



Q & M DENTAL GROUP (SINGAPORE) LIMITED
(Company Registration Number 200800507R)
(Incorporated in the Republic of Singapore)

PROPOSED AMENDMENT TO Q & M PERFORMANCE SHARE PLAN 2018

1. INTRODUCTION

- 1.1. The Board of Directors (the "**Board**") of Q & M Dental Group (Singapore) Limited (the "**Company**" or the "**Group**") wishes to announce that the Company is proposing to amend the Q & M Performance Share Plan 2018 ("**Plan**") which was adopted by shareholders of the Company ("**Shareholders**") on 13 November 2018 at an extraordinary general meeting of the Company.
- 1.2. Pursuant to the proposed amendment, all of the Group's dentists (who are not employees of the Group) will be eligible to participate in the Plan and be eligible to be awarded shares in the capital of the company ("**Shares**"), subject to the terms and conditions of the Plan ("**Proposed Amendment**").

2. RATIONALE FOR THE PROPOSED AMENDMENT

- 2.1. The rationale for implementing the Plan is to fulfil the Company's primary long-term objective of motivating deserving individuals in the Group to optimise their performance standards and efficiency and to maintain a high level of performance and contribution. In addition, participation in the Plan will motivate high performing individuals who are integral to the Group to strive for superior performance and to deliver long-term shareholder value. The Plan also serves as a motivational tool to recruit and retain talented senior dentists and to reward them for Group and individual performance (collectively, the "**Rationale**").
- 2.2. However, under the current terms of the Plan, only employees and directors of the Group are eligible to participate, and while the Plan has been helpful in motivating employees and directors, the Plan does not reward a majority of the Group's key contributors.
- 2.3. Being in the dental services business, the Group's key contributors are its dentists. However, in line with industry practice, a significant number of dentists of the Group are not employees but are engaged by the Group as independent contractors under a contract for service. Some of these dentists are the key drivers and contributors of the Group but are not able to participate in the Plan and be rewarded. As such, the Proposed Amendment will allow the Company to fully realise the rationale for implementing the Plan.

3. KEY TERMS OF THE PROPOSED AMENDMENT

- 3.1. Under the Proposed Amendment, all dentists will be eligible to participate in the Plan. Subject to the terms of the Plan, high performing (and eligible) dentists of the Group, as selected by the Plan Committee (pursuant to the Plan), may be granted awards under the Plan. Any grant of award to such eligible dentist shall be subject to applicable laws and rules of the Plan. Factors which the Plan Committee may take into account may include (but are not limited to) the following:
- (a) the dentist's track record, such as the amount of revenue generated by such dentist for the Group; and
 - (b) the seniority and rank of the dentist, his / her scope of responsibilities and potential for future development.
- 3.2. The Proposed Amendment will be subject to shareholders' approval obtained at an extraordinary general meeting of the Company to be convened. The other rules of the Plan will remain unchanged.

4. SGX-ST APPROVAL

- 4.1. Under Rule 844 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), participation in a share-based incentive scheme must be restricted to directors and employees of a listed issuer and its subsidiaries. As the Group's dentists are not employees, the Company sought and obtained a waiver from SGX-ST for dentists to be eligible under the Plan and the Proposed Amendment on the following grounds:
- 4.1.1. in the context of the dental services business as carried out by the Group, dentists under contracts for service can also be the key drivers and primary contributors generating revenue for the Group and therefore play a critical role in the success and development of the Group;
 - 4.1.2. it is the standard practice and industry norm for dentists of dental practices to enter into contract for service agreements and be paid a commission-based fee for their services;
 - 4.1.3. it is important to recognise and reward high performing dentists whose contributions are essential to the prosperity of the Group and by allowing them to participate in the Plan, the Rationale for the Plan may be achieved, including:
 - 4.1.3.1. strengthening the Group's competitiveness in attracting and retaining talented dentists, especially those who have the requisite knowledge, technical skills and experience and who will contribute to the development and growth of the Company;
 - 4.1.3.2. fulfilling the Company's primary long-term objective of motivating deserving and eligible dentists to optimise their performance standards and efficiency and to maintain a high level of performance and contribution; and
 - 4.1.3.3. aligning the interests of the dentists with the interests of the Group.

