

RepublicHealthcare

REPUBLIC HEALTHCARE LIMITED

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

THIRD  
QUARTERLY  
REPORT  
2018





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

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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

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

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*This report, for which the directors of Republic Healthcare Limited (the “**Company**”, together with its subsidiaries, the “**Group**” and the “**Directors**”, respectively) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (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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## 2018 FINANCIAL HIGHLIGHTS (UNAUDITED)

The Group recorded a revenue of S\$7.6 million for the nine months ended 30 September 2018 (the “**Period**”), representing an increase of approximately 3.6% when compared with that of approximately S\$7.3 million for the corresponding period in 2017 (the “**Corresponding Period**”).

The Group recorded a net loss for the Period of approximately S\$0.9 million as compared to the net profit in the Corresponding Period of S\$2.2 million mainly due to the recognition of the non-recurring Listing expense.

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 nine months ended 30 September 2018

		<b>Nine months ended 30 September</b>	
	<i>Notes</i>	<b>2018 (unaudited) S\$</b>	2017 (unaudited) S\$
Revenue	3	<b>7,606,621</b>	7,341,799
Other income		<b>150,813</b>	36,741
Consumables and medical supplies used		<b>(1,750,686)</b>	(1,397,003)
Medical professional costs		<b>(710,732)</b>	(692,869)
Employee benefits expenses		<b>(2,388,955)</b>	(1,836,861)
Depreciation of plant and equipment		<b>(310,581)</b>	(176,977)
Listing expense		<b>(2,380,319)</b>	–
Other operating expenses		<b>(1,080,499)</b>	(1,046,774)
(Loss)/profit before income tax		<b>(864,338)</b>	2,228,056
Income tax expense	4	<b>(3,227)</b>	–
(Loss)/profit and total comprehensive income attributable to owners of the Company for the period		<b>(867,565)</b>	2,228,056
(Loss)/earnings per share attributable to owners of the Company for the period (expressed in Singapore cent per share)	5		
Basic and diluted		<b>(0.17 cents)</b>	0.43 cents



## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2018

	Note	Capital S\$	Share Premium S\$	Retained earnings S\$	Total S\$
<b>As at 1 January 2017 (Audited)</b>		410,000	–	1,473,906	1,883,906
Profit for the period		–	–	2,228,056	2,228,056
Transaction with owners					
<i>Issuance of shares</i>		11,000	–	–	11,000
<b>As at 30 September 2017 (Unaudited)</b>		421,000	–	3,701,962	4,122,962
<b>As at 1 January 2018 (Audited)</b>		<b>421,000</b>	–	<b>1,278,411</b>	<b>1,699,411</b>
Loss for the period		–	–	(867,565)	(867,565)
Transactions with owners, recognised directly in equity					
<i>Reorganisation</i>	1.2	(421,000)	–	(251,414)	(672,414)
<i>Capitalisation of shares</i>	1.2	672,414	–	–	672,414
<i>Issuance of shares by Share Offer</i>	1.2	224,138	13,224,138	–	13,448,276
<i>Listing expense capitalised</i>	1.2	–	(1,814,408)	–	(1,814,408)
<b>As at 30 September 2018 (Unaudited)</b>		<b>896,552</b>	<b>11,409,730</b>	<b>159,432</b>	<b>12,465,714</b>



## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the nine months ended 30 September 2018*

### 1 General Information and Reorganisation

#### 1.1 General information

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

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

- 1.2** Pursuant to a group reorganization to rationalize the structure of the Group (the "**Reorganisation**") in preparation for the listing of the Company's issued shares (the "**Shares**") 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 combined financial statements in the accountant's report of the Company for the year ended 31 December 2017 (the "**Year 2017**").

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

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



## 2 Basis of Presentation and Accounting Policies

### 2.1 Basis of preparation and significant accounting policies

These unaudited condensed consolidated financial statements of the Group for the Period (the “**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. The Unaudited Condensed Consolidated Financial Statements should be read in conjunction with the Group’s combined financial statements for the Year 2017 contained in the Prospectus.

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 2017.

### 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>Nine months ended 30 September</b>	
	<b>2018 (unaudited) S\$</b>	2017 (unaudited) S\$
<b>Medical services</b>		
Treatment services	<b>4,899,188</b>	4,438,612
Medical investigation services	<b>1,848,500</b>	2,105,817
Consultation services	<b>790,145</b>	794,408
	<b>7,537,833</b>	7,338,837
Others services <i>(Note)</i>	<b>68,788</b>	2,962
	<b>7,606,621</b>	7,341,799

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

### 4 Taxation

#### Income tax expense

	<b>Nine months ended 30 September</b>	
	<b>2018 (unaudited) S\$</b>	2017 (unaudited) S\$
Current tax:		
Singapore profits tax	<b>3,227</b>	-

No tax has been provided for the prior period. The tax expense relates to the under provision of tax in prior year.

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



## 5 (Loss)/earnings per share

(Loss)/earnings per share is calculated by dividing the (loss)/profit attributable to owners of the Company by the number of ordinary Shares in issue. For the Corresponding Period, the earnings per share was calculated assuming that the number of ordinary Shares in issue was 520,000,000 for comparison purpose.

	Nine months ended 30 September	
	2018 (unaudited)	2017 (unaudited)
(Loss)/profit attributable to owners of the Company (S\$'000)	<b>(868)</b>	2,228
Ordinary Shares in issue (million)	<b>520</b>	520
(Loss)/earnings per share (in S\$ cents)	<b>(0.17)</b>	0.43



## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

The issued Shares were successfully listed on GEM on 15 June 2018 (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” in Singapore.

