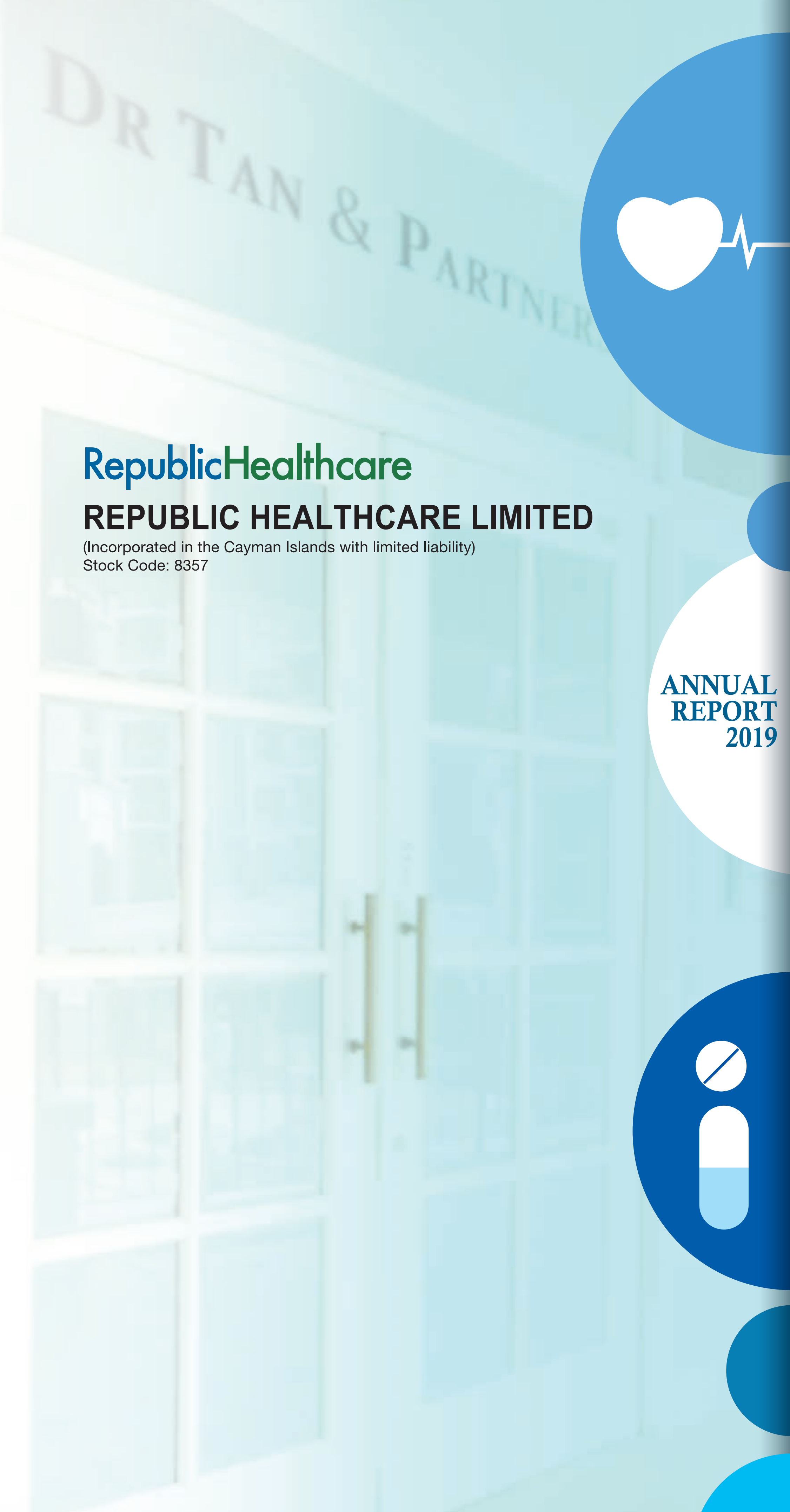

RepublicHealthcare

REPUBLIC HEALTHCARE LIMITED

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

ANNUAL REPORT 2019

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.

The Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of this report.

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

5th Floor, Genesis Building
Genesis Close, George Town
P.O. Box 446
Grand Cayman KY1-1106
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

46/F
Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

EXECUTIVE DIRECTORS

Dr. Tan Cher Sen Alan *(Chairman)*
Mr. Toh Han Boon *(Chief Financial Officer)*

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Leung Ho San Jason
Mr. Soh Sai Kiang
Mr. Kevin John Chia *(appointed on 16 September 2019)*

COMPANY SECRETARY

Ms. Tong Suet Fong *(appointed on 6 January 2020)*
46/F
Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

AUTHORISED REPRESENTATIVES

Mr. Toh Han Boon
Ms. Tong Suet Fong *(appointed on 6 January 2020)*

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. Kevin John Chia

REMUNERATION COMMITTEE

Mr. Kevin John Chia *(Chairman)*
Mr. Leung Ho San Jason
Mr. Soh Sai Kiang

NOMINATION COMMITTEE

Mr. Soh Sai Kiang *(Chairman)*
Mr. Leung Ho San Jason
Mr. Kevin John Chia

INDEPENDENT AUDITOR

Baker Tilly TFW LLP
Chartered Accountants

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

McGrath Tonner Corporate Services Limited
5th Floor, Genesis Building, Genesis Close
George Town
P.O. Box 446
Grand Cayman KY1-1106
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17/F
Hopewell Centre,183 Queen's Road East
Wan Chai
Hong Kong

PRINCIPAL BANKER

DBS Bank Limited
12 Marina Boulevard
DBS Asia Central @ Marina Bay Financial Centre Tower 3
Singapore 018982

COMPANY'S WEBSITE

republichealthcare.asia

GEM STOCK CODE

8357

BOARD LOT

5,000 Shares

Dear Shareholders,

On behalf of the board of directors of the Company (the "**Directors**" and "**Board**", respectively), it is my pleasure to present to you the annual report of the Company and its subsidiaries (the "**Group**") for the financial year ended 31 December 2019 (the "**Year**").

OVERVIEW

For the Year, the Group recorded a 29.2% increase in revenue from approximately S$13.5 million to S$10.4 million for the year ended 31 December 2018 (the "**FY2018**"). The Group recorded a profit of approximately S$0.6 million for the Year (FY2018: loss of S$0.7 million), which was mainly attributable to the non-recurring Listing expenses of approximately S$2.1 million charged during FY2018 which is being offset against the increase in depreciation of right-of-use of assets and interest expense on lease liabilities during the Year due to adoption of IFRS 16 *Leases*.

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) seven DTAP clinics including the clinics at Robertson, Novena, Somerset, Raffles Place, Holland Village, Siglap and Duo Galleria; and (ii) one SA clinic at Scotts Road. We have relocated the previous DTAP clinic at Bencoolen to Duo Galleria. In FY2020, we will be setting up three more new clinics (currently undergoing renovation).

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.

A NOTE OF APPRECIATION

On behalf of the Board, I would like to take this opportunity to express our heartfelt thanks to all our shareholders, customers and business partners of the Company for their continued support to the Group, and to express my gratitude to all management members and staff for their dedication and hard work throughout the Year.

During FY2019, our Board has also undergone some changes as Mr. Xu Xue and Mr. Tan Chee Ken relinquished their directorships in the Company. On behalf of the Group and the Board, I express our sincere appreciation for their services, guidance and support during their tenure with the Group.

Tan Cher Sen Alan
Chairman and Executive Director
Singapore, 27 March 2020

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 patient's individual needs. The Group also performs aesthetic treatments to enhance the overall appearance of patients.

For the year ended 31 December 2019, (the "**Year**" or the "**Year 2019**") the revenue of the Group grew by approximately S$3,041,000, or 29.2%, to approximately S$13,462,000, when compared to that for the year ended 31 December 2018 (the "**FY2018**" or the "**Year 2018**"). The revenue of consultation services, medical investigation services and treatment services amounted to approximately S$1,355,000, S$4,040,000 and S$8,067,000, respectively, which accounted for approximately 10.1%, 30.0% and 59.9% of the total revenue of the Group for the Year, respectively, which is in line with the distribution as compared to those for the FY2018.

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$13,462,000 for the Year, representing an increase of approximately S$3,041,000 or 29.2% as compared with the revenue of approximately S$10,421,000 for FY2018. The increase in revenue is mainly contributed by the new clinics set up during the Year and more marketing efforts are placed to market the business.

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 2019		Year 2018	
	S$'000	%	S$'000	%
Revenue				
Consultation services	**1,355**	**10.1**	1,057	10.1
Medical investigation services	**4,040**	**30.0**	3,017	29.0
Treatment services	**8,067**	**59.9**	6,263	60.1
Other services	**–**	**–**	84	0.8
	13,462	**100.0**	10,421	100.0

Revenue generated from consultation services increase by approximately S$299,000 from approximately S$1,057,000 in FY2018 to S$1,356,000 for the Year. The increase is due to the new clinics set up in strategic locations previously where we have not explored which resulted in an increase in number of new patients and its visits.

Revenue generated from medical investigation services increased by approximately S$1,023,000 from approximately S$3,017,000 to approximately S$4,040,000 for FY2018 and the Year, respectively due to the new clinics being set up at locations within residential areas which in turn became strategic locations as it resulted in an increase in number of patients catchment and its number of visits, with the percentage contribution being fairly stable at approximately 30.0%.

Revenue generated from treatment services increased by approximately S$1,804,000 from approximately S$6,263,000 to approximately S$8,067,000 for FY2018 and the Year, respectively due to the Group venturing into new clinics located further away from the central area (i.e. residential area) that resulted in an increase number of new patients and its visits. Revenue generated form the treatment services are a combination of SAC skin rejuvenation and pigmentation procedures and prescription and dispensing of medications. The percentage contribution remain fairly stable at approximately 59.9%.

In FY2018, other services revenue of S$84,000 wholly relates to franchise fees received from our licensing of Malaysia clinic.

Other income

Other income for the Year represented primarily government grants and other income which comprised cash pay-out from the government related bodies in relation to the hiring of certain group of employees, whilst other income for FY2018 mainly comprises of cash pay-out from Inland Revenue Authority of Singapore in relation to qualifying expenditure incurred during FY2018.

Consumables and medical supplies used

Our consumables and medical supplies used amounted to approximately S$2.4 million and approximately S$3.0 million for FY2018 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 in 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. The medical professional costs remained constant during the Year.

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$893,000 or 24.4% to S$4,552,000 as a result of the increased headcounts in the Year.

Employee benefits expenses relate to the doctors, Executive Director and Independent Non-Executive Directors' remuneration and salaries for other professional staff such as trained therapist, clinic assistants and other administrative staff working at the clinics, Central Provident Fund contribution 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 2019	Year 2018
Total staff count	**51**	33

Depreciation of plant and equipment

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substitute 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) Computers 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 lease expense on short-term leases and property upkeep, administrative fees, professional fees and other expenses.

The other operating expenses for the Year decreased by approximately S$1.3 million or 34.2% from approximately S$3.8 million for FY2018 to approximately S$2.5 million for the Year. This decrease was largely due to the decrease in listing expenses of S$2.1 million and the adoption of IFRS 16 *Leases* where the operating lease rentals in respect of the Group's office and clinics have been depreciated as compared to FY2018 which have been treated as an operating lease.

Notwithstanding the decrease in other operating expenses, legal and professional fees increased by approximately S$385,000 from approximately S$336,000 in FY2018 to approximately S$721,000 for the Year which is mainly due to professional being engaged to set up the new clinics and optimise the operations of the current clinics operations. In addition, the Group's marketing expenses have also increased by approximately S$513,000 from approximately S$212,000 in FY2018 to approximately S$725,000 for the Year. The increase is mainly due to the increase in marketing efforts being placed into the setting up of new clinics at locations further away from the centralised location (i.e. residential area) and also more advertorial work to create more market awareness.

	Year ended 31 December	
	2019	2018
	S$	S$
Auditors' remuneration	**120,000**	199,817
Foreign currency exchange loss	**39,635**	–
Legal and professional fees	**721,175**	336,437
Marketing expenses	**724,939**	212,184
Operating lease rentals in respect of the Group's office and clinics	**–**	682,654
Lease expense short-term leases	**15,120**	–
Credit card and bank charges	**257,621**	201,684
Write-off of plant and equipment	**98,519**	6,591
Listing expenses	**–**	2,140,915

Finance costs

Interest expense on lease liabilities increased by approximately S$112,000 due to adoption of IFRS 16 with effect from 1 January 2019.

