



## KSH Holdings Limited

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

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### JOINT VENTURE BETWEEN KIM SENG HENG REALTY PTE LTD, HEETON VENTURE (CHINA) PTE. LTD. AND TEE PROPERTY PTE. LTD. (THE “JOINT VENTURE”)

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#### 1. INTRODUCTION

The board of directors (the “**Board**”) of KSH Holdings Limited (the “**Company**”, and collectively with its subsidiaries, the “**Group**”) refers to its previous announcement dated 8 November 2010 (the “**Previous Announcement**”). All capitalised terms not defined herein shall bear the same meanings ascribed to them in the Previous Announcement.

The Board wishes to announce that the Company’s wholly-owned subsidiary, Kim Seng Heng Realty Pte Ltd (“**KSHR**”), had on 23 March 2011 entered into a conditional joint venture agreement (the “**Joint Venture Agreement**”) with Heeton Venture (China) Pte. Ltd. (“**HVC**”) and TEE Property Pte. Ltd. (“**TEE**”) (each a “**Party**”, and collectively the “**Parties**”) (the “**Joint Venture**”). Pursuant to the Joint Venture Agreement, KSHR, HVC and TEE shall:

- (a) own 60.0%, 20.0% and 20.0% of the entire issued and paid-up share capital of KSH (China) Venture Pte. Ltd. (the “**Joint Venture Company**”) respectively; and
- (b) inject an aggregate sum of up to S\$25,000,000 (the “**Proposed Investment**”) in accordance with their respective shareholding in the Joint Venture Company for the development of the Project (as defined below) as follows:
  - (i) a sum of S\$1,000,000 to be contributed in cash towards the share capital of the Joint Venture Company (the “**Initial Investment**”), and
  - (ii) the remaining sum of S\$24,000,000 to be provided by way of shareholders’ loans to the Joint Venture Company (the “**Shareholders’ Loans**”).

The Joint Venture Company, a limited liability company incorporated in Singapore with an issued and paid-up share capital of S\$1.00 comprising one (1) ordinary share, will be principally engaged in the business of property development. As at the date of this announcement, the Joint Venture Company is a wholly-owned subsidiary of KSHR.

The aggregate investment by KSHR into the Joint Venture Company shall be the sum of S\$15,000,000 (the “**KSHR Investment**”), based on its 60.0% shareholding. Please refer to Section 2 of this Announcement for the key terms of the Joint Venture Agreement. The KSHR Investment shall be funded by way of the internal resources of the Group.

The Parties are desirous of collaborating together to invest in Phase 1 of the proposed development of “Gaobeidian New Town Shangdong New Area (高碑店新城上东新区)” (the “**Project**”) in the People’s Republic of China (“**PRC**”) through the Joint Venture Company.

It is proposed that the Joint Venture Company shall enter into a joint venture arrangement, and set up a joint venture company, Hebei Shangdong Zhiye Co., Ltd (河北上东置业有限公司), in the PRC (the "**PRC JVC**"), with Beijing Jia Hua Hong Yuan Investment Co., Ltd. (北京嘉华宏远投资有限公司) and Hebei Xuxing Real Estate Development Co., Ltd (河北戌兴房地产开发有限公司) to develop the Project (the "**Proposed PRC Joint Venture**").

The Company shall keep the shareholders of the Company ("**Shareholders**") informed if there is any further update on the Proposed PRC Joint Venture.

## **2. KEY TERMS OF THE JOINT VENTURE AGREEMENT**

### **2.1 Subscription of shares in the Joint Venture Company**

Pursuant to the Joint Venture Agreement, KSHR, HVC and TEE have agreed to form a joint venture through the Joint Venture Company, which shall have a registered share capital of S\$1,000,000 upon the completion of the Joint Venture Agreement. KSHR, HVC and TEE will respectively subscribe for shares in the capital of the Joint Venture Company as follows:

- (i) KSHR shall subscribe for 599,999 shares of S\$1.00 each for an aggregate consideration of S\$599,999 in cash, pursuant to which KSHR shall hold an aggregate of 600,000 shares after taking into account the current issued and paid-up capital of one (1) share, constituting 60.0% of the enlarged issued and paid-up capital of the Joint Venture Company as at the date of completion (the "**Completion Date**") of the Joint Venture Agreement;
- (ii) HVC shall subscribe for 200,000 shares of S\$1.00 each for an aggregate consideration of S\$200,000 in cash, constituting 20.0% of the enlarged issued and paid-up capital of the Joint Venture Company as at the Completion Date; and
- (iii) TEE shall subscribe for 200,000 shares of S\$1.00 each for an aggregate consideration of S\$200,000 in cash, constituting 20.0% of the enlarged issued and paid-up capital of the Joint Venture Company as at Completion Date.

