



KOH BROTHERS GROUP LIMITED
(Unique Entity Number: 199400775D)

**RESPONSE TO SGX QUERIES ON THE COMPANY'S UNAUDITED RESULTS
ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

The Board of Directors (the "Board") of Koh Brothers Group Limited (the "Company", and together with its subsidiaries, the "Group") wishes to announce the following in response to the queries raised by the Singapore Exchange Securities Trading Limited ("SGX-ST") on 31 January 2023 in relation to the Company's unaudited results announcement for the financial year ended 31 December 2022 (the "Results Announcement"). All capitalised terms used in this announcement shall bear the meaning as ascribed to them in the Results Announcement.

SGX-ST's Query 1

Please disclose:

- a. the breakdown of the Group's non-current trade and other receivables;
- b. the nature of the non-current receivables and whether the counterparties are third parties or related parties;
- c. for non-current other receivables, the underlying transactions, the terms of the transactions, terms of payment, and whether this was incurred in the ordinary course of business;
- d. the aging profile of the non-current trade and other receivables in bands of 3 months; and
- e. the Board's assessment of the recoverability of the non-current trade and other receivables

The Company's Response to Query 1

- a) The non-current trade and other receivables of S\$30.1 million comprised promissory notes of S\$18.0 million, fixed rate notes of S\$2.5 million, accrued interest owing under the promissory notes and fixed rate notes of approximately S\$3.8 million, and the deferred consideration in respect of the Disposal (as defined below) of S\$5.8 million.
- b) A summary of the above transactions as at 31 December 2022 (including the amounts of accrued interest owing under each of the promissory notes and the fixed rate notes) is as follows:

Debtor name	Nature of transaction	Amount (S\$'000)
Buildhome Pte. Ltd.	Promissory notes	18,000
	Accrued interest	3,615
		21,615
Central Core Pte. Ltd.	Fixed rate notes	2,500
	Accrued interest	212
	Deferred consideration	5,800
		8,512
Total		30,127

All the counterparties in respect of the non-current receivables are third parties.

- c) The Company has previously announced, on 19 July 2017 and 4 August 2017, that Koh Brothers Development Pte Ltd ("**KBD**") (a wholly-owned subsidiary of the Company) and Heeton Land Pte. Ltd. ("**Heeton Land**") have sold their respective 50% shareholding interests in Buildhome Pte. Ltd. ("**Buildhome**") (the "**Disposal**") to Central Core Pte Ltd ("**Central Core**" or the "**Purchaser**"), a company incorporated in Singapore.

Buildhome is a company incorporated in Singapore and prior to the sale to the Purchaser, was the joint venture company equally owned by KBD and Heeton Land. Buildhome developed and owned the property development known as "**The Lumos**" on 9 Leonie Hill Singapore 239220 (the "**Property**").

The consideration for the Disposal was S\$41.6 million. The consideration has been paid equally to KBD and Heeton Land in the following manner (a) S\$30 million in cash paid on 19 July 2017 and (b) S\$11.6 million to be deferred to after completion, which was novated to the shareholders of Central Core. The share of the deferred consideration of S\$11.6 million that is payable to KBD is S\$5.8 million.

Contemporaneously with completion, Buildhome has refinanced the Property. In addition, as part of the transaction consideration, KBD and Heeton Land have agreed to convert their existing outstanding shareholders' loans to Buildhome aggregating S\$36 million into promissory notes. The share of the promissory notes of S\$36 million that is payable to KBD is S\$18 million.

Subsequently, between September 2019 and December 2019, KBD and Heeton Land each invested in Central Core by subscribing for S\$2.5 million in principal amount of fixed rate notes.

- d) The non-current trade and other receivables of S\$30.1 million are due in December 2024.
- e) The Board has assessed that the non-current other receivables are recoverable. In making its assessment, the financial position, performance and cashflows of the debtors, the valuation of the underlying assets held by them and the debtors' ability to repay via realisation of these underlying assets held were considered by the Board.

SGX-ST's Query 2

With reference to the Condensed Interim Consolidated Statement of Cash Flows, it is noted that the proceeds from disposal of property, plant and equipment ("PPE") for FY2022 is S\$16.6 million, an increment of approximately S\$4.1 million from 1H2022.

- a. Please provide details of the PPE disposed in 2H2022, including the nature of the PPE, the book value(s) and the proceeds from each transaction;
- b. Please also disclose if the Company has to comply with the requirements under Listing Rule 1010 and Listing Rule 1014, where applicable, for the disposal(s). If not, please explain why or comply accordingly.

The Company's Response to Query 2

- a) Please refer to the breakdown of the nature of property, plant and equipment that were disposed in 2H2022:

Nature of assets	Sales proceeds (S\$'000)	Net book value (S\$'000)
Plant and machinery	3,570	2,837
Motor vehicles and others	518	7
Total	4,088	2,844

- b) The disposal of PPE during the 2H2022 were conducted in, or were in connection with, the Group's ordinary course of business and therefore they do not constitute a "transaction" under Chapter 10 of the SGX-ST Listing Manual.

By Order of the Board

Koh Keng Siang
Managing Director & Group CEO

2 February 2023