Income tax expense

Income tax expense was approximately S$462,000 for the Year and approximately S$87,000 for FY2018. During the Year, some of the subsidiaries within the Group are no longer eligible for the newly incorporated entities to enjoy tax exemption on profits and underprovision of current income tax in respect of previous financial years.

Profit and total comprehensive income for the Year

Due to the combined effect of the aforesaid factors, we recorded a profit of approximately S$638,000 for the Year, representing an increase of approximately S$1.4 million as compared to the loss of approximately S$731,000 for FY2018. The increase is largely due to the increase in revenue due to new clinics set up during the Year which is being offset against the increase in employee benefits expense. In addition, one-time off Listing expenses of approximately S$2.1 million was incurred during FY2018. Excluding which, profit for FY2018 would be approximately S$1.4 million.

Listing expenses

During FY2018, the Group recognised one-off Listing expenses of approximately S$3.9 million in connection with the Listing. No Listing expenses was incurred for the Year.

Dividends

The Board has resolved not to declare the payment of a final dividend for the Year (FY2018: Nil).

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

The capital structure of the Group only comprises the share capital, retained earnings, share premium and other reserves.

As at 31 December 2019, the total equity of the Group was approximately S$13.2 million (FY2018: approximately S$12.6 million). The Group generally financed its operation with internally generated cash flows. The Group, had bank balances and cash of approximately S$5.9 million as at 31 December 2019 (FY2018: approximately S$12.4 million). As at 31 December 2019, the Group had net current assets of approximately S$11.6 million (FY2018: approximately S$11.7 million).

As at 31 December 2019, the gearing ratio of the Group was 18.6% (FY2018 approximately 0.0%, calculated based on total debt dividend by total equity as at the end of the year. As at 31 December 2019, the Group's lease liabilities was approximately S$2.5 million (FY2018: Nil).

Net cash generated from operating activities are approximately S$2.7 million (FY2018: used in S$0.3 million). With the healthy bank balances and cash on hand, the Group's liquid position remained strong and it had sufficient financial resources 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$13.2 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.

FOREIGN EXCHANGE EXPOSURE

The Group operates in Singapore and transacts mainly in Singapore dollar, 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 dollar which contributed to an unrealised foreign exchange loss of approximately S$40,000 as Hong Kong dollar weakened against Singapore dollar.

COMMITMENTS

The contractual commitments of the Group were primarily related to the leases of our office premises and clinics. As at 31 December 2019, the Group's operating lease commitments amounted to approximately S$Nil (FY2018: approximately S$1.1 million). The decrease is due to the adoption of IFRS 16 *Leases* as disclosed in Note 14 to the consolidated financial statements.

SEGMENTAL INFORMATION

Segmental information has been set out in Note 5 to the consolidated financial statements of this annual report.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in this annual report, the Group did not have plans for material investments and capital assets as at 31 December 2019.

CONTINGENT LIABILITIES

As at 31 December 2019, the Group did not have material contingent liabilities (FY2018: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2019, the group had a total of 51 employees (including part time staff), excluding our doctors (FY2018: 33). Staff costs, including Directors' remuneration, of the Group were approximately S$4.6 million for the Year (FY2018: approximately S$3.7 million). Remuneration is determined by reference to factors such 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. The remuneration of the Directors and senior management of the Group is recommended by the Remuneration Committee and is decided by the Board, having regard to the Group's operating results, comparable market statistics, the responsibilities and duties assumed by each Director and senior management as well as their individual performance.

CHARGES ON THE GROUP'S ASSETS

As at 31 December 2019 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 50 to 60 of this annual report.

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 main 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 Year 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 2019 were used as follows:

	Notes	**Net proceeds from the Listing** (S$'000)	**Actual use of Net Proceeds from the Listing Date up to 31 December 2019** (S$'000)	**Balance as at 31 December 2019** *(Note a)* (S$'000)	**Expected timeline for utilising the remaining unused Net Proceeds** *(Note)*
Strategically expanding and strengthening our network of DTAP clinics	*b*	2,600	497	2,103	1HFY2021
Establishing new SA clinics	*b*	1,400	173	1,227	2HFY2022
Continuing to attract and retain talent pool of doctors and staff	*c*	4,300	1,091	3,209	2HFY2021
Upgrading and improving our information technology infrastructure and system	*d*	600	176	424	2HFY2020
Setting up a centralised pharmacy	*e*	100	–	100	1HFY2021
General working capital		100	100	–	–
		9,100	2,037	7,063	

Notes:

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

(b) The Listing proceeds of approximately S$4.0 million have been partly utilised as at 31 December 2019, as we delayed our plan to open new "DTAP" clinic in the north-eastern part of Singapore due to the availability of suitable leasing space. We have only recently entered in to a tenancy agreement at Upper Serangoon in February 2020. In addition, we have also entered into a tenancy agreement to open another new "DTAP" clinic in the southern part of Singapore. 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) As at 31 December 2019, we had hired 4 new doctors and 5 new clinical assistants for the new clinics that were set up during the financial year. In addition, we have also paid bonuses and recruitment fees for the hiring of new doctors.

(d) We have selected our vendor and commenced the second phase of the improvement and design work.

(e) We delayed our plan for a centralised pharmacy due to a lack of suitable location for the warehouse and regulatory restrictions.

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.

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 2019
Strategically expanding and strengthening our network of DTAP clinics	Explore and identify location in Jurong for the new DTAP clinic Negotiate and enter into tenancy for the new DTAP clinic in Jurong and carry out renovation on the premises Procure fixed assets, furniture, equipment and treatment devices for the new DTAP clinic in Jurong Expected opening of the new DTAP clinic in Jurong	During the Year, the Group had spent a total of S$330,000 on the renovations for 4 new DTAP clinics (namely Raffles, Holland V, Siglap and Duo). The Group had also spent a total of S$167,000 on the purchase of equipment and treatment devices as per planned. The Group had recently entered into tenancy agreements for clinic units in Upper Serangoon and southern part of Singapore and will be commencing renovation works in the upcoming month.
Establishing new SA clinics	Explore and identify location in Jurong 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 Expected opening of the new SA clinic in Jurong	The Group continues to look for a suitable location for the new SA clinic. As at 31 December 2019, the Group had purchased five new equipment amounting to S$172,000 and refurbished the DTAP Scott's clinic (amounting to S$1,000) that was closed during the Year.

Business objective as stated in the Prospectus	Business plan stated in the prospectus	Actual business progress up to 31 December 2019
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 2019, we had hired three doctors and three clinic assistants who will be staffed to the upcoming clinics.
	Recruitment of one chief operating officer	As at 31 December 2019, the Group had incurred S$624,000 as a result of hiring new employees for the new clinics during the Year and paid out S$449,000 as bonuses to employees. In addition, $18,000 was incurred as salary-in-lieu of notice for an employee. Because as part of the management team, we require the candidate to have the relevant industry 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 have selected our vendor and commenced the second phase of the improvement and design work. As at 31 December 2019, the Group had incurred S$131,000 for the first phase of the upgrading and improving of our information technology infrastructure and systems and paid S$45,000 as deposit for the second phase and upgrading of computer equipment.

EXECUTIVE DIRECTORS

Dr. Tan Cher Sen Alan (“**Dr. Alan Tan**”), aged 44, is an executive director and the chairman of the Board (the “**Director**”). 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 17 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 Woman’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 medicinal products such 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.

Dr. Alan Tan is a director of Cher Sen Holdings Limited, wholly-owned by him, which directly holds 75% of the shares of the Company in issue.

Mr. Toh Han Boon (“**Mr. Toh**”), aged 38, 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 awarded as a Fellow Chartered Accountant of the Institute of Singapore Chartered Accountants in December 2019. He is also a member of the Singapore Institute of Directors since 2017.

Mr. Toh has over 13 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.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Leung Ho San Jason ("**Mr. Leung**"**)**, aged 35, 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 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.

Mr. Soh Sai Kiang ("**Mr. Soh**"**)**, aged 51, 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 of Sin Heng Heavy Machinery Limited (a company listed on the Singapore Stock Exchange, stock code: BKA).

Mr. Kevin John Chia ("Mr. Chia"), aged 60, was appointed as an INED on 16 September 2019. Mr. Chia is also the chairman of the Remuneration Committee and a member of each of the Audit Committee and the Nomination Committee.

Mr. Chia graduated from University of Strathclyde in the United Kingdom in July 1991 with a master degree in business administration. He has been appointed as non-executive director of Transcorp Holdings Limited (a listed company on the Singapore Stock Exchange (Catalyst), stock code: T19) since 11 January 2019. Mr. Chia worked for UMBC Finance (currently known as RHB Bank) in Singapore followed by Overseas Union Bank until 2001 and OCBC Bank from 2003 to 2013 where his last position was the head of strategic business unit overseeing mortgage alliance, auto financing and assure banking. Mr. Chia then worked for AM Automotive (S) Pte. Ltd in Singapore as a general manager from 2013 to 2019. Mr. Chia is currently the director of several private companies in Singapore which principally engaged in the business of mortgage brokering and renting and leasing of private cars and land transport equipment.

SENIOR MANAGEMENT

Dr. Tan Kok Kuan ("Dr. Tan"), aged 44, 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

Ms. Tong Suet Fong ("Ms. Tong"), was appointed as the company secretary of the Company on 6 January 2020. She is the vice president of the company secretarial services department of Computershare Hong Kong Development Limited. She has over 13 years of experience in company secretarial services. Ms. Tong holds a master's degree in Corporate Governance awarded by The Hong Kong Polytechnic University. She is an associate member of both The Hong Kong Institute of Chartered Secretaries and The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators).

The directors of Republic Healthcare Limited (the "**Company**") hereby present the annual report to the members together with the audited consolidated financial statements of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2019 (the "**Consolidated Financial Statements**" and the "**Year**", respectively).

In the opinion of the Directors:

(i) the consolidated financial statements of the Group as set out on pages 66 to 119 are properly drawn up so as to give a true and fair view of the consolidated financial position of the Group as at 31 December 2019 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year then ended in accordance with International Financial Reporting Standards ("IFRSs") and the disclosure requirements of the Hong Kong Companies Ordinance; and

(ii) at the date of this statement, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they fall due.

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 the 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 46/F, Hopewell Center,183 Queen's Road East, Wan Chai, 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**") does not recommend the payment of any dividend for the Year (2018: Nil).

ANNUAL GENERAL MEETING AND CLOSURE OF THE REGISTER OF MEMBERS

The forthcoming annual general meeting of the Company (the "**2020 AGM**") is scheduled to be held on Friday, 26 June 2020 at 10 a.m.. The register of members of the Company will be closed from Monday, 22 June 2020 to Friday, 26 June 2020 (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 2020 AGM.

During this Closure Period, no transfer of the shares of the Company (the "**Shares**") will be registered. In order to qualify for attending and voting at the 2020 AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited, Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, by no later than 4:30 p.m. on Friday, 19 June 2020.

SUMMARY OF FINANCIAL INFORMATION

A summary of the results, assets, liabilities and net assets of the Group is set out in the section headed "Financial Summary" 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.

RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Details of the movements in the right-of-use assets and lease liabilities of the Group during the Year are set out in Note 14 to the Consolidated Financial Statements.

BORROWINGS

Details of the Group's obligations under finance lease liabilities as at 31 December 2019 is set out in Note 14 to the Consolidated Financial Statements.

INTEREST CAPITALISED

The Group has not capitalised any interest during the Year.

SHARE CAPITAL

Details of the Company's share capital for the Year are set out in Note 24 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 24 to the Consolidated Financial Statements and in the consolidated statement of changes in equity of this annual report, respectively.

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 for the Year.

DISTRIBUTABLE RESERVES

As at 31 December 2019, the Company did not have any reserves available for distribution (Year 2018: Nil).

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

During the Year, 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 Year and up to the date of this annual report 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**") *(resigned on 15 August 2019)*

Independent Non-executive Directors (the "INEDs")

Mr. Leung Ho San Jason ("**Mr. Leung**")
Mr. Soh Sai Kiang ("**Mr. Soh**")
Mr. Kevin John Chia ("**Mr. Chia**") *(appointed on 16 September 2019)*
Mr. Tan Chee Ken ("**Mr. Tan**") *(resigned on 16 September 2019)*

The Company has received, from each of the INEDs, a confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules and considers that the INED to be independent.

