



KSH Holdings Limited

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

NEWS RELEASE

KSH 2QFY2017 REVENUE GROWS 9.8% TO S\$68.2 MILLION

- *Proposed interim dividend of 1.25 Singapore cents per share*
- *Attributable share of progress billings of S\$227.5 million to be progressively recognised; 94.2% of officially-launched units sold*
- *Balance Sheet remains strong with fixed deposits, cash and bank balances of S\$150.0 million*

Singapore, November 14, 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 9.8% growth in revenue to S\$68.2 million and net profit of S\$8.0 million for the financial quarter ended September 30, 2016 (“**2QFY2017**”).

Mr Choo Chee Onn (朱峙安), Executive Chairman and Managing Director of KSH Holdings, said, “We continue to leverage on our strengths – comprehensive capabilities, solid track record and network, as well as strategic acumen for project selection – to seek opportunities in Singapore and overseas to remain resilient in the long-run. We are pleased to have clinched new construction contracts this year to maintain our healthy order book, as well as new development projects.”

The Group has recently received a letter of intent for a S\$139.1 million construction contract to be awarded to build three blocks of residential towers, inclusive of basements. The project is expected to commence in February 2017.

This follows a term contract awarded in May 2016 by the National University of Singapore for addition and alteration works for a period of 24 months from May 16, 2016 to May 15, 2018. Over S\$18.1 million of work has been awarded under the term contract to-date.

Including the contract to be awarded from the received letter of intent, the Group's construction order book as at November 14, 2016, remains healthy at S\$257.0 million.

Proposed Dividend

To reward shareholders for their continuous support, a one-tier tax-exempt interim dividend of 1.25 Singapore cents per ordinary share was proposed. This translates to a dividend payout ratio of 31.3% of the Group's net profit attributable to shareholders for 1HFY2016.

Performance Review

The Group's 2QFY2017 revenue was lifted to S\$68.2 million from S\$62.1 million in the corresponding period a year ago ("2QFY2016") mainly by a 10.6% increase in revenue from the construction business to S\$66.8 million.

KSH recorded lower share of results of associates of S\$2.7 million in 2QFY2017 compared to S\$22.2 million in 2QFY2016 in the absence of significant profit recognised last year from the Sequoia Mansion project in the PRC that had achieved completion along with profit from other development projects in Singapore.

The Group also reported an increase in share of results from joint ventures to S\$0.6 million in 2QFY2017 due to profit recognised from the well-received High Park Residences development project.

As a result of the above, KSH recorded a 65.5% decrease in 2QFY2017 net profit attributable to owners of the parent (“**net profit**”) to S\$8.0 million from S\$23.2 million in 2QFY2016.

For the half-year ended September 30, 2016, KSH’s topline rose 4.6% to S\$129.7 million from S\$123.9 million in the equivalent period a year ago. Net profit declined 45.4% to S\$18.2 million from S\$33.3 million across the comparative periods.

KSH’s balance sheet and working capital position remains strong with fixed deposits, cash and bank balances of S\$150.0 million as at September 30, 2016.

The Group’s fully-diluted earnings per share decreased to 1.75 Singapore cents in 2QFY2017 from 5.16 Singapore cents while net asset value per share increased to 66.76 Singapore cents as at September 30, 2016 from 65.44 Singapore cents as at March 31, 2016.

As at September 30, 2016, the Group has officially launched 14 projects and sold approximately 94.2% of its launched units, translating into S\$227.5 million of attributable share of progress billings to be progressively recognised after 2QFY2017.

Prospects and Growth Plans

Amidst elevated economic uncertainty in the global economy and sluggish growth in the major economies, the Monetary Authority of Singapore expects the Singapore economy to grow at the lower end of the 1-2% forecast range, only slightly higher than that in 2017.

Statistics from the Ministry of Trade and Industry Singapore showed a 2.5% expansion in the construction sector in 3Q 2016, albeit at a slower rate from the 2.6% growth in the preceding quarter due to slower private sector construction activities.

The Building and Construction Authority expects construction demand to remain strong at between S\$27 billion to S\$32 billion in 2016. Public demand accounted for 67.6% of total construction demand as at August 2016¹.

Mr Choo commented, “Escalating construction and operating costs are inevitable, which poses a challenge to our healthy margins. To mitigate this, we’ll continue to drive greater efficiency and productivity through innovation and greater adoption of technology, supported by our new fabrication plant and new equipment that will lower costs in the long run.”

On Singapore’s real estate, the Urban Redevelopment Authority reported a 1.5% decline in prices of private residential properties compared to the 0.4% slip in the preceding quarter. The office price and rental index declined 0.4% and 1.1%, respectively, compared to the sharper 1.5% and 3.5% dip last quarter.

“While there is still no visibility when the cooling measures will be eased, developers are comforted by the healthy take-up of recently-launched projects. We will monitor the market closely to determine an opportune time for the launch of our future projects, including the upcoming residential project at Geylang Lorong 35, while our property investments continue to contribute healthy recurring income.”

“As we continue to work closely with our partners overseas to uncover yield-accretive projects and investments to diversify our portfolio and risks, we are also focused on the execution of our ongoing development projects,” added Mr Choo.

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

¹ Building and Construction Authority – Forecast and Actual Construction Demand, August 11, 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 S\$85 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 the Asia-Pacific and Europe regions.

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