of the recoverable amounts is a key focus area for our audit.

Key audit matters (cont'd)

(a) Assessment of impairment of goodwill (cont'd)

How we addressed the matter in our audit

We discussed with management the process over the determination of the forecasted revenue, terminal growth rates and discount rates. As the assessment process is judgmental and is based on assumptions that are affected by expected future market or economic conditions, our audit procedures included, among others, using our in-house valuation specialists to assist us in evaluating the assumptions and methodologies used by management.

We assessed management's estimates applied in the value-in-use models based on our knowledge of the CGUs' operations, and compared them against historical forecasts and performance and industry benchmarks. Our in-house valuation specialists also performed a review of the management's methodology, expectations and the discount rates used in the impairment assessment and tested the accuracy of the computations.

We also assessed the adequacy of the Group's disclosures about those assumptions to which the outcome of the impairment test is most sensitive, that is, those that have the most significant effect on the determination of the recoverable amount of goodwill.

(b) Assessment of impairment of investment in subsidiaries and receivables from subsidiaries

Please refer to Note 2A "Subsidiaries", "Impairment of non-financial assets" for relevant accounting policies, Note 2C "Measurement of impairment of subsidiaries", "Allowance for trade receivables" and "Allowance for other receivables" for discussion of significant accounting estimates, and Notes 14 and 19 on "Investment in subsidiaries", and "Trade and other receivables" for the key assumptions used in impairment testing of investment in subsidiaries and receivables from subsidiaries respectively.

Key audit matter

The net cost of investment and receivables from subsidiaries amounted to $75,545,000 and $82,620,000 respectively as at 31 December 2019. The total net carrying amount of the investments and receivables accounted for 77% of the Company's total assets as at the end of the reporting year. As the balances are significant, they are a key focus area for our audit.

For the non-performing subsidiaries or if they have net equity deficit, the Company will have exposure to loss on cost of investments and receivables from the subsidiaries. Any impairment losses on the investment in subsidiaries and the related receivables have to be recognised in the Company's separate financial statements.

Management made a comparison of carrying values of the subsidiaries with the Company's share of net assets or liabilities of the subsidiaries to identify indicators of impairment loss on these investments and related receivables.

For the investment in subsidiaries associated with the goodwill, management applies the same value-in-use method used for goodwill impairment assessment to determine the recoverable amount of investments and related receivables.

How we addressed the matter in our audit

We reviewed and considered management's assessment on the net assets or liabilities of these subsidiaries. We also assessed management's basis to determine potential impairment of the investments and related receivables. We also had discussions with management on the prospects and future plans of these subsidiaries.

We assessed management's estimates applied in the value-in-use models based on our knowledge of the CGU's operations, and compared them against historical forecasts and performance and industry benchmarks. Our in-house valuation specialists also performed a review of the management's methodology, expectations and the discount rates used in the impairment assessment and tested the accuracy of the computations.

We also assessed the adequacy of the disclosures about those assumptions made in the financial statements.

Key audit matters (cont'd)

(c) Assessment of significant influence over the investment in the investee, Aidite (Qinhuangdao) Technology Co., Ltd ("Aidite Qinhuangdao"), and the recorded gain on the partial disposal of its interest in Aidite Qinhuangdao

Please refer to Note 2A "Associates" for relevant accounting policies, Note 2C "Equity accounting of investment in Aidite (Qinhuangdao) Technology Co., Ltd as an associate" for discussion of significant accounting estimates, and Notes 9 and 15 on "Other gains and (other losses)" and "Investment for associates" for the recorded gain on the partial disposal of the Group's interest in Aidite Qinhuangdao and the key assumptions used in the assessment of the Group's significant influence over Aidite Qinhuangdao.

Key audit matter

As disclosed in Note 2C, management assessed whether the Group continued to have significant influence over Aidite Qinhuangdao. Management reviewed the Group's ability to participate in the financial and operating decisions of Aidite Qinhuangdao and concluded that the Group could continue to account Aidite Qinhuangdao as an associate. Consequently, the Group recognised a gain of $11,612,000 on the partial disposal of its interest in Aidite Qinhuangdao for the reporting year ended 31 December 2019.

How we addressed the matter in our audit

We reviewed management's basis for assessing and determining whether the Group continued to have significant influence over the investee, Aidite Qinhuangdao, following the Group's partial disposal of its interest in Aidite Qinhuangdao. We read the shareholders agreement which stipulates that the Group has one seat on the board of Aidite Qinhuangdao and the Group is able to participate in all significant financial and operating decisions by virtue of the board representation of the Group.

We also reviewed management's assessment on the completion of the Group's partial disposal of its interest, verified the sale consideration to the Share Transfer Agreement, the receipt of the sale consideration and the Group's calculation of the gain on the partial disposal.

We also assessed the adequacy of the disclosures about the assessment made in the financial statements.

Other information

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

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

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

Responsibilities of management and directors for the financial statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

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

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

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

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

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

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by 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 Tay Hui Jun, Sabrina.

RSM Chio Lim LLP
Public Accountants and
Chartered Accountants
Singapore

6 April 2020

Partner-in-charge of audit: effective from year ended 31 December 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year Ended 31 December 2019

	Notes	Group 2019 $'000	Group 2018 $'000 (Restated)
Revenue	5	127,963	120,808
Interest income		32	111
Other gains	9	11,685	590
Consumables, dental equipment and dental supplies used		(15,746)	(14,235)
Employee benefits expense	6	(77,142)	(70,580)
Depreciation and amortisation expense	13 and 16B	(3,281)	(3,306)
Depreciation of right-of-use assets	26	(11,452)	–
Rental expense		(172)	(12,866)
Finance costs	7	(4,407)	(2,635)
Other expenses	8	(8,853)	(7,464)
Other losses	9	(2,668)	(190)
Share of profit from equity-accounted associates	15	4,163	4,612
Profit before tax from continuing operations		20,122	14,845
Income tax expense	10	(1,941)	(760)
Profit from continuing operations, net of tax		18,181	14,085
Other comprehensive loss:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operation, net of tax		(221)	(1,051)
Other comprehensive loss for the year, net of tax		(221)	(1,051)
Total comprehensive income for the year		17,960	13,034
Profit attributable to owners of the parent, net of tax		17,984	14,012
Profit attributable to non-controlling interests, net of tax		197	73
Profit net of tax		18,181	14,085
Total comprehensive income attributable to owners of the parent		17,764	12,933
Total comprehensive income attributable to non-controlling interests		196	101
Total comprehensive income		17,960	13,034
Earnings per share			
Earnings per share currency unit		Cents	Cents
Basic – continuing operations	11	2.29	1.77
Diluted – continuing operations	11	2.29	1.77

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

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2019

		Group		Company	
	Notes	2019	2018	2019	2018
		$'000	$'000	$'000	$'000
ASSETS					
Non-current assets					
Property, plant and equipment	13	26,117	20,417	456	512
Right-of-use assets	26	49,486	–	44	–
Investment in subsidiaries	14	–	–	75,545	77,526
Investment in associates	15	42,026	77,444	32,468	32,468
Intangible assets	16	53,497	53,329	–	–
Other receivables	19	231	1,062	60	980
Other non-financial assets	20	9,403	10,756	4,277	–
Total non-current assets		180,760	163,008	112,850	111,486
Current assets					
Inventories	18	7,035	6,945	–	–
Trade and other receivables	19	87,315	16,653	87,405	46,079
Other non-financial assets	20	3,411	2,622	1,546	558
Cash and cash equivalents	21	27,253	24,924	2,517	2,653
Total current assets		125,014	51,144	91,468	49,290
Total assets		305,774	214,152	204,318	160,776
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	22	86,758	86,758	86,758	86,758
Treasury shares	22	(11,558)	(11,558)	(11,558)	(11,558)
Retained earnings		49,677	38,135	31,721	3,317
Other reserves	23	(2,904)	(2,684)	–	–
Equity attributable to owners of the parent		121,973	110,651	106,921	78,517
Non-controlling interests		1,157	1,035	–	–
Total equity		123,130	111,686	106,921	78,517
Non-current liabilities					
Provisions	25	597	638	–	–
Deferred tax liabilities	10	1,371	1,072	–	–
Finance liabilities – lease liabilities	26	39,946	–	–	–
Other financial liabilities	28	69,839	86,185	66,075	75,000
Total non-current liabilities		111,753	87,895	66,075	75,000
Current liabilities					
Income tax payable		1,024	110	–	84
Finance liabilities – lease liabilities	26	10,211	–	37	–
Trade and other payables	27	27,080	14,018	15,039	7,175
Other financial liabilities	28	32,576	443	16,246	–
Total current liabilities		70,891	14,571	31,322	7,259
Total liabilities		182,644	102,466	97,397	82,259
Total equity and liabilities		305,774	214,152	204,318	160,776

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

STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2019

Group:	Total equity $'000	Attributable to parent sub-total $'000	Share capital $'000	Retained earnings $'000	Treasury shares $'000	Other reserves $'000	Non-controlling interests $'000
Current year:							
Balance at 1 January 2019	111,686	110,651	86,758	38,135	(11,558)	(2,684)	1,035
Changes in equity:							
Total comprehensive income for the year	17,960	17,764	–	17,984	–	(220)	196
Dividends paid (Note 12)	(6,442)	(6,442)	–	(6,442)	–	–	–
Dividends paid to non-controlling interests	(74)	–	–	–	–	–	(74)
Closing balance at 31 December 2019	123,130	121,973	86,758	49,677	(11,558)	(2,904)	1,157
Previous year:							
Balance at 1 January 2018	113,867	112,909	86,758	34,591	(6,835)	(1,605)	958
Changes in equity:							
Total comprehensive income for the year	13,034	12,933	–	14,012	–	(1,079)	101
Share buyback (Note 22)	(4,723)	(4,723)	–	–	(4,723)	–	–
Dividends paid (Note 12)	(10,468)	(10,468)	–	(10,468)	–	–	–
Dividends paid to non-controlling interests	(24)	–	–	–	–	–	(24)
Closing balance at 31 December 2018	111,686	110,651	86,758	38,135	(11,558)	(2,684)	1,035

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

STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2019

Company:	Total equity $'000	Share capital $'000	Treasury shares $'000	Retained earnings $'000
Current year:				
Opening balance at 1 January 2019	78,517	86,758	(11,558)	3,317
Changes in equity:				
Total comprehensive income for the year	34,846	–	–	34,846
Dividends paid (Note 12)	(6,442)	–	–	(6,442)
Closing balance at 31 December 2019	106,921	86,758	(11,558)	31,721
Previous year:				
Opening balance at 1 January 2018	91,490	86,758	(6,835)	11,567
Changes in equity:				
Total comprehensive income for the year	2,218	–	–	2,218
Share buyback (Note 22)	(4,723)	–	(4,723)	–
Dividends paid (Note 12)	(10,468)	–	–	(10,468)
Closing balance at 31 December 2018	78,517	86,758	(11,558)	3,317

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2019

	Group	
	2019	2018
	$'000	$'000
Cash flows from operating activities		
Profit before tax	20,122	14,845
Adjustments for:		
Interest income	(32)	(111)
Interest expense	4,407	2,635
Depreciation of plant and equipment and amortisation expenses	3,281	3,306
Depreciation of right-of-use assets	11,452	–
Gain on disposal of plant and equipment, net	(9)	(3)
Gain on disposal of associates	(11,612)	(125)
Impairment of plant and equipment	6	–
Foreign exchange adjustment differences	(48)	(13)
Provisions	(41)	(5)
Plant and equipment written off	307	180
Share of profit from equity – accounted associates	(4,163)	(4,612)
Operating cash flows before changes in working capital	23,670	16,097
Inventories	(90)	(467)
Trade and other receivables	608	(981)
Other non-financial assets	(55)	48
Trade and other payables	4,549	(1,164)
Net cash flows from operations	28,682	13,533
Income taxes paid	(728)	(444)
Net cash flows from operating activities	27,954	13,089
Cash flows from investing activities		
Purchase of property, plant and equipment	(6,852)	(2,747)
Disposal of plant and equipment	372	405
Purchase of intangible assets	(425)	–
Trade and other receivables	496	(315)
Other non-financial assets	(2,539)	(2,975)
Other receivables, non-current	(89)	376
Acquisition of subsidiaries (Note 29)	(2,500)	(173)
Dividends received from associate (Notes 15 and 19)	2,222	327
Interest received	32	111
Net cash flows used in investing activities	(9,283)	(4,991)

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2019

	Group 2019 $'000	Group 2018 $'000
Cash flows used in financing activities		
Dividends paid to equity owners (Note 12)	(6,442)	(10,468)
Share buyback (Note 22)	–	(4,723)
Dividend paid to non-controlling interest	(74)	(24)
Lease liabilities – principal portion paid	(10,781)	–
Lease liabilities – interest paid	(1,561)	–
Proceed from term loans	5,320	60,000
Bill payables	191	(80)
Finance lease repayments	(4)	(2)
Repayment of medium term notes	–	(60,000)
Repayment of bank loans	(145)	(151)
Net movement in amount due to shareholder of associate	–	(2,131)
Interest paid	(2,846)	(2,635)
Net cash flows used in financing activities	(16,342)	(20,214)
Net increase (decrease) in cash and cash equivalents in continuing operations	2,329	(12,116)
Cash and cash equivalents, statement of cash flows, beginning balance of the year	24,924	37,040
Cash and cash equivalents, statement of cash flows, ending balance of the year (Note 21)	27,253	24,924

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

NOTES TO THE FINANCIAL STATEMENTS

1. General

The Company is incorporated in Singapore with limited liability. The financial statements are presented in Singapore dollars and they cover the Company (referred to as "parent") and the subsidiaries.

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

The principal activities of the Company are the provision of management and consultancy services and investment holding. It is listed on the Singapore Exchange Securities Trading Limited, ("SGX-ST").

The principal activities of the subsidiaries are described in the Note 14 to the financial statements.

The registered office is: 81, Science Park Drive, #02-04 The Chadwick Singapore 118257. The Company is situated in Singapore.

Statement of compliance with financial reporting standards

These financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)s") and the related Interpretations to SFRS(I) ("SFRS(I) INT") as issued by the Singapore Accounting Standards Council. They are in compliance with the provisions of the Companies Act, Chapter 50 and with the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB).

Accounting convention

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

Basis of preparation of the financial statements

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Apart from those involving estimations, management has made judgements in the process of applying the entity's accounting policies. The areas requiring management's most difficult, subjective or complex judgements, or areas where assumptions and estimates are significant to the financial statements, are disclosed at the end of this footnote, where applicable.

Basis of presentation

The consolidated financial statements include the financial statements made up to the end of the reporting year of the Company and all of its subsidiaries. The consolidated financial statements are the financial statements of the Group (the parent and its subsidiaries) presented as those of a single economic entity and are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All significant intragroup balances and transactions are eliminated on consolidation. Subsidiaries are consolidated from the date the reporting entity obtains control of the investee and cease when the reporting entity loses control of the investee.

1. General (cont'd)

Basis of presentation (cont'd)

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

The Company's separate financial statements have been prepared on the same basis, and as permitted by the Companies Act, Chapter 50, the Company's separate statement of profit or loss and other comprehensive income is not presented.

