



# **KSH HOLDINGS LIMITED**

1HFY2022 Results & Corporate Presentation  
18 November 2021

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# PRESENTATION OUTLINE

- 1. Corporate Overview**
- 2. Financial Highlights**
- 3. COVID-19**
- 4. Construction**
- 5. Property Development**
- 6. Property Investment**
- 7. Outlook & Strategies**
- 8. Investment Merits**







# CORPORATE OVERVIEW

# CORPORATE OVERVIEW

- A well-established construction, property development and property investment group
- Incorporated in 1979 and listed on the SGX Mainboard since 8 February 2007

## Construction

- Over 40 years of established track record across various sectors including residential, commercial, industrial, hotels, institutions, infrastructure, etc
- Strong order book, balance sheet; low gearing and receivables risk
- BCA A1 Grade (CW01 – General Building): Ability to tender for public construction projects of unlimited value
- BCA A2 Grade (CW02 – civil engineering): Ability to tender for public projects for values up to S\$85M
- Projects performed well in CONQUAS, a standard assessment system on the quality of building projects
- Won BCA Construction Excellence Awards for the construction of Fullerton Bay Hotel, NUS University Town's Educational Resource Centre, and Madison Residences. Received the BCA Construction Excellence Award (Excellence) for NUS University Sports Centre and Construction Excellence Award (Merit) for Heartbeat@ Bedok in 2019.

## Property Development

- Development projects of residential, mixed development, office and commercial in Singapore
- Development in Beijing, PRC on residential development - 靓景明居. Sequoia Mansion (红衫公馆)
- Development in Gaobeidian, PRC. Sino Singapore Health City (中新健康城)

## Property Investment

- 69% of Tianjin Tianxing Riverfront Square (天星河畔广场) in Tianjin, PRC
- Investments of hotel properties overseas

# GEOGRAPHICAL FOOTPRINT

**UK**

- **England:** Mixed used development in Central Leeds (including Hampton by Hilton); LUMA Concept Hotel; IBIS Gloucester Hotel; Holiday Inn Express Manchester City Centre; Crown Plaza London Kensington and Day Inns Liverpool
- **Scotland:** Hotel Indigo Glasgow

**Japan**

- Expanded footprint with investment in 2 hotels in **Hokkaido** (Super Hotel Sapporo) and **Tokyo** (Smile Hotel Asakusa)

**PRC**

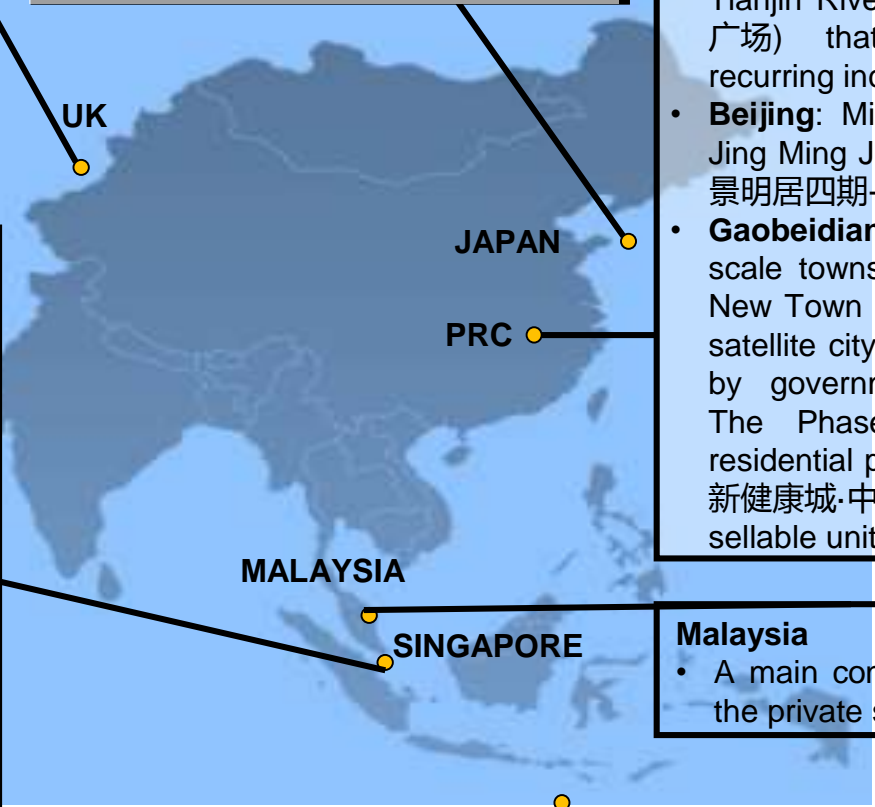
- Amassed strong network and market knowledge since entry in 2001
- **Tianjin:** Mixed-use development, Tianjin Riverfront Square (天星河畔广场) that contributes healthy recurring income
- **Beijing:** Mixed-development, Liang Jing Ming Ju- Sequoia Mansion (靓景明居四期- 红衫公馆)
- **Gaobeidian:** Co-developing large-scale township project, Gaobeidian New Town (高碑店新城上东新区), a satellite city near Beijing earmarked by government for development. The Phase 1 of Stage 1 of residential project in Gaobeidian (中新健康城·中新悦朗一期) with 812 sellable units,

