

RepublicHealthcare

**REPUBLIC HEALTHCARE LIMITED**

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

FIRST  
QUARTERLY  
REPORT  
**2019**





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

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



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## 2019 FIRST QUARTERLY FINANCIAL HIGHLIGHTS (UNAUDITED)

The Group recorded a revenue of S\$2.8 million for the three months ended 31 March 2019 (the “**Period**”), representing an increase of approximately 10.5% when compared with that of approximately S\$2.6 million for the corresponding period in 2018 (the “**Corresponding Period**”).

The Group recorded a net profit for the Period of approximately S\$0.3 million (2018: S\$0.3 million) mainly due to an increase in revenue though being offset by an increase in employee and other operating expenses.

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

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

For the three months ended 31 March 2019

		Three months ended 31 March	
	Notes	2019 (unaudited) S\$'000	2018 (unaudited) S\$'000
Revenue	3	2,844	2,574
Other income		11	6
Consumables and medical supplies used		(601)	(589)
Medical professional costs		(336)	(264)
Employee benefits expenses		(916)	(713)
Depreciation of plant and equipment		(95)	(103)
Listing expense		-	(348)
Other operating expenses	4	(584)	(256)
Profit before income tax		323	307
Income tax expense	5	(55)	(52)
Profit and total comprehensive income attributable to owners of the Company for the period		268	255
Earnings per share attributable to owners of the Company for the period (expressed in Singapore cent per share)	6		
Basic and diluted		0.05 cent	0.06 cent



## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2019

	Attributable to owners of the Group					Non-controlling interest	Total
	Share capital	Share Premium	Other reserves <sup>(Note)</sup>	Retained earnings	Total		
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000		
As at 1 January 2018 (Audited)	-	-	420	1,278	1,698	-	1,698
Comprehensive income							
Profit for the period	-	-	-	255	255	-	255
Balance as at 31 March 2018 (Unaudited)	-	-	420	1,533	1,953	-	1,953
As at 1 January 2019 (Audited)	897	10,710	420	548	12,575	-*	12,575
Comprehensive income							
Profit for the period	-	-	-	268	268	-	268
<b>Balance as at 31 March 2019 (Unaudited)</b>	<b>897</b>	<b>10,710</b>	<b>420</b>	<b>816</b>	<b>12,843</b>	<b>-*</b>	<b>12,843</b>

Note:

Other reserves represented the combined share capital of Dtap @ Bencoolen Pte Ltd (formerly known as Straits Health Corp Pte Ltd), Dtap @ Holland V Pte Ltd (formerly known as Dtap @ Scotts Pte Ltd), Dtap @ Somerset Pte Ltd (formerly known as Brunel Clinics Pte Ltd), Republic Healthcare Pte Ltd, Republic Healthcare Holdings Pte Ltd and S Aesthetics Clinic Pte Ltd (formerly known as BM Aesthetics Pte Ltd) before the reorganisation (as defined in Note 1.2 to the unaudited condensed consolidated financial statements of the Group for the Period (the "Unaudited Condensed Consolidated Financial Statements"))).

\* includes non-controlling interests of S\$160.



# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2019

## 1 General Information and Reorganisation

### 1.1 General information

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

The Company is an investment holding company. The Company's subsidiaries are principally engaged in the operation of general practice clinic business in the Republic of Singapore ("**Singapore**") and the provision of management advisory services.

**1.2** Pursuant to a group reorganization to rationalize the structure of the Group (the "**Reorganisation**") in preparation for the listing of the Company's ordinary shares (the "**Shares**") in issue on GEM, the Company became the holding company of the Group. Details of the Reorganisation are set out in the section headed "History, Reorganisation and Corporate Structure" in the prospectus of the Company dated 1 June 2018 (the "**Prospectus**") and Note 1.2 to the Group's consolidated financial statements in the annual report of the Company for the year ended 31 December 2018 (the "**Year 2018**" and the "**Annual Report**", respectively).

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

## 2 Basis of Presentation and Accounting Policies

### 2.1 Basis of preparation and significant accounting policies

These Unaudited Condensed Consolidated Financial Statements have been prepared in accordance with all applicable International Financial Reporting Standards issued by the International Accounting Standards Board and the applicable disclosure provisions of the GEM Listing Rules.

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

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

The accounting policies and methods of computation used in the Unaudited Condensed Consolidated Financial Statements are the same as those followed in the preparation of the Group’s consolidated financial statements for the Year 2018.

The Unaudited Condensed Consolidated Financial Statements have been prepared on the historical cost basis and presented in Singapore dollars (“**S\$**” or “**\$**”) which is same as the Group’s functional currency except when otherwise indicated.

