



KOH BROTHERS GROUP LIMITED

(Unique Entity Number: 199400775D)

RESPONSE TO SGX QUERIES ON THE COMPANY'S ANNUAL REPORT 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 queries raised by the Singapore Exchange Securities Trading Limited ("SGX-ST") on 21 April 2021 in relation to the Company's Annual Report for the financial year ended 31 December 2020. All capitalised terms used in this announcement shall bear the meaning as ascribed to them in the Annual Report.

SGX-ST's Queries

We refer to Koh Brothers Group Ltd's announcement of its Annual Report on 12 April 2021 for the financial period ended 31 December 2020. Please find our queries below which we require the Company to respond to via an announcement on SGXNet by Friday, 23 April 2021. In your announcement, please disclose our questions and your corresponding answers to enable investors to understand the matters raised by the Exchange. If our queries have been addressed previously, please contact us to clarify.

1. Listing Rule 1207(10C) requires the Audit Committee's comments on whether the internal audit function is independent, effective and adequately resourced. Please provide the Audit Committee's comments as required. Please also provide information on whether the head of the internal audit function has the relevant experience and qualifications and the standards applied in the internal audit process and review.
2. Provision 2.4 of the Code of Corporate Governance 2018 (the "Code") requires the board diversity policy and progress made towards implementing the board diversity policy, including objectives, to be disclosed in the company's annual report. Please provide information on the board diversity policy and the progress made towards implementing this policy.
3. Listing Rule 210(5)(d)(iii) states that a director will not be independent if he has been a director for an aggregate period of more than 9 years (whether before or after listing) and his continued appointment as an independent director has not been sought and approved in separate resolutions by (A) all shareholders; and (B) shareholders, excluding the directors and the chief executive officer of the issuer, and associates of such directors and chief executive officer ("two-tier vote"). In this regard, we note that Mr. Gn Hiang Meng, who has served as an independent director on the Board for a period of more than 9 years come 1 January 2022, is not being put up for the two-tier vote for his continued appointment as an independent director of the Company. Please advise what will happen to the status of Mr. Gn's directorship with effect from 1 January 2022.

SGX-ST's Query 1

Listing Rule 1207(10C) requires the Audit Committee's comments on whether the internal audit function is independent, effective and adequately resourced. Please provide the Audit Committee's comments as required. Please also provide information on whether the head of the internal audit function has the relevant experience and qualifications and the standards applied in the internal audit process and review.

The Company's Response to Query 1

The Audit and Risk Committee is of the view that the audit function is independent, effective and adequately resourced.

As disclosed on page 33 of the Company's Annual Report, the Company has outsourced its internal audit function ("IA") to a certified public accounting firm, KPMG Services Pte Ltd. ("KPMG"). The IA reports to the ARC Chairman and has full access to the ARC, documents, records, properties and staff of the Group.

KPMG is a member firm of the KPMG global organization of independent member firms providing Audit, Tax and Advisory services.

KPMG is a member of the Institute of Internal Auditors Singapore ("IIA"), a professional internal auditing body affiliated to the Institute of Internal Auditors, Inc.

The internal audit work carried out is guided by KPMG's global internal auditing standards and the International Standards for the Professional Practice of Internal Auditing laid down in the International Professional Practices Framework issued by the IIA.

The outsourced IA team is led by a KPMG partner who has more than 20 years of audit experience and the team consists of professionals with relevant qualifications and experience.

SGX-ST's Query 2

Provision 2.4 of the Code of Corporate Governance 2018 (the "Code") requires the board diversity policy and progress made towards implementing the board diversity policy, including objectives, to be disclosed in the company's annual report. Please provide information on the board diversity policy and the progress made towards implementing this policy.

The Company's Response to Query 2

All Directors of the Company are appointed based on their calibre, expertise and experience. Our Board Members comprise business leaders and professionals with finance, legal and industry knowledge. The Board, in concurrence with the Nominating Committee ("NC"), is satisfied that the Board has the appropriate mix of expertise and experience, and collectively possesses the necessary core competencies to lead and govern the Group effectively.

The NC considers, amongst others, the skills, knowledge and experience required of the Board, in light of (a) the geographical spread and diversity of the Group's business; (b) the strategic direction and progress of the Group; (c) the current composition of the Board; and (d) the need for independence. The Board supports diversity as part of its policy for the selection, appointment and re-appointment of Directors, for the purpose of enhancing Board effectiveness. The Board currently comprises two (2) female directors, Er Dr Lee Bee Wah and Mdm Quek Chee Nee. The Company's two female Directors represent about 18.2% of the Board.

However, the Board does not intend to appoint persons as Directors solely by reason of their race, religion, gender or age as they believe that the candidate must have the relevant skills, expertise and experience, and be of the right fit to meet the relevant needs and vision of the Board and the Company at the material time. The Board remains committed to its diversity policy and is currently applying the same principles when looking for potential candidates as Directors. Nonetheless, the Board acknowledges that improvements to Board diversity are an ongoing process and will continue to review its diversity policy from time to time.

SGX-ST's Query 3

Listing Rule 210(5)(d)(iii) states that a director will not be independent if he has been a director for an aggregate period of more than 9 years (whether before or after listing) and his continued appointment as an independent director has not been sought and approved in separate resolutions by (A) all shareholders; and (B) shareholders, excluding the directors and the chief executive officer of the issuer, and associates of such directors and chief executive officer ("two-tier vote"). In this regard, we note that Mr. Gn Hiang Meng, who has served as an independent director on the Board for a period of more than 9 years come 1 January 2022, is not being put up for the two-tier vote for his continued appointment as an independent director of the Company. Please advise what will happen to the status of Mr. Gn's directorship with effect from 1 January 2022.

The Company's Response to Query 3

The status of Mr Gn's directorship has yet to be decided. The Company will advise the status of Mr Gn's directorship in due course.

By Order of the Board

Koh Keng Siang
Managing Director and Group CEO

23 April 2021