



KSH Holdings Limited

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

LEGAL PROCEEDINGS OF A 45%-OWNED ASSOCIATED COMPANY

The Board of Directors (the “**Board**”) of KSH Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that the Company has been notified by its indirect 45% associated company, Beijing Jin Hua Tong Da Real Estate Development Co., Ltd (“**BJJHTD**”) that, pursuant to a judgement issued by the No. 3 Intermediate People’s Court of Beijing Municipality (the “**Beijing Intermediate Court**”) (the “**Beijing Intermediate Court Judgement**”), a sum of approximately RMB113.2 million (equivalent to S\$24.2 million) (the “**Sum**”) is payable by BJJHTD to Beijing Xing Long Cheng Real Estate Development Co., Ltd (“**XLC**”).

XLC was BJJHTD’s joint venture partner in respect of Liang Jing Ming Ju (the “**Project**”), a residential property development project in Tongzhou, Beijing, the People’s Republic of China (“**PRC**”). BJJHTD and XLC held 75% and 25% interest, respectively, in this joint venture (the “**JV**”). BJJHTD and XLC ceased the JV after the completion of Phases 1 to 3 of the Project, with all profit-sharing and outstanding balances arising from Phases 1 to 3 of the Project fully settled, prior to commencement of Phase 4 of the Project. Subsequently, BJJHTD developed Phase 4 of the Project on its own without any involvement from XLC.

The Sum relates to XLC’s claimed 25% share of interest in Phase 4 of the Project. Such amount has not taken into account all relevant deductions such as applicable land appreciation tax of approximately RMB176.5 million (equivalent to S\$37.7 million), and other costs and expenses in connection with the sales of Phase 4 of the Project of approximately RMB12.1 million (equivalent to S\$2.6 million, which amount in aggregate to an estimated RMB188.6 million (equivalent to S\$40.2 million) (the “**Relevant Deductibles**”).

The Company notes that BJJHTD has filed an application with the High People’s Court of Beijing Municipality (the “**Beijing High Court**”) to appeal against the Beijing Intermediate Court Judgement and to seek a re-trial (the “**Re-trial Application**”). Pursuant to the Re-trial Application, BJJHTD is seeking a re-trial of this matter by the Beijing High Court and to have all of XLC’s claims in respect of any profits and interests arising from Phase 4 of the Project dismissed on the bases, *inter alia*, that (a) XLC was not involved in the development of Phase 4 of the Project and (b) all profit-sharing and other outstanding balances arising from Phases 1 to 3 of the Project had been fully settled between the parties, and the JV had ceased, prior to the commencement of Phase 4 of the Project. The Beijing High Court, after considering the matters raised in the Re-trial Application, agreed that the Beijing Intermediate Court had erred in law in its findings in the Beijing Intermediate Court Judgement. Accordingly, the Beijing High Court ruled that this matter would be re-tried by the Beijing High Court.

BJJHTD is represented by W&H Law Firm (“**Legal Counsel**”), a PRC law firm, and intends to vigorously pursue the re-trial. The Legal Counsel, after examining the facts and circumstances of this matter and the relevant questions of law, and taking into consideration expert opinion obtained from legal professors in the PRC, is of the view that the re-trial has a good chance of success.

Based on the Group's 45% effective interest in BJJHTD, the estimated financial impact of the Beijing Intermediate Court Judgement to the Group will be up to approximately RMB50.9 million (equivalent to S\$10.9 million), being 45% of the Sum without taking into account all Relevant Deductibles. This represents 3.4% and 3.3%, respectively, of the net tangible assets of the Group as at 31 March 2021 of S\$320.4 million (based on the audited consolidated financial statements of the Group for the financial year ended 31 March 2021) (the "**FY2021 Audited NTA**") and 30 September 2021 of S\$327.0 million (based on the unaudited consolidated financial statements of the Group for the half year ended 30 September 2021) (the "**HY2022 Unaudited NTA**").

The Company wishes to highlight that the above estimated financial impact to the Group will only materialise if the re-trial is unsuccessful. In the event that the re-trial is unsuccessful, BJJHTD will claim against XLC for XLC's 25% share of the Relevant Deductibles, estimated to be approximately RMB47.2 million (equivalent to S\$10.1 million) ("**XLC's Share of Taxes and Expenses**").

Notwithstanding the re-trial, as a matter of prudence, the Group intends to provide for a sum of approximately S\$6.4 million (equivalent to RMB29.7 million) (the "**Impairment Amount**"), based on the Group's 45% effective interest of the Sum less XLC's Share of Taxes and Expenses, in the Group's consolidated financial statements for the financial year ended 31 March 2022. The Impairment Amount represents 2.0% and 1.9%, respectively, of the FY2021 Audited NTA and the HY2022 Unaudited NTA.

In view of the above and based on the information currently available to the Group, the Company is of the view that the outcome of the re-trial is unlikely to have a material impact on the financial position and operations of the Group.

The Company will make the necessary announcements to update Shareholders on any material developments to this matter including without limitation any material developments relating to the re-trial.

Shareholders and potential investors of the Company are advised to read this announcement and any further announcements made by the Company carefully. Shareholders and potential investors of the Company are advised to refrain from taking any action with respect to their securities in the Company which may be prejudicial to their interests, and to exercise caution when dealing in the securities of the Company. Shareholders and potential investors of the Company should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

BY ORDER OF THE BOARD

CHOO CHEE ONN

Executive Chairman and Managing Director
29 April 2022