



## ECON HEALTHCARE (ASIA) LIMITED

(Company Registration Number: 200400965N)

(Incorporated in Singapore on 28 January 2004)

Offering in respect of 50,000,000 Offering Shares

Offering Price: S\$0.28 per Offering Share

*Prior to making a decision to purchase the Offering Shares, you should carefully consider all the information contained in the Offer Document and whether you understand what is described in the Offer Document. This Product Highlights Sheet should be read in conjunction with the Offer Document. You will be subject to various risks and uncertainties, including the potential loss of your entire principal amount invested. You should also consider whether an investment in the Shares is suitable for you taking into account your investment objectives and risk appetite. If you are in doubt as to investing in the Offering Shares, you should consult your legal, financial, tax or other professional adviser. You are responsible for your own investment choices.*

This Product Highlights Sheet is an important document.

- It highlights the key information and risks relating to the offer of the Shares contained in the Offer Document. It complements the Offer Document<sup>1</sup>.
- You should not purchase the Shares if you do not understand the nature of an investment in shares of a company, our business or are not comfortable with the accompanying risks.
- If you wish to purchase the Shares, you will need to make an application in the manner set out in the Offer Document. If you do not have a copy of the Offer Document, please contact our Company or the Sponsor, Issue Manager, Underwriter and Placement Agent to ask for one.

<b>Issuer</b>	Econ Healthcare (Asia) Limited	<b>Place of incorporation</b>	Republic of Singapore
<b>Details of this offer</b>	Total number of Shares to be offered under the Offering: 50,000,000 Offering Shares, comprising  (i) 48,200,000 Placement Shares under the Placement; and  (ii) 1,800,000 Public Offer Shares under the Public Offering.	<b>Total amount to be raised in this offer</b>	Gross proceeds of S\$14.0 million and net proceeds of approximately S\$11.5 million from the Offering.
<b>Offering Price</b>	S\$0.28 per Offering Share	<b>Listing status of Issuer and the Securities</b>	An application has been made to the SGX-ST for permission to deal in and list all our issued Shares and the Offering Shares on the Catalist Board of the SGX-ST. The Shares are expected to be listed on 19 April 2021.
<b>Sponsor, Issue Manager, Underwriter and Placement Agent</b>	DBS Bank Ltd.		

<sup>1</sup> The Offer Document, lodged with and registered by the SGX-ST, acting as agent on behalf of the Monetary Authority of Singapore (the “MAS”) on 25 March 2021 and 9 April 2021 respectively, may be obtained on request, subject to availability, during office hours, from DBS Bank Ltd. at its address stated in the Offer Document and where applicable, members of the Association of Banks in Singapore, members of the SGX-ST and merchant banks in Singapore. A copy of the Offer Document is also available on the SGX-ST website: <http://www.sgx.com>.

## OVERVIEW

## WHO ARE WE AND WHAT DO WE DO?

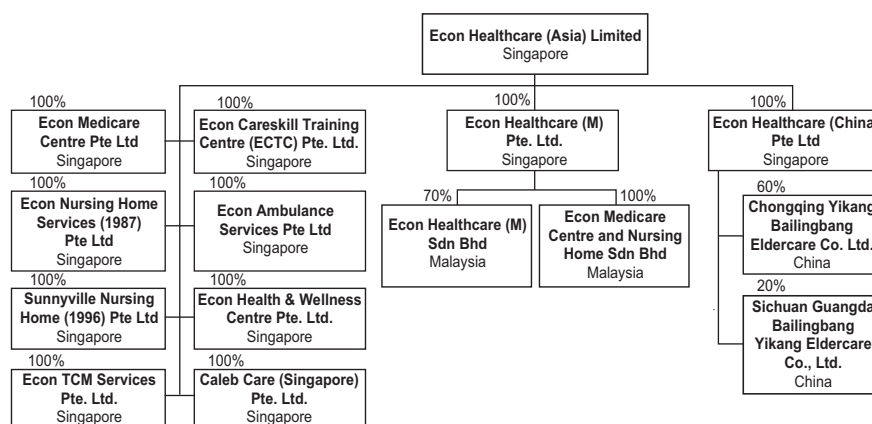
Our Group is the leading premium private nursing home operator in Singapore and Malaysia. According to Euromonitor, our Group is the largest private nursing home operator by revenue receipts in 2019 in Singapore and Malaysia, with a market share of 26.9% and 43.2% respectively. Our Group has also expanded into China with the establishment of Chongqing Nursing Home, our first nursing home in China, which is expected to commence operations in 2021 after receipt of the necessary licences and approvals.

Our operations have two key business segments:

- (i) **Medicare Centres and Nursing Homes** – the provision of residential nursing care services, home care services, rehabilitation services (such as physiotherapy), clinical services and TCM treatments in our medicare centres and nursing homes; and
- (ii) **Other Operations and Ancillary Services** – the provision of healthcare training services, the offering of TCM services at our TCM clinics and the operation of senior activity centres in Singapore.

As at the Latest Practicable Date, we operate 10 medicare centres and nursing homes in Singapore and Malaysia with a total bed capacity of 1,376. We have also been appointed as an operator under the BOL Scheme for two upcoming nursing homes, namely ECON Medicare Centre and Nursing Home – Henderson, which is expected to be operational in the second half of 2022, and ECON Medicare Centre and Nursing Home – Jurong East, which is expected to be operational in 2025. It is presently estimated that ECON Medicare Centre and Nursing Home – Henderson and ECON Medicare Centre and Nursing Home – Jurong East will have an indicative bed capacity of up to 236 and up to 732 beds, respectively, bringing our estimated total bed capacity to 2,388 by 2025<sup>2</sup>.

