



Q & M Dental Group (Singapore) Limited



# Strength Amidst Adversity

ANNUAL REPORT 2020



# STRENGTH AMIDST ADVERSITY

Amidst the unprecedented disruptions and uncertainties posed by the COVID-19 pandemic, Q & M Dental Group proved its mettle by weathering the global public health crisis, remaining resilient and adaptive, and even developing a new revenue stream in the new normal.

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# CORPORATE PHILOSOPHY, VISION AND MISSION

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

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 world will also be in harmony and peace.

Similarly, Q & M, as a Group, 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 aligns with the corporate objectives, to form a united Q & M family. Likewise, the Q & M group aligns its corporate and stakeholders’ interests, to achieve greater peace, harmony, and well-being for all. For instance, the way our dental professionals practice in an ethical manner, how each protocol or treatment plan benefits our patients (修身); how doctors and support staff relate to one another with mutual respect 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 build the Q & M brand which is synonymous with quality, excellence, and value.

## OUR VALUES

### 修身 Improving oneself

1. 舍得 Always giving and not expecting anything in return
2. 舍忠 Being loyal to all patients, colleagues, and the Company
3. 舍心 Giving wholeheartedly to patients, colleagues, and the Company
4. 舍礼 Showing mutual respect to all and adhering to the Company’s Vision, Mission & Values
5. 舍仪 Being professional and positive
6. 舍廉 Being ethical and doing the right thing

### 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

## OUR MISSION



Ethics



Accessibility



Sustainability



Excellence

# CORPORATE PROFILE

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

The Group owns the largest network of private dental outlets in Singapore, operating 85 dental outlets across the country. Underpinned by about 230 experienced dentists and more than 350 supporting staff, the Group sees an average of 40,000 patient visits a month in Singapore. The Group also operates 5 medical clinics and a dental supplies and equipment distribution company.

Outside of Singapore, the Group has 37 dental clinics and a dental supplies and equipment distribution company in Malaysia, as well as a dental clinic in the People’s Republic of China (“PRC”). Q & M is also the substantial shareholder of Aoxin Q & M Dental Group Limited, a dental Group listed on the Catalist board of the Singapore Exchange, which operates dental clinics and hospitals primarily in the North-eastern region of the PRC. The Group aims to expand its operations geographically and vertically through the value chain in Malaysia, the PRC and within ASEAN.

In 2018, the Group made inroads into the development of advanced technology in healthcare with the establishment of EM2AI Pte. Ltd. (“EM2AI”, formerly known as Q & M Dental AI Pte. Ltd.). EM2AI focuses on developing AI-powered solutions in diagnosis and treatment planning.

In 2019, the Group expanded into dental postgraduate education with the establishment of the Q & M College of Dentistry. It offers Singapore’s first private postgraduate diploma programme in clinical dentistry.

In 2020, the Group also expanded into the medical laboratories and research industry with the incorporation of Acumen Diagnostics Pte. Ltd. (“Acumen”). Acumen currently focuses on the manufacture, sale and distribution of COVID-19 diagnostic test kits, as well as COVID-19 testing.

*The Group was listed on the Mainboard of the Singapore Exchange Securities Trading Limited (“SGX-ST”) on 26 November 2009. For further information on the Group, please visit [www.QandMDental.com.sg](http://www.QandMDental.com.sg).*

# REGIONAL FOOTPRINT

(AS AT 31 DECEMBER 2020)

NUMBER OF CLINICS		MANUFACTURING OF DENTAL MATERIALS / DISTRIBUTION OF DENTAL EQUIPMENT AND SUPPLIES	COVID-19 TESTING LABORATORY
<b>Singapore</b> Dental: <b>83</b> Medical: <b>5</b> Dental College: <b>1</b>	<b>China</b> Dental: <b>1</b>  <b>Malaysia</b> Dental: <b>34</b>	<b>Singapore 2</b> <b>Malaysia 1</b>	<b>Singapore 1</b>

## LIST OF SERVICES

### DENTAL

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

### MEDICAL

#### General Health Services:

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

#### Preventive Care:

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

#### Vaccinations:

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

#### Extensive Medical Check-Ups:

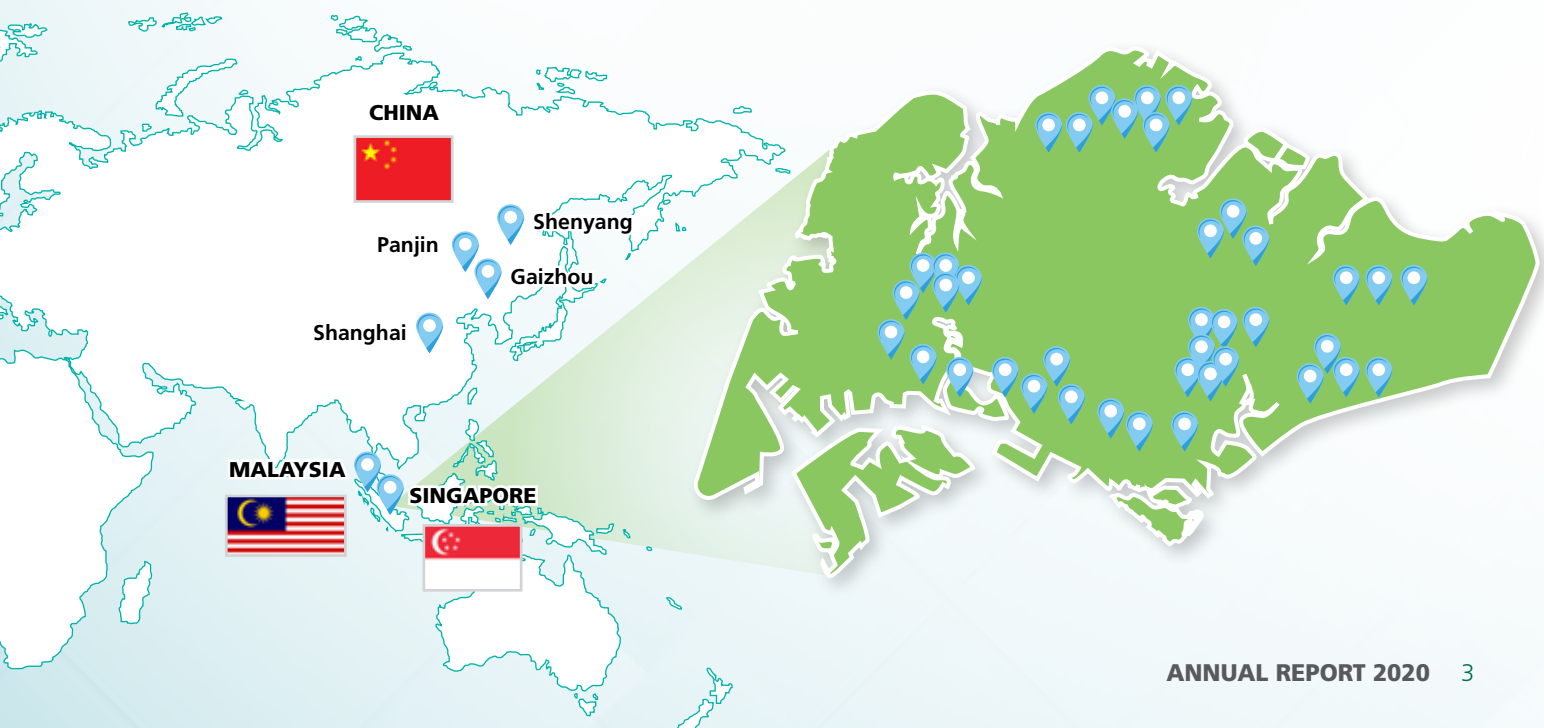
- Pre-education/Extracurricular Activity Certification
- Pre-employment Checks

#### Minor Procedures:

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

#### COVID-19

- Swabbing
- Pre-departure testing
- Laboratory testing
- Sale of test kits



# DENTISTS AND NURSES ON THE FRONTLINE OF COVID-19



# PRESIDENT'S VOLUNTEERISM & PHILANTHROPY AWARDS

## Q & M awarded *"Organisations of Good"* Award 16 October 2020

For its contributions to combat the COVID-19 pandemic, Q & M was recognised in the President's Volunteerism & Philanthropy Awards Special Edition 2020 - Our Finest Hour in the City of Good. The awards, organised annually by the National Volunteer & Philanthropy Centre, are conferred by the President of the Republic of Singapore, and represent the highest honour for giving to the community. Q & M was among five winners in the Organisations of Good Award category, which recognised organisations who had implemented exemplary pandemic-specific responses and were active contributors to the community during the COVID-19 pandemic period.



PRESIDENT'S  
VOLUNTEERISM &  
PHILANTHROPY  
*awards*  
SPECIAL EDITION 2020



Our Finest Hour  
In the City of Good



# MESSAGE TO SHAREHOLDERS



“DESPITE THE PANDEMIC, THE GROUP TURNED IN A 4-FOLD JUMP IN NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS EXCLUDING OTHER GAINS AND SHARE OF PROFIT FROM EQUITY-ACCOUNTED ASSOCIATES TO S\$19.3 MILLION IN FY2020.”

## Dear Shareholders,

Despite the uncertainties and disruptions brought on by the COVID-19 pandemic, Q & M Dental Group was able to weather the storm by being resilient and adaptive amidst the challenges. In fact, we performed better in FY2020 than we did in FY2019.

During the year in review, we expanded our business to include other facets of the healthcare sector. In April 2020, we entered into the field of medical laboratories and research through the incorporation of Acumen Diagnostics Pte. Ltd (“Acumen”), which subsequently took a 51% stake in a joint venture with some shareholders of Acumen Research Laboratories Pte. Ltd. for the research, development, and distribution of COVID-19 diagnostic test kits, as well as the conducting of COVID-19 testing.

Founded by leading biological scientist, Dr Ong Siew Hwa, Acumen Research Laboratories is a homegrown medical technology company that develops rapid PCR-based, culture-independent molecular diagnostics tests.

On 15 September 2020, Acumen was granted the Healthcare Institute License from the Ministry of Health to offer clinical laboratory testing services for COVID-19 using its proprietary Acu-Corona® 2.0 PCR test kits, which also have received Singapore Health Sciences Authority’s Provisional Authorisation for clinical use earlier in March 2020, thereby enabling us to join in Singapore’s national efforts in COVID-19 testing, infection control and contact tracing.

Manufactured in Singapore, the Acu-Corona® series of SARS CoV-2 RT-PCR tests are already being used in several other countries including Malaysia and Indonesia.

## FINANCIAL HIGHLIGHTS

Despite the pandemic, the Group turned in a 4-fold jump in net profit attributable to shareholders excluding other gains and share of profit from equity-accounted associates to S\$19.3 million in FY2020. Previous years’ profits had been somewhat fuelled by disposal of equity-accounted associates and income streams from such associates, while FY2020 profits were anchored in the operations of our core business. Revenue increased by 8% to S\$137.6 million, thanks to higher sales from our existing and new dental and medical outlets in Singapore and Malaysia in the latter half of the year.

We are indeed grateful to the Singapore Government for its various support measures to help businesses such as ours.

## DIVIDENDS

In addition to the first interim dividend of 0.4 Singapore cent per ordinary share paid out in September 2020, the Group announced a second interim (special) dividend of 2.5 Singapore cents per ordinary share to reward shareholders for the Group’s exceptional performance in respect of its FY2020 results despite the pandemic, and also in view of the potential profit generated from the collective disposal of the balance 12.246% of the shares



in Aidite as announced on 15 January 2021. This special dividend will be paid out on 23 March 2021.

In addition, the Directors have proposed a final cash dividend of 0.5 cents per ordinary share, which will be subject to the approval of shareholders at the upcoming Annual General Meeting. If approved, the final dividend will be paid out on 25 May 2021.

## **BUSINESS OUTLOOK AND FUTURE PLANS**

With Singapore being in Phase 3 of its re-opening since 28 December 2020, and with the roll out of the nationwide vaccination programme, we are cautiously optimistic about the gradual improvement of the economy and business landscape. Since the second half of FY2020, the Group's sales has been improving at our existing and new dental outlets, and has shown much resilience during the pandemic. Coupled with a positive outlook on the country's GDP growth in 2021, we envisage that our dental business will continue on its growth momentum, barring any unforeseen circumstances such as an unlikely serious possible second wave of infection in Singapore.

Moving ahead, the Group will continue to expand its network of dental clinics in Singapore and Malaysia. In 2020, we added 5 new clinics and consolidated one existing clinic in Singapore, while adding 2 more new outlets in February 2021. Across the Causeway, we added 3 new clinics in 2020, and 1 new outlet earlier this year. This brings the total tally to 85 clinics in Singapore and 35 in Malaysia.

In line with our growing operations, the Group will streamline the operations of all our clinics in Singapore into 6 zones – North, South, East, West, Central and North East. The Group's doctors and nurses will work across clinics within their respective zones, allowing us to maximise the use of our resources and improve operational efficiency. Zoning will also enable the Group to more efficiently monitor our operations and performance to better serve our patients. To support the zoning of our operations, the Group will also be implementing a new data management system that will integrate patient information such as appointment scheduling, diagnoses, and treatment plans, across various clinics and zones, allowing us to more seamlessly manage our operations.

To maintain our current position as the leading private dental healthcare group in Asia, we are targeting to open at least 30 dental outlets a year in Singapore and Malaysia for the next 10 years from FY2021. Beyond these two countries, the Group continues to look for opportunities to venture into new markets in ASEAN countries.

We are also looking forward to launching the AI-enhanced treatment planning tool to provide the most suitable treatment plans for our patients later this year.

The Singapore Government's recent announcement of a S\$3.1 billion budget for COVID-19 testing, clinical management and contact tracing as part of its S\$11 billion COVID-19 Resilience Package in the 2021 Budget has given us the impetus to double our COVID-19 PCR laboratory testing capacity through Acumen.

## **DOING OUR PART**

In addition to business development initiatives, we also contributed to Singapore's on-the-ground efforts to combat the spread of the virus. In April 2020, more than 120 dentists and staff volunteered to administer swab tests to 14,000 residents of 160 factory converted foreign worker dormitories and government quarantine facilities.

Aside from these COVID-19 counterefforts, we also made inroads into the dental education and training field. In July 2020, the Group announced a new Workforce Singapore programme to hire and train mid-career locals who were keen to join the dental healthcare industry. Through this programme, we will be able to expand our talent pool to support our growing operations and at the same time, create viable and meaningful job opportunities for local mid-career workers who are keen to embark on a new career in healthcare services.

## **APPRECIATION**

This is our 25th year of operations and we have much to be grateful for. We would like to thank all of our dentists, nurses and support staff – past and present – for their commitment and hard work in collectively building Q & M over the past quarter of a century.

We are also grateful for our colleagues on the Board for guiding us through the years, and would like to take this opportunity to welcome Dr Kuan Chee Keong and Dr Chong Kai Chuan who joined Q & M Dental Group as Alternate Directors to Dr Ng Chin Siau and Dr Ang Ee Peng Raymond respectively, on 19 August 2020.

We are pleased that in October this year, nine of the Group's most promising next-generation dentists have signed a 10-year service agreement with the Group. We are encouraged by this alignment to our corporate values of teamwork and ethics, and we look forward to building the Q & M brand which is synonymous with quality, excellence and value. Together, we hope that as a Q & M family, we will unite our hearts and minds to take the Group to its next phase of growth.

### **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 35 years of experience in government and private legal practice. He is also an Independent Director of FSL Trust Management Pte. Ltd. He graduated with a LLB (Hons) from the National University of Singapore in July 1985. He is an Advocate and Solicitor of the Supreme Court of the Republic of Singapore and is also a Fellow of the Singapore Institute of Arbitrators and a Fellow of the Chartered Institute of Arbitrators. Mr Sreenivasan has an active litigation practice and was appointed as Senior Counsel in January 2013. He is a director of the Law Society Pro Bono Services and the Singapore Business Federation Foundation. Mr Sreenivasan has previously

been the Honorary Secretary of the Singapore Indian Development Association and a Council Member and Treasurer of the Law Society.



## **DR NG CHIN SIAU**

*Non-Independent Executive Director and Group Chief Executive Officer*

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

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

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

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

# BOARD OF DIRECTORS



## **DR ANG EE PENG RAYMOND**

*Non-Independent Executive Director and Chief Operating Officer*

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

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

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



## **PROFESSOR 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 the Pro Vice Chancellor (Engagement & Industrial Partnership) in International Medical University, Malaysia. She is the Chairman of the Examination Committee of the Malaysian Dental Council that is responsible for the development and implementation of the Professional Qualifying Examination for registration of Dental Practitioners. She has also served in various leading positions in the International Association for Dental Research and South East Asia Association for Dental Education.

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



## **MR NG WENG SUI HARRY**

*Independent Non-Executive Director*

Mr Ng Weng Sui Harry was appointed as an Independent 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 position, 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 few 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.

# BOARD OF DIRECTORS



**MR CHIK WAI CHIEW (ZHI WEICHAO)**  
*Non-Independent Non-Executive Director*

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



**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 the 2018-2021.

In the past, Dr Kuan has 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 Group Chief Operating Officer Dr Ang Ee Peng Raymond*

Dr Chong Kai Chuan was appointed as the Alternate Director to Group 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 furthers his studies with Fellow of Royal Australians 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.

# EXECUTIVE OFFICERS

## **MS FOO SIEW JIUAN**

### *General Manager*

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

## **MR SIM YU XIONG**

### *Chief Financial Officer*

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

## **MS NG SOOK HWA**

### *Group Financial Controller*

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

# FY2020 KEY FIGURES



**S\$137.6 m**  
Revenue



**S\$22.4 m**  
Profit Before Tax



**S\$29.9 m**  
EBITDA



**2.9**  
Current Ratio (Times)



**S\$48.8 m**  
Cash Position



**2.50 cents**  
Earnings Per Share



**15.4 cents**  
Nav Per Share

# OPERATIONS REVIEW



During the year in review, despite the uncertainties and disruption brought on by the pandemic, Q & M delivered a steady performance overall. Since the second half of FY2020, the Group's sales at our existing and new dental clinics improved tremendously, underscoring the resilience of our business during unprecedented times.

The Group also achieved a notable new milestone with the expansion into the field of medical laboratories and research through our new subsidiary, Acumen Diagnostics Pte. Ltd ("Acumen"). We are optimistic that this new business venture, which focuses on the sale and distribution of COVID-19 test kits and laboratory testing, will provide the Group with an avenue for growth in the new normal.

Looking ahead, we envisage that our growth momentum will gather pace in the years ahead. To maintain our current position as the leading private dental healthcare group in Asia, we are targeting to open at least 30 dental outlets a year in Singapore and Malaysia for the next 10 years from FY2021. Beyond these two countries, the Group continues to look for opportunities to venture into new markets in ASEAN countries.

## SINGAPORE

As at 31 December 2020, the Group had 83 dental clinics, 5 medical clinics, a dental supplies and distribution company as well as a dental college in Singapore. The Group is also involved in the development of artificial intelligence ("AI") related technology in dental healthcare, as well as medical laboratories and research.

In FY2020, we opened 5 new dental clinics in Singapore located at River Valley, Ang Mo Kio, Sembawang Way, Geylang and Woodlands Square, as well as consolidated a clinic in Toa Payoh. Additionally, we opened 2 more new dental clinics in Tampines Hub and Compassvale Crescent in February 2021, bringing the Group's number of clinics in Singapore to 85.

We will continue to actively expand our network of dental clinics in Singapore by growing our team of dentists to support our long-term growth plan. Our Singapore operations are currently supported by about 230 experienced dentists and more than 300 clinical and administrative personnel.

During the year, we participated in Workforce Singapore's Place-and-Train Programme, to hire and train mid-career locals who were keen to join the dental healthcare industry. Through this programme, we will be able to expand our talent pool to support our growing operations, and concurrently create viable and meaningful job opportunities for local mid-career workers who are keen to embark on a new career in healthcare services. This three-month programme comprises on-the-job practical training at various clinics under the Q & M Dental Group in Singapore, as well as classroom lectures by the Q & M College of Dentistry.

The Group's medical clinics are also participating in the Ministry of Health's Public Health Preparedness Clinic and Swab and Send Home ("SASH") schemes. Under the SASH scheme, our medical clinics provide COVID-19 testing for eligible people in the community, including travellers who require pre-departure COVID-19 testing.



Following the opening of the Q & M College of Dentistry in October 2019, we continued to focus on training our initial group of 20 students who signed up for the two-year graduate diploma course in clinical dentistry. Although our college activities were disrupted by the circuit breaker lockdown measures, we swiftly adapted by shifting to digital platform to conduct our classes, where possible.

# OPERATIONS REVIEW

Our AI arm, EM2AI Pte. Ltd, has also made significant progress in the development of the AI-powered dental solutions, which will enable us to provide our patients with more accurate diagnoses, as well as the most suitable dental treatment plans. Pilot trials were conducted in Q & M Malaysia clinics in FY2020, and we plan to launch the AI-enhanced treatment planning tool in Singapore later this year.

With our strong balance sheet after the partial disposal of Aidite (Qinhuangdao) Technologies Co. Ltd (“Aidite”), the Group was able to diversify and invest in other facets of the healthcare sector for growth. In April 2020, the Group expanded into the field of medical laboratories and research through the incorporation of Acumen, which subsequently took a 51% stake in a joint venture with Acumen Research Laboratories Pte. Ltd. for the research, development, and distribution of COVID-19 diagnostic test kits, as well as the conducting of COVID-19 testing.



