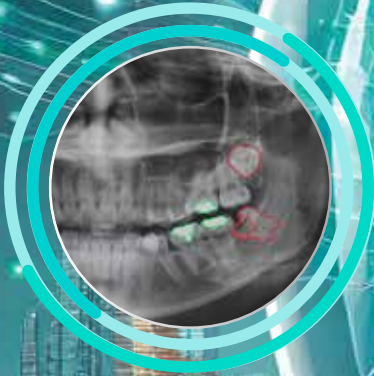




全民
Q&M

Q & M Dental Group (Singapore) Limited



DENTISTRY 3.0: DATA-DRIVEN, PATIENT-CENTRIC

ANNUAL REPORT 2023

DENTISTRY 3.0: DATA-DRIVEN, PATIENT-CENTRIC

Dentistry 3.0 heralds a new era of ethical practice, harnessing big data and Artificial Intelligence. By leveraging vast patient datasets, practitioners personalise treatments, optimise outcomes, and prioritise patient well-being. Proactive preventive measures, tailored to individual needs, ensure long-term oral health. Through advanced technology, patients experience enhanced diagnostics and efficient procedures with reduced risks. Dentistry 3.0 thus embodies a paradigm shift towards patient-centric care, empowering individuals with comprehensive solutions for a healthier future.



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CORPORATE PHILOSOPHY, VISION AND PURPOSE

Central to our corporate vision of being the leading private dental healthcare group in the region, Q & M derives its corporate values and purpose from the Confucian teachings of 修身齐家治国平天下.

Confucius teaches that the role of the individual – the sincerity of one's heart, desires, and motivation for knowledge, forms the basis of achieving enduring peace in the world. Once the individual embodies sincerity in all aspects of his life, to cultivate goodness and reject evil, he will then be able to align his family and home with these values. When the home is in order, the country and the rest of the world will also be in harmony and peace.

Similarly, Q & M will continue to thrive as long as each individual within the Group strives for knowledge, continual improvement and excellence, allowing one to achieve order in every aspect of their work and lives. Through teamwork, each business unit and division align with the corporate objectives to form a united Q & M family. Likewise, Q & M consciously aligns its corporate and stakeholders' interests, to achieve greater peace, harmony and well-being for all. To put these values in practice, we strive to ensure that our dental professionals practice in an ethical manner, each protocol or treatment plan benefits our patients (修身); doctors and support staff treat one another with mutual respect and are all governed by this philosophy (齐家). Only then, can we work together as a team (治国) to serve our patients (平天下). Together, we will build the Q & M brand to be synonymous with quality, excellence and value.

修身

- Improving oneself

齐家

- Unity and alignment of the Q & M family

治国

- Corporate and stakeholders' interests are aligned – the Q & M family complies with the rules and regulations set out by the relevant authorities as well as Q & M's internal protocols

平天下

- Everyone is well-treated, including patients, doctors, nurses, management and shareholders.
- Peace and harmony



愿景 VISION

成为区域内牙科医疗领域的领导者
To be the leading Dental Healthcare Group in the Region



公司宗旨 CORPORATE PURPOSE

以可持续的方式提供牙科服务
To provide dental services in a sustainable manner



OUR VALUES

忠 Loyalty

Cultivate loyalty among Q & M family, to further enhance our people's engagement and participation level (齐家)

信 Truthfulness

To have trust among colleagues, work as a team and making sure all information conveyed to patient is true and accurate (治国)

礼 Respect

To foster a sense of respect among Q & M staff and all stakeholders, ensuring physical and psychological well-being (修身)

义 Righteousness

To foster strong ties with everyone, always keep the company in mind throughout our day-to-day decision-making processes (齐家)

廉 Integrity

To have strong sense of ethics and morals in daily operation (修身)

CORPORATE PROFILE

Q & M Dental Group (Singapore) Limited (QC7.SI) (“Q & M” or together with its subsidiaries, the “Group”) is a leading private dental healthcare group in Asia.

Q & M owns the largest network of private dental outlets in Singapore, operating 106 dental outlets (including Q & M Free Dental Clinic) across the country. Underpinned by about 270 experienced dentists and over 350 supporting staff, the Group sees an average of 42,000 patient visits a month in Singapore. The Group also operates 5 medical clinics and a dental supplies and equipment distribution company.

Q & M also operates the Q & M Free Dental Clinic (the “Free Clinic”) at Chai Chee Road, providing essential dental treatment free of charge to needy patients as part of its commitment to giving back to the community. Dental services at the Free Clinic are rendered by many volunteer dentists from the Group. Since its launch in July 2023, the Free clinic has attended to approximately 300 patients to-date.

Outside of Singapore, the Group has 44 dental clinics and a dental supplies and equipment distribution company in Malaysia. Q & M is also the substantial shareholder of Aoxin Q & M Dental Group Limited (SGX:1D4), a dental group listed on the Catalist board of the Singapore Exchange Securities Trading Limited (“SGX-ST”) that operates dental clinics and hospitals primarily in the north-eastern region of the People’s Republic of China.

In 2019, Q & M founded the Q & M College of Dentistry (“College”), which offers postgraduate dental education to support the ongoing education and professional development of the Group’s dentists. The College offers Singapore’s first private postgraduate diploma program in clinical dentistry. Furthermore, the College also regularly conducts various dental assisting courses for its own clinical support staff as well as to members of the public. For the latter, the participants can pay the course fee using their Skills Future credits.

In 2020, the Group expanded into the medical laboratories and research industry with the strategic investment into Acumen Diagnostics Pte. Ltd. (“Acumen”). In the past few years, Acumen played an important role in the nation’s fight against Covid-19, as one of the few licensed medical laboratories for Covid-19 diagnostics in Singapore. Moving on from Covid-19, the diagnostic laboratory is currently focused on commercialising its panel of PCR-based diagnostic testing for conditions such as sepsis, human papillomavirus (HPV) and colon cancer for the private sector clinics and hospitals in Singapore. In addition, Acumen is also running the Joint Testing and Vaccination Centre (JTVC) in Sengkang as commissioned by the Ministry of Health.

EM2AI Pte. Ltd. (“EM2AI”), an associate of the Group that focuses on developing AI-powered solutions, has rolled out a cloud-based Integrated Dental Management System (“EM2Clinic”) that efficiently facilitates patient relation management and operational processes in the clinic. A Q & M Patient App (the “App”) integrated with EM2Clinic has been launched to enhance patients’ overall experience. Through the App, dental records such as x-rays and 3D intra-oral scanned images are conveniently and securely stored in patients’ mobile phones. EM2AI has also successfully deployed its AI detection module throughout the Group’s dental clinics in Singapore and Malaysia. In addition, an ethical treatment planning module premised on generative AI is currently undergoing trials by selected dentists of the Group.

The Group was listed on the Mainboard of the SGX-ST on 26 November 2009.

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

REGIONAL FOOTPRINT

(as at 31 December 2023)

Number of clinics		Fabrication of Dental Prosthesis	Distribution of Dental Equipment and Supplies	Medical Diagnostics Laboratory	Dental AI Technology	Free Dental Clinic
Singapore Dental: 105 Medical: 5 Dental College: 1	Malaysia Dental: 44	Singapore 1	Singapore 1 Malaysia 1	Singapore 1	Singapore 1	Singapore 1

LIST OF SERVICES (Dental and Medical)

DENTAL	MEDICAL	
<ul style="list-style-type: none"> Aesthetic/Cosmetic Dentistry CAD CAM Digital Dentistry Children Dentistry Clear Aligner (Invisalign) Consultations Crowns and Bridges Dental X-ray with AI Scan Dentures Extractions General Dentistry Geriatric Dentistry Gum Disease and Surgery Implant Dentistry Intraoral 3D Scanning Mouth/Night Guards Oral Surgery Orthodontics (Braces) Root Canal Treatment Scaling and Polishing Sensitive Teeth Teeth Grinding (Bruxism) Teeth Whitening Tooth-Coloured Fillings Wisdom Tooth Surgery 	<p>General Health Services:</p> <ul style="list-style-type: none"> Adult and Children Consultation Chronic Disease Management Men's Health Skin Care Telemedicine <p>Preventive Care:</p> <ul style="list-style-type: none"> Cervical PAP Smear Family Planning General Health Screening Pre-Marital Health Screening Smoking Cessation Weight Loss Management Travel Advice and Vaccinations <p>Vaccinations:</p> <ul style="list-style-type: none"> Cervical Cancer Chicken Pox Childhood Vaccinations Hepatitis Profiling and Vaccinations Influenza Tetanus Typhoid 	<p>Extensive Medical Check-Ups:</p> <ul style="list-style-type: none"> Pre-education/Extracurricular activity Certification Pre-employment Checks <p>Minor Procedures:</p> <ul style="list-style-type: none"> Draining of Abscess Ear Syringing Removal of Foreign Material Removal of Sutures Removal of Warts Wound Care and Dressing <p>Covid-19</p> <ul style="list-style-type: none"> Covid-19 Vaccination



MESSAGE TO SHAREHOLDERS



“The Group recorded a revenue of S\$182.7 million, with S\$11.5 million of Profit After Tax attributable to Parent.”

DEAR SHAREHOLDERS

In the financial year ended 31 December 2023 (“FY2023”), Q & M Dental Group (Singapore) Limited’s (“Q & M” or “the Group”) total revenue amounted to S\$182.7 million, up from S\$181.2 million in FY2022. FY2023 profit before tax was S\$13.7 million compared to S\$14.3 million in FY2022.

Revenue from Core Healthcare Business¹, was S\$176.2 million in FY2023, up 2% from S\$172.1 million in FY2022. EBITDA² from Core Healthcare Business was S\$39.6 million for FY2023 compared to S\$39.5 million in FY2022, reflecting the continued strength of the Group’s core business.

As at 31 December 2023, the Group has a total of 150 clinics within its network, with 106³ clinics in Singapore, 44 clinics in Malaysia. The Group has approximately 330 dentists and 460 supporting staff, of which 270 dentists and 350 supporting staff are in Singapore. Dentists in the Group see an average of about 42,000 patients per month.

FINANCIAL HIGHLIGHTS

Core Healthcare Business Revenue of S\$176.2 million in FY2023, was derived from higher revenue contribution from Singapore dental clinics that was offset by lower revenue contribution from Singapore medical clinics, deconsolidation of the Shanghai Chuangyi in June 2023 and the impact of the weakening Malaysian Ringgit in

relation to the Group’s operations in Malaysia. The Group’s medical laboratory business was adversely impacted by lower demand for Covid-19 testing now that the Covid-19 virus has entered the endemic stage.

Aoxin Q & M Dental Limited (“Aoxin Q & M”), a 32.8% owned associate company of Q & M reversed from a loss in second half of 2022 to a profit in second half financial year of 2023 (“2H2023”), resulting in Q & M recording a share of profit from equity-accounted associate of S\$0.1 million in 2H2023. For whole year FY2023 against whole year FY2022, the share of loss in Aoxin Q & M, decreased by S\$0.5 million.

The Group’s profit after tax attributable to owners of the parent increased from S\$11.3 million in FY2022 to S\$11.5 million in FY2023.

As at 31 December 2023, the Group’s financial position remains strong. Net Asset Value attributable to owners of parent is S\$99.1 million as at 31 December 2023 compared to S\$96.5 for the previous year, an increase of 3%. Net asset value per ordinary share increased to 10.5 Singapore cents as at 31 December 2023, up from 10.2 cents a year ago.

As at 31 December 2023, Q & M has cash and cash equivalents of S\$34.0 million and bank borrowings plus finance leases amounting to S\$80.3 million.

MESSAGE TO SHAREHOLDERS

DIVIDEND

The Group paid a 0.16 Singapore cent dividend for first half of 2023 ("1H2023") on 13 September 2023 and a second interim dividend of 0.53 Singapore cent per ordinary share for 2H2023 on 26 March 2024. The total dividend thus works out to 0.69 Singapore cent for FY2023, with a payout ratio of 57%.

BUSINESS OUTLOOK & FUTURE PLANS

The Group's FY2023 financial performance remains strong despite a challenging business environment as the fundamentals of the Group's business remains sound. For the year ahead, the Group will continue to execute on its multi-year and multi-prong strategy with emphasis on both the hardware and heartware of the Group. Data-Driven Dentistry will play an increasingly important role in bringing the Group into the Artificial Intelligence-age allowing dentists to offer patients the best possible treatment plans that are ethical, cost-effective and considers the overall well-being of the patient from a long-term perspective. This is vital in gaining the trust and confidence of the many thousands of patients that entrust their dental care needs to the Group.

EXPANSION OF NETWORK OF DENTAL CLINICS IN SINGAPORE, MALAYSIA AND BEYOND

The Group continues to explore strategic opportunities to grow its network of dental clinics in Singapore and Malaysia, with particular emphasis on organic growth. To achieve this, every clinic is carefully evaluated to improve productivity and maximise returns on a per clinic basis. Starting in 2023, Q & M was organised with area management teams that include dentists, nurses, operations and finance personnel to improve overall cost and operation efficiencies. Area Managers have been empowered to make improvements to work processes. In addition, the network footprint in both Singapore and

Malaysia is regularly reviewed to ensure that geographical coverage of the clinics are matched with emerging pockets of demand that may not be adequately served currently.

The Group is also making strategic evaluations of markets in other South-East Asian countries to explore opportunities to expand the business.

MEDICAL LABORATORY (ACUMEN)

Building on the success of operating a Joint Testing and Vaccination Centre (JTVC) in Singapore in FY 2023, the focus will shift leveraging this valuable experience to explore further public health engagements. We aim to collaborate with government agencies and healthcare organisations, expanding our footprint in the healthcare sector.

With the conclusion of our COVID-19 contract for PCR testing in Singapore, we look to diversify our revenue streams and expand our service portfolio. This includes commercialising our pipeline of PCR tests for infectious diseases and cancer, driving innovation and new product development. We will prioritise advancing our PCR tests, aiming for regulatory approvals and market launch to meet evolving healthcare needs.

We will also be intensifying efforts to explore international markets for our testing services and products. This entails assessing market dynamics, regulatory requirements, and potential partnerships to facilitate market entry and growth.

ARTIFICIAL INTELLIGENCE (AI) AND DENTISTRY 3.0

Q & M has taken the lead in the market by making early investments in the field of Artificial Intelligence. As we embrace the potential of AI and Dentistry 3.0, we remain mindful of our responsibility to uphold the highest ethical standards and prioritise patient well-being above all else.

¹ Core Healthcare Business excludes contributions from the Group's medical laboratory, other gains, other losses and expenses incurred on the development of the Group's digital artificial intelligence (AI) guided clinical decision support system as well as rental rebates receive from the Singapore government,

² EBITDA refers to Earnings before interest, tax, depreciation and amortization.

³ Includes the Free Dental Clinic

MESSAGE TO SHAREHOLDERS

While AI holds the promise of revolutionising dentistry, it is our human touch, empathy, and expertise that will continue to define the essence of our practice as we interact with our patients on a daily basis.

Harnessing the power of our AI solutions such as our AI Guided Clinical Decision Support System (“AI-GCDSS”) and our cloud-based Integrated Dental Management System (“EM2Clinic”), we will be able to formulate and recommend ethical, efficient, and effective solutions to our patients; which is a strategic differentiator for the Group. We strive to position our organisation as one of innovation and adaptability, embodying the best of patient-centric ethos and technological advancements that will define this new era of dental healthcare. Our commitment to continuous learning and evolution is not merely aspirational; it’s integral to our identity as a forward-thinking dental healthcare provider.

We see a future where dental professionals collaborate across disciplines, leveraging the latest research and technological breakthroughs to enhance their skills and elevate patient care. In this vision, the Company transcends the traditional role of a healthcare provider to become a driving force for industry-wide transformation. By fostering a culture of curiosity, experimentation, and knowledge-sharing, we position ourselves not just to keep pace with change, but to actively shape its trajectory.

Our strategic investment in Artificial Intelligence exemplifies this commitment. Armed with comprehensive knowledge and data-driven recommendations, patients can engage more meaningfully in their dental care journey, while dentists can confidently tailor treatment plans to individual needs, ensuring optimal results every time.

EM2AI (AI BUSINESS)

On 25 January 2024, Q & M entered into a joint-venture agreement with EM2AI Professional Holdco Pte. Ltd. which invested S\$1.6 million into the Group’s wholly owned subsidiary EM2AI Pte. Ltd., and also provided an interest free loan of S\$3.7 million to EM2AI for working capital purposes. EM2AI Professional Holdco Pte. Ltd. acquired an effective shareholding interest of 51% of EM2AI.

EM2AI is in the business of providing top-grade dental healthcare solutions with cutting edge AI technology. The following benefits are derived from the joint venture:

- strengthen the Group’s financial position and improve its cash flow as EM2AI is currently not profitable and its activities require significant capital investment, specifically in the area of research and development (R&D);
- Funds saved by the Group in respect of further funding requirements of EM2AI can be deployed by the Group to its core activities.

AI-empowered solutions and businesses come with certain risks and uncertainties along with intensive working capital requirements, thus making it difficult to estimate when the business will become ultimately profitable. Divesting majority control of EM2AI allows the Group to effectively minimise its capital investment in EM2AI during its growth stage and still benefit from the growth of EM2AI without having to invest substantially into it.

Q & M COLLEGE

Albert Einstein once said “When you stop learning you start dying”. Q & M is absolutely dedicated to ensure that our staff are equipped with the necessary expertise and knowhow to deliver the best outcomes consistently for our patients. The Q & M College plays a key role in fulfilling this by offering quality training programs that give our staff the knowledge and skills in tandem with the latest advances in the field of dentistry.

Our frontline healthcare staff including both dentists and dental assistants are required to attend Q & M’s annual compulsory training on an on-going basis. The training combines the best of classroom learning with highly practical sessions. Our commitment to our patients’ care and well-being is something that the Group takes very seriously and will always be so.

Q & M FREE DENTAL CLINIC

The Q & M Free Dental Clinic launched in July 2023 is rooted in the belief that everyone deserves access to quality dental care, regardless of their financial circumstances and

MESSAGE TO SHAREHOLDERS

background. It has become a highly meaningful platform for Q & M to give back to the community. The Group is heartened by the willingness of so many of its dentists and nurses stepping up to volunteer their time and expertise to help and benefit those who might otherwise have limited access to good quality dental healthcare.

From seniors seeking quality dental care in their twilight years to young children taking their first steps into dental hygiene, the Free Dental Clinic has touched the lives of over 300 individuals within the community from its inception in July 2023 until early March 2024. Among these beneficiaries, over 90 were seniors aged 60 and above, while numerous young children under 12 years old received crucial dental attention, setting the foundation for a lifetime of oral wellness.

BUILDING A STRONG FOUNDATION FOR FUTURE GROWTH

Any organisation is only as strong as its weakest link and Q & M is no exception. From our very inception, even up to today, our corporate philosophy is encapsulated by the Chinese proverb, “修身齐家治国平天下”, which has not only shaped our identity but also served as the compass guiding our actions. Our commitment and dedication to the Group, our patients, our fellow staff, our profession, and to the community has been unwavering and will continue to be so.

Building our foundation on solid rock will ensure that the Group can withstand the winds of change and adversity to emerge stronger after every challenge overcome. The plans and investments we have put in place in the areas of Artificial Intelligence, lifelong learning and upskilling for our dentists and nurses, ethical dentistry and data-driven dentistry will mean little if our patients and the community we serve do not directly benefit from what we do. While we are not the finished product by any means, we believe that we have laid down the groundwork to take the Group well into the next decade and beyond.

APPRECIATION

Today, we stand at the threshold of a remarkable era in the history of our Group – a future where innovation

intertwines seamlessly with compassion, and technology becomes the catalyst for transformative care; all of which is undergirded by the strong and consistent values that we have forged since the beginning.

To our dedicated staff, we extend our deepest gratitude for your unwavering commitment and adaptability. As we embark on this transformative journey, your expertise and compassion remain our most invaluable assets.

We would like to take this opportunity to convey our heartfelt gratitude to the following three Independent Directors who will be retiring at the upcoming Annual General Meeting 2024: Mr Narayanan Sreenivasan, Mr Ng Weng Sui Harry, and Prof Toh Chooi Gait. Each of them has played a pivotal role in offering invaluable guidance and strategic counsel throughout their tenure on the Board, significantly contributing to the enduring strength and success of the Group. A special note of appreciation is due to Mr. Narayanan for his leadership and instrumental role in shaping the Company's direction during his tenure as Chairman of the Board. His candidness, insights, and sense of humour have left an indelible mark and will be dearly missed by all who had the privilege to work with him.

We offer our warmest wishes to each of them as they embark on new endeavours in the future.

To our esteemed shareholders, we express our sincere appreciation for your steadfast support.

In conclusion, we stand here with a profound sense of optimism and excitement for the future that awaits us. Together, we will embrace the transformative potential of AI, while staying true to our core values of loyalty (忠), truthfulness (信), respect (礼), righteousness (义) and integrity (廉).

MR NARAYANAN SREENIVASAN

Independent Non-Executive Chairman

DR NG CHIN SIAU

Group Chief Executive Officer and Executive Director

BOARD OF DIRECTORS



MR NARAYANAN SREENIVASAN

Independent Non-Executive Chairman

Mr Narayanan 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 38 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.



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 Council Member of the Singapore-Liaoning Economic and Trade Council, and Singapore-Shangdong Economic and Trade Council. Dr Ng is also a Patron of the Ang Mo Kio-Hougang's Citizen's Consultative Committee and the Chairman of River Valley High School's School Advisory Committee appointed by Ministry of Education, Singapore.

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 S\$300 million to S\$1 billion Market Capitalisation" at the Singapore Corporate Awards. In 2022, Dr Ng received the Public Service Medal (Covid-19) under National Award (Covid-19) 2022.

BOARD OF DIRECTORS



DR ANG EE PENG RAYMOND

Non-Independent Executive Director and Chief Operating Officer

Dr Ang Ee Peng Raymond is Q & M'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 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. Dr Ang is currently a practicing dentist in the Group's dental clinics at Bukit Gombak and Bukit Panjang.

Dr Ang 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. From 2009 to 2020, Dr Ang is an Advisor to the Singapore Dental Association's Ethics Committee. He has been an elected member of the Singapore Dental Council ("SDC") since May 2009. From 2009 to 2020, Dr Ang is a member of SDC's Continuing Professional Education Committee. He is also a member of SDC's Ethics Committee, SDC's Audit Committee and SDC's Complaints Panel. Dr Ang is a member of Nanyang Polytechnic School of Health Sciences Dental Therapy & Hygiene Advisory Panel. From 2009 to 2020, He was also a 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.



PROF TOH CHOOI GAIT

Independent Non-Executive Director

Professor Toh Chooi Gait was appointed as an Independent Director of Q & M on 25 June 2013. Currently, she is a Professor of Restorative Dentistry in the International Medical University, Malaysia and Chairman of the IMU Foundation Management Committee. 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 Honours 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. She was elected as a Fellow of the Faculty of Dental Trainers, Royal College of Surgeons of Edinburgh in 2020.

BOARD OF DIRECTORS



MR NG WENG SUI HARRY

Independent Non-Executive Director

Mr Ng Weng Sui Harry was appointed as an Independent 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, accounting and corporate services. Prior to this, he was the chief financial officer with a number of companies listed on the Singapore Exchange Securities Trading Limited ("SGX-ST").

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

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 TED TAN TECK KOON

Independent Non-Executive Director

Mr Ted Tan was appointed as an Independent Non-Executive Director of Q & M on 1st May 2022. He is an Enterprise Fellow at Enterprise Singapore, an economic agency under the Ministry of Trade and Industry. Mr Tan is concurrently the Operating Partner of Heliconia Capital Management, a subsidiary of Temasek Holdings that provides growth capital for SMEs. He is also an Adjunct Associate Professor at Nanyang Business School at Nanyang Technological University.

Ted Tan has spent more than thirty years as Chief Executive Officer and senior management in both the public and private sector with experience in strategic planning, business development, investments, mergers and acquisitions, governance, risk management and internationalisation. He sits on the boards of companies including public listed entities as the independent director or non-executive director.

Mr Tan graduated with a Bachelor of Applied Science (Honours) in Electrical Engineering and a Master of Business Administration. He has completed the Advanced Management Programme at Harvard Business School and the International Directors Programme at INSEAD, and attended senior executive programmes at Wharton School in the University of Pennsylvania as well as Tsinghua and Fudan University in China. In 2012, Mr Tan was awarded the Public Administration Medal (Silver) by the Singapore government.



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. He is currently 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, education, agrifood and sustainability sectors across Asia Pacific. He has over 25 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.

BOARD OF DIRECTORS



DR KUAN CHEE KEONG

Alternate Director To Group Chief Executive Officer Dr Ng Chin Siau

Dr Kuan Chee Keong was appointed as the Alternate Director to Group Chief Executive Officer Dr Ng Chin Siau on 19 August 2020. He graduated from the National University of Singapore (NUS) with a Bachelor of Dental Surgery in 1993. He served as a Dental Officer at the Government Dental Clinic, Singapore General Hospital, Outpatient Dental Clinic, Alexander Hospital and the Institute of Dental Health. He is currently a general dental practitioner with Q & M Dental Group.

