

# LETTER TO SHAREHOLDERS

## FIRST SPONSOR GROUP LIMITED

(Incorporated in the Cayman Islands)  
(Company Registration Number: AT-195714)

### Directors:

Ho Han Leong Calvin (Non-Executive Chairman)  
Ho Han Khoon (Alternate Director to Ho Han Leong Calvin)  
Kingston Kwek Eik Huih (Non-Executive Director)  
Neo Teck Pheng (Group Chief Executive Officer and Executive Director)  
Ting Ping Ee, Joan Maria (Non-Executive Independent Director)  
Yee Chia Hsing (Non-Executive Lead Independent Director)  
Wee Guan Oei Desmond (Non-Executive Independent Director)

### Registered Office:

P.O. Box 31119  
Grand Pavilion  
Hibiscus Way  
802 West Bay Road  
Grand Cayman  
KY1-1205  
Cayman Islands

28 April 2020

**To: The Shareholders of First Sponsor Group Limited (“Company”)**

Dear Sir/Madam

### THE PROPOSED CHANGE OF AUDITOR FROM KPMG LLP TO ERNST & YOUNG LLP

#### 1. INTRODUCTION

1.1 **Notice of AGM.** We refer to:

- (a) the Notice of Annual General Meeting of the Company dated 28 April 2020 (“**Notice**”) convening the Annual General Meeting of the Company to be held on 20 May 2020 (“**2020 AGM**”); and
- (b) Resolution 7, being the Ordinary Resolution relating to the proposed change of auditors of the Company (“**Auditor**”) from KPMG LLP to Ernst & Young LLP, as proposed in the Notice.

1.2 **Letter to Shareholders.** The purpose of this Letter is to provide shareholders of the Company (“**Shareholders**”) with information relating to the proposed change of Auditor.

1.3 **SGX-ST.** The Singapore Exchange Securities Trading Limited (“**SGX-ST**”) takes no responsibility for the accuracy of any statements or opinions made or reports contained in this Letter.

1.4 **Advice to Shareholders.** If a Shareholder is in any doubt as to the course of action he should take, he should consult his stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

#### 2. THE PROPOSED CHANGE OF AUDITOR

2.1 **Background.** Resolution 7 proposed in the Notice is to appoint Ernst & Young LLP as the Auditor of the Company in place of the retiring Auditor, KPMG LLP, and to authorise the Directors of the Company (“**Directors**”) to fix its remuneration.

2.2 **Rationale.** The Audit and Risk Committee of the Company (“**ARC**”) reviews the independence and objectivity of the external Auditor annually. KPMG LLP has served as external Auditor of the Company for more than 11 years since December 2008 and has provided the Company with sound professional audit services since its appointment. Nevertheless, as part of ongoing good corporate governance initiatives, the ARC is of the view that it would be timely to effect a change of external Auditor with effect from the financial year ending 31 December 2020, so as to enable the Company

to benefit from fresh perspectives and views of another professional audit firm and further enhance the value of the audit. The ARC had invited and evaluated competitive proposals including fee proposals from the Big Four audit firms and the ARC, after such evaluation, determined the fee proposal from Ernst & Young LLP to be competitive.

The ARC also took into consideration the Audit Quality Indicators Disclosure Framework issued by the Singapore Accounting and Corporate Regulatory Authority (“**ACRA**”) and the criteria for the evaluation and selection of the external auditors contained in the Guidebook for Audit Committees in Singapore and the Audit Committee Guide issued by the Singapore Institute of Directors, including factors such as the adequacy of the resources and experiences of the audit firm to be selected and the audit engagement partner to be assigned to the audit, audit approach, transition plan, the audit firm’s other engagements, the size and complexity of the Company and its subsidiaries (“**Group**”) as well as the number and experience of supervisory and professional staff to be assigned. After evaluation, the ARC recommended that Ernst & Young LLP be selected for the proposed appointment. The Directors have taken into account the ARC’s recommendation, including the factors considered in its evaluation, and are satisfied that Ernst & Young LLP will be able to meet the audit requirements of the Group under Rule 712 of the Listing Manual of the SGX-ST (“**Listing Manual**”).

