

**APPENDIX IN RELATION TO THE PROPOSED CHANGE OF AUDITORS**  
**NAM CHEONG LIMITED**  
(Registration No. 25458)  
(Incorporated in Bermuda)

**APPENDIX I**

This Appendix I is circulated to shareholders of Nam Cheong Limited (the "**Company**") together with the Company's Annual Report for its financial year ended 31 December 2017 ("**Annual Report**"). Its purpose is to provide information to shareholders for the proposed change of auditors to be tabled at the Annual General Meeting of the Company to be held on Monday, 20 August 2018 at Furama RiverFront, Venus I & II, Level 3, 405 Havelock Road Singapore 169633 at 10.00 a.m.

The Notice of Annual General Meeting and Proxy Form are enclosed with the Annual Report.

If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

If you have sold all your shares in the capital of the Company, please forward this Appendix I, the Notice of Annual General Meeting and Proxy Form immediately to the purchaser or to the stockbroker, bank or agent through whom the sale was effected for onward transmission to the purchaser.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Appendix I.



**NAM CHEONG LIMITED**  
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## LETTER TO SHAREHOLDERS

### Directors

Tan Sri Datuk Tiong Su Kouk (Executive Chairman)  
Tiong Chiong Hiiung (Executive Vice Chairman and Finance Director)  
Leong Seng Keat (Chief Executive Officer)  
Ajaib Hari Dass (Lead Independent Director)  
Yee Kit Hong (Independent Director)  
Kan Yut Keong, Benjamin (Independent Director)

### Registered Office

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

27 July 2018

To: The Shareholders of the Company

Dear Shareholder,

### 1. INTRODUCTION

We refer to:

- (a) the Notice of Annual General Meeting (the "**Notice**") of Nam Cheong Limited (the "**Company**") dated 27 July 2018, accompanying the Annual Report 2017, convening the Annual General Meeting of the Company to be held on 20 August 2018 (the "**AGM**"); and
- (b) Ordinary Resolution 5 proposed in item 5 of the Notice.

The Directors are proposing to seek Shareholders' approval for the Proposed Change of Auditors at the AGM. The purpose of this Appendix is to provide Shareholders with the relevant information pertaining to the Proposed Change of Auditors and to seek Shareholders' approval for the resolution relating to the same at the AGM.

The SGX-ST assumes no responsibility for the correctness of any statements made, opinions expressed or reports contained in this Appendix. If any Shareholder is in any doubt as to the action he should take, he should consult his stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

### 2. THE PROPOSED CHANGE OF AUDITORS

#### 2.1 Background and Rationale

The Company's current auditors, Messrs BDO LLP ("**BDO**"), have been auditors ("**Auditors**") of the Company and its subsidiaries (the "**Group**") since 29 April 2013. BDO was re-appointed as Auditors of the Company at the last Annual General Meeting of the Company held on 24 April 2017 to hold office until the conclusion of the next Annual General Meeting of the Company. BDO's term of office as Auditors of the Company will therefore expire upon the conclusion of the forthcoming AGM.

The Audit Committee of the Company (the "**Audit Committee**") reviews the independence and objectivity of the Auditors of the Company annually. As a matter of good corporate governance, the Audit Committee believes that a change of auditors may enable the Company to benefit from fresh perspectives and the views of another professional accounting firm, thereby enhancing the value of the audit. The Board concurs with this view and believes that it is timely to consider a change of Auditors of the Company for the financial year ending 31 December 2018.

Following an evaluation of the proposals from established accounting firms and after due deliberation, the Board, at the recommendation of the Audit Committee, proposes that Messrs Foo Kon Tan LLP ("**FKT**") be appointed as the Auditors of the Company for the financial year ending 31 December 2018, in place of BDO, subject to the approval of the Shareholders at the AGM.

The financial statements of the Company and the Group are currently prepared in accordance with the International Financial Reporting Standards and the scope of audit services to be provided by FKT will be comparable to the services currently provided by BDO.

BDO have, in their letter dated 17 July 2018, given notice to the Directors of their retirement as Auditors with effect from the conclusion of the forthcoming AGM of the Company and FKT have, on 23 July 2018, given their written consent to act as Auditors, subject to the approval of the Shareholders at the AGM and compliance with the Companies Act 1981 of Bermuda (the "**Bermuda Companies Act**").

The appointment of FKT would be effective upon obtaining the approval of Shareholders at the AGM to be held on 20 August 2018 for the Proposed Change of Auditors. If approved, FKT will hold office until the conclusion of the next annual general meeting of the Company.

In view of the above, BDO will retire and not seek re-appointment as Auditors of the Company at the AGM to be held on 20 August 2018, being the end of their current term. The Directors wish to express their appreciation for the past services rendered by BDO.

## **2.2 Opinion of the Directors and Audit Committee**

The Directors and the Audit Committee have considered various factors, including the adequacy of the resources and experience of FKT and the audit engagement partner assigned to the audit, FKT's other audit engagements, the size and complexity of the Group, the number and experience of supervisory and professional staff assigned to the audit of the Group, are of the opinion that FKT will be able to meet the audit requirements of the Group and that Rule 712 of the Listing Manual has been complied with.

In consideration of the abovementioned factors and the audit quality indicators introduced by the Accounting and Corporate Regulatory Authority of Singapore ("**ACRA**") when evaluating and selecting the new auditors, the Audit Committee is of the view that the quality and scope of the audit to be undertaken will be at least similar, if not more stringent, than the previous year.

