

Responses to SGX Queries :: On Annual Report :: RESPONSES TO SGX QUERIES ON THE KOH BROTHERS GROUP LIMITED ANNUAL REPORT 2011

* Asterisks denote mandatory information

Name of Announcer *	KOH BROTHERS GROUP LIMITED
Company Registration No.	199400775D
Announcement submitted on behalf of	KOH BROTHERS GROUP LIMITED
Announcement is submitted with respect to *	KOH BROTHERS GROUP LIMITED
Announcement is submitted by *	Koh Keng Siang
Designation *	Managing Director & Group CEO
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>> Announcement Details

The details of the announcement start here ...

Announcement Title *	RESPONSES TO SGX QUERIES ON THE KOH BROTHERS GROUP LIMITED ANNUAL REPORT 2011
Subject of Query *	On Annual Report
Description	Please refer to the attachment.

Attachments

 [SGXQueries.pdf](#)
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KOH BROTHERS GROUP LIMITED

(Unique Entity Number 199400775D)

RESPONSES TO SGX QUERIES ON THE KOH BROTHERS GROUP LIMITED ANNUAL REPORT 2011

The Directors of Koh Brothers Group Limited (the “Company” and together with its subsidiaries, the “Group”) wish to provide the following information in response to the queries raised by Singapore Exchange Limited (“SGX”) on 27 April 2012 in respect of the Annual Report 2011:

SGX Query 1:

We note that the Board and AC have not disclosed in the annual report their opinion on the internal controls of the Company in compliance with Listing Rule 1207(10). For the purpose of complying with Listing Rule 1207(10), please note that:-

- (a) “Absence of evidence to the contrary” disclaimer is NOT allowed in the opinion;
- (b) The Board and the Audit Committee must opine whether the internal controls are adequate to address all 3 areas of risks (ie financial, operational and compliance risks). “In its current business environment”, “business operations” without mention of all 3 risks areas are not acceptable.
- (c) Both the Board and AC must provide the opinion; “The Board and the AC believes is not acceptable.

Kindly provide the opinion in compliance with Listing Rule 1207(10).

Responses:

The Company refers to “Internal Control” on page 34 of its 2011 annual report and wishes to re-affirm the opinion of the Board and the Audit Committee, in compliance with Listing Rule 1207(10):

Based on the reports of the internal and external auditors as well as the processes disclosed in the annual report, the Board and the Audit Committee are of the opinion that there are adequate material internal controls in place for the Group to address financial, operational and compliance risks.

SGX Query 2:

In its Annual Report 2011 on “Interested Person Transactions” (“IPTs”) (page 35), the Company stated that “there were no significant interested person transactions for the financial year ended 31 December 2011”. However, we note the Company’s disclosure in paragraph 33(a) of the Notes to the Financial Statements on “Related Party Transactions” on two significant IPTs:-

- (a) provision of transportation services by KGH Transportation & Trading Pte, a company owned by a brother of certain directors of \$303,000; and
- (b) progressive revenue recognised from sale of one unit residential property in a residential project known as “Fiorenza” to Mdm Quek Chee Nee, a director of the Company, of \$154,000

The two transactions should be deemed as interested person transactions which should be disclosed in accordance with Listing Rule 907. Please provide the disclosure required under Listing Rule 907 and reconcile these transactions with the Company's statement that "there were no significant interested person transactions for the financial year ended 31 December 2011".

Responses:

- (a) The provision of transportation services by KGH Transportation & Trading Pte Ltd to the Group in FY2011 comprised various transactions, each of which was of a value below S\$100,000. For the purposes of disclosure of Interested Party Transactions in the Report on Corporate Governance in the Company's Annual Report 2011, transactions less than S\$100,000 have been excluded in accordance with the format prescribed in Rule 907 of the SGX Listing Manual.
- (b) The sale of a unit of residential property in "Fiorenza" to Mdm Quek Chee Nee is a transaction which had been entered into in 2009 for which the Company had made an announcement on 25 May 2009. The transaction was also disclosed as an Interested Party Transaction in the Report on Corporate Governance in the Company's Annual Report 2009. The revenue of S\$154,000 comprised progressive payments by Mdm Quek Chee Nee relating to the said transaction in 2009 which were recognised by the Group in FY2011.

By Order of the Board

Koh Keng Siang
Managing Director & Group Chief Executive Officer

30 April 2012