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RepublicHealthcare

Republic Healthcare Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8357)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

The board of directors (the “**Directors**”) of Republic Healthcare Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) announces the unaudited condensed consolidated financial results of the Group for the six months ended 30 June 2020. This announcement, containing the full text of the 2020 interim report of the Company (the “**2020 Interim Report**”), complies with the relevant requirements of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM**” and the “**GEM Listing Rules**”, respectively) in relation to the information to accompany the preliminary announcement of interim results. The printed version of the 2020 Interim Report will be dispatched to the shareholders of the Company and available for viewing on the websites of the Stock Exchange at www.hkexnews.hk and of the Company at republichealthcare.asia in due course in the manner as required by the GEM Listing Rules.

For and on behalf of
Republic Healthcare Limited
Tan Cher Sen Alan
Chairman and Executive Director

Singapore, 5 August 2020

As at the date of this announcement, the executive Directors are Dr. Tan Cher Sen Alan (Chairman) and Mr. Toh Han Boon (Chief Financial Officer); and the independent non-executive Directors are Mr. Leung Ho San, Jason, Mr. Soh Sai Kiang and Mr. Kevin John Chia.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquires, confirm that to the best of their knowledge and belief, the information contained in this announcement 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 announcement misleading.

This announcement will remain on the “Latest Listed Company Information” page of the GEM website at www.hkgem.com for at least 7 days from the date of its publication. This announcement will also be published on the website of the Company at republichealthcare.asia.

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**”, 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 in this report misleading.



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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

Company secretary

Ms. Tong Suet Fong
46/F
Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

Authorised representatives

Mr. Toh Han Boon
Ms. Tong Suet Fong

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
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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 Share



2020 FINANCIAL HIGHLIGHTS (UNAUDITED)

The Group recorded a revenue of approximately S\$5.6 million for the six months ended 30 June 2020 (the “**Period**”), representing a decrease of approximately 11.2% when compared with that of approximately S\$6.3 million for the corresponding period in 2019 (the “**Corresponding Period**”).

The gross profit of the Group for the Period was approximately S\$4.0 million, representing an increase of approximately 1.4% when compared with that of approximately S\$3.9 million for the Corresponding Period.

The decrease in revenue was mainly due to decreased in revenue generated from medical investigation services of approximately S\$0.6 million from approximately S\$2.0 million in the Corresponding Period to approximately S\$1.4 million for the Period. The decrease was mainly due to the outbreak of the novel coronavirus pneumonia (“**COVID-19**”) epidemic in Singapore which the Singapore government has implemented very high safe distancing measures in place (“**Circuit Breaker**”). Under the Circuit Breaker, healthcare services may remain open only for the delivery of essential services and all non-essential appointments should be deferred which had posed operational challenges for the Group as most treatment of essential services do not require medical investigation services.

In view of the adoption of IFRS 16 Leases where the operating lease rentals of the Group’s office and clinics have been depreciated as compared to the Corresponding Period which have been classified under the operating expenses. Excluding the operating lease rentals in the Corresponding Period, the increase in other operating expenses of approximately S\$0.3 million was mainly due to the increase in marketing efforts and advertorial work to continue to create more market awareness. Employee benefit expenses was approximately S\$2.0 million in the Corresponding Period, representing an increase of approximately S\$0.8 million or 41.3% to S\$2.8 million for the Period in view of the upcoming planned expansion of DTAP clinics.

The Group recorded a net loss after tax of approximately S\$0.5 million for the Period (net profit after tax of the Group of approximately S\$0.6 million for the Corresponding Period). The decrease is largely due to the outbreak of COVID-19 where Circuit Breaker was being implemented and posed operational challenges for clinics under the Group and the increase in employee benefits expenses in view of the planned upcoming expansion of clinics.

