
RESPONSE TO QUERIES FROM SGX-ST

The board of directors (the “**Board**”) of Enviro-Hub Holdings Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) wishes to provide the following additional information in response to the queries from the Singapore Exchange Securities Trading Limited (“SGX-ST”) in their email dated 23 May 2022: -

Queries by SGX-ST:

Reference is made to the Company’s announcement dated 14 April 2022 in response to SGX-ST’s queries on the Company’s annual report.

Query 1: In response to Query 2, the Company disclosed that it had engaged an independent consultant, KPMG Services Pte. Ltd. (“KPMG”) to assist in the review of the Group’s governance structure in response to the requirements under Listing Rule 1207(10), and that this includes reviewing the Group’s structure and mechanism of its various business, operational activities and internal functions in arriving at the requirements for the Board and Audit Committee to issue an opinion on the internal control systems. Please provide more details on the following:-

- (a) Please elaborate on the reasons why the Company engaged the services of KPMG? In particular, was the review triggered by an internal review of the Company’s processes and controls?
- (b) What were the terms of reference of the review?
- (c) Were the terms of reference and KPMG’s appointment approved by the Audit Committee?
- (d) Listing Rule 1207(10) requires, amongst others, the Board’s comments on the adequacy and effectiveness of the issuer's internal controls (including financial, operational, compliance and information technology controls) and risk management. Taking into account that the Group has engaged Nexis TS Risk Advisory Pte Ltd [sic] as its outsourced internal auditor, please elaborate on how KPMG’s appointment helps in the Board’s comments, and how work is split between both professional firms.

Company's Response:

- (a) The Group’s Audit Committee (“AC”) decided to engage KPMG in 2012 to assist in the review of the Group’s governance structure in response to the new requirements under Listing Rule 1207(10). This includes reviewing the existing structure and mechanism of how the Board and AC can obtain assurance from the various business and operational activities and internal functions of the Group in arriving at the requirements for the Board and the AC to issue an opinion on the internal controls system.

The engagement of KPMG is not triggered by an internal review of the Company’s processes and controls.

- (b) The Terms of reference of the review include:
 - (i) Scan the risk universe of the Group to identify the key risks at the strategic and operational levels.
 - (ii) Define the risks appetite and tolerance level that is fit for the Group’s business in consultation with the Company’s management and Board.
 - (iii) Conduct risk workshop and interviews with management to validate the top tier risks faced by the Group (if any).

- (iv) Conduct sanity check by reviewing the risks identified to the financial statement items to identify key/material accounts.
 - (v) Develop risk heat map to identify the key risks for the Group and to identify the processes underpinning the key risks (if any).
 - (vi) Review the Group's existing frameworks, policies and procedures to determine the extent of coverage of assurance activities for the Group, and processes identified.
 - (vii) Conduct desktop review internal audit plans to determine the extent of such coverage over the key risk areas.
 - (viii) Highlight to management and the AC on areas that more assurance is required.
- (c) The AC had reviewed and approved the terms of reference and the engagement of KPMG.
- (d) The appointment of KPMG will help the Board and AC in determining the adequacy of the Group's internal control by addressing financial, operational and compliance risks. The scope of work for KPMG and Nexia work is listed as below.
- (i) KPMG was engaged to carry out the review of the Group's governance structure in response to new requirements under Listing Rule 1207(10) in 2012, and assist in identifying risk areas and review the internal audit plan to determine if the coverage of the plan for the identified risks areas was adequate.
 - (ii) Nexia has remained as the Group's outsourced internal auditor and mainly performed annual independent review and audit on the Group's internal controls and compliance to Listing Rule 1207(10).

Query 2. In response to Query 3, the Company has disclosed that the internal auditor ("IA") reports directly and independently to the Audit Committee ("AC") and that "The AC has reviewed the adequacy and effectiveness of the internal audit function and is satisfied that the internal audit function is independent, effective and adequately resourced, has unfettered access to all the Group's documents, records, properties and personnel, including the AC." Please provide the basis of the AC's opinion on this matter.

Company's Response:

AC opined that the internal audit function is independent, effective and adequately resourced based on the following practices implemented by the Group:

- (i) AC is empowered to appoint reputable independent third party IA to plan the Group's internal audit schedules and scope of works;
- (ii) IA reports directly and independently to the AC;
- (iii) AC reviews and approves IA annual internal audit plan and report;
- (iv) AC reviews the activities of the IA on a regular basis, including overseeing and monitoring the implementation of the improvements required on internal control weaknesses identified;
- (v) AC ensures that IA is provided with the necessary resources to adequately perform their duties, including unfettered access to all the Group's documents, records, properties and personnel; and
- (vi) AC is empowered to decide on the appointment, termination and remuneration of outsourced internal audit professionals.

BY ORDER OF THE BOARD

Raymond Ng
Executive Chairman
25 May 2022