

ADDENDUM DATED 5 JUNE 2020

**THIS ADDENDUM IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN DOUBT AS TO THE ACTION THAT YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR LEGAL, FINANCIAL, TAX OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.**

This Addendum is circulated to shareholders (the “Shareholders”) of Hong Lai Huat Group Limited (the “Company”) to provide Shareholders with information relating to and seek Shareholders’ approval for the Proposed Change of Auditors to be tabled at the forthcoming Annual General Meeting (“AGM”) of the Company to be held by way of electronic means on 29 June 2020 at 3.00pm.

Unless otherwise stated, the capitalised terms on this cover are defined in this Addendum under the section titled “Definitions”.

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



## **HONG LAI HUAT GROUP LIMITED**

(Incorporated in the Republic of Singapore)  
(Company Registration Number: 199905292D)

### **ADDENDUM I**

in relation to

**THE PROPOSED CHANGE OF AUDITORS FROM DELOITTE & TOUCHE LLP  
TO BAKER TILLY TFW LLP**

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## DEFINITIONS

In this Addendum, unless the context otherwise requires, the following terms or expressions shall have the following meanings:

- “ACRA” : The Accounting and Corporate Regulatory of Singapore
- “Act” or “Companies Act” : The Companies Act (Cap. 50) of Singapore, as may be amended or modified from time to time
- “Addendum” : This Addendum dated 5 June 2020 in respect of the Proposed Change of Auditors
- “AGM” : The forthcoming annual general meeting of the Company, notice of which is available on SGXnet and the Company’s website and may be accessed at the URL <http://honglaihuatgroup.com/annual-general-meeting/>
- “Audit Committee” : The audit committee of the Company comprising Dr Wang Kai Yuen (Chairman), Dr Chen Seow Phun, John, Dr Lee Kuo Chuen, David, Mr Lien We King and Ms Kohe Noor Binte Mahmoodul Hasan.
- “Board” : The board of directors of the Company for the time being
- “CDP” : The Central Depository (Pte) Limited
- “Company” : Hong Lai Huat Group Limited
- “Directors” : The directors of the Company as at the Latest Practicable Date
- “FY2019” : Financial year ended 31 December 2019
- “FY 2020” : Financial year ending 31 December 2020
- “Group” : The Company and its subsidiaries collectively
- “Latest Practicable Date” : 21 May 2020, being the latest practicable date prior to the printing of this Addendum
- “Listing Manual” : The Listing Manual of the SGX-ST, as may be amended or modified from time to time
- “Notice of AGM” : The notice of the AGM which is available on SGXnet and the Company’s website and may be accessed at the URL <http://honglaihuatgroup.com/annual-general-meeting/>
- “PMP” : Practice Monitoring Programme issued by ACRA
- “Proposed Change of Auditors” : The proposed change of auditors of the Company from Deloitte & Touche LLP to Baker Tilly TFW LLP
- “Securities Account” : A securities account maintained by a Depositor with CDP, as the case may be, but does not include a securities sub-account maintained with a Depository Agent
- “SFA” : The Securities and Futures Act (Cap. 289) of Singapore as may be amended or modified from time to time

“ <b>SGX-ST</b> ”	:	Singapore Exchange Securities Trading Limited
“ <b>Shareholders</b> ”	:	Registered holders of Shares except that 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 Account maintained with CDP are credited with the Shares
“ <b>Shares</b> ”	:	Ordinary shares in the capital of the Company
“ <b>Substantial Shareholder</b> ”	:	A person who has an interest in voting Shares in the Company which carry not less than 5% of the total votes attached to all the voting Shares in the Company
“%” or “ <b>per-cent</b> ”	:	Percentage or per centum

The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the meanings ascribed to them respectively in the SFA. The term “**Treasury Shares**” shall have the meaning ascribed to it in Section 4 of the Act.

