

RepublicHealthcare

**REPUBLIC HEALTHCARE LIMITED**

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



INTERIM  
REPORT  
**2019**



## CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE” AND THE “GEM”, RESPECTIVELY)

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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.

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*This report, for which the directors of Republic Healthcare Limited (the “**Company**”, together with its subsidiaries, the “**Group**” 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 herein or this report misleading.*



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## 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, 57<sup>th</sup> 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

### Independent non-executive Directors

Mr. Leung Hon San Jason  
Mr. Soh Sai Kiang  
Mr. Tan Chee Ken

### Company secretary

Sir Kwok Siu Man KR  
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  
Sir Kwok Siu Man KR

### 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, 21<sup>st</sup> 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



## 2019 FINANCIAL HIGHLIGHTS (UNAUDITED)

The Group recorded revenue of approximately S\$6.3 million for the six months ended 30 June 2019 (the “**Period**”), representing an increase of approximately 13.1% when compared with that of approximately S\$5.5 million for the corresponding period in 2018 (the “**Corresponding Period**”).

The gross profit of the Group for the Period was S\$3.9 million, which was the same as that for the Corresponding Period.

The Group recorded the net profit after tax of approximately S\$0.6 million for the Period (net loss after tax of the Group for the Corresponding Period of approximately S\$1.5 million). Such change from net loss after tax to net profit after tax was mainly due to the one-off non-recurring listing expenses of approximately S\$2.5 million incurred in the Corresponding Period.

The board of Directors (the “**Board**”) has resolved not to declare the payment of an interim dividend for the Period (the Corresponding Period: Nil).



## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2019

	Notes	Six months ended 30 June	
		2019 (unaudited) S\$	2018 (unaudited) S\$
Revenue	3	<b>6,250,853</b>	5,526,017
Other income		<b>20,379</b>	9,983
Consumables and medical supplies used		<b>(1,491,220)</b>	(1,142,349)
Medical professional costs		<b>(825,300)</b>	(514,458)
Employee benefits expenses		<b>(1,979,039)</b>	(1,356,427)
Depreciation of plant and equipment	6	<b>(226,826)</b>	(208,380)
Other operating expenses		<b>(1,120,663)</b>	(3,830,342)
Profit/(loss) before income tax		<b>628,184</b>	(1,515,956)
Income tax expense	4	<b>(71,300)</b>	–
Profit/(loss) and total comprehensive income attributable to owners of the Company for the period		<b>556,884</b>	(1,515,956)
Earnings per share attributable to owners of the Company for the period (expressed in Singapore cents per share)			
Basic and diluted	5	<b>0.12</b>	N/A

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	<i>Notes</i>	<b>As at 30 June 2019 (unaudited) S\$</b>	As at 31 December 2018 (audited) S\$
<b>ASSETS</b>			
<b>Non-current assets</b>			
Plant and equipment	<i>6</i>	<b>713,540</b>	666,456
Deposits	<i>8</i>	–	146,823
Prepayment	<i>8</i>	–	36,900
		<b>713,540</b>	850,179
<b>Current assets</b>			
Trade receivables	<i>7</i>	<b>127,773</b>	55,787
Deposits, prepayment and other receivables	<i>8</i>	<b>1,023,829</b>	489,687
Inventories	<i>10</i>	<b>457,819</b>	388,352
Cash and cash equivalents	<i>9</i>	<b>13,526,025</b>	12,370,343
		<b>15,135,446</b>	13,304,169
<b>Total assets</b>		<b>15,848,986</b>	14,154,348
<b>EQUITY</b>			
<b>Capital and reserves attributable to owners of the Company</b>			
Share capital	<i>13</i>	<b>896,552</b>	896,552
Share premium		<b>10,710,421</b>	10,710,421
Other reserves	<i>13</i>	<b>420,000</b>	420,000
Retained earnings		<b>1,104,685</b>	547,801
Non-controlling interests		<b>(160)</b>	(160)
<b>Total equity</b>		<b>13,131,498</b>	12,574,614