Dr Kuan has served in consecutive councils of the Singapore Dental Association from 2006 till 2017 during which he was elected President for the 2012/14 & 2014/16 terms. He was also elected President of Asia Pacific Dental Federation in 2015/16. Most recently, Dr Kuan was elected by his peers to serve as Member of the Singapore Dental Council for 2018-2021. Currently, Dr Kuan is the Chairman of the Application of Remote Dentistry Committee and a member of the Complaints Panel of the SDC.

In the past, Dr Kuan served as appointed member of the Dental Services Advisory Group and National Ethics Capability Committee for the Ministry of Health Singapore. He was also the appointed member of the NUS Faculty of Dentistry's Advisory Committee; member of Admission Interview Panel for Faculty of Dentistry Undergraduate Program of NUS; member of SDA Endowment Fund Management Committee and member of NUS-SDA Continuing Education Fund Management Committee. In addition, he was the appointed member of the Dental Advisory Panel for Health Sciences Authority and Personal Data Protection Commission.



DR CHONG KAI CHUAN

Alternate Director To Chief Operating Officer Dr Ang Ee Peng Raymond

Dr Chong Kai Chuan was appointed as the Alternate Director to Chief Operating Officer Dr Ang Ee Peng Raymond on 19 August 2020. In 1997, he graduated from the National University of Singapore (NUS) with a Bachelor of Dental Surgery.

With strong interest and passion in Implantology, Dr Chong furthered his studies with Fellow of Royal Australian college of Dental Surgeons (FRACDS) in 2001 and Grad Dip of Dental Implantology, 2009 from National University of Singapore. Dr Chong is a Director of Quan Min Holdings Pte. Ltd and he is currently working as a general dentist with Q & M Dental Group Singapore.

EXECUTIVE OFFICERS

MDM FOO SIEW JUAN

General Manager

Mdm Foo Siew Juan is the Group's General Manager and her current responsibilities include overseeing the daily operational matters, such as human resource, procurement, and corporate communications. 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.

MDM NG SOOK HWA

Chief Financial Officer

Mdm Ng Sook Hwa was appointed as the Chief Financial Officer on 7 May 2022. She is responsible for the Group's financial management, tax and investment matters, as well as assisting the Group CEO on merger and acquisition activities. Mdm Ng comes with a wealth of experience accumulated over many years in the areas of finance, audit and business management.

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.

KEY FIGURES



S\$182.7 M
REVENUE



S\$37.0 M
EBITDA



S\$13.7 M
PROFIT BEFORE TAX



S\$34.0 M
CASH POSITION



2.42
CURRENT RATIO (TIMES)



57%
DIVIDEND PAYOUT RATIO



1.22 CENTS
EARNINGS PER SHARE



10.5 CENTS
NAV PER SHARE

OPERATIONS REVIEW

As the premier dental healthcare provider in Singapore and the region, Q & M is mindful of the need to maintain the highest standards of care and expertise in serving our patients. The Group's overall revenue remained strong despite a challenging macroeconomic environment, posting a positive increase for FY2023. This is largely due to the hard work and dedication from the team in executing the strategies and optimising resources within the Group.

SINGAPORE

As at 31 December 2023, the Group operates a total of 150 dental clinics, of which 106 are located in Singapore and 44 in Malaysia. (See Table)

	As at 31 Dec 2023	As at 31 Dec 2022
Singapore-Dental	106*	107
Singapore-Medical	5	5
Malaysia	44	44
China PRC	0	1
TOTAL	155	157

**(including Q & M Free Dental Clinic at Chai Chee)*

To optimise operational efficiency, two clinics located in Marine Parade and River Valley respectively ceased operation in 2023.

2023 was a year when everything started to return to normalcy and businesses continued to face challenges Post-COVID. Instead of adding on new clinics organically, Singapore dental chose to deep dive into various operational issues and address pockets of inefficiencies. As a result of the streamlining and review process, 2 clinics ceased operation.

Q & M COLLEGE OF DENTISTRY (THE "COLLEGE")

The Group is very firmly committed to lifelong learning by keeping one's skills up to date with the latest techniques and technologies available within the dental healthcare industry. With the College as the dedicated training provider, Q & M has now instituted a compulsory training program that mandates each dentist to attend seminars and workshops on a regular basis. Furthermore, the College has also started the process towards attaining Edutrust accreditation.



EM2AI

The Group directly owns 49% of EM2AI, a pioneering company at the forefront of revolutionising the dental industry through advanced Artificial Intelligence (AI). EM2AI has developed and successfully deployed in all Q & M clinics in Singapore the Artificial Intelligence X-Ray Dental Pathologies Detection, Automated Dental Charting (ADC) systems and Dental Health Report. The Dental Health Report can be seamlessly transmitted to the Q&M mobile application, which is now accessible for public download, enabling patients to conveniently carry their personal dental records wherever they go. EM2AI is now in the early stages of rolling out the Guided Clinical Decision Support System (GCDSS) in selected outlets for testing with the view for a full rollout in due course. This ground-breaking AI-driven system is designed to support dentists by enhancing the speed and accuracy of diagnosing and creating treatment plans for their patients. The core advantage of GCDSS lies in its ability to minimise and remove perceived or unperceived biases or preferences that a dentist might hold, thus improving the transparency, reliability, consistency, and quality of dental diagnoses and treatments. Integrating AI into the decision-making process allows patients to reach a more informed decision in consultation with their dentists when it comes to treatment plans. The introduction of AI into dentistry by EM2AI notably addresses concerns related to over-selling and under-selling of treatments, promoting a model of ethical dentistry that more patients are beginning to seek out.

Furthermore, EM2AI's model extends beyond just a technological innovation; it represents a new business paradigm within the dental industry through its Software as a Service (SaaS) offering. The SaaS platform

OPERATIONS REVIEW

ensures that dental clinics, regardless of their size, can offer state-of-the-art, ethical, and personalised treatment plans to their patients, fostering a more inclusive and advanced dental care ecosystem. Through continuous updates and improvements, EM2AI's system promises to evolve alongside advancements in AI and dental medicine, ensuring that dentists are always equipped with the most effective tools to serve their patients. Plans are now in place to export this SaaS overseas.



ACUMEN

Building on the success of operating a Joint Testing and Vaccination Centre (JTVC) in Singapore, the focus now shifts towards leveraging this experience to explore wider public health engagements. We aim to collaborate with government agencies and healthcare organisations, expanding our footprint in the healthcare sector.

With the conclusion of our COVID-19 contract for PCR testing, we are poised to diversify our revenue streams and expand our overall service portfolio. This includes commercialising our pipeline of PCR tests for infectious diseases and cancer, positioning us for long-term sustainability and growth. Our aim is to deliver cutting-edge diagnostic solutions and contribute to the advancement of healthcare both locally and internationally.

At the same time, our Research and Development (R&D) division is primed to drive innovation and product development in the upcoming year. We will prioritise advancing our PCR tests, aiming for regulatory approvals and market launch to meet evolving healthcare needs.

In line with our commitment to global expansion, we will intensify efforts to explore international markets for our testing services and products. This entails assessing market dynamics, regulatory requirements, and potential partnerships to facilitate market entry and growth.

MALAYSIA

Q & M launched the Q & M Dental mobile app in Malaysia to facilitate booking of appointments in real time, including selecting the time, location and dentist of your choice and getting reminders before the appointment. Since the launch of the app, many patients have come to rely upon it as their go-to channel for booking appointments to see their preferred dentist.

The focus in 2024 is to increase the productivity of existing clinics by increasing the number of dental chairs in clinics with high traffic and demand where space allows. This allows for more efficient use of existing premises by maximising the returns per square foot of space. Q & M currently has presence in 5 areas in Malaysia (KL, greater Selangor, Negri Sembilan, Melaka and Johor). Therefore, increasing our footprint in Malaysia is also a priority whenever the right opportunity and location arise.



THE PEOPLE'S REPUBLIC OF CHINA ("PRC")

The Group exited the dental clinic business in PRC in 2023 with the sale and transfer of all its shares in Shanghai Chuangyi Investment & Management Co., Ltd to an external party.

Notwithstanding the above, the Chinese market is still of strategic importance to the Group and we retain an indirect interest in China, through Aoxin Q & M Dental Group Limited, which owns and operates dental polyclinics, dental hospitals, training centres, dental laboratories and a dental distribution and supplies company in northern China.

Q & M FREE DENTAL CLINIC OPENING CEREMONY



FINANCIAL REVIEW

OVERVIEW

The Group recorded total revenue of S\$182.7 million, and profit after tax attributable to parent ("PATMI") of S\$11.5 million for the twelve months ended 31 December 2023 ("FY2023"). The Group Earnings before interest, tax, depreciation, amortisation ("EBITDA") for FY2023 was S\$37.0 million.

CLINICS AND MEDICAL DISTRIBUTION

Q & M Group has 150 dental outlets (including Free Dental Clinic), 5 medical outlets and 1 dental college in operations in Singapore and Malaysia as at 31 December 2023 (See Table 1). It also has 1 dental equipment & supplies distribution company and a medical laboratory company in Singapore and a dental equipment & supplies distribution company in Malaysia.

Table 1: Dental and Medical Clinics (Singapore, Malaysia)

Group Total	Dental	Medical	College
As at 31 Dec 2023	150	5	1
As at 31 Dec 2022	151	5	1
Net Change	-1	-	-

Table 2: Total Dental and Medical Clinics in Singapore

Singapore	Dental	Medical	College
As at 31 Dec 2023	106	5	1
As at 31 Dec 2022	107	5	1
Net Change	-1	-	-

Table 3: Total Dental Clinics Overseas in Malaysia and PRC China

Overseas	Dental-Malaysia	Dental-China
As at 31 Dec 2023	44	0
As at 31 Dec 2022	44	1
Net Change	-	-1

The Group operates 44 clinics in Malaysia. It has 16 dental clinics in Johor, 9 dental clinics in Kuala Lumpur, 12 dental clinics in Selangor, 4 dental clinics in Melaka and 3 dental clinics in Negeri Sembilan.

STATEMENT OF COMPREHENSIVE INCOME

REVENUE

The revenue contribution from dental and medical clinics increased by 4% from S\$160.9 million for FY2022 to S\$167.8 million FY2023. Comparing FY2023 with

FY2022, the revenue contribution from medical laboratory and dental equipment & supplies decreased by 26% or S\$5.4 million.

In FY2023, the increase of S\$6.9 million was mainly due to higher revenue contribution from Singapore dental clinics, offset by lower revenue contribution from our medical clinics, disposal of the Shanghai Chuangyi in June 2023 as well as unfavourable impact of strong Singapore Dollars against Ringgit from the Group's operation in Malaysia.

The revenue contribution from medical laboratory and dental equipment & supplies decreased by 26% from S\$20.3 million in FY2022 to S\$15.0 million in FY2023. The decrease was mainly due to lower revenue contribution from the dental equipment & supplies companies in Singapore and Malaysia offset by higher revenue contribution from the Group's medical laboratory business.

OTHER (LOSSES) GAINS NET

Other losses decreased from S\$5.2 million in FY2022 to S\$2.9 million in FY2023 mainly due to the absence of allowance for impairment on inventories in FY2023 offset by impairment of goodwill in FY2023.

OTHER ITEMS OF EXPENSE

- Consumables and Supplies Used in Dental & Medical Clinics**

Consumables and supplies used increased by 4% from S\$13.8 million in FY2022 to S\$14.4 million in FY2023. The increase was mainly due to the increase in revenue in dental clinics in Singapore.

As a percentage of revenue from the dental and medical outlets, consumables and supplies used in the dental and medical outlets in FY2023 and FY2022 was the same at 8.6%.

- Cost of Sales from Medical Laboratory and Dental Equipment & Supplies**

The cost of sales from medical laboratory and dental equipment & supplies decreased by 39% or S\$4.5 million from S\$11.4 million in FY2022 to S\$6.9 million in FY2023. The decrease was due to the decrease in revenue of the dental equipment & supplies businesses in Singapore and Malaysia as well as decrease in revenue contribution from the Group's medical laboratory business.

As a percentage of revenue from medical laboratory and dental equipment & supplies, cost of sales used in medical laboratory and dental equipment & supplies in FY2023 was 46.2% compared to 55.9% in FY2022.

FINANCIAL REVIEW

• Employee Benefits Expense

Employee benefits expense, which includes professional fees paid to dentists, increased by 5% or S\$5.3 million from S\$103.6 million in FY2022 to S\$108.9 million in FY2023. The increase was mainly due to increase in revenue from the dental clinics in Singapore in FY2023.

As a percentage of revenue, employee benefits expense in FY2023 was 59.6% compared to 57.2% in FY2022.

• Depreciation and Amortisation Expense

Depreciation and amortisation expense increased by 4% from S\$4.9 million in FY2022 to S\$5.1 million in FY2023. The increase of S\$0.2 million was mainly due to higher depreciation and amortisation expense from dental clinics in Singapore as well as higher amortisation expense on the development cost incurred on the development of the Group's digital Artificial Intelligence (AI) guided clinical decision support system in FY2023.

As a percentage of revenue, depreciation and amortisation expense in FY2023 was 2.8% compared to 2.7% in FY2022.

• Depreciation of Right-Of-Use ("ROU") Assets

Depreciation of ROU assets increased by 4% or S\$0.5 million from S\$12.2 million in FY2022 to S\$12.7 million in FY2023 mainly due to increase in depreciation of ROU assets in Singapore and Malaysia.

As a percentage of revenue, depreciation of ROU assets in FY2023 was 6.9% compared to 6.7% in FY2022.

• Other Expenses

Other expenses increased by 9% from S\$11.5 million in FY2022 to S\$12.5 million in FY2023. The increase of S\$1.0 million was mainly due to the increase in repair and maintenance expense for Singapore dental clinics, bursaries to some of the Group's dentists to improve their skill set, marketing expenses as well as general expenses for the Group's Singapore operation.

As a percentage of revenue, other expenses in FY2023 was 6.8% compared to 6.3% in FY2022.

• Finance Costs

Finance costs increased by 45% from S\$3.9 million in FY2022 to S\$5.7 million in FY2023. The increase of S\$1.8 million was due to higher interest expense in FY2023 as a result of higher interest rate.

As a percentage of revenue, finance costs in FY2023 was 3.1% compared to 2.2% in FY2022.

• Share of Loss from Equity-Accounted Associate

Aoxin Q & M Dental Limited ("Aoxin Q&M"), a 32.8% owned associate company of Q&M reversed from a loss in second half of 2022 to a profit in second half financial year of 2023 ("2H2023"), resulting in Q & M recording a share of profit from equity-accounted associate of S\$0.1 million in 2H2023. Comparing FY2023 with FY2022, share of loss in Aoxin Q&M, decreased by S\$0.5 million for the same reason give above.

DIVIDENDS

The Group declared a total of 0.69 Singapore cent per ordinary share for FY2023 as compared to 1.00 Singapore cent in FY2022. This is a payout ratio of approximately 57%.

EBITDA, PROFIT BEFORE TAX AND NET PROFIT AFTER TAX

Q&M's EBITDA increased by 5% from S\$35.2 million in FY2022 to S\$37.0 million in FY2023.

Group's net profit after tax decreased 7% from S\$11.9 million in FY2022 to S\$11.1 million in FY2023.

Group's Profit after tax attributable to owners of the parent increased from S\$11.3 million in FY2022 to S\$11.5 million in FY2023.

STATEMENT OF FINANCIAL POSITION

As at 31 December 2023, the Group has cash and cash equivalents of S\$34.0 million while bank borrowings plus finance leases amounted to S\$80.3 million. As at 31 December 2022, the Group has cash and cash equivalents of S\$39.7 million while bank borrowings plus finance leases amounted to S\$85.1 million.

CURRENT ASSETS

Cash and cash equivalents as at 31 December 2023 decreased to S\$34.0 million from S\$39.7 million as at 31 December 2022. The decrease of S\$5.7 million was mainly due to dividend payment of S\$9.2 million, dental equipment and renovations for existing clinics, loan repayment, sign on bonuses for dentists, lease liabilities payment, offset by net cash generated from operations of S\$33.5 million.

Trade and other receivables as at 31 December 2023 increased to S\$31.2 million from S\$27.0 million as at 31 December 2022. The increase of S\$4.2 million

FINANCIAL REVIEW

was mainly due to increase in trade receivables from Singapore dental clinics and profit guarantee receivables from vendors of Aoxin Q&M Dental, an equity-accounted associate of the Company.

Other assets as at 31 December 2023 decreased to S\$3.6 million from S\$4.0 million as at 31 December 2022. The decrease of S\$0.4 million was mainly due to decrease in prepayment from the Group's medical laboratory.

Inventory as at 31 December 2023 increased to S\$11.8 million from S\$11.1 million as at 31 December 2022. The increase of S\$0.7 million was mainly due to increase in inventory from the dental equipment & supplies company in Malaysia offset by decrease in inventory from the dental equipment & supplies company in Singapore.

NON-CURRENT ASSETS

The net book value of property, plant and equipment as at 31 December 2023 increased to S\$37.6 million from S\$36.9 million as at 31 December 2022. The increase of S\$0.7 million was mainly due to expansion of existing clinics to install more dental chairs offset by depreciation of plant and equipment.

The net book value of ROU assets as at 31 December 2023 decreased to S\$46.6 million from S\$52.6 million as at 31 December 2022. The decrease of S\$6.0 million was mainly due to depreciation of the ROU assets offset by renewal of ROU assets.

Investment in associates as at 31 December 2023 decreased to S\$24.6 million from S\$25.2 million as at 31 December 2022. The decrease of S\$0.6 million was mainly due to translation loss due to a weaker exchange rate for RMB against SGD.

Other receivables as at 31 December 2023 increased to S\$2.4 million from S\$2.2 million as at 31 December 2022. The increase of S\$0.2 million was due to increase in loan to dentists of the Company offset by the repayment of loan by the dentists of the Company.

Other assets as at 31 December 2023 increased to S\$8.0 million from S\$7.5 million as at 31 December 2022. The increase of S\$0.5 million was mainly due to an increase in sign on bonus for dentists offset by amortisation of sign on bonuses for dentists.

CURRENT LIABILITIES

Trade and other payables as at 31 December 2023 increased to S\$19.2 million from S\$19.4 million as at 31 December 2022. The increase of S\$0.2 million was mainly due to increase in GST payable to IRAS offset by lower accrued expenses in FY2023.

Other financial liabilities as at 31 December 2023 increased to S\$1.1 million from S\$0.5 million as at 31 December 2022. The increase of S\$0.6 million was due to increase in bills payable from the dental equipment & supplies distribution company in Malaysia.

NON-CURRENT LIABILITIES

Provisions as at 31 December 2023 increased to S\$1.0 million from S\$0.8 million as at 31 December 2022. The increase of S\$0.2 million was due to increase of provision for reinstatement cost for clinics in Singapore.

Lease liabilities from ROU assets as at 31 December 2023 decreased to S\$39.2 million from S\$45.2 million as at 31 December 2022. The decrease of S\$6.0 million was due to repayment of operating lease offset by renewal of operating leases.

Other financial liabilities as at 31 December 2023 decreased to S\$79.2 million from S\$84.6 million as at 31 December 2022. The decrease of S\$5.4 million was due to repayment of bank loan.

STATEMENT OF CASH FLOWS

The Group generated net cash flow from operating activities of S\$33.3 million in FY2023. This was mainly derived from the operating cash flows before changes in working capital of S\$39.2 million offset by a marginal increase of working capital.

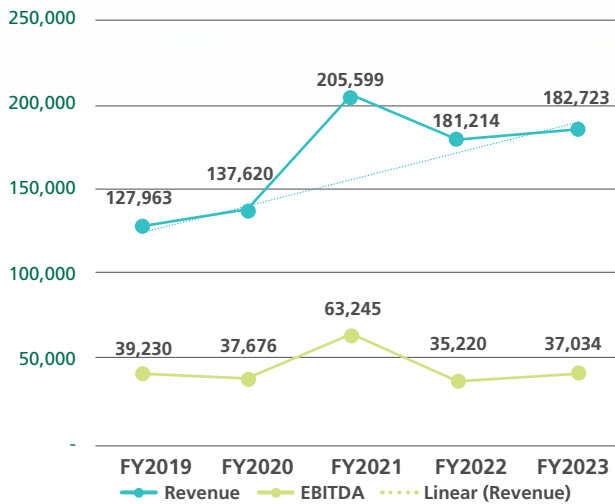
Net cash used in investing activities in FY2023 amounted to S\$7.0 million, mainly due to purchase of plant and equipment for the existing dental clinics and cost of developing the Artificial Intelligence (AI) guided clinical decision support system.

Net cash used in financing activities in FY2023 was S\$32.0 million, mainly due to repayment of lease liabilities arising from right-of use assets, repayment of bank loans, dividend payment to shareholders.

Consequent to the above factors, the Group's cash and cash equivalents was S\$34.0 million as at 31 December 2023.

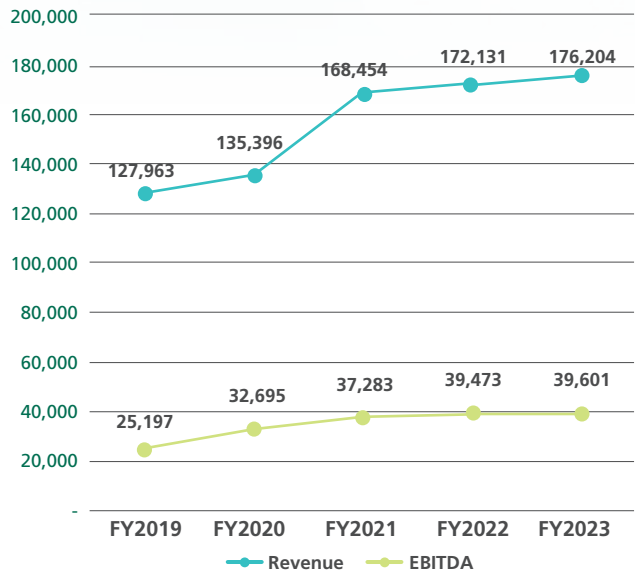
FINANCIAL HIGHLIGHTS

Chart 1: Group Total: Revenue & EBITDA (\$S'000)



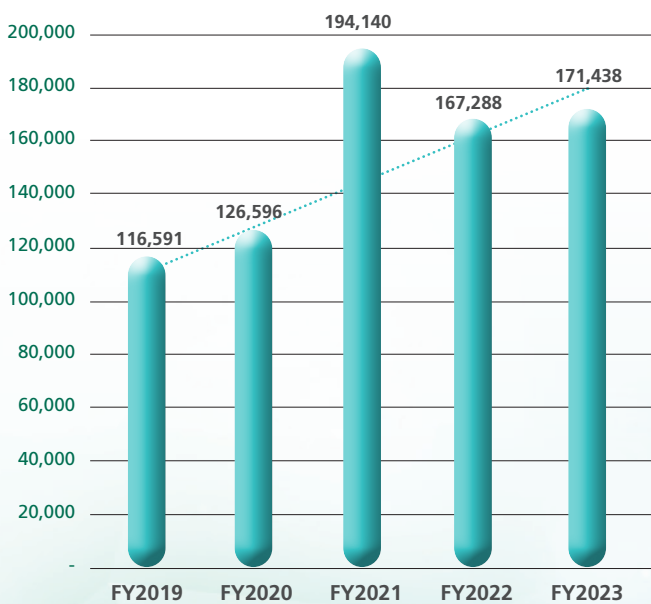
- Group Total Revenue CAGR: 9.3% (FY2019 to FY2023)

Chart 2: Core Healthcare- Revenue & EBITDA (\$S'000)



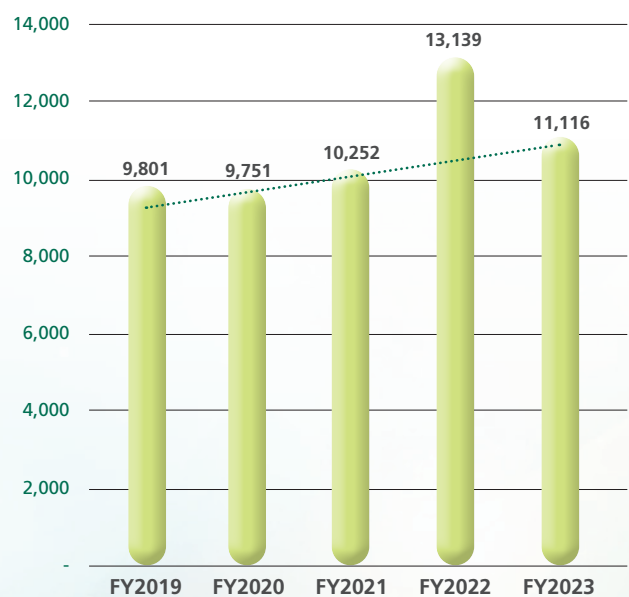
- Core Healthcare Revenue CAGR: 8.3% (FY2019 to FY2023)
- Core Healthcare EBITDA CAGR: 12.0% (FY2019 to FY2023)

Chart 3: Revenue by Country- Singapore (\$S'000)



- Singapore Revenue CAGR: 10.1% (FY2019 to FY2023)
- Q&M's Singapore operations grew from 79 clinics as at start of 2019 to 105 dental clinics as at end of 2023

Chart 4: Revenue by Country- Malaysia (\$S'000)



- Malaysia's Revenue CAGR: 3.2% (FY2019 to FY2023)
- Q & M's Malaysia operations grew from 33 dental clinics as at start of 2019 to 44 dental clinics as at end of 2023

CORPORATE SOCIAL RESPONSIBILITY

At Q & M, we believe that our success is not solely measured by financial performance, but also by our impact on the communities we serve. As we reflect on the past year's accomplishments and milestones for the Group, we are pleased to also share with you some of our initiatives for FY2023 in our commitment to the community.

