RepublicHealthcare

REPUBLIC HEALTHCARE LIMITED

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 8357

ANNUAL REPORT 2018

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE" AND THE "GEM", RESPECTIVELY)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

*This report, for which the directors of Republic Healthcare Limited (the "**Company**" and the "**Directors**", respectively) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (the "**GEM Listing Rules**") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in this report misleading.*

CONTENTS

CORPORATE INFORMATION

Registered office
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Headquarters and principal place of business in Singapore
101 Cecil Street
#17-12 Tong Eng Building
Singapore 069533

Principal place of business in Hong Kong registered under Part 16 of the Hong Kong Companies Ordinance
Room 5705, 57th Floor
The Center
99 Queen's Road Central
Hong Kong

Executive Directors
Dr. Tan Cher Sen Alan *(Chairman)*
Mr. Toh Han Boon *(Chief Financial Officer)*
Mr. Xu Xue *(Appointed on 21 November 2018)*

Independent non-executive Directors
Mr. Leung Hon San Jason
Mr. Soh Sai Kiang
Mr. Tan Chee Ken

Company secretary
Mr. Kwok Siu Man
31/F., 148 Electric Road
North Point, Hong Kong
(a fellow member of The Hong Kong Institute of Chartered Secretaries)

Authorised representatives
Mr. Toh Han Boon
Mr. Kwok Siu Man

Compliance officer
Mr. Toh Han Boon

Compliance adviser
Titan Financial Services Limited
Suites 3201–02, 32/F.
COSCO Tower
Grand Millennium Plaza
183 Queen's Road Central
Central, Hong Kong

Audit committee
Mr. Leung Ho San Jason *(Chairman)*
Mr. Soh Sai Kiang
Mr. Tan Chee Ken

Remuneration committee
Mr. Tan Chee Ken *(Chairman)*
Mr. Leung Ho San Jason
Mr. Soh Sai Kiang

Nomination committee
Mr. Soh Sai Kiang *(Chairman)*
Mr. Leung Ho San Jason
Mr. Tan Chee Ken

Independent auditor
PricewaterhouseCoopers
Certified Public Accountants

Principal share registrar and transfer office in the Cayman Islands
Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Hong Kong branch share registrar and transfer office
Boardroom Share Registrars (HK) Limited
Room 2103B, 21st Floor
148 Electric Road
North Point
Hong Kong

Principal banker
Oversea-Chinese Banking Corporation Limited
64 Chulia Street
OCBC Centre
Singapore 049513

Company's website
republichealthcare.asia

GEM Stock code
8357

Board lot
5,000 Shares

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of directors of the Company (the "**Directors**" and "**Board**", respectively), I present the first annual report of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2018 (the "**Year**") since the listing of the ordinary shares of the Company (the "**Shares**") in issue on GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 15 June 2018 (the "**Listing**" and the "**Listing Date**", respectively).

OVERVIEW

For the Year, the Group's revenue was approximately S$10.4 million, representing an increase of approximately 4.7% compared to approximately S$10.0 million for the year ended 31 December 2017 (the "**FY 2017**"). The Group recorded a loss of approximately (S$0.7 million) for the Year (FY 2017: Profit of S$2 million), which was mainly attributable to the non-recurring Listing expenses of approximately S$2.1 million charged during the Year (FY 2017: S$0.7 million). Excluding the one-off Listing expenses, the Group's adjusted profit for the Year would have been approximately S$1.4 million (FY 2017: adjusted profit of S$2.7 million) mainly due to costs incurred for post-listing, including compliance advisory charges, audit fees, printer and other professional fees.

BUSINESS REVIEW AND PROSPECT

The Group is a primary healthcare services provider operating a network of general practice clinics under the brand "Dr. Tan & Partners" or "DTAP" in short, in the Republic of Singapore ("**Singapore**") since 2010. We provide treatment solutions for common medical conditions, with a focus on sexual health and infectious diseases. In addition, we also have a medical aesthetics clinic under the brand "S Aesthetics" ("**SA**") which focuses on providing treatment solutions for common skin conditions and basic medical aesthetics services.

As at the date of this report, we operate (i) six DTAP clinics including the clinics at Robertson, Novena, Somerset, Bencoolen, Raffles Place and Holland Village; and (ii) one SA clinic at Scotts Road. We have relocated the previous DTAP clinic at Katong to Siglap (currently undergoing renovation) and DTAP clinic at Scotts to Raffles Place.

The Shares in issue were successfully listed on GEM on the Listing Date. The net proceeds raised from the Listing amounting to approximately S$9.1 million would facilitate the Group's future expansion and business growth within Singapore.

Looking forward, the Group expects the business environment to continue to be challenging and competitive. We will also continue to manage the Group's expenditure, particularly staff costs through upgrading and leveraging on technology to reduce labour intensity. We believe that we have built up our reputation over the years and will tap on it to enable us to become a leading premium general practice clinic network in Singapore, delivering holistic care in a collaborative environment.

Lastly, on behalf of the Board, I would like to extend my sincere appreciation to the shareholders, customers and business partners of the Company for their utmost support to the Group, and to express my gratitude to all management members and staff for their dedication and hard work throughout the Year.

Tan Cher Sen Alan
Chairman and Executive Director
Singapore, 27 March 2019

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

The Group is a leading medical general practice ("**GP**") network accredited by the Ministry of Health of Singapore in Singapore, providing convenient and quality care services for a variety of conditions including but not limited to sexual health, men's health and women's health. The Group's private GP comprises primarily doctors and trained personnel. The Group provides an all-round solution from diagnosis to treatment that is tailored to our patients' individual needs. The Group also performs aesthetic treatments to enhance the overall appearance of patients.

For the year ended 31 December 2018, (the "**Year**" or the "**Year 2018**") the revenue of the Group grew by approximately S$465,000, or 4.7%, to approximately S$10,421,000, when compared to that for the year ended 31 December 2017 (the "**FY 2017**" or the "**Year 2017"**). The revenue of consultation services, treatment services and medical investigation services amounted to approximately S$1,057,000, S$6,263,000 and S$3,017,000, respectively, which accounted for approximately 10.1%, 60.0% and 29.0% of the total revenue of the Group for the Year, respectively, which is in line with the distribution as compared to those for the FY 2017.

Looking forward, with strong potential in the healthcare services industry in Singapore, the Group will continue to seek to enlarge our market share, grow the "Dr. Tan & Partners" ("**DTAP**") brand and business and to build our reputation. We will continue to consolidate our position in the market and achieve a continued growth for our business.

FINANCIAL REVIEW

Revenue

The Group's overall revenue amounted to approximately S$10,421,000 for the Year, representing an increase of approximately S$465,000 or 4.7% as compared with the revenue of S$9,957,000 for FY 2017.

The Group provides an all-round treatment solution that is tailored to the patients' individual needs. These are achieved through the provision of personalised services, including consultation services, prescription and dispensing services and treatment services. The following table sets forth a breakdown of our revenue for the periods indicated:

	Year 2018		Year 2017	
	S$'000	**%**	S$'000	%
Revenue				
Consultation services	**1,057**	**10.1%**	1,079	10.8%
Medical investigation services	**3,017**	**29.0%**	2,942	29.6%
Treatment services	**6,263**	**60.1%**	5,460	54.8%
Other services	**84**	**0.8%**	476	4.8%
	10,421	**100.0**	9,957	100.0

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue generated from consultation services remained constant at S$1 million for FY 2017 and the Year.

Revenue generated from medical investigation services increased by S$100,000 from S$2.9 million to S$3 million for FY 2017 and the Year, respectively, with the percentage contribution being fairly stable at 29%.

Revenue generated from treatment services increased by S$0.7 million from S$5.5 million to S$6.2 million for FY 2017 and the Year, respectively. Revenue generated from the treatment services are a combination of SAC skin rejuvenation and pigmentation procedures and prescription and dispensing of medications. The percentage contribution increased to 60.1% from 54.8% in FY 2017 because of a lack of revenue from healthcare related advisory services during the Year.

Other services revenue of S$84,000 wholly relates to franchise fees received from our licensing of Malaysia clinic.

Other income

Other income for FY 2017 and the Year represented primarily government grants and other income which comprised cash pay-out from the Inland Revenue Authority of Singapore in relation to qualifying expenditure incurred during the Year and other miscellaneous income which had expired by the end of 2017.

Consumables and medical supplies used

Our consumables and medical supplies used amounted to S$2.0 million and S$2.4 million for FY 2017 and the Year, respectively. The increase is in line with the increase in revenue. These comprised costs of treatment consumables, skincare products and medications necessary for the provision of our services at our clinics.

Our cost of medication and consumables is predominantly driven by the amounts of medication and consumables we used and our procurement costs. The amount of medication and consumables we used is primarily driven by the number of patient visits, the number and complexity of treatments and other aesthetics and procedural services provided.

Medical professional costs

Our medical professional costs are mainly attributable to the laboratory charges, which are fees charged by laboratories engaged by us for providing blood, urine and other testing services for our patients.

We generally outsource medical tests such as blood, urine, and other testing services, where we believe that there is insufficient demand to warrant the necessary investment for the development of the expertise and the in-house infrastructure. Therefore, we have subcontracted such services to external service providers and incurred laboratory charges for the provision of such services.

Employee benefits expenses

Employee benefit expenses related to the Directors' remuneration, salaries for other professional staff such as clinic assistants and other. For the Year, employee benefits expenses increased by S$861,000 or 30.8% to S$3,659,000 as a result of the increased headcounts in the Year.

Employee benefits expenses relate to the doctors, Executive Director and Independent Directors' remuneration and salaries for other professional staff such as trained therapists, clinic assistants and other administrative staff working at the clinics, Central Provident Fund contributions and bonuses.

Our total staff count for employees (including part time staff), excluding our doctors, as at the end of the respective financial years is as follow:

	Year 2018	Year 2017
Total staff count	**33**	30

Depreciation of plant and equipment

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is recognised on a straight-line basis over the estimated useful lives of each part of an item of plant and equipment. Our depreciation expenses primarily comprised:

(a) professional equipment, mainly our medical equipment such as dermatological laser equipment used at our clinics;

(b) computer and office equipment at our various premises used for our operations; and

(c) leasehold improvements in relation to the leased premises for our operations.

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate at the end of the Year. Our medical equipment and office equipment are generally depreciated over three to five years, which we considered as reasonable for the useful lives for assets of such nature.

Other operating expenses

Our other operating expenses comprised rental and property upkeep, administrative fees, professional fees and other expenses.

The other operating expenses for the Year increased by approximately S$1,788,000 or 87.8% from approximately S$2,037,000 for FY 2017 to approximately S$3,825,000 for the Year. This increase was largely due to the increase in listing expenses of S$1.4 million and the increase in the professional fees for approximately S$252,000 was related to the post-Listing fees incurred for legal adviser, compliance adviser, financial printer and other professional fees.

	Year ended 31 December	
	2018	2017
	S$	S$
Auditors' remuneration	**199,817**	62,500
Legal and professional fees	**336,437**	84,845
Marketing expenses	**212,184**	119,153
Operating lease rentals in respect of the Group's office and clinics	**682,654**	555,648
Credit card and bank charges	**201,684**	191,773
Listing expenses	**2,140,915**	743,000

Finance costs

The Group did not have any bank borrowings, finance lease liabilities, or interest-bearing liabilities for the Year.

Income tax expense

Income tax expense was approximately S$80,000 for the Year and S$41,000 for FY 2017. During the Year, the Group incurred one-off Listing expenses which are not deductible for taxation purpose.

(Loss)/Profit and total comprehensive income for the Year

Due to the combined effect of the aforesaid factors, we recorded loss of approximately (S$731,000) for the Year, representing a decrease of approximately S$2.7 million as compared to the profit of approximately S$2 million for FY 2017, largely due to the non-recurring Listing expenses of approximately S$2.1 million. Excluding which, profit for the year will be S$1.4 million which decreased compared with that for FY 2017, largely due to post-Listing expenses.

Listing expenses

The listing expenses primarily consisted of fees paid or payable to professional parties and underwriting fees and commission. Total listing expenses incurred amounted to approximately S$3.9 million for the Year (2017: S$743,000) of which approximately S$2.1 million was recognised as expenses in the consolidated statement of comprehensive income and approximately S$1.8 million was accounted for as a deduction from equity.

MANAGEMENT DISCUSSION AND ANALYSIS

DIVIDENDS

During FY 2017, total dividends of approximately S$2.2 million were declared and distributed to their then shareholders of the Company.

The Board has resolved not to declare the payment of a final dividend for the Year.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

The capital structure of the Group only comprises the Shares in issue.

As at 31 December 2018, the total equity of the Group was approximately S$12.6 million (FY 2017: approximately S$1.7 million). The Group generally financed its operation with internally generated cash flows. The Group, had bank balances and cash of approximately S$12.4 million as at 31 December 2018 (FY 2017: approximately S$2.0 million). As at 31 December 2018, the Group had net current assets of approximately S$11.7 million (FY 2017: approximately S$876,000).

As at 31 December 2018, the gearing ratio of the Group was 0.0% (FY 2017: approximately 0.0%), calculated based on total debt divided by total equity as at the end of the year. As at 31 December 2018, the Group had no outstanding debt (FY 2017: Nil).

Net cash used in operating activities are approximately S$0.3 million (FY2017: generated from S$2.3 million). With the healthy bank balances and cash on hand, the Group's liquidity position remained strong and it had sufficient financial resources to fund its future plans and to meet its working capital requirement.

For the Year, the capital structure of the Group consisted of equity attributable to owners of the Company of approximately S$12.6 million. The Shares in issue were initially listed on GEM of the Stock Exchange on the Listing Date. There has been no change in the capital structure of the Group since then.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS AND DISPOSAL

During the Year, the Group did not have any significant investment, material acquisitions nor disposal of subsidiaries, associates on joint ventures save for those reorganisation activities done for the purpose of Listing as set out in the paragraph headed "History, Reorganisation and Development — Reorganisation" in the prospectus of the Company dated 1 June 2018 (the "**Prospectus**").

TREASURY POLICIES

The management will continue to follow a prudent policy in managing the Group's cash balances and maintain a strong and healthy liquidity to ensure that the Group is well placed to take advantage of future growth opportunities.

MANAGEMENT DISCUSSION AND ANALYSIS

FOREIGN EXCHANGE EXPOSURE

The Group operates in Singapore and transacts mainly in Singapore dollars, which is the functional currency of the majority of the Group's operating subsidiaries. However, the Group retained certain amount of the proceeds from the Share Offer in Hong Kong dollars which contributed to an unrealised foreign exchange gain of approximately S$105,000 as Hong Kong dollars strengthened against Singapore dollars.

COMMITMENTS

The contractual commitments of the Group were primarily related to the leases of our office premises and clinics. As at 31 December 2018, the Group's operating lease commitments amounted to approximately S$1.1 million (FY 2017: approximately S$1.8 million).

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed above and in the Prospectus, the Group does not have other plans for material investments and capital assets.

CONTINGENT LIABILITIES

As at 31 December 2018, the Group did not have material contingent liabilities (FY 2017: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2018, the Group had a total of 33 employees (including part time staffs), excluding our doctors (FY 2017: 30). Staff costs, including Directors' remuneration, of the Group were approximately S$3.7 million for the Year (FY 2017: approximately S$2.8 million). Remuneration is determined by reference to factors such as comparable market salaries and work performance, time commitment and responsibilities of each individual. Employees are provided with relevant inhouse and/or external training from time to time. In addition to a basic salary, year-end discretionary bonuses are offered to employees who performed outstandingly to attract and retain eligible employees to contribute to the Group.

CHARGES ON THE GROUP'S ASSETS

As at 31 December 2017 and 2018, there are no charges on the Group's assets.

ENVIRONMENTAL POLICIES AND PERFORMANCE

For details of environment, social and governance performance of the Group, please refer to the "Environmental, Social and Governance Report" on pages 43 to 52 of this annual report.

MANAGEMENT DISCUSSION AND ANALYSIS

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's financial condition, results of operations, and business prospects may be affected by a number of risks and uncertainties directly or indirectly pertaining to the Group's business. The following are the key risks and uncertainties identified by the Group: –

BUSINESS RISK

The Group's business is dependent on our ability to attract and retain skilled and competent professional staff. Our ability to provide our services is reliant on the services provided by these professionals. The ability to attract and retain them is dependent on several factors such as our continued reputation, financial remuneration and job satisfaction. As we engage in a service related industry, in the event that we are unable to find suitable and timely replacements should a significant number of our skilled professional staff resign, our financial position and results, business operations as well as future growth and prospects may be adversely affected. The number of doctors with necessary experience and qualifications is limited in the market and we are competing for suitable candidates. We cannot assure that we will be able to attract and retain sufficient doctors with similar expertise, experience or network to enter into or maintain employment agreements with our Group to keep pace with our growth while maintaining consistent service quality across our clinics. Our business, financial condition and results of operations could accordingly be materially and adversely affected.

INDUSTRY RISK

The medical services care industry is sensitive to negative media reports or allegations, which may affect consumer confidence, reputation and market perception of the industry. The industry is also subject to rapidly changing market trends and intense competition amongst other market players. This may materially and adversely affect the Group's business performance. To maintain competitiveness, our doctors seek to keep abreast of the latest and most suitable treatment products and technologies available.

REPUTATION RISK

The Group's success depends to a significant extent on the recognition of our brand and reputation in the industry as a reliable medical service provider. Any litigation, claims or complaints from our customers in relation to the quality of services or products provided by our clinics may adversely affect the reputation and image of the Group, and may in turn, materially and adversely affect the demand for our Services.

REGULATORY RISK

The Group recognises the importance of compliance with regulatory requirements and the risks of non-compliance with the applicable laws and regulations. During the Year and up to the date of this report, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. There was no material breach or non-compliance with the applicable laws and regulations by the Group during the period from the Listing Date to 31 December 2018 (the "**Period**") and thereafter up to the date of this report.

KEY STAKEHOLDER RISK

The Group's clinics are currently on the panel of preferred healthcare providers of various insurance companies and medical corporations. Our business and results of business operations may be adversely affected in the event that the relevant clinics are removed from such panels of preferred healthcare providers of insurance companies and medical corporations. Some of our patients rely on public insurance and healthcare schemes. If there are any changes to these schemes that affect the amount of subsidies to patients, they may then choose to go to public clinics or hospitals instead. We cannot assure that our financial condition and results of operations of the Group would not be affected as a result of any such changes to the policies and laws relating to the healthcare system.