The structure of our Company and our subsidiaries and associated company as at the date of the Offer Document is as follows:



Refer to “Offering Summary – Overview” on page 11 and “Business Overview” on page 92 of the Offer Document for more information.

Refer to “Our History and Development – Restructuring Exercise and our Corporate Structure – Our Corporate Structure” on page 91 of the Offer Document for the corporate structure of our Company and our subsidiaries and associated company as at the date of the Offer Document.

## WHO ARE OUR DIRECTORS AND KEY EXECUTIVES?

Our Directors are Mr Ong Chu Poh (Executive Chairman and Group Chief Executive Officer), Ms Ong Hui Ming (Executive Director and Deputy Chief Executive Officer, Singapore), Mr Siau Kai Bing (Lead Independent Director), Mr Lim Yian Poh (Independent Director) and Dr Ong Seh Hong (Independent Director).

Our Executive Officers are Mr Ong Chu Poh (Executive Chairman and Group Chief Executive Officer), Ms Ong Hui Ming (Executive Director and Deputy Chief Executive Officer, Singapore), Ms Kang Shwu Huey (Group Chief Financial Officer) and Dr Ong Xin De (Head, Development).

Refer to “Management and Corporate Governance” on page 140 of the Offer Document for more information on our directors and management.

<sup>2</sup> Excludes the proposed Chengdu Nursing Home and proposed Changshou Nursing Home which have not been established.

## WHO ARE OUR CONTROLLING SHAREHOLDERS?

Immediately following the completion of the Offering, each of our controlling shareholders, Mr Ong Chu Poh, Econ Investment Holdings Pte. Ltd., and Econ Healthcare Pte. Ltd., will have a deemed or direct interest in approximately 80.5% of our post-Offering share capital.

Refer to “*Share Capital and Shareholders*” on page 172 of the Offer Document for more information on our Controlling Shareholders.

## HOW WAS OUR HISTORICAL FINANCIAL PERFORMANCE AND WHAT IS OUR CURRENT FINANCIAL POSITION?

### Key profit and loss information

	FY2018	FY2019	FY2020	6M2020	6M2021
	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)
	(audited)	(audited)	(audited)	(unaudited)	(unaudited)
Revenue	24,332	22,435	21,925	11,111	10,234
Operating subvention grants	14,318	14,532	15,394	7,463	8,407
Supplies and consumables	(3,973)	(4,214)	(4,934)	(2,485)	(2,627)
Staff costs	(13,651)	(14,057)	(16,947)	(8,698)	(9,221)
Profit before tax	5,541	4,862	4,356	1,845	4,223
Profit for the year/period	5,479	4,296	3,880	1,474	3,537
Profit attributable to					
Non-controlling interests	–	–	(157)	(37)	(115)
Profit attributable to Owner of the Company	5,479	4,296	4,037	1,511	3,652
Basic and diluted earnings per Share (cents) <sup>(1)</sup>	2.65	2.08	1.95	0.73	1.76
Adjusted earnings per Share (cents) <sup>(2)</sup>	2.13	1.67	1.57	0.59	1.42

Refer to “*Selected Consolidated Financial Information*” on page 57 and “*Management’s Discussion and Analysis of Results of Operations and Financial Position*” on page 60 of the Offer Document for more information on our financial performance and position.

### Notes:

- (1) For comparative purposes, the basic and diluted earnings per Share have been computed based on our share capital of 207,000,000 Shares (after adjusting for the Share Split) immediately prior to the completion of the Offering.
- (2) For comparative purposes, the adjusted earnings per Share have been computed based on our share capital of 257,000,000 Shares (after adjusting for the Share Split) immediately following the completion of the Offering.

### Key balance sheet information

	As at 31 March 2018	As at 31 March 2019	As at 31 March 2020	As at 30 September 2020
	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)
	(audited)	(audited)	(audited)	(unaudited)
Current assets	19,093	12,337	12,735	18,490
Non-current assets	44,513	45,660	53,690	53,178
<b>Total assets</b>	<b>63,606</b>	<b>57,997</b>	<b>66,425</b>	<b>71,668</b>
Current liabilities	10,466	13,474	14,303	17,323
Non-current liabilities	53,093	26,360	32,985	31,233
<b>Total liabilities</b>	<b>63,559</b>	<b>39,834</b>	<b>47,288</b>	<b>48,556</b>
<b>Total equity</b>	<b>47</b>	<b>18,163</b>	<b>19,137</b>	<b>23,112</b>

Key cash flow information	FY2018	FY2019	FY2020	6M2020	6M2021
	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)
	(audited)	(audited)	(audited)	(unaudited)	(unaudited)
Net cash from operating activities	11,953	11,675	10,585	2,110	5,580
Net cash used in investing activities	(844)	(8,003)	(2,882)	(865)	(3,447)
Net cash used in financing activities	(6,362)	(6,138)	(8,111)	(4,565)	(435)
Net increase/(decrease) in cash and cash equivalents	4,747	(2,466)	(408)	(3,320)	1,698
Cash and cash equivalents at 1 April	5,372	10,211	7,718	7,718	7,301
Effect of exchange rate fluctuations on cash held	92	(27)	(9)	7	3
Cash and cash equivalents at 31 March	10,211	7,718	7,301	4,405	9,002

The most significant factors contributing to our financial performance in 6M2021 compared to 6M2020 are as follows:

- Our aggregate revenue and operating subvention grants increased by 0.4% or S\$66,800 due to an increase in operating subvention grants of S\$0.9 million for subsidised residents. The increase in operating subvention grants was offset by a decrease in our fees for our medicare centres and nursing homes of S\$0.3 million and ancillary fees of S\$0.6 million. Operating subvention grants increased mainly due to the increase in the total number of beds occupied by subsidised residents in our medicare centres and nursing homes. Such increase was a result of a joint effort by our Group and the Singapore Government to cater for more beds in our medicare centres and nursing homes to residents who are entitled to subsidies and an increased number of subsidised residents due to, among others, the impact that the COVID-19 pandemic has on hospital resources. The increase in operating subvention grants was offset by a decrease in revenue, which was mainly due to a decline in the number of private residents from 6M2020 to 6M2021. Overall, our bed occupancy increased from an average of 1,064 beds in 6M2020 to an average of 1,094 beds in 6M2021. Ancillary fees decreased by S\$0.6 million from S\$1.2 million in 6M2020 to S\$0.6 million in 6M2021 mainly due to the cessation of our ambulance services and reduction of management fees charged to our related corporation WPHPL, which owned and operated West Point Hospital, following the cessation of operations of West Point Hospital in August 2020.
- Our operating profit increased by 92.3%, or S\$2.4 million, from S\$2.6 million in 6M2020 to S\$4.9 million in 6M2021. This was due mainly to an increase in other income of S\$2.8 million, partially offset by additional expenses incurred in connection with the COVID-19 pandemic. As a result, our operating profit margin correspondingly increased from 13.8% to 26.5%.
- As a result of the foregoing, our profit for the period increased by 140.0% or S\$2.1 million, from S\$1.5 million in 6M2020 to S\$3.5 million in 6M2021. Excluding the Exceptional Grants, our profit for 6M2021 would have been S\$1.9 million in 6M2021.

The most significant factors contributing to our financial performance in FY2020 compared to FY2019 are as follows:

- Our aggregate revenue and operating subvention grants increased by 1.0%, or S\$0.3 million, from S\$37.0 million in FY2019 to S\$37.3 million in FY2020. The increase was due to a 0.5% increase in our fees for our medicare centres and nursing homes in Singapore and operating subvention grants as the average bed occupancy in Singapore increased. Ancillary fees increased by S\$0.4 million mainly due to management fees which we charged our related corporation, WPHPL. The increase was offset by a reduction of our fees for our medicare centres and nursing homes in Malaysia of 3.1% as the average bed occupancy in Malaysia decreased.
- Our operating profit decreased by 6.5%, or S\$0.4 million, from S\$6.2 million in FY2019 to S\$5.8 million in FY2020. Our operating profit margin correspondingly decreased from 16.8% to 15.6%. These decreases were due mainly to an increase in supplies and consumables of S\$0.7 million, increase in staff cost of S\$2.9 million and increase in other operating expenses of S\$0.6 million, offset with a decrease in purchased and contracted services of S\$3.7 million.

- As a result of the foregoing, our profit for the year decreased by 9.7%, or S\$0.4 million, from S\$4.3 million in FY2019 to S\$3.9 million in FY2020.

**The above factors are not the only factors contributing to our financial performance in FY2018, FY2019, FY2020 and 6M2021. Please refer to the other factors set out in “Management’s Discussion and Analysis of Results of Operations and Financial Position” on page 60 of the Offer Document.**

## INVESTMENT HIGHLIGHTS

### WHAT ARE OUR BUSINESS STRATEGIES AND FUTURE PLANS?

#### **Asset-light strategy to scale up future expansion**

Our strategy is to utilise an asset-light business model to generate high investment returns, with a focus on efficiently deploying and optimising the use of capital and reducing our capital expenditure. We seek to achieve this through leasing premises at locations that are appropriate to be used as medicare centres and nursing homes, and entering into lease agreements to operate such facilities at these locations. Further, we also seek to partner with landowners whereby such landowners will build and bear the costs of constructing new medicare centres and nursing homes while we are to operate such facilities. Currently, other than ECON Medicare Centre and Nursing Home – Taman Perling, we do not own the land on which our medicare centres and nursing homes are located. Instead, we lease the premises from the respective landlords.

Further, we are the operator under the BOL Scheme for ECON Medicare Centre and Nursing Home – Yio Chu Kang and have been appointed as the operator for the upcoming ECON Medicare Centre and Nursing Home – Henderson and ECON Medicare Centre and Nursing Home – Jurong East, which are expected to be operational in the second half of 2022 and in 2025, respectively. Under the BOL Scheme, all development and construction cost of the buildings are borne by MOH Singapore and not by us, and we only bear the costs of procuring the furniture, fixtures and equipment components for the initial set up (save for the costs of certain approved items which are reimbursed by MOH Singapore) and operation of such medicare centres and nursing homes.

#### **Expand our business operations organically and through, among others, investments, merger and acquisitions, joint ventures and/or strategic collaborations**

We intend to increase the pace of our expansion either through organic growth or through investments, mergers and acquisitions, joint ventures and/or strategic collaborations with parties who can provide synergistic value to our business.

Through such investments, merger and acquisitions, joint ventures and/or strategic collaborations, we aim to strengthen our market position, enhance our service offerings and/or expand into new areas and geographies that are complementary to our existing business. For merger and acquisition targets, we seek to identify those with potential to integrate or co-operate with our existing network of medicare centres and nursing homes.

#### **Enhance productivity through human capital investment, and technology and innovations**

##### ***Developing human capital***

Being in the business of caring for elderly, human capital is a core component of our business. Growing and nurturing a highly motivated and efficient workforce and developing our talent pool is critical to our Group achieving successful growth and operations in the region.

