CAMSING HEALTHCARE LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration Number: 197903888Z)
(the "**Company**")

PROPOSED CHANGE OF AUDITOR

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1. INTRODUCTION

The Board of Directors ("**Board**") of Camsing Healthcare Limited (the "**Company**" and together with its subsidiaries, the "**Group**") wishes to announce the Company's intention to appoint Crowe Horwath First Trust LLP ("**Crowe**") as the auditor of the Company and its Singapore-incorporated subsidiaries, Nutra-Source Pte. Ltd., Nature's Farm Pte Ltd, William Jacks & Company (Singapore) Pte. Ltd. and Wismer Automation (Singapore) Pte. Ltd. (collectively, the "**Relevant Group Companies**"), following the resignation of Deloitte & Touche LLP ("**Deloitte**") as the auditor of the Relevant Group Companies with effect from 23 September 2021, as further elaborated below.

2. BACKGROUND

Deloitte has been the auditor of the Relevant Group Companies since the financial year ended 31 January 2014. Deloitte was last re-appointed as auditor of, *inter alia*, the Company at the annual general meeting of the Company ("**AGM**") held on 28 May 2018. The terms of the audit of the financial statements for the financial year ended 31 January 2019 ("**FY2019**") were set out in Deloitte's audit engagement letter dated 2 Nov 2018 which include, *inter alia*, the amount of audit fees for FY2019 ("**Contracted Audit Fee**"). In this connection, the Company had paid the first 50% of the Contracted Audit Fee to Deloitte in or around May 2019.

On 29 March 2019, the trading of the Company's shares was suspended by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") pursuant to Rule 1303(5) of the Mainboard Listing Manual of the SGX-ST ("**Listing Manual**") and subsequent thereto, on 23 April 2019, the Company appointed RSM Corporate Advisory Pte. Ltd. as its special auditor ("**Special Auditor**") to investigate into certain matters ("**Audit Matters**") then raised by Deloitte in connection with their audit of the financial statements of the Company for the financial year ended 31 January 2019 ("**FY2019 Audit**"). The FY2019 Audit was suspended in or around March 2019. The report of the Special Auditor was released on 1 September 2020.

3. THE PROPOSED CHANGE OF AUDITOR

Following the release of the report of the Special Auditor, the Company invited Deloitte to urgently resume and complete the audit of the financial statements of the Relevant Group Companies for FY2019 so that it could present such audited financial statements to shareholders of the Company ("**Shareholders**") at a general meeting. In this connection, Deloitte requested that the Company forthwith pay in full the remaining 50% of the Contracted Audit Fee for FY2019 Audit ("**Remaining Contracted Audit Fee**") before it would resume its FY2019 Audit. In addition, Deloitte sought additional audit fees which were purportedly meant to cover their cost overruns and estimated costs to complete the FY2019 Audit ("**Proposed Additional Fee**"). Deloitte informed the Company that any failure to pay the Remaining Contracted Audit Fee in full and to agree to its Proposed Additional Fee would pose a threat to Deloitte's independence which would impede its ability to resume and complete the FY2019 Audit. The Company did not accede to Deloitte's request.

In view of the above, on 14 July 2021, the Company notified Deloitte of its intention to change auditors for purposes of audit of the financial statements for FY2019. On 28 July 2021, Deloitte gave the Company its notice of resignation informing the Company that it had on the same day applied to the Accounting and Corporate Regulatory Authority ("**ACRA**") for consent to its resignation as auditor of the Relevant Group Companies ("**Application**") on the basis of a

potential independence threat due to unresolved issues relating to the Remaining Contracted Audit Fee and Proposed Additional Fee (collectively, "**Disputed Fees**") for the FY2019 Audit.

