



ECON HEALTHCARE (ASIA) LIMITED

Financial Statements and Dividend Announcement
For Year Ended 31 March 2021

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Certain numerical figures set out in this Announcement, including financial data presented in millions or thousands and percentages, have been subject to rounding adjustments, and, as a result, the totals of the data in this Announcement may vary slightly from the actual arithmetic totals of such information. Percentages and amounts reflecting changes over time periods relating to financial and other data set forth in paragraph 8 of this Announcement are approximate figures and have been calculated using the numerical data in our consolidated financial statements or the tabular presentation of other data (subject to rounding) contained in this Announcement, as applicable, and not using the numerical data in the narrative description thereof.

PART I INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the Group, together with a comparative statement for the corresponding period of the immediately preceding financial year

The Board of Directors of Econ Healthcare (Asia) Limited is pleased to announce the consolidated results of the Group for the year ended 31 March 2021. The figures presented below have not been audited.

	Group		
	FY2021	FY2020	Change
	S\$'000	S\$'000	%
Revenue	20,378	21,925	(7.1)
Operating subvention grants	17,531	15,394	13.9
Other income	6,219	588	957.7
Supplies and consumables	(5,462)	(4,934)	10.7
Staff costs	(18,469)	(16,947)	9.0
Depreciation of property, plant and equipment	(1,123)	(1,009)	11.3
Depreciation of right-of-use assets	(5,174)	(5,114)	1.2
Lease expense	-	(28)	N.M.
Utilities expenses	(948)	(1,035)	(8.4)
Impairment losses on trade receivables	(14)	(9)	55.6
Other operating expenses	(4,763)	(3,015)	58.0
Results from operating activities	8,175	5,816	40.6
Finance income	19	28	(32.1)
Finance costs – others	(384)	(469)	(18.1)
Finance costs – leases	(988)	(1,015)	(2.7)
Finance costs	(1,372)	(1,484)	(7.5)
Net finance costs	(1,353)	(1,456)	(7.1)
Share of profit/(loss) of joint venture (net of tax)	5	(4)	N.M.
Profit before tax	6,827	4,356	56.7
Tax expense	(1,456)	(476)	205.9
Profit for the year	5,371	3,880	38.4
Profit attributable to:			
Owner of the Company	5,700	4,037	41.2
Non-controlling interests	(329)	(157)	109.6
Profit for the year	5,371	3,880	38.4
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences – foreign operations	(212)	(105)	101.9
	5,159	3,775	36.7
Total comprehensive income attributable to:			
Owner of the Company	5,447	3,932	38.5
Non-controlling interests	(288)	(157)	83.4
Total comprehensive income for the year	5,159	3,775	36.7

N.M. – Not meaningful

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1(a)(ii) Breakdown and Explanatory Notes to the income statement

	Group		Change %
	FY2021 \$'000	FY2020 \$'000	
Included in other income:			
- Rental income	224	216	3.7
- Amortisation of deferred capital grants	42	40	5.0
- Service fees	106	115	(7.8)
- Special employment credit, temporary employment credit and wages credit scheme	99	46	115.2
- Grants on Senior Activity Centres	180	60	200.0
Exceptional grants:			
- Rent concessions	501	-	N.M.
- Property tax rebate	54	-	N.M.
- Jobs Support Scheme ('JSS')	1,277	-	N.M.
- Staff accomodation	1,832	-	N.M.
- Foreign worker levy ('FWL')	651	-	N.M.
Included in staff costs:			
- Staff accomodation and welfare expenses	(840)	-	N.M.
Included in other operating expenses:			
- IPO expenses	(1,647)	-	N.M.
- Write-off of property, plant and equipment	(32)	(5)	540.0
- Impairment losses on property, plant and equipment	(62)	(10)	520.0
- Loss on disposal of property, plant and equipment	-	(19)	(100.0)
Included in finance costs - others:			
- Exchange(losses)/gain	(19)	1	N.M.
- Interest expenses on borrowings	(362)	(466)	(22.3)

N.M. – Not meaningful

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1(b)(i) A statement of financial position (for the issuer and Group), together with a comparative statement as at the end of the immediately preceding financial year