2. Significant accounting policies and other explanatory information

2A. Significant accounting policies

Revenue recognition

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

Services – Revenue from service orders are 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.

Sale of goods – Revenue 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).

Rental income is recognised from operating leases as income on either a straight-line basis or another systematic basis which is used if that basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished.

Other income

Interest income is recognised using the effective interest method. Dividend from equity instruments is recognised in profit or loss only when the entity's right to receive payment of the dividend is established; it is probable that the economic benefits associated with the dividend will flow to the entity; and the amount of the dividend can be measured reliably. This is usually ex-dividend date for quoted shares.

2. Significant accounting policies and other explanatory information (cont'd)

2A. 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.

Employee benefits

Contributions to a defined contribution retirement benefit plan are recorded as an expense as they fall due. The entity's legal or constructive obligation is limited to the amount that it is obligated to contribute to an independently administered fund (such as the Central Provident Fund in Singapore, a government managed defined contribution retirement benefit plan). For employee leave entitlement the expected cost of short-term employee benefits in the form of compensated absences is recognised in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences; and in the case of non-accumulating compensated absences, when the absences occur. A liability for bonuses is recognised where the entity is contractually obliged or where there is constructive obligation based on past practice.

Share-based compensation

Benefits to employees are also provided in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ("equity-settled transactions"). The fair value of the employee services rendered is measured by reference to the fair value of the shares awarded or rights granted, excluding the impact of any non-market vesting conditions. These are fair valued based on the market price of the entity's shares (or an estimated market price, if the entity's shares are not publicly traded). This fair value amount is charged to profit or loss over the vesting period of the share-based payment scheme, with the corresponding increase in equity. The value of the charge is adjusted in profit or loss over the remainder of the vesting period to reflect expected and actual quantities vesting, with the corresponding adjustment made in equity. Cancellations of grants of equity instruments during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied) are accounted for as an acceleration of vesting, therefore any amount unrecognised that would otherwise have been charged is recognised immediately in profit or loss.

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 rate method.

Foreign currency transactions

The functional currency is the Singapore dollars as it reflects the primary economic environment in which the entity operates. Transactions in foreign currencies are recorded in the functional currency at the rates ruling at the dates of the transactions. At each end of the reporting year, recorded monetary balances and balances measured at fair value that are denominated in non-functional currencies are reported at the rates ruling at the end of the reporting year and fair value measurement dates respectively. All realised and unrealised exchange adjustment gains and losses are dealt with in profit or loss except when a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. The presentation is in the functional currency.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Translation of financial statements of other entities

Each entity in the Group determines the appropriate functional currency as it reflects the primary economic environment in which the relevant reporting entity operates. In translating the financial statements of such an entity for incorporation in the consolidated financial statements in the presentation currency the assets and liabilities denominated in other currencies are translated at end of the reporting year rates of exchange and the income and expense items for each statement presenting profit or loss and other comprehensive income are translated at average rates of exchange for the reporting year. The resulting translation adjustments (if any) are recognised in other comprehensive income and accumulated in a separate component of equity until the disposal of that relevant reporting entity.

Income tax

The income taxes are accounted using the asset and liability method that requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequence of events that have been recognised in the financial statements or tax returns. The measurements of current and deferred tax liabilities and assets are based on provisions of the enacted or substantially enacted tax laws; the effects of future changes in tax laws or rates are not anticipated. Tax expense (tax income) is the aggregate amount included in the determination of profit or loss for the reporting year in respect of current tax and deferred tax. Current and deferred income taxes are recognised as income or as an expense in profit or loss unless the tax relates to items that are recognised in the same or a different period outside profit or loss. For such items recognised outside profit or loss the current tax and deferred tax are recognised (a) in other comprehensive income if the tax is related to an item recognised in other comprehensive income and (b) directly in equity if the tax is related to an item recognised directly in equity. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same income tax authority. The carrying amount of deferred tax assets is reviewed at each end of the reporting year and is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realised. A deferred tax amount is recognised for all temporary differences, unless the deferred tax amount arises from the initial recognition of an asset or liability in a transaction which (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). A deferred tax liability or asset is recognised for all taxable temporary differences associated with investments in subsidiaries and associates except where the reporting entity is able to control the timing of the reversal of the taxable temporary difference and it is probable that the taxable temporary difference will not reverse in the foreseeable future or for deductible temporary differences, they will not reverse in the foreseeable future and they cannot be utilised against taxable profits.

Property, plant and equipment

Property, plant and equipment are carried at cost on initial recognition and after initial recognition at cost less any accumulated depreciation and any accumulated impairment losses. Depreciation is provided on a straight-line basis to allocate the gross carrying amounts of the assets less their residual values over their estimated useful lives of each part of an item of these assets. The annual rates of depreciation are as follows:

Leasehold improvements	–	10% - 15%
Furniture and fittings and equipment	–	10% - 40%
Leasehold property	–	Over the terms of lease that is 1.25% - 1.45%
Motor vehicle	–	10% - 25%

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

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Property, plant and equipment (cont'd)

The gain or loss arising from the derecognition of an item of property, plant and equipment is recognised in profit or loss. The residual value and the useful life of an asset is reviewed at least at each end of the reporting year and, if expectations differ significantly from previous estimates, the changes are accounted for as a change in an accounting estimate, and the depreciation charge for the current and future periods are adjusted.

Cost also includes acquisition cost, borrowing cost capitalised and any cost directly attributable to bringing the asset or component to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent cost are recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss when they are incurred.

Cost includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period. See Note 25 on non-current provisions.

Right-of-use assets

The right-of-use assets are accounted and presented as if they were owned such as property, plant and equipment. The right-of-use assets are depreciated over 1 to 6 years.

Leases as lessee

A lease is a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. A right-of-use asset is capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. A liability corresponding to the capitalised lease is also recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. The right-of-use asset is depreciated over the earlier of the end of the useful life of the right-of-use asset or the end of the lease term and an interest expense on the recognised lease liability (included in finance costs). For short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office equipment) where an accounting policy choice exists under the lease standard, the lease payments are expensed to profit or loss as incurred on a straight-line basis over the remaining lease term.

Leases of lessor

As a lessor the reporting entity classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset and it is presented in its statement of financial position as a receivable at an amount equal to the net investment in the lease. For a finance lease the finance income is recognised over the lease term, based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. Lease receipts from operating leases are recognised as income on either a straight-line basis or another systematic basis over the term of the lease.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Intangible assets

An identifiable non-monetary asset without physical substance is recognised as an intangible asset at acquisition cost if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. After initial recognition, an intangible asset with finite useful life is carried at cost less any accumulated amortisation and any accumulated impairment losses. An intangible asset with an indefinite useful life is not amortised. An intangible asset is regarded as having an indefinite useful life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity.

The amortisable amount of an intangible asset with finite useful life is allocated on a systematic basis over the best estimate of its useful life from the point at which the asset is ready for use. The useful life is as follows:

Customer lists	–	2 - 10 years

Development costs are typically internally generated intangible assets. Costs incurred in relation to individual projects are capitalised only when the future economic benefit of the project is probable and the following main conditions are met: (i) the development costs can be measured reliably, (ii) the technical feasibility of the product has been ascertained and (iii) therefore it is the intention of management to complete the intangible asset and use or sell it.

Identifiable intangible assets acquired as part of a business combination are initially recognised separately from goodwill if the asset's fair value can be measured reliably, irrespective of whether the asset had been recognised by the acquiree before the business combination. An intangible asset is considered identifiable only if it is separable or if it arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

Subsidiaries

A subsidiary is an entity including unincorporated and special purpose entity that is controlled by the reporting entity and the reporting entity is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The existence and effect of substantive potential voting rights that the reporting entity has the practical ability to exercise (that is, substantive rights) are considered when assessing whether the reporting entity controls another entity.

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

Associates

An associate is an entity including an unincorporated entity in which the reporting entity has a significant influence and that is neither a subsidiary nor a joint arrangement of the reporting entity. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. An investment in an associate includes goodwill on acquisition, which is accounted for in accordance with the financial reporting standard on business combinations. However the entire carrying amount of the investment is tested under the financial reporting standard on impairment, by comparing its recoverable amount (higher of value in use and fair value) with its carrying amount, whenever application of the requirements in the financial reporting standard on financial instruments indicates that the investment may be impaired.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Associates (cont'd)

In the consolidated financial statements, the accounting for investments in an associate is on the equity method. Under the equity method the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the investor's share of the investee's net assets. The carrying value and the net book value of the investment in the associate are not necessarily indicative of the amounts that would be realised in a current market exchange. The investor's profit or loss includes its share of the investee's profit or loss and the investor's other comprehensive income includes its share of the investee's other comprehensive income. Losses of an associate in excess of the reporting entity's interest in the relevant associate are not recognised except to the extent that the reporting entity has an obligation. Profits and losses resulting from transactions between the reporting entity and an associate are recognised in the financial statements only to the extent of unrelated reporting entity's interests in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates are changed where necessary to ensure consistency with the policies adopted by the reporting entity. The reporting entity discontinues the use of the equity method from the date that when its investment ceases to be an associate and accounts for the investment in accordance with the financial reporting standard on financial instruments from that date.

Any gain or loss is recognised in profit or loss. Any investment retained in the former associate is measured at fair value at the date that it ceases to be an associate.

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

Business combinations

Business combinations are accounted for by applying the acquisition method.

A business combination is transaction or other event which requires that the assets acquired and liabilities assumed constitute a business. It is accounted for by applying the acquisition method of accounting. The cost of a business combination includes the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquiree. The acquisition-related costs are expensed in the periods in which the costs are incurred and the services are received except for any costs to issue debt or equity securities are recognised in accordance with the financial reporting standard on financial instruments. As of the acquisition date, the acquirer recognises, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree measured at acquisition-date fair values as defined in and that meet the conditions for recognition under the financial reporting standard on business combinations. If there is gain on bargain purchase, for the gain on bargain purchase a reassessment is made of the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the business combination and any excess remaining after this reassessment is recognised immediately in profit or loss.

Where the fair values are measured on a provisional basis they are finalised within one year from the acquisition date with consequent retrospective changes to the amounts recognised at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognised as of that date.

Goodwill and fair value adjustments resulting from the application of purchase accounting at the date of acquisition are treated as assets and liabilities of the foreign entity and are recorded at the exchange rates prevailing at the acquisition date and are subsequently translated at the period end exchange rate.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Non-controlling interests

The non-controlling interest is equity in a subsidiary not attributable, directly or indirectly, to the reporting entity as the parent. The non-controlling interest is presented in the consolidated statement of financial position within equity, separately from the equity of the owners of the parent. For each business combination, any non-controlling interest in the acquiree (subsidiary) is initially measured either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Where the non-controlling interest is measured at fair value, the valuation techniques and key model inputs used are disclosed in the relevant Note. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Goodwill

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

After initial recognition, goodwill acquired in a business combination is measured at cost less any accumulated impairment losses. Goodwill is not amortised. Irrespective of whether there is any indication of impairment, goodwill (and also an intangible asset with an indefinite useful life or an intangible asset not yet available for use) are tested for impairment, at least annually. Goodwill impairment is not reversed in any circumstances.

For the purpose of impairment testing and since the acquisition date of the business combination, goodwill is allocated to each cash-generating unit, or groups of cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree were assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated represent the lowest level within the entity at which the goodwill is monitored for internal management purposes and is not larger than a segment.

Inventories

Inventories are measured at the lower of cost (first in first out method) and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Impairment of non-financial assets

Irrespective of whether there is any indication of impairment, an annual impairment test is performed at the same time every year on an intangible asset with an indefinite useful life or an intangible asset not yet available for use. The carrying amount of other non-financial assets is reviewed at each end of the reporting year for indications of impairment and where an asset is impaired, it is written down through profit or loss to its estimated recoverable amount. The impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in profit or loss. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. When the fair value less costs of disposal method is used, any available recent market transactions are taken into consideration. When the value in use method is adopted, in assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). At each end of the reporting year non-financial assets other than goodwill with impairment loss recognised in prior periods are assessed for possible reversal of the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been measured, net of depreciation or amortisation, if no impairment loss had been recognised.

Financial instruments

Recognition and derecognition of financial instruments:

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the entity becomes party to the contractual provisions of the instrument. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised and derecognised, as applicable, using trade date accounting or settlement date accounting. A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the entity neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

A financial liability is removed from the statement of financial position when, and only when, it is extinguished, that is, when the obligation specified in the contract is discharged or cancelled or expired. At initial recognition the financial asset or financial liability is measured at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Classification and measurement of financial assets:

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

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

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Financial instruments (cont'd)

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

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

Classification and measurement of financial liabilities:

Financial liabilities are classified as at fair value through profit or loss (FVTPL) in either of the following circumstances: (1) the liabilities are managed, evaluated and reported internally on a fair value basis; or (2) the designation eliminates or significantly reduces an accounting mismatch that would otherwise arise. All other financial liabilities are carried at amortised cost using the effective interest method. Reclassification of any financial liability is not permitted.

Cash and cash equivalents

Cash and cash equivalents include bank and cash balances, on demand deposits and any highly liquid debt instruments purchased with an original maturity of three months or less. For the statement of cash flows the item includes cash and cash equivalents less cash subject to restriction and bank overdrafts payable on demand that form an integral part of cash management.

Fair value measurement

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

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

The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value. The fair values of non-current financial instruments may not be disclosed separately unless there are significant differences at the end of the reporting year and in the event the fair values are disclosed in the relevant notes to the financial statements.

2. Significant accounting policies and other explanatory information (cont'd)

2B. Other explanatory information

Segment reporting

The reporting entity discloses financial and descriptive information about its consolidated reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, financial information is reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

Provisions

A liability or provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. A provision is made using best estimates of the amount required in settlement and where the effect of the time value of money is material, the amount recognised is the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. Changes in estimates are reflected in profit or loss in the reporting year they occur.

Treasury shares

Where the entity reacquires its own equity instruments as treasury shares, the consideration paid, including any directly attributable incremental cost is deducted from equity attributable to the entity's owners until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the entity's owners and no gain or loss is recognised in profit or loss.

2C. Critical judgements, assumptions and estimation uncertainties

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

Assessment of impairment of goodwill:

An assessment is made annually whether goodwill has suffered any impairment loss. The assessment process is judgmental and is based on assumptions that are affected by expected future market or economic conditions. Judgement is required in identifying the cash-generating units ("CGU") and the use of estimates as disclosed in Note 16. Actual outcomes could vary from these estimates.

2. Significant accounting policies and other explanatory information (cont'd)

2C. Critical judgements, assumptions and estimation uncertainties (cont'd)

Measurement of impairment of subsidiaries:

Where an investee is in net equity deficit and or has suffered losses a test is made whether the investment in the investee and/or receivables from the investee has suffered any impairment. This measurement requires significant judgement. An estimate is made of the future profitability of the investee, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, and operational and financing cash flow. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the asset or liability affected. The carrying amount of the specific asset or liability (or class of assets or liabilities) at the end of the reporting year affected by the assumption is $3,037,000.

Measurement of impairment of associates:

If the investment is traded in an active market, management uses available market price to assess whether there is any indication of impairment. If the investment is not traded in an active market, management uses latest transacted price or value-in-use method to determine recoverable amount of the investment. The assessment process is judgmental and is based on assumptions that are affected by expected future market or economic conditions. Judgement is required in identifying the cash-generating units ("CGU") and the use of estimates as disclosed in Note 15. Actual outcomes could vary from these estimates.