One of the most meaningful and significant achievement of the past year was the establishment of our Free Dental Clinic at Chai Chee. The clinic was officially opened by Minister of Health Ong Ye Kung on 10 July 2023. Built and equipped at a cost of S\$1 million, this is the first free dental clinic in Singapore set up by a private dental group. A registered charity, the Free Dental Clinic will be staffed by about 50 volunteer dentists on a rotational basis and has the capacity to serve up to 1,400 patients a year. This initiative exemplifies our dedication to making a tangible difference in the lives of those who are less fortunate in our community. By providing essential dental care services to individuals who may otherwise lack access, we are not only fulfilling a moral obligation but also contributing to the overall well-being of our society.

Our free dental clinic stands as a testament to our core values of Loyalty (忠), Truthfulness (信), Respect (礼), Righteousness (义) and Integrity (廉). Through the dedication of our skilled dental professionals and the support of the management, we have been able to offer vital treatments and preventive care to underserved populations, improving their oral health and quality of life.

Furthermore, our commitment to Corporate Social Responsibility ("CSR") extends beyond the confines of our clinic walls. We continue to actively engage in initiatives aimed at promoting oral health education, advocating for sustainable practices, and supporting community development programs. By aligning our business strategies with socially responsible practices, we not only create value for our shareholders but also foster positive relationships with stakeholders and enhance our reputation as a responsible corporate citizen.

Another noteworthy project spearheaded by Q & M Cares through a collaboration with the Foreign Domestic Worker Association for Social Support ("FAST") was providing free wisdom tooth surgery for their members throughout the year. This year, our dentists and assistants had the privilege to provide treatment to 114 individuals. We hope to continue this collaboration in the coming year.

Q & M Cares was privileged to once again partner with It's Raining Raincoats (IRR), a local migrant worker assistance organisation, to provide dental care to migrant workers

where a team of 16 dedicated Q & M dentists volunteered their time and skills to treat 47 migrant workers suffering from toothaches and other dental problems over the course of the year. This initiative was able to help many workers regain their lovely smiles improve the quality of lives of the migrant workers, creating a more inclusive community in Singapore.

In Sep 2023, Q & M in collaboration with its business partners gave out some 175 boxes of mooncakes to the following 4 non-profit community organisations:

- 1) Woodlands Family Centre
- 2) Sunlove Home Neighbourhood Link
- 3) New Hope Community Services
- 4) Care Community Services Society

Putting the delectable mooncakes into the hands of participants brought immense joy and smiles to all alike.

Q & M also partnered with Community Chest to help raise funds which go toward the charity organisations under the National Council of Social Services (NCSS). Under this 'Change for Charity' initiative by Community Chest, all Q & M dental clinics will serve as touchpoints for making donations. The public can walk in to any of the dental clinics and make donations.



Q & M's commitment to CSR permeates every layer of our organisation. This dedication stems from a deep understanding of the critical role that sustainable growth, ethical business practices, and active community engagement play in the long-term success and resilience of our Group.

As we look forward to the year ahead, we remain unyieldingly dedicated to enhancing our CSR endeavours, aiming to forge a significant and enduring impact on the communities we have the privilege to serve. Together, we are on a mission to illuminate paths to a brighter future, crafting joy and wellness one smile at a time.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr Narayanan 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)

Mr Ted Tan Teck Koon
(Independent Non-Executive Director)

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATING COMMITTEE

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

COMPANY SECRETARIES

Ms Cheok Hui Yee

REGISTERED OFFICE

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

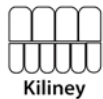
SHARE REGISTRAR

Tricor Barbinder Share
Registration Services
(A division of Tricor Singapore Pte Ltd)
9 Raffles Place, #26-01 Republic Plaza,
Singapore 048619

AUDITORS

RSM SG Assurance LLP
8 Wilkie Road
#04-08 Wilkie Edge
Singapore 228095
Goh Swee Hong (Partner-in-charge)

THE Q & M EXTENDED FAMILY



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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 2023 (“**FY2023**”), 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.

REPORT ON CORPORATE GOVERNANCE

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 of Singapore ("**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.

REPORT ON CORPORATE GOVERNANCE

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

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

Board Meetings and Attendance

On 7 March 2023, an announcement was made changing the Group's results announcements to half-yearly basis. During the financial year ended 31 December 2023, the Board scheduled to meet on a half-yearly basis to coincide such meetings with the review and approval of the Group's results announcements. The Board meets on a regular basis as well as for ad-hoc meetings, if warranted by circumstances deemed appropriate by the Board. At those meetings, the Board reviewed the Group's financial performance, annual budget, corporate strategy, business plans, potential acquisitions, risk management policies and significant operational matters. The number of Board and Board Committees meetings held during the financial year ended 31 December 2023 and the attendance of each Director, where relevant, are as follows:

	Board	Audit Committee	Nominating Committee	Remuneration Committee	Annual General Meeting
No. of Meetings held	3	3	1	1	1
Name of Directors					
Mr Narayanan Sreenivasan	3	3	1	1	1
Dr Ng Chin Siau	3	3*	1*	1*	1
Dr Ang Ee Peng Raymond	3	3*	1*	1*	1
Mr Ng Weng Sui Harry	3	3	1	1	1
Prof Toh Chooi Gait	3	3	1	1	1
Mr Chik Wai Chiew (Zhi Weichao)	3	3*	1*	1*	1
Mr Ted Tan Teck Koon	3	2*	1*	1*	1
Dr Kuan Chee Keong ⁽¹⁾ (Alternate Director to Dr Ng Chin Siau)	NA	NA	NA	NA	NA
Dr Chong Kai Chuan ⁽¹⁾ (Alternate Director to Dr Ang Ee Peng Raymond)	NA	NA	NA	NA	NA

* Attendance as invitee

NA: Not Applicable

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

REPORT ON CORPORATE GOVERNANCE

The Company's Constitution provides for Directors to participate in meetings of Directors in person or by telephone, radio, conference television or any other form of audio or audio-visual communication by which all persons participating in the meeting are able to hear and be heard by all other participants. A resolution passed by such a conference shall, notwithstanding that the Directors are not present together at one place at the time of the conference, be deemed to have been passed at a meeting of the Directors held on the day and at the time at which the conference was held and shall be deemed to have been held at the registered office of the Company. 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 half-yearly 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 seven (7) Directors of whom two (2) are Executive Directors; four (4) are Independent Non-Executive Directors; and one (1) is a Non-Independent Non-Executive Director, which have the appropriate mix of core competencies and diversity of experience to direct and lead the Company. There is a good balance between the executive and non-executive Directors, with a strong and independent element on the Board. As at the date of this report, the Board comprises the following members:

Mr Narayanan Sreenivasan	(Independent Non-Executive Chairman)
Dr Ng Chin Siau	(Non-Independent Executive Director and Group CEO)
Dr Ang Ee Peng Raymond	(Non-Independent Executive Director and Chief Operating Officer)
Mr Ng Weng Sui Harry	(Independent Non-Executive Director)
Prof Toh Chooi Gait	(Independent Non-Executive Director)
Mr Ted Tan Teck Koon	(Independent Non-Executive Director)
Mr Chik Wai Chiew (Zhi Weichao)	(Non-Independent Non-Executive Director)
Dr Kuan Chee Keong	(Alternate Director to Dr Ng Chin Siau)
Dr Chong Kai Chuan	(Alternate Director to Dr Ang Ee Peng Raymond)

Board Diversity

The Company has in place a Board Diversity Policy which advocates meritocracy and endorses the principle of having a board with the appropriate and right balance of skills, knowledge, age, experience and diversity of perspectives which can contribute effectively to the strategy and growth of the Company.

REPORT ON CORPORATE GOVERNANCE

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. To ensure that the composition of the Board remains appropriately diverse, the following table sets out the diversity targets and progress since the adoption of the Board Diversity Policy:

Targets	Progress
Achieve gender diversity in relation to representation on the Board	The Company targets to achieve 30% female board representation by 2026. The Board Diversity Policy provides that the NC will endeavour to ensure that female candidates are included for consideration when identifying candidates to be appointed as new directors. Currently, one out of the seven directors on the Board (14% of the Board) are female.
Enhance/expand the Board's skillset to achieve the Company's strategic objectives	Currently, the Board comprises of Directors from different industries and background, with a wide range of business and management experience, knowledge and expertise who, as a result of their different backgrounds, have diversity of thought that is beneficial for the Group.

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.

The NC and the Board has also taken the following steps to maintain or enhance its balance and diversity:

- (a) annual review by the NC to assess if the existing attributes and core competencies of the Board are complementary and enhance the efficacy of the Board;
- (b) annual evaluation by the Directors of the skill sets the other Directors possess, with a view to understanding the expertise which is lacking on the Board; and
- (c) annual review of the size and composition of the Board and Board Committees (comprising of the Audit Committee, the NC and the Remuneration Committee) taking into account, *inter alia*, the scope and nature of the Group's business and operations and the benefits of all aspects of diversity based on its Board Diversity Policy, including but not limited to gender, age, and professional experience in order to provide the Board access to an appropriate range and balance of skills, experience and backgrounds.

The Company will continue to maintain and enhance the appropriate balance of perspectives, skills and experience on the Board to support the long-term success of the Group in line with the Board Diversity Policy as the NC continues to review such policy, as appropriate, to ensure its continuous effectiveness. The NC will recommend appropriate revisions to the Board for its consideration and approval, where necessary.

Non-Executive Directors

The Non-Executive Directors exercise no management functions in the Company or any of its subsidiaries. Although all the Directors are equally responsible for the performance of the Group, the role of the Non-Executive Directors are important to ensure that the strategies proposed by the Management are fully discussed and examined by taking into account the long-term interests of shareholders, employees, customers, suppliers and the various communities in which the Group conducts its business. To facilitate a more effective check on Management, the Non-Executive Directors will, when necessary, meet in the absence of Management to discuss concerns or matters such as overall Group business strategic and investments.

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

REPORT ON CORPORATE GOVERNANCE

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.

For FY2023, the NC and the Board has assessed and determined that the Independent Directors are independent in accordance with the Code. The Independent Non-Executive Directors, Mr Narayanan Sreenivasan, Mr Ng Weng Sui Harry, Prof Toh Chooi Gait and Mr Ted Tan Teck Koon 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.

Each Independent Director had recused himself/herself in the determination of his/her own independence.

On 11 January 2023, the SGX-ST announced further amendments to the Listing Manual to limit the tenure of independent directors serving on the boards of listed companies to nine years and the removal of the two-tier voting (i.e. Rule 210(5)(d) (iii) of the Listing Manual was deleted). During the transition, an independent director whose tenure exceeds the nine-year limit may continue to serve as an independent director of the issuer until that company has held its annual general meeting for the financial year ending on or after 31 December 2023.

In view of the fact that Mr Narayanan Sreenivasan and Prof Toh Chooi Gait's tenure of service have exceeded nine years, Mr Narayanan Sreenivasan and Prof Toh Chooi Gait have advised the Board that they will retire at the forthcoming AGM of the Company.

Upon Mr Narayanan Sreenivasan's retirement as a Director, he will cease to be an Independent Director and will relinquish his position as the Independent Chairman of the Board and member of the Audit, Nominating and Remuneration Committees.

Upon Prof Toh Chooi Gait's retirement as a Director, she will cease to be an Independent Director and will relinquish her position as the Chairman of the Nominating and Remuneration Committees and member of the Audit Committee.

Mr Ng Weng Sui Harry will be retiring by rotation and has advised the Board that he will not be seeking re-election as a director of the Company in view of the fact that his tenure of service has exceeded nine years. Upon Mr Ng Weng Sui Harry's retirement as a Director, he will cease to be an Independent Director and will relinquish his position as the Chairman of the Audit Committee and member of the Nominating and Remuneration Committees.

REPORT ON CORPORATE GOVERNANCE

In order to constitute and foster a strong and balanced Board and Board Committees, and to be in compliance with the Code and Rule 704(8) of the Listing Manual, the NC will endeavour to fill the vacancies in the Board and Board Committees upon the retirement of Mr Narayanan Sreenivasan, Mr Ng Weng Sui Harry and Prof Toh Chooi Gait within two (2) months from the date of their retirement, so in any case, no later than three (3) months from the date of their retirement.

The profiles of the Directors are set out on pages 8 to 11 of this Annual Report.

Chairman and Chief Executive Officer

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

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

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

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

The Board has not appointed a Lead Independent Director as the roles of the Chairman and CEO are distinctly separate; the Chairman is not part of executive management and is an Independent Director; the Board has a strong element of independence with four (4) out of seven (7) Directors being independent; and the Board's discussions are open and frank. The Independent Directors also hold meeting(s) without the presence of the other Directors and provide feedback to the Chairman after the meeting(s). The Board will review the need for a Lead Independent Director as part of its continuous assessment of corporate governance best practices.

Board Membership

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

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

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

REPORT ON CORPORATE GOVERNANCE

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, Mr Ng Weng Sui Harry, Prof Toh Chooi Gait and Mr Ted Tan Teck Koon are independent and that, no individual or small group of individual dominates the Board's decision-making process.

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

In accordance with the Company's Constitution, one-third (1/3) of the Directors (excluding the CEO or any Director who is acting in the same capacity as the CEO), or if their number is not three or a multiple of three, then the number nearest one-third are required to retire by rotation and shall be eligible for re-election at every annual general meeting of the Company. Further, all Directors are required to retire from office at least once every three (3) years and such Directors will be eligible for re-election at the meeting at which he retires. Director(s) appointed by the Board during the financial year, shall only hold office until the next annual general meeting and thereafter be eligible for re-election at that annual general meeting.

The Board has accepted NC's recommendation to seek shareholders' approval to re-elect Mr Chik Wai Chiew, who is retiring by rotation, at the Company's forthcoming AGM.

In making the above recommendation, the NC has considered Mr Chik Wai Chiew's overall performance and contributions. Mr Chik Wai Chiew will, upon re-election as director of the Company, remain as a Non-Independent Non-Executive Director.

REPORT ON CORPORATE GOVERNANCE

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, the following is the information relating to the retiring director as set out in Appendix 7.4.1 to the Listing Manual of the SGX-ST:

Name of Director	Mr Chik Wai Chiew (Zhi Weichao)
Date of Appointment	14 August 2017
Date of last re-appointment (if applicable)	26 April 2021
Age	52
Country of principal residence	Singapore
The Board's comments on this appointment (including rationale, selection criteria, board diversity considerations, and the search and nomination process)	The Board has considered the NC's recommendation and assessment of Mr Chik Wai Chiew (Zhi Weichao)'s qualification, expertise and experience, and is satisfied that his re-appointment as a Non-Independent Non-Executive Director will be beneficial to the Board and to the Company.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive
Job Title	Non-Independent Non-Executive Director
Professional qualifications	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
Shareholding Interest in the listed issuer and its subsidiaries	No
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the listed issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No
Conflict of Interest (including any competing business)	No
Undertaking submitted to the listed issuer in the form of Appendix 7.7 (Rule 720(1) of the Mainboard Rules)	Yes

REPORT ON CORPORATE GOVERNANCE

Name of Director	Mr Chik Wai Chiew (Zhi Weichao)
<p>Other Principal Commitments including Directorships – Past (for the last 5 years) and Present</p>	<p><u>Past directorship</u></p> <ol style="list-style-type: none"> (1) Oriental Wisdom International Holdings Pte. Ltd. (2) Akcome International Asset Management (Singapore) Pte. Ltd. (3) Hummingbird Bioscience Holdings Pte. Ltd. (4) Silverconnect Pte. Ltd. (5) Bedrock Healthcare Sdn Bhd (6) Mestika Unik Sdn Bhd (7) Uniglo Enterprise Sdn. Bhd. (8) Eminent Rock Sdn. Bhd. <p><u>Present directorship</u></p> <ol style="list-style-type: none"> (1) Heritas Capital Management Pte. Ltd. (2) Heritas Helios Investments Pte. Ltd. (3) Heritas Helios Investments II Pte. Ltd. (4) Heritas Venture Fund Pte. Ltd. (5) Heritas Global Funds Investment Pte. Ltd. (6) Heritas Capital VCC (7) Well Circle Sdn Bhd (8) Empire Healthcare Pte. Ltd. (9) Saravita Holdings Sdn Bhd (10) JCS Venture Lab Pte. Ltd. (11) Alchemy Foodtech Pte. Ltd. (12) BHL Education Joint Stock Company (13) Caretech Inc Pte. Ltd. (14) Rai and Rohl Technologies, Inc. (15) KKT Technology Pte. Ltd. (16) Azendian Holding Pte.Ltd. <p><u>Principal Commitments</u></p> <p>Executive Director and Chief Executive Officer at Heritas Capital Management Pte. Ltd.</p>

REPORT ON CORPORATE GOVERNANCE

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

REPORT ON CORPORATE GOVERNANCE

(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-	
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No

REPORT ON CORPORATE GOVERNANCE

(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
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Alternate directors may be appointed as and when the Board deems necessary. During FY2020, the Board accepted and approved the NC's recommendation for the appointment of Dr Kuan Chee Keong as alternate director to Dr Ng Chin Siau and the appointment of Dr Chong Kai Chuan as alternate director to Dr Ang Ee Peng Raymond. There have not been any changes since their appointments.

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 FY2023, the NC was satisfied that, where a Director had other listed company board representations and/or other principal commitments, the Director was able to carry out and had been adequately carrying out, his/her duties as a Director of the Company. As the time requirement of each Director are subjective, the NC has decided not to fix a maximum limit on the number of directorships a Director can hold. The NC considers that the multiple board representations held presently by its Directors do not impede their respective performance in carrying out their duties for the Company. Based on the Directors' commitments and contributions to the Company, which are also evident in their level of attendance and participation at Board and Board Committee meetings, the NC and the Board are satisfied that all the Directors were able to and have been adequately carrying out their duties as Directors of the Company in FY2023.

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	Current directorships in other listed companies	Directorships in other listed companies over the past three (3) years	Principal commitments
Dr Ng Chin Siau	Non-Independent Executive Director and Group CEO	7 January 2008	24 April 2023	NIL	NIL	NIL
Dr Ang Ee Peng Raymond	Non-Independent Executive Director and Chief Operating Officer	13 June 2008	29 April 2022	NIL	NIL	NIL
Mr Narayanan Sreenivasan	Independent Non-Executive Chairman	14 October 2009	24 April 2023	NIL	NIL	- Managing Director at K&L Gates Straits Law LLC

REPORT ON CORPORATE GOVERNANCE

Director	Position	Date of initial appointment	Date of last re-election	Current directorships in other listed companies	Directorships in other listed companies over the past three (3) years	Principal commitments
Mr Ng Weng Sui Harry	Independent Non-Executive Director	14 October 2009	29 April 2022	<ul style="list-style-type: none"> - Oxpay Financial Limited (formerly known as MC Payment Limited) - Oxley Holdings Limited - Medi Lifestyle Limited (formerly known as IEV Holdings Limited) - HG Metal Manufacturing Limited 	NIL	<ul style="list-style-type: none"> - Executive Director at HLM (International) Corporate Services Pte Ltd - Singapore Dental Council - NCC Research Fund - NCCS Cancer Fund
Prof Toh Chooi Gait	Independent Non-Executive Director	25 June 2013	24 April 2023	NIL	NIL	<ul style="list-style-type: none"> - Professor of Restorative Dentistry, International Medical University Malaysia ("IMU") - Chairman of IMU Foundation Management Committee
Mr Ted Tan Teck Koon	Independent Non-Executive Director	1 May 2022	24 April 2023	CSE Global Ltd	NIL	<ul style="list-style-type: none"> - Chairman of Innovation Partner for Impact Singapore.
Mr Chik Wai Chiew (Zhi Weichao)	Non-Independent Non-Executive Director	14 August 2017	26 April 2021	NIL	NIL	<ul style="list-style-type: none"> - Executive Director and Chief Executive Officer at Heritas Capital Management Pte. Ltd.
Dr Kuan Chee Keong	Alternate Director to Dr Ng Chin Siau	19 August 2020	NA	NIL	NIL	<ul style="list-style-type: none"> - Dentist at the Company

REPORT ON CORPORATE GOVERNANCE

Director	Position	Date of initial appointment	Date of last re-election	Current directorships in other listed companies	Directorships in other listed companies over the past three (3) years	Principal commitments
Dr Chong Kai Chuan	Alternate Director to Dr Ang Ee Peng Raymond	19 August 2020	NA	NIL	NIL	- Dentist at the Company

NA: Not applicable

Board Performance

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

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

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

For the evaluation process, the Directors will complete a board evaluation questionnaire which seeks to assess the effectiveness of the Board and the Board Committees. The results are then collated by the Company Secretary(ies) who will submit to the Chairman of the NC in the form of a report. The report will be discussed during the NC meeting with a view to implementing recommendations to further enhance the effectiveness of the Board and/or the Board Committees.

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

The NC would review the aforementioned criteria on periodic basis to ensure that the criteria is able to provide an accurate and effective performance assessment taking into consideration industry standards and the economic climate with the objective to enhance long term shareholders value, thereafter propose amendments if any, to the Board for approval. There has been no change in assessment criteria for FY2023 as the assessment criteria for FY2022 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 FY2023. 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.

REPORT ON CORPORATE GOVERNANCE

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

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

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

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

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

- (a) to recommend to the Board a framework of remuneration for the Board and key management personnel, determine specific remuneration packages for each Executive Director and submit such recommendations for endorsement by the entire Board covering all aspects of remuneration, including but not limited to director's fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits in kind;
- (b) to perform annual review of the remuneration of employees related to the Directors and substantial shareholders to ensure that their remuneration packages are in line with the Company's staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities which include review and approve any bonuses, pay increases and/or promotions for these employees;
- (c) to review and recommend to the Board the terms of renewal for those Executive Directors whose current employment contracts will expire or have expired;
- (d) to recommend the remuneration of Non-Executive Directors appropriate for the level of contribution, taking into account factors such as effort and time spent, and responsibilities of the Directors; and
- (e) to consider the various disclosure requirements for Director's and senior management's remuneration, particularly those required by regulatory bodies such as the SGX-ST, and ensure that there is adequate disclosure in the financial statements to ensure and enhance transparency between the Company and relevant interested parties.

In discharging its duties, the RC will review and make recommendations on the specific remuneration packages for the Directors and key management personnel. The recommendations of the RC will be submitted for endorsement by the entire Board. All aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, share-based incentives and awards, and benefits in kind, will be covered by the RC.

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 FY2023.

REPORT ON CORPORATE GOVERNANCE

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

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

The Director's fee for each of the Non-Executive Director shall be agreed or determined by the RC of the Company. No member of the RC is involved in deliberating and deciding in respect of any remuneration, compensation or any form of benefits to be granted to him.

The Company will submit the quantum of Directors' fees to the shareholders for approval at the annual general meeting annually. The Board concurred with the RC that the proposed directors' fees for FY2023 is appropriate and not excessive, taking into consideration the level of contributions by the directors and factors such as effort and time spent for serving on the Board and Board Committees, as well as the responsibilities and obligations of the directors.

REPORT ON CORPORATE GOVERNANCE

Disclosure on Remuneration

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

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

A breakdown showing the level and mix of each individual Director's remuneration payable for FY2023 is as follows:

	Salary	Bonus	Benefits ¹	Professional Fees ²	Directors' Fees ⁺	Total	Total
Name	%	%	%	%	%	%	S\$
Mr Narayanan Sreenivasan	0	0	0	0	100	100	81,000
Mr Ng Weng Sui Harry	0	0	0	0	100	100	81,000
Prof Toh Chooi Gait	0	0	0	0	100	100	81,000
Mr Ted Tan Teck Koon	0	0	0	0	100	100	66,000
Dr Ng Chin Siau	84	14	2	0	0	100	790,400
Dr Ang Ee Peng Raymond	75	13	6	6	0	100	366,123
Mr Chik Wai Chiew (Zhi Weichao)	0	0	0	0	0	0	0
Dr Kuan Chee Keong (Alternate Director to Dr Ng Chin Siau)	0	0	0	100	0	100	87,303
Dr Chong Kai Chuan (Alternate Director to Dr Ang Ee Peng Raymond)	0	0	0	100	0	100	298,658

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

Remuneration Band of key management personnel is set out below:

Name	Remuneration Band	Salary	Bonus	Benefits ¹	Total
	Between S\$250,000-S\$500,000	%	%	%	%
Ms Foo Siew Jiuan	√	80	13	7	100
Ms Ng Sook Hwa	√	79	13	8	100

As the Company has less than five (5) key management personnel, the above table discloses the remuneration details of all of the Company's key management personnel. The Board has carefully considered all relevant factors and determined that Dr Ong Siew Hwa does not constitute a key management personnel of the Company within the meaning of the Code, as Dr Ong Siew Hwa does not have the authority and responsibility for planning, directing and controlling the activities of the Company.

REPORT ON CORPORATE GOVERNANCE

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

Name	Remuneration Band	Salary	Bonus	Benefits ¹	Total
	Between S\$200,000-S\$300,000	%	%	%	%
Ms Foo Siew Jiuan ³	√	80	13	7	100
Ms Ng Sook Hwa ³	√	79	13	8	100

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

The total remuneration paid to the top five (5) key management personnel was S\$543,000 for FY2023.