	<i>Notes</i>	<b>As at 30 June 2019 (unaudited) S\$</b>	As at 31 December 2018 (audited) S\$
<b>LIABILITIES</b>			
<b>Non-current liability</b>			
Deferred tax liabilities		<b>7,574</b>	4,451
<b>Current liabilities</b>			
Trade payables	11	<b>1,002,955</b>	338,119
Contract liabilities		<b>314,480</b>	314,480
Accruals and other payables	12	<b>1,057,264</b>	664,430
Current income tax liabilities		<b>335,215</b>	208,254
		<b>2,709,914</b>	1,525,283
<hr style="border-top: 1px dashed #000;"/>			
Total liabilities		<b>2,717,488</b>	1,529,734
Total equity and liabilities		<b>15,848,986</b>	14,104,348



## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2019

	Attributable to owners of the Company					Non-controlling interests	Total equity
	Share capital	Share Premium	Other reserves <sup>(Note)</sup>	Retained earnings	Total		
	S\$	S\$	S\$	S\$	S\$	S\$	S\$
<b>As at 1 January 2018 (audited)</b>	-	-	420,000	1,278,411	1,698,411	-	1,698,411
<b>Comprehensive loss</b>							
Loss for the year	-	-	-	(730,610)	(730,610)	(160)	(730,770)
<b>Transactions with owners recognised directly in equity</b>							
Issuance of new shares, net of transaction costs	224,138	11,382,835	-	-	11,606,973	-	11,606,973
Capitalisation of shares	672,414	(672,414)	-	-	-	-	-
<b>Balance as at 31 December 2018 and 1 January 2019 (audited)</b>	896,552	10,710,421	420,000	547,801	12,574,774	(160)	12,574,614
<b>Comprehensive income</b>							
Profit for the period	-	-	-	556,884	556,884	-	556,884
<b>Balance as at 30 June 2019 (unaudited)</b>	<b>896,552</b>	<b>10,710,421</b>	<b>420,000</b>	<b>1,104,685</b>	<b>13,131,658</b>	<b>(160)</b>	<b>13,131,498</b>

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 (as defined in Note 1.2 to the unaudited condensed consolidated financial statements of the Group for the Period (the "**Unaudited Condensed Consolidated Financial Statements**")).



## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2019

	Six months ended 30 June	
	2019	2018
	(unaudited)	(unaudited)
	S\$	S\$
Net cash generated from/(used in) operating activities	<b>1,436,291</b>	(1,021,717)
Net cash used in investing activities	<b>(280,609)</b>	(234,907)
Net cash generated from financing activities	–	12,034,545
Increase in cash and cash equivalents	<b>1,155,682</b>	10,777,921
Cash and cash equivalents at beginning of the period	<b>12,370,343</b>	1,993,771
Cash and cash equivalents at end of the period	<b>13,526,025</b>	12,771,692



# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

## 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 are principally engaged in the general practice clinic business in the Republic of Singapore ("**Singapore**") and the provision of management advisory services.

**1.2** Pursuant to a group reorganised to rationalise the structure of the Group (the "**Reorganisation**") in preparation of the listing of the Company's shares (the "**Shares**") in issue on GEM, the Company became the holding company of the Group. Details of the Reorganisation are set out in the section headed "History, Reorganisation and Group Structure" in the prospectus of the Company dated 1 June 2018 (the "**Prospectus**") and Note 1.2 to the Group's audited financial consolidated statements for the year ended 31 December 2018 (the "**Audited 2018 Consolidated Financial Statements**").

On 18 May 2018, the Company issued 389,999,900 new Shares through capitalisation of HK\$3,899,999 standing to the credit of the share premium account of the Company. Also, as a result of the share offer, 130,000,000 new Shares were issued at an offer price of HK\$0.60 per Share.

The issued Shares were successfully listed on GEM on 15 June 2018 (the "**Listing**").