	Group		Company	
	31.3.2021	31.3.2020	31.3.2021	31.3.2020
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Property, plant and equipment	16,476	15,114	938	1,031
Right-of-use assets	27,154	29,001	5,454	5,458
Investment property	8,154	8,281	-	-
Joint venture	-	-	-	-
Trade and other receivables	1,128	1,162	1,581	805
Deferred tax assets	31	78	3	46
Finance lease receivables	18	54	-	-
Subsidiaries	-	-	23,922	22,633
	<u>52,961</u>	<u>53,690</u>	<u>31,898</u>	<u>29,973</u>
Current assets				
Inventories	14	7	-	-
Trade and other receivables	3,352	5,336	700	2,058
Finance lease receivables	36	35	-	-
Cash and cash equivalents	16,095	7,334	5,097	1,665
Current tax assets	196	23	-	-
	<u>19,693</u>	<u>12,735</u>	<u>5,797</u>	<u>3,723</u>
Total assets	<u>72,654</u>	<u>66,425</u>	<u>37,695</u>	<u>33,696</u>
Current liabilities				
Loans and borrowings	5,825	3,473	-	-
Amount due to immediate holding company	-	698	-	698
Trade and other payables	5,978	4,928	9,910	4,872
Lease liabilities	5,084	4,708	1,666	1,571
Current tax liabilities	1,179	496	80	-
	<u>18,066</u>	<u>14,303</u>	<u>11,656</u>	<u>7,141</u>
Net current assets/(liabilities)	<u>1,627</u>	<u>(1,568)</u>	<u>(5,859)</u>	<u>(3,418)</u>
Non-current liabilities				
Loans and borrowings	4,536	6,165	-	-
Deferred tax liabilities	364	374	-	-
Deferred capital grants	277	246	-	-
Provision for restoration costs	504	508	215	214
Lease liabilities	23,677	25,691	3,973	4,090
	<u>29,358</u>	<u>32,984</u>	<u>4,188</u>	<u>4,304</u>
Total liabilities	<u>47,424</u>	<u>47,287</u>	<u>15,844</u>	<u>11,445</u>
Net assets	<u>25,230</u>	<u>19,138</u>	<u>21,851</u>	<u>22,251</u>
Equity				
Share capital	15,000	15,000	15,000	15,000
Currency translation reserve	(2,841)	(2,588)	-	-
Merger reserve	(99)	(99)	-	-
Accumulated profits	12,656	6,956	6,851	7,251
	<u>24,716</u>	<u>19,269</u>	<u>21,851</u>	<u>22,251</u>
Equity attributable to owner of the Company	<u>24,716</u>	<u>19,269</u>	<u>21,851</u>	<u>22,251</u>
Non-controlling interests	514	(131)	-	-
Total equity	<u>25,230</u>	<u>19,138</u>	<u>21,851</u>	<u>22,251</u>

1(b)(ii) Aggregate amount of Group's borrowings and debt securities

Amount repayable in one year or less, or on demand

As at 31.3.2021	
Secured	Unsecured
\$'000	\$'000
5,825	-

As at 31.3.2020	
Secured	Unsecured
\$'000	\$'000
3,473	-

Amount repayable after one year

As at 31.3.2021	
Secured	Unsecured
\$'000	\$'000
4,536	-

As at 31.3.2020	
Secured	Unsecured
\$'000	\$'000
6,165	-

Details of any collateral

At the balance sheet date, the Group's bank borrowings of:

- (i) S\$2.2 million is secured by corporate guarantee from the immediate holding company, Econ Healthcare Pte. Ltd. and the Company. Pursuant to a deed of release dated 4 March 2021 between the immediate holding company and the bank, the corporate guarantee provided by immediate holding company has been discharged on 19 April 2021.
- (ii) S\$3.1 million is secured by corporate guarantee from the immediate holding company and the Company, and a charge over freehold land and building held by a subsidiary. Pursuant to deed of release dated 15 March 2021 between immediate holding company and the bank, the corporate guarantee provided by the immediate holding company has been discharged.
- (iii) S\$5.1 million is secured by corporate guarantee from the immediate holding company, joint and several personal guarantees from the directors of the Company and subsidiaries, and on freehold land and building held by the immediate holding company and investment properties held by an affiliated company, Econ Medicare Holdings Centre Pte Ltd. Pursuant to a deed of release dated 24 March 2021 provided by the bank, the corporate guarantee and personal guarantees from the directors of the Company and subsidiaries have been discharged on 19 April 2021.

