



KSH Holdings Limited

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

NEWS RELEASE

KSH DOUBLES 1H2016 NET PROFIT TO S\$33.3 MILLION; PROPOSES SPECIAL DIVIDEND AND BONUS ISSUE ON STRONG PERFORMANCE

- ***Strong 1H2016 and 2Q2016 net profit lifted by completion of Liang Jing Ming Ju Phase 4 – Sequoia Mansion project in the PRC;***
- ***Proposes to issue 1 bonus share for every 8 shares held, and special dividend of 0.30 Singapore cent in addition to interim dividend of 1.25 Singapore cents;***
- ***Construction order book remains strong at over S\$324.0 million.***

Singapore, November 6, 2015 – KSH Holdings Limited (“KSH”, “金成兴控股有限公司”, or the “Group”) a well-established construction, property development and property management group, announced today a 103.8% increase in net profit attributable to shareholders (“net profit”) of S\$33.3 million for the six months ended September 30, 2015 (“1H2016”).

The stronger net profit in 1H2016 was lifted mainly by the completion of a property development project in Beijing, the People’s Republic of China (“PRC”), Liang Jing Ming Ju Phase 4 – Sequoia Mansion.

The project’s completion contributed S\$15.8 million to KSH’s stronger bottom line in 1H2016 and a 243.6% rise in net profit for the second quarter ended September 30, 2015 (“2Q2016”) to S\$23.2 million, from a net profit of S\$16.4 million and S\$6.7 million for the six-month period (“1H2015”) and second quarter ended September 30, 2014 (“2Q2015”), respectively.

Coupled with an increase in percentage-of-completion income recognised from the Group's property development projects in Singapore, KSH reported a 140.3% and 311.3% rise in its share of results of associates in 1H2016 and 2Q2016, respectively.

Commented Mr Choo Chee Onn (“朱峙安”), Executive Chairman and Managing Director of KSH Holdings, “We are pleased to report a strong set of results this quarter, which is a strong testament on the effectiveness of our diversification strategies and merits of the projects we have taken on. This is increasingly vital as we continue to operate in a challenging environment where operating costs continue to escalate rapidly as we continue to aggressively tender for viable construction projects that will allow us to maintain our margins and protect shareholder value.

“Apart from the three construction contracts secured this year of a combined value of S\$146.2 million, we will continue to ride on an expected expansion in public sector construction activities and tender for suitable projects to replenish our construction order book that currently stands healthy at over S\$324.0 million¹. Meanwhile, our investments in both Prudential Tower in Singapore and Tianxing Riverfront Square in Tianjin, the PRC, continue to contribute healthy recurring income to the Group. Our recently-launched joint-venture development project, High Park Residences, also continues to attract strong interest and has sold more than 90.0% as at end-October despite the current lukewarm property sector.”

Proposed Bonus Issue and Dividend

KSH also announced today a proposal to issue one bonus share for every eight existing shares, including treasury shares, held (“Proposed Bonus Issue”). The Proposed Bonus Issue is subject to the approval of the Singapore Exchange Securities Trading Limited (the “SGX-ST”) for the listing and quotation of the Bonus Shares on the Official List of the SGX-ST.

¹ As at September 30, 2015

In addition to the Proposed Bonus Issue, the Board has also declared a special dividend of 0.30 Singapore cent per ordinary share on top of an interim dividend (one-tier tax exempt) of 1.25 Singapore cents per ordinary share, bringing the total 1H2016 dividend distributed to shareholders to 1.55 Singapore cents per ordinary share, a 24.0% increase compared to 1.25 Singapore cents per ordinary share distributed a year ago.

“In view of the strong performance from our strategic investments and projects, we have proposed a special dividend and Bonus Issue to show our appreciation to shareholders who have stood by us throughout the years. As we continue to grow the company, the proposed Bonus Issue will also expand the issued share capital base of the company to encourage trading liquidity and greater participation from institutional investors,” said Mr Choo.

