

**CIRCULAR DATED 14 JULY 2021**

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY. IF YOU ARE IN ANY DOUBT ABOUT ITS CONTENTS OR THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.**

This Circular is circulated to the Shareholders (as defined in this Circular) of Econ Healthcare (Asia) Limited (the “**Company**”) together with the Company’s annual report for the financial year ended 31 March 2021 (“**2021 Annual Report**”). Its purpose is to explain to the Shareholders the rationale and provide information to the Shareholders for the Proposed Change of Auditor (as defined in this Circular) to be tabled at the annual general meeting of the Company (“**AGM**”) to be held via electronic means on 30 July 2021 at 10.00 a.m.. The notice of the AGM and a proxy form are enclosed with the 2021 Annual Report.

If you have sold or transferred all your ordinary shares in the capital of the Company held through The Central Depository (Pte) Ltd (the “**CDP**”), you need not forward this Circular to the purchaser or the transferee as arrangements will be made by the CDP for a separate Circular to be sent to the purchaser or the transferee. If you have sold or transferred all your shares represented by physical share certificate(s), you should immediately forward this Circular with the notice of the AGM and the accompanying proxy form immediately to the purchaser or to the transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or the transferee.

This Circular has been prepared by the Company and 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 Circular has not been examined or approved by the SGX-ST. The SGX-ST assumes no responsibility for the contents of this Circular, including the accuracy, completeness, or correctness of any of the statements or opinions made, or reports contained in this Circular.

The contact persons of the Sponsor are Mr Goh Chyan Pit, Managing Director and Mr Kelvin Wong, Senior Vice President, who can be contacted at 12 Marina Boulevard, Level 46, Marina Bay Financial Centre Tower 3, Singapore 018982, Telephone +65 6878 8888.



## **ECON HEALTHCARE (ASIA) LIMITED**

(Incorporated in Singapore)  
(Company Registration No. 200400965N)

### **CIRCULAR TO SHAREHOLDERS**

**in relation to**

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

# TABLE OF CONTENTS

	Page
DEFINITIONS .....	3
1. INTRODUCTION .....	5
2. PROPOSED CHANGE OF AUDITORS .....	5
3. AUDIT COMMITTEE'S RECOMMENDATION .....	8
4. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS .....	9
5. DIRECTORS' RECOMMENDATION .....	9
6. ANNUAL GENERAL MEETING .....	10
7. ACTION TO BE TAKEN BY SHAREHOLDERS .....	10
8. DIRECTORS' RESPONSIBILITY STATEMENT .....	11
9. DOCUMENTS AVAILABLE FOR INSPECTION .....	11

# DEFINITIONS

In this Circular, the following definitions apply throughout unless otherwise stated:

<b>“2021 Annual Report”</b>	:	The annual report of the Company for the financial year ended 31 March 2021
<b>“ACRA”</b>	:	The Accounting and Corporate Regulatory Authority of Singapore
<b>“AGM”</b>	:	The annual general meeting of the Company to be held on 30 July 2021 at 10.00 a.m., notice of which is enclosed in the 2021 Annual Report
<b>“Audit Committee”</b>	:	The audit committee of the Company for the time being
<b>“Board”</b>	:	The board of Directors of the Company for the time being
<b>“Catalist Rules”</b>	:	Listing Manual Section B: Rules of Catalist of the SGX-ST, as may be amended, modified or supplemented from time to time
<b>“CDP”</b>	:	The Central Depository (Pte) Limited
<b>“Circular”</b>	:	This Circular dated 14 July 2021 issued by the Company
<b>“Companies Act”</b>	:	Companies Act (Chapter 50) of Singapore, or any statutory modification or re-enactment thereof for the time being in force
<b>“Company”</b>	:	Econ Healthcare (Asia) Limited
<b>“Directors”</b>	:	The directors of the Company for the time being
<b>“Ernst &amp; Young”</b>	:	Ernst & Young LLP
<b>“FY”</b>	:	Financial year ended, or as the case may be, ending 31 March
<b>“Group”</b>	:	The Company and its subsidiaries
<b>“KPMG”</b>	:	KPMG LLP
<b>“Latest Practicable Date”</b>	:	30 June 2021, being the latest practicable date prior to the dissemination of this Circular
<b>“Proposed Change of Auditors”</b>	:	The proposed change of auditors of the Company from KPMG to Ernst & Young
<b>“Securities Account”</b>	:	Securities accounts maintained by a Depositor with CDP but not including securities sub-accounts maintained with a Depository Agent
<b>“Securities and Futures Act”</b>	:	The Securities and Futures Act (Chapter 289) of Singapore, as amended, modified or supplemented from time to time
<b>“SGX-ST”</b>	:	Singapore Exchange Securities Trading Limited
<b>“Shareholders”</b>	:	Registered holders of Shares except that where the registered holder is CDP, the term <b>“Shareholders”</b> shall, in relation to such Shares, mean the persons to whose Securities Accounts maintained with CDP are credited with the Shares
<b>“Shares”</b>	:	Ordinary shares in the capital of the Company