USE OF PROCEEDS

The net proceeds from the placing and the public offer (the "**Share Offer**") were approximately S$9.1 million, which was based on the offer price of HK$0.60 per share and the actual expenses related to the Listing. After the Listing, these proceeds were and will be used for the purposes in accordance with the future plans as set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

The net proceeds from the Share Offer as at 31 December 2018 were used as follows:

	Net proceeds from the Listing (S$'000)	**Actual use of net proceeds from the Listing Date up to 31 December 2018** (S$'000)	**Balance as at 31 December 2018** *(Note a)* (S$'000)	*Notes*
Strategically expanding and strengthening our network of DTAP clinics	2,600	6	2,594	b
Establishing new SA clinics	1,400	105	1,295	b
Continuing to attract and retain talent pool of doctors and staff	4,300	251	4,049	
Upgrading and improving our information technology infrastructure and system	600	57	543	c
Settings up a centralised pharmacy	100	–	100	d
General working capital	100	100	–	
	9,100	519	8,581	

Notes:

(a) *The unused proceeds are deposited in a licensed bank in Hong Kong.*

(b) *The Listing proceeds of approximately S$1.1 million have not been utilized as at 31 December 2018, as we delayed our plan to open a new "DTAP" clinic in the western part of Singapore to mid 2019 due to the availability of suitable leasing space. We have only recently entered in to a tenancy agreement at Holland Village on 21 January 2019. In addition, we have also found a replacement location for our Scotts clinic to be at Raffles Place and signed the tenancy agreement on 11 March 2019.*

(c) *We have selected our vendor and have paid the deposit to commence designing work on the information technology infrastructure and systems for our clinic use.*

(d) *We delayed our plan for a centralized pharmacy due to a lack of suitable location for the warehouse and will continue our search.*

MANAGEMENT DISCUSSION AND ANALYSIS

COMPARISON BETWEEN BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

An analysis comparing the business objectives as set out in the Prospectus with the Group's actual business progress for the Period is set out below:

Business objective as stated in the Prospectus	Business plan stated in the prospectus	Actual business progress up to 31 December 2018
Strategically expanding and strengthening our network of DTAP clinics	Explore and identify location in Jurong for the new DTAP clinic	Opportunistically we have found Holland Village as a suitable location for starting a new DTAP clinic in the western region of Singapore.
	Negotiate and enter into tenancy for the new DTAP clinic in Jurong and carry out renovation on the premises	We had negotiated and entered into tenancy for Holland Village on 21 January 2019.
	Procure fixed assets, furniture, equipment and treatment devices for the new DTAP clinic in Jurong	In January 2019, a total of S$136,000 was spent on the renovation and purchase of equipment, furniture and treatment devices as per planned.
	Expected opening of the new DTAP clinic in Jurong	We commenced operations at Holland Village on 15 March 2019.
Establishing new SA clinics	Explore and identify location in Jurong for the new SA clinic	The Company team continues to look for a suitable location for the new SA clinic.
	Negotiate and enter into tenancy for the new SA clinic in Jurong and carry out renovation on the premises	
	Procure fixed assets, furniture, equipment and treatment devices for the new SA clinic in Jurong	We had purchased 3 equipments (totalling S$105,000) since Listing – 1x Clear and Brilliant, 1x Hydrafacial Elite and 1x Introfill Injector with HP Cell Regation for the new SA clinic, currently being placed in Scotts #07-07.
	Expected opening of the new SA clinic in Jurong	
Continuing to attract and retain talent pool of doctors and staff	Recruitment of two resident doctors, two clinic assistants and three aestheticians for the new SA clinic in Jurong	After 31 December 2018, we had hired two resident doctors and two clinic assistants to be staffed at DTAP @ Holland V clinic.
	Recruitment of one chief operating officer	Because as part of the management team, we require the candidate to have the relevant industry and experience in managing a similar scale of operations, hence we are still actively looking.
Upgrading and improving our information technology infrastructure and systems	Upgrading existing information technology infrastructure and systems	We had started working with a vendor and paid a deposit of S$57,000.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Dr. Tan Cher Sen Alan ("Dr. Alan Tan"), aged 43, is an executive director and the chairman of the Board (the "**Director**"). He has been the director of each of Republic Healthcare Holdings Limited, Republic Healthcare Holdings Pte. Ltd., Brunel Clinics Pte. Ltd., BM Aesthetics Pte. Ltd., Medway Medical Pte. Ltd., Republic Healthcare Pte. Ltd. and Straits Health Corp Pte. Ltd. since its incorporation and was appointed as a Director on 3 January 2018 and re-designated as our executive Director on 25 January 2018. Dr. Alan Tan is primarily responsible for the overall strategic planning, management and business development of the Group.

Dr. Alan Tan graduated from National University of Singapore in the Republic of Singapore ("**Singapore**") in July 2001 with a Bachelor of Medicine degree and a Bachelor of Surgery degree. He further obtained a degree of Master of Business Administration (Information Technology Management) from University of Leicester in the United Kingdom in January 2009. He became a full registration member of the Singapore Medical Council ("**SMC**") and the General Medical Council in the United Kingdom in May 2002 and November 2003, respectively. He is currently holding the practising certificate granted by the SMC.

Dr. Alan Tan has over 16 years of experience in the healthcare and medical industry and has extensive experience in marketing and management in the healthcare industry. From 2001 to 2002, he worked as a house officer and medical officer in Singapore Healthcare Services, Ang Mo Kio Community Hospital, KK Women's and Children's Hospital, National University Hospital and Alexandra Hospital, where he was principally responsible for medical care of in patients and out patients.

From 2002 to 2006, Dr. Alan Tan held various management and administrative positions in Singhealth Cluster, Singapore General Hospital and National Heart Centre, where he contributed to research ethics, doctors training programme, staffing, policy development and other general operational aspects of the hospital. From 2006 to 2007, Dr. Alan Tan worked as regional medical advisor, Asia-Pacific region in Schering AG (now known as Bayer Schering Pharma) where he was involved in the development, launch and marketing of various medical products as a medical expert for gynaecology and andrology.

From 2008 to 2010, Dr. Alan Tan worked as the regional head of medical affairs and oncology in Invida Pharmaceutical Holdings Pte. Ltd., where he was primarily responsible for leading the medical department in day-to-day activities and overseeing the marketing and regional business development for major oncological medicines. Based on his knowledge and skills in the medical profession, he founded the Group in 2010. In March 2017, he was appointed as a non-executive director of Concord Healthcare Singapore Pte. Ltd., which is a member of the group of Concord Medical Services Holdings Limited (a company listed on the National Association of Securities Dealers Automated Quotation, stock code: CCM).

Dr. Alan Tan is a director of Cher Sen Holdings Limited which owns 100% of the shares of the Company in issue.

Mr. Toh Han Boon ("Mr Toh"), aged 37, is a chief financial officer and an executive Director. He joined the Group in May 2017 and was appointed as an executive Director on 25 January 2018. Mr. Toh is primarily responsible for supervision of operations and overall financial management of the Group.

Mr. Toh graduated from Nanyang Technological University with a Bachelor of Accountancy degree (with honours) in Singapore in June 2006 and was admitted as a member of the Institute of Singapore Chartered Accountants in September 2009. He is also a member of the Singapore Institute of Directors since 2017.

Mr. Toh has over 12 years of experience in finance, accounting and management. Prior to joining the Group, he worked in Ernst & Young, LLP (currently known as EY) in external audit and also transaction advisory services. Thereafter, Mr. Toh worked as the financial controller of an information technology startup where he was primarily responsible for overseeing the company's internal controls, budget, financial planning and management reporting of the financial team.

Save for the Company, Mr. Toh has not held any directorship in any public listed company in the past three years.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Xu Xue ("Mr. Xu"), aged 46, was appointed as an executive Director on 21 November 2018, Mr. Xu graduated from the Shaanxi Institute of Education (now known as Shaanxi Xueqian Normal University) in the People's Republic of China (the "**PRC**") in 1996, majoring in history education. Mr. Xu is responsible for exploring and developing business opportunities in Hong Kong and China markets.

Mr. Xu has extensive professional and managerial experiences in the PRC. From 2013 to 2018, he was an executive director and the chief of sales of China Life Health Industry Group Limited*（中生健康產業集團有限公司）, responsible for its overall management and sales strategy.

Prior to that, Mr. Xu held key managerial positions as general manager and deputy general manager of companies in the electronic components manufacturing industry in the PRC, including Shenzhen Sanchi Technology Company Limited*（深圳三馳科技有限公司）, Shenzhen Tianhe Tongke Technology Company Limited*（深圳天合通科科技有限公司）, Shenzhen Jinfeng Datong Technology Company Limited*（深圳金峰達通科技有限公司）and Zhonghao Electronics Company Limited*（中昊電子有限公司）.

Save for the Company, Mr. Xu has not held any directorship in any public listed company in the past three years.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Leung Ho San Jason ("Mr. Leung"), aged 34, was appointed as an independent non-executive Director (the "**INED**") on 18 May 2018. Mr. Leung is also the chairman of the audit committee and a member of each of the nomination committee and remuneration committee and is responsible for providing independent judgement on issues of strategy, policy, accountability and standard of conduct to the Group.

Mr. Leung obtained a Bachelor of Business degree majoring in banking and finance from Queensland University of Technology in Australia in August 2008. He was admitted as a member of the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") since January 2013 and is currently holding a practicing certificate issued by HKICPA.

Mr. Leung has over ten years of experience in auditing and taxation. Since June 2008, Mr. Leung has been working with Philip Leung & Co. Limited, Certified Public Accountants, responsible for the provision of auditing, taxation and secretarial services covering manufacturing, trading, securities and futures trading clientele, and has been a practicing director since April 2014.

Save for the Company, Mr. Leung has not held any directorship in any public listed company in the past three years.

* *The English translation of the Chinese names is for information purpose only and should not be regarded as the official English translation of such Chinese names.*

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Soh Sai Kiang ("Ms. Soh"), aged 50, was appointed as an INED on 18 May 2018. Mr. Soh is also the chairman of the nomination committee and a member of each of the audit committee and remuneration committee and is responsible for providing independent judgement on issues of strategy, policy, accountability and standard of conduct to the Group.

Mr. Soh obtained a Bachelor of Arts degree majoring in economics and political science from National University of Singapore in Singapore in June 1993 and has over 25 years of experience in the banking and finance industry. From June 1993 to December 1996, Mr. Soh worked with United Overseas Bank as a banking officer and was primarily responsible for asset management, marketing and operations of unit trust, and from January 1997 to June 1999, he worked with Wee Investments Pte. Ltd. as an investment officer and was primarily responsible for bond trading, equity trading, property research and proxy for board representation. Mr. Soh then joined Lum Chang Securities Pte. Ltd. from June 1999 to July 2001 and his last position was the head of internet trading and was primarily responsible for the establishment and operation of the Internet platform for Internet trading. Mr. Soh has been working with UOB Kay Hian Pte. Ltd. since August 2001 and is currently a director of capital markets group, responsible for structuring companies for listing on the Singapore Exchange Securities Trading Limited (the "**Singapore Stock Exchange**").

Mr. Soh was the founder of Artivision Technologies Limited (a company listed on the Singapore Stock Exchange, stock code: 5NK) and was the chairman of the board before his resignation in December 2016. Since June 2015, Mr. Soh has been acting as the executive chairman of Asidokona Mining Resources Pte. Ltd.. Since August 2012, Mr. Soh has been acting as an independent director or Sin Heng Heavy Machinery Limited (a company listed on the Singapore Stock Exchange, stock code: BKA).

Mr. Tan Chee Ken ("Mr. Tan"), aged 52, was appointed as an INED on 18 May 2018. Mr. Tan is also the chairman of the remuneration committee and a member of each of the audit committee and nomination committee and is responsible for providing independent judgement on issues of strategy, policy, accountability and standard of conduct of the Group.

Mr. Tan obtained a Bachelor of Engineering degree from National University of Singapore in Singapore in July 1991.

Mr. Tan has over 18 years of experience in the information technology industry. He started his career under the scholarship of Hewlett Packard awarded to him in June 1990. From November 1997 to June 1999, he worked with Singapore Telecommunications Limited and his last position was a director of the value added services business, where he was primarily responsible for team management. Mr. Tan then worked with Cisco System (USA) Pte. Ltd. as a director of enterprise operations from July 1999 to January 2002, where he was primarily responsible for management of sales and technology. In 2001, Mr. Tan founded Aculearn Pte. Ltd., a company principally engaged in providing online interactive media platform.

Save for the Company, Mr. Tan has not held any directorship in any public listed company in the past three years.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Dr. Tan Kok Kuan ("Dr. Tan"), aged 43, joined our Group in September 2010 as a chief medical officer and was designated as the chief executive officer of the Group (the "**CEO**") on 25 January 2018. He is responsible for daily operations, management and medical affairs of the Group.

Dr. Tan graduated from National University of Singapore in Singapore in July 2001 with a Bachelor of Medicine degree and Bachelor of Surgery. He became a full registration member of the SMC in May 2002. He was also admitted as a member of the Academy for Men's Health (Singapore) in July 2014.

Dr. Tan has over 17 years of experience in medical practice, specialising in clinical dermatology and andrology. From January 2002, he worked with Singapore Health Services Pte Ltd. as a medical officer and served in various hospitals including Singapore General Hospital, Singapore National Heart Center and Singapore National Eye Center, where he was primarily responsible for providing medical consultations and treatment for inpatients and outpatients. During the outbreak of Severe Acute Respiratory Syndrome ("**SARS**") in Singapore in 2003, he worked as a doctor in the SARS medical task force and was primarily responsible for providing medical care to inpatients and outpatients in the hospitals. In 2005, Dr. Tan joined Thomson Medical Center as a physician in charge of the family clinic and was primarily responsible for providing medical consultations and treatments for outpatients and inpatients. In September 2010, Dr. Tan commenced working with the Group as a chief medical officer and is currently the CEO.

COMPANY SECRETARY

Mr. Kwok Siu Man ("Mr. Kwok") was appointed as the company secretary of the Company on 25 January 2018.

Mr. Kwok is an executive director and head, corporate secretarial of Boardroom Corporate Services (HK) Limited ("**Boardroom**") and a director of Boardroom Share Registrars (HK) Limited, responsible for, among others, providing corporate secretarial services to listed clients. Prior to joining Boardroom, between February 2011 and March 2013, he was the company secretary of a number of companies of the same group listed on GEM and the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), respectively, and a company of a related group listed on the Main Board of the Stock Exchange concurrently. He has over 30 years' extensive legal, corporate secretarial and management experience gained from working, amongst others, at company secretary and other senior positions for companies overseas and in Hong Kong (including the Hang Seng Index Constituent ("**HSIC**") and Hang Seng Mid-Cap 50 stock companies). He was the managing director of a top-notched financial printer in Hong Kong with international affiliation and an independent non-executive director (the "**INED**") of a company listed on the Main Board of the Stock Exchange. In addition, he is an INED of a company listed on GEM and an executive committee member of Federation of Share Registrars Limited and has been a director of a charity fund in Hong Kong since its incorporation in 1992.

A Chartered Governance Professional of The Institute of Chartered Secretaries and Administrators in England ("**ICSA**") and The Hong Kong Institute of Chartered Secretaries ("**HKICS**"), Mr. Kwok is a fellow member of each of ICSA, HKICS, The institute of Financial Accountants in England, the Institute of Public Accountants in Australia, The Association of Hong Kong Accountants and The Hong Kong Institute of Directors and a member of the Hong Kong Securities and Investment Institute. He also possesses professional qualifications in arbitration, taxation, financial planning and human resources management. He matriculated from Queen's College in Hong Kong and obtained a Professional Diploma in Company Secretaryship and Administration and a Bachelor's Degree of Arts (with honors) in Accountancy from the Hong Kong Polytechnic (currently known as The Hong Kong Polytechnic University). He also completed a Post-Graduate Diploma in Laws (with credit) from the Manchester Metropolitan University in England and passed the Common Professional Examinations in England and Wales. In 1999, he received induction into the International WHO'S WHO of Professionals, an international organisation which establishes a network of international elite professionals. He was one of the adjudicators for the "Best Annual Reports Awards" organised by the Hong Kong Management Association in early 1990's and the late 2000's and the longest serving elected council member and a reviewer and the chief examiner of the "Hong Kong Company Secretarial Practice/Corporate Secretaryship" module of the international qualifying scheme of HKICS.

Further, he was a member of the Board of Review appointed by the Hong Kong government under the Inland Revenue Ordinance and has been acting as an external examiner/adviser/member of the validation panel of corporate management courses organised by recognised academic and vocational institutions for tertiary education in Hong Kong since the mid-1990's. He has been influential in making the regulators in Hong Kong (including the Stock Exchange) review and amend the Listing Rules in many aspects since the mid-2000's.

First appointed as the company secretary of a HSIC stock company in 1991, Mr. Kwok was not required to have at least 15 hours of relevant continuing professional development training for each of the five consecutive years from 2012 under the Rules Governing the Listing of Secretaries on the Stock Exchange and the GEM Listing Rules.

DIRECTORS' REPORT

The directors of the Company (the "**Directors**") present the annual report with the audited consolidated financial statements of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2018 (the "**Consolidated Financial Statements**" and the "**Year**", respectively).

CORPORATE REORGANISATION AND LISTING

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 3 January 2018 under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. Pursuant to the corporate reorganisation of the Group (the "**Reorganisation**") to rationalise the group structure in preparation of the Company's listing of the shares of the Company (the "**Shares**") in issue on GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**" and the "**GEM**", respectively), the Company became the holding company of the Group on 1 June 2018. Further details of the Reorganisation are set out in the section headed "History and Reorganisation" in the prospectus of the Company dated 1 June 2018 (the "**Prospectus**"). The Shares in issue were listed on GEM on 15 June 2018 by placing (the "**Listing Date**" and the "**Listing**", respectively).