The remuneration of the Company's top five (5) 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 FY2023.

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

The Board has sought to link the quantum of salary to the current market for the Executive Directors and key management personnel taking into consideration their respective roles and responsibilities. Bonuses are paid based on the individual performances and the performance of the Company as a whole.

The Board adopted the Q & M Employee Share Option Scheme 2018 ("**2018 Option Scheme**") to replace the previous Q & M Employee Share Option Scheme ("**Previous Scheme**"). The 2018 Option Scheme is to provide an opportunity for Employees and Directors who have contributed significantly to the growth and performance of the Group, to participate in the equity of the Company so as to motivate them to greater dedication, loyalty and higher standards of performance, and to give recognition to past contributions and services. In addition, the 2018 Option Scheme will help the Group to attract and retain the services of appropriate, qualified and experienced employees who would be able to contribute to the Group's business and operations.

REPORT ON CORPORATE GOVERNANCE

ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

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

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

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

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

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

The Company has appointed an independent third party, CLA Global TS Risk Advisory Pte Ltd ("**CLA Global**" 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 2023, 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 2023 to address the risks that the Group considers relevant and material to its operations.

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

The Company prohibits its officers from dealing in the Company's shares on short term considerations. They are required to observe insider trading provisions under the Securities and Futures Act 2001 of Singapore at all times even when dealing in the Company's securities in the permitted periods.

REPORT ON CORPORATE GOVERNANCE

Audit Committee

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

Functions of the AC

The role of the AC is to assist the Board with regard to the discharge of its responsibility to safeguard the Company's assets, maintain adequate accounting records, develop and maintain effective systems of internal controls with an overall objective to ensure that the Management has created and maintained an effective control environment in the Company, and that the Management demonstrates and stimulates the necessary aspect of the Company's internal control structure among all parties.

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

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

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

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

- (a) review with the external and internal auditors, the audit plan, their evaluation of the system of internal controls, their audit report, their management letter and the Management's response;
- (b) review the quarterly, 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;

REPORT ON CORPORATE GOVERNANCE

- (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 SG Assurance 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 SG Assurance LLP as external auditors at the AGM. There is no disagreement between the Board and AC regarding the selection, appointment, resignation or dismissal of external auditors. During the financial year under review, the Company has incurred an aggregate S\$423,000 payable to the external auditors for its audit services. The Company confirms that it has complied with Rules 712 and 715 of the Mainboard Rules in engaging RSM SG Assurance 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.

REPORT ON CORPORATE GOVERNANCE

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 CLA Global 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 CLA Global on internal procedures and the internal controls in place, and is satisfied that there are adequate and effective 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. The Company will treat all complaints and information received confidentially and protect the identity of all whistle-blowers. The Chairman of AC and Chief Finance Officer of the Company is responsible for the oversight and monitoring of the whistle-blowing policy and implementation of the policy. 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 FY2023 and until the date of this Annual Report.

REPORT ON CORPORATE GOVERNANCE

SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

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

The Board is accountable to the Shareholders and is mindful of its obligations to furnish timely information that present a balanced and understandable assessment of the Company's performance, position and prospects and to ensure full disclosure of material information to Shareholders in compliance with statutory requirements and the Mainboard Rules.

Price sensitive information will be publicly released either before the Company meets with any group of investors or analysts or simultaneously with such meetings. Financial results and annual reports will be announced or issued within the legally prescribed periods.

Any notice of general meeting is issued at least fourteen (14) clear days before the scheduled date of such meeting. Shareholders are invited to attend the general meetings to put forth any questions they may have on the motions to be debated and decided upon. All Shareholders who are not relevant intermediaries can appoint up to two (2) proxies during his/her absence to attend, speak and vote in general meeting in compliance with Companies Act 1967 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 (annual general meeting and/or extraordinary general meeting where applicable), are the principal forums for dialogue with shareholders. In FY2023, the Company's AGM in respect of FY2022 was held in a wholly physical format. The forthcoming AGM in respect of FY2023 will be held in a wholly physical format and there will be no option for shareholder to participate virtually.

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

The proceedings of the general meeting will be properly recorded, including all substantial and relevant comments or queries from Shareholders relating to the agenda of the meeting, and responses from the Board and the Management. The minutes of the Company's general meeting are made publicly available on the Company's website.

The Company has adopted a dividend policy of paying dividends of at least 30% of the Group's core operating earnings, excluding other one-time income and share of associate profits. The Company had on (a) 1 March 2023 announced an interim dividend of S\$0.006 per share, such dividend having been paid on 24 March 2023, (b) 14 August 2023 announced an interim dividend of S\$0.0016 per share, such dividend having been paid on 13 September 2023, and (c) 29 February 2024 announced an interim dividend of S\$0.0053 per Share, such dividend having been paid on 26 March 2024.

REPORT ON CORPORATE GOVERNANCE

Engagement with Shareholders

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

The Company does not practise selective disclosure. In line with the continuous obligations of the Company pursuant to the Mainboard Rules, the Board's policy is that all shareholders should be equally informed of all major developments impacting the Company.

Information is disseminated to shareholders on a timely basis through:

- Announcements and news releases on SGXNet.
- Annual report and circulars prepared and issued to all shareholders.
- Notices of shareholders' meetings are published on the Company's website, 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 (**Email: melanie@qnm.sg Tel: 6705 9888**) of its investor relations personnel. The Board has also taken to solicit and understand the views of the shareholders through analyst briefings and investor roadshows conducted by the Management.

MANAGING STAKEHOLDERS RELATIONSHIPS

Engagement with Stakeholders

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

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

Our stakeholder issues and engagement platforms are detailed below:

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

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, for FY2023 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 2023. 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 2023, 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)
Ang Ee Peng Raymond	Non-Independent Executive Director and Chief Operating Officer	S\$153,000	Nil

In relation to note 3B to the notes to the financial statements for the financial year ended 31 December 2023 ("**Note 3B**"), Rule 907 of the Listing Manual of the SGX-ST requires the Company to disclose the aggregate value of all interested person transactions entered into with the same interested person during the financial year under review in its annual report, excluding amongst others, transactions less than S\$100,000. The transactions referred to in Note 3B relates to certain rental transactions and, their respective value for the financial year ended 31 December 2023 attributable to an interested person is less than S\$100,000. As such, these transactions were not disclosed as interested person transactions under this section. The transactions were approved by the Board and the Audit Committee.

In relation to note 3D to the notes to the financial statements for the financial year ended 31 December 2023, the transactions were made between the Company and its subsidiaries and are not interested person transactions under Chapter 9 of the Listing Manual. As such, these transactions were not disclosed as interested person transactions under this section.

CORPORATE SOCIAL RESPONSIBILITY ("CSR")

The Company firmly believes that CSR is a fundamental component of any reputable business and is committed to making substantial contributions to Singapore and society at large.

One of the most significant achievements of the past year was the establishment of The Company's Free Dental Clinic at Chai Chee. The clinic was officially opened by Minister of Health Ong Ye Kung on 10 July 2023. It is also the first free dental clinic in Singapore set up by a private dental group. As a registered charity, the Free Dental Clinic will be staffed by about 50 volunteer dentists on a rotational basis and has the capacity to serve up to 1,400 patients a year. This initiative exemplifies the Company's dedication to making a tangible difference in the lives of those who are less fortunate in the community. By providing essential dental care services to individuals who may otherwise lack access, the Company is not only fulfilling a moral obligation but also contributing to the overall well-being of society.

Another noteworthy project spearheaded by the Company was the collaboration with the Foreign Domestic Worker Association for Social Support ("FAST"), which involved providing free wisdom tooth surgery for their members throughout the year.

The Company was also privileged to partner with It's Raining Raincoats (IRR), a local migrant worker assistance organisation, to provide dental care to migrant workers. A team of 16 dedicated dentists from the Company volunteered their time and skills to treat 47 migrant workers suffering from toothaches and other dental problems over the course of the year.

In September 2023, the Company, in collaboration with its business partner, distributed 175 boxes of mooncakes to the following 4 non-profit community organisations:

- 1) Woodlands Family Centre
- 2) Sunlove Home Neighbourhood Link
- 3) New Hope Community Services
- 4) Care Community Services Society

REPORT ON CORPORATE GOVERNANCE

The Company collaborated with Community Chest to help raise funds, which are directed toward charity organisations under the National Council of Social Services (NCSS). Through the 'Change for Charity' initiative by Community Chest, all of the Company's dental clinics serve as touchpoints for making donations. Members of the public can walk into any of the dental clinics to make donations.

The Company's commitment to CSR permeates every layer of the organisation. This dedication stems from a deep understanding of the critical role that sustainable growth, ethical business practices, and active community engagement play in the long-term success and resilience of the Company.

In the upcoming year, the Company will steadfastly uphold its commitment to enhancing its CSR initiatives, persistently pursuing meaningful activities aimed at creating a significant and lasting impact on the communities it serves.

USE OF PROCEEDS FROM PLACEMENT

The Company had previously raised S\$1.7 million in net proceeds ("**Net Cash Proceeds**") from the placement of 4,985,755 treasury shares in the capital of the Company, which was completed on 20 October 2022 (the "**Placement**").

As at 31 December 2023, the Company has fully utilised the Net Cash Proceeds raised from the Placement for the following purposes:

	Allocation of Net Cash Proceeds (S\$000')	Amount utilised as at 31 December 2023 (S\$000')
Business expansion	680	680
Operating expenses - Purchase of dental equipment in Malaysia	510	510
Loan repayment	510	510
	1,700	1,700

SUSTAINABILITY REPORTING

This is the seventh 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 2023. The Company is proud to have continued its efforts in improving the report, giving the requisite "descriptive and quantitative information on how business is conducted" and how its ESG are being managed for a sustainable future, in compliance with the Mainboard Rules and Global Reporting Initiative ("**GRI**") Sustainability Reporting Standards. The Company will continue to demonstrate its commitment to grow its sustainable business model both as a responsible and a forward-looking corporate citizen. More information on how the Company engages with its stakeholders, as well as its approach to material topics and its overall sustainability performance, can be found in the Company's Sustainability Report 2023, which will be released by 30 April 2024.

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 2023.

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
 Mr Ng Weng Sui Harry
 Professor Toh Chooi Gait
 Mr Tan Teck Koon
 Mr Chik Wai Chiew (Zhi Weichao)
 Dr Chong Kai Chuan (Alternate director to Dr Ang Ee Peng Raymond)
 Dr Kuan Chee Keong (Alternate director to Dr Ng Chin Siau)

3. Directors' interests in shares and debentures

The directors of the Company holding office at the end of the reporting year had no interests 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 1967 ("the Act") except as follows:

Name of directors and companies in which interests are held	Direct interest		Deemed interest	
	At beginning of the reporting year	At end of the reporting year	At beginning of the reporting year	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	5,528,900	5,528,900	502,627,089	502,627,089
Mr Narayanan Sreenivasan	504,000	504,000	–	–
Mr Ng Weng Sui Harry	430,000	430,000	–	–
Dr Chong Kai Chuan	2,313,960	2,313,960	–	–

STATEMENT BY DIRECTORS

5. Options and Performance Share Plan (cont'd)

Share options (cont'd)

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 ($\frac{1}{3}$) 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 ($\frac{1}{3}$) 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 ($\frac{1}{3}$) 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 ($\frac{1}{3}$) 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 ($\frac{1}{3}$) 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 ($\frac{1}{3}$) 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.

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

STATEMENT BY DIRECTORS

5. Options and Performance Share Plan (cont'd)

Performance share plan

The Company 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 subject to restrictions against disposal or sale or any other dealings by the participant.

On 20 October 2022, the Company issued 2,014,245 ordinary shares from its treasury shares to 7 key dentists of the Group pursuant to the Q & M Performance Share Plan 2018.

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.

STATEMENT BY DIRECTORS

6. Independent auditor

RSM SG Assurance LLP has expressed willingness to accept re-appointment. This audit firm was known as RSM Chio Lim LLP before 1 March 2024.

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	(Non-Executive and Independent Director)
Professor 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 SG Assurance 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, with the concurrence of the audit committee, is of the opinion that the Company's internal controls (including financial, operational, compliance and information technology controls), and risk management systems were adequate and effective as at 31 December 2023 to address the risks that the Company considers relevant and material to its operations.

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 29 February 2024, 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
Director

.....
Dr Ang Ee Peng Raymond
Director

30 March 2024

INDEPENDENT AUDITOR'S REPORT

to the Members of Q & M DENTAL GROUP (SINGAPORE) LIMITED

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 2023, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and 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 material accounting policy information.

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 1967 (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 2023 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) Assessment of impairment of goodwill

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

Key audit matter

The carrying value of goodwill amounted to \$54,183,000 and accounted for approximately 21% of the Group's total assets as at the end of the reporting year.

Goodwill is assessed for impairment annually. The amount is allocated to cash generating units ("CGUs"). 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 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, profit margins, 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.

INDEPENDENT AUDITOR'S REPORT

to the Members of Q & M DENTAL GROUP (SINGAPORE) LIMITED

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 processes over the determination of the forecasted revenue growth, profit margins, 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 associates

Please refer to Note 2A "Associates" and "Carrying amounts of non-financial assets" for relevant accounting policies, Note 2C "Assessment of the impairment loss on subsidiaries and associate" for discussion of significant accounting estimates, and Note 15 on "Investment in associates" for the key assumptions used in impairment testing of investment in associates.

Key audit matter

The Group and Company have investment in associates of \$24,587,000 and \$27,913,000 respectively as at 31 December 2023 that is substantially in Aoxin Q & M Dental Group Limited ("Aoxin Q & M"). The carrying value of the investment in associates accounted for approximately 10% and 14% of the Group and Company's total assets as at the end of the reporting year respectively. As the balances are significant, they are a key focus area of our audit.

An impairment assessment is performed when there are indications of impairment. Management engaged an independent external valuer to assist in the impairment assessment of Aoxin Q & M. Management applied the value-in-use method to determine the recoverable amount of the investment in associate. The value-in-use calculation requires management to estimate the future cash flows arising from the associate and a suitable discount rate in order to calculate present value of the recoverable amount of the associate. Any shortfall of the recoverable amount against the carrying amount would be recognised as an impairment loss in profit or loss.

How we addressed the matter in our audit

We assessed management's process for the selection of its appointed independent external valuer, including the determination of scope of work to be performed. We evaluated the competency of the external valuer by considering the valuer's qualifications and objectivity.

Our audit procedures included, among other things, involving our internal valuation specialists as auditor's expert to assist us in evaluating the assumptions and methodologies used by management.

We, including our internal valuation specialists, reviewed management's estimates applied in the value-in-use model based on our knowledge of the associate's operations, and compared the value-in-use model 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 on the adequacy of 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 the asset.

INDEPENDENT AUDITOR'S REPORT

to the Members of Q & M DENTAL GROUP (SINGAPORE) LIMITED

Key audit matters (cont'd)

(c) Assessment of impairment on inventories

Please refer to Note 2A "Inventories" for relevant accounting policies, Note 2C "Assessment of loss allowance on inventories" for discussion of significant accounting estimates, and Note 18 "Inventories" the breakdown in inventories at the reporting year end.

Key Audit Matter

The Group held inventories of \$11,812,000 as at the end of the reporting year. The carrying amount of inventories may not be recoverable in full if those inventories become slow moving, or if their selling prices have declined below carrying amounts.

The estimate of allowance for slow moving inventories is based on the age of these inventories, prevailing market conditions in the industry and historical allowance experience which requires management's judgement. Management applies particular judgement in the areas relating to inventory allowance based on inventory aging and expected draw down of the inventory. This methodology relies upon assumptions made in determining appropriate allowance of inventories. Management reassesses the methodology regularly to be in line with the prevailing market conditions. With the recent developments in the industry, management is of the opinion that the methodology is reflecting the prevailing market conditions.

How we addressed the matter in our audit

We selected samples for testing. Our audit procedures included (a) verifying of the net realisable value of the inventories by considering post year-end sales to identify any sales made at a loss; (b) reviewing the inventory turnover days and aging of the inventories to assess if there were any significant build up of aged inventories; (c) assessing the expected draw down and utilisation of inventory; and (d) assessing the reasonableness of the allowance for slow moving inventories. We also assessed management's judgement and assumptions applied to comply with the Group's inventory allowance policy by analysing the historical data trend as well as performing analytical procedures on the inventory aging profile.

(d) Assessment of impairment on profit guarantee receivables

Please refer to Note 2A "Financial instruments" for relevant accounting policies, Note 2C "Assessment of loss allowance on profit guarantee receivables" for discussion of significant accounting estimates, and Note 19 on "Trade and other receivables" for the key assumptions used in impairment testing of profit guarantee receivables.

Key Audit Matter

The Group and Company have profit guarantee receivables, net of allowance for impairment, of \$13,150,000 and \$12,880,000 respectively as at the end of the reporting year. Included in the profit guarantee receivables is an amount of \$12,797,000 due from a director of an associate. The amount is secured by an escrow and share security arrangement with the associate's director whereby the associate's shares are pledged to the Group. The decline in the market value of the associate's share price has resulted in a shortfall in the value of the pledged shares compared with the amount receivable. The recoverability of this amount in full may not be certain if the associate's director does not have the financial ability to repay the shortfall if any arising from the realisation of the pledged shares.

The assessment of recoverability of this receivable requires significant management judgement in assessing the associate's director's ability to repay the outstanding receivable and is hence a significant judgement. In determining the recoverability of the receivables, management takes into consideration the value of the pledged shares and the value of other assets owned by the director of the associate concerned.

How we addressed the matter in our audit

We reviewed and considered management's judgement in assessing the recoverability of the profit guarantee receivable. Our audit procedures included comparing the market value of the associate's shares pledged with the carrying value of the profit guarantee receivables, and assessing reasonableness of management's estimation of the value of other assets owned by the director concerned. We also discussed with management on their plan to recover the amount receivable and the adequacy of the disclosures about those judgement made in the financial statements.

INDEPENDENT AUDITOR'S REPORT

to the Members of Q & M DENTAL GROUP (SINGAPORE) LIMITED

Other information

Management is responsible for the other information. The other information comprises the information included in 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 unauthorized 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.

INDEPENDENT AUDITOR'S REPORT

to the Members of Q & M DENTAL GROUP (SINGAPORE) LIMITED

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

- d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by 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 Goh Swee Hong.

RSM SG Assurance LLP
Public Accountants and
Chartered Accountants
Singapore

30 March 2024

Partner-in-charge of audit: effective from year ended 31 December 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year Ended 31 December 2023

	Notes	Group	
		2023 \$'000	2022 \$'000
Revenue	5	182,723	181,214
Interest income		61	25
Other income and gains	9	90	65
Consumables, dental equipment and dental supplies used		(21,319)	(25,170)
Employee benefits expense	6	(108,853)	(103,612)
Depreciation and amortisation expense	13 and 17	(5,083)	(4,890)
Depreciation of right-of-use assets	26	(12,693)	(12,169)
Finance costs	7	(5,655)	(3,909)
Other expenses	8	(12,514)	(11,465)
Other losses	9	(3,010)	(5,275)
Share of loss from equity-accounted associates	15	(83)	(537)
Profit before tax from continuing operations		13,664	14,277
Income tax expense	10	(2,591)	(2,421)
Profit from continuing operations, net of tax		11,073	11,856
Other comprehensive loss:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operation, net of tax		(1,169)	(2,005)
Other comprehensive loss for the year, net of tax		(1,169)	(2,005)
Total comprehensive income for the year		9,904	9,851
Profit attributable to owners of the parent, net of tax		11,517	11,309
(Loss) profit attributable to non-controlling interests, net of tax		(444)	547
Profit net of tax		11,073	11,856
Total comprehensive income attributable to owners of the parent		10,437	9,378
Total comprehensive (loss) income attributable to non-controlling interests		(533)	473
Total comprehensive income		9,904	9,851
Earnings per share			
Earnings per share currency unit		Cents	Cents
Basic – continuing operations	11	1.22	1.20
Diluted – continuing operations	11	1.22	1.20

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

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2023

	Notes	Group		Company	
		2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
ASSETS					
Non-current assets					
Property, plant and equipment	13	37,611	36,929	1,282	989
Right-of-use assets	26	46,575	52,589	1,644	1,582
Investment in subsidiaries	14	–	–	61,018	61,438
Investment in associates	15	24,587	25,191	27,913	25,912
Goodwill	16	54,183	56,582	–	–
Other intangible assets	17	4,696	4,604	–	–
Other receivables	19	2,356	2,174	1,303	1,835
Other non-financial assets	20	7,988	7,540	3,247	4,163
Total non-current assets		177,996	185,609	96,407	95,919
Current assets					
Inventories	18	11,812	11,091	–	–
Trade and other receivables	19	31,172	26,970	90,208	88,517
Other non-financial assets	20	3,615	4,044	1,391	1,538
Cash and cash equivalents	21	33,993	39,698	5,430	5,834
Total current assets		80,592	81,803	97,029	95,889
Total assets		258,588	267,412	193,436	191,808
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	22	86,758	86,758	86,758	86,758
Treasury shares	22	(11,535)	(11,535)	(11,535)	(11,535)
Retained earnings		27,841	24,163	11,048	6,531
Other reserves	23	(3,993)	(2,896)	–	–
Equity attributable to owners of the parent		99,071	96,490	86,271	81,754
Non-controlling interests		3,840	5,758	–	–
Total equity		102,911	102,248	86,271	81,754
Non-current liabilities					
Provisions	25	975	767	–	–
Deferred tax liabilities	10	2,992	1,926	–	–
Lease liabilities	26	39,243	45,220	1,461	1,427
Other financial liabilities	28	79,181	84,577	75,402	80,620
Total non-current liabilities		122,391	132,490	76,863	82,047
Current liabilities					
Income tax payable		2,218	2,273	84	–
Lease liabilities	26	10,742	10,547	242	201
Trade and other payables	27	19,221	19,381	29,730	27,560
Other financial liabilities	28	1,105	473	246	246
Total current liabilities		33,286	32,674	30,302	28,007
Total liabilities		155,677	165,164	107,165	110,054
Total equity and liabilities		258,588	267,412	193,436	191,808

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

STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2023

Group:	Total equity	Attributable to parent subtotal	Share capital	Retained earnings	Treasury shares	Other reserves	Non-controlling interests
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Current year:							
Balance at 1 January 2023	102,248	96,490	86,758	24,163	(11,535)	(2,896)	5,758
Changes in equity:							
Total comprehensive income for the year	9,904	10,437	–	11,517	–	(1,080)	(533)
Disposal of subsidiary	(88)	(17)	–	–	–	(17)	(71)
Dividends paid to non-controlling interest	(1,960)	(646)	–	(646)	–	–	(1,314)
Dividends paid (Note 12)	(7,193)	(7,193)	–	(7,193)	–	–	–
Closing balance at 31 December 2023	102,911	99,071	86,758	27,841	(11,535)	(3,993)	3,840
Previous year:							
Restated balance at 1 January 2022	103,246	97,849	86,758	26,006	(13,950)	(965)	5,397
Changes in equity:							
Total comprehensive income for the year	9,851	9,378	–	11,309	–	(1,931)	473
Issuance of ordinary shares pursuant to Q&M Performance Share Plan (Note 22)	2,415	2,415	–	–	2,415	–	–
Dividends paid to non-controlling interest	(112)	–	–	–	–	–	(112)
Dividends paid (Note 12)	(13,152)	(13,152)	–	(13,152)	–	–	–
Closing balance at 31 December 2022	102,248	96,490	86,758	24,163	(11,535)	(2,896)	5,758

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

STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2023

<u>Company:</u>	Total <u>equity</u> \$'000	Share <u>capital</u> \$'000	Treasury <u>shares</u> \$'000	Retained <u>earnings</u> \$'000
Current year:				
Balance at 1 January 2023	81,754	86,758	(11,535)	6,531
Changes in equity:				
Total comprehensive income for the year	11,710	–	–	11,710
Dividends paid (Note 12)	(7,193)	–	–	(7,193)
Closing balance at 31 December 2023	<u>86,271</u>	<u>86,758</u>	<u>(11,535)</u>	<u>11,048</u>
Previous year:				
Opening balance at 1 January 2022	84,769	86,758	(13,950)	11,961
Changes in equity:				
Total comprehensive income for the year	7,722	–	–	7,722
Issuance of ordinary shares pursuant to Q&M Performance Share Plan (Note 22)	2,415	–	2,415	–
Dividends paid (Note 12)	(13,152)	–	–	(13,152)
Closing balance at 31 December 2022	<u>81,754</u>	<u>86,758</u>	<u>(11,535)</u>	<u>6,531</u>

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2023

	Group	
	<u>2023</u>	<u>2022</u>
	\$'000	\$'000
<u>Cash flows from operating activities</u>		
Profit before tax	13,664	14,277
Adjustments for:		
Interest income	(61)	(25)
Interest expense	5,655	3,909
Depreciation of plant and equipment and amortisation expenses	5,083	4,890
Depreciation of right-of-use assets	12,693	12,169
Gain on disposal of plant and equipment, net	–	(30)
Gain on disposal of subsidiary	(77)	–
Impairment allowance on plant and equipment – reversal	(13)	(35)
Impairment loss for goodwill	2,391	–
Foreign exchange adjustment differences, net	(406)	(403)
Plant and equipment written off	193	299
Share of loss from equity – accounted associates	83	537
Operating cash flows before changes in working capital	<u>39,205</u>	<u>35,588</u>
Inventories	(747)	4,801
Trade and other receivables	(4,347)	1,429
Other non-financial assets, current	698	(103)
Trade and other payables	34	(1,960)
Provisions	–	(9)
Net cash flows from operations	<u>34,843</u>	<u>39,746</u>
Income taxes paid	(1,583)	(6,196)
Net cash flows from operating activities	<u>33,260</u>	<u>33,550</u>
<u>Cash flows used in investing activities</u>		
Purchase of property, plant and equipment	(5,735)	(9,310)
Disposal of plant and equipment	307	206
Purchase of intangible assets	(811)	(1,663)
Trade and other receivables	48	(576)
Other non-financial assets, non-current	(717)	96
Other receivables, non-current	(182)	227
Disposal of subsidiary (Net of cash disposed) (Note 29)	74	–
Interest received	61	25
Net cash flows used in investing activities	<u>(6,955)</u>	<u>(10,995)</u>

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2023

	Group	
	<u>2023</u>	<u>2022</u>
	\$'000	\$'000
Cash flows used in financing activities		
Dividends paid to equity owners (Note 12)	(7,193)	(13,152)
Lease liabilities – principal portion paid	(12,438)	(11,467)
Lease liabilities – interest paid	(1,670)	(1,855)
Proceeds from issuance of ordinary shares (Note 22 ^(a))	–	1,750
Proceeds from term loans	–	2,400
Bill payables	620	(160)
Finance lease repayments	(20)	(18)
Repayment of bank loans	(5,364)	(900)
Interest paid	(3,985)	(2,054)
Dividends paid to non-controlling interest	(1,960)	(5,012)
Net cash flows used in financing activities	<u>(32,010)</u>	<u>(30,468)</u>
Net decrease in cash and cash equivalents in continuing operations	(5,705)	(7,913)
Cash and cash equivalents, statement of cash flows, beginning balance of the year	<u>39,698</u>	<u>47,611</u>
Cash and cash equivalents, statement of cash flows, ending balance of the year		
(Note 21)	<u><u>33,993</u></u>	<u><u>39,698</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

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 Note 14 to the financial statements.