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 and six months ended 30 June 2020

	Notes	Three months ended 30 June		Six months ended 30 June	
		2020 (unaudited) S\$	2019 (unaudited) S\$	2020 (unaudited) S\$	2019 (unaudited) S\$
Revenue	3	2,107,833	3,406,370	5,553,010	6,250,853
Other income		87,140	9,491	196,057	20,379
Consumables and medical supplies used		(449,826)	(488,921)	(1,223,741)	(1,491,220)
Medical professional costs		(137,801)	(890,432)	(341,741)	(825,300)
Employee benefits expenses		(1,469,009)	(1,062,671)	(2,796,456)	(1,979,039)
Depreciation of plant and equipment	6	(103,798)	(131,565)	(217,454)	(226,826)
Depreciation of right-of-use assets	7	(209,816)	–	(434,546)	–
Interest expense on lease liabilities	7	(26,424)	–	(57,895)	–
Other operating expenses		(469,653)	(537,051)	(1,010,371)	(1,120,663)
(Loss)/Profit before income tax		(671,354)	305,221	(333,137)	628,184
Income tax expense	4	–	(21,300)	(243,607)	(71,300)
Net (loss)/profit for the period		(671,354)	283,921	(576,744)	556,884
Items that may be reclassified subsequently to profit or loss					
— Net loss relating to foreign currency transaction differences arising from consolidation		(9,196)	–	(9,196)	–
(Loss)/Profit and total comprehensive (loss)/income attributable to owners of the Company for the period	5	(680,550)	283,921	(585,940)	556,884
(Loss)/Earnings per share attributable to owners of the Company for the period (expressed in Singapore cents per share)					
Basic and diluted	5	(0.13)	0.05	(0.11)	0.11

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

		30 June 2020 (unaudited) S\$	31 December 2019 (audited) S\$
	Notes		
Non-current assets			
Plant and equipment	6	558,398	694,504
Right-of-use assets	7	1,928,952	2,426,589
Deposits, prepayments and other receivables	9	–	208,708
Total non-current assets		2,487,350	3,329,801
Current assets			
Trade receivables	8	125,800	94,082
Deposits, prepayments and other receivables	9	2,023,387	765,110
Other financial assets at amortised cost	10	–	8,008,019
Inventories	11	614,917	527,056
Cash and cash equivalents	12	12,073,172	5,910,074
Total current assets		14,837,276	15,304,341
Total assets		17,324,626	18,634,142
Non-current liabilities			
Lease liabilities	7	1,147,199	1,674,406
Provision for reinstatement costs	13	43,505	43,505
Deferred tax liabilities		4,451	4,451
Total non-current liabilities		1,195,155	1,722,362

		30 June 2020 (unaudited) S\$	31 December 2019 (audited) S\$
	Notes		
Current liabilities			
Trade payables	14	857,350	794,940
Contract liabilities		454,656	381,811
Accruals and other payables	15	861,283	706,392
Lease liabilities	7	624,930	783,806
Provision for reinstatement costs	13	16,500	16,500
Amount due to a director		–	358,820
Current income tax liabilities		688,511	657,330
Total current liabilities		3,503,230	3,699,599
Total liabilities		4,698,385	5,421,961
Net assets		12,626,241	13,212,181
Equity			
Share capital	16	896,552	896,552
Share premium		10,710,421	10,710,421
Other reserves		420,000	420,000
Translation reserves		(9,196)	–
Retained earnings		608,464	1,185,208
Equity attributable to equity holders of the Company		12,626,241	13,212,181

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020

	Attributable to equity holders of the Company					Total	Non-controlling interests	Total equity
	Share capital	Share premium	Other reserves (Note)	Translation reserve	Retained earnings			
	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$
Balance at 1 January 2019 (Audited)	896,552	10,710,421	420,000	–	547,801	12,574,774	(160)	12,574,614
<i>Total comprehensive income</i>								
Profit for the financial year	–	–	–	–	637,567	637,567	–	637,567
<i>Transactions with owner recognised directly in equity</i>								
Effects of acquiring part of non-controlling interests in subsidiaries	–	–	–	–	(160)	(160)	160	–
Balance as at 31 December 2019 and 1 January 2020 (audited)	896,552	10,710,421	420,000*	–	1,185,208	13,212,181	–	13,212,181
<i>Total comprehensive income</i>								
Loss for the financial period	–	–	–	–	(576,744)	(576,744)	–	(576,744)
Other comprehensive income	–	–	–	(9,196)	–	(9,196)	–	(9,196)
Balance as at 30 June 2020 (unaudited)	896,552	10,710,421	420,000*	(9,196)	608,464	12,626,241	–	12,626,241

Note: Other reserves as at 30 June 2020 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).