## 2. Basis of Presentation and Accounting Policies

### 2.1 Basis of preparation and significant accounting policies

The Unaudited Condensed Consolidated Financial Statements have been prepared in accordance with all applicable International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board and the applicable disclosure provisions of the GEM Listing Rules. The Unaudited Condensed Consolidated Financial Statements should be read in conjunction with the Audited 2018 Consolidated Financial Statements. The accounting policies and methods of computation used in the Unaudited Condensed Consolidated Financial Statements are the same as those followed in the preparation of the Audited 2018 Consolidated Financial Statements.

All IFRSs effective for the accounting period commencing on 1 January 2019, together with the relevant transitional provisions, have been adopted by the Group in preparation of these Unaudited Condensed Consolidated Financial Statements. The adoption of these new/revised IFRSs does not result in changes to the Group’s accounting policies and has no material effect on the amounts reported for the current or prior period.

Inter-company transactions, balances and unrealised gains/losses on transactions between group companies are eliminated on consolidation.

These Unaudited Condensed Consolidated Financial Statements have been reviewed by the audit committee of the Company (the “**Audit Committee**”).



## 2.2 Foreign currency translation

### (a) Functional and presentation currency

Items included in the historical financial information of the Group (the “**Historical Financial Information**”) are measured by using the currency of the primary economic environment in which the entity operates (the “**Functional Currency**”). The Historical Financial Information is 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 (the “**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 the Foreign Currencies are recognised in the combined statements of comprehensive income.

### (c) Group companies

The results and financial position of all the group entities have the same Functional Currencies as the presentation currency.

## 2.3 Plant and equipment

Plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditures that are 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 combined 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 their 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 combined statements of comprehensive income.



## 2.4 Financial risk and capital risk management

### (a) 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 the shareholders of the Company (the "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 the Shareholders, return capital to the Shareholders or issue new Shares.

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

### (b) Fair value estimation

The carrying amounts of the Group's current financial assets, including trade receivables, deposits and other receivables as well as 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.

## 2.5 Critical accounting estimates and judgements

The preparation of these Unaudited Condensed Consolidated Financial Statements in conformity with IFRSs 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. 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 Historical Financial Information.

The chief operating decision maker considers medical services and other services as the sole segment.

### 3 Revenue and segment results

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:

	Six months ended 30 June	
	2019 (unaudited) S\$	2018 (unaudited) S\$
<b>Medical services</b>		
Treatment services	3,613,779	3,292,098
Medical investigation services	2,020,776	1,606,447
Consultation services	616,298	558,684
	<b>6,250,853</b>	5,457,229
Others services ( <i>Note</i> )	–	68,788
	<b>6,250,853</b>	5,526,017

*Note:* Other services mainly include the provision of medical and healthcare related advisory services.

### 4 Taxation Income tax expense

	Six months ended 30 June	
	2019 (unaudited) S\$	2018 (unaudited) S\$
Current tax:		
Singapore profits tax	71,300	–

The Group is subject to Singapore corporate tax rate of 17% on the estimated assessable profit for the Period.

Pursuant to the rules and regulations of the Cayman Islands, the Company is not subject to income tax in the Cayman Islands.



## 5 Earnings/(loss) per share

### (a) Basic

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

	<b>Six months ended 30 June</b>	
	<b>2019 (unaudited) S\$</b>	2018 (unaudited) S\$
Profit/(loss) attributable to the owners of the Company	<b>556,884</b>	(1,515,956)
Weighted average number of ordinary shares for the purpose of basic and diluted earnings/(loss) per share	<b>460,876,000</b>	460,876,000
Earnings/(loss) per share (S\$ cents per share)	<b>0.12</b>	N/A

The calculation of the basic earnings/(loss) per share is based on the profit/(loss) for the period attributable to owners of the Company and the ordinary Shares in issue. The number of ordinary Shares for the purpose of basic earnings/(loss) per share for the period ended 30 June 2019 and 2018 is based on the assumption that 390,000,000 ordinary Shares are in issue and issuable, as if the Reorganisation and capitalisation issue in respect of the Listing was effective on 1 January 2017.