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The Group is principally engaged in the clinic business in Republic of Singapore ("**Singapore**") and provision of management advisory services. Details of the principal activities of its subsidiaries are set out in the note 12 to the Consolidated Financial Statements. There were no significant changes in the nature of our Group's principal activities during the Year.

PRINCIPAL PLACE OF BUSINESS

The Company's principal place of business in Singapore is at 101 Cecil Street, #17-12, Tong Eng Building, Singapore 069533 and the principal place of business in Hong Kong is at Room 5705, 57th Floor, The Center, 99 Queen's Road Central, Hong Kong.

BUSINESS REVIEW

Discussion and analysis of the business of the Group, principal risks and uncertainties, outlook of the business and the analysis of the Group's performance for the Year can be found out in the sections headed "Chairman's statement" and "Management discussion and analysis" of this annual report.

RESULTS AND DIVIDENDS

The results of the Group for the Year are set out in the section headed "Consolidated statement of comprehensive income" of this annual report.

The board of Directors (the "**Board**") has resolved not to declare the payment of a final dividend for the Year (For the year ended 2017: S$2.2 million).

DIRECTORS' REPORT

ANNUAL GENERAL MEETING AND CLOSURE OF THE REGISTER OF MEMBERS

The forthcoming annual general meeting of the Company (the "**2019 AGM**") is scheduled to be held on Thursday, 27 June 2019 at 10:00 a.m.. The register of members of the Company will be closed from Monday, 24 June 2019 to Thursday, 27 June 2019 (the "**Closure Period**"), both days inclusive, for the purposes of determining the entitlements of the shareholders of the Company (the "**Shareholders**") to attend and vote at the 2019 AGM.

During this Closure Period, no transfer of the Shares will be registered. In order to qualify for attending and voting at the 2019 AGM, non-registered Shareholders must lodge all properly completed and stamped transfer documents accompanied by the relevant shares certificates with the Company's Hong Kong branch share registrar and transfer office, Boardroom Share Registrars (HK) Limited at Room 2013B, 21/F., 148 Electric Road, North Point, Hong Kong, for registration by no later than 4:30 p.m. on Friday, 21 June, 2019.

SUMMARY OF FINANCIAL INFORMATION

A summary of the results, assets, liabilities and net assets of the Group for the last four years is set out in the section headed "Financial highlights" of this annual report. This summary does not form part of the audited Consolidated Financial Statements.

PLANT AND EQUIPMENT

Details of the movements in the plant and equipment of the Group during the Year are set out in note 13 to the Consolidated Financial Statements.

BORROWINGS

As at 31 December 2018, the Group was in net cash position with no bank borrowings.

INTEREST CAPITALIZED

The Group has not capitalized any interest during the Year.

SHARE CAPITAL

Details of the Company's share capital for the Year are set out in note 22a to the Consolidated Financial Statements.

RESERVES

Details of the movements in the reserves of the Company and the Group during the Year are set out in note 28 to the consolidated balance sheet and in the consolidated statement of changes in equity of this annual report, respectively.

DIRECTORS' REPORT

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the required standard of dealings in the securities (the "**Required Standard of Dealings**") as contained in Rules 5.48 to 5.67 of the Rules Governing the Listing of Securities on GEM (the "**GEM Listing Rules**") as the code of conduct for dealing in the securities of the Company by the Directors. In response to a specific enquiry made by the Company on each of the Directors, all Directors have confirmed that they had complied with the Required Standard of Dealings during the period from the Listing Date to 31 December 2018 and thereafter up to the date of this annual report (the "**Period**").

DISTRIBUTABLE RESERVES

As at 31 December 2018, the Company did not have any reserves available for distribution (Year 2017: Nil).

PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Period, the Company did not redeem any of its listed securities; nor did the Company or any of its subsidiaries purchase, or sell such securities.

DIRECTORS

The Directors during the Period were as follows:

Executive Directors

Dr. Tan Cher Sen Alan ("**Dr. Alan Tan**") *(Chairman)*

Mr. Toh Han Boon ("**Mr. Toh**") *(Chief Financial Officer)*

Mr. Xu Xue ("**Mr. Xu**") (appointed on 21 November 2018)

Independent Non-executive Directors (the "INEDs")

Mr. Leung Ho San Jason ("**Mr. Leung**") (appointed on 18 May 2018)

Mr. Soh Sai Kiang ("**Mr. Soh**") (appointed on 18 May 2018)

Mr. Tan Chee Ken ("**Mr. Tan**") (appointed on 18 May 2018)

The Company has received, from each of the INEDs, a confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules.

DIRECTORS' REPORT

Article 83(3) of the articles of association of the Company (the "**Articles of Association**") provides that any Director appointed by the Board to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting. Any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following AGM and shall then be eligible for re-election. Any Director appointed under this Article shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at an AGM.

Articles 108(a) and (b) of the Articles of Association provide that (1) one-third of the Directors for the time being or, if their number is not a multiple of three, the number nearest to but not less than one-third, shall retire from office by rotation at each AGM, provided that every Director shall be subject to retirement by rotation at least once every three years; (2) a retiring Director shall be eligible for re-election. The Directors to retire by rotation shall include (so far as necessary to ascertain the number of Directors to retire by rotation) any Director who wishes to retire and not to offer himself for re-election.

Each of Dr. Alan Tan, Mr. Toh, Mr. Xu and Mr. Leung will retire at the 2019 AGM and all of them, being eligible, will offer themselves for re-election at the 2019 AGM.

DIRECTORS' AND SENIOR MANAGEMENT BIOGRAPHIES

Biographical details of the Directors and the senior management of the Group are set out in the section headed "Biographies of Directors and Senior Management" of this annual report.

DIRECTORS' SERVICE CONTRACTS

Each of Dr. Alan Tan and Mr. Toh has entered into a service agreement with the Company on 18 May 2018 for an initial term of three years commencing from the Listing Date, which may be terminated by not less than three months' notice served by either party on the other, and is subject to termination provisions therein and provisions on retirement by rotation of Directors as set out in the Articles of Association. Mr. Xu has entered into a service contract with the Company for an initial term of three years commencing on 21 November 2018, which may be terminated by not less than one month notice served by either party on the other, and is subject to termination provisions therein and provisions on retirement by rotation of Directors as set out in the Articles of Association.

Each of the INEDs has entered into a letter of appointment with the Company on 18 May 2018 for an initial term of one year commencing from the Listing Date, which may be terminated by either party giving at least one month's notice in writing.

PERMITTED INDEMNITY PROVISION

According to Article 164 of the Articles of Association, the Directors shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty; provided that this indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of the Directors.

The Company has taken out insurance against the liability and costs associated with defending any proceedings which may be brought against the Directors since the Listing Date and such permitted indemnity provision for the benefits of the Directors is currently in force.

DIRECTORS' REPORT

DIRECTORS' INTERESTS IN SIGNIFICANT TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

There were no transactions, arrangements or contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director or an entity connected with him has or had a material interest, whether direct or indirect, subsisting at any time during or at the end of the Year.

CONTRACT OF SIGNIFICANCE

Save as those disclosed in note 12 to the Consolidated Financial Statements, no contract of significance in relation to the Group's business (1) has been entered into between the Company, or one of its subsidiaries, and a controlling shareholder (as defined under the GEM Listing Rules) (the "**Controlling Shareholder**") or any entity connected with him/her; (2) has been entered into for the provision of services to the Company or any of its subsidiaries by a Controlling Shareholder or any entity connected with him/her.

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

At no time during the Year was the Company or any of its subsidiaries, or any of its fellow subsidiaries, a party to any arrangement to enable the Directors or their respective associates (as defined under the GEM Listing Rules) to acquire benefits by means of the acquisition of Shares in or debentures of the Company or of any other body corporate.

DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS AND REMUNERATION POLICY

Details of the Directors' remuneration and five highest paid individuals of the Group are set out in note 8 to the Consolidated Financial Statements. The remuneration policy of the Company can be found in the subsection headed "Employees and remuneration policies" in the section of "Management Discussion and Analysis" of this annual report. The Remuneration Committee has reviewed the overall remuneration policy and structure relating to all Directors and senior management of the Group by reference to the Group's operating results and individual performance.

MANAGEMENT CONTRACTS

No contract, other than the employment contracts, concerning management and administration of the whole or any substantial part of the Group's businesses was entered into or existed during the Year.

RELATED PARTIES TRANSACTIONS

Details of the related party transactions undertaken by the Group during the Year are set out in note 24 to the Consolidated Financial Statements. None of the related party transactions constitutes disclosable connected transaction under the GEM Listing Rules.

COMPETING INTEREST

The Directors are not aware that any Controlling Shareholders or Directors or their close associates (as defined under the GEM Listing Rules) were interested in any business apart from the business operated by our Group which competed or was likely to compete, directly or indirectly with our Group's businesses during the Period.

COMPLIANCE OF NON-COMPETITION UNDERTAKINGS

The Group and the controlling shareholders (as defined under GEM Listing Rules) of the Company (each a "**Controlled Person**" and collectively, the "**Controlled Persons**") have entered into a deed of non-competition (the "**Deed of Non-competition**" and the "**Non-competition**", respectively) with the Company (for itself and for the benefit of each other member of the Group) on 18 May 2018, details of which are set out in the Prospectus. Pursuant to the Deed of Non-competition, each of the Controlled Persons has, among other things, irrevocably and unconditionally undertaken to the Company (for itself and on behalf of its subsidiaries) that, during the period that the Deed of Non-competition remains effective, he/it shall not, and shall procure that his/its close associates (as defined under the GEM Listing Rules) not to, expect through any member of the Group, directly or indirectly (whether on its own account or with each other or in conjunction with or on behalf of any person or company, or as principal or agent, through any body corporate, partnership, joint venture or other contractual arrangement and whether for profit or otherwise), carry on, engage in, invest or be interested or otherwise involved in (in each case whether as a shareholder, director, partner, agent or otherwise and whether for profit, reward or otherwise) any business that is similar to or in competition with or is likely to be in competition with any business currently and from time to time engaged by the Group in the Republic of Singapore ("**Singapore**") and any other country or jurisdiction in which the Group carries on business from time to time.

Each of the Controlled Persons further undertakes that if any of he/it or his/its associates (as defined under the GEM Listing Rules) is offered or becomes aware of any new project or business opportunity (the "**New Business Opportunity**"), whether directly or indirectly, each of them (i) will promptly notify the Company of such New Business Opportunity in writing, providing all the information and documents available to them or their close associates (as defined under the GEM Listing Rules) in respect of the New Business Opportunity and all the assistance as may be reasonably required by the Company to make an informed assessment of such New Business Opportunity; (ii) will not, and will procure that that the Controlled Persons or any member of the Group shall not, invest or participate in any such New Business Opportunity unless such New Business Opportunity shall have been declined by the Company and the principal terms of which they and/or their close associates (as defined under the GEM Listing Rules) invest or participate in are no more favorable than those made available to the Company.

For further details of the Deed of Non-competition, please refer to the section headed "Relationship with our Controlling Shareholders" in the Prospectus.

The Company has received from each of the Controlled Persons a written confirmation on the compliance with the Non-competition during the Period. The INEDs have reviewed the status of compliance and confirmed that all the undertakings under the Deed of Non-competition have been complied with by each of the Controlled Persons and duly enforced during the Period.

DIRECTORS' REPORT

RETIREMENT BENEFIT SCHEMES

Other than payments to the Central Provident Fund in Singapore, the Group has not operated any other retirement scheme for its employees. Particulars of the retirement benefit schemes are set out in note 8 to the Consolidated Financial Statements.

MAJOR CUSTOMERS AND SUPPLIERS

During the Year, no revenue from any individual patient contributing over 1% of the total revenue of the Group and the revenue attributable to the five largest customers accounted for approximately less than 0.6% of the Group's revenue for the Year. Purchases from the Group's five largest suppliers accounted for S$2.7 million representing approximately 79% of the total purchases for the Year, comprising of both drugs and laboratories providers.

To the best knowledge of the Directors, none of the Directors or any of their close associates (as defined under the Listing Rules) or the Shareholders that owned more than 5% of the Shares in issue had any direct or indirect interest in the five largest customers or the five largest suppliers of the Group during the Year.

SHARE OPTION SCHEME

The Company conditionally adopted a share option scheme (the "**Share Option Scheme**") on 18 May 2018 (the "**Adoption Date**"). A summary of the principal terms of the Share Option Scheme was summarised in the paragraph headed "Share Option Scheme" in Appendix IV to the Prospectus.

No share option has been granted by the Company or agreed to be granted under the Share Option Scheme since the Adoption Date and up to the date of this annual report. Therefore, no share options lapsed or were exercised or cancelled during the Period and there were no outstanding share options as at 31 December 2018.

DIRECTORS' AND CHIEF EXECUTIVES' INTEREST AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 December 2018, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "**SFO**") which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be recorded in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

Long position in the Shares

Name of Director/ Chief Executive	Capacity/Nature of interest	Number of Shares/ underlying Shares interested *(Note 1)*	Percentage of the Company's issued Shares*
Dr. Alan Tan	Interest of a controlled corporation *(Note 2)*	390,000,000 (L)	75%

Notes:

(1) The Letter "L" denotes the person's long position in the relevant Shares.

(2) These Shares are held by Cher Sen Holdings Limited ("**Cher Sen**") The entire issued shares of Cher Sen are legally and beneficially owned by Dr. Alan Tan, the chairman of the Board and an executive Director. Accordingly, Dr. Alan Tan is deemed to be interested in all the Shares held by Cher Sen under Part XV of the SFO.

* The percentage represents the total number of the Shares and the underlying Shares interested, if any, divided by the number of Shares in issue of 520,000,000 as at 31 December 2018.

Saved as disclosed above, as at 31 December 2018, none of the Directors nor the chief executive of the Company had any interests and short positions in any shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) to be recorded in the register referred to therein pursuant to Section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

Long position in the shares of associated corporation

Name of Director/ Chief Executive	Name of associated corporation	Capacity/ Nature of interest	Number of shares held	Percentage of interest
Dr. Alan Tan *(Note (2))*	Cher Sen *(Note (1))*	Beneficial owner	50,000	100%

Notes:

(1) Cher Sen is a direct Shareholder and is an associate corporation of the Company within the meaning of Part XV of the SFO.

(2) Dr. Alan Tan is a director of Cher Sen.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2018, so far as is known to the Directors, the following entity, other than the Directors and the chief executive of the Company, had interests or short positions in the Shares and underlying Shares as recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name of Shareholder	Capacity/Nature of interest	Number of Shares interested or held *(Note 1)*	Percentage of the Company's issued Shares*
Cher Sen *(Notes (2) and (3))*	Beneficial owner	390,000,000 (L)	75%

Notes:

(1) The Letter "L" denotes the entity's long position in the relevant Shares.

(2) Cher Sen is a direct Shareholder.

(3) Cher Sen is legally and beneficially owned as to 100% by Dr. Alan Tan.

* The percentage represents the number of the Shares interested divided by the number of Shares in issue of 520,000,000 as at 31 December 2018.

Saved as disclosed above, as at 31 December 2018, so far as is known by or otherwise notified to the Directors, no other entity (other than a Director or the chief executive of the Company) had interests and short positions in the Shares and underlying Shares as required to be recorded in the register to be kept by the Company under Section 336 of the SFO.

DIRECTORS' REPORT

CORPORATE GOVERNANCE PRACTICES

The Company is firmly committed to maintaining and ensuring a high level of corporate governance standards and will review and improve the corporate governance practices and standards constantly.

Details of the principal corporate governance practices adopted by the Company are set out in the section headed "Corporate Governance Report" on pages 31 to 42 of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

As the date of this annual report, based on the information that is publicly available to the Company and within the best knowledge of the Directors, the Board confirmed that the Company has maintained a sufficient public float as required under the GEM Listing Rules (i.e. at least 25% of the Company's Shares in issue in public hands) throughout the Period.

EQUITY-LINKED AGREEMENTS

No equity-linked agreements that will or may result in the Company issuing Shares or that require the Company to enter into any agreements that will or may result in the Company issuing Shares were entered into by the Company, or subsisting during the Year.

COMPLIANCE ADVISER'S INTEREST IN THE COMPANY

As at the date of this annual report, as notified by the Company's compliance adviser, Titan Financial Services Limited (the "**Compliance Adviser**"), except for (i) the participation of the Compliance Adviser as the sponsor in relation to the Listing; and (ii) the compliance adviser agreement entered into between the Company and the Compliance Adviser dated 25 January 2018, none of the Compliance Adviser nor its directors, employees or its close associates (as defined under the GEM Listing Rules) had any interests in relation to the Group or in the share capital of the Company or any member of the Group which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

As far as the Directors are aware, save as those disclosed in the Prospectus, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the Year, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

DIRECTORS' REPORT

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

As a responsible corporation, the Group is committed to maintaining the highest environmental and social standards to ensure sustainable development of its business. The Group has complied with all relevant laws and regulations in relation to its business including health and safety, workplace conduct, employment and the environment.

The "Environmental, Social and Governance Report", which forms part of this report, is set out on pages 43 to 52 of this annual report.

TAX RELIEF

The Company is not aware of any relief on taxation to the Shareholders by reason of their holding of the Shares. If unsure about the taxation implications of purchasing, holding, disposing of, dealing in or exercising of any rights relating to the Shares, Shareholders are advised to consult their professional advisers.

EVENTS AFTER THE YEAR END

On 30 January 2019, the INEDs had declined the new business opportunities of the establishment of internal medical specialist clinics in the Socialist Republic of Vietnam, the Kingdom of Cambodia and the Republic of Indonesia (the "**New Business Opportunities**") and the investment of the laboratory business in Singapore (the "**Investment**") and Dr. Alan Tan was given the first right of refusal to take up the New Business Opportunities and the Investment.

Save as disclosed above, the Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 31 December 2018 and up to the date of this annual report.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands which would oblige the Company to offer new Shares on a pro-rata basis to the existing Shareholders.

DIRECTORS' REPORT

REVIEW BY AUDIT COMMITTEE

The audit committee of the Board (the "**AC**") was established on 18 May 2018 with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules and code provisions C.3.3 and C.3.7 of the Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules. The primary duties of the AC are, among other things, to make recommendations to the Board on the appointment, re-appointment and removal of external auditors and to review and monitor the financial reporting process, risk management and internal control systems of the Group. The AC currently comprises all the three INEDs, namely Mr. Leung, Mr. Soh and Mr. Tan. Mr. Leung is the chairman of the AC.