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2020

	Six months ended 30 June	
	2020 (unaudited) S\$	2019 (unaudited) S\$
Net cash (used in)/generated from operating activities	(755,041)	1,436,291
Net cash generated from/(used in) investing activities	7,769,848	(280,609)
Net cash used in financing activities	(851,711)	—
Increase in cash and cash equivalents	6,163,096	1,155,682
Cash and cash equivalents at beginning of the period	5,910,074	12,370,343
Cash and cash equivalents at end of the period	12,073,170	13,526,025

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

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

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

On 1 April 2020, DCPL acquired 6 clinics from SASPL, Dtap @ Somerset Pte Ltd, S Aesthetics Pte Ltd (formerly known as Dtap @ Raffles Place Pte Ltd) (**"SACPL"**), Dtap @ Holland V Pte Ltd, Dtap Express Pte Ltd (formerly known as Dtap @ Siglap Pte Ltd), RHCPL. On 1 April 2020, SACPL also acquired 1 aesthetic clinic from ZACPL. These transactions have been accounted as common control transaction which involves acquiring the businesses of an existing companies (SASPL, Dtap @ Somerset Pte Ltd, SACPL, Dtap @ Holland V Pte Ltd, Dtap Express Pte Ltd, RHCPL and ZACPL).

2 BASIS OF PRESENTATION AND ACCOUNTING POLICIES

2.1 Basis of Presentation and Significant Accounting Policies

The unaudited condensed consolidated financial statements have been prepared in accordance with all applicable International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board and the applicable disclosure provisions of the GEM Listing Rules. The Unaudited Condensed Consolidated Financial Statements should be read in conjunction with the Audited 2019 Consolidated Financial Statements. The accounting policies and methods of computation used in the Unaudited Condensed Consolidated Financial Statements are the same as those followed in the preparation of the Audited 2019 Consolidated Financial Statements.

All IFRSs effective for the accounting period commencing on 1 January 2020, together with the relevant transitional provisions, have been adopted by the Group in preparation of these Unaudited Condensed Consolidated Financial Statements. The adoption of these new/revised IFRSs does not result in changes to the Group’s accounting policies and has no material effect on the amounts reported or the current or prior period.

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

These unaudited condensed consolidated financial statements have been reviewed by the audit committee of the Board.

2.2 Foreign Currency Translation

(a) Functional and presentation currency

Items included in the Unaudited Condensed Consolidated Financial Statements are measured using the currency of the primary economic environment in which the entity operates (the “**Functional Currency**”). The Unaudited Condensed Consolidated Financial Statements are presented in Singapore dollar (“**S\$**”), which is the Group’s functional and presentation currency.

2 BASIS OF PRESENTATION AND ACCOUNTING POLICIES (Continued)

2.2 Foreign Currency Translation (Continued)

(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 or losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the condensed consolidated statement of comprehensive income.

(c) Group companies

The results and financial position of all the Group entities (none of which has a 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 BASIS OF PRESENTATION AND ACCOUNTING POLICIES (Continued)

2.3 Plant and Equipment

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measure 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 condensed consolidated statement of comprehensive income.

2 BASIS OF PRESENTATION AND ACCOUNTING POLICIES (Continued)

2.4 Leases

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 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.

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 the 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 condensed 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 a practical expedient, IFRS 16 *Leases* permits a lessee to not 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.

