RESPONSE TO QUESTIONS FROM SECURITIES INVESTORS ASSOCIATION (SINGAPORE)

The Board of Directors of Low Keng Huat (Singapore) Limited (the "**Company**" or "**LKHS**", and together with its subsidiaries, the "**Group**") refers to the questions received from Securities Investors Association (Singapore) (SIAS) ahead of the Company's Annual General Meeting (AGM) to be held on 31 May 2024 at 11a.m. at Grand Mercure Singapore Roxy, Brooke, Meyer & Frankel Room, Level 30, 50 East Coast Road, Marine Parade Road, Singapore 428769. The Company wishes to provide its response below.

Q1. As noted in the chairman's report, the group has sold the larger units in its luxury redevelopment project, Klimt Cairnhill, consisting the two penthouses and 35 units four-bedroom units.

As of 31 January 2024, a total of 90 units in the project have been sold, with 82 units sold in FY2024. Sales in Singapore's luxury residential property sector was driven by interest from Chinese buyers following the reopening of China's borders in early 2023. However, the imposition of an Additional Buyer's Stamp Duty (ABSD) of 60% on foreigners in April 2023 by the Singapore government dampened this surge.

With the project 58% complete as at 31 January 2024, the expected date for obtaining the Temporary Occupation Permit is Q1 FY2026.

(i) Can management provide shareholders with more details on the impact of the latest round of anti-cooling measures introduced in April 2023? Specifically, how have these measures affected market demand, property prices, and sales volumes for local and foreign buyers?

In April 2023, the Singapore government introduced cooling measures, notably raising the ABSD, especially for foreign buyers of residential properties. This move tempered the earlier surge in sales activity in the sector, particularly in the core central region, where foreigners were the primary purchasers for large units.

Except for Singapore Citizens (SCs) and Permanent Residents (PRs) purchasing properties for owner occupation, demand from both foreign buyers and investors dampened, affecting both property prices and sales volume.

(ii) Do the characteristics of Klimt Cairnhill also make it attractive to local buyers? What percentage of buyers are local?

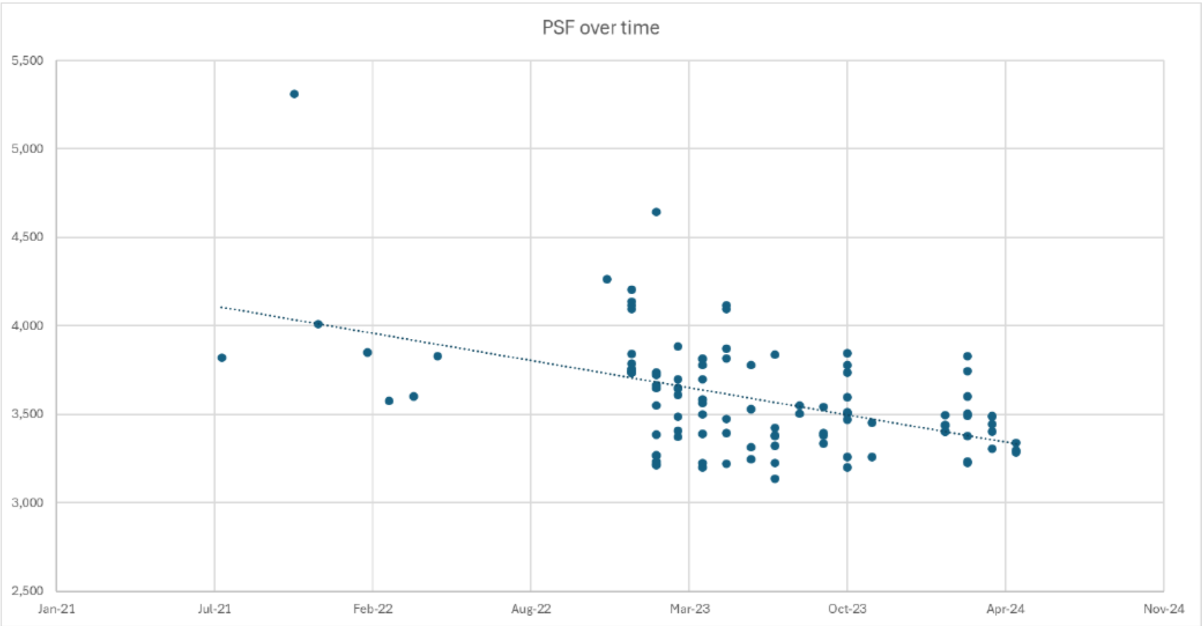
Unit prices vary depending on factors such as size, floor level, and orientation. Klimt Cairnhill offers a variety of unit types, including 2-bedroom units (829 sqf), 3-bedroom units (1,432 sqf to 1,496 sqf), and 4-bedroom units (2,056 sqf to 2,368 sqf).

