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The Future Of Healthcare, Now

Republic Healthcare Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8357)

DISCLOSEABLE TRANSACTION DISPOSAL OF SUBSIDIARIES

THE DISPOSAL

On 11 February 2022, the Seller, a wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Purchaser pursuant to which the Seller agreed to sell the S Aesthetics Sale Shares and DTAP Express Sale Shares to the Purchaser for an aggregate consideration of approximately S\$63,000 (equivalent to approximately HK\$365,000). S Aesthetics Sale Shares and DTAP Express Sale Shares represent 100% of the issued share capital of S Aesthetics Clinic and DTAP Express respectively.

Both S Aesthetics Clinic and DTAP Express are principally engaged in clinic services. Upon completion of the Disposal, the Group will no longer have any interest in S Aesthetics Clinic and DTAP Express. These two companies will cease to be accounted as subsidiaries of the Group.

GEM LISTING RULES IMPLICATIONS

As the applicable percentage ratios (as defined under Rule 19.07 of the GEM Listing Rules) in respect of the Disposal are more than 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

THE SALE AND PURCHASE AGREEMENT

On 11 February 2022, the Seller and the Purchaser entered into the Sale and Purchase Agreement in relation to the Disposal. The salient terms of the Sale and Purchase Agreement are summarized below:

Subject matter

The Seller has agreed to sell S Aesthetics Sale Shares and DTAP Express Sale Shares to the Purchaser. S Aesthetics Sale Shares and DTAP Express Sale Shares represent 100% of the issued share capital of S Aesthetics Clinic and DTAP Express respectively.

Consideration

The consideration for S Aesthetics Disposal (“**S Aesthetics Consideration**”) is S\$41,000 and the consideration for DTAP Express Disposal (“**DTAP Consideration**”, together with S Aesthetic Consideration collectively referred to as “**Aggregate Consideration**”) is S\$22,000. The Aggregate Consideration in the amount of S\$63,000 (equivalent to approximately HK\$365,000) will be paid by bank transfer on completion.

The Aggregate Consideration was determined after arm’s length negotiations between the parties with reference to (i) the performance of S Aesthetics Clinic and DTAP Express in the past years; and (ii) the net asset value of S Aesthetics Clinic and DTAP Express.

Accordingly, the Directors consider that the Aggregate Consideration and the terms and conditions of the Sale and Purchase Agreement are fair and reasonable and are in the interest of the Company and the Shareholders as a whole.

Conditions

Completion of the Disposal is conditional upon the satisfaction of, among others, the following conditions:

- (a) that the Seller owns 100% of the issued shares of S Aesthetics Clinic and DTAP Express;
- (b) that S Aesthetics Sale Shares and DTAP Express Sale Shares are fully paid-up and non-assessable;
- (c) that no agreement or option exists pursuant to which S Aesthetics Clinic or DTAP Express is or may be obliged to issue further shares of its authorized capital;
- (d) that S Aesthetics Sale Shares and DTAP Express Sale Shares are sold free and clear of all liens, encumbrances and charges;
- (e) that any consent required for the transfer of S Aesthetics Sale Shares and DTAP Express Sale Shares in accordance with the Purchaser’s direction is given;

- (f) that each of S Aesthetics Clinic or DTAP Express is duly incorporated, validly subsisting and in good standing under the laws of its jurisdiction of incorporation;
- (g) that each of S Aesthetics Clinic or DTAP Express is not party to any collective agreement with a labor union;
- (h) that the Seller gives the Purchaser and all duly authorized representatives of the Purchaser full and complete access during normal business hours to the business premises and corporate, business, accounting, tax and employment records of S Aesthetics Clinic or DTAP Express for the purpose of investigating the business and affairs of S Aesthetics Clinic or DTAP Express;
- (i) that the Purchaser obtains financing on terms satisfactory to the Purchaser to complete the purchase;
- (j) that the Seller supplies or delivers on closing all of the closing documents.

If the conditions precedent to the Sales and Purchase Agreement have not been fully satisfied or waived on or before 10 March 2022, the Sale and Purchase Agreement shall cease and terminate and neither party shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches of the terms thereof.

INFORMATION ON THE COMPANIES FOR DISPOSAL

S Aesthetics Clinic

S Aesthetics Clinic is a limited liability company established in Singapore in 11 December 2018 and is principally engaged in clinics and other general medical services.

The unaudited net asset value of S Aesthetics Clinic was approximately S\$12,000 as at 30 November 2021. The audited financial results of S Aesthetics Clinic for the two years ended 31 December 2020 and the unaudited financial results for the 11 months ended 30 November 2021 are as follows:

	For the year ended		For the
	31 December		11 months
	2019	2020	ended
	<i>S\$</i>	<i>S\$</i>	30 November
			2021
			<i>S\$</i>
Loss before and after income tax	31,374	82,354	617,379

Subject to final audit, it is expected that the Group will realise a gain on disposal of approximately S\$29,000, which is calculated by reference to the unaudited carrying value of S Aesthetics Clinic as at 30 November 2021.

Upon completion of the Disposal, the Group will no longer have any interest in S Aesthetics Clinic and DTAP Express will cease to be accounted as a subsidiary of the Group.

DTAP Express

DTAP Express is a limited liability company established in Singapore in on 20 February 2019 and is principally engaged in medical general practice clinic services.