Equity accounting of investment in Aidite (Qinhuangdao) Technology Co., Ltd ("Aidite Qinhuangdao") as an associate:

On 20 December 2019, the Group has completed its disposal of 27% interest in Aidite Qinhuangdao. Following the partial disposal of its interest, the Group's effective interest in Aidite Qinhuangdao has reduced from 36.19% to 9.19%. Management has assessed that although the Group now owns only 9.19% of the voting power of Aidite Qinhuangdao, the investee is regarded as an associate because under the shareholders agreement, the Group is guaranteed one seat on the board of the investee and the Group is able to participate in all significant financial and operating decisions of the investee. Therefore the Group is able to exercise significant influence over Aidite Qinhuangdao by virtue of the shareholders agreement. Consequently, the Group has continued to account for Aidite Qinhuangdao as an associate and the Group has recognised a gain of $11,612,000 on the partial disposal of its interest in Aidite Qinhuangdao for the reporting year ended 31 December 2019. Refer to Note 15 on investment in associates for more information. An assessment will be made annually whether the Group has significant influence over the investment in associate.

Net realisable value of inventories:

A review is made on inventory for excess inventory and declines in net realisable value below cost and an allowance is recorded against the inventory balance for any such declines. The review requires management to consider the future demand for the products. In any case the realisable value represents the best estimate of the recoverable amount and is based on the acceptable evidence available at the end of the reporting year and inherently involves estimates regarding the future expected realisable value. The usual considerations for determining the amount of allowance or write-down include ageing analysis, technical assessment and subsequent events. In general, such an evaluation process requires significant judgement and materially affects the carrying amount of inventories at the end of the reporting year. Possible changes in these estimates could result in revisions to the stated value of the inventories. The carrying amount of inventories at the end of the reporting year is disclosed in the Note 18 on inventories.

2. Significant accounting policies and other explanatory information (cont'd)

2C. Critical judgements, assumptions and estimation uncertainties (cont'd)

Income tax amounts:

The entity recognises tax liabilities and assets tax based on an estimation of the likely taxes due, which requires significant judgement as to the ultimate tax determination of certain items. Where the actual amount arising from these issues differs from these estimates, such differences will have an impact on income tax and deferred tax amounts in the period when such determination is made. In addition management judgement is required in determining the amount of current and deferred tax recognised and the extent to which amounts should or can be recognised. A deferred tax asset is recognised for unused tax losses if it is probable that the entity will earn sufficient taxable profit in future periods to benefit from a reduction in tax payments. This involves the management making assumptions within its overall tax planning activities and periodically reassessing them in order to reflect changed circumstances as well as tax regulations. As a result, due to their inherent nature assessments of likelihood are judgmental and not susceptible to precise determination. The income tax amounts are disclosed in the Note 10 on income tax.

Allowance for trade receivables:

The trade receivables are subject to the expected credit loss model under the financial reporting standard on financial instruments. The expected lifetime losses are recognised from initial recognition of these assets. These assets are grouped based on shared credit risk characteristics and the days past due for measuring the expected credit losses. The estimate is based on its historical observed default rates (over a period of certain months) over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The loss allowance was determined accordingly. The carrying amounts might change materially within the next reporting year but these changes may not arise from assumptions or other sources of estimation uncertainty at the end of the reporting year. The carrying amount is disclosed in the Note 19 on trade and other receivables.

Allowance for other receivables:

These other receivables are subject to the expected credit loss model under the financial reporting standard on financial instruments. At the end of the reporting year a loss allowance is recognised at an amount equal to 12 month expected credit losses because there has not been a significant increase in credit risk since initial recognition. At each subsequent reporting date, an evaluation is made whether there is a significant change in credit risk by comparing the debtor's credit risk at initial recognition (based on the original, unmodified cash flows) with the credit risk at the reporting date (based on the modified cash flows). Adjustment to the loss allowance is made for any increase or decrease in credit risk. The carrying amounts might change materially within the next reporting year but these changes may not arise from assumptions or other sources of estimation uncertainty at the end of the reporting year. The carrying amount is disclosed in the Note 19 on trade and other receivables.

Sign-on bonuses:

The Group entered into service agreements with certain of its dentists. Certain of these service agreements include sign-on bonuses that are paid to the dentists concerned. The carrying value of the deferred sign-on bonuses is $6,612,000 at the end of the reporting year. An assessment is made at each reporting date whether there is any indication that the asset may be impaired. If any such indication exists, an estimate is made of the recoverable amount of the asset. The recoverable amounts are determined for each relevant dentist based on calculations of future profitability generated by the dentist concerned. These calculations require the use of estimates. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require an adjustment to the carrying amount of the balances affected.

2. Significant accounting policies and other explanatory information (cont'd)

2C. Critical judgements, assumptions and estimation uncertainties (cont'd)

Useful lives of property, plant and equipment:

The estimates for the useful lives and related depreciation charges for property, plant and equipment is based on commercial and other factors which could change significantly as a result of innovations and in response to market conditions. The depreciation charge is increased where useful lives are less than previously estimated lives, or the carrying amounts written off or written down for technically obsolete items or assets that have been abandoned. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the balances affected. The carrying amount of the specific asset (or class of assets) of the Group at the end of the reporting year affected by the assumption are $26,117,000.

In addition, included in property, plant and equipment of the Group are furniture and fittings and leasehold improvements with a carrying amount of $5,521,000 as at end of the reporting year. Management has depreciated the furniture and fittings on a straight-line basis over their estimated useful lives of 10 years. The terms of the leases for the Group's premises may however be less than 10 years. Management has assumed the Group will be able to renew the terms of its leases on their expiry and hence the estimated useful lives for furniture and fittings of 10 years is appropriate. In the event the Group is not able to renew the terms of its various leases and the Group vacates the relevant premises, the carrying value of furniture and fittings related to the vacated premises would have to be fully impaired.

Assessment of impairment of right-of-use assets:

An assessment is made for the reporting year whether there is any indication that the asset may be impaired. If any such indication exists, an estimate is made of the recoverable amount of the asset. The recoverable amounts of cash-generating units if applicable is measured based on the fair value less costs of disposal or value in use calculations. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the balances affected. The carrying amount of the specific asset or class of assets at the end of the reporting year affected by the assumption is $49,486,000.

3. Related party relationships and transactions

The financial reporting standard on related party disclosures requires the reporting entity to disclose: (a) transactions with its related parties; and (b) relationships between parents and subsidiaries irrespective of whether there have been transactions between those related parties. A party is related to a party if the party controls, or is controlled by, or can significantly influence or is significantly influenced by the other party.

The ultimate controlling party is Dr Ng Chin Siau, a director and significant shareholder.

3A. Members of a group:

Name	Relationship	Country of incorporation
Quan Min Holdings Pte. Ltd.	Immediate parent company and ultimate parent company	Singapore

Related companies in these financial statements include the members of the above group of companies. Associates also include those that are associates of members of the Group.

3. Related party relationships and transactions (cont'd)

3B. Related party transactions:

There are transactions and arrangements between the reporting entity and related parties and the effects of these on the basis determined between the parties are reflected in these financial statements. The related party balances and transfer of resources, services or obligations if any are unsecured, without fixed repayment terms and interest or charge unless stated otherwise.

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

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

Significant related party transactions:

	Directors of Company	
	2019	2018
	$'000	$'000
Group		
Rental expense	56	68

	Other related parties	
	2019	2018
	$'000	$'000
Rental expense [(a)]	90	162

(a) Rental expense paid to the associates of the directors, director of subsidiary, principal shareholders and their connected companies.

3C. Key management compensation:

	Group	
	2019	2018
	$'000	$'000
Salaries and other short-term employee benefits	2,534	1,722

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

	Group	
	2019	2018
	$'000	$'000
Remuneration of directors of the Company	1,712	710
Fees to directors of the Company	192	183

3. Related party relationships and transactions (cont'd)

3C. Key management compensation: (cont'd)

Further information about the remuneration of individual directors is provided in the report on corporate governance.

Key management personnel are the directors and those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly.

The above amounts for key management compensation are for all the directors and other key management personnel. The amounts also include fees paid to directors for dental services rendered in their capacity as dentists.

4. Financial information by operating segments

4A. Information about reportable segment profit or loss, assets and liabilities

Disclosure of information about operating segments, products and services, the geographical areas, and the major customers are made as required by the financial reporting standard on operating segments. This disclosure standard has no impact on the reported financial performance or financial position of the reporting entity.

For management purpose the reporting entity is organised into the following major strategic operating segments that offer different products and services: (1) primary healthcare and (2) dental equipment and supplies distribution. Such a structural organisation is determined by the nature of risks and returns associated with each business segment and it defines the management structure as well as the internal reporting system. It represents the basis on which the management reports the primary segment information that is available and that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing the performance. They are managed separately because each business requires different strategies.

The following summary describes the operations in each of the Group's operating segments:

(1) Primary healthcare comprising dentistry, family medicine, aesthetic services and others.

(2) Dental equipment and supplies distribution comprising distribution of dental supplies and equipment.

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.

Performance is measured based on segment results before allocation of share of profit from equity-accounted associates, one-off gains or expenses and income tax, as included in the internal management reports. Segment results is used to measure performance as management believes that such information is the most relevant in evaluating the results of the operating segments relative to other entities that operate in similar industries.

The following tables illustrate the information about the reportable segment profit or loss, assets and liabilities.

The information on each product and service or each group of similar products and services is below and in Note 5.

4. Financial information by operating segments (cont'd)

4B. Profit or loss

	Group	
	2019	2018
	$'000	$'000 (Restated)
Segment revenue		
Primary healthcare	119,156	112,587
Dental equipment and supplies distribution	8,807	8,221
Total revenue	127,963	120,808

	Group	
	2019	2018
	$'000	$'000
Segment results		
Primary healthcare	7,026	10,257
Dental equipment and supplies distribution	(644)	(415)
Gain on disposal of associate	11,612	125
Impairment on assets – (loss) reversal	(2,035)	266
Share of profit from equity – accounted associates	4,163	4,612
Profit before tax	20,122	14,845
Income tax expense	(1,941)	(760)
Profit, net of tax	18,181	14,085

4C. Assets and reconciliation

	Group	
	2019	2018
	$'000	$'000
Segment assets		
Primary healthcare	257,312	129,984
Dental equipment and supplies distribution	6,436	6,724
Unallocated – investment in associates	42,026	77,444
Total Group assets	305,774	214,152

4D. Liabilities and reconciliation

	Group	
	2019	2018
	$'000	$'000
Segment liabilities		
Primary healthcare	180,525	100,812
Dental equipment and supplies distribution	2,119	1,654
Total Group liabilities	182,644	102,466

4. Financial information by operating segments (cont'd)

4E. Other material items and reconciliations

	Group 2019 $'000	Group 2018 $'000
Impairment of assets – (loss) reversal		
Primary healthcare	(1,801)	266
Dental equipment and supplies distribution	(234)	–
Total	(2,035)	266
Expenditure for non-current assets		
Primary healthcare	9,689	2,905
Dental equipment and supplies distribution	144	4
Total	9,833	2,909
Depreciation		
Primary healthcare	2,978	3,002
Dental equipment and supplies distribution	47	42
Total	3,025	3,044
Amortisation		
Primary healthcare	256	262
Finance costs		
Primary healthcare	4,405	2,635
Dental equipment and supplies distribution	2	–
Total	4,407	2,635

4F. Geographical information

	Group 2019 $'000	Group 2018 $'000 (Restated)
Revenue		
Singapore	116,591	110,975
Malaysia	9,801	8,202
China	1,571	1,631
Total	127,963	120,808

	2019 $'000	2018 $'000
Non-current assets		
Singapore	131,635	74,881
Malaysia	4,510	2,937
China	44,615	85,190
Total	180,760	163,008

4. Financial information by operating segments (cont'd)

4F. Geographical information (cont'd)

Revenues are attributed to countries on the basis of the customer's location, irrespective of the origin of the goods and services. The non-current assets are analysed by the geographical area in which the assets are located.

There is no single customer that contributed more than 10% of each segment.

5. Revenue

	Group	
	2019	2018
	$'000	$'000 (Restated)
Rendering of services	115,975	110,596
Sale of goods	8,750	8,101
Profit guarantee income	2,278	921
Rental income (Note 30)	674	864
Other income	286	326
Total revenue	127,963	120,808

The revenue is primarily from rendering services and sales of goods. A majority of revenue is recognised based on point in time. The customers for the primary healthcare segment are mainly individuals, whereas the customers for the dental equipment and supplies distribution segment are mainly private dental clinics (see Note 4).

Profit guarantee income is recognised when there is a shortfall between the profit amount guaranteed by the vendors/ shareholders of the subsidiaries and the actual performance of the acquired subsidiaries.

6. Employee benefits expense

	Group	
	2019	2018
	$'000	$'000
Short term employee benefits expense	73,980	67,557
Contributions to defined contribution plan	2,744	2,626
Share-based payments: equity settled (Note 24)	40	–
Other benefits	378	397
Total employee benefits expense	77,142	70,580

Employee benefits expense includes fees paid to dentists for dental services rendered. The fees paid are at certain pre-agreed percentages of fee revenue earned from patients.

7. Finance costs

	Group	
	2019	2018
	$'000	$'000
Interest expense	2,846	2,635
Interest on lease liabilities (Note 26)	1,561	–
Total finance costs	4,407	2,635

8. Other expenses

The major components and other selected components include the following:

	Group	
	2019	2018
	$'000	$'000
Legal and professional fees	1,994	776
NETS and credit card transaction charges	1,481	1,436
Repair and maintenance	984	952
Utilities	611	560

9. Other gains and (other losses)

	Group	
	2019	2018
	$'000	$'000
		(Restated)
Bad debts written off on other receivables	(180)	–
Bad debts written off on trade receivables	(160)	–
Enhanced special employment credit	64	186
Foreign exchange adjustment losses	(27)	(10)
Gain on disposal of associate	11,612	125
Gain on disposal of plant and equipment, net	9	3
Impairment of other receivables – (loss) reversal (Note 19)	(1,505)	266
Impairment of trade receivables – loss (Note 19)	(79)	–
Impairment of plant and equipment (Note 13)	(6)	–
Impairment of inventories (Note 18)	(105)	–
Plant and equipment written off	(307)	(180)
Productivity and innovation credits	(299)	10
Net	9,017	400
Presented in profit or loss as:		
Other gains	11,685	590
Other losses	(2,668)	(190)
Net	9,017	400

10. Income tax expense

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

	Group	
	2019	2018
	$'000	$'000
Current tax expense:		
Current tax expense	989	154
Under adjustments to current tax in respect of prior periods	653	654
Subtotal	1,642	808
Deferred tax expense (income):		
Deferred tax expense	299	331
Over adjustments to deferred tax in respect of prior periods	–	(379)
Subtotal	299	(48)
Total income tax expense	1,941	760

The reconciliation of income taxes below is determined by applying the Singapore corporate tax rate.

