

LETTER DATED 15 APRIL 2020

THIS LETTER IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT, TAX ADVISOR OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

If you have sold or transferred your Shares held through CDP, you need not forward this Letter to the purchaser or transferee as arrangements will be made by CDP for a separate Letter with the Annual Report to be sent to the purchaser or the transferee. If you have sold or transferred all your Shares represented by physical share certificate(s), you should immediately forward this Letter, together with the Annual Report to the purchaser or transferee or to the bank, stockbroker or agent through whom the sale or transfer was effected for onward transmission to the purchaser or the transferee.

This Letter 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 Letter including the accuracy, completeness or correctness of any of the figures used, statements or opinions made.

This Letter has not been examined or approved by the Exchange. The Sponsor and the Exchange assumes no responsibility for the contents of this Letter including the accuracy, completeness or correctness of any of the statements made, opinions expressed or reports contained in this Letter.

The contact person for the Sponsor is Mr. Liau H.K..

Telephone number: 6221 0271.

ASIAPHOS

ASIAPHOS LIMITED

(Company Registration No. 201200335G)
(Incorporated in the Republic of Singapore)

LETTER TO SHAREHOLDERS

IN RELATION TO

THE PROPOSED CHANGE OF AUDITORS FROM ERNST & YOUNG LLP

TO FOO KON TAN LLP

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DEFINITIONS

For the purposes of this Letter, the following definitions apply throughout unless otherwise requires or otherwise stated:

“ACRA”	:	Accounting and Corporate Regulatory Authority of Singapore
“AGM”	:	The annual general meeting of the Company to be held on 8 May 2020 at 2.30 pm at Edelweiss Room (Level 3), Aperia, 10 Kallang Avenue, Singapore 339510 (Date/Timing to be confirmed/dependent upon relevant approvals/Singapore government advisory, in view of covid-19 situation; please refer to Company’s SGXNET announcements for updates)
“Audit Committee”	:	The audit committee of the Company as at the date of this Letter, members of which comprise Mr. Francis Lee Fook Wah, Mr. Goh Yeow Tin and Mr. Ong Eng Hock Simon
“Auditors”	:	The auditors of the Company as appointed from time to time
“Board” or “Board of Directors”	:	The board of directors of the Company as at the date of this Letter
“Catalist Rules”	:	The Listing Manual Section B: Rules of Catalist of the SGXST, as amended, modified or supplemented from time to time
“CDP”	:	The Central Depository (Pte) Limited
“Companies Act”	:	The Companies Act, Chapter 50 of Singapore, as may be amended, modified or supplemented from time to time
“Company”	:	AsiaPhos Limited
“Directors”	:	The directors of the Company as at the date of this Letter
“Group”	:	The Company and its subsidiaries
“Latest Practicable Date”	:	7 April 2020, being the latest practicable date prior to the printing of this Letter
“EY”	:	Ernst & Young LLP
“FKT”	:	Foo Kon Tan LLP
“Letter”	:	This letter to Shareholders dated 15 April 2020
“PRC”	:	The People’s Republic of China

DEFINITIONS

“Proposed Change of Auditors”	:	The proposed change of auditors of the Company, from EY to FKT
“SFA”	:	Securities and Futures Act, Chapter 289 of Singapore, as amended or modified from time to time
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Share(s)”	:	Ordinary share(s) in the capital of the Company
“Shareholders”	:	Registered holders of Shares, except where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares and where the context admits, mean the persons named as Depositors in the Depository Register and whose Securities Accounts maintained with CDP are credited with the Shares

Currencies, Units and Others

“S\$”	:	Singapore dollars, the lawful currency of the Republic of Singapore
“%” or “per cent”	:	Per centum or percentage

The terms “**depositor**” and “**Depository Register**” shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

The term “**subsidiary**” shall bear the meaning ascribed to it in Section 5 of the Companies Act.

Words importing the singular shall, where applicable, include the plural and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

Any reference in this Letter to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined in the Companies Act or the Catalist Rules or any statutory modification thereof and not otherwise defined in this Letter shall have the same meaning assigned to it in the Companies Act or any statutory modification thereof, as the case may be. Summaries of the provisions of any laws and regulations contained in this Letter are of such laws and regulations as at the Latest Practicable Date.

The headings in this Letter are inserted for convenience only and shall be ignored in construing this Letter.

Any reference to a time of day in this Letter is made by reference to Singapore time unless otherwise stated.

Any discrepancies in the tables in this Letter between the listed amounts and the totals thereof and/or the respective percentages are due to rounding.