# DEFINITIONS

“Sponsor”	: DBS Bank Ltd., the sponsor of the Company
“S\$”	: The lawful currency of the Republic of Singapore
“%” or “per cent”	: Percentage or per centum

The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act. The term “**subsidiary**” shall have the meaning ascribed to it in Section 5 of the Companies Act.

The term “**significant**”, in relation to a subsidiary or associated company, shall have the meaning ascribed to it in Rule 718 of the Catalist Rules. Under Rule 718 of the Catalist Rules, a subsidiary or associated company is considered significant if its net tangible assets represent 20% or more of the Company’s consolidated net tangible assets, or its pre-tax profits account for 20% or more of the Company’s consolidated pre-tax profits.

Words importing the singular shall, where applicable, include the plural and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders.

References to persons shall, where applicable, include corporations.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or any statutory modification thereof and not otherwise defined in this Circular shall have the same meaning assigned to it under the Companies Act or any statutory modification thereof, as the case may be.

Any reference to a time of day in this Circular is made by reference to Singapore time unless otherwise stated.

Any discrepancies in the tables in this Circular between the sum of listed amounts and the total thereof shown are due to rounding.

# LETTER TO SHAREHOLDERS



## ECON HEALTHCARE (ASIA) LIMITED

(Incorporated in Singapore)  
(Company Registration No. 200400965N)

### Directors

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)  
Dr Ong Seh Hong (Independent Director)

### Registered Office

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

14 July 2021

To: The Shareholders of Econ Healthcare (Asia) Limited

Dear Sir/Madam

### 1. INTRODUCTION

- 1.1 The Directors of the Company are seeking Shareholders' approval for the Proposed Change of Auditors at the AGM.
- 1.2 The purpose of this Circular is to provide Shareholders with information relating to, and to explain the rationale for, the Proposed Change of Auditors.
- 1.3 This Circular has been prepared solely for the purposes set out herein and may not be relied upon by any persons (other than the Shareholders) for any other purpose.
- 1.4 The Company has appointed Bird & Bird ATMD LLP as the legal adviser to the Company in relation to the Proposed Change of Auditors.

### 2. PROPOSED CHANGE OF AUDITORS

#### 2.1 Rationale for 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 AGM of the Company scheduled on 30 July 2021. KPMG has served as the auditors of the Group for 18 consecutive audits since the financial year ended 31 March 2004.

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 Catalist 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, proposes that Ernst & Young be appointed as the auditors of the Group 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 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. The quality and scope of audit services to be provided by Ernst & Young will be comparable to those provided by KPMG and the audit fees proposed by Ernst & Young would provide cost savings for the Group. The appointment of Ernst & Young as the new auditor will not compromise the standard and effectiveness of the audit of the Group.

Given the above reasons, the Board wishes to propose that Ernst & Young be appointed as auditors of the Company in place of KPMG.

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 Catalist Rules and Section 205AF of the Companies Act, 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.

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

The ordinary resolution for the Shareholders to approve the Proposed Change of Auditors is set out in the notice of the AGM.

## 2.2 Information on Ernst & Young and the Audit Partner-in-Charge

*The information on Ernst & Young and the audit partner-in-charge below was provided to the Company by Ernst & Young. The Directors have not conducted an independent review or verification of the accuracy of the statements and information below.*

Ernst & Young, an accounting firm registered with ACRA, is one of the largest professional services organisations in Singapore, and is among the Big Four accounting firms in Singapore.

