

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, 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 the contents of this announcement.*



The Future Of Healthcare, Now

## **Republic Healthcare Limited**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 8357)**

### **CHANGE IN USE OF PROCEEDS**

References are made to the prospectus of Republic Healthcare Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 1 June 2018 (the “**Prospectus**”) in relation to the Company’s listing on GEM by way of placing and public offer (the “**Share Offer**”) and the Company’s annual report (the “**Annual Report 2021**”) for the year ended 31 December 2021, in which the utilisation of the net proceeds from the Share Offer (the “**IPO Proceeds**”) of approximately S\$9.1 million by the Group as at 31 December 2021 was disclosed.

Unless otherwise defined, capitalised terms used in this announcement shall have the same respective meanings as those defined in the Annual Report 2021.

#### **USE OF IPO PROCEEDS**

Regarding the IPO Proceeds of approximately S\$9.1 million, it was disclosed in the Annual Report 2021 that the Company intended to use the same for the following purposes:

- (i) approximately S\$2.6 million for strategically expanding and strengthening our network of DTAP clinics;
- (ii) approximately S\$1.4 million for establishing new SA clinics;
- (iii) approximately S\$4.3 million for continuing to attract and retain talent pool of doctors and staff;
- (iv) approximately S\$0.6 million for upgrading and improving our information technology infrastructure and system;
- (v) approximately S\$0.1 million for setting up a centralized pharmacy; and
- (vi) approximately S\$0.1 million for general working capital.

As at the date of this announcement, the Group had utilised approximately S\$6.6 million and the unutilised Net Proceeds amounted to approximately S\$2.5 million (the “**Unutilised IPO Proceeds**”).

## CHANGE IN USE OF THE IPO PROCEEDS

The Board, after considering the business operating environment and the development of the Group, has resolved to change the use of the Unutilised IPO Proceeds. Set out below is the utilisation of the Unutilized IPO Proceeds up to the date of this announcement and the revised allocation thereof:

	Intended use of the IPO Proceeds <i>S\$'000</i>	Amount utilised up to the date of this announcement <i>S\$'000</i>	Remaining balance as at the date of this announcement <i>S\$'000</i>	Revised allocation of Unutilised IPO Proceeds <i>S\$'000</i>	Expected timeline to use
Strategically expanding and strengthening our network of DTAP clinics	2,600	1,731	869	300	1HFY2023
Establishing new SA clinics	1,400	1,220	180	—	N/A
Continuing to attract and retain talent pool of doctors and staff	4,300	3,176	1,124	1,200	2HFY2023
Upgrading and improving our information technology infrastructure and system	600	400	200	—	N/A
Setting up a centralized pharmacy	100	—	100	—	N/A
General working capital	<u>100</u>	<u>100</u>	<u>—</u>	<u>973</u>	2HFY2022
	<u>9,100</u>	<u>6,627</u>	<u>2,473</u>	<u>2,473</u>	

## REASONS FOR AND BENEFITS OF THE CHANGE IN USE OF NET PROCEEDS

The Company is an investment holding company and the Group is principally engaged in the operating of medical clinics business in Singapore and provision of management advisory services.

As disclosed in the Annual Report 2021, the business of the Group was significantly affected by the Covid-19 pandemic starting from 2020, where its aesthetic services, a key revenue contributor, was closed for 2 months or so during the circuit breaker imposed by Singapore government from April 2020 to May 2020. To add to the above situation, countries around the world including Singapore imposed travel restrictions which affected most businesses. This resulted in a lower revenue seen in some of our clinics located near to areas that are slightly more dependent on tourists.

The situation was still critical in 2021. For the year ended 31 December 2021, the Group recorded a loss of approximately S\$1.0 million, which is a combined result of (i) the prolong impact of Covid-19 pandemic and its related variants (delta, delta+ and Omicron); (ii) the growing number of online consult platforms offering similar services to its clinics and operated by non-healthcare companies supported by founders who have proven digital marketing credentials; (iii) a declining population census in Singapore; (iv) a lack of social activities due to movement controls/restrictions; and (v) higher attrition rate from doctors, a key revenue driver to the business (a phenomenal akin to the “Great Resignation” seen in USA early 2021).

In order to broaden the revenue streams and generate better shareholders’ return, the Board has resolved that the Company shall commence the pepper trading business and the healthcare-related education business, with details set out in the Company’s announcements dated 8 June 2022 and 15 July 2022. The Board expects this business, upon commencement, would bring greater contribution to the Group’s operating revenue and profitability, which is conducive to the continuous improvement of the Group’s earnings position.

On the other hand, on 28 February 2022, Republic Healthcare Holdings Pte Ltd, a wholly-owned subsidiary of the Company, completed the disposal of 100% equity interests in subsidiaries, namely S Aesthetics Clinic Pte. Ltd. (running SA clinics) and Dtap Express Pte. Ltd. (running DTAP doctor-less clinics) for an aggregate cash consideration of S\$63,000, representing S\$41,000 and S\$22,000 respectively. The original capital plans to use the IPO Proceeds for strategically expanding and strengthening our network of DTAP clinics and establishing new SA clinics are no longer suitable for the Group’s business growth.

The Board is hence of the view that it is currently not an optimal time to expand its clinic businesses and to improve the efficiency of the use of the Unutilised IPO proceeds, the Board has resolved to change the allocation of the amount of the Unutilised IPO Proceeds, such that approximately S\$973,000 of the Unutilised IPO proceeds will be applied towards the working capital of the Group instead. Save as disclosed hereof, the Board confirms that there is no material change in the business nature of the Group as set out in the Prospectus and considers that the proposed change in the use of the Unutilised IPO Proceeds will not have any material adverse impact on the operations of the Group. The Board believes that such flexibility in financial management is in the best interest of the Company and the Shareholders as a whole.

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

Singapore, 25 July 2022

*As at the date of this announcement, the executive Director is Dr. Tan Cher Sen Alan (Chairman) 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 Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM”), 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](http://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](http://republichealthcare.asia).*