**Singapore**

- A main contractor for both public and private construction sectors
- Strong construction track record of projects across residential, commercial, mixed-development, institutional sectors, including Fullerton Bay Hotel, One°15 Marina Club, Suntec City, Bedok Integrated Complex, Singapore Chinese Cultural Centre, amongst others
- Developed many successful residential, commercial and mixed-use projects
- Existing ongoing developments include – Affinity@Serangoon, Riverfront Residences, Park Colonial and Rezi 24

**Malaysia**

- A main contractor for the private sector



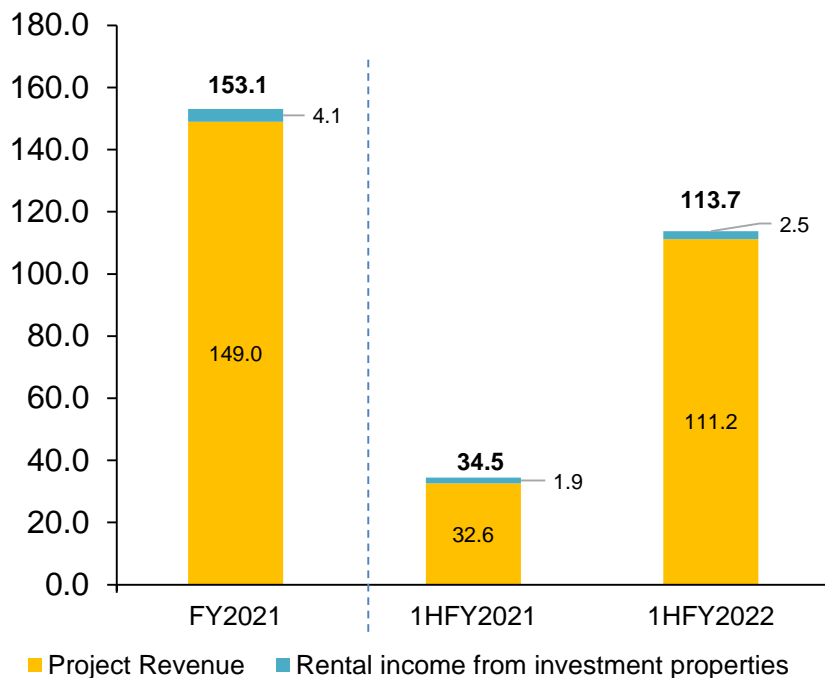




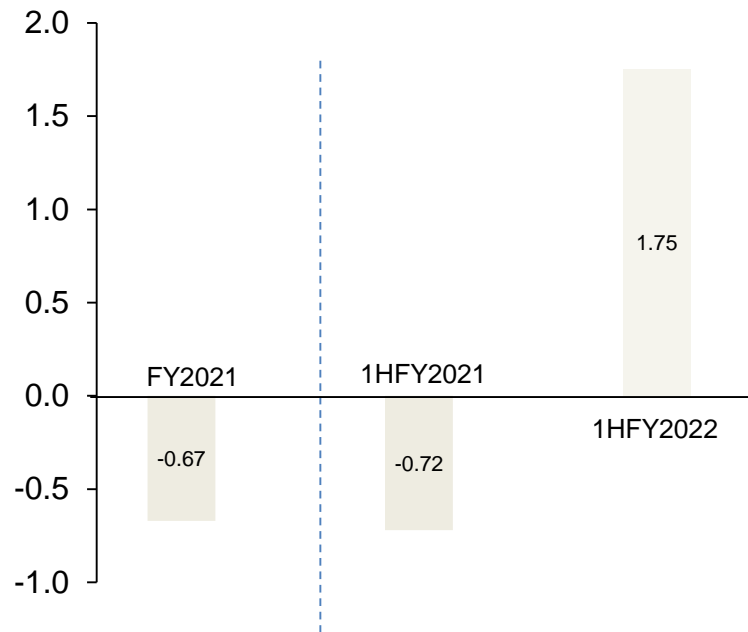
# FINANCIAL HIGHLIGHTS

# FINANCIAL HIGHLIGHTS

## Revenue (S\$m)



## Earnings Per Share (SGD cents)



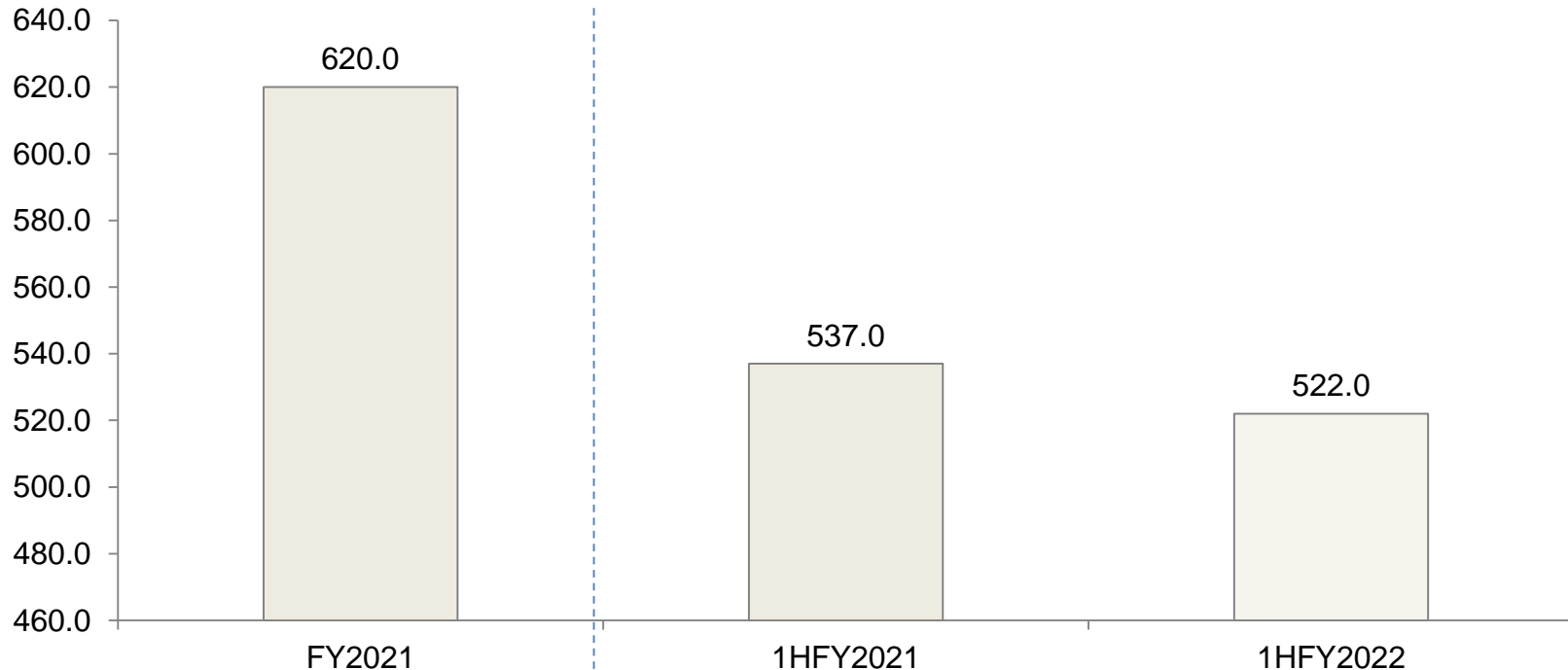
- Revenue for 1HFY2022 was S\$113.7 million up from S\$34.5 million in 1HFY2022.
- Reflective of a gradual recovery of the construction business following the lifting of circuit breaker measures to control the COVID-19 pandemic, as well as higher rental income from People's Republic of China ("PRC"), with recovery from the pandemic.