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1(c) A statement of cash flows (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	<u>FY2021</u>	<u>FY2020</u>
	<u>\$'000</u>	<u>\$'000</u>
Cash flows from operating activities		
Profit for the year	5,371	3,880
Adjustments for:		
Amortisation of deferred capital grants	(42)	(40)
Loss on disposal of property, plant and equipment	-	19
Write-off of property, plant and equipment	32	5
Depreciation of property, plant and equipment	1,123	1,009
Depreciation of right-of-use assets	5,174	5,114
Re-measurement from lease modification	38	38
Loss on termination of leases	11	-
Impairment losses on trade receivables	14	9
Impairment losses on property, plant and equipment	62	10
Interest income	(19)	(28)
Interest expense	1,350	1,481
Rent concessions	(501)	-
Unwinding of discount on provisions	3	3
Reversal of provision for restoration cost	(7)	(32)
Tax expenses	1,456	476
Loss on disposal of joint venture	5	-
Share of (profit)/loss of joint-venture, net of tax	(5)	4
	<u>14,065</u>	<u>11,948</u>
Changes in:		
Trade and other receivables	1,795	(1,616)
Trade and other payables	674	951
Inventories	(6)	(7)
Cash generated from operations	<u>16,528</u>	<u>11,276</u>
Reinstatement cost paid	-	(5)
Tax paid	(914)	(686)
Net cash from operating activities	<u>15,614</u>	<u>10,585</u>
Cash flows from investing activities		
Change in non-trade amounts due from immediate holding company	(698)	(1,457)
Change in non-trade amounts due from a related company	488	(178)
Finance lease received	37	37
Interest received	17	26
Proceeds from disposal of joint venture	-*	-
Proceeds from disposal of property, plant and equipment	-*	29
Purchase of property, plant and equipment	(2,441)	(1,890)
Proceeds from sale of equity interests to non-controlling interest	-	100
(Placement)/withdrawal of fixed deposits with licensed banks	(2)	166
Restricted cash held with banks	(31)	-
Capital grants received	73	286
Net cash used in investing activities	<u>(2,557)</u>	<u>(2,881)</u>
Cash flows from financing activities		
Capital contribution by non-controlling interests	933	-
Proceeds from borrowings	2,360	1,153
Change in non-trade amount due to immediate holding company	-	(1,700)
Repayment of borrowings	(1,554)	(1,454)
Payment of lease liabilities	(4,463)	(4,644)
Interest paid	(1,286)	(1,467)
Prepayment of initial public offering transaction costs	(337)	-
Net cash used in financing activities	<u>(4,347)</u>	<u>(8,112)</u>
Net increase/(decrease) in cash and cash equivalents	<u>8,710</u>	<u>(408)</u>
Cash and cash equivalents at 1 April	7,301	7,718
Effect of exchange rate fluctuations on cash held	18	(9)
Cash and cash equivalents at 31 March	<u>16,029</u>	<u>7,301</u>
For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise the following at the end of the reporting period:		
Cash at bank and fixed deposits	16,095	7,334
Less: Fixed deposits with maturity more than 90 days at period end	(35)	(33)
Less: Restricted cash	(31)	-
Cash and cash equivalents	<u>16,029</u>	<u>7,301</u>

* Amount less than S\$1,000

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1(d)(i) A statement (for the issuer and Group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

Group	Share capital	Currency translation reserve	Merger reserve	Accumulated profits	Total equity attributable to owner of the Company	Non-controlling interests	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 April 2019	15,000	(2,487)	(99)	5,749	18,163	-	18,163
Total comprehensive income for the year							
Profit for the year	-	-	-	4,037	4,037	(157)	3,880
Other comprehensive income							
Foreign currency translation differences – foreign operations	-	(105)	-	-	(105)	-*	(105)
Total comprehensive income for the year	-	(105)	-	4,037	3,932	(157)	3,775
Transactions with owner, recognised directly in equity							
Sale of equity interests to non-controlling interest without change in control	-	4	-	70	74	26	100
Dividends declared	-	-	-	(2,900)	(2,900)	-	(2,900)
Total contributions by and distributions to owner	-	4	-	(2,830)	(2,826)	26	(2,800)
At 31 March 2020	15,000	(2,588)	(99)	6,956	19,269	(131)	19,138
At 1 April 2020	15,000	(2,588)	(99)	6,956	19,269	(131)	19,138
Total comprehensive income for the year							
Profit for the year	-	-	-	5,700	5,700	(329)	5,371
Other comprehensive income							
Foreign currency translation differences – foreign operations	-	(253)	-	-	(253)	41	(212)
Total comprehensive income for the year	-	(253)	-	5,700	5,447	(288)	5,159
Transactions with owner, recognised directly in equity							
Capital contribution by non-controlling interests	-	-	-	-	-	933	933
Total contributions by and distributions to owner	-	-	-	-	-	933	933
At 31 March 2021	15,000	(2,841)	(99)	12,656	24,716	514	25,230

* Amount less than S\$1,000

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Company	Share capital	Accumulated profits	Total equity
	\$'000	\$'000	\$'000
At 1 April 2019	15,000	6,881	21,881
Total comprehensive income for the year			
Profit for the year	-	3,270	3,270
Total comprehensive income for the year	-	3,270	3,270
<i>Transactions with owner, recognised directly in equity</i>			
Dividends declared	-	(2,900)	(2,900)
Total contributions by and distributions to owner	-	(2,900)	(2,900)
At 31 March 2020	15,000	7,251	22,251
At 1 April 2020	15,000	7,251	22,251
Total comprehensive income for the year			
Loss for the year	-	(400)	(400)
Total comprehensive income for the year	-	(400)	(400)
At 31 March 2021	15,000	6,851	21,851

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year

	Number of shares	Issued and paid-up share capital S\$'000
Balance at 1 April 2020	15,000,000	15,000
Share split in the proportion of 1 share for 13.8 shares	192,000,000	-
As at 31 March 2021	<u>207,000,000</u>	<u>15,000</u>
Subsequent to 31 March 2021		
New shares issued pursuant to IPO ⁽¹⁾	<u>50,000,000</u>	<u>13,212</u> ⁽²⁾
Issued and paid-up share capital immediately after the IPO	<u>257,000,000</u>	<u>28,212</u>

- (1) On 9 April 2021, offering in respect of 50,000,000 offering shares at S\$0.28 per offering share comprise of a placement of 48,200,000 placement shares to investors, including institutional and other investors in Singapore and an offering of 1,800,000 public offer shares by way of a public offer in Singapore.
- (2) Out of the estimated total IPO expense, S\$788,000 refer to equity transaction and will be deducted from the proceeds of IPO, S\$14.0 million.