LOW KENG HUAT
(SINGAPORE) LIMITED

We consider the current market prices for residential properties in the Core Central Region (CCR) to be appealing, as they have not experienced the same level of price appreciation as other regions. The remaining unsold smaller units, comprising 2-bedroom and 3-bedroom units, are particularly attractive to SCs and PRs purchasing for owner occupation.

As of 23 May 2024, approximately 57% of buyers are SCs/ PRs.

Based on internet searches, it would appear that 6 more units were sold after the financial year end. The remaining units are 14 two-bedroom types, 5 two-bedroom + study and 19 three-bedroom units, with list prices ranging from \$2.65 million to \$5.56 million. According to data downloaded from the URA, there appears to be a slight decrease in the sales prices at Klimt Cairnhill.



(https://www.ura.gov.sg/property-market-information/pmiResidentialTransactionSearch)

Also, in April 2024, local media reported that Klimt Cairnhill would be reaching the "critical sales deadline in 2024" for ABSD remission[1].

(iii) Can management elaborate further on their strategy to sell the remaining units in the 134-unit development, considering the latest market trends and the ABSD deadline?

With topping out of the building scheduled in June 2024 and completion expected in the first half of 2025, management is cautiously hopeful that demand from SCs and PRs, particularly owner-occupiers, will improve as the development nears its completion. Marketing initiatives have been implemented to specifically attract more SCs and PRs who desire to own a freehold property in the CCR.

[1]https://www.straitstimes.com/singapore/politics/44-residential-projects-granted-absd-deadline-extension-to-clear-unsold-units-dpm-wong

(iv) When is the ABSD remission deadline?

Deadline for ABSD remission for the sale of properties is 4Q 2024.

(v) Can the board/management clarify the financial impact on the group if it is unable to meet the ABSD remission deadline?

ABSD will be 15% of land cost, subject to interest at a rate of 5% per annum. The Group is working towards meeting the ABSD remission deadline.

(vi) Separately, can the company provide shareholders with an update on its views on the Singapore real estate market and any plans to acquire landbank in Singapore? If so, will the group continue to focus on the high- end market despite the strong headwinds in the luxury market?

The real estate sector continues to present challenges in the short term. While our attention is directed towards selling and completing ongoing projects, management is consistently reassessing its business strategies due to the short cycles prevalent in each sector of the industry. We are also actively seeking development opportunities in both the high-end and mass market segments.

Q2. The share price of the company has dipped below $0.30/share in Apr-May 2024. As shown in the 5-year stock price chart below, the company is trading at levels even lower than its COVID-19 lows. The price-to-book value ratio is approximately 0.35 times.

(https://investors.sgx.com/securities/stocks?security=F1E)

The company has also provided the 5-year financial highlights on page 9 of the annual report (an excerpt is provided below). After two years of losses, net tangible assets have declined from 91 cents per share to 81 cents per share.

The executive chairman, Mr Low Keng Boon @ Lau Boon Sen, was appointed to the board nearly 55 years ago and has served as the chairman for over 5 years since 25 March 2019.