To serve our growing regional customer base, we intend to sustainably scale our base of care staff, supervisory and management team. We intend to grow our training arm and focus on enhancing our learning culture by reinforcing and building stronger talent management practices focusing on the development of our people. We also intend to promote workplace-based learning through structured approaches to develop technical and leadership competencies. Apart from conventional training, work-learn initiatives encompassing on-the-job training and self-managed training will form part of the strategies to develop the skills of our employees. These efforts can also be optimised and leveraged to offer training consultancy and programmes to other care organisations in the countries in which we operate.

We believe these strategies will enable us to deliver consistent high quality services across our growing regional business.

Refer to “Offering Summary – Business Strategies and Future Plans” on page 17 and “Business – Business Strategies and Future Plans” on page 98 of the Offer Document for more information on our strategies and future plans.

<p><b><i>Proactively embrace technologies to improve our service delivery and operating efficiencies</i></b></p> <p>Innovation is at the heart of ECON’s care model. We constantly innovate, deploy and integrate suitable technologies to enable quality care delivery. Our innovations seek to increase quality assurance, productivity and holistic care in our medicare centres and nursing homes.</p> <p>We believe that our residents can be increasingly assured of the quality of ECON’s services as we increase our rate of digitisation to build a foundation for our digital data strategy. We invest in indoor positioning technology (i.e. radio-frequency identification) integrated with fall detection and reduction solutions to improve efficiencies in patient care as well as manage and account for the care our residents would receive. We invest in technology to help with certain care tasks, where technology analyses data, locates and monitors our residents, and accordingly enables our staff to focus on care delivery for our residents, which in turn reinforces the trust that our customers place in us.</p> <p>Our digital and technology investment strategy aims to scale our service quality across our new and existing medicare centres and nursing homes. Our digitisation efforts seek to reduce time that our care professionals spend on routine administration tasks so that they can focus more on care delivery to residents.</p> <p>Leveraging our established foundation in residential care, our Group also plans to invest in systems to integrate care delivery across the residential, day care, and home care settings.</p> <p>We constantly explore the adoption of technology built by start-ups or established companies in areas such as rehabilitation, bed-side management, medication management, and fall prevention and detection. Our Group intends to work with promising start-ups in the future to build a senior care launchpad to enable such companies involved in the business of elderly care to grow regionally with us.</p> <p><b>Upgrading of our existing facilities</b></p> <p>As we always aim to offer quality services to our residents, we plan to upgrade some of our existing facilities and equipment used at our medicare centres and nursing homes to improve our service environment, such as implementing innovative technologies to increase our service quality and productivity to provide a holistic care.</p>	
<b>WHAT ARE THE KEY TRENDS, UNCERTAINTIES, DEMANDS, COMMITMENTS OR EVENTS WHICH ARE REASONABLY LIKELY TO HAVE A MATERIAL EFFECT ON US?</b>	
<p>As at the Latest Practicable Date and barring unforeseen circumstances (including a prolonged or resurgence of the COVID-19 outbreak in the jurisdictions in which we operate and/or have a presence in), our Directors expect the following trends for FY2021 and FY2022: (a) the abatement of the COVID-19 pandemic in Singapore and China has resulted in a phased reopening of these economies, which is expected to aid economic recovery and improve household incomes and accordingly, may increase demand for our services for elderly family members; (b) in Singapore, the ongoing COVID-19 pandemic continuing to affect the number of hospital beds available for chronically ill elderly, which may result in more elderly patients being cared for in nursing homes instead; (c) government support for the eldercare services sector, such as the launch of new BOL tenders; (d) border control and movement restrictions may continue, thereby affecting our ability to hire foreign nursing staff and leading to increased efforts in hiring locals; (e) an increase in the demand for community care services; and (f) increased adoption of technology in our medicare centres and nursing homes is expected to improve our productivity and our residents’ experience.</p> <p>As at the Latest Practicable Date, we believe that the outlook for our business is expected to remain positive in view of the following trends and developments: (a) ageing population profile in the markets that we operate in; (b) increased affluence and shrinking family sizes; (c) increasingly positive perception of nursing homes; and (d) strong governmental focus and support on eldercare.</p> <p><b>The above are not the only trends, uncertainties, demands, commitments or events that could affect us. Please refer to the other factors set out in the sections of the Offer Document listed in the column to the right.</b></p>	<p>Refer to “<i>Management’s Discussion and Analysis of Results of Operations and Financial Position – Prospects</i>” on page 80 and “<i>Management’s Discussion and Analysis of Results of Operations and Financial Position – Trend Information</i>” on page 81 of the Offer Document for more information.</p>

**WHAT ARE THE KEY RISKS WHICH HAD MATERIALLY AFFECTED OR COULD MATERIALLY AFFECT US AND YOUR INVESTMENT IN OUR SECURITIES?**

We consider the following to be the most important key risks which had materially affected or could materially affect our business operations, financial position and results, and your investment in our Shares.

**Our business operations are subject to extensive and evolving government laws, regulations, licensing and accreditation requirements, and we could suffer penalties, additional costs and restrictions to our operations if we fail to comply.**

Our business operations are highly regulated and subject to extensive laws, regulations, licensing and accreditation requirements in Singapore, Malaysia and China covering many aspects of our business. Any non-compliance may result in fines or penalties being imposed or other enforcement action being taken against us and/or our directors and officers, which may adversely affect our business, financial condition, results of operations and prospects.

The qualifications and practising activities of our medical and healthcare professionals are also highly regulated under the laws and regulations of the jurisdictions in which we operate, as well as by other applicable codes of professional conduct or ethics. If our medical professionals, nurses and care staff fail to obtain or comply with their professional licensing requirements, we may be subject to penalties including fines, loss of licences or restrictions on our medicare centres and nursing homes, which could materially and adversely affect our business and reputation.

