



Securities Investors Association (Singapore)

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Issuer: Bonvests Holdings Limited

Security: Bonvests Holdings Limited

Meeting details:

Date: 29 April 2019

Time: 2.00 p.m.

Venue: Sheraton Towers Singapore, 39 Scotts Road, Topaz Room, Level 2, Singapore 228230

Company Description

Bonvests Holdings Limited is an investment holding company engaged in the provision of management services to its subsidiaries. The Company's businesses include property development and investment, hotel ownership and management, and waste management and contract cleaning. The Company's segments include Rental, Hotel, Industrial, Investment, Development and Others. The Rental segment comprises the owning and letting of properties. Its Hotel segment's activities include the development and operation of hotels and a golf course. The Industrial segment's activities cover collection and disposal of waste and contract cleaning. The Investment segment's activities relate to securities trading and investment holding. The Development segment is engaged in the development of properties. The operations in the Others segment include mainly the provision of management services. It owns and manages various commercial properties, including its flagship building, Liat Towers at Orchard Road.

(Source: http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=B28)

Q1. With assets in Australia, Maldives, Mauritius, Singapore, Tunisia and Zanzibar, the group has significant foreign exchange risks. In FY2018, the group recognised \$(8.08) million of currency translation loss on foreign operations. In FY2017, the loss was \$(23.3) million.

This was mainly due to the depreciation of Tunisian Dinar and Australian Dollar against the Singapore Dollar.

- (i) Has the board/management considered the impact of foreign exchange fluctuations of its foreign investments, especially for those in emerging/frontier markets?**
- (ii) What is the level of natural hedging? How does the group monitor, manage and mitigate the risks associated with investing into long-term assets in these emerging/frontier markets?**
- (iii) Has the board considered it opportune to carry out a strategic review of the group's overseas expansion, looking at the group's returns in SGD term?**
- (iv) As the group continues to invest overseas such as the new hotel in Mapur, Bintan (aggregate purchase consideration of S\$7,675,425) and the newly acquired breachfront land in Djerba, Tunisia (purchase consideration of Tunisian Dinars 21,290,000), the net investment in foreign assets continues to scale up, increasing the group's currency risks. **Would it be timely to review its currency risk framework?****

Q2. In FY2017, following the sale of the group's stake in Cordlife, the group added \$6.7 million of available-for-sale financial assets (AFS). The total carrying amount of AFS as at 31 December 2017 was \$10.9 million.

Upon the adoption of SFRS(I) in particular, Financial assets at fair value through profit or loss (FVPL) and Available-for-sale financial assets (AFS) were reclassified as Financial assets at fair value through other comprehensive income (FVOCI). As at 1 January 2018, the carrying amount was \$16.38 million (shown below).

10. FINANCIAL ASSETS, AT FVOCI

The Group	2018 \$'000	2017 \$'000
Beginning of financial year	-	-
Reclassification at 1 January 2018*	16,357	-
Fair value losses recognised in other comprehensive income [Note 22(a)]	(7,830)	-
Additions	990	-
End of financial year	9,517	-

(Source: Company annual report)

At the end of the financial year FY2018, the group recognised a fair value loss of \$(7.8) million. The overall decrease was attributed to marked to-market fair value.

- (i) Can the board, especially the audit committee, help shareholders understand if it maintains oversight of the group's investments into quoted equity?**
- (ii) Can the board provide shareholders with greater visibility of the group's strategic objectives and mandate in the investments?**
- (iii) What are the controls and risk management guidelines to ensure that the investments are appropriate for the group's risk appetite and risk tolerance level?**
- (iv) Is there an investment committee? What are the risk management policies?** For instance, the investment committee/board might put in place policies that limit the exposure to certain sectors or geographies, single counter limit etc.

Q3. As disclosed in the Corporate Governance Report, the board comprises six directors, of whom three are independent directors.

The independent directors are Mr Chew Heng Ching (since 1995), Mr Tom Yee Lat Shing (since 1991) and Mr Yeo Wee Kiong (since 1991).

In August 2018, the Monetary Authority of Singapore issued a revised Code of Corporate Governance ("2018 CG Code"). As a consequence of the revised 2018 CG Code, the Singapore Exchange has made amendments to its Listing Rules which came into effect on 1 January 2019, except for the rules on the 9-year tenure for independent directors and the requirement for independent directors to comprise one-third of the board which come into effect on 1 January 2022. Under the revised Listing Rules, the term of an independent director will be limited to nine years after which the long tenured directors will be subject to a two-tier vote by shareholders.

Mr Chew has served on the board for approximately 24 years while the other two long tenured independent directors have served for 28 years.

- (i) Has the company evaluated the impact of the 2018 CG Code and the amendments to the Listing Rules on the board?**
- (ii) Can the nominating committee (NC) elaborate further on the succession planning for the board and other key management positions?**

- (iii) Has the nominating committee reviewed the overall desired competency matrix of the board and identified any gaps in skills or competencies that could be addressed in future director appointments?**

- (iv) What are the company's near term plans to refresh the membership of the board to comply with the new 2018 Code in good time?** Reconstituting the board early to comply with the new 2018 Code would avoid undue disruption and help to maintain institutional knowledge and continuity in the board.

A copy of the questions for the Annual Report for the financial year ended 31 December 2016 could be found here:

<https://sias.org.sg/qa-on-annual-reports/?company=Bonvests%20Holdings%20Ltd&cid=6357,4276>

The company's response could be found here: -----