On 15 September 2020, Acumen was granted the healthcare institution license by the Ministry of Health to offer clinical laboratory testing services for COVID-19 using its proprietary Acu-Corona® 2.0 PCR test kits, which also have received Singapore Health Sciences Authority’s Provisional Authorisation for clinical use earlier in March 2020, thereby enabling us to join in Singapore’s national efforts in COVID-19 testing, infection control and contact tracing. Manufactured in Singapore, the Acu-Corona® series of SARS CoV-2 RT-PCR tests are already being used in several other countries including Malaysia and Indonesia. Moving ahead, we are also expanding Acumen’s testing capabilities to include Antigen Rapid Test and Serology Test.

With the effects of the COVID-19 pandemic continuing to be fluid, the Group will continue to vigilantly observe the COVID-19 situation as it evolves. The health and safety of our patients, doctors, and staffs will always be our top priority.

## MALAYSIA

As at 31 December 2020, the Group had a total of 34 dental clinics in Malaysia, comprising 16 dental clinics in Johor, 15 dental clinics in Kuala Lumpur and 3 dental clinics in Malacca. The Group also distributes dental equipment and supplies within the country through its subsidiary, AR Dental Supplies Sdn. Bhd.

During the year, we grew our operations in Malaysia with the opening of 3 new dental clinics in Tangkak, Yong Peng and Masai in the state of Johor. In January 2021, we opened another new dental clinic in Jasin, Malacca, bringing the Group’s number of clinics in Malaysia to 35.



Moving forward, the Group will continue to pursue organic growth in Malaysia by expanding our network of dental clinics, specifically in the Johor, Selangor, Malacca, and Klang Valley regions.

## THE PEOPLE’S REPUBLIC OF CHINA (PRC)

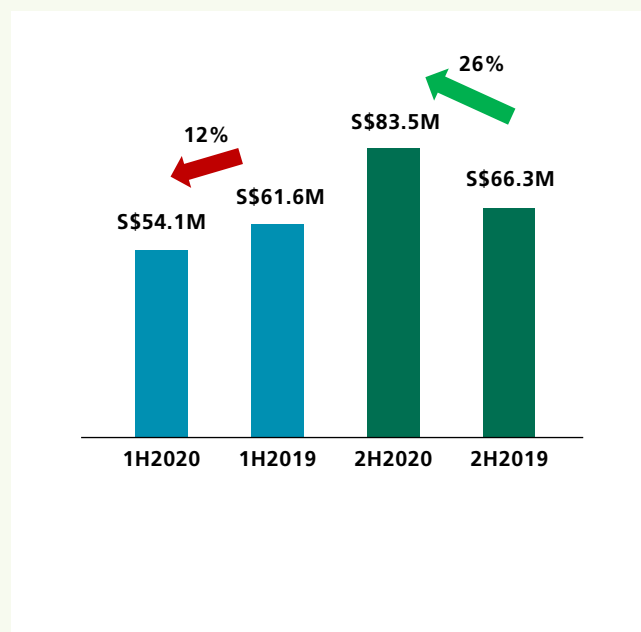
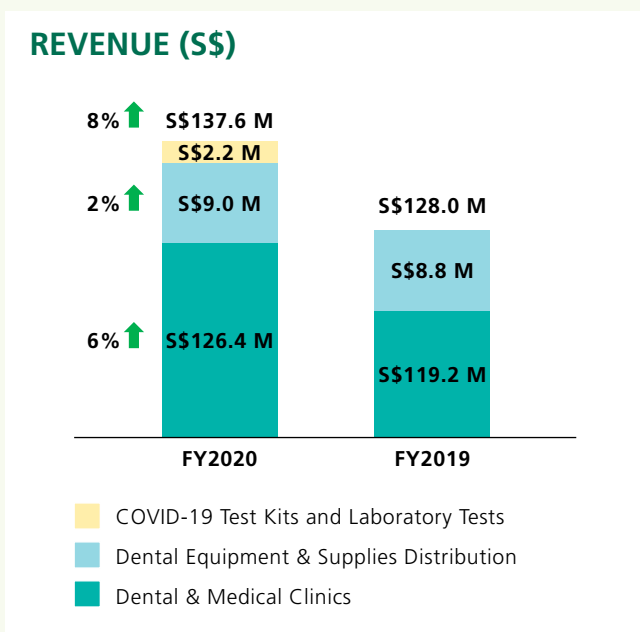
The Group’s growth strategy for the PRC has so far comprised both organic clinic openings and joint ventures with local partners. For the PRC market, we will continue to pursue organic growth, as well as seek out viable and sustainable growth opportunities that can yield long term value for the Group.

On 15 January 2021, the Group announced the collective disposal of its remaining 12.246% interest in Aidite, an associate company of the Group, in a bid to further strengthen the Group’s balance sheet and provide more resources for future expansion. The net gain arising from the disposal is estimated to be S\$5.0 million.

Presently, the Group had 1 dental clinic in the PRC.



# FINANCIAL REVIEW



The Group recorded revenue of S\$137.6 million in the financial year ended 31 December 2020 (“FY2020”), up 8% from S\$128.0 million for the financial year ended 31 December 2019 (“FY2019”), mainly boosted by 26 per cent higher revenue contributions in the second half of FY2020 (“2H2020”) despite the COVID-19 pandemic.

Revenue from dental and medical outlets increased by 6% from S\$119.2 million in FY2019 to S\$126.4 in FY2020. The increase of S\$7.2 million was mainly due to higher revenue from existing and new dental outlets in Singapore and Malaysia. Revenue generated by Singapore and Malaysia dental outlets for 2H2020 were significantly higher than pre-COVID-19 period, as well as the corresponding period in FY2019. Revenue from dental and medical clinics includes profit guarantee income.

As at the end of FY2020, the Group had a total of 83 dental outlets, 5 medical outlets, and 1 dental college in its Singapore operations, 34 dental outlets in Malaysia, and 1 dental outlet in the People’s Republic of China (“PRC”), compared to 80 dental outlets, 5 medical outlets and 1 dental college in Singapore, 31 dental outlets in Malaysia, and 1 dental outlet in PRC at the end of FY2019.

Revenue from the dental equipment and supplies distribution segment increased by 2% from S\$8.8 million in FY2019 to S\$9.0 million in FY2020, mainly due to higher revenue from the dental equipment and supplies distribution business in Singapore, partially

offset by lower revenue from the distribution business in Malaysia as a result of the COVID-19 pandemic.

Revenue from the sales of COVID-19 test kits and laboratory tests of S\$2.2 million was from the acquisition of the COVID-19 related business from Acumen Research Laboratories Pte. Ltd. on 22 April 2020. This includes assignment fee income of S\$1.1 million from 1 January 2020 to 21 April 2020 arising from the acquisition of the COVID-19 test kits and related business.

The dental and medical clinics and dental equipment and supplies distribution segment accounted for 91.8% and 6.6% of revenue respectively in FY2020 as compared to 93.1% and 6.9% in FY2019. Revenue from the sales of test kits and laboratory tests segment contributed 1.6% to the Group’s revenue in FY2020.

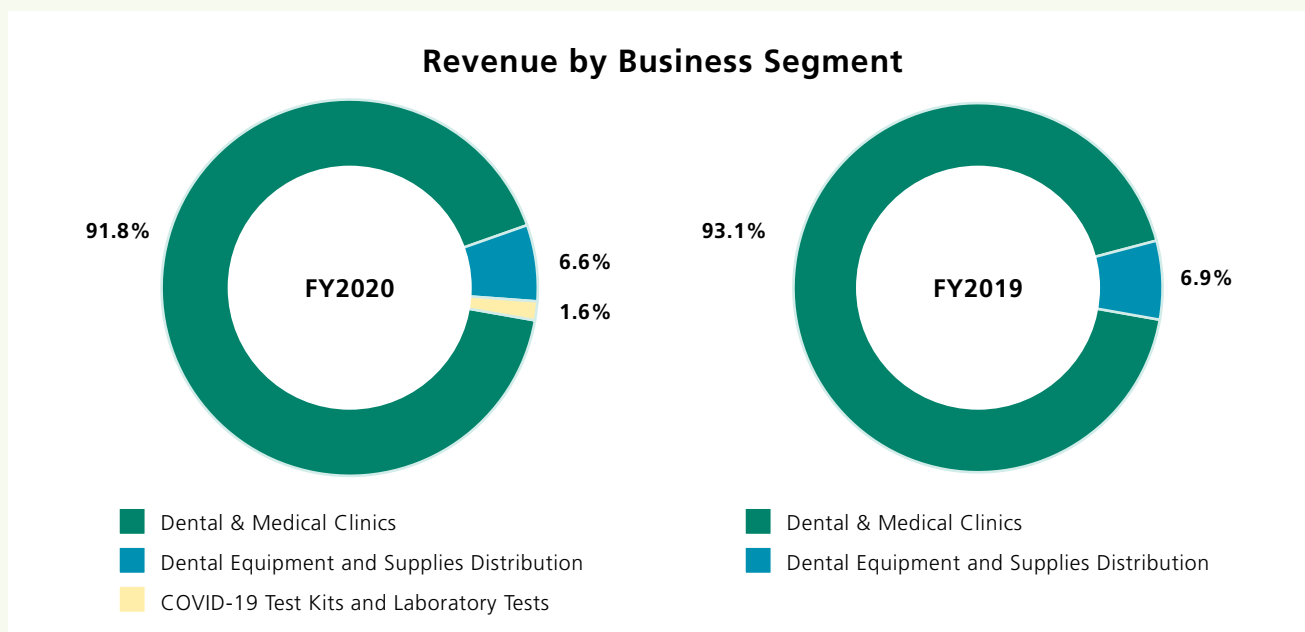
## OTHER GAINS - NET

Other gains - net in FY2020 amounted to S\$0.3 million mainly due to exchange gain for the partial disposal of Aidite (Qinhuangdao) Technology Co (“Aidite”), as well as reversal of impairment for trade and other receivables. For FY2019, the gain of S\$11.6 million was mainly from a one-off gain arising from the partial disposal of Aidite.

## OPERATING EXPENSES

Consumables and supplies used in dental and medical clinics increased by 10% from S\$9.8 million in FY2019

# FINANCIAL REVIEW



to S\$10.8 million in FY2020. This was in line with the increase in revenue in view of the opening of new dental clinics in Singapore, as well as an increase in usage of surgical masks and other personnel protection equipment (“PPE”) such as gowns, gloves and goggles, which is in line with government advisories and regulations to protect patients, dentists and nurses from COVID-19. As a percentage of revenue from the dental and medical clinics, consumables and dental supplies used in the dental and medical outlets in FY2020 was 8.5% (FY2019: 8.2%).

The cost of sales from the dental equipment and supplies distribution segment decreased by 10% from S\$5.9 million in FY2019 to S\$5.3 million in FY2020, in line with the decrease in revenue generated from equipment sales. The increase in revenue generated from equipment servicing, changing of spare parts and dental equipment relocation services also resulted in a lower cost of sales for the dental and equipment and supplies distribution business in Singapore. As a percentage of revenue from dental equipment and supplies distribution, cost of sales for dental equipment and supplies distribution in FY2020 was 58.8% (FY2019: 67.2%).

Cost of sales from COVID-19 tests kits and laboratory tests of S\$0.8 million was due to the acquisition of COVID-19 test kits and related business from Acumen Research Laboratories Pte. Ltd. The cost of sales also includes the preparation cost to set up the clinical laboratory for COVID-19 tests. The Group has obtained the Healthcare Institution Licence issued by the Ministry of Health to offer clinical laboratory

test services for SARS CoV-2 RNA in September 2020, joining in Singapore’s national efforts to conduct COVID-19 tests, infection control and contact tracing.

Employee benefits expense decreased by 2% from S\$77.1 million in FY2019 to S\$75.9 million in FY2020. The decrease of S\$1.2 million was mainly due to Job Support Scheme and Foreign Worker Levy rebates of S\$3.3 million, Enhanced Special Employment Credit and Wage credit received from the Singapore Government of S\$0.6 million, as well as partial reversal of accrued bonus for staff provided in FY2019 of S\$1.3 million for the profit on disposal of Aidite which was not paid due to the economic uncertainty arising from the COVID-19 pandemic. Employee benefits expenses also include professional fees paid to dentists for dental services rendered. The fees paid are at a certain pre-agreed percentage of fee revenue earned from patients. During the COVID-19 circuit breaker in April and May 2020, the professional fees paid to dentists decreased in tandem with the decrease in revenue in the period. As a percentage of revenue, employee benefits expense in FY2020 was 55.2% (FY2019: 60.3%).

Depreciation and amortisation expense increased by 5% from S\$3.3 million in FY2019 to S\$3.5 million in FY2020 mainly due to the acquisition of COVID-19 test kits and related business from Acumen Research Laboratories Pte. Ltd.

Depreciation of right-of-use assets decreased by 30% from S\$11.5 million in FY2019 to S\$8.1 million in FY2020, mainly due to rental rebate received as a

# FINANCIAL REVIEW

result of the Singapore Government support scheme due to COVID-19 pandemic of S\$3.1 million, partially offset by the opening of new clinics in Singapore and Malaysia. As a percentage of revenue, depreciation of right-of-use assets in FY2020 was 5.9% (FY2019: 8.9%).

Finance costs decreased by 8% from S\$4.4 million in FY2019 to S\$4.1 million in FY2020. The decrease of S\$0.3 million was mainly due to lower interest rates in FY2020, partially offset by an increase in operating lease interest expense due to the effect of SFRS(I) 16 for new leases and renewal. As a percentage of revenue, finance costs in FY2020 was 2.9% (FY2019: 3.4%)

Other expenses decreased by 16.4% from S\$9.0 million in FY2019 to S\$7.5 million in FY2020 mainly due to write back of over provision of legal and professional fees in FY2019, as well as instalment received from the mediation award for the Malaysia legal case. As a percentage of revenue, other expenses in FY2020 was 5.5% (FY2019: 7.1%).

## SHARE OF PROFIT FROM EQUITY-ACCOUNTED ASSOCIATES

Share of profit from equity-accounted associates decreased by 96% from S\$4.2 million in FY2019 to S\$0.2 million in FY2020, mainly due to lower profit contribution from Aidite arising from lower shareholding in Aidite as a result of the partial disposal of the equity-accounted associate in December 2019. Our current effective shareholding in Aidite is 9.19%.

## PROFITABILITY

For the reasons given above, the Group's profit before tax increased by 11% from S\$20.1 million in FY2019 to S\$22.4 million in FY2020. Profit before tax for 1H2020 was S\$9.0 million as compared to S\$8.6 million in 1H2019. Despite the COVID-19 pandemic, profit before tax for 2H2020 increased by 16% to S\$13.4 million from S\$11.5 million the corresponding period a year ago.

After deducting provision for income tax expense of S\$2.5 million, the Group's net profit increased by 9% from S\$18.2 million in FY2019 to S\$19.8 million in FY2020.

For the reasons given above, profit attributable to owners of the parent increased by 10% from S\$18.0 million in FY2019 to S\$19.7 million in FY2020.

Excluding other gains and share of profit from equity-accounted associates, net profit attributable to owners of the parent increased by 322% to S\$19.3 million in FY2020 from S\$4.6 million in FY2019.

## STATEMENT OF FINANCIAL POSITION

### Current Assets

Cash and cash equivalents as at 31 December 2020 increased to S\$48.8 million (FY2019: S\$27.3 million). The increase of S\$21.5 million was mainly due to proceeds received from the partial disposal of 36% of equity-accounted associate, Aidite, of S\$47.5 million, as well as cash generated from operations of S\$23.8 million, which was partially offset by dividend payment and loan repayment of S\$22.2 million and S\$9.4 million respectively.

Trade and other receivables as at 31 December 2020 decreased to S\$18.2 million (FY2019: S\$87.3 million). The decrease of S\$69.1 million was mainly due to proceeds received from the partial disposal of 36% of equity-accounted associate, Aidite.

Inventories as at 31 December 2020 increased to S\$16.1 million (FY2019: S\$7.0 million). The increase of S\$9.1 million was mainly due to higher holding of inventories of surgical masks and other personnel protection equipment ("PPE") such as gowns, gloves, goggles to protect patients, dentists, nurses from COVID-19. It also includes stock holding of such consumables for sales by the dental equipment and supplies distribution companies in Singapore and Malaysia.

### Non-Current Assets

The net book value of property, plant and equipment as at 31 December 2020 increased to S\$28.9 million (FY2019: S\$26.1 million), mainly due to the acquisition of COVID-19 test kits equipment and COVID-19 laboratory test equipment, as well as dental equipment for Singapore dental outlets. The increase was partially offset by depreciation of plant and equipment.

Investment in associates as at 31 December 2020 increased to S\$43.7 million (FY2019: S\$42.0 million). The increase of S\$1.7 million was mainly due to the share of profit from equity-accounted associate, Aidite, which was partially offset by share of losses from equity-accounted associate, Aoxin Q & M Dental Group Limited.

# FINANCIAL REVIEW

Goodwill and other intangible assets as at 31 December 2020 increased to S\$55.6 million (FY2019: S\$53.5 million). The increase of S\$2.1 million was mainly due to goodwill arising from the acquisition of COVID-19 test kits and related business from Acumen Research Laboratories Pte. Ltd.

Other receivables as at 31 December 2020 increased to S\$1.2 million (FY2019: S\$0.2 million), mainly due to an increase in loans, as well as scholarships provided by the Group to its current dentists and dental students.

Other non-financial assets as at 31 December 2020 decreased to S\$8.6 million (FY2019: S\$9.4 million), mainly due to the amortisation of sign-on bonuses for dentists.

## Current Liabilities

Trade and other payables as at 31 December 2020 decreased to S\$16.5 million (FY2019: S\$27.1 million), mainly due to payment of the accrued expenses arising from the partial disposal of 36% of equity-accounted associate, Aidite, and issuance of the Q & M Performance Share Plan 2018 shares to certain dentists.

Other financial liabilities as at 31 December 2020 decreased to S\$1.9 million (FY2019: S\$32.6 million), mainly due to the reclassification of a S\$15.0 million loan from current liabilities to non-current liabilities as the date for repayment has been extended for another 3 years, as well as the redemption of preference shares held in trust in Aidite.

Lease liabilities arising from right-of-use assets as at 31 December 2020 decreased to S\$9.1 million (FY2019: S\$10.2 million), mainly due to the expiry of leases less than one year that has yet to be renewed.

## Non-Current Liabilities

Other financial liabilities as at 31 December 2020 increased to S\$75.5 million (FY2019: S\$69.8 million), mainly due to the reclassification of a S\$15.0 million loan from current liabilities to non-current liabilities as the date for repayment has been extended for another 3 years. The increase was partially offset by a loan repayment of S\$9.0 million.

Lease liabilities arising from right-of-use assets as at 31 December 2020 decreased to S\$42.1 million (FY2019: S\$39.9 million), mainly due to repayment of the operating lease.

## Statement of Cash Flows

The Group generated net cash flow from operating activities of S\$23.8 million in FY2020. This was mainly derived from profit generated during the year.

Net cash from investing activities in FY2020 amounted to S\$41.8 million, mainly due to proceeds from the partial disposal of 36% of equity-accounted associate Aidite, which was partially offset by: (i) investment in the new subsidiary, Acumen Diagnostics Pte. Ltd.; (ii) purchase of plant and equipment for the existing clinics and opening of new dental clinics; (iii) renovation of the newly relocated head office in Singapore; and (iv) sign-on bonus for dentists.

Net cash used in financing activities amounted to S\$44.0 million, mainly due to (i) dividends paid to equity owners of S\$22.2 million; (ii) repayment of bank loan; (iii) payment of lease liabilities arising from right-of-use assets; and (iv) share buyback.

Consequently, the Group's cash and cash equivalents increased from S\$27.3 million to S\$48.8 million as at year end.

# CORPORATE SOCIAL RESPONSIBILITY



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

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

Our Group also donated a total of 50,000 surgical masks along with hand scrubs, hand sanitizers, thermometers,

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

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

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

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

Moving forward, we remain committed to continuing efforts to fight against the COVID-19 pandemic as well as pursuing meaningful CSR initiatives to give back to the community.



# 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)

**Dr Kuan Chee Keong**  
(Alternate Director to Dr Ng Chin Siau)

**Dr Chong Kai Chuan**  
(Alternate Director to Dr Ang Ee Peng Raymond)

## 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 Lim Sim Ving**  
**Ms Cheok Hui Yee**

## REGISTERED OFFICE

2 Clementi Loop, #04-01 Logis Hub @ Clementi  
Singapore 129809  
[www.QandMDental.com.sg](http://www.QandMDental.com.sg)

## SHARE REGISTRAR

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

## AUDITORS

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

## THE Q & M EXTENDED FAMILY



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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 2020 (“**FY2020**”), the Company has generally adhered to the principles and guidelines set out in the Code.

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

## BOARD MATTERS

### The Board's Conduct of its Affairs

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

#### Board's Role

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

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

The Board has considered sustainability issues, such as environmental and social factors, as part of its strategic formulation of the Group.

#### Independent Judgement

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

#### Conflicts of Interest

Each Director is required to promptly disclose any conflict of interest, whether direct or indirect, in relation to a transaction or proposed transaction with the Group as soon as is practicable after the relevant facts have come to his knowledge. On an annual basis, each Director is also required to submit details of his other directorships and interests in other entities for the purpose of monitoring interested persons transactions. Where a Director has a conflict of interest in relation to any matter, he will recuse himself from discussions and decisions involving the issues of conflict. In respect of certain matters, he may be permitted to participate in the discussions if the Board is of the opinion that his presence and participation is necessary to enhance the efficacy of such discussion. Nonetheless, he will abstain from voting in relation to such issues of conflict.



