



KSH Holdings Limited

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

NEWS RELEASE

KSH FY2016 NET PROFIT SURGES 47.6% TO S\$61.5 MILLION ON S\$245.5 MILLION REVENUE

- *Performance mainly lifted by S\$15.0 million contribution on completion of JV development project, Liang Jing Ming Ju Phase 4 Sequoia Mansion in Beijing, the PRC*
- *Balance of S\$258.2 million in attributable share of progress billings to be progressively recognised*
- *Proposes final and special cash dividend of 1.50 cents and 0.50 cent per share, respectively, bringing total dividend distributed for FY2016 to 3.55 cents*

Singapore, May 30, 2016 – Well-established construction, property development and property management group, KSH Holdings Limited (“**KSH**”, 金成兴控股有限公司, or the “**Group**”), announced today a 47.6% surge in net profit attributable to shareholders (“**net profit**”) to S\$61.5 million for the financial year ended March 31, 2016 (“**FY2016**”).

The strong bottomline performance was boosted by a 82.8% increase in the Group’s share of results of associates, mainly due to S\$15.0 million contribution from sales revenue recognised upon completion of Liang Jing Ming Ju Phase Four Sequoia Mansion project in Beijing, the PRC, as well as a rise in revenue recognised on percentage of completion of Singapore development property projects.

Mr Choo Chee Onn (朱峙安), Executive Chairman and Managing Director of KSH Holdings, said, “The successful execution of the Sequoia Mansion project is a testament of our abilities to identify and execute the right projects, as we continue to leverage on our strong network and familiarity with the Chinese market to capitalise on market cycles when executing other projects, such as the Gaobeidian township project that has recently commenced construction of Phase One, and explore other investment opportunities.”

“We have remained very focused over the past few years and are pleased to be reaping the fruits of our labour now. While we continue to aggressively tender for suitable projects for our construction segment, we have been actively exploring investment opportunities overseas with our partners to grow and diversify our property portfolio and strengthen our recurring income streams for sustainable growth.”

KSH has also made further inroads on its overseas investments since the start of 2016, acquiring several value-accretive assets with its partners, including a 15-storey hotel and 14-storey residential block in central Sapporo, Hokkaido, Japan; a 12-storey hotel in central Manchester, the U.K., managed by international hotel chain, InterContinental Hotels Group under the Holiday Inn Express brand; an 86-room hotel in central Bradford and a 127-room hotel in Gloucester City, both in the U.K. and managed by French hotel operator, Accor, under the ibis brand.

In Construction, the Group had recently won a term contract from the National University of Singapore for addition and alteration works within 24 months from May 16, 2016 to May 15, 2018, with the option to extend for an additional 12 months. The Group’s construction order book as at March 31, 2016 remains healthy at S\$223.0 million.

Performance Review

The Group's revenue slipped slightly by 0.3% to S\$245.5 million in FY2016 compared to S\$246.1 million in the financial year ended March 31, 2015 ("FY2015"). Construction revenue dipped 0.3% to S\$239.2 million from S\$239.9 million while rental income from investment properties rose 1.5% to S\$6.3 million from S\$6.2 million across the comparative periods.

In tandem with the lower construction revenue, and as a result of improved productivity and lower material cost, cost of construction decreased 5.1% while construction gross margins improved to 15.1% in FY2016 from 10.8% in FY2015.

The Group's other income decreased 30.7% to S\$9.0 million in FY2016 from S\$13.1 million in FY2015 mainly due to a S\$3.0 million decrease in interest income and a S\$0.9 million decrease in gain on fair value adjustments of investment properties.

The improvement in share of results of associates, which more than offset the decline in other income and higher operating expenses, resulted in an overall 47.6% improvement in FY2016 net profit to S\$61.5 million from S\$41.7 million a year ago.