### 3 Revenue and segment results

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

	<b>Three months ended</b>	
	<b>31 March</b>	
	<b>2019</b>	2018
	<b>(unaudited)</b>	(unaudited)
	<b>S\$’000</b>	S\$’000
<b>Medical services</b>		
Treatment services	<b>1,698</b>	1,517
Medical investigation services	<b>868</b>	784
Consultation services	<b>278</b>	273
	<b>2,844</b>	2,574



#### 4 Other Operating Expenses

Other operating expenses include the following:

	Three months ended 31 March	
	2019 (unaudited) S\$'000	2018 (unaudited) S\$'000
Marketing expenses	210	12
Legal and professional fees	110	4
Operating lease rental in respect of the Group's office and clinics	158	158

#### 5 Taxation Income tax expense

	Three months ended 31 March	
	2019 (unaudited) S\$'000	2018 (unaudited) S\$'000
Current tax: Singapore profits tax 17% (2018: 17%)	55	52



## 6 Earnings per share

Earnings per share is calculated by dividing the profit attributable to owners of the Company by the number of ordinary Shares in issue.

	Three months ended 31 March	
	2019 (unaudited)	2018 (unaudited)
Profit attributable to owners of the Company (S\$'000)	268	255
Ordinary Shares in issue (thousand)	520,000	390,000
Earnings per share (in Singapore cents)	0.05	0.06

The number of ordinary Shares for the purpose of basic earnings per share for the year 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 2017. Please refer to Note 22(a) to the consolidated financial statements of the Annual Report for movement in the Shares.



## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

The issued Shares were successfully listed on GEM on the Listing Date by way of share offer.

The Group is principally engaged in the primary healthcare industry operating a network of general practice clinics under the brand “Dr. Tan & Partners” (“**DTAP**”) in Singapore.

During the Period, the Group continued to grow its business and services to its existing network of clinics, and opened 2 clinics, namely DTAP@Holland V and DTAP@Siglap.

To support business growth, the Group strives to achieve better efficiency and to ensure that quality services are delivered to our customers. During the Period, the labour market remained tight and the Group continued to recruit new talents and retain existing talent pool of doctors and staff.

### OUTLOOK AND PROSPECTS

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

The Group believes that the numerous initiatives like clinic expansion and building of internal manpower capabilities will enhance the overall competitive position in our operating environments and contribute to our success. Moving forward, the Group will leverage existing platforms and growth momentum to strengthen our financial position.



## FINANCIAL REVIEW

### Revenue

The Group's revenue increased by approximately S\$0.3 million or 10.5% from approximately S\$2.6 million for the Corresponding Period to approximately S\$2.8 million for the Period. The increase was mainly due to the growth in sales of existing services carried out by our Group with increased market penetration and brand awareness.

### Consumables and medical supplies used

The increase in consumables and medical supplies used was in line with the increase in revenue generated from the clinics.

### Employee benefits expenses

Our employee benefits expenses increased by approximately S\$0.2 million or 28.5% from approximately S\$0.7 million for the Corresponding Period to approximately S\$0.9 million for the Period. Such increase was primarily attributable to the recruitment of new doctors, aestheticians and clinic assistants with the set up of our new clinics.

### Other operating expenses

The Group's other operating expenses increased by approximately S\$0.3 million as compared to that of the Corresponding Period due to an increase in marketing expenses spent and more legal and professional fees incurred after Listing in the Period.

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

As a result of the foregoing, the Company's net profit remained constant in the Period as compared to that of the Corresponding Period of approximately S\$0.3 million.

## DIVIDEND

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

## EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2019, we had 39 employees in Singapore (31 December 2018: 33 employees), all of whom were employed on a full-time basis. The remuneration package of our employees generally comprises basic salaries, discretionary bonuses and welfare benefits such as annual leave, sick leave, maternity leave and child care leave.



## LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

Before the Listing, the Group financed its operations mainly through cash generated from our operating activities and capital contribution from the Company's shareholders (the "Shareholders"). During the Period, our liquidity requirements were satisfied by the cash generated from operating activities and the net proceeds received from the Listing (the "Net Proceeds").

As at 31 March 2019, we had cash and cash equivalents of approximately S\$12.5 million (31 December 2018: S\$12.4 million) and the Group had no bank borrowings (31 December 2018: Nil).

### GEARING RATIO

The gearing ratio was not applicable to the Group as at 31 March 2019 as there was net cash.

We believe that our liquidity position would further be strengthened by using a combination of cash generated from operating activities and the Net Proceeds.

### CAPITAL STRUCTURE

As at 31 March 2019, the capital structure of the Company comprised issued Share capital and reserves.

### FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

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

### SIGNIFICANT INVESTMENTS OR MATERIAL ACQUISITIONS AND DISPOSALS

Except for investment in its subsidiaries, the Group did not make any significant investment or material acquisition and disposal of subsidiaries, associates or joint ventures save for those related to the Reorganisation, of which the details are set out in the Prospectus, during the Period.