### (b) Diluted

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

## 6 Plant and equipment

	Medical equipment S\$	Leasehold improvement S\$	Computer and office equipment S\$	Total S\$
<b>As at 1 January 2018 (audited)</b>				
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
<b>Year ended 31 December 2018 (audited)</b>				
Opening net book amount	203,608	158,680	345,789	708,077
Additions	144,098	29,510	208,222	381,830
Disposals	–	(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
<b>As at 31 December 2018 (audited)</b>				
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
<b>Period ended 30 June 2019 (unaudited)</b>				
Opening net book amount	247,789	111,009	307,658	666,456
Additions	59,400	210,260	10,949	280,609
Depreciation	(80,991)	(48,244)	(104,290)	(233,525)
Closing net book amount	226,198	273,025	214,317	713,540
<b>As at 30 June 2019 (unaudited)</b>				
Cost	622,196	478,285	745,112	1,845,593
Accumulated depreciation	(395,998)	(205,260)	(530,795)	(1,132,053)
Net book amount	226,198	273,025	214,317	713,540

## 7

**Trade receivables**

The trade receivables are due when services are rendered. As at 30 June 2019 and 31 December 2018, the ageing analysis of the third-party trade receivables, based on the invoice date, is as follows:

	<b>As at 30 June 2019 (unaudited) S\$</b>	As at 31 December 2018 (audited) S\$
<i>Not due</i>		
0–30 days	<b>117,448</b>	50,490
<i>Past due but not impaired</i>		
31–60 days	<b>2,045</b>	374
61–90 days	<b>2,434</b>	1,394
91–120 days	<b>5,761</b>	3,099
Over 120 days	<b>85</b>	430
	<b>127,773</b>	55,787

As at 30 June 2019 and 31 December 2018, trade receivables that were past due but not impaired relate to corporate customers with no significant financial difficulty and based on management's past experience, the overdue amounts can be recovered.

As at 30 June 2019 and 31 December 2018, the carrying amounts of trade receivables were denominated in S\$ and approximated their fair values.

## 8 Deposits, prepayments and other receivables

	<b>As at 30 June 2019 (unaudited) S\$</b>	As at 31 December 2018 (audited) S\$
Deposits and other receivables	<b>720,606</b>	462,770
Prepayments	<b>303,223</b>	210,640
	<b>1,023,829</b>	673,410
Less non-current portion:		
Deposits	-	(146,823)
Prepayments of plant and equipment	-	(36,900)
	<b>1,023,829</b>	489,687

As at 30 June 2019 and 31 December 2018, the carrying amounts of deposits and other receivables were denominated in S\$ and approximated their fair values.

## 9 Cash and cash equivalents

	<b>As at 30 June 2019 (unaudited) S\$</b>	As at 31 December 2018 (audited) S\$
Cash at banks	<b>3,941,386</b>	2,819,352
Cash on hand	<b>41,710</b>	8,658
Short term bank deposits	<b>9,542,930</b>	9,542,333
	<b>13,526,026</b>	12,370,343

As at 30 June 2019 and 31 December 2018, the carrying amounts of cash and cash equivalents were denominated in S\$ and approximated their fair values.

## 10 Inventories

Inventories comprises consumables and medical supplies.

## 11 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 30 June 2019 and 31 December 2018, the ageing analysis of the trade payables, based on the invoice date, is as follows:

	<b>As at 30 June 2019 (unaudited) S\$</b>	As at 31 December 2018 (audited) S\$
Up to 30 days	<b>672,305</b>	294,725
31–60 days	<b>210,032</b>	85,466
61–90 days	<b>89,838</b>	2,419
Over 90 days	<b>30,780</b>	5,509
	<b>1,002,955</b>	388,119

As at 30 June 2019 and 31 December 2018, the carrying amounts of trade payables were denominated in S\$ and approximated their fair values.

## 12 Accruals and other payables

	<b>As at 30 June 2019 (unaudited) S\$</b>	As at 31 December 2018 (audited) S\$
Accruals for operating expenses	<b>658,295</b>	556,914
Goods and service tax payable	<b>338,444</b>	106,368
Others	<b>60,525</b>	1,148
	<b>1,057,264</b>	664,430

As at 30 June 2019 and 31 December 2018, the carrying amounts of accruals and other payables were denominated in S\$ and approximated their fair values.