The income tax in profit or loss varied from the amount of income tax amount determined by applying the Singapore income tax rate of 17.0% (2018: 17.0%) to profit or loss before income tax as a result of the following differences:

	Group	
	2019	2018
	$'000	$'000
Profit before tax	20,122	14,845
Share of profit from equity-accounted associates	(4,163)	(4,612)
	15,959	10,233
Income tax expense at the above rate	2,713	1,740
Effect of different tax rates in different countries	(29)	15
Expenses not deductible for tax purposes	615	124
Income not subject to tax	(1,974)	(136)
Stepped income exemptions and tax rebates	(711)	(1,007)
Under adjustments to tax in respect of prior periods	653	275
Deferred tax assets not recognised	497	–
Other minor items less than 3% each	177	(251)
Total income tax expense	1,941	760

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

The major not deductible / (not liable to tax) items include the following:

	Group	
	2019	2018
	$'000	$'000
Capital gain on partial disposal of an associate	(1,974)	–

10. Income tax expense (cont'd)

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

	Group 2019 $'000	Group 2018 $'000
From deferred tax (liabilities) assets recognised in profit or loss:		
Excess of net book value of plant and equipment over tax values	249	(134)
Tax loss carry forwards	(447)	86
Unrecognised deferred tax assets	497	–
Total deferred tax expense recognised in profit or loss	299	(48)

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

	Group 2019 $'000	Group 2018 $'000
Deferred tax assets (liabilities) recognised in profit or loss:		
Excess of net book value of plant and equipment over tax values	(1,379)	(1,130)
Tax loss carry forwards	505	58
Unrecognised deferred tax assets	(497)	–
Total	(1,371)	(1,072)
Presented in the statement of financial position as follows:		
Deferred tax liabilities	(1,371)	(1,072)

There is no deferred tax liabilities at the Company's level.

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

Temporary differences arising in connection with interests in subsidiaries are insignificant.

11. Earnings per share

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

	Group 2019 $'000	Group 2018 $'000
Numerators: earnings attributable to equity		
Continuing operations: attributable to equity holders	17,984	14,012
	'000	'000
Denominators: weighted average number of equity shares		
Basic and diluted	785,622	790,441

The weighted average number of ordinary shares refers to shares in issue outstanding during the reporting year.

11. Earnings per share (cont'd)

The basic earnings per share ratio is based on the weighted average number of ordinary shares outstanding during each reporting year. It is after the neutralisation by the treasury shares.

There is no diluted effect on the earnings per share for the reporting year 2019 and 2018.

12. Dividends on equity shares

	Group	
	2019	2018
	$'000	$'000
Interim tax exempt dividend paid of 0.40 cents (2018: 0.39 cents) per share	3,142	3,156
Special exempt dividend paid of 0.49 cents per share	–	3,974
First and final tax exempt dividend paid of 0.42 cents (2018: 0.41 cents) per share	3,300	3,338
	6,442	10,468

13. Property, plant and equipment

Group	Leasehold improvements	Furniture and fittings and equipment	Leasehold properties	Motor vehicle	Total
	$'000	$'000	$'000	$'000	$'000
Cost:					
At 1 January 2018	6,718	28,163	6,784	255	41,920
Additions	692	2,055	–	–	2,747
Arising from acquisition of subsidiaries (Note 29)	–	26	–	–	26
Disposals / written off	(116)	(1,386)	–	–	(1,502)
Foreign currency translation adjustment	(7)	(16)	–	(1)	(24)
At 31 December 2018	7,287	28,842	6,784	254	43,167
Additions	1,073	2,723	3,056	56	6,908
Arising from acquisition of subsidiaries (Note 29)	–	–	2,500	–	2,500
Disposals / written off	(421)	(2,274)	–	(65)	(2,760)
Foreign currency translation adjustment	(8)	(7)	–	(1)	(16)
At 31 December 2019	7,931	29,284	12,340	244	49,799

13. Property, plant and equipment (cont'd)

Group	Leasehold improvements	Furniture and fittings and equipment	Leasehold properties	Motor vehicle	Total
	$'000	$'000	$'000	$'000	$'000
Accumulated depreciation and impairment losses:					
At 1 January 2018	2,532	17,652	319	117	20,620
Depreciation for the year	556	2,380	90	18	3,044
Disposals / written off	(47)	(873)	–	–	(920)
Foreign currency translation adjustment	–	6	–	–	6
At 31 December 2018	3,041	19,165	409	135	22,750
Depreciation for the year	389	2,488	134	14	3,025
Disposals / written off	(318)	(1,714)	–	(58)	(2,090)
Impairment for the year	6	–	–	–	6
Foreign currency translation adjustment	(2)	(6)	–	(1)	(9)
At 31 December 2019	3,116	19,933	543	90	23,682
Carrying value:					
At 1 January 2018	4,186	10,511	6,465	138	21,300
At 31 December 2018	4,246	9,677	6,375	119	20,417
At 31 December 2019	4,815	9,351	11,797	154	26,117

The leasehold properties at a carrying value of approximately $11,797,000 (2018: $6,375,000) are mortgaged as security for the bank facilities (See Note 28).

Company	Furniture and fittings and office equipment
	$'000
Cost:	
At 1 January 2018	965
Additions	266
At 31 December 2018	1,231
Additions	18
At 31 December 2019	1,249
Accumulated depreciation:	
At 1 January 2018	622
Depreciation for the year	97
At 31 December 2018	719
Depreciation for the year	74
At 31 December 2019	793
Carrying value:	
At 1 January 2018	343
At 31 December 2018	512
At 31 December 2019	456

14. Investment in subsidiaries

	Company 2019 $'000	Company 2018 $'000
Cost:		
At the beginning of the year	83,948	78,677
Acquisitions / Additions	1,088	5,271
Disposal	(50)	–
At end of the year	84,986	83,948
Allowance for impairment:		
At the beginning of the year	(6,422)	(820)
Impairment loss charged to profit or loss included in other losses	(3,019)	(5,602)
At end of the year	(9,441)	(6,422)
Carrying value:		
At beginning of the year	77,526	77,857
At end of the year	75,545	77,526
Analysis of above amount denominated in non-functional currency:		
United States Dollars	411	411
Malaysian Ringgit	5,152	5,152

The impairment loss was provided on certain subsidiaries which were either non-performing subsidiaries or have net equity deficit.

The following subsidiaries are wholly owned by the Group:

Name of subsidiaries	Cost in books of Group 2019 $'000	Cost in books of Group 2018 $'000
Held by Company		
Q & M Dental Surgery (Admiralty) Pte. Ltd.	100	100
Q & M Dental Surgery (Ang Mo Kio Central) Pte. Ltd.	100	100
Q & M Dental Surgery (Braddell) Pte. Ltd.	100	100
Q & M Dental Surgery (Boon Lay) Pte. Ltd. [(b)]	100	100
Q & M Dental Surgery (Boon Lay MRT) Pte. Ltd.	100	100
Q & M Dental Surgery (Bukit Batok) Pte. Ltd.	100	100
Q & M Dental Surgery (Bukit Panjang) Pte. Ltd.	100	100
Q & M Dental Surgery (Bukit Timah) Pte. Ltd.	100	100
Q & M Dental Surgery (Clementi Central) Pte. Ltd.	100	100
Q & M Dental Surgery (Clementi) Pte. Ltd.	100	100
Q & M Dental Surgery (Elias Mall) Pte. Ltd.	100	100
Q & M Dental Surgery (Hougang Central) Pte. Ltd.	100	100
Q & M Dental Surgery (Hougang Mall) Pte. Ltd.	100	100
Q & M Dental Surgery (Hougang Plaza) Pte. Ltd.	100	100
Q & M Dental Surgery (Gombak) Pte. Ltd.	17	17
Q & M Dental Surgery (Gombak MRT) Pte. Ltd.	100	100

14. Investment in subsidiaries (cont'd)

Name of subsidiaries	Cost in books of Group	
	2019	2018
	$'000	$'000
Held by Company		
Q & M Dental Surgery (Jurong East Central) Pte. Ltd.	100	100
Q & M Dental Surgery (Jelapang) Pte. Ltd.	100	100
Q & M Dental Surgery (Kallang MRT) Pte. Ltd.	100	100
Q & M Dental Surgery (Khatib) Pte. Ltd.	100	100
Q & M Dental Surgery (Marsiling) Pte. Ltd.	65	65
Q & M Dental Surgery (Old Airport Rd) Pte. Ltd.	100	100
Q & M Dental Surgery (Pasir Ris) Pte. Ltd.	100	100
Q & M Dental Surgery (Redhill MRT) Pte. Ltd.	92	92
Q & M Dental Surgery (Serangoon) Pte. Ltd.	100	100
Q & M Dental Surgery (Serangoon Central) Pte. Ltd.	100	100
Q & M Dental Surgery (Sembawang) Pte. Ltd.	100	100
Q & M Dental Surgery (Sembawang MRT) Pte. Ltd.	100	100
Q & M Dental Surgery (Serangoon North) Pte. Ltd.	100	100
Q & M Dental Surgery (Sims Place) Pte. Ltd. [(b)]	100	100
Q & M Dental Surgery (Tiong Bahru) Pte. Ltd.	96	96
Q & M Dental Surgery (Toa Payoh) Pte. Ltd.	100	100
Q & M Dental Surgery (Toa Payoh Central) Pte. Ltd.	100	100
Q & M Dental Surgery (Yishun Central) Pte. Ltd.	100	100
Q & M Laboratory & Marketing Pte. Ltd. [(d)]	124	124
Q & M Management & Consultancy Pte. Ltd. [(b)]	52	52
Killiney Dental Centre Pte. Ltd.	100	100
Q & M Dental Group (China) Pte. Ltd. [(c)]	299	299
Q & M Dental Centre Pte. Ltd.	588	100
Q & M Dental Institute Pte. Ltd. [(b)]	20	20
Q & M Dental Centre (Orchard) Pte. Ltd.	100	100
Q & M Dental Centre (Raffles Place) Pte. Ltd.	100	100
Dentigiene Dental Surgery Pte. Ltd.	567	567
Q & M Aidite International Pte. Ltd. ("QMAI") [(c)]	17,842[(m)]	17,842[(m)]
Foo & Associates Pte. Ltd.	5,500	5,500
Aesthetics Dental Surgery Pte. Ltd.	4,000	4,000
Tiong Bahru Dental Surgery Pte. Ltd. and Bright Smile Dental Surgery Pte. Ltd.	3,800	3,800
Ho Dental Surgery (Marine Parade) Pte. Ltd. [(l)]	–[(a)]	–[(a)]
Jurong Point Dental Centre Pte. Ltd. [(l)]	100	100
British Dental Surgery Pte. Ltd. [(l)]	760	760
Q & M Dental Holdings (Shenzhen) Pte. Ltd. [(c)(l)]	–[(a)]	–[(a)]
Q & M Dental Holdings (Malaysia) Pte. Ltd. [(c)(l)]	–[(a)]	–[(a)]
EM2AI Pte. Ltd. (Formerly known as Q & M Dental AI Pte. Ltd.) [(b)(l)]	100	100
Q & M College of Dentistry Pte. Ltd. [(l)]	100	100
TP Dental Surgeons Pte. Ltd.	28,600	28,600
Lee & Lee (Dental Surgeons) Pte. Ltd.	10,000	10,000
Q & M Dental Group (Malaysia) Sdn. Bhd. [(c)(j)(l)]	5,152	5,152
Shenyang Q & M Management Consulting Co. Ltd. [(c)(i)(k)]	411	411
Q & M Mobile Dental Clinic Pte. Ltd. [(n)]	–	50
New Dental Centre Pte. Ltd. [(b)(l)]	–[(a)]	–[(a)]
Q & M Medical Group (Singapore) Pte. Ltd. [(c)(l)]	200	200

14. Investment in subsidiaries (cont'd)

Name of subsidiaries	Cost in books of Group 2019 $'000	2018 $'000
Held by Company		
Bright Smile Dental Surgery (Buangkok MRT) Pte. Ltd. (Incorporated on 18 June 2019)	100	–
Q & M Dental Surgery (Tanjong Katong) Pte. Ltd. (Incorporated on 13 June 2019)	100	–
Q & M Dental Surgery (Kovan) Pte. Ltd. (Incorporated on 13 June 2019)	100	–
Q & M Dental Surgery (Clementi West) Pte. Ltd. (Incorporated on 13 June 2019)	100	–
Specialist Oral Surgeons Pte. Ltd. (Incorporated on 24 July 2019)	100	–
Q & M Dental Surgery (Woodlands) Pte. Ltd. (Formerly known as Q & M Dental Surgery Woods Square Pte. Ltd.) (Incorporated on 13 June 2019)	–[(a)]	–
Q & M Dental Centre (River Valley) Pte. Ltd. (Incorporated on 19 September 2019)	100	–
Q & M Dental Surgery (Canberra MRT) Pte. Ltd. (Incorporated on 10 December 2019)	–[(a)]	–
Held through subsidiaries		
Dentmedix Pte. Ltd. [(e)]	164	164
Quantumleap Healthcare Pte. Ltd. [(e)]	150	150
Q & M Dental Holdings (Malaysia) Sdn. Bhd. [(h)(j)]	330	330
Q & M Dental Surgery (Bandar Puteri Puchong) Sdn. Bhd. [(h)(j)]	30	30
Q & M Dental Surgery (Selatan) Sdn. Bhd. [(h)(j)]	–[(a)]	–[(a)]
Q & M Dental Surgery (KL) Sdn. Bhd. [(h)(j)]	–[(a)]	–[(a)]
Q & M Dental Surgery (Southern) Sdn. Bhd. [(h)(j)]	–[(a)]	–[(a)]
Q & M AI Sdn. Bhd. (Incorporated on 23 September 2019) [(j)(o)]	–[(a)]	–
Q & M Medical & Aesthetic Clinic (Tampines Central) Pte. Ltd.[(f)(l)]	50	50
Q & M Medical & Aesthetic Clinic (Serangoon Garden) Pte. Ltd.[(b)(l)]	50	50
Q & M Medical & Aesthetic Clinic (Farrer Park) Pte. Ltd.[(f)(l)]	80	80
Q & M Medical Clinic (Raffles Place) Pte. Ltd. [(b)(l)]	50	50
The Digestive & Liver Specialist Centre Pte. Ltd. [(b)(l)]	100	100
The Lung Specialist Centre Pte. Ltd. [(b)(l)]	100	100
Q & M Medical Clinic (Serangoon Central) Pte. Ltd.[(f)(l)]	50	50
Q & M Medical Clinic (Bukit Batok) Pte Ltd [(f)(l)]	50	50
Singapore Dental Cadcam Laboratory Pte. Ltd. [(g)(l)]	–[(a)]	–[(a)]
Q & M Medical Clinic (Buangkok Mrt) Pte. Ltd. (Incorporated on 13 June 2019)	100	–

(a) Cost of investment less than $1,000.
(b) These subsidiaries are dormant.
(c) These subsidiaries are investment holding companies.
(d) The principal activities of the subsidiary are investment holding and provision of services related to the dental laboratory business.
(e) The subsidiary is principally engaged in trading of dental surgery materials and equipment.
(f) The subsidiary is principally engaged in the provision of general medical services.
(g) The subsidiary is principally engaged in manufacturing and exporting of porcelain crown, bridges and dentures.
(h) Audited by other independent auditors, GEP Associates, a firm of accountants other than member firms of RSM International of which RSM Chio Lim LLP in Singapore is a member.
(i) Audited by other independent auditors, Liaoning Zhong Cheng CPAs, a firm of accountants other than member firms of RSM International of which RSM Chio Lim LLP in Singapore is a member.
(j) Incorporated in Malaysia.
(k) Incorporated in People's Republic of China.
(l) Not audited for the purpose of the consolidated financial statements, as immaterial.
(m) Redeemable preference shares.
(n) DE-registered.
(o) Audited by other independent auditors, YYC & Co. PLT, a firm of accountants other than member firms of RSM International of which RSM Chio Lim LLP in Singapore is a member.