During the Period, the Group continued to grow its business and services to its existing network of clinics, however, the Group closed the Katong Clinic in September 2018 to improve the Group’s operational efficiency.

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 and continuation of current investment policies will enhance the overall competitive position in our operating environments and contribute to our success. Moving forward, the Group will leverage existing platforms and growth momentum to continue with the success of the first 9 months of 2018; as well as follow the Group’s policies in operation to strengthen its financial position.



## **FINANCIAL REVIEW**

### **Revenue**

The Group's revenue increased by approximately S\$0.3 million or 3.6% from approximately S\$7.3 million for the Corresponding Period to approximately S\$7.6 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\$0.6 million or 30.0% from approximately S\$1.8 million for the Corresponding Period to approximately S\$2.4 million for the Period. Such increase was primarily attributable to the recruitment of new doctors, aestheticians and clinic assistants.

### **Listing expense**

The Group recognised non-recurring Listing expense of S\$2.4 million in connection with the Listing for the Period (2017: Nil).

### **Other operating expenses**

The Group's other operating expenses remained consistent with those for the Corresponding Period, which were approximately S\$1.0 million.

### **(Loss)/profit for the Period attributable to owners of the Company**

As a result of the foregoing, the Company turned from net profit of approximately S\$2.2 million for the Corresponding Period to net loss of approximately S\$0.9 million for the Period.



## DIVIDEND

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

## EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2018, we had 36 employees in Singapore (31 December 2017: 30 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 cash generated from our operating activities and capital contribution from the Company's shareholders (the "Shareholders").

As at 30 September 2018, we had cash and cash equivalents of approximately S\$12.7 million (As at 31 December 2017: S\$2.0 million). The Group had no bank borrowings (As at 31 December 2017: Nil).

## GEARING RATIO

The Group's gearing ratio, which is calculated based on the total debt (including amount due to related party and amount due to a Director) divided by total equity as at the respective period/year end, as at 31 December 2017 was 33.1%. The gearing ratio was not applicable to the Group as at 30 September 2018 as there was net cash on that date.

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

## CAPITAL STRUCTURE

As at 30 September 2018, 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 30 September 2018, the Group had no material commitments and contingent liabilities.

## **EXPOSURE TO EXCHANGE RATE FLUCTUATION**

The Group operates solely in Singapore with almost all transactions being denominated in Singapore Dollars (“**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 from the Listing, 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 30 September 2018, there was no significant pledge on the Group’s assets (31 December 2017: Nil).

## **SIGNIFICANT EVENT AFTER THE PERIOD**

There has been no significant event that affected the Group after 30 September 2018 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.

As at 30 September 2018, no option has been granted or agreed to be granted by our Company under the Scheme and therefore, no option was exercised, lapsed or cancelled during the Period.

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

As at 30 September 2018, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions 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 2)</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 30 September 2018.



## Long position in the ordinary 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 <i>(Note (2))</i>	Cher Sen <i>(Note (1))</i>	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. Tan is a director of Cher Sen.

Save as disclosed above, as at 30 September 2018, none of the Directors nor the chief executive of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) to be recorded in the register referred to therein pursuant to Section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

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

As at 30 September 2018, so far as is known to the Directors, the following entity, other than the Directors and the chief executive of the Company, had interests or short positions in the Shares and underlying Shares as recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name of Shareholder	Capacity/ Nature of interest	Number of Shares interested or held <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 as to 100% by Dr. Tan.

\* The percentage represents the number of Shares interested divided by the number of issued Shares of 520,000,000 as at 30 September 2018.

Save as disclosed above, as at 30 September 2018, so far as is known by or otherwise notified to the Directors, no other entity (other than a Director or the chief executive of the Company) had interests and short positions in the Shares and underlying Shares as required to be recorded in the register to be kept by the Company under Section 336 of the SFO.



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

Since the Listing Date and up to the date of this report, 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

As the Company's issued Shares were initially listed on GEM on 15 June 2018, the Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules (the "**CG Code**") was not applicable to the Company for the period from 1 January 2018 to 14 June 2018, being the date immediately before the Listing Date. The Company has adopted and has complied with all applicable code provisions as set out in the CG Code during the period from the Listing Date to 30 September 2018 and thereafter up to the date of this report (the "**Compliance Period**").

## SECURITIES TRANSACTIONS BY DIRECTORS

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

## COMPLIANCE ADVISER'S INTERESTS IN THE COMPANY

As at 30 September 2018 and up to the date of this report, as notified by Titan Financial Services Limited, the Company's compliance adviser (the "**Compliance Adviser**"), save for the compliance adviser agreement dated 25 January 2018 and entered into between the Company and the Compliance Adviser regarding the receipt of fees for acting as the Compliance Adviser, neither the Compliance Adviser nor its directors, employees or close associates (as defined under the GEM Listing Rules) had any interests in relation to the Company, 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 Compliance 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 provision C.3 of the CG Code and Rules 5.28 to 5.33 of the GEM Listing Rules. The primary duties of the Audit Committee are, among other things, to make recommendations to the Board on the appointment, re-appointment and removal of external auditors and to review and monitor the financial reporting process, risk management and internal control systems by the Group. The Audit Committee comprises three independent non-executive Directors, namely Mr. Leung Ho San Jason, Mr. Soh Sai Kiang and Mr. Tan Chee Ken. Mr. Leung Ho San Jason is the chairman of the Audit Committee. The Audit Committee has reviewed the Unaudited Condensed Consolidated Financial Statements and this report and is of the view that such Statements and report have been prepared in compliance with the applicable accounting standards, the GEM Listing Rules and other legal requirements, and that adequate disclosures have been made.

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

Singapore, 14 November 2018

*As at the date of this report, 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. Tan Chee Ken.*