## 13 Equity

### (a) Share capital

	Number of Shares	Share capital S\$
<b>Authorised:</b>		
Ordinary Shares of HK\$0.01 each		
As at 3 January 2018 (date of incorporation)		
<i>(Note (i))</i>	38,000,000	65,517
Increase in authorised share capital <i>(Note (ii))</i>	9,962,000,000	17,175,862
As at 31 December 2018	10,000,000,000	17,241,379
<b>Issued and fully paid:</b>		
Ordinary Shares of HK\$0.01 each		
As at 3 January 2018 (date of incorporation)		
<i>(Note (i))</i>	1	–
Shares issued pursuant to the Reorganisation		
<i>(Note (iii))</i>	99	*
Shares issued pursuant to the capitalisation		
<i>(Note (iv))</i>	389,999,900	672,414
	390,000,000	672,414
Shares issued pursuant to the Listing <i>(Note (v))</i>	130,000,000	224,138
As at 31 December 2018	520,000,000	896,552
<b>Authorised:</b>		
As at 1 January 2019 and at 30 June 2019	10,000,000,000	17,241,379
<b>Issued and fully paid:</b>		
As at 1 January 2019 and at 30 June 2019	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 was 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, ranking *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 would issue additional 389,999,900 Shares, credited as fully paid, to the existing Shareholders, by way of capitalisation of HK\$3,899,999 standing to the credit of the Company's share premium account.
- (v) On 15 June 2018, pursuant to the Listing, the Company 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 Directors or approved by the Shareholders. All ordinary Shares carry one vote per Share at general meetings of the Company.

## (b) Share premium

	<b>Share premium S\$</b>
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	(672,414)
Balance at 31 December 2018	10,710,421
As at 1 January 2019 and <b>at 30 June 2019</b>	<b>10,710,421</b>

### 14 Dividends

The Board has resolved not to declare the payment of an interim dividend for the Period (the Corresponding Period: Nil).

### 15 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 entities.

### 16 Contingent liabilities

The Group did not have any material contingent liabilities or guarantees as at 30 June 2019 and 31 December 2018.





## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

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 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 aesthetic 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) seven DTAP clinics including the clinics at Robertson, Novena, Somerset, Bencoolen, Raffles Place, Holland Village and Siglap; and (ii) two SA clinics at Scotts Road. We will be operating an additional clinic at Bugis (currently in the midst of renovation).

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 shall 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 shall tap on it to enable us to become a leading premium general practice clinic network in Singapore, delivering holistic care in a collaborative environment.

### OUTLOOK AND PROSPECTS

Continued investments and keeping abreast of technological developments helped in keeping the Group’s competitive edge, particularly with regard to the medical aesthetics field. The Group continues to see strong interests in demand in our sexual health and infectious diseases niche market in Singapore.

The Group believes that the numerous initiatives and continuation of current investment policies will enhance the overall competitive position in our operating environments and contribute to our success. Moving forward, the Group will leverage existing platforms and growth momentum to continue with the first 6-month success; as well as follow the Group’s policies in operation to strengthen its financial position.



## FINANCIAL REVIEW

### Revenue

The Group's revenue increased by approximately S\$0.8 million, or 13.1% from approximately S\$5.5 million for the Corresponding Period to approximately S\$6.3 million for the Period. The increase was mainly due to the growth in sales of existing services carried out by the Group with increased market penetration and brand awareness.

### Gross profit and gross profit margin

The Group's gross profit remained constant during the Period and the Corresponding Period and the Group's gross profit margin decreased from 70.0% to 62.9% for the Period as compared to the Corresponding Period. Such decrease was mainly due to the increase in drug costs used in treatments.

### Employee benefits expenses

Our employee benefits expenses increased by approximately S\$0.6 million or 45.9%, from approximately S\$1.4 million for the Corresponding Period to approximately S\$2.0 million for the Period. Such increase was primarily attributable to the recruitment of new doctors, aestheticians and clinic assistants.