The registered office is: 2 Clementi Loop, #04-01 Logis Hub @ Clementi, Singapore 129809. The Company is situated in Singapore.

Macroeconomic conditions related disclosures:

The conditions remain challenging with geopolitical instability and affecting domestic and global growth in the current high interest environment. Management has considered the uncertain and challenging macroeconomic and geopolitical environment that have caused widespread increase in interest rates and a significant rise in inflation, affecting the cost of many of the goods and services for customers and suppliers. Management reviewed the probable impact and plausible downside scenarios. No material uncertainties were identified in connection with the reporting entity's ability to continue in operational existence for the near future.

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 1967 and with the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB).

Basis of preparation of the financial statements

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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

1. General (cont'd)

Basis of presentation and principles of consolidation

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. They are de-consolidated from the date that control ceases.

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

The Company's separate financial statements have been prepared on the same basis, and as permitted by the Companies Act 1967, the Company's separate statement of profit or loss and other comprehensive income is not presented.

2. Disclosures of material accounting policy information and other explanatory information

2A. Material accounting policy information and other explanatory information

Revenue and income

General - 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), net of any related 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.

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

Services – Revenue from service orders and term projects is recognised when the entity satisfies the performance obligation at a point in time generally when the significant acts have been completed and when transfer of control occurs. For services that are not material transactions revenue is recognised as the services are provided.

Rental income - Rental income is recognised on a straight-line basis over the term of the relevant lease, even if the payments are not on that basis.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

2. Disclosures of material accounting policy information and other explanatory information (cont'd)

2A. Material accounting policy information and other explanatory information (cont'd)

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 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. Interest expense is calculated using the effective interest rate method. Borrowing costs are recognised as an expense in the period in which they are incurred.

Foreign currency transactions

The functional currency is the Singapore dollar 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.

Translation of financial statements of other entities

Each entity 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 a reporting entity for incorporation in the combined 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 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

2. Disclosures of material accounting policy information and other explanatory information (cont'd)

2A. Material accounting policy information and other explanatory information (cont'd)

Income tax

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 income tax is the expected tax payable on the taxable income for the reporting year; calculated using rates enacted or substantively enacted at the statements of financial position date; and inclusive of any adjustment to income tax payable or recoverable in respect of previous reporting years. Deferred tax is recognised using the liability method; based on temporary differences between the carrying amounts of assets and liabilities in the financial statements and their respective income tax bases; and determined using tax rates that have been enacted or substantively enacted by the reporting year end date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. 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, branches and associates, and joint arrangements 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 accumulated depreciation and any accumulated impairment losses. Depreciation is provided on a straight-line method 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 (or, for certain leased assets, the shorter lease term). An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle.

The annual rates of depreciation are as follows:

Leasehold improvements	– 10% to 15%
Furniture and fittings and equipment	– 10% to 40%
Leasehold properties	– Over the terms of lease that is 1.25% to 1.45%
Motor vehicles	– 10% to 25%

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.

Lease of lessee

A lease conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. Where a lease arrangement is identified, a liability to the lessor is recognised as a lease obligation calculated at the present value of minimum unavoidable lease payments. A corresponding right-of-use asset is recorded. Lease payments are apportioned between finance costs and reduction of the lease liability so as to reflect the interest on the remaining balance of the liability. Finance charges are recorded as a finance cost. Leases with a term of 12 months or less and leases for low value are not recorded as a liability and lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

2. Disclosures of material accounting policy information and other explanatory information (cont'd)

2A. Material accounting policy information and other explanatory information (cont'd)

Leases of lessor

For a lessor, a lease is classified as either an operating lease or a finance 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. Operating leases are for rental income. 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.

Intangible assets other than goodwill

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 to 10 years
Development costs	–	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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

2. Disclosures of material accounting policy information and other explanatory information (cont'd)

2A. Material accounting policy information and other explanatory information (cont'd)

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.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

2. Disclosures of material accounting policy information and other explanatory information (cont'd)

2A. Material accounting policy information and other explanatory information (cont'd)

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.

Carrying amounts of non-financial assets

The carrying amount of 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 expensed. Irrespective of whether there is any indication of impairment, an annual impairment test is performed at about the same time every year on an intangible asset with an indefinite useful life or an intangible asset not yet available for use.

Inventories

Inventories are stated at the lower of cost and selling price less costs to complete and sell. Cost is calculated using the first in first out method. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

2. Disclosures of material accounting policy information and other explanatory information (cont'd)

2A. Material accounting policy information and other explanatory information (cont'd)

Financial instruments

Recognition and derecognition of financial instruments:

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

At initial recognition the financial asset or financial liability is measured at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Categories of financial assets and financial liabilities:

The financial reporting standard on financial instruments requires the categorisation of financial instruments. At the end of the reporting year, the reporting entity had the following categories financial assets and liabilities:

- 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.
- Financial asset classified as measured at fair value through profit or loss (FVTPL): All other financial assets are classified as measured at FVTPL. In addition, on initial recognition, management may irrevocably designate a financial asset as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Financial liabilities are classified as at 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 equivalent

For the statement of cash flows, cash and cash equivalents includes cash and cash equivalents less cash subject to restriction and bank overdrafts payable on demand that form an integral part of cash management. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Other financial assets and financial liabilities at fair value through profit or loss are presented within the section on operating activities as part of changes in working capital in the statement of cash flows.

Cash flows are reported using the indirect method, whereby profit or loss is adjusted for the effects of transactions of a non-cash nature, and items of income or expense associated with investing or financing cash flows.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

2. Disclosures of material accounting policy information and other explanatory information (cont'd)

2A. Material accounting policy information and other explanatory information (cont'd)

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 material 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. The recurring measurements are made at each reporting year end date.

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 to allocate resources and in assessing performance. Generally, financial information on segments is reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments. 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

2. Disclosures of material accounting policy information and other explanatory information (cont'd)

2B. Other explanatory information (cont'd)

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. 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 the impairment of goodwill:

The amount of goodwill is tested annually for impairment. This annual impairment test is material and the process is complex and highly judgmental and is based on assumptions that are affected by expected future market or economic conditions. As a result, judgement is required in evaluating the assumptions and methodologies used by management, in particular those relating to the forecasted revenue growth and profit margins. The disclosures about goodwill are included in Note 16. Small changes in the key assumptions used could give rise to an impairment of the goodwill balance in the future. Actual outcomes could vary from these estimates.

Assessment of the impairment loss on subsidiaries and associate:

Where an investee is in net equity deficit and or has suffered losses a test is made whether the investment in the investee has suffered any impairment loss. 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 investee affected. The carrying amount of the specific investee or class of investees at the end of the reporting year affected by the assumption is disclosed in Note 14 on investment in subsidiaries and Note 15 on investment in associates.

Assessment of loss allowance on inventories:

The assessment of the allowance for impairment loss on inventories requires a degree of estimation and judgement. The level of the loss allowance is assessed by taking into account the recent sales experience, the ageing of inventories, other factors that affect inventory obsolescence and subsequent events. Possible changes in these estimates could result in revisions to the stated value of the inventories. The carrying amounts of inventories at the end of the reporting year is disclosed in Note 18 on inventories.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

2. Disclosures of material accounting policy information and other explanatory information (cont'd)

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

Assessment of loss allowance on profit guarantee receivables:

The Group and Company have profit guarantee receivables, net of allowance for impairment, of \$13,150,000 and \$12,880,000 respectively as at the end of the reporting year. Included in the profit guarantee receivables is an amount of \$12,797,000 due from a director of an associate. The amount is secured by an escrow and share security arrangement with the associate's director whereby the associate's shares are pledged to the Group. Should the value of the pledged shares fall below the amount receivable, the recoverability of the amount may not be certain if the associate's director does not have the financial ability to repay the shortfall if any arising from the realisation of the pledged shares. The assessment of recoverability of this receivable requires significant management judgement in assessing the associate's director's financial ability to repay the outstanding receivable. In determining the recoverability of the receivable, management takes into consideration the value of the pledged shares and the value of the assets owned by associate's director. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year are different from judgement and could require a material adjustment to the carrying amount of the receivable.

Assessment of expected credit loss allowance on trade and other receivables:

The assessment of the expected credit losses (ECL) requires a degree of estimation and judgement. In measuring the expected credit losses, management considers all reasonable and supportable information such as the reporting entity's past experience at collecting receipts, any increase in the number of delayed receipts in the portfolio past the average credit period, and forward looking information such as forecasts of future economic conditions. 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 Note 19 on trade and other receivables.

Estimating 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 judgemental and not susceptible to precise determination. The income tax amounts are disclosed in Note 10 on income tax.

Estimating useful lives of property, plant and equipment:

The estimates for the useful lives and related depreciation charges for property, plant and equipment are based on commercial and other factors that could change materially because 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 at the end of the reporting year affected by the assumption is disclosed in Note 13.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

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:

<u>Name</u>	<u>Relationship</u>	<u>Country of incorporation</u>
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.

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:

<u>Group</u>	<u>Directors of the Company</u>	
	<u>2023</u>	<u>2022</u>
	<u>\$'000</u>	<u>\$'000</u>
Rental paid / payable	241	240
	<u> </u>	<u> </u>
	<u>Other related parties</u>	
	<u>2023</u>	<u>2022</u>
	<u>\$'000</u>	<u>\$'000</u>
Rental paid / payable ^(a)	272	262
	<u> </u>	<u> </u>

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

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

3C. Key management compensation:

	Group	
	<u>2023</u>	<u>2022</u>
	\$'000	\$'000
Salaries and other short-term employee benefits	<u>2,394</u>	<u>2,567</u>

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

	Group	
	<u>2023</u>	<u>2022</u>
	\$'000	\$'000
Remuneration of directors of the Company	1,542	1,582
Fees to directors of the Company	<u>309</u>	<u>268</u>

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.

3D. Other receivables from and other payables to related parties:

The trade transactions and the related receivables and payables balances arising from sales and purchases of goods and services are disclosed elsewhere in the notes to the financial statements.

The movements in other receivables from and other payables to related parties are as follows:

<u>Company</u>	<u>Subsidiaries</u>	
	<u>2023</u>	<u>2022</u>
	\$'000	\$'000
<u>Other receivables:</u>		
Balance at beginning of the year – net debit	46,042	38,004
Amounts paid out and settlement of liabilities on behalf of subsidiaries	<u>2,062</u>	<u>8,038</u>
Balance at end of the year – net debit	<u>48,104</u>	<u>46,042</u>
Represented by:		
Other receivables (Note 19)	74,133	69,863
Other payables (Note 27)	<u>(26,029)</u>	<u>(23,821)</u>
Net	<u>48,104</u>	<u>46,042</u>

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

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, (2) dental equipment and supplies distribution and (3) medical laboratory. 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.
- (3) Medical laboratory comprising sale and distribution of Covid-19 test kits and provision of laboratory testing.

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.

4B. Profit or loss

	Group	
	2023	2022
	\$'000	\$'000
Segment revenue		
Primary healthcare	167,765	160,895
Dental equipment and supplies distribution	8,443	11,236
Medical laboratory	6,515	9,083
Total	<u>182,723</u>	<u>181,214</u>

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

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

4B. Profit or loss (cont'd)

	Group	
	<u>2023</u>	<u>2022</u>
	\$'000	\$'000
Segment results		
Primary healthcare	15,042	17,494
Dental equipment and supplies distribution	481	963
Medical laboratory	864	1,287
Gain on disposal of subsidiary	77	–
Impairment on assets – loss	(2,717)	(4,930)
Share of loss from equity – accounted associates	(83)	(537)
Profit before tax from continuing operations	<u>13,664</u>	<u>14,277</u>
Income tax expense	<u>(2,591)</u>	<u>(2,421)</u>
Profit from continuing operations, net of tax	<u><u>11,073</u></u>	<u><u>11,856</u></u>

4C. Assets and reconciliation

	Group	
	<u>2023</u>	<u>2022</u>
	\$'000	\$'000
Segment assets		
Primary healthcare	212,301	215,397
Dental equipment and supplies distribution	10,985	9,967
Medical laboratory	10,715	16,857
Unallocated – investment in associates	24,587	25,191
Total	<u><u>258,588</u></u>	<u><u>267,412</u></u>

4D. Liabilities and reconciliation

	Group	
	<u>2023</u>	<u>2022</u>
	\$'000	\$'000
Segment liabilities		
Primary healthcare	151,023	160,311
Dental equipment and supplies distribution	1,948	1,917
Medical laboratory	2,706	2,936
Total	<u><u>155,677</u></u>	<u><u>165,164</u></u>

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

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

4E. Other material items and reconciliations

	Group	
	<u>2023</u>	<u>2022</u>
	\$'000	\$'000
Impairment of assets – (loss) reversal		
Primary healthcare	13	78
Dental equipment and supplies distribution	–	(5,008)
Medical laboratory	(2,730)	–
Total	<u>(2,717)</u>	<u>(4,930)</u>
Expenditure for non-current assets		
Primary healthcare	5,551	9,142
Dental equipment and supplies distribution	118	48
Medical laboratory	274	120
Total	<u>5,943</u>	<u>9,310</u>
Depreciation of property, plant and equipment and amortisation		
Primary healthcare	4,405	4,126
Dental equipment and supplies distribution	103	103
Medical laboratory	575	661
Total	<u>5,083</u>	<u>4,890</u>
Depreciation of right-of-use assets		
Primary healthcare	12,438	11,890
Dental equipment and supplies distribution	–	–
Medical laboratory	255	279
Total	<u>12,693</u>	<u>12,169</u>
Finance costs		
Primary healthcare	5,626	3,875
Dental equipment and supplies distribution	–	–
Medical laboratory	29	34
Total	<u>5,655</u>	<u>3,909</u>

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

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

4F. Geographical information

	Group	
	<u>2023</u>	<u>2022</u>
	\$'000	\$'000
Revenue		
Singapore	171,438	167,288
Malaysia	11,116	13,139
China	169	787
Total	<u>182,723</u>	<u>181,214</u>
Non-current assets		
Singapore	147,914	155,108
Malaysia	5,487	5,138
China	24,595	25,363
Total	<u>177,996</u>	<u>185,609</u>

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.

4G. Information about major customers

There were no customers with revenue of over 10% of the Group's revenue for the reporting year ended 31 December 2023.

5. Revenue

	Group	
	<u>2023</u>	<u>2022</u>
	\$'000	\$'000
Rendering of services	171,016	165,764
Sale of goods	8,277	11,172
Profit guarantee income	2,388	3,216
Rental income (Note 30)	503	472
Other income	539	590
Total revenue	<u>182,723</u>	<u>181,214</u>

The revenue is primarily from rendering services and sales of goods and they are mainly 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 and medical laboratory segment is mainly vaccination centre (see Note 4).

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

6. Employee benefits expense

	<u>Group</u>	
	<u>2023</u>	<u>2022</u>
	\$'000	\$'000
Short term employee benefits expense	103,985	98,561
Contributions to defined contribution plan	4,261	4,192
Share-based payments: equity settled (Note 24)	44	237
Other benefits	563	622
Total employee benefits expense	<u>108,853</u>	<u>103,612</u>

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

	<u>Group</u>	
	<u>2023</u>	<u>2022</u>
	\$'000	\$'000
Interest expense	3,985	2,054
Interest on lease liabilities (Note 26)	1,670	1,855
Total finance costs	<u>5,655</u>	<u>3,909</u>

8. Other expenses

The major components and other selected components include the following:

	<u>Group</u>	
	<u>2023</u>	<u>2022</u>
	\$'000	\$'000
Legal and professional fees	1,481	1,575
NETS and credit card transaction charges	2,362	2,349
Repair and maintenance	1,696	1,251
Utilities	<u>1,095</u>	<u>930</u>

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

9. Other income and gains and (other losses)

	Group	
	2023 \$'000	2022 \$'000
Foreign exchange adjustment losses	(87)	(11)
Gain on disposal of subsidiary (Note 29)	77	–
Gain on disposal of plant and equipment, net	–	30
Impairment loss for goodwill ^(a)	(2,391)	–
Impairment allowance on other receivables – loss (Note 19)	–	(86)
Impairment allowance on plant and equipment – reversal (Note 13)	13	35
Impairment allowance on inventories (Note 18) ^(b)	(339)	(4,879)
Plant and equipment written off	(193)	(299)
Net	<u>(2,920)</u>	<u>(5,210)</u>
Presented in profit or loss as:		
Other income and gains	90	65
Other losses	(3,010)	(5,275)
Net	<u>(2,920)</u>	<u>(5,210)</u>

^(a) During the reporting year ended 31 December 2023, the Group recognised an impairment loss of \$2,391,000 to write down the goodwill of Acumen Diagnostics Pte. Ltd. and its subsidiary, Acumen Research Laboratories Pte. Ltd to its recoverable value (Note 16).

^(b) During the reporting year ended 31 December 2023, the Group recognised an allowance of \$339,000 (2022: \$4,879,000) to write down certain of its Covid-19 related inventories and consumables in view of Singapore's lifting of Covid-19 related restrictions.

10. Income tax expense

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

	Group	
	2023 \$'000	2022 \$'000
<u>Current tax expense:</u>		
Current tax expense	1,927	2,823
(Over) under adjustments in respect of prior periods	(402)	65
Subtotal	<u>1,525</u>	<u>2,888</u>
<u>Deferred tax expense (income):</u>		
Deferred tax expense (income)	326	(127)
Under (over) adjustments in respect of prior periods	740	(340)
Subtotal	<u>1,066</u>	<u>(467)</u>
Total income tax expense	<u>2,591</u>	<u>2,421</u>

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

10. Income tax expense (cont'd)

10A. Components of tax expense recognised in profit or loss include: (cont'd)

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% (2022: 17.0%) to profit or loss before income tax as a result of the following differences:

	Group	
	2023	2022
	\$'000	\$'000
Profit before tax	13,664	14,277
Share of loss from equity-accounted associates	83	537
	<u>13,747</u>	<u>14,814</u>
Income tax expense at the above rate	2,337	2,518
Effect of different tax rates in different countries	(116)	(97)
Expenses not deductible for tax purposes	1,070	903
Income not subject to tax	(80)	(22)
Stepped income exemptions and tax rebates	(1,658)	(724)
Unrecognised deferred tax asset	398	353
Under (over) adjustments in respect of prior periods	338	(275)
Other minor items less than 3% each	302	(235)
Total income tax expense	<u>2,591</u>	<u>2,421</u>

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

The expenses not deductible for tax purposes (major not liable to tax items) include the following:

	Group	
	2023	2022
	\$'000	\$'000
Allowance for impairment on goodwill	2,391	–
Allowance for impairment on inventories	339	4,879
	<u>339</u>	<u>4,879</u>

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

	Group	
	2023	2022
	\$'000	\$'000
<u>From deferred tax liabilities recognised in profit or loss:</u>		
Excess of net book value of plant and equipment over tax values	696	(689)
Deferred tax associated with right-of-use assets	(28)	(131)
Deferred tax associated with lease liabilities		
Unrecognised deferred tax asset	398	353
Total deferred tax expense (income) recognised in profit or loss	<u>1,066</u>	<u>(467)</u>

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

10. Income tax expense (cont'd)

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

	Group	
	<u>2023</u>	<u>2022</u>
	\$'000	\$'000
<u>Deferred tax liabilities recognised in profit or loss:</u>		
Excess of net book value of plant and equipment over tax values	(2,487)	(1,791)
Deferred tax associated with right-of-use assets	(7,692)	(8,809)
Deferred tax associated with lease liabilities	8,258	9,347
Unrecognised deferred tax asset	(1,071)	(673)
Total	<u>(2,992)</u>	<u>(1,926)</u>
Presented in the statement of financial position as follows:		
Deferred tax liabilities	<u>(2,992)</u>	<u>(1,926)</u>

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	
	<u>2023</u>	<u>2022</u>
	\$'000	\$'000
Numerators: earnings attributable to equity		
Continuing operations: attributable to equity holders	<u>11,517</u>	<u>11,309</u>
	'000	'000
Denominators: weighted average number of equity shares		
Basic and diluted	<u>946,443</u>	<u>940,843</u>

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

The weighted average number of ordinary shares outstanding during the period and for all periods presented are adjusted for events that have changed the number of ordinary shares outstanding without a corresponding change in resources. The 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 years 2023 and 2022.

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12. Dividends on equity shares

	<u>Group</u>	
	<u>2023</u>	<u>2022</u>
	\$'000	\$'000
Interim tax exempt dividend paid of 0.76 cents (2022: 1.4 cents) per share	<u>7,193</u>	<u>13,152</u>

Subsequent to the reporting year ended 31 December 2023, the directors proposed that a 2nd interim dividend of 0.53 cent per share in respect of the current year with a total of \$5,016,000 be paid to shareholders on 26 March 2024. There are no income tax consequences.

13. Property, plant and equipment

<u>Group</u>	<u>Leasehold improve- ments</u>	<u>Furniture and fittings and equipment</u>	<u>Leasehold properties</u>	<u>Motor vehicles</u>	<u>Total</u>
	\$'000	\$'000	\$'000	\$'000	\$'000
<u>Cost:</u>					
At 1 January 2022	11,682	35,664	12,340	201	59,887
Additions	1,684	4,258	3,368	–	9,310
Disposals / written off	(1,302)	(3,173)	–	–	(4,475)
Foreign currency translation adjustment	(161)	(310)	–	(13)	(484)
At 31 December 2022	11,903	36,439	15,708	188	64,238
Additions	587	5,325	–	31	5,943
Disposals / written off	(117)	(2,088)	–	–	(2,205)
Arising from disposal of subsidiary	(361)	(294)	–	–	(655)
Foreign currency translation adjustment	(143)	(261)	–	(9)	(413)
At 31 December 2023	11,869	39,121	15,708	210	66,908
<u>Accumulated depreciation and impairment losses:</u>					
At 1 January 2022	3,717	22,638	873	55	27,283
Depreciation for the year	1,029	2,982	206	34	4,251
Disposals / written off	(1,175)	(2,822)	–	–	(3,997)
Impairment reversal	(35)	–	–	–	(35)
Foreign currency translation adjustment	(53)	(129)	–	(11)	(193)
At 31 December 2022	3,483	22,669	1,079	78	27,309
Depreciation for the year	1,002	3,104	220	38	4,364
Disposals / written off	(89)	(1,598)	–	–	(1,687)
Arising from disposal of subsidiary	(227)	(270)	–	–	(497)
Impairment reversal	(13)	–	–	–	(13)
Foreign currency translation adjustment	(54)	(119)	–	(6)	(179)
At 31 December 2023	4,102	23,786	1,299	110	29,297
<u>Carrying value:</u>					
At 1 January 2022	7,965	13,026	11,467	146	32,604
At 31 December 2022	8,420	13,770	14,629	110	36,929
At 31 December 2023	7,767	15,335	14,409	100	37,611

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

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

The leasehold properties at a carrying value of approximately \$14,409,000 (2022: \$14,629,000) are mortgaged as security for the bank facilities (See Note 28A).