2 BASIS OF PRESENTATION AND ACCOUNTING POLICIES (Continued)

2.4 Leases (Continued)

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 receivables, 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 expense (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

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 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 condensed 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 BASIS OF PRESENTATION AND ACCOUNTING POLICIES (Continued)

2.5 Financial risk and capital risk management

(a) Capital management

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

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

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

(b) Fair value estimation

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

2.6 Critical accounting estimates and judgements

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

2.7 Segments reporting

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

3 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:

	Three months ended 30 June		Six months ended 30 June	
	2020 (unaudited) S\$	2019 (unaudited) S\$	2020 (unaudited) S\$	2019 (unaudited) S\$
Medical services				
Treatment services	1,355,269	1,915,761	3,576,321	3,613,779
Medical investigation services	525,944	1,152,325	1,416,469	2,020,776
Consultation services	226,620	338,284	560,220	616,298
	2,107,833	3,406,370	5,553,010	6,250,853

4 INCOME TAX EXPENSE

Singapore corporate income tax has been provided for at the rate of 17% on the estimated assessable profit for the six months ended 30 June 2020 (30 June 2019: 17%).

No overseas profits tax has been calculated for entities of the Group that are incorporated in the BVI or the Cayman Island as they are exempted from tax (30 June 2019: Nil).

The amount of income tax expense charged to the unaudited condensed consolidated financial statements:

	Three months ended 30 June		Six months ended 30 June	
	2020 (unaudited) S\$	2019 (unaudited) S\$	2020 (unaudited) S\$	2019 (unaudited) S\$
Current tax:				
Singapore profits tax	–	21,300	243,607	71,300

5 (LOSS)/EARNINGS PER SHARE

(a) Basic

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

	Three months ended 30 June		Six months ended 30 June	
	2020 (unaudited) S\$	2019 (unaudited) S\$	2020 (unaudited) S\$	2019 (unaudited) S\$
(Loss)/profits attributable to the owners of the Company	(680,550)	283,921	(585,940)	556,884
Weighted average number of ordinary shares for the purpose of basic and diluted (loss)/earnings per share	520,000,000	520,000,000	520,000,000	520,000,000
(Loss)/earnings per share (S\$ cents per share)	(0.13)	0.05	(0.11)	0.11

The calculation of the basic (loss)/earnings per share is based on the (loss)/profit for the financial period attributable to owners of the Company and the ordinary shares in issue.

(b) Diluted

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

6 PLANT AND EQUIPMENT

	Medical equipment S\$	Leasehold improvements S\$	Computers and office equipment S\$	Total S\$
2020 Cost				
Balance at 1 January 2020 (audited)	732,769	583,707	490,878	1,807,354
Additions	–	81,348	–	81,348
Balance at 30 June 2020 (unaudited)	732,769	665,055	490,878	1,888,702
Accumulated depreciation				
Balance at 1 January 2020 (audited)	483,742	264,381	364,727	1,112,850
Depreciation charge	97,323	82,023	38,108	217,454
Balance at 30 June 2020 (unaudited)	581,065	346,404	402,835	1,330,304
Net carrying value				
Balance at 30 June 2020 (unaudited)	151,704	318,651	88,043	558,398

6 PLANT AND EQUIPMENT (Continued)

	Medical equipment S\$	Leasehold improvements S\$	Computers and office equipment S\$	Total S\$
2019				
Cost				
Balance at 1 January 2019 (audited)	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 (audited)	732,769	583,707	490,878	1,807,354
Accumulated depreciation				
Balance at 1 January 2019 (audited)	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 (audited)	483,742	264,381	364,727	1,112,850
Net carrying value				
Balance at 31 December 2019 (audited)	249,027	319,326	126,151	694,504

7 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 years. Leased asset is pledged as security for the related lease liability.

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

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

	30 June 2020 (unaudited) S\$	31 December 2019 (audited) S\$
Amounts recognised in balance sheet		
Carrying amount of right-of-use assets		
Office unit	116,979	151,830
Clinic units	1,752,390	2,201,426
Medical equipment	59,583	73,333
	1,928,952	2,426,589
Carrying amount of lease liabilities		
Current	624,930	783,806
Non-current	1,147,199	1,674,406
	1,772,129	2,458,212
	Six months ended 30 June 2020 (unaudited) S\$	2019 (unaudited) S\$
Amounts recognised in profit or loss		
Depreciation charge for the financial period		
Office unit	34,851	—
Clinic units	385,945	—
Medical equipment	13,750	—
	434,546	—
Interest expense on lease liabilities	57,895	—
Lease expense not included in the measurement of lease liabilities		
Lease expense — short-term leases	2,700	—

Total cash flows for the Group's leases amounted to S\$462,295.