The AC has reviewed the audited Consolidated Financial Statements and is of the view that such statements have been prepared in compliance with the applicable accounting standards, the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures have been made.

INDEPENDENT AUDITOR

The Consolidated Financial Statements have been audited by PricewaterhouseCoopers ("**PwC**"), who will retire at the conclusion of the 2019 AGM and, being eligible, offer themselves for re-appointment. A resolution will be proposed to the Shareholders at the 2019 AGM to re-appoint PwC as the independent auditor of the Company.

Since the incorporation of the Company up to the date of this annual report, there has been no change in the independent auditor of the Company.

By Order of the Board
Republic Healthcare Limited

Tan Cher Sen Alan
Chairman and Executive Director

Singapore, 27 March 2019

CORPORATE GOVERNANCE REPORT

The Company and its subsidiaries (collectively, the "**Group**") are committed to fulfilling its responsibilities to its shareholders (the "**Shareholders**") and protecting and enhancing Shareholders' value through good corporate governance.

The directors of the Company (the "**Directors**") recognise the importance of incorporating elements of good corporate governance in the management structures, internal control and risk management procedures of the Group so as to achieve effective accountability.

CORPORATE GOVERNANCE PRACTICES

As the Company's ordinary shares in issue were initially listed on GEM of The Stock Exchange of Hong Kong Limited on 15 June 2018 (the "**Listing Date**" and the "**Listing**", respectively), the Corporate Governance Code (the "**CG Code**") as contained in Appendix 15 to the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "**GEM Listing Rules**") was not applicable to the Company for the period from 1 January 2018 to 14 June 2018, being the date immediately before the Listing Date. The Company has adopted and has complied with all applicable code provisions as set out in the CG Code during the period from the Listing Date to 31 December 2018 (the "**Period**").

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding Directors' securities transactions (the "**Own Code of Conduct**") on terms no less exacting from the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the "**Required Standard of Dealings**"). In response to a specific enquiry made by the Company on each of the Directors, all Directors have confirmed that they had fully complied with the Required Standard of Dealings and the required standards set out in the Own Code of Conduct during the Period.

BOARD OF DIRECTORS

Responsibilities

The board of Directors (the "**Board**") is primarily responsible for overseeing and supervising the management of the business affairs and the overall performance of the Group. The Board sets the Group's values and standards and ensures that the requisite financial and human resources support is in place for the Group to achieve its objectives. The functions performed by the Board include but are not limited to formulating the Group's business and investment plans and strategies, deciding all significant financial (including major capital expenditure) and operational issues, developing, monitoring and reviewing the Group's corporate governance practices and all other functions reserved to the Board under the Company's articles of association (the "**Articles of Association**"). The Board has established Board committees and has delegated to these Board committees various responsibilities as set out in their respective terms of reference. The Board may from time to time delegate certain functions to management of the Group (the "**Management**") if and when considered appropriate. The Management is mainly responsible for the execution of the business plans, strategies and policies adopted by the Board and other duties assigned to it from time to time.

The Directors have full access to information of the Group and are entitled to seek independent professional advice in appropriate circumstances at the Company's expense.

CORPORATE GOVERNANCE REPORT

Composition

The Company is committed to holding the view that the Board should include a balanced composition of executive Directors (the "**EDs**") and non-executive Directors (including independent non-executive Directors (the "**INEDs**")) so that there is a strong independent element on the Board, which can effectively exercise independent judgement.

As at the date of this annual report, the Board comprises the following six Directors, of which the INEDs in aggregate represent 50% of the Board members:

EDs

Dr. Tan Cher Sen Alan ("**Dr. Alan Tan**") *(Chairman)*
Mr. Toh Han Boon ("**Mr. Toh**") *(Chief Financial Officer) (the "**CFO**")*
Mr. Xu Xue ("**Mr. Xu**") *(Appointed on 21 November 2018)*

INEDs

Mr. Leung Ho San Jason ("**Mr. Leung**")
Mr. Soh Sai Kiang ("**Mr. Soh**")
Mr. Tan Chee Ken ("**Mr. Tan**")

The biographical details of each of the Directors are set out in the section headed "Biographies of Directors and Senior Management" of this annual report.

There was no financial, business, family or other material relationship among the Directors during the Period.

The INEDs have brought in a wide range of business and financial expertise, experience and independent judgement to the Board. Through active participation in the Board meetings and serving on various Board committees, all INEDs will continue to make various contributions to the Company.

Throughout the Period, the Company had three INEDs, meeting the requirements of the GEM Listing Rules that the number of INEDs must represent at least one-third of the Board members, and that at least one of the INEDs has appropriate professional qualifications or accounting or related financial management expertise.

The Company has received a confirmation of independence in writing from each of the INEDs pursuant to Rule 5.09 of the GEM Listing Rules. Based on such confirmation and not aware of any unfavorably reported incidents, the Company considers that all the INEDs are independent and have met the independence guidelines as set out in Rule 5.09 of the GEM Listing Rules during the Period.

From the Company's financial year commencing on 1 January 2019, the chairman of the Board (the "**Chairman**"), being an executive Director will at least annually hold one meeting with the INEDs without the presence of other executive Directors.

Proper insurance coverage has been arranged by the Company to cover the Directors against any liability incurred by them in their discharge of their duties.

Directors' Induction and Continuing Professional Development

Each of the Directors has received a formal, comprehensive and tailored induction on the first occasion of his appointment to ensure that he has a proper understanding of the Company's operations and business and is fully aware of the Director's responsibilities under statute and common law, the GEM Listing Rules, other legal and regulatory requirements and the Company's business and governance policies. During the Period, each of the Directors named under the paragraph headed "Composition" above attended a training seminar arranged by the Company's Hong Kong legal advisers/a solicitors' firm on directors' responsibilities and the GEM Listing Rules.

The Company will from time to time provide briefings to all Directors to develop and refresh their duties and responsibilities. All Directors are also encouraged to attend relevant training courses at the Company's expense and they have been requested to provide the Company with their training records. According to the training records maintained by the Company, the continuing professional development programmes received by each of the Directors during the Year or the Period is summarised as follows:

Name of Directors	Type of trainings
Dr. Alan Tan	A and B
Mr. Toh	A and B
Mr. Xu	B
Mr. Leung	A
Mr. Soh	A
Mr. Tan	B

A: attending seminars/conferences/forums

B: reading newspapers, journals and updates relating to the economy, general business, corporate governance and directors' duties and responsibilities

Meetings of the Board and Directors' Attendance Records

From Year 2019 onwards, the Board is scheduled to meet four times a year at approximately quarterly intervals with notice given to the Directors at least 14 days in advance. For all other Board meetings, notice will be given in a reasonable time in advance. The Directors are allowed to include any matter in the agenda that is required for discussion and resolution at the meeting. To enable the Directors to be properly briefed on issues arising at each of the Board meetings and to make informed decisions, an agenda and the accompanying Board papers will be sent to all Directors at least three days before the intended date of the Board meeting, or such other period as agreed. The company secretary of the Company (the "**Company Secretary**") is responsible for keeping all Board meetings' minutes. Draft and final versions of the minutes will be circulated to the Directors for comments and record respectively within a reasonable time after each meeting and the final version is open for the Directors' inspection.

During the Period, the Board held two meetings at which, all the Directors attended and, amongst other matters, considered and approved (i) the unaudited consolidated financial results of the Group for the six months ended 30 June 2018; and (ii) the abridged unaudited consolidated financial results of the Group for the nine months ended 30 September 2018.

CORPORATE GOVERNANCE REPORT

The Board held a meeting on 27 March 2019 and, amongst other matters, considered and approved the audited consolidated financial statements of the Group for the year ended 31 December 2018 (the "**Year**" and the "**Consolidated Financial Statements**", respectively). Each of the Directors except Mr. Xu attended the above Board meeting.

During the Period, the Company did not hold any general meeting of the Shareholders.

Board Diversity Policy

During the Period, the Board adopted a policy of the Board diversity and discussed all measurable objectives set for implementing the same.

The Company recognises and embraces the benefits of a diversity of Board members. It endeavours to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. All Board appointments will continue to be made on a merit basis with due regard for the benefits of diversity of the Board members. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills and knowledge.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. During the Period and up to the date of this report, Dr. Alan Tan acted as the Chairman and Dr. Tan Kok Kuan acted as the chief executive officer (the "**CEO**"). The roles of the Chairman and the CEO have been separated and assumed by different individuals to ensure a balance of power and authority so that power is not concentrated in any member of the Board.

The respective roles and responsibilities of the Chairman and the CEO are set out in writing.

BOARD COMMITTEES

The Board has established three Board committees, namely the Audit Committee, the Nomination Committee and the Remuneration Committee to oversee particular aspects of the Company's affairs. The Board committees are provided with sufficient resources to discharge their duties.

Audit Committee

The Audit Committee was established on 18 May 2018 with written terms of reference in compliance with the CG Code. The written terms of reference of the Audit Committee (the "**Terms of Reference**") are published on the respective websites of the Stock Exchange and the Company. The Audit Committee comprises all the INEDs, namely Mr. Leung, Mr. Soh and Mr. Tan. Mr. Leung is the chairman of the Audit Committee.

As the amended code provision C.3.2 was effective from 1 January 2019, the Company has adopted the change to the Terms of Reference to the effect that the cooling-off period for former partners of the Company's external auditor before they can be members of the Audit Committee has been extended from the previously 1-year period to a 2-year period.

The principal roles and functions of the Audit Committee include but are not limited to:

- making recommendations to the Board on the appointment, re-appointment and removal of the external auditor, approving its remuneration and terms of engagement, and handling any questions regarding its resignation or dismissal;
- reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards and discussing with the external auditor on the nature and scope of the audit and reporting obligations before the audit commences;
- developing and implementing a policy on engaging external auditor to supply non-audit services and reporting to the Board, identifying and making recommendations on any matters where action or improvement is needed;
- monitoring the integrity of the Company's financial statements and annual reports and accounts, half-year reports and quarterly reports, and reviewing significant financial reporting judgments contained in them;
- reviewing the Company's financial controls, and the Group's risk management and internal control systems;
- discussing the risk management and internal control systems with the Management to ensure that the Management has performed its duty to have such effective systems;
- reviewing the arrangements that the employees of the Group can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters;
- acting as the key representative body for overseeing the Company's relations with the external auditor;
- considering major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and the Management's response to these findings;
- where an internal audit exists, ensuring co-ordination between the internal and external auditors, and ensuring that the internal audit is adequately resourced and has appropriate standing within the Company, and reviewing and monitoring its effectiveness;
- reviewing the Group's financial and accounting policies and practices;
- reviewing the external auditor's management letter, any material queries raised by the external auditor to the Management about accounting records, financial accounts or systems of control and the Management's response;

- ensuring that the Board will provide a timely response to the issues raised in the external auditor's management letter;
- reporting to the Board on the matters in these terms of reference;
- reviewing the Company's policies and practices on corporate governance and making recommendations to the Board;
- reviewing and monitoring the training and continuous professional development of the Directors and the senior management of the Company (the "**Senior Management**");
- reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;
- reviewing and monitoring the code of conduct and compliance manual (if any) applicable to the employees of the Company and the Directors; and
- considering other topics as defined by the Board.

During the Period, two Audit Committee meetings were held, which all the INEDs in their respective capacities as the chairman and members attended and, amongst other matters, considered and approved for presentation to the Board for consideration and approval the draft unaudited consolidated financial results of the Group for the six months ended 30 June 2018 and the abridged unaudited consolidated financial results of the Group for the nine months ended 30 September 2018.

On 27 March 2019, the Audit Committee held a meeting which all the all the INEDs in their respective capacities as the chairman and members attended and, amongst other matters, considered and approved for presentation to the Board for consideration and approval the draft audited Consolidated Financial Statements.

Nomination Committee

The Nomination Committee was established on 18 May 2018 with written terms of reference in compliance with the CG Code. The written terms of reference of the Nomination Committee are published on the respective websites of the Stock Exchange and the Company. The Nomination Committee comprises all the INEDs, namely Mr. Leung, Mr. Soh and Mr. Tan. Mr. Soh is the chairman of the Nomination Committee.

The principal roles and functions of the Nomination Committee include but are not limited to:

- reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- identifying individuals suitably qualified to become Board members and selecting or making recommendations to the Board on the selection of individuals nominated for directorships;
- assessing the independence of the INEDs; and
- making recommendations to the Board on appointment or re-appointment of the Directors and succession planning for the Directors, in particular the Chairman and the chief executive.

During the Period, no Nomination Committee meeting was held.

On 27 March 2019, the Nomination Committee held a meeting and, amongst other matters, reviewed the structure, size and composition of the Board, assessed the independence of the INEDs and recommended to the Board for consideration the re-appointment of the retiring Directors at the forthcoming annual general meeting of the Company ("**AGM**"). All the chairman and members of the Nomination Committee attended such meeting.

Remuneration Committee

The Remuneration Committee was established on 18 May 2018 with written terms of reference in compliance with the CG Code. The written terms of reference of the Remuneration Committee are published on the respective websites of the Stock Exchange and the Company. The Remuneration Committee comprises all the INEDs, namely Mr. Leung, Mr. Soh and Mr. Tan. Mr. Tan is the chairman of the Remuneration Committee.

The principal roles and functions of the Remuneration Committee include but are not limited to:

- making recommendations to the Board on the Company's policy and structure for all Directors' and the Senior Management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;

- reviewing and approving the remuneration packages of all individual EDs and the Senior Management, including benefits-in-kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and make recommendations to the Board on the remuneration of the non-executive Director and considering the factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors, and employment conditions elsewhere in the Group and desirability of performance-based remuneration;

- reviewing and approving the Management's performance-based remuneration proposals by reference to the Board's corporate goals and objectives from time to time;

- reviewing and approving compensation payable to the EDs and the Senior Management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;

- reviewing and approving the compensation arrangements relating to the dismissal or removal of the Directors for misconduct to ensure that they are consistent with relevant contractual terms and that any remuneration payment is otherwise reasonable and appropriate;

- ensuring that no Director or any of his associates (as defined in the GEM Listing Rules) is involved in deciding his own remuneration; and

- advising the Shareholders on how to vote with respect to any service contracts of the Directors that require the Shareholders' approval under Rule 17.90 of the GEM Listing Rules.

During the Period, no Remuneration Committee meeting was held.

On 27 March 2019, the Remuneration Committee held a meeting and, amongst other matters, reviewed and recommended to the Board for consideration certain remuneration-related matters of the Directors and the Senior Management. All the chairman and members of the Remuneration Committee attended such meeting.

Corporate Governance Functions

The Audit Committee and the Board are responsible for performing the corporate governance functions, which include:

- developing and reviewing the Company's policies and practices on corporate governance;
- reviewing and monitoring the training and continuous professional development of the Directors and the Senior Management;
- reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;
- developing, reviewing and monitoring the code of conduct and compliance manual applicable to the Directors and the Group's employees, if any; and
- reviewing the Company's compliance with the CG Code and disclosure in this report.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Each of Dr. Alan Tan and Mr. Toh has entered into a service contract with the Company on 18 May 2018 for an initial term of three years commencing on the Listing Date, which may be terminated by not less than three months' notice served by either party on the other, and is subject to termination provisions therein and provisions on retirement by rotation of Directors as set out in the Articles of Association.

Mr. Xu has entered into a service contract with the Company for an initial term of three years commencing on 21 November 2018, which may be terminated by not less than three months' notice served by either party on the other, and is subject to termination provisions therein and provisions on retirement by rotation of Directors as set out in the Articles of Association.

Each of the INEDs has entered into a letter of appointment with the Company on 18 May 2018 for an initial term of one year commencing on the Listing Date, which may be terminated by either party giving at least one month's notice in writing.

Save as disclosed aforesaid, none of the Directors has a service agreement or letter of appointment with the Company or any of its subsidiaries other than the contracts/letter of appointment expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation).

All the Directors, including INEDs, are subject to retirement by rotation and eligible for re-election in accordance with the Articles of Association. At each AGM, one-third of the Directors for the time being, or, if their number is not a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation, provided that every Director shall be subject to retirement by rotation at an AGM at least once every three years. A retiring Director shall be eligible for re-election and shall continue to act as a Director throughout the AGM at which he retires. The Directors to retire by rotation shall include (so far as necessary to ascertain the number of Directors to retire by rotation) any Director who wishes to retire and does not offer himself for re-election. Any further Directors so to retire shall be those of other Directors subject to retirement by rotation who have been the longest in office since their last re-election or appointment and so that as between the persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot. A Director is not required to retire upon reaching any particular age.

The Company may from time to time in general meeting by ordinary resolution elect any person to be a Director either to fill a casual vacancy or as an additional Director. Any Director so appointed shall be subject to retirement by rotation.

The Board shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an additional Director. Any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of the Company after his appointment and be subject to re-election at such meeting. Any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following AGM and shall then be eligible for re-election. Any such Director appointed shall not be taken into account in determining which particular Directors or the number of Directors who are to retire by rotation at an AGM.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Particulars of the Directors' remuneration for the Year are set out in note 8 to the Consolidated Financial Statements.

Pursuant to code provision B.1.5 of the CG Code, the remuneration of the members of the Senior Management (other than the Directors) whose particulars is contained in the section headed "Biographies of Directors and Senior Management" in this annual report for the Year by band is set out below:

Remuneration band (in S$)	Number of individuals
Nil to 180,000	4
180,001 to 270,000	–
270,001 to 350,000	2

INDEPENDENT AUDITOR'S REMUNERATION

PricewaterhouseCoopers ("**PwC**") was engaged as the Group's independent auditor (the "**Independent Auditor**") for the Year. Apart from the provision of annual audit services, PwC provided the audit and non-audit services in connection with the Listing.

The remuneration paid/payable to PwC in respect of the Year is set out below:

Services	Fee paid/payable (in S$)
Audit services – Annual audit	200,000
Audit services – Listing	457,000
Total	657,000

CORPORATE GOVERNANCE REPORT

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for the preparation of the Consolidated Financial Statements that give a true and fair view of the state of affairs of the Group.

