



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

**RESPONSES TO SUBSTANTIAL AND RELEVANT QUESTIONS RECEIVED FOR
THE ANNUAL GENERAL MEETING TO BE HELD ON 26 JULY 2024**

The Board of Directors of Econ Healthcare (Asia) Limited (the “**Company**”) together with its subsidiaries (the “**Group**”) refers to:

- I. the annual report of the Company for the financial year ended 31 March 2024 (the “**2024 Annual Report**”);
- II. the notice of annual general meeting (“**AGM**”) issued by the Company on 8 July 2024 informing shareholders that the Company’s AGM will be convened and held on Friday, 26 July 2024 at 9.30 a.m. at 160 Changi Road #05-13 Hexacube Singapore 419728.

The Company wishes to thank shareholders for submitting their questions in advance of the AGM. Please refer to the annex of this announcement on the substantial and relevant questions received from shareholders relating to the resolutions to be tabled at the AGM, and Company’s responses to these substantial and relevant questions. As disclosed in the notice of AGM, any substantial and relevant questions received after 9.30 a.m. on 16 July 2024 will be addressed at the AGM itself.

BY ORDER OF THE BOARD

Ong Chu Poh
Executive Chairman and Chief Executive Officer

19 July 2024

This document has been prepared by the Company and its contents have been reviewed by the Company’s sponsor, R & T Corporate Services Pte. Ltd. (“Sponsor”), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (“Exchange”). This document has not been examined or approved by the Exchange. The Exchange assumes no responsibility for the contents of this document including the correctness of any of the statements or opinions made or reports contained in this document.

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ANNEX: Company's Responses to Substantial and Relevant Questions Received from Shareholders Relating to the Resolutions to be Tabled at the AGM

1. Page 150-153: Operating Segment

(a) The discontinued operations are the 2 nursing homes in China?

(noted in page 142 - there are no credit exposures for China in 2024)

Company's Response:

As disclosed in the full year results announced on 28 May 2024 and on page 113 of the 2024 Annual Report, the Group has committed in a sale plan to partially dispose 11% and 21% of its interest in China subsidiaries, Chongqing Yikang Bailingbang Eldercare Co., Ltd., Chongqing Changshou Yikang Bailingbangyanjia Eldercare Co., Ltd. ("China subsidiaries") and full interest of 20% in the associate, Sichuan Guangda Bailingbang Yikang Eldercare Co., Ltd.. Hence, the assets and liabilities related to the China subsidiaries and carrying amount of interest in associate had been presented on the balance sheet as "assets of disposal group classified as held for sale" and "liabilities directly associated with disposal group classified as held for sale" and their results are presented separately on the income statement as "profit/(loss) from discontinued operations, net of tax".

(b) What is the rationale for disposing of these nursing homes in China?

Company's Response:

As disclosed in the full year results announced on 28 May 2024, the disposal is being undertaken in connection with the Group's strategic review of its China operations and will allow the group to re-allocate its efforts and resources. Upon completion of the disposal, the Company will have more working capital for its existing operations, expand into other businesses and undertake new investment opportunities that may arise in future.

(c) Is there a disposal loss or profit of these 2 nursing homes in China?

Company's Response:

The disposal has not been completed as at 31 March 2024. Correspondingly, no gain or loss on the disposal has been recognised in the financial statements for the financial year ended 31 March 2024.

(d) Is there any lesson learnt? Why invest in China and then exit the next year? What went wrong in the due diligence? Does the Board look into how investment decisions are made? Previously, a wrong investment decision was made resulting in huge losses and the Board & Management said that the Investment policy and process will be strengthened to prevent such an event. Can the Board share what happened here? Does the Investment policy and process need further enhancement or there is non-compliance with the policies and process? Can IDs(Mr Siau/MrLim/Dr Ong) comment on this?

Company's Response:

The Group has had a presence in China through the China subsidiaries prior to its listing in 2021 and since the financial year ended 31 March 2020 and as such, this is not a matter that is covered by the investment policy disclosed in previous annual reports, which deals primarily with the Company's investment in quoted securities as a means of utilising idle cash.

As mentioned in 1(b), the disposal is being undertaken in connection with the Group's strategic review of its China operations and will allow the Group to re-allocate its resources. As stated on page 50 of the 2024 Annual Report, the Board responsibilities include approving the Group's strategic plans, key business initiatives, acquisition and disposal of assets, significant investments and funding decisions as well as major corporate policies. In arriving in the divestment decision, the Board had considered and evaluated factors, such as actual financial performance and the future forecast of the China operations, operational challenges faced, allocation of resources to the significant core regions which the Group is more experienced in.

