



## **KSH Holdings Limited**

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

### **NEWS RELEASE**

#### **KSH ACHIEVES HIGHER 1QFY2016 NET PROFIT OF S\$10.2 MILLION ON REVENUE OF S\$61.9 MILLION**

- ***Share of results of associates amounted to S\$7.2 million;***
- ***Strong construction order book of more than S\$400.0 million as at 7 July 2015; expected to contribute to Group's performance over next two years;***
- ***Healthy balance sheet with fixed deposits, cash and bank balances of S\$146.6 million as at June 30, 2015.***

**Singapore, August 13, 2015** – KSH Holdings Limited (“KSH” or the “Group”) (“金成兴控股有限公司”), a well-established construction, property development and property management group, today announced a 5.8% rise in net profit attributable to shareholders of S\$10.2 million on revenue of S\$61.9 million for the first quarter ended June 30, 2015 (“1QFY2016”).

Commented Mr Choo Chee Onn (“朱峙安”), Executive Chairman and Managing Director of KSH Holdings, “Despite operating in a challenging environment, I am pleased that the Group is off to a good start, achieving higher net profit of S\$10.2 million, an encouraging indication on the effectiveness of our strategies built upon our strong fundamentals.”

“In Singapore, our recently-launched joint-venture development project, High Park Residences, received overwhelming response in its first weekend due to its attractive price and unique value propositions that resonated well with both homebuyers and investors. We’ve so far sold 86.0% of the project – a commendable feat despite the residential market slowdown – and look forward to its progressive contribution to the Group’s financial performance.”

“On the construction front, we’ve also clinched a few new contracts and will continue to leverage on our strong track record and BCA A1 grade to tender for both public and private projects, with emphasis on the former to ride on an expected growth in demand this year.”

KSH has so far secured three new construction contracts this year with a combined value of S\$146.2 million, including building the new Singapore Chinese Cultural Centre at Shenton Way; a sports centre for third-time repeat customer, the National University of Singapore; and a design and build tender for the construction of a Steel Structure, Electrical Intake Station and Ancillary works in Singapore.

“Our projects overseas are also progressing on track; we’ve successfully sold more than 90.0% of the residential units in the Sequoia Mansions (Phase 4) project in Tongzhou, Beijing, the PRC, which we expect to contribute to our share of results of associates next quarter. The project’s retail and office units have yet to be released for sale or rental, but we are watching the market very carefully to take advantage of an expected rise in Tongzhou’s property values stemming from the Beijing City government’s anticipated relocation of partial administrative functions to Tongzhou. For continuity of our investment in the PRC, we also expect to start work on the Gaobeidian township project in the PRC within this financial year once the required approvals are obtained.”

“Apart from the PRC, we’ve also made two investments in the United Kingdom in 2015 with our strategic partners to acquire a 2.45 acres land site in Central Leeds approved by authorities to build over 1.0 million square feet of mixed-use development, and a freehold property in Central London that we intend to redevelop into serviced apartments. We’ve also acquired a stake in the development of a residential building, one of the tallest in the vicinity, in Fortitude Valley, Brisbane, Australia,” Mr Choo added.

## **Performance Review**

1QFY2016 Group revenue – comprising project revenue and rental income from investment properties – slipped marginally by 1.0% compared to S\$62.5 million in the equivalent quarter last year mainly due to a 1.1% dip in construction revenue to S\$60.2 million from S\$60.9 million in 1QFY2015.

Cost of construction decreased 2.0% in tandem with the slight dip in construction revenue in 1QFY2016, while other operating expenses rose 26.7% to S\$1.6 million this quarter due to a loss on sale of plant and equipment.

KSH’s share of results of associates rose to S\$7.2 million in 1QFY2016 mainly due to an increase in percentage-of-completion income recognised from its Singapore property development projects. Most of the Group’s existing residential properties launched have been completely or substantially sold at prices which are within or better than expectations.

The Group also reported a 71.5% increase in other operating income to S\$2.1 million mainly due to interest income of S\$0.8 million.

Loss from the Group’s share of results of joint ventures amounting to S\$0.3 million in 1QFY2016 due to selling expenses incurred by a joint venture company prior to the sales launch of its property development project.

