



ECON HEALTHCARE (ASIA) LIMITED
(Incorporated in Singapore)
(Company Registration No. 200400965N)

PROPOSED CHANGE OF AUDITORS FROM KPMG LLP TO ERNST & YOUNG LLP

The board of directors (the “**Board**”) of Econ Healthcare (Asia) Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce the Company’s intention to change its auditors from KPMG LLP (“**KPMG**”) to Ernst & Young LLP (“**Ernst & Young**”) (the “**Proposed Change of Auditors**”).

KPMG has served as the auditors of the Group since the financial year ended 31 March 2004 and have last been re-appointed at the annual general meeting on 9 April 2021 to hold office until the conclusion of the next annual general meeting of the Company scheduled on 30 July 2021 (“**AGM**”).

The Board was informed by KPMG that there will be a change in the audit partner-in-charge as the current audit partner-in-charge, Ms. Tan Yek Lee Doreen, will be rotated in accordance with Rule 713 of the Catalyst Rules as audit partner-in-charge for the audit of the Group after the financial year ended 31 March 2021. In light of the upcoming change in the audit partner-in-charge, the Board was of the view that it would be an opportune time to review the appointment of auditors.

In addition, the Board is of the view that the review would provide the Group an opportunity to benchmark its audit fees and realise cost efficiencies and to benefit from fresh perspectives and the views of another professional audit firm, thereby further enhancing the value of the audit. Therefore, the Board is of the view that a change of auditors is in the best interests of the Company and the Shareholders as it allows the Group to manage its overall business costs and expenses amidst an environment of rising costs and increasing uncertainty in the economy, as well as in the interests of good corporate governance. Accordingly, the Board is seeking another auditor to replace KPMG.

Following the evaluation of the proposals from other accounting firms and after due deliberation, the Board, at the recommendation of the audit committee of the Company (“**Audit Committee**”), proposes that Ernst & Young be appointed as the auditors of the Company for the financial year ending 31 March 2022, in place of KPMG.

The Audit Committee has considered several reputable audit firms in Singapore, and in reviewing and deliberating on their suitability, has taken into consideration the Audit Quality Indicators Disclosure Framework issued by Accounting and Corporate Regulatory Authority of Singapore (“**ACRA**”) and factors such as the adequacy of resources and experience of the audit firms and the audit partner-in-charge to be assigned to the audit, the audit firms’ other engagements, the size and complexity of the Group, the number and experience of supervisory and professional staff to be assigned by the audit firms and their proposed audit fees. The appointment of Ernst & Young will also result in cost savings for the Group of approximately S\$52,000 due to the lower audit fees. The Audit Committee has assessed and does not expect the reduction in cost to affect the quality and scope of the audit to be undertaken by Ernst & Young which will be performed in accordance with the Singapore Standards of Auditing.

The Board and the Audit Committee, having taken into account the Audit Committee’s recommendation and the factors considered in their evaluation (including the Audit Quality Indicators Disclosure Framework issued by ACRA), are satisfied that Ernst & Young will be able to meet the existing needs and audit requirements of the Group.

In view of the above, KPMG will retire and not seek re-appointment as auditors of the Company at the AGM, being the end of their current term. Ernst & Young had on 13 July 2021 given their written consent to act as the auditors of the Company, subject to the approval of Shareholders at the AGM. Pursuant

to Rule 712(3) of the Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of Catalist (“**Catalist Rules**”) and Section 205AF of the Companies Act (Chapter 50) of Singapore, the appointment of Ernst & Young shall be specifically approved by Shareholders at a general meeting. The appointment of Ernst & Young as the auditors of the Company will take effect upon receipt of Shareholders’ approval, and if appointed, Ernst & Young will hold office until the conclusion of the next annual general meeting of the Company.

In accordance with the requirements under Rule 712(3) of the Catalist Rules:

- (a) the outgoing auditors, KPMG, via its professional clearance letter dated 6 July 2021, have confirmed that they are not aware of any professional reasons why Ernst & Young should not accept the appointment as auditors of the Company;
- (b) the Company confirms that there were no disagreements with KPMG on accounting treatments within the last 12 months;
- (c) the Company confirms that it is not aware of any circumstances connected with the Proposed Change of Auditors that should be brought to the attention of the Shareholders;
- (d) the specific reasons for the Proposed Change of Auditors are disclosed above; and
- (e) the Company confirms that it complies with Rules 712 and 715 of the Catalist Rules in relation to the appointment of Ernst & Young as the new auditors of the Company.

The Board wishes to express its appreciation for the past services rendered by KPMG.

A circular containing further details of the proposed change of Auditors together with the notice of AGM will be dispatched to Shareholders in due course. Shareholders’ approval for the Proposed Change of Auditors would be sought for at the AGM.

Printed copies of the circular will not be sent to Shareholders. Instead, the circular will be sent to Shareholders by electronic means via publication on the Company’s website at <https://investor.econhealthcare.com>, and SGX’s website at <https://www.sgx.com/securities/company-announcements>.

BY ORDER OF THE BOARD

Mr Ong Chu Poh
Executive Chairman and Group Chief Executive Officer
14 July 2021

This announcement has been reviewed by the Company’s sponsor, DBS Bank Ltd. (the “**Sponsor**”), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) Listing Manual Section B: Rules of Catalist. This announcement has not been examined or approved by the SGX-ST. The SGX-ST assumes no responsibility for the contents of this announcement, including the accuracy, completeness, or correctness of any of the statements or opinions made, or reports contained in this announcement.

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