



BONVESTS HOLDINGS LIMITED (Registration No. 196900282M)

**RESPONSE TO QUESTIONS FROM SECURITIES INVESTORS ASSOCIATION
(SINGAPORE)**

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 2020 (the "Annual Report"); and
- (b) the notice of annual general meeting ("AGM") dated 9 April 2021 informing shareholders that the Company's AGM will be convened and held by way of electronic means on Thursday, 29 April 2021 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

28 April 2021

Annex A
ANNUAL GENERAL MEETING TO BE HELD ON 29 APRIL 2021
RESPONSE TO QUESTIONS FROM SIAS

Q1. As noted in the corporate profile, the group has a portfolio of independent luxury hotel properties in some of the world's most desirable locations. In the group's hospitality division, the resorts are located in Tunis, Mauritius, Zanzibar, Maldives and Bintan trading under the brand name of "The Residence by Cenizaro" while the hotel portfolio includes La Maison Arabe, Marrakech, Sheraton Towers Singapore and Four Points by Sheraton Perth. The group is also building two new hotels in Douz, Tunisia and Medina of Tunis, Tunisia, both of which are scheduled to open their doors in 2022.

(i) What is the situation on the ground at the group's resorts, especially those in more exotic locations that shareholders may be less familiar with, such as Tunis, Mauritius, Zanzibar, Marrakech? How badly impacted were the local economies when the pandemic started?

Response

- Border restrictions are slowly being eased in the countries that the Group's hotels and resorts operate amid the COVID-19 Pandemic.
- The countries that are most dependent on tourism and international business travel have been the most severely impacted as lower demand has spill over effects across their economies.

(ii) How dependent are the resorts on foreign tourists? What were the occupancy rates in the resorts in FY2020?

Response

The Group's resorts are dependent on foreign travellers. Although the borders in these countries have gradually re-opened, the occupancy rates in the resorts in FY2020 were below pre-pandemic levels.

(iii) Can management help shareholders understand the extra safety precautions taken to keep guests and its employees safe during this pandemic?

Response

Since the World Health Organisation declared the COVID-19 outbreak as a pandemic in March 2020, our hotels and resorts have started to implement new cleaning and sanitisation protocols with hospital-grade disinfectants, installed hand-sanitising stations and plexiglass barriers at front desks, and encouraged guests and staff to wear face masks and adhere to social distancing measures. Temperature checks are also implemented.

(iv) Can management elaborate further on the vaccination efforts and rollouts by the local governments in the different countries where the group operates?

Response

The roll-out of the vaccination programme by the local governments in the different countries where the group operates in are ongoing.

(v) Does the group have sufficient working capital to get over the pandemic especially if the recovery in international travel is slower than expected and does not happen in 2021?

Response

The Group manages liquidity risk through management of cashflow from operating activities. Most of the Group's borrowings are secured borrowings for which the underlying estimated market value is in excess of the total facility amounts. The Group may also further leverage on unencumbered hotel properties for new credit facilities to ensure that the Group has adequate amount of credit facilities for working capital.

Q2. In 2020, the group acquired 20 freehold commercial properties on Murray Street, Perth, Australia for a total cash consideration of approximately \$14,618,000 (AU\$15,013,000). The group has two converted office buildings located at Lot 66, 482-484 and 486-488 Murray Street, Perth (page 81), which is directly behind the group's Four Points by Sheraton Perth hotel (707 Wellington Street, Perth, Australia). The group also holds a larger piece of land at 725 Wellington Street, Perth.

(i) Can management help shareholders understand the reasons for its confidence in the Perth market given the group's concentration of assets in Perth (and not in other Australian cities)?

Response

Perth's resilient hotel market and redevelopment opportunities surrounding the Four Points by Sheraton Perth were key drivers for investment.

(ii) Were these commercial properties acquired on an opportunistic basis? Did the group evaluate any other opportunities to acquire prime real estate arising from the COVID pandemic?

Response

The acquisition is for future redevelopment while generating holding income during the planning stages.

(iii) What were the occupancy rates of the offices and the Perth hotels?

Response

The occupancy rate of Four Points by Sheraton Perth hotel has been affected by the COVID-19 pandemic and has yet to reach pre-pandemic levels. The group is gradually leasing out the Perth office properties on a short to medium term basis while planning for redevelopment, while one of the units has been converted into a display suite.

(iv) Can management elaborate further on the plans for the newly acquired properties in Perth?

Response

The management is currently evaluating redevelopment opportunities.

Q3. As disclosed in the corporate governance report, PricewaterhouseCoopers LLP are the external auditors of the company and of its Singapore subsidiaries (except Richvein Pte Ltd). Richvein is audited by Ernst & Young LLP. Other suitable audit firms have been engaged for some of the group's foreign subsidiaries, such as HLZ Consulting and BDO in Morocco.

(i) Given that Richvein is a major operating subsidiary of the company, what are the reasons that the Richvein has appointed a different auditing firm?

Response

Ernst & Young LLP is one of the top 4 accounting firms in Singapore. Consideration was also given to the experience of the engagement partner and key team members in handling the audit. The AC also considered the audit team's ability to work in a cooperative manner with Management whilst maintaining integrity and objectivity and to deliver their services professionally and within agreed timelines.

(ii) On what basis did the board and AC justified that the appointment of a different auditing firm for Richvein did not compromise the standard and effectiveness of the audit?

Response

Ernst & Young LLP is one of the top 4 accounting firms in Singapore. Consideration was also given to the experience of the engagement partner and key team members in handling the audit. The AC also considered the audit team's ability to work in a cooperative manner with Management whilst maintaining integrity and objectivity and to deliver their services professionally and within agreed timelines.

(iii) In appointing Ernst & Young LLP for Richvein, can the audit committee confirm that doing so meets the requirements of Rule 716(2)? Rule 716(2) states that an issuer may appoint different auditing firms for its subsidiaries or significant associated companies provided that the issuer's subsidiary or associated company is listed on a stock exchange.

Response

Rule 716 states that:

An issuer may appoint different auditing firms for its subsidiaries or significant associated companies (referred to in Rule 715(1)) provided that: -

- (1) the issuer's board and audit committee are satisfied that the appointment would not compromise the standard and effectiveness of the audit of the issuer; or
- (2) the issuer's subsidiary or associated company, is listed on a stock exchange.

For the appointment of Ernst & Young LLP as auditor of Richvein, the AC and Board are satisfied that the appointment would not compromise the standard and effectiveness of the audit of the Company as set out in paragraph (ii) above. The Company is required to comply with Rule 716 by satisfying conditions in (1) or (2) of Rule 716. The Company has satisfied the condition (1) in Rule 716.

(iv) Separately, fees paid to the external auditors for non-audit services rendered to the group amounted to \$70,000 or 23% of the audit fee in FY2020. The non-audit fees were \$68,000 in FY2019. What are the non-audit services provided by the external auditors? Are these services recurring in nature?

Response

The non-audit services are corporate tax services. Yes, these services are recurring in nature.