# 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.

## Directors' Orientation and Training

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

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

## Delegation by the Board

To facilitate effective management and to support the Board in discharging its duties and responsibilities efficiently and effectively, certain functions of the Board have been delegated to various Board committees, namely the Audit Committee (the "AC"), Nominating Committee (the "NC") and Remuneration Committee (the "RC") (collectively the "Board Committees"). The Board Committees function within clearly defined terms of references and operating procedures, which are reviewed on a regular basis taking into consideration the changes in the governance and legal environment. Any change to the terms of reference for any Board Committee requires the specific written approval of the Board.

All the Board Committees are actively engaged and play an important role in ensuring good corporate governance in the Company and within the Group. The Board acknowledges that while the Board Committees have the authority to examine particular issues and report back to the Board with their decisions and recommendations, the ultimate responsibility on all matters lies with the Board.

# 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	-	-	-
Dr Kuan Chee Keong (Alternate Director to Dr Ng Chin Siau)	-	-	-	-
Dr Chong Kai Chuan (Alternate Director to Dr Ang Ee Peng Raymond)	-	-	-	-

## Board Meetings and Attendance

During the financial year ended 31 December 2020, the Board scheduled to meet on a half-yearly basis to coincide such meetings with the review and approval of the Group's results announcements. The Board meets on a regular basis as well as for ad-hoc meetings, if warranted by circumstances deemed appropriate by the Board. At those meetings, the Board reviewed the Group's financial performance, annual budget, corporate strategy, business plans, potential acquisitions, risk management policies and significant operational matters. The number of Board and Board Committees meetings held during the financial year ended 31 December 2020 and the attendance of each Director, where relevant, are as follows:

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

NA: Not Applicable

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

# REPORT ON CORPORATE GOVERNANCE

The Company's Constitution provides for Directors to participate in meetings of Directors by means of conference telephone, video conferencing, audio visual, or other similar communication equipment by means of which all persons participating in the meeting can hear and be heard by each other, without a Director being in the physical presence of the other Directors. The Board and Board Committees also make decisions through circulation of written resolutions.

## Access to Information

The Directors have separate and independent access to the Management and the Company Secretary(ies) at all times. Requests for information from the Board are dealt with promptly by the Management. The Board is informed of all material events and transactions as and when they occur so as to enable them to make informed decisions to discharge their duties and responsibilities. The Management provides the Board with quarterly reports of the Company's performance. The Management also consults with Board members regularly whenever necessary and/or appropriate. The Board is issued with board papers in a timely fashion prior to Board meetings.

The Company Secretary(ies) or her representative(s), attends and prepares minutes of all Board and Board Committees meetings. The Company Secretary(ies) assists the Chairman in ensuring that Board procedures are followed and regularly reviewed so that the Board functions effectively and the Company's Constitution and the relevant rules and regulations applicable to the Company are complied with. The appointment and removal of the Company Secretary(ies) is a matter decided by the Board as a whole.

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

## **Board Composition and Guidance**

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

## Board Composition

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

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

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

# REPORT ON CORPORATE GOVERNANCE

## Board Diversity

The Company's diversity policy endorses the principle that the Board should have a balance of skills, knowledge, experience and diversity of perspectives appropriate to its business. In reviewing Board composition and succession planning, the NC will consider the benefits of all aspects of diversity, including diversity of background, experience, gender, age and other relevant factors. These differences will be considered in determining the optimal composition of the Board and when possible should be balanced appropriately. The Board considers its current Board size appropriate for the facilitation of decision making, taking into account the nature and scope of operations of the Group. The make-up of the Board reflects diversity of gender, age, skills and knowledge. The Board comprises Directors of both gender with strong industry knowledge and diversified background such as legal and accounting, and who collectively bring with them a wide range of experience. The Board is also of the view that the Board comprises persons who as a group provide capabilities required for the Board to be effective. Members of the Board are regularly in touch with the Management to provide advice and guidance on matters for which their expertise will be constructive to the Group.

## Non-Executive Directors

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

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

## Independence of Independent Directors

Each of the Independent Directors has completed an independent director's declaration form and confirmed his/her independence. The independence of each Director has been and will be reviewed on an annual basis and as and when the circumstances require, by the NC, with reference to the guidelines as set out in the Code. Rigorous review will also be conducted by the NC when assessing the continued independence of a Director who has served for more than nine (9) years from the date of first appointment.

The NC has determined that the Independent Directors are independent in accordance with the Code. The Independent Non-Executive Directors, Mr Narayanan Sreenivasan, Mr Ng Weng Sui Harry and Prof Toh Chooi Gait have confirmed that they do not have any relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of their independent business judgement in the best interests of the Company. With the Independent Directors making up half of the Board, the NC is of the view that there is a strong and independent element on the Board.

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

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

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

# REPORT ON CORPORATE GOVERNANCE

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

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

## Chairman and Chief Executive Officer

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

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

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

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

The Board has not appointed a Lead Independent Director as the roles of the Chairman and CEO are distinctly separate; the Chairman is not part of executive management and is an Independent Director; the Board has a strong element of independence with three (3) out of six (6) Directors being independent; and the Board's discussions are open and frank. The Independent Directors also hold meeting(s) without the presence of the other Directors, and provide feedback to the Chairman after the meeting(s). The Board will review the need for a Lead Independent Director as part of its continuous assessment of corporate governance best practices.

## Board Membership

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

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

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

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

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

# REPORT ON CORPORATE GOVERNANCE

- (b) determining on an annual basis whether or not a Director is independent;
- (c) deciding whether the Director is able to and has been adequately carrying out his/her duties particularly when he/she has multiple board representations;
- (d) implementing a process for evaluation and assessing the performance of the Board and contribution of each Director to the effectiveness of the Board;
- (e) reviewing and approving any new employment of related persons and their proposed terms of employment;
- (f) reviewing and recommending to the Board succession plans for Directors, in particular, the Chairman, the Group CEO and key management personnel; and
- (g) the review of training and professional development programs for the Board.

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

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

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

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

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

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

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

# REPORT ON CORPORATE GOVERNANCE

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

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

# REPORT ON CORPORATE GOVERNANCE

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



# REPORT ON CORPORATE GOVERNANCE

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

# REPORT ON CORPORATE GOVERNANCE

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

# REPORT ON CORPORATE GOVERNANCE

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

# REPORT ON CORPORATE GOVERNANCE

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

The NC reviews and determines annually whether Directors who have multiple board representations and other principal commitments, give sufficient time and attention to the affairs of the Company and adequately carry out his/her duties as a Director of the Company. The NC takes into account the results of the assessment of the effectiveness of the individual Director and his/her actual conduct on the Board, in making this determination.

For FY2020, the NC was satisfied that, where a Director had other listed company board representations and/or other principal commitments, the Director was able to carry out and had been adequately carrying out, his/her duties as a Director of the Company. As the time requirement of each Director are subjective, the NC has decided not to fix a maximum limit on the number of directorships a Director can hold. The NC considers that the multiple board representations held presently by its Directors do not impede their respective performance in carrying out their duties for the Company. Based on the Directors' commitments and contributions to the Company, which are also evident in their level of attendance and participation at Board and Board Committee meetings, the NC and the Board are satisfied that all the Directors were able to and have been adequately carrying out their duties as Directors of the Company in FY2020.

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

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

# REPORT ON CORPORATE GOVERNANCE

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

NA: Not applicable

## Board Performance

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

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

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

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

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

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

# REPORT ON CORPORATE GOVERNANCE

The NC, having reviewed the overall performance of the Board in terms of its role and responsibilities and the conduct of its affairs as a whole, and the individual Director's performance, is of the view that the performance of the Board, the Board Committees and each individual Director has been satisfactory in FY2020. The NC will review the appropriateness of the Board size, taking into consideration changes in the nature of the Group's businesses, the scope of operations, as well as changing regulatory requirements from time to time. In consultation with the NC, the Chairman will act on the results of the performance evaluation, propose for new members to be appointed to the Board or seek the resignation of Directors, where appropriate.

## REMUNERATION MATTERS

### Procedures for Developing Remuneration Policies

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

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

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

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

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

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

# REPORT ON CORPORATE GOVERNANCE

Where applicable, the RC will also review annually the remuneration of employees related to the Directors and substantial shareholders to ensure that their remuneration packages are in line with the staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities.

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

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

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

## Level and Mix of Remuneration

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

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

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

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

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

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

The Company will submit the quantum of Directors' fees to the shareholders for approval at the annual general meeting annually. The Board concurred with the RC that the proposed directors' fees for FY2020 is appropriate and not excessive, taking into consideration the level of contributions by the directors and factors such as effort and time spent for serving on the Board and Board Committees, as well as the responsibilities and obligations of the directors.

# REPORT ON CORPORATE GOVERNANCE

## Disclosure on Remuneration

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

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

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

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

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

Remuneration Band of key management personnel is set out below:

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

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



# REPORT ON CORPORATE GOVERNANCE

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

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

1. Benefits refer to mainly employer's contribution to the Central Provident Fund.
2. Professional fees refer to fees received as a practising dentist from certain wholly-owned subsidiaries of the Company.
3. Key management personnel who are related to the Group CEO and Executive Director, Dr Ng Chin Siau.
  - (i) Ms Foo Siew 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 key management personnel was S\$694,000 for FY2020.

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

All Directors and the key management personnel are remunerated on an earned basis and there was no termination, retirement and post-employment benefits granted during FY2020.

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

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

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

# REPORT ON CORPORATE GOVERNANCE

## ACCOUNTABILITY AND AUDIT

### Risk Management and Internal Controls

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

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

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

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

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

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

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

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

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

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

# REPORT ON CORPORATE GOVERNANCE

## Audit Committee

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

### Functions of the AC

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

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

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

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

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

- (a) review with the external and internal auditors, the audit plan, their evaluation of the system of internal controls, their audit report, their management letter and the Management's response;
- (b) review the quarterly (if applicable), half yearly and annual financial statements and results announcements before submission to the Board for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards and the Mainboard Rules and any other relevant statutory or regulatory requirements;
- (c) review at least annually the internal control procedures and ensure co-ordination between the external auditors and the Management, and review the assistance given by the Management to the auditors, and discuss problems and concerns, if any, arising from audits, and any matters which the auditors may wish to discuss (in the absence of the Management, where necessary);
- (d) review and discuss with external and internal auditors, any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Company's operating results or financial position, and the Management's response;
- (e) consider and recommend the appointment or re-appointment of the external auditors and matters relating to the resignation or dismissal of the external auditors;
- (f) review transaction falling within the scope of Chapter 9 of the Mainboard Rules;

# REPORT ON CORPORATE GOVERNANCE

- (g) review any potential conflict of interests;
- (h) undertake such other reviews and projects as may be requested by the Board, and report to the Board its findings from time to time on matters arising and requiring the attention of the AC;
- (i) review the Company's key financial risk areas, with a view to providing an independent oversight on the Company's financial reporting. The outcome of these reviews will be disclosed in the annual report of the Company or where the findings are material, immediately announced via SGXNet;
- (j) generally to undertake such other functions and duties as may be required by statute or the Mainboard Rules, or by such amendments as may be made thereto from time to time;
- (k) review the Rule 716 of the Mainboard Rules that if different auditors are appointed for its subsidiaries or significant associated companies, the AC must be satisfied that the appointment would not compromise the standard of effectiveness of the audit;
- (l) reviewing the assurance from the CEO and the CFO on the financial records and financial statements;
- (m) review the significant financial reporting issues and judgement so as to ensure the integrity of the financial statements of the Company and any formal announcement relating to the Company's financial performance;
- (n) review the scope and results of the audit, its cost effectiveness, the independence and objectivity of the external auditors annually. Where the auditors also supply a substantial volume of non-audit services to the Company, the nature and extent of such services should be reviewed in order to balance the maintenance of objectivity and value for money;
- (o) ensure that the internal auditor's primary line of reporting should be to the AC. The internal auditor should meet or exceed the standards set by nationally or internationally recognised professional bodies including the Standards for the Professional Practice set by The Institute of Internal Auditors;
- (p) review and report to the Board annually on the effectiveness and adequacy of the Group's risk management and internal controls systems in addressing the financial, operational, compliance and information technology risk;
- (q) investigate any matter within its terms of reference, having full access to and co-operation from the Management and full discretion to invite any Executive Director or Executive Officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly; and
- (r) provide an avenue for employees to raise concerns and reassurance that they will be protected from reprisals or victimization for whistle blowing in good faith, a whistle blowing reporting policy has been established by the Company for its employees.

The AC has the power to conduct or authorise investigations into any matters within the AC's scope of responsibility. The AC is authorised to obtain independent professional advice, if it deems necessary, in the discharge of its responsibilities. Such expenses are to be borne by the Company.

The AC has full access to and co-operation from the Management and has full discretion to invite any Executive Director or Executive Officer to attend its meetings, and has been given reasonable resources to enable it to discharge its functions.

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

# REPORT ON CORPORATE GOVERNANCE

## External Auditors

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

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

## Internal Audit

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

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

The primary functions of internal audit are to:

- (a) assess if adequate systems of internal controls are in place to protect the funds and assets of the Company and to ensure control procedures are complied with;
- (b) conduct regular in-depth audits of high-risk areas; and
- (c) identify and recommend improvement to internal control procedures, where required.

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

The AC is also of the view that the outsourced internal audit function is independent, effective, adequately resourced, has appropriate standing within the Company and is staffed with persons with the relevant qualifications and experience, and adheres to professional standards including those promulgated by the relevant local or international recognised professional bodies.

## Whistle-Blowing Policy

The Company has put in place a whistle-blowing policy to provide a channel for employees to report in good faith and in confidence, without fear of reprisals, concerns about possible improprieties in financial reporting or other matters. The objective for such an arrangement is to ensure independent investigation of such matters and for appropriate follow-up action. All complaints or information would be forwarded to the Chairman of AC or Chief Finance Officer of the Company.

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

# REPORT ON CORPORATE GOVERNANCE

## SHAREHOLDER RIGHTS AND ENGAGEMENT

### Shareholder Rights and Conduct of General Meetings

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

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

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

Any notice of general meeting is issued at least fourteen (14) clear days before the scheduled date of such meeting. Shareholders are invited to attend the general meetings to put forth any questions they may have on the motions to be debated and decided upon. All Shareholders who are not relevant intermediaries can appoint up to two (2) proxies during his/her absence to attend, speak and vote in general meeting in compliance with Companies Act, Chapter 50 of Singapore. Shareholders who are relevant intermediaries may appoint more than two (2) proxies to attend, speak and vote at general meetings. Voting in *absentia* by mail, facsimile or email is currently not permitted to ensure proper authentication of the identity of shareholders and their voting intent. Notwithstanding the foregoing, for the Company's general meetings which are convened and held pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the "**Order**"), Shareholders may only appoint the chairman of the meeting as their proxy to attend, speak and vote on their behalf at the general meeting.

The Company ensures that Shareholders have the opportunity to participate effectively in and vote at general meetings of shareholders. The Chairman briefs the Shareholders on the rules, including voting procedures, that govern general meetings of shareholders and addresses any queries that they may have on the procedures. The Company ensures that there are separate resolutions at general meetings on each distinct issue. All resolutions are put to vote by poll in the presence of independent scrutineers, and the voting results will be announced via SGXNet after the conclusion of the general meeting.

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

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

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

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

# REPORT ON CORPORATE GOVERNANCE

## Engagement with Shareholders

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

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

Information is disseminated to shareholders on a timely basis through:

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

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

## MANAGING STAKEHOLDERS RELATIONSHIPS

### Engagement with Stakeholders

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

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

Our stakeholder issues and engagement platforms are detailed below:

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

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

# REPORT ON CORPORATE GOVERNANCE

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

## DEALING IN SECURITIES

Rule 1207(19) of the Mainboard Rules

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

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

## RISK MANAGEMENT

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

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

## MATERIAL CONTRACTS

Rule 1207(8) of the Mainboard Rules

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

## INTERESTED PERSON TRANSACTIONS

Rule 907 of the Mainboard Rules

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and that the transactions are conducted on an arm's length basis and are not prejudicial to the interests of the shareholders.

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

Particulars of the interested person transactions for the financial year ended 31 December 2020, disclosed in accordance with Rule 907 of the Listing Manual of the SGX-ST were set out below.

Name of Interested Person	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the Mainboard Rules)	Aggregate value of all interested person transactions conducted under the shareholders' mandate pursuant to Rule 920 of the Mainboard Rules (excluding transactions less than \$100,000)
Nil	Nil	Nil	Nil



# REPORT ON CORPORATE GOVERNANCE

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

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

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

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

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

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

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

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

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

## **SUSTAINABILITY REPORTING**

This is the fourth year the Company is publishing its sustainability report and it will continue to address the activities, data and measurements, where applicable, that fall within its financial year ended 31 December 2020. The Company is proud to have continued its efforts in improving the report, giving the requisite “descriptive and quantitative information on how business is conducted” and how its ESG are being managed for a sustainable future, in compliance with the Mainboard Rules and Global Reporting Initiative (“GRI”) Sustainability Reporting Standards. The Company will continue to demonstrate its commitment to grow its sustainable business model both as a responsible and a forward-looking corporate citizen. More information on how the Company engages with its stakeholders, as well as its approach to material topics and its overall sustainability performance, can be found in the Company’s Sustainability Report 2020, which will be released by 31 May 2021.

# 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 2020.

## 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 Chik Wai Chiew (Zhi Weichao)

Dr Chong Kai Chuan (Alternate director to Dr Ang Ee Peng Raymond) (Appointed on 19 August 2020)

Dr Kuan Chee Keong (Alternate director to Dr Ng Chin Siau) (Appointed on 19 August 2020)

## 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, Chapter 50 ("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 or date of appointment if later	At end of the reporting year	At beginning of the reporting year or date of appointment if later	At end of the reporting year
The Company – Q & M Dental Group (Singapore) Limited				
Dr Ng Chin Siau	11,440,110	11,440,110	436,442,476	449,549,076
Mr. Narayanan Sreenivasan	320,000	420,000	–	–
Mr Ng Weng Sui Harry	240,000	240,000	–	–
Dr Chong Kai Chuan	2,810,000	2,810,000	–	–

# STATEMENT BY DIRECTORS

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

Name of directors and companies <u>in which interests are held</u>	<u>Direct interest</u>		<u>Deemed interest</u>	
	At beginning of the reporting year or date of appointment if later	At end of the <u>reporting year</u>	At beginning of the reporting year or date of appointment if later	At end of the <u>reporting year</u>
Ultimate parent company – <u>Quan Min Holdings Pte. Ltd.</u>	<u>Number of shares of no par value</u>			
Dr Ng Chin Siau	192,327,876	192,327,876	–	–
Dr Ang Ee Peng Raymond	11,366,674	11,366,674	–	–
Dr Chong Kai Chuan	39,165,924	39,165,924	–	–
Dr Kuan Chee Keong	34,819,880	34,819,880	–	–

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

The directors' interests as at 21 January 2021 were the same as those at the end of the reporting year.

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

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

## 5. Options

### Share options

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

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

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

# STATEMENT BY DIRECTORS

## 5. Options (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.

# STATEMENT BY DIRECTORS

## 5. Options (cont'd)

### (b) Exercise Period (cont'd)

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

### Performance share plan

The Company 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.

During the reporting year, no (2019: 5,840,000) performance shares was granted to certain dentists of the Group.

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

## 7. Report of audit committee

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

Mr Ng Weng Sui Harry (Chairman)	(Non-Executive and Independent Director)
Mr Narayanan Sreenivasan	(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 Chio Lim LLP, be nominated for re-appointment as independent auditor at the next annual general meeting of the Company.

## 8. Directors' opinion on the adequacy of internal controls

Based on the internal controls established and maintained by the Company, work performed by the internal and external auditors, and reviews performed by management, other committees of the board and the board, the audit committee and the board are of the opinion that the Company's internal controls, addressing financial, operational and compliance risks, are adequate as at the end of the reporting year 31 December 2020.

# 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 1 March 2021, 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

9 April 2021

# 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 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group, and statement of changes in equity of the Company for the reporting year then ended, and notes to the financial statements, including significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards (International) (SFRS (I)) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2020 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 impairment of goodwill", for discussion of significant accounting estimates, and Note 16A "Goodwill" for the key assumptions used in impairment testing of goodwill.

Key audit matter

The carrying value of goodwill amounted to \$53,144,000 and accounted for approximately 19% 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, 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 in particular of the dentistry activities, the 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 subsidiaries and receivables from subsidiaries

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

#### Key audit matter

The net cost of investment and receivables from subsidiaries amounted to \$65,273,000 and \$89,833,000 respectively as at 31 December 2020. The total net carrying amount of the investments and receivables accounted for approximately 75% of the Company's total assets as at the end of the reporting year. As the balances are significant, they are a key focus area for our audit.

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

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

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

#### How we addressed the matter in our audit

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

We assessed management's estimates applied in the value in use models based on our knowledge of the subsidiaries, the related CGUs and their 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 rate used in the impairment assessment and tested the accuracy of the computations.

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

# INDEPENDENT AUDITOR'S REPORT

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

## Key audit matters (cont'd)

(c) Assessment of impairment of investment in associate, Aoxin Q & M Dental Group Limited ("Aoxin Q & M")

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

### Key audit matter

The carrying value of investment in Aoxin Q & M amounted to \$31,288,000 and accounted for approximately 11% of the Group's total assets as at the end of the reporting year.

Using the quoted market share price of Aoxin Q & M as at 31 December 2020, management compared the market value to the carrying value of the investment in associate, Aoxin Q & M. The market value was higher than the carrying value.

In addition, management has also engaged an independent professional valuer as management's expert to assist the Group in evaluating the assumptions and methodologies used in applying the value in use method to determine the recoverable amount of investment in associate, Aoxin Q & M. The value in use calculation requires the Group to estimate the indicative equity value of the Group's interests in Aoxin Q & M and an appropriate discount rate in order to calculate the present value of the recoverable amount of the Group's interests in Aoxin Q & M. Any shortfall of the recoverable amount against the carrying amount would be recognised as impairment losses in profit or loss. This is on the assumption that the share price is not in an active market and may not be indicative of the fair value at Level 1.