On 15 August 2019, Mr. Xu resigned as an executive Director due to his personal business development. Mr. Xu confirmed that he has no disagreement with the Board and there is no matter that needs to be brought to the attention to the Shareholders and the Stock Exchange in relation to his resignation.

On 16 September 2019, Mr. Tan resigned as an INED and ceased to be the chairman of the remuneration committee of the Board (the "**Remuneration Committee**") and a member of each of the Board's audit committee (the "**Audit Committee**") and the nomination committee (the "**Nomination Committee**") to devote to his other business development. Mr. Tan also confirmed that he has no disagreement with the Board and there is no matter that needs to be brought to the attention to the Shareholders and the Stock Exchange in relation to his resignation.

Following Mr. Tan's resignation, on 16 September 2019, Mr. Chia was appointed as independent non-executive Director of the Company, and the chairman of the Remuneration Committee and a member of each of the Audit Committee and Nomination Committee.

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.

Article 84(1) and (2) 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; and (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 Mr. Leung, Mr. Soh and Mr. Chia and will retire from office at the 2020 AGM and all of them, being eligible, will offer themselves for re-election at the 2020 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 15 June 2018 (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. Chia, an INED, has entered into a letter of appointment with the Company for an initial term of one year commencing on 16 September 2019, which may be terminated by not less than one month's 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. Leung and Mr. Soh, other two INEDs, has individually entered into a letter of appointment with the Company on 14 June 2019 for a term of one year commencing from the 15 June 2019, which may be terminated by not less than one month's 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.

None of the directors who are proposed for re-election at the forthcoming 2020 AGM has a service contract or letter of appointment with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

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.

During the year under review and up to the date of this annual report, the Company has taken out insurance against the liability and costs associated with defending any proceedings which may be brought against the Directors.

DIRECTORS' INTERESTS IN SIGNIFICANT TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as those disclosed in Note 25 to the Consolidated Financial Statements, 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 of its subsidiaries; (2) has been entered into for the provision of services to the Company or any of its subsidiaries by a Controlling Shareholder or any of its subsidiaries.

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 25 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 Year.

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 Year 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 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 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 Year. 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 Year.

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 more than 1% of the total revenue of the Group and the revenue attributable to the five largest customers accounted for approximately 2% of the Group's revenue for the Year. Purchases from the Group's five largest suppliers accounted for S$3.2 million representing approximately 80% of the total purchases for the Year of which the purchases attributable to the Group's largest supplier was 34.8% 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 5% or more 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

A share option scheme (the "**Scheme**") was approved and conditionally adopted on 18 May 2018. The Scheme became effective on the Listing Date. The purpose of the Scheme is to advance the interests of our Company and the Shareholders by enabling our Company to grant options to attract, retain and reward the eligible persons and to provide the eligible persons an incentive or reward for their contribution to our Group and by enabling such persons' contribution to further advance the interests of our Group. Under the Scheme, the Directors may grant options to any eligible persons of the Group, including (1) any directors (whether executive or non-executive and whether independent or not) and any employee (whether full time or part time) of any member of our Group; (2) any consultants or advisers (in the areas of legal, technical, financial or corporate managerial) of our Group (whether on an employment or contractual or honourary basis or otherwise and whether paid or unpaid); any provider of goods and/or services to our Group; any customer of our Group; or any holder of securities issued by any member of our Group; and (3) any other person, who at the sole discretion of the Board, has contributed to our Group (the assessment criteria of which are (1) such person's contribution to the development and performance of our Group; (2) the quality of work performed by such person for our Group; (3) the initiative and commitment of such person in performing his duties; (4) the length of service or contribution of such person to our Group; and (5) such other factors as considered to be applicable by the Board). Options granted are exercisable for a period (up to ten years from the date of grant of the option) as decided by the Board.

The exercise price (subject to adjustment as provided therein) of the option under the Scheme is equal to the highest of (i) the closing price per Share as stated in the Stock Exchange's daily quotation sheet on the offer date which must be a business day; (ii) the average of the closing prices per Share as stated in the Stock Exchange's daily quotation sheets for the five Business Days immediately preceding the offer date; or (iii) the nominal value of the Share on the offer date. The maximum number of shares in respect of which the options may be granted under the Scheme shall not exceed 10% of the issued share capital of the Company (i.e. 52,000,000 shares) at the date of Shareholders' approval of the Scheme. However, the total maximum number of shares which may be issued upon exercise of all outstanding share options must not exceed 30% of the issued share capital of the Company from time to time. The number of shares in respect of which options may be granted to any one grantee in any 12-month period is not permitted to exceed 1% of the shares of the Company in issue on the last date of such 12-month period from time to time, without prior approval obtained from the Company's shareholders. There is no minimum period for which an option must be held before it can be exercised unless otherwise determined by the Board at the time of grant. The amount payable by the grantee to the Company on acceptance of the offer shall be a nominal amount to be determined by the Board.

No share option has been granted by the Company or agreed to be granted under the 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 Year and there were no outstanding share options as at 31 December 2019.

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 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:

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 underlying Shares interested, divided by the number of Shares in issue of 520,000,000 as at 31 December 2019.

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.

Saved for the disclosed above, as at 31 December 2019, 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.

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

As at 31 December 2019, 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 interest
Cher Sen *(Note (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 of the Company.

(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 2019.

Saved for the disclosed above, as at 31 December 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.

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 page 32 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) during the Year and up to the date of this annual report.

EQUITY-LINKED AGREEMENTS

Saved for the "Share Option Scheme" section contained in this report, the Company did not enter into or subsist any equity-linked agreements for the year ended 31 December 2019.

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 of the ordinary shares of the Company on the Listing Date; 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 this annual 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. During the Year, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

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 page 50 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

The Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 31 December 2019 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.

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 Audit Committee of the Company (the "**AC**") has reviewed the audited Consolidated Financial Statements for the Year 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

During the Year, PricewaterhouseCoopers resigned as auditor of the Company and Baker Tilly TFW LLP ("**Baker Tilly**") was appointed by the Directors to fill the casual vacancy so arising. Except for the appointment of Baker Tilly there have been no other changes of auditors in the past three years.

The Consolidated Financial Statements for the Year have been audited by Baker Tilly, who will retire and, being eligible, offer itself for re-appointment at the 2020 AGM. Having approved by the Board upon the recommendation of the AC, a resolution will be proposed to the Shareholders at the 2020 AGM to re-appoint Baker Tilly as 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 2020

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

The Company is committed to maintaining high standards of corporate governance to protect the interests of the shareholders of the Company. The Company's corporate governance practices are based on principles and code provisions as set out in the Corporate Governance Code ("**CG Code**") in Appendix 15 to the Rules Governing the Listing of Securities on GEM (the "**GEM Listing Rules**") of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

During the year ended 31 December 2019, the Company has adopted and has complied with all applicable code provisions as set out in the CG Code contained in Appendix 15 to the GEM Listing Rules.

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 year ended 31 December 2019.

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.

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 five Directors, of which the INEDs in aggregate represent more than 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**") *(Resigned on 15 August 2019)*

INEDs
Mr. Leung Ho San Jason ("**Mr. Leung**")
Mr. Soh Sai Kiang ("**Mr. Soh**")
Mr. Kevin John Chia ("**Mr. Chia**") *(Appointed on 16 September 2019)*
Mr. Tan Chee Ken ("**Mr. Tan**") *(Resigned on 16 September 2019)*

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 year ended 31 December 2019.

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 year ended 31 December 2019, 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.

The chairman of the Board (the “**Chairman**”), being an executive Director has held one meeting with the INEDs without the presence of other executive Directors during the Year.

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 year ended 31 December 2019, 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 ended 31 December 2019 are summarised as follows:

Name of Directors	Type of trainings
Dr. Alan Tan	B
Mr. Toh	B
Mr. Xu *(resigned on 15 August 2019)*	B
Mr. Leung	B
Mr. Soh	B
Mr. Chia *(appointed on 16 September 2019)*	B
Mr. Tan *(resigned on 16 September 2019)*	B

A: attending seminars/conference/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

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 year ended 31 December 2019, the Board held four meetings to deal with various important matters of the Company, including, to consider and approve the audited consolidated financial statements of the Group for the year ended 31 December 2018 (the "**Consolidated Financial Statements**").

Board Diversity Policy

During the year ended 31 December 2019, 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.

The attendance record of each of the Directors, Board committees and the general meetings of the Company held during the year ended 31 December 2019 is set out in the table below:

Name of Director	Board	Audit Committee	Remuneration Committee	Nomination Committee	Annual General Meeting
Dr. Alan Tan	4/4	–	–	–	1/1
Mr. Toh	4/4	–	–	–	1/1
Mr. Xu^	2/3	–	–	–	0/1
Mr. Leung	4/4	4/4	1/1	1/1	0/1
Mr. Soh	4/4	4/4	1/1	1/1	0/1
Mr. Chia*	1/1	1/1	–	–	–
Mr. Tan#	3/3	3/3	1/1	1/1	0/1

^ Mr. Xu resigned as an ED with effect from 15 August 2019.

* Mr. Chia was appointed as the Company's INED and the chairman of the Remuneration Committee and a member of each of the Audit Committee and the Nomination Committee on 16 September 2019, and he attended the board meeting on 5 November 2019 only.

Mr. Tan resigned as an INED and ceased to be the chairman of the Remuneration Committee and a member of each of the Audit Committee and the Nomination Committee on 16 September 2019.

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 year ended 31 December 2019 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 written terms of reference of the Audit Committee are published on the respective websites of the Stock Exchange and the Company. As at 31 December 2019, the Audit Committee comprises all three INEDs, namely Mr. Leung, Mr. Soh and Mr. Chia. Mr. Leung is the chairman of the Audit Committee. During the year ended 31 December 2019, Mr. Tan ceased to act as the member of Audit Committee and Mr. Chia was appointed as a member of the Audit Committee, both with effect from 16 September 2019.

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;

- reviewing and 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;
- developing and 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;
- developing, 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 year ended 31 December 2019, four Audit Committee meetings were held, amongst other matters, to consider and approve for presentation to the Board for consideration and approval of the draft audited Consolidated Financial Statements.

Nomination Committee

The written terms of reference of the Nomination Committee are published on the respective websites of the Stock Exchange and the Company. As at 31 December 2019, the Nomination Committee comprises three INEDs, namely Mr. Leung, Mr. Soh and Mr. Chia. Mr. Soh is the chairman of the Nomination Committee. During the year ended 31 December 2019, Mr. Tan ceased to act as the member of the Nomination Committee and Mr. Chia was appointed as a member of the Nomination Committee, both with effect from 16 September 2019.

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;

- 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;

- reviewing the Board diversity policy adopted by the Board on a regular basis; making recommendations to the Board on measurable objectives for achieving diversity of the Board and monitoring the progress on achieving the objectives; and

- confirming to any requirement, direction, and regulation that may from time to time be contained in the Articles of Association or imposed by the GEM Listing Rules or applicable law.

During the year ended 31 December 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**").

Nomination Policy

The Nomination Policy which was adopted by the Board sets out the selection criteria and procedures for the Nomination Committee to select and recommend suitable candidates for directorship with a view to ensuring that the Board has a balance of skills, experience, knowledge and diversity of perspectives appropriate to the requirements of the Company's business.

The Nomination Committee shall consider a variety of factors in assessing the suitability of a proposed candidate for directorship, including but not limited to the following selection criteria (the "**Criteria**"):

- Diversity in the aspects, amongst others, of gender, age, cultural and educational background, professional experience, skills, knowledge and length of service;

- Commitment for responsibilities of the Board in respect of available time and relevant interest;

- Qualifications, including accomplishment and experience in the relevant industries in which the Company's business is involved;

- Independence;

- Reputation for integrity;

- Potential contributions that the individual can bring to the Board;

- Plan(s) in place for the orderly succession of the Board;

- The overall contribution and service of the retiring Director(s) to the Company, including but not limited to the attendance of the meetings of the Board and/or its committees and general meetings of the Company where applicable, in addition to the level of participation and performance on the Board and/or its committees; and

- Independence with reference to the independence guidelines set out in Rules 5.05(2) and 5.09 of the GEM Listing Rules if the candidate is nominated as an independent non-executive Director.