Ernst & Young has more than 132 years of experience providing audit, tax and professional services to the Singapore and global markets and employs more than 300,000 people globally. Ernst & Young has relevant industry experience with audit clients in the medicare centres and nursing homes industry that the Company is in.

More information about Ernst & Young, its values and its services can be found on Ernst & Young's website at [www.ey.com](http://www.ey.com).

Adrian Koh ("**Adrian**"), a partner with Ernst & Young, will be assigned to the audit of the Company as the audit partner-in-charge. Adrian has extensive experience over a span of more than 24 years in a wide range of industries, including healthcare and medical care, and is registered as a public accountant with ACRA. Adrian is also a practising member of the Institute of Singapore Chartered Accountants.

Adrian was inspected by ACRA's Practice Monitoring Program in 2014 and passed. His most recent inspection on a non-listed company is on-going.

## 2.3 Requirements under Rule 712 of the Catalist Rules

Ernst & Young is an audit firm registered with ACRA. The Board, having taken into account various factors, including the following:

- (a) the fee structure and the adequacy of the resources and experience of Ernst & Young;
- (b) the audit partner-in-charge assigned to the audit;
- (c) the other audit engagements of Ernst & Young (including those in the healthcare industry);
- (d) the size and complexity of the Group's operations; and
- (e) the number and experience of supervisory and professional staff assigned to the audit of the financial statements of the Company and the Group,

is of the opinion that Ernst & Young will be able to meet the audit requirements of the Group, and Rule 712 of the Catalist Rules has been complied with.

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 up to the Latest Practicable Date;
- (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 and which have not been disclosed in this Circular;
- (d) the specific reasons for the Proposed Change of Auditors are disclosed in Section 2.1 of this Circular; and
- (e) as set out in Sections 2.3 and 2.4 of this Circular, 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.

#### **2.4 Requirements under Rule 715 of the Catalist Rules**

Upon receipt of Shareholders' approval of the Proposed Change of Auditors, Ernst & Young will become the auditors of the Company.

In compliance with Rule 715(1) of the Catalist Rules, Ernst & Young will also be appointed as the auditors of all the Singapore-incorporated subsidiaries and significant associated companies of the Group.

Further, in compliance with Rule 715(2) of the Catalist Rules, the Company will also engage a suitable auditing firm for its significant foreign-incorporated subsidiaries and associated companies. In this regard, the member firm of Ernst & Young Global Limited, Ernst & Young Hua Ming LLP, Chengdu Branch will continue to serve as auditor of the Company's significant subsidiaries in China. With respect to the Company's significant subsidiaries in Malaysia, the auditor currently in office is Bakery Tilly Monteiro Heng PLT (Malaysia), who will continue to serve as auditor of the Company's significant subsidiaries in Malaysia.

The Audit Committee will review on the suitability of the auditors for its foreign-incorporated subsidiaries and associated companies on an ongoing basis and whenever necessary.

### **3. AUDIT COMMITTEE'S RECOMMENDATION**

The Audit Committee has reviewed and deliberated on the Proposed Change of Auditors and recommended the change of auditors to Ernst & Young after taking into consideration and having satisfied itself of the suitability of Ernst & Young and compliance with the requirements of the Catalist Rules as set out above.



#### 4. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The interests of the Directors and substantial Shareholders in the Shares of the Company, as recorded in the Register of Directors' Shareholdings and the Register of Substantial Shareholders kept by the Company, respectively, as at the Latest Practicable Date are as follows:

	Direct Interest		Deemed Interest	
	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>
<b>Directors</b>				
Mr Ong Chu Poh <sup>(2)</sup>	-	-	207,000,000	80.5
Ms Ong Hui Ming	-	-	-	-
Mr Siau Kai Bing	-	-	-	-
Mr Lim Yian Poh	-	-	-	-
Dr Ong Seh Hong	-	-	-	-
<b>Substantial Shareholders (other than Directors)</b>				
Econ Investment Holdings Pte. Ltd. <sup>(2)</sup>	-	-	207,000,000	80.5
Econ Healthcare Pte. Ltd. <sup>(2)</sup>	207,000,000	80.5	-	-

**Notes:**

(1) Based on the issued share capital of the Company comprising 257,000,000 Shares, as at the Latest Practicable Date.