### Other operating expenses

The Group's other operating expenses decreased by approximately S\$2.7 million or 70.7% from approximately S\$3.8 million for the Corresponding Period to approximately S\$1.1 million for the Period. Such decrease was mainly attributable to the absence of Listing expenses for the Period as compared to a one-time non-recurring Listing expenses of S\$2.5 million incurred during the Corresponding Period.

### Profit for the Period attributable to owners of the Company

As a result of the foregoing, the Group turned from a loss attributable to owners of the Company of approximately S\$1.5 million for the Corresponding Period to a profit attributable to owners of the Company of approximately S\$0.6 million for the Period.



## DIVIDEND

The Board has resolved not to declare the payment of an interim dividend for the Period (for the Corresponding Period: Nil).

## EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2019, we had 51 employees in Singapore (31 December 2018: 36 employees), all of whom were employed on a full-time basis. The remuneration package of our employees generally comprises basic salaries, discretionary bonuses and welfare benefits such as annual leave, sick leave, maternity leave and child care leave.

## LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

During the Period, the Group financed its operations mainly through the net proceeds received from the Listing, cash generated from our operating activities and capital contribution from its Shareholders.

As at 30 June 2019, we had cash and cash equivalents of approximately S\$13.5 million (31 December 2018: S\$12.4 million). The Group had no bank borrowings (31 December 2018: Nil).

## GEARING RATIO

The Group's gearing ratio, which is calculated based on the total debt (including amount due to related party) divided by total equity as at the respective period/year end, as at 30 June 2019 was 20.7% (31 December 2018: 12.2%).

We believe that our liquidity position would further be strengthened by using a combination of cash generated from operating activities and the net proceeds received from the Listing. Going forward, we intend to use working capital in accordance with the section headed "Business Objectives and Future Plans" in the Prospectus.

## CAPITAL STRUCTURE

As at 30 June 2019, the capital structure of the Company comprised issued share capital and reserves.



## **FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS**

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

## **SIGNIFICANT INVESTMENTS OR MATERIAL ACQUISITIONS AND DISPOSALS**

During the Period, the Group did not make any significant investments or material acquisitions and disposal of subsidiaries, associates or joint ventures.

## **COMMITMENTS AND CONTINGENT LIABILITIES**

As at 30 June 2019, the Group had no material commitments and contingent liabilities.

## **SEGMENT INFORMATION**

Segment information for the Group is presented as disclosed on note 3 to the Unaudited Condensed Consolidated Financial Statements.

## **EXPOSURE TO EXCHANGE RATE FLUCTUATION**

The Group operates solely in Singapore with almost all transactions being denominated in S\$ which is the Functional Currency. In addition, a majority of the Group's assets and liabilities are denominated in S\$. Accordingly, the Group is not exposed to any significant foreign exchange risk.

The Group did not use any hedging contracts to engage in speculative activities during the Period.

## **CHARGE ON ASSETS**

As at 30 June 2019, there was no significant pledge on the Group's assets (31 December 2018: Nil).



## SIGNIFICANT EVENT AFTER THE PERIOD

There is no significant event that affected the Group after 30 June 2019 and up to the date of this report.

## COMPARISON BETWEEN BUSINESS OBJECTIVES AND ACTUAL BUSINESS PROGRESS

The following table is a comparison between the Group's business objectives as set out in the Prospectus and the Group's actual business progress for the period from 15 June 2018, the date of the Listing (the "Listing Date") to 30 June 2019.