The Directors confirm that there are no circumstances connected with the Proposed Change of Auditors that are required to be brought to the attention of the Shareholders.

## **2.3 Confirmation from Outgoing Auditors**

In accordance with the requirements of Rule 1203(5)(a) of the Listing Manual, BDO have confirmed that they are not aware of any professional reasons why FKT should not accept appointment as Auditors. Further, BDO confirmed that they have received from FKT a written request pursuant to Section 89(3A) of the Bermuda Companies Act for a written statement from BDO of the circumstances and the reasons why, in BDO's opinion, it is to be replaced, and that BDO has responded to the said request accordingly.

## **2.4 Confirmation from the Company**

In accordance with the requirements of Rule 1203(5) of the Listing Manual, the Company confirms that:

- (a) there were no disagreements with BDO on accounting treatments within the last 12 months;

- (b) it is not aware of any circumstances connected with the change of auditors that should be brought to the attention of the Shareholders;
- (c) the specific reasons for the change of auditors are disclosed in Sections 2.1 and 2.2 above. The Proposed Change of Auditors is not due to the dismissal of BDO or due to BDO declining to continue to service as the Auditors of the Company; and
- (d) it has complied with Rule 712 and Rule 715 of the Listing Manual in relation to the appointment of FKT as its new Auditors.

## 2.5 About FKT and the audit engagement partner

Established in 1968, FKT has advanced from a traditional public accounting firm to one delivering a full range of services tailored to the needs of privately held businesses and public interest entities. Foo Kon Tan LLP is registered with ACRA (Registration number: T10LLO002B and Registration date: 01/01/2010) and is one of Singapore's top audit firms. FKT has experience in both the private and public sectors across a variety of industries, including shipping and construction which the Group is principally engaged in. In addition, many of FKT's clients are listed on the SGX-ST as well as in other international capital markets.

With experience in both the private and public sectors across a variety of industries, FKT's professionals are intended to serve their clients as independent auditors, advising on funding businesses, on tax issues, and on restructuring of business, meeting clients' objectives through practical solutions based on their practice values of integrity, reliability and personal attention. In August 2015, FKT LLP became a principal member of HLB International, one of the leading global accountancy networks with presence in more than 130 countries. FKT has 20 partners and directors, with about 300 staff who are professionals providing audit, tax and business advisory services. For more information about FKT, please visit [www.fookontan.com](http://www.fookontan.com).

For the audit of the Group, FKT's engagement team has six (6) professionals, comprising three (3) audit associates, one (1) senior associate, one (1) senior manager and one (1) senior partner. In addition, the engagement will be reviewed by a concurring partner and an independent quality control reviewer.

Mr Robin Chin Sin Beng will be the audit engagement partner assigned to the audit of the Group. He has experience in auditing listed companies which are engaged in similar industries and businesses as the Group. Robin has more than thirty (30) years of audit experience and has been an Audit Partner at FKT since 1991. He is a practising member of the Institute of Singapore Chartered Accountants and a public accountant registered with ACRA. He is also a fellow member of the Institute of Chartered Accountants in England & Wales and holds a Master's degree in Applied Finance from Macquarie University. As the International Business Centre (IBC) director, he provides comprehensive support and guides the firm's international as well as Singapore based clients desiring to expand overseas. He is involved in various aspects of assurance advisory with a special focus on financial investigations. He has conducted significant financial investigations for both local and overseas clients both listed as well as privately held businesses. In addition to his duties as the director of IBC, he is also principally responsible for the firm's People and Culture policy matters.

The Audit Committee has enquired on whether the audit engagement partner who will be assigned to the audit of the Group has been subject to the Practice Monitoring Programme review by ACRA. In this regard, the Audit Committee has noted that the audit engagement partner had passed the review and received feedback from such exercise previously when forming their views on the suitability of the appointment.

## 2.6 Directors' Recommendations

Having considered the rationale and benefit of the Proposed Change of Auditors, the Directors are of the opinion that the Proposed Change of Auditors is in the best interests of the Company. Accordingly, the Directors recommend that the Shareholders vote in favour of the Ordinary Resolution in respect of the Proposed Change of Auditors to be proposed at the AGM.

## 2.7 Audit Committee's Statement

The Audit Committee has reviewed the Proposed Change of Auditors and, having satisfied itself of the suitability of FKT and ensuring compliance with the Listing Manual, recommends the Proposed Change of Auditors.

## 2.8 Directors' Responsibility Statement

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

## 2.9 Documents Available For Inspection

Copies of the following documents may be inspected at the office of the Company's Singapore Share Transfer Agent, RHT Corporate Advisory Pte. Ltd., at 9 Raffles Place #29-01, Republic Plaza Tower 1, Singapore 048619, during normal business hours from the date of this Appendix up to and including the date of the AGM:

- (a) The Memorandum of Association and Bye-laws of the Company;
- (b) Notice of retirement as Auditors dated 17 July 2018 from BDO;
- (c) The professional clearance letter issued by BDO to FKT dated 19 July 2018;
- (d) Letter of consent to act as Auditors dated 23 July 2018 from FKT; and
- (e) The Company's annual report for FY2017.

Yours faithfully  
For and on behalf of the Board of Directors of  
**Nam Cheong Limited**

Tan Sri Datuk Tiong Su Kouk  
Executive Chairman