
RESPONSE TO SGX REGCO'S QUERIES

The Board of Directors of BRC Asia Limited (the "Company", or the "Group") refers to the following queries from SGX RegCo with reference to the Company's announcement dated 23 February 2022 regarding its notification from an Independent Director, Mr He Jun, and would like to provide the following response:

Question 1

- a) Please clarify what is the nature of the potential charge as well as which specific section of the SFA it pertains to.

Company's response

The Company understands that the potential charge relates to Section 203 of the SFA, which states that a director of a company listed on the SGX-ST must not intentionally, recklessly or negligently fail to notify the SGX-ST of information which required to be disclosed under the SGX-ST listing rules.

The Company further notes that the potential charge arises from potential non-disclosure of information by the board of directors of Raffles Education Corporation Limited, of which Mr He Jun is a non-Independent non-Executive Director. Shareholders may refer to the SGXNET announcements of Raffles Education Corporation Limited for more information.

- b) Referring to our communication in the SGX Regulator's Column dated 13 December 2021 titled "What Nominating Committees should consider for disclosures on investigations" ("Regulator's Column") and paragraph 5.12 of Practice Note 7.1, please provide the following information:
- (i) The Nominating Committee's views on the suitability of Mr He Jun to continue as a Director of the Company as well as his character and integrity in accordance with Listing Rule 210(5) given his involvement in the investigations. Please substantiate the basis of forming such views, taking into consideration the questions for the Nominating Committee in Scenario 3 of the Regulator's Column; and

Company's response

Based on the past performance of Mr He Jun in board and committee meetings and the interactions which the other Directors of the Company have had with Mr He Jun to-date, and taking into account he has not been charged for any offence, the Nominating Committee (with Mr He Jun, being a member, abstaining), is of the view that he remains suitable to continue as a Director.

Moreover, the investigation does not concern Mr He Jun's conduct in relation to the affairs of the Company and has not caused any impact on the Company's business operations.

Nevertheless, Mr He Jun has offered to take a leave of absence for a period of 6 months, subject to further extension if required, pending the outcome of the investigations by the authorities. As such, notwithstanding the Nominating Committee's views on Mr He Jun's suitability to continue as a Director, the Nominating Committee has recommended to the Board to accept Mr He Jun's leave of absence (which the Board has in turn accepted). Accordingly, Mr He will henceforth not participate in Board and committee meetings and abstain from making decisions on behalf of the Board during his leave of absence.

Further, the Nominating Committee is of the view that it can continue to assess Mr He Jun's suitability when there are subsequent material developments.

- (ii) Advise as to whether any measures have been put in place to safeguard against the risks associated with the continued appointment of Mr He Jun as a Director in the Company. If no measures are considered necessary by the Board, please explain why.

Company's response

The Board will continue to monitor the progress of the investigation. Notwithstanding his leave of absence, Mr He has committed to keep the Board informed of the ongoing investigation and subsequent developments.

Save for the aforesaid, no additional measures are considered necessary to safeguard against any risks associated with the continued appointment of Mr He Jun, considering that he is henceforth on leave of absence and given his designation as an Independent Director, he does not participate in daily nor operational issues involving the businesses of the Group.

The Board further believes that the current board size of 10 and its composition of members provide sufficient diversity for the Board to continue to function effectively.

BY ORDER OF THE BOARD

Seah Kiin Peng

Executive Director and Chief Executive Officer

25 February 2022