<b>Business objectives</b>	<b>Actual business progress up to 30 June 2019</b>
Expand production capacity and upgrade manufacturing facilities	
<ul style="list-style-type: none"><li>- Strategically expanding and strengthening our network of DTAP clinics</li></ul>	<p>During the Period, the Company had spent a total of S\$241,000 on the renovations for 3 new DTAP clinics (namely Raffles, Holland V and Siglap). The Company had also spent a total of S\$46,000 on the purchase of equipment and treatment devices as per planned.</p> <p>The Company had recently entered into a tenancy agreement for a shop space in Bugis and will be commencing renovation works in the upcoming month.</p>
<ul style="list-style-type: none"><li>- Establishing new SA clinics</li></ul>	<p>The Group continues to look for a suitable location for the new SA clinic.</p> <p>Since 31 December 2018 and as at 30 June 2019, the Company had further purchased one equipment – fat freezing equipment amounting to S\$43,000 and refurbished the DTAP Scott's clinic (amounting to S\$1,000) that was closed during the Period.</p>



## **Business objectives**

Expand production capacity and upgrade manufacturing facilities

- Continuing to attract and retain talent pool of doctors and staff

- Upgrading and improving our information technology infrastructure and system

## **Actual business progress up to 30 June 2019**

During the Period, the Company has rewarded staff by way of giving out bonuses to employees amounting to S\$97,000 in total and increment for doctors and staff who have been with the Company for more than one year.

As at 30 June 2019, the Company is still actively looking for a suitable candidate to take up the position of a chief operating officer.

The information technology infrastructure and systems for the Company's clinic use is currently in the debugging phase. As at 30 June 2019, the Company had paid a total of S\$63,000 to upgrade the information technology infrastructure and systems. The Company is anticipating to pay approximately S\$50,500 in the upcoming quarter.

## USE OF NET PROCEEDS FROM THE LISTING

The ordinary Shares in issue were initially listed on GEM on 15 June 2018. The net proceeds from the Listing (after deducting the underwriting fees and related expenses) amounting to approximately S\$9.7 million (the “**Net Proceeds**”) have been/ will be used for the intended purposes as set out in the section headed “Business Objectives and Future Plans” of the Prospectus. Set out below is the actual use of the Net Proceeds from the Listing Date up to 30 June 2019:

		<b>Actual use of Net Proceeds from the Listing Date up to 30 June 2019</b>	<b>Balance as at 30 June 2019</b>	<b>Expected timeline for utilising the remaining unused Net Proceeds (Note)</b>	
		Net Proceeds from the Listing (S\$'000)	Listing Date up to 30 June 2019 (S\$'000)	Balance as at 30 June 2019 (S\$'000)	
Strategically expanding and strengthening our network of DTAP clinics	(b)	2,600	447	2,153	1HFY2021
Establishing new SA clinics	(b)	1,400	149	1,251	2HFY2022
Continuing to attract and retain talent pool of doctors and staff		4,300	971	3,329	2HFY2021
Upgrading and improving our information technology infrastructure and system	(c)	600	63	537	2HFY2020
Settings up a centralised pharmacy	(d)	100	–	100	1HFY2021
General working capital		100	100	–	–
		9,100	1,730	7,370	

- (a) The unused proceeds have been placed as interest bearing deposits with a licensed bank in Hong Kong.
- (b) The Net Proceeds of approximately S\$1.1 million have been partly utilised as at 30 June 2019, as we delayed our plan to open new “DTAP” clinic in the north-eastern part of Singapore to the first half of 2021 due to the availability of suitable leasing space and we shall continue our search. We have also delayed our plan to open new “SA” clinic to the second half of 2022 due to the saturation of aesthetics clinics in Singapore.
- (c) The information technology infrastructure and systems for our clinic use is currently in the debugging phase. We shall proceed with the selected vendor to commence the second phase of the design work once the first phase of de-bugging is completed.
- (d) We have delayed our plan for a centralised pharmacy due to a lack of suitable location for the warehouse and regulatory restrictions.

*Note:* The expected timeline for utilising the remaining Net Proceeds is based on the best estimation of the future market conditions made by the Group. It will be subject to change based on the current and future development of market conditions.



## CORPORATE GOVERNANCE AND OTHER INFORMATION

### SHARE OPTION SCHEME

The Shareholders approved and adopted a share option scheme (the “**Share Option Scheme**”) by way of written resolutions of the Shareholders on 18 May 2018 (the “**Adoption Date**”) which became effective upon the commencement of dealings of the Shares on the Stock Exchange on the Listing Date.

