



KSH Holdings Limited

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

NEWS RELEASE

KSH HOLDINGS REPORTS 531.3% INCREASE IN FY2008 NET PROFIT TO S\$41.7 MILLION

- Revenue increases 36.5% to S\$182 million on thriving construction sector
- Revaluation gain of S\$32.7 million, net of deferred tax provision, on investment properties
- Order book at record high of almost S\$750 million
 - o Unfulfilled contract value for all existing contracts on hand expected to be completed by December 2010
- Strong balance sheet and working capital position with cash and cash equivalents of S\$22.2 million

“We are proud to report solid growth in our bottom line, driven by strong performance of our construction segment in Singapore. Our strong existing order books of almost S\$750 million testify to the strength and viability of our business model. We will continue to expand our business by seeking out and seizing higher value contracts in Singapore, Malaysia and China,” said Mr Choo Chee Onn (“朱峙安”), Executive Chairman and Managing Director of KSH Holdings.

Singapore, May 26, 2008 – KSH Holdings Limited (“KSH Holdings” or the “Group”) (“KSH 控股有限公司”), a well-established construction, property development and property management group, today announced a 531.3% increase in net profit after tax to S\$41.7 million for the financial year ended March 31, 2008 (“FY2008”) on the back of a 36.5% increase in revenue to S\$182 million.

The Group's net profit after tax included a revaluation gain of S\$32.7 million net of deferred tax provision, from a fair value adjustment of investment properties following the application of FRS40. Excluding the gain, net profit has increased 36.4% to S\$9 million from S\$6.6 million in the previous year.

Operationally, the Group registered a 35.4% increase in total operating expenses amounting to S\$173 million. This was contributed mainly by cost of construction, which rose from S\$115.1 million in FY2007 to S\$161.7 million in FY2008. Personnel expenses rose to S\$5 million from S\$3.9 million in the corresponding period. This was offset by a 73% decline in cost of sales of development properties to S\$1.4 million.

As on March 31, 2008, the Group maintained a strong balance sheet and working capital position with approximately S\$22.2 million cash and cash equivalents.

BUSINESS REVIEW

During the financial year in review, the Group increased its focus on its core Construction business. This business segment continued to be KSH's strongest revenue contributor in FY2008.

Construction

Revenue from the Group's construction business segment contributed 97% to total Group revenue at S\$176.5 million in FY2008. This is a 42% increase in revenue contribution from FY2007 at S\$124.3 million.

Construction business contributed S\$11.7 million to the Group's pre-tax profit before finance costs as compared to S\$7.5 million in FY2007, registering an increase of 56%. The gross profit of construction for FY2008 was S\$14.8 million, equivalent to 8.4% as compared to 7.4% in FY2007. The gross profit margin of construction in FY2008 was contributed by a mix of projects which commenced during the period (from prior to FY2007 to the period within FY2008). These new projects have

average gross profit margins of 13.2% which are higher than those projects that commenced during FY2007 and prior to FY2007 of 6.8% and 6% respectively. This is reflective of improvements in gross profit margins in the construction industry over the past 2 years in general.

Property Development and Management

Revenue from the Group's property development and management segment in FY2008 made up 3% of total revenue at S\$5.5 million. Property development and management in FY2007 accounted for 7% of total revenue, contributing S\$9 million to total Group revenue.

Geographical Segment

Geographically, KSH continues to derive the bulk of its revenue from its operations in Singapore. In FY2008, Singapore contributed S\$169.5 million in revenue, making up 93% of total sales. Malaysia contributed S\$7 million in revenue, making up 4% of total revenue; while China contributed S\$5.5 million in revenue, accounting for 3% of total revenue.

In contrast with the previous financial year, revenue contribution from Singapore was up 21% whilst contributions from Malaysia and China decreased by 17% and 4% respectively.

The Group's project in Malaysia that was completed during FY2008 contributed to the remaining 4% of total construction revenue. This project recognised a gross margin of 0.8% in FY2008.

PROSPECTS AND GROWTH PLANS

Moving ahead, the Group is optimistic on the outlook of its construction business. The Building and Construction Authority (“BCA”) revised its construction demand forecast and anticipated the total construction demand in 2008 to hit a new record of between S\$23 billion and S\$27 billion (*source: BCA Website – Singapore Construction Prospects 2008 published on January 15, 2008*).