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

### How we addressed the matter in our audit

We assessed the competency, capability and objectivity of the independent professional valuers' scope of work and terms of engagement.

We discussed with management and management's expert the process over the determination of the forecasted revenue, terminal growth rate 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 Aoxin Q & M's operations, and compared them against historical forecasts and performance and industry benchmarks. Our in-house valuation specialists also performed a review of the management's methodology, expectations and the discount rates used in the impairment assessment and tested the accuracy of the computations.

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

# 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 unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

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

## Auditor's responsibilities for the audit of the financial statements

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

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

- a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

# 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 Tay Hui Jun, Sabrina.

RSM Chio Lim LLP  
Public Accountants and  
Chartered Accountants  
Singapore

9 April 2021

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

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year Ended 31 December 2020

	Notes	Group	
		2020 \$'000	2019 \$'000
<b>Revenue</b>	5	137,620	127,963
Interest income		278	32
Other gains	9	410	11,685
Consumables, dental equipment and dental supplies used		(16,895)	(15,746)
Employee benefits expense	6	(75,915)	(77,142)
Depreciation and amortisation expense	13 and 16B	(3,458)	(3,281)
Depreciation of right-of-use assets	26	(8,067)	(11,452)
Finance costs	7	(4,058)	(4,407)
Other expenses	8	(7,546)	(9,025)
Other losses	9	(157)	(2,668)
Share of profit from equity-accounted associates	15	159	4,163
<b>Profit before tax from continuing operations</b>		<u>22,371</u>	<u>20,122</u>
Income tax expense	10	(2,533)	(1,941)
<b>Profit from continuing operations, net of tax</b>		<u>19,838</u>	<u>18,181</u>
<b>Other comprehensive income (loss):</b>			
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Exchange differences on translating foreign operation, net of tax		1,048	(221)
<b>Other comprehensive income (loss) for the year, net of tax</b>		<u>1,048</u>	<u>(221)</u>
<b>Total comprehensive income for the year</b>		<u>20,886</u>	<u>17,960</u>
Profit attributable to owners of the parent, net of tax		19,701	17,984
Profit attributable to non-controlling interests, net of tax		137	197
<b>Profit net of tax</b>		<u>19,838</u>	<u>18,181</u>
Total comprehensive income attributable to owners of the parent		20,660	17,764
Total comprehensive income attributable to non-controlling interests		226	196
<b>Total comprehensive income</b>		<u>20,886</u>	<u>17,960</u>
<b>Earnings per share</b>			
Earnings per share currency unit		Cents	Cents
Basic – continuing operations	11	<u>2.50</u>	<u>2.29</u>
Diluted – continuing operations	11	<u>2.50</u>	<u>2.29</u>

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

# STATEMENTS OF FINANCIAL POSITION

As at 31 December 2020

	Notes	Group		Company	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	13	28,884	26,117	930	456
Right-of-use assets	26	49,521	49,486	633	44
Investment in subsidiaries	14	–	–	65,273	75,545
Investment in associates	15	43,743	42,026	32,964	32,468
Goodwill	16	53,144	51,675	–	–
Other intangible assets	16	2,441	1,822	–	–
Other receivables	19	1,199	231	822	60
Other non-financial assets	20	8,568	9,403	3,939	4,277
<b>Total non-current assets</b>		<b>187,500</b>	<b>180,760</b>	<b>104,561</b>	<b>112,850</b>
<b>Current assets</b>					
Inventories	18	16,092	7,035	–	–
Trade and other receivables	19	18,190	87,315	95,688	87,405
Other non-financial assets	20	3,226	3,411	1,703	1,546
Cash and cash equivalents	21	48,772	27,253	5,123	2,517
<b>Total current assets</b>		<b>86,280</b>	<b>125,014</b>	<b>102,514</b>	<b>91,468</b>
<b>Total assets</b>		<b>273,780</b>	<b>305,774</b>	<b>207,075</b>	<b>204,318</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to owners of the parent</b>					
Share capital	22	86,758	86,758	86,758	86,758
Treasury shares	22	(10,897)	(11,558)	(10,897)	(11,558)
Retained earnings		47,156	49,677	28,523	31,721
Other reserves	23	(1,937)	(2,904)	–	–
<b>Equity attributable to owners of the parent</b>		<b>121,080</b>	<b>121,973</b>	<b>104,384</b>	<b>106,921</b>
Non-controlling interests		2,845	1,157	–	–
<b>Total equity</b>		<b>123,925</b>	<b>123,130</b>	<b>104,384</b>	<b>106,921</b>
<b>Non-current liabilities</b>					
Provisions	25	850	597	–	–
Deferred tax liabilities	10	1,160	1,371	–	–
Lease liabilities	26	42,143	39,946	509	–
Other financial liabilities	28	75,456	69,839	71,788	66,075
<b>Total non-current liabilities</b>		<b>119,609</b>	<b>111,753</b>	<b>72,297</b>	<b>66,075</b>
<b>Current liabilities</b>					
Income tax payable		2,633	1,024	–	–
Lease liabilities	26	9,131	10,211	134	37
Trade and other payables	27	16,541	27,080	29,014	15,039
Other financial liabilities	28	1,941	32,576	1,246	16,246
<b>Total current liabilities</b>		<b>30,246</b>	<b>70,891</b>	<b>30,394</b>	<b>31,322</b>
<b>Total liabilities</b>		<b>149,855</b>	<b>182,644</b>	<b>102,691</b>	<b>97,397</b>
<b>Total equity and liabilities</b>		<b>273,780</b>	<b>305,774</b>	<b>207,075</b>	<b>204,318</b>

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

# STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2020

<b>Group:</b>	Total equity \$'000	Attributable to parent sub-total \$'000	Share capital \$'000	Retained earnings \$'000	Treasury shares \$'000	Other reserves \$'000	Non- controlling interests \$'000
<b>Current year:</b>							
Balance at 1 January 2020	123,130	121,973	86,758	49,677	(11,558)	(2,904)	1,157
<b>Changes in equity:</b>							
Total comprehensive income for the year	20,886	20,660	–	19,701	–	959	226
Share buyback (Note 22)	(1,529)	(1,529)	–	–	(1,529)	–	–
Decrease in non- controlling interest without a change in control (Note 14)	–	8	–	–	–	8	(8)
Issue of treasury shares (Note 22)	2,190	2,190	–	–	2,190	–	–
Dividends paid (Note 12)	(22,222)	(22,222)	–	(22,222)	–	–	–
Contribution by non- controlling interests (Note 29)	1,470	–	–	–	–	–	1,470
<b>Closing balance at 31 December 2020</b>	<b>123,925</b>	<b>121,080</b>	<b>86,758</b>	<b>47,156</b>	<b>(10,897)</b>	<b>(1,937)</b>	<b>2,845</b>
<b>Previous year:</b>							
Balance at 1 January 2019	111,686	110,651	86,758	38,135	(11,558)	(2,684)	1,035
<b>Changes in equity:</b>							
Total comprehensive income for the year	17,960	17,764	–	17,984	–	(220)	196
Dividends paid (Note 12)	(6,442)	(6,442)	–	(6,442)	–	–	–
Dividends paid to non- controlling interests	(74)	–	–	–	–	–	(74)
<b>Closing balance at 31 December 2019</b>	<b>123,130</b>	<b>121,973</b>	<b>86,758</b>	<b>49,677</b>	<b>(11,558)</b>	<b>(2,904)</b>	<b>1,157</b>

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

# STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2020

<b>Company:</b>	Total equity \$'000	Share capital \$'000	Treasury shares \$'000	Retained earnings \$'000
<b>Current year:</b>				
Opening balance at 1 January 2020	106,921	86,758	(11,558)	31,721
<b>Changes in equity:</b>				
Total comprehensive income for the year	19,024	–	–	19,024
Share buyback (Note 22)	(1,529)	–	(1,529)	–
Issue of treasury shares (Note 22)	2,190	–	2,190	–
Dividends paid (Note 12)	(22,222)	–	–	(22,222)
<b>Closing balance at 31 December 2020</b>	<b>104,384</b>	<b>86,758</b>	<b>(10,897)</b>	<b>28,523</b>
<b>Previous year:</b>				
Opening balance at 1 January 2019	78,517	86,758	(11,558)	3,317
<b>Changes in equity:</b>				
Total comprehensive income for the year	34,846	–	–	34,846
Dividends paid (Note 12)	(6,442)	–	–	(6,442)
<b>Closing balance at 31 December 2019</b>	<b>106,921</b>	<b>86,758</b>	<b>(11,558)</b>	<b>31,721</b>

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



# CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2020

	<u>Group</u>	
	<u>2020</u>	<u>2019</u>
	\$'000	\$'000
<b><u>Cash flows from operating activities</u></b>		
Profit before tax	22,371	20,122
Adjustments for:		
Interest income	(278)	(32)
Interest expense	4,058	4,407
Depreciation of plant and equipment and amortisation expenses	3,458	3,281
Depreciation of right-of-use assets	8,067	11,452
Gain on disposal of plant and equipment, net	43	(9)
Gain on disposal of associates	–	(11,612)
Impairment of plant and equipment	6	6
Foreign exchange adjustment differences	7	(48)
Provisions	253	(41)
Plant and equipment written off	108	307
Share of profit from equity – accounted associates	(159)	(4,163)
Operating cash flows before changes in working capital	<u>37,934</u>	<u>23,670</u>
Inventories	(9,057)	(90)
Trade and other receivables	(1,920)	608
Other non-financial assets	92	(55)
Trade and other payables	<u>(2,136)</u>	<u>4,549</u>
Net cash flows from operations	24,913	28,682
Income taxes paid	<u>(1,162)</u>	<u>(728)</u>
Net cash flows from operating activities	<u>23,751</u>	<u>27,954</u>
<b><u>Cash flows from (used in) investing activities</u></b>		
Purchase of property, plant and equipment	(6,390)	(6,852)
Disposal of plant and equipment	268	372
Purchase of intangible assets	(873)	(425)
Trade and other receivables	608	496
Other non-financial assets	928	(2,539)
Other receivables, non-current	(967)	(89)
Proceeds from partial disposal of associate, net of tax and redemption of preference shares (Notes 19 and 28)	47,515	–
Increase in investment in associate	(496)	–
Acquisition of subsidiary (Note 29)	(400)	(2,500)
Dividends received from associate (Notes 15 and 19)	1,282	2,222
Interest received	278	32
Net cash flows from (used in) investing activities	<u>41,753</u>	<u>(9,283)</u>

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2020

	Group	
	2020	2019
	\$'000	\$'000
<b><u>Cash flows used in financing activities</u></b>		
Dividends paid to equity owners (Note 12)	(22,222)	(6,442)
Share buyback (Note 22)	(1,529)	–
Dividend paid to non-controlling interest	–	(74)
Lease liabilities – principal portion paid	(6,985)	(10,781)
Lease liabilities – interest paid	(1,837)	(1,561)
Proceed from term loans	–	5,320
Bill payables	193	191
Finance lease repayments	(10)	(4)
Repayment of bank loans	(9,374)	(145)
Interest paid	(2,221)	(2,846)
Net cash flows used in financing activities	<u>(43,985)</u>	<u>(16,342)</u>
<b>Net increase in cash and cash equivalents in continuing operations</b>	21,519	2,329
Cash and cash equivalents, statement of cash flows, beginning balance of the year	<u>27,253</u>	<u>24,924</u>
<b>Cash and cash equivalents, statement of cash flows, ending balance of the year (Note 21)</b>	<u><u>48,772</u></u>	<u><u>27,253</u></u>

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

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 1. General

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

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

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

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

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

### The Covid-19 pandemic

Management has reviewed the estimated potential impact and plausible downside scenarios, along with its responses as a result of the Covid-19 pandemic. No material uncertainties were identified in connection with the reporting entity’s ability to continue in operational existence for the foreseeable 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, Chapter 50 and with the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB).

### Accounting convention

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

### Basis of preparation of the financial statements

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

### Basis of presentation

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

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 1. General (cont'd)

### Basis of presentation (cont'd)

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

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

## 2. Significant accounting policies and other explanatory information

### 2A. Significant accounting policies

#### Revenue recognition

The financial reporting standard on revenue from contracts with customers establishes a five-step model to account for revenue arising from contracts with customers. Revenue is recognised at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer (which excludes estimates of variable consideration that are subject to constraints, such as right of return exists and modifications), 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.

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

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

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis.

#### Other income

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

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

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

### 2A. Significant accounting policies (cont'd)

#### Government grants

Government grants are recognised at fair value when there is reasonable assurance that the conditions attaching to them will be complied with and that the grants will be received. Grants in recognition of specific expenses are recognised in profit or loss on a systematic basis over the periods necessary to match them with the related costs that they are intended to compensate. The grant related to assets is presented in the statement of financial position by recognising the grant as deferred income that is recognised in profit or loss on a systematic basis over the useful life of the asset and in the proportions in which depreciation expense on those assets is recognised.

#### Employee benefits

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

#### Share-based compensation

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

#### Borrowing costs

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

#### Foreign currency transactions

The functional currency is the Singapore 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.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

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

### 2A. Significant accounting policies (cont'd)

#### Translation of financial statements of other entities

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

#### Income tax

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

#### Property, plant and equipment

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

Leasehold improvements	–	10% 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%

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

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

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

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

### 2A. Significant accounting policies (cont'd)

#### Property, plant and equipment (cont'd)

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

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

#### Right-of-use assets

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

#### Leases as lessee

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

#### Leases of lessor

For a lessor each of 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. Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. 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.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

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

### 2A. Significant accounting policies (cont'd)

#### Intangible assets

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

Customer lists	–	2 to 10 years
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Development costs are typically internally generated intangible assets. Costs incurred in relation to individual projects are capitalised only when the future economic benefit of the project is probable and the following main conditions are met: (i) the development costs can be measured reliably, (ii) the technical feasibility of the product has been ascertained and (iii) therefore it is the intention of management to complete the intangible asset and use or sell it.

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

#### Subsidiaries

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

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

#### Associates

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



# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

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

### 2A. Significant accounting policies (cont'd)

#### Associates (cont'd)

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

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

#### Business combinations

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

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

### 2A. Significant accounting policies (cont'd)

#### Non-controlling interests

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

#### Goodwill

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

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

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

#### Carrying amounts of non-financial assets

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

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

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

### 2A. Significant accounting policies (cont'd)

#### Inventories

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

#### 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.

Classification and measurement of financial assets:

- #1. Financial asset classified as measured at amortised cost: A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss ("FVTPL"), that is (a) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Typically trade and other receivables, bank and cash balances are classified in this category.
- #2. Financial asset that is a debt asset instrument classified as measured at fair value through other comprehensive income ("FVTOCI"): There were no financial assets classified in this category at reporting year end date.
- #3. Financial asset that is an equity investment measured at FVTOCI: There were no financial assets classified in this category at reporting year end date.
- #4. Financial asset classified as measured at FVTPL: Certain other receivables 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.

Classification and measurement of financial liabilities:

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.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

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

### 2A. Significant accounting policies (cont'd)

#### Cash and cash equivalents

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

#### Fair value measurement

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

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

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

### 2B. Other explanatory information

#### Segment reporting

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

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

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

### 2B. Other explanatory information (cont'd)

#### Provisions

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

#### Treasury shares

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

### 2C. Critical judgements, assumptions and estimation uncertainties

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

Assessment of impairment of goodwill:

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

Measurement of impairment of subsidiaries:

Where an investee is in net equity deficit and or has suffered losses or the carrying value of the subsidiary is higher than the Company's share of net assets or liabilities of the subsidiary, a test is made whether the investment in the investee and/or receivables from 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 asset or liability affected. The carrying amount of the specific asset or liability (or class of assets or liabilities) at the end of the reporting year affected by the assumption is \$53,444,000.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

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

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

Measurement of impairment of associates:

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

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

Management has assessed that although the Group now owns only 9.19% of the voting power of Aidite Qinhuangdao, the investee is regarded as an associate because under the shareholders agreement, the Group is guaranteed one seat on the board of the investee and the Group is able to participate in all significant financial and operating decisions of the investee. Therefore the Group is able to exercise significant influence over Aidite Qinhuangdao by virtue of the shareholders agreement. Consequently, the Group has continued to account for Aidite Qinhuangdao as an associate. An assessment is disclosed in the Note 15 on investment in associates and will be made annually whether the Group has significant influence over the investment in associates.

Allowance on inventories:

The allowance for impairment of inventories assessment 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 amount of inventories at the end of the reporting year is disclosed in the Note 18 on inventories.

Income tax amounts:

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

Expected credit loss allowance on trade and other receivables:

The allowance for expected credit losses (ECL) assessment requires a degree of estimation and judgement. It is based on the lifetime ECL for trade and other receivables. 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 (including the impact of the Covid-19 pandemic). The carrying amounts might change materially within the next reporting year but these changes may not arise from assumptions or other sources of estimation uncertainty at the end of the reporting year. The carrying amount is disclosed in the Note 19 on trade and other receivables.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

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

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

Sign-on bonuses:

The Group and the Company have entered into service agreements with certain of its dentists. Certain of these service agreements include sign-on bonuses that are paid to the dentists concerned. The carrying value of the deferred sign-on bonuses of the Group and the Company are \$5,979,000 and \$2,372,000 respectively at the end of the reporting year. An assessment is made at each reporting date whether there is any indication that the asset may be impaired. If any such indication exists, an estimate is made of the recoverable amount of the asset. The recoverable amounts are determined for each relevant dentist based on calculations of future profitability generated by the dentist concerned. These calculations require the use of estimates. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require an adjustment to the carrying amount of the balances affected.

Estimation of useful lives of property, plant and equipment:

The estimates for the useful lives and related depreciation charges for property, plant and equipment is based on commercial and other factors which could change significantly as a result of innovations and in response to market conditions. The depreciation charge is increased where useful lives are less than previously estimated lives, or the carrying amounts written off or written down for technically obsolete items or assets that have been abandoned. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the balances affected. The carrying amount of the specific asset (or class of assets) of the Group at the end of the reporting year affected by the assumption are \$28,884,000.

In addition, included in property, plant and equipment of the Group are furniture and fittings and leasehold improvements with a carrying amount of \$6,661,000 as at end of the reporting year. Management has depreciated the furniture and fittings on a straight-line basis over their estimated useful lives of 10 years. The terms of the leases for the Group's premises may however be less than 10 years. Management has assumed the Group will be able to renew the terms of its leases on their expiry and hence the estimated useful lives for furniture and fittings of 10 years is appropriate. In the event the Group is not able to renew the terms of its various leases and the Group vacates the relevant premises, the carrying value of furniture and fittings related to the vacated premises would have to be fully impaired.

Assessment of carrying amounts of right-of-use assets:

Significant judgement is applied by management when determining impairment allowance of the right-of-use assets. Impairment allowance is assessed for separable parts of leased assets that have been or will be vacated in the near future. The impairment allowance is sensitive to changes in estimated future expected sublease income and sublease period. Judgement is also involved when determining whether sublease contracts are financial or operating leases, as well as when determining lease terms for contracts that have extension or termination options. The carrying amount at the end of the reporting year is disclosed in the Note 26 on right-of-use asset.

Assessment of exercise of the lease extension or renewal option:

The lease liabilities are initially measured by discounting the lease payments over the lease terms. For leases with extension or renewal options, management applied judgement in determining whether such extension or renewal options should be reflected in measuring the lease liabilities. This requires the consideration of whether the facts and circumstances created an economic incentive for the exercise of the lease extension or renewal option. The amount of the lease liabilities at the end of the reporting year is disclosed in Note 26 on lease liabilities and right-of-use assets.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 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>2020</u>	<u>2019</u>
	<u>\$'000</u>	<u>\$'000</u>
Rental paid / payable	89	56
	<u>          </u>	<u>          </u>
<u>Group</u>	<u>Other related parties</u>	
	<u>2020</u>	<u>2019</u>
	<u>\$'000</u>	<u>\$'000</u>
Rental paid / payable <sup>(a)</sup>	255	90
	<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 2020

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

### 3C. Key management compensation:

	Group	
	2020	2019
	\$'000	\$'000
Salaries and other short-term employee benefits	<u>2,004</u>	<u>2,534</u>

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

	Group	
	2020	2019
	\$'000	\$'000
Remuneration of directors of the Company	1,138	1,712
Fees to directors of the Company	<u>192</u>	<u>192</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.

