



KSH Holdings Limited

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

NEWS RELEASE

KSH ACHIEVES 1QFY2018 NET PROFIT OF S\$6.0 MILLION ON S\$28.5 MILLION REVENUE

- ***Construction order book remains healthy at over S\$348 million***
- ***Accumulated S\$144.6 million in attributable share of progress billings for ongoing property development projects***
- ***Balance sheet remains strong with fixed deposits, cash and bank balances of S\$147.7 million***
- ***Replenished land bank in Singapore with 3 new sites***

Singapore, August 11, 2017 – 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 it has achieved revenue of S\$28.5 million and net profit of S\$6.0 million for the financial quarter ended June 30, 2017 (“**1QFY2018**”).

Mr Choo Chee Onn (朱峙安), Executive Chairman and Managing Director of KSH Holdings, said, “While we are closely monitoring the construction market, we are working tirelessly to drive greater productivity and efficiency within the organisation to remain ahead of the curve. Having built a strong brand in both the public and private sectors, we are leveraging on our stellar track record of close relationships with key customers to pursue new projects.”

“In the meantime, our property investments continue to contribute positively as we seek more investment opportunities to bolster our recurring income stream. We have also taken active steps to replenish our land bank to sustain long-term growth, and will work closely with our partners to execute ongoing projects in FY2018.”

Financial Review

The S\$28.5 million revenue for the quarter was a 53.6% decrease from the S\$61.5 million recorded in the equivalent period a year ago (“1QFY2017”).

The lower revenue was mainly due to lower contributions from the construction segment, as a result of delays in handing over of sites for two new projects. The Group has since taken over the sites and commenced work for these projects.

Despite the 55.2% decline in construction revenue to S\$26.9 million, gross construction margins for 1QFY2018 improved to 35.2% due to cost savings achieved on completed construction projects, a testament of the Group’s prudent approach to project selection and efficiency in project management.

The Group recorded a 9.4% increase in rental income this quarter to S\$1.6 million compared to S\$1.5 million a year ago. Other income also rose 24.7% to S\$2.3 million in 1QFY2018 due to foreign exchange translation gain.

Coupled with a 60.8% decline in expenses – as a result of enhanced productivity and efficiency driven by technology adoption – KSH’s operational profit rose 43.5% to S\$8.2 million in 1QFY2018 from S\$5.7 million in 1QFY2017.

The Group’s share of results of joint ventures turned around to report a 1QFY2018 profit of S\$1.8 million compared to a S\$0.1 million loss last year due to higher percentage-of-completion revenue from the popular High Park Residences project.

Share of results of associates incurred a S\$2.5 million loss this quarter as compared to a profit of S\$5.8 million in 1QFY2017 due to a decrease in sales, lower revenue recognised on Singapore development projects that have completed, and additional buyer stamp duty accrued relating to a completed development property.

As a result of the above, KSH reported 1QFY2018 net profit attributable to owners of the company of S\$6.0 million, 40.8% lower than the S\$10.2 million recorded in 1QFY2017.

KSH's balance sheet and working capital position remain strong with fixed deposits, cash and bank balances of S\$147.7 million as at March 31, 2017 compared to S\$145.9 million at the end of the last financial year.

The Group's fully-diluted earnings per share decreased to 1.33 Singapore cents in 1QFY2018 from 2.28 Singapore cents in 1QFY2017 while net asset value per share increased to 71.79 Singapore cents as at June 30, 2017 from 70.37 Singapore cents as at March 31, 2017.

Prospects and Outlook

The Ministry of Trade and Industry Singapore (“**MTI**”)¹ had released advance estimates that showed a 5.6% contraction for the construction sector in 2Q 2017, on a year-on-year basis, sustaining a 6.1% decline from the preceding quarter. This is due to lower activity in both the private and public sectors. However, the sector grew 4.3% on a quarter-on-quarter seasonally-adjusted annualised basis, in contrast to a 14.4% contraction in the preceding quarter.

The Building and Construction Authority of Singapore (“**BCA**”) had earlier projected construction demand to reach between S\$28 billion and S\$35 billion in 2017, 70% of which are to be derived from the public sector.

The Group's order book as at June 30, 2017 remains strong at over S\$348 million. KSH will also continue to upskill workers through training amongst other process improvement initiatives to remain competitive amidst headwinds in the industry.

On Singapore's real estate outlook, the Urban Redevelopment Authority (“**URA**”) showed a gentler 0.1% slip compared to the 0.4% decline in 1Q 2017. Demand has remained healthy with 3,077 units sold in 2Q 2017, higher than the 2,962 units sold in 1Q 2017².

¹ Ministry of Trade and Industry, July 14, 2017 – Singapore's GDP grew by 2.5 per cent in the second quarter of 2017

² Urban Redevelopment Authority, January 28, 2017 – Release of 2nd Quarter 2017 real estate statistics

The URA data also showed a 1.4% slip in prices of office spaces, an improvement from the 4.0% decline in 1Q 2017. Decline for office rentals also slowed to 1.1% from 3.4% across the same comparative periods².

Property Investment and Development

Singapore

Despite the lacklustre office market sentiment, the Group's investment in Grade A office building, Prudential Tower, continues to enjoy high occupancy and good tenant mix due to its prime location in the heart of the Raffles Place precinct. Prudential Tower is expected to continue contributing positively to the Group.

As at June 30, 2017, 96% of property development projects launched by the Group's associated companies and joint ventures have been sold, translating into S\$144.6 million of attributable share of progress billings to be progressively recognised.

KSH has recently replenished its land bank in Singapore with the joint acquisition of former HUDC, Serangoon Ville, and the award of a land parcel at Woodleigh Lane adjacent to the up-and-coming Bidadari New Town. This is in addition to an earlier acquisition of Rio Casa in Hougang.

"Cognisant of the recent aggressive bids for land in Singapore, rigorous due diligence is conducted to ensure that these land acquisitions are yield-accretive. We are working alongside long-time partners, with whom we have executed successful projects that have resonated well with buyers through prudent project selection and careful product differentiation and positioning. With favourable locational attributes and reasonable tender prices, coupled with returning demand seen for recent launches, we are confident on the performance of these sites," commented Mr Choo.

Concurrently, the Group is focused on the execution of existing development projects in FY2018, alongside its partners. In Singapore, 121 Collection on Whitley – freehold housing in prime District 11 – has been soft launched, while Geylang project is planned for launch this financial year.

Overseas

In Australia, the 20%-owned St Kilda property in Melbourne has been disposed for A\$34 million, KSH's share of profits is expected to be recognised in FY2018, upon completion of the transaction.

Meanwhile, the Group is awaiting necessary approvals to launch Phase 1 of its Gaobeidian project in the PRC for sale this year to capitalise on a recent surge in prices due mainly to the announcement of the new Xiongan special economic zone.

Barring unforeseen circumstances, the Group is cautiously optimistic on the outlook of its performance for the financial year ending March 31, 2018.

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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