The Directors were not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

RISK MANAGEMENT AND INTERNAL CONTROL

The Company has in place policies and procedures in relation to risk management and internal control. The Board is primarily responsible for overseeing the risk management and internal control systems and for reviewing their effectiveness. The Company's internal control system and procedures are designed to meet its specific business needs and to minimise its risk exposure. The Company has adopted different internal guidelines, along with written policies and procedures to monitor and lessen the impact of risks which are relevant to its business and control its daily business operations. The Management will identify the risks associated with the Group's day-to-day operations for review by the Board. The Board is responsible for evaluating and determining the nature and extent of the risks that the Company is willing to take in achieving the Company's strategic objectives, and ensuring that the Company establishes and maintains appropriate and effective risk management and internal control systems. The Board oversees management in the design, implementation and monitoring of the risk management and internal control systems. The Board acknowledges that such risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss. Since the Listing Date, the internal audit function of the Company has been carried out under the leadership of the Board and the Audit Committee.

In preparation for the Listing, the Company has engaged an independent internal control consultant (the "**Internal Control Consultant**") to perform a review of the procedure system and control (including accounting and management systems) of the Group. Based on its internal control review, the Internal Control Consultant recommended certain internal control improvement measures to the Group and the Group has adopted them. The Directors were of the view that the internal control systems were adequate and sufficient in the circumstances.

The Board, through the Audit Committee, has conducted a review of the effectiveness of the risk management and internal control systems of the Group covering all material controls, including financial, operational and compliance controls functions. The Board considers that the Group's risk management and internal control systems are adequate and effective. The Board expects that a review of the risk management and internal control systems will be performed annually.

CORPORATE GOVERNANCE REPORT

DISCLOSURE OF INSIDE INFORMATION

The Group acknowledges its responsibilities under the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong and the GEM Listing Rules and the overriding principle that inside information should be announced promptly when it is the subject of a decision. The procedures and internal controls for the handling and dissemination of inside information are as follows:

- the Group conducts its affairs with close regard to the disclosure requirement under the GEM Listing Rules as well as the "Guidelines on Disclosure of Inside Information" published by the Securities and Futures Commission of Hong Kong in June 2012;

- the Group has implemented and disclosed its policy on fair disclosure by pursuing broad, non-exclusive distribution of information to the public through channels such as financial reporting, public announcements and the Company's website;

- the Group has strictly prohibited unauthorised use of confidential or inside information; and

- the Group has established and implemented procedures for responding to external enquiries about the Group's affairs, so that only the EDs and the CFO are authorised to communicate with parties outside the Group.

COMPANY SECRETARY

The Company has appointed Mr. Kwok Siu Man ("**Mr. Kwok**") as the Company Secretary with effect from 25 January 2018.

Mr. Kwok had been nominated by Boardroom Corporate Services (HK) Limited ("**Boardroom**") to act as the Company Secretary and Boardroom provided certain corporate secretarial services to the Company pursuant to an engagement letter entered into between the Company and Boardroom. The primary person at the Company with whom Mr. Kwok has been contacting in respect of company secretarial matters is Mr. Toh, the CFO and the ED.

Mr. Kwok delivered and attended over 15 hours' relevant continuous professional training during the Period pursuant to Rule 5.15 of the GEM Listing Rules.

All members of the Board have access to the advice and services of the Company Secretary. The appointment and removal of the Company Secretary has been/will be subject to the Board's approval at its meeting.

COMPLIANCE OFFICER

Mr. Toh is the compliance officer of the Company. The biography of Mr. Toh is set out in the section headed "Biographies of Directors and Senior Management" of this annual report.

CORPORATE GOVERNANCE REPORT

SHAREHOLDERS' RIGHTS

Procedures for Putting Forward Proposals at Shareholders' Meetings

There is no provision allowing Shareholders to make proposals or move resolutions at the AGMs under the Articles of Association or the laws of the Cayman Islands. Shareholders who wish to make proposals or move a resolution may, however, convene an extraordinary general meeting (the "**EGM**") in accordance with the "Procedures for Shareholders to convene an EGM" set out below.

Procedures for Shareholders to Convene an EGM

Any one or more Shareholders holding at the date of deposit of the requisition not less than 10% of the paid-up capital of the Company carrying the right of voting at general meetings of the Company (the "**Eligible Shareholder(s)**") shall at all times have the right, by written requisition to the Board or the Company Secretary for the purpose of requiring an EGM to be called by the Board for the transaction of any business specified in such requisition, including making proposals or moving a resolution at the EGM.

Eligible Shareholders who wish to convene an EGM for the purpose of making proposals or moving a resolution at the EGM must deposit a written requisition (the "**Requisition**") signed by the Eligible Shareholder(s) concerned (the "**Requisitionist(s)**") at the principal place of business of the Company in Hong Kong (presently Room 5705, 57th Floor, The Center, 99 Queen's Road Central, Hong Kong) for the attention of the Company Secretary.

The Requisition must state clearly the name(s) of the Requisitionist(s) concerned, his/her/their shareholding in the Company, the reason(s) to convene an EGM and the proposed agenda.

The Company will check the Requisition and the identity and shareholding of the Requisitionist(s) will be verified with the Company's branch share registrar in Hong Kong. If the Requisition is found to be proper and in order, the Company Secretary will ask the Board to convene an EGM and/or include the proposal(s) made or the resolution(s) proposed by the Requisitionist(s) at the EGM within two months after the deposit of the Requisition. On the contrary, if the Requisition has been verified as not in order, the Requisitionist(s) will be advised of the outcome and accordingly, the Board or the Company Secretary will not call for an EGM nor include the proposal(s) made or the resolution(s) proposed by the Requisitionist(s) at the EGM.

If within 21 days of the deposit of the Requisition the Board or the Company Secretary fails to proceed to convene such EGM, the Requisitionist(s) himself/herself/themselves may do so in the same manner, and all reasonable expenses incurred by the Requisitionist(s) as a result of the failure of the Board or the Company Secretary to convene an EGM shall be reimbursed to the Requisitionist(s) by the Company.

CORPORATE GOVERNANCE REPORT

Procedures for Shareholders to Send Enquires to the Board

Shareholders may direct their enquiries about their shareholdings, share transfer/registration or their notification of change of their correspondence address or dividend/distribution instructions to the Company's branch share registrar and transfer office in Hong Kong, Boardroom Share Registrars (HK) Limited at Room 2103B, 21/F., 148 Electric Road, North Point, Hong Kong.

Shareholders may send their enquiries and concerns to the Board by post to the headquarters and principal place of business of the Company in Singapore at 101 Cecil Street, #17-12 Tong Eng Building, Singapore 069533 or by email to feedback@republichealthcare.asia for the attention of the Company Secretary.

Upon receipt of the enquiries, the Company Secretary will forward the communications relating to:

1. the matters within the Board's purview to the EDs;

2. the matters within a Board committee's area of responsibility to the chairman of the appropriate committee; and

3. ordinary business matters, such as suggestions, enquiries and client complaints to the appropriate management of the Company.

COMMUNICATION WITH THE SHAREHOLDERS

The Company has adopted a Shareholders' communication policy with the objective of ensuring that the Shareholders will have equal and timely access to information about the Company in order to enable the Shareholders to exercise their rights in an informed manner and allow them to engage actively with the Company.

Information will be communicated to the Shareholders through the Company's financial reports, AGMs and other EGMs that may be convened as well as all the published disclosures submitted to the Stock Exchange.

CONSTITUTIONAL DOCUMENTS

Except for the conditional adoption of the amended and restated memorandum of association and Articles of Association (the "**M&A**") by the Company to comply with the applicable legal and regulatory requirements (including the GEM Listing Rules) on 18 May 2018, which took effect from 15 June 2018, there was no change in the constitutional documents of the Company during the Period.

The amended and restated M&A is available on the respective websites of the Stock Exchange and the Company.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

INTRODUCTION ABOUT THIS REPORT

The inaugural Environmental, Social and Governance Report ("**ESG Report**") of Republic Healthcare Limited ("**RHL**" or "**We**") has been prepared in accordance with the Environmental, Social and Governance Reporting Guide ("**ESG Guide**") set out in Appendix 20 of the Rules Governing the Listing of Securities on GEM (the "**GEM Listing Rules**") made by The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). This report aims to provide an overview of environmental, social and governance ("**ESG**") performance of RHL's operations for the financial year ended 31 December 2018. It highlights relevant strategies and business initiatives, and demonstrates how RHL is a sustainable and responsible business with a positive impact on our stakeholders.

SUSTAINABILITY VISION AND MISSION

We believe that sustainability is integral to our business and is critical to achieve long-lasting value creation for all our stakeholders. We embarked on our sustainability journey to address material ESG issues in order to create a sustainable future for our organisation, our stakeholders and the society as a whole.

REPORTING PERIOD

All data and activities reported were for the period from 1 January to 31 December 2018, unless stated otherwise.

STAKEHOLDER ENGAGEMENT AND MATERIALITY

We recognise that stakeholders play a strategic role in maintaining company's long-term growth, as well as responsible business development in ESG aspects. Our business activities involve a diverse range of stakeholders, but we select our stakeholders based on influence, representation, responsibility, dependency, and proximity. In 2018, we engaged stakeholders from the various groups but not limited to investors, suppliers, customers, employees as well as management to obtain their view on the most material ESG aspects that should be covered by this report. Furthermore, we strive to improve our stakeholder engagement by continuously improving our communication channels, and embedding valuable stakeholder input into our strategy.

STAKEHOLDERS' FEEDBACK

We welcome stakeholders' feedback on our ESG approach and performance. For questions or to deliver feedback about this report, please share your views with us via email at info@dermclinic.com.sg.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

A: ENVIRONMENTAL

We are a leading General Practioner (GP) clinics group in Singapore that is accredited by the Ministry of Health ("**MOH**") in Singapore. Our main environmental impacts arising from our business practice includes: carbon emissions, waste generation, energy consumption and water consumption.

A1: Emissions

We recognise the importance of sustainability in our business operation. We put emphasis on complying with the relevant environmental law and regulations in Singapore. However, our business nature are service focused and posed insignificant impact to the environment when compared with other industries.

Greenhouse gas emissions: Our business is conducted locally in office premises. The indirect emissions in our daily operations is primarily from energy consumption that is utilised to power our premises and equipment.

Hazardous waste: We fully comply with responsible management of our medical waste, which is outlined in Singapore Environmental Public Health (Toxic Industrial Waste) Regulations. To dispose medical waste in a safe and reliable manner, we have entered into a service agreement with a government-licensed toxic industrial waste collector. The licensed service provider will collect the medical waste from our clinics and subsequently dispose the waste in any authorised incineration plant approved under the laws of Singapore. In 2018, the total hazardous waste generated accounted to less than 800 litres.

Non-hazardous waste: We treat the disposal of non-hazardous waste as an equally important task since certain types of non-hazardous waste can be recycled. During our daily operations, waste paper and plastics are collected for delivery to recycling companies. Furthermore, we encourage our employees to use both sides of paper, set duplex printing as the default mode for our network printers and also, to use recycled paper so as to minimise the wastage of paper. We aim to implement a tracking system in future so as to better track the total amount of non-hazardous waste generated in RHL. This will enable us to reflect a more accurate figure of the non-hazardous waste generated in RHL in future reports.

A2: Use of Resources

As our business nature is service focused, the main resources used in our daily operation are electricity, water and papers. In line with our Group's policy, we encourage our employees to manage the resources used in an effective and efficient manner.

Energy consumption: With an emphasis on environmental protection and energy conservation, we have arranged all our electrical appliances and medical equipment to be set in energy saving mode. We also reduced excessive lighting and air-conditioning to minimise usage of cooling towers during low loading periods for air-conditioning. In 2018, the total energy consumption accounted to less than 120,000 kWh.

Water consumption: We encourage our employee to monitor the water usage in our Bencoolen Clinic, Somerset Clinic, Robertson Clinic, Novena Clinic, Scotts Clinic, Katong Clinic and S Aesthetics Clinic ("**Clinics**") on a monthly basis to identify sudden spikes in consumption as well as water leaking in the piping system. In 2018, the total water consumption accounted to less than 240 m^3.

Packaging material used: We are primarily involved with the GP practice, and the prescription of medication and skin-care products. These medication and skin-care products are manufactured, packed, and distributed by our suppliers. As our business nature is service focused, there was no significant of the amount of packaging material used in our daily operation. As such, we do not track the packaging material used for the products.

A3: The Environment and Natural Resources

Our business operations pose an insignificant impact toward environment and natural resources used. Based on our business nature, the natural resources which contributed to our daily operations are primarily from the usage of electricity, water and paper. In line with our Group's policies, we strive to minimise the impact to the environment by encouraging our employees to monitor and manage the consumption of these natural resources in a more efficient manner (mentioned under the section of "Use of Resources").

B: SOCIAL

B1: Employment

We emphasise the protection of labour rights, equal opportunity and non-discrimination in the workplace. We have a human resource policy that expresses our commitment to the ethical, professional and legal standards. In addition, our human resources policy and staff handbook were formulated in compliance with the relevant labour law of Singapore. Both documents contained the information related to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare. Furthermore, we are committed to provide a conducive working environment with strong emphasis on work-life balance. In 2018, we organised several team bonding activities such as internal team building, annual Dinner & Dance as well as birthday celebrations for our employees. These activities have thus fostered a sense of belonging and loyalty amongst our employees.

B2: Health and Safety

Occupational health and safety is of utmost importance to the RHL's business operations. The RHL's Business Process Manual emphasises on safety procedures and awareness in handling medical devices during daily operations. Our in-house doctors are responsible for the provision of support and resources required to maintain safe and ideal working conditions within the Clinics. Furthermore, they are also responsible for the implementation and planning of proper administrative procedures, including adhering to an agreed reporting structure and investigation methodology in the event of an incident occurring within the workplace. In 2018, there were zero reported work-related injuries and RHL continuously strives to monitor and improve the safety standards of the workplace environment. Furthermore, there were no material breach with compliance with relevant laws and regulations that have a significant impact on us relating to providing a safe working environment and protecting employees from occupational hazards.

B3: Development and Training

Here at RHL, our employees are critical to the operations and function of our business and we emphasise heavily on continual training so as to enhance staff performance and upgrade their professional skillsets. Our doctors and staff are encouraged to attend industry conferences, seminars and workshops as well as sharing sessions organised by our suppliers to keep abreast of evolving healthcare industry trends and standards. All these activities were carried out to ensure that our employees remain updated with relevant developments and are aware of the laws and regulations that govern the healthcare industry.

The following in-house training programmes are provided to further develop our employees' competencies:

- Training is provided by medical device suppliers or senior clinic staff in relation to the use of a new product or with regard to service related knowledge and also safety precautions of medical equipment
- During on-boarding session for new hires, training is provided by our in-house doctors to familiarise these new hires on daily operations and equipment handling procedures
- On-the-job assessments is also conducted by our in-house doctors for all of our professional staff to maintain the highest quality and standard of services to be provided to our clients

B4: Labour Standards

We respect the provisions outlined by the Labour Law in Singapore and have adopted a range of measures to ensure positive labour relations between management and our employees. For instance, we perform a stringent screening process on qualified candidates to ensure that they have reached the required minimum working age. In addition, we provide written labour contracts specifying their rights with regard to compensation and dismissal, working hours, rest periods, and other issues related to preventing forced labour. In 2018, there were no material breach with relevant laws and regulations recorded pertaining to child and forced labour.

B5: Supply Chain Management

We work closely with our suppliers to ensure a high quality and safety standards. A thorough due diligence is conducted prior to establishing any long-term business relationship with potential suppliers. Due diligence is conducted to ensure suppliers' compliance to trade laws and regulations as well as with the requirements within the RHL's Purchasing and Procurement Policy.

B6: Product Responsibility

We have formulated quality standards and purchasing guidelines in selecting and sourcing of skincare products. An approval must be obtained from our in-house doctors prior to the acceptance of any new over-the-counter skincare products that our Clinics will be distributing. In line with the RHL's Purchasing and Procurement Policy, we have implemented the following quality control procedures to our S Aesthetics brand skincare products:

- In-house doctors to perform review on the medical journals, reports, commentaries as well as the list of ingredients used for the new type of skincare products to ensure the products are safe for user
- Management to request for few rounds of sample testing on the new skincare products to observe the quality consistency and to assess for potential defects
- Sales and operation staff to perform inspection upon delivery of the new skincare products to ensure the following:
    - ✓ No physically damaged on the products
    - ✓ Products are not passed the expiry date
    - ✓ Private labels applied to containers are clear
    - ✓ Product specifications are tallied with agreed format
    - ✓ Quantity of products received are tallied with purchase order
- Sales and operation staff will perform the following inventory monitoring procedures:
    - ✓ Record the delivery and manufacturing date of products
    - ✓ Monitor and maintain the stock level for all the products in the inventory management system to ensure products do not exceed the expiry date
    - ✓ Perform regular check on the products to ensure products are in good condition
- Sales and operation staff to safeguard the privacy, confidentiality and security of customer data entrusted to RHL which is in line with the RHL's internal control manual.

In 2018, there were no material breach with relevant law and regulations relating to health and safety, advertising, labelling and privacy matters recorded pertaining to our products and services.

B7: Anti-Corruption

Within RHL, we have established our own internal Whistleblowing Policy to support the detection of fraud and corruption risks. Moreover, all of our employees have undergone an internal training to familiarise themselves with the RHL's internal Whistleblowing Policy and thus are required to comply. This is to prevent employees from obtaining personal interest from related parties who have connections with RHL through bribery, extortion and fraud. In 2018, RHL was in compliance with Prevention of Corruption Act in Singapore and we recorded zero material breaches with relevant law and regulations pertaining to bribery, extortion, fraud and money laundering.

B8: Community Investment

RHL has consistently been committed towards corporate social responsibility where it aims to promote and achieve a positive impact toward the community. We actively participate in medical conferences, seminars and workshops in Singapore and overseas. We encourage our in-house doctors and staff to attend these events as guest speakers or participants, thereby raising awareness of prevention and treatment of dermatological conditions toward the community. In addition, our executive Directors have also contributed articles to medical journals, which increases the industry awareness of our RHL and also contributed invaluably to consumers and professionals across the industry.