For completeness, in relation to investment in quoted securities, as disclosed in the annual report for the financial year ended 31 March 2022, the Company had appointed RSM Risk Advisory Pte Ltd ("RSM") to perform a comprehensive review of the Group's investment policy and related controls and safeguards, including to strengthen the due diligence to be undertaken prior to an investment in listed equity securities and to impose requirements regarding asset mix and portfolio diversification. The Directors and management had reviewed the report issued by RSM and had incorporated the recommendations of RSM in its investment policy.

2. Page 136: Non Controlling Interest

Noted that in subsequent events (page 154) that there are more disposal of the chinese nursing home interest.

Can the Board provide the company's interests in these nursing homes in China now? Is it still 30% or 40%?

Company's Response:

Please note that as at 31 March 2024, the disposals have not been completed. Please refer to the following table for the Group's interest in its China subsidiaries/associates before and after completion of the disposal:

	Interest held as at 31 March 2024	Disposal stake	Interest held upon completion of disposal
Chongqing Yikang Bailingbang Eldercare Co., Ltd.	60%	11%	49%
Chongqing Changshou Yikang Bailingbangyanjia Eldercare Co., Ltd.	70%	21%	49%
Sichuan Guangda Bailingbang Yikang Eldercare Co., Ltd.	20%	20%	–

If the company still has minority interests in the nursing homes in China, can the Board explain why China operations are considered discontinued?

Company's Response:

The China components of the Group is classified as “discontinued operations” as the criteria to be classified as held for sale have been met and represents a separate major line of business or geographical area of operations or is part of a single coordinates plan to dispose of a separate major line of business or geographical area of operations, as required by the financial reporting standards.

If they are discontinued operations and we still have minority interests, are we still receiving a share of the revenue?

Company's Response:

Following the completion of disposal, the Group will deconsolidate Chongqing Yikang Bailingbang Eldercare Co., Ltd. and Chongqing Changshou Yikang Bailingbangyanjia Eldercare Co., Ltd. as subsidiaries and apply equity method of accounting on the retained non-controlling interest of 49% each in both entities.

3. Page 129 - Fixed Deposit - rates of 2.9%(2024) and 3.1%(2023)

Did the Board consider alternative investment with higher returns? eg. Sg Govt Bonds/Treasury Bills? Treasury Bills rates for 2023 - 2024 is higher than 3.1%

Company's Response:

The Board of Directors and the Investment Committee take into account various factors, such as tenor of the investment, availability, returns and Group's cash flow position, before making a decision on the type of investment.

4. Page 129 - Restricted FD

What is this item? Performance Bond?

How many percent of the total FD are restricted? How is it determined and calculated?

These FDs are getting 0.2%; Is this placed in Singapore or where? Can the Board elaborate?

Company's Response:

The restricted fixed deposit as at 31 March 2024 amounted to S\$28,332, or 1.01% of total fixed deposits. It is placed by one of the subsidiaries as regulatory requirement for the operation of a nursing home in China.

5. Page 135 - What is this liability for short term accumulated compensated absences? Is this for the residents absent from nursing home? Please clarify.

Company's Response:

Liability for short term accumulated compensated absences is related to the provision of unused paid annual leave days as at 31 March 2024 for the employees of the Group.

6. Lastly, can I request for a printed copy of the AR for the coming AGM?

Company's Response:

Yes, if shareholders wish to receive physical copies of the 2024 Annual Report, please complete and return the physical request form accompanying the physical notice of AGM that was despatched to you in accordance with the instructions thereon. As disclosed in the notice of AGM, physical copies of the 2024 Annual Report will not be despatched to shareholders unless otherwise requested, and is electronically available (along with copies of the notice of AGM and the proxy form) on the Company's website at the URL <https://www.econhealthcare.com/>) and on SGXNET at the URL <https://www.sgx.com/securities/company-announcements>.

7. Also as a feedback to you - can you provide an email for the investor relations to correspond with shareholders during AGMs and EGMs. Most listed companies have that.

Company's Response:

As disclosed on page 70 of the 2024 Annual Report, the Company's corporate website (<https://www.econhealthcare.com>) has a dedicated "Investor Relations" link featuring the latest and past financial results and other related information. The Company's corporate website also has dedicated "Contact Us" link that shareholders, investors, analysts and members of the media can use to readily contact the Company. Alternatively, shareholders and the investment community may submit their queries, concerns and feedback to the Company via email (marketing@econhealthcare.com).