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

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

Any reference in this Addendum to any enactment is a reference to that enactment for the time being amended or re-enacted. Any word defined under the Act or the Listing Manual or any statutory modification thereof and used in this Addendum shall, where applicable, have the meaning assigned to it under the Act or the Listing Manual or any such statutory modification thereof, as the case may be, unless otherwise provided.

Any reference to a time of day in this Addendum shall be a reference to Singapore time, unless otherwise stated.

Any discrepancies in figures included in this Addendum between the amounts listed and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Addendum may not be an arithmetic aggregation of the figures that precede them.

# HONG LAI HUAT GROUP LIMITED

(Incorporated in the Republic of Singapore)  
(Company Registration Number: 199905292D)

## Directors:

Dr. Wang Kai Yuen (Chairman and Non-Executive Independent Director)  
Dato' Dr. Ong Bee Huat (Executive Deputy Chairman and Group Chief Executive Officer)  
Dr. Wong Wen-Young Winston (Vice Chairman and Non-Executive Director)  
Dr. Chen Seow Phun John (Non-Executive Independent Director)  
Dr. Lee Kuo Chuen David (Non-Executive Independent Director)  
Mr. Lien We King (Non-Executive Independent Director)  
Ms. Kohe Noor Binte Mahmoodul Hasan (Non-Executive Independent Director)  
Mr. Ong Jia Ming (Executive Director)  
Dr. Wong Jr. Winston (Alternate Director to Dr. Wong Wen-Young Winston)

## Registered Office:

1 Gateway Drive  
#20-12/13  
Westgate Tower  
Singapore 608531

5 June 2020

## TO: THE SHAREHOLDERS OF HONG LAI HUAT GROUP LIMITED

Dear Sir/Madam,

## THE PROPOSED CHANGE OF AUDITORS FROM DELOITTE & TOUCHE LLP TO BAKER TILLY TFW LLP

### 1. INTRODUCTION

The Directors refer to (a) the Notice of AGM convening the AGM to be held on 29 June 2020 and (b) Ordinary Resolution 6 set out in the Notice of AGM.

Ordinary Resolution 6 proposed in the Notice of AGM is to appoint Baker Tilly TFW LLP as the auditors of the Company in place of the retiring auditors, Deloitte & Touche LLP, and to authorise the Directors to fix its remuneration. The purpose of this Addendum is to provide Shareholders with information relating to the Proposed Change of Auditors at the AGM.

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

### 2. THE PROPOSED CHANGE OF AUDITORS

#### 2.1. Background and Rationale for the Proposed Change of Auditors

The Company's current auditors, Deloitte & Touche LLP, was re-appointed as auditors at the Company's last annual general meeting on 30 April 2019. Deloitte & Touche LLP have served as auditors of the Company for 3 years, since the financial year 2017.

As part of its ongoing corporate governance initiatives as well as to manage its overall business costs and expenses amidst the challenging business climate, the Board is of the view that it would be appropriate and timely to effect a change of auditors. The Board believes that a change of auditors would also enable the Company to benefit from fresh perspectives and views of another professional audit firm and accord the Group an opportunity to benchmark audit fees with a view to realising cost efficiencies.

To this end, fee proposals were sought from various audit firms. The Audit Committee reviewed and deliberated on the proposals received from each of the audit firms, taking into consideration the Audit Quality Indicators Disclosure Framework issued by ACRA and the factors listed in Sections 2.3 and 2.4 below. After evaluation, the Audit Committee recommended that Baker Tilly TFW LLP be selected for the proposed appointment in respect of FY 2020.

The Board took into account, inter alia, (i) the Audit Committee's recommendation, including the factors listed in Sections 2.3 and 2.4 below; (ii) that the Proposed Change of Auditors is estimated to result in cost savings of up to approximately 30% in audit fees based on the audit fees proposed by Baker Tilly TFW LLP for FY2020, and (iii) that the scope of audit services to be provided by Baker Tilly TFW LLP will be comparable to those currently provided by Deloitte & Touche LLP, and is satisfied that Baker Tilly TFW LLP is best suited to meet the needs and audit requirements of the Company.

