

Hai Leck Holdings Limited
(Company Registration No. 199804461D)
(Incorporated in the Republic of Singapore)
(the “**Company**”)

Directors:

Cheng Buck Poh @ Chng Bok Poh (Executive Chairman and CEO)
Tan Sim Cheng (Non-Executive Deputy Chairman and Lead Independent Director)
Cheng Wee Ling (Executive Director)
Christina Chow Poh Lin (Executive Director)
Chua Keng Woon (Independent Director)
Lim Hui Kwan (Independent Director)

Registered Office:

47 Tuas View Circuit,
Singapore 637357

5 October 2022

To: The Shareholders of Hai Leck Holdings Limited

Dear Shareholders,

THE PROPOSED CHANGE OF THE AUDITORS OF THE COMPANY FROM MESSRS ERNST AND YOUNG LLP TO MESSRS BAKER TILLY TFW LLP (THE “PROPOSED CHANGE OF AUDITORS”)

We refer to item 5 appearing in the Notice of Annual General Meeting. This item is an Ordinary Resolution (“**Resolution 6**”) for the Proposed Change of Auditors. The purpose of this letter is to provide the shareholders of the Company (“**Shareholders**”) with information relating to, and to seek their approval for, Resolution 6 at the annual general meeting of the Company (the “**AGM**”) to be convened on 21 October 2022. The Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) assumes no responsibility for the accuracy of any statements or opinions made or reports contained in this letter.

RHTLaw Asia LLP has been appointed as the legal adviser to the Company as to Singapore law in respect of the Proposed Change of Auditors.

1. THE PROPOSED CHANGE OF AUDITORS

1.1. Background and Rationale

- 1.1.1. The incumbent auditors of the Company (the “**Auditors**”), Messrs Ernst and Young LLP, were re-appointed at the last AGM held on 28 October 2021 to hold office until the conclusion of the next AGM. Messrs Ernst and Young LLP (“**EY**”) have held the office of Auditors for the past 20 financial years, since 11 October 2002. As part of corporate governance initiatives and management of overall business costs amidst challenging business climate, the board of directors of the Company (the “**Directors**” or the “**Board**”) is now proposing to appoint Messrs Baker Tilly TFW LLP (“**BT**”) to meet its audit obligations, in accordance with Rule 712 of the listing manual of the Mainboard of the SGX-ST (the “**Listing Manual**”).
- 1.1.2. As EY have been the Auditors for the past 20 financial years, the Directors are of the view that a change of auditors would enable the Company and its subsidiaries (collectively, the “**Group**”) to benefit from fresh perspectives and views. The proposed change of auditors will also result in lower audit fees by approximately 30%.
- 1.1.3. The Board notes that Mr. Hu Weisheng, (“**Mr. Hu**”), who will assume the role as the audit engagement partner for the Company, has more than 15 years of audit and assurance experience in public accounting in Singapore, including audit of listed companies in Singapore, which will further enhance the value of the audit. The Board notes that BT meets the requirements under Rule 712(2) of the Listing Manual as it is registered with and regulated by the Accounting and Corporate Regulatory Authority (“**ACRA**”).

- 1.1.4. The financial statements of the Company are currently prepared in accordance with the Singapore Financial Reporting Standards (International) and the scope of audit services to be provided by BT will be comparable to the services currently provided by EY.
- 1.1.5. EY has on 21 September 2022 informed the Company that it will retire and not seek re-appointment at the forthcoming AGM.
- 1.1.6. BT has on 22 September 2022 given their written consent to act as the Auditors of the Company and its Singapore-incorporated subsidiaries, subject to the approval of Shareholders being obtained at the AGM.
- 1.1.7. The appointment of BT would be effective upon obtaining the approval of Shareholders at the AGM. If approval is obtained, BT will hold office as the Auditors until the conclusion of the next AGM.
- 1.1.8. The Directors wish to express their appreciation for the past services rendered by EY.

1.2. Requirements under the Listing Manual

- 1.2.1. The Board and the audit committee of the Company (the “**Audit Committee**”), having considered the adequacy of the resources and experience of BT and the audit engagement partner assigned, the size and complexity of the Group’s operations, and the number and experience of supervisory and professional staff assigned to the audit, are of the opinion that BT will be able to meet the audit requirements of the Company, and that the appointment of BT as the Auditors will be able to satisfy Rule 712 of the Listing Manual.
- 1.2.2. Pursuant to Rule 712(3) of the Listing Manual, the appointment of BT as the Auditors in place of EY must be specifically approved by Shareholders in a general meeting. Accordingly, the appointment of BT as the Auditors at the AGM would be effective upon the approval by Shareholders at the AGM for the Proposed Change of Auditors.

1.3. Confirmations

- 1.3.1 In compliance with Rule 1203(5) of the Listing Manual:

- (a) EY have confirmed that they are not aware of any professional reasons why BT should not accept appointment as the Auditors; and
- (b) The Company confirms that:
 - (i) There were no disagreements with EY on accounting treatments within the last 12 months;
 - (ii) It is not aware of any circumstances connected with the Proposed Change of Auditors that should be brought to the attention of the Shareholders;
 - (iii) The specific reasons for the Proposed Change of Auditors are as set out in paragraph 1.1.2; and
 - (iv) It is in compliance with Rules 712 and 715 of the Listing Manual in connection with the appointment of BT as the Auditors. The Company will not be engaging BT as the auditors for its existing non-significant foreign-incorporated subsidiaries and its non-significant joint venture for the purpose of the consolidation of the financial statements of the Group.

- 1.3.2 Pursuant to Section 205 of the Companies Act 1967 of Singapore, a copy of the notice of nomination of the proposed new Auditors dated 13 September 2022 from a Shareholder is attached as an annex to this letter.