In addition, other government regulations or policies which may be introduced from time to time may affect our operations and/or may result in increased cost of compliance. Further, the introduction of new legislation, regulations or regulatory guidelines which may have the effect of incentivising potential competitors to enter into or expand their operations in the industry in which we operate may have the effect of increasing competition and result in a material adverse effect on our business, financial condition, results of operations and prospects.

**We are subject to various licensing requirements and our licences are subject to regular renewal, and we may not be able to obtain, maintain or renew such licences on a timely basis or at all.**

There are various licensing requirements governing different aspects of our business, including primary and secondary healthcare services, which we must comply with and which may impose conditions that may restrict our operations. Generally, our registrations, licences and permits are subject to conditions stipulated in the registrations, licences and permits and/or in the relevant laws, rules or regulations under which they have been issued, which conditions must be complied with for the duration of the licences and permits. Where there is a failure to comply fully with the stipulated conditions, the relevant authorities have the power to revoke our registrations, licences or permits. While we have not, as at the Latest Practicable Date, had any of our registrations, licences or permits revoked by the regulatory authorities for failure to comply fully with stipulated conditions, there is no assurance that there will not be any such occurrence in the future and upon the occurrence of any of the foregoing, our business, financial condition, results of operations and prospects may be materially and adversely affected.

Further, regulatory authorities may exercise broad discretion in assessing our compliance with licensing requirements, varying licensing requirements or introducing new licensing requirements, and we may incur significant costs and suffer operational restrictions that could adversely affect our business.

There is no assurance that we will always be able to obtain the requisite registrations, certifications, licences and permits on a timely basis or at all. We may also not be able to renew existing registrations, certifications, licences and permits on a timely basis or at all when they lapse, if for example, we do not, among others, satisfy the conditions for application or renewal. Further, the approval or renewal of registrations, certifications, licences and permits may be at the discretion of the relevant authorities and may be subject to conditions imposed by the relevant authorities. There is also no assurance that the registrations, certifications, licences and permits will be granted on terms acceptable to us, or at all.

If we fail to obtain or renew the requisite registrations, certifications, licences and permits by the requisite time, we and/or our directors and officers may be subject to penalties and/or other enforcement action by the relevant authorities. While as at the Latest Practicable Date, we have not been subject to any such penalties or other enforcement action which had a material adverse effect on our Group's business, financial condition, results of operations and prospects, there is no assurance that we and/or our directors and officers will not in the future be subject to any such penalties or other enforcement action if we are found by the relevant authorities to not be or have been compliant with applicable laws or regulations. Should any of the foregoing occur, our business, financial condition, results of operations and prospects may be materially and adversely affected.

Refer to “*Risk Factors*” on page 26 of the Offer Document for more information on risk factors.

Refer to “*Regulatory Environment*” on page 127 of the Offer Document for more information.

**We are affected by policies in Malaysia concerning ownership of equity interest.**

Our business and operations in Malaysia are regulated by healthcare laws and regulations in Malaysia and the Ministry of Health of Malaysia. The Ministry of Health of Malaysia has published its policies on foreign equity participation in private healthcare facilities in Malaysia which stipulates that, effective from 29 July 2015, up to 70% foreign equity ownership is allowed for nursing homes, with at least 30% equity ownership to be held by local Malaysian shareholders (“**2015 Equity Policy**”).

We do not believe that the requirements under the 2015 Equity Policy are intended to have retroactive effect over any registrations and licences granted in respect of existing nursing homes prior to 29 July 2015. Our belief is premised on the fact that we have to date been able to obtain renewal of licences or re-issuance or fresh issuance of certificates for our ECON Medicare Centre and Nursing Home – Pudu and ECON Medicare Centre and Nursing Home – Taman Perling that were established prior to 29 July 2015 under the Private Healthcare Facilities and Services Act 1998 of Malaysia (the “**Private Healthcare Facilities Act**”), without having to change the original investment structure for these medicare centres and nursing homes (which are wholly-owned by our Group).

However, as with all policies and guidelines, any equity policy issued by the Ministry of Health of Malaysia and the MOH Guidelines are subject to change from time to time. Rahmat Lim & Partners have been informed by the Ministry of Health of Malaysia that they intend to formulate a new policy on foreign equity participation in private healthcare facilities in Malaysia (“**New Equity Policy**”). There is no assurance that any New Equity Policy will not result in more stringent requirements being imposed on our Group. There is also no assurance that any New Equity Policy will not have retroactive effect over any registrations and licences granted in respect of existing nursing homes prior to the effective date of the 2015 Equity Policy or the effective date of any such New Equity Policy.

As the 2015 Equity Policy, any New Equity Policy and the MOH Guidelines represent and/or will represent the policy of the Malaysian Government, they are and/or will be given effect by the Ministry of Health of Malaysia and its officers as and when certificates or licences under the PHFS Act are issued, renewed (if applicable) or as a continuing condition of the certificates or licences.

As at the Latest Practicable Date, no policy on foreign equity participation in private healthcare facilities in Malaysia has come into force as law through change of laws or other means with such *de facto* effect. In the event that any New Equity Policy comes into force as law or if the Ministry of Health of Malaysia applies any New Equity Policy (including retrospectively on any of our medicare centres and nursing homes in Malaysia), our Group will, if necessary, consider alternative investment structures to minimise the adverse impact to the contributions that may be received by our Group. If our Group does not comply with such laws and requirements as may come into force as law in the future, our registrations, licences, certificates and/or approvals required to operate or provide private healthcare facilities or services in Malaysia may not be issued, re-issued or renewed (as the case may be), or we may not be able to establish or acquire new nursing homes in Malaysia.