In accordance with the requirements of Rule 715 of the Listing Manual, Ernst & Young LLP will be engaged to audit the accounts of the Company, its Singapore-incorporated subsidiaries and significant foreign-incorporated subsidiaries. The Company does not have any significant Singapore-incorporated associated companies and is not expected to have any significant foreign-incorporated associated companies for the financial year ending 31 December 2020, as defined under Rule 718 of the Listing Manual.

The scope of audit services to be provided by Ernst & Young LLP will be comparable to those provided by KPMG LLP.

2.3 **Information on Ernst & Young LLP.** Ernst & Young LLP, registered with ACRA, is one of the largest professional service firms in Singapore today, and has a wide-ranging clientele base consisting of multinational companies, private companies and public sector organisations. In Singapore, Ernst & Young LLP has a history of 129 years, with 192 partners and 3,576 people offering assurance, tax, transaction and advisory services. The Singapore firm is part of an integrated Asia-Pacific Area, which comprises more than 61,000 people in 24 countries and over 80 offices.

The audit engagement partner who will be in charge of the audit is Mr Max Loh Khum Whai (“**Mr Loh**”). He will be supported by a team of between 5 to 7 members. Mr Loh has more than 30 years of audit experience including relevant experience in auditing listed companies in the real estate and hospitality sectors. Mr Loh is Ernst & Young LLP’s managing partner for Singapore and Brunei.

The ARC has considered whether Mr Loh has been subject to the Practice Monitoring Program reviewed by ACRA and noted that there has been no adverse feedback from previous exercises.

For more information on Ernst & Young LLP, please visit <http://www.ey.com/sg/en>.

The appointment of Ernst & Young LLP will take effect upon the obtaining of Shareholders’ approval at the 2020 AGM for the proposed change of Auditor of the Company. If approved, Ernst & Young LLP will hold office until the conclusion of the next AGM.

2.4 **Confirmations.** In accordance with the requirements of Rule 1203(5) of the Listing Manual:

- (a) the outgoing Auditor, KPMG LLP, has confirmed that it is not aware of any professional reasons why the new Auditor, Ernst & Young LLP, should not accept appointment as Auditor of the Company;
- (b) the Company confirms that there were no disagreements with the outgoing Auditor, KPMG LLP, on accounting treatments within the last 12 months;

- (c) the Company confirms that, other than as set out above, it is not aware of any circumstances connected with the proposed change of Auditor that should be brought to the attention of Shareholders; and
- (d) 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 Ernst & Young LLP as the Auditor of the Company.

### **3. ARC'S STATEMENT**

The ARC has reviewed and deliberated on the proposed change of Auditor, and after taking into consideration the suitability of Ernst & Young LLP, the Group's audit requirements and the requirements of the Listing Manual, recommends the appointment of Ernst & Young LLP as Auditor of the Company in place of the retiring Auditor, KPMG LLP.

### **4. DIRECTORS' RECOMMENDATION**

The Directors are of the opinion that the proposed appointment of Ernst & Young LLP as Auditor of the Company in place of the retiring Auditor, KPMG LLP, is in the best interests of the Company. They accordingly recommend that Shareholders vote in favour of Resolution 7 relating to the appointment of Ernst & Young LLP as Auditor of the Company in place of the retiring Auditor, KPMG LLP, to be proposed at the 2020 AGM.

### **5. DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors collectively and individually accept full responsibility for the accuracy of the information given in 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 Auditor, and the Company and its subsidiaries which are relevant to the proposed change of Auditor, 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.

### **6. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at the office of the Company's Share Registrar and Share Transfer Agent, Tricor Barbinder Share Registration Services (a business division of Tricor Singapore Pte. Ltd.) ("**Tricor**"), at 80 Robinson Road, #11-02 Singapore 068898 during normal business hours from the date of this Letter up to and including the date of the 2020 AGM:

- (a) the letter from KPMG LLP, giving notice that they would not be seeking re-appointment as Auditor of the Company at the 2020 AGM; and
- (b) Ernst & Young LLP's formal letter of consent to act as Auditor of the Company, subject to the approval of Shareholders at the 2020 AGM.

Shareholders who wish to inspect the above documents should call Tricor at +65 6236 3550 / 3555 to make an appointment so that the relevant arrangements can be made in view of the COVID-19 control measures.

Yours faithfully,  
For and on behalf of the Board of  
**FIRST SPONSOR GROUP LIMITED**

Neo Teck Pheng  
Group Chief Executive Officer and Executive Director

*This page has been intentionally left blank.*