HKEX ESG REPORTING GUIDE INDEX

CONTENT INDEX

ASPECT A: ENVIRONMENTAL		
General Disclosures ("GD")/Key Performance Indicators ("KPIs")	**Description**	**Chapter, Page Reference, and/or Explanation for Omissions**
A1: EMISSIONS		
GD A1	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	A1: Emissions Our major operation is to operate clinics and providing medical services. Our activities do not emit air pollutants and discharge into water in significant quantities.
KPI A1.1	The types of emissions and respective emissions data.	A1: Emissions Our activities do not emit air pollutants and effluents in significant quantities.
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	A1: Emissions Apart from indirect emissions that are not material, direct but fugitive emission of hydrofluorocarbon (HFC) is expected in small quantities as the Group uses HFC-based refrigerants for pharmacy refrigerators.
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	A1: Emissions
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	A1: Emissions
KPI A1.5	Description of measures to mitigate emissions and results achieved.	A1: Emissions
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	A1: Emissions We minimize our non-hazardous waste by reducing our daily usage in operations, reuse both sides of paper and recycling via sorting into plastics, paper for recycling companies to collect. We aim to implement a tracking system to report a more quantifiable figure of the non-hazardous waste generated in RHL.

ASPECT A: ENVIRONMENTAL		
General Disclosures ("GD")/Key Performance Indicators ("KPIs")	**Description**	**Chapter, Page Reference, and/or Explanation for Omissions**
A2: USE OF RESOURCES		
GD A2	Policies on the efficient use of resources, including energy, water and other raw materials.	A2: Use of Resources
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	A2: Use of Resources
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	A2: Use of Resources
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	A2: Use of Resources
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	A2: Use of Resources
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	A2: Use of Resources The medication and skin-care products sold are manufactured, packed and distributed by our suppliers, hence we are unable to report the total packaging material used.
A3: THE ENVIRONMENT AND NATURAL RESOURCES		
GD A3	Policies on minimising the issuer's significant impact on the environment and natural resources.	A3: The Environment and Natural Resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	A3: Not material. Our operation does not have a significant impact on the natural environment and the availability of natural resources.

ASPECT B: SOCIAL		
GD/KPIs	**Description**	**Chapter, Page Reference, and/or Explanation for Omissions**
B1: EMPLOYMENT		
GD B1	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	B1: Employment
B2: HEALTH AND SAFETY		
GD B2	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	B2: Health and Safety
B3: DEVELOPMENT AND TRAINING		
GD B3	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	B3: Development and Training
B4: LABOUR STANDARDS		
GD B4	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	B4: Labour Standards
B5: SUPPLY CHAIN MANAGEMENT		
GD B5	Policies on managing environmental and social risks of the supply chain.	B5: Supply Chain Management

ASPECT B: SOCIAL		
GD/KPIs	Description	Chapter, Page Reference, and/or Explanation for Omissions
B6: PRODUCT RESPONSIBILITY		
GD B6	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	B6: Product Responsibility
B7: ANTI-CORRUPTION		
GD B7	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	B7: Anti-Corruption
B8: COMMUNITY INVESTMENT		
GD B8	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	B8: Community Investment

INDEPENDENT AUDITOR'S REPORT

pwc

羅兵咸永道

TO THE SHAREHOLDERS OF REPUBLIC HEALTHCARE LIMITED
(incorporated in the Cayman Islands with limited liability)

OPINION

What we have audited

The consolidated financial statements of Republic Healthcare Limited (the "Company") and its subsidiaries (the "Group") set out on pages 58 to 99, which comprise:

- the consolidated balance sheet as at 31 December 2018;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

BASIS FOR OPINION (CONTINUED)

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

KEY AUDIT MATTERS

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

Key audit matter identified in our audit is related to revenue recognition from medical services.

Key Audit Matter	How our audit addressed the Key Audit Matter
Revenue recognition from medical services Refer to Notes 2.18 and 6 to the consolidated financial statements. The Group recognised revenue from medical services of S$10,337,431 for the year ended 31 December 2018. Revenue from medical services is recognised when the services are provided. Within medical services are package arrangements for aesthetics services which are generally pre-paid and revenue is recognised over time when the services are rendered. Payments from customers that are related to services not yet rendered are shown as contract liabilities on the consolidated balance sheet. We focused on this area due to the significance of the revenue to the consolidated financial statements and hence significant audit resources were spent on performing the audit procedures on revenue recognition.	Our audit procedures performed on revenue recognition from medical services included: • We obtained an understanding, evaluated and tested key controls on a sample basis in respect of revenue recognition from medical services. • We tested, on a sample basis, management's reconciliation of revenue recorded in the Clinic Management System ("CMS") to accounting records. • We tested selected samples for revenue recognised from medical services to supporting documents such as invoices, patients' records and settlements. • For package arrangements for aesthetics services where revenue is recognised over time, we tested, on a sample basis, the calculation of the amount of revenue recognised and amount of pre-paid contract consideration to be deferred at the end of the reporting period, by examining the service contracts, checking the proceeds received and the underlying treatment records, which supported the services rendered. Based on the procedures performed, we found the revenue transactions tested to be supported by the available evidence.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are 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 the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated 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. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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 consolidated financial statements.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

- Identify and assess the risks of material misstatement of the consolidated 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.

- 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.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' 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 consolidated 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.

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

We communicate with those charged with governance 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 those charged with governance 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 those charged with governance, we determine those matters that were of most significance in the audit of the consolidated 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.

The engagement partner on the audit resulting in this independent auditor's report is Ho Chun Yu.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 27 March 2019

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2018

	Notes	Year ended 31 December 2018 S$	2017 S$
Revenue	*6*	**10,421,431**	9,956,894
Other income and other gains	*7*	**197,747**	101,927
Consumables and medical supplies used		**(2,395,705)**	(1,957,741)
Medical professional costs		**(967,106)**	(954,973)
Employee benefit expenses	*8*	**(3,658,683)**	(2,797,631)
Depreciation of plant and equipment	*13*	**(416,860)**	(263,611)
Other operating expenses	*9*	**(3,824,612)**	(2,036,864)
(Loss)/profit before income tax		**(643,788)**	2,048,001
Income tax expense	*10*	**(86,982)**	(40,500)
(Loss)/profit and total comprehensive (loss)/income for the year		**(730,770)**	2,007,501
(Loss)/profit and total comprehensive (loss)/income attributable to:			
Owners of the Company		**(730,610)**	2,007,501
Non-controlling interests		**(160)**	–
		(730,770)	2,007,501
(Loss)/earnings per share attributable to owners of the Company for the year (expressed in Singapore cents per share)			
Basic and diluted	*11*	**(0.16)**	0.51

The above consolidated statements of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED BALANCE SHEET

As at 31 December 2018

	Notes	As at 31 December 2018 S$	2017 S$
ASSETS			
Non-current assets			
Plant and equipment	*13*	**666,456**	708,077
Deposits	*16*	**146,823**	118,626
Prepayments	*16*	**36,900**	–
		850,179	826,703
Current assets			
Trade receivables	*15*	**55,787**	78,038
Deposits, prepayments and other receivables	*16*	**489,687**	527,340
Inventories	*18*	**388,352**	400,448
Cash and cash equivalents	*17*	**12,370,343**	1,993,771
		13,304,169	2,999,597
Total assets		**14,154,348**	3,826,300
LIABILITIES			
Current liabilities			
Trade payables	*19*	**388,119**	126,047
Contract liabilities	*6*	**314,480**	–
Accruals and other payables	*20*	**664,430**	1,276,174
Amount due to a director	*24(a)*	**–**	561,394
Current income tax liabilities		**208,254**	159,631
		1,575,283	2,123,246
Non-current liability			
Deferred tax liabilities	*21*	**4,451**	4,643
Total liabilities		**1,579,734**	2,127,889
NET ASSETS		**12,574,614**	1,698,411

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

CONSOLIDATED BALANCE SHEET

As at 31 December 2018

	Notes	As at 31 December 2018 S$	2017 S$
EQUITY			
Capital and reserves attributable to equity holders of the Group			
Share capital	*22(a)*	**896,552**	–
Share premium	*22(b)*	**10,710,421**	–
Other reserves		**420,000**	420,000
Retained earnings		**547,801**	1,278,411
		12,574,774	1,698,411
Non-controlling interests		**(160)**	–
Total equity		**12,574,614**	1,698,411

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

The consolidated financial statements on page 58 to 99 were approved by the Board of Directors on 27 March 2019 and were signed on its behalf:

TAN CHER SEN ALAN
Director

TOH HAN BOON
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2018

		Attributable to equity holders of the Group						
	Notes	Share capital S$	Share Premium S$	Other reserves(Note) S$	Retained earnings S$	Total S$	Non-controlling interests S$	Total equity S$
At 1 January 2017		–	–	420,000	1,473,906	1,893,906	–	1,893,906
Comprehensive income								
Profit for the year		–	–	–	2,007,501	2,007,501	–	2,007,501
Transactions with owners recognised directly in equity								
Dividends paid	*23*	–	–	–	(2,202,996)	(2,202,996)	–	(2,202,996)
Balance as at 31 December 2017 and 1 January 2018		–	–	420,000	1,278,411	1,698,411	–	1,698,411
Comprehensive loss								
Loss for the year		–	–	–	(730,610)	(730,610)	(160)	(730,770)
Transactions with owners recognised directly in equity								
Issuance of new shares, net of transaction costs	*22*	224,138	11,382,835	–	–	11,606,973	–	11,606,973
Capitalisation of shares	*22*	672,414	(672,414)	–	–	–	–	–
Balance as at 31 December 2018		896,552	10,710,421	420,000	547,801	12,574,774	(160)	12,574,614

Note:

Other reserves represented the combined share capital of Dtap @ Bencoolen Pte Ltd (formerly known as Straits Health Corp Pte Ltd), Dtap @ Holland V Pte Ltd (formerly known as Dtap @ Scotts Pte Ltd), Dtap @ Somerset Pte Ltd (formerly known as Brunel Clinics Pte Ltd), Republic Healthcare Pte Ltd, Republic Healthcare Holdings Pte Ltd and S Aesthetics Clinic Pte Ltd (formerly known as BM Aesthetics Pte Ltd) before Reorganisation.

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2018

	Notes	**Year ended 31 December** **2018** **S$**	2017 S$
Cash flows from operating activities			
(Loss)/profit before income tax		**(643,788)**	2,048,001
Adjustments for:			
Depreciation of plant and equipment	*13*	**416,860**	263,611
Written off/disposal of plant and equipment		**6,591**	800
Changes in working capital:			
– Inventories		**12,096**	177,037
– Trade and other receivables, deposits and prepayments		**31,707**	(495,565)
– Trade and other payables, contract liabilities and accruals		**(35,192)**	1,065,724
Net cash (used in)/generated from operations		**(211,726)**	3,059,608
Income tax paid		**(38,551)**	(103,773)
Net cash (used in)/generated from operating activities		**(250,277)**	2,955,835
Cash flows from investing activities			
Purchases of plant and equipment	*13*	**(381,830)**	(576,902)
Prepayment of plant and equipment	*16*	**(36,900)**	-
Net cash used in investing activities		**(418,730)**	(576,902)
Cash flows from financing activities			
Issuance of new shares	*22*	**13,448,276**	10,000
Listing expenses paid		**(1,841,303)**	–
Dividends paid	*23*	**–**	(2,202,996)
Deemed distribution	*27*	**–**	(116,400)
Amount due to a director	*27*	**(561,394)**	79,400
Amount due to a related party	*27*	**–**	(219,409)
Net cash generated from/(used in) financing activities		**11,045,579**	(2,449,405)
Increase/(decrease) in cash and cash equivalents		**10,376,572**	(70,472)
Cash and cash equivalents at beginning of the year		**1,993,771**	2,064,243
Cash and cash equivalents at end of the year	*17*	**12,370,343**	1,993,771

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION AND REORGANISATION

1.1 General Information

The Company was incorporated in the Cayman Islands on 3 January 2018 as an exempted company with limited liability under the Companies Law (Cap. 22, Law of 1961 as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company is an investment holding company. The Company's subsidiaries (collectively, the "Group") are principally engaged in the operating of medical clinics business in Singapore and provision of management advisory services.

The shares of the Company (the "Shares") were listed on GEM of the Stock Exchange of Hong Kong Limited (the "Listing") by way of placing and public offer (the "Share Offer") on 15 June 2018 (the "Listing Date").

These consolidated financial statements are presented in Singapore dollars ("S$"), unless otherwise stated.

1.2 Reorganisation

In preparation for the listing of the shares of the Company on GEM of The Stock Exchange of Hong Kong Limited, the Group underwent a reorganisation ("Reorganisation") which principally involved the following steps:

(a) On 3 January 2018, the Company was incorporated in the Cayman Islands as an exempted company with limited liability with an authorised share capital of Hong Kong Dollar ("HK$") 380,000 divided into 38,000,000 Shares. Upon its incorporation, one nil-paid initial Share (the "Subscriber Share") was allotted and issued to Cher Sen Holdings Limited, a company incorporated in the British Virgin Islands ("BVI") with limited liability and wholly-owned by Dr. Tan Cher Sen, Alan ("Dr. Tan").

(b) On 4 January 2018, Republic Healthcare Holdings Limited was incorporated in the BVI with limited liability. One share of Republic Healthcare Holdings Limited was allotted and issued to the Company for cash and at par. As a result, Republic Healthcare Holdings Limited became a wholly-owned subsidiary of the Company.

(c) On 4 February 2017, Republic Healthcare Holdings Pte. Ltd. was incorporated in Singapore with limited liability and wholly-owned by Dr. Tan. Pursuant to a sale and purchase agreement dated 18 May 2018, Dr. Tan transferred the entire share capital of Republic Healthcare Holdings Pte. Ltd. to Republic Healthcare Holdings Limited for a consideration based on the par value of the entire shares of Republic Healthcare Holdings Pte. Ltd.. As a result, Republic Healthcare Holdings Pte. Ltd. became a wholly-owned subsidiary of Republic Healthcare Holdings Limited.

(d) On 18 May 2018, Dr. Tan transferred the entire share capital of Brunel Clinics Pte. Ltd. to Republic Healthcare Holdings Pte. Ltd. in consideration of allotting and issuing 20 shares to Cher Sen Holdings Limited, credited as fully paid.

1 GENERAL INFORMATION AND REORGANISATION (CONTINUED)

1.2 Reorganisation (Continued)

(e) On 18 May 2018, Dr. Tan transferred the entire share capital of BM Aesthetics Pte. Ltd. to Republic Healthcare Holdings Pte. Ltd. in consideration of allotting and issuing 20 shares to Cher Sen Holdings Limited, credited as fully paid.

(f) On 18 May 2018, Dr. Tan transferred the entire share capital of Medway Medical Pte. Ltd. to Republic Healthcare Holdings Pte. Ltd. in consideration of allotting and issuing 20 shares to Cher Sen Holdings Limited, credited as fully paid.

(g) On 18 May 2018, Dr. Tan transferred the entire share capital of Republic Healthcare Pte. Ltd. to Republic Healthcare Holdings Pte. Ltd. in consideration of allotting and issuing 20 shares to Cher Sen Holdings Limited, credited as fully paid.

(h) On 18 May 2018, Dr. Tan transferred the entire share capital of Straits Health Corp Pte. Ltd. to Republic Healthcare Holdings Pte. Ltd. in consideration of allotting and issuing 19 shares to Cher Sen Holdings Limited, credited as fully paid and crediting the one nil-paid share held by Cher Sen Holdings Limited as fully paid.

(i) Pursuant to the resolutions passed by the then shareholders of the Company (the "Shareholders") on 18 May 2018, subject to the share premium account of the Company being credited as a result of the Share Offer or otherwise having sufficient balance, the Directors allotted and issued a total of 389,999,900 shares credited as fully paid at par to the holders of Shares on the register of members of the Company as at 18 May 2018 (or to their respective nominees) in proportion to their shareholdings in the Company by way of capitalisation of the sum of HK$3,899,999 standing to the credit of the share premium account of the Company.

(j) Upon the completion of the Listing, 130,000,000 ordinary shares of HK$0.01 each were issued at a price of HK$0.6 per share for a total consideration.

Upon completion of the Reorganisation, the Company became the holding company of other companies now comprising the Group.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRS") and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements has been prepared under the historical cost convention.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

The preparation of the consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

2.1(a) New standards and amendments to standards not yet adopted

The following new standards and amendments to existing standards have been issued but are not yet effective and have not been early adopted by the Group.

		Effective for annual periods beginning on or after
Amendments to IFRS	Annual Improvements to IFRS standards 2015-2017 Cycle	1 January 2019
IFRS 9 (Amendments)	Prepayment Features with Negative Compensation	1 January 2019
IFRS 16	Leases	1 January 2019
(IFRIC)-Int 23	Uncertainty over Income Tax Treatments	1 January 2019
IAS 19 (Amendments)	Employee Benefits: Plan Amendment, Curtailment or Settlement	1 January 2019
IAS 28 (Amendments)	Long-term Interests in an Associate or Joint Venture	1 January 2019
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting	1 January 2020
IAS 1 and IAS 8 (Amendments)	Definition of Material	1 January 2020
IFRS 17	Insurance Contracts	1 January 2021
IFRS 10 and IAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate and Joint Venture	To be determined

Management is in the process of assessing the impact of these standards, amendments and interpretations to existing IFRS and set out below are the change which is expected to have impact on the Group's financial performance and position.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

2.1(a) New standards and amendments to standards not yet adopted (Continued)

IFRS 16 "Leases"

IFRS 16 "Leases" addresses the definition of a lease, recognition and measurement of leases and establishes principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors. A key change arising from IFRS 16 is that most operating leases will be accounted for on balance sheet for lessees. The Group is a lessee of various properties which are currently classified as operating leases. The Group's current accounting policy for such leases is set out in Note 2.16 with the Group's future operating lease commitments, which are not reflected in the consolidated balance sheets set out in Note 25 to the Consolidated Financial Statements. IFRS 16 provides new provisions for the accounting treatment of leases and will in the future no longer allow lessees to recognise certain leases outside of the balance sheet. Instead, almost all leases must be recognised in the form of an asset (for the right of use) and a financial liability (for the payment obligation). Thus each lease will be mapped in the Group's consolidated balance sheets. Short-term leases of less than twelve months and leases of low-value assets are exempt from the reporting obligation. The Group's future aggregate minimum lease payments under non-cancellable lease are disclosed in Note 25. The new standard will result in an increase in assets and financial liabilities in the consolidated balance sheets. As for the financial performance impact in the consolidated statements of comprehensive income, the operating lease expenses will decrease, while depreciation and amortisation and the interest expense will increase. The new standard is not expected to apply until the financial year beginning 1 January 2019.