FINANCIAL YEAR	2023/2024	2022/2023	2021/2022	2020/2021	2019/2020
PER SHARE DATA					
Earnings (cents)	(0.15)	(4.4)	2.8	6.6	1.7
Dividends (cents)	1.5	1.0	2.0	2.5	1.5
Net tangible assets (cents)	81.0	84.0	91.0	94.0	89.0
Year end share price (cents)	33.0	41.0	44.5	40.0	43.0
SHAREHOLDERS' RETURN					
Return on equity (%)	(0.2%)	(5.1%)	3.0%	6.9%	1.9%
Return on asset (%)	(0.1%)	(2.4%)	1.4%	3.1%	0.8%
Dividend yield (%)	4.5%	2.4%	4.5%	6.3%	3.5%
Dividend payout ratio (%)	(1,000.0%)	(22.8%)	71.4%	37.9%	88.2%

(Source: company annual report)

(i) What is the total shareholder return (TSR) over the past 3, 5 and 10 years? Is the board closely monitoring the company's performance and TSR?

The total shareholder return are as follows: -

- 3 years : -15.7%
- 5 years : -3.5%
- 10 years: -21.6%

The Board meets on a quarterly basis to discuss the Company's performance.

(ii) Could the chairman provide insight into the specific strategies and actions he has undertaken to create and realise value for all shareholders, particularly minority shareholders?

The Group's focus is to invest in high-quality properties, such as retail malls and serviced apartments, that generate recurring income, supplemented by revenue from the property development sector. In recent years, the construction arm has been scaled down to primarily support internal projects. Amid the challenging business environment of the past two years, our priority has been to maintain a strong balance sheet and to aim to continue delivering stable dividends to shareholders. To achieve this, we have concentrated on selling and completing our existing projects and reducing borrowings to alleviate our interest burden.

(iii) Have the group's investments met the predetermined performance benchmarks established by the board? What were the primary drivers behind any underperformance? What concrete measures is management implementing to mitigate losses and optimise performance in these areas?

FINANCIAL YEAR	2023/2024 ($'000)	2022/2023 ($'000)	2021/2022 ($'000)	2020/2021 ($'000)	2019/2020 ($'000)
REVENUE					
Development	297,320	28,687	116,597	40,585	8,020
Hotel	46,580	38,766	20,365	16,027	20,986
Investment	23,780	29,814	24,676	16,739	17,704
Total	367,680	97,267	161,638	73,351	46,710
(LOSS)/PROFIT BEFORE TAX					
Development	11,164	(7,688)	(36)	(1,495)	(1,687)
Hotel	(825)	2,060	(1,755)	(6,711)	12,602
Investment	(12,007)	(24,627)	24,778	56,947	2,793
Total	(1,668)	(30,255)	22,987	48,741	13,708

(Source: company annual report; emphasis added)

Activities in the investment segment disclosed in the breakdown of page 10 of the Annual Report relate mainly to investments in retail properties, listed and unlisted securities, construction activities, as well as firm-wide expenses not allocated to core segments, such as staff salaries.

For the financial year ended 31 January 2024, the investment segment was impacted by fair value losses on financial assets at FVPL, amounting to $7.5 mil. The fair value losses on financial assets at FVPL relate to our 41% stake in HThree City Australia Commercial Fund 3 LP, of which its properties in Australia were impacted by the heightened interest rate environment, resulting in higher cap rates, which in turn led to lower market valuations. This is despite the improved operating performance of the assets. Also, the Group recognized unrealized foreign exchange losses, amounting to $1.4 mil, due mainly to the depreciation of the Malaysian ringgit and the Australian dollar against the Singapore dollar.

The extension of construction period at its projects, caused by the COVID-19 pandemic, also impacted on the segment's performance. The prolonged construction period resulted in increased project costs. In addition, high interest rates significantly affected the bottom line.

In the previous financial year, the net loss for the Group was mainly due to a $18.5 mil net loss recognized on the disposal of investment for the remaining effective 10% stake in AXA

Tower. This transaction followed the Group's earlier disposal of a 10% interest in the property in June 2020, which resulted in a $50.2 mil gain on disposal. Therefore, the Group's net gain for its investment in AXA Tower, aggregating the transactions in FY2021 and FY2023, was $31.7 mil.

