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Issuer: Q & M Dental Group (Singapore) Limited

Stock code: QC7

Meeting details:

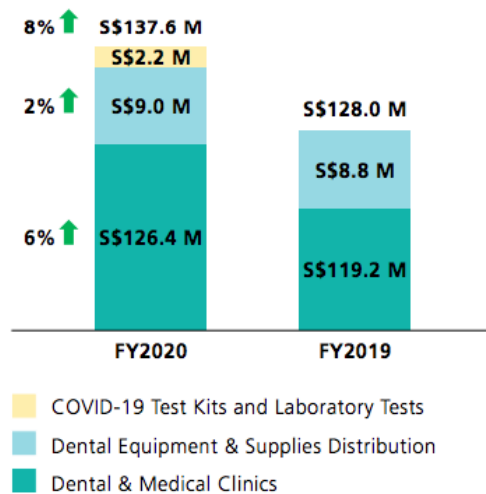
Date: 26 April 2021

Time: 3.00 p.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

Q1. As noted in the financial review, despite the pandemic, the group recorded revenue of \$137.6 million in the financial year ended 31 December 2020 (“FY2020”). This was 8% higher than the revenue of \$128.0 million achieved in the financial year ended 31 December 2019 (“FY2019”) (page 15 of the annual report).

REVENUE (\$)



(Source: company annual report)

As seen from the diagram above, revenue from dental and medical outlets increased by 6% from \$119.2 million to \$126.4 million in FY2020. Management has attributed the \$7.2 million increase 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.

- (i) **Can management help shareholders recall if the dental clinics in Singapore and in Malaysia were ordered to close during the circuit breaker and the Movement Control Order respectively?**
- (ii) **What was the increase/decrease in revenue for the group’s clinics on a “same-clinic” basis (i.e. excluding newly opened and closed clinics in FY2020)?**
- (iii) **Can management help shareholders understand the reasons for the \$7.2 million increase in revenue?** Many GP clinics reported lower revenue as patients put off visits to the clinics and delay non-critical, discretionary services and consultations.

Management further added that revenue from dental and medical clinics includes profit guarantee income. In FY2017, FY2018 and FY2019, profit guarantee received/receivable from vendors/shareholders amounted to \$604,000, \$921,000 and \$2.28 million respectively. Profit guarantee income in FY2020 was \$2.17 million (Note 5 – Revenue; page 82).

- (iv) **Can management help shareholders understand the number of dental clinics that are contributed “profit guarantee” to the group?**
- (v) **Has the board evaluated the trend of profit guarantee income and how it might affect the sustainability of the business model?**

In addition, management has guided that it is looking to open at least 30 dental outlets a year in Singapore and Malaysia for the next 10 years from FY2021 and endeavours to venture into other ASEAN markets.

- (vi) **What would be the main factors considered by the board if/when the group venture into new markets?**

Q2. As noted in the message to shareholders, the group expanded to medical laboratories and research activities through the incorporation of Acumen Diagnostics Pte. Ltd (“Acumen”) in April 2020. The group 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 (page 6). The PCR test kits are already being used in several other countries including Malaysia and Indonesia.

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 on 15 September 2020. This follows the Provisional Authorisation received from Singapore Health Sciences Authority for clinical use earlier in March 2020.

The group has played a part in Singapore’s national efforts in COVID-19 testing, infection control and contact tracing. Revenue and segment results of the medical laboratory segment amounted to \$2.22 million and \$1,000 in FY2020 (page 80).

- (i) **Can management help shareholders understand the core competence in the board/senior management team in the new area of research, COVID-19 diagnostics, PCR testing and test-kits?**
- (ii) **What amount has been earmarked by the board for its investments into Acumen?**

- (iii) **What are the growth opportunities and business prospects of Acumen other than COVID-19?** Vaccines are being rolled-out all over the world as countries try to put the pandemic behind.

Q3. On 19 August 2020, the company announced the appointments of Dr Kuan Chee Keong and Dr Chong Kai Chuan as alternate director to Dr Ng Chin Siau and to Dr Ang Ee Peng Raymond respectively. The profiles of the two alternate directors can be found on page 10 of the annual report.

- (i) **Would the board/nominating committee help shareholders understand if this is part of the group’s succession plans for directors, CEO and key management personnel?**

^On 1 October 2020, the Accounting and Corporate Regulatory Authority (“ACRA”), the Monetary Authority of Singapore (“MAS”) and Singapore Exchange Regulation (“SGX RegCo”) published an updated checklist to guide listed entities on the conduct of general meetings arising from the latest updates from the Multi-Ministry Taskforce.

Issuers may continue to conduct their general meetings held on or before 30 June 2021 via electronic means, and are encouraged to do so.

Issuers who, after due consideration of public health and other risks, wish to provide for physical attendance at their general meetings must ensure that they implement all relevant measures to comply with the safe management measures imposed by the Singapore Government.

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Can’t attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on [SIAS website](#)

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^ Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation (<https://www.sgx.com/media-centre/20201001-guidance-conduct-general-meetings-amid-evolving-covid-19-situation>)