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The Future Of Healthcare, Now

Republic Healthcare Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8357)

PLACING OF NEW SHARES UNDER GENERAL MANDATE AND FULLY EXEMPTED CONNECTED TRANSACTION RELATING TO THE APPOINTMENT OF PLACING AGENT

Placing Agent

China On Securities Limited

THE PLACING

On 20 August 2021 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Company has conditionally agreed to appoint the Placing Agent, and the Placing Agent has conditionally agreed to act, as the sole placing agent for the purpose of procuring not less than six Placees, on a best effort basis, to subscribe for up to 104,000,000 Placing Shares at a price of HK\$0.2014 per Placing Share. The Placees and (where appropriate) their respective ultimate beneficial owners shall be Independent Third Parties.

The maximum of 104,000,000 Placing Shares represent (i) 20% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the maximum number of Placing Shares (assuming there is no other change in the issued share capital of the Company from the date of this announcement and up to Completion).

The Placing Shares will be allotted and issued pursuant to the General Mandate granted to the Directors at the AGM held on 25 June 2021. The allotment and issue of the Placing Shares is not subject to Shareholders' approval.

GEM LISTING RULES IMPLICATIONS

As at the date of this announcement, the Placing Agent is the subsidiary of a 30%-controlled company of Mr. Wen. The Placing Agent is therefore an associate of Mr. Wen and a connected person of the Company. Accordingly, the engagement of services of the Placing Agent under the Placing Agreement constitutes a connected transaction for the Company under Chapter 20 of the GEM Listing Rules. However, as the Placing Agreement is conducted on normal commercial terms, all the applicable percentage ratios (as defined in Rule 19.07 of the GEM Listing Rules) (other than the profits ratio) are less than 5%, and the total consideration, i.e. the maximum placing commission payable by the Company to the Placing Agent under the Placing Agreement, is less than HK\$3,000,000, the engagement of services of the Placing Agent is fully exempt from the reporting, announcement, circular and independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

Shareholders and potential investors should note that the Completion is subject to the fulfilment of the conditions under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

THE PLACING

On 20 August 2021 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Company has conditionally agreed to appoint the Placing Agent, and the Placing Agent has conditionally agreed to act as, the sole placing agent for the purpose of procuring not less than six Places, on a best effort basis, to subscribe for up to 104,000,000 Placing Shares at a price of HK\$0.2014 per Placing Share.

The principal terms of the Placing Agreement are set out below:

THE PLACING AGREEMENT

Date : 20 August 2021

Issuer : The Company

Placing Agent : China On Securities Limited

The Placing and Commission

The Placing Agent has conditionally agreed to place, on a best effort basis, up to 104,000,000 Placing Shares to not less than six Places at a price of HK\$0.2014 per Placing Share.

In consideration thereof, the Placing Agent will receive a placing commission of 2% of the aggregate Placing Price for the Placing Shares actually placed by the Placing Agent pursuant to its obligations under the Placing Agreement upon Completion. Such placing commission was arrived at after arm's length negotiations between the Company and the Placing Agent under normal commercial terms. Having considered the size and the terms of the Placing, the Directors are of the view that the placing commission accords with the market rate and is fair and reasonable.

Placees

The Placing Agent will place the Placing Shares to not less than six Placees, who and whose ultimate beneficial owners (where appropriate) shall be Independent Third Parties. It is expected that none of the Placees will become a substantial shareholder of the Company immediately after the Completion.

Placing Shares

The maximum number of the 104,000,000 Placing Shares represent 20% of the existing issued share capital of the Company as at the date of this announcement and approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares (assuming there is no other change in the issued share capital of the Company from the date of this announcement and up to Completion).

Based on the closing price of the Shares of HK\$0.225 per Share on 20 August 2021, being the date of the Placing Agreement, the maximum number of the Placing Shares have a market value of HK\$23,400,000. The maximum number of the Placing Shares have an aggregate nominal value of HK\$1,040,000.

The Placing Shares will rank, upon issue, *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Placing Shares.

Placing Price

The Placing Price of HK\$0.2014 per Placing Share represents:

- (a) a discount of approximately 10.5% to the closing price of HK\$0.225 per Share as quoted on the Stock Exchange on 20 August 2021, being the date of the Placing Agreement; and
- (b) a discount of approximately 15.5% to the average closing price of approximately HK\$0.2384 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days of the Shares immediately prior to the date of the Placing Agreement.

The Placing Price was determined after arm's length negotiations between the Company and the Placing Agent with reference to, among other matters, the prevailing market price of the Shares. The Directors consider that the terms of the Placing Agreement (including the Placing Price and the placing commission) are fair and reasonable based on the current market conditions and the Placing is in the interests of the Company and the Shareholders as a whole.

Conditions of the Placing

Completion is conditional upon the following conditions being satisfied:

- (a) the Listing Approval having been obtained (and such Listing Approval not subsequently being revoked); and
- (b) the obtaining by the Company of all other necessary consents, approvals, authorisations and/or waivers to effect the execution, completion and performance of its obligations under the Placing Agreement, if applicable.