8 TRADE RECEIVABLES

As at 30 June 2020, the ageing analysis of the third-party trade receivables, based on invoice date, are as follows:

	30 June 2020 (unaudited) S\$	31 December 2019 (audited) S\$
0–30 days	86,457	70,578
31–60 days	18,399	16,341
61–90 days	20,853	59
91–120 days	–	45
Over 120 days	91	7,059
	125,800	94,082

As at 30 June 2020, trade receivables that were aged over 30 (31 December 2019: over 30) days mainly relate to employees from corporate customers and based on the management's past experience, the overdue amounts can be recovered. In addition, management has considered the low historical actual loss rate and forward looking information and concluded that the expect credit loss is expected to be immaterial.

As at 30 June 2020 and 31 December 2019, the carrying amounts of trade receivables are denominated in S\$ and approximate their fair values.

9 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	30 June 2020 (unaudited) S\$	31 December 2019 (audited) S\$
Deposits and other receivables	1,665,730	677,215
Prepayments	242,734	166,095
Goods and service tax receivable	114,923	19,530
Interest receivable from debt instruments at amortised cost	—	110,978
	2,023,387	973,818
Less non-current portion: Deposits and other receivables	—	(208,708)
Total current portion	2,023,387	765,110

10 OTHER FINANCIAL ASSETS AT AMORTISED COST

	30 June 2020 (unaudited) S\$	31 December 2019 (audited) S\$
<i>Debt instruments</i>		
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

11 INVENTORIES

Inventories comprises consumables and medical supplies.

12 CASH AND CASH EQUIVALENTS

	30 June 2020 (unaudited) S\$	31 December 2019 (audited) S\$
Cash at banks	11,895,107	5,763,397
Cash on hand	48,065	16,677
Short term bank deposits	130,000	130,000
	12,073,172	5,910,074

13 PROVISION FOR REINSTATEMENT COSTS

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. There were no movement during the Period (Corresponding Period: Nil).

14 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 30 June 2020, the ageing analysis of the trade payables, based on invoice date, are as follows:

	30 June 2020 (unaudited) S\$	31 December 2019 (audited) S\$
Up to 30 days	445,343	487,257
31–60 days	178,625	81,700
61–90 days	4,388	13,648
Over 91 days	228,994	212,335
	857,350	794,940

The carrying amounts of trade payables approximate their fair values.

15 ACCRUALS AND OTHER PAYABLES

	30 June 2020 (unaudited) S\$	31 December 2019 (audited) S\$
Accruals for operating expenses	594,616	328,496
Goods and service tax payable	29,607	173,839
Other payables	237,060	204,057
	861,283	706,392

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

16 EQUITY

	Number of shares	Share capital S\$
Authorised:		
Ordinary shares of HK\$0.01 each		
At 30 June 2020 (unaudited) and		
31 December 2019 (audited)	10,000,000,000	17,241,379
Issued and fully paid:		
Ordinary shares of HK\$0.01 each		
At 30 June 2020 (unaudited) and		
31 December 2019 (audited)	520,000,000	896,552

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.

17 DIVIDENDS

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

18 RELATED PARTIES TRANSACTIONS

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

18 RELATED PARTIES TRANSACTIONS (Continued)

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:

	Six months ended 30 June	
	2020 (unaudited) S\$	2019 (unaudited) S\$
Salaries, allowances and benefits in kind	217,609	77,652
Director's fees	72,000	82,033
Employer's contribution to defined contribution plans	11,278	9,860
	300,887	169,545