Performance Review

The Group reported a slight 0.9% dip in both 1H2016 and 2Q2016 revenue to S\$123.9 million and S\$62.1 million, respectively, from S\$125.1 million and S\$62.7 million across the comparative periods a year ago. The decrease in revenue was mainly due to a 1.1% and 1.2% dip in construction revenue earned in 1H2016 and 2Q2016, respectively, offset by a 6.7% and 9.9% increase in rental income across the comparative periods.

Cost of construction decreased 4.6% and 7.1% in 1H2016 and 2Q2016, respectively, due to an improvement in gross margin from construction projects and a decrease in project revenue.

The Group also reported a 61.3% and 53.5% increase in other income in 1H2016 and 2Q2016, respectively, to S\$4.6 million and S\$2.5 million mainly due to interest income earned.

Based on the number of units sold from the Group's ongoing projects¹, KSH has a balance of S\$300.8 million in attributable share of progress billings to be recognised as sales revenue by the associates and joint ventures, the profits of which will be progressively recognised under its share of profits from associates and joint ventures after 2Q2016.

KSH's balance sheet and working capital position remains strong, with cash and cash equivalents of S\$119.1 million. The Group's fully-diluted earnings per share and net asset value per share stood at 8.18 Singapore cents and 68.25 Singapore cents, respectively¹.

Prospects and Growth Plans

The Singapore economy is still expected to grow between 2.0% and 2.5% according to latest statistics released by the Monetary Authority of Singapore² notwithstanding downside risks due to a slowdown experienced by Singapore's major regional trading partners including China, Indonesia and Malaysia that is expected to persist into the following year.

In line with the Singapore Building and Construction Authority's ("BCA") expectations for construction demand to remain strong at between S\$29.0 billion and S\$36.0 billion in 2015, latest statistics from the Ministry of Trade and Industry Singapore showed that the construction sector expanded 1.6% year-on-year in 3Q2015 albeit at a slower rate from a growth of 2.0% in 2Q2015³. 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 year⁴.

² *Channel NewsAsia, October 27, 2015 – Singapore's economy to 'expand at modest pace' for 2015, 2016: MAS*

³ *Ministry of Trade and Industry Singapore, October 14, 2015 – Singapore's GDP Growth Moderated in the Third Quarter of 2015*

⁴ *Building and Construction Authority, January 8, 2015 – Public sector projects to sustain construction demand in 2015*

On the construction business and outlook, Mr Choo said, “Construction and operating costs will likely continue to rise due to increasing manpower cost, cost on adoption of advanced systems and technologies, regulatory and financing costs. Responding to the government’s call for greater productivity in the industry, we will continue to be proactive in driving greater productivity and efficiency through greater adoption of technology and innovation as well as ramping up the utilisation rate of our equipment to optimise our construction margins.”

On the Singapore property front, statistics released by the Urban Redevelopment Authority (“URA”) on October 23, 2015 showed a 13.9% improvement in the number of private residential units sold this quarter compared to 2Q2015 despite prices of private residential properties declining for the eighth consecutive quarter, decreasing 1.3% in 3Q2015, compared to the 0.9% decline in 2Q2015⁵.

The URA statistics also showed a dip in prices of office and retail space in Singapore in the third quarter despite an improvement in occupancy rates for both segments. While office prices slid 0.1% in 3Q2015 from an increase of 0.3% in the preceding quarter, rentals of office space fell by 2.9% from a 2.6% decrease in 2Q2015⁵.

On KSH’s forward strategies, Mr Choo said, “Supported by our strong fundamentals – sound track record and credentials, healthy balance sheet, and low receivables risks – we will continue to work with reputable partners to seek property development opportunities in Singapore and abroad, while diversifying our property asset portfolio geographically and across various sectors to strengthen recurring income streams.”

Barring unforeseen circumstances, the Group is cautiously optimistic on the outlook of its performance for the financial year ending March 31, 2016.

⁵ *Urban Redevelopment Agency, October 23, 2015 – Release of 3rd Quarter 2015 real estate statistics*

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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