(2) Econ Healthcare Pte. Ltd. is wholly-owned by Econ Investment Holdings Pte. Ltd., which is wholly-owned by Mr Ong Chu Poh. Accordingly, for the purposes of Section 4 of the SFA, each of Mr Ong Chu Poh and Econ Investment Holdings Pte. Ltd. is deemed to be interested in the Shares held by Econ Healthcare Pte. Ltd..

Save for any Shares which they may hold (whether directly or indirectly), none of the Directors or, to the best of the Company's knowledge, the substantial Shareholders of the Company have any interest, direct or indirect, in the Proposed Change of Auditors.

#### 5. DIRECTORS' RECOMMENDATION

Having fully considered the rationale and benefit of the Proposed Change of Auditors and the recommendation of the Audit Committee, the Directors are of the opinion that the Proposed Change of Auditors is in the best interests of the Company, and accordingly, recommend that Shareholders vote in favour of the ordinary resolution in respect of the Proposed Change of Auditors to be proposed at the AGM.

Shareholders who may require specific advice should consult his or her stockbroker, bank manager, solicitor, accountant, or other professional adviser(s).

## 6. ANNUAL GENERAL MEETING

Shareholders' approval for the Proposed Change of Auditors would be sought for at the AGM. The AGM, notice of which is enclosed in the 2021 Annual Report, will be held by electronic means on Friday, 30 July 2021 at 10.00 a.m. for the purpose of considering and, if thought fit, passing with or without modifications the resolutions set out in the notice of the AGM.

Printed copies of this Circular will not be sent to Shareholders. Instead, this 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>.

## 7. ACTION TO BE TAKEN BY SHAREHOLDERS

### 7.1 No Physical Attendance at AGM

Due to the current COVID-19 restriction orders in Singapore (including under the COVID-19 (Temporary Measures) Act 2020), Shareholders will not be able to attend the AGM in person. Shareholders who wish to attend the AGM will be able to do so through a live webcast via their mobile phones, tablets or computers or listen to the AGM proceedings through a live audio feed via telephone.

### 7.2 Alternative Arrangements

Alternative arrangements have been put in place to allow Shareholders to participate at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the AGM in advance of the AGM, addressing of substantial and relevant questions at the AGM and voting by appointing the Chairman of the AGM as proxy at the AGM.

Shareholders should refer to the notice of the AGM enclosed in the 2021 Annual Report for further information, including the steps to be taken by Shareholders to participate at the AGM. Such announcement may also be accessed at the Company's website at <https://investor.econhealthcare.com> and SGX's website at <https://www.sgx.com/securities/company-announcements>.

### 7.3 When a Depositor is regarded as a Shareholder

A Depositor shall not be regarded as a Shareholder entitled to attend the AGM and to speak and vote thereat unless his name appears on the Depository Register, as certified by CDP at least 72 hours before the time appointed for the AGM.

**Shareholders and other investors are reminded to exercise caution when dealing in the Shares. In the event that Shareholders and other investors are in doubt about the actions they should take, they should consult their stockbrokers, bank managers, solicitors, accountants, tax adviser or other professional advisers.**

## 8. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Change of Auditors, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

## 9. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available for inspection at the office of the Company Secretary, at 30 Cecil Street #19-08 Prudential Tower, Singapore 049712 (with prior appointment) during normal business hours from the date of this Circular up to the date of the AGM:

- (a) the annual report of the Company for the financial year ended 31 March 2021;
- (b) the Constitution of the Company;
- (c) the professional clearance letter issued by KPMG to Ernst & Young dated 6 July 2021; and
- (d) the consent to act as auditors of the Company from Ernst & Young dated 13 July 2021.

In light of the prevailing regulations due to the COVID-19 situation, any Shareholder who wishes to inspect the documents should contact the Company via email at [Econagm2021@incorp.asia](mailto:Econagm2021@incorp.asia) or telephone at (65) 6812 1611 at least three (3) working days in advance to make a prior appointment to attend at the office of the Company Secretary.

Yours faithfully

For and on behalf of the Board of Directors of  
**ECON HEALTHCARE (ASIA) LIMITED**

Mr Ong Chu Poh  
Executive Chairman and Group Chief Executive Officer