However, on 13 August 2021, Deloitte's Application was rejected by ACRA as ACRA was not satisfied that the reasons submitted by Deloitte constituted exceptional circumstances to justify its intended resignation. ACRA directed Deloitte to follow through the Audit Matters it had identified and to complete the FY2019 Audit. ACRA further urged Deloitte to work with the Company to resolve the Disputed Fees issue. Following this, the Company endeavored to work with Deloitte on the timeline to resume and complete the FY2019 Audit as well as on the Disputed Fees issue. However, parties still could not come to an agreement. On 3 September 2021, Deloitte made a further application to ACRA to seek ACRA's reconsideration of Deloitte's desire to resign as auditors of the Relevant Group Companies ("**Application for Reconsideration**"). On 6 September 2021, the Company also wrote to ACRA, inviting it to consent to Deloitte's Application for Reconsideration so that the Company could proceed to urgently appoint a new auditor to carry out and complete the long overdue FY2019 Audit, which has, among other things, caused several regulatory breaches on the part of the Relevant Group Companies. On 23 September 2021, pursuant to its letter of even date, ACRA approved Deloitte's resignation as auditor of the Relevant Group Companies, subject to, *inter alia*, the satisfaction of certain conditions on the part of Deloitte relating to the transition arrangements between Deloitte and the new auditor.

In accordance with Section 205AB(5) of the Companies Act (Chapter 50) of Singapore ("**Companies Act**") and the written approval from ACRA, the resignation of Deloitte as auditor took effect on 23 September 2021.

Following Deloitte's resignation, the Company proposes to appoint Crowe as the auditor of the Relevant Group Companies to audit the financial statements for FY2019 (the "**Proposed Change of Auditor**").

Having reviewed and deliberated on the suitability of candidates by evaluating proposals from various audit firms, the Board has, in consultation with the Audit Committee, nominated and recommended Crowe to be appointed as auditor of the Relevant Group Companies.

In doing so, the Board has taken into consideration, *inter alia,* the Audit Quality Indicators Disclosure Framework issued by ACRA and the findings in relation thereto with respect to Crowe. Furthermore, the Board has determined that the fee proposal from Crowe is quite competitive*,* and after evaluation, the Board is of the opinion that Crowe will be able to meet the audit requirements of the Relevant Group Companies and the Board does not expect the reduction in cost to affect the quality and scope of the audit to be undertaken by Crowe.

Accordingly, the Directors are of the view that the Proposed Change of Auditor would be in the best interests of the Company and the Shareholders as it would allow the Company to benefit from a fresh perspective and views of another professional audit firm, complete the audit of the FY2019 financial statements in a timely manner, and to enhance operating costs efficiencies.

On 28 July 2021, Crowe provided its written consent to act as the auditor of the Relevant Group Companies, subject to the approval of Shareholders being obtained at an extraordinary general meeting ("**EGM**") to be convened by the Company in relation to the Proposed Change of Auditor.

4. EXTRAORDINARY GENERAL MEETING

Pursuant to Rule 712(3) of the Listing Manual and Section 205AF of the Companies Act, the Proposed Change of Auditor must be approved by Shareholders at an EGM to be held. Accordingly, the Board is convening an EGM to be held by way of electronic means to seek Shareholders' approval for the Proposed Change of Auditor as an ordinary resolution. The appointment of Crowe as the new auditor of, *inter alia*, the Company will therefore take effect upon obtaining the approval of Shareholders at the EGM, and if so appointed, Crowe will hold office until the conclusion of the next AGM.

In this regard, the Company has procured an undertaking from its controlling shareholder, Creative Elite Holdings Limited, which holds 83.4% of shares in the capital of the Company, to vote in favour of the proposed resolution to appoint Crowe as the new auditor of the Relevant Group Companies at the EGM.

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

(a) the outgoing auditor, Deloitte, has by way of its professional clearance reply dated 27 July 2021, brought to the attention of Crowe of several announcements released by the Company on SGXNet (including SGX Regco's Notices of Compliance ("**NOCs**") and the Audit Matters as set out in one of these NOCs) and the Disputed Fees issue, among others;

(b) the Company confirms that there were no disagreements with Deloitte on accounting treatments within the last 12 months up to the date of their resignation, being 23 September 2021 as Deloitte did not resume the FY2019 Audit as outlined above;

(c) the Company confirms that it is not aware of any circumstances connected with the Proposed Change of Auditor that should be brought to the attention of the Shareholders which has not been disclosed in this announcement;

(d) the Company confirms that there are no specific reasons for the Proposed Change of Auditor, save as otherwise set out in this announcement; and

(e) the Company confirms that it is in compliance with Rules 712 and 715 of the Listing Manual in relation to the proposed appointment of Crowe as the new auditor.

A circular to Shareholders of the Company together with a notice of the EGM will be published in due course.

BY ORDER OF THE BOARD

Liu Hui
Executive Director
6 October 2021