## 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.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

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

### 4A. Information about reportable segment profit or loss, assets and liabilities (cont'd)

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	
	2020	2019
	\$'000	\$'000
<b>Segment revenue</b>		
Primary healthcare	126,378	119,156
Dental equipment and supplies distribution	9,018	8,807
Medical laboratory	2,224	–
Total	<u>137,620</u>	<u>127,963</u>

	Group	
	2020	2019
	\$'000	\$'000
<b>Segment results</b>		
Primary healthcare	21,055	7,026
Dental equipment and supplies distribution	982	(644)
Medical laboratory	1	–
Gain on disposal of associate	–	11,612
Impairment on assets – reversal (loss)	174	(2,035)
Share of profit from equity – accounted associates	159	4,163
Profit before tax from continuing operations	<u>22,371</u>	<u>20,122</u>
Income tax expense	(2,533)	(1,941)
Profit from continuing operations, net of tax	<u>19,838</u>	<u>18,181</u>

### 4C. Assets and reconciliation

	Group	
	2020	2019
	\$'000	\$'000
<b>Segment assets</b>		
Primary healthcare	204,774	257,312
Dental equipment and supplies distribution	16,461	6,436
Medical laboratory	8,802	–
Unallocated – investment in associates	43,743	42,026
Total	<u>273,780</u>	<u>305,774</u>

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

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

### 4D. Liabilities and reconciliation

	Group	
	2020	2019
	\$'000	\$'000
<b>Segment liabilities</b>		
Primary healthcare	146,210	180,525
Dental equipment and supplies distribution	1,624	2,119
Medical laboratory	2,021	–
Total	<u>149,855</u>	<u>182,644</u>

### 4E. Other material items and reconciliations

	Group	
	2020	2019
	\$'000	\$'000
<b>Impairment of assets – reversal (loss)</b>		
Primary healthcare	174	(1,801)
Dental equipment and supplies distribution	–	(234)
Total	<u>174</u>	<u>(2,035)</u>

#### **Expenditure for non-current assets**

Primary healthcare	4,478	9,689
Dental equipment and supplies distribution	110	144
Medical laboratory	4,145	–
Total	<u>8,733</u>	<u>9,833</u>

#### **Depreciation of property, plant and equipment and amortisation**

Primary healthcare	3,262	3,234
Dental equipment and supplies distribution	56	47
Medical laboratory	140	–
Total	<u>3,458</u>	<u>3,281</u>

#### **Depreciation of right-of-use assets**

Primary healthcare	7,995	11,375
Dental equipment and supplies distribution	26	77
Medical laboratory	46	–
Total	<u>8,067</u>	<u>11,452</u>

#### **Finance costs**

Primary healthcare	4,042	4,405
Dental equipment and supplies distribution	1	2
Medical laboratory	15	–
Total	<u>4,058</u>	<u>4,407</u>

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

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

### 4F. Geographical information

	Group	
	<u>2020</u>	<u>2019</u>
	\$'000	\$'000
<b>Revenue</b>		
Singapore	126,597	116,591
Malaysia	9,751	9,801
China	1,272	1,571
Total	<u>137,620</u>	<u>127,963</u>
	<u>2020</u>	<u>2019</u>
	\$'000	\$'000
<b>Non-current assets</b>		
Singapore	137,096	131,635
Malaysia	4,227	4,510
China	46,177	44,615
Total	<u>187,500</u>	<u>180,760</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

	Group	
	<u>2020</u>	<u>2019</u>
	\$'000	\$'000
Top 1 customer in medical laboratory	330	–
Top 2 customers in medical laboratory	<u>613</u>	<u>–</u>

There is no single customer that contributed more than 10% of primary healthcare, dental equipment and supplies distribution segments.

## 5. Revenue

	Group	
	<u>2020</u>	<u>2019</u>
	\$'000	\$'000
Rendering of services	123,396	115,975
Sale of goods	10,987	8,750
Profit guarantee income	2,169	2,278
Rental income (Note 30)	471	674
Other income	597	286
Total revenue	<u>137,620</u>	<u>127,963</u>

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 5. Revenue (cont'd)

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 biomedical companies (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.

## 6. Employee benefits expense

	<u>Group</u>	
	<u>2020</u>	<u>2019</u>
	\$'000	\$'000
Short term employee benefits expense	72,399	73,980
Contributions to defined contribution plan	2,896	2,744
Share-based payments: equity settled (Note 24)	255	40
Other benefits	365	378
Total employee benefits expense	<u>75,915</u>	<u>77,142</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.

The government grants from Job Support Scheme of \$3,269,000 was netted off with employee benefits expense. The purpose of the Job Support Scheme is to provide wage support to employers to help them retain their local employees during this period of economic uncertainty amid Covid-19 for 17 months from April 2020 to August 2021.

## 7. Finance costs

	<u>Group</u>	
	<u>2020</u>	<u>2019</u>
	\$'000	\$'000
Interest expense	2,221	2,846
Interest on lease liabilities (Note 26)	1,837	1,561
Total finance costs	<u>4,058</u>	<u>4,407</u>

## 8. Other expenses

The major components and other selected components include the following:

	<u>Group</u>	
	<u>2020</u>	<u>2019</u>
	\$'000	\$'000
Legal and professional fees	848	1,994
NETS and credit card transaction charges	1,592	1,481
Repair and maintenance	1,010	984
Utilities	613	611

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 9. Other gains and (other losses)

	<u>Group</u>	
	<u>2020</u>	<u>2019</u>
	\$'000	\$'000
Bad debts written off on other receivables	–	(180)
Bad debts written off on trade receivables	–	(160)
Enhanced special employment credit	–	64
Foreign exchange adjustment gains (losses)	230	(27)
Gain on disposal of associate	–	11,612
(Loss) Gain on disposal of plant and equipment, net	(43)	9
Impairment allowance on other receivables – reversal (loss) (Note 19)	180	(1,505)
Impairment allowance on trade receivables – loss (Note 19)	–	(79)
Impairment allowance on plant and equipment (Note 13)	(6)	(6)
Impairment allowance on inventories (Note 18)	–	(105)
Plant and equipment written off	(108)	(307)
Productivity and innovation credits	–	(299)
Net	<u>253</u>	<u>9,017</u>
Presented in profit or loss as:		
Other gains	410	11,685
Other losses	(157)	(2,668)
Net	<u>253</u>	<u>9,017</u>

## 10. Income tax expense

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

	<u>Group</u>	
	<u>2020</u>	<u>2019</u>
	\$'000	\$'000
<u>Current tax expense:</u>		
Current tax expense	2,510	989
Under adjustments in respect of prior periods	234	653
Subtotal	<u>2,744</u>	<u>1,642</u>
<u>Deferred tax (income) expense:</u>		
Deferred tax (income) expense	12	299
Over adjustments in respect of prior periods	(223)	–
Subtotal	<u>(211)</u>	<u>299</u>
Total income tax expense	<u>2,533</u>	<u>1,941</u>

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

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 10. Income tax expense (cont'd)

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

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% (2019: 17.0%) to profit or loss before income tax as a result of the following differences:

	<u>Group</u>	
	<u>2020</u>	<u>2019</u>
	\$'000	\$'000
Profit before tax	22,371	20,122
Share of profit from equity-accounted associates	(159)	(4,163)
	<u>22,212</u>	<u>15,959</u>
Income tax expense at the above rate	3,776	2,713
Effect of different tax rates in different countries	12	(29)
Expenses not deductible for tax purposes	164	615
Income not subject to tax	(556)	(1,974)
Stepped income exemptions and tax rebates	(691)	(711)
Under adjustments to tax in respect of prior periods	11	653
Deferred tax assets not recognised	–	497
Other minor items less than 3% each	(183)	177
Total income tax expense	<u>2,533</u>	<u>1,941</u>

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

The major not liable to tax items include the following:

	<u>Group</u>	
	<u>2020</u>	<u>2019</u>
	\$'000	\$'000
Gain on disposal of associate	–	(1,974)
Government grant from Job Support Scheme	(556)	–

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

	<u>Group</u>	
	<u>2020</u>	<u>2019</u>
	\$'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	(78)	388
Tax loss carry forwards	–	58
Deferred tax relating to depreciation expense on right-of-use assets and interest on lease liabilities	(133)	(147)
Total deferred tax (income) expense recognised in profit or loss	<u>(211)</u>	<u>299</u>

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 10. Income tax expense (cont'd)

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

	Group	
	2020	2019
	\$'000	\$'000
<u>Deferred tax liabilities recognised in profit or loss:</u>		
Excess of net book value of plant and equipment over tax values	(1,440)	(1,518)
Deferred tax relating to depreciation expense on right-of-use assets and interest on lease liabilities	280	147
Total	<u>(1,160)</u>	<u>(1,371)</u>
Presented in the statement of financial position as follows:		
Deferred tax liabilities	<u>(1,160)</u>	<u>(1,371)</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	
	2020	2019
	\$'000	\$'000
Numerators: earnings attributable to equity		
Continuing operations: attributable to equity holders	<u>19,701</u>	<u>17,984</u>
	'000	'000
Denominators: weighted average number of equity shares		
Basic and diluted	<u>786,987</u>	<u>785,622</u>

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

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

There is no diluted effect on the earnings per share for the reporting year 2020 and 2019.



# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 12. Dividends on equity shares

	Group	
	2020 \$'000	2019 \$'000
Interim tax exempt dividend paid of 2.82 cents (2019: 0.40 cents) per share	22,222	3,142
First and final tax exempt dividend paid of Nil (2019: 0.42 cents) per share	–	3,300
	<u>22,222</u>	<u>6,442</u>

In respect of the current year, the directors propose that a final dividend of 0.5 cents per share and 2<sup>nd</sup> interim special dividend of 2.5 cents per share with a total of \$23,619,000 be paid to shareholders after the annual general meeting. There are no income tax consequences. This dividend is subject to approval by shareholders at the next annual general meeting and has not been included as a liability in these financial statements. The proposed final and special dividends are payable in respect of all ordinary shares in issue at the end of the reporting year and including the new qualifying shares issued up to the date the dividends becomes payable.

## 13. Property, plant and equipment

Group	Leasehold improve- ments \$'000	Furniture and fittings and equipment \$'000	Leasehold properties \$'000	Motor vehicle \$'000	Total \$'000
<u>Cost:</u>					
At 1 January 2019	7,287	28,842	6,784	254	43,167
Additions	1,073	2,723	3,056	56	6,908
Arising from acquisition of subsidiaries (Note 29)	–	–	2,500	–	2,500
Disposals / written off	(421)	(2,274)	–	(65)	(2,760)
Foreign currency translation adjustment	(8)	(7)	–	(1)	(16)
At 31 December 2019	<u>7,931</u>	<u>29,284</u>	<u>12,340</u>	<u>244</u>	<u>49,799</u>
Additions	1,854	4,536	–	–	6,390
Disposals / written off	(74)	(1,387)	–	–	(1,461)
Foreign currency translation adjustment	12	1	–	2	15
At 31 December 2020	<u>9,723</u>	<u>32,434</u>	<u>12,340</u>	<u>246</u>	<u>54,743</u>

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

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

<u>Group</u>	<u>Leasehold improve- ments</u> \$'000	<u>Furniture and fittings and equipment</u> \$'000	<u>Leasehold properties</u> \$'000	<u>Motor vehicle</u> \$'000	<u>Total</u> \$'000
<u>Accumulated depreciation and impairment losses:</u>					
At 1 January 2019	3,041	19,165	409	135	22,750
Depreciation for the year	389	2,488	134	14	3,025
Disposals / written off	(318)	(1,714)	–	(58)	(2,090)
Impairment for the year	6	–	–	–	6
Foreign currency translation adjustment	(2)	(6)	–	(1)	(9)
At 31 December 2019	3,116	19,933	543	90	23,682
Depreciation for the year	543	2,494	165	2	3,204
Disposals / written off	(110)	(933)	–	–	(1,043)
Impairment for the year	6	–	–	–	6
Foreign currency translation adjustment	4	5	–	1	10
At 31 December 2020	3,559	21,499	708	93	25,859
<u>Carrying value:</u>					
At 1 January 2019	4,246	9,677	6,375	119	20,417
At 31 December 2019	4,815	9,351	11,797	154	26,117
At 31 December 2020	6,164	10,935	11,632	153	28,884

The leasehold properties at a carrying value of approximately \$11,632,000 (2019: \$11,797,000) are mortgaged as security for the bank facilities (See Note 28).

<u>Company</u>	<u>Furniture and fittings and office equipment</u> \$'000
<u>Cost:</u>	
At 1 January 2019	1,231
Additions	18
At 31 December 2019	1,249
Additions	527
At 31 December 2020	1,776
<u>Accumulated depreciation:</u>	
At 1 January 2019	719
Depreciation for the year	74
At 31 December 2019	793
Depreciation for the year	53
At 31 December 2020	846
<u>Carrying value:</u>	
At 1 January 2019	512
At 31 December 2019	456
At 31 December 2020	930

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 14. Investment in subsidiaries

	<u>Company</u>	
	<u>2020</u>	<u>2019</u>
	\$'000	\$'000
<u>Cost:</u>		
At the beginning of the year	84,986	83,948
Additions	3,100	1,088
Disposals	(13,313)	(50)
At end of the year	<u>74,773</u>	<u>84,986</u>
<u>Allowance for impairment:</u>		
At the beginning of the year	(9,441)	(6,422)
Impairment loss charged to profit or loss included in other losses	(59)	(3,019)
At end of the year	<u>(9,500)</u>	<u>(9,441)</u>
<u>Carrying value:</u>		
At beginning of the year	<u>75,545</u>	<u>77,526</u>
At end of the year	<u>65,273</u>	<u>75,545</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 deficit.

The following subsidiaries are wholly owned by the Group:

<u>Name of subsidiaries</u>	<u>Cost in books of Group</u>	
	<u>2020</u>	<u>2019</u>
	\$'000	\$'000
<b>Held by Company</b>		
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. <sup>(b)</sup>	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

# NOTES TO THE FINANCIAL STATEMENTS

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## 14. Investment in subsidiaries (cont'd)

Name of subsidiaries	Cost in books of Group	
	2020 \$'000	2019 \$'000
<b>Held by Company</b>		
Q & M Dental Surgery (Jurong East Central) Pte. Ltd.	100	100
Q & M Dental Surgery (Jelapang) Pte. Ltd.	100	100
Q & M Dental Surgery (Kallang MRT) Pte. Ltd.	100	100
Q & M Dental Surgery (Khatib) Pte. Ltd.	100	100
Q & M Dental Surgery (Marsiling) Pte. Ltd.	65	65
Q & M Dental Surgery (Old Airport Rd) Pte. Ltd.	100	100
Q & M Dental Surgery (Pasir Ris) Pte. Ltd.	100	100
Q & M Dental Surgery (Redhill MRT) Pte. Ltd.	92	92
Q & M Dental Surgery (Serangoon) Pte. Ltd.	100	100
Q & M Dental Surgery (Serangoon Central) Pte. Ltd.	100	100
Q & M Dental Surgery (Sembawang) Pte. Ltd.	100	100
Q & M Dental Surgery (Sembawang MRT) Pte. Ltd.	100	100
Q & M Dental Surgery (Serangoon North) Pte. Ltd.	100	100
Q & M Dental Surgery (Sims Place) Pte. Ltd. <sup>(b)</sup>	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. <sup>(d)</sup>	124	124
Q & M Management & Consultancy Pte. Ltd. <sup>(b)</sup>	52	52
Killiney Dental Centre Pte. Ltd.	100	100
Q & M Dental Group (China) Pte. Ltd. <sup>(c)</sup>	299	299
Q & M Dental Centre Pte. Ltd.	588	588
Q & M Dental Institute Pte. Ltd. <sup>(b)</sup>	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") <sup>(c)</sup>	4,529 <sup>(p)</sup>	17,842 <sup>(p)</sup>
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.	— <sup>(a)</sup>	— <sup>(a)</sup>
Jurong Point Dental Centre Pte. Ltd.	100	100
British Dental Surgery Pte. Ltd.	760	760
Q & M Dental Holdings (Shenzhen) Pte. Ltd. <sup>(c)(o)</sup>	— <sup>(a)</sup>	— <sup>(a)</sup>
Q & M Dental Holdings (Malaysia) Pte. Ltd. <sup>(c)(o)</sup>	— <sup>(a)</sup>	— <sup>(a)</sup>
EM2AI Pte. Ltd. <sup>(i)</sup>	100	100
Q & M College of Dentistry Pte. Ltd. <sup>(g)</sup>	100	100
TP Dental Surgeons Pte. Ltd.	28,600	28,600
Lee & Lee (Dental Surgeons) Pte. Ltd. <sup>(o)</sup>	10,000	10,000
Q & M Dental Group (Malaysia) Sdn. Bhd. <sup>(c)(k)(o)</sup>	5,152	5,152
Shenyang Q & M Management Consulting Co. Ltd. <sup>(c)(l)(o)</sup>	411	411
New Dental Centre Pte. Ltd. <sup>(b)(o)</sup>	— <sup>(a)</sup>	— <sup>(a)</sup>
Q & M Medical Group (Singapore) Pte. Ltd. <sup>(c)(o)</sup>	200	200

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 14. Investment in subsidiaries (cont'd)

Name of subsidiaries	Cost in books of Group	
	2020 \$'000	2019 \$'000
<b>Held by Company</b>		
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.	— <sup>(a)</sup>	— <sup>(a)</sup>
Q & M Dental Centre (River Valley) Pte. Ltd.	100	100
Q & M Dental Surgery (Canberra MRT) Pte. Ltd.	100	— <sup>(a)</sup>
Acumen Diagnostics Pte. Ltd. (Incorporated on 9 April 2020) <sup>(j)(o)</sup>	3,000	—
<b>Held through subsidiaries</b>		
Dentmedix Pte. Ltd. <sup>(e)(o)</sup>	164	164
Quantumleap Healthcare Pte. Ltd. <sup>(e)</sup>	150	150
Q & M Dental Holdings (Malaysia) Sdn. Bhd. <sup>(c)(k)(m)</sup>	330	330
Q & M Dental Surgery (Bandar Puteri Puchong) Sdn. Bhd. <sup>(k)(m)</sup>	30	30
Q & M Dental Surgery (Selatan) Sdn. Bhd. <sup>(k)(m)</sup>	— <sup>(a)</sup>	— <sup>(a)</sup>
Q & M Dental Surgery (KL) Sdn. Bhd. <sup>(k)(m)</sup>	— <sup>(a)</sup>	— <sup>(a)</sup>
Q & M Dental Surgery (Southern) Sdn. Bhd. <sup>(k)(m)</sup>	— <sup>(a)</sup>	— <sup>(a)</sup>
Q & M Dental Surgery (Molek) Sdn. Bhd. <sup>(k)(m)(r)</sup>	443	—
Q & M Dental Surgery (Austin) Sdn. Bhd. <sup>(k)(m)(r)</sup>	29	—
EM2AI Sdn. Bhd. (Formerly known as Q & M AI Sdn. Bhd.) <sup>(i)(m)(a)</sup>	— <sup>(a)</sup>	— <sup>(a)</sup>
Q & M Medical & Aesthetic Clinic (Tampines Central) Pte. Ltd. <sup>(f)(o)</sup>	50	50
Q & M Medical & Aesthetic Clinic (Serangoon Garden) Pte. Ltd. <sup>(b)(o)</sup>	50	50
Q & M Medical & Aesthetic Clinic (Farrer Park) Pte. Ltd. <sup>(f)(o)</sup>	80	80
Q & M Medical Clinic (Raffles Place) Pte. Ltd. <sup>(b)(o)</sup>	50	50
The Digestive & Liver Specialist Centre Pte. Ltd. <sup>(b)(o)</sup>	100	100
The Lung Specialist Centre Pte. Ltd. <sup>(b)(o)</sup>	100	100
Q & M Medical Clinic (Serangoon Central) Pte. Ltd. <sup>(f)(o)</sup>	50	50
Q & M Medical Clinic (Bukit Batok) Pte. Ltd. <sup>(f)(o)</sup>	50	50
Singapore Dental Cadcam Laboratory Pte. Ltd. <sup>(h)</sup>	— <sup>(a)</sup>	— <sup>(a)</sup>
Q & M Medical Clinic (Buangkok Mrt) Pte. Ltd. <sup>(f)(o)</sup>	100	100

- (a) Cost of investment less than \$1,000.
- (b) These subsidiaries are dormant.
- (c) These subsidiaries are investment holding companies.
- (d) The principal activities of the subsidiary are investment holding and provision of services related to the dental laboratory business.
- (e) The subsidiaries are principally engaged in trading of dental surgery materials and equipment.
- (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) The subsidiary is principally engaged in sale and distribution of Covid-19 test kits and provision of laboratory testing.
- (k) Audited by other independent auditors, GEP Associates, a firm of accountants other than member firms of RSM International of which RSM Chio Lim LLP in Singapore is a member.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 14. Investment in subsidiaries (cont'd)

- (l) Audited by other independent auditors, Liaoning Zhong Cheng CPAs, a firm of accountants other than member firms of RSM International of which RSM Chio Lim LLP in Singapore is a member.
- (m) Incorporated in Malaysia.
- (n) Incorporated in People's Republic of China.
- (o) Not audited for the purpose of the consolidated financial statements, as immaterial.
- (p) Redeemable preference shares.
- (q) Audited by other independent auditors, YYC & Co. PLT, a firm of accountants other than member firms of RSM International of which RSM Chio Lim LLP in Singapore is a member.
- (r) During the financial year, the Group's effective interest increased from 70% to 100%. The increase in interests in the subsidiaries without a change in control has been accounted as a movement in equity.

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	
	2020	2019	2020	2019
	\$'000	\$'000	%	%
<b>Held by Company</b>				
Shanghai Chuangyi Investment and Management Co., Ltd. <sup>(cc)(ff)(gg)</sup>	2,601	2,601	80	80
<b>Held through subsidiaries</b>				
Q & M Dental Surgery (Molek) Sdn. Bhd. <sup>(dd)(ee)</sup>	–	443	–	70
Q & M Dental Surgery (Austin) Sdn. Bhd. <sup>(dd)(ee)</sup>	–	29	–	70
D & D Dental Sdn. Bhd. <sup>(dd)(ee)</sup>	339	339	70	70
Q & M Dental Surgery (Kota Damansara) Sdn. Bhd. <sup>(dd)(ee)</sup>	33	33	80	80
NG GK Dental Surgery (Melaka) Sdn. Bhd. <sup>(dd)(ee)</sup>	190	190	70	70
Q & M Dental Surgery (Taman Merdeka) Sdn. Bhd. <sup>(dd)(ee)</sup>	139	139	70	70
AR Dental Supplies Sdn. Bhd. <sup>(aa)(dd)(ee)</sup>	3,377	3,377	70	70
Shanghai Kangyi Dental Polyclinic Co., Ltd. <sup>(cc)(ff)(gg)</sup>	216	216	80	80
QA Healthcare Solutions Pte. Ltd. <sup>(bb)(gg)</sup>	100	100	51	51

- (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) Incorporated in People's Republic of China.
- (dd) Incorporated in Malaysia.
- (ee) Audited by other independent auditors, GEP Associates, a firm of accountants other than member firms of RSM International of which RSM Chio Lim LLP in Singapore is a member.
- (ff) Audited by other independent auditors, Zhong Lei Certified Public Accountants, a firm of accountants other than member firms of RSM International of which RSM Chio Lim LLP in Singapore is a member.
- (gg) Not audited for the purpose of the consolidated financial statements, as immaterial.