The Nomination Committee will recommend to the Board for the appointment of a Director in accordance with the following procedures and process:

- Will giving due consideration to the current composition and size of the Board, develop a list of desirable skills, perspectives and experience at the outset to focus the search effort;

- may consult any source it considers appropriate in identifying or selecting suitable candidates, such as referrals from existing Directors, advertising, recommendations from a third party agency firm and proposals from shareholders of the Company with due consideration given to the Criteria;

- may adopt any process it considers appropriate in evaluating the suitability of the candidates, such as interviews, background checks, presentations and third party reference checks;

- will consider a broad range of candidates who are in and outside of the Board's circle of contacts;

- will hold a meeting and/or by way of written resolutions to, if thought fit, approve the recommendation to the Board for appointment;

- will provide the relevant information of the selected candidate to the remuneration committee of the Company (the "**Remuneration Committee**") for consideration of the remuneration package of such selected candidate;

- will make the recommendation to the Board in relation to the proposed appointment, and where a non-executive Director is considered, the Remuneration Committee will make the recommendation to the Board on the proposed remuneration package;

- may arrange for the selected candidate to be interviewed by the members of the Board who are not members of the Nomination Committee and the Board will thereafter deliberate and decide the appointment as the case may be; and

- All appointment of Directors will be confirmed by the filing of the consent to act as Director of the relevant Director (or any other similar filings requiring the relevant Director to acknowledge or accept the appointment as Director, as the case may be) to be filed with the relevant regulatory authorities, if required.

If the Board recognises the need to appoint a new director subject to the provisions in the Company's Articles of Association, the Nomination Committee, with or without assistance from external agencies, shall identify candidates in accordance with the selection criteria set out in the Nomination Policy, evaluate the candidates and recommend to the Board the appointment of the appropriate candidate for directorship. The Board decides the appointment based upon the recommendation of the Nomination Committee and the Board has the final authority on determining suitable director candidate for directorship.

Candidates for appointment as Directors may also be sourced internally or externally through various channels such as using the services of specialist executive search firms. The aim is to appoint individuals of the highest caliber in their area of expertise and experience.

Remuneration Committee

The written terms of reference of the Remuneration Committee are published on the respective websites of the Stock Exchange and the Company. As at 31 December 2019, the Remuneration Committee comprises three INEDs, namely Mr. Leung, Mr. Soh and Mr. Chia. Mr. Chia is the chairman of the Remuneration Committee. During the year ended 31 December 2019, Mr. Tan ceased to act as the chairman of the Remuneration Committee and Mr. Chia was appointed as the chairman of the Remuneration Committee, both with effect from 16 September 2019.

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;

- making recommendations to the Board on 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 compensation 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;

- 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; and

- accommodating a model where the Remuneration Committee performs an advisory role to the Board, with the Board retaining the final authority to approve executive directors' and senior management's remuneration.

During the year ended 31 December 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.

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.

TERM OF 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 15 June 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.

Mr. Chia, an INED, has entered into a letter of appointment with the Company for an initial term of 1 year commencing on 16 September 2019, which may be terminated by either party giving at least one month's notice in writing.

Mr. Leung and Mr. Soh has individually entered into a letter of appointment with the Company for a term of 1 year commencing on the 15 June 2019, 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 ended 31 December 2019 are set out in Note 8(c) 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 ended 31 December 2019 by band is set out below:

Remuneration band (in S$)	Number of individuals
Nil to 180,000	5
180,001 to 270,000	–
More than 270,001	1

INDEPENDENT AUDITOR'S REMUNERATION

During the year ended 31 December 2019, the remuneration payable to the external auditors in respect of the audit and non-audit services are as follows:

Type of services	Amount (in S$)
Audit services	120,000
Non-audit services	–
Total	120,000

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. During the year ended 31 December 2019, the internal audit function of the Company has been carried out under the leadership of the Board and the Audit Committee.

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 during the year under review.

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

On 6 January 2020, Mr. Kwok Siu Man resigned as the Company Secretary and following his resignation, Ms. Tong Suet Fong ("**Ms. Tong**") has been appointed by the Board as the Company Secretary on the same day. Ms. Tong had been nominated by Computershare Hong Kong Development Limited ("**CDL**") to act as the Company Secretary and CDL provided certain corporate secretarial services to the Company pursuant to an engagement letter entered into between the Company and CDL. The primary person at the Company with whom Ms. Tong has been contacting in respect of company secretarial matters is Mr. Toh, the CFO and ED.

Ms. Tong delivered and attended over 15 hours' relevant continuous professional training 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.

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 46/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, 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.

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, Computershare Hong Kong Investor Services Limited, Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, 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.

DIVIDEND POLICY

The declaration and payment of dividends shall remain to be determined at the absolute discretion of the Board and shall be in accordance with the applicable laws, including the Companies Law, Chapter 22 of the Cayman Islands and the requirements under the articles of association of the Company.

In deciding whether to propose a dividend and in determining an appropriate basis for dividend distribution, the Board will take into account the Group's strategies, business cycle, operations, earnings, financial condition, cash requirements and availability as well as capital expenditure and future development requirements; the possible effects of the Group's credit-worthiness, the financial covenants to which the Group is subject and any restrictions on the payment of dividends that may be imposed by the Group's lenders; the interests of the Shareholders, the dividend received/receivable by the Company from its subsidiaries and the taxation consideration; the general economic and political conditions and other internal and external factors that may have an impact on the business and financial performance of the Group; any restrictions under all applicable laws (including the Companies Law of the Cayman Islands), rules, codes and regulations, the financial reporting standards that the Group has adopted as well as the articles of association of the Company and other factors that the Board may consider appropriate.

The Company will continually review the Dividend Policy and reserves the right in its sole and absolute discretion to update, amend and/or modify the Dividend Policy at any time. The Dividend Policy shall in no way constitute a legally binding commitment by the Company that dividends will be paid in any particular amount and/or in no way obligate the Company to declare a dividend at any time or from time to time.

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 year ended 31 December 2019.

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 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 2019. It highlights relevant strategies and business initiatives, and demonstrate 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 2019, unless stated otherwise.

STAKEHOLDER ENGAGEMENT AND MATERALITY

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 2019, 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 feedback@republichealthcare.asia.

A: ENVIRONMENTAL

We are a leading General Practitioner (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 2019, the total hazardous waste generated accounted to less than 600 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 waste 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 appliance 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 2019, the total energy consumption accounted to less than 206,000 kWh.

Water consumption: We encourage our employee to monitor the water usage in our clinics at Robertson, Novena, Somerset, Raffles Place, Holland Village, Siglap, Duo Galleria 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 2019, the total water consumption accounted to less than $200m^2$.

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 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 2019, 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 accident occurring within the workplace. In 2019, there were zero reported work-related injuries and RHL continuously strives to monitor and improve the safety standards of 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 employee's 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 2019, 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 physical damages on the products
  - ✓ Products are not passed the expiry date
  - ✓ Private labels applied to containers are clear
  - ✓ Products 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 no 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 2019, 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 2019, RHL was in compliance with Prevention of Corruption Act in Singapore and we recorded zero material breaches with relevant laws 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 medical conditions towards the community.

HKEX ESG REPORTING GUIDE INDEX CONTENT INDEX

General Disclosures ("GD")/ Key Performance Indicators ("KPIs")	ASPECT A: ENVIRONMENTAL 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

ASPECT A: ENVIRONMENTAL		
General Disclosures ("GD")/ Key Performance Indicators ("KPIs")	**Description**	**Chapter, Page Reference, and/or Explanation for Omissions**
KPI A1.5	Description of measures to mitigate emissions and results achieved.	A1: Emissions
KPI A1.6	Description of how hazardous and non-hazardous waste are handled, reduction initiatives and results achieved.	A1: Emissions We minimise our non-hazardous waste by reducing our daily usage in operations, reuse both sides of paper
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

General Disclosures ("GD")/ Key Performance Indicators ("KPIs")	Description	Chapter, Page Reference, and/or Explanation for Omissions
	ASPECT A: ENVIRONMENTAL	
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.

GD/KPIs	ASPECT B: SOCIAL 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: HEALTHY 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 hazard	B2: Health and Safety
B3: DEVELOPMENT AND TRAINING		
GD B3	Policies on improving employee's 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 regulation that have a significant impact on the issuer relating to preventing child and forced labour.	B4: Labour Standards

ASPECT B: SOCIAL		
GD/KPIs	**Description**	**Chapter, Page Reference, and/or Explanation for Omissions**
B5: SUPPLY CHAIN MANAGEMENT		
GD B5	Policies on managing environmental and social risks of the supply chain	B5: Supply Chain Management
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

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

OPINION

We have audited the accompanying consolidated financial statements of Republic Healthcare Limited (the "**Company**") and its subsidiaries (the "**Group**") as set out on pages 66 to 119, which comprise the consolidated balance sheet of the Group as at 31 December 2019, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group are properly drawn up in accordance with International Financial Reporting Standards ("**IFRSs**") approved by the International Accounting Standards Board (the "**IASB**") and the disclosure requirements of the Hong Kong Companies Ordinance so as to give a true and fair view of the consolidated financial position of the Group as at 31 December 2019 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

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 are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

OTHER MATTER

The consolidated financial statements of the Group for the financial year ended 31 December 2018 were audited by another independent auditor whose report dated 27 March 2019 expressed an unmodified opinion on those consolidated financial statements.

KEY AUDIT MATTER

Key audit matter is a matter that, in our professional judgement, was of most significance in our audit of the consolidated financial statements for the financial year ended 31 December 2019. The matter was 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 this matter.

Revenue recognition from medical services

The key audit matter:
The Group principally generates revenue from operations of medical clinics and other medical services, and provision of aesthetics service treatments. The Group recognised revenue from medical services of S$13,462,387 for the financial year ended 31 December 2019.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised service to the customer, which is when the customer obtains control of the service. A performance obligation was either satisfied at a point in time or over time.

Revenue from provision of consultation services and medical investigation services are recognised when the performance obligations for such services are satisfied at point in time when the services to be provided are completed. Within medical services are package arrangements for aesthetics treatment services which are generally prepaid and 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 number of sessions utilised as a proportion of the total sessions sold in a package. 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 attention and resources were spent on performing the audit procedures on revenue recognition.

The details of the revenue recognition on medical services are set out in Notes 2.18 and 6 to the financial statements.

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

KEY AUDIT MATTER (Continued)

Our procedures to address the key audit matter:
Our audit procedures include reviewing the Group's revenue recognition policies and assessing if they are in accordance with IFRS 15 *Revenue from Contracts with Customers*. In addition, we tested the design and implementation of the revenue and receipts process, and performed test of controls, on a sample basis, where reliance on internal controls is placed. We performed detailed testing of transactions, on a sample basis, to ensure the existence and accuracy of revenue transactions and performed cut-off procedures to ascertain that revenue is properly accounted for in the correct accounting period. For package arrangements for aesthetics services, we verified the upfront package payments to the sales invoices, checked the proceeds received and the underlying treatment records, which supported the services rendered, checked computation of the amount of revenue recognised and the amount to be deferred at the end of the accounting period.

We also reviewed the adequacy and appropriateness of the disclosure made in the financial statements.

OTHER INFORMATION

Management is responsible for the other information. The other information comprises the information included in the Annual Report 2019 but does not include 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 the consolidated financial statements that are free from material misstatements, whether due to fraud or error.

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

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

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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. 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.

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.

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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 described 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 Tay Guat Peng.