LETTER TO SHAREHOLDERS

ASIAPHOS LIMITED

(Company Registration No. 201200335G)
(Incorporated in the Republic of Singapore)

Board of Directors

Mr. Goh Yeow Tin (*Independent Non-Executive Chairman*)
Dr. Ong Hian Eng (*Chief Executive Officer and Executive Director*)
Mr. Ong Eng Hock Simon (*Non-Independent Non-Executive Director*)
Mr. Francis Lee Fook Wah (*Independent Non-Executive Director*)

Registered Office:

50 Raffles Place
#32-01 Singapore
Land Tower
Singapore 048623

15 April 2020

To: The Shareholders of AsiaPhos Limited

Dear Sir/Madam

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

1. INTRODUCTION

The Directors are seeking Shareholders' approval for the Proposed Change of Auditors from Ernst & Young LLP to Foo Kon Tan LLP.

The purpose of this Letter is to provide Shareholders with relevant information pertaining to the Proposed Change of Auditors, and to seek Shareholders' approval for the same at the AGM.

The SGX-ST takes no responsibility for the accuracy or correctness of any statements or opinions made, or reports contained in this Letter.

2. THE PROPOSED CHANGE OF AUDITORS

2.1 Rationale for the Proposed Change of Auditors

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.

The Proposed Change of Auditors is neither due to, *inter-alia*, audit opinion or search for a favourable opinion, the dismissal of EY nor EY declining to stand for election, but solely cost considerations.

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Following an evaluation of proposals, the Audit Committee having considered, amongst others, the Audit Quality Indicators Disclosure Framework issued by ACRA, 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, (inter-alia) nature and type of activities of the Group as well as recent developments, 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, EY has given notice to the Directors of their retirement as Auditors on 3 April 2020, and FKT has given their written consent to be appointed as the new Auditors on 3 April 2020, subject to the approval of the Shareholders at AGM.

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.

2.2 Information of FKT and the Audit Engagement Partner

The information on FKT provided below was provided to the Company by FKT and their representatives. The Directors have not conducted an independent review or verification of the accuracy of the statements and information below.

FKT is one of Singapore's most established and respected accountancy practices. They can trace their roots to 1968 when the original firm was founded and became known as Foo, Kon & Tan. Over the years, a dynamic and inspirational leadership team changed the firm's structure to provide a holistic one-stop business and advisory solutions to discerning clients. Today, 'Foo Kon Tan' is the brand name under which Foo Kon Tan LLP (FKT), Chartered Accountants of Singapore and its associated companies provide a full range of assurance, tax and advisory services to help clients navigate the ever changing dynamics of the business and regulatory environments in the domestic as well as global markets. They are amongst the top 7 accountancy practices in Singapore. FKT is registered with ACRA to perform the relevant audit services. FKT is a principal member of HLB International, a world-wide network of independent professional accounting firms and business advisers, with access to the extensive on-the-ground expertise of independent peer member firms in over 140 countries.

The Audit Committee has enquired on whether Ms Ang Soh Mui, who will be the audit engagement partner 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 Ms Ang Soh Mui was involved in the Practice Monitoring Programme review held in October

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2019 by ACRA. To date ACRA has not released the results of the PMP review. The Audit Committee has previously met with Ms Ang Soh Mui to understand FKT's audit proposal and is satisfied she has the relevant audit experience to be the engagement partner.

Profile/Experience of the Audit Engagement Partner: Ang Soh Mui joined Foo Kon Tan in 2012 from KPMG and has more than 20 years of experience in the profession. The mainstay of her professional work involves audits of listed entities ranging from multi-national corporations (with overseas reporting), to owner-managed businesses and charities. She is passionate about all things IPO and enjoys meeting and providing guidance to clients with IPO ambitions. Before joining the firm, she was involved in the completion of the third largest IPO in Asia alongside a team of IPO advisers for the dual listing of Integrated Healthcare Holdings Berhad, in the Malaysia and Singapore bourses in 2012.

Listed entities audited by Ang Soh Mui included Singapore O&G Limited, PSL Holdings Limited, Metal Component Engineering Limited, NauticAWT Limited, Net Pacific Financial Holdings Limited, Goodland Group Limited, Lorenzo International Limited and Mary Chia Holdings Limited. Further details for Ms Ang Soh Mui's professional experience are available on FKT's website, via this link: <https://www.fookontan.com/Team/SHIRLEY-ANG>.

FKT has performed audit engagements for OM Holdings Limited and PT Arutmin Indonesia which is in a similar sector of material and mining industry.

FKT confirmed its independence in respect of the audit of the Group.

In addition to Ms Ang Soh Mui as the audit engagement partner, FKT has proposed for Mr Kon Yin Tong (FKT's Managing Partner) as the Relationship Partner, and Ms Michelle Seet (FKT's Tax Director) to lead the engagement team for Asiaphos.