Based on the preliminary assessment, the application of IFRS 16 may not have material impact on the net financial position and performance of the Group comparing to IAS 17 currently adopted by the Group. Nevertheless, the application of new requirements may results changes in presentation and disclosure as indicated above.

2.1(b) New and amended standards adopted by the Group

A number of new or amended standards became applicable for current reporting period. Of these, the following are relevant to the Group's consolidated financial statements.

- IFRS 9 "Financial Instruments", and
- IFRS 15 "Revenue from Contracts with Customers"

The other standards did not have material impact on the Group's accounting policies and did not require any adjustments.

The below explains the impact of adoption of IFRS 9 "Financial Instruments" ("IFRS 9") and IFRS 15 "Revenue from Contracts with Customers" ("IFRS 15") on the Group's consolidated financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

2.1(b) New and amended standards adopted by the Group (Continued)

(i) IFRS 9 "Financial Instruments"

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of IFRS 9 "Financial Instruments" from 1 January 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the consolidated financial statements. The new accounting policies are set out in Note 2.7 below. In accordance with the transitional provisions in IFRS, comparative figures have not been restated.

(i) Classification and measurement

The Group's management has assessed which business model applies to the financial assets held by the Group and has classified its financial instruments into the appropriate IFRS 9 categories.

The Group's financial assets classified as loans and receivables meet the conditions for classification at amortised costs under IFRS 9. Therefore, there was no change to the classification and measurement of the financial assets. There is no impact on the Group's accounting for financial liabilities as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities.

(ii) Impairment of financial assets

The Group has only one type of financial assets which is subject to IFRS 9's new expected credit loss model i.e. financial assets carried at amortised cost.

The Group was required to revise its impairment methodology under IFRS 9 for such class of assets. The impact of the change in impairment methodology on the Group's retained earnings and equity is not material.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

For all trade receivables, the Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

2.1(b) New and amended standards adopted by the Group (Continued)

(i) IFRS 9 "Financial Instruments" (Continued)

(ii) Impairment of financial assets (Continued)

The Group has assessed the expected credit loss model applied to the trade receivables as at 1 January 2018 and the change in impairment methodologies did not have any material impact on the Group's consolidated financial statements and the opening loss allowance is not restated in this respect.

The adoption of expected loss approach under IFRS 9 has not resulted in any material additional impairment loss for trade receivables as at 1 January 2018.

(ii) IFRS 15 "Revenue from Contracts with Customers"

IFRS 15 establishes a comprehensive framework for recognising revenue and some costs from contracts with customers. IFRS 15 replaces IAS 18, Revenue, which covered revenue arising from sale of goods and rendering of services, and IAS 11, Construction contracts, which specified the accounting for construction contracts. The Group adopted IFRS 15 using the modified retrospective approach which means that the cumulative impact of the adoption (if any) was recognised in retained earnings as at 1 January 2018 and that comparatives was not restated.

The Group is engaged in provision of medical and surgical advisory services. Revenue from the medical and surgical and management services are recognised in profit or loss when the services are rendered.

The Group does not incur costs to fulfil contracts which should be capitalised as they relate directly to the contracts, generate resources used in satisfying the contract and are expected to be recovered.

The Group does not have contracts where the period between the transfer of the promised services to the customer and payment by the customer exceeds one year.

As a result, the adoption of IFRS 15 did not result in any net impact on the profit for the year, as the timing of revenue recognition on provision of medical services has not changed.

2.2 Subsidiaries

2.2.1 Consolidation

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Subsidiaries (Continued)

2.2.1 Consolidation (Continued)

Business combinations — Acquisition Method

The Group applies the acquisition method to account for business combinations not under common control. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interests in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by IFRS.

Acquisition-related costs are expensed as incurred.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interests in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interests recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated statements of comprehensive income.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated balance sheet, respectively.

2.2.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (the "CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors who make strategic decisions.

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the Consolidated Financial Statements are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Singapore dollars ("S$"), which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currencies") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statements of comprehensive income.

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities are translated at the closing exchange rates at the reporting date;

(ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal with loss of control of the foreign operation.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Plant and equipment

Plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated statements of comprehensive income during the financial period in which they are incurred.

Depreciation of plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over its estimated useful lives, as follows:

Medical equipment	3 years
Leasehold improvements	3 – 5 years
Computer and office equipment	3 – 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "other operating expenses" in the consolidated statements of comprehensive income.

2.6 Impairment of non-financial assets

Plant and equipment are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired. An impairment loss is recognised in the consolidated statements of comprehensive income for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

An impairment loss for an asset 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 amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of accumulated depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset is recognised in the consolidated statements of comprehensive income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Financial assets

(a) Classification

From 1 January 2018, the Group classifies its financial assets as those to be measured at amortised cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets.

(b) Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date-the date on which the Group commits to purchase or sell the asset. Loans and receivables are initially recognised at fair value plus transaction costs and are subsequently carried at amortised cost using the effective interest method, less provision for impairment. Loans and receivables are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all risk and rewards of ownership.

(c) Impairment of financial assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a “loss event”) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Financial assets (Continued)

(c) *Impairment of financial assets carried at amortised cost (Continued)*

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated statements of comprehensive income.

(d) *Trade and other receivables*

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.8 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated balance sheets when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

2.9 Cash and cash equivalents

In the consolidated statements of cash flows, cash and cash equivalents include bank deposits with banks and cash on hand.

2.10 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Trade and other payables

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.12 Current and deferred income tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in the consolidated statements of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at each balance sheet date in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the fax authorities.

(b) Deferred income tax

Deferred income tax is recognised based on the temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Current and deferred income tax (Continued)

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.13 Employee benefits

Defined contribution plan

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

2.14 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs are assigned to individual items of inventory on the first-in first-out basis. Costs of purchased inventory are determined after deducting rebates and discounts. 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.

2.15 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

2.16 Leases

Operating lease – as a lessee

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated statements of comprehensive income on a straight-line basis over the period of the lease.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the consolidated financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

2.18 Revenue recognition

Medical services

Medical services relate to consultation services, medical investigation services and treatment services. Revenues from medical services are recognised when the services are rendered.

The Group operates package arrangements of aesthetics services which the contract amounts are billed to customers before performance obligation is recognised. For these service arrangements, revenue is recognised over time by reference to the Group's' progress towards completing the service to be rendered. The measure of progress is determined based on the proportion of utilised service as at the reporting date. Billed and received amounts for services which have not been rendered as at the reporting date is recognised as "contract liabilities".

Franchise fee

Franchise fee relate to the consultancy service provided.

Others

Revenue from other services, which include medical and healthcare related advisory services, is recognised when the services are provided.

2.19 Government grants

Grants from the government are recognised as receivables at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the consolidated statements of comprehensive income over the period necessary to match them with the costs that they are intended to compensate.

3 FINANCIAL RISK AND CAPITAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: foreign exchange risk, credit risk, cash flow and fair value interest rate risk and liquidity risk. The Group's overall risk management procedures focus on the unpredictability of financial markets and seek to minimise potential adverse effects on the Group's financial performance.

(i) Foreign exchange risk

The Group has currency exposures denominated in a currency other than the functional currency of the Group's entities, which is S$. The foreign currency in which these balances are denominated is mainly Hong Kong Dollar ("HKD").

As at 31 December 2018, the Group's financial assets and financial liabilities are mainly denominated in S$ and have no significant foreign currency risk exposure except for the following which are denominated in HKD.

	S$
As at 31 December 2018	
Financial assets denominated in HKD:	
Cash and cash equivalents	**9,440,615**
	9,440,615
Financial liabilities denominated in HKD:	
Trade payables	**(57,510)**
Accruals and other payables	**(66,438)**
	(123,948)
Net financial assets	**9,316,667**

3 FINANCIAL RISK AND CAPITAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(i) Foreign exchange risk (Continued)

Sensitivity Analysis

If the HKD strengthened/weakened against the SGD by 5% with all other variables including tax rate being held constant, the profit before tax will increase/decrease by approximately S$466,000 arising from exchange gain/loss respectively.

No disclosure is presented for the financial year ended 31 December 2017 as the Group operates solely in Singapore with almost all transactions being denominated in S$, which is the functional currency of the group entities. In addition, majority of the Group's assets and liabilities are denominated in S$. Accordingly, the Group is not exposed to significant foreign exchange risk.

(ii) Credit risk

The Group is exposed to credit risk in relation to its trade receivables, deposits and other receivables and cash and cash equivalents. The Group's maximum exposure to credit risk is the carrying amounts of these financial assets. The Group, being a provider of clinic and aesthetics treatment services to patients, has a highly diversified client base, without any single client contributing material revenue. Any receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. Medical related services rendered to walk in patients are on cash terms while medical related services rendered to employees of corporate customers are billed on the monthly basis with 30 days credit terms.

The credit risk on cash and cash equivalents are limited because cash is placed in banks with sound credit ratings.

(iii) Cash flow and fair value interest rate risk

The Group has no significant interest bearing assets or liabilities and thus its income and operating cash flows are substantially independent of changes in market interest rates.

3 FINANCIAL RISK AND CAPITAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(iv) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents. The Group's liquidity risk is further mitigated through the availability of financing through its own cash resources to meet its financial commitments. The Group does not have any significant liquidity risk.

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities based on contractual undiscounted cash flows and the earliest date the Group can be required to pay. Balances due within 12 months equal their carrying balances (including both interest and principal) as the impact of discounting is not significant.

	On demand or due within 1 year S$
As at 31 December 2018	
– Trade payables	**388,119**
– Accruals and other payables	**558,062**
	946,181
As at 31 December 2017	
– Trade payables	126,047
– Accruals and other payables	1,171,629
– Amount due to a director	561,394
	1,859,070

3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Group does not have any external borrowings and is not subject to any externally imposed capital requirements.

3 FINANCIAL RISK AND CAPITAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation

The carrying amounts of the Group's current financial assets, including trade receivables, deposits and other receivables and cash and cash equivalents, and current financial liabilities, including trade payables and accruals and other payables, approximate their fair values as at the reporting date due to their short maturities.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these financial statements in conformity with IFRS requires management to exercise their judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The management is of the opinion that there is no area involving higher degree of judgement or complexity or where estimates and assumptions used are significant to the consolidated financial statements.

5 SEGMENT INFORMATION

The CODM has been identified as the executive directors who review the Group's internal reporting in order to assess performance and allocate resources. The CODM has determined the operating segments based on these reports.

The CODM assesses the performance based on a measure of profit after income tax and considers all businesses to be included in a single operating segment.

The Group is principally engaged in the business of operating medical clinics in Singapore. Information reported to CODM, for the purpose of resources allocation and performance assessment, focuses on the operating results of the Group as a whole as the Group's resources are integrated and no discrete operating segment financial information is available. Accordingly, no operating segment information is presented.

99% of the Group revenue were generated from external customers located in Singapore for the financial year ended 31 December 2018 (2017: 99%). Majority of the assets of the Group were located in Singapore (2017: All). Accordingly, no geographical segment analysis is presented.

The CODM considers medical services and other services as the sole segment.

Other than revenue analysis (Note 6), no operating results and other discrete financial information is available for the assessment of performance and allocation of resources. Accordingly, other than entity-wide information, no analysis of this single operating segment is presented.

6 REVENUE

Revenue represents the net amounts received and receivable for services rendered by the Group in the normal course of business to external customers. The following is an analysis of the Group's revenue from its major business activities:

	Year ended 31 December	
	2018	2017
	S$	S$
Medical services		
Treatment services	**6,263,211**	5,460,174
Medical investigation services	**3,017,035**	2,941,806
Consultation services	**1,057,185**	1,078,735
	10,337,431	9,480,715
Franchise fee	**84,000**	–
Others services	**–**	476,179
	10,421,431	9,956,894
Timing of revenue recognition		
– At a point in time	**9,626,954**	9,956,894
– Over time	**794,477**	–
	10,421,431	9,956,894
Contract liabilities		
– Aesthetics service treatments	**314,480**	–

There was no revenue from any individual patient contributing over 10% of the total revenue of the Group for the year ended 31 December 2018 (2017: Nil).

7 OTHER INCOME AND OTHER GAINS

	Year ended 31 December	
	2018	2017
	S$	S$
Government grant (Note)	**51,844**	40,213
Sundry income	**40,404**	61,714
Other income	**92,248**	101,927
Exchange gains	**105,499**	–
	197,747	101,927

Note: Government grant represented primarily Enterprise Development Grant and Productivity Solutions Grant from Spring Singapore.

8 EMPLOYEE BENEFITS EXPENSES, INCLUDING DIRECTORS' EMOLUMENTS

(a)

	Year ended 31 December	
	2018	2017
	S$	S$
Wages and salaries	**3,405,183**	2,565,258
Employer's contribution to defined contribution plans	**233,791**	174,924
Other benefits	**19,709**	57,449
	3,658,683	2,797,631

8 EMPLOYEE BENEFIT EXPENSES, INCLUDING DIRECTORS' EMOLUMENTS (CONTINUED)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year ended 31 December 2018 include the Chief Executive Officer whose emoluments are reflected in the analysis shown in Note 8(c) (2017: same). The emoluments payable to the remaining four (2017: four) individuals during the year are as follows:

	Year ended 31 December	
	2018	2017
	S$	S$
Wages and salaries	**1,161,419**	770,135
Employer's contribution to defined contribution plans	**45,900**	23,460
	1,207,319	793,595

The emoluments fell within the following bands:

	Number of individuals Year ended 31 December	
	2018	2017
Emolument band		
Nil–HK$1,000,000	**1**	2
HK$1,000,001–HK$2,000,000	**2**	2
HK$2,000,001–HK$4,000,000	**1**	–
	4	4

No incentive payment for joining the Group or compensation for loss of office was paid or payable to any for the five highest paid individuals during the years ended 31 December 2018 and 2017.

8 EMPLOYEE BENEFIT EXPENSES, INCLUDING DIRECTORS' EMOLUMENTS (CONTINUED)

(c) Executive directors' and Chief Executive Officer's emoluments

For the year ended 31 December 2018:

Name	Fees S$	Salaries S$	Discretionary bonuses S$	Allowances and benefits in kind S$	Employer's contribution to defined contribution plans S$	Total S$
Executive directors:						
Dr Tan Cher Sen, Alan	36,000	35,250	–	–	5,015	76,265
Mr. Toh Han Boon	18,000	71,727	3,000	–	12,194	104,921
Mr. Xu Xue	11,455	–	–	–	–	11,455
	65,455	106,977	3,000	–	17,209	192,641
Independent non-executive directors:						
Mr. Leung Ho San Jason	12,000	–	–	–	–	12,000
Mr. Soh Sai Kiang	12,000	–	–	–	–	12,000
Mr. Tan Chee Ken	12,000	–	–	–	–	12,000
	36,000	–	–	–	–	36,000
CEO						
Dr. Tan Kok Kuan	–	382,954	–	–	12,240	395,194

For the year ended 31 December 2017:

Name	Fees S$	Salaries S$	Discretionary bonuses S$	Allowances and benefits in kind S$	Employer's contribution to defined contribution plans S$	Total S$
Executive directors:						
Dr. Tan Cher Sen, Alan	78,000	6,000	–	–	1,020	85,020
Mr. Toh Han Boon	–	40,436	–	–	6,874	47,310
	78,000	46,436	–	–	7,894	132,330
CEO						
Dr. Tan Kok Kuan	–	401,999	–	–	12,240	414,239

The remuneration shown above represents remuneration received and receivable from the Group by directors and Chief Executive Officer in their capacities as employees to the Group and/or in their capacity as directors of the Company. No directors waived any emolument during the year ended 31 December 2018 (2017: Same).

8 EMPLOYEE BENEFIT EXPENSES, INCLUDING DIRECTORS' EMOLUMENTS (CONTINUED)

(d) Appointment of executive director and independent non-executive directors

Mr. Xu Xue was appointed as the Company's executive director on 21 November 2018.

Mr. Leung Ho San Jason, Mr. Soh Sai Kiang and Mr. Tan Chee Ken were appointed as the Company's independent non-executive directors on 18 May 2018.

(e) Directors' retirement benefits

None of the directors received or will receive any retirement benefits during the years ended 31 December 2018 and 2017.

(f) Directors' termination benefits

None of the directors received or will receive any termination benefits during the years ended 31 December 2018 and 2017.

(g) Consideration provided to third parties for making available directors' services

During the years ended 31 December 2018 and 2017, the Group did not pay consideration to any third parties for making available directors' services.

(h) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

During the years ended 31 December 2018 and 2017, there were no loans, quasi-loans and other dealing arrangements in favour of directors, or controlled bodies corporate by and connected entities with such directors.

(i) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Group was a party and in which a director had a material interest, whether directly or indirectly; subsisted at the end of the year or at any time during the years ended 31 December 2018 and 2017.

9 OTHER OPERATING EXPENSES

Other operating expenses include the following:

	Year ended 31 December 2018 S$	2017 S$
Auditors' remuneration	**199,817**	62,500
Legal and professional fees	**336,437**	84,845
Marketing expenses	**212,184**	119,153
Operating lease rentals in respect of the Group's office and clinics	**682,654**	555,648
Credit card and bank charges	**201,684**	191,773
Listing expenses	**2,140,915**	743,000

10 INCOME TAX EXPENSE

Singapore corporate income tax has been provided for at the rate of 17% on the estimated assessable profit for the year ended 31 December 2018 (2017: 17%).

No overseas profits tax has been calculated for entities of the Group that are incorporated in the BVI or the Cayman Islands as they are exempted from tax (2017: Nil).

