



KEONG HONG HOLDINGS LIMITED

Incorporated in the Republic of Singapore
(Company Registration Number: 200807303W)

PROPOSED CHANGE OF AUDITORS FROM BDO LLP TO MAZARS LLP

1. Introduction

The board of directors (the “**Board**” or the “**Directors**”) of Keong Hong Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce the Company’s intention to change its auditors (“**Auditors**”) from BDO LLP (“**BDO**”) to Mazars LLP (“**Mazars**”) (the “**Proposed Change of Auditors**”) for the current financial year ending 30 September 2022.

2. The Proposed Change of Auditors

BDO has served as Auditors of the Group since 19 August 2010 and has carried out 12 consecutive audits since financial year ended 30 September 2010. At the last annual general meeting (“**AGM**”) of the Company held on 25 March 2022, shareholders approved the re-appointment of BDO as the Auditors of the Company to hold office until the conclusion of the next AGM.

Following changes to the composition of the board, re-constituted board committees as well as controlling shareholder during the current financial year, the Board is of the view that as part of good corporate governance initiatives and the Group’s ongoing efforts to manage its overall business costs and expenses amidst the challenging business climate and given the Group’s current level of activities and business, it would be an opportune time to review the appointment of Auditors and benchmark its audit fees and realise cost efficiencies. A change of Auditors would also enable the Company to benefit from fresh perspectives and views of another professional audit firm, thus enhancing the value of the audit of the Group.

In the light of the foregoing reasons, the Company’s management had sought proposals from several reputable audit firms in Singapore. Following deliberations and evaluations of the proposals from various audit firms which have experience in auditing public listed companies in Singapore, the Board, in consultation with the audit committee (the “**Audit Committee**”), and taking into consideration the requirements set out under Rules 712 and 715 of the Listing Manual, has determined that Mazars is best suited to meet existing needs and audit requirements of the Group.

The Audit Committee, in its evaluation process, had reviewed and deliberated on the various proposals received from each of the audit firms, had also taken into consideration, the Audit Quality Indicators Disclosure Framework issued by Accounting and Corporate Regulatory Authority of Singapore (“**ACRA**”), and various factors such as the adequacy of resources and experience of the audit firms and the audit engagement partner to be assigned to the audit, other audit engagements of the audit firms, the Group’s audit requirements, the size and complexity of the Group’s business and operations, and the number and experience of supervisory and professional staff of the audit firms to be assigned to the audit, the fee structure and audit arrangements proposed. The Proposed Change of Auditors will also allow

the Group to save approximately 15.6% in audit fees in comparison to the audit fees incurred by the Group for financial year ended 30 September 2021. There will be no changes in the scope of the audit with the Proposed Change of Auditors and the Audit Committee has assessed and does not expect any reduction in the time and effort committed by the auditor that consequentially translates to the cost, to affect the quality and scope of the audit to be undertaken by Mazars which will be performed in accordance with the Singapore Standards of Auditing. After evaluation, the Audit Committee recommended the appointment of Mazars as Auditors of the Company in place of BDO on the basis that it best suits the current business and operational needs of the Group.

The Board has taken into account the Audit Committee's recommendation, including the factors considered in their evaluation, and is satisfied that Mazars, approved under the Accountants Act, and Mr Zhang Liang, the audit engagement partner who is a public accountant under the Accountant Act, are well suited to meet the existing needs and audit requirements of the Group and that the quality and scope of the audit is expected to be maintained. The Board, in consultation with the Audit Committee, has determined that the proposed audit fees of Mazars are reasonable and competitive. The Board has therefore accepted the Audit Committee's recommendation to appoint Mazars as Auditors in place of BDO, subject to the approval of the shareholders at the extraordinary general meeting ("**EGM**").

In connection with the above:

- (a) Mazars had, on 22 June 2022, given their written consent to act as Auditors of the Company and its Singapore-incorporated subsidiaries, subject to the approval of shareholders at the EGM;
- (b) BDO had, on 29 June 2022, applied to ACRA to seek its consent to resign as Auditors of the Company and its Singapore-incorporated subsidiaries;
- (c) ACRA had, on 21 July 2022, consented to the resignation of BDO and fixed BDO's resignation date on 21 July 2022;
- (d) BDO had, on 21 July 2022, provided its notice of resignation as Auditors; and
- (e) the Board wishes to express their appreciation for the past services rendered by BDO.

Pursuant to Section 205AB(5) of the Companies Act, the resignation of BDO took effect on 21 July 2022.

The Board would like to take this opportunity to express their appreciation for the past services rendered by BDO.

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

- (a) the outgoing Auditors, BDO, has confirmed that it is not aware of any professional reasons why the new Auditors, Mazars, should not accept appointment as Auditors of the Company;
- (b) the Company confirms that there were no disagreements with the outgoing Auditors, BDO, on accounting treatments within the last twelve (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 shareholders which has not been disclosed in this announcement;
- (d) the Company confirms that the specific reasons for the Proposed Change of Auditors are disclosed in this Announcement. The Proposed Change of Auditors is neither due to any disagreement with BDO nor the dismissal of BDO; and
- (e) the Company confirms that it is or will be in compliance with Rule 712 and Rule 715 of the Listing Manual in relation to the appointment of Mazars as the Auditors of the Company.

3. Extraordinary General Meeting

The Company will make the necessary arrangements to convene the EGM to seek shareholders' approval for the Proposed Change of Auditors. A circular to shareholders containing, among others, further details on the Proposed Change of Auditors together with the notice of EGM, will be issued to shareholders in due course.

BY ORDER OF THE BOARD

Heng Michelle Fiona/Lim Guek Hong
Company Secretaries

22 July 2022