

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 2020

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 further queries raised by the Singapore Exchange Securities Trading Limited ("SGX-ST") on 23 February 2021 in relation to the Company's unaudited results announcement for the financial year ended 31 December 2020 (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

We refer to the announcement on 10 February 2021, titled 'RESPONSE TO SGX QUERIES ON THE COMPANY'S UNAUDITED RESULTS ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020'.

It was mentioned that 'The non-current receivables comprised promissory notes of S\$18.000 million, fixed rate notes of S\$2.500 million, accrued interest of notes of S\$3.093 million and a deferred consideration of S\$5.800 million arising from disposal of a joint venture in 2017. In view of additional time required by the debtors to realise their underlying assets and repay the outstanding balances, the Group agreed to extend the maturity date to 31 December 2022'. Please find our queries below, which we require the Company to respond on SGXNet via the 'Responses to SGX Queries Template' by the end of Thursday, 25 February 2021, in relation to the promissory notes of S\$18.000 million, fixed rate notes of S\$2.500 million, accrued interest of notes of S\$3.093 million and a deferred consideration of S\$5.800 million (the "Other Receivables"):

- 1) Who are the debtors contributing to the Other Receivables? Please disclose the identity of beneficial shareholder(s) and directors of these debtors.
- 2) Please disclose what are these underlying assets that will be disposed by the debtor(s) to repay the outstanding balances of \$29.39 million, which is material when compared to the Group NAV of \$302 million.
- 3) Are any of the debtors considered interested persons, as defined under Chapter 9 of the Listing Rules, to the Company?
- 4) If the answer to Question 3 is 'yes', was/were the interested person(s) involved in the decision and approval to extend the maturity date of the Other Receivables?
- 5) What were the original due dates of the Other Receivables?
- 6) What was the Company's assessment of the applicability of the requirements under Chapter 9 and Chapter 10 of the Listing Rules on the extension of the maturity date of the Other Receivables?

SGX-ST's Query 1

Who are the debtors contributing to the Other Receivables? Please disclose the identity of beneficial shareholder(s) and directors of these debtors.

The Company's Response to Query 1

1) Please refer to the debtors' details below contributing to the Other Receivables:

Nature	Balance as at 31/12/2020 (S\$'000)	Name of Debtors
Promissory Notes	18,000	Buildhome Pte. Ltd. ("Buildhome")
Fixed Rate Notes	2,500	Central Core Pte. Ltd. ("Central Core")
Accrued interest of Notes	3,093	Buildhome and Central Core
Deferred Consideration	5,800	Central Core

The Company is not an associate of Buildhome and Central Core pursuant to the Listing Rules. Koh Keng Siang, the Managing Director and Group Chief Executive Officer and a controlling shareholder of the Company, has declared to the Company that he has an 18.75% shareholding interest in Central Core. No immediate family (as defined in the Listing Rules) of Koh Keng Siang has shareholding interest in Buildhome and Central Core.

Save for the information that is publicly available on the Accounting and Corporate Regulatory Authority, the Company is not privy to any other information on the other beneficial shareholders and directors of Buildhome and Central Core.

SGX-ST's Query 2

Please disclose what are these underlying assets that will be disposed by the debtor(s) to repay the outstanding balances of \$29.39 million, which is material when compared to the Group NAV of \$302 million.

The Company's Response to Query 2

The underlying assets of the debtors are 36 residential units at 9 Leonie Hill, The Lumos, Singapore 239220 (the "Property"). The valuation of the Property (net of the debtors' bank borrowings) was approximately S\$98 million as at 31 December 2020.

SGX-ST's Query 3

Are any of the debtors considered interested persons, as defined under Chapter 9 of the Listing Rules, to the Company?

The Company's Response to Query 3

The debtors are not considered Interested Persons pursuant to Chapter 9 of the Listing Rules, as no director or controlling shareholders has any direct or indirect interest in the debtors, other than Koh Keng Siang, the Managing Director and Group Chief Executive Officer and a controlling shareholder of the Company, who has an 18.75% shareholding interest in Central Core. Therefore, Central Core and Buildhome are not considered associates of the Group pursuant to the Listing Rules.

No immediate family (as defined in the Listing Rules) of Koh Keng Siang has shareholding interest in Buildhome and Central Core.

SGX-ST's Query 4

If the answer to Question 3 is 'yes', was/were the interested person(s) involved in the decision and approval to extend the maturity date of the Other Receivables?

The Company's Response to Query 4

Not applicable.

SGX-ST's Query 5

What were the original due dates of the Other Receivables?

The Company's Response to Query 5

The original due dates of Other Receivables were on 19 July 2020.

SGX-ST's Query 6

What was the Company's assessment of the applicability of the requirements under Chapter 9 and Chapter 10 of the Listing Rules on the extension of the maturity date of the Other Receivables?

The Company's Response to Query 6

As mentioned in the Company's response to Query 3, Central Core and Buildhome are not associates of Koh Keng Siang as defined under the Listing Rules and as such, the foregoing debtors are not considered as "interested person" as defined under Chapter 9 of the Listing Rules.

The extension of maturity date of the Other Receivables is not a transaction within the meaning of Rule 1002(1) of the Listing Rules. The Company is of the view that such extension of the Promissory Notes and Fixed Rate Notes should not be considered as a provision of financial assistance as it does not involve fresh funding from the Company. It is a restructuring by way of deferment of final maturity of an existing debt instrument. For the same reason, the extension of due date of the Deferred Consideration is not a transaction and it does not involve any transfer of assets by the Company. It is a restructuring by way of deferment of the due date of an existing sale consideration. The Company is willing to accede to the requests for extension in view of the difficult market conditions for Central Core's shareholders.

By Order of the Board

Lee Sok Khian John
Executive Director

25 February 2021