



**BREADTALK GROUP LIMITED**  
(Company No.: 200302045G)  
(Incorporated in the Republic of Singapore)

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**RESPONSE TO SGX QUERIES ON THE RESIGNATION OF GROUP CHIEF EXECUTIVE OFFICER, GROUP CHIEF FINANCIAL OFFICER AND GROUP CHIEF INVESTMENT OFFICER**

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The Board of Directors ("**Board**") of BreadTalk Group Limited ("**Company**"), together with its subsidiaries, ("**Group**") refers to the Company's announcement dated 14 August 2019 on resignation of Group Chief Executive Officer and announcement dated 31 January 2020 on resignation of Group Chief Financial Officer and Group Chief Investment Officer ("**Announcements**"). The Board would like to respond to the following queries raised by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 5 February 2020 as follows:

The announcement of 14 August 2019 stated that the Group Executive Chairman is undertaking the role and responsibilities of the Group Chief Executive Officer ("**CEO**"). In the Company's announcement of 31 January 2020, the Group Executive Chairman will oversee the Group's accounting, financial, treasury and tax matters upon the resignation of the Group Chief Financial Officer ("**CFO**") and Group Chief Investment Officer ("**CIO**").

**SGX Query (a)**

- a) Principle 3 of the Code of Corporate Governance (the "**Code**") states that, "There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making". Provision 3.1 states that the Chairman and the CEO are separate persons to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making. We note that the Company has a Lead Independent Director given that the Chairman and CEO is the same person. Provision 3.2 states that the board establishes and sets out in writing the division of responsibilities.

Upon the resignation of the CFO and CIO, the Company has disclosed the Executive Chairman, on top of assuming the role and responsibilities of the CEO, will be overseeing the Group's accounting, financial, treasury and tax matters.

- (i) Please explain how this arrangement to have the Chairman and CEO overseeing the accounting, financial, treasury and tax matters complied with Provisions 3.1 and 3.2 of the Code.
- (ii) In this regard, please provide the Nominating Committee's opinion and the bases for such opinion as to whether the Executive Chairman is able to adequately carry out his duties in his capacity as an Executive Chairman, CEO and oversee the accounting and finance-related matters.

**Company's response to SGX Query (a)(i) and (a)(ii)**

The Company wishes to clarify that there is no intention for the Executive Chairman and CEO to also assume the position of CFO.

With the resignation of Mr. Chan Ying Jian ("**Mr. Chan**") as Group CFO / Group CIO, the Company is actively searching for a suitably qualified person to assume the role of CFO. Nevertheless, the Nominating Committee ("**NC**") and the Board recognize that some of the potential candidates may have to serve the required notice period under the terms of their

present employment and may not be able to leave their present positions to take up the role of CFO of the Group before the effective date of resignation of Mr. Chan which is 15 March 2020. Mr. Chan will continue to discharge his duties and responsibilities until his last day of service.

The Company would also wish to clarify that “overseeing” refers to general oversight of the accounting, financial, treasury and tax matters and for the interim period, if any, before a full-time professional CFO assumes the role. The Group’s accounting, financial, treasury and tax matters will continue to be handled by the Group Financial Controller and the various Division Financial Controllers.

The Company had on 30 September 2019 released the announcements on the promotion of the following key management personnel, with effect from 1 October 2019:

- a. Mr. Jenson Ong Chin Hock (“**Mr. Jenson Ong**”) as the Deputy Group CEO who is responsible in assisting in the Group’s overall management, including but not limited to setting the strategic direction and growth path of the Group’s businesses; and
- b. Mr. Cheng William (“**Mr. Cheng**”) as the Group Chief Operating Officer (“**COO**”) of the Company who is responsible for the development and management of the Group’s overall operations.

With the promotion of the Deputy Group CEO and Group COO, the role and responsibilities of the Group CEO undertaken by the Group Executive Chairman, had been segregated between Deputy Group CEO and Group COO. Therefore, they are able to assist the Group Executive Chairman to undertake the role and responsibilities of the Group CEO.

Based on the above and the Company’s response to SGX Query (b) below, the NC is of the view that the Group Executive Chairman is able to adequately carry out his duties in his capacity as Group Executive Chairman, undertaking the role and responsibilities of CEO and overseeing the accounting and finance-related matters during this interim period, if any, before a suitable professional is appointed to assume the Group CFO role.

#### **SGX Query (b)**

- b) Please provide the Board’s assessment on the current arrangement for the Executive Chairman and CEO to undertake the oversight role over the Group’s accounting and finance-related matters and the Board’s opinion on whether this arrangement will affect adequacy and effectiveness of the Company’s internal controls and risk management systems.

#### **Company’s response to SGX Query (b)**

During the interim period, if any, after the last day of service of the current CFO and before his replacement is appointed to assume the Group CFO role, the Executive Chairman will be assisted by the Group Financial Controller and the Division Financial Controllers. The Group Financial Controller has been with the Group since February 2012 and is familiar with the Group’s accounting and finance-related matters including the Company’s internal controls and risk management systems. The Company has also engaged Foo Kon Tan Advisory Services Pte. Ltd. since 2012 to assess the adequacy and effectiveness of the Company’s internal controls and risk management systems and to perform independent internal audit checks on the internal controls based on audit plans approved by the Audit Committee (“**AC**”) and their reports on the internal controls were presented to the AC at the Company’s quarterly meetings. The Group’s external auditors, Ernst & Young LLP, attend the quarterly AC meetings and report as required. As such, the Board is of the opinion that the adequacy and effectiveness of the Company’s internal controls and risk management systems would not be affected during the interim period.

**SGX Query (c)**

- c) Please elaborate on the Company's plans and timeline in filling the vacancies of the (i) CEO, (ii) CFO and (iii) CIO.

**Company's response to SGX Query (c)**

As mentioned, the Company had on 30 September 2019 announced the promotion of the following key management personnel, with effect from 1 October 2019:

- a. Mr. Jenson Ong as the Deputy Group CEO who is responsible in assisting in the Group's overall management, including but not limited to setting the strategic direction and growth path of the Group's businesses; and
- b. Mr. Cheng as the Group COO of the Company who is responsible for the development and management of the Group's overall operations.

With the promotion of the Deputy Group CEO and Group COO, the role and responsibilities of the Group CEO undertaken by the Group Executive Chairman, had been segregated between Deputy Group CEO and Group COO. Therefore, they are able to assist the Group Executive Chairman to undertake the role and responsibilities of the Group CEO.

In view of these arrangements, at present the Company has no plans to find another person to fill the position of the CEO.

The Company is actively searching for a suitable professional to assume the role of Group CFO and will announce the appointment in due course. The Company expects to fill the Group CFO position within three months.

**By Order of the Board**

Shirley Tan Sey Liy  
Company Secretary  
6 February 2020