14. Investment in subsidiaries (cont'd)

The subsidiaries that have non-controlling interests are listed below:

Name of subsidiaries	Cost in books of Group		Effective percentage of equity held by Group	
	2019	2018	2019	2018
	$'000	$'000	%	%
Held by Company				
Shanghai Chuangyi Investment and Management Co., Ltd. (ee)(hh)	2,601	2,601	80	80
Held through subsidiaries				
Q & M Dental Surgery (Molek) Sdn. Bhd. (ii)	443	443	70	70
Q & M Dental Surgery (Austin) Sdn. Bhd. (ii)	29	29	70	70
D & D Dental Sdn. Bhd. (ff)(gg)	339	339	70	70
Q & M Dental Surgery (Kota Damansara) Sdn. Bhd. (ff)(gg)	33	33	80	80
NG GK Dental Surgery (Melaka) Sdn. Bhd. (ff)(gg)	190	190	70	70
Q & M Dental Surgery (Bandar Melaka) Sdn. Bhd. (ff)(gg)	185	185	70	70
Q & M Dental Surgery (Taman Merdeka) Sdn. Bhd. (ff)(gg)	139	139	70	70
AR Dental Supplies Sdn. Bhd. (bb)(ff)(gg)	3,377	3,377	70	70
Shanghai Kangyi Dental Polyclinic Co., Ltd. (ee)(hh)	216	216	80	80
QA Healthcare Solutions Pte. Ltd. (dd)(ii)	100	100	51	51

(aa) These subsidiaries are investment holding companies.
(bb) The subsidiary is principally engaged in trading of dental surgery materials and equipment.
(cc) The subsidiary is principally engaged in the leasing of dental equipment.
(dd) The subsidiary is principally engaged in the development of dental healthcare software and equipment.
(ee) Incorporated in People's Republic of China.
(ff) Incorporated in Malaysia.
(gg) Audited by other independent auditors, GEP Associates, a firm of accountants other than member firms of RSM International of which RSM Chio Lim LLP in Singapore is a member.
(hh) Audited by other independent auditors, Zhong Lei Certified Public Accountants, a firm of accountants other than member firms of RSM International of which RSM Chio Lim LLP in Singapore is a member.
(ii) Not audited for the purpose of the consolidated financial statements, as immaterial.

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

Save as disclosed above, all other subsidiaries in Singapore are audited by RSM Chio Lim LLP.

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.

15. Investment in associates

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Carrying value:				
Quoted equity shares at cost				
– Aoxin Q & M Dental Group Limited ("Aoxin Q & M")	30,877	32,335	32,468	32,468
Unquoted equity shares at cost				
– Punggol Medical & Dental Pte. Ltd. ("PMD")	15	15	–	–
– Aidite (Qinhuangdao) Technology Co., Ltd. ("Aidite Qinhuangdao")	11,134	45,094	–	–
	42,026	77,444	32,468	32,468
Movements in carrying value:				
Balance at beginning of the year	77,444	74,281	32,468	32,692
Disposals	(35,151)[(b)]	(99)[(a)]	–	(224)[(a)]
Dividends	(3,513)	(327)	–	–
Foreign currency translation adjustment	(917)	(1,023)	–	–
Share of the profit for the year [(e)]	4,163	4,612	–	–
Balance at end of the year	42,026	77,444	32,468	32,468

(a) On 1 March 2018, Aoxin Q & M issued 9,413,271 ordinary shares for cash of $0.236 each. On 26 October 2018, the Group allocated 1,107,500 ordinary shares of Aoxin Q & M to 452 of the Group's employees as a shares gift. The Group's interest reduced from 42.84% to 42.55% as at 31 December 2018.

(b) On 20 December 2019, the Group together with Q & M Professional Holding Pte Ltd ("QPH"), All Win Investments Holdings Pte Ltd ("All Win"), Full Win Investments Holdings Pte Ltd ("Full Win"), Initial Capital Investment Pte Ltd ("Initial Capital") and Dr Cheah Kim Fee ("Dr Cheah"), an executive of the Group, disposed in aggregate 36% of the registered capital of Aidite Qinghuangdao for an aggregate consideration of $69,555,000. The Group recognised a gain of $11,612,000 on the partial disposal of its interest in Aidite Qinghuangdao for the reporting year ended 31 December 2019. After the disposal, the Group's effective interest in Aidite Qinhuangdao reduced from 36.19% to 9.19% as at 31 December 2019.

The associates held by the Group are listed below:

Name of associates	Percentage of equity held by the Group	
	2019	2018
	%	%
Held by Company		
Aoxin Q & M [(ii)(iii)]	42.55	42.55
Singapore		
Provision of private dental services and dental equipment and supplies		
(Foo Kon Tan LLP)		

15. Investment in associates (cont'd)

The associates held by the Group are listed below:

Name of associates	Percentage of equity held by the Group	
	2019	2018
	%	%
Held through subsidiaries		
PMD [i] Singapore Provision of general medical services (RSM Chio Lim LLP)	50.0	50.0
Aidite Qinhuangdao [iii][iv] People's Republic of China ("PRC") Manufacturing and trading of medical and dental instruments and supplies (Zhongxingcai Guanghua Certified Public Accountants LLP, PRC)	9.19	36.19

(i) Not considered material to the Group. The Group's share of net assets was less than $15,000 as at end of the reporting year. No impairment assessment performed as PMD as the associate is not material.

(ii) Listed on stock exchange. The fair value of the shares held in the associate, Aoxin Q & M is $29,548,000 (2018: $37,341,000) as at end of reporting year.

(iii) Other independent auditor. Audited by firms of accountants other than member firms of RSM International of which RSM Chio Lim LLP in Singapore is a member. Their names are indicated above.

(iv) Although the Group owns, directly or indirectly through subsidiaries, only 9.19% of the voting power of the investee, the investee is regarded as an associate because under the shareholders agreement, the Group is guaranteed one seat on the board of the investee and participates in all significant financial and operating decisions of the investee and therefore the Group has significant influence over this investee.

2019

Aoxin Q & M:

For the quoted equity shares, management performed the impairment assessment using the quoted market price of Aoxin Q & M as at the end of the reporting year. The closing share price on 31 December 2019 was $0.182 per share. The decline in the share price close to the year end was caused by 50 lots of shares transacted on 31 December 2019. Subsequently, the closing share price rose back to $0.20 per share on 2 January 2020. Management has assessed that the short dip in price on the last day of the year was temporary and was not reflective of the market value. No impairment allowance was recognised.

Aidite Qinhuangdao:

For the unquoted equity shares in Aidite Qinhuangdao, management performed the impairment using the transacted price of the disposal of the Group's interest in Aidite Qinhuangdao on 20 December 2019, which was close to end of the reporting year. No impairment allowance was recognised because the transacted price was higher than the carrying value.

15. Investment in associates (cont'd)

2018

Aoxin Q & M:

For the quoted equity shares, management performed the impairment assessment using the quoted market price of Aoxin Q & M as at the end of the reporting year. No impairment allowance was recognised because the quoted market price was higher than the carrying value.

Aidite Qinhuangdao:

For the unquoted equity shares in Aidite Qinhuangdao, the value-in-use method was used by management to assess the recoverable amount of cash-generating unit. An impairment loss is the amount by which the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount.

The key assumptions for the value in use calculations are as follows. The value-in-use is a recurring fair value measurement (level 3). The quantitative information about the value-in-use measurement using significant unobservable inputs for the cash-generating unit are consistent with those used for the measurement last performed, and is analysed as follows.

The impairment test has been carried out using discounted cash flow model covering a 5-year period. Management forecasted the revenue growth rates and discount rates as follows:

Name of associate	Revenue growth rate	Discount rate
Aidite Qinhuangdao	28% from 2019 to 2020, 23% from 2021 to 2022 and 5% in 2023	14%

Management forecasts the terminal growth rates at 2% per annum.

Actual outcomes could vary from these estimates. If the revised estimated revenue growth rate at the end of the reporting year had been a range of 12 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 investment in associate by $774,000. If the revised estimated discount rate applied to the discounted cash flows had been 5 percent point less favourable than management's estimates, there would be a need to reduce the carrying value of investment in associate by $1,854,000.

No impairment allowance was recognised because the carrying amount of the cash-generating unit was higher than their recoverable amount.

15. Investment in associates (cont'd)

There are associates that are considered material to the reporting entity. The summarised financial information of each of the material associate and the amounts (and not the reporting entity's share of those amounts) based on the financial statements of the associates are as follows.

	Group	
	2019	2018
	$'000	$'000
Aoxin Q & M		
Revenue	27,264	23,625
Loss from continuing operations	(2,611)	(90)
Other comprehensive income	63	311
Total comprehensive (loss) income	(2,548)	221
Current assets	12,112	17,363
– includes cash and cash equivalents	5,208	9,978
Current liabilities – trade and other payables	(6,855)	(3,613)
Non-current assets	47,514	35,342
Non-current liabilities	(7,525)	(305)
Net assets of the associate	45,246	48,787
Interest at 42.55% (2018: 42.55%)	19,252	20,759
Goodwill	11,546	11,546
Other adjustments	79	30
Carrying amount of the interest in the associate	30,877	32,335
Aidite Qinhuangdao		
Revenue	59,415	44,491
Profit from continuing operations and total comprehensive income	10,946	9,438
Current assets	43,562	36,668
– includes cash and cash equivalents	6,918	12,096
Current liabilities – trade and other payables	(17,135)	(8,522)
Non-current assets	15,480	11,450
Non-current liabilities	(450)	(351)
Non-controlling interest	(38)	(155)
Net assets of the associate	41,419	39,090
Interest at 9.19% (2018: 36.19%)	3,806	14,147
Goodwill	7,360	28,997
Other adjustments [(a)]	(32)	1,950[(a)]
Carrying amount of the interest in the associate	11,134	45,094

(a) On 28 and 29 March 2018, QPH, All Win, Full Win and Initial Capital has entered into an agreement with the Group to agree to waive their rights to Aidite Qinhuangdao's dividend and assigned their rights to the Group. Consequently, the Group accounted for 47.84% share of profits from Aidite Qinhuangdao instead of its effective interests of 36.19% for the reporting year ended 31 December 2018. This included the additional share of profits from Aidite Qinhuangdao.

There are no significant restrictions on the ability of the major associates to transfer funds to the Group in the form of cash dividends.

16. Intangible assets

	Group 2019 $'000	Group 2018 $'000
Goodwill (Note 16A)	51,675	51,678
Other intangible assets (Note 16B)	1,822	1,651
	53,497	53,329

16A. Goodwill

	Group 2019 $'000	Group 2018 $'000
Cost:		
Balance at beginning of the year	57,420	57,239
Arising from acquisition of subsidiaries (Note 29)	–	137
Effect of movement in exchange rate	(5)	44
Balance at end of the year	57,415	57,420
Accumulated impairment:		
Balance at beginning of the year	(5,742)	(5,699)
Effect of movement in exchange rate	2	(43)
Balance at end of the year	(5,740)	(5,742)
Carrying value:		
Beginning of the year	51,678	51,540
End of the year	51,675	51,678

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

Name of the subsidiaries	Group 2019 $'000	Group 2018 $'000
Primary healthcare:		
Q & M Dental Surgery (Molek) Sdn. Bhd.	269[(a)]	270[(a)]
Dentigiene Dental Surgery Pte. Ltd.	490[(a)]	490
D & D Dental Sdn. Bhd.	124[(a)]	124[(a)]
Shanghai Chuangyi Investment and Management Co., Ltd.	1,655[(a)]	1,655[(a)]
Q & M Medical & Aesthetic Clinic (Farrer Park) Pte. Ltd.	10[(a)]	10[(a)]
NG GK Dental Surgery (Melaka) Sdn. Bhd.	142[(a)]	142[(a)]
Foo & Associate Pte. Ltd.	5,411	5,411
TP Dental Surgeons Pte. Ltd.	27,545	27,545
Tiong Bahru Dental Surgery Pte. Ltd. and Bright Smile Dental Surgery Pte. Ltd.	3,386	3,386
Aesthetics Dental Surgery Pte. Ltd.	3,857	3,857
Lee & Lee (Dental Surgeons) Pte. Ltd.	8,641	8,641
Ho Dental Surgery (Marine Parade) Pte. Ltd.	1,660	1,660
Jurong Point Dental Centre Pte. Ltd.	1,280	1,280
British Dental Surgery Pte. Ltd.	362[(a)]	362
QA Healthcare Solutions Pte. Ltd.	49[(a)]	49[(a)]

16. Intangible assets (cont'd)

16A. Goodwill (cont'd)

Name of the subsidiaries	Group 2019 $'000	Group 2018 $'000
Primary healthcare:		
Q & M Dental Surgery (Bandar Puteri Puchong) Sdn. Bhd.	77[(a)]	78[(a)]
Q & M Dental Surgery (Khatib) Pte. Ltd.	350	350[(a)]
Q & M Dental Surgery Selatan Sdn. Bhd.	136[(a)]	137[(a)]
Subtotal	55,444	55,447
Dental equipment and supplies distribution:		
AR Dental Supplies Sdn. Bhd.	1,971[(a)]	1,973[(a)]
Subtotal	1,971	1,973
	57,415	57,420

(a) The goodwill has not been tested for impairment for these entities as the carrying value, net of impairment is not material.

The goodwill was tested for impairment at the end of the reporting year. An impairment loss is the amount by which the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount. The recoverable amount of an asset or a cash-generating unit ("CGU") is the higher of its fair value less costs of disposal or its value-in-use. The recoverable amounts of cash-generating units have been measured based on its value-in-use method.

The value-in-use was measured by management. The key assumptions for the value-in-use calculations are as follows. The value-in-use is a recurring fair value measurement (level 3). The quantitative information about the value-in-use measurement using significant unobservable inputs for the cash-generating unit are consistent with those used for the measurement last performed, and is analysed as follows.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next 5 years. Management forecasted the revenue growth rates and discount rates as follows:

2019	Revenue growth rate %	Discount rate %
Name of the subsidiaries		
Primary healthcare:		
Foo & Associates Pte. Ltd.	5	10
Tiong Bahru Dental Surgery Pte. Ltd. and Bright Smile Dental Surgery Pte. Ltd.	$700,000 in 2020 and 5% for subsequent years	10
TP Dental Surgeons Pte. Ltd.	5	10
Aesthetics Dental Surgery Pte. Ltd.	5	10
Lee & Lee (Dental Surgeons) Pte. Ltd.	4	10
Ho Dental Surgery (Marine Parade) Pte. Ltd.	3	10
Jurong Point Dental Centre Pte. Ltd	$171,000 in 2020 and 5% for subsequent years	10

Management forecasts the terminal growth rates at 2% per annum.

