
THE PROPOSED CHANGE OF AUDITORS FROM ERNST & YOUNG LLP TO FOO KON TAN LLP

The Board of Directors (“**Board**”) of AsiaPhos Limited (“**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce the Company’s intention to change its auditors (“**Auditors**”) from Ernst & Young LLP (“**EY**”) to Foo Kon Tan LLP (“**FKT**”) (the “**Proposed Change of Auditors**”) at the forthcoming Annual General Meeting of the Company to be held on 8 May 2020 (the “**AGM**”).

As part of the Group’s ongoing efforts to manage its overall business costs and expenses amidst the current situation facing by the Group’s operations, the Board is of the view that it would be timely to effect a change of the Auditors. The Board also believes that a change of Auditors would be good corporate governance practice and would enable the Company to benefit from fresh perspectives and views of another professional audit firm and thereby further enhance the value of the audit.

Following an evaluation of proposals, the Audit Committee having considered, amongst others, the Audit Quality Indicators Disclosure Framework issued by Accounting and Corporate Regulatory Authority of Singapore, including the adequacy of the resources and experience of FKT and the audit engagement partner assigned to the audit, other audit engagements of FKT, the Group’s audit requirements, the size and complexity of the Group and the number and experience of supervisory and professional staff to be assigned to the audit, is of the opinion that FKT is suitable to be appointed as Auditors of the Company. Accordingly, the Board has recommended the appointment of FKT as auditors of the Company in place of EY. The change of auditors will allow the Group to save approximately 40%-50% in audit fees based on the previous audit fees for the financial year ended 31 December 2019. The quality and scope of audit services to be provided by FKT will be comparable to the services currently provided by EY. As such, the Company does not expect the reduction in cost to affect the quality of the audit to be undertaken and there will be no change in the scope of the audit to be undertaken with the Proposed Change of Auditors. The Board, having reviewed FKT’s fee proposal and credentials and the factors mentioned above, has determined, in consultation with the Audit Committee, that their proposal is best suited to meet the audit requirements of the Group, and that their proposed professional fees are reasonable and competitive.

In connection with the above, the Company had on 3 April 2020, received a notice from EY informing the Company that EY does not wish to seek re-appointment as the Company’s Auditors at the AGM. Subsequently, FKT has given its consent to act as Auditors by way of letter dated 3 April 2020 to the Company.

The retirement of EY will only take effect upon appointment of FKT, which will be effective upon approval of the Shareholders being obtained at the AGM to be convened for the Proposed Change of Auditors. Upon the appointment, FKT will hold office until the conclusion of the next annual general meeting of the Company.

In accordance with the requirements of Rules 712(3) of the Listing Manual Section B: Rule of Catalyst of the Singapore Exchange Securities Trading Limited (“**Catalist Rules**”):

- (i) EY has confirmed by way of a letter dated 3 April 2020 that it is not aware of any professional reasons why FKT should not accept appointment as Auditors;
- (ii) 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 which has not been disclosed in this announcement;



- (iii) the Company confirms that the specific reasons for the Proposed Change of Auditors are disclosed above. The Proposed Change of Auditors is neither due to the dismissal of EY nor EY declining to stand for election; and
- (iv) the Company confirms that it complies with Rules 712 and 715 of the Catalist Rules in relation to the proposed appointment of FKT as Auditors.

Save as disclosed in the auditors report dated 3 April 2020, which may be seen or be constituted as disagreements, the Directors confirm that there are no disagreements with EY on accounting treatments within the last 12 months. We draw attention to the matters raised by the auditors in their report dated 3 April 2020. Given the bases of the auditors opinion as expressed therein, inter-alia, assets and liability of disposal group and discontinued operation, impairments, recoverable amount of property, plant and equipment and going concern (and bases for preparation of financial statements), the Directors are of the view that the matters raised by the auditors may constitute disagreement between the Auditors and Management. Notwithstanding the Board confirms that it did not factor in the issuance of a disclaimer of opinion in its decision to recommend or to propose a change of auditors. The change in auditors is due solely to cost reasons.

A letter to Shareholders setting out further details on the Proposed Change of Auditors, together with the 2019 Annual Report, will be despatched to Shareholders in due course.

BY ORDER OF THE BOARD

Dr. Ong Hian Eng
 Executive Director
 AsiaPhos Limited

3 April 2020

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor ("Sponsor"), Asian Corporate Advisors Pte. Ltd., in accordance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited ("Exchange") Listing Manual Section B: Rules of Catalist for compliance with the relevant rules of the Exchange. The Sponsor has not independently verified the contents of this announcement including the correctness of any of the figures used, statements or opinions made.

This announcement has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this announcement including the correctness of any of the statements or opinions made or reports contained in this announcement.

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