19 CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities or guarantees as at 30 June 2020 and 31 December 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is a leading medical general practice (“GP”) network accredited by the Ministry of Health of Singapore in Singapore, under the brand “Dr. Tan & Partners” and now known as “DTAP” in short, in Singapore since 2010. The Group provides 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 six months ended 30 June 2020, (the “**Period**” or the “**1HFY2020**”) the revenue of the Group decreased by approximately S\$0.7 million, or 11.2%, to approximately S\$5.6 million, when compared to that for the six months ended 30 June 2019 (the “**Corresponding Period**” or the “**1HFY2019**”). The revenue of consultation services, medical investigation services and treatment services amounted to approximately S\$0.6 million, S\$1.4 million and S\$3.6 million, respectively, which accounted for approximately 10.1%, 25.5% and 64.4% of the total revenue of the Group for the Period, respectively, which is in line with the distribution as compared to those of the Corresponding Period except for investigation services which observed a decrease of approximately 6.8% while treatment services increased by approximately 6.6% (refer to “Financial Review” for further details).

OUTLOOK AND PROSPECTS

Looking forward, the uncertainties resulting from the outbreak of the novel coronavirus pneumonia (“**COVID-19**”) epidemic in Singapore since late January 2020, which the Singapore government has implemented very high safe distancing measures in place (“**Circuit Breaker**”) to avoid the spread of COVID-19. The implementation of the Circuit Breaker had posed operational challenges for clinics under the Group. It has led to the decline of patients who requires our niche service resulting in the overall business environment to be more challenging as it have resulted in keen competition among the brick and mortar and online players. However, with strong potential in the healthcare services industry in Singapore, the Group will continue to seek to enlarge our market share, grow the 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.

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

The Group believes that the numerous initiatives and continuation of current investment policies will enhance the overall competitive position in our operating environments and contribute to our success.

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, Duo Galleria and Kovan; (ii) one S Aesthetics Clinic at Scotts Road; and (iii) one Vitiligo, Psoriasis and Skin Clinic at Scotts Road. We will be setting up one more clinic which is awaiting the approval from Ministry of Health to commence business operations.

FINANCIAL REVIEW

Revenue

As at the end of the period, the Group has nine clinics as compared to Corresponding Period of seven clinics, the Group's revenue decreased by approximately S\$0.7 million or 11.2% from approximately S\$6.3 million for the Corresponding Period to approximately S\$5.6 million for the Period. The decrease was mainly due to the outbreak of the COVID-19 and the implementation of Circuit Breaker. Under Circuit Breaker, healthcare services may remain open only for the delivery of essential services and all non-essential appointments should be deferred which had posed operational challenges for the Group.

For the three months ended 30 June 2020 ("FY2020Q2"), the revenue of the Group has decreased by approximately S\$1.3 million or 38.1%, to approximately S\$2.1 million, when compared to that for the three months ended 31 March 2020 ("FY2020Q1"). The revenue of consultation services, medical investigation services and treatment services amounted to approximately S\$0.2 million, S\$0.5 million and S\$1.4 million, respectively, which accounted for approximately 10.8%, 24.9% and 64.3% of the total revenue of the Group for FY2020Q2, respectively.

Revenue generated from consultation services decreased by approximately S\$56,000 from approximately S\$616,000 in 1H FY2019 to approximately S\$560,000 for the Period. There is no significant change observed as the Group had tapped on keeping abreast of technological developments and quickly moved towards teleconsultation during the Circuit Breaker.

Revenue generated from medical investigation services decreased by approximately S\$0.6 million from approximately S\$2.0 million in 1HFY2019 to approximately S\$1.4 million for the Period. The significant decrease was mainly due to the type of services that could be provided during the Circuit Breaker where mostly do not require medical investigation services.

Revenue generated from treatment services remained relatively the same of approximately S\$3.6 million in 1HFY2019 and the Period. There is no significant change observed as the Group moved towards teleconsultation and telemedicine during the Circuit Breaker.

Gross profit and gross profit margin

The Group's gross profit increased by approximately S\$53,000 from approximately S\$3.9 million for the Corresponding Period to approximately S\$4.0 million for the Period. The Group's gross profit margin increased from approximately 62.9% for the Corresponding Period to approximately 71.8% for the Period. The increase was mainly due to the decrease in medical professional costs of approximately S\$0.5 million or 58.6% from approximately S\$0.8 million in 1HFY2019 to approximately S\$0.3 million in the Period due to the Circuit Breaker where most services provided during the Period do not require medical investigation services.