If the above conditions shall not have been fulfilled (if applicable) within one month from the date of the Placing Agreement (or any other date as may be agreed between the Company and the Placing Agent pursuant to the Placing Agreement), the Placing Agreement and the respective obligations of the Company and the Placing Agent thereunder shall *ipso facto* cease and terminate at that time (or at such earlier time as the relevant condition(s) shall have become incapable of fulfilment).

Completion

Conditional upon the satisfaction of the conditions under the Placing Agreement, the Completion shall take place on the Closing Date.

Termination

The Placing Agent may after consultation with the Company terminate the Placing Agreement by notice in writing to the Company at any time up to 9:00 a.m. on the Completion Date, upon the occurrence of the following events which has or may have an adverse effect on the business or financial conditions or prospects of the Company or the success of the Placing or the full placement of all of the Placing Shares or otherwise makes it inappropriate, inadvisable or inexpedient to proceed with the Placing on the terms and in the manner contemplated in the Placing Agreement:

- (a) the introduction of any new laws or regulations or any changes in existing laws or regulations (or the judicial interpretation thereof) or other occurrences of any nature whatsoever which may, in the absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole;
- (b) the occurrence of any local, national or international events or changes (whether or not forming part of a series of events or changes occurring or continuing before and/or after the date of the Placing Agreement) of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) (whether or not *sui generis* with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting the local securities market or the occurrence of any combination of circumstances (inclusive of any pandemics or epidemics) which may, in the absolute opinion of the Placing

Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or adversely prejudice the success of the Placing or otherwise makes it inexpedient or inadvisable for the Company or the Placing Agent to proceed with the Placing; or

- (c) any suspension or material restriction on trading in securities which affect the success of the Placing (save and except the halt or suspension in trading in the Shares for the purpose of the transactions contemplated under the Placing Agreement) and which in the absolute opinion of the Placing Agent makes it inexpedient or inadvisable for the Company or the Placing Agent to proceed with the Placing.

In the event that the Placing Agreement is terminated in accordance with the Placing Agreement, all obligations of each of the parties under the Placing Agreement shall cease and terminate and no party shall have any claim against any other party in respect of any matter arising out of or in connection with the Placing Agreement and no party shall be under any liability to any other for costs, damages, charges, compensation or otherwise under the Placing Agreement, except for breach of representations and warranties prior to the termination, or any antecedent breach of any obligation and liabilities under the Placing Agreement.

The Directors are not aware of the occurrence of any of the above events as at the date of this announcement.

GENERAL MANDATE

The Placing Shares will be allotted and issued pursuant to the General Mandate granted to the Directors at the AGM. Under the General Mandate, the Company is authorised to allot, issue and deal with up to 104,000,000 Shares, being 20% of the total number of Shares in issue as at the date of the AGM, until the revocation, variation or expiration of the General Mandate. No new Shares have been allotted and issued under the General Mandate as at the date of this announcement. Accordingly, the allotment and issue of the Placing Shares is not subject to Shareholders' approval.

An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the shareholding structure of the Company (i) as at the date of this announcement and (ii) immediately after the Completion (assuming the maximum number of the Placing Shares is placed and there is no other change in the issued share capital of the Company before the Completion) are set out below:

Name of shareholder	As at the date of this announcement		Immediately after the Completion	
	Number of Shares	Approx. % (Note 2)	Number of Shares	Approx. % (Note 2)
Cher Sen Holdings Limited (Note 1)	390,000,000	75.00	390,000,000	62.50
Public Shareholders				
Placees	—	—	104,000,000	16.67
Other Public Shareholders	<u>130,000,000</u>	<u>25.00</u>	<u>130,000,000</u>	<u>20.83</u>
Total	<u><u>520,000,000</u></u>	<u><u>100.00</u></u>	<u><u>624,000,000</u></u>	<u><u>100.00</u></u>

Notes:

1. The entire issued share capital of Cher Sen Holdings Limited is legally and beneficially owned by Dr. Alan Tan, an executive director and chairman of the Company. Accordingly, Dr. Alan Tan is deemed to be interested in all Shares held by Cher Sen Holdings Limited under the SFO. Ms. Rivera Vanjill Esteban, being the spouse of Dr. Alan Tan, is deemed, or taken to be, interested in the Shares in which Dr. Alan Tan is interested for the purpose of the SFO.
2. The above percentage figures are subject to rounding adjustments. Accordingly, figures shown as total may not be an arithmetic aggregation of the figures preceding it.

REASONS FOR AND BENEFITS OF THE PLACING AND USE OF PROCEEDS

The Company is an investment holding company. The Group is principally engaged in the operating of medical clinics business in Singapore and provision of management advisory services. The Directors consider that the Placing provides a good opportunity for the Company to raise funds to strengthen the Group's financial position, enhance the liquidity of the Shares, and provide additional working capital to the Group for operations and future plans.