In recent years, stock exchanges and regulators, including Tokyo Stock Exchange and Korea's Financial Services Commission, have started to ask companies to set up and disclose valuation boosting plans. These corporate value-boosting initiatives are needed as it is recognised that "corporate values" of listed companies have to improve and that the main driver in enhancing corporate value is the company itself. Efforts have been targeted at companies that trade below a price-to-book ratio of below 1. The plans focused on increasing awareness and literacy of the cost of capital, capital efficiency and stock prices of listed companies.

Specifically, Tokyo Stock Exchange has required companies with price-to-book consistently below 1x to disclose their policies and specific initiatives to improve their valuations.

(iv) Has the board benchmarked the company's share price performance to its peers or relevant real estate index?

The Board benchmarks the Company's share price and key financial information to selected industry peers. These benchmarks are presented at each quarterly Board meeting.

(v) What is the company's cost of capital? Has the board evaluated if management consistently delivers returns exceeding this benchmark?

The Company's cost of capital is approximately 5%. The effective interest rate for the Group's borrowings was 4.56% for the financial year ended 31 January 2024. We do not adopt any formal dividend policy.

The Board focuses on the overall profitability of the Group's underlying business to ensure sustainable long-term value creation for its shareholders.

(vi) Could the board, particularly the independent directors, explain their efforts to increase corporate value and improve capital efficiency?

The Board assesses significant new investment opportunities identified and pursued by management. This process ensures that investments are aligned with the Company's long-term objective of generating favorable returns.

Capital allocation options are evaluated by the Board to ensure optimal returns. By allocating capital efficiently, the Board seeks to optimize the Group's financial resources and enhance shareholder value over time. At the same time, the Board monitors the

Group's credit metrics to ensure compliance with financial covenants and maintenance of a healthy liquidity position, especially in the current high interest rate environment.

A Corporate Sustainability Committee was established last year to focus on sustainability initiatives, underscoring its commitment to environmental, social, and governance (ESG) principles. Prioritizing sustainability efforts allows the Board to strengthen the Group's reputation, mitigate risk, and generate positive social and environmental impact, while driving long-term value for shareholders. Notably, the Company published its second standalone Sustainability Report this year.

(vii) Beyond attributing share price fluctuations solely to external factors, has the board considered formulating, disclosing and implementing strategic initiatives aimed at enhancing capital efficiency and bolstering corporate valuation, thereby crystallising value for all shareholders?

The Group continues to manage its business in a prudent manner with the aim of generating long-term shareholder value. A selective and strategic approach to new business acquisitions and investments remains a priority, with a focus on delivering sustainable returns for shareholders.

Q3. Mr Jason Eng was appointed as an independent director of the company on 27 March 2024. The company has briefed the new director on the group's business and the company's governance policies. As a first-time director, Mr Jason Eng will undergo mandatory training in the roles and responsibilities of a director of a listed issuer within one year from his appointment.

The announcement of appointment for Mr Jason Eng can be found here: https://links.sgx.com/1.0.0/corporate-announcements/BEC423X8TMNS9WSL/c717d6a50a01895a8e85472fa553a791f660d8e3c8b6d880f7d5a945f92061b1

(i) Would the board elaborate further on the rationale, selection criteria, board diversity considerations and the search and nomination process, that led to the appointment of Mr Jason Eng, as required in the SGX template?

In order to adhere to Rule 210(5)(d)(iv) of the Listing Manual and to facilitate renewal of the Board of Directors of the Company, Mr. Jimmy Yim Wing Kuen will retire as Lead Independent, Non-Executive Director of the Company at the conclusion of the AGM. As such and following due and proper consideration of suitable candidates, the Board has decided to appoint another individual (i.e., Mr. Jason Eng) with current and prior legal and regulatory experience as an Independent Director, to maintain the SGX-recommended diversity and experience requirements in relation to the composition of the Board.