<u>Company</u>	Furniture and fittings and office equipment \$'000
<u>Cost:</u>	
At 1 January 2022	1,886
Additions	221
At 31 December 2022	2,107
Additions	455
At 31 December 2023	2,562
 <u>Accumulated depreciation:</u>	
At 1 January 2022	968
Depreciation for the year	150
At 31 December 2022	1,118
Depreciation for the year	162
At 31 December 2023	1,280
 <u>Carrying value:</u>	
At 1 January 2022	918
At 31 December 2022	989
At 31 December 2023	1,282

14. Investment in subsidiaries

	<u>Company</u>	
	<u>2023</u>	<u>2022</u>
	\$'000	\$'000
<u>Cost:</u>		
At the beginning of the year	71,543	71,443
Additions	–	100
Disposals ⁽ⁱⁱ⁾	(2,478)	–
At end of the year	69,065	71,543

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

14. Investment in subsidiaries (cont'd)

<u>Cont'd</u>	<u>Company</u>	
	<u>2023</u>	<u>2022</u>
	\$'000	\$'000
<u>Allowance for impairment:</u>		
At the beginning of the year	(10,105)	(9,500)
Disposals ⁽ⁱⁱ⁾	2,478	–
Impairment loss charged to profit or loss included in other losses ^(#)	(420)	(605)
At end of the year	<u>(8,047)</u>	<u>(10,105)</u>
 <u>Carrying value:</u>		
At beginning of the year	<u>61,438</u>	<u>61,943</u>
At end of the year	<u>61,018</u>	<u>61,438</u>
 Analysis of above amount denominated in non-functional currency:		
United States Dollars	411	411
Malaysian Ringgit	<u>5,152</u>	<u>5,152</u>

^(#) The impairment loss was provided on certain subsidiaries which were either non-performing subsidiaries or have net equity deficits.

The following subsidiaries are wholly owned by the Group:

<u>Name of subsidiaries</u>	<u>Cost in books of Group</u>	
	<u>2023</u>	<u>2022</u>
	\$'000	\$'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.	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
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

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31 December 2023

14. Investment in subsidiaries (cont'd)

The following subsidiaries are wholly owned by the Group: (cont'd)

Name of subsidiaries	Cost in books of Group	
	2023 \$'000	2022 \$'000
Held by Company (cont'd)		
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	588
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)	— ^(a)	— ^(a)
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.	— ^(a)	— ^(a)
Jurong Point Dental Centre Pte. Ltd.	100	100
British Dental Surgery Pte. Ltd.	760	760
Q & M Dental Holdings (Shenzhen) Pte. Ltd. ^(c)	— ^(a)	— ^(a)
Q & M Dental Holdings (Malaysia) Pte. Ltd. ^(c)	— ^(a)	— ^(a)
EM2AI Pte. Ltd. ⁽ⁱ⁾	100	100
Q & M College of Dentistry Pte. Ltd. ^(g)	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)(k)(m)}	411	411
New Dental Centre Pte. Ltd. ^{(b)(n)}	— ^(a)	— ^(a)
Q & M Medical Group (Singapore) Pte. Ltd. ^(c)	200	200
Bright Smile Dental Surgery (Buangkok MRT) Pte. Ltd.	100	100
Q & M Dental Surgery (Tanjong Katong) Pte. Ltd.	100	100
Q & M Dental Surgery (Kovan) Pte. Ltd.	100	100
Q & M Dental Surgery (Clementi West) Pte. Ltd.	100	100
Specialist Oral Surgeons Pte. Ltd.	100	100
Q & M Dental Surgery (Woodlands) Pte. Ltd.	100	100

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31 December 2023

14. Investment in subsidiaries (cont'd)

The following subsidiaries are wholly owned by the Group: (cont'd)

Name of subsidiaries	Cost in books of Group	
	2023 \$'000	2022 \$'000
Held by Company (cont'd)		
Q & M Dental Centre (River Valley) Pte. Ltd.	100	100
Q & M Dental Surgery (Canberra) Pte. Ltd.	100	100
Q & M Dental Surgery (Jurong) Pte. Ltd.	100	100
Q & M Dental Surgery (Bedok Reservoir) Pte. Ltd.	100	100
Q & M Dental Centre (Jurong East) Pte. Ltd.	100	100
Q & M Dental Surgery (Aljunied) Pte. Ltd.	100	100
Q & M Dental Surgery (Kim Tian) Pte. Ltd.	100	100
Q & M Dental Centre (North Bridge) Pte. Ltd.	100	100
Q & M Dental Surgery (Yishun) Pte. Ltd.	100	100
Q & M Dental Centre (Kim Seng) Pte. Ltd.	100	100
Q & M Dental Surgery (Choa Chu Kang) Pte. Ltd.	100	100
Q & M Dental Surgery (Ang Mo Kio) Pte. Ltd.	100	100
Q & M Dental Centre (Balestier) Pte. Ltd.	100	100
Q & M Dental Surgery (Alexandra Road) Pte. Ltd.	100	100
Held through subsidiaries		
Dentmedix Pte. Ltd. ^{(b)(e)(n)}	164	164
Quantumleap Healthcare Pte. Ltd. ^(e)	150	150
Q & M Dental Holdings (Malaysia) Sdn. Bhd. ^{(c)(g)(l)}	330	330
Q & M Dental Surgery (Bandar Puteri Puchong) Sdn. Bhd. ^{(g)(l)}	30	30
Q & M Dental Surgery (Selatan) Sdn. Bhd. ^{(g)(l)}	— ^(a)	— ^(a)
Q & M Dental Surgery (KL) Sdn. Bhd. ^{(g)(l)}	— ^(a)	— ^(a)
Q & M Dental Surgery (Southern) Sdn. Bhd. ^{(g)(l)}	— ^(a)	— ^(a)
EM2AI Sdn. Bhd. ^{(i)(l)(o)}	— ^(a)	— ^(a)
Q & M Medical & Aesthetic Clinic (Tampines Central) Pte. Ltd. ^{(f)(n)}	50	50
Q & M Medical & Aesthetic Clinic (Serangoon Garden) Pte. Ltd. ^{(b)(n)}	50	50
Q & M Medical & Aesthetic Clinic (Farrer Park) Pte. Ltd. ^{(f)(n)}	80	80
Q & M Medical Clinic (Raffles Place) Pte. Ltd. ^{(b)(n)}	50	50
The Digestive & Liver Specialist Centre Pte. Ltd. ^{(b)(n)}	100	100
The Lung Specialist Centre Pte. Ltd. ^{(b)(n)}	100	100
Q & M Medical Clinic (Serangoon Central) Pte. Ltd. ^{(f)(n)}	50	50
Q & M Medical Clinic (Bukit Batok) Pte Ltd ^{(f)(n)}	50	50
Q & M Medical Clinic (Buangkok Mrt) Pte. Ltd ^{(f)(n)}	100	100
Singapore Dental Cadcam Laboratory Pte. Ltd. ^(h)	— ^(a)	— ^(a)

(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 subsidiaries are principally engaged in trading of dental surgery materials and equipment.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

14. Investment in subsidiaries (cont'd)

- (f) The subsidiaries are principally engaged in the provision of general medical services.
- (g) The subsidiary is principally engaged in the provision of higher education programmes to qualified dentists.
- (h) The subsidiary is principally engaged in manufacturing and exporting of porcelain crown, bridges and dentures.
- (i) The subsidiaries are principally engaged in the development of dental healthcare software and equipment.
- (j) Audited by other independent auditors, GEP Associates, a firm of accountants other than member firms of RSM International of which RSM SG Assurance LLP in Singapore is a member.
- (k) Audited by other independent auditors, Liaoning Zhong Cheng CPAs, a firm of accountants other than member firms of RSM International of which RSM SG Assurance LLP in Singapore is a member.
- (l) Incorporated in Malaysia.
- (m) Incorporated in People's Republic of China.
- (n) Not audited for the purpose of the consolidated financial statements, as immaterial.
- (o) Audited by other independent auditors, YYC & Co. PLT, a firm of accountants other than member firms of RSM International of which RSM SG Assurance LLP in Singapore is a member.

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	
	2023	2022	2023	2022
	\$'000	\$'000	%	%
Held by Company				
Shanghai Chuangyi Investment and Management Co., Ltd. ^{(ee)(ii)(j)}	–	2,478	–	80
Acumen Diagnostics Pte. Ltd. ^(cc)	3,000	3,000	67.15	67.15
Held through subsidiaries				
Q & M Dental Surgery (Molek) Sdn. Bhd. ^{(ff)(gg)}	–	–	–	–
Q & M Dental Surgery (Austin) Sdn. Bhd. ^{(ff)(gg)}	–	–	–	–
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. ^{(aa)(ff)(gg)}	3,377	3,377	70	70
Shanghai Kangyi Dental Polyclinic Co., Ltd. ^{(ee)(ii)}	216	216	80	80
QA Healthcare Solutions Pte. Ltd. ^{(bb)(ii)}	100	100	51	51
Acumen Research Laboratories Pte. Ltd. ^(dd)	3,000	3,000	67.15	67.15

- (aa) The subsidiary is principally engaged in trading of dental surgery materials and equipment.
- (bb) The subsidiary is principally engaged in the development of dental healthcare software and equipment.
- (cc) The subsidiary is principally engaged in sale and distribution of Covid-19 test kits and provision of laboratory testing.
- (dd) The subsidiary is principally engaged in provision of laboratory testing.
- (ee) Incorporated in People's Republic of China.
- (ff) Incorporated in Malaysia.

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31 December 2023

14. Investment in subsidiaries (cont'd)

- (gg) Audited by other independent auditors, GEP Associates, a firm of accountants other than member firms of RSM International of which RSM SG Assurance 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 SG Assurance LLP in Singapore is a member.
- (ii) Not audited for the purpose of the consolidated financial statements, as immaterial.
- (jj) On 19 June 2023, the Group disposed of its subsidiary, Shanghai Chuangyi Investment and Management Co. Ltd. to Shanghai Zhibao Investment Consulting Co., Ltd for a consideration of RMB500,000 (equivalent to approximately S\$97,000) (See Note 29).

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 SG Assurance 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

	<u>Group</u>		<u>Company</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	\$'000	\$'000	\$'000	\$'000
Carrying value:				
Quoted equity shares at cost				
– Aoxin Q & M Dental Group Limited (“Aoxin Q & M”)	24,572	25,176	25,912	33,383
Unquoted equity shares at cost				
– Punggol Medical & Dental Pte. Ltd. (“PMD”)	15	15	–	–
Reversal (allowance) for impairment				
– Aoxin Q & M	–	–	2,001	(7,471)
	<u>24,587</u>	<u>25,191</u>	<u>27,913</u>	<u>25,912</u>
Movements in carrying value:				
Balance at beginning of the year	25,191	27,044	25,912	33,383
Foreign currency translation adjustment	(521)	(1,316)	–	–
Reversal (allowance) for impairment	–	–	2,001	(7,471)
Share of loss for the year	(83)	(537)	–	–
Balance at end of the year	<u>24,587</u>	<u>25,191</u>	<u>27,913</u>	<u>25,912</u>

The carrying value of the investment in associate, Aoxin Q & M was tested for impairment as at 31 December 2023 due to the substantial decline in the quoted price of its shares.

The impairment test was carried out using a discounted cash flow model covering a 5-year period. Cash flows projections are based on the next five year budgets and plans approved by management. Cash flows projections beyond that five-year period have been extrapolated on the basis of a 3% (2022: 3%) terminal growth rate. Such a growth rate does not exceed the long-term average growth rate of the sector. The discount rate applied (weighted average cost of capital gross of tax effect) is 11.5% (2022: 11.5%).

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31 December 2023

15. Investment in associates (cont'd)

Accordingly, the carrying amount of the Company's cost of investment in Aoxin Q & M has been reversed to its recoverable amount through a recognition of reversal impairment loss of \$2,001,000 (2022: impairment loss of \$7,471,000) against the cost of investment. No impairment was necessary at the Group level.

The recoverable amount has been measured based on the value in use method and it 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.

Actual outcomes could vary from these estimates. If the revised estimated pre-tax discount rate applied to the discounted cash flows had been 1 percentage point less favourable than management's estimates, there would be a need to further decrease the carrying value of the Group's investment in Aoxin Q & M by \$Nil and reduce the carrying value of the Company's investment in Aoxin Q & M by \$2,973,000 respectively to its recoverable amount.

The associates held by the Group are listed below:

<u>Name of associates</u>	<u>Percentage of equity held by the Group</u>	
	<u>2023</u>	<u>2022</u>
	%	%
Held by Company		
Aoxin Q & M ⁽ⁱ⁾⁽ⁱⁱⁱ⁾	32.79	32.79
Singapore		
Provision of private dental services and dental equipment and supplies		
Held through subsidiaries		
PMD ⁽ⁱⁱ⁾	50.0	50.0
Singapore		
Provision of general medical services		

(i) Listed on SGX-ST. The fair value based on quoted price of the shares held in the associate, Aoxin Q & M is \$10,396,000 (2022: \$24,983,000) as at end of reporting year.

(ii) Not considered material to the Group.

(iii) In March 2022, Aoxin Q & M issued 2,441,000 new ordinary shares of no par value of an issue price of \$0.20 per share to one of the principal dentists. Following the issuance of these new shares, the Group's interest in Aoxin Q & M was diluted from 32.95% to 32.79%.

Save as disclosed above, all other associates are audited by RSM SG Assurance LLP.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

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	
	2023	2022
	\$'000	\$'000
<u>Aoxin Q & M</u>		
Revenue	33,098	27,191
Loss from continuing operations ^(a)	(8,832)	(13,170)
Other comprehensive income	687	2,326
Total comprehensive loss	(8,145)	(8,388)
Current assets	18,965	16,737
– includes cash and cash equivalents	9,557	7,673
Current liabilities – trade and other payables	(5,823)	6,812
Non-current assets	40,146	57,828
Non-current liabilities	(3,429)	4,735
Net assets of the associate	<u>49,860</u>	<u>63,018</u>
Interest at 32.79% (2022: 32.79%)	16,349	20,664
Goodwill	11,546	11,546
Other adjustments	(3,323)	(7,034)
Carrying amount of the interest in the associate	<u>24,572</u>	<u>25,176</u>

^(a) Includes Aoxin Q & M's impairment loss of \$8,752,000 (2022: \$11,668,000) on investment in its associate, Acumen Diagnostics Pte Ltd ("AD") and share of results of \$198,000 from the associate. These are eliminated in the Group's consolidated financial statements since AD is a subsidiary of the Group.

16. Goodwill

	Group	
	2023	2022
	\$'000	\$'000
<u>Cost:</u>		
Balance at beginning of the year	62,164	62,301
Arising from disposal of subsidiary (Note 29)	(1,655)	–
Effect of movement in exchange rate	(115)	(137)
Balance at end of the year	<u>60,394</u>	<u>62,164</u>
<u>Accumulated impairment loss allowance:</u>		
Balance at beginning of the year	(5,582)	(5,704)
Impairment loss recognised in the year included in other losses (Note 9 ^(a))	(2,391)	–
Arising from disposal of subsidiary (Note 29)	1,655	–
Effect of movement in exchange rate	107	122
Balance at end of the year	<u>(6,211)</u>	<u>(5,582)</u>
<u>Carrying value:</u>		
Beginning of the year	<u>56,582</u>	<u>56,597</u>
End of the year	<u>54,183</u>	<u>56,582</u>

NOTES TO THE FINANCIAL STATEMENTS

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16. Goodwill (cont'd)

Management has performed the impairment assessment of goodwill based on clinics in Singapore by zone and goodwill has been allocated into the various zones based on the clinics' locations: South-Central, North, East, West, and North East zones. Each zone is a cash-generating unit.

The Group's dentists and nurses work across clinics within their respective zones, allowing the Group to maximise the use of resources and improve operational efficiency. Zoning has also enabled the Group to more efficiently monitor its operations and performance to better serve patients. To support the zoning of the operations, the Group has also implemented a new data management system that integrates patient information such as appointment scheduling, diagnoses, and treatment plans, across various clinics and zones, allowing more seamless management of operations.

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 each primary reporting segment as follows:

	Group	
	<u>2023</u>	<u>2022</u>
	\$'000	\$'000
Primary healthcare:		
South-Central	49,190	49,190
North-East	490	490
East	1,660	1,660
West	1,642	1,642
Others	766	2,434
Subtotal	<u>53,748</u>	<u>55,416</u>
Dental equipment and supplies distribution:		
AR Dental Supplies Sdn. Bhd.	1,719	1,821
Subtotal	<u>1,719</u>	<u>1,821</u>
Medical laboratory:		
Acumen Diagnostics Pte. Ltd.	2,117	2,117
Acumen Research Laboratories Pte. Ltd.	2,810	2,810
Subtotal	<u>4,927</u>	<u>4,927</u>
	<u><u>60,394</u></u>	<u><u>62,164</u></u>

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 CGU exceeds its recoverable amount. The recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal or its value in use. The recoverable amounts of CGUs have been measured based on its value in use method.

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

16. Goodwill (cont'd)

Asset or CGU – Primary healthcare:

The impairment test was carried out using a discounted cash flow model covering a 5-year period. Cash flows projections are based on the next five year budgets and plans approved by management; cash flows projections beyond that five-year period have been extrapolated on the basis of a 2% (2022: 2%) terminal growth rate. Such a growth rate does not exceed the long-term average growth rate of the sector. The discount rate applied (weighted average cost of capital "WACC" gross of tax effect) is 10% (2022: 10%). Management believes that any reasonably possible change in the key assumptions on which this segment's recoverable amount is based would not cause the carrying amount to exceed its recoverable amount. 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. No impairment allowance was recognised because the carrying amounts of all cash-generating units were higher than their recoverable amounts.

Actual outcomes could vary from these estimates. If the revised estimated pre-tax discount rate applied to the discounted cash flows had been 2 percentage point less favourable than management's estimates, the recoverable amount would still be higher than the carrying value of goodwill. If the actual revenue, gross margin and the pre-tax discounted rate had subsequently been more favourable than management's estimates, management would not be able to reverse any impairment losses that arose on goodwill because the financial reporting standard on impairment of assets does not permit reversing an impairment loss on goodwill.

Asset or CGU – Medical laboratory:

Following the lifting of Covid-19 restrictions in Singapore in FY 2022, the Group commenced transitioning from Covid-19 business activities to non-Covid-19 business activities. The Group has since focused on the non-Covid business introduced in late FY2022. The Group plans to expand the non-Covid-related sectors by increasing its market share over the next 9 years. Hence, management anticipates the revenue and costs to grow at a rate higher than the long-term average growth of the sector over the next 9 years.

In view of the reason mentioned in the preceding paragraph, management has assessed that it is reasonable to consider cash flows for a longer period until the stage when the Group has established its products in the market. The impairment test was therefore carried out using a discounted cash flow model covering a nine-year period. Cash flows projections are based on the next nine year budgets and plans approved by management. Cash flows projections beyond that nine-year period have been extrapolated on the basis of a 3% (2022: 3%) terminal growth rate. Such a growth rate does not exceed the long-term average growth rate of the sector. In view of greater uncertainty arising from the transition from Covid-19 business activities to non-Covid-19 activities, a higher discount rate of 26.5% (2022: 22%) was applied (weighted average cost of capital gross of tax effect). 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.

As a result of the revised budget and the higher discount rate applied, the carrying amount of the Group's goodwill in medical laboratory has been written down to its recoverable amount through a recognition of impairment loss of \$2,391,000 (2022: Nil) during the reporting year ended 31 December 2023 (see Note 9(a)).

Actual outcomes could vary from these estimates. If the revised estimated pre-tax discount rate and terminal rate applied to the discounted cash flows had been 1 percentage point less favourable than management's estimates, there would be a need for a further impairment loss of \$375,000 and \$48,000 respectively to the recoverable amount. If the actual revenue, gross margin and the pre-tax discounted rate had subsequently been more favourable than management's estimates, management would not be able to reverse any impairment losses that arose on goodwill because the financial reporting standard on impairment of assets does not permit reversing an impairment loss on goodwill.

NOTES TO THE FINANCIAL STATEMENTS

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17. Other intangible assets

	Development costs \$'000	Customer lists \$'000	Total \$'000
<u>Cost:</u>			
At 1 January 2022	2,359	2,851	5,210
Additions	1,193	470	1,663
At 31 December 2022	3,552	3,321	6,873
Additions	811	–	811
At 31 December 2023	4,363	3,321	7,684
<u>Accumulated amortisation and impairment:</u>			
At 1 January 2022	–	1,630	1,630
Amortisation for the year	235	404	639
At 31 December 2022	235	2,034	2,269
Amortisation for the year	335	384	719
At 31 December 2023	570	2,418	2,988
<u>Carrying value:</u>			
At 1 January 2022	2,359	1,221	3,580
At 31 December 2022	3,317	1,287	4,604
At 31 December 2023	3,793	903	4,696

18. Inventories

	Group	
	<u>2023</u> \$'000	<u>2022</u> \$'000
Finished goods	7,285	6,680
Dental supplies	4,527	4,411
	<u>11,812</u>	<u>11,091</u>
<u>Movement in allowance for impairment:</u>		
Balance at beginning of the year	(5,458)	(579)
Impairment loss recognised in the year included in other losses (Note 9)	(339)	(4,879)
Balance at end of the year	<u>(5,797)</u>	<u>(5,458)</u>

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

19. Trade and other receivables

	Group		Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
<u>Current</u>				
<u>Trade receivables:</u>				
Outside parties	10,417	8,884	–	–
Subsidiaries	–	–	23,924	27,177
Less allowance for impairment	(156)	(156)	(2,238)	(1,943)
Net trade receivables – subtotal	<u>10,261</u>	<u>8,728</u>	<u>21,686</u>	<u>25,234</u>
<u>Other receivables:</u>				
Subsidiaries (Note 3)	–	–	72,118	69,863
Less allowance for impairment	–	–	(16,688)	(14,976)
Deposits to secure services	4,495	4,576	212	221
Receivable from directors of subsidiaries / associate ^(a)	13,671	12,989	12,880	8,175
Less allowance for impairment	(521)	(1,242)	–	–
Outside parties	3,945	2,834	–	–
Less allowance for impairment	(679)	(915)	–	–
Net other receivables – subtotal	<u>20,911</u>	<u>18,242</u>	<u>68,522</u>	<u>63,283</u>
Total trade and other receivables	<u>31,172</u>	<u>26,970</u>	<u>90,208</u>	<u>88,517</u>
<u>Non-current:</u>				
Outside parties	<u>2,356</u>	<u>2,174</u>	<u>1,303</u>	<u>1,835</u>

^(a) Profit guarantee receivables from directors of subsidiaries and associates of the Group.

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

	Group		Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Within 2 to 5 years	2,174	1,888	1,303	1,715
Later than 5 years	182	286	–	120
Total	<u>2,356</u>	<u>2,174</u>	<u>1,303</u>	<u>1,835</u>

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

	Group		Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Non-interest bearing loans	2,157	1,978	1,175	1,777
Interest bearing loans	199	196	128	58
	<u>2,356</u>	<u>2,174</u>	<u>1,303</u>	<u>1,835</u>

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

19. Trade and other receivables (cont'd)

Interest bearing loans of the Group and Company includes \$199,000 (2022: \$196,000) and \$128,000 (2022: \$58,000) to 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% (2022: 5%) per annum, subject to review annually.

Non-interest bearing loans of the Group and Company includes \$2,157,000 (2022: \$1,978,000) and \$1,175,000 (2022: \$1,777,000) to certain dentists, which are repayable monthly over 3 to 7 years, commencing from the date of appointment of the dentists concerned. The difference between the fair value and the cost at inception of the non-interest bearing loans is not significant to the Group.

	Group		Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Movements in above allowance on trade receivables:				
Balance at beginning of the year	156	156	1,943	2,167
Charge (reversal) of trade receivables to profit or loss included in other losses (gains)	–	–	295	(224)
Balance at end of the year	<u>156</u>	<u>156</u>	<u>2,238</u>	<u>1,943</u>
Movements in above allowance on other receivables:				
Balance at beginning of the year	2,157	2,178	14,976	10,405
Foreign currency translation adjustment	(33)	–	–	–
Charge for other receivables to profit or loss included in other losses	–	86	1,712	4,571
Used	(924)	(107)	–	–
Balance at end of the year	<u>1,200</u>	<u>2,157</u>	<u>16,688</u>	<u>14,976</u>

The expected credit losses (ECL) on the above third parties trade receivables are based on the simplified approach to measuring expected credit losses (ECL) which uses a lifetime ECL allowance approach for all trade receivables 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 ECL including the impact of the current economic conditions.

(i) *The ageing of the trade receivables is as follows:*

	Group		Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Gross trade receivables:				
Current	4,555	4,785	2,991	9,772
Less than 30 days	1,903	1,436	–	–
31 to 60 days	933	683	–	64
Over 60 days	3,026	1,980	20,933	17,341
Total	<u>10,417</u>	<u>8,884</u>	<u>23,924</u>	<u>27,177</u>

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

19. Trade and other receivables (cont'd)

(i) *The ageing of the trade receivables is as follows: (cont'd)*

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

	<u>Group</u>		<u>Company</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	\$'000	\$'000	\$'000	\$'000
Over 60 days	<u>156</u>	<u>156</u>	<u>–</u>	<u>–</u>

The receivables from subsidiaries have common risk characteristics. The Company assesses the credit risk of its subsidiaries individually. The trade receivables are considered to have low credit risk individually.

The trade receivables are not secured.

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.