No share option has been granted or agreed to be granted by the Company under the Share Option Scheme since the Adoption Date and up to the date of this report. Therefore, no share options lapsed or were cancelled or cancelled during the Period and there were no outstanding share options as at 30 June 2019.

### DIRECTORS’ AND CHIEF EXECUTIVE’S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2019, 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:

Name of Director/ Chief Executive	Capacity/ Nature of interest	Number of Shares/ underlying Shares interested <sup>(Note 1)</sup>	Percentage of the Company’s issued Shares*
Dr. Tan Cher Sen Alan (“ <b>Dr. Tan</b> ”)	Interest of a controlled corporation <sup>(Note 2)</sup>	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 share capital of Cher Sen is legally and beneficially owned by Dr. Tan, the chairman of the Board and an executive Director. Accordingly, Dr. 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, if any, interested divided by the number of issued Shares of 520,000,000 as at 30 June 2019.

## LONG POSITION IN THE SHARES OF ASSOCIATED CORPORATION

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

*Notes:*

- (1) Cher Sen is a direct Shareholder and an associated corporation of the Company within the meaning of Part XV of the SFO.
- (2) Dr. Tan is a director of Cher Sen.

Save as disclosed above, as at 30 June 2019, none of the Directors nor the chief executive of the Company had any interests and short positions in the 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.



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

As at 30 June 2019, 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 <sup>(Note 1)</sup>	Percentage of the Company's issued Shares
Cher Sen <sup>(Notes (2) and (3))</sup>	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. Tan.

\* The percentage represents the number of the Shares interested divided by the number of issued Shares of 520,000,000 as at 30 June 2019.

Save as disclosed above, as at 30 June 2019, 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' AND CONTROLLING SHAREHOLDERS' INTERESTS IN COMPETING BUSINESS

None of the Directors or the controlling Shareholders or their respective close associates (as defined under the GEM Listing Rules) had any business or interest in a business apart from the Group's business which had competed or was likely to compete, either directly or indirectly, with the businesses of the Group and any other conflicts of interest which any such person or entity had or might have with the Group during the period.

## 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 regularly. The Company has adopted and has complied with all the applicable code provisions of the Corporate Governance Code contained in Appendix 15 to the GEM Listing Rules (the "**CG Code**") during 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.



## **COMPLIANCE ADVISER'S INTERESTS IN THE COMPANY**

As at 30 June 2019, as notified by the Company's compliance adviser, Titan Financial Services Limited ("**Titan**"), save for the compliance agreement dated 25 January 2018 and entered into between the Company and Titan concerning the fees payable by the Company to Titan for acting as in the capacity of compliance adviser, none of Titan or its directors, employees or close associates (as defined in the GEM Listing Rules) had any interests in the securities of the Company or any member of the Group (including options or rights to subscribe for such securities), which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

## **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.



## AUDIT COMMITTEE

The Company has established the Audit Committee on 18 May 2018 with written terms of reference in compliance with code provisions C.3.3 and C.3.7 of the CG Code and Rules 5.28 to 5.33 of the GEM Listing Rules. The primary duties of the Audit Committee 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 by the Group. The Audit Committee comprises three independent non-executive Directors, namely Mr. Leung Ho San Jason, Mr. Soh Sai Kiang and Mr. Tan Chee Ken. Mr. Leung Ho San Jason is the chairman of the Audit Committee. The Audit Committee has reviewed the Unaudited Condensed Consolidated Financial Statements and this report and is of the view that such Statements and report have been prepared in compliance with the applicable accounting standards, the GEM Listing Rules and other legal requirements, and that adequate disclosures have been made.

By Order of the Board  
**Republic Healthcare Limited**  
**Tan Cher Sen Alan**  
*Chairman and Executive Director*

Singapore, 7 August 2019

*As at the date of this report, the executive Directors are Dr. Tan Cher Sen Alan (Chairman), Mr. Toh Han Boon (Chief Financial Officer) and Mr. Xu Xue and the independent non-executive Directors are Mr. Leung Ho San Jason, Mr. Soh Sai Kiang and Mr. Tan Chee Ken.*