### **2.2 The Shareholders' Loans**

Each of KSHR, HVC and TEE shall, subject to the terms of the Joint Venture Agreement, within thirty (30) days of the date of the Joint Venture Agreement, or such other time period as the Parties may agree in writing, extend shareholders' loans to the Joint Venture Company of S\$14,400,000, S\$4,800,000 and S\$4,800,000 respectively, in accordance with their respective shareholding in the Joint Venture Company.

### **2.3 Conditions precedent**

The obligations of the Parties in respect of the Joint Venture Agreement and the Proposed Investment are conditional upon the following conditions being fulfilled prior to Completion:

- (a) all consents, approvals and licences (whether governmental, corporate or otherwise), which are necessary or desirable to be obtained under any existing

contractual, financing or security arrangements or such other consents or approvals from any third party (including financial institutions and landlords of leases), governmental or regulatory body or relevant competent authority in Singapore, the PRC and elsewhere as may be necessary or desirable to be obtained in respect of or in connection with the Proposed Investment, the Joint Venture, the Project and the matters contemplated herein, being granted or obtained and such consents and approvals remaining in full force and effect and not withdrawn or revoked or amended, on or before the Completion Date, and all conditions attaching thereto required to be complied with being complied with on or before the Completion Date;

- (b) there having been no material adverse change in the business, operations, assets, financial conditions or prospects of the Joint Venture Company since the date of the Joint Venture Agreement;
- (c) the representations, undertakings and warranties set out in the Joint Venture Agreement being fulfilled down to and being true and accurate in all material respects and not misleading in any material respect at the Completion Date as if they had been given again at the Completion Date and at all times between the date of the Joint Venture Agreement and the Completion Date; and
- (d) the relevant consents, waivers or approvals of the shareholders of the Parties if required by their constitutional documents, shareholders agreements' (if any) or the laws of Singapore or any other applicable laws, being obtained for the Proposed Investment, the Joint Venture and the Project and such approval not being withdrawn or becoming subject to any conditions.

Unless specifically waived by any Party who is not in default of any of the conditions precedent set out above, if any of the conditions precedent as set out above is not fulfilled by all the Parties on or before three (3) months from the date of the Joint Venture Agreement, or such other date as the Parties may mutually agree in writing, the Joint Venture Agreement shall *ipso facto* cease and determine and none of the Parties shall have any claim against the other for costs, damages, compensation or otherwise, save for any claim by a Party against the other arising from an antecedent breach of the terms of the Joint Venture Agreement.

#### **2.4 Other salient terms and conditions**

Each Party shall not, at any time whilst it is beneficially interested in the issued and paid-up share capital of the Joint Venture Company for the duration of the Joint Venture Agreement, do or permit to be done any of the following without the prior written consent of the Joint Venture Company:

- (a) either solely or jointly with or on behalf of any person directly or indirectly carry on or be engaged or interested in any business similar or identical to the business carried on by the Joint Venture Company, including the Project, or any part thereof in Gaobeidian City (高碑店市), Hebei Province, PRC;
- (b) solicit or entice away or endeavour to solicit or entice away any director or employee of the Joint Venture Company (or its other related entities); or
- (c) cause or permit any person directly or indirectly under its control to do any of the foregoing acts or things.

Each of the undertakings stated above shall be read and construed independently of the other covenants therein contained so that if one (1) or more should be held to be invalid as an unreasonable restraint of trade or for any other reason whatsoever then the remaining covenants shall be valid to the extent that they are not held to be so invalid.

**3. INFORMATION ON THE PROJECT AND RATIONALE FOR THE JOINT VENTURE**

The Group is currently engaged in the business of property development. The Joint Venture is in line with the Group's strategy to undertake new investment projects that will broaden the Group's assets and earning bases.