As at 31 March 2021 and 31 March 2020, there were no treasury shares held by the Company and there were no subsidiary holdings.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year

As at 31 March 2021, the Company's issued and paid up capital, comprises 207,000,000 (31 March 2020: 15,000,000) ordinary shares.

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported thereon

Not applicable.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on

Not applicable.

2 Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)

The figures have not been audited or reviewed by the Company's auditors.

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- 3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)**

Not applicable.

- 3A Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:-**

(a) Updates on the efforts taken to resolve each outstanding audit issue.**(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.****This is not required for any audit issue that is a material uncertainty relating to going concern.**

Not applicable.

- 4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied**

Except for the early adoption of *COVID-19 Related Rent Concessions – Amendment to SFRS(I)16*, which is issued on 28 May 2020, the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with the audited annual financial statements for the year ended 31 March 2020.

- 5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change**

The Group and the Company have adopted the new and revised SFRS(I) which are effective for its financial year beginning 1 April 2020. The adoption of the new and revised SFRS(I) has no material effect on the financial statements for the current financial period.

- 6 Earnings per ordinary share of the Group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends**

	Group	
	<u>FY2021</u>	<u>FY2020</u>
Profit attributable to owners of the Company (S\$'000)	5,700	4,037
Weighted average number of shares ('000)	207,000	207,000 ⁽¹⁾
Earnings per share (EPS) (cents)		
- Basic and diluted	2.75	1.95

The fully diluted EPS of the Group for the full year ended 31 March 2021 and 2020 is the same as the basic EPS because there were no potentially dilutive ordinary shares in issue during and as at the end of the respective financial year.

(1) The weighted average number of shares of the Group of 207,000,000 shares as at 31 March 2020 reflects the changes in number of shares arising from the Restructuring Exercise (as defined in the Company's Offer Document) and Share Spilt.

- 7 Net asset value (for the issuer and the Group) per ordinary share based on total number of issued shares excluding treasury shares of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year**

	Group		Company	
	<u>31.3.2021</u>	<u>31.3.2020</u>	<u>31.3.2021</u>	<u>31.3.2020</u>
Net asset value (S\$'000)	24,716	19,269	21,851	22,251
Number of shares ('000)	207,000	207,000 ⁽¹⁾	207,000	207,000 ⁽¹⁾
Net asset value per share (cents)	11.94	9.31	10.56	10.75

(1) For illustrative purposes, the issued and paid-up share capital of the Company of 207,000,000 shares as at 31 March 2021 is assumed to have been issued as at 31 March 2020.

8 **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on**

(A) **Statement of Comprehensive Income**

FY2021 vs FY2020

Aggregate revenue and operating subvention grants

Aggregate revenue and operating subvention grants increased 1.6% or S\$0.6 million, from S\$37.3 million to S\$37.9 million due to an increase in operating subvention grants of S\$2.1 million for subsidised residents. The increase in operating subvention grants is offset by a decrease in Medicare Centres and Nursing Homes Fees of S\$0.5 million and ancillary fees of S\$1.0 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 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 within FY2020 and FY2021. Overall, our bed occupancy increased from an average of 1,068 beds in FY2020 to an average of 1,117 beds in FY2021. The total bed capacity was 1,238 and 1,376 for FY2020 and FY2021 respectively.

Ancillary fees decreased by S\$1.0 million from S\$2.1 million in FY2020 to S\$1.1 million in FY2021 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.

Other income

Other income increased by S\$5.6 million from S\$0.6 million in FY2020 to S\$6.2 million in FY2021. This increase was mainly attributed to (i) the JSS grants and grant on FWL of S\$1.9 million; (ii) the rent concessions and property tax rebates of S\$0.6 million; and (iii) the staff accommodation grants of S\$1.8 million, collectively the "Exceptional grant", as a result of the COVID-19 pandemic. Staff accommodation grants are a form of funding support to help staff find temporary lodging for adherence to split zones and safe distancing.

Supplies and consumables

Our cost of supplies and consumables increased by 10.7%, or S\$0.5 million, from S\$4.9 million in FY2020 to S\$5.5 million in FY2021. The increase was due mainly to the purchase of additional consumables for patients, such as face mask, dressing material and milk powder, as the number of residents increased in FY2021. The increase was also due to ambulance services being outsourced to a third party after we ceased providing ambulance services.

Staff costs

Our staff costs increased by 9.0% or S\$1.5 million from S\$16.9 million in FY2020 to S\$18.4 million in FY2021 due mainly to additional staff accommodation arrangements for adherence to safe distancing measures and welfare catered for our care staff as a result of the COVID-19 pandemic, totalling S\$0.8 million. In addition, there was an increase of S\$0.3 million of staff costs in Malaysia and China due to the training undertaken for our care staff in connection with the commencement of operations of our ECON Medicare Centre and Nursing Home – Puchong, as well as in preparation for the commencement of business for ECON Medicare Centre and Nursing Home – Chongqing. As the border control restrictions continue, we incurred additional staff cost in terms of overtime payment, as well as annual increment totalling S\$0.3 million.