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16. Intangible assets (cont'd)

16A. Goodwill (cont'd)

Primary healthcare:

Actual outcomes could vary from these estimates. If the revised estimated revenue growth rate at the end of the reporting year had been a range of 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 $908,000. If the revised estimated discount rate applied to the discounted cash flows had been 3 percent point less favourable than management's estimates, there would be a need to reduce the carrying value of goodwill by $476,000.

No impairment allowance was recognised because the carrying amounts of all cash-generating units were higher than their recoverable amounts.

2018	Revenue growth rate	Discount rate
	%	%
Name of the subsidiaries		
Primary healthcare:		
Dentigiene Dental Surgery Pte. Ltd.	6.5	10
Foo & Associates Pte. Ltd.	5	10
Tiong Bahru Dental Surgery Pte. Ltd. and Bright Smile Dental Surgery Pte. Ltd.	$500,000 in 2019 and 2% for subsequent years	10
TP Dental Surgeons Pte. Ltd.	5	10
Aesthetics Dental Surgery Pte. Ltd.	5	10
Lee & Lee (Dental Surgeons) Pte. Ltd.	$573,000 in 2019 and 5% for subsequent years	10
Ho Dental Surgery (Marine Parade) Pte. Ltd.	3	10
Jurong Point Dental Centre Pte. Ltd	6	10
British Dental Surgery Pte. Ltd.	5	10

Management forecasts the terminal growth rates at 2% per annum.

Primary healthcare:

Actual outcomes could vary from these estimates. If the revised estimated revenue growth rate at the end of the reporting year had been a range of 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 $217,000. If the revised estimated discount rate applied to the discounted cash flows had been 3 percent point less favourable than management's estimates, there would be a need to reduce the carrying value of goodwill by $14,000.

No impairment allowance was recognised because the carrying amounts of all cash-generating units were higher than their recoverable amounts.

16. Intangible assets (cont'd)

16B. Other intangible assets

	Development costs $'000	Customer lists $'000	Total $'000
Cost:			
At 1 January 2018	–	2,391	2,391
Effect of movement in exchange rate	–	(54)	(54)
At 31 December 2018	–	2,337	2,337
Additions	425	–	425
Effect of movement in exchange rate	–	55	55
At 31 December 2019	425	2,392	2,817
Accumulated amortisation and impairment:			
At 1 January 2018	–	478	478
Amortisation for the year	–	262	262
Effect of movement in exchange rate	–	(54)	(54)
At 31 December 2018	–	686	686
Amortisation for the year	–	256	256
Effect of movement in exchange rate	–	53	53
At 31 December 2019	–	995	995
Carrying value:			
At 1 January 2018	–	1,913	1,913
At 31 December 2018	–	1,651	1,651
At 31 December 2019	425	1,397	1,822

17. Assets held for sale under SFRS(I) 5

In previous year, the Group decided to dispose its interest in the associate, Q & M Dental (Shanghai) Pte. Ltd.. During that period, the Group lost its significant influence over the entity. The results were not equity accounted (they were not material). The investment is at cost less impairment losses.

As at 31 December 2018 and 31 December 2019, the Group is however still finalising the disposal consideration and terms of the disposal for Q & M Dental (Shanghai) Pte. Ltd. through arbitration under the rules of the Singapore International Arbitration Centre. The Group has fully impaired the assets held for sale in previous year.

	Group	
	2019 $'000	2018 $'000
Investments at cost	1,584	1,584
Less allowance for impairment	(1,584)	(1,584)
Carrying value	–	–
Movement in allowance for impairment:		
Balance at beginning and end of the year	(1,584)	(1,584)

The impairment loss was made as there is uncertainty in the time taken to conclude the case and recover the amount.

18. Inventories

	Group 2019 $'000	Group 2018 $'000
Finished goods	3,996	3,751
Dental supplies	3,039	3,194
	7,035	6,945
Movement in allowance for impairment:		
Balance at beginning of the year	(97)	(97)
Impairment loss recognised in the year included in other losses	(105)	–
Balance at end of the year	(202)	(97)

Certain inventories are pledged as security for bank facilities. (See Note 28)

19. Trade and other receivables

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Current				
Trade receivables:				
Outside parties	6,226	5,563	–	604
Subsidiaries (Note 3)	–	–	55,864	25,288
Less allowance for impairment	(156)	(77)	(2,167)	(2,224)
Net trade receivables – sub-total	6,070	5,486	53,697	23,668
Other receivables:				
Subsidiaries (Note 3)	–	–	37,285	28,323
Less allowance for impairment	–	–	(8,362)	(7,799)
Deposits to secure services	4,065	4,149	111	111
Dividends receivables from associate	1,291	–	–	–
Receivable for proceeds from disposal of associate [(a)]	69,555	–	–	–
Receivable for remaining proceeds from disposal of assets held for sale	11	539	–	–
Receivable from directors of subsidiaries / associate	4,851	2,642	2,531	–
Other receivables	3,927	4,787	2,143	1,776
Less allowance for impairment	(2,455)	(950)	–	–
Net other receivables – sub-total	81,245	11,167	33,708	22,411
Total trade and other receivables	87,315	16,653	87,405	46,079
Non-current:				
Other receivables	231	1,062	60	980

(a) As at the date of these financial statements, sales proceed of $61,441,000 has been received by the Group.

19. Trade and other receivables (cont'd)

The non-current portion of the receivables are as follows:

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Within 2 to 5 years	146	1,062	60	980
Later than 5 years	85	–	–	–
Total	231	1,062	60	980

Other receivables include the following unsecured loans to certain dentists and employees of the Group:

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Non-interest bearing loan	60	60	60	60
Interest bearing loans	1,139	1,096	920	920
	1,199	1,156	980	980

Interest bearing loans of the Group includes $219,000 (2018: $176,000) for certain dentists, which are repayable monthly over 3 to 7 years, commencing from the date of appointment of the dentists concerned. Interest is charged at 5% per annum, subject to review annually.

Interest bearing loans of the Group and the Company include $690,000 (2018: $690,000) for certain employees and $230,000 for related party (2018: $230,000), which are repayable by end of December 2020 or earlier. Interest is charged at 3% per annum.

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Movements in above allowance on trade receivables:				
Balance at beginning of the year	77	77	2,224	1,050
Charge for (reversal of) trade receivables to profit or loss included in other losses (other gains)	79	–	(57)	1,174
Balance at end of the year	156	77	2,167	2,224
Movements in above allowance on other receivables:				
Balance at beginning of the year	950	1,216	7,799	6,771
Charge for (reversal of) other receivables to profit or loss included in other losses (other gains)	1,505	(266)	563	1,028
Balance at end of the year	2,455	950	8,362	7,799

The trade receivables are subject to the expected credit loss model under the financial reporting standard on financial instruments. The methodology applied for impairment loss is the simplified approach to measuring expected credit losses (ECL) which uses a lifetime expected loss allowance for all trade receivables. The expected lifetime losses are recognised from initial recognition of these assets. These assets are grouped based on shared credit risk characteristics and the days past due for measuring the expected credit losses. The estimate is based on its historical observed default rates (over a period of 36 months) over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

19. Trade and other receivables (cont'd)

The receivables have common risk characteristics as compared to previous years. There were no significant bad debts noted in the previous years. The Group assesses the credit risk of its customers individually. The trade receivables are considered to have low credit risk individually. No loss allowance is necessary.

The amounts are written off when there are indications that there is no reasonable expectation of recovery or the failure of a debtor to make contractual payments over an extended period. There is no collateral held as security and other credit enhancements for the trade receivables.

(i) Trade receivables that are due and / or impaired

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Gross trade receivables:				
Current	1,766	2,414	40,800	10,639
Less than 30 days	862	606	–	5,230
31 to 60 days	456	401	–	–
Over 60 days	3,142	2,142	15,064	10,023
Total	6,226	5,563	55,864	25,892

The age analysis of non-related party trade receivables that are impaired is as follows:

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Over 60 days	156	77	2,167	2,224

The allowance on trade receivables for the Group and the Company is based on individual accounts totaling $156,000 (2018: $77,000) and $2,167,000 (2018: $2,224,000) respectively. These are determined to be impaired at the end of reporting year and are not secured.

The average credit period generally granted to non-related trade receivable customers is about 30 days (2018: 30 days). The dental and medical clinics and centres do not generally grant credit as services are usually settled in cash, NETS and credit card payments. The trade receivables are mainly NETS and credit card payments that take approximately a few days to settle. Certain subsidiaries engaged in the trading of dental surgery materials and equipment grant credit term of 30 days to 120 days (2018: 30 days to 120 days) to their customers.

(ii) Concentration of credit risk

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

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Top 1 customer	128	116	35,000	2,414
Top 2 customers	242	219	37,536	3,686

19. Trade and other receivables (cont'd)

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. Related company receivables are regarded as of low credit risk if they are guaranteed with the ability to settle the amount. 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. At the end of the first reporting period a loss allowance is recognised at an amount equal to 12 month expected credit losses because there has not been a significant increase in credit risk since initial recognition. A loss allowance balances of $2,455,000 (2018: $950,000) and $8,362,000 (2018: $7,799,000) of the Group and the Company were recognised respectively.

Save for loans to certain dentists and employees as disclosed above, other receivables are normally with no fixed terms and therefore there is no maturity.

20. Other non-financial assets

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Non-current:				
Sign-on bonus	5,129	3,306	1,977	–
Prepaid services – via performance shares	2,300	–	2,300	–
Assignment fees	117	135	–	–
Shares held in trust [(a)]	1,857	7,315	–	–
	9,403	10,756	4,277	–
Current:				
Prepayments	1,910	1,837	1,141	558
Sign-on bonus	1,483	767	405	–
Assignment fees	18	18	–	–
	3,411	2,622	1,546	558

(a) This refers to 3.06% (2018: 12.05%) interest in Aidite Qinhuangdao held in trust for QPH, a company owned by certain key executives and dentists of the Group, Dr Cheah, All Win, Full Win and Initial Capital. Refer to Note 28D.

21. Cash and cash equivalents

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Not restricted in use	27,253	24,924	2,517	2,653
Interest earning balances	4,161	4,268	1,322	1,094

The interest earned from the interest earning balances was not significant.

21. Cash and cash equivalents (cont'd)

21A. Non-cash transactions:

(a) See Notes 15 and 19 on sales proceeds receivables from disposal of associate and dividends receivables from associate.

(b) See Note 28D on redeemable preference shares.

(c) See Note 21B below and Note 26 on recognition of right-of-use assets and lease liabilities on adoption of new financial reporting standard on leases.

21B. Reconciliation of liabilities arising from financing activities:

Group	2018	Cash flows	Non-cash changes		2019
	$'000	$'000	$'000		$'000
Long-term borrowings	78,870	–	(10,888)	(a)	67,982
Short-term borrowings	443	5,362	10,944	(a)	16,749
Lease liabilities, current	–	(10,781)	20,992	(b)	10,211
Lease liabilities, non-current	–	–	39,946	(b)	39,946
Total liabilities from financing activities	79,313	(5,419)	60,994		134,888

	2017	Cash flows	Non-cash changes		2018
	$'000	$'000	$'000		$'000
Long-term borrowings	19,074	59,998	(202)	(a)	78,870
Short-term borrowings	60,472	(60,231)	202	(a)	443
Total liabilities from financing activities	79,546	(233)	–		79,313

(a) Mainly due to reclassification of bank loans from non-current to current.

(b) Adoption of new financial reporting standard on leases effective from 1 January 2019 and subsequent measurement of lease liabilities (See Note 26).

22. Share capital

	Number of shares issued	Share capital
	'000	$'000
Group and Company:		
Balance at 1 January 2018, 31 December 2018 and 31 December 2019	804,887	86,758

The ordinary shares of no par value are fully paid, carry one vote each and have no right to fixed income.

	Number of treasury shares	Cost
	'000	$'000
Group and Company:		
Balance at beginning of the year 1 January 2018	10,019	6,835
Share buyback [(a)]	9,246	4,723
Balance at end of the year 31 December 2018 and 31 December 2019	19,265	11,558

(a) Treasury shares relate to ordinary shares of the Company that are held by the Company. Pursuant to the share buyback mandate approved by shareholders, the Company purchased 9,246,300 of its shares by way of on-market purchases at share prices ranging from $0.47 to $0.61 in 2018 to be cancelled in future and or to serve the share option plan for shares awards to employees. The total amount paid or payable to purchase shares was $4,723,000 and this is presented as a component within equity attributable to equity holders of the Company.

Capital management:

The objectives when managing capital are: to safeguard the reporting entity's ability to continue as a going concern, so that it can continue to provide returns for owners and benefits for other stakeholders, and to provide an adequate return to owners by pricing the sales commensurately with the level of risk. The management sets the amount of capital to meet its requirements and the risk taken. There were no changes in the approach to capital management during the reporting year. The management manages the capital structure and makes adjustments to it where necessary or possible in the light of changes in conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the management may adjust the amount of dividends paid to owners, return capital to owners, issue new shares, or sell assets to reduce debt.

The management monitors the capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt / adjusted capital (as shown below). Net debt is calculated as net total borrowings less cash and cash equivalents. Adjusted capital comprises of all components of equity, that is, its total equity.

22. Share capital (cont'd)

Capital management: (cont'd)

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Net debt:				
Other financial liabilities	152,572	86,628	82,358	75,000
Less: Cash and cash equivalents	(27,253)	(24,924)	(2,517)	(2,653)
Net debt	125,319	61,704	79,841	72,347
Adjusted capital:				
Total equity	123,130	111,686	106,921	78,517
Adjusted capital	123,130	111,686	106,921	78,517
Debt-to-adjusted capital ratio	101.8%	55.2%	74.7%	92.1%

The unfavourable change of the Group as shown by increase in the debt-to-adjusted capital ratio for the reporting year resulted primarily from the increase in net debt due to the adoption of the new financial reporting standards on leases effective from 1 January 2019 (See Note 26).

The management does not set a target level of gearing but uses capital opportunistically to support its business and to add value for shareholders. The key discipline adopted is to widen the margin between the return on capital employed and the cost of that capital.

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

23. Other reserves

	Group	
	2019	2018
	$'000	$'000
Foreign currency translation reserve (Note 23A)	(2,704)	(2,484)
Other reserves	(200)	(200)
Total at end of the year	(2,904)	(2,684)

23A. Foreign currency translation reserve

	Group	
	2019	2018
	$'000	$'000
At beginning of the year	(2,484)	(1,405)
Exchange differences on translating foreign operations	(220)	(1,079)
At end of the year	(2,704)	(2,484)

23. Other reserves (cont'd)

23A. Foreign currency translation reserve (cont'd)

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. The currency translation reserve accumulates all foreign exchange differences.

24. Share-based payments

Under the Q & M Performance Share Plan 2018, a participant may be granted awards of shares. The eligibility of the participants, the number of shares which are the subject of each award to be granted to a participant and the vesting period of 1 to 10 years shall be determined at the absolute discretion of the Plan Committee, taking into account factors of certain prescribed performance targets, if any.

The Company has granted share awards to eligible employees of the Group by the allotment and issuance of an aggregate of 3,050,000 ordinary shares from the treasury shares of the Company pursuant to the Q & M Performance Share Plan 2018. The shares granted are with vesting period of 10 years.