The amount of income tax expense charged to the consolidated statements of comprehensive income represents:

	Year ended 31 December 2018 S$	2017 S$
Current income tax		
– Current year	**198,622**	66,000
– Overprovision in prior year	**(111,448)**	–
	87,174	66,000
Deferred income tax *(Note 21)*	**(192)**	(25,500)
Income tax expense	**86,982**	40,500

10 INCOME TAX EXPENSE (CONTINUED)

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the enacted tax rate of the group entities as follows:

	Notes	Year ended 31 December	
		2018	2017
		S$	S$
(Loss)/profit before income tax		**(643,788)**	2,048,001
Tax calculated at domestic tax rates applicable to profits in the respective jurisdictions		**(109,444)**	348,160
Expenses not deductible for tax purposes		**424,821**	167,813
Income not subject to tax		**(17,776)**	(5,081)
Partial tax exemption	*i*	**(87,071)**	(120,503)
Tax incentives	*ii*	**–**	(324,434)
Tax rebates	*iii*	**(15,860)**	(16,120)
Over-provision in prior years		**(111,448)**	–
Others		**3,760**	(9,335)
Income tax expense		**86,982**	40,500

Note:

(i) Partial tax exemption relates to tax exemption of the first S$100,000 of chargeable income and a further 50% tax exemption on the next S$200,000 of chargeable income during the first 3 consecutive years from date of incorporation. Tax exemption of 75% of the first $10,000 of the chargeable income and a further of 75% tax exemption on the next $290,000 of chargeable income applies thereafter.

(ii) In 2017, the tax incentives relate to Productivity and Innovation Credit Scheme (PIC) which allows entities to claim 400% tax deduction on qualifying expenditures.

(iii) Tax rebates relate to 20% (2017: 40%) tax reduction to tax payable capped at S$10,000 (2017: S$15,000) for each Singapore incorporated entity.

11 LOSS/(EARNINGS) PER SHARE

(a) Basic

Basic (loss)/earnings per share is calculated by dividing the (loss)/earnings attributable to owners of the Company by the number of ordinary shares in issue during the year.

	Note	**31 December 2018 S$**	31 December 2017 S$
(Loss)/profit attributable to the owners of the Company		**(730,610)**	2,007,501
Weighted average number of ordinary shares for the purpose of basic and diluted (loss)/earnings per share	*22*	**460,876,000**	390,000,000
(Loss)/earnings per share (S$ cents per share)		**(0.16)**	0.51

The calculation of the basic (loss)/earnings per share is based on the (loss)/profit for the year attributable to owners of the Company and the ordinary shares in issue. The number of ordinary shares for the purpose of basic (loss)/earnings per share for the Year 2018 and Year 2017 is based on the assumption that 390,000,000 ordinary shares of the Company are in issue and issuable, as if the Reorganisation and capitalisation issue in respect of the Listing was effective on 1 January 2017. Please refer to Note 22(a) to the consolidated financial statements for movement in the shares.

(b) Diluted

The diluted (loss)/earnings per share is the same as the basic loss/(earnings) per share due to the absence of dilutive ordinary shares during the respective years.

12 SUBSIDIARIES

Details of the subsidiaries of the Company as at 31 December 2018 are as follows:

Name of entity	Place and date of incorporation	Issued and paid-up capital	Equity interest attributable to the Group	Kind of legal entity	Principal activities
Directly held by the Company					
Republic Healthcare Holdings Ltd	British Virgin Island, 4 January 2018	1 share of US$1 each	100%	Limited liability company	Investment holding
Unicorn Rise Limited	British Virgin Island, 21 November 2018	100 shares of US$1 each	100%	Limited liability company	Investment holding
Indirectly held by the Company					
Republic Healthcare Holdings Pte Ltd	Singapore, 4 February 2017	1,000 shares of S$1 each	100%	Limited liability company	Investment holding
Dtap @ Bencoolen Pte Ltd (formerly known as Straits Health Corp Pte Ltd)	Singapore, 7 January 2014	10,000 shares of S$1 each	100%	Limited liability company	Clinics and other general medical services
Dtap @ Holland V Pte Ltd (formerly known as Dtap @ Scotts Pte Ltd)	Singapore, 2 February 2015	200,000 shares of S$1 each	100%	Limited liability company	Clinics and other general medical services
Dtap @ Somerset Pte Ltd (formerly known as Brunel Clinics Pte Ltd)	Singapore, 7 July 2015	100,000 shares of S$1 each	100%	Limited liability company	Clinics and other general medical services
Republic Healthcare Pte Ltd	Singapore, 5 February 2016	100,000 shares of S$1 each	100%	Limited liability company	Clinics and other general medical services
S Aesthetics Clinic Pte Ltd (formerly known as BM Aesthetics Pte Ltd)	Singapore, 21 October 2016	10,000 shares of S$1 each	100%	Limited liability company	Clinics and other general medical services
Dtap @ Raffles Place Pte Ltd	Singapore, 11 December 2018	10,000 shares of S$1 each	100%	Limited liability company	Clinics and other general medical services
Dtap @ Novena Pte Ltd	Singapore, 11 December 2018	10,000 shares of S$1 each	100%	Limited liability company	Clinics and other general medical services
Dtap @ Adam Road Pte Ltd	Singapore, 20 December 2018	1,000 shares of S$1 each	51%	Limited liability company	Clinics and other general medical services

13 PLANT AND EQUIPMENT

	Medical equipment S$	Leasehold improvements S$	Computer and office equipment S$	Total S$
As at 1 January 2018				
Cost	418,698	244,806	526,241	1,189,745
Accumulated depreciation	(215,090)	(86,126)	(180,452)	(481,668)
Net book amount	203,608	158,680	345,789	708,077
Year ended 31 December 2018				
Opening net book amount	203,608	158,680	345,789	708,077
Additions	144,098	29,510	208,222	381,830
Write off	–	(6,291)	(300)	(6,591)
Depreciation	(99,917)	(70,890)	(246,053)	(416,860)
Closing net book amount	247,789	111,009	307,658	666,456
As at 31 December 2018				
Cost	562,796	268,025	734,163	1,564,984
Accumulated depreciation	(315,007)	(157,016)	(426,505)	(898,528)
Net book amount	247,789	111,009	307,658	666,456
As at 1 January 2017				
Cost	199,195	122,069	292,379	613,643
Accumulated depreciation	(115,649)	(44,807)	(57,601)	(218,057)
Net book amount	83,546	77,262	234,778	395,586
Year ended 31 December 2017				
Opening net book amount	83,546	77,262	234,778	395,586
Additions	220,303	122,737	233,862	576,902
Disposals	(800)	–	–	(800)
Depreciation	(99,441)	(41,319)	(122,851)	(263,611)
Closing net book amount	203,608	158,680	345,789	708,077
As at 31 December 2017				
Cost	418,698	244,806	526,241	1,189,745
Accumulated depreciation	(215,090)	(86,126)	(180,452)	(481,668)
Net book amount	203,608	158,680	345,789	708,077

14 FINANCIAL INSTRUMENTS BY CATEGORIES

The Group's financial instruments include the following:

	As at 31 December	
	2018	2017
	S$	S$
Financial assets:		
Financial assets at amortised cost		
Trade receivables	**55,787**	78,038
Deposits and other receivables	**462,770**	312,277
Cash and cash equivalents	**12,370,343**	1,993,771
	12,889,900	2,384,086
Financial liabilities:		
Liabilities at amortised cost		
Trade payables	**388,119**	126,047
Accruals and other payables	**558,062**	1,171,629
Amount due to a director	**–**	561,394
	946,181	1,859,070

15 TRADE RECEIVABLES

As at 31 December 2018, the ageing analysis of the third-party trade receivables, based on invoice date, are as follows:

	As at 31 December	
	2018	2017
	S$	S$
0-30 days	**50,490**	63,459
31-60 days	**374**	4,955
61-90 days	**1,394**	4,506
91-120 days	**3,099**	3,184
Over 120 days	**430**	1,934
	55,787	78,038

As at 31 December 2018, trade receivables that were aged over 30 days mainly relate to employees from corporate customers and based on the management's past experience, the overdue amounts can be recovered. In addition, management has considered the low historical actual loss rate and forward looking information and concluded that the expect credit loss is expected to be immaterial.

As at 31 December 2018, the carrying amounts of trade receivables are denominated in S$ and approximate their fair values.

16 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	As at 31 December	
	2018	2017
	S$	S$
Deposits and other receivables	**462,770**	312,277
Prepayments	**210,640**	85,689
Prepayments for listing expenses	**–**	248,000
	673,410	645,966
Less non-current portion:		
Deposits	**(146,823)**	(118,626)
Prepayments of plant and equipment	**(36,900)**	–
	489,687	527,340

As at 31 December 2018 and 2017, the carrying amounts of deposits and other receivables are denominated in S$ and approximate their fair values.

17 CASH AND CASH EQUIVALENTS

	As at 31 December	
	2018	2017
	S$	S$
Cash at banks	**2,819,352**	1,946,673
Cash on hand	**8,658**	47,098
Short term bank deposits	**9,542,333**	–
	12,370,343	1,993,771

As at 31 December 2018, short term bank deposits are denominated in HKD and have original maturity dates of less than three months (2017: nil) and bears an interest rate between 1.0% to 1.7% (2017: nil) per annum.

18 INVENTORIES

Inventories comprises consumables and medical supplies.

19 TRADE PAYABLES

Trade payables at the end of each reporting period comprise amounts outstanding to suppliers. The average credit period taken for trade purchase is generally 30 days. As at 31 December 2018, the ageing analysis of the trade payables, based on invoice date, are as follows:

	As at 31 December	
	2018	2017
	S$	S$
Up to 30 days	**294,725**	120,678
31-60 days	**85,466**	3,069
61-90 days	**2,419**	2,300
Over 91 days	**5,509**	–
	388,119	126,047

The carrying amounts of trade payables approximate their fair values.

20 ACCRUALS AND OTHER PAYABLES

	As at 31 December	
	2018	2017
	S$	S$
Accruals for operating expenses	**556,914**	180,629
Accruals for listing expenses	**–**	991,000
Goods and service tax payable	**106,368**	104,545
Other payables	**1,148**	
	664,430	1,276,174

The carrying amounts of accruals and other payables approximate their values.

21 DEFERRED TAX LIABILITIES

The movements on the deferred tax liabilities are as follows:

	Accelerated tax depreciation S$
At 1 January 2017	30,143
– Credited to consolidated statements of comprehensive income *(Note 10)*	(25,500)
At 31 December 2017 and 1 January 2018	4,643
– Credited to consolidated statements of comprehensive income *(Note 10)*	(192)
At 31 December 2018	4,451

22 EQUITY

(a) Share capital

	Number of shares	Share capital S$
Authorised:		
Ordinary shares of HK$0.01 each		
At 3 January 2018 (date of incorporation) *(Note (i))*	38,000,000	65,517
Increase in authorised share capital *(Note (ii))*	9,962,000,000	17,175,862
As at 31 December 2018	10,000,000,000	17,241,379
Issued and fully paid:		
Ordinary shares of HK$0.01 each		
At 3 January 2018 (date of incorporation) *(Note (i))*	1	–
Shares issued pursuant to the Reorganisation *(Note (iii))*	99	*
Shares issued pursuant to the capitalisation *(Note (iv))*	389,999,900	672,414
	390,000,000	672,414
Shares issued pursuant to the Listing *(Note (v))*	130,000,000	224,138
As at 31 December 2018	520,000,000	896,552

* Less than S$1.00

Notes:

(i) *On 3 January 2018, the Company was incorporated in the Cayman Islands as an exempted company with an authorised share capital of HK$380,000 divided into 38,000,000 shares of HK$0.01 each. Upon its incorporation, one nil-paid initial share was allotted and issued to the initial subscriber. There is no authorised share capital on 31 December 2017.*

(ii) *On 18 May 2018, the authorised share capital of the Company was increased from 38,000,000 shares of HK$0.01 each to 10,000,000,000 shares of HK$0.01 each, by the creation of an additional 9,962,000,000 shares, rank pari passu in all respects with the then existing shares.*

(iii) *On 18 May 2018, pursuant to the Reorganisation, the Company issued 99 shares at HK$0.01 in exchange for the entire Dr Tan's financial interests in Dtap @ Bencoolen Pte Ltd (formerly known as Straits Health Corp Pte Ltd), Dtap @ Holland V Pte Ltd (formerly known as Dtap @ Scotts Pte Ltd), Dtap @ Somerset Pte Ltd (formerly known as Brunel Clinics Pte Ltd), Republic Healthcare Pte Ltd and S Aesthetics Clinic Pte Ltd (formerly known as BM Aesthetics Pte Ltd).*

(iv) *By a shareholder's resolution dated 18 May 2018 and conditional on the share premium account of the Company being credited as a result of the share offer, the Company will issue additional 389,999,900 shares, credited as fully paid, to the existing shareholders of the Company, by way of capitalisation of HK$3,899,999 standing to the credit of our Company's share premium account.*

(v) *On 15 June 2018, pursuant to the Listing, the Company has issued and allotted 130,000,000 shares at HK$0.01 each for subscription.*

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share at meetings of the Company.

22 EQUITY (CONTINUED)

(b) Share premium

	Note	**Share premium S$**
As at 3 January 2018 (date of incorporation)		–
Shares issued pursuant to the Listing		13,224,138
Listing expenses charged to share premium		(1,841,303)
Issuance of new shares, net of transaction costs		11,382,835
Shares issued pursuant to the capitalisation	*22(a)(iv)*	(672,414)
Balance at 31 December 2018		10,710,421

23 DIVIDENDS

No dividend has been paid or declared by the Company during the period from its date of incorporation to 31 December 2018.

On 31 December 2017, the Group declared and paid dividends of S$2,202,996 to its shareholder.

24 RELATED PARTIES TRANSACTIONS

Related parties are those parties that have the ability to control, jointly control or exert significant influence over the other party in holding power over the investee; exposure, or rights, to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect the amount of the investor's returns. Parties are also considered to be related if they are subject to common control or joint control. Related parties may be individuals or other entities.

(a) As at 31 December 2017, the amount due to a director, Dr. Tan, was unsecured, interest free, repayable on demand and non-trade in nature. The balance has been fully settled during 2018.

(b) Key management compensation

Key management includes executive and non-executive directors and the senior management of the Group. The compensation paid or payable to key management for employee services is shown below:

	Year ended 31 December	
	2018	2017
	S$	S$
Salaries, allowances and benefits in kind	**492,931**	550,635
Director's fees	**101,455**	78,000
Employer's contribution to defined contribution plans	**29,449**	37,508
	623,835	666,143

25 COMMITMENTS

Operating lease commitments – as lessee

The Group had future aggregate minimum lease payments under non-cancellable operating leases in respect of the Group's office and clinics as follows:

	As at 31 December	
	2018	2017
	S$	S$
No later than one year	**731,806**	547,516
Later than one year and no later than five years	**410,158**	1,232,076
	1,141,964	1,779,592

26 CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities or guarantees as at 31 December 2018 (2017: Nil).

27 CASH FLOW INFORMATION – FINANCING ACTIVITIES

Reconciliation of liabilities arising from financing activities

	1 January 2018 S$	**Cash payment S$**	**31 December 2018 S$**
Amount due to a director	561,394	(561,394)	–

	1 January 2017 S$	**Cash received/ (payment) S$**	**31 December 2017 S$**
Amount due to a director	481,994	79,400	561,394
Amount due to a related party *(Note)*	335,809	(335,809)	–

Note:

The payment of S$335,809 comprised of S$116,400 payment to Dr. Tan as deemed distribution and S$219,409 as payment to a related party.

28 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

Balance sheet of the Company

	Note	31 December 2018 S$
ASSETS		
Non-current assets		
Investment in subsidiaries		**138**
		138
Current assets		
Other receivables		**37,255**
Amount due from a subsidiary		**8,801,361**
		8,838,616
Total assets		**8,838,754**
EQUITY AND LIABILITIES		
LIABILITIES		
Current liabilities		
Other payables		**107,671**
EQUITY		
Share capital	*Note (a)*	**896,552**
Share premium	*Note (a)*	**10,710,421**
Accumulated losses	*Note (a)*	**(2,875,890)**
Total equity		**8,731,083**
Total equity and liabilities		**8,838,754**

The Company was incorporated on 3 January 2018. As at 31 December 2017, the Company had not been incorporated and, accordingly, it had no assets, liabilities or distributable reserves on that date. The balance sheet of the Company was approved by the Board of Directors on 27 March 2019 and was signed on its behalf:

TAN CHER SEN ALAN
Director

TOH HAN BOON
Director

28 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (CONTINUED)

Note:

(a) Reserve movement of the Company

	Note	**Share capital S$**	**Share Premium S$**	**Accumulated losses S$**	**Total S$**
At date of incorporation		–	–	–	–
Comprehensive loss					
Loss for the year		–	–	(2,875,890)	(2,875,890)
Issuance of new shares, net of transaction costs	*22(a)*	224,138	11,382,835	–	11,606,973
Capitalisation of shares	*22(a)*	672,414	(672,414)	–	–
Balance as at 31 December 2018		896,552	10,710,421	(2,875,890)	8,731,083

FINANCIAL SUMMARY

RESULTS

	For the year ended 31 December		
	2018	2017	2016
	S$'000	S$'000	S$'000
Revenue	**10,421**	9,957	7,218
Net profit for the year (before listing expenses)	**1,410**	2,751	1,975
Listing expenses	**(2,141)**	(743)	–
Net (loss)/profit for the year	**(731)**	2,008	1,975

ASSETS AND LIABILITIES

	As at 31 December		
	2018	2017	2016
	S$'000	S$'000	S$'000
Non-current assets	**850**	827	463
Current assets	**13,304**	3,000	2,803
Non-current liabilities	**4**	5	30
Current liabilities	**1,575**	2,123	1,352
Net current assets	**11,729**	877	1,451
Net Assets	**12,575**	1,699	1,884

The summary above does not form part of the consolidated financial statements.

No financial statements of the Group for the years ended 31 December 2014 and 2015 have been published.

The financial information for the years ended 31 December 2016 and 2017 were extracted from the prospectus of the Company dated 1 June 2018.