- 4.2. The Company is pleased to announce that on 20 March 2023, the waiver was granted on the basis that:
- 4.2.1. the Group has, in the preceding 3 financial years, consistently derived more than 75% of its total revenue from dental services business which is a primary business of the Group;
 - 4.2.2. as at 31 December 2022, there are a total of 320 dentists within the Group and all of them are independent contractors with service agreements entered into directly with the Group;
 - 4.2.3. all 320 dentists provide their dental service exclusively to patients of the Group and have contributed significantly to the Group's revenue and growth. Their services are integral to the Group's dental services business and are non-substitutable by other non-dentist employees within the Group;
 - 4.2.4. of the 320 dentists, there are 105 dentists who are also employed by the Group in the additional role of a Clinic Manager and have each entered into an employment contract for this role. However, in relation to the provision of dental services, they have similarly entered into service agreement with the Group for the provision of dental services. Save for the role of Clinic Managers which is administrative in nature, the terms of service and remuneration structure for all 320 dentists within the Group are provided through a service agreement with the Group and are substantially similar; and
 - 4.2.5. all eligible dentists will be evaluated by the PSP committee against the same set of criteria when determining the awards to be granted pursuant to the Plan. Part-time dentists, if any, will not be eligible to participate in the Plan.
- 4.3. As required under Rule 107 of the SGX-ST Listing Manual, the waiver was granted subject to the following conditions:
- 4.3.1. the Company announcing the waiver granted, the reasons for seeking the waiver, the conditions as required under Rule 107 of the SGX-ST Listing Manual and if the conditions of the waiver have been satisfied;
 - 4.3.2. disclosure in the circular to shareholders ("**Circular**") that:
 - 4.3.2.1. the dental services business carried on by the Group is the principal and primary business of the Group. All dental services related fees generated by the dentists within the Group are recognised as and are material to the Group's revenue;
 - 4.3.2.2. the selection criteria for eligibility to participate in the Plan and that the Plan will only be extended to full-time dentists who are engaged directly by the Group and who provide services exclusively to the Group on a continuing basis in its ordinary course of business which are in the interests of the long-term success of the Group, akin to those of employees;
 - 4.3.2.3. all eligible dentists will be evaluated by the PSP committee against the same set of criteria when determining the awards to be granted pursuant to the Plan; and
 - 4.3.2.4. key terms of the awards to be granted pursuant to the Plan, including any vesting period and rationale.

- 4.4. This announcement satisfies the conditions in paragraph 4.3.1 above. The Company confirms the items listed in paragraph 4.3.2 will be disclosed in the Circular.

5. EXEMPTION FROM REQUIREMENT TO ISSUE A PROSPECTUS

- 5.1. The Company will rely on Section 272B and such other applicable exemptions under the Securities and Futures Act 2001 of Singapore ("**SFA**") in order to be exempt from the requirement of having to issue a prospectus in relation to an offer by the Company of Shares to dentists pursuant to the Plan and the Proposed Amendment.
- 5.2. The Company is relying on the exemption under Section 272B of the SFA on the basis that:
- 5.2.1. the offer of Shares under the Plan ("**Offer**") will not be made to more than 50 persons within any period of 12 months;
 - 5.2.2. the Company will not make any advertisement or call attention to the Offer / intended Offer;
 - 5.2.3. there will not be any selling or promotional expenses paid or incurred in connection with the Offer other than those incurred for administrative or professional services; and
 - 5.2.4. no prospectus in respect of the Offer will be registered by the Monetary Authority of Singapore.
- 5.3. For the avoidance of doubt, the Company may rely on other exemptions under the SFA if available.

6. TIMELINE

The Company intends to call for an extraordinary general meeting seeking shareholders' approval for the Proposed Amendment. A circular containing, *inter alia*, information on the Proposed Amendment and the notice of EGM will be despatched to Shareholders in due course.

By Order of the Board

Dr Ng Chin Siau
Group CEO & Executive Director
21 March 2023