# HEALTHY CONSTRUCTION ORDER BOOK

## Construction Order Book (S\$m)

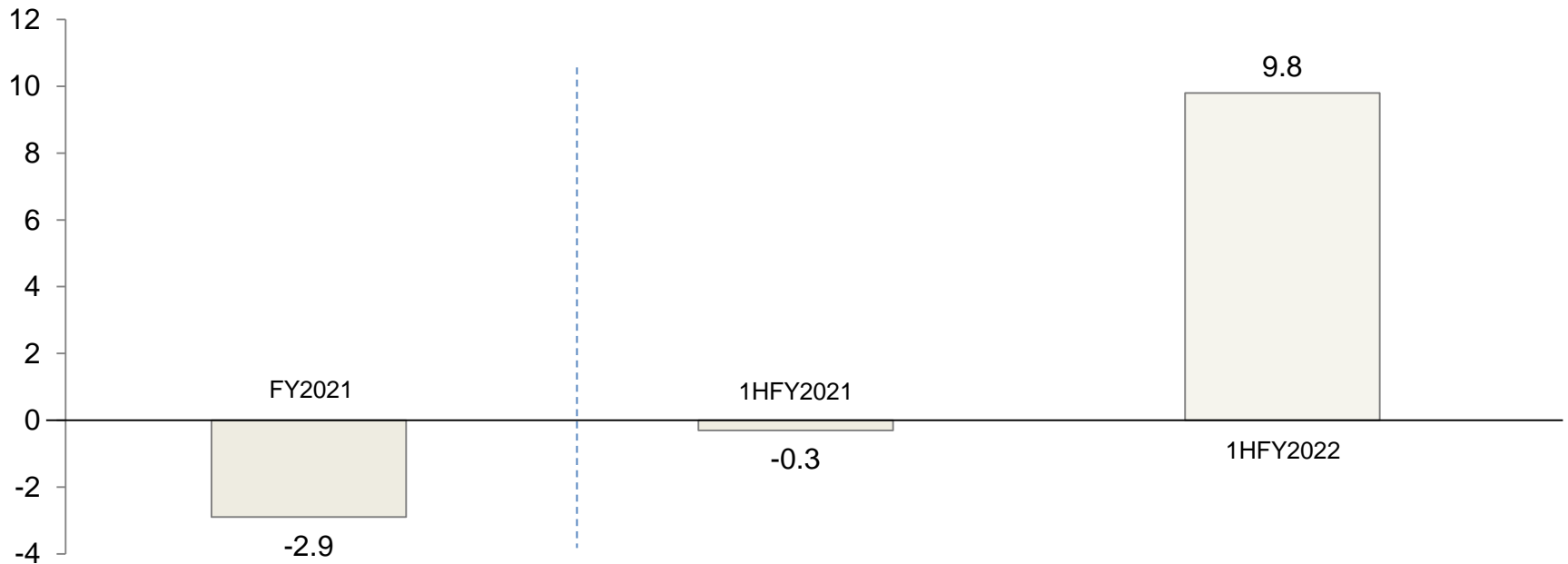


- Order book remains healthy at more than S\$522.0 million as at 30 September 2021.
- Desirable mix of public and private projects in the existing order book with a private vs public ratio of approximately 59 : 41



