
RESPONSE TO QUERIES FROM THE SECURITIES INVESTORS ASSOCIATION (SINGAPORE) ON THE ANNUAL REPORT

The Board of Directors (the “Board”) of Credit Bureau Asia limited (the “Company”, and together with its subsidiaries, the “Group”) would like to provide its responses to the queries received from the Securities Investors Association (Singapore) (“SIAS”) in relation to the Company’s Annual Report for the financial year ended 31 December 2021.

Queries from SIAS

Q1. Would the board/management provide shareholders with greater clarity on the following operational matters? Specifically:

(i) Non-FI data business: As shown on page 5 (Financial highlights) of the annual report, the group’s revenue derived from non-financial institutions data business declined marginally from \$25.7 million to \$25.5 million in 2021. The operations review of the non-financial institution data business can be found on page 13 of the annual report. Where were the underlying reasons for the decrease in revenue in non-FI data business in FY2021? What was the number of reports/checks carried out in FY2021? What percentage of the revenue is typically pre-paid?

Company’s reply: Revenue from our global credit risk management solutions increased by S\$0.4 million from S\$14.3 million in FY2020 to S\$14.7 million in FY2021 mainly driven by demand from increased compliance and risk management requirements from both local and global customers. Our revenue from the sale of reports under our Singapore Commercial Credit Bureau and other bureaus decreased by S\$0.2 million from S\$7.3 million in FY2020 to S\$7.1 million in FY2021 mainly as a result of decrease in quantity of reports sold. Our revenue from other auxiliary services, being sales and marketing solutions, receivable management, and other revenue, decreased by S\$0.4 million from S\$4.1 million in FY2020 to S\$3.7 million in FY2021. It was mainly due to decrease in customized projects by S\$0.4 million, decrease in sales and marketing solutions revenue by S\$0.3 million and increase in business education service by S\$0.3 million. We do not disclose the actual number of reports sold and percentage of revenue which is pre-paid.

(ii) Buy-now-pay-later and digital banks: How soon does management expect revenue contributions from buy-now-pay-later players and the digital banks?

Company's reply: The Group announced on the 23 February 2022 that discussions are well under way with the four successful digital bank applicants. The Group will make further announcements at the appropriate time. The Group has started preliminary discussions with some of the BNPL players.

(iii) Moneylenders Credit Bureau: What is the progress made by the group in determining the services and products to be offered? How soon can the group launch its services and how will the group be acquiring licensed moneylenders as new customers?

Company's reply: The Group announced on the 23 February 2022 that it is making good progress as the new operator of the Moneylenders Credit Bureau in Singapore with effect from 1 July 2021. All licensed moneylenders in Singapore are required to contribute debtor information and to extract credit information from the Moneylenders Credit Bureau. The Group is constantly reviewing its products and services and will seek industry and regulator input to further enhance its existing suite of products and to develop new products.

(iv) Vietnam: Can management clarify if the proposed tie-up with FiinGroup JSC in Vietnam will be similar to the group's operations in Cambodia? How crowded is the landscape in Vietnam? In addition, are the regulations and laws in Vietnam supportive of the group's credit data business?

Company's reply: The proposed credit bureau business in Vietnam will be similar to our credit bureau businesses in Cambodia, Singapore and Myanmar. However, the shareholding and management structure of the proposed JV and some salient details are still under discussion. There are currently two credit bureaus operating in Vietnam. However, with a young population of close to 100 million and a large underbanked population, there is ample opportunity for the third credit bureau in Vietnam. Vietnam has an established framework of regulations and laws to support the proper functioning of a credit bureau.

(v) New growth: The group is collaborating with Quantexa to introduce compliance and risk solutions utilising artificial intelligence to go beyond business intelligence to enhance the compliance and anti-money laundering efforts of financial institutions, insurance companies, government entities and multi-national corporations based in Singapore. Did the company announce this tie-up on SGXNet to update shareholders and investors accordingly? What is the role of the group in this collaboration with Quantexa?