Baker Tilly TFW LLP
Public Accountants and Chartered Accountants
Singapore

27 March 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2019

	Note	2019 S$	2018 S$
Revenue	6	**13,462,387**	10,421,431
Other income and other gains	7	**177,046**	197,747
Consumables and medical supplies used		**(2,958,986)**	(2,395,705)
Medical professional costs		**(1,056,378)**	(967,106)
Employee benefit expenses	8	**(4,551,641)**	(3,658,683)
Depreciation of plant and equipment	13	**(509,518)**	(416,860)
Depreciation of right-of-use assets	14	**(835,721)**	–
Interest expense on lease liabilities	14	**(112,103)**	–
Other operating expenses		**(2,515,694)**	(3,824,612)
Profit/(loss) before income tax	9	**1,099,392**	(643,788)
Income tax expense	10	**(461,825)**	(86,982)
Profit/(loss) and total comprehensive income/(loss) for the financial year		**637,567**	(730,770)
Profit/(loss) and total comprehensive income/(loss) attributable to:			
Owners of the Company		**637,567**	(730,610)
Non-controlling interests		**–**	(160)
		637,567	(730,770)
Earnings/(loss) per share attributable to owners of the Company for the financial year (expressed in Singapore cents per share)			
Basic and diluted	11	**0.12**	(0.16)

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

CONSOLIDATED BALANCE SHEET

At 31 December 2019

	Note	2019 S$	2018 S$
Non-current assets			
Plant and equipment	13	**694,504**	666,456
Right-of-use assets	14	**2,426,589**	–
Deposits, prepayments and other receivables	16	**208,708**	183,723
Total non-current assets		**3,329,801**	850,179
Current assets			
Trade receivables	15	**94,082**	55,787
Deposits, prepayments and other receivables	16	**765,110**	489,687
Other financial assets at amortised cost	17	**8,008,019**	–
Inventories	18	**527,056**	388,352
Cash and cash equivalents	19	**5,910,074**	12,370,343
Total current assets		**15,304,341**	13,304,169
Total assets		**18,634,142**	14,154,348
Non-current liabilities			
Lease liabilities	14	**1,674,406**	–
Provision for reinstatement costs	20	**43,505**	–
Deferred tax liabilities	21	**4,451**	4,451
Total non-current liabilities		**1,722,362**	4,451
Current liabilities			
Trade payables	22	**794,940**	388,119
Contract liabilities	6	**381,811**	314,480
Accruals and other payables	23	**706,392**	664,430
Lease liabilities	14	**783,806**	–
Provision for reinstatement costs	20	**16,500**	–
Amount due to a director	25(a)	**358,820**	–
Current income tax liabilities		**657,330**	208,254
Total current liabilities		**3,699,599**	1,575,283
Total liabilities		**5,421,961**	1,579,734
Net assets		**13,212,181**	12,574,614

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

CONSOLIDATED BALANCE SHEET (CONTINUED)

At 31 December 2019

	Note	2019 S$	2018 S$
Equity			
Share capital	*24(a)*	**896,552**	896,552
Share premium	*24(b)*	**10,710,421**	10,710,421
Other reserves		**420,000**	420,000
Retained earnings		**1,185,208**	547,801
Equity attributable to equity holders of the Company		**13,212,181**	12,574,774
Non-controlling interests		**–**	(160)
Total equity		**13,212,181**	12,574,614

The consolidated financial statements on pages 66 to 119 were approved and authorised for issue by the Board of Directors on 27 March 2020 and are signed off on its behalf by:

Tan Cher Sen Alan
Director

Toh Han Boon
Director

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2019

		Attributable to equity holders of the Company						
	Note	Share capital S$	Share premium S$	Other reserves S$	Retained earnings S$	Total S$	Non-controlling interests S$	Total equity S$
Balance at 1 January 2018		–	–	420,000	1,278,411	1,698,411	–	1,698,411
Total comprehensive loss								
Loss for the financial year		–	–	–	(730,610)	(730,610)	(160)	(730,770)
Transactions with owners recognised directly in equity								
Issuance of new shares, net of transaction costs	*24*	224,138	11,382,835	–	–	11,606,973	–	11,606,973
Capitalisation of shares	*24*	672,414	(672,414)	–	–	–	–	–
Balance at 31 December 2018 and 1 January 2019		896,552	10,710,421	420,000	547,801	12,574,774	(160)	12,574,614
Total comprehensive income								
Profit for the financial year		–	–	–	637,567	637,567	–	637,567
Transactions with owner recognised directly in equity								
Effects of acquiring part of non-controlling interests in subsidiaries	*12(b)*	–	–	–	(160)	(160)	160	–
Balance as at 31 December 2019		**896,552**	**10,710,421**	**420,000***	**1,185,208**	**13,212,181**	**–**	**13,212,181**

* Other reserves as at 31 December 2019 represented the difference between the consideration paid by the Company and the share capital of Dtap @ Bencoolen Pte Ltd, Dtap @ Holland V Pte Ltd, Dtap @ Somerset Pte Ltd, Republic Healthcare Pte Ltd, Republic Healthcare Holdings Pte Ltd and Z Aesthetics Clinic Pte Ltd (formerly known as S Aesthetics Clinic Pte Ltd).

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2019

	Note	2019 S$	2018 S$
Cash flows from operating activities			
Profit/(loss) before income tax		**1,099,392**	(643,788)
Adjustments for:			
Depreciation of plant and equipment	*13*	**509,518**	416,860
Depreciation of right-of-use assets		**835,721**	–
Write-off of plant and equipment		**98,519**	6,591
Foreign currency exchange loss		**61,086**	–
Interest expense on lease liabilities		**112,103**	–
Interest income		**(116,927)**	–
Operating cash flows before working capital changes		**2,599,412**	(220,337)
Inventories		**(138,704)**	12,096
Receivables		**(293,044)**	31,707
Payables		**516,113**	(35,192)
Cash generated from/(used in) operations		**2,683,777**	(211,726)
Income tax paid		**(12,749)**	(38,551)
Net cash generated from/(used in) operating activities		**2,671,028**	(250,277)
Cash flows from investing activities			
Interest received		**5,949**	–
Purchases of plant and equipment	*13*	**(599,185)**	(381,830)
Payments for financial assets at amortised cost		**(8,069,104)**	–
Prepayment of plant and equipment	*16*	**–**	(36,900)
Net cash used in investing activities		**(8,662,340)**	(418,730)
Cash flows from financing activities			
Issuance of new shares	*24*	**–**	13,448,276
Shares issue expenses paid	*24*	**–**	(1,841,303)
Repayment of lease liabilities	*31*	**(715,674)**	–
Interest paid	*31*	**(112,103)**	–
Amount due to a director	*31*	**358,820**	(561,394)
Net cash (used in)/generated from financing activities		**(468,957)**	11,045,579
(Decrease)/increase in cash and cash equivalents		**(6,460,269)**	10,376,572
Cash and cash equivalents at beginning of the financial year		**12,370,343**	1,993,771
Cash and cash equivalents at end of the financial year	*19*	**5,910,074**	12,370,343

The accompanying notes form an integral part of these 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 5th Floor, Genesis Building, Genesis Close, George Town, P.O. Box 446, Grand Cayman KY1-1106, 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").

1.2 Reorganisation

2018

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.

1 GENERAL INFORMATION AND REORGANISATION (Continued)

1.2 Reorganisation (Continued)

2018 (Continued)

(d) On 18 May 2018, Dr. Tan transferred the entire share capital of Dtap @ Somerset 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.

(e) On 18 May 2018, Dr. Tan transferred the entire share capital of Z Aesthetics Clinic Pte. Ltd. (formerly known as S Aesthetics Clinic 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 Dtap @ Holland V 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 Dtap @ Bencoolen 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.

2019

On 1 January 2019, Z Aesthetics Clinic Pte. Ltd. (formerly known as S Aesthetics Clinic Pte Ltd) and S Aesthetics Spa Pte Ltd (formerly known as Dtap @ Novena Pte Ltd) acquired 1 clinic from Republic Healthcare Pte. Ltd. respectively. On 1 July 2019, Dtap Clinics Pte. Ltd. (formerly known as Dtap @ Robertson Pte Ltd) also acquired 1 clinic from Republic Healthcare Pte. Ltd.. These transactions have been accounted as a common control transaction which involves acquiring the businesses of an existing company (Republic Healthcare Pte. Ltd.).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements are presented in Singapore dollar ("S$"), which is the Company's functional currency. The financial statements have been prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance and International Financial Reporting Standards (International) ("IFRSs"). The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with IFRSs requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions and historical experiences and various other factors that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates.

Use of estimates and judgements

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas involving a higher degree of judgement in applying accounting policies, or areas where assumptions and estimates have a significant risk of resulting in material adjustment within the next financial year are disclosed in Note 4.

The carrying amounts of cash and cash equivalents, trade and other current receivables and payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

New and revised standards

In the current financial year, the Group has adopted all the new and revised IFRSs and International Financial Reporting Interpretations Committee Interpretations ("IFRIC INT") that are relevant to its operations and effective for the current financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective IFRSs and IFRIC INT.

The adoption of these new and revised IFRSs and IFRIC INT did not have any material effect on the financial results or position of the Group except as disclosed in Note 3.

New standards, amendments to standards and interpretations that have been issued at the end of the reporting period but are not yet effective for the financial year ended 31 December 2019 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group.

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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Subsidiaries (Continued)

2.2.1 Consolidation (Continued)

Business combinations – Acquisition Method (Continued)

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 IFRS 9 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 statement 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.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amount of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributable to owners of the Company.

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 dollar ("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 statement 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 statement 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
Computers 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 statement of comprehensive income.

2.6 Impairment of non-financial assets

At each reporting date, the Group assesses the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.6 Impairment of non-financial assets (Continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A previously recognised impairment loss for an asset other than goodwill is only reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. A reversal of an impairment loss is recognised immediately in profit or loss.

2.7 Financial assets

(a) 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. Financial assets are initially recognised at fair value plus transaction costs. Financial assets 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.

(b) Subsequent measurements

Financial assets include cash and cash equivalents, trade and other receivables (excluding prepayments) and investment in debt instruments (such as unquoted bond and zero-rated bond).

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.

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. Interest income from these financial assets is included in interest income using the EIR method.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.7 Financial assets (Continued)

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

The Group recognises an allowance for expected credit losses ("ECLs") for financial assets carried at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

The impairment methodology applied depends on whether there has been a significant increase in credit risk. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables that do not have a significant financing component, the Group applies a simplified approach to recognise a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted as appropriate for current conditions and forward-looking factors specific to the debtors and the economic environment.

If the Group has measured the loss allowance for a financial asset at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

The Group recognises an impairment gain or loss in profit or loss for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.

2.8 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated balance sheet 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 and deposits with financial institutions which are subject to an insignificant risk of change in value.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

2.11 Financial liabilities

Financial liabilities include trade and other payables, lease liabilities and amount due to a director. Financial liabilities are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instruments. Financial liabilities are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

A financial liability is derecognised when the obligation under the liability is extinguished. Gains and losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

2.12 Current and deferred income tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in the consolidated statement 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 tax authorities.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.12 Current and deferred income tax (Continued)

(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.

(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

(a) 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.

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.15 Contingent liability

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

The accounting policy for leases before 1 January 2019 is as follows:

Operating leases — when the Group is the 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 statement of comprehensive income on a straight-line basis over the period of the lease.

The accounting policy for leases after 1 January 2019 is as follows:

The Group assess at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange of consideration.

When the Group is the lessee
The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments.

Right-of-use assets
The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date, initial direct cost, less any lease incentive received.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. To the extent that the cost relates to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.16 Leases (Continued)

The accounting policy for leases after 1 January 2019 is as follows: (Continued)

Right-of-use assets (Continued)

Right-of-use assets are subsequently measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the shorter period of the lease term and useful life of the underlying asset, as follows:

Office unit	3 years
Medical equipment	3 years
Clinic unit	3–5 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The depreciation starts at the commencement date of the lease.

The right-of use assets are presented as a separate line in the consolidated balance sheet. The Group applies IAS 36 *Impairment of Assets* to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 2.6.

As a practical expedient, IFRS 16 *Leases* permits a lessee not to separate the non-lease components, and instead account for any lease and associated non-lease component as a single arrangement. The Group has applied this practical expedient of its leases of office unit and clinic units.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.16 Leases (Continued)

The accounting policy for leases after 1 January 2019 is as follows: (Continued)

Lease liabilities (Continued)

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The lease liabilities are presented as a separate line in the consolidated balance sheet.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

2.17 Dividend distribution

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

2.18 Revenue recognition

Revenue is measured based on consideration of which the Group expects to be entitled in exchange for transferring promised services to a customer, excluding amounts collected on behalf of third parties (i.e. sales related taxes).

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised service to the customer, which is when the customer obtains control of the service. Performance obligation is satisfied either at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

Medical services

Medical services relate to consultation services, medical investigation services and treatment services.

Revenue from provision of consultation services and medical investigation services relate to contracts with patients which the performance obligations are to provide consultation. Revenue is recognised when the performance obligations for such services are satisfied at point in time when the services to be provided are completed.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.18 Revenue recognition (Continued)

Medical services (Continued)

Revenue from provision of aesthetics treatment services relate to contracts with patients in which the performance obligations are to provide the required treatment services to the patients. For package arrangements of aesthetics treatment services, the contract amounts are billed to customers before performance obligation is satisfied. 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 number of sessions utilised as a proportion of the total sessions sold in a package. Billed and received amounts for services which have not been rendered as at the reporting date is recognised as "contract liabilities".