Although Mr. Eng does not have prior experience as a director of a listed company, he is currently a director on the boards of various private entities. In his current role as General Counsel and Chief Compliance Officer of Dymon Asia, the Board is of the view that he will provide appropriate guidance and experience in relation to the legal and regulatory matters in relation to the Company's business operations.

The director's biography is on page 21. Additional information on directors seeking re- election is available on pages 180 to 184 of the annual report. Apart from being Partner, General Counsel and Chief Compliance Officer at Dymon Asia Capital (Singapore), the disclosure states that Mr Jason Eng has the following (present) principal commitments:

- **Dymon Asia (Malaysia) Sdn. Bhd. (Executive Director)**
- **Dymon Asia Management Consulting (India) Private Limited (Executive Director)**
- **Dymon Asia Capital Investment Advisor (India) Private Limited (Executive Director)**
- **Delish Ltd (Executive Director)**
- **Diamond GP Holdings Ltd. (Executive Director)**
- **Factorie Ltd (Executive Director)**
- **Jaidee Ltd. (Executive [Director])**
- **Neuviu Medical Ltd. (Executive Director)**
- **Ocular Ltd (Executive Director)**
- **Tasik Puncak Holdings Ltd (Executive Director)**
- **Top Pte. Ltd. (Executive Director)**
- **Venus 2013 Ltd. (Executive Director)**
- **Asia Consumer Electronics Limited (Executive Director)**
- **Asia Enviro Services Ltd (Executive Director)**
- **Cahaya Bintang Holdings Ltd (Executive Director)**
- **Cahaya Bintang Ltd (Executive Director)**
- **Diamond GP Holdings II Ltd (Executive Director)**
- **Ergonomix Ltd. (Executive Director)**
- **Fairy Ltd (Executive Director)**
- **Global InfraEquipment Ltd (Executive Director)**
- **Global Lifter Ltd. (Executive Director)**
- **Hyperion Ventures Holdings Ltd. (Executive Director)**
- **Ingenium Ltd (Executive Director)**
- **Layar Aman Holdings Ltd (Executive Director)**
- **Layar Tenang Ltd (Executive Director)**
- **Magnetar Limited (Executive Director)**
- **Meadow Ventures Holdings Ltd. (Executive Director)**
- **Pristine Prism Ltd (Executive Director)**
- **Stork Health Holdings Ltd. (Executive Director)**
- **Arus Sejahtera Ltd (Executive Director)**

(ii) Can the director or nominating committee clarify the director's involvement in multiple executive roles across various companies?

As Group General Counsel and Chief Compliance Officer of the Dymon Group, Mr. Eng (being based in Singapore) has been appointed to act as a director of various subsidiary and affiliate companies of the Dymon Group and of various special purpose vehicles (SPVs) which have been incorporated or established to undertake investments of the

LOW KENG HUAT (SINGAPORE) LIMITED

Group's private equity business (i.e., Dymon Asia Private Equity (DAPE)). The operations of the various subsidiary and affiliate companies of the Dymon Group provide services from an intra-group standpoint to the Singapore headquartered operations of the Dymon Group. The SPVs are incorporated or established solely for investment holding purposes with minimal daily operations. Given the nature and scope of the activities undertaken by the abovementioned entities as described above, the Board is of the view that Mr. Eng is able to devote his time in an appropriate manner to the Company and his various other appointments.

Notwithstanding the above, Mr. Eng will be relinquishing his role as director of a majority of the various SPVs within the next few months.

(iii) If re-elected, how will the director be able to devote sufficient time, energy and attention to the company's affairs, particularly during this challenging period of financial losses? This consideration is especially pertinent given the director's status as a first-time director.

As a first-time director of a listed issuer but as an individual with the requisite corporate experience, Mr. Eng will (if re-elected) commit to undergo continuing education and training as a director of a listed issuer, keep abreast of latest business and regulatory developments which pertain to the Company's business operations and focus on areas of the Company's business operations where he can provide strategic guidance and direction.

BY ORDER OF THE BOARD

Alvin Tan Teck Loon
Company Secretary

24 May 2024