The unaudited net asset value of DTAP Express was approximately S\$21,000 as at 30 November 2021. The audited financial results of DTAP Express for the two years ended 31 December 2020 and the unaudited financial results for the 11 months ended 30 November 2021 are as follows:

	For the year ended		For the
	31 December		11 months
	2019	2020	ended
	<i>S\$</i>	<i>S\$</i>	30 November
			2021
			<i>S\$</i>
Profit/(Loss) before income tax	19,995	(22,169)	(96,015)
Profit/(Loss) after income tax	19,995	(22,607)	(96,015)

Subject to final audit, it is expected that the Group will realise a gain on disposal of approximately S\$1,000, which is calculated by reference to the unaudited carrying value of the DTAP Express as at 30 November 2021.

Upon completion of the Disposal, the Group will no longer have any interest in DTAP Express and DTAP Express will cease to be accounted as a subsidiary of the Group.

APPLICATION OF THE CONSIDERATION

The net proceeds (after deducting other expenses in relation thereto) arising from the Disposal of approximately S\$50,000 will be used for general working capital of the Group.

REASONS FOR THE DISPOSAL

As disclosed in the annual report of the Company for the year ended 31 December 2020, the business of the Group was significantly affected by the Covid-19 pandemic, where the 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. As disclosed in the Company's announcement dated 2 February 2022, based on the preliminary assessment by the Board on the unaudited consolidated management accounts of the Group and the information currently available to the Board, the Group is expected to record a loss of approximately over S\$1 million for the year ended 31 December 2021 as compared to the net profit for the year ended 31 December 2020 of S\$66,000. Based on the preliminary review of the Group's draft financial results for the year ended 31 December 2021, barring unforeseen circumstances, the Board considers that the expected loss mainly attributable by the prolong impact of Covid-19 pandemic and its related variants (delta, delta + and Omicron), the growing number of online consult platforms offering similar services to our clinics and operated by non-healthcare companies supported by founders who have proven digital marketing credentials. Despite investing heavily in our marketing expenses to drive business into our clinics, a declining population census in Singapore, a lack of social activities due to movement controls/restrictions, as well as higher attrition rate from doctors, a key revenue driver to the business (a phenomenal akin to the "Great Resignation" seen in USA early 2021) contributed to the decline of revenue and widening of our losses as the year ended 31 December 2021.

Under the above circumstances, the Directors have been continuously evaluating the current business strategies of the Group with an aim to achieve the best use of its resources and improve its overall performance. The Directors consider the Disposal allows the Group to exit from subsidizing the non-performing business of S Aesthetics Clinic and DTAP Express and create a good opportunity for the Group to restructure its strategic business position and focus its resources in pursuing development opportunities of other existing businesses of the Group.

Having considered the above, the Directors consider that the terms of the Disposal are on normal commercial terms, fair and reasonable and the Disposal is in the interests of the Company and its Shareholders as a whole.

As (i) the expected gain from Disposal (being only S\$30,000) is minimal; and (ii) the net proceeds (being only approximately S\$50,000) is not material, the Board has not arranged any specific use for the proceeds other than reserving it as general working capital.

GEM LISTING RULES IMPLICATIONS

As the applicable percentage ratios (as defined under Rule 19.07 of the GEM Listing Rules) in respect of the Disposal are more than 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

INFORMATION ON THE PARTIES

The Company

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

The Seller

The Seller is a limited liability company established in Singapore and is principally engaged in investment holding. It is an indirect wholly-owned subsidiary of the Company.

The Purchaser

The Purchaser is a limited liability company established in Singapore and is principally engaged in investment activities in relation to clinics and other general medical services.

To the best knowledge of the Directors, having made reasonable enquiry, the Purchaser and its ultimate beneficial owners are independent of and not connected with the Company and its connected persons.

DEFINITIONS

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

“Board”	the board of directors of the Company;
“Company”	Republic Healthcare Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on GEM (stock code: 8357);
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Disposal”	S Aesthetics Disposal and DTAP Disposal;

“DTAP Disposal”	The sale of DTAP Sale Shares by the Seller to the Purchaser;
“DTAP Express”	DTAP Express Ptd Ltd, a limited liability company established in Singapore and a wholly-owned subsidiary of the Company as at the date of the Sale and Purchase Agreement;
“DTAP Sale Shares”	100% issued share capital of DTAP Express;
“GEM”	the GEM of the Stock Exchange;
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM;
“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 PRC;
“Purchaser”	Anthea Holdings Ptd Ltd, a limited liability company incorporated in Singapore;
“S Aesthetics Clinic”	S Aesthetics Clinic Ptd Ltd, a limited liability company incorporated in Singapore and a wholly-owned subsidiary of the Company as at the date of the Sale and Purchase Agreement;
“S Aesthetics Disposal”	the sale of the S Aesthetics Sale Shares by the Seller to the Purchaser;
“S Aesthetics Sale Shares”	100% issued share capital of S Aesthetics Clinic;
“S\$”	Singapore dollar, the lawful currency of the Republic of Singapore;
“Sale and Purchase Agreement”	the sale and purchase agreement dated 11 February 2022 between the Seller and the Purchaser in relation to the Disposal;
“Seller”	Republic Healthcare Holdings Ptd Ltd, a limited liability company incorporated in Singapore and a wholly-owned subsidiary of the Company;
“Shareholder(s)”	shareholder(s) of the Company;
“Singapore”	Republic of Singapore;

“Stock Exchange”

The Stock Exchange of Hong Kong Limited; and

“%”

per cent.

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

Singapore, 11 February 2022

For the purpose of this announcement, unless otherwise indicated, the exchange rate of S\$1 = HK\$5.79 has been used, where applicable, for purpose of illustration only and does not constitute a representation that any amount has been, could have been or may be exchanged at such a rate or at any other rates.

As at the date of this announcement, the executive Director is Dr. Tan Cher Sen Alan (Chairman), 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 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 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