There is no element of financing in the Group's revenue transactions as the period between when the Group transfers the promised services to customers and when the customers pay for that services is one year or less.

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 to be provided are completed.

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 statement of comprehensive income over the period necessary to match them with the costs that they are intended to compensate.

2.20 Provision for other liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic resources will be required to settle that obligation and the amount can be estimated reliably. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the end of the reporting period. Where the effect of the time value of money is material, the amount of the provision shall be discounted to present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and risks specific to the obligation.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.20 Provision for other liabilities (Continued)

When discounting is used, the increase in the provision due to passage of time is recognised as a finance cost in profit or loss.

The Group recognises the estimated costs of dismantlement, removal or restoration items of assets arising from the use of assets (Note 2.16). This provision is estimated based on the best estimate of the expenditure required to settle the obligation, taking into consideration time value. Changes in the estimated timing or amount of the expenditure or discount rate is adjusted against the cost of the related assets unless the decrease in the liability exceeds the carrying amount of the asset or the asset has reached the end of its useful life. In such cases, the excess of the decrease over the carrying amount of the asset or the changes in the liability is recognised in profit or loss immediately.

3 INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS EFFECTIVE IN 2019

IFRS 16 *Leases*

IFRS 16 replaces the existing IAS 17: *Leases* for financial periods beginning 1 January 2019. It reforms lessee accounting by introducing a single lessee accounting model. Lessees are required to recognise all leases on their consolidated balance sheet to reflect their rights to use leased assets (a "right-of-use" asset) and the associated obligations for lease payments (a lease liability), with limited exemptions for short term leases (less than 12 months) and leases of low value items. In addition, the nature of expenses related to those leases will change as IFRS 16 replaces the straight-line operating lease expense with depreciation charge of right-of-use asset and interest expense on lease liability.

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as at 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 5.33%.

	2019 S$
Operating lease commitments disclosed as at 31 December 2018	1,141,964
Add: adjustments as a result of a different treatment of extension options	1,251,217
	2,393,181
Discounted using the weighted average lessee's incremental borrowing rate	(241,635)
Lease liabilities recognised as at 1 January 2019	2,151,546

3 INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS EFFECTIVE IN 2019 (Continued)

IFRS 16 *Leases* (Continued)

The associated right-of-use assets were measured at the amount equal to the lease liability (adjusted for any prepaid or accrued lease payment) on adoption. Arising from the adoption of IFRS 16, rights-of-use assets and lease liabilities of S$2,203,786 and S$2,151,546 respectively were recognised on the consolidated balance sheet on 1 January 2019. Prepayments were reduced by S$8,736.

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- account for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases;
- exclude initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the application of the Group's accounting policies, which are described in Note 2 above, the management is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

The following are the critical judgements that the management has made in the process of applying the Group's accounting policies during the financial year that have the most significant effect on the amounts recognised in the consolidated financial statements.

(a) Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

Critical judgements in applying accounting policies (Continued)

(a) Determining the lease term (Continued)

For leases of office unit and clinic units, the following factors are considered to be most relevant:

- If there are significant penalties to terminate the lease, the Group will typically reasonably certain not to terminate the lease;
- If the shop spaces are located in strategic locations that will contribute to the continued profitability of the medical services segment, the Group will typically include the extension option in lease liabilities; and
- Otherwise the Group considers other factors including its historical lease periods and the costs and business disruption required to replace the leased assets.

The assessment of reasonable certainty to exercise extension options is only revised if a significant change in circumstances occurs which affects this assessment, and that is within the control of the lessee. On 1 January 2019, the financial effect of revising lease terms to reflect the effect of exercising extension options was an increase in recognised lease liabilities and right-of-use assets of S$1,251,217.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the consolidated balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

(a) Estimating the incremental borrowing rate for leases

The Group uses the incremental borrowing rate to measure the lease liabilities because the interest rate implicit in the lease is not readily determinable. The incremental borrowing rate is the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The incremental borrowing rate therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs such as market interest rates, when available and is required to make certain entity-specific estimates, such as the subsidiary's stand-alone credit rating. Any changes in estimation of incremental borrowing rate may have a significant impact to the determination of lease liabilities and right-of-use assets at the date of initial application of IFRS 16/commencement date of new leasing transactions. The carrying amount of lease liabilities and right-of-use assets are disclosed in Note 14.

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.

100% of the Group revenue were generated from external customers located in Singapore for the financial year ended 31 December 2019 (2018: 99%). All of the assets of the Group were located in Singapore as at 31 December 2019 and 31 December 2018. 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:

	2019 **S$**	2018 S$
Medical services		
Treatment services	**8,067,315**	6,263,211
Medical investigation services	**4,039,567**	3,017,035
Consultation services	**1,355,505**	1,057,185
	13,462,387	10,337,431
Franchise fee	**–**	84,000
	13,462,387	10,421,431
Timing of revenue recognition		
At a point in time	**12,303,494**	9,626,954
Over time	**1,158,893**	794,477
	13,462,387	10,421,431

6 REVENUE (Continued)

There was no revenue from any individual patient contributing over 10% of the total revenue of the Group for the financial year ended 31 December 2019 (2018: Nil).

The Group receives payments from customers based on package arrangements of aesthetics services as established in contracts. Contract liabilities relate to advance consideration received from customers, billings in excess of revenue recognised to-date and deferred revenue. Contract liabilities are recognised as revenue when the Group satisfies the performance obligations under its contracts.

	31.12.2019 S$	31.12.2018 S$	1.1.2018 S$
Contract liabilities			
Aesthetics service treatments	**381,811**	314,480	–

There were no significant changes in the contract liability balances during the financial year.

The Group applies the practical expedient in IFRS 15 *Revenue from Contracts with Customers* and does not disclose information about its remaining performance obligation if the performance obligation is part of a contract that has an original expected duration of one year or less.

7 OTHER INCOME AND OTHER GAINS

	2019 S$	2018 S$
Government grant *(Note)*	**36,879**	51,844
Interest income:		
– Short term bank deposits	**5,949**	–
– Debt instruments at amortised cost	**110,978**	–
	116,927	–
Sundry income	**23,240**	40,404
Other income	**177,046**	92,248
Foreign currency exchange gains	**–**	105,499
	177,046	197,747

Note: Government grant represented primarily P-max grant and wage credits (2018: Enterprise Development Grant and Productivity Solutions Grant from Spring Singapore).

8 EMPLOYEE BENEFITS EXPENSES, INCLUDING DIRECTORS' EMOLUMENTS

(a) Employee benefits expenses

	2019 S$	2018 S$
Wages and salaries	**4,168,330**	3,405,183
Employer's contribution to defined contribution plans	**323,591**	233,791
Other benefits	**59,720**	19,709
	4,551,641	3,658,683

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year ended 31 December 2019 include the Chief Executive Officer whose emoluments are reflected in the analysis shown in Note 8(c) (2018: same). The emoluments payable to the remaining four (2018: four) individuals during the year are as follows:

	2019 S$	2018 S$
Wages and salaries	**1,543,395**	1,161,419
Employer's contribution to defined contribution plans	**61,200**	45,900
	1,604,595	1,207,319

The emoluments fell within the following bands:

	Number of individuals	
	2019	2018
Emolument band		
Nil–HK$1,000,000	**–**	1
HK$1,000,001–HK$2,000,000	**4**	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 of the five highest paid individuals during the financial years ended 31 December 2019 and 2018.

8 EMPLOYEE BENEFITS EXPENSES, INCLUDING DIRECTORS' EMOLUMENTS (Continued)

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

For the financial year ended 31 December 2019:

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	110,000	–	–	10,540	156,540
Mr. Toh Han Boon	36,000	95,652	–	–	12,240	143,892
Mr. Xu Xue *(resigned on 15 August 2019)*	65,213	–	–	–	–	65,213
	137,213	205,652	–	–	22,780	365,645
Independent non-executive directors:						
Mr. Leung Ho San Jason	24,000	–	–	–	–	24,000
Mr. Soh Sai Kiang	24,000	–	–	–	–	24,000
Mr. Kevin John Chia *(appointed on 16 September 2019)*	7,000	–	–	–	–	7,000
Mr. Tan Chee Ken *(resigned on 16 September 2019)*	17,000	–	–	–	–	17,000
	72,000	–	–	–	–	72,000
CEO						
Dr. Tan Kok Kuan	–	583,990	–	–	12,240	596,230

8 EMPLOYEE BENEFITS EXPENSES, INCLUDING DIRECTORS' EMOLUMENTS (Continued)

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

For the financial 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

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 financial year ended 31 December 2019 (2018: Same).

There were no amounts paid or receivable by Directors as an inducement to join or upon joining the Company during the year ended 31 December 2019.

There was no compensation paid or receivable by Directors or past Directors for the loss of office as a Director for loss of any other office in connection with the management of affairs of the Group during the year ended 31 December 2019.

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

2019

Mr. Kevin John Chia was appointed as the Company's independent non-executive director on 16 September 2019.

2018

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.

8 EMPLOYEE BENEFITS EXPENSES, INCLUDING DIRECTORS' EMOLUMENTS (Continued)

(e) Directors' retirement benefits

None of the directors received or will receive any retirement benefits during the financial years ended 31 December 2019 and 2018.

(f) Directors' termination benefits

None of the directors received or will receive any termination benefits during the financial years ended 31 December 2019 and 2018.

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

During the financial years ended 31 December 2019 and 2018, 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 financial years ended 31 December 2019 and 2018, 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

Except as disclosed in Note 25, 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 financial years ended 31 December 2019 and 2018.

9 PROFIT/(LOSS) BEFORE INCOME TAX

Profit/(loss) before income tax is arrived at after charging:

	2019 S$	2018 S$
Auditors' remuneration	**120,000**	199,817
Foreign currency exchange loss	**39,635**	–
Legal and professional fees	**721,175**	336,437
Marketing expenses	**724,939**	212,184
Operating lease rentals in respect of the Group's office and clinic units	**–**	682,654
Lease expense short-term leases	**15,120**	–
Credit card and bank charges	**257,621**	201,684
Write-off of plant and equipment	**98,519**	6,591
Listing expenses	**–**	2,140,915

10 INCOME TAX EXPENSE

Singapore corporate income tax has been provided for at the rate of 17% on the estimated assessable profit for the financial year ended 31 December 2019 (2018: 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 (2018: Nil).

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

	2019 S$	2018 S$
Current income tax		
– Current year	**225,486**	198,622
– Under/(over) provision in respect of previous financial years	**236,339**	(111,448)
	461,825	87,174
Deferred income tax *(Note 21)*	**–**	(192)
Income tax expense	**461,825**	86,982

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

	Note	**2019 S$**	2018 S$
Profit/(loss) before income tax		**1,099,392**	(643,788)
Tax calculated at domestic tax rates applicable to profit/(loss) in the respective jurisdictions		**186,897**	(109,444)
Expenses not deductible for tax purposes		**224,978**	424,821
Income not subject to tax		**(18,866)**	(17,776)
Partial tax exemption	*i*	**(118,463)**	(87,071)
Tax rebates	*ii*	**(55,666)**	(15,860)
Utilisation of deferred tax assets not recognised		**(8,637)**	–
Deferred tax assets not recognised		**19,059**	–
Under/(over) provision of income tax in respect of previous financial years		**236,339**	(111,448)
Others		**(3,816)**	3,760
Income tax expense		**461,825**	86,982

10 INCOME TAX EXPENSE (Continued)

Note:

(i) Tax exemption relates to tax exemption of 75% (2018: 100%) of the first S$100,000 of chargeable income and a further 50% tax exemption on the next S$100,000 (2018: S$200,000) of chargeable income during the first 3 consecutive years from date of incorporation. Partial tax exemption of 75% of the first $10,000 of the chargeable income and a further of 50% tax exemption on the next S$190,000 (2018: S$290,000) of chargeable income applies thereafter.

(ii) Tax rebates relate to 25% (2018: 20%) tax reduction to tax payable capped at S$15,000 (2018: S$10,000) for each Singapore incorporated entity.