The Board is of the opinion that the Group's intended expansion into the property development market in Gaobeidian through the Joint Venture is in the best interests of the Group due to Gaobeidian's strategic location coupled with its potential for development.

**4. RELATIVE FIGURES OF THE KSHR INVESTMENT**

The relative figures ("**Relative Figures**") for the KSHR Investment based on the latest audited consolidated financial statements of the Group for the financial year ended 2010 ("**FY2010**"), computed on the applicable bases set out in Listing Rule 1006 (being the bases under Listing Rule 1006(a), 1006(b), 1006(c) and 1006(d) only) of the Listing Manual are set out below for reference:

		<b><u>KSHR Investment</u></b>
<b>Rule 1006(a)</b>	Net asset value of the assets to be disposed of	Not applicable
	Net asset value of the Group	
	Relative Figure	
<b>Rule 1006(b)</b>	Net profit / (loss)	
	Net profit / (loss) of the Group for FY2010	Not applicable
	Relative Figure	
<b>Rule 1006(c)</b>	Aggregate value of the consideration given (S\$'000)	15,000
	Market capitalisation of the Company as at 22 March 2011, being the full market day preceding the date of the Joint Venture Agreement, on which the Shares were traded (S\$'000)	80,398
	Relative Figure	18.66%

## KSHR Investment

<b>Rule 1006(d)</b>	Number of equity securities to be issued by the issuer as consideration (S\$'000)
	Number of equity securities in issue (S\$'000)
	Not applicable
	Relative Figure

The Directors are of the view that the KSHR Investment is in the ordinary course of the Group's business as the business of the Joint Venture Company is within the principal business of the Group. Notwithstanding this, the Announcement is made for the benefit of the Shareholders in the interests of disclosure and transparency.

### 5. FINANCIAL EFFECTS OF THE KSHR INVESTMENT

The KSHR Investment is not expected to have any material impact on the net earnings per ordinary share ("**Share**") of the Company or net tangible assets per Share of the Company for the financial year ending 31 March 2011 ("**FY2011**").

For illustrative purposes only, certain financial effects of the KSHR Investment on the share capital of the Company, the net tangible assets ("**NTA**") per Share and earnings per Share ("**EPS**"), based on the audited consolidated financial statement of the Company for FY2010, are set out below:

- (a) The effect of the KSHR Investment on the NTA per Share for FY2010 is as follows:

	<b>FY2010</b>	
	<b>Before the KSHR Investment</b>	<b>After the KSHR Investment</b>
NTA (S\$'000)	108,428	108,428
NTA per Share (cents)	36.88	36.88

- (b) The effect of the KSHR Investment on the EPS of the Company for FY2010 is as follows:

	<b>FY2010</b>	
	<b>Before the KSHR Investment</b>	<b>After the KSHR Investment</b>
Net Profit after tax (S\$'000)	17,978	17,978

**FY2010**

	<b>Before the KSHR Investment</b>	<b>After the KSHR Investment</b>
Weighted average number of Shares ('000)	313,554	313,554
Earnings per Share (cents)	5.73	5.73

**6. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

None of the Directors, controlling shareholders or senior officers of the Group has any interest, direct or indirect, in the Joint Venture and Proposed Investment.

**7. DOCUMENTS FOR INSPECTION**

A copy of the Joint Venture Agreement is available for inspection by the shareholders of the Company during normal business hours at the registered office of the Company at 36 Senoko Road, Singapore 758108 for three (3) months from the date of this announcement.

**8. DIRECTORS' RESPONSIBILITY STATEMENT**

This announcement has been reviewed and approved by the Board (including those who may have been delegated detailed supervision of the preparation of this announcement) who have taken all reasonable steps to ensure that, to the best of their knowledge and belief, the facts stated and the opinions expressed in this announcement are fair and accurate, and that no material facts have been omitted from this announcement. Accordingly, the Board jointly and severally accepts responsibility in this connection. Where any information contained in this announcement has been extracted from published or otherwise publicly available sources, the sole responsibility of the Board has been to ensure that such information has been accurately and correctly extracted from these sources.

**BY ORDER OF THE BOARD**

Choo Chee Onn  
Executive Chairman and Managing Director  
23 March 2011