Depreciation of property, plant and equipment

Depreciation of property, plant and equipment remained relatively constant at S\$1.1 million and S\$1 million for FY2021 and FY2020 respectively.

Depreciation of right-of-use assets

Depreciation of right-of-use assets remained relatively constant at S\$5.2 million and S\$5.1 million for FY2021 and FY2020 respectively.

Utilities expenses

Utilities expenses decreased by 8.4%, or S\$87,000, from FY2020 to FY2021 as our Group renewed the electricity contract in respect of ECON Medicare Centre and Nursing Home – Recreation Road at a lower cost, coupled with cost savings due to limited operations at our headquarters for around three months during the “circuit-breaker” period as well as from our medicare centres and nursing homes due to safe-distancing measures, as a result of COVID-19.

Other operating expenses

Other operating expenses increased by 58.0%, or S\$1.8 million, from S\$3.0 million in FY2020 to S\$4.8 million in FY2021. The increase in other operating expenses was due mainly to the fees that the Group incurred for IPO project (“IPO Expense”). The Group had impairment losses on property, plant and equipment of S\$62,000 in FY2021 compared to S\$10,000 in FY2020, and property, plant and equipment written off of S\$32,000 in FY2021 as compared to S\$5,000 in FY2020.

Results from operating activities

Our operating profit increased by 40.6%, or S\$2.4 million, from S\$5.8 million in FY2020 to S\$8.2 million in FY2021. The increase in operating profit was due mainly to an increase in other income of S\$5.6 million, partially offset by IPO Expense S\$1.7 million and additional expenses incurred in connection with the COVID-19 pandemic. As a result, our operating profit margin correspondingly increased from 15.6% to 21.6%.

Excluding the net Exceptional Grants as well as IPO Expense and staff accommodation and welfare expenses, our operating profit in FY2021 would have been S\$6.3 million, an increase of S\$0.5 million from FY2020. Our operating profit margin in FY2021 would have been 16.7%, as compared to 15.6% in FY2020.

Finance costs

Finance costs decreased by 7.5%, or S\$0.1 million, and from S\$1.5 million in FY2020 to S\$1.4 million in FY2021 as interest rates decreased during the COVID-19 pandemic despite an increase in bank borrowings of S\$0.7 million, and exchange losses of S\$19,000 was recorded for FY2021.

Tax expense

Tax expense increased by 205.9%, or S\$1.0 million, from S\$0.5 million in FY2020 to S\$1.5 million in FY2021 due to the increase in profit before tax by S\$2.5 million. The Group’s effective tax rate increased from 10.9% to 21.3% in FY2021 due mainly to IPO expenses which is not tax-deductible. On top of that, we do not expect prior year losses or tax relief from our related corporations to be utilised under the Group for FY2021.

Profit attributable to owner of the company (PATMI)

As a result of the foregoing, our PATMI increased by 41.2% or S\$1.7 million, from S\$4.0 million in FY2020 to S\$5.7 million in FY2021. PATMI margin increased from 10.8% to 15% in FY2021.

Earnings per share (EPS) on a fully diluted basis for FY2021 was 2.75 cents compared to 1.95 cents for FY2020.

Net asset value (NAV) per share was 11.94 cents as at 31 March 2021 compared to 9.31 cents as at 31 March 2020.

(B) Statement of financial position

Non-current assets

As at 31 March 2021, our non-current assets of S\$53.0 million accounted for 72.9% of our total assets. Our non-current assets comprised of the following:

- (i) property, plant and equipment, which amounted to S\$16.5 million, and comprised freehold land and buildings, properties under construction, leasehold improvements and renovations, nursing homes and hospital equipment, ambulances and medical equipment, furniture, fittings and office equipment, computers and accessories and motor vehicles;
- (ii) right-of-use assets, which amounted to S\$27.2 million, and comprised nursing homes, office premise and health and wellness centres, office equipment, staff accommodation and motor vehicles;
- (iii) investment property, which amounted to S\$8.2 million, and is related to a reclassification of a land plot that we own in Cheras, Malaysia from freehold land, subsequent to the land being leased to a third party lessee to operate an education centre;
- (iv) trade and other receivables, which amounted to S\$1.1 million, and is related to security deposits paid to our landlords and utilities providers;
- (v) deferred tax assets, which amounted to S\$31,000, and comprised right-of-use assets, provisions and tax loss carry-forwards; and
- (vi) finance lease receivables, which amounted to S\$18,000.

The decrease in non-current assets due mainly to the decrease in right-of-use assets, for S\$1.8 million, offset with the increased in property, plant and equipment for S\$1.4 million. The decrease in right-of-use assets was attributed by the depreciation of right-of-use assets of S\$5.2 million, offset with the additions and lease modifications in right-of-use assets of S\$3.4 million. The increase in property, plant and equipment was due to additions of S\$2.8 million offset with the depreciation of S\$1.1 million and translation differences of S\$0.2 million.