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

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

As is required by Rule 716 of the Listing Manual of The Singapore Exchange Securities Trading Limited the audit committee and the board of directors of the Company have satisfied themselves that the appointment of different auditors for certain of its overseas subsidiaries would not compromise the standard and effectiveness of the audit of the Group.

# NOTES TO THE FINANCIAL STATEMENTS

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## 15. Investment in associates

	<u>Group</u>		<u>Company</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	\$'000	\$'000	\$'000	\$'000
Carrying value:				
Quoted equity shares at cost				
– Aoxin Q & M Dental Group Limited (“Aoxin Q & M”)	31,288	30,877	32,964	32,468
Unquoted equity shares at cost				
– Punggol Medical & Dental Pte. Ltd. (“PMD”)	15	15	–	–
– Aidite Qinguangdao	12,440	11,134	–	–
	<u>43,743</u>	<u>42,026</u>	<u>32,964</u>	<u>32,468</u>
Movements in carrying value:				
Balance at beginning of the year	42,026	77,444	32,468	32,468
Additions	496 <sup>(b)</sup>	–	496 <sup>(b)</sup>	–
Disposals	–	(35,151) <sup>(a)</sup>	–	–
Dividends	–	(3,513)	–	–
Foreign currency translation adjustment	1,062	(917)	–	–
Share of the profit for the year	159	4,163	–	–
Balance at end of the year	<u>43,743</u>	<u>42,026</u>	<u>32,964</u>	<u>32,468</u>

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

(b) The Group and the Company acquired 3,166,100 ordinary shares of Aoxin Q & M in the open market for an aggregate consideration of \$496,000. Following the acquisition, the Company’s shareholding interest in Aoxin Q & M has increased from 162,354,038 to 165,520,138 shares of the associate.

The associates held by the Group are listed below:

<u>Name of associates</u>	<u>Percentage of equity held by the Group</u>	
	<u>2020</u>	<u>2019</u>
	%	%
<b>Held by Company</b>		
Aoxin Q & M <sup>(i)</sup>	43.38	42.55
Singapore		
Provision of private dental services and dental equipment and supplies		

# NOTES TO THE FINANCIAL STATEMENTS

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## 15. Investment in associates (cont'd)

The associates held by the Group are listed below:

<u>Name of associates</u>	<u>Percentage of equity held by the Group</u>	
	<u>2020</u>	<u>2019</u>
	%	%
<b>Held through subsidiaries</b>		
PMD <sup>(i)</sup> Singapore Provision of general medical services	50.0	50.0
Aidite Qinhuangdao <sup>(iii)(iv)</sup> People's Republic of China ("PRC") Manufacturing and trading of medical and dental instruments and supplies (RSM China CPA LLP)	9.19	9.19

(i) Listed on the Singapore Stock Exchange. The fair value of the shares held in the associate, Aoxin Q & M is \$31,449,000 (2019: \$29,548,000) as at end of reporting year.

(ii) Not considered material to the Group.

(iii) Audited by member firm of RSM International of which RSM Chio Lim LLP in Singapore is a member.

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

Save as disclosed above, all other associates are audited by RSM Chio Lim LLP.

### 2020

Aoxin Q & M:

For the investment in the associate, management performed an impairment assessment using the quoted market price of Aoxin Q & M shares as at the end of the reporting year. The closing share price on 31 December 2020 was \$0.19 per share and the market value of the shares held in Aoxin Q & M at that date was \$31,449,000.

In addition, management also engaged an independent professional valuer, BDO LLP ("BDO"), to assist the Group in evaluating the assumptions and methodologies used in applying the value in use method to determine the recoverable amount of the investment in Aoxin Q & M.

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

Management determined the recoverable amounts based on the forecasted revenue, terminal growth rates and discount rates using presently available information.



# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 15. Investment in associates (cont'd)

### 2020 (cont'd)

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

<u>Segment of Aoxin Q &amp; M</u>	<u>Revenue growth rate</u>	<u>Discount rate</u>
Primary healthcare	13.5%	11%
Laboratory services	10%	9%
Distribution services	10%	10%

Management forecasts the terminal growth rate at 3.6% per annum.

Actual outcomes could vary from these estimates. If the revised estimated revenue growth rate at the end of the reporting year had been 2 percent point less favourable than management's estimates at the end of the reporting year, there would be a need to reduce the carrying value of investment in associate by \$2,030,000. If the revised estimated discount rate applied to the discounted cash flows had been 2 percent point less favourable than management's estimates, there would be a need to reduce the carrying value of investment in associate by \$2,363,000. This is on the premise that the share price is not in an active market and may not be indicative of the fair value at Level 1.

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

Aidite Qinhuangdao:

For the unquoted equity shares in Aidite Qinhuangdao, management performed the impairment loss assessment using the latest transacted price of the disposal of the Group's interest in Aidite Qinhuangdao (see Note 33). No impairment allowance was recognised because the transacted price was higher than the carrying value.

### 2019

Aoxin Q & M:

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

Aidite Qinhuangdao:

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

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 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	
	<u>2020</u>	<u>2019</u>
	\$'000	\$'000
<u>Aoxin Q &amp; M</u>		
Revenue	27,057	27,264
Loss from continuing operations	(2,451)	(2,611)
Other comprehensive income	(98)	63
Total comprehensive loss	(2,549)	(2,548)
Current assets	15,855	12,112
– includes cash and cash equivalents	7,687	5,208
Current liabilities – trade and other payables	(6,994)	(6,855)
Non-current assets	45,825	47,514
Non-current liabilities	(9,455)	(7,525)
Net assets of the associate	<u>45,231</u>	<u>45,246</u>
Interest at 43.38% (2019: 42.55%)	19,621	19,252
Goodwill	11,546	11,546
Other adjustments	121	79
Carrying amount of the interest in the associate	<u>31,288</u>	<u>30,877</u>
	Group	
	<u>2020</u>	<u>2019</u>
	\$'000	\$'000
<u>Aidite Qinhuangdao</u>		
Revenue	76,922	59,415
Profit from continuing operations and total comprehensive income	11,879	10,946
Current assets	74,749	43,562
– includes cash and cash equivalents	19,183	6,918
Current liabilities – trade and other payables	(30,658)	(17,135)
Non-current assets	15,014	15,480
Non-current liabilities	(3,741)	(450)
Non-controlling interest	–	(38)
Net assets of the associate	<u>55,364</u>	<u>41,419</u>
Interest at 9.19% (2019: 9.19%)	5,088	3,806
Goodwill	7,360	7,360
Other adjustments	(8)	(32)
Carrying amount of the interest in the associate	<u>12,440</u>	<u>11,134</u>

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

# NOTES TO THE FINANCIAL STATEMENTS

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## 16. Intangible assets

	<u>Group</u>	
	<u>2020</u>	<u>2019</u>
	\$'000	\$'000
Goodwill (Note 16A)	53,144	51,675
Other intangible assets (Note 16B)	2,441	1,822
	<u>55,585</u>	<u>53,497</u>

### 16A. Goodwill

	<u>Group</u>	
	<u>2020</u>	<u>2019</u>
	\$'000	\$'000
<u>Cost:</u>		
Balance at beginning of the year	57,415	57,420
Arising from acquisition of business (Note 29)	1,470	–
Effect of movement in exchange rate	(9)	(5)
Balance at end of the year	<u>58,876</u>	<u>57,415</u>
<u>Accumulated impairment loss allowance:</u>		
Balance at beginning of the year	(5,740)	(5,742)
Effect of movement in exchange rate	8	2
Balance at end of the year	<u>(5,732)</u>	<u>(5,740)</u>
<u>Carrying value:</u>		
Beginning of the year	<u>51,675</u>	<u>51,678</u>
End of the year	<u>53,144</u>	<u>51,675</u>

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

	<u>Group</u>	
<u>Name of the subsidiaries</u>	<u>2020</u>	<u>2019</u>
	\$'000	\$'000
<b>Primary healthcare:</b>		
Q & M Dental Surgery (Molek) Sdn. Bhd.	269 <sup>(a)</sup>	269 <sup>(a)</sup>
Dentigiene Dental Surgery Pte. Ltd.	490 <sup>(a)</sup>	490 <sup>(a)</sup>
D & D Dental Sdn. Bhd.	124 <sup>(a)</sup>	124 <sup>(a)</sup>
Shanghai Chuangyi Investment and Management Co., Ltd.	1,655 <sup>(a)</sup>	1,655 <sup>(a)</sup>
Q & M Medical & Aesthetic Clinic (Farrer Park) Pte. Ltd.	10 <sup>(a)</sup>	10 <sup>(a)</sup>
NG GK Dental Surgery (Melaka) Sdn. Bhd.	142 <sup>(a)</sup>	142 <sup>(a)</sup>
Foo & Associates Pte. Ltd.	5,411	5,411
TP Dental Surgeons Pte. Ltd.	27,545	27,545
Tiong Bahru Dental Surgery Pte. Ltd. and Bright Smile Dental Surgery Pte. Ltd.	3,386	3,386
Aesthetics Dental Surgery Pte. Ltd.	3,857	3,857
Lee & Lee (Dental Surgeons) Pte. Ltd.	8,641	8,641
Ho Dental Surgery (Marine Parade) Pte. Ltd.	1,660	1,660
Jurong Point Dental Centre Pte. Ltd.	1,280	1,280
British Dental Surgery Pte. Ltd.	362 <sup>(a)</sup>	362 <sup>(a)</sup>
QA Healthcare Solutions Pte. Ltd.	49 <sup>(a)</sup>	49 <sup>(a)</sup>
Q & M Dental Surgery (Bandar Puteri Puchong) Sdn. Bhd.	77 <sup>(a)</sup>	77 <sup>(a)</sup>

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 16. Intangible assets (cont'd)

### 16A. Goodwill (cont'd)

Name of the subsidiaries	Group	
	2020 \$'000	2019 \$'000
<b>Primary healthcare:</b>		
Q & M Dental Surgery (Khatib) Pte. Ltd.	350 <sup>(a)</sup>	350
Q & M Dental Surgery Selatan Sdn. Bhd.	136 <sup>(a)</sup>	136 <sup>(a)</sup>
Subtotal	55,444	55,444
<b>Dental equipment and supplies distribution:</b>		
AR Dental Supplies Sdn. Bhd.	1,962 <sup>(a)</sup>	1,971 <sup>(a)</sup>
Subtotal	1,962	1,971
<b>Medical laboratory:</b>		
Acumen Diagnostics Pte. Ltd.	1,470 <sup>(a)</sup>	–
Subtotal	1,470	–
	58,876	57,415

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

The goodwill was tested for impairment at the end of the reporting year. An impairment loss is the amount by which the carrying amount of an asset or a 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 key assumptions for the value in use calculations are as follows. The value in use is a recurring fair value measurement (level 3). The quantitative information about the value in use measurement using significant unobservable inputs for the CGUs are consistent with those used for the measurement last performed, and is analysed as follows.

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

2020	Revenue growth rate	Discount rate
	%	%
<u>Name of the subsidiaries</u>		
<b>Primary healthcare:</b>		
Foo & Associates Pte. Ltd.	\$276,000 in 2021 and 4% for subsequent years	10
TP Dental Surgeons Pte. Ltd.	5	10
Tiong Bahru Dental Surgery Pte. Ltd. and Bright Smile Dental Surgery Pte. Ltd.	\$280,000 in 2021 and 5% for subsequent years	10
Aesthetics Dental Surgery Pte. Ltd.	5	10
Lee & Lee (Dental Surgeons) Pte. Ltd.	\$285,000 in 2021 and 5% for subsequent years	10
Ho Dental Surgery (Marine Parade) Pte. Ltd.	3	10
Jurong Point Dental Centre Pte. Ltd.	5	10

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

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 16. Intangible assets (cont'd)

### 16A. Goodwill (cont'd)

#### Primary healthcare:

Actual outcomes could vary from these estimates. If the revised estimated revenue growth rate at the end of the reporting year had been a range of 2 percent point less favourable than management's estimates at the end of the reporting year, there would be a need to reduce the carrying value of goodwill by \$108,000. If the revised estimated discount rate applied to the discounted cash flows had been 2 percent point less favourable than management's estimates, there would be a need to reduce the carrying value of goodwill by \$42,000.

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

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

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

#### Primary healthcare:

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

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

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 16. Intangible assets (cont'd)

### 16B. Other intangible assets

	Development costs \$'000	Customer lists \$'000	Total \$'000
<u>Cost:</u>			
At 1 January 2019	–	2,337	2,337
Additions	425	–	425
Effect of movement in exchange rate	–	55	55
At 31 December 2019	425	2,392	2,817
Additions	873	–	873
Effect of movement in exchange rate	–	(1)	(1)
At 31 December 2020	1,298	2,391	3,689
<u>Accumulated amortisation and impairment:</u>			
At 1 January 2019	–	686	686
Amortisation for the year	–	256	256
Effect of movement in exchange rate	–	53	53
At 31 December 2019	–	995	995
Amortisation for the year	–	254	254
Effect of movement in exchange rate	–	(1)	(1)
At 31 December 2020	–	1,248	1,248
<u>Carrying value:</u>			
At 1 January 2019	–	1,651	1,651
At 31 December 2019	425	1,397	1,822
At 31 December 2020	1,298	1,143	2,441

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

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

The disposal consideration and terms of the disposal for Q & M Dental (Shanghai) Pte. Ltd. through arbitration under the rules of the Singapore International Arbitration Centre has not been finalised yet. The Group has fully impaired the assets held for sale in the previous year.

	Group	
	2020 \$'000	2019 \$'000
Investment at cost	1,584	1,584
Less allowance for impairment	(1,584)	(1,584)
Carrying value	–	–
Movement in allowance for impairment:		
Balance at beginning and end of the year	(1,584)	(1,584)

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

# NOTES TO THE FINANCIAL STATEMENTS

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## 18. Inventories

	<u>Group</u>	
	<u>2020</u>	<u>2019</u>
	\$'000	\$'000
Finished goods	12,484	3,996
Dental supplies	3,608	3,039
	<u>16,092</u>	<u>7,035</u>
Movement in allowance for impairment:		
Balance at beginning of the year	(202)	(97)
Impairment loss recognised in the year included in other losses	–	(105)
Balance at end of the year	<u>(202)</u>	<u>(202)</u>

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

## 19. Trade and other receivables

	<u>Group</u>		<u>Company</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	\$'000	\$'000	\$'000	\$'000
<u>Current</u>				
<u>Trade receivables:</u>				
Outside parties	7,209	6,226	–	–
Subsidiaries (Note 3)	–	–	35,922	55,864
Less allowance for impairment	(156)	(156)	(2,167)	(2,167)
Net trade receivables – sub-total	<u>7,053</u>	<u>6,070</u>	<u>33,755</u>	<u>53,697</u>
<u>Other receivables:</u>				
Subsidiaries (Note 3)	–	–	65,332	37,285
Less allowance for impairment	–	–	(9,254)	(8,362)
Deposits to secure services	4,134	4,065	207	111
Dividends receivables from associate	–	1,291	–	–
Receivable for proceeds from disposal of associate	–	69,555	–	–
Receivable for remaining proceeds from disposal of assets held for sale	–	11	–	–
Receivable from directors of subsidiaries / associate	7,187	4,851	4,941	2,531
Less allowance for impairment	(1,319)	(1,683)	–	–
Other receivables	1,907	3,927	707	2,143
Less allowance for impairment	(772)	(772)	–	–
Net other receivables – sub-total	<u>11,137</u>	<u>81,245</u>	<u>61,933</u>	<u>33,708</u>
Total trade and other receivables	<u>18,190</u>	<u>87,315</u>	<u>95,688</u>	<u>87,405</u>
<u>Non-current:</u>				
Other receivables	<u>1,199</u>	<u>231</u>	<u>822</u>	<u>60</u>

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 19. Trade and other receivables (cont'd)

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

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Within 2 to 5 years	731	146	536	60
Later than 5 years	468	85	286	–
Total	<u>1,199</u>	<u>231</u>	<u>822</u>	<u>60</u>

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

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Non-interest bearing loan	881	60	592	60
Interest bearing loans	402	1,139	230	920
	<u>1,283</u>	<u>1,199</u>	<u>822</u>	<u>980</u>

Interest bearing loans of the Group includes \$182,000 (2019: \$219,000) for certain dentists, which are repayable monthly over 3 to 7 years, commencing from the date of appointment of the dentists concerned. Interest is charged at 5% per annum, subject to review annually.

Interest bearing loans of the Group and the Company include \$Nil (2019: \$690,000) for certain employees and \$230,000 for related party (2019: \$230,000), which are repayable at the end of December 2022 or earlier. Interest is charged at 3% per annum.

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Movements in above allowance on trade receivables:				
Balance at beginning of the year	156	77	2,167	2,224
Charge for (reversal of) trade receivables to profit or loss included in other losses (other gains)	–	79	–	(57)
Balance at end of the year	<u>156</u>	<u>156</u>	<u>2,167</u>	<u>2,167</u>

Movements in above allowance on other receivables:

Balance at beginning of the year	2,455	950	8,362	7,799
Foreign currency translation adjustment	25	–	–	–
Used	(209)	–	–	–
(Reversal of) charge for trade receivables to profit or loss included in (other gains) other losses	(180)	1,505	892	563
Balance at end of the year	<u>2,091</u>	<u>2,455</u>	<u>9,254</u>	<u>8,362</u>



# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 19. Trade and other receivables (cont'd)

The expected credit losses (ECL) on the above 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 Covid-19 pandemic.

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

	<u>Group</u>		<u>Company</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	\$'000	\$'000	\$'000	\$'000
Gross trade receivables:				
Current	2,052	1,766	24,530	40,800
Less than 30 days	939	862	–	–
31 to 60 days	498	456	–	–
Over 60 days	3,720	3,142	11,392	15,064
Total	<u>7,209</u>	<u>6,226</u>	<u>35,922</u>	<u>55,864</u>

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

	<u>Group</u>		<u>Company</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	\$'000	\$'000	\$'000	\$'000
Over 60 days	<u>156</u>	<u>156</u>	<u>2,167</u>	<u>2,167</u>

The receivables have common risk characteristics. The Group assesses the credit risk of its customers 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 (2019: 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 (2019: 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>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	\$'000	\$'000	\$'000	\$'000
Top 1 customer	510	128	2,817	35,000
Top 2 customers	<u>757</u>	<u>242</u>	<u>4,547</u>	<u>37,536</u>

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 19. Trade and other receivables (cont'd)

The other receivables shown above are subject to the expected credit loss model under the financial reporting standard on financial instruments. Other receivables can be graded for credit risk individually. Related company receivables are regarded as of low credit risk if they are guaranteed with the ability to settle the amount. Other receivables are regarded as of low credit risk if they have a low risk of default and the debtor has a strong capacity to meet its contractual cash flow obligations in the near term. The methodology applied for impairment loss depends on whether there has been a significant increase in credit risk. At the end of the reporting period a loss allowance is recognised at an amount equal to lifetime expected credit losses if there has been a significant increase in credit risk since initial recognition including the impact of the Covid-19 pandemic. A loss allowance balances of \$2,091,000, (2019: \$2,455,000) and \$9,254,000 (2019: \$8,362,000) of the Group and the Company were recognised respectively.

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

## 20. Other non-financial assets

	<u>Group</u>		<u>Company</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	\$'000	\$'000	\$'000	\$'000
<u>Non-current:</u>				
Sign-on bonus	4,826	5,129	2,153	1,977
Prepaid services – via performance shares	1,786	2,300	1,786	2,300
Assignment fees	99	117	–	–
Shares held in trust <sup>(a)</sup>	1,857	1,857	–	–
	<u>8,568</u>	<u>9,403</u>	<u>3,939</u>	<u>4,277</u>
<u>Current:</u>				
Prepayments	1,836	1,910	748	1,141
Sign-on bonus	1,153	1,483	219	405
Prepaid services – via performance shares	219	–	736	–
Assignment fees	18	18	–	–
	<u>3,226</u>	<u>3,411</u>	<u>1,703</u>	<u>1,546</u>

(a) This refers to 3.06% (2019: 3.06%) interest in Aidite Qinhuangdao held in trust for QPH, a company owned by certain key executives and dentists of the Group, Dr Cheah, All Win, Full Win and Initial Capital. Refer to Note 28D.

## 21. Cash and cash equivalents

	<u>Group</u>		<u>Company</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	\$'000	\$'000	\$'000	\$'000
Not restricted in use	<u>48,772</u>	<u>27,253</u>	<u>5,123</u>	<u>2,517</u>
Interest earning balances	<u>5,151</u>	<u>4,161</u>	<u>1,291</u>	<u>1,322</u>

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

# NOTES TO THE FINANCIAL STATEMENTS

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## 21. Cash and cash equivalents (cont'd)

### 21A. Non-cash transactions:

2020

See Note 21B below.

2019

- (a) See Notes 15 and 19 on sales proceeds receivables from disposal of associate and dividends receivables from associate.
- (b) See Note 28D on redeemable preference shares.
- (c) See Note 21B below and Note 26 on recognition of right-of-use assets and lease liabilities on adoption of new financial reporting standard on leases.