The shares were granted at fair value of $0.505 per share at the grant date. The shares were subsequently issued on 23 March 2020.

There were no employee share options granted since the commencement of the share option scheme which is more fully disclosed in the Statement by Directors.

25. Provisions

	Group	
	2019	2018
	$'000	$'000
Provision for reinstatement of leased premises	597	638
Movements in above provision:		
Balance at beginning of the year	638	643
Additions	17	8
Used	(58)	(13)
Balance at end of the year	597	638

The provision is based on the present value of costs to be incurred to remove leasehold improvements from leased premises. The estimate is based on quotations from external contractors.

26. Lease liabilities and right-of-use assets

The leases are for dental, medical and office premises. The lease contracts are usually for fixed periods of 2 to 3 but may have extension options. Lease terms contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

26. Lease liabilities and right-of-use assets (cont'd)

At the date of transition to the new standard on leases, management elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition (applied to leases previously classified as finance leases or operating leases). The lease above liability does not include the short-term leases and leases of low-value underlying assets. Variable lease payments which do not depend on an index or a rate or based on a percentage of revenue are not included from the initial measurement of the lease liability and the right-of-use assets.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The right-of-use assets and lease liabilities in the statement of financial position. The movements are as follows:

Group	Dental, medical and office premises	Lease liabilities
	$'000	$'000
At 1 January 2019	40,777	40,777
Accretion of interest	–	1,561
Additions	20,863	20,863
Disposals	(702)	(702)
Lease payments – principal portion paid	–	(10,781)
Interest paid	–	(1,561)
Accumulated depreciation:		
At 1 January 2019	–	–
Depreciation for the year	(11,452)	–
Carrying value:		
At 1 January 2019	40,777	40,777
At 31 December 2019	49,486	50,157
Company		
At 1 January 2019	218	218
Accretion of interest	–	4
Lease payments – principal portion paid	–	(181)
Interest paid	–	(4)
Accumulated depreciation:		
At 1 January 2019	–	–
Depreciation for the year	(174)	–
Carrying value:		
At 1 January 2019	218	218
At 31 December 2019	44	37

26. Lease liabilities and right-of-use assets (cont'd)

Lease liabilities are presented in the statement of financial position as follows:

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Lease liabilities, current	10,211	–	37	–
Lease liabilities, non-current	39,946	–	–	–
	50,157	–	37	–

The new standard on leases has been applied using the modified retrospective transition approach. Therefore no comparative amounts for the year ended 31 December 2018 are presented.

On transition to the new standard on leases the weighted average incremental borrowing rate applied to lease liabilities recognised was a range between 3.41% to 6%. The right-of-use asset and lease liability before the date of initial application are measured at the same amounts as under the new standard.

Reconciliation of lease commitments and lease liabilities at the date of initial application:

Group	2019
	$'000
Operating lease commitments as at 31 December 2018	19,987
Other minor adjustments	(558)
Subtotal – Operating lease liabilities before discounting	19,429
Discounted using incremental borrowing rate	(661)
Operating leases liabilities, net	18,768
Reasonably certain extension options	22,009
Total lease liabilities recognised at 1 January 2019	40,777

A summary of the maturity analysis of lease liabilities that shows the remaining contractual maturities is as follows:

Group	Minimum payments	Finance charges	Present value
	$'000	$'000	$'000
2019			
Minimum lease payments payable:			
Not later than 1 year	11,747	(1,536)	10,211
Between 2 and 5 years	31,434	(3,297)	28,137
Later than 5 years	12,742	(933)	11,809
At end of the year	55,923	(5,766)	50,157
Company			
2019			
Minimum lease payments payable:			
Not later than 1 year	37	–	37
At end of the year	37	–	37

26. Lease liabilities and right-of-use assets (cont'd)

The cash outflow for the leases for the year ended 31 December 2019 are shown in the statement of cash flows.

At reporting year date there were no commitments on leases which had not commenced.

27. Trade and other payables

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Trade payables:				
Outside parties and accrued liabilities	15,495	10,915	3,599	445
Subsidiaries (Note 3)	–	–	1,032	654
Trade payables – subtotal	15,495	10,915	4,631	1,099
Other payables:				
Deposits received	162	287	–	–
Amount due to vendors of acquired subsidiaries	1,125	915	1,125	915
Amount due to directors of the subsidiaries	886	886	–	–
Withholding tax payables	6,213	–	–	–
Performance shares payables	2,300	–	2,300	–
Other payables	899	1,015	241	381
Subsidiaries (Note 3)	–	–	6,742	4,780
Other payables – subtotal	11,585	3,103	10,408	6,076
Total trade and other payables	27,080	14,018	15,039	7,175

28. Other financial liabilities

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Non-current:				
Bank loans (Note 28A)	67,937	78,870	66,075	75,000
Finance leases (Note 28B)	45	–	–	–
Redeemable preference shares (Note 28D)	1,857	7,315	–	–
Non-current, total	69,839	86,185	66,075	75,000
Current:				
Bank loans (Note 28A)	16,371	263	16,246	–
Finance leases (Note 28B)	9	2	–	–
Bill payable (Note 28C)	369	178	–	–
Redeemable preference shares (Note 28D)	15,827	–	–	–
Current, total	32,576	443	16,246	–
Total	102,415	86,628	82,321	75,000

28. **Other financial liabilities (cont'd)**

The non-current portion is repayable as follows:

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Due within 2 to 5 years	68,465	83,368	66,075	75,000
Due after 5 years	1,374	2,817	–	–
Total non-current portion	69,839	86,185	66,075	75,000

The range of floating rate interest rates paid were as follows:

	Group	
	2019	2018
	%	%
Bank loans	2.62 – 4.44	2.71 – 4.14
Bill payable	1.5	1.5

The floating debt instruments are with interest rates that are re-set regularly at one, three or six months intervals. The exposure of the borrowings to interest rate changes and the contractual repricing dates at the end of the reporting years was below six months.

28A. **Bank loans**

The bank loans are secured or covered by the following:

(a) First legal assignment at all rights, title and benefits under existing and future tenancy agreements and rental income; and

(b) Legal mortgage over properties (Note 13).

The fair value (level 2) of the bank loans is a reasonable approximation of the carrying amount as it is a floating rate instrument that is frequently re-priced to market interest rates.

The Company is required to comply with certain financial covenants such as:

(i) The consolidated shareholders' equity shall not at any time be less than $60,000,000

(ii) The ratio of consolidated net debt to consolidated shareholders' equity shall not at any time exceed 1.75 to 2:1; and

(iii) The ratio of consolidated earnings before interest, taxes, depreciation and amortisation to consolidated interest expense shall not at any time be less than 1.75:1.

28. Other financial liabilities (cont'd)

28B. Finance leases

The principal shall be repaid in full within 36 months from the drawdown date.

Group 2019	Minimum payments $'000	Finance charges $'000	Present value $'000
Minimum lease payments payable:			
Due within one year	10	(1)	9
Due within 2 to 5 years	39	(6)	33
Later than 5 years	13	(1)	12
Total	62	(8)	54
Net book value of plant and equipment under finance leases			56

Group 2018	Minimum payments $'000	Finance charges $'000	Present value $'000
Minimum lease payments payable:			
Due within one year	2	–	2
Due within 2 to 5 years	–	–	–
Total	2	–	2
Net book value of plant and equipment under finance leases			–

There are leases for certain of its plant and equipment under finance leases. The average lease term was 3 years (2018: 3 years). The fixed rate of interest for finance leases was ranging from 1.28% to 2.57% (2018: 1.28% to 2.57%) per annum. All leases are on a fixed repayment basis and no arrangements were entered into for contingent rental payments. The obligations under finance leases were secured by the lessor's charge over the leased assets.

The fixed interest rate approximates the market interest rate. The carrying amount of the lease liabilities was not significantly different from the fair value (level 2).

The finance leases disclosed above is not included in Note 26 as it is insignificant.

28C. Bill payables

The bills payables of the subsidiary are secured or covered by the following:

(i) Facilities Agreement;

(ii) Corporate guarantee by the Company;

(iii) Jointly and severally guarantees by certain directors of the subsidiary;

(iv) Negative pledge;

(v) Fixed deposit; and

(vi) Trade Financing General Agreement from the subsidiary.

The bill payables of the Group have maturity period of 90 days (2018: 90 days).

28. Other financial liabilities (cont'd)

28D. Redeemable preference shares

On 23 December 2016, QMAI, a wholly owned subsidiary of the Company, issued 4,794,000 redeemable preference shares at $1.0968 per share to QPH, a company owned by certain key executives and dentists of the Group, 210,936 redeemable preference shares at $0.47 per share to Dr Cheah, a key executive of the Group, respectively for cash totalling $5,360,000. On 15 November 2017, both the Group and Dr Cheah sold 982,728 and 10,930 redeemable preference shares at $1.9755 per share to All Win, Full Win and Initial Capital. All Win and Full Win are owned by certain dentists of the Group.

These redeemable preference shares were issued at a valuation which approximated the fair value of the subsidiary at the date of issue.

Each redeemable preference share in QMAI is equivalent to an ordinary share that QMAI holds in Aidite Qinhuangdao. During the 6 years commencing from the date of issue, the preference shareholders, have the right to tag-along and redeem its preference shares on a pro-rata basis should the Company redeem its interests in Aidite Qinhuangdao shares. At the end of 31 December 2022, all outstanding preference shares shall be mandatorily and automatically be exchanged into Aidite Qinhuangdao shares or net proceeds received from selling Aidite Qinhuangdao shares. The preference shareholders are not entitled to fixed dividend and do not have the right to vote.

The Group will continue to recognise the redeemable preference shares as liabilities until the date of disposal of Aidite Qinhuangdao's shares or when the effective interests in Aidite Qinhuangdao is transferred to the redeemable preference shareholders. Only then, the shares held in trust by the Group will be derecognised.

The redeemable preference shares are carried at cost with corresponding shares in Aidite Qinhuangdao held in trust for QPH, Dr Cheah, All Win, Full Win and Initial Capital.

Following the disposal of 36% of the registered capital of Aidite Qinhuangdao by the Group, together with QPH, All Win, Full Win and Initial Capital, as disclosed in Note 15, the shares held in trust in Aidite Qinhuangdao has reduced from 12.05% to 3.06%. See Note 20.

On 11 January 2020, QPH, Dr Cheah, All Win, Full Win and Initial Capital redeemed a total of 11,446,932 redeemable preference shares amounted to $15,827,000 in QMAI to match the corresponding decrease in the shares held in trust in Aidite Qinhuangdao.

29. Acquisition of subsidiaries

2019

The Group acquired the business and certain assets of L.A. OMS Surgery Pte. Ltd.. This acquisition was done at Specialist Oral Surgeons Pte. Ltd. level. This enabled the Group to continue the expansion of its main dental business in Singapore.

Group	2019
	$'000
Property, plant and equipment	2,500
Net identifiable assets and purchase consideration	2,500
Amount payable to vendors of the acquired subsidiaries	–
Net cash outflow from acquisition of subsidiaries	2,500

The goodwill arising on acquisition of the subsidiary is attributable to the anticipated profitability of the acquired subsidiary and the anticipated future operating synergies from the combination.

29. Acquisition of subsidiaries (cont'd)

2019 (cont'd)

The contribution from the acquired subsidiary for the period between the date of acquisition and the statement of financial position date was as follows:

Group	From date of acquisition in 2019
	$'000
Revenue	151
Profit before tax	18

2018

The Group acquired the businesses and certain assets of Chin Dental and Perling Dental. This acquisition was done at Q & M Dental Surgery (Selatan) Sdn. Bhd. level. This enabled the Group to continue the expansion of its main dental business in Singapore and in Malaysia respectively.

The transactions were accounted for by the acquisition method of accounting.

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

Group	Chin Dental	Perling Dental	Total
	$'000	$'000	$'000
Plant and equipment	7	19	26
Inventories	2	8	10
Net identifiable assets	9	27	36
Goodwill arising on consolidation	57	80	137
Purchase consideration	66	107	173
Amount payable to vendors of the acquired subsidiaries	–	–	–
Net cash outflow from acquisition of subsidiaries	66	107	173

The goodwill arising on acquisition of above subsidiaries are attributable to the anticipated profitability of the acquired subsidiaries and the anticipated future operating synergies from the combination.

The goodwill is not deductible for tax purposes.

The contributions from the acquired subsidiaries for the period between the date of acquisition and the statement of financial position date was as follows:

Group	From date of acquisition in 2018
	$'000
Revenue	157
Profit before tax	44

30. Operating lease income commitments – as lessor

A maturity analysis of the undiscounted lease amounts to be received on an annual basis for a minimum of each of the first five years and the total amounts for the remaining years is as follows:

	Group	
	2019	2018
	$'000	$'000
Not later than one year	429	566
Between 1 and 2 years	198	487
Total	627	1,053
Rental income for the year	674	864

Operating lease income commitments are for certain clinics. The lease rental income terms are negotiated for an average term of three years and rentals are not subject to any escalation clause. There are certain operating leases for the rental of certain dental premises with no commitment terms.

As the lessor, the Group manages the risk associated with any rights it retains in the underlying assets by having insurance coverage to reduce that risk.

31. Financial instruments: information on financial risks

31A. Categories of financial assets and liabilities

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

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Financial assets:				
Financial assets at amortised cost	45,244	42,639	89,982	49,712
Financial assets at fair value through profit or loss (FVTPL)	69,555	–	–	–
At end of the year	114,799	42,639	89,982	49,712
Financial liabilities:				
Financial liabilities at amortised cost	163,825	100,646	97,397	82,175
Financial liabilities at fair value through profit or loss (FVTPL)	15,827	–	–	–
At end of the year	179,652	100,646	97,397	82,175

Further quantitative disclosures are included throughout these financial statements.

31. Financial instruments: information on financial risks (cont'd)

31B. Financial risk management

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the entity's operating, investing and financing activities. There are exposures to the financial risks on the financial instruments such as credit risk, liquidity risk and market risk comprising interest rate and currency risk exposures. Management has certain practices for the management of financial risks. The guidelines set up the short and long term objectives and action to be taken in order to manage the financial risks. The guidelines include the following:

1. Minimise interest rate, currency and market risks for all kinds of transactions.

2. Maximise the use of "natural hedge": favouring as much as possible the natural off-setting of sales and costs and payables and receivables denominated in the same currency and therefore put in place hedging strategies only for the excess balance (if necessary). The same strategy is pursued with regard to interest rate risk.

3. All financial risk management activities are carried out and monitored by senior management staff.

4. All financial risk management activities are carried out following acceptable market practices.

There have been no changes to the exposure to risk; the objectives, policies and processes for managing the risk and the methods used to measure the risk.