Current assets

As at 31 March 2021, our current assets of S\$19.7 million accounted for 27.1% of our total assets. Our current assets mainly comprised:

- (i) trade and other receivables, which amounted to S\$3.4 million, comprising S\$1.3 million of net third party trade receivables, S\$1.1 million of government grant receivables, S\$0.5 million prepayments, and cumulatively accounted for 85.3% of total trade and other receivables;
- (ii) finance lease receivables, which amounted to S\$36,000;
- (iii) cash and cash equivalents, which amounted to S\$16.1 million or 81.7% of total current assets; and
- (iv) current tax assets, which amounted to S\$0.2 million.

The increase in current asset of S\$7.0 million was due mainly to the decrease in trade amount due from a related corporation for S\$1.5 million, subsequent to cessation of business, offset with an increase of S\$8.8 million in cash and bank balances due mainly to receipts of government grants, and repayment of non-trade amounts of S\$0.5 million from a related corporation.

Non-current liabilities

As at 31 March 2021, our non-current liabilities of S\$29.4 million accounted for 61.9% of our total liabilities. Our non-current liabilities mainly comprised:

- (i) loans and borrowings, which amounted to S\$4.5 million, and is related to funding for the expansion of our Group's operations and general working capital purposes;
- (ii) deferred tax liabilities, which amounted to S\$0.4 million, and is related to differences arising from the recognition of depreciation expenses for our property, plant and equipment after the offsetting of tax losses carried forward;
- (iii) provision for restoration costs, which amounted to S\$0.5 million, and is related to the estimated costs of reinstating our leased premises to their original state upon termination or expiration of the leases; and
- (iv) lease liabilities, which amounted to S\$23.7 million, due to the adoption of SFRS(I) 16 being the present value of the lease payments.

The decrease in non-current liabilities of S\$3.6 million was due mainly to the decrease in loans and borrowings as well as lease liabilities of S\$1.6 million and S\$2.0 million respectively.

Current liabilities

As at 31 March 2021, our current liabilities of S\$18.1 million accounted for 38.1% of our total liabilities. Our current liabilities mainly comprised:

- (i) loans and borrowings, which amounted to S\$5.8 million, and is related to funding for the expansion of our Group's operations and general working capital purposes;
- (ii) trade and other payables, which amounted to S\$6.0 million, comprising S\$1.5 million of refundable deposits received from residents, S\$0.6 million of trade payables and S\$2.4 million of accrued operating expenses, and cumulatively accounted for 75.0% of total trade and other payables;
- (iii) lease liabilities, which amounted to S\$5.1 million, due to the adoption of SFRS(I) 16 being the present value of the lease payments; and
- (iv) current tax liabilities, which amounted to S\$1.2 million.

The increase in current liabilities of S\$3.8 million was due mainly to the increase in loans and borrowings as well as accrued IPO expenses of S\$2.4 million and S\$0.8 million respectively. In addition, lease liabilities increased by \$0.4 million due to lease additions and modifications and current tax liabilities increased by \$0.7 million as a result of higher profit before tax for FY2021 as compared to FY2021.

(C) Statement of Cash Flows

Cash flow before changes in working capital for FY2021 amounted to S\$14.1 million. Net cash generated from operations was S\$16.5 million due to increase in trade and other receivables of S\$1.8 million and increase in trade and other payables of S\$0.7 million, offset with a decrease in inventories of S\$0.01 million. As a result, net cash generated from operating activities after adjusting for cash paid for tax was S\$15.6 million.

Net cash flow used in investing activities was S\$2.6 million in FY2021. Net cash flow was used primarily in purchase of property, plant and equipment amounting to S\$2.4 million and settlement made to/received from immediate holding company and related company of S\$0.7 million and S\$0.5 million respectively.

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Net cash flow used in financing activities was S\$4.3 million in FY2021. The repayment of lease obligation for FY2021 was S\$4.5 million. The net borrowings was S\$0.8 million as compared to the net repayment of borrowings amounting to S\$0.3 million in FY2020.

Overall, the Group reported a net increase in cash and cash equivalents of S\$8.7 million in FY2021, ending the period with cash and cash equivalents of S\$16.0 million.

9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

Not applicable.

10 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

The outlook remains optimistic and the Group looks forward to shape a future through partnerships and collaborations as the Group continues to enhance our quality of care and services offering across Singapore, Malaysia and China. The Group has commenced the operations of our first nursing home in Chongqing, with another two additional nursing homes in the pipeline. The additional two nursing homes located in Chengdu and Changshou, collectively the two new nursing homes are expected to bring additional capacity of 680 beds to our China operations.

The Group is expecting the 12th nursing home to be operational in 2022. Located in Henderson, Singapore, ECON Medicare Centre and Nursing Home – Henderson is a 236 bed capacity nursing home. Together with our three nursing homes in China, the total bed capacity for the Group will increase to 2,336 beds from 1,376 beds by end of 2022.

