



KSH Holdings Limited

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

RESPONSE TO SGX-ST'S QUERIES ON THE ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

The Board of Directors of KSH Holdings Limited (the "Company") refers to the Annual Report 2013 ("AR2013") that was dispatched to its shareholders on 5 July 2013.

The Board of Directors of the Company wishes to announce that the Singapore Exchange Securities Trading Limited ("SGX-ST") has, subsequent to the release of AR2013, requested for further information pertaining it. The queries by SGX-ST and the responses by the Company to the queries are as follows:

Question 1

Guideline 9.2 of the Code of Corporate Governance states that the Company should name and disclose the remuneration of directors and at least the top five key management personnel (who are not directors or the CEO) in bands of S\$250,000. We note that the Company only disclosed the remuneration of one key management personnel and it was not in bands of S\$250,000. Please explain the reason(s) for the deviation from the code as required under Rule 1207(12) of the Listing Manual.

Answer 1

As disclosed in Page 25 of AR2013, the top five (5) Key Executives were the four (4) Executive Directors and Chief Financial Officer of the Group for the financial year ended 31 March 2013 ("FY2013").

There was no other Key Executive within the Group except for the above mentioned persons for FY2013.

The Company would like to further disclose the remuneration of the four (4) Executive Directors in bands of S\$250,000 as below:

	Salary %	Bonus %	Directors' Fees %	Allowances And Other Benefits %	Total Compensation %
<u>Directors</u>					
<u>S\$1,000,000 to S\$1,249,999</u>					
Choo Chee Onn	36	59	1	4	100
<u>S\$500,000 to S\$749,999</u>					
Lim Kee Seng	33	59	2	6	100
Kwok Ngat Khow	33	59	2	6	100
Tok Cheng Hoe	33	59	2	6	100

Question 2

Listing Rules 715(2) and 716 require an issuer to engage a suitable auditing firm for its significant subsidiaries and associated companies and not just for consolidation purposes. We note on page 74 of the Annual Report that the Company has engaged a different auditor for its subsidiaries, Tianjin Tian Xing Real Estate Development and Tianjin Tian Xin Property Management. The auditor is not an international auditor. In respect of the above, please disclose whether this is a significant subsidiary and if the Board and the Audit Committee are satisfied that such appointment would not compromise the standard and effectiveness of the audit of the Company. Please disclose the basis for their views.

Answer 2

The Company would like to disclose that Tianjin Tian Xing Real Estate Development Co., Ltd (“TTXRE”) is a significant subsidiary and Tianjin Tian Xing Property Management Co., Ltd (“TTXPM”) is not a significant subsidiary.

The Company would like to disclose that the Board and the Audit Committee are satisfied that the appointment of a different auditor for TTXRE would not compromise the standard and effectiveness of the audit of the Company because:

- i) The external auditor of the Company, Ernst & Yong LLP, has performed audit work on the financial statements of TTXRE for FY2013 in the course of auditing the Group’s consolidated accounts.
- ii) TTXRE contributed to less than 20% to the Group’s revenue and pre-tax profit.
- iii) The significant asset held by TTXRE is the investment property Tianjin Tianxing Riverfront Square, which fair value has been determined based on the valuation performed by an independent professional valuer as disclosed in Note 8, Page 80 of AR2013.

Question 3

Please provide a status report on the use of proceeds from placement as disclosed in Page 30 of the Annual Report. If the funds have not yet been utilized, a statement has to be made to that effect.

Answer 3

The Company would like to further disclose that the net proceeds of S\$13,895,158 disclosed in Page 30 of AR2013 have not been utilized and were placed as fixed deposits.

Question 4

Please provide a breakdown with specific details on the use of proceeds for working capital amounting to S\$2,750,000 as disclosed in Page 29 of the Annual Report.

Answer 4

The Company would like to disclose that the S\$2,750,000 as disclosed in Page 29 of AR2013 was held by a wholly-owned subsidiary of the Company as working capital for making payment to trade and other creditors relating to its operation in construction business.

Question 5

We note on page 74 of the Annual Report that the Company's subsidiary, Techpath Construction Sdn Bhd, was reviewed by Ernst & Young LLP for consolidation purposes only. In respect of the above, please disclose whether this is a significant subsidiary and the reasons for only reviewing the subsidiary for consolidation purposes only.

Answer 5

The Company would like to disclose that Techpath Construction Sdn Bhd was not a significant subsidiary and was dormant in FY2013.

Question 6

We note on page 99 of the Annual Report that related party information is disclosed elsewhere in the financial statements. In respect of the above, please disclose what are these related party transactions and where are they disclosed in the Annual Report.

Answer 6

The Company would like to disclose that the related party transactions disclosed in AR2013 can be found under:

- i) Note 6 – Interests in associates
- ii) Note 13 – Trade receivables
- iii) Note 15 – Amounts due from subsidiaries (non-trade) / amount due to a Director of a subsidiary
- iv) Note 20 – Other payables and accruals

By Order of the Board

CHOO CHEE ONN

Executive Chairman and Managing Director

19 July 2013