If we are unable to obtain re-issuances or fresh issuances of the licences, certificates or registrations in respect of our medicare centres and nursing homes in Malaysia or if such re-issuances or fresh issuances are subject to conditions under any New Equity Policy and/or the MOH Guidelines, this could affect our ability to continue to successfully maintain our medicare centres and nursing homes in Malaysia under their present equity structure, in which event our Group may have to alter or adopt alternative investment structures to comply with any requirements as given effect by the Ministry of Health of Malaysia. If any of the foregoing events occur, our Group’s business, financial condition, results of operations and prospects may be materially and adversely affected.

**We may be materially and adversely affected by spread of diseases or an outbreak of any contagious or virulent diseases and pandemics/epidemics.**

The outbreak of communicable or virulent diseases and pandemics/epidemics such as Severe Acute Respiratory Syndrome, H5N1 avian flu, Middle East Respiratory Syndrome, Ebola and most recently, the outbreak in late 2019 of a novel strain of coronavirus being COVID-19, in countries which we operate may materially and adversely affect our operations. In addition, any such occurrence could result in sporadic or prolonged market and/or supply disruptions, an economic downturn or recession, volatilities in domestic and/or international financial markets and may materially and adversely affect the Singapore and other economies. The occurrence or developments of any of these events may materially and adversely affect our Group’s business, financial condition, results of operations and prospects.

In particular, the global outbreak of COVID-19 triggered a global downturn and economic contraction and resulted in disruption of supply chains of medical supplies, personal protective equipment and medical equipment, causing a global shortage of, and delay in obtaining, such medical supplies and equipment. While our Group has not, as at the Latest Practicable Date, been materially and adversely affected by such disruption and shortage, there can be no assurance that this will remain the case, in particular if there is a further



worsening of the COVID-19 pandemic or resurgence in cases of COVID-19 in the countries in which we operate.

Border control and movement restrictions imposed by governments as a response to the COVID-19 pandemic also affected our foreign staff from returning to work and our ability to hire foreign nursing staff and led to workforce constraints. As at the Latest Practicable Date, this has not materially and adversely impeded our ability to operate and serve our customers as we have sought alternative solutions in response to the workforce constraints, such as the hiring of temporary or contract employees or arranging for our employees to work overtime. However, there is no assurance that we will be able to continue to operate and serve our customers at the current levels or that there will not be any deterioration in service levels and/or quality.

In addition, there have been a number of reported cases globally of COVID-19 outbreaks in nursing homes and long-term care facilities which resulted in fatalities. If there is an outbreak of COVID-19 (or any other infectious disease) in any of our medicare centres and nursing homes, we may be required to temporarily shut down the affected medicare centres and nursing homes or other facilities, and quarantine the affected staff for an indeterminate period of time to contain the spread of the disease. The occurrence of any of the foregoing, or if there is continued negative publicity around outbreaks and fatalities in other nursing homes and long-term care facilities, could lead to reduced demand for the eldercare services which we provide, a decrease in the occupancy rates at our medicare centres and nursing homes and adversely impact our business and operations. There is also no assurance that the occupancy rates at our medicare centres and nursing homes will maintain at the current levels when the COVID-19 pandemic abates.

While we believe we have reacted swiftly to the COVID-19 pandemic and implemented precautionary measures to ensure the safety and well-being of our employees and residents, there can be no assurance that the precautionary measures we take will always be effective in preventing the spread of COVID-19.

Further, the precautionary measures taken by our Group against the spread of COVID-19 in our medicare centres and nursing homes as well as workforce constraints due to imposition of movement restriction measures have also resulted in higher operating expenses for our Group. While the Singapore Government has introduced support and relief measures to businesses in Singapore in response to the COVID-19 pandemic pursuant to which our Group has received the relevant grants including grants pursuant to the Jobs Support Scheme, foreign worker levy rebates, rent concessions and property tax rebates, such measures are only for a finite duration and further, there is no assurance that our Group will continue to be entitled to such support or relief measures or that such measures will be sufficient to cover all additional costs.

**We receive operating subvention grants from MOH Singapore, and our financial performance may be significantly affected by governmental spending on eldercare services.**

We have received operating subvention grants from MOH Singapore to offset the bills of elderly individuals needing care. Any reduction in the operating subvention grants received from MOH Singapore may adversely affect our business, financial condition, results of operations and prospects.

Governmental spending on eldercare services may be cyclical in nature and vulnerable to fluctuations based on the prevailing economic and political conditions, as well as policy considerations, which may change from time to time. Therefore, to the extent that we receive payments and subsidies from governmental bodies, the amount and rate of such subsidies may fluctuate as a result of the changes in the government's budgetary policies. If the amount and rate of government subsidies we receive decrease due to a reduction in governmental spending on eldercare services, our business, financial condition, results of operations and prospects may be adversely affected.

**Some of our medicare centres and nursing homes are subject to lease renewals and relocation risks.**

While we do not preclude acquiring land and premises (whether for nursing home purposes or otherwise), we generally operate on the basis of an asset-light business model and of the 10 medicare centres and nursing homes which we operate as at the Latest Practicable Date, 9 are located on premises leased by us. In particular, our ECON Medicare Centre and Nursing Home – Braddell, ECON Medicare Centre and Nursing Home – Choa Chu Kang, ECON Medicare Centre and Nursing Home – Upper East Coast and ECON Medicare Centre and Nursing Home – Recreation Road are leased from our interested persons EHPL and Econ Medicare Centre Holdings Pte Ltd. In view of our asset-light business model, we did not acquire such properties from EHPL pursuant to the Restructuring Exercise. Our ECON Medicare Centre and Nursing Home – Chai Chee is also sub-leased from EHPL. We also lease a number of other premises used for our operations, such as the premises where we operate our ECONLIFE! Hub programme. There is no assurance that we will be able to renew these leases on favourable terms or at all, or that the leases will not be terminated prior to its expiry. In particular, as disclosed in “*Business – Properties*” of the Offer Document, the landlord of our ECON Medicare Centre and Nursing Home – Pudu has the right to terminate the tenancy by giving us three months' notice.