As part of the process of setting customer credit limits, different credit terms are used. The average credit period generally granted to non-related trade receivable customers is about 30 days (2022: 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 and the provision of medical laboratory services, grant credit term of 30 days to 120 days (2022: 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:

	<u>Group</u>		<u>Company</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	\$'000	\$'000	\$'000	\$'000
Top 1 customer	1,594	1,404	3,000	3,000
Top 2 customers	<u>1,713</u>	<u>1,438</u>	<u>5,340</u>	<u>4,985</u>

The other receivables shown above are subject to the expected credit loss (ECL) allowance assessment under the financial reporting standard on financial instruments. Other receivables are normally with no fixed terms and therefore there is no fixed maturity date. Related company other receivables are regarded as of low credit risk if they are guaranteed by the parent or a related party 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. A significant increase in credit risk is defined by management as any contractual or expected payment which is more than 60 days past due.

Any contractual or expected payment which is more than 90 days past due is considered credit impaired. A loss allowance balances of \$1,200,000 (2022: \$2,157,000) and \$16,688,000 (2022: \$14,976,000) 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

20. Other non-financial assets

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<u>Non-current:</u>				
Sign-on bonus	6,464	5,483	1,768	2,169
Prepaid services – via performance shares	1,479	1,994	1,479	1,994
Assignment fees	45	63	–	–
	<u>7,988</u>	<u>7,540</u>	<u>3,247</u>	<u>4,163</u>
<u>Current:</u>				
Prepayments	1,464	2,144	619	696
Sign-on bonus	1,780	1,485	419	445
Prepaid services – via performance shares	353	397	353	397
Assignment fees	18	18	–	–
	<u>3,615</u>	<u>4,044</u>	<u>1,391</u>	<u>1,538</u>

21. Cash and cash equivalents

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Not restricted in use	<u>33,993</u>	<u>39,698</u>	<u>5,430</u>	<u>5,834</u>
Interest earning balances	<u>1,046</u>	<u>1,004</u>	<u>1,046</u>	<u>1,004</u>

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

21A. Reconciliation of liabilities arising from financing activities:

Group	2022 \$'000	Cash flows \$'000	Non-cash changes \$'000	2023 \$'000
Long-term borrowings	84,577	–	5,396 ^(b)	79,181
Short-term borrowings	473	(4,764)	(5,396) ^(b)	1,105
Lease liabilities	55,767	(12,437)	6,655 ^(a)	49,985
Total liabilities from financing activities	<u>140,817</u>	<u>(17,201)</u>	<u>6,655</u>	<u>130,271</u>
	2021 \$'000	Cash flows \$'000	Non-cash changes \$'000	2022 \$'000
Long-term borrowings	80,176	2,400	2,001 ^(b)	84,577
Short-term borrowings	3,552	(1,078)	(2,001) ^(b)	473
Lease liabilities	54,204	(11,467)	13,030 ^(a)	55,767
Total liabilities from financing activities	<u>137,932</u>	<u>(10,145)</u>	<u>13,030</u>	<u>140,817</u>

^(a) Mainly due to acquisitions.

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

22. Share capital

	Number of shares issued '000	Share capital \$'000
<u>Group and Company:</u>		
Balance at 1 January 2022, 31 December 2022 and 31 December 2023	965,865	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 '000	Cost \$'000
<u>Group and Company:</u>		
Balance at 1 January 2022	26,422	13,950
Transfer of treasury shares at \$0.351 cents each ^(a)	(4,986)	(1,750)
Transfer of treasury shares at \$0.330 cents each ^(b)	(2,014)	(665)
Balance at 31 December 2022 and 31 December 2023	19,422	11,535

^(a) On 20 October 2022, the Company issued 4,986,000 ordinary shares from its treasury shares to 7 key dentists of the Group for an aggregate gross cash consideration of \$1,750,000.

^(b) On 20 October 2022, the Company issued 2,014,245 ordinary shares from its treasury shares to 7 key dentists of the Group pursuant to the Q & M Performance Share Plan 2018 (see Note 24).

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 total borrowings less cash and cash equivalents.

	<u>Group</u>		<u>Company</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	\$'000	\$'000	\$'000	\$'000
Net debt:				
All current and non-current borrowings including leases	130,271	140,817	77,351	82,494
Less: Cash and cash equivalents	(33,993)	(39,698)	(5,430)	(5,834)
Net debt	96,278	101,119	71,921	76,660
Adjusted capital:				
Total equity	102,911	102,248	86,271	81,754
Adjusted capital	102,911	102,248	86,271	81,754
Debt-to-adjusted capital ratio	93.6%	98.9%	83.4%	93.8%

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

22. Share capital (cont'd)

Capital management: (cont'd)

The decrease in the debt-to-adjusted capital ratio for the reporting year resulted primarily from the decrease in net debt.

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

	<u>Group</u>	
	<u>2023</u>	<u>2022</u>
	\$'000	\$'000
Foreign currency translation reserve (Note 23A)	(3,793)	(2,696)
Other reserves	(200)	(200)
Total at end of the year	<u>(3,993)</u>	<u>(2,896)</u>

23A. Foreign currency translation reserve

	<u>Group</u>	
	<u>2023</u>	<u>2022</u>
	\$'000	\$'000
At beginning of the year	(2,696)	(773)
Exchange differences on translating foreign operations	(1,097)	(1,923)
At end of the year	<u>(3,793)</u>	<u>(2,696)</u>

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.

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24. Share-based payments

Under the Q & M Performance Share Plan 2018, a participant may be granted award 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 discretion of the Plan Committee, taking into account inter alia certain prescribed performance targets, if any.

In September 2022, the Company granted share awards to eligible employees of the Group by the allotment and issuance of an aggregate of 2,014,245 ordinary shares from the treasury shares of the Company pursuant to the Q & M Performance Share Plan 2018. The shares were granted with a service condition that the dentists remain within the Group's employment for an additional 10 years. The shares were granted at fair value of \$0.33 per share. The shares were subsequently issued on 20 October 2022 (see Note 22^(b)).

25. Provisions

	Group	
	<u>2023</u>	<u>2022</u>
	\$'000	\$'000
Provision for reinstatement of leased premises	<u>975</u>	<u>767</u>
Movements in above provision:		
Balance at beginning of the year	767	776
Additions	208	–
Used	–	(9)
Balance at end of the year	<u>975</u>	<u>767</u>

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

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

	Group		Company	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	\$'000	\$'000	\$'000	\$'000
Lease liabilities, current	10,742	10,547	242	201
Lease liabilities, non-current	<u>39,243</u>	<u>45,220</u>	<u>1,461</u>	<u>1,427</u>
	<u>49,985</u>	<u>55,767</u>	<u>1,703</u>	<u>1,628</u>

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

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

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

<u>Group</u>	<u>Dental, medical and office premises</u> \$'000	<u>Lease liabilities</u> \$'000
At 1 January 2022	77,875	54,204
Accretion of interest	–	1,855
Additions	5,277	5,277
Disposals	(10,139)	(274)
Lease modification	8,095	8,095
Lease payments – principal portion paid	–	(11,467)
Interest paid	–	(1,855)
Rental concession from lessor	–	(68)
At 31 December 2022	<u>81,108</u>	<u>55,767</u>
Accretion of interest	–	1,670
Additions	599	599
Disposals	(8,558)	(264)
Lease modification	6,321	6,321
Lease payments – principal portion paid	–	(12,438)
Interest paid	–	(1,670)
At 31 December 2023	<u>79,470</u>	<u>49,985</u>
<u>Accumulated depreciation:</u>		
At 1 January 2022	26,159	–
Depreciation for the year	12,169	–
Disposals	(9,877)	–
Rental concession from lessor	68	–
At 31 December 2022	<u>28,519</u>	<u>–</u>
Depreciation for the year	12,693	–
Disposals	(8,317)	–
At 31 December 2023	<u>32,895</u>	<u>–</u>
<u>Carrying value:</u>		
At 1 January 2022	<u>51,716</u>	<u>54,204</u>
At 31 December 2022	<u>52,589</u>	<u>55,767</u>
At 31 December 2023	<u>46,575</u>	<u>49,985</u>

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

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

<u>Company</u>	Dental, medical and office premises \$'000	Lease liabilities \$'000
At 1 January 2022	1,598	1,320
Accretion of interest	–	33
Disposals	(69)	–
Lease modification	514	514
Lease payments – principal portion paid	–	(206)
Interest paid	–	(33)
At 31 December 2022	<u>2,043</u>	<u>1,628</u>
Accretion of interest	–	34
Additions	334	334
Lease payments – principal portion paid	–	(259)
Interest paid	–	(34)
At 31 December 2023	<u>2,377</u>	<u>1,703</u>
<u>Accumulated depreciation:</u>		
At 1 January 2022	303	–
Depreciation for the year	227	–
Disposals	(69)	–
At 31 December 2022	<u>461</u>	–
Depreciation for the year	272	–
At 31 December 2023	<u>733</u>	–
<u>Carrying value:</u>		
At 1 January 2022	<u>1,295</u>	<u>1,320</u>
At 31 December 2022	<u>1,582</u>	<u>1,628</u>
At 31 December 2023	<u>1,644</u>	<u>1,703</u>

The leases are for dental and medical clinics and office premises. The lease contracts are usually for fixed periods of 2 to 5 years (2022: 2 to 5 years) 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.

The weighted average incremental borrowing rate applied to lease liabilities recognised is between 1.68% and 6% (2022: 1.68% and 6%) per annum.

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

Lease liabilities under operating leases are secured by the right-of-use assets because these will revert to the lessor in the event of default.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is re-measured to reflect any reassessment or modification, or if there are changes to in-substance fixed payments. When the lease liability is re-measured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

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

There were no future cash outflows to which the lessee is potentially exposed that are not reflected in the measurement of lease liabilities above.

A summary of the maturity analysis of lease liabilities is disclosed in Note 31E. Total cash outflows from leases are shown in the statement of cash flows. The related right-of-use assets are disclosed in table above.

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

Other disclosures on leases:

Apart from the disclosures made in other notes to the financial statements, amounts relating to leases include the following:

	<u>2023</u>	<u>2022</u>
	\$'000	\$'000
<u>Group</u>		
Expense relating to short-term leases included in other expenses	<u>226</u>	<u>274</u>

27. Trade and other payables

	<u>Group</u>		<u>Company</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	\$'000	\$'000	\$'000	\$'000
<u>Trade payables:</u>				
Outside parties and accrued liabilities	16,872	16,225	1,301	1,573
Subsidiaries	–	–	1,142	863
Trade payables – subtotal	<u>16,872</u>	<u>16,225</u>	<u>2,443</u>	<u>2,436</u>
<u>Other payables:</u>				
Deposits received	120	304	–	–
Amount due to vendors of acquired subsidiaries	1,165	1,144	1,045	1,303
Amount due to directors of the subsidiaries	270	779	–	–
Outside parties	794	929	213	–
Subsidiaries (Note 3)	–	–	26,029	23,821
Other payables – subtotal	<u>2,349</u>	<u>3,156</u>	<u>27,287</u>	<u>25,124</u>
Total trade and other payables	<u>19,221</u>	<u>19,381</u>	<u>29,730</u>	<u>27,560</u>

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

28. Other financial liabilities

	Group		Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
<u>Non-current:</u>				
Bank loans (Note 28A)	79,142	84,515	75,402	80,620
Finance leases (Note 28B)	39	62	–	–
Non-current, total	<u>79,181</u>	<u>84,577</u>	<u>75,402</u>	<u>80,620</u>
<u>Current:</u>				
Bank loans (Note 28A)	462	453	246	246
Finance leases (Note 28B)	23	20	–	–
Bills payable (Note 28C)	620	–	–	–
Current, total	<u>1,105</u>	<u>473</u>	<u>246</u>	<u>246</u>
Total	<u>80,286</u>	<u>85,050</u>	<u>75,648</u>	<u>80,866</u>

The non-current portion is repayable as follows:

	Group		Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Due within 2 to 5 years	71,920	77,300	71,329	76,629
Due after 5 years	7,261	7,277	4,073	3,991
Total non-current portion	<u>79,181</u>	<u>84,577</u>	<u>75,402</u>	<u>80,620</u>

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

	Group	
	2023	2022
	%	%
Bank loans	4.00 – 6.25	1.32 – 4.68
Bills payable	<u>1.20</u>	<u>–</u>

The floating debt instruments are with interest rates that are re-set regularly at one, three or six month 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:

- First legal assignment at all rights, title and benefits under existing and future tenancy agreements and rental income; and
- 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

28. Other financial liabilities (cont'd)

28A. Bank loans (cont'd)

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.

28B. Finance leases

The principal shall be repaid in full within 60 months from the drawdown date.

<u>Group</u> <u>2023</u>	<u>Minimum</u> <u>payments</u> \$'000	<u>Finance</u> <u>charges</u> \$'000	<u>Present</u> <u>value</u> \$'000
Minimum lease payments payable:			
Due within one year	26	(3)	23
Due within two to five years	42	(3)	39
Total	<u>68</u>	<u>(6)</u>	<u>62</u>
Net book value of plant and equipment under finance leases			<u>98</u>

<u>Group</u> <u>2022</u>	<u>Minimum</u> <u>payments</u> \$'000	<u>Finance</u> <u>charges</u> \$'000	<u>Present</u> <u>value</u> \$'000
Minimum lease payments payable:			
Due within one year	22	(2)	20
Due within two to five years	67	(5)	62
Total	<u>89</u>	<u>(7)</u>	<u>82</u>
Net book value of plant and equipment under finance leases			<u>113</u>

There are leases for certain of its plant and equipment under finance leases. The average lease term was 5 years (2022: 5 years). The fixed rate of interest for finance leases was 5.70% (2022: 5.70%) 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 are not included in Note 26 as the finance leases are insignificant.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

28. Other financial liabilities (cont'd)

28C. Bills payable

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 (2022: Nil days).

29. Disposal of subsidiary

On 19 June 2023, the Group disposed its subsidiary, Shanghai Chuangyi Investment and Management Co. Ltd. (see Note 14 ⁽ⁱⁱ⁾). The gain on disposal of \$77,000 is included in profit or loss (Note 9).

The results for the reporting year from disposal of the subsidiary as mentioned above and the results for the previous reporting year and for the period from the beginning of the reporting year to 19 June 2023, which have been included in the consolidated financial statements, were as follows:

	<u>Group</u>	
	<u>At date of disposal in 2023</u>	<u>At date of last year 2022</u>
	\$'000	\$'000
Revenue	168	788
Cost of sales	(27)	(115)
Employee benefit expenses	(173)	(504)
Depreciation	(16)	(51)
Rental expenses	(70)	(140)
Other expenses	(47)	(264)
Loss before tax before disposal	<u>(165)</u>	<u>(286)</u>
Loss attributable to owners of the parent, net of tax	(94)	
Loss attributable to non-controlling interests, net of tax	<u>(71)</u>	
	<u>(165)</u>	
Presented as:		
Gain on disposal (Note 9)	77	
Foreign currency translation reserves reclassified to profit or loss included in other comprehensive income	(17)	
Loss before tax before disposal	<u>60</u>	

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

29. Disposal of subsidiary (cont'd)

The following table is a summary of the carrying value of the assets and liabilities of the subsidiary at the date of disposal:

	<u>Group</u> At date of disposal in 2023 \$'000
Plant and equipment	158
Trade and other receivables	98
Inventories	26
Cash and cash equivalents	23
Trade and other payables	(195)
Income tax payables	(2)
Foreign currency translation reserves	(17)
Non-controlling interest	(71)
Net assets disposed of	<u>20</u>
Gain on disposal (Note 9)	77
Total consideration	<u><u>97</u></u>

An analysis of the net cash inflow of cash and cash equivalent in respect of the disposal of subsidiary were as follows:

	<u>Total</u> \$'000
Cash consideration	97
Cash balance disposed of	(23)
Net cash inflow	<u><u>74</u></u>

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:

	<u>Group</u>	
	<u>2023</u> \$'000	<u>2022</u> \$'000
Not later than one year	394	480
Between 2 and 5 years	327	281
Total	<u><u>721</u></u>	<u><u>761</u></u>
Rental income for the year (Note 5)	<u><u>503</u></u>	<u><u>472</u></u>

Operating lease income commitments are for certain clinics. The lease rental income terms are negotiated for a range of term from 2 to 5 years (2022: 2 to 5 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

31. Financial instruments

31A. Categories of financial assets and financial liabilities

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

	Group		Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
<u>Financial assets:</u>				
Financial assets at amortised cost	67,521	68,842	96,941	96,186
At end of the year	<u>67,521</u>	<u>68,842</u>	<u>96,941</u>	<u>96,186</u>
<u>Financial liabilities:</u>				
Financial liabilities at amortised cost	149,492	160,198	107,081	110,054
At end of the year	<u>149,492</u>	<u>160,198</u>	<u>107,081</u>	<u>110,054</u>

Further quantitative disclosures are included throughout these financial statements.

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

See Note 2A on accounting policy. The analyses of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 are disclosed in the relevant notes to the financial statements. These include the material 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. The disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

31. Financial instruments (cont'd)

31D. Credit risk on financial assets

Financial assets subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner arise principally from cash balances with banks, receivables and other financial assets. The general approach in the financial reporting standard on financial instruments is applied to measure expected credit losses (ECL) allowance on financial assets the ECL allowance. On initial recognition, a day-1 loss is recorded equal to the 12 month ECL unless the assets are considered credit impaired. The ECL allowance for debt assets is recognised at an amount equal to the lifetime ECL if the credit risk on that financial instrument has increased significantly since initial recognition. However, for trade receivables that do not contain a material financing component or when the reporting entity applies the practical expedient of not adjusting the effect of a material financing component, the simplified approach in calculating ECL is applied. Under the simplified approach, the loss allowance is recognised at an amount equal to lifetime ECL at each reporting date using historical loss rates for the respective risk categories and incorporating forward-looking estimates. Lifetime ECL may be estimated individually or collectively. For the credit risk on the financial assets an ongoing credit evaluation is performed on the financial condition of the debtors and any loss is recognised in profit or loss. Reviews and assessments of credit exposures in excess of designated limits are made. Renewals and reviews of credits limits are subject to the same review process.

Note 21 discloses the cash balances. There was no identified impairment loss.

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 (2022: 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):

	Less than <u>1 year</u> \$'000	2 to 5 <u>years</u> \$'000	Over 5 <u>years</u> \$'000	<u>Total</u> \$'000
Non-derivative financial liabilities:				
<u>Group</u>				
<u>2023:</u>				
Trade and other payables	19,221	–	–	19,221
Gross borrowings commitments	4,032	80,557	9,997	94,586
Gross lease liabilities	13,790	35,991	3,682	53,463
At end of the year	<u>37,043</u>	<u>116,548</u>	<u>13,679</u>	<u>167,270</u>
<u>2022:</u>				
Trade and other payables	19,381	–	–	19,381
Gross borrowings commitments	2,946	79,505	10,094	92,545
Gross lease liabilities	12,854	39,925	7,470	60,249
At end of the year	<u>35,181</u>	<u>119,430</u>	<u>17,564</u>	<u>172,175</u>

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

31. Financial instruments (cont'd)

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

	Less than 1 year \$'000	2 to 5 years \$'000	Over 5 years \$'000	Total \$'000
Non-derivative financial liabilities:				
<u>Company</u>				
<u>2023:</u>				
Trade and other payables	29,730	–	–	29,730
Gross borrowings commitments	3,765	79,265	5,155	88,185
Gross lease liabilities	278	1,122	402	1,802
At end of year	<u>33,773</u>	<u>80,387</u>	<u>5,557</u>	<u>119,717</u>
<u>2022:</u>				
Trade and other payables	27,560	–	–	27,560
Gross borrowings commitments	2,652	78,152	5,373	86,177
Gross lease liabilities	227	938	569	1,734
At end of year	<u>30,439</u>	<u>79,090</u>	<u>5,942</u>	<u>115,471</u>

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.

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:

<u>Company</u>	Less than 1 year \$'000
<u>2023:</u>	
Financial guarantee in favour of a subsidiary – given by Company (Note 3)	3,955
At end of the year	<u>3,955</u>
<u>2022:</u>	
Financial guarantee in favour of a subsidiary – given by Company (Note 3)	4,102
At end of the year	<u>4,102</u>

<u>Bank facilities:</u>	<u>Group</u>	
	<u>2023</u>	<u>2022</u>
	\$'000	\$'000
Unutilised bank overdraft	1,500	1,500
Unutilised credit facilities / foreign exchange	17,300	18,026
Unutilised fixed advance facilities	2,000	2,000
Unutilised money market loan	20,000	20,000
Unutilised interest rate swap facilities	60,000	60,000
Unutilised multicurrency medium term note	500,000	500,000
Unutilised revolving credit facilities	<u>3,000</u>	<u>3,000</u>

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

31. Financial instruments (cont'd)

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

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.

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	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	\$'000	\$'000	\$'000	\$'000
Financial assets with interest:				
Fixed rates	199	196	128	58
Floating rates	1,046	1,004	1,046	1,004
Total at end of the year	<u>1,245</u>	<u>1,200</u>	<u>1,174</u>	<u>1,062</u>
Financial liabilities with interest:				
Fixed rates	50,667	55,849	1,703	1,628
Floating rates	79,604	84,968	75,648	80,866
Total at end of the year	<u>130,271</u>	<u>140,817</u>	<u>77,351</u>	<u>82,494</u>

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, i.e. 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.

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

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:

	<u>Group</u>	
	<u>2023</u> \$'000	<u>2022</u> \$'000
Audit fees to the independent auditor of the Company	423	414
Audit fees to the other independent auditor	39	34
Other fees to the independent auditor of the Company	<u>6</u>	<u>16</u>

33. Changes and adoption of financial reporting standards

For the current reporting year the ASC issued amendment to FRS 1 and Practice Statement 2 on disclosures of material accounting policy and other explanatory information. Immaterial information need not be disclosed. Disclosures should not obscure material accounting policy information (such as material information being obscured, or information regarding a material item, transaction or other event is scattered throughout the financial statements, etc). In addition, the ASC issued certain new or revised financial reporting standards. Those applicable to the reporting entity are listed below.

<u>SFRS(I) No.</u>	<u>Title</u>
SFRS(I) 1-8	Definition of Accounting Estimates - Amendments
SFRS(I) 1-12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments
SFRS(I) 1-12	International Tax Reform – Pillar Two Model Rules - Amendments

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

For the future reporting years the ASC issued certain new or revised financial reporting standards. The transfer to the applicable new or revised standards from the effective dates is not expected to result in any material modification of the measurement methods or the presentation in the financial statements for the following reporting 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. Those applicable to the reporting entity for future reporting years are listed below.

<u>SFRS(I) No.</u>	<u>Title</u>	<u>Effective date for periods beginning on or after</u>
SFRS(I) 1-1	Presentation of Financial Statements- amendment relating to Classification of Liabilities as Current or Non-current	1 Jan 2024
SFRS(I) 1- 1	Presentation of Financial Statements- amendment relating to Non-current Liabilities with Covenants	1 Jan 2024

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

35. Events after the end of the reporting year

Subsequent to the end of the reporting year, the Group entered into a joint venture agreement (“JV Agreement”) with EM2AI Professional HoldCo Pte. Ltd. (the “Investor”) and its wholly owned subsidiary, EM2AI Pte. Ltd. (“EM2AI”), pursuant to which the Investor has agreed to invest an aggregate of \$1,606,500 fresh funds into EM2AI (“Investment Price”) for an effective shareholding interest of 51% in EM2AI. In addition, the Investor has also agreed to provide an interest free loan of \$3,701,663 to EM2AI.

