

LOW KENG HUAT (SINGAPORE) LIMITED
(the “Company”)
(Incorporated in the Republic of Singapore)
Registration No. 196900209G

RESPONSE TO SGX-ST QUERY ON ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2016

The Board of Directors (the “Board”) of Low Keng Huat (Singapore) Limited (the “Company”) refers to the queries raised by the Singapore Exchange Securities Trading Limited (“SGX-ST”) on 23 May 2016 regarding the disclosure of information in the Corporate Governance Statement in the Company’s 2015/2016 Annual Report. The Board sets out its response as follows:

1. SGX’s Query 1:

Paragraph 2.4 of the Code states that the independence of any director who has served on the Board beyond nine years from the date of his first appointment should be subject to particularly rigorous review. In doing so, the Board should also take into account the need for progressive refreshing of the Board. The Board should also explain why any such director should be considered independent.

Company’s Response

Mr. Lucas Liew Kim Voon, Mr. Lee Han Yang and Mr. Wey Kim Loong have served on the Board of Directors for more than nine years and had been subjected to rigorous scrutiny by the Board. Despite their long period of service, the Board was of the view that Mr. Lucas Liew Kim Voon, Mr. Lee Han Yang and Mr. Wey Kim Loong have, at all times, expressed their individual viewpoints, objectively debated issues brought up at meetings of the Board and/or Board Committees and closely scrutinised Board matters and Board Committee matters in the interest of the Company. In addition they are not related to the majority shareholders and do not have any other interest in the Company, except as those shareholdings declared on page 30 of the 2015/2016 Annual Report. Hence the Board considers these directors independent.

2. SGX’s Query 2:

Paragraph 11.3 of the Code states that the Board should comment on the adequacy and effectiveness of the internal controls, including financial, operational, compliance and information technology controls, and risk management systems, in the company’s Annual Report. The Board’s commentary should include information needed by stakeholders to make an informed assessment of the company’s internal control and risk management systems.

Company’s Response

The Group has a system of internal controls designed to provide reasonable assurance that proper accounting records are maintained, the Group’s assets are safeguarded and that financial information used for financial reporting is reliable.

The Board is responsible for the governance of risk and it recognises the importance of a sound system of risk management and internal controls as part of good corporate governance. It has delegated to the Audit Committee (“AC”) to assist the Board in the oversight of the risk management and internal control systems within the Group.

The AC reviews and the Board endorses the Company’s levels of risk tolerances and risk policies taking into account the Company’s strategic and business objectives. The Board is responsible for ensuring that Management designs, implements and monitors the risk management and internal control systems to safeguard Shareholders’ investments and the assets of the Group.

The Board has received assurances from the Joint Managing Directors (“JMD”) and the CFO that the financial records have been properly maintained and the financial statements give a true and fair view of the Company’s operations and finances and on the effectiveness of the Company’s risk management and internal control systems.

Based on the internal controls currently in place, the work undertaken by the internal and external auditors, the assurances from the JMD and CFO as well as reviews by the AC and the Board, the Board with the concurrence of the AC, is of the opinion that the Group’s internal financial, operational, information technology and compliance controls are adequate and effective as at 31 January 2016.

The Board is also of the opinion that the Group’s risk management and internal control systems provide reasonable but not absolute assurance that the Group will not be adversely affected by the occurrence of material errors, poor judgment in decision-making, human error, losses, fraud or other irregularities or other events arising from the business environment which the Group operates in.

By Order of the Board

Chin Yeok Yuen
Company Secretary

Date: 26 May 2016