KSH's balance sheet and working capital position remains strong, with cash and cash equivalents of S\$126.8 million. The Group's fully-diluted earnings per share and net asset value per share stood at 2.47 Singapore cents and 63.56 Singapore cents, respectively, as at June 30, 2015.

## **Prospects and Growth Plans**

On the macro level, latest statistics released by the Ministry of Trade and Industry Singapore showed that economic growth in the second quarter of 2015 ("2Q2015") narrowed to 1.8% from 2.8% in the previous quarter ("1Q2015") on a year-on-year ("y-o-y") basis. The Singapore economy is expected to grow at a modest pace in 2015 with a forecasted growth of 2.0% to 2.5% in 2015<sup>1</sup>.

In line with Singapore Building and Construction Authority ("BCA") expectations for 2015 construction demand to remain strong at between S\$29.0 billion and S\$36.0 billion, the MTI statistics showed that the construction sector expanded 2.5% y-o-y in 2Q2015 from 1.1% in 1Q2015. The BCA had also forecasted public construction demand to surpass private demand to reach between S\$18.0 billion to S\$21.0 billion this year<sup>2</sup>.

On the construction business and outlook, Mr Choo said, "While we expect operating costs to continue rising, with the help of government grants, we are taking a proactive approach by driving productivity and efficiency through greater adoption of technology and innovation, ramping up utilisation rate of our equipment and sending our workers for training. Coupled with prudent selection of projects to take up, we hope to optimise our construction margins and protect shareholder interests."

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<sup>1</sup> *Ministry of Trade and Industry, August 11, 2015 – Economic survey of Singapore; Second quarter 2015*

<sup>2</sup> *Building and Construction Authority, January 8, 2015 – Public sector projects to sustain construction demand in 2015*

Flash estimates released by the Urban Redevelopment Authority showed that private residential property prices declined for the seventh consecutive quarter by 0.9% in 2Q2015<sup>3</sup>. The Monetary Authority of Singapore has also released a statement that it is currently too premature to relax the property cooling measures<sup>4</sup>.

Mr Choo commented, “While the local property market remains subdued, we believe there are still pockets of opportunities waiting to be uncovered, as demonstrated by the success of High Park Residences. Singapore will still remain our key market as we continue to monitor the market closely and work towards launching our Whitley Road project within this financial year as well as progressively selling units at Prudential Tower only at the right price.”

We will continue to leverage on our competitive advantages – strong track record and credentials, healthy balance sheet, and low receivables risks – to replenish our construction order book while diversifying our property asset portfolio geographically and across various sectors to build up our recurring income streams. We will continue to work closely with our partners to uncover and capitalise on opportunities both within and beyond Singapore while exploring new markets with favourable property cycles such as Indonesia,” Mr Choo added.

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<sup>3</sup>Urban Redevelopment Authority, July 24, 2015 – Release of 2<sup>nd</sup> Quarter 2015 real estate statistics

<sup>4</sup> Channel NewsAsia, July 22, 2015 – Too early to lift property curbs: MAS chief

## **About KSH Holdings Limited**

KSH Holdings Limited (“**KSH**” or the “**Group**”) (“金成兴控股有限公司”) is a well-established Construction, Property Development and Property Investment group incorporated in 1979 and listed on the Mainboard of the SGX-ST since February 8, 2007.

KSH is an A1-graded contractor under BCA CW01, with the ability to tender for Public Sector construction projects of unlimited value, and is a main contractor for both public and private sectors in Singapore. KSH also has an A2 grading under BCA’s CW02 category for civil engineering, which allows KSH to tender for Public Sector projects for values of up to \$90 million.

KSH has a proven capability of handling construction projects across a broad spectrum of industries and its projects have performed well in CONQUAS, a standard assessment system on the quality of building projects. For the construction of Fullerton Bay Hotel and NUS University Town’s Education Resource Centre, KSH had received two BCA Construction Excellence Awards in May 2013.

Since listing, KSH had broadened its business portfolio and grown its geographical presence. Beyond its core construction business, the Group is also actively engaged in property development and investment with residential, mixed and commercial projects geographically diversified across Southeast Asia and Asia Pacific regions.

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