



## **KSH Holdings Limited**

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

### **NEWS RELEASE**

#### **KSH ACHIEVES FY2018 NET PROFIT OF S\$29.5 MILLION ON S\$132.6 MILLION REVENUE**

- ***Plans to launch four Singapore residential projects for sale in 2018***
- ***Construction order book remains strong at over S\$542.0 million***
- ***Proposes final dividend of 1.20 SGD cents, bringing FY2018 total dividend to 2.20 SGD cents***

**Singapore, May 30, 2018** – 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 net profit of S\$29.5 million on S\$132.6 million revenue for the financial year ended March 31, 2018 (“**FY2018**”).

Mr Choo Chee Onn (朱峙安), Executive Chairman and Managing Director of KSH Holdings, said, “FY2018 was a year for us to sow the seeds for growth while the coming financial year will be focused on execution as we look to launch four residential projects alongside our valued partners to ride on the wave of the recovering residential sector in Singapore. Meanwhile, our construction order book remains strong as we continue to seek strategic projects that allow us to maintain our healthy margins.”

“Overseas, we remain focused on the impending launch of our large-scale Gaobeidian township project in Hebei Province of the PRC, as we continue to explore other yield-accretive investment opportunities.”

## **Financial Review**

KSH achieved total FY2018 revenue of S\$132.6 million, a 33.4% decrease from the S\$199.3 million reported a year ago (“**FY2017**”) mainly due to lower construction revenue resulting from delays in handover of two construction sites. This was mitigated by a 7.4% growth in rental income to S\$6.1 million from S\$5.7 million in FY2017.

While construction revenue declined 34.6% to S\$126.6 million in FY2018 from S\$193.6 million a year ago, construction margins rose to 23.8% in FY2018 compared to 21.6% in FY2017.

Share of results of joint ventures rose 92.6% to S\$11.1 million in FY2018, lifted by profit recognised on construction progress of a residential project that has been fully sold. Share of results of associates recorded a loss of S\$3.1 million compared to a profit of S\$8.5 million in FY2017 due to lower sales and percentage-of-completion revenue recognised on Singapore development projects, and loss recognised from the sales of development properties developed by an associated company in Singapore.

Overall, KSH achieved FY2018 net profit attributable to owners of the company of S\$29.5 million, a 28.1% decrease from the S\$41.0 million reported in FY2017.

The Group’s balance sheet and working capital position remain healthy with fixed deposits, cash and bank balances of S\$76.2 million as at March 31, 2018.

The Group’s fully-diluted earnings per share in FY2018 was 5.17 Singapore cents and the net asset value per share as at March 31, 2018 was 59.46 Singapore cents.

## **Proposed Dividend**

In line with the Group’s commitment to enhance shareholder value, KSH has proposed a final cash dividend of 1.20 Singapore cents per share. Coupled with the interim cash dividend of 1.00 Singapore cent per share distributed earlier in the financial year, this brings the total dividends declared for FY2018 to 2.20 Singapore cents per share.

## Prospects and Outlook

### Construction

Ministry of Trade and Industry (“**MTI**”)<sup>1</sup> reported that the construction sector grew 1.7% on a quarter-on-quarter seasonally-adjusted basis in 1Q 2018, a reversal from the 0.2% decline in 4Q 2017. The sector contracted 5.0% year-on-year in 1Q 2018, the same pace of decline as 4Q 2017, due to decreased activities in both the private and public sectors.

The Building and Construction Authority (“**BCA**”)<sup>2</sup> remains optimistic on pipeline demand, projecting the total value of construction contracts to be awarded this year to reach between S\$26.0 billion and S\$31.0 billion. While public sector projects are expected to constitute 60% of the forecast to reach between S\$16.0 billion to S\$19.0 billion, the private sector is expected to be boosted by a steady pipeline of residential and commercial projects.

Including the letter of intent for a contract of S\$266.3 million to be awarded for the construction of Riverfront Residences, the residential project developed by a 35%-owned associated company of the Group, KSH’s order book for construction projects remains healthy at more than S\$542.0 million.

### Property Development & Investment – Singapore

The Singapore real estate sector is in the midst of an uptrend, with the steepest quarter-on-quarter gain since 2Q 2010 recorded in 1Q 2018 when private residential prices rose 3.9% compared to a 0.8% growth in 4Q 2017. On demand, developers launched 921 units for sale in 1Q 2018 compared to 877 units in 4Q 2017 and sold 1,581 units compared to 1,864 in the same corresponding periods<sup>3</sup>.

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<sup>1</sup> Ministry of Trade and Industry Singapore, 24 May 2018 – Singapore’s GDP Grew by 4.3 Per Cent in the First Quarter of 2018

<sup>2</sup> Building and Construction Authority, 11 January 2018 – Public sector construction demand is expected to strengthen this year

<sup>3</sup> Urban Redevelopment Authority, 26 April 2018 – Release of 1<sup>st</sup> Quarter 2018 real estate statistics

Having replenished its land bank ahead of the upcycle, KSH and its joint venture partners plan to launch four projects in 2018 – Riverfront Residences (formerly “Rio Casa”); Affinity at Serangoon (formerly “Serangoon Ville”); Park Colonial at Woodleigh Lane adjacent to the up-and-coming Bidadari New Town; and the development site at Geylang Lorong 24.

“Along with our partners, we have a strong track record for site selection and execution, seeing that all our projects have sold at prices within or higher than expectations. We are excited to be launching four projects to capitalise on the improved demand and prices of the residential sector. Not only are these projects situated in choice locations where there is great connectivity and a variety of amenities, they are uniquely positioned to stand out from the crowd. We are confident that these projects will resonate well with buyers in this favourable climate,” added Mr Choo.

KSH has locked-in approximately S\$85.9 million of attributable share of progress billings that will be progressively recognised as sales revenue, having sold about 96.5% of its launched units for sale.

On the office sector, prices of office space increased 1.3% in 1Q 2018, continuing the 2.7% growth in 4Q 2017, while rentals rose 2.6%, consistent with that of the preceding quarter. This bodes well for the Group’s investment in Grade A office building, Prudential Tower, in the heart of Singapore’s CBD, which continues to contribute healthy recurring earnings to the Group as the consortium seeks to push sales of the strata units at the right prices.

#### *Property Development & Investment – Overseas*

Abroad, KSH has, together with its partners, completed the sale of its St Kilda Road property in Melbourne, Australia, for S\$34.0 million and recognised the share of profits during the financial year.

In the UK, the Group has commenced the first phase of its landmark township development in Leeds, creating a sustainable urban destination on the 2.45 acre site that will include a 192-room hotel to be operated by Hilton under the Hampton brand, expected to be launched in 2019.

The Group has also acquired the iconic four-storey Dry Bar terraced building in Manchester city, with plans to convert it into a stylish new boutique hotel to leverage on the city's exceptional leisure and hospitality growth in recent years.

In China, KSH and its partners await necessary approvals to launch Phase 1 of its Gaobeidian project in the PRC for sale, closely monitoring the market closely 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, 2019.

### **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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