1.4. Information on BT

- 1.4.1. BT is a firm of Chartered Accountants in Singapore registered with ACRA. It is one of the top 10 largest accounting and business advisory firms in Singapore and has 19 partners and a staff strength of more than 300. It has significant experience acting as auditors for companies listed on the SGX-ST. BT is an independent member of Baker Tilly International, which is globally the top 10 largest accounting and business advisory network by combined revenue and with member firms in more than 146 territories and a global workforce of more than 38,600 people. For more information about BT, please visit its website at www.bakertilly.sg.
- 1.4.2. Mr. Hu has more than 15 years of audit and assurance experience in public accounting in Singapore, including audit of listed companies in Singapore. Prior to joining BT, he spent over 13 years in a large international accounting firm. Mr. Hu's experience includes audits of multinational, local and listed companies in diverse industries such as Construction, Manufacturing, Media & Entertainment, Oil & Gas and Power & Utilities. He also has experience in initial public offerings in Singapore and USA.
- 1.4.3. Mr. Hu is a Public Accountant registered with ACRA, a Practising Member of the Institute of Singapore Chartered Accountants.

1.5. Recommendation of the Audit Committee

- 1.5.1. The Audit Committee has reviewed the Proposed Change of Auditors and has taken into consideration the Audit Quality Indicators Disclosure Framework issued by ACRA, as well as the requirements under the Listing Manual.
- 1.5.2. Having satisfied itself as to the suitability of BT, the Audit Committee recommends the Proposed Change of Auditors.

2. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

As at 23 September 2022, being the latest practicable date prior to the printing of this letter, the interests of the Directors and the Substantial Shareholders in the Shares, as recorded in the Register of Directors' Shareholdings and Register of Substantial Shareholders' Shareholdings of the Company are as follows:

	Direct Interest		Deemed Interest		Total Interest	
	No. of shares	% (excluding treasury shares)	No. of shares	% (excluding treasury shares)	No. of shares	% (excluding treasury shares)
<u>Directors</u>						
Cheng Buck Poh @ Chng Bok Poh	106,122,665	46.91	85,800,000	37.92	191,922,665	84.83
Christina Chow Poh Lin	102,960	0.05	-	-	102,960	0.05
Tan Sim Cheng	103,125	0.05	-	-	103,125	0.05
Chua Keng Woon	1,035,650	0.46	-	-	1,035,650	0.46
<u>Substantial shareholders</u>						
Cheng Capital Holdings Pte Ltd	85,800,000	37.92	-	-	85,800,000	37.92
Cheng Buck Poh @ Chng Bok Poh	106,122,665	46.91	85,800,000	37.92	191,922,665	84.83
Goo Guik Bing @ Goh Guik Bing	-	-	-	-	191,922,665	84.83

Notes:

1. Cheng Capital Holdings Pte Ltd ("Cheng Capital Holdings") is held by Messrs Cheng Buck Poh @ Chng Bok Poh (32 shares (31.68%)), Goo Guik Bing @ Goh Guik Bing (10 shares (9.90%)), Cheng Li Peng (7 shares (6.93%)), Cheng Li Chen (15 shares (14.85%)), Cheng Li Hui (7 shares (6.93%)), Cheng Wee Ling (15 shares (14.85%)) and Cheng Yao Tong (15 shares (14.85%)). Mr Cheng Buck Poh @ Chng Bok Poh and Mdm Goo Guik Bing @ Goh Guik Bing are husband and wife and our Executive Director, Ms Cheng Wee Ling, as well as Ms Cheng Li Peng, Ms Cheng Li Chen, Ms Cheng Li Hui and Mr Cheng Yao Tong are their children.
2. Mr Cheng Buck Poh @ Chng Bok Poh is deemed to be interested in the 85,800,000 shares held by Cheng Capital Holdings by virtue of his 31.68% shareholdings in Cheng Capital Holdings.
3. Mdm Goo Guik Bing @ Goh Guik Bing is deemed to be interested in the 85,800,000 shares held by Cheng Capital Holdings by virtue of her husband's 31.68% shareholdings in Cheng Capital Holdings and 106,122,665 shares held by her husband.

3. DIRECTORS' RECOMMENDATIONS

The Directors are of the opinion that the Proposed Change of Auditors is in the interests of the Company. Accordingly, they recommend that Shareholders vote in favour of the ordinary resolution in respect of the Proposed Change of Auditors set out in the Notice of AGM.

4. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this letter and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this letter 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 letter misleading. Where information in the letter 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 the letter in its proper form and context.

5. DOCUMENTS FOR INSPECTION

Copies of the following documents may be inspected at the registered office of the Company at 47 Tuas View Circuit, Singapore 637357 during normal business hours up to and including the date of the AGM:

- (a) the constitution of the Company; and
- (b) the audited financial statements of the Company for the financial year ended 30 June 2022.

By Order of the Board

Cheng Buck Poh @ Chng Bok Poh
Executive Chairman and Chief Executive Officer

13 September 2022

THE BOARD OF DIRECTORS

Hai Leck Holdings Limited
47 Tuas View Circuit,
Singapore 637357

Dear Sirs

HAI LECK HOLDINGS LIMITED (THE "COMPANY") – NOTICE OF NOMINATION

I, the undersigned, a shareholder of the Company hereby give notice of my intention to propose that Messrs Baker Tilly TFW LLP of 600 North Bridge Road, #05-01 Parkview Square, Singapore 188778, be appointed as Auditors of the Company in place of the retiring Auditor Messrs Ernst and Young LLP of One Raffles Quay, North Tower, Level 18, Singapore 048583 at the forthcoming Annual General Meeting of the Company to be held on 21 October 2022 or at any adjournment thereof.

Yours faithfully



Christina Chow

Member, Hai Leck Holdings Limited.