Profile/Experience of the Relationship Partner: Mr Kon Yin Tong has held several roles and positions at Foo Kon Tan LLP and is responsible for the overall strategy and stewardship of the firm. He leads a disciplined team of dedicated specialists by example to provide the distinctive high quality service to today's discerning clients. He has been in the public accounting profession for 30 years and has personally been hands on in many client engagements, including cross-border assignments. He started his career with Big 4 firms in London and Singapore and joined Foo Kon Tan LLP in 1994. His areas of practice include those in litigation support and dispute resolution, including acting as expert witness and as assessor to the Court (relevant for Asiaphos which is in the midst of an international arbitration involving its assets in the PRC). He has also conducted investigations into corporate transgressions, locally as well as overseas. Yin Tong is a regular speaker at seminars and conferences on topics related to his expertise and experience. Yin Tong, Engagement Quality Control Partner, is currently president of the Institute of Singapore Chartered Accountants (ISCA) and chairperson of its Forensic Accounting Task Force. Besides his appointment as Chairman of the Sport Singapore, he is also a board member of the Singapore Accountancy Commission and Energy Market Authority. Yin Tong was formerly a board member of the Singapore Totalisator Board, and the Accounting and Corporate Regulatory Authority and Public Accountants Oversight Committee, both national regulators.

Further details for Mr Koh Yin Tong's professional experience are available on FKT's website, via this link: <https://www.fookontan.com/Team/KON-YIN-TONG>.

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In terms of the composition of the audit engagement team, FKT has confirmed to Asiaphos that the selection of team members will be tailored to ensure their experience is commensurate with the company's situation and will have experience with clients such as Asiaphos.

To ensure quality throughout the audit process, FKT's quality assurance custodian (Sherrylnn Ong – Associate Director, Professional Standards and Assurance), works alongside the engagement team to address routine consultation with AsiaPhos's finance team on development of new accounting standards and pronouncements that are applicable to AsiaPhos, as well as in quality control over the audit deliverables, such as the audit plan, salient features memorandum and financial statements.

2.3 Compliance with Rule 712 of the Catalist Rules

In accordance with the requirements of Rule 712(3) of the 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 (the "Professional Clearance Letter");
- (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 Letter;
- (iii) the Company confirms that the specific reasons for the Proposed Change of Auditors are disclosed in Section 2.1 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.

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2.4 Compliance with Rule 715 of the Catalist Rules

Upon obtaining Shareholders' approval of the Proposed Change of Auditors, FKT will be appointed as the Auditors of the Company as well as its Singapore-incorporated subsidiaries.

The Company's foreign-incorporated subsidiaries that are incorporated in PRC will be audited by an independent member firm of FKT, HLB Sichuan Zhongfa or the purposes of preparing the consolidated financial statements of the Group, and will ensure compliance with SGX Catalist Rules (e.g. Rule 715(1) and 715(2)).

Profile of HLB Sichuan Zhongfa:

Established in 1996, Sichuan Zhongfa CPA Co., Ltd is one of the longest-running accounting firm which boasts of having over 20 years of professional experience. With years of abundance experience, they have a clientele covering a wide range of industries, which in turn allows them to be adept with diverse business operations and their respective areas of specialization. Additionally, Sichuan Zhongfa CPA Co., Ltd has a specialized division of teams for each niche industry, hence, allowing them to provide a higher level of quality, integrity, technical excellence and exceptional service to their clients. Sichuan Zhongfa CPA Co., Ltd is also a member of HLB International, a global network of independent advisory and accounting firms across 140 countries.

Profile/Experience of the Audit Engagement Partner: Trained in Assurance and Investigations, Yang Yan joined Sichuan Zhongfa CPA Co., Ltd in 2005 as a Director and has more than 15 years of experience servicing business owners, some of which have grown from small enterprises into listed companies with offices spanning across the globe. The mainstay of her professional work involves audits of listed entities ranging from multi-national corporations to large state-owned companies. She has been engaged in the provision of accounting work services which included consolidation and preparation of consolidation package and consolidated financial statements of the Group of entities under CapitalLand, Sichuan Coal Industry Group Limited Liability Company and Sichuan Chuantou Emei Ferroalloy (Group) Co., Ltd. The accounting work services included preparation and monitoring over the completion of consolidation works for group of entities with complex structure, and significant acquisition & divestment activities; she was also actively involved in the streamlining of consolidation journal entries to facilitate future review and performance of consolidation work. Yang Yan has an extensive experience in serving Real Estate and Industry/Manufacturing companies over the years.

Further details (in Chinese) for Sichuan Zhongfa are available via the following websites:

- (a) <http://www.sczfcpa.com/qyry.html> (四川中砧會計師事務所); and
- (b) <https://www.hlbgreaterchina.com/services/china/%E6%88%90%E9%83%BD-chengdu/>

The Audit Committee is satisfied that the independent member firm and engagement partner, inter-alia, has the requisite expertise in the relevant sector relating to the issuer they are auditing and group of companies and also fulfils all requirements of Catalist Rules.