### COMMITMENTS AND CONTINGENT LIABILITIES

As at 31 March 2019, the Group had no material commitments and contingent liabilities (31 December 2018: Nil).



## **EXPOSURE TO EXCHANGE RATE FLUCTUATION**

The Group operates solely in Singapore with almost all transactions being denominated in S\$ which is the functional currency of the Group. In addition, a majority of the Group's assets and liabilities are denominated in S\$ except for the Net Proceeds, which are denominated in Hong Kong dollars ("HK\$"). Our management monitors the HK\$ exchange rate from time to time to manage the foreign exchange risk. Accordingly, the Group is not exposed to any significant foreign exchange risk.

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

## **CHARGE ON ASSETS**

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

## **SIGNIFICANT EVENT AFTER THE PERIOD**

There has been no significant event that affected the Group after 31 March 2019 and up to the date of this report.



## CORPORATE GOVERNANCE AND OTHER INFORMATION

### SHARE OPTION SCHEME

The Shareholders approved and adopted a share option scheme (the “**Scheme**”) by way of written resolutions on 18 May 2018.

No option has been granted or agreed to be granted by our Company under the Scheme since its adoption. Therefore, there were no outstanding options as at 31 March 2019, and no option was exercised or cancelled or lapsed during the Period.

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

As at 31 March 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 in 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	Percentage of the Company’s issued Shares*
Dr. Alan Tan Cher Sen (“ <b>Dr. Tan</b> ”)	Interest of a controlled corporation <sup>(Note)</sup>	390,000,000	75%

Note:

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

\* The percentage represents the total number of the Shares and the underlying Shares interested divided by the number of issued Shares of 520,000,000 as at 31 March 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. Tan <sup>(Note (2))</sup>	Cher Sen <sup>(Note (1))</sup>	Beneficial owner	50,000	100%

### Notes:

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

Save as disclosed above, as at 31 March 2019, none of the Directors nor the chief executive of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) to be recorded in the register referred to therein pursuant to Section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

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

As at 31 March 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 <sup>(Note 1)</sup>	Percentage of the Company's issued Shares*
Cher Sen <sup>(Notes (2) and (3))</sup>	Beneficial owner	390,000,000 (L)	75%

Notes:

- (1) The Letter "L" denotes the entity's long position in the Shares.
- (2) Cher Sen is a direct Shareholder.
- (3) Cher Sen is legally and beneficially owned by Dr. Tan.

\* The percentage represents the number of the Shares interested divided by the number of issued Shares of 520,000,000 as at 31 March 2019.

Save as disclosed above, as at 31 March 2019, so far as is known by or otherwise notified to the Directors, no other entity (other than a Director or the chief executive of the Company) had interests and short positions in the Shares and underlying Shares as required to be recorded in the register to be kept by the Company under Section 336 of the SFO.

## DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN COMPETING BUSINESS

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



## CORPORATE GOVERNANCE PRACTICES

During the Period, the Company has adopted and has complied with all applicable code provisions as set out in the Corporate Governance Code as contained in Appendix 15 to the GEM Listing Rules (the “**CG Code**”).

## 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 standard set out in the Own Code of Conduct during the Period.

## COMPLIANCE ADVISER’S INTERESTS IN THE COMPANY

As at 31 March 2019, as notified by the Company’s compliance adviser, Titan Financial Services Limited (“**Titan**”), save for the compliance agreement dated 25 January 2018 and entered into between the Company and Titan concerning the fees payable by the Company to Titan for acting in the capacity of compliance adviser, none of Titan or its directors, employees or close associates (as defined in the GEM Listing Rules) had any interests in the securities of the Company or any member of the Group (including options or rights to subscribe for such securities) as at 31 March 2019, which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

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



## AUDIT COMMITTEE

The Company has established the Audit Committee on 18 May 2018 with written terms of reference in compliance with code provisions C.3.3 and C.3.7 of the CG Code and Rules 5.28 to 5.33 of the GEM Listing Rules. The primary duties of the Audit Committee are, among other things, to make recommendations to the Board on the appointment, re-appointment and removal of external auditors and to review and monitor the financial reporting process, risk management and internal control systems by the Group. The Audit Committee comprises three independent non-executive Directors (the “INEDs”), namely Mr. Leung Ho San Jason, Mr. Soh Sai Kiang and Mr. Tan Chee Ken. Mr. Leung Ho San Jason is the chairman of the Audit Committee. The Audit Committee has reviewed the Unaudited Condensed Consolidated Financial Statements and this report and is of the view that such Statements and report have been prepared in compliance with the applicable accounting standards, the GEM Listing Rules and other legal requirements, and that adequate disclosures have been made.

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

Singapore, 10 May 2019

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