The Directors wish to express their appreciation for the past services rendered by Deloitte & Touche LLP.

## **2.2. Information on Baker Tilly TFW LLP and the Audit Engagement Partner**

### **About Baker Tilly TFW LLP**

Baker Tilly TFW LLP 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 17 partners and staff strength of about 290. It has significant experience acting as auditors for companies listed on the SGX-ST. Baker Tilly TFW LLP is an independent member of Baker Tilly International, which is globally the 10 largest accounting and business advisory network by combined revenue and with member firms in more than 145 territories.

For more information about Baker Tilly TFW LLP, please visit its website at – [www.bakertilly.sg](http://www.bakertilly.sg).

### **The Audit Engagement Partner**

Mr Lim Kok Heng will be the audit engagement partner assigned to the audit of the Company and its subsidiaries. Mr Lim Kok Heng is a practising member of Institute of Singapore Chartered Accountants and a public accountant registered with ACRA.

Mr Lim Kok Heng has over 15 years audit experience with international public accounting firms in Singapore and Malaysia. His experience in listed companies from various industries includes investment holdings, real estate, construction and manufacturing. In addition, Mr Lim Kok Heng has been involved in external audits in various industries such as agricultural, commodities, retails, professional firms, shipping and logistics services with operations in various geographical locations including the People's Republic of China, Hong Kong, Vietnam, Malaysia, New Zealand, Australia, Ukraine and Israel.

Mr Lim Kok Heng is currently the engagement partner of several Singapore listed companies with operations in various geographical locations including the People's Republic of China, Hong Kong and Singapore.

Mr Lim Kok Heng has not been subjected to a PMP review at partner level by ACRA under the current regime. Partners of Baker Tilly selected for review in 2018 under the PMP conducted by ACRA passed the practice review and none received a hot review order.

## **2.3. Requirements under Rule 712 of the Listing Manual**

The Board, having taken into account the Audit Committee's recommendation and various factors, including, inter alia, the following:

- (a) the fee structure, the adequacy of the resources and experiences of Baker Tilly TFW LLP;
- (b) the audit engagement partner assigned to the audit;
- (c) Baker Tilly TFW LLP's other audit engagements;

- (d) the size and complexity of the Group's operations; and
- (e) the number and experience of supervisory and professional staff assigned to the audit of the Group,

is of the opinion that Baker Tilly TFW LLP will be able to meet the audit requirements of the Group and that Rule 712 of the Listing Manual has been complied with.

#### **2.4. Requirements under Rule 715 of the Listing Manual**

The Board confirms that pursuant to Shareholders' approval of the Proposed Change of Auditors, Baker Tilly TFW LLP will become the auditors of the Company and its Singapore incorporated subsidiaries for FY 2020.

The Company's foreign-incorporated subsidiaries that are incorporated in Cambodia will be audited by Baker Tilly (Cambodia) Co., Ltd, an independent member firm of Baker Tilly International network. The Board and Audit Committee had assessed various factors, including comparative fee quotes, the experience of Baker Tilly (Cambodia) Co., Ltd, the number and experience of supervisory and professional staff to be assigned and the size of the Company's Cambodian subsidiaries, and are of the opinion that Baker Tilly (Cambodia) Co., Ltd is a suitable audit firm for the Company's Cambodian subsidiaries.

Accordingly, Rule 715 of the Listing Manual has been complied with and/or will be complied with upon obtaining Shareholders' approval for the Proposed Change of Auditors.

#### **2.5. Requirements under Rule 1203(5) of the Listing Manual**

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

- (a) Deloitte & Touche LLP has confirmed that it is not aware of any professional reasons why Baker Tilly TFW LLP should not accept the appointment as the new auditors of the Company (the "Professional Clearance Letter");
- (b) the Company confirms that there were no disagreements with the outgoing auditors, Deloitte & Touche LLP on accounting treatments within the last 12 months;
- (c) 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 Addendum;
- (d) the reasons for the Proposed Change of Auditors are disclosed in Section 2.1 of this Addendum; and
- (e) as set out in Sections 2.3 and 2.4, the Company confirms that it is in compliance with Rules 712 and 715 of the Listing Manual in relation to the proposed appointment of Baker Tilly TFW LLP as its new auditors.