Company's reply: An announcement regarding the collaboration was made on Credit Bureau Asia Limited website and disseminated to the local media on the 21 September 2021. The announcement is about the Group collaborating with a new partner (Quantexa) to introduce new products and services to the market. The announcement is marketing in nature and not price sensitive, and it will not be appropriate to announce on SGXNet.

Q2. The board comprises two executive directors and three independent directors. The profiles of the directors can be found on pages 6 & 7 of the annual report. In addition, information on the directors' other principal commitments can be found on pages 32 & 33. In Table 4.1 in the corporate governance report, the company states that the nominating committee (NC) would "consider candidates proposed by the directors, management or

substantial shareholders, and may engage external search consultants where necessary and appropriate” (page 31).

(i) Can the board/NC help shareholders understand if it has engaged any external search consultants previously (prior to and after the IPO)?

Company’s reply: The Board/NC has not engaged external search consultants as yet.

(ii) Has the NC considered if the use of directors’/management’s personal network and contacts would not allow the company to cast its net as widely as possible to achieve the desired board diversity?

Company’s reply: Credit Bureau Asia Limited was public listed, less than one and a half years ago, on the 3 December 2020. The upcoming AGM on the 25 April 2022 will only be our second AGM as a listed company. The Board/NC is committed to reviewing its Board and Committees composition regularly to achieve board diversity.

All three independent directors of the company are directors of Vertex Technology Acquisition Corporate Ltd. In fact, they were also appointed to the board of SHC Capital Asia Limited (then a listed company on SGX) on 15 March 2012 and resigned on 1 August 2014 following the disposal of the business of SHC Capital.

(iii) Is the NC satisfied with the search and nomination process for directors and the diversity of the board? Is there a significant risk that the board has to constantly avoid group think?

Company’s reply: The NC is satisfied with the current search and nomination process for directors and is of the opinion that the current board is effective and has the appropriate level of independence and diversity of thought and background. There is no significant risk that the Board has to constantly avoid group think.

(iv) Please disclose the board diversity policy and the progress made towards implementing the board diversity policy (Provision 2.4 of the Code of Corporate Governance 2018).

Company’s reply: During our Board meeting on the 23 February 2022, the Board has passed a resolution approving the diversity policy. Details of the diversity policy will be disclosed in our next annual report for FY2022.

Q3. As disclosed in the corporate governance report, the company currently has an in-house internal audit department for CBS and the audit committee (AC) approved the engagement of KPMG Services Pte Ltd as the outsourced internal auditor of D&B Singapore and D&B Malaysia for FY2021. In FY2021, KPMG carried out its assessment of D&B Singapore’s and D&B Malaysia’s internal control framework addressing the principal risk categories such as revenue, receivables and collections, regulatory compliance, procurement and payables.

(i) Can the AC/management clarify if it has engaged KPMG on an on-going basis to function as the outsourced internal auditor for D&B Singapore and D&B Malaysia?

Company's reply: KPMG is being engaged on an on-going basis to function as the outsourced internal auditor for D&B Singapore and D&B Malaysia.

(ii) What was the scope of the internal audit for CBS?

Company's reply: CBS has a unit of Internal Auditors and also engaged Deloitte as the External Auditor to look into all aspects of CBS business and operations.

(iii) What are the key findings by the internal auditors in FY2021?

Company's reply: KPMG has identified a total of 22 issues in FY2021, of which 4 are significant issues. The Group has since implemented corrective actions to resolve all the 22 issues.

(iv) Are there plans to extend the internal audit to the group's joint ventures in Cambodia and Myanmar?

Company's reply: Credit Bureau Cambodia and Credit Bureau Myanmar have their own internal audit requirements based on their respective local laws and regulations.

BY ORDER OF THE BOARD

Kevin Koo
Executive Chairman and CEO
15 April 2022

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