BONVESTS HOLDINGS LIMITED (Registration No. 196900282M)

RESPONSE TO QUESTIONS FROM SECURITIES INVESTORS ASSOCIATION (SINGAPORE) FOR THE ANNUAL GENERAL MEETING TO BE HELD ON 26 APRIL 2024

The Board of Directors (the "Board") of Bonvests Holdings Limited (the "Company") refers to:

(a) the annual report of the Company for the financial year ended 31 December 2023 (the "Annual Report"); and

(b) the notice of annual general meeting ("AGM") dated 11 April 2024 informing shareholders that the Company's AGM will be held at The Sheraton Towers Singapore, 39 Scotts Road, Topaz Room, Level 2, Singapore 228230 on Friday, 26 April 2024 at 2.00 p.m.

Please refer to Annex A hereto for the list of questions received from Securities Investors Association (Singapore), and the Management and the Board's responses to these questions.

BY ORDER OF THE BOARD
Foo Soon Soo
Company Secretary
22 April 2024

Annex A

ANNUAL GENERAL MEETING TO BE HELD ON 26 APRIL 2024
RESPONSE TO QUESTIONS FROM SIAS

Q1. The rebound in the hospitality tapered off, with revenue increasing by 6% in FY2023. This growth is in contrast to the significant 111% increase in 2022, albeit from a COVID impacted low base. Despite achieving higher overall room rates and occupancies, the segment result from the group's Hotel division was lower at $39.0 million. Management has attributed this primarily to increased operating costs.

(i) What were the most significant factors that drove higher operating costs and what specific strategies are in place to manage or reduce operating costs going forward?

Response:
The most significant factor contributing to higher operating costs is payroll. The group closely monitors staff manning and provides ongoing training to improve existing work processes to increase staff productivity.

(ii) Can the company provide insight into how the board/management assesses hotel performance, particularly in terms of distinguishing between characteristics such as resort versus urban/city locations, and the differentiation between own-branded hotels and managed/franchised hotels? Are capital allocation decisions made based on the findings?

Response:
The group decides on its operational structure such as whether to engage third party operators for managed/franchised arrangements or to use the group’s own branding and management based on available resources and market knowledge in the locations the group operate in.

(iii) The group recently opened its first desert resort, The Residence Douz, and is planning to open a new hotel in the Medina of Tunis in 2026. How does the group strategises on the development pipeline of hotels?

Response:
We currently own and operate The Residence Tunis and we believe there are operational synergies with The Residence Douz and the upcoming new hotel in the Medina of Tunis. The group looks at markets which are underserved and or markets with opportunities to capitalize on brand visibility.

(iv) Has any global hospitality group or investors expressed interest in acquiring Cenizaro Hotels and Resorts and the group’s portfolio of independent luxury hotel properties?

Response:
The group has not put its hospitality business on the market for sale.

Q2. Would the board/management provide shareholders greater clarity on the following operational and financial matters? Specifically:

(i) Rental division: In recent weeks, the enbloc deal of Far East Shopping Centre made the news as the buyer walked away from the deal after failing to get URA approval to redevelop the property under the Strategic Development Incentive (SDI) Scheme. The updated SDI scheme offers bonus gross floor area and greater flexibility in land use and building height if at least two neighbouring owners jointly redevelop their properties to create "a new destination". Has management evaluated the SDI scheme and what are management's plan for Liat Towers? Are there plans to maximise the value of Liat Towers?

Response:
The group remains interested in the SDI scheme with one or more owner(s) of adjacent development(s) in the future. Meanwhile, the group continues to maximise the value of Liat Towers by reviewing its tenant mix and embarks in asset enhancement initiatives when the opportunity arises.

(ii) Industrial division: Colex Holdings Limited became a wholly owned subsidiary after the company delisted it from the SGX-ST. Colex's performance remains subdued. What was the strategic thinking behind delisting and owning 100% of Colex Holdings? Is management planning significant changes to the business model? Also, how does management see the impact of the Progressive Wage Model on the industry in both the near term and the long term?

Response:
The listing status of Colex Holdings served limited purpose as it has not tapped on the equity capital markets to raise funds and is unlikely to do so, yet it continues to incur substantial costs associated with being listed. Delisting and owing 100% of Colex Holdings confers greater management flexibility to navigate a challenging operating environment. The Industrial Division is expected to face challenges in its contract cleaning and waste disposal businesses primarily due to intense market competition, increasing material costs, and high wage expenses. The Progressive Wage Model has further compounded the pressure on wage costs, impacting the Industrial Divisions' bottom line. Despite these challenges, the Industrial Division remains committed to managing its cash reserves and optimize its operations and intensity efforts to secure more contracts.

(iii) Finance costs: Finance costs for bank borrowings nearly doubled, from \$8.96 million in 2022 to \$17.20 million in 2023. Is the current level of borrowings optimal and how can the group better manage its interest costs? In addition, what guidance has the board provided to management regarding the use of interest rate hedges to mitigate interest rate risks?

Response:
The Group closely monitors its level of borrowings. Management will continue to strive to preserve cash with cost management measures and deferment of non-essential capital expenditure. The Board has contemplated on the possibility of using interest rate hedges, to mitigate interest rate risk. The Group will continue to closely monitor the interest rate environment and its impact on its operations.

Q3. The section titled "Financial highlights" shows the group's performance over a 5-year period. An excerpt is provided below. The net asset value per share has held steady at $2.08- $2.10 in the past three years.

	2022 $'000	2021 $'000	2020 $'000	2019 $'000	2018 $'000
Per Share Information					
Gross Dividend Per Share (cents)	**1.60**	0.75	0.3	–	1.60
Earnings Per Share (cents)	**5.161**	3.051	(10.264)	0.950	3.029
Net Asset Value Per Share ($)	**2.10**	2.11	2.08	2.18	2.19
Dividend Cover (times)	**3.23**	4.07	(34.21)	–	1.89
Key Ratios					
Gearing Ratio	**0.29**	0.31	0.31	0.28	0.26
Debt to Equity Ratio	**0.41**	0.44	0.45	0.38	0.36
Return on Shareholders' Funds (%)	**2.5**	1.5	(4.8)	0.4	1.4

(Source: company annual report)

The company's stock trades at a significant discount to the NAV per share (see stock chart below). In fact, the discount is significantly larger if one considers that the properties used in the group's hotel business are stated at cost less accumulated depreciation (and accumulated impairment losses, if any).

(Source: https://investors.sgx.com/securities/stocks?security=B28)

Based on SGX StockFacts, the company trades at a price-to-book value of ~0.45 and has a market capitalisation of $360 million. The group has total equity exceeding $845.8 million, even before the properties are revalued. In recent years, stock exchanges and regulators, including Tokyo Stock Exchange and Korea's Financial Services Commission, have started to recognise that "corporate values" of listed companies have to improve and that the main driver in enhancing corporate value is the listed company itself. Efforts have been targeted at companies that trade below a price-to- book ratio of below 1 and they have started to ask companies to set up and disclose valuation boosting plans. The initiative focusses on increasing awareness and literacy of the cost of capital, capital efficiency and stock prices of listed companies.

(i) **Beyond attributing share price fluctuations solely to external factors, has the board considered formulating, disclosing and implementing strategic initiatives aimed at enhancing capital efficiency and bolstering corporate valuation, thereby crystallising value for all shareholders?**

Response:

The Board has noted SIAS' comments. The Group continues to expand its business in a prudent manner to provide long term shareholder value. The Groups' earnings are impacted with the challenging environment it operates in and high interest rates.