### 21B. Reconciliation of liabilities arising from financing activities:

<u>Group</u>	<u>2019</u>	Cash <u>flows</u>	Non-cash <u>changes</u>		<u>2020</u>
	\$'000	\$'000	\$'000		\$'000
Long-term borrowings	67,982	–	5,617	(b)	73,599
Short-term borrowings	16,749	(9,191)	(5,617)	(b)	1,941
Lease liabilities, current	10,211	(6,985)	5,905	(a)(c)	9,131
Lease liabilities, non-current	39,946	–	2,197	(a)(c)	42,143
Total liabilities from financing activities	<u>134,888</u>	<u>(16,176)</u>	<u>8,102</u>		<u>126,814</u>

	<u>2019</u>	Cash <u>flows</u>	Non-cash <u>changes</u>		<u>2020</u>
	\$'000	\$'000	\$'000		\$'000
Long-term borrowings	78,870	–	(10,888)	(b)	67,982
Short-term borrowings	443	5,362	10,944	(b)	16,749
Lease liabilities, current	–	(10,781)	20,992	(c)	10,211
Lease liabilities, non-current	–	–	39,946	(c)	39,946
Total liabilities from financing activities	<u>79,313</u>	<u>(5,419)</u>	<u>60,994</u>		<u>134,888</u>

- (a) Mainly due to reclassification of lease liabilities from non-current to current.
- (b) Mainly due to reclassification of bank loans from non-current to current.
- (c) Adoption of financial reporting standard on leases effective from 1 January 2019 and subsequent measurement of lease liabilities and rental concession from lessors (See Note 26).

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 22. Share capital

	Number of shares <u>issued</u> '000	Share <u>capital</u> \$'000
<u>Group and Company:</u>		
Ordinary shares of no par value:		
Balance at 1 January 2019, 31 December 2019 and 31 December 2020	<u>804,887</u>	<u>86,758</u>

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

	Number of treasury <u>shares</u> '000	<u>Cost</u> \$'000
<u>Group and Company:</u>		
Balance at 1 January 2019 and 31 December 2019	19,265	11,558
Share buyback <sup>(a)</sup>	4,153	1,529
Treasury shares issued <sup>(b)</sup>	<u>(5,840)</u>	<u>(2,190)</u>
Balance at 31 December 2020	<u>17,578</u>	<u>10,897</u>

(a) The treasury shares relate to ordinary shares of the Company that are held by the Company. Pursuant to the share buyback mandate approved by shareholders, the Company purchased 4,153,200 of its shares by way of on-market purchases at share prices ranging from \$0.33 to \$0.44 in 2020 to be cancelled in future and or to serve the share option plan for shares awards to employees. The total amount paid or payable to purchase shares was \$1,529,000 and this is presented as a component within equity attributable to equity holders of the Company.

(b) On 23 March 2020, the Company transferred 5,840,000 ordinary shares from its treasury shares pursuant to the Q & M Performance Share Plan 2018 as disclosed in 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.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 22. Share capital (cont'd)

### Capital management (cont'd):

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.

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Net debt:				
All current and non-current borrowings including leases	128,671	152,572	73,677	82,358
Less: Cash and cash equivalents	(48,772)	(27,253)	(5,123)	(2,517)
Net debt	<u>79,899</u>	<u>125,319</u>	<u>68,554</u>	<u>79,841</u>
Adjusted capital:				
Total equity	123,925	123,130	104,384	106,921
Adjusted capital	<u>123,925</u>	<u>123,130</u>	<u>104,384</u>	<u>106,921</u>
Debt-to-adjusted capital ratio	<u>64.5%</u>	<u>101.8%</u>	<u>65.7%</u>	<u>74.7%</u>

The improvement as shown by decrease in the debt-to-adjusted capital ratio for the reporting year resulted primarily from the settlements of other financial liabilities.

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

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

## 23. Other reserves

	Group	
	2020 \$'000	2019 \$'000
Foreign currency translation reserve (Note 23A)	(1,745)	(2,704)
Other reserves	(192)	(200)
Total at end of the year	<u>(1,937)</u>	<u>(2,904)</u>

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 23. Other reserves (cont'd)

### 23A. Foreign currency translation reserve

	Group	
	2020	2019
	\$'000	\$'000
At beginning of the year	(2,704)	(2,484)
Exchange differences on translating foreign operations	959	(220)
At end of the year	<u>(1,745)</u>	<u>(2,704)</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.

## 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 absolute discretion of the Plan Committee, taking into account factors of certain prescribed performance targets, if any.

The Company has granted share awards to eligible employees of the Group by the allotment and issuance of an aggregate of 5,840,000 ordinary shares from the treasury shares of the Company pursuant to the Q & M Performance Share Plan 2018. The shares granted with a service condition that the dentists remain within the Group's employment for an additional 10 years.

In November 2019, the shares were granted at fair value of \$0.505 per share. The shares were subsequently issued on 23 March 2020.

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

## 25. Provisions

	Group	
	2020	2019
	\$'000	\$'000
Provision for reinstatement of leased premises	<u>850</u>	<u>597</u>
Movements in above provision:		
Balance at beginning of the year	597	638
Additions	255	17
Used	(2)	(58)
Balance at end of the year	<u>850</u>	<u>597</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.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 26. Lease liabilities and right-of-use assets

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

<u>Group</u>	Dental, medical and office <u>premises</u> \$'000	Lease <u>liabilities</u> \$'000
At 1 January 2019	40,777	40,777
Accretion of interest	–	1,561
Additions	20,863	20,863
Disposals	(702)	(702)
Lease payments – principal portion paid	–	(10,781)
Interest paid	–	(1,561)
At 31 December 2019	<u>60,938</u>	<u>50,157</u>
Accretion of interest	–	1,837
Additions	3,880	3,880
Disposals	(1,219)	163
Lease modification	7,191	7,191
Lease payments – principal portion paid	–	(6,985)
Interest paid	–	(1,837)
At 31 December 2020	<u>70,790</u>	<u>54,406</u>
Accumulated depreciation:		
At 1 January 2019	–	–
Depreciation for the year	11,452	–
At 31 December 2019	<u>11,452</u>	–
Depreciation for the year	8,067	–
Disposal	(1,382)	–
Rental concession from lessor	3,132	(3,132)
At 31 December 2020	<u>21,269</u>	<u>(3,132)</u>
Carrying value:		
At 1 January 2019	<u>40,777</u>	<u>40,777</u>
At 31 December 2019	<u>49,486</u>	<u>50,157</u>
At 31 December 2020	<u>49,521</u>	<u>51,274</u>

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

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

<u>Company</u>	Dental, medical and office <u>premises</u> \$'000	Lease <u>liabilities</u> \$'000
At 1 January 2019	218	218
Accretion of interest	–	4
Lease payments – principal portion paid	–	(181)
Interest paid	–	(4)
At 31 December 2019	<u>218</u>	<u>37</u>
Accretion of interest	–	13
Additions	718	718
Disposals	(218)	–
Lease payments – principal portion paid	–	(112)
Interest paid	–	(13)
At 31 December 2020	<u>718</u>	<u>643</u>
Accumulated depreciation:		
At 1 January 2019	–	–
Depreciation for the year	174	–
At 31 December 2019	<u>174</u>	–
Depreciation for the year	129	–
Disposals	(218)	–
At 31 December 2020	<u>85</u>	–
Carrying value:		
At 1 January 2019	<u>218</u>	<u>218</u>
At 31 December 2019	<u>44</u>	<u>37</u>
At 31 December 2020	<u>633</u>	<u>643</u>

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

	<u>Group</u>		<u>Company</u>	
	<u>2020</u> \$'000	<u>2019</u> \$'000	<u>2020</u> \$'000	<u>2019</u> \$'000
Lease liabilities, current	9,131	10,211	130	37
Lease liabilities, non-current	42,143	39,946	513	–
	<u>51,274</u>	<u>50,157</u>	<u>643</u>	<u>37</u>

The leases are for dental and medical clinics and office premises. The lease contracts are usually for fixed periods of 2 to 3 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.



# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

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

At the date of transition (1.1.2019) to the new standard on leases, management elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition (applied to leases previously classified as finance leases or operating leases). The lease liability above does not include the short-term leases and leases of low-value underlying assets. Variable lease payments which do not depend on an index or a rate or based on a percentage of revenue are not included from the initial measurement of the lease liability and the right-of-use assets.

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

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.

The weighted average incremental borrowing rate applied to lease liabilities recognised is between 1.68% and 6% (2019: 3.41% and 6%).

A summary of the maturity analysis of lease liabilities that shows the remaining contractual maturities is disclosed in Note 31E.

The cash outflow for the leases for the year ended 31 December 2020 and 31 December 2019 are shown in the statement of cash flows.

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.

There were no future cash outflows to which the lessee is potentially exposed that are not reflected in the measurement of lease liabilities 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>2020</u>	<u>2019</u>
	\$'000	\$'000
<u>Group</u>		
Expense relating to short-term leases included in other expenses	<u>540</u>	<u>172</u>

# NOTES TO THE FINANCIAL STATEMENTS

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## 27. Trade and other payables

	<u>Group</u>		<u>Company</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	\$'000	\$'000	\$'000	\$'000
<u>Trade payables:</u>				
Outside parties and accrued liabilities	13,981	15,495	822	3,599
Subsidiaries (Note 3)	–	–	948	1,032
Trade payables – sub-total	<u>13,981</u>	<u>15,495</u>	<u>1,770</u>	<u>4,631</u>
<u>Other payables:</u>				
Deposits received	184	162	–	–
Amount due to vendors of acquired subsidiaries	1,203	1,125	1,203	1,125
Amount due to directors of the subsidiaries	895	886	–	–
Withholding tax payables	–	6,213	–	–
Performance shares payables	–	2,300	–	2,300
Other payables	278	899	92	241
Subsidiaries (Note 3)	–	–	25,949	6,742
Other payables – sub-total	<u>2,560</u>	<u>11,585</u>	<u>27,244</u>	<u>10,408</u>
Total trade and other payables	<u>16,541</u>	<u>27,080</u>	<u>29,014</u>	<u>15,039</u>

## 28. Other financial liabilities

	<u>Group</u>		<u>Company</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	\$'000	\$'000	\$'000	\$'000
<u>Non-current:</u>				
Bank loans (Note 28A)	73,563	67,937	71,788	66,075
Finance leases (Note 28B)	36	45	–	–
Redeemable preference shares (Note 28D)	1,857	1,857	–	–
Non-current, total	<u>75,456</u>	<u>69,839</u>	<u>71,788</u>	<u>66,075</u>
<u>Current:</u>				
Bank loans (Note 28A)	1,371	16,371	1,246	16,246
Finance leases (Note 28B)	8	9	–	–
Bills payable (Note 28C)	562	369	–	–
Redeemable preference shares (Note 28D)	–	15,827	–	–
Current, total	<u>1,941</u>	<u>32,576</u>	<u>1,246</u>	<u>16,246</u>
Total	<u>77,397</u>	<u>102,415</u>	<u>73,034</u>	<u>82,321</u>

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

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

The non-current portion is repayable as follows:

	Group		Company	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	\$'000	\$'000	\$'000	\$'000
Due within 2 to 5 years	70,503	68,465	68,234	66,075
Due after 5 years	4,953	1,374	3,554	–
Total non-current portion	<u>75,456</u>	<u>69,839</u>	<u>71,788</u>	<u>66,075</u>

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

	Group	
	<u>2020</u>	<u>2019</u>
	%	%
Bank loans	0.92 – 3.12	2.62 – 4.44
Bills payable	<u>1.20</u>	<u>1.50</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:

- (a) First legal assignment at all rights, title and benefits under existing and future tenancy agreements and rental income; and
- (b) Legal mortgage over properties (Note 13).

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

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

- (i) The consolidated shareholders' equity shall not at any time be less than \$60,000,000.
- (ii) The ratio of consolidated net debt to consolidated shareholders' equity shall not at any time exceed 1.75 to 2:1; and
- (iii) The ratio of consolidated earnings before interest, taxes, depreciation and amortisation to consolidated interest expense shall not at any time be less than 1.75:1.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

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

### 28B. Finance leases

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

<u>Group</u> <u>2020</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	10	(2)	8
Due within two to five years	43	(7)	36
Total	<u>53</u>	<u>(9)</u>	<u>44</u>
Net book value of plant and equipment under finance leases			<u>53</u>

<u>Group</u> <u>2019</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	10	(1)	9
Due within two to five years	52	(7)	45
Total	<u>62</u>	<u>(8)</u>	<u>54</u>
Net book value of plant and equipment under finance leases			<u>56</u>

There are leases for certain of its plant and equipment under finance leases. The average lease term was 5 years (2019: 3 years). The fixed rate of interest for finance leases was 5.70% (2019: 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.

### 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 (2019: 90 days).

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

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

### 28D. Redeemable preference shares

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

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

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

On 20 December 2019, the Group together with QPH, All Win, Full Win and Initial Capital disposed an aggregate of 36% of the registered capital of Aidite Qinhuangdao, as disclosed in Note 15, the shares held in trust in Aidite Qinhuangdao has reduced from 12.05% to 3.06% as disclosed in Note 20.

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

## 29. Acquisition of businesses and subsidiaries

### 2020

The Group acquired certain business and assets from Acumen Research Laboratories Pte. Ltd. ("ARL"). The Group incorporated Acumen Diagnostics Pte. Ltd. ("AD") to hold the business and assets acquired from ARL. This acquisition was completed with the Group holding an equity ownership of 51% in AD. The transaction was accounted for by the acquisition method of accounting.

The fair values of identifiable assets acquired assumed shown below for ARL are provisional as the hindsight period (of not more than twelve months) allowed by the financial reporting standard on business combinations has not yet expired. A detailed report from an independent professional valuer on the fair values is expected to be available before the end of the next reporting year.

<u>Group</u>	<u>2020</u> \$'000
Fair value of consideration transferred	650
Non-controlling interests at fair value	1,470
Less: Identifiable assets	(650)
Goodwill arising from acquisition	<u>1,470</u>
Consideration paid	<u>400</u>

The goodwill arising on acquisition of the subsidiary is attributable to the anticipated profitability of the acquired subsidiary.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 29. Acquisition of subsidiaries (cont'd)

### 2020 (cont'd)

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

<u>Group</u>	From date of acquisition in 2020 \$'000
Revenue	2,224
Loss before tax	<u>1</u>

### 2019

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

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

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

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

<u>Group</u>	From date of acquisition in 2019 \$'000
Revenue	151
Profit before tax	<u>18</u>

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 30. Operating lease income commitments – as lessor

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

	Group	
	<u>2020</u>	<u>2019</u>
	\$'000	\$'000
Not later than one year	505	429
Between 2 and 5 years	737	198
Total	<u>1,242</u>	<u>627</u>
Rental income for the year	<u>471</u>	<u>674</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 and rentals are not subject to any escalation clause. There are certain operating leases for the rental of certain dental premises with no commitment terms.

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

## 31. Financial instruments: information on financial risks

### 31A. Categories of financial assets and liabilities

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

	Group		Company	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	\$'000	\$'000	\$'000	\$'000
<u>Financial assets:</u>				
Financial assets at amortised cost	68,161	45,244	101,633	89,982
Financial assets at FVTPL	–	69,555	–	–
At end of the year	<u>68,161</u>	<u>114,799</u>	<u>101,633</u>	<u>89,982</u>
<u>Financial liabilities:</u>				
Financial liabilities at amortised cost	145,212	163,825	102,691	97,397
Financial liabilities at FVTPL	–	15,827	–	–
At end of the year	<u>145,212</u>	<u>179,652</u>	<u>102,691</u>	<u>97,397</u>

Further quantitative disclosures are included throughout these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

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

### 31B. Financial risk management

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

1. Minimise interest rate, currency and market risks for all kinds of transactions.
2. Maximise the use of "natural hedge": favouring as much as possible the natural off-setting of sales and costs and payables and receivables denominated in the same currency and therefore put in place hedging strategies only for the excess balance (if necessary). The same strategy is pursued with regard to interest rate risk.
3. All financial risk management activities are carried out and monitored by senior management staff.
4. All financial risk management activities are carried out following acceptable market practices.

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

### 31C. Fair values of financial instruments

The analyses of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 are disclosed in the relevant notes to the financial statements. These include both the significant financial instruments stated at amortised cost and at fair value in the statement of financial position. The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value.

### 31D. Credit risk on financial assets

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

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



# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

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

### 31E. Liquidity risk – financial liabilities maturity analysis

The liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be settled at their contractual maturity. The average credit period taken to settle trade payables is about 60 days (2019: 60 days). The other payables are with short-term durations. The classification of the financial assets is shown in the statement of financial position as they may be available to meet liquidity needs and no further analysis is deemed necessary.

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

Non-derivative financial liabilities:	Less than <u>1 year</u> \$'000	2 – 5 <u>years</u> \$'000	Over 5 <u>years</u> \$'000	<u>Total</u> \$'000
<u>Group</u>				
<u>2020:</u>				
Trade and other payables	16,541	–	–	16,541
Gross borrowings commitments	4,288	74,245	5,633	84,166
Gross lease liabilities	10,476	33,438	12,204	56,118
At end of year	<u>31,305</u>	<u>107,683</u>	<u>17,837</u>	<u>156,825</u>
<u>2019:</u>				
Trade and other payables	27,080	–	–	27,080
Gross borrowings commitments	19,515	81,081	7,736	108,332
Gross lease liabilities	11,747	31,434	12,742	55,923
At end of year	<u>58,342</u>	<u>112,515</u>	<u>20,478</u>	<u>191,335</u>
<u>Company</u>				
<u>2020:</u>				
Trade and other payables	29,014	–	–	29,014
Gross borrowings commitments	3,591	71,904	4,129	79,624
Gross lease liabilities	153	581	–	734
At end of year	<u>32,758</u>	<u>72,485</u>	<u>4,129</u>	<u>109,372</u>
<u>2019:</u>				
Trade and other payables	15,039	–	–	15,039
Gross borrowings commitments	19,010	78,669	5,881	103,560
Gross lease liabilities	37	–	–	37
At end of year	<u>34,086</u>	<u>78,669</u>	<u>5,881</u>	<u>118,636</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.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

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

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

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

<u>Company</u>	Less than <u>1 year</u>
<u>2020</u>	\$'000
Financial guarantee in favour of a subsidiary – given by Company (Note 3)	2,563
At end of the year	<u>2,563</u>
 <u>2019</u>	
Financial guarantee in favour of a subsidiary – given by Company (Note 3)	4,053
At end of the year	<u>4,053</u>

#### Bank facilities:

	<u>Group</u>	
	<u>2020</u>	<u>2019</u>
	\$'000	\$'000
Unutilised bank overdraft	500	1,500
Unutilised credit facilities / foreign exchange	26,607	11,596
Unutilised fixed advance facilities	–	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>8,000</u>	<u>3,000</u>

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.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

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

### 31F. Interest rate risk

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

	<u>Group</u>		<u>Company</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	\$'000	\$'000	\$'000	\$'000
Financial assets with interest:				
Fixed rates	412	1,139	230	920
Floating rates	5,151	4,161	1,291	1,322
Total at end of the year	<u>5,563</u>	<u>5,300</u>	<u>1,521</u>	<u>2,242</u>
Financial liabilities with interest:				
Fixed rates	51,318	50,211	643	37
Floating rates	75,496	84,677	73,034	82,321
Total at end of the year	<u>126,814</u>	<u>134,888</u>	<u>73,677</u>	<u>82,358</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.

## 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>2020</u>	<u>2019</u>
	\$'000	\$'000
Audit fees to the independent auditor of the Company	373	365
Audit fees to the other independent auditor	32	65
Other fees to the independent auditor of the Company	<u>5</u>	<u>4</u>

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 33. Events after the end of the reporting year

Subsequent to year end, the Group has disposed the remaining interests in Aidite Qinhuangdao for a consideration of \$18,610,000.