The Group will continue to diligently adhere to the various COVID-19 health and safe management measures issued by the relevant government and health authorities at places where we operate. The Malaysian government recently extended restrictive measures of the nationwide Movement Control Order ("MCO") till 7 June 2021. The Group remains alert and responsive to adapt changes in policies and measures to mitigate potential business risk. The Group will continue to enhance the quality of services and efforts to digitalize its business while exploring new market opportunities.

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11 **Segmented revenue and results for business or geographical segments (of the Group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year**

(a) **By Business Segments**

FY2021	Medicare centres and nursing homes S\$'000	Other operation and ancillary services S\$'000	Elimination S\$'000	Group S\$'000
Aggregate revenue and operating subvention grants				
External customers	19,307	1,071	-	20,378
Inter-segment revenue	-	7,322	(7,322)	-
Operating subvention grants	17,531	-	-	17,531
Results:				
Segment results	7,677	1,962	183	9,822
Finance income	17	2	-	19
Finance costs	(1,583)	(169)	380	(1,372)
Share of results of joint venture	-	5	-	5
Unallocated expenses: Listing expenses	-	-	-	(1,647)
Segment profit before tax	6,111	1,800	563	6,827
Assets:				
Segment assets	69,540	58,354	(55,804)	72,090
Tax assets	179	48	-	227
Unallocated assets: Prepaid listing expenses	-	-	-	337
Total assets	69,719	58,402	(55,804)	72,654
Liabilities:				
Segment liabilities	60,662	41,981	(57,579)	45,064
Tax liabilities	1,463	80	-	1,543
Unallocated liabilities: Accrued listing expenses	-	-	-	817
Total liabilities	62,125	42,061	(57,579)	47,424
Capital expenditure	2,646	107	-	2,753
Significant non-cash items				
Depreciation of property, plant and equipment	885	238	-	1,123
Depreciation of right-of-use assets	3,405	1,769	-	5,174
(Reversal) of impairment losses on trade receivables	(84)	-	98	14
FY2020				
	Medicare centres and nursing homes S\$'000	Other operation and ancillary services S\$'000	Elimination S\$'000	Group S\$'000
Aggregate revenue and operating subvention grants				
External customers	19,831	2,094	-	21,925
Inter-segment revenue	-	5,006	(5,006)	-
Operating subvention grants	15,394	-	-	15,394
Results:				
Segment results	6,526	(2,053)	1,343	5,816
Finance income	(7)	2	33	28
Finance costs	(1,267)	(200)	(17)	(1,484)
Share of results of joint venture	-	(4)	-	(4)
Segment profit/(loss) before tax	5,252	(2,255)	1,359	4,356
Assets:				
Segment assets	63,028	49,998	(46,702)	66,324
Tax assets	39	62	-	101
Total assets	63,067	50,060	(46,702)	66,425
Liabilities:				
Segment liabilities	60,760	13,761	(28,104)	46,417
Tax liabilities	850	29	(9)	870
Total liabilities	61,610	13,790	(28,113)	47,287
Capital expenditure	2,003	144	-	2,147
Significant non-cash items				
Depreciation of property, plant and equipment	699	271	39	1,009
Depreciation of right-of-use assets	3,348	1,766	-	5,114
Impairment losses on trade receivables	9	-	-	9

(b) By Geographical Segments

	Aggregate revenue and operating subvention grants		Non-current assets ⁽¹⁾	
	FY2021	FY2020	FY2021	FY2020
	S\$'000	S\$'000	S\$'000	S\$'000
Singapore	32,772	32,035	26,778	27,999
Malaysia	5,137	5,284	23,918	24,570
China	- ⁽²⁾	-	2,234	1,043
	<u>37,909</u>	<u>37,319</u>	<u>52,930</u>	<u>53,612</u>

(1) Non-current assets information presented above consist of property, plant and equipment, right-of-use assets investment property, non-current trade and other receivables, non-current finance lease receivables.

(2) On 17 May 2021, the Group had announced that its Chongqing Nursing Home, located in Chongqing, China had commenced its operations.

12 In the review of the performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments.

Please refer to paragraph 8.

13 Dividend

(a) Whether an interim (final) ordinary dividend has been declared (recommend); and

Yes. The Company does not have a fixed dividend policy. As disclosed in the offer document, the Board intends to recommend and distribute dividends of at least 35% of net profit after tax attributed to our Shareholders generated in each of FY2021, FY2022 and FY2023, as the Group wishes to reward its Shareholders for participating in the Group's growth.

(b)(i) Amount per share (in cents)

Name of dividend	Final
Dividend type	Cash
Dividend amount per ordinary share	0.78 Singapore cent (tax exempt one-tier)

(b)(ii) Amount per share (in cents) for the previous corresponding period

Name of dividend	Final
Dividend type	Cash
Dividend amount per ordinary share	19.33 Singapore cents (tax exempt one-tier)

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Tax exempt one-tier.

(d) The date the dividend is payable

3 September 2021, subject to shareholders' approval at the upcoming Annual General Meeting.

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- (e) **The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined**

Notice is hereby given that the Register of Members and the Transfer Books of the Company will be closed on 23 August 2021 ("Record Date") for the purpose of determining members' entitlement to the final dividend.