As at March 31, 2016, KSH has launched 14 projects and sold approximately 91.1% of its launched units, translating into a balance of S\$258.2 million in attributable share of progress billings to be progressively recognised based on the number of units sold from ongoing projects.

The Group's balance sheet and working capital position remains strong, with a rise in fixed deposits, cash and bank balances to S\$193.0 million as at March 31, 2016, from S\$95.1 million a year ago. The Group's fully-diluted earnings per share rose to 13.72 cents from 9.18 cents while net asset value per share increased to 65.44 cents from 55.79 cents across the comparative periods.

Proposed Dividend

The Group has proposed a final and special cash dividend of 1.50 cents and 0.50 cent per share, to thank shareholders for their support. This brings the total dividends declared in FY2016 to 3.55 cents per share, compared to 2.75 cents per share in FY2015.

Prospects and Growth Plans

The Ministry of Trade and Industry Singapore (“**MTI**”) expects Singapore’s gross domestic product to grow between 1.0% and 3.0% in 2016, and latest statistics show that the Singapore economy had expanded at a slower rate of 1.8% year-on-year (“y-o-y”) in the first quarter of 2016 (“1Q2016”) and 0.2% on a quarter-on-quarter (“q-o-q”) basis, compared to 6.2% in the preceding quarter¹.

The MTI also reported an annualised q-o-q 10.5% growth in the construction sector in 1Q2016, higher than the 6.0% growth in the preceding quarter, and a 6.2% y-o-y expansion compared to a 4.9% growth in the previous quarter¹.

The Building and Construction Authority (“**BCA**”) remains positive on the sector, expecting S\$27 billion to S\$34 billion worth of construction contracts to be awarded in 2016, of which 65.0% of the demand will be derived from the public sector. Average construction demand is projected to range between S\$26 billion and S\$35 billion for 2017 and 2018, and S\$26 billion to S\$37 billion in 2019 and 2020².

¹ *MTI maintains 2016 GDP growth forecast at 1.0 to 3.0 per cent – Ministry of Trade and Industry Singapore, May 25, 2016*

² *Public sector, civil engineering projects to drive construction demand this year: BCA – Business Times, January 16-17, 2016*

On the construction business and outlook, Mr Choo said, “While construction costs are still expected to increase amidst tightening manpower policies, we continue to strive towards greater productivity through innovation and technology adoption. Our efforts have shown results as seen in the reduced cost of construction in FY2016. We will continue to leverage on our strong track record, BCA A1 grade, strong balance sheet and comprehensive suite of capabilities to tender for both public and private projects to replenish our order book, while protecting our healthy margins.”

1Q2016 statistics from the Urban Redevelopment Authority showed an overall 0.7% decrease in prices of private residential properties, compared to a 0.5% decline in the preceding quarter, while number of units sold decreased 11.5%³. Similarly, prices of office space decreased 0.3% from a 0.1% decline in the previous quarter, while vacancy rate improved 0.3% percentage points to 9.2%, notwithstanding a 1.6% rise in pipeline supply.

“While the property market remains challenging, we are pleased to have achieved high occupancy and good tenant mix for our investment in Prudential Tower, a Grade A office building, due to its prime location in Raffles Place. Most of our development projects have also been very well-received, such as our successful JV project, High Park Residences, as we continue to work with our partners to push sales for the remaining units.”

“Concurrently, we’ve diversified our portfolio overseas to capitalise on favourable market cycles abroad, many of which are yield-accretive assets that will contribute healthy recurring income. We’ll continue to seek attractive investment opportunities both in Singapore and abroad to enhance shareholder value,” Mr Choo added.

Barring unforeseen circumstances, the Group is cautiously optimistic on the outlook of its performance for the financial year ending March 31, 2017.

³ Release of 1st Quarter 2016 real estate statistics – Urban Redevelopment Authority, April 22, 2016

About KSH Holdings Limited

KSH Holdings Limited (“**KSH**”, 金成兴控股有限公司, or the “**Group**”) 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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