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The Future Of Healthcare, Now

Republic Healthcare Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8357)

SUPPLEMENTAL ANNOUNCEMENT PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent

China On Securities Limited

Reference is made to the announcement (the “**Announcement**”) of Republic Healthcare Limited (the “**Company**”) dated 20 August 2021 in relation to the Placing and the interim report of the Company for the six months ended 30 June 2021 (the “**2021 Interim Report**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement and the 2021 Interim Report.

This announcement is made to provide additional information in relation to the intended use of proceeds from the Placing.

SUPPLEMENTAL INFORMATION ON INTENDED USE OF PROCEEDS FROM THE PLACING

As disclosed in the Announcement, assuming all the 104,000,000 Placing Shares are successfully placed by the Placing Agent, the estimated gross proceeds and net proceeds (after deduction of commission and other expenses) (“**Placing Net Proceeds**”) from the Placing will be approximately HK\$20,945,000 and HK\$20,396,688 (equivalent to approximately S\$3.6 million) respectively, and the Company intends to apply the Placing Net Proceeds as to approximately 60% (i.e. approximately S\$2.1 million) towards future expansion, acquisitions and/or investments and approximately 40% (i.e. approximately S\$1.5 million) towards enrichment of the Group’s general working capital.

The Company's anticipated future expenditures

Based on the Board's preliminary assessment, the Group will require total funds of approximately S\$15 million to satisfy various needs in the near future. As disclosed in the 2021 Interim Report, as at 30 June 2021, the Group holds cash and cash equivalents of approximately S\$11.6 million. There is therefore a shortfall of approximately S\$3.4 million to meet the Group's future needs, and the Placing Net Proceeds shall contribute towards such shortfall.

A breakdown of the Group's expected future capital needs is as follows:

- (i) S\$4.2 million, being the unutilised proceeds from the initial public offering ("**IPO**") of the Company ("**IPO Proceeds**") as at 30 June 2021, to be utilised mainly for expanding the Group's network of DTAP clinics and retaining talent pool of doctors and staff in year 2022.

As disclosed in the 2021 Interim Report, there has been a slight delay and slower pace in utilising the IPO Proceeds due to the COVID-19 pandemic (the "**Pandemic**") that has caused strain to clinical manpower availability and business uncertainty. However, the Company is committed to its expansion plans while continue with its prevailing businesses and business plans as disclosed in the Company's IPO prospectus (the "**Prospectus**"). As such, the Company has no intention to change the usage of the IPO Proceeds.

- (ii) S\$1.0 million to be used for payment of overdue and pending trade payables, accruals and other payables.
- (iii) S\$7.7 million, being 9 months' of estimated operational capital for the Group. The 40% of the Placing Net Proceeds allocated to working capital falls under this category.

In view of uncertainty brought forth by the Pandemic and its related variants, there is no sign of imminent economic recovery around the Association of South East Asian Nations (ASEAN) region in the near future. The Board anticipates that the general business outlook would continue to be affected by the Pandemic, as evidenced from the Company's reported lackluster performance recording net loss of S\$0.6 million in the 6 months ended 30 June 2021. As a precautionary measure, the Board considers it essential to hold sufficient liquidity of up to 9 months or thereabouts to ride out the prolonged Pandemic, in order to ensure that the Group's business does not face going concern as a result of insufficient cash flow.

A breakdown of the proposed use of the S\$2.1 million of the Placing Net Proceeds allocated for expansion, acquisitions and/or investments is as follows:

- (i) S\$0.6 million to be used for establishing a new online business line for the DTAP clinics network, which will involve marketing campaign expenses, manpower expenses, online portal charges, partners' acquisition costs and stock costs.
- (ii) S\$0.5 million to be invested into acquiring around 10% interest in a potential venture that involves setting up new doctorless clinics.
- (iii) S\$1.0 million to be invested into allied health and/or offering ancillary healthcare products and services. Whilst the Group's current business model of setting up general practice clinics remains relevant for expanding market share, the Group is identifying new opportunities to undergo the strategic thrust of vertical expansion, which may involve setting up a new allied health clinic, and producing ancillary healthcare products and services to support current business climate.

(collectively, the “**New Business Initiatives**”)

EFFECT ON THE COMPANY'S IPO BUSINESS

As disclosed in the Prospectus, the Group is a primary healthcare services provider with a focus on providing treatment solutions for sexual health and infectious diseases, as well as the provision of medical aesthetics services, through the provision of Consultation Services, Medical Investigation Services and Treatment Services (as defined in the Prospectus) (the “**Company's IPO Business**”).

As disclosed in the 2021 Interim Report, the Pandemic and the implementation of social distancing controls have posed a challenge to the Group's business, especially as it has led to a decline in the demand of the Group's services offered within the central business districts. Coupled with intense competition arising from within the primary healthcare services industry, the Group foresees a consolidation of the general practice businesses in the near future, and therefore the need to re-invent its current business model and look for collaboration opportunities to recalibrate itself to stay abreast and/or above the intense competition.

In such circumstances, the Board is of the view that the New Business Initiatives are necessary and opportunistic steps that the Company should take in order to expand the Group's network of businesses and market share in the Company's IPO Business. As part of the New Business Initiatives, the online business line for the DTAP clinics network will involve the sale and distribution of men's and women's health supplements. The doctorless clinics focus on health screening services such as genetic sequencing which differ from the services related to general health, sexual health and infectious diseases conducted by the Group as disclosed in the Prospectus. Such doctorless clinics will be located away from the Group's existing clinics with different groups of target patients. The allied health clinic may consist of dietary, counselling, physiotherapy and occupational therapy related services, and the ancillary healthcare products and services to be provided may include home care support services, ancillary diagnostic and support services, as well as production of medical and consumable products that may support clinical operations.

Given the decline in business of physical clinics as a result of the Pandemic, the Board considers the New Business Initiatives an opportunity for the Company to recoup its losses from declined clinical visits and revitalize operations through channeling new patients to the Group's existing physical clinics. The New Business Initiatives will also facilitate the expansion of the Group's capabilities, and help the Group remain competitive among the increase levels of competition in the healthcare industry, thereby benefiting the Company's IPO Business and enhancing the Group's existing clinic value in the future.

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.

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

Singapore, [7] September 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.