Duly completed registrable transfers received by the Company's Share Registrar, In.Corp Corporate Services Pte. Ltd., 30 Cecil Street #19-08 Prudential Tower Singapore 049712, up to 5.00 p.m. on 23 August 2021 will be registered before entitlements to the dividend are determined.

- 14 **If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.**

Not applicable.

- 15 **If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect**

Name of Interested Person	Aggregate value (\$'000) of all IPTs during the financial year under review	Aggregate value of all IPTs conducted during the financial year under review under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
(1) Econ Healthcare Pte Ltd - Lease of 3 nursing homes: (a) ECON Medicare Centre and Nursing Home – Braddell (b) ECON Medicare Centre and Nursing Home – Choa Chu Kang (c) ECON Medicare Centre and Nursing Home – Upper East Coast	1,849	Not applicable - the Group does not have a shareholders' mandate under Rule 920
(2) Econ Medicare Centre Holdings Pte Ltd (a) Lease of ECON Medicare Centre and Nursing Home – Recreation Road (b) Lease of staff quarters at Recreation Road (c) Sublease agreement for Hexacube office (d) Accounting service agreement	366	
(3) Econ Healthcare Pte Ltd (a) Sub lease agreement for Chai Chee Nursing Home (b) Trademark licence agreement	704	
(4) Ekang International Holdings Pte. Ltd. (a) Lease of Hexacube office	488	
(5) TMI Technologies Pte Ltd (a) Sub lease arrangement for Hexacube office (b) Accounting service agreement	12	
(6) Econ Advance Renal Care Pte Ltd ⁽¹⁾ (a) Sublease and service agreement for Yung Kuang Life Hub (b) Sublease and service agreement for Bedok Life Hub	180	

- (1) On 30 September 2020, the Group transferred its shares in the joint venture, Econ Advance Renal Care Pte. Ltd., to Econ Healthcare Pte. Ltd. for a consideration of S\$1. Subsequently on 19 November 2020, Econ Healthcare Pte. Ltd. entered into a sale and purchase agreement to dispose Econ Advance Renal Care Pte. Ltd. to a third party. As a result, Econ Advance Renal Care Pte. Ltd. is no longer an interested person of the Group.

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- 16 **Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

Name	Age	Family relationship with any director, CEO and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Koh Hin Ling	67	Wife of Ong Chu Poh (Executive Chairman and Group Chief Executive Officer) and Mother of Ong Hui Ming (Executive Director and Deputy Chief Executive Officer)	Director of TCM, TCM practitioner and Director of the Group's principal subsidiaries, with effect from 1994	N.A.
Ong Xin De	36	Son of Ong Chu Poh (Executive Chairman and Group Chief Executive Officer) and Brother of Ong Hui Ming (Executive Director and Deputy Chief Executive Officer)	Head, Development, with effect from 2017, overseeing strategic development, growth, technology and innovation of the Group	N.A.

- 17 **Breakdown of revenue and profit after tax**

	Group		
	FY2021 \$'000	FY2020 \$'000	Change
(a) Aggregate revenue and operating subvention grant reported for first half year	18,641	18,574	0.4%
(b) Operating profit after tax before deducting minority interests reported for first half year	3,537	1,474	140.0%
(c) Aggregate revenue and operating subvention grant reported for second half year	19,268	18,745	2.8%
(d) Operating loss after tax before deducting minority interests reported for second half year	1,834	2,406	-23.8%

- 18 **Breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year**

Annual Dividend	FY2021 (in \$ million)	FY2020 (in \$ million)
Ordinary dividend		
- Interim	2.0	2.9
Total:	2.0	2.9

- 19 **Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Catalist Rule 720(1).**

The Company has procured undertakings from all its Directors and Executive Officers (in the format set out in Appendix 7H) under Rule 720(1) of the Catalist Rules.

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20 Use of IPO proceeds

Pursuant to the initial public offering on 19 April 2021, the Company received gross proceeds of S\$14.0 million (after deducting listing and processing fees, professional fees and placement commission and other expenses) from the placement of new shares. As at the date of this announcement, the IPO net proceeds have been utilised as follows:

	Amount allocated (as disclosed in the offer document)	Amount utilised as at the date of this announcement	Balance
	(S\$'000)	(S\$'000)	(S\$'000)
Expansion plans in Singapore as well as overseas through, among others, joint ventures, strategic collaborations, mergers and acquisitions, or investments	7,500	82	7,418
Upgrading of existing medicare centres and nursing homes and other facilities, including equipment and IT infrastructure	2,000	-	2,000
General corporate and working capital purposes	2,000	-	2,000
Payment of underwriting and placement commissions and offering expenses ("IPO expenses")	2,500	2,173 ⁽¹⁾	327
Total	14,000	2,255	11,745

(1) The amount utilised as at the date of this announcement refer to the expenses billed to date. The amount paid up to date is S\$2.0 million.

BY ORDER OF THE BOARD

Ong Chu Poh
 Executive Chairman and Group Chief Executive Officer
 27 May 2021

This announcement has been prepared by the Company and its contents have been reviewed by the, DBS Bank Ltd (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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