

Vallianz Holdings Limited
Co Reg No. 199206945E

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EXTRAORDINARY GENERAL MEETING IN RELATION TO THE PROPOSED CHANGE IN AUDITOR – RESPONSES TO QUESTIONS FROM SHAREHOLDERS

The Board of Directors of Vallianz Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to thank shareholders for submitting their questions in advance of the Extraordinary General Meeting to be held on 9 June 2020 at 4.00 p.m. by way of electronic means.

The following are the Company’s responses to relevant questions that were raised by shareholders.

Q1. Aside from the possible lower audit fee by the new auditor, please advise:

a) What is/are the reason/(s) behind Deloitte’s resignation as auditor?

The Company is continually reviewing possible avenues to improve operating efficiencies and lower its cost structure especially amid a challenging business environment. Audit service was one of the areas identified where changes could be made to enhance cost efficiency and Deloitte understood the Company’s priorities and concerns.

As the change of auditor is subject to the written consent of Accounting and Corporate Regulatory Authority (“**ACRA**”), Deloitte had applied to ACRA to seek their approval for its resignation as auditor of the Company. One of the questions in ACRA’s application form was whether Deloitte had any major disagreements with the Company. We understand from Deloitte that their response was there was none.

As part of the process of changing auditor, the incoming auditor, Nexia, had to seek “professional clearance” from Deloitte. In its professional clearance letter dated 24 March 2020, Deloitte has confirmed to Nexia that they are not aware of any professional reasons why Nexia should not accept the appointment as the new auditor of the Company.

b) What is/are the justification/rationale for Deloitte to resign & the Company to accept the resignation and propose a new auditor?

As mentioned in our response to Q1a) above, the Company will have the opportunity to enhance its operating cost efficiencies with the proposed change of auditor.

The Company’s Audit Committee is of the opinion that Nexia is well-suited to meet the existing needs and audit requirements of the Group and is likely to enhance the value of the audit. This is because of Nexia’s familiarity with the Group as existing auditor to a number of the Group’s subsidiaries. The Audit Committee has also taken into consideration the relevant experience and profile of Nexia’s clientele and the engagement director-in-charge, adequacy of resources and the skill-sets of the incoming team of audit professionals.

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c) What will be the new audit fee and what are the cost savings by changing auditor from Deloitte & Touche LLP to Nexia TS Public Accounting Corporation?

The Company expects to have savings of approximately 29% in audit fees for the financial year ended 31 March 2020 based on the previous audit fees incurred for the financial year ended 31 March 2019.

BY ORDER OF THE BOARD

Ling Yong Wah
Chief Executive Officer
8 June 2020

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Provenance Capital Pte. Ltd. (the "**Sponsor**"), for compliance with the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this announcement.*

This announcement has not been examined or approved by the SGX-ST. The SGX-ST assumes no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

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