## 34. Changes and adoption of financial reporting standards

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

<u>SFRS(I) No.</u>	<u>Title</u>
SFRS(I) 3	Definition of a Business – Amendments
SFRS(I) 1-1 and 1-8	Definition of Material – Amendments to The Conceptual Framework for Financial Reporting
SFRS(I) PS 2	SFRS(I) Practice Statement 2 Making Materiality Judgements
SFRS(I) 16	Covid-19 Related Rent Concessions - Amendment to (effective from 30 June 2020)

## 35. New or amended standards in issue but not yet effective

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

<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 January 2023
SFRS(I) 3	Definition of a Business - Reference to the Conceptual Framework – Amendments	1 January 2022
SFRS(I) 1-16	Property, Plant and Equipment: Proceeds before Intended Use – Amendments	1 January 2022
SFRS(I) 1-37	Onerous Contracts – Costs of Fulfilling a Contract – Amendments	1 January 2022

# STATISTICS OF SHAREHOLDINGS

AS AT 15 MARCH 2021

## SHARE CAPITAL

Class of shares	:	Ordinary Shares
Number of issued and paid-up shares (excluding treasury shares)	:	787,308,627
Voting rights	:	One vote per ordinary share
Number of treasury shares	:	17,579,173
Number of subsidiary holdings held	:	NIL
% of treasury shares to total number of issued shares (excluding treasury shares)	:	2.233%

## SHAREHOLDING HELD IN THE HANDS OF PUBLIC

Based on information available to the Company as at 15 March 2021, approximately 33.79% 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	18	0.62	126	0.00
100 - 1,000	226	7.78	164,909	0.02
1,001 - 10,000	1,318	45.35	8,255,950	1.05
10,001 - 1,000,000	1,311	45.11	74,753,535	9.49
1,000,001 and above	33	1.14	704,134,107	89.44
Total:	<u>2,906</u>	<u>100.00</u>	<u>787,308,627</u>	<u>100.00</u>

\*Excluding Treasury Shares as at 15 March 2021 - 17,579,173 shares

## LIST OF 20 LARGEST REGISTERED SHAREHOLDERS

<u>No.</u>	<u>Name</u>	<u>No. of Shares</u>	<u>%</u>
1	OCBC SECURITIES PRIVATE LTD	141,280,400	17.94
2	RAFFLES NOMINEES (PTE) LIMITED	113,549,183	14.42
3	DBS NOMINEES PTE LTD	85,096,511	10.81
4	CITIBANK NOMINEES SINGAPORE PTE LTD	70,831,415	9.00
5	PHILLIP SECURITIES PTE LTD	46,624,000	5.92
6	QUAN MIN HOLDINGS PTE LTD	44,420,676	5.64
7	SING INVESTMENTS & FINANCE NOMINEES (PTE) LTD	39,200,000	4.98
8	KGI SECURITIES (SINGAPORE) PTE. LTD	34,028,700	4.32
9	RHB BANK NOMINEES PTE LTD	30,900,000	3.92
10	CHAN PUI KEE	13,558,036	1.72
11	MAYBANK KIM ENG SECURITIES PTE. LTD	11,732,900	1.49
12	NG CHIN SIAU	#11,440,110	1.45
13	LIM KUO KAE	10,467,400	1.33
14	LAI MING CHUN @ LAI POH LIN	7,000,000	0.89
15	HSBC (SINGAPORE) NOMINEES PTE LTD	5,284,687	0.67
16	CHOW JOO MING	3,810,000	0.48
17	UOB KAY HIAN PTE LTD	3,367,189	0.43
18	DB NOMINEES (SINGAPORE) PTE LTD	3,136,100	0.40
19	CHOO KEANG HAI	2,847,222	0.36
20	RAMASWAMY SREEGHANDHAN	2,847,222	0.36
	Total:	<u>681,421,751</u>	<u>86.53</u>

Note:

%: Based on 787,308,627 shares (excluding shares held as treasury shares) as at 15 March 2021

\* Treasury Shares as at 15 March 2021 - 17,579,173 shares

# The entire shares have been disposed on 12 March 2021

# STATISTICS OF SHAREHOLDINGS

AS AT 15 MARCH 2021

## SUBSTANTIAL SHAREHOLDERS

<b>No.</b>	<b>Name</b>	<b>No. of shares held as Direct</b>	<b>%<sup>(1)</sup></b>	<b>No. of shares held as Deemed</b>	<b>%<sup>(1)</sup></b>
1	Quan Min Holdings Pte. Ltd. <sup>(2)</sup>	428,639,276 <sup>(3)</sup>	54.44	-	-
2	Dr Ng Chin Siau	-	-	428,740,276 <sup>(4)</sup>	54.46
3	Heritas Helios Investments Pte. Ltd. <sup>(5)</sup>	63,733,115	8.10	-	-
4	IMC Heritas Investments Ltd. <sup>(6)</sup>	-	-	63,733,115	8.10
5	IMC Pan Asia Alliance Corporation <sup>(7)</sup>	-	-	63,733,115	8.10
6	Heritas Capital Management Pte. Ltd. <sup>(8)</sup>	-	-	63,733,115	8.10

Notes:

- (1) The percentage shareholding interest is computed based on 787,308,627 shares (excluding treasury shares) as at 15 March 2021.
- (2) Quan Min Holdings Pte. Ltd. is an investment holding company incorporated in Singapore and is the Company's ultimate parent company.
- (3) 384,218,600 shares are held in the name of various nominees.
- (4) Dr Ng Chin Siau is deemed to have interest in the Shares held by (i) Quan Min Holdings Pte. Ltd. by virtue of his 43.91% direct shareholding in Quan Min Holdings Pte. Ltd; and (ii) his spouse's, Foo Siew Jiu, 101,000 ordinary shares.
- (5) The entire shares are held in the name of Citibank Nominees Singapore Pte. Ltd..
- (6) IMC Heritas Investments Ltd. is the owner of the entire share capital of Heritas Helios Investments Pte. Ltd..
- (7) 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..
- (8) 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 SGXNET and the Company's website and may be accessed at <https://qandm-dental.listedcompany.com/>. A printed copy of this Notice will NOT be despatched to members.*

**NOTICE IS HEREBY GIVEN** that the annual general meeting of Q & M Dental Group (Singapore) Limited (the "**Company**") will be held by way of electronic means on Monday, 26 April 2021 at 3.00 p.m. (the "**AGM**" or "**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 2020 together with the auditor's report thereon. **(Resolution 1)**
2. To declare a final tax exempt (1-tier) dividend of 0.5 cents per share for the financial year ended 31 December 2020. **(Resolution 2)**
3. To approve the payment of directors' fees of S\$246,000/- for the financial year ended 31 December 2020 [2019: S\$192,000/-]. **(Resolution 3)**
4. To re-elect Mr Narayanan Sreenivasan, retiring pursuant to article 104 of the Company's constitution (the "**Constitution**"). **(Resolution 4)**  
[\[see Explanatory Note \(i\)\]](#)
5. To re-elect Mr Chik Wai Chiew (Zhi Weichao), retiring pursuant to article 104 of the Constitution. **(Resolution 5)**  
[\[see Explanatory Note \(ii\)\]](#)
6. 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 6)**

## SPECIAL BUSINESS

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

7. **Approval for Continued Appointment of Mr Narayanan Sreenivasan as Independent Director by Members** **(Resolution 7)**

That, contingent upon the passing of ordinary resolutions 4 and 8 herein, the members do hereby approve the continued appointment of Mr Narayanan Sreenivasan as an independent director of the Company, for purposes of rule 210(5)(d)(iii) of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") (the "**Mainboard Rules**") (which will take effect on 1 January 2022) ("**Rule 210(5)(d)(iii)**") and that the authority conferred by this resolution shall continue in force until the earlier of the following:

- (i) the retirement or resignation of Mr Narayanan Sreenivasan as a director of the Company; or
- (ii) the conclusion of the third annual general meeting of the Company following the passing of this resolution.

[\[see Explanatory Note \(iii\)\]](#)

# NOTICE OF ANNUAL GENERAL MEETING

## SPECIAL BUSINESS (Cont'd)

8. **Approval for Continued Appointment of Mr Narayanan Sreenivasan as Independent Director by Members (excluding directors, chief executive officer, and their associates)** (Resolution 8)

That, contingent upon the passing of ordinary resolutions 4 and 7 herein, the members (excluding the directors of the Company, chief executive officer of the Company, and their associates) do hereby approve the continued appointment of Mr Narayanan Sreenivasan as an independent director of the Company, for purposes of Rule 210(5)(d)(iii) and that the authority conferred by this resolution shall continue in force until the earlier of the following:

- (i) the retirement or resignation of Mr Narayanan Sreenivasan as a director of the Company; or
- (ii) the conclusion of the third annual general meeting of the Company following the passing of this resolution.

[see Explanatory Note (iii)]

9. **Approval for Continued Appointment of Mr Ng Weng Sui Harry as Independent Director by Members** (Resolution 9)

That, contingent upon the passing of ordinary resolution 10 herein, the members do hereby approve the continued appointment of Mr Ng Weng Sui Harry as an independent director of the Company, for purposes of Rule 210(5)(d)(iii) and that the authority conferred by this resolution shall continue in force until the earlier of the following:

- (i) the retirement or resignation of Mr Ng Weng Sui Harry as a director of the Company; or
- (ii) the conclusion of the third annual general meeting of the Company following the passing of this resolution.

[see Explanatory Note (iii)]

10. **Approval for Continued Appointment of Mr Ng Weng Sui Harry as Independent Director by Members (excluding directors, chief executive officer, and their associates)** (Resolution 10)

That, contingent upon the passing of ordinary resolution 9 herein, the members (excluding the directors of the Company, chief executive officer of the Company, and their associates) do hereby approve the continued appointment of Mr Ng Weng Sui Harry as an independent director of the Company, for purposes of Rule 210(5)(d)(iii) and that the authority conferred by this resolution shall continue in force until the earlier of the following:

- (i) the retirement or resignation of Mr Ng Weng Sui Harry as a director of the Company; or
- (ii) the conclusion of the third annual general meeting of the Company following the passing of this resolution.

[see Explanatory Note (iii)]



# NOTICE OF ANNUAL GENERAL MEETING

## SPECIAL BUSINESS (Cont'd)

### 11. Authority to Issue and Allot Shares

(Resolution 11)

- (a) That pursuant to section 161 of the Companies Act, Chapter 50 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;
  - (ii) 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
- (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.

# NOTICE OF ANNUAL GENERAL MEETING

## SPECIAL BUSINESS (Cont'd)

- (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 (iv)]

## 12. Proposed Renewal of Share Buy-Back Mandate

(Resolution 12)

- (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;

# NOTICE OF ANNUAL GENERAL MEETING

## SPECIAL BUSINESS (Cont'd)

(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;

**"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 (v)]

# NOTICE OF ANNUAL GENERAL MEETING

## OTHER BUSINESS

13. 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

11 April 2021

## Explanatory Notes:

### (i) Ordinary Resolution 4

Subject to his re-election, Mr Narayanan Sreenivasan will remain as the Independent Chairman of the Board of Directors ("**Board**") and member of Audit, Nominating and Remuneration Committees. He is considered independent for the purpose of rule 704(8) of the Mainboard Rules.

Detailed information on Mr Narayanan Sreenivasan can be found in the "**Board of Directors**", "**Directors' Statement**" and "**Report on Corporate Governance**" sections of the Company's Annual Report 2020.

### (ii) Ordinary Resolution 5

Subject to his re-election, Mr Chik Wai Chiew (Zhi Weichao) will remain as a non-independent non-executive director. Detailed information on Mr Chik Wai Chiew (Zhi Weichao) can be found in the "**Board of Directors**", "**Directors' Statement**" and "**Report on Corporate Governance**" sections of the Company's Annual Report 2020.

### (iii) Ordinary Resolutions 7 to 10

The proposed ordinary resolutions 7 to 10 are to seek approval from the members via a two-tier voting process for Mr Narayanan Sreenivasan and Mr Ng Weng Sui Harry to continue in office as independent directors of the Company for a three-year term pursuant to Rule 210(5)(d)(iii). Subject to the passing of these resolutions, they will continue to serve as independent directors of the Company, until the earlier of their respective retirement or resignation, or the conclusion of the third annual general meeting of the Company following the passing of these resolutions. In the event that the resolutions are not passed, they will continue to serve as independent directors of the Company until the earlier of their respective retirement or resignation, or 31 December 2021.

The Board seeks to strike an appropriate balance between tenure of service, continuity of experience and refreshment of the Board. Such refreshment process of the Board will take some time and cannot happen overnight in order to maintain stability to the Board. Furthermore, the Company benefits from such directors who have, over time, gained valuable insights into the Group, its market and the industry.

The NC and the Board have determined that Mr Narayanan Sreenivasan and Mr Ng Weng Sui Harry remain objective and independent-minded in Board deliberations. Their vast experience enables them to provide the Board and the various Board Committees on which they serve, with pertinent experience and competence to facilitate sound decision-making and that their length of service does not in any way interfere with their exercise of independent judgement nor hinder their ability to act in the best interests of the Company. Additionally, they fulfil the definition of independent directors of the Mainboard Rules and the Code of Corporate Governance 2018. More importantly, the Board trust that they are able to continue to discharge their duties independently with integrity and competency.

# NOTICE OF ANNUAL GENERAL MEETING

## (iv) Ordinary Resolution 11

The ordinary resolution 11 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.

## (v) Ordinary Resolution 12

The ordinary resolution 12 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 attached circular to shareholders dated 11 April 2021 in relation to the Proposed Renewal of the Share Buy-Back Mandate.

### Important Notes:

#### Participation in the AGM via live webcast or live audio-only stream

In view of the ongoing COVID-19 situation, the AGM is being convened, and will be held by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. The following steps will be taken:

- (a) the Company will provide for the AGM to be shown by live webcast and live audio-only stream;
- (b) shareholders who wish to participate in the AGM via live webcast or live audio-only stream must register their details including full name, NRIC/Passport/Company Registration No., mobile number, email and address on the Company's AGM pre-registration website at <https://qandm-dentalagm.listedcompany.com/agm-2021> from **3.00 p.m on Sunday, 11 April 2021 to 3.00 p.m. on Thursday, 22 April 2021** ("**Registration Deadline**") for the Company to verify their status as shareholders;
- (c) verified shareholders will receive an email by **Saturday, 24 April 2021** containing instructions to access the live webcast or live audio-only stream. Shareholders must not forward the link or their log-in details to third persons who are not shareholders and who are not entitled to attend the AGM proceedings;
- (d) shareholders who do not receive an email by **Saturday, 24 April 2021** but have registered before the Registration Deadline should email to: [agm@qnm.sg](mailto:agm@qnm.sg) for assistance;
- (e) shareholders who have any questions in relation to any agenda item of this notice, shall send their queries to the Company in advance, by **Monday, 19 April 2021**, via email to [agm@qnm.sg](mailto:agm@qnm.sg) or post to 2 Clementi Loop, #04-01, Logis Hub @ Clementi, Singapore 129809. **The Company will not be addressing any questions raised by the shareholders during the live webcast and live audio-only stream;** and
- (f) the Company will endeavour to upload the Company's responses to substantial and relevant queries from shareholders on the SGXNET and the Company's website by **Thursday, 22 April 2021**. The Chairman of the Meeting will also read out the Company's response to these queries during the AGM.

# NOTICE OF ANNUAL GENERAL MEETING

## Voting by proxy

A shareholder will not be able to vote through the live webcast and live audio-only stream and voting is only through submission of proxy form. If a shareholder (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the AGM. In appointing the Chairman of the Meeting as proxy, a shareholder (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the proxy form, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

The accompanying proxy form for the AGM may be accessed from the Company's website at <https://qandm-dental.listedcompany.com/> and the SGX website at <https://www.sgx.com/securities/company-announcements>.

The instrument appointing the Chairman of the Meeting as proxy must be:

- (a) deposited at the office of the Company's share registrar, Tricor Barbinder Share Registration Services, at 80 Robinson Road, #11-02, Singapore 068898; or
- (b) emailed to: [sg.is.proxy@sg.tricorglobal.com](mailto:sg.is.proxy@sg.tricorglobal.com),

by **3.00 p.m. on Saturday, 24 April 2021**, being not less than forty-eight (48) hours before the time appointed for holding the AGM. Any incomplete/improperly completed proxy form (including proxy form which is not appointing "Chairman of the Meeting" as proxy) will be rejected by the Company.

In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.

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 Thursday, 15 April 2021.

## Annual Report and other documents

The Company's Annual Report 2020 dated 11 April 2021 has been published and can be accessed from the SGX website at [www.sgx.com](http://www.sgx.com) and the Company's website at <https://qandm-dental.listedcompany.com/>. No printed copy will be sent to members.

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

1. The annual general meeting of Q & M Dental Group (Singapore) Limited (the "Company") ("AGM" or the "Meeting") is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Alternative arrangements relating to, among others, attendance, submission of questions in advance and/or voting by proxy at the AGM are set out in the notice of AGM dated 11 April 2021 which has been uploaded on SGXNet and the Company's website on the same day.
2. A shareholder will not be able to attend the AGM in person. If a shareholder (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the AGM. In appointing the Chairman of the Meeting as proxy, a shareholder (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.
3. For CPF or SRS investors who wish to appoint the Chairman of the Meeting as their proxy 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 Thursday, 15 April 2021.
4. Please read the notes overleaf which contain instructions on, inter alia, the appointment of the Chairman of the Meeting as a shareholder's proxy to vote on his/her/ its behalf at the AGM.

*This form of proxy has been made available on SGXNet and the Company's website and may be accessed at the URLs <https://www.sgx.com/securities/company-announcements> and <https://qandm-dental.listedcompany.com/>. A printed copy of this proxy form will NOT be despatched to shareholders.*

\*I/We \_\_\_\_\_ (Name) \*(NRIC/Passport /Co. Registration No.) \_\_\_\_\_

of \_\_\_\_\_ (Address)

being \*shareholder/shareholders of the Company, hereby appoint Chairman of the Meeting, as \*my/our proxy to vote for \*me/us on \*my/our behalf at the AGM to be held by way of electronic means via live webcast and live audio-only stream on Monday, 26 April 2021 at 3.00 p.m. and at any adjournment thereof.

(#Voting will be conducted by poll. If you wish the Chairman of the Meeting as your proxy to cast all your votes for or against a resolution to be proposed at the AGM, please indicate with a "√" in the space provided under "For" or "Against". If you wish the Chairman of the Meeting as your proxy to abstain from voting on a resolution to be proposed at the AGM, please indicate with a "√" in the space provided under "Abstain". Alternatively, please indicate the number of shares that the Chairman of the Meeting as your proxy is directed to vote "For" or "Against" or to abstain from voting. In the absence of specific directions, the appointment of the Chairman of the Meeting as your proxy will be treated as invalid.)

No.	Resolutions	For <sup>#</sup>	Against <sup>#</sup>	Abstain <sup>#</sup>
<b>ORDINARY BUSINESS</b>				
1.	Adoption of directors' statement and audited financial statements			
2.	Approval of a final tax exempt (1-tier) dividend of 0.5 cents per share for the financial year ended 31 December 2020.			
3.	Approval of directors' fees of S\$246,000/- for the financial year ended 31 December 2020 [2019: S\$192,000/-]			
4.	Re-election of Mr Narayanan Sreenivasan as director			
5.	Re-election of Mr Chik Wai Chiew (Zhi Weichao) as director			
6.	Re-appointment of Messrs RSM Chio Lim LLP as auditors and to authorise the directors to fix their remuneration			
<b>SPECIAL BUSINESS</b>				
7.	Approval for continued appointment of Mr Narayanan Sreenivasan as independent director by members			
8.	Approval for continued appointment of Mr Narayanan Sreenivasan as independent director by members (excluding directors, chief executive officer, and their associates)			
9.	Approval for continued appointment of Mr Ng Weng Sui Harry as independent director by members			
10.	Approval for continued appointment of Mr Ng Weng Sui Harry as independent director by members (excluding directors, chief executive officer, and their associates)			
11.	Authority to directors to issue and allot shares			
12.	Approval for renewal of Share Buy-Back Mandate			

\* Delete accordingly

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2021.

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. A shareholder will not be able to vote through the live webcast and live audio-only stream and voting is only through submission of proxy form. If a shareholder (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the AGM. In appointing the Chairman of the Meeting as proxy, a shareholder (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the proxy form, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.
3. The Chairman of the Meeting, as a proxy, need not be a shareholder of the Company.
4. The instrument appointing the Chairman of the Meeting as proxy must be under the hand of the appointor or of his attorney duly authorised in writing and where such instrument is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
5. Where an instrument appointing Chairman of the Meeting as proxy is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
6. The instrument appointing Chairman of the Meeting as proxy, duly executed, must be deposited at the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services, at 80 Robinson Road, #11-02, Singapore 068898, or emailed to: [sg.is.proxy@sg.tricorglobal.com](mailto:sg.is.proxy@sg.tricorglobal.com), not less than forty-eight (48) hours before the time appointed for the holding of the AGM.

A shareholder who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or scanning and sending it by email to the email address provided above.

**In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for shareholders to submit completed proxy forms by post, shareholders are strongly encouraged to submit completed proxy forms electronically via email.**

7. The Company shall be entitled to reject the instrument appointing the Chairman of the Meeting as proxy 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 the Chairman of the Meeting as proxy (including any related attachment) (such as in the case where the appointor submits more than one instrument appointing the Chairman of the Meeting as proxy). In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing the Chairman of the Meeting as proxy 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 11 April 2021.



# DIRECTORY OF Q & M'S OUTLETS IN SINGAPORE

## Q & M DENTAL CLINICS

### CENTRAL

Aesthetic Dental Surgery	6333 3233
Bugis	6837 2292
City Square Mall	6509 1133
Foo & Associates Dental Surgeons (Paragon)	6838 0903
Geylang	6741 2071
Havelock Road	6694 5271
Horizon Dental Surgery	6733 5388
Killiney	6235 1638
Lee & Lee (Dental Surgeons):	
Ocean Financial Centre	6536 6113
Orchard Central	6732 2633
Novena Square	6251 3233, 6258 2623
River Valley	6235 4261
Specialist Oral Surgeons	6397 6638
TP Dental Surgeons	6737 9011

### NORTH

Admiralty	6365 3903
Ang Mo Kio	6554 3363
Bishan	6255 5228
Braddell	6358 1098
Khatib (Wisteria Mall)	6339 0994
Khatib	6852 3363
Marsiling	6365 6500
Mayflower	6261 2563
Sembawang MRT	6752 3093
Sembawang Way	6235 2782
Toa Payoh Central	6256 3633
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	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

Bedok Central	6876 0533
Bedok Mall	6384 6288
Elias Mall	6584 8793
Eunos MRT	6749 8518
Ho Dental Surgery	6442 1956
Kallang	6547 1833
Lee & Lee (Dental Surgeons):	
Tampines Central	6788 2262
Marine Parade Central	6346 1882
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 Street 11	6781 0309
Tanjong Katong (Kinex)	6241 6562

### SOUTH

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

### WEST

Boon Lay MRT	6791 3323
British Dental Surgery	6765 3323
Bt. Batok	6665 4233
Bt. Batok Central	6569 3239
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
Jelapang	6891 2668
Jurong East Central (JEM)	6425 0398
Jurong West	6792 1811
Lee & Lee (Dental Surgeons):	
Bt. Batok	6563 2262
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)

2 Clementi Loop, #04-01 Logis Hub @ Clementi, Singapore 129809  
Tel: 6705 9888 | Fax: 6778 6781

[www.QandMDental.com.sg](http://www.QandMDental.com.sg)  
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