In view of the above, the Directors (including the independent non-executive Directors but excluding Mr. Wen who has material interest in the Placing Agreement) are of the view that the terms of the Placing Agreement are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

Assuming all the 104,000,000 Placing Shares are successfully placed by the Placing Agent, the estimated gross proceeds and the net proceeds (after deduction of commission and other expenses) from the Placing will be approximately HK\$20,945,600 and HK\$20,396,688 respectively. The net issue price is estimated at approximately HK\$0.1961 per Placing Share.

The Company intends to use the net proceeds as follows:

- (a) approximately 60% shall be applied towards the future expansion of the Group's existing businesses, and future acquisitions of and/or investments in businesses which could leverage on the competitive advantage of the Group when suitable opportunities arise; and
- (b) approximately 40% shall be applied towards enrichment of the Group's working capital for its operations.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any fund raising activities in the past twelve months immediately preceding the date of this announcement.

GEM LISTING RULES IMPLICATIONS

As at the date of this announcement, the Placing Agent is the subsidiary of a 30%-controlled company of Mr. Wen. The Placing Agent is therefore an associate of Mr. Wen and a connected person of the Company. Accordingly, the engagement of services of the Placing Agent under the Placing Agreement constitutes a connected transaction for the Company under Chapter 20 of the GEM Listing Rules. As such, Mr. Wen has abstained from voting on the board resolutions of the Company to approve the Placing Agreement and the transactions contemplated thereunder. Save as disclosed above, none of the other Directors have a material interest in the Placing Agreement.

As the Placing Agreement is conducted on normal commercial terms, all the applicable percentage ratios (as defined in Rule 19.07 of the GEM Listing Rules) (other than the profits ratio) are less than 5%, and the total consideration, i.e. the maximum placing commission payable by the Company to the Placing Agent under the Placing Agreement, is less than HK\$3,000,000, the engagement of services of the Placing Agent is fully exempt from the reporting, announcement, circular and independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

Shareholders and potential investors should note that the Completion is subject to the fulfilment of the conditions under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, the following expressions shall, unless the context requires otherwise, have the following meanings:

“AGM”	the annual general meeting of the Company held on 25 June 2021 at which, among other things, the General Mandate was granted to the Directors
“associate(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Board”	the board of Directors
“Business Day(s)”	any day (excluding Saturday and Sunday and public holidays) on which licensed banks in Hong Kong are generally open for business in Hong Kong
“Closing Date”	means the third (3rd) Business Day upon the satisfaction of all conditions under the Placing Agreement, or such other date as the Company and the Placing Agent shall agree on which Completion shall take place
“Company”	Republic Healthcare Limited, an exempted company incorporated in the Cayman Islands with limited liability, whose Shares in issue are listed and traded on GEM (Stock code: 8357)
“Completion”	the completion of the Placing in accordance with the terms and conditions as set out in the Placing Agreement
“connected person(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“controlling shareholder(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“Dr. Alan Tan”	Dr. Tan Cher Sen Alan, the Executive Director, Chairman and a controlling shareholder of the Company
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM as amended, supplemented or otherwise modified from time to time
“General Mandate”	the general mandate granted to the Directors at the AGM to allot, issue or deal with up to 104,000,000 Shares, representing 20% of the total number of issued Shares as at the date of the AGM
“Group”	the Company and its subsidiaries

“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and any of its connected persons or their respective associates
“Listing Approval”	the approval to be granted by the Stock Exchange for the listing of, and permission to deal in, the Placing Shares on the Stock Exchange
“Mr. Wen”	Mr. Wen Yongwen, a non-executive Director
“Placee(s)”	any investor(s) selected and procured by the Placing Agent to purchase any of the Placing Shares
“Placing”	the private placing of the Placing Shares by or through the Placing Agent to the Placee(s), on a best effort basis, pursuant to the terms and subject to the conditions set out in the Placing Agreement
“Placing Agent”	China On Securities Limited 中安證券有限公司, a corporation licensed to carry out business in type 1 (dealing in securities) and type 9 (asset management) regulated activities under the SFO, and a subsidiary of a 30%-controlled company of Mr. Wen as at the date of this announcement
“Placing Agreement”	the conditional placing agreement in respect of the Placing entered into between the Company and the Placing Agent dated 20 August 2021
“Placing Price”	HK\$0.2014 per Placing Share
“Placing Share(s)”	up to 104,000,000 new Shares to be placed under the Placing
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Share(s)”	the ordinary share(s) of nominal value of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Singapore”	the Republic of Singapore
“substantial shareholder(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“%” per cent

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

Singapore, 20 August 2021

As at the date of this announcement, the executive Director is Dr. Tan Cher Sen Alan (Chairman); the non-executive Director is Mr. Wen Yongwen and the independent non-executive Directors are Mr. Yeo Teck Chuan, 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.