The Group has also noted a general improvement in gross margins for new construction projects, brought about by increased construction demand with the number of competitors remaining relatively stable.

Commented Mr. Choo Chee Onn, “We expect to see a sustained strong demand for construction in Singapore in the coming financial year. This will be led by developments of the integrated resorts as well as an array of other major infrastructure projects carried out by the Singapore government. We will continue to leverage on this positive outlook and bid for more building and construction projects in Singapore.”

In line with the industry, KSH has secured over S\$440 million worth of construction contracts in Singapore over FY2008, and its order books have hit a record high of almost S\$750 million, with unfulfilled contract value for all existing contracts on hand expected to be completed by December 2010.

Concluded Mr Choo, “Indeed, we are well poised to ride on the promising construction industry. Backed by our impressive and strong order books, as well as sufficient resources in terms of equipment, human resource and finance, we are equipped to do very well. Barring unforeseen circumstances and given the buoyant construction market, with the construction sector in Singapore expected to remain a key growth driver to GDP growth in 2008, we remain optimistic about our performance in FY2009.”

The Group's current residential construction projects on hand include four developments at Sentosa Cove. Among them are the Marina Collection worth approximately S\$126.8 million, The Coast worth approximately S\$121 million, Turquoise worth approximately S\$64.8 million, and Seascape At Sentosa Cove, worth approximately S\$121.2 million. The Coast and Turquoise were both awarded by reputable property developer and long-time customer Ho Bee Group; while Seascape At Sentosa Cove was awarded by Seaview (Sentosa) Pte Ltd, a joint venture company with equal equity interest between Ho Bee Group and IOI Group.

Other residential projects on hand include the Madison Residences at Bukit Timah Road by Keppel Land Realty worth S\$53 million, another high-end condominium residential project at Orange Grove Road awarded by Ho Bee Group, worth approximately S\$52 million; and a contract for the construction of landed housing at Old Holland Road from developer Brisbane Development Pte Ltd worth more than S\$32 million.

Besides residential projects, the Group also has other prestigious high profile projects in commercial and industrial segments, such as the mega shopping complex at Tampines Central 1 worth S\$86 million; commercial and hotel development project at Collyer Quay from Hong Kong-listed property developer Sino Land Limited worth approximately S\$120 million; as well as industrial developments at New Industrial Road and Genting Lane from Ho Bee Group worth approximately S\$30 million.

About KSH Holdings Limited

KSH Holdings is a well-established construction, property development and property management group with over 28 years of experience in the construction industry. Its principal activities are construction in Singapore and Malaysia, and property development and property management in the PRC and Singapore. The Group acts as main contractors in construction projects in both the public and private sectors in Singapore, and in the private sector in Malaysia. Its wholly-owned subsidiary, Kim Seng Heng Engineering Construction (Pte) Ltd, is currently registered with the Building and Construction Authority (“BCA”) with an A1 grading under the category CW01 for general building, which is currently the highest grade for contractors’ registration in this category, and allows it to tender for public sector construction projects of unlimited value.

Some of the Group’s notable private sector construction projects in Singapore include One^o 15 Marina Club, The Coast and The Berth By The Cove, at Sentosa; and others like The Spectrum, Montview, the Mustafa Shopping Centre extension and the restoration of Far East Square. Its public sector portfolio includes The Frontier Community Place, Choa Chu Kang Sports Complex, Nanyang Polytechnic and Tanah Merah Ferry Terminal. The Group entered the construction industry in Malaysia in June 2006 and secured a S\$32 million contract that same month for the construction of an assembly plant in Selangor.

The Group has an established presence in the PRC since 1997, where it is principally engaged in property development and property management. It has developed two properties in the PRC, being Tianxing Riverfront Square in Tianjin, which was developed by its subsidiary, Tianjin Tianxing Real Estate Development Co., Ltd. and managed by its property management arm, Tianjin Tianxing Property Management Co., Ltd., and Liang Jing Ming Ju in Beijing, which was developed by its associated company, Beijing Jin Hua Tong Da Real Estate Development Co., Ltd.

Westcomb Capital Pte Ltd was the Manager and Westcomb Securities Pte Ltd was the Underwriter and Placement Agent (collectively known as "Westcomb") for the Company's initial public offering. The Manager, Underwriter and Placement Agent assume no responsibility for the contents of this announcement.

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