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3. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

Directors' Interests

The interest of the Directors, direct or indirect, in the Shares as recorded in the Register of Directors' Shareholdings as at the Latest Practicable Date are set out below:

	Direct Interest	%⁽¹⁾	Deemed Interest	%⁽¹⁾
Goh Yeow Tin	–	–	–	–
Dr. Ong Hian Eng (“ OHE ”) ⁽²⁾⁽³⁾	9,024,394	0.87	230,653,636	22.36
Ong Eng Hock Simon ⁽³⁾⁽⁵⁾	2,919,306	0.28	–	–
Francis Lee Fook Wah	200,000	0.02	–	–

Substantial Shareholders' Interests

The interest of the Substantial Shareholders, direct or indirect, in the Shares as recorded in the Register of Substantial Shareholders as at the Latest Practicable Date are set out below:

	Direct Interest	%⁽¹⁾	Deemed Interest	%⁽¹⁾
Astute Ventures Pte. Ltd. (“ Astute Ventures ”) ⁽⁴⁾⁽⁵⁾	270,025,455	26.18	–	–
FICA (Pte.) Ltd. (“ FICA ”) ⁽²⁾	230,653,636	22.36	–	–
Dr. Ong Hian Eng ⁽²⁾⁽³⁾	9,024,394	0.87	230,653,636	22.36
Ong Bee Kuan Melissa ⁽³⁾⁽⁴⁾⁽⁵⁾	5,367,190	0.52	270,025,455	26.18
Luo Yong	62,277,900	6.04	–	–

Notes:

- (1) Based on 1,031,524,685 Shares in issue as at the Latest Practicable Date.
- (2) FICA is controlled by Dr. Ong Hian Eng (“Dr Ong”, or “OHE”) and he is therefore deemed to be interested in the 230,653,636 Shares held by FICA.
- (3) OHE, Ong Eng Hock Simon and Ong Bee Kuan Melissa are relatives.
- (4) Ong Bee Kuan Melissa is a director of, and is entitled to exercise not less than 20.0% of the votes attached to the voting shares in the share capital of Astute Ventures. As such, she is deemed to be interested in the 270,025,455 Shares held by Astute Ventures.
- (5) Ong Eng Hock Simon and Ong Bee Kuan Melissa are the shareholders of Astute Ventures.

None of the Directors or the substantial shareholders of the Company has any interest, direct or indirect, in the Proposed Change of Auditors, other than through their respective shareholdings in the Company.

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4. AUDIT COMMITTEE'S RECOMMENDATIONS

The Audit Committee has reviewed the Proposed Change of Auditors and recommended the appointment of FKT as Auditors in place of EY, after taking into account the suitability and independence of FKT to meet the audit requirements of the Group, the various factors set out in Section 2.1 of this Letter (including, *inter alia*, the requisite experience and access to required resources) and compliance with the requirements of the Catalist Rules.

5. DIRECTORS' RECOMMENDATION

The Directors, having reviewed, among other things, the rationale for the Proposed Change of Auditors, the recommendation of the Audit Committee and other information set out in Section 2 of the Letter, are of the view that the Proposed Change of Auditors is in the best interests of the Company and accordingly, recommend that Shareholders vote in favour of the Proposed Change of Auditors at the AGM.

6. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the AGM and wish to appoint a proxy to attend and vote at the AGM on their behalf will find enclosed a Proxy Form which they are requested to complete, sign and return in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at the registered office of the Company at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not less than 48 hours before the time appointed for the AGM. The sending of a Proxy Form by a Shareholder does not preclude him from attending and voting in person at the AGM if he finds that he is able to do so. In such event, the relevant Proxy Forms will be deemed to be revoked and the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the AGM.

A depositor shall not be regarded as a Shareholder entitled to attend the AGM and vote thereat unless his name appears on the depository register at least 72 hours before the time appointed for the AGM.

7. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Letter (save for the information relating to FKT and the audit engagement partner under Section 2.2 of 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 and the Group, and the Directors are not aware of any facts the omission of which would make any statement in this Letter misleading. Where information in this 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 this Letter in its proper form and context.

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8. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available for inspection at the registered office of the Company at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, during normal business hours from the date of this Letter up to the date of the AGM:

- (i) the Constitution of the Company;
- (ii) EY's Professional Clearance Letter to FKT dated 3 April 2020; and EY's notice of retirement as Auditors (letter from EY dated 3 April 2020); and
- (iii) FKT's letter to the Company dated 3 April 2020 in respect of its consent to act as Auditors of the Company.

Yours faithfully

For and on behalf of the Board of Directors of
ASIAPHOS LIMITED

Goh Yeow Tin
Independent Non-Executive Chairman