Employee benefits expenses

Our employee benefits expenses increased by approximately S\$0.8 million or 41.3% from approximately S\$2.0 million for the Corresponding Period to approximately S\$2.8 million for the Period. Such increase was primarily attributable to the recruitment of new doctors, aestheticians and clinic assistants in view of the planned upcoming expansion of DTAP clinics however renovations were delayed due to the Circuit Breaker as disclosed in the results announcement for FY2020Q1.

Other operating expenses

In view of the adoption of IFRS 16 Leases where the operating lease rentals of the Group's office and clinics have been depreciated as compared to the Corresponding Period which have been classified under other operating expense. Excluding the operating lease rentals in the Corresponding Period, the increase in other operating expenses of approximately S\$0.3 million for the Period was mainly due to the increase in marketing efforts and advertorial work to continue to create more market awareness.

Profit for the period attributable to owners of the Company

As a result of the foregoing, the Group recorded a loss of approximately S\$0.6 million for the Period, representing a decrease of approximately S\$1.2 million as compared to a profit of approximately S\$0.6 million for 1HFY2020. The decrease was largely due to the outbreak of COVID-19 where Circuit Breaker was being implemented and posed operational challenges for clinics under the Group and the increase in employee benefits expenses in view of the planned upcoming expansion of clinics.

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 30 June 2020, we had 54 employees in Singapore (As at 31 December 2019: 51 employees), all of whom were employed on a full-time basis. The remuneration package of our employees generally comprises basic salaries, discretionary bonuses and welfare benefits such as annual leave, sick leave, maternity leave and child care leave.

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

During the Period, the Group financed its operations mainly through internally generated cash flows and capital contribution from the Company's shareholders (the "Shareholders").

As at 30 June 2020, we had cash and cash equivalents of approximately S\$12.1 million (As at 31 December 2019: S\$5.9 million) and the Group had no bank borrowings (As at 31 December 2019: Nil).

GEARING RATIO

As at 30 June 2020, the gearing ratio of the Group was 14.0% (As at 31 December 2019: 18.6%). The Group's gearing ratio is calculated based on the total debt divided by total equity as at the end of the Period. As at 30 June 2020, the Group's lease liabilities were approximately S\$1.8 million (As at 31 December 2019: S\$2.5 million).

We believe that our liquidity position would further be strengthened by using a combination of cash generated from operating activities and the net proceeds from the Share Offer (the “**Net Proceeds**”). Going forward, we intend to use working capital in accordance with the section headed “Business Objectives and Future Plans” in the prospectus of the Company dated 1 June 2018 (the “**Prospectus**”).

CAPITAL STRUCTURE

As at 30 June 2020, the capital structure of the Group only comprises the share capital, retained earnings, share premium and other reserves.

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

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Saved as disclosed in this Report, the Group does not have other plans for material investments and capital assets.

SIGNIFICANT INVESTMENTS OR MATERIAL ACQUISITIONS AND DISPOSALS

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

COMMITMENTS AND CONTINGENT LIABILITIES

As at 30 June 2020, the Group had no material commitment and contingent liabilities.

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.

SEGMENT INFORMATION

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

FOREIGN EXCHANGE EXPOSURE

The Group operates mainly 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 proceeds from the Share Offer in Hong Kong dollar for operational purposes.

CHARGES ON ASSETS

As at 30 June 2020, there were no charges on the Group's assets.

SIGNIFICANT EVENT AFTER THE PERIOD

Save as disclosed above, there has been no significant event that affected the Group after 30 June 2020 and up to the date of this report.