Deferred tax assets are recognised for unabsorbed tax losses and other deductible temporary differences carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unabsorbed tax losses and other deductible temporary differences of approximately S$33,000 (2018: S$52,000) and S$84,000 (2018: S$3,000) respectively at the reporting date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements. No deferred tax asset has been recognised in respect of these unabsorbed tax losses and other deductible temporary differences as it is not probable that future taxable profits will be sufficient to allow the related tax benefits to be realised. These income tax losses have no expiry dates.

11 EARNINGS/(LOSS) PER SHARE

(a) Basic

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

	Note	**2019** **S$**	2018 S$
Profit/(loss) attributable to the owners of the Company		**637,567**	(730,610)
Weighted average number of ordinary shares for the purpose of basic and diluted earnings/(loss) per share	*24*	**520,000,000**	460,876,000
Earnings/(loss) per share (S$ cents per share)		**0.12**	(0.16)

The calculation of the basic earnings/(loss) per share is based on the profit/(loss) for the financial year 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 financial year ended 2018 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 2018. Please refer to Note 24(a) for movement in the shares.

(b) Diluted

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

12 SUBSIDIARIES

(a) Details of the subsidiaries of the Company as at 31 December 2019 are as follows:

Name of entity	Place and date of incorporation	Issued and paid-up capital	Kind of legal entity	Principal activities and principal country of operation	Equity interest attributable to the Group 2019 %	Equity interest attributable to the Group 2018 %
Directly held by the Company						
Republic Healthcare Holdings Ltd[2]	British Virgin Island, 4 January 2018	US$1	Limited liability company	Investment holding, Singapore	**100**	100
Unicorn Rise Limited[2]	British Virgin Island, 21 November 2018	US$100	Limited liability company	Investment holding, Singapore	**–**	100
Indirectly held by the Company						
Republic Healthcare Holdings Pte Ltd[1]	Singapore, 4 February 2017	S$1,000	Limited liability company	Investment holding, Singapore	**100**	100
Dtap @ Bencoolen Pte Ltd[1]	Singapore, 7 January 2014	S$10,000	Limited liability company	Clinics and other general medical services, Singapore	**100**	100
Dtap @ Holland V Pte Ltd[1]	Singapore, 2 February 2015	S$200,000	Limited liability company	Clinics and other general medical services, Singapore	**100**	100
Dtap @ Somerset Pte Ltd[1]	Singapore, 7 July 2015	S$100,000	Limited liability company	Clinics and other general medical services, Singapore	**100**	100
Republic Healthcare Pte Ltd[1]	Singapore, 5 February 2016	S$100,000	Limited liability company	Clinics and other general medical services, Singapore	**100**	100
Z Aesthetics Clinic Pte Ltd[1] (formerly known as S Aesthetics Clinic Pte Ltd)	Singapore, 21 October 2016	S$10,000	Limited liability company	Clinics and other general medical services, Singapore	**100**	100
S Aesthetics Clinic Pte Ltd[1] (formerly known as Dtap @ Raffles Place Pte Ltd)	Singapore, 11 December 2018	S$10,000	Limited liability company	Clinics and other general medical services, Singapore	**100**	100

12 SUBSIDIARIES (Continued)

(a) Details of the subsidiaries of the Company as at 31 December 2019 are as follows: (Continued)

Name of entity	Place and date of incorporation	Issued and paid-up capital	Kind of legal entity	Principal activities and principal country of operation	Equity interest attributable to the Group	
					2019 %	2018 %
Indirectly held by the Company (Continued)						
S Aesthetics Spa Pte Ltd[1] (formerly known as Dtap @ Novena Pte Ltd)	Singapore, 11 December 2018	S$10,000	Limited liability company	Clinics and other general medical services, Singapore	**100**	100
Dtap @ Duo Pte Ltd[1]	Singapore, 20 December 2018	S$100,000	Limited liability company	Clinics and other general medical services, Singapore	**100**	51
Dtap Express Pte Ltd[1] [3] (formerly known as Dtap @ Siglap Pte Ltd)	Singapore, 20 February 2019	S$10,000	Limited liability company	Clinics and other general medical services, Singapore	**100**	–
Dtap Clinics Pte Ltd[1] [3] (formerly known as Dtap @ Robertson Pte Ltd)	Singapore, 20 February 2019	S$10,000	Limited liability company	Clinics and other general medical services, Singapore	**100**	–

(1) Audited by Baker Tilly TFW LLP

(2) Not required to be audited under the law of country of incorporation

(3) Incorporated during the financial year

12 SUBSIDIARIES (Continued)

(b) Acquisition of non-controlling interests without change in control

Dtap @ Duo Pte Ltd

In July 2019, the Company acquired an additional 49% equity interest in Dtap @ Duo Pte. Ltd. ("Duo") from its non-controlling interests. As a result of this acquisition, Duo is now 100% held by the Group. The carrying value of the net liabilities of Duo at 31 July 2019 was S$328 and the carrying value of the additional interest acquired was S$160. The difference of S$160 between the consideration and the carrying value of the additional interest acquired has been recognised within equity.

The following summarises the effect of the change in the Group ownership interest in Duo on the equity attributable to equity holders of the Company.

	S$
Consideration paid for acquisition of non-controlling interests	–
Carrying amount of non-controlling interests acquired	(160)
Decrease in equity attributable to equity holders of the Company	160

(c) Disposal of a subsidiary

The Company completed the disposal of its 100% equity interest in a subsidiary, Unicorn Rise Limited in September 2019 with a third party for total cash consideration of S$138. No gain or loss on disposal of subsidiary being recognised during the financial year.

13 PLANT AND EQUIPMENT

	Medical equipment S$	Leasehold improvements S$	Computers and office equipment S$	Total S$
2019				
Cost				
Balance at 1 January 2019	**562,796**	**246,495**	**733,113**	**1,542,404**
Additions	**169,973**	**337,212**	**128,900**	**636,085**
Write-off	**–**	**–**	**(371,135)**	**(371,135)**
Balance at 31 December 2019	**732,769**	**583,707**	**490,878**	**1,807,354**
Accumulated depreciation				
Balance at 1 January 2019	**315,007**	**135,486**	**425,455**	**875,948**
Depreciation charge	**168,735**	**128,895**	**211,888**	**509,518**
Write-off	**–**	**–**	**(272,616)**	**(272,616)**
Balance at 31 December 2019	**483,742**	**264,381**	**364,727**	**1,112,850**
Net carrying value				
Balance at 31 December 2019	**249,027**	**319,326**	**126,151**	**694,504**
2018				
Cost				
Balance at 1 January 2018	418,698	244,806	526,241	1,189,745
Additions	144,098	29,510	208,222	381,830
Write-off	–	(27,821)	(1,350)	(29,171)
Balance at 31 December 2018	562,796	246,495	733,113	1,542,404
Accumulated depreciation				
Balance at 1 January 2018	215,090	86,126	180,452	481,668
Depreciation charge	99,917	70,890	246,053	416,860
Write-off	–	(21,530)	(1,050)	(22,580)
Balance at 31 December 2018	315,007	135,486	425,455	875,948
Net carrying value				
Balance at 31 December 2018	247,789	111,009	307,658	666,456

Included in additions of plant and equipment of the Group is an amount of S$36,900 paid in 2018. The cash outflow on additions to plant and equipment of the Group was S$599,185 (2018: S$381,830).

14 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Group as a lessee

Nature of the Group's leasing activities

The Group's activities comprise the following:

(i) The Group leases office unit and various shop spaces to operate the medical clinics from non-related parties. Rental contracts are typically made for fixed period of 2 to 3 years, but may have extension options for additional 1 to 3 years; and

(ii) In addition, the Group leases an office equipment from a non-related party with contractual terms of an average of three year. Leased asset is pledged as security for the related lease liability.

The maturity analysis of lease liabilities is disclosed in Note 28.1(iv).

Information about leases for which the Group is a lessee is presented below:

Amounts recognised in consolidated balance sheet

	31.12.2019 S$	1.1.2019 S$
Carrying amount of right-of-use assets		
Office unit	**151,830**	224,708
Clinic units	**2,201,426**	1,979,078
Medical equipment	**73,333**	–
	2,426,589	2,203,786
Carrying amount of lease liabilities		
Current	**783,806**	619,828
Non-current	**1,674,406**	1,531,718
	2,458,212	2,151,546

14 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (Continued)

Amounts recognised in consolidated balance sheet (Continued)

	2019 S$
Additions to right-of-use assets	**1,058,524**

Amounts recognised in profit or loss

	2019 S$
Depreciation charge for the financial year	
Office unit	**72,878**
Clinic units	**726,176**
Medical equipment	**36,667**
	835,721
Interest expense on lease liabilities	**112,103**
Lease expense not included in the measurement of lease liability	
Lease expense — short-term leases	**15,120**

Total cash flows for the Group's leases amounted to S$842,897.

15 TRADE RECEIVABLES

As at 31 December 2019, the ageing analysis of the third-party trade receivables, based on invoice date, are as follows:

	2019 S$	2018 S$
0–30 days	**70,578**	50,490
31–60 days	**16,341**	374
61–90 days	**59**	1,394
91–120 days	**45**	3,099
Over 120 days	**7,059**	430
	94,082	55,787

15 TRADE RECEIVABLES (Continued)

As at 31 December 2019, trade receivables that were aged over 30 (2018: 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 2019 and 2018, the carrying amounts of trade receivables are denominated in S$ and approximate their fair values.

16 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2019 **S$**	2018 S$
Deposits and other receivables	**677,215**	462,770
Prepayments	**166,095**	210,640
Goods and service tax receivables	**19,530**	–
Interest receivable from debt instruments amortised costs	**110,978**	–
	973,818	673,410
Less non-current portion:		
Deposits and other receivables	**(208,708)**	(146,823)
Prepayments of plant and equipment	**–**	(36,900)
	(208,708)	(183,723)
Total current portion	**765,110**	489,687

Included in other receivables are staff loans amounting to S$405,000 (2018: S$138,831). The staff loans are unsecured, interest-free except for amount of S$180,000 which bear interest at 3% per annum (2018: interest-free) and repayable between 1 to 4 years (2018: 2 years).

As at 31 December 2019 and 2018, the carrying amounts of deposits and other receivables are denominated in S$ and approximate their fair values.

17 OTHER FINANCIAL ASSETS AT AMORTISED COST

	2019 S$	2018 S$
Debt instruments		
Unquoted bond with fixed interest of 1.99% per annum and maturity date of 30 January 2020 – Hong Kong	**6,010,593**	–
Zero coupon bond with maturity date of 10 January 2020 – Singapore	**1,997,426**	–
	8,008,019	–

The carrying amounts of other financial assets at amortised cost approximates their fair values due to short-term nature where the effect of discounting is immaterial.

Debt instruments at amortised cost were fully redeemed in January 2020.

18 INVENTORIES

Inventories comprises consumables and medical supplies.

19 CASH AND CASH EQUIVALENTS

	2019 S$	2018 S$
Cash at banks	**5,763,397**	2,819,352
Cash on hand	**16,677**	8,658
Short term bank deposits	**130,000**	9,542,333
	5,910,074	12,370,343

As at 31 December 2019, short term bank deposits are denominated in S$ (2018: HKD) and have original maturity dates of less than one month (2018: less than three months) and bears an interest rate of 1.35% (2018: between 1.0% to 1.7%) per annum.

20 PROVISION FOR REINSTATEMENT COSTS

	2019 S$	2018 S$
Represented by:		
Non-current liabilities	43,505	–
Current liabilities	16,500	–
	60,005	–

Movements in provisions for reinstatement costs during the financial year are as follows:

	2019 S$	2018 S$
Balance at 1 January	–	–
Provision made	60,005	–
Balance at 31 December	60,005	–

Provision for reinstatement costs is recognised when the Group enters into lease agreements for the office and clinic units. It includes the estimated cost of demolishing and removing all the leasehold improvements made by the Group to the office and clinic units. The office and clinic units shall be reinstated to the condition set up in the lease agreements upon the expiration of the lease agreements.