### **3. NOMINATION NOTICE**

Pursuant to Section 205 of the Act, a copy of the notice of nomination of Baker Tilly TFW LLP dated 31 March 2020 from a Shareholder is attached in the Appendix to this Addendum.

#### 4. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

The interests of the Directors and the substantial Shareholders in the share capital of the Company as at the Latest Practicable Date are set out below:

Interests of Directors						
Name	Direct Interest	%	Deemed Interest	%	Total Interest	%
DATO' DR. ONG BEE HUAT	38,763,800	17.47	7,892,200	3.55	46,656,000	21.02
WONG WEN-YOUNG	13,841,850	6.24	–		13,841,850	6.24
ONG JIA MING	8,828,471	3.98	–		8,828,471	3.98
WANG KAI YUEN	243,433	0.11	–		243,433	0.11
Interests of Substantial Shareholders						
Name	Direct Interest	%	Deemed Interest	%	Total Interest	%
DATO' DR. ONG BEE HUAT	38,763,800	17.47	7,892,200	3.55	46,656,000	21.02
WONG WEN-YOUNG	13,841,850	6.24	–		13,841,850	6.24

#### 5. AUDIT COMMITTEE'S RECOMMENDATION

The Audit Committee has reviewed the Proposed Change of Auditors and recommends the appointment of Baker Tilly TFW LLP in place of Deloitte & Touche LLP to the Board, having satisfied itself of the suitability of Baker Tilly TFW LLP and compliance with the requirements of the Listing Manual.

#### 6. DIRECTORS' RECOMMENDATION

The Directors are of the opinion that the proposed appointment of Baker Tilly TFW LLP as auditors of the Company in place of the retiring auditors, Deloitte & Touche LLP, is in the best interests of the Company. Accordingly, they recommend that the Shareholders vote in favour of the Ordinary Resolution 6, being the Ordinary Resolution relating to the appointment of Baker Tilly TFW LLP as auditors of the Company in place of the retiring auditors, Deloitte & Touche LLP, to be proposed at the AGM.

#### 7. DIRECTORS' RESPONSIBILITY STATEMENT

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

## **8. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents may be inspected at the registered office of the Company at 1 Gateway Drive, #20-12/13, Westgate Tower, Singapore 608531 during normal business hours on any weekday (public holidays excepted) from the date of this Addendum up to and including the date of the AGM:

- (a) the Constitution of the Company;
- (b) the Annual Report 2019 of the Company;
- (c) the Professional Clearance Letter;
- (d) Baker Tilly TFW LLP's formal letter of consent to act as Auditor of the Company; and
- (e) Notice of Nomination from a Shareholder.

Yours faithfully  
For and behalf of the Board of Directors of  
Hong Lai Huat Group Limited

Dato' Dr. Ong Bee Huat  
Executive Deputy Chairman

**APPENDIX**

**NOTICE OF NOMINATION**

31 March 2020

**The Board of Directors**

Hong Lai Huat Group Limited  
1 Gateway Drive #20-12/13  
Westgate Tower  
Singapore 608531

Dear Sirs

**Notice of Nomination**

Pursuant to Section 205(11) of the Companies Act, Chapter 50, I, Ong Bee Huat, in my capacity as a member of Hong Lai Huat Group Limited (the "Company"), hereby give notice of my nomination of Baker Tilly TFW LLP of 600 North Bridge Road, #05-01 Parkview Square, Singapore 188778 for appointment as Auditor of the Company in place of the retiring Auditor, Deloitte & Touche LLP of 6 Shenton Way, #33-00 OUE Downtown 2, Singapore 068809 at the forthcoming Annual General Meeting of the Company.

Yours faithfully



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Ong Bee Huat  
Member, Hong Lai Huat Group Limited