



KSH Holdings Limited

(Company Registration Number: 200603337G)
(Incorporated in the Republic of Singapore on 9 March 2006)

RESPONSES TO QUESTIONS FROM SHAREHOLDERS FOR THE ANNUAL GENERAL MEETING ON 29 SEPTEMBER 2020

The Board of Directors of KSH Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”), refers to:

- (a) the annual report of the Company for the financial year ended 31 March 2020 (the “**Annual Report**”);
- (b) the notice of annual general meeting (“**AGM**”) issued on 7 September 2020 informing shareholders that the Company’s AGM will be held by way of electronic means on Tuesday, 29 September 2020 at 9.30 a.m; and
- (c) the accompanying announcement issued by the Company on 7 September 2020 setting out, inter alia, the alternative arrangements relating to attendance at the AGM via electronic means.

The Company would like to thank shareholders for submitting their questions in advance of our AGM.

Please refer to Annex A hereto for the list of questions received from shareholders, and the Management and the Board’s responses to these questions.

BY ORDER OF THE BOARD

CHOO CHEE ONN

Executive Chairman and Managing Director
28 September 2020

ANNEX A

RESPONSES TO QUESTIONS FROM SHAREHOLDERS

A. CONSTRUCTION

1. **Please provide an outlook of the construction sector and the Group's outlook for the financial year ending 31 March 2021 and beyond?**

Company's response:

According to the Building and Construction Authority (“**BCA**”), the projected construction demand for 2020 has been revised to between \$18 billion and \$23 billion following a mid-year review, a sharp decline from January's forecast of \$28 billion to \$33 billion for the year. The downward revision is largely due to a drop in private sector construction demand, and postponements in the award of some public sector projects from 2020 to 2021. However, it is noted that construction demand is expected to recover to some extent from 2021¹.

The Group's construction revenue for current FY2021 has been affected due to the Circuit Breaker measures and other effects arising from the ongoing COVID-19 pandemic.

As a BCA A1-graded contractor, our strong fundamentals, established track record and close relationships with strategic customers have allowed us to leverage on our competitive advantage to tender for construction projects. The Group's construction order book in Singapore is more than S\$550.0 million, with the inclusion of a new public project awarded recently. The order book is expected to contribute to the Group's financial results up to the financial year ending 31 March 2024.

Due to the fluidity of the situation, the scale and duration of the COVID-19 development remains uncertain, which may in turn impact the future earnings, cash flow and financial condition of the Group. As such, it is not practicable to provide a quantitative or qualitative estimate of the potential impact of COVID-19 on the Group.

¹ *Building and Construction Authority, 17 September 2020 – Projected Construction Demand for 2020 Revised to \$18 - \$23 Billion, But Expected to Recover to Some Extent from 2021*

2. Please provide an update on the Group's construction projects.

Company's response:

Construction works have since commenced following Phase 2 of Singapore's re-opening and normal operations are expected to progressively resume. All of the Group's construction projects are currently in progress having obtained the necessary approvals to restart work. Most of our workers have been given the necessary clearance to work on site. Nevertheless, as the pandemic is ongoing, the situation is subject to changes.

We are unable to comment or provide a breakdown of the increase in operating costs at this juncture including charges by our suppliers, subcontractors and other service providers, as the impact from the COVID-19 pandemic is ongoing. As such, it is not practicable to provide a quantitative or qualitative estimate of the potential impact of COVID-19 on the Group.

To mitigate costs, the Company has utilised as much as possible, the government grants and assistance available. This includes BCA's S\$1.36 billion Construction Support Package, which consists of a S\$525.8 million Construction Restart Booster for additional compliance cost, co-funding salaries of Safe Management Officers to ensure safe management measures implementation at construction worksites and the co-sharing of prolongation costs for public sector projects.

In addition, the Company will also leverage on further measures such as the extension of advance payment for public sector projects, extension of government subsidies for COVID-19 tests and foreign worker levy rebates.

We will continue to focus on ensuring the smooth operational progress of our projects to meet the contract delivery schedule and other cost controlling measures wherever possible.

3. Could the Company elaborate on the manpower challenges given the current COVID-19 situation?

Company's response:

The Group has seen some impact on its business to-date, with the government's response affecting general activity levels within the community, the economy and the operations of our business, both locally and overseas. This includes impact on the Group's construction business in terms of raw material supply and manpower shortages, the progress of construction schedule and cost of operations, as well as property sales and rentals for the Group's property development and investment business.

Due to the fluidity of the situation, the scale and duration of the COVID-19 development remains uncertain, which may in turn impact the future earnings, cash flow and financial condition of the Group. As such, it is not practicable to provide a quantitative or qualitative estimate of the potential impact of COVID-19 on the Group, nor the government's efforts to combat the pandemic to support businesses.

B. PROPERTY DEVELOPMENT

4. Please provide an update on the residential development projects in Singapore.

Company's response:

Most of the residential development projects in Singapore that were launched prior to the financial year FY2019 have been either fully sold or substantially sold.

Despite challenging market sentiments, the four most recently launched residential projects in Singapore were well-received by the market, and have been substantially sold, with positive margins.

The sales status based on options issued to-date of the four residential development projects is approximately as follows:

	Project	Group Stake (%)	Type of Development	Revenue Recognition Method	Units Sold (%)
1	Affinity @ Serangoon	7.5	Residential with shop units	Percentage of Completion	78.0
2	Riverfront Residences	35.0	Residential with shop units		91.1
3	Park Colonial	20.0	Residential		87.7
4	Rezi 24	48.0	Residential		80.0

5. Could the Company provide an update on the outlook of the property market in China and the Gaobeidian township project.

The outlook of the property market in China is challenging in view of the ongoing pandemic and uncertainties arising from the US-China trade tension.

The Group's 22.5%-owned Gaobeidian residential development project – Sino-Singapore Health City (中新健康城) has been well-received by the market, having sold approximately 366 units to-date. The government has approved the controlled selling price for the project with a cap of not more than RMB 8,000 per sqm. The average selling price of the sold units to-date is approximately RMB 7,680 per sqm.

Construction of the Gaobeidian township project is in progress and the sale of units are expected to contribute to the Group's profit, if any, after construction has been completed, which is likely to be in FY2022.

C. PROPERTY INVESTMENT

6. Please provide an update on hotel investments.

Company's response:

As with the hospitality industry globally, international travel restrictions due to the ongoing pandemic have adversely impacted the hotel businesses.

The current average occupancy rate and RevPAR of the hotels in operation invested by the Group is approximately 56% and SGD equivalent of S\$60 respectively.

The hotels in operation invested by the Group have reported a net operational profit, which contributed to the share of results of associates in FY2020. All the hotels are working towards a breakeven currently. To-date, the hotels in operation in the UK and other countries are experiencing a recovery in occupancy.

Construction works for two hotels under development are currently ongoing and targeted to complete by year 2022. In addition, construction for two other hotels under development has not commenced.

The Group will continue to seek investment opportunities in hotel properties overseas to expand its geographical footprint in new markets with favourable outlooks, together with its joint venture partners. The Group will consider the disposal or acquisition of any asset if it is a commercially attractive proposition in the ordinary course of business.

D. OTHERS

7. Does management have a formal dividend policy?

Company's response:

The Company does not have a fixed dividend policy and the form, frequency and amount of dividends will depend on the Company's earnings, general financial condition, results of operations, capital requirements, cash flow, general business condition, development plans and other factors as the Directors may deem appropriate. Notwithstanding the foregoing, the Company has been declaring dividends on an annual basis and any pay-out of dividends is clearly communicated to Shareholders via announcements released on SGXNET.