Further details of such operating subvention grants are set out in “*Management's Discussion and Analysis of Results of Operations and Financial Position – Principal Components of Consolidated Income Statement – Aggregate Revenue and Operating Subvention Grants*” on page 63 of the Offer Document.

For further details on the leases, see “*Business – Properties*” on page 119 and “*Interested Person Transactions and Potential Conflicts of Interest – Present and Ongoing Interested Person Transactions – Lease agreements and sub-lease agreements for medicare centres and nursing homes*” on page 160 of the Offer Document.

<p>The strategic locations of our medicare centres and nursing homes have enabled us to conveniently serve our residents. However, there is no assurance that we will always be able to keep our medicare centres and nursing homes at these locations. Relocation will cause disruptions to our normal business operations and we may have to incur additional expenses associated with relocation. Moreover, the inability to relocate our medicare centres and nursing homes that are in close proximity to the existing premises may lead to a loss of our existing pool of residents. If any of the foregoing occurs, our business, financial condition, results of operations and prospects may be adversely affected.</p> <p><b>The above are not the only risk factors that had a material effect or could have a material effect on our business operations, financial position and results, and your Shares. Refer to “Risk Factors” on page 26 of the Offer Document for a discussion on other risk factors and for more information on the above risk factors. Prior to making a decision to invest in our Shares, you should consider all the information contained in the Offer Document.</b></p>																			
<b>WHAT ARE THE RIGHTS ATTACHED TO THE SECURITIES OFFERED?</b>																			
<p>As at the Latest Practicable Date, our issued and paid-up share capital was S\$15,000,000 comprising 207,000,000 Shares (as adjusted for the Share Split). We have only one class of Shares which have identical rights in all respects and rank equally with one another. The Offering Shares shall have the same interest and voting rights as our existing Shares that were issued prior to the Offering and there are no restrictions on the transfer of fully paid-Shares except where required by law or the rules or regulations of the SGX-ST, or as provided in our Constitution.</p>	<p>Refer to “<i>Share Capital and Shareholders</i>” on page 172 of the Offer Document for more information.</p>																		
<b>HOW WILL THE PROCEEDS OF THE OFFER BE USED?</b>																			
<p>The gross proceeds from the Offering will be S\$14.0 million. The net proceeds from the Offering (after deducting underwriting and placement commissions and estimated offering expenses but excluding discretionary incentive fees (if any) and GST) will be approximately S\$11.5 million.</p> <p>We intend to use the gross proceeds from the Offering for the purposes as follows:</p> <table border="1" data-bbox="165 1077 1120 1552"> <thead> <tr> <th style="text-align: left;">Application</th> <th style="text-align: center;">S\$ in millions</th> <th style="text-align: center;">Estimated amount allocated for each dollar of the gross proceeds from the Offering (S\$)</th> </tr> </thead> <tbody> <tr> <td>Expansion plans in Singapore as well as overseas through, among others, joint ventures, strategic collaborations, mergers and acquisitions, or investments</td> <td style="text-align: center;">7.5</td> <td style="text-align: center;">0.54</td> </tr> <tr> <td>Upgrading of existing medicare centres and nursing homes and other facilities, including equipment and IT infrastructure</td> <td style="text-align: center;">2.0</td> <td style="text-align: center;">0.14</td> </tr> <tr> <td>General corporate and working capital purposes</td> <td style="text-align: center;">2.0</td> <td style="text-align: center;">0.14</td> </tr> <tr> <td>Payment of underwriting and placement commissions and offering expenses</td> <td style="text-align: center;">2.5</td> <td style="text-align: center;">0.18</td> </tr> <tr> <td><b>Gross proceeds</b></td> <td style="text-align: center;"><b>14.0</b></td> <td style="text-align: center;"><b>1.00</b></td> </tr> </tbody> </table>	Application	S\$ in millions	Estimated amount allocated for each dollar of the gross proceeds from the Offering (S\$)	Expansion plans in Singapore as well as overseas through, among others, joint ventures, strategic collaborations, mergers and acquisitions, or investments	7.5	0.54	Upgrading of existing medicare centres and nursing homes and other facilities, including equipment and IT infrastructure	2.0	0.14	General corporate and working capital purposes	2.0	0.14	Payment of underwriting and placement commissions and offering expenses	2.5	0.18	<b>Gross proceeds</b>	<b>14.0</b>	<b>1.00</b>	<p>Refer to “<i>Offering Summary – The Offering</i>” on page 21 and “<i>Use of Proceeds</i>” on page 52 of the Offer Document for more information.</p>
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<b>WILL WE BE PAYING DIVIDENDS AFTER THE OFFER?</b>																			
<p>Our Company currently does not have a fixed dividend policy. The declaration and payment of future dividends may be recommended by our Board at their discretion, after considering a number of factors, including our level of cash and reserves, results of operations, business prospects, capital requirements and surplus, general financial condition, contractual restrictions, the absence of any circumstances which might reduce the amount of reserves available to pay dividends, and other factors considered relevant by our Board, including our expected financial performance.</p> <p>Our Board intends to recommend and distribute dividends of at least 35% of our net profit after tax attributable to our Shareholders generated in each of FY2021, FY2022 and FY2023.</p>	<p>Refer to “<i>Dividends</i>” on page 48 of the Offer Document for more information on our dividend policy.</p>																		