31C. Fair values of financial instruments

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

31D. Credit risk on financial assets

Financial assets that are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner. These arise principally from cash balances with banks, cash equivalents and receivables. The maximum exposure to credit risk is the total of the fair value of the financial assets at the end of the reporting year. Credit risk on cash balances with banks and any other financial instruments is limited because the counter-parties are entities with acceptable credit ratings. For expected credit losses (ECL) on financial assets, the three-stage approach in the financial reporting standard on financial instruments is used to measure the impairment allowance. Under this approach the financial assets move through the three stages as their credit quality changes. However, a simplified approach is permitted by the financial reporting standards on financial instruments for financial assets that do not have a significant financing component, such as trade receivables. On initial recognition, a day-1 loss is recorded equal to the 12 month ECL (or lifetime ECL for trade receivables), unless the assets are considered credit impaired. For credit risk on trade receivables an ongoing credit evaluation is performed on the financial condition of the debtors and an impairment loss is recognised in profit or loss. Reviews and assessments of credit exposures in excess of designated limits are made. Renewals and reviews of credits limits are subject to the same review process.

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

31. Financial instruments: information on financial risks (cont'd)

31E. Liquidity risk – financial liabilities maturity analysis

The liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be settled at their contractual maturity. The average credit period taken to settle trade payables is about 60 days (2018: 60 days). The other payables are with short-term durations. The classification of the financial assets is shown in the statement of financial position as they may be available to meet liquidity needs and no further analysis is deemed necessary.

The following table analyses the non-derivative financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows):

Non-derivative financial liabilities:	Less than 1 year	2 – 5 years	Over 5 years	Total
	$'000	$'000	$'000	$'000
Group				
2019:				
Trade and other payables	27,080	–	–	27,080
Gross borrowings commitments	19,515	81,081	7,736	108,332
Gross lease liabilities	11,747	31,434	12,742	55,923
At end of year	58,342	112,515	20,478	191,335
2018:				
Trade and other payables	14,018	–	–	14,018
Gross borrowings commitments	3,317	87,400	3,448	94,165
At end of year	17,335	87,400	3,448	108,183

Non-derivative financial liabilities:	Less than 1 year	2 – 5 years	Over 5 years	Total
	$'000	$'000	$'000	$'000
Company				
2019:				
Trade and other payables	15,039	–	–	15,039
Gross borrowings commitments	19,010	78,669	5,881	103,560
Gross lease liabilities	37	–	–	37
At end of year	34,086	78,669	5,881	118,636
2018:				
Trade and other payables	7,175	–	–	7,175
Gross borrowings commitments	2,793	78,491	–	81,284
At end of year	9,968	78,491	–	88,459

The above amounts disclosed in the maturity analysis are the contractual undiscounted cash flows and such undiscounted cash flows differ from the amount included in the statement of financial position. When the counterparty has a choice of when an amount is paid, the liability is included on the basis of the earliest date on which it can be required to pay.

31. Financial instruments: information on financial risks (cont'd)

31E. Liquidity risk – financial liabilities maturity analysis (cont'd)

Financial guarantee contracts - For issued financial guarantee contracts the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called. At the end of the reporting year no claims on the financial guarantees are expected to be payable. The following table shows the maturity analysis of the contingent liabilities from financial guarantees:

Company	Less than 1 year
2019	$'000
Financial guarantee in favour of a subsidiary – given by Company (Note 3)	4,053
At end of the year	4,053
2018	
Financial guarantee in favour of a subsidiary – given by Company (Note 3)	5,764
At end of the year	5,764

Bank facilities:

	Group	
	2019	2018
	$'000	$'000
Unutilised bank overdraft	1,500	1,500
Unutilised credit facilities / foreign exchange	11,596	2,787
Unutilised fixed advance facilities	2,000	2,000
Unutilised money market loan	20,000	–
Unutilised interest rate swap facilities	60,000	60,000
Unutilised multicurrency medium term note	500,000	500,000
Unutilised non-revolving hire purchase line	–	1,000
Unutilised revolving credit facilities	3,000	4,000

The undrawn borrowing facilities are available for operating activities and to settle other commitments. Borrowing facilities are maintained to ensure funds are available for the operations. A schedule showing the maturity of financial liabilities and unused bank facilities is provided regularly to management to assist in monitoring the liquidity risk.

31. Financial instruments: information on financial risks (cont'd)

31F. Interest rate risk

Interest rate risk arises on interest-bearing financial instruments recognised in the statement of financial position and on some financial instruments not recognised in the statement of financial position. The following table analyses the breakdown of the significant financial instruments by type of interest rate:

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Financial assets with interest:				
Fixed rates	1,139	1,096	920	920
Floating rates	4,161	4,268	1,322	1,094
Total at end of the year	5,300	5,364	2,242	2,014
Financial liabilities with interest:				
Fixed rates	50,211	2	37	–
Floating rates	84,677	79,311	82,321	75,000
Total at end of the year	134,888	79,313	82,358	75,000

The floating rate debt instruments are with interest rates that are re-set at regular intervals. The interest rates are disclosed in the respective notes.

Sensitivity analysis: The effect on post tax profit is not significant.

31G. Foreign currency risks

Foreign exchange risk arises on financial instruments that are denominated in a foreign currency, ie in a currency other than the functional currency in which they are measured. For the purpose of this financial reporting standard on financial instruments: disclosures, currency risk does not arise from financial instruments that are non-monetary items or from financial instruments denominated in the functional currency.

31. Financial instruments: information on financial risks (cont'd)

31G. Foreign currency risks (cont'd)

Analysis of amounts denominated in non-functional currency.

Group	Japanese Yen	US Dollars	Euro	Total
2019	$'000	$'000	$'000	$'000
Financial assets:				
Cash and cash equivalents	–	62	–	62
Total financial assets	–	62	–	62
Financial liabilities:				
Trade and other payables	(183)	(119)	(299)	(601)
Total financial liabilities	(183)	(119)	(299)	(601)
Net financial liabilities at end of the year	(183)	(57)	(299)	(539)
2018				
Financial assets:				
Cash and cash equivalents	–	63	–	63
Total financial assets	–	63	–	63
Financial liabilities:				
Trade and other payables	(108)	(155)	(194)	(457)
Total financial liabilities	(108)	(155)	(194)	(457)
Net financial liabilities at end of the year	(108)	(92)	(194)	(394)

Company	US Dollars
2019	$'000
Financial assets:	
Cash and cash equivalents	63
Total financial assets	63
2018	
Financial assets:	
Cash and cash equivalents	63
Total financial assets	63

There is exposure to foreign currency risk as part of its normal business.

Sensitivity analysis: The effect on post tax profit is not significant.

32. Items in profit or loss

In addition to the charges and credits disclosed elsewhere in the notes to the financial statements, this item includes the following expenses:

	Group	
	2019	2018
	$'000	$'000
Audit fees to the independent auditor of the Company	365	345
Audit fees to the other independent auditor	65	27
Other fees to the independent auditor of the Company	4	20

33. Capital commitments

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

	Group	
	2019	2018
	$'000	$'000
Commitments to purchase plant and equipment	–	2,765

34. Events after the end of the reporting year

There are current uncertainties in the economy related to the COVID-19 outbreak that emerged since early 2020. These uncertainties have impacted the Group's operations and may create questions about the impairment or recoveries of certain assets. As the situation is still evolving, the full effect of the outbreak is still uncertain. It is however reasonably possible that COVID-19 will have an adverse impact on the Group's revenues and results for the next reporting year, the extent of which will depend on how long the outbreak lasts.

The Company purchased $3,563,000 its own shares subsequent to the end of the reporting year. Total amount paid to purchase these shares was $1,321,000.

35. Changes and adoption of financial reporting standards

For the current reporting year new or revised financial reporting standards were issued by the Singapore Accounting Standards Council. Those applicable to the reporting entity are listed below. Those applicable new or revised standards did not require any significant modification of the measurement methods or the presentation in the financial statements except as disclosed in Notes 16 and 37.

SFRS (I) No.	Title
SFRS (I) 16	Leases (and Leases - Illustrative Examples & Amendments to Guidance on Other Standards)
SFRS (I) 1-28	Amendments to Long-term Interests in Associates and Joint Ventures
SFRS (I) INT 23	Uncertainty over Income Tax Treatments
SFRS (I) 1-12	Improvements (2017) – Amendments: Income Taxes
SFRS (I) 1-23	Improvements (2017) – Amendments: Borrowing Costs
SFRS (I) 3	Improvements (2017) – Amendments: Business Combinations

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

For the future reporting years certain new or revised financial reporting standards were issued by the Singapore Accounting Standards Council and these will only be effective for future reporting years. Those applicable to the reporting entity for future reporting years are listed below. The transfer to the applicable new or revised standards from the effective dates is not expected to result in any significant modification of the measurement methods or the presentation in the financial statements for the following year from the known or reasonably estimable information relevant to assessing the possible impact that application of the new or revised standards may have on the entity's financial statements in the period of initial application.

SFRS (I) No.	Title	Effective date for periods beginning on or after
SFRS (I) 3	Definition of a Business – Amendments	1 January 2020
SFRS (I) 1-1 and 1-8	Definition of Material – Amendments to The Conceptual Framework for Financial Reporting	1 January 2020
SFRS (I) 10 and SFRS (I) 1-28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Not fixed yet

37. Changes in accounting policies and restatements of comparative figures

Leases:

The financial reporting standard on leases is effective for annual periods beginning on or after 1 January 2019 and it supersedes the previous reporting standard and the related interpretations on leases. For the lessee almost all leases are brought onto the statements of financial position under a single model (except leases of less than 12 months and leases of low-value assets), eliminating the distinction between operating and finance leases. Thus, the entity has recognised a right-of-use asset and a corresponding liability in respect of all these leases (unless they qualify for low value or short-term leases) which might have a material impact on the amounts recognised in the financial statements. The amount by which each financial statement line item is impacted (debits / (credits)) in the current reporting year 2019 by the application of the new standard on leases are disclosed in the Note 26 to the financial statements. The reporting entity elected to apply the modified retrospective approach for this new standard on leases. Under the modified retrospective approach the comparative Information is not restated and therefore there is no presentation of a third column for the statement of financial position.

38. Reclassifications and comparative figures

Certain reclassifications have been made in the balances in the financial statements for last year. The material changes in the balances included the following:

	Regrouping / Reclassifications		
	After	Before	Difference
	$'000	$'000	$'000
2018 Statement of comprehensive income:			
Revenue	120,808	119,887	921
Other gains	590	1,511	(921)

The above reclassifications did not require modifications and reclassifications to financial statements measurements. Apart from these disclosures, other balances and notes are not impacted by the reclassifications.

There are no changes to other components of the financial statements and for the reporting year as at 1 January 2018.

STATISTICS OF SHAREHOLDINGS

AS AT 16 MARCH 2020

SHARE CAPITAL

Class of shares	:	Ordinary Shares
Number of issued and paid-up shares (excluding treasury shares)	:	785,471,921
Voting rights	:	One vote per ordinary share
Number of treasury shares	:	19,415,879
Number of subsidiary holdings held	:	NIL
% of treasury shares to total number of issued shares (excluding treasury shares)	:	2.472%

SHAREHOLDING HELD IN THE HANDS OF PUBLIC

Based on information available to the Company as at 16 March 2020, approximately 30.29% of the Company's issued ordinary shares (excluding treasury shares) were held by the public, and Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited, is complied with.

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	18	0.64	126	0.00
100 - 1,000	203	7.18	147,269	0.02
1,001 - 10,000	1,216	43.03	7,731,400	0.98
10,001 - 1,000,000	1,356	47.98	75,425,257	9.60
1,000,001 and above	33	1.17	702,167,869	89.40
Total:	2,826	100.00	785,471,921	100.00

* Excluding Treasury Shares as at 16 March 2020 - 19,415,879 shares

LIST OF 20 LARGEST REGISTERED SHAREHOLDERS

No.	Name	No. of Shares	%
1	OCBC SECURITIES PRIVATE LTD	145,170,100	18.48
2	RAFFLES NOMINEES (PTE) LIMITED	93,965,400	11.96
3	CITIBANK NOMINEES SINGAPORE PTE LTD	73,143,755	9.31
4	DBS NOMINEES PTE LTD	62,865,371	8.00
5	PHILLIP SECURITIES PTE LTD	40,392,000	5.14
6	RHB SECURITIES SINGAPORE PTE LTD	39,929,600	5.08
7	SING INVESTMENTS & FINANCE NOMINEES (PTE) LTD	39,200,000	4.99
8	KOH SHUNJIE KELVIN (XU SHUNJIE KELVIN)	36,889,000	4.70
9	QUAN MIN HOLDINGS PTE LTD	32,663,476	4.16
10	KGI SECURITIES (SINGAPORE) PTE. LTD	19,821,700	2.52
11	FELICIA SHUHUI KOH MRS FELICIA FENNER	15,810,000	2.01
12	HWANG YEE CHEAU	14,666,383	1.87
13	MAYBANK KIM ENG SECURITIES PTE. LTD	14,595,200	1.86
14	CHAN PUI KEE	13,558,036	1.73
15	LIM KUO KAE	9,708,500	1.24
16	LAI MING CHUN @ LAI POH LIN	6,200,000	0.79
17	HONG LEONG FINANCE NOMINEES PTE LTD	6,054,000	0.77
18	FOO MOOH THONG	5,940,400	0.76
19	CHOW JOO MING	3,810,000	0.49
20	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	2,955,700	0.38
	Total:	677,338,621	86.24

Note:
%: Based on 785,471,921 shares (excluding shares held as treasury shares) as at 16 March 2020
* Treasury Shares as at 16 March 2020 - 19,415,879 shares

STATISTICS OF SHAREHOLDINGS

AS AT 16 MARCH 2020

SUBSTANTIAL SHAREHOLDERS

No.	Name	No. of shares held as Direct	%[1]	No. of shares held as Deemed	%[1]
1	Quan Min Holdings Pte. Ltd.[2]	440,599,676[3]	56.09	-	-
2	Dr Ng Chin Siau	11,440,110[4]	1.46	440,700,676[5]	56.11
3	Heritas Helios Investments Pte. Ltd.[6]	63,733,115	8.11	-	-
4	IMC Heritas Investments Ltd.[7]	-	-	63,733,115	8.11
5	IMC Pan Asia Alliance Corporation[8]	-	-	63,733,115	8.11
6	Heritas Capital Management Pte. Ltd.[9]	-	-	63,733,115	8.11

Notes:

(1) The percentage shareholding interest is computed based on 785,471,921 shares (excluding treasury shares) as at 16 March 2020.

(2) Quan Min Holdings Pte. Ltd. is an investment holding company incorporated in Singapore and is the Company's ultimate parent company.

(3) 407,936,200 shares are held in the name of various nominees.

(4) 11,440,000 shares are held in the name of various nominees.

(5) Dr Ng Chin Siau is deemed to have interest in the Shares held by (i) Quan Min Holdings Pte. Ltd. by virtue of section 4 of the SFA and (ii) his spouse's, Foo Siew Jiuan, 101,000 ordinary shares.

(6) The entire shares are held in the name of Citibank Nominees Singapore Pte. Ltd..

(7) IMC Heritas Investments Ltd. is the owner of the entire share capital of Heritas Helios Investments Pte. Ltd..

(8) IMC Pan Asia Alliance Corporation is the owner of the entire share capital of IMC Heritas Investments Ltd., which is in turn the owner of the entire share capital of Heritas Helios Investments Pte. Ltd..

(9) Heritas Capital Management Pte. Ltd. is the discretionary investment manager of Heritas Helios Investments Pte. Ltd..

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(Incorporated in the Republic of Singapore on 7 January 2008)
(Unique Entity Number 200800507R)

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