



ECON HEALTHCARE (ASIA) LIMITED
(Company Registration Number: 200400965N)
(Incorporated in Singapore on 28 January 2004)

UPDATE ON THE INVESTMENT IN QUOTED SECURITIES

Unless otherwise specified, all capitalised terms shall have the same meaning ascribed to the announcement dated 7 January 2022 and 9 January 2022 in relation to the Investment in Quoted Securities (“Announcements”).

The Board of Directors of Econ Healthcare (Asia) Limited (the “**Company**”) together with its subsidiaries (the “**Group**”) refers to the Company’s Announcements and wishes to announce the following:

1. **DISCLOSURE OF MATERIAL INFORMATION PURSUANT TO RULE 703 OF THE CATALIST RULES**

As of 11 January 2022, the Company held an aggregate of 11,800,000 shares of Crosstec acquired for an aggregate cost of investment of approximately S\$3,992,000. The Company has since noted a substantial decrease in the trading price of the shares of Crosstec.

The Board of Directors are not aware of the reason for the substantial decrease in the trading price of Crosstec and have noted that Crosstec had announced on 11 January 2022 that Crosstec’s board “*is not aware of any reasons for such unusual price movement*”. Please refer to the following URL for the announcement: <https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0111/2022011100647.pdf>

No provision for any loss was made as the quoted equity shares are classified as financial asset fair value through profit and loss, and the changes in fair value will be recognised as a profit and loss at every reporting period.

The Company has on 12 January 2022 sold all its holding on Crosstec, and pending confirmation of the transaction cost associated with the sale, the estimated loss on investment in quoted securities realised is estimated to be approximately S\$3.4 million (“**Estimated Loss**”).

The Estimated Loss is considered material to the Company based on the following:

- (a) the Estimated Loss is approximately 13.8% of the Group’s NTA, based on the latest audited financial statement as at 31 March 2021, and 9.1% of the Group’s NTA, based on the latest announced financial statement as at 30 September 2021.

Refer to para 3.2 of this announcement for more information on the financial effects of the Estimated Loss; and

- (b) the Estimated Loss of S\$3.4 million is approximately 4.7% of the market capitalisation of the Company as at 12 January 2022 of S\$72 million.

The investment in quoted securities was funded by the working capital surplus of the Company (not inclusive of any IPO proceeds) and is not expected to have any material impact on the working capital, cash flow as well as the operation of the Group’s business. The Group continue to hold a positive outlook for the Group’s business with upcoming projects, (i) Henderson, our new 236-bedded capacity Singapore nursing home expected to be operational in 1st half of year 2022; (ii) Jurong, our 732-bedded capacity nursing home expected to be operational in year 2025; and (iii) our second facility in Changshou, Chongqing in China will be operationally in second half of year 2022.

2. DISPOSAL OF QUOTED SECURITIES

The Company has on 12 January 2022 sold all the 11,800,000 quoted securities of Crosstec for an aggregate consideration of approximately S\$590,066 (“Disposal”). The table below illustrates the Group’s resultant aggregate cost of investment in quoted securities:

		Before Disposal	After Disposal ⁽¹⁾
(i)	Aggregate cost of the Group’s quoted investments (S\$’000)	S\$3,992	S\$NIL
(ii)	Aggregate cost of the Group’s quoted investments as a percentage of the latest audited consolidated net tangible assets of the Group as at 31 March 2021 ⁽²⁾	16.2%	NIL%
(iii)	Total market value of the Group’s quoted investments (S\$’000)	S\$778 ⁽³⁾	S\$NIL
(iv)	Amount of any provision for diminution in value of quoted investments ⁽⁴⁾ (S\$’000)	S\$NIL	S\$NIL

Notes:

- (1) NIL as the Group’s doesn’t hold any investment in quoted investment after the Disposal on 12 January 2022.
- (2) The audited consolidated net tangible assets of the Group as at 31 March 2021 was S\$24,716,000.
- (3) Based on the closing share price of the quoted securities as at 11 January 2022, HKD0.38 and exchange rate on 12 January 2022 (HKD1: SGD0.17351).
- (4) Quoted equity shares are classified as financial asset fair value through profit and loss, the changes in fair value will be recognised as a profit and loss at every reporting period, i.e. semi-annually.

