Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Email: admin@sias.org.sg
www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y0Y

Issuer: Koh Brothers Group Limited

Stock code: K75

Meeting details:
Date: 25 April 2023
Time: 3.00 p.m.
Venue: Dunearn Ballroom II & III, Level 1, Raffles Town Club, 1 Plymouth Avenue, Singapore 297753

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Q1. For the financial year ended 31 December 2022, the group's revenue increased by 40% to $353.1 million compared to $252.6 million in FY2021. Gross profit increased by 21% to $26.0 million due to improved gross margin from the Construction and Building Materials division.

The group also recognised "other gains" of $15.0 million in FY2022, primarily due to gains from the sale of property, plant and equipment (PPE) totalling $8.6 million (page 76). The group disposed of the leasehold property and other related assets located at 50 Tuas Crescent for a gross consideration of $14.9 million. The disposal was the subject of a SGX RegCo query:
https://links.sgx.com/FileOpen/KBGL-Replies to SGX Queries dated 23 August 2022.ashx?App=Announcement&FileID=729975

In addition, 15 Genting Lane was listed as a plot of industrial land under the group's PPE (Note 23 Property, plant and equipment; page 96). Online searches show marketing material featuring a new B1 industrial property project located at the address.

(i) **Can management provide clarification regarding whether the group has commissioned a redevelopment project, and if so, is it included in the group's pipeline of future development projects?**

(ii) **Has the board approved this redevelopment project, and what is the status of the necessary regulatory approvals?**

(iii) **If the project has been approved, what are the anticipated timelines for completion and any subsequent milestones?**

(iv) **Would the board take on the responsibility of overseeing the group's process for making necessary announcements on SGXNet, if and when required?**

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Q2. In Note 14 (page 84; Trade and other receivables), the group has other non-current receivables of $30.127 million due from non-related parties.

According to the company's response to a query from SGX dated 2 February 2023, the group revealed that the debtors for this item were Buildhome Pte Ltd and Central Core Pte Ltd.

The company's response to SGX RegCo's query can be found here:
https://links.sgx.com/FileOpen/KBGL-Reply_to_SGX_Queries_2Feb2023.ashx?App=Announcement&FileID=745645

(i) **Can the board help shareholders better understand the investment merits for holding on to these assets considering that they are unsecured and bear interest at 3.5% per annum?**

(ii) **Does the group have the option to call back on the capital and redeploy the funds to improve its capital management?**

(iii) **As the promissory notes and fixed rate notes are unsecured, what conditions exist to ensure or guarantee that the debt will be repaid in full when it is due in December 2024?**

(iv) **Are there provisions in the debt agreement that would permit the debtor to further defer payments beyond 2024?**

(v) **Has the management/audit committee reviewed the creditworthiness of the debtors and their financial strength?**

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Q3. A fair value loss on financial assets (debt and equity) at fair value through other comprehensive income (FVOCI) amounting to $2.844 million, and a separate impairment of $1.014 million for financial assets under the line item of investment securities were recognised in FY2022.

According to Note 13 of the annual report (pages 82 & 83), the group held a mix of US equities and other debt securities.

(i) **Can the board help shareholders better understand the strategic value of such investments? Is this part of the group's core business model?**

(ii) **What is the group's overall strategy in managing its excess reserves for investments in financial markets, especially in instruments related to overseas equities?**

(iii) **Would the board consider overseeing an orderly unwinding of all non-core equity and debt investments?**

(iv) **Has the board reviewed its capital management policy and assessed the benefits of implementing share buybacks or increasing dividend payouts if the amounts invested in debt and equities are deemed surplus to capital requirements?**

(v) **In the spirit of transparency, would the board also reveal specific details of these losses, and in particular, the identity of the issuer for the unquoted SGD 10.00% fixed rate note, which has been restructured in 2021 and 2022?**

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on SIAS website

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