



RESPONSE TO SGX REGCO QUERIES ON THE COMPANY'S ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

Bund Center Investment Ltd ("BCI" or the "Company" and together with its subsidiaries, the "Group") sets out its response to the queries raised by SGX RegCo in relation to the Company's Annual Report for the financial year ended 31 December 2022 ("Annual Report"), as follows:

SGX Query 1:

According to Listing Rule 715(1), the Company must engage the same auditing firm based in Singapore to audit its accounts and its Singapore-incorporated subsidiaries and significant associated companies subject to Listing Rule 716. The Company stated that its Singapore subsidiary, Primewyn Management & Services Pte Ltd, has been audited by CA Practice PAC instead of its appointed external auditor, Moore Stephens LLP.

Please explain how the firm has satisfied Listing Rule 715(1). If Listing Rule 716 is applicable, please disclose the required assessment by the Company's board and audit committee as set out at Listing Rule 716(1).

Company's Response to Query 1:

Primewyn Management & Services Pte Ltd is an inactive subsidiary of the Group. The Audit Committee and the Board of the Company are satisfied that the appointment of CA Practice PAC as auditor for Primewyn Management & Services Pte Ltd would not compromise the standard and effectiveness of the audit of the Company. Accordingly, the Company has complied with Rule 715 and / or Rule 716.

SGX 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 2.2 as independent directors do not make up a majority of the Board where your chairman is not independent, and there were no explanations provided for in your FY2022 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 to enable it to make decisions in the best interest of the Company.

Company's Response to Query 2:

Independent Directors ("IDs") currently make up more than one-third of the Board ie, 3 of the Board size of 7. The requirement under Provision 2.2 of the Code where the Chairman is not independent, is for a majority. This deviation is expressed in the Board's view as described in items 2.1 and 3.2 of pages 22 and 24 of the Annual Report, as reproduced in *italics* below:

"2.1 Director independence is fundamental to good corporate governance as it facilitates the exercise of independent and objective judgement on corporate affairs. It also ensures discussion and review of key issues and strategies in a critical yet constructive manner. Given the Group's current size and operations, the Board is of the view that it is not necessary or cost-effective for the time being to have Independent Directors make up a majority of the Board as already more than one-third of the Board comprise Independent Directors (3 out of 7) as reflected under item 1.8 above."

“3.2 To address the issue of the Chairman and CEO positions being held by the same person, the LID position and role were created, as set out in item 2.3 above, where, in addition to holding the position of AC Chairman, he also is a member of the NC and the RC. Further, all Board Committees are chaired by a Non-executive, Independent Director.”

For independent directors to make up a majority of the Board, will require appointing at least 2 additional new independent directors to the Board, thus increasing the Board size from current 7 to 9. The Board is presently more comfortable with a Board size of 7, and views a number beyond this as being too large for effective decision making. The increase will also incur additional related costs, eg. directors’ fees, training and orientation, travels.

The Board is of the view that not having a majority of Independent Directors on the BCI Board should not affect the Company’s commitment to observing high standards of corporate governance.

As part of its roles and responsibilities, the Nominating Committee will continue to review the board composition having regard to the requirements of the Code, and make its recommendation to the Board.

By Order of the Board
Bund Center Investment Ltd

Frankle (Djafar) Widjaja
Executive Chairman and Chief Executive Officer
13 April 2023