## DEFINITIONS

<b>6M</b>	:	Financial period ended, or as the case may be, ending 30 September.
<b>Board</b>	:	Our Company's board of directors as at the date of the Offer Document, unless otherwise stated.
<b>BOL Scheme</b>	:	Build-Own-Lease scheme.
<b>Catalist</b>	:	The Catalist Board of the SGX-ST.
<b>Changshou Nursing Home</b>	:	Our proposed second nursing home in Chongqing, China (pending establishment and commencement of operations).
<b>Chengdu Nursing Home</b>	:	The proposed nursing home in the vicinity of Chengdu, China intended to be leased and operated by Sichuan Guangda Bailingbang Yikang Eldercare Co., Ltd. (pending establishment and commencement of operations).
<b>Chongqing Nursing Home</b>	:	Our nursing home in Chongqing, China (pending commencement of operations).
<b>Company</b>	:	Econ Healthcare (Asia) Limited.
<b>Constitution</b>	:	The constitution of our Company.
<b>Directors</b>	:	The directors of our Company as at the date of the Offer Document, unless otherwise stated.
<b>ECON Medicare Centre and Nursing Home – Braddell</b>	:	Our medicare centre and nursing home at Braddell Road, Singapore.
<b>ECON Medicare Centre and Nursing Home – Chai Chee</b>	:	Our medicare centre and nursing home at Chai Chee Street, Singapore.
<b>ECON Medicare Centre and Nursing Home – Choa Chu Kang</b>	:	Our medicare centre and nursing home at Choa Chu Kang Road, Singapore.
<b>ECON Medicare Centre and Nursing Home – Henderson</b>	:	Our upcoming medicare centre and nursing home at Henderson Road, Singapore, which is expected to be operational in the second half of 2022.
<b>ECON Medicare Centre and Nursing Home – Jurong East</b>	:	Our upcoming medicare centre and nursing home at Jurong East Avenue 1, Singapore, which is expected to be operational in 2025.
<b>ECON Medicare Centre and Nursing Home – Pudu</b>	:	Our medicare centre and nursing home in Kuala Lumpur, Malaysia.
<b>ECON Medicare Centre and Nursing Home – Recreation Road</b>	:	Our medicare centre and nursing home in Recreation Road, Singapore.
<b>ECON Medicare Centre and Nursing Home – Taman Perling</b>	:	Our medicare centre and nursing home in Taman Perling, Malaysia.
<b>ECON Medicare Centre and Nursing Home – Upper East Coast</b>	:	Our medicare centre and nursing home in Upper East Coast Road, Singapore.
<b>ECON Medicare Centre and Nursing Home – Yio Chu Kang</b>	:	Our medicare centre and nursing home in Yio Chu Kang Road, Singapore.
<b>EHPL</b>	:	Econ Healthcare Pte. Ltd.
<b>Euromonitor</b>	:	Euromonitor International Limited.
<b>FY</b>	:	Financial year ended or, as the case may be, ending 31 March.
<b>Group</b>	:	Our Company together with its subsidiaries.
<b>Latest Practicable Date</b>	:	12 March 2021 being the latest practicable date prior to the lodgement of the Offer Document with the SGX-ST, acting as agent on behalf of the MAS.

<b>Listing</b>	: The listing of the Shares on Catalist.
<b>MOH Singapore</b>	: Ministry of Health of Singapore.
<b>Offering</b>	: The Placement and the Public Offering.
<b>Offering Price</b>	: S\$0.28 for each Offering Share.
<b>Offering Shares</b>	: 50,000,000 Shares offered by our Company in the Offering.
<b>Placement</b>	: The placement of Offering Shares to investors, including institutional and other investors in Singapore.
<b>Placement Share</b>	: The 48,200,000 Offering Shares which are the subject of the Placement.
<b>Public Offering</b>	: The offering of Offering Shares by way of a public offer in Singapore.
<b>Public Offer Shares</b>	: The 1,800,000 Offering Shares which are the subject of the Public Offering.
<b>SGX-ST</b>	: Singapore Exchange Securities Trading Limited.
<b>Shares</b>	: Ordinary shares in the capital of our Company.
<b>Shareholders</b>	: Registered holders of the Shares, except where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares, mean the Depositors whose Securities Accounts are credited with Shares.
<b>Share Split</b>	: The sub-division of the 15,000,000 issued Shares into 207,000,000 issued Shares, which was effected on 23 March 2021.
<b>TCM</b>	: Traditional Chinese medicine.
<b>WPHPL</b>	: West Point Hospital Pte. Ltd.

#### CONTACT INFORMATION

#### WHO CAN YOU CONTACT IF YOU HAVE ENQUIRIES RELATING TO OUR OFFER?

##### The Company

Econ Healthcare (Asia) Limited

Address : 160 Changi Road  
#05-01-13  
Hexacube  
Singapore 419728

Telephone No. : +65 6447 8788

Facsimile No. : +65 6449 7707

Website : [www.econhealthcare.com](http://www.econhealthcare.com)

Email Address : [enquiries@econhealthcare.com](mailto:enquiries@econhealthcare.com)

##### Sponsor, Issue Manager, Underwriter and Placement Agent

DBS Bank Ltd.

Address : 12 Marina Boulevard  
Marina Bay Financial Centre Tower 3  
Singapore 018982

Telephone No. : 1800 111 1111