



**RESPONSE TO SGX-ST'S QUERY REGARDING THE COMPANY'S ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

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The Board of Directors (“**Board**”) of Bonvests Holdings Limited (the “**Company**”) refers to the queries raised by the Singapore Exchange Securities Trading Limited on 18 May 2020 regarding the Company’s Annual Report FY2019. The Board sets out its responses as follows:

Query 1

Listing Rule 1207(10C) requires the Audit Committee’s comments on whether the internal audit function is independent, effective and adequately resourced. Please also provide information on whether the head of the internal audit function team has the relevant experience and qualifications. Where the internal audit function is outsourced, please provide information on the relevant experience of accounting firm and the engagement team.

Company’s Response 1

The Audit Committee (“**AC**”) approves the hiring, removal, evaluation and compensation of the internal auditor (“**IA**”). The internal audit function of the Company is out-sourced to KPMG Services Pte Ltd (“**KPMG**”). The IA reviews the effectiveness of key internal controls, including financial, operational and compliance controls for selected scope of review annually, as approved by the AC. The IA reports independently on their findings and recommendations to the AC for review. The IA reports primarily to the Chairman of the AC and has full access to the Company’s documents, records, properties and personnel of the Group, including access to AC.

The AC is satisfied that the internal audit function has adequate resources to perform its function effectively. The AC is satisfied that the internal audit function is staffed by suitably qualified and experienced professionals with the relevant qualifications and experience.

The Company’s IA function is independent of the external audit. The IA is a member of the Institute of Internal Auditors Singapore (“**IIA**”), a professional internal auditing body affiliated to the Institute of Internal Auditors, Inc. The audit work carried out is guided by KPMG’s global internal auditing standards and the International Standards for the Professional Practice of Internal Auditing laid down in the International Professional Practices Framework issued by the IIA. The IA continues to meet or exceed the IIA Standards in all key aspects. KPMG has confirmed their independence to the AC.

Based on the foregoing, the AC is satisfied that the internal audit function is independent, effective and adequately resourced.

## Query 2

Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code of Corporate Governance 2018 (the “Code”), an explanation on how the practices it had adopted are consistent with the intent of the relevant principle. We note that the Company had not complied with Provision 2.4 of the Code as you have not disclosed your board diversity policy and progress made towards implementing the board diversity policy, including objectives, and there were no explanations provided for in your FY2019 annual report on how it is consistent with the intent of Principle 2 of the Code. Please clarify how the practices the Company had adopted are consistent with the intent of Principle 2 of the Code, which requires the Board to have an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interest of the Company.

## Company’s Response 2

While the Board has not formalised its board diversity policy, the Board recognised the importance of having a Board comprising persons whose diverse skills, experience and attributes provide for effective direction for the Group. The Board also considers gender as an important aspect of diversity alongside factors such as the age, ethnicity and educational background of its members, as it believes that diversity in the Board’s composition contributes to the quality of its decision making. In its Board renewal process including the selection and appointment of new directors, the Board supports a policy of diversity and together with the Nominating Committee (“NC”) will set the relevant objectives to promote diversity to ensure an appropriate balance of perspectives, skills and experience on the Board to support the long-term success of the Company, and as far as possible to consider female representation. In view of the aforementioned, the Company believes that whilst it has not adopted a formal board diversity policy, the Board and NC will continue to take into consideration of the need for diversity on the Board in the appointment of new Directors and this is consistent with the intent of Principle 2 of the Code.

The current Board comprises individuals who are business leaders and professionals with financial, banking, real estate, investment and accounting backgrounds as set out below. Detailed description of their background and experience are disclosed under the “Board of Directors” section of the Annual Report. The varied backgrounds of the Directors enable Management to benefit from their respective expertise and diverse background.

## Query 3

Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code of Corporate Governance 2018 (the “Code”), an explanation on how the practices it had adopted are consistent with the intent of the relevant principle. We note that the Company had not complied with Provisions 8.1 of the Code with regards to the disclosure of remuneration. Please clarify how the practices the Company had adopted are consistent with the intent of Principle 8 of the Code, which requires transparency on the Company’s remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation.

### Company's Response 3

On page 33 of the Annual Report, the Company's deviation from Provision 8.1 of the Code is explained as follows:

“The top 5 key management personnel comprises general managers and financial controllers in the Group's industrial division and in the Group's hotel operations across different jurisdictions. Under the foreign jurisdictions, there is no requirement for corporations to disclose the detailed remuneration of individual executives. The disclosure in Singapore would affect the confidentiality of their remuneration. The foreign subsidiaries would be put into a position of unequal treatment in governing the confidentiality of their employees' remuneration. Such foreign executives would be disadvantaged unfairly.

Disclosure of the names of the key management personnel will give rise to pay comparisons when remuneration among them are not comparable as remuneration among jurisdictions vary according to different market conditions and cost and standard of living.

In addition, given the highly competitive conditions in the local and foreign market place where poaching of executives is not uncommon, it is not in the interest of the Company to disclose the remuneration of individual executives. The Board is of the view that it would be disadvantageous to the Group to detail the remuneration of its top 5 key management personnel.”

While the exact remuneration of the Directors is not given, the level and mix of remuneration in percentage terms of the individual Directors in bands of S\$250,000 are provided.

The Company has also disclosed the level and mix of remuneration in percentage terms by bands of S\$250,000 of the Company's top 5 key management personnel and disclosed the total remuneration of the top 5 key management personnel as approximately S\$1,476,396. The Company believes that such disclosure will provide shareholders with an adequate appreciation of the remuneration packages of the Directors and top 5 key management personnel and is consistent with the intent of Principle 8 of the Code.

By Order of the Board  
Foo Soon Soo (Ms)  
Company Secretary

20 May 2020