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Issuer: KSH Holdings Limited

Security: KSH Holdings Limited

Meeting details:

Date: 27 July 2018

Time: 9.30 a.m.

Venue: 60 Eu Tong Sen Street, Furama City Centre, Ballroom 1, Level 5, Singapore 059804

Company Description

KSH Holdings Limited, an investment holding company, operates as a construction builder and contractor. The company operates through Construction, and Property Development and Management segments. It constructs residential, commercial, hospitality, and mixed-use development projects; rents and sells properties; constructs buildings and roads; and manufactures structural steel and metal products. KSH Holdings Limited serves property developers, land owners, and governmental bodies in public and private sectors. It operates in Singapore, the People's Republic of China, Malaysia, Vietnam, Japan, Australia, and the United Kingdom. KSH Holdings Limited was incorporated in 1979 and is based in Singapore.

(Source: http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=ERO)

1. Would management provide shareholders with better clarity on the following operational and financial issues? Specifically:

- (i) **Singapore land bank:** The group replenished its Singapore land bank during the year with four sites being acquired at “very reasonable prices”. **Even as the company and the JV partners understood that speed is of the essence and had wanted to launch the four projects in 2018, additional cooling measures were announced on 5 July 2018, raising the Additional Buyer's Stamp Duty (ABSD) rates and tightening loan-to-value (LTV) limits on residential property purchases. How have these cooling measures affected the group's plans?**
- (ii) **Singapore property development:** As shown in Table 2.2, the group's stakes in residential development projects range from 12.25% to 49%. **Can management help shareholders understand its strategy in property development in Singapore? How is the group able to effectively leverage its strengths as part of a consortium?**
- (iii) **Unsold commercial properties:** Hexacube and Trio are commercial development projects that have been completed but have remained substantially unsold. Hexacube has achieved sales of 61.6% (as at 31 March 2017) and 68.5% (as at 31 March 2018). Sales at Trio have remained at 37.2% in the past two years. **What are management's plans for these two freehold developments?**

2. The group's 22.5% owned Gaobeidian township project in the PRC will be a key driver of the group's growth. As disclosed in the Message from executive chairman and managing director, the launch of over 3,000 residential units for sale is targeted for September/October 2018.

- (i) **What are the outstanding relevant approvals required for this initial launch of 3,000 units?**
- (ii) **What is the positioning of the first 3,000 units in this first phase?**
- (iii) **Should phase 1 of the development project proceed as planned, when does the consortium expect to complete the development of phase 1 and hand over the units to the buyers?**

3. Mr. Lim Yeow Hua @ Lim You Qin and Mr. Khua Kian Kheng Ivan were each appointed to the board on 18 December 2006. Accordingly, each of Mr. Lim Yeow Hua @ Lim You Qin and Mr. Khua Kian Kheng Ivan has served on the board for a period of more than nine (9) years since their first appointment to the board.

The nominating committee (NC) comprises Khua Kian Kheng Ivan (as chairman), Lim Yeow Hua @ Lim You Qin and Ko Chuan Aun.

- (i) **Can the NC explain in greater detail the particularly rigorous review of the independence of the long tenured directors?**

- (ii) As two members of the NC (including the NC chairman) are subject to the particularly rigorous review of their independence, how effective is the NC in its role?**
- (iii) Can the NC confirm that the director under review did not participate in the discussion and deliberation of his own independence?**

Notwithstanding that NC is satisfied that each of Mr. Lim and Mr. Khua remained independent, Guideline 2.4 of the 2012 Code of Corporate Governance calls for the board to “also take into account the need for progressive refreshing of the Board”.

- (iv) What are the board’s near-term plans to refresh the board membership progressively and in an orderly manner, to avoid losing institutional memory?**

In addition, it is noted that Mr. Lim Yeow Hua and Mr. Ko Chuan Aun, as independent directors of the company, are also independent directors of other listed real estate developers who are also partners of the company in some of the development projects. **Would the directors be frequently put in a position of conflict given the significant overlap of operations? How is the interest of the company served by having directors sit on other listed companies with the same core business in property development?**

A copy of the questions for the Annual Report for the financial year ended 31 March 2017 could be found here:

https://sias.org.sg/index.php?option=com_qaannualreports&view=qareports&filter_company=242

The company’s response could be found here:

https://sias.org.sg/media/qareport/company_responce/1501578805_KSH---SIAS-QA--August-1--2017-.pdf