3. DISPOSAL UNDER CHAPTER 10 OF THE CATALIST RULES

3.1 Relative Figures under Rule 1006 of the Catalist Rules

Based on the latest unaudited financial statements of the Group as of 30 September 2021, the relative figures of the Disposal computed on the bases set out in Rule 1006 of the Catalist Rules are set out below:

Catalist Rule	Relative Figures
1006(a)	
The net asset value of the assets to be disposed of, compared with the Group’s net asset value. This basis is not applicable to an acquisition of assets.	0.05%
1006(b)	
The net profits ⁽¹⁾ attributable to the assets disposed ⁽²⁾ , compared with the Group’s net profits ⁽¹⁾ .	0.96% ⁽⁴⁾

Catalist Rule	Relative Figures
1006(c)	
The aggregate value of the consideration received, compared with the issuer's market capitalization based on the total number of issued shares excluding treasury shares ⁽³⁾	0.82%
1006(d)	
The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable
1006(e)	
The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets.	Not applicable

Notes:

- (1) "Net profits" means the latest announced profit or loss before income tax, minority interests and extraordinary items.
- (2) Net profits attributable of the assets disposed is prorated into a six months period, to be consistent with the Company latest announced financial period.
- (3) Aggregate value of the consideration received means the gross proceeds from Disposal. The market capitalisation of the Company of approximately S\$72 million is determined by multiplying the issued share capital (excluding treasury shares) of 257,000,000 shares with the volume weighted average price ("VWAP") as at 12 January 2022 of S\$0.2805. The exchange rate on 12 January 2022 (HKD1: SGD0.17351).
- (4) As Crosstec reported a loss for the financial year ended 30 June 2021, the basis of calculation of the relative figure is in accordance with Practice Note 10A, where the absolute values of the net loss attributable to the assets acquired was compared against the net profit of the Company (in each case taking into account only the absolute values).

As the relative figure under Catalist Rule 1006 does not exceeds 5%, the Disposal is deemed a "non-disclosable transaction" pursuant to the Chapter 10 of the Catalist Rules.

3.2 Financial Effects of the Disposal

The following tables illustrates the financial effects of the Investment on the net tangible assets (“NTA”) per share and the earnings per share (“EPS”) of the Group based on the latest audited financial statements of the Group as at 31 March 2021 (“FY2021”) and the latest announced financial statements of the Group as at 30 September 2021 (“6M2022”).

Financial Effect on NTA per share

	FY2021		6M2022	
	Before Disposal	After Disposal	Before Disposal	After Disposal
NTA (S\$)	24,716,000	21,314,000	37,608,000	34,206,000
Number of share (excluding treasury shares)	257,000,000	257,000,000	257,000,000	257,000,000
NTA per share (S\$ cents)	9.62	8.29	14.63	13.31

Financial Effect on EPS

	FY2021		6M2022	
	Before Disposal	After Disposal	Before Disposal	After Disposal
Profit attributable to the shareholders (S\$)	5,700,000	2,298,000	1,612,000	-1,790,000
Weighted average number of ordinary shares ⁽¹⁾	257,000,000	257,000,000	257,000,000	257,000,000
EPS (S\$ cents)	2.22	0.89	0.63	-0.70

Note:

- (1) In the calculation of EPS, the number of shares is based on the weighted average number of ordinary shares post IPO, for the six-month period ended 30 September 2021. The Company was listed on SGX Catalist board on 19 April 2021.

INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

To the best knowledge of the Directors, while one of the Directors and controlling shareholder has and had interest in Crosstec shares, none of the Directors or controlling shareholders of the Company has or had any interest, direct or indirect, for 5% or more in the shares of Crosstec (other than their respective shareholding interests in the Company, if any).

RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the replies given in this announcement in relation to the queries raised by the SGX-ST and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts concerning the said replies, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading.

CAUTIONARY STATEMENT

Shareholders and potential investors should exercise caution when trading in the Company's shares. The Company will provide further details, where necessary, in subsequent announcements in accordance with the listing rules of the SGX-ST at the appropriate junctures. In the event of any doubt as to the action they should take, Shareholders and potential investors should consult their financial, tax, legal or other professional advisors.

BY ORDER OF THE BOARD

Ong Chu Poh
Executive Chairman and Group Chief Executive Officer
12 January 2022

This announcement has been prepared by the Company and its contents have been reviewed by the Sponsor for compliance with the Catalist Rules. The Sponsor has not independently verified the contents of this announcement. 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 information, statements or opinions made or reports contained in this announcement.

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