21 DEFERRED TAX LIABILITIES

The movements on the deferred tax liabilities are as follows:

	Accelerated tax depreciation	
	2019 **S$**	2018 S$
Balance at 1 January	**4,451**	4,643
Credited to consolidated statements of comprehensive income *(Note 10)*	**–**	(192)
Balance at 31 December	**4,451**	4,451

22 TRADE PAYABLES

Trade payables at the balance sheet date comprise amounts outstanding to suppliers. The average credit period taken for trade purchase is generally 30 days. As at 31 December 2019, the ageing analysis of the trade payables, based on invoice date, are as follows:

	2019 **S$**	2018 S$
Up to 30 days	**487,257**	294,725
31–60 days	**81,700**	85,466
61–90 days	**13,648**	2,419
Over 91 days	**212,335**	5,509
	794,940	388,119

The carrying amounts of trade payables approximate their fair values.

23 ACCRUALS AND OTHER PAYABLES

	2019 S$	2018 S$
Accruals for operating expenses	**328,496**	556,914
Goods and service tax payable	**173,839**	106,368
Other payables	**204,057**	1,148
	706,392	664,430

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

24 EQUITY

(a) Share capital

	Note	Number of shares	Share capital S$
2019			
Authorised:			
Ordinary shares of HK$0.01 each			
At 1 January 2019 and 31 December 2019		10,000,000,000	17,241,379
Issued and fully paid:			
Ordinary shares of HK$0.01 each			
At 1 January 2019 and 31 December 2019		520,000,000	896,552
2018			
Authorised:			
Ordinary shares of HK$0.01 each			
At 3 January 2018 (date of incorporation)	*(i)*	38,000,000	65,517
Increase in authorised share capital	*(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)	*(i)*	1	–
Shares issued pursuant to the Reorganisation	*(iii)*	99	*
Shares issued pursuant to the capitalisation	*(iv)*	389,999,900	672,414
		390,000,000	672,414
Shares issued pursuant to the Listing	*(v)*	130,000,000	224,138
As at 31 December 2018		520,000,000	896,552

* Less than S$1.00.

24 EQUITY (Continued)

(a) Share capital (Continued)

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 Alan Tan's financial interests in Dtap @ Bencoolen Pte Ltd, Dtap @ Holland V Pte Ltd, Dtap @ Somerset Pte Ltd, Republic Healthcare Pte Ltd and Z Aesthetics Clinic Pte Ltd (formerly known as S Aesthetics Clinic 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.

(b) Share premium

	Note	**Share premium** S$
As at 3 January 2018 (date of incorporation)		–
Shares issued pursuant to the Listing		13,224,138
Shares issue expenses charged to share premium		(1,841,303)
Issuance of new shares, net of transaction costs		11,382,835
Capitalisation pursuant to shares issuance	*24(a)(iv)*	(672,414)
Balance at 31 December 2018 and 31 December 2019		10,710,421

25 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) Amount due to a director

Amount due to a director, Dr. Alan Tan, is unsecured, interest free, repayable on demand and non-trade in nature.

(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:

	2019 **S$**	2018 S$
Salaries, allowances and benefits in kind	**789,642**	492,931
Director's fees	**209,213**	101,455
Employer's contribution to defined contribution plans	**35,020**	29,449
	1,033,875	623,835

26 OPERATING LEASE COMMITMENTS – WHEN THE GROUP IS THE 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:

	2018 S$
No later than one year	731,806
Later than one year and no later than five years	410,158
	1,141,964

As disclosed in Note 3, the Group has adopted IFRS 16 on 1 January 2019. These lease payments have been recognised as right-of-use assets and lease liabilities on the consolidated balance sheet as at 1 January 2019.

27 FINANCIAL INSTRUMENTS BY CATEGORIES

The Group's financial instruments include the following:

	2019 S$	2018 S$
Financial assets:		
Financial assets at amortised cost		
Trade receivables	**94,082**	55,787
Deposits and other receivables	**788,193**	462,770
Other financial assets at amortised costs	**8,008,019**	–
Cash and cash equivalents	**5,910,074**	12,370,343
	14,800,368	12,888,900
Financial liabilities:		
Liabilities at amortised cost		
Trade payables	**794,940**	388,119
Accruals and other payables	**532,553**	558,062
Lease liabilities	**2,458,212**	–
Amount due to a director	**358,820**	–
	4,144,525	946,181

28 FINANCIAL RISK AND CAPITAL RISK MANAGEMENT

28.1 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").

28 FINANCIAL RISK AND CAPITAL RISK MANAGEMENT (Continued)

28.1 Financial risk factors (Continued)

(i) Foreign exchange risk (Continued)

As at 31 December 2019, 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$
2019	
Financial assets denominated in HKD:	
Cash and cash equivalents	**109,810**
Other receivables	**110,978**
Financial assets, at amortised cost	**6,010,593**
	6,231,381
Financial liabilities denominated in HKD:	
Accruals and other payables	**(24,280)**
Net financial assets denominated in HKD	**6,207,101**
2018	
Financial assets denominated in HKD:	
Cash and cash equivalents	9,440,615
Financial liabilities denominated in HKD:	
Trade payables	(57,510)
Accruals and other payables	(66,438)
	(123,948)
Net financial assets denominated in HKD	9,316,667

28 FINANCIAL RISK AND CAPITAL RISK MANAGEMENT (Continued)

28.1 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/(loss) after tax will increase/decrease by approximately S$258,000 (2018: S$387,000) arising from exchange gain/loss respectively.

(ii) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history and obtaining sufficient security where appropriate to mitigate credit risk.

Credit exposure to an individual counterparty is restricted by credit limits that are approved by the Group Finance department based on ongoing credit evaluation. The counterparty's payment profile and credit exposure are continuously monitored at the entity level by the Group Finance department.

The following sets out the Group's internal credit evaluation practices and basis for recognition and measurement of expected credit losses (ECL):

Description of evaluation of financial assets	Basis for recognition and measurement of ECL
Counterparty has a low risk of default and does not have any past due amounts	12-month ECL
Contractual payments are more than 30 days past due or where there has been a significant increase in credit risk since initial recognition	Lifetime ECL – not credit-impaired
Debts that are more than 90 days past due or there is evidence of credit impairment	Lifetime ECL – credit-impaired
There is evidence indicating that the Group has no reasonable expectation of recovery of payments such as when the debtor has been placed under liquidation or has entered into bankruptcy proceedings	Write-off

28 FINANCIAL RISK AND CAPITAL RISK MANAGEMENT (Continued)

28.1 Financial risk factors (Continued)

(ii) Credit risk (Continued)

Significant increase in credit risk

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial asset as at the balance sheet date with the risk of a default occurring on the financial asset as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information, such as future economic and industry outlook, that is available without undue cost or effort.

In particular, the Group considers the following information when assessing whether credit risk has increased significantly since initial recognition:

- An actual or expected significant deterioration in the operating results/key financial performance ratios of the debtor; and

- An actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

The Group also assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the reporting date.

Definition of default

The Group considers an event of default for internal credit risk management purpose. Management considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred such as evidence that the borrower is in significant financial difficulty, there is a breach of contract such as default or past due event; there is information that it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for that financial asset because of financial difficulties; or the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

28 FINANCIAL RISK AND CAPITAL RISK MANAGEMENT (Continued)

28.1 Financial risk factors (Continued)

(ii) Credit risk (Continued)

Estimation techniques and significant assumptions

There has been no change in the estimation techniques or significant assumptions made during the current financial year for recognition and measurement of credit loss allowance.

Trade receivables

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. Accordingly, the expected credit loss allowance on trade receivables is determined to be insignificant.

There has been no change in the estimation techniques or significant assumptions made during the current financial year.

Other financial assets at amortised cost

Other financial assets at amortised cost include investment in debt instruments, other receivables (excluding prepayments) and cash and cash equivalents.

The credit loss exposure for other financial assets at amortised cost is immaterial as at 31 December 2019 and 31 December 2018.

28 FINANCIAL RISK AND CAPITAL RISK MANAGEMENT (Continued)

28.1 Financial risk factors (Continued)

(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.

(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$	Due within 2 to 5 years S$	Due after 5 years S$	Total S$
2019				
Trade payables	794,940	–	–	794,940
Accruals and other payables	532,553	–	–	532,553
Amount due to a director	358,820	–	–	358,820
Lease liabilities	885,681	1,710,064	113,810	2,709,555
	2,571,994	1,710,064	113,810	4,395,868

	On demand or due within 1 year S$
2018	
Trade payables	388,119
Accruals and other payables	558,062
	946,181

28 FINANCIAL RISK AND CAPITAL RISK MANAGEMENT (Continued)

28.2 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.

The capital of the Group consists of share capital, retained earnings, share premium and other reserves, and the Group's overall strategy remains unchanged from 2018.

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.

28.3 Fair value estimation

The carrying amounts of the Group's current financial assets, including trade receivables, deposits and other receivables, other financial assets at amortised cost 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.

29 CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities or guarantees as at 31 December 2019 (2018: Nil).

30 DIVIDENDS

No dividend has been paid or declared by the Company during the financial year (2018: Nil).

31 CASH FLOW INFORMATION – FINANCING ACTIVITIES

Reconciliation of movements of liabilities to cash flows arising from financing activities:

	Amount due to a director *(Note 25(a))* S$	Lease liabilities *(Note 14)* S$	Total S$
Balance at 1 January 2018	561,394	–	561,394
Changes from financing cash flows:			
– Repayments	(561,394)	–	(561,394)
Balance at 31 December 2018	–	–	–
Adoption of IFRS 16	–	2,151,546	2,151,546
Changes from financing cash flows:			
– Advances received	358,820	–	358,820
– Repayments	–	(715,674)	(715,674)
– Interest paid	–	(112,103)	(112,103)
Non-cash changes			
– Interest expense	–	112,103	112,103
– New leases	–	1,022,340	1,022,340
Balance at 31 December 2019	358,820	2,458,212	2,817,032

32 COMPARATIVE FIGURES

The consolidated financial statements of the Group for the financial year ended 31 December 2018 were audited by another independent auditor whose report dated 27 March 2019 expressed an unmodified opinion on those consolidated financial statements.

33 AUTHORISATION OF FINANCIAL STATEMENTS

The consolidated financial statements of the Group for the financial year ended 31 December 2019 were authorised for issue in accordance with a resolution of the directors dated 27 March 2020.

34 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

Balance Sheet of the Company

	Note	2019 S$	2018 S$
Non-current asset			
Investment in subsidiaries		**1**	138
Current assets			
Deposits, prepayments and other receivables		**57,440**	37,255
Amount due from subsidiaries		**8,163,884**	8,801,361
Total current assets		**8,221,324**	8,838,616
Total assets		**8,221,325**	8,838,754
Current liabilities			
Accruals and other payables		**125,416**	107,671
Amount due to a subsidiary		**42**	–
Total liabilities		**125,458**	107,671
Net assets		**8,095,867**	8,731,083
Equity			
Share capital	*(a)*	**896,552**	896,552
Share premium	*(a)*	**10,710,421**	10,710,421
Accumulated losses	*(a)*	**(3,511,106)**	(2,875,890)
Total equity		**8,095,867**	8,731,083

34 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 financial year		–	–	(2,875,890)	(2,875,890)
Issuance of new shares, net of transaction costs	*24(a)*	224,138	11,382,835	–	11,606,973
Capitalisation of shares	*24(a)*	672,414	(672,414)	–	–
Balance at 31 December 2018		896,552	10,710,421	(2,875,890)	8,731,083
Comprehensive loss					
Loss for the financial year		–	–	(635,216)	(635,216)
Balance at 31 December 2019		**896,552**	**10,710,421**	**(3,511,106)**	**8,095,867**

The balance sheet of the Company was approved by the Board of Directors on 27 March 2020 and was signed on its behalf:

Tan Cher Sen Alan
Director

Toh Han Boon
Director

FINANCIAL SUMMARY

RESULTS

	For the year ended 31 December			
	2019	2018	2017	2016
	S$'000	S$'000	S$'000	S$'000
Revenue	**13,462**	10,421	9,957	7,218
Net profit for the year (before listing expenses)	**638**	1,410	2,751	1,975
Listing expenses	**–**	(2,141)	(743)	–
Net profit/(loss) for the year	**638**	(731)	2,008	1,975

ASSETS AND LIABILITIES

	As at 31 December			
	2019	2018	2017	2016
	S$'000	S$'000	S$'000	S$'000
Non-current assets	**3,330**	850	827	463
Current assets	**15,304**	13,304	3,000	2,803
Non-current liabilities	**1,722**	4	5	30
Current liabilities	**3,700**	1,575	2,123	1,352
Net current assets	**11,604**	11,729	877	1,451
Net assets	**13,212**	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 2015 have been published.

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