STATISTICS OF SHAREHOLDINGS

AS AT 15 MARCH 2024

SHARE CAPITAL

Class of shares	:	Ordinary Shares
Number of issued and paid-up shares (excluding treasury shares)	:	946,442,940
Voting rights	:	One vote per ordinary share
Number of treasury shares	:	19,422,407
Number of subsidiary holdings held	:	NIL
% of treasury shares to total number of issued shares (excluding treasury shares)	:	2.052%

SHAREHOLDING HELD IN THE HANDS OF PUBLIC

Based on information available to the Company as at 15 March 2024, approximately 36.61% 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

<u>Size of Shareholdings</u>	<u>No. of Shareholders</u>	<u>%</u>	<u>No. of Shares</u>	<u>%</u>
1 - 99	41	0.77	1,210	0.00
100 - 1,000	221	4.18	117,110	0.01
1,001 - 10,000	1,891	35.75	10,784,620	1.14
10,001 - 1,000,000	3,095	58.51	161,580,727	17.07
1,000,001 and above	42	0.79	773,959,273	81.78
Total:	<u>5,290</u>	<u>100.00</u>	<u>946,442,940</u>	<u>100.00</u>

*Excluding Treasury Shares as at 15 March 2024 - 19,422,407 shares

LIST OF 20 LARGEST REGISTERED SHAREHOLDERS

<u>No.</u>	<u>Name</u>	<u>No. of Shares</u>	<u>%</u>
1	QUAN MIN HOLDINGS PTE LTD	358,724,389	37.90
2	OCBC SECURITIES PRIVATE LTD	75,520,280	7.98
3	CITIBANK NOMINEES SINGAPORE PTE LTD	71,051,013	7.51
4	KGI SECURITIES (SINGAPORE) PTE. LTD	49,366,340	5.22
5	DBS NOMINEES PTE LTD	45,813,238	4.84
6	RAFFLES NOMINEES (PTE) LIMITED	35,861,547	3.79
7	QUAN MIN PLUS PTE LTD	17,280,000	1.83
8	CHAN PUI KEE	16,269,643	1.72
9	LAI MING CHUN @ LAI POH LIN	13,100,000	1.38
10	PHILLIP SECURITIES PTE LTD	8,573,458	0.91
11	LIM KUO KAE	7,114,700	0.75
12	IFAST FINANCIAL PTE LTD	6,216,640	0.66
13	PRECISE DEVELOPMENT PTE LTD	6,214,920	0.66
14	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	5,949,360	0.63
15	OCBC NOMINEES SINGAPORE PTE LTD	5,660,280	0.60
16	MAYBANK SECURITIES PTE. LTD.	4,498,020	0.48
17	UOB KAY HIAN PTE LTD	4,387,566	0.46
18	CHOO KEANG HAI	3,416,666	0.36
19	MOOMOO FINANCIAL SINGAPORE PTE. LTD.	2,807,660	0.30
20	DALILA BINTE HASHIM	2,658,919	0.28
	Total:	<u>740,484,639</u>	<u>78.26</u>

Note:

%: Based on 946,442,940 shares (excluding shares held as treasury shares) as at 15 March 2024

*Treasury Shares as at 15 March 2024 - 19,422,407 shares

STATISTICS OF SHAREHOLDINGS

AS AT 15 MARCH 2024

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⁾	502,505,889 ⁽³⁾	53.09	-	-
2	Dr Ng Chin Siau	5,528,900 ⁽⁴⁾	0.58	502,505,889 ⁽⁵⁾	53.09
3	Heritas Helios Investments Pte. Ltd.	64,132,538 ⁽⁶⁾	6.78	-	-
4	IMC Heritas Investments Ltd. ⁽⁷⁾	-	-	64,132,538	6.78
5	IMC Pan Asia Alliance Corporation ⁽⁸⁾	-	-	64,132,538	6.78
6	Heritas Capital Management Pte. Ltd. ⁽⁹⁾	-	-	64,132,538	6.78

Notes:

- (1) The percentage shareholding interest is computed based on 946,442,940 shares (excluding treasury shares).
- (2) Quan Min Holdings Pte. Ltd. is an investment holding company incorporated in Singapore and is the Company's ultimate parent company.
- (3) 143,781,500 shares are held in the name of various nominees.
- (4) 5,500,000 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 his 49.80% direct shareholding in Quan Min Holdings Pte. Ltd..
- (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.

NOTICE OF ANNUAL GENERAL MEETING

This Notice has been made available on the SGXNET at <https://www.sgx.com/securities/company-announcements> and the Company's website and may be accessed at <https://qandm-dental.listedcompany.com/>.

NOTICE IS HEREBY GIVEN that the annual general meeting of Q & M Dental Group (Singapore) Limited (the "**Company**") will be held at 2 Clementi Loop, #03-02 Logis Hub @ Clementi, Singapore 129809 on Tuesday, 16 April 2024 at 5.00 p.m. (the "**AGM**" or the "**Meeting**") to transact the following businesses:

ORDINARY BUSINESS

1. To receive and adopt the directors' statement and audited financial statements of the Company for the financial year ended 31 December 2023 together with the auditor's report thereon. **(Resolution 1)**
2. To approve the sum of S\$309,000/- to be paid to all independent directors as directors' fees for the financial year ended 31 December 2023 [2022: S\$268,333/-]. **(Resolution 2)**
3. To re-elect Mr Chik Wai Chiew, retiring pursuant to Regulation 107 of the Company's constitution (the "**Constitution**"). **(Resolution 3)**
4. To note the retirement of Mr Narayanan Sreenivasan as a director of the Company.
5. To note the retirement of Mr Ng Weng Sui Harry as a director of the Company.
6. To note the retirement of Prof Toh Chooi Gait as a director of the Company.
7. To re-appoint Messrs RSM Chio Lim LLP as auditors of the Company and to authorise the directors of the Company to fix their remuneration. **(Resolution 4)**

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following ordinary resolutions with or without modifications:

8. **Authority to Issue and Allot Shares** **(Resolution 5)**
 - (a) That pursuant to section 161 of the Companies Act 1967 of Singapore (the "**Act**") and the Mainboard Rules, approval be and is hereby given to the directors of the Company at any time to such persons and upon such terms and for such purposes as the directors of the Company may in their absolute discretion deem fit, to:
 - (i) issue shares in the capital of the Company whether by way of rights, bonus or otherwise;
 - (i) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued or other transferable rights to subscribe for or purchase shares including but not limited to the creation and issue of warrants, debentures or other instruments convertible into shares;
 - (iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues; and

NOTICE OF ANNUAL GENERAL MEETING

(b) (notwithstanding the authority conferred by the shareholders may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the directors of the Company while the authority was in force, provided always that:

(i) the aggregate number of shares to be issued pursuant to this resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed 50% of the total number of issued shares excluding treasury shares and subsidiary holdings, of which the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) to be issued other than on a pro-rata basis to shareholders of the Company does not exceed 20% of the total number of issued shares excluding treasury shares and subsidiary holdings. Unless prior shareholders' approval is required under the Mainboard Rules, an issue of treasury shares will not require further shareholders' approval and will not be included in the aforementioned limits;

For the purpose of this resolution, the total number of issued shares excluding treasury shares and subsidiary holdings is based on the Company's total number of issued shares excluding treasury shares and subsidiary holdings at the time this resolution is passed, after adjusting for:

(aa) new shares arising from the conversion or exercise of convertible securities;

(bb) new shares arising from exercising share options or vesting of share awards, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Mainboard Rules; and

(cc) any subsequent bonus issue, consolidation or subdivision of shares;

Adjustments in accordance with the abovementioned (aa) or (bb) are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this resolution.

(ii) in exercising the authority conferred by this resolution, the Company shall comply with the provisions of the Mainboard Rules for the time being in force (unless such compliance has been waived by the SGX-ST), and all applicable legal requirements under the Act and the Constitution for the time being of the Company;

(iii) the authority conferred by this resolution shall, unless revoked or varied by the Company in general meeting, continue to be in force until the conclusion of the next annual general meeting or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier.

[see Explanatory Note (i)]

NOTICE OF ANNUAL GENERAL MEETING

9. Proposed Renewal of Share Buy-Back Mandate

(Resolution 6)

- (a) That for the purposes of sections 76C and 76E of the Act and such other laws and regulations as may for the time being be applicable, the directors of the Company be and are hereby authorised to exercise all the powers of the Company to purchase or otherwise acquire issued ordinary shares in the share capital of the Company ("**Shares**") not exceeding in aggregate the Prescribed Limit (as hereafter defined), at such price(s) as may be determined by the directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:
- (i) on-market purchases (each an "**On-Market Share Purchase**") transacted on the SGX-ST through the SGX-ST's ready market trading system or, as the case may be, any stock exchange on which the Shares may for the time being be listed and quoted, through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or
 - (ii) off-market purchases (each an "**Off-Market Share Purchase**") (if affected otherwise than on the SGX-ST) in accordance with an equal access scheme(s) as may be determined or formulated by the directors of the Company as they may consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Act and the Mainboard Rules;
- (the "**Share Buy-Back Mandate**");
- (b) any Shares that are purchased or otherwise acquired by the Company pursuant to the Share Buy-Back Mandate shall, at the discretion of the directors of the Company, either be cancelled or held in treasury and dealt with in accordance with the Act;
- (c) unless varied or revoked by the Company in general meeting, the authority conferred on the directors of the Company pursuant to the Share Buy-Back Mandate may be exercised by the directors of the Company at any time and from time to time during the period commencing from the passing of this resolution and expiring on the earliest of:
- (i) the conclusion of the next annual general meeting of the Company or the date on which the next annual general meeting of the Company is held or required by law to be held;
 - (ii) the date on which the buy-back of the Shares are carried out to the full extent mandated; or
 - (iii) the date on which the authority contained in the Share Buy-Back Mandate is varied or revoked;
- (d) in this resolution:

"**Average Closing Price**" means the average of the closing market prices of a Share over the last five (5) Market Days, on which transactions in the Shares were recorded immediately preceding the date of making the On-Market Share Purchase by the Company or, as the case may be, the day of the making of an offer pursuant to the Off-Market Share Purchase, and deemed to be adjusted for any corporate action that occurs during the relevant 5 day period and the day on which the purchases were made;

NOTICE OF ANNUAL GENERAL MEETING

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

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

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

- (i) in the case of an On-Market Share Purchase, 105% of the Average Closing Price; or
- (ii) in the case of an Off-Market Share Purchase, 120% of the Average Closing Price;

in either case, excluding related expenses of the purchase or acquisition of Shares by the Company pursuant to the Share Buy-Back Mandate;

“Prescribed Limit” means 10% of the total number of Shares as at the date of passing of this resolution unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Act, at any time during the Relevant Period, in which event the issued ordinary share capital of the Company shall be taken to be the issued ordinary share capital of the Company as altered (excluding any subsidiary holdings and treasury shares that may be held by the Company from time to time); and

“Relevant Period” means the period commencing from the date on which this resolution is passed and expiring on the date the next annual general meeting of the Company is held or is required by law to be held, whichever is the earlier; and

- (e) the directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including without limitation, executing such documents as may be required) as they may consider desirable, expedient or necessary to give effect to the transactions contemplated by this resolution.

[see Explanatory Note (ii)]

OTHER BUSINESS

- 10. To transact any other ordinary business which may be properly be transacted at an annual general meeting.

ON BEHALF OF THE BOARD

Dr Ng Chin Siau
Group Chief Executive Officer

1 April 2024

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

(i) Ordinary Resolution 5

The ordinary resolution 5 proposed above, if passed, will empower the directors of the Company, effective until conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue and allot Shares, make or grant Instruments and to issue Shares pursuant to such Instruments, without seeking any further approval from shareholders in general meeting but within the limitation imposed by this resolution, for such purposes as the directors of the Company may consider would be in the best interests of the Company. The aggregate number of Shares (including Shares to be made in pursuance of Instruments made or granted pursuant to this resolution) to be issued and allotted would not exceed 50% of the total number of issued Shares (excluding treasury shares and subsidiary holding) at the time of passing of this resolution. For issue of Shares (including Shares to be made in pursuance of Instruments made or granted pursuant to this resolution) other than on a pro-rata basis to all shareholders shall not exceed 20% of the total number of issued Shares (excluding treasury shares and subsidiary holding) at the time of passing of this resolution.

(ii) Ordinary Resolution 6

The ordinary resolution 6 proposed above, if passed, will renew the Share Buy-Back Mandate authorising the directors of the Company to buy back shares of the Company by way of on-market purchase(s) and/or off-market purchase(s) according to the rules and regulations prescribed by the Act and the Mainboard Rules. Further details are set out in the circular to shareholders dated 1 April 2024 in relation to the Proposed Renewal of the Share Buy-Back Mandate.

Important Notes:

The AGM will be held in a wholly physical format, at 2 Clementi Loop, #03-02 Logis Hub @ Clementi, Singapore 129809 on Tuesday, 16 April 2024 at 5.00 p.m. Printed copies of this Notice of AGM, Proxy Form and Request Form will be sent to shareholders of the Company. These documents are also made available on the SGXNET at <https://www.sgx.com/securities/company-announcements> and the Company's website at <https://qandm-dental.listedcompany.com/>.

Voting by proxy

1. A shareholder who is unable to attend the AGM and wishes to appoint proxy(ies) to attend, speak and vote at the AGM on his/ her/its behalf should complete, sign and return the instrument of proxy in accordance with the instructions printed thereon.
2. A proxy need not to be a shareholder of the Company.
3. In relation to the appointment of proxy(ies) to attend, speak and vote on his/her/its behalf at the AGM, a shareholder (whether individual or corporate) appointing his/her/its proxy(ies) should give specific instructions as to his/her/its manner of voting, or abstentions from voting, in respect of a resolution in the instrument of proxy. If no specific instructions as to voting are given, or in the event of any other matter arising at the AGM and at any adjournment thereof, the proxy(ies) will vote or abstain from voting at his/her/their discretion.
4. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal, executed as a deed in accordance with the Companies Act 1967 or under the hand of an attorney or an officer duly authorised, or in some other manner approved by the Directors. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument of proxy.

NOTICE OF ANNUAL GENERAL MEETING

5. The instrument appointing the proxy, together with the letter or power of attorney or other authority under which it is signed or a duly certified copy thereof (if applicable), must be:
- (a) deposited at the office of the Company's share registrar, Tricor Barbinder Share Registration Services, at 9 Raffles Place, #26-01 Republic Plaza, Singapore 048619; or
 - (b) emailed to: sg.is.proxy@sg.tricorglobal.com,

by **5.00 p.m. on Saturday, 13 April 2024**, being not less than seventy-two (72) hours before the time appointed for holding the AGM, and in default the instrument of proxy shall not be treated as valid.

6. The proxy must bring along his/her NRIC/passport so as to enable the Company to verify his/her identity.
7. (a) A shareholder who is not a relevant intermediary is entitled to appoint not more than two (2) proxies to attend, speak and vote at the AGM. Where such shareholder appoints two (2) proxies, he/she should specify the proportion of his/her shareholding (expressed as a percentage of the whole) to be presented by each proxy in the instrument appointing a proxy or proxies.
- (b) A shareholder who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such shareholder. Where such shareholder appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the instrument appointing a proxy or proxies.

"**Relevant intermediary**" has the meaning ascribed to it in Section 181 of the Companies Act 1967.

8. For CPF or SRS investors who wish to appoint the Chairman of the AGM as their proxy, they should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least seven (7) working days before the AGM, i.e. **by 5.00 p.m. on Friday, 5 April 2024**.
9. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument.

Submission of questions in advance of the AGM

10. Shareholders who have any questions in relation to any agenda item of this notice, may send their queries to the Company in advance, by Monday, 8 April 2024, via email to agm@qnm.sg or post to 2 Clementi Loop, #04-01, Logis Hub @ Clementi, Singapore 129809.
11. The Company will endeavour to address all substantial and relevant questions received from Shareholders and will upload the responses on the SGXNET at <https://www.sgx.com/securities/company-announcements> and the Company's website at <https://qandm-dental.listedcompany.com> at least 48 hours prior to the closing date and time for the lodgement of the proxy forms i.e. **by 5.00 p.m. on Thursday, 11 April 2024**.
12. The Company will, within one month after the date of the AGM, publish the minutes of the AGM on SGXNET at <https://www.sgx.com/securities/company-announcements> and the Company's website at <https://qandm-dental.listedcompany.com> and the minutes will include the responses to the substantial and relevant questions raised during the AGM.

Annual Report and other documents

The Company's Annual Report 2023 and the Letter to Shareholders dated 1 April 2024 (in relation to the proposed renewal of the share buy-back mandate) have been published and may be accessed from the SGXNET at <https://www.sgx.com/securities/company-announcements> and the Company's website at <https://qandm-dental.listedcompany.com>. For shareholders who prefer to receive a printed copy of the Annual Report 2024 and/or the Letter to Shareholders, please refer to the Request Form on how to make a request.

NOTICE OF ANNUAL GENERAL MEETING

Personal Data Privacy:

By submitting a proxy form appointing proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a shareholder of the Company (i) consents to the collection, use and disclosure of the shareholder's personal data by the Company (or its agents or service providers) for the purpose of the processing and administration by the Company (or its agents or service providers) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the shareholder discloses the personal data of the shareholder's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the shareholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the shareholder will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the shareholder's breach of warranty.

Q & M DENTAL GROUP (SINGAPORE) LIMITED

(Registration No.: 200800507R)
 (Incorporated in the Republic of Singapore)
 (the "Company")

**ANNUAL GENERAL MEETING
PROXY FORM****IMPORTANT:**

1. This form of proxy has been made available on the SGXNet and the Company's website and may be accessed at the URLs <https://www.sgx.com/securities/company-announcements> and <https://qandm-dental.listedcompany.com/>.
2. Relevant intermediaries (as defined in Section 181(6) of the Singapore Companies Act 1967) may appoint more than two (2) proxies to attend, speak and vote at the annual general meeting ("AGM").
3. This proxy form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by CPF/SRS investors who hold the Company's shares through CPF agent banks or SRS operators. CPF/SRS investors should contact their respective CPF agent banks or SRS operators if they have any queries regarding appointment of their proxies.
4. CPF or SRS investors who wish to vote should approach their respective CPF agent banks or SRS operators to submit their votes at least seven (7) working days before the AGM i.e. by 5.00 p.m. on Friday, 5 April 2024.

*I/We _____ (Name) _____ (NRIC/Passport/Co. Registration No.)
 of _____ (Address)
 being * a shareholder/shareholders of Q & M Dental Group (Singapore) Limited (the "Company"), hereby appoint:

Name	Address	NRIC/ Passport No.	Proportion of Shareholdings	
			No. of Shares	%

*and/or

Name	Address	NRIC/ Passport No.	Proportion of Shareholdings	
			No. of Shares	%

or failing *him/her/them, the Chairman of the AGM, as *my/our *proxy/proxies to attend, speak and vote for *me/us on *my/our behalf at the AGM of the Company to be held at 2 Clementi Loop, #03-02 Logis Hub @ Clementi, Singapore 129809 on Tuesday, 16 April 2024 at 5.00 p.m. and at any adjournment thereof.

*I/We have directed *my/our proxy/proxies to vote for or against the resolutions to be proposed at the AGM as indicated hereunder. If no specific directions as to voting are given, the *proxy/proxies may vote or abstain from voting at *his/her/their discretion, as *he/she/they will on any other matters arising at the AGM and/or at any adjournment thereof.

Voting would be conducted by poll. Please indicate your vote "For" or "Against" with a tick [✓] within the box provided.

No.	Resolutions	For#	Against#	Abstain#
ORDINARY BUSINESS				
1.	Adoption of directors' statement and audited financial statements			
2.	Approval of the sum of S\$309,000/- to be paid to all independent directors as directors' fees for the financial year ended 31 December 2023 [2022: S\$268,333/-]			
3.	Re-election of Mr Chik Wai Chiew as director			
4.	Re-appointment of Messrs RSM Chio Lim LLP as auditors and to authorise the directors to fix their remuneration			
SPECIAL BUSINESS				
5.	Authority to directors to issue and allot shares			
6.	Approval for renewal of Share Buy-Back Mandate			

Dated this _____ day of _____ 2024.

Total No. of Shares held in	
CDP Register	
Register of Members	

 Signature(s) of shareholders(s)/Common Seal

IMPORTANT: Please Read Notes for this Proxy Form

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (maintained by The Central Depository (Pte) Limited), you should insert that number of shares. If you have shares registered in your name in the Register of Members (maintained by or on behalf of the Company), you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.
2. In relation to the appointment of proxy(ies) to attend, speak and vote on his/her/its behalf at the AGM, a member (whether individual or corporate) appointing his/her/its proxy(ies) should give specific instructions as to his/her/its manner of voting, or abstentions from voting, in respect of a resolution in the instrument of proxy. If no specific instructions as to voting are given, or in the event of any other matter arising at the AGM and at any adjournment thereof, the proxy(ies) will vote or abstain from voting at his/her/their discretion.
3. The instrument appointing the proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal, executed as a deed in accordance with the Companies Act 1967 or under the hand of an attorney or an officer duly authorised, or in some other manner approved by the Directors. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument of proxy.
4. The instrument appointing the proxy, together with the letter or power of attorney or other authority under which it is signed or a duly certified copy thereof (if applicable), must be:
 - (a) deposited at the office of the Company's share registrar, Tricor Barbinder Share Registration Services, at 9 Raffles Place, #26-01 Republic Plaza, Singapore 048619; or
 - (b) emailed to: sg.is.proxy@sg.tricorglobal.com,

by 5.00 p.m. on Saturday, 13 April 2024, being not less than seventy-two (72) hours before the time appointed for holding the AGM, and in default the instrument of proxy shall not be treated as valid.

A shareholder can appoint the Chairman of the Meeting as his/her/its proxy, but this is not mandatory.

The proxy must bring along his/her NRIC/passport so as to enable the Company to verify his/her identity

5.
 - (a) A shareholder who is not a relevant intermediary is entitled to appoint not more than two (2) proxies to attend, speak and vote at the AGM. Where such shareholder appoints two (2) proxies, he/she should specify the proportion of his/her shareholding (expressed as a percentage of the whole) to be presented by each proxy in the instrument appointing a proxy or proxies.
 - (b) A shareholder who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such shareholder. Where such shareholder appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the instrument appointing a proxy or proxies.

"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act 1967.

6. For CPF or SRS investors who wish to appoint the Chairman of the AGM as their proxy, they should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least seven (7) working days before the AGM, i.e. by 5.00 p.m. on Friday, 5 April 2024.
7. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the shareholder being the appointor, is not shown to have shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

By submitting a proxy form appointing proxy(ies) and/or representative(s), the shareholder accepts and agrees to the personal data privacy terms set out in the notice of AGM dated 1 April 2024.

DIRECTORY OF Q & M'S OUTLETS IN SINGAPORE

Q & M DENTAL CLINICS

CENTRAL

Aesthetic Dental Surgery	6333 3233
Alexandra Road	6016 1008
Bugis	6837 2292
Chinatown Point	6902 8608
City Square Mall	6509 1133
Foo & Associates Dental Surgeons (Paragon)	6838 0903
Geylang	6741 2071
Great World	6734 0603
Havelock Road	6694 5271
Horizon Dental Surgery	6733 5388
Killiney	6235 1638
Kim Tian	6979 7668
Lee & Lee (Dental Surgeons):	
Ocean Financial Centre	6536 6113
Orchard Central	6732 2633, 6235 6496
Novena Square	6251 3233, 6258 2623
Specialist Oral Surgeons	6397 6638, 6235 3688
TP Dental Surgeons	6737 9011

NORTH

Admiralty	6365 3903
Ang Mo Kio	6554 3363
Ang Mo Kio Street 31	6012 8336
Balestier	6996 5816
Bishan	6255 5228
Braddell	6358 1098
Canberra	6518 3115
Khatib (Wisteria Mall)	6339 0994
Khatib	6852 3363
Marsiling	6365 6500
Mayflower	6261 2563
Sembawang MRT	6752 3093
Sembawang Shopping Centre	6012 9083
Sembawang Way	6235 2782
Toa Payoh Central	6256 3633
Toa Payoh	6252 9047
Toa Payoh Lorong 1	6990 1822
Woodlands Square	6970 6871
Woodlands	6369 0047
Yishun Central (Northpoint)	6257 1548
Yishun Central	6851 6789

NORTH-EAST

Bright Smile (Buangkok MRT)	6242 9132
Buangkok MRT	6315 6882
Hougang (The Midtown)	6386 2339
Hougang Central	6386 2663
Hougang Mall	6282 5500
Kovan	6246 3956
Potong Pasir (The Poiz Centre)	6968 5131
Punggol Edgefield Plains	6584 0478
Seletar Mall	6702 3738
Sengkang	6247 6178
Serangoon Central (NEX)	6509 8858
Serangoon Central	6343 0398, 6383 1763
Serangoon North	6282 8597
Towner Road	6299 8980

EAST

Aljunied	6748 7730
Bedok Central	6876 0533
Bedok Mall	6384 6288
Bedok Reservoir	6980 3902
Elias Mall	6584 8793
Eunos MRT	6749 8518
Ho Dental Surgery	6442 1956
Kallang	6547 1833
Lee & Lee (Dental Surgeons):	
Tampines Central	6788 2262
New Upper Changi	6990 4018
Old Airport Road	6447 9033
Pasir Ris Central (Whitesands)	6583 0298
Paya Lebar Quarter	6968 7802
Simei MRT	6741 6819
Tampines 1	6588 3233
Tampines Century Square	6260 2720
Tampines Hub	6241 5081
Tampines St 41	6783 0250
Tampines Street 11	6781 0309
Tanjong Katong (Kinex)	6241 6562

SOUTH

Bright Smile (Jalan Membina)	6274 6800
Funan	6979 9296
Redhill MRT	6272 4858
Tiong Bahru	6270 8168
Tiong Bahru Dental Surgery	6271 3083

WEST

Boon Lay MRT	6791 3323
Boon Lay	6990 2308
British Dental Surgery	6765 3323
Bt. Batok	6665 4233
Bt. Batok Central	6569 3239
Bt. Batok West	6979 7786
Bt. Gombak	6569 3120
Bt. Gombak MRT	6562 1161
Bt. Panjang	6766 3363
Bt. Timah	6466 3393
Clementi Central	6872 3633, 6778 2768
Clementi West	6261 1752
Holland Village MRT	6892 3913
IMM	6980 3999
Jelapang	6891 2668
Jurong East Central (JEM)	6425 0398
Jurong West	6792 1811
Jurong West Street 51	6012 3238
Jurong Yu Hua	6980 3868
Keat Hong	6979 3318
Lee & Lee (Dental Surgeons):	
Bt. Batok	6563 2262
Lot 1	6012 9338
Toh Yi	6762 7660
Yew Tee Point	6794 5263

Q & M MEDICAL CLINICS

Buangkok MRT	6242 9133
Bukit Batok	6565 3866
City Square Mall	6509 9558

Serangoon Central	6488 2336
Tampines Central	6781 3323



Q & M Dental Group (Singapore) Limited

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

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