USE OF PROCEEDS

The Net Proceeds 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 30 June 2020 were used as follows:

		Net proceeds from the Listing	Actual use of Net Proceeds from the Listing Date up to 30 June 2020	Balance as at 30 June 2020 (Note a)	Expected timeline for utilising the remaining unused Net Proceeds (Note)
	Notes	(S\$'000)	(S\$'000)	(S\$'000)	
Strategically expanding and strengthening our network of DTAP clinics	b	2,600	572	2,028	1HFY2021
Establishing new SA clinics	b	1,400	173	1,227	2HFY2022
Continuing to attract and retain talent pool of doctors and staff		4,300	1,091	3,209	2HFY2021
Upgrading and improving our information technology infrastructure and system	c	600	205	395	2HFY2020
Setting up a centralised pharmacy	d	100	–	100	1HFY2021
General working capital		100	100	–	–
		9,100	2,141	6,959	

Notes:

- (a) The unused proceeds are deposited in a licensed bank in Singapore.
- (b) The Net Proceeds of approximately S\$4.0 million have been partly utilised as at 30 June 2020, 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. As at the date of this report, we have just commenced operations for DTAP clinic at Kovan. In addition, the DTAP clinic in the southern part of Singapore is in the midst of renovation with a planned commencement in August 2020. 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) We have selected our vendor and commenced the second phase of the improvement and design work.
- (d) 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 30 June 2020
Strategically expanding and strengthening our network of DTAP clinics	Explore and identify location in Jurong for the new DTAP clinic	During the Period, the Group had spent a total of S\$75,000 on the renovations for 2 new DTAP clinics (located at north-eastern and southern Singapore).
	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	The renovation works for the southern part of Singapore is in its completion phase and will be commencing operations in August 2020.
	Expected opening of the new DTAP clinic in Jurong	

Business objective as stated in the Prospectus	Business plan stated in the prospectus	Actual business progress up to 30 June 2020
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. Since 31 December 2019, there were no new procurement of new equipment in view of the Circuit Breaker, however the Group has plans to purchase new equipment in the second half of 2020.
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 Recruitment of one chief operating officer	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.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding Directors’ securities transactions (the “**Own Code of Conduct**”) on terms no less exacting from the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the “**Required Standard of Dealings**”). In response to a specific enquiry made by the Company on each of the Directors, all Directors have confirmed that they have fully complied with the Required Standard of Dealings and the required standards set out in the Own Code of Conduct during the period ended 30 June 2020.

SHARE OPTION SCHEME

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

No share option has been granted or agreed to be granted by the Company under the Scheme since the Adoption Date and up to the date of this report. Therefore, no share options lapsed or were cancelled during the Period and there were no outstanding share options as at 30 June 2020.

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

As at 30 June 2020, 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	Percentage of the Company's issued Shares
Dr. Tan Cher Sen Alan ("Dr. Alan Tan")	Interest of a controlled corporation ^(Note 1)	390,000,000	75%

Notes:

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

* The percentage represents the total number of the Shares and the underlying Shares interested, if any, divided by the number of Shares in issue of 520,000,000 as at 30 June 2020.

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 of the Company 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 30 June 2020, 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 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 30 June 2020, 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 30 June 2020.

Saved for the disclosed above, as at 30 June 2020, 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’ INTEREST IN COMPETING BUSINESS

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

COMPLIANCE ADVISER’S INTEREST IN THE COMPANY

As at 30 June 2020, as notified by the Company’s compliance adviser, Titan Financial Services Limited (“Titan”), save for the compliance agreement dated 25 January 2018 and entered into between the Company and Titan concerning the fees payable by the Company to Titan for acting as in the capacity of compliance adviser, none of Titan or its directors, employees or close associates (as defined in the GEM Listing Rules) had any interests in the securities of the Company or any member of the Group (including options or rights to subscribe for such securities), which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

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

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

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 of the CG 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 independent non-executive Directors (“INEDs”), namely Mr. Leung Ho San Jason, Mr. Soh Sai Kiang and Mr. Kevin John Chia. Mr. Leung Ho San Jason is the chairman of the AC. The AC 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.

For and on behalf of
Republic Healthcare Limited
Tan Cher Sen Alan
Chairman and Executive Director

Singapore, 5 August 2020

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 the independent non-executive Directors are Mr. Leung Ho San, Jason, Mr. Soh Sai Kiang and Mr. Kevin John Chia.