# EARNINGS

## Share of Results of Associates and Joint Ventures (S\$'m)

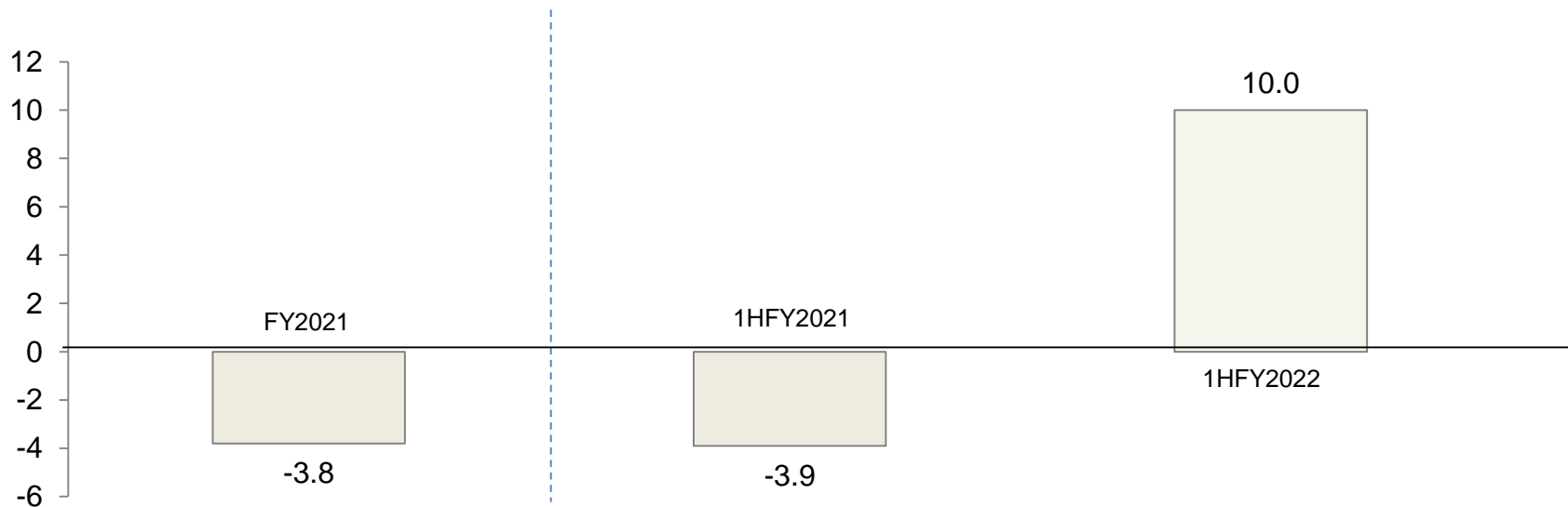


- Share of profits of associates and joint ventures jumped to S\$9.8 million in 1HFY2022, compared to a loss of S\$0.3 million in 1HFY2021.
- This is mainly attributable to the pick-up in the construction of property development projects in Singapore as compared to the share of losses of associated and joint venture in 1HFY2021, when construction work was affected by during the Circuit Breaker period from April 2020. The profit is offset by a share of loss of approximately S\$0.8 million from the disposal of a property by associates.



# EARNINGS

## Net Profit (S\$'m)



- Net Profit for 1HFY2022 was S\$10.0 million, a turnaround from a loss of S\$3.9 million in the same period last year.
- This is mainly attributable to the increase in revenue as well as higher share of profits of associates and joint ventures.





# HEALTHY BALANCE SHEET

S\$m	31 Mar 2021	30 Sep 2021
Total Assets	603.7	603.3
Total Liabilities	260.1	252.3
Net Tangible Assets	343.6	351.0
NTA Per Share (Cents)*	56.86	58.05

*\*NTA Per Share was computed based on 563,396,245 issued shares excluding treasury shares.*



# HEALTHY DEBT COVERAGE & LOW GEARING

S\$m	31 Mar 2021	30 Sep 2021
<b>Loans and Borrowings</b>	143.2	129.2
<b>Fixed Deposit, Cash &amp; Bank Balances</b>	122.9	140.1
<b>(Net Debt) / Net Cash</b>	(20.3)	10.9
<b>Net (Debt) / Cash to Equity</b>	(0.06)	0.03
<b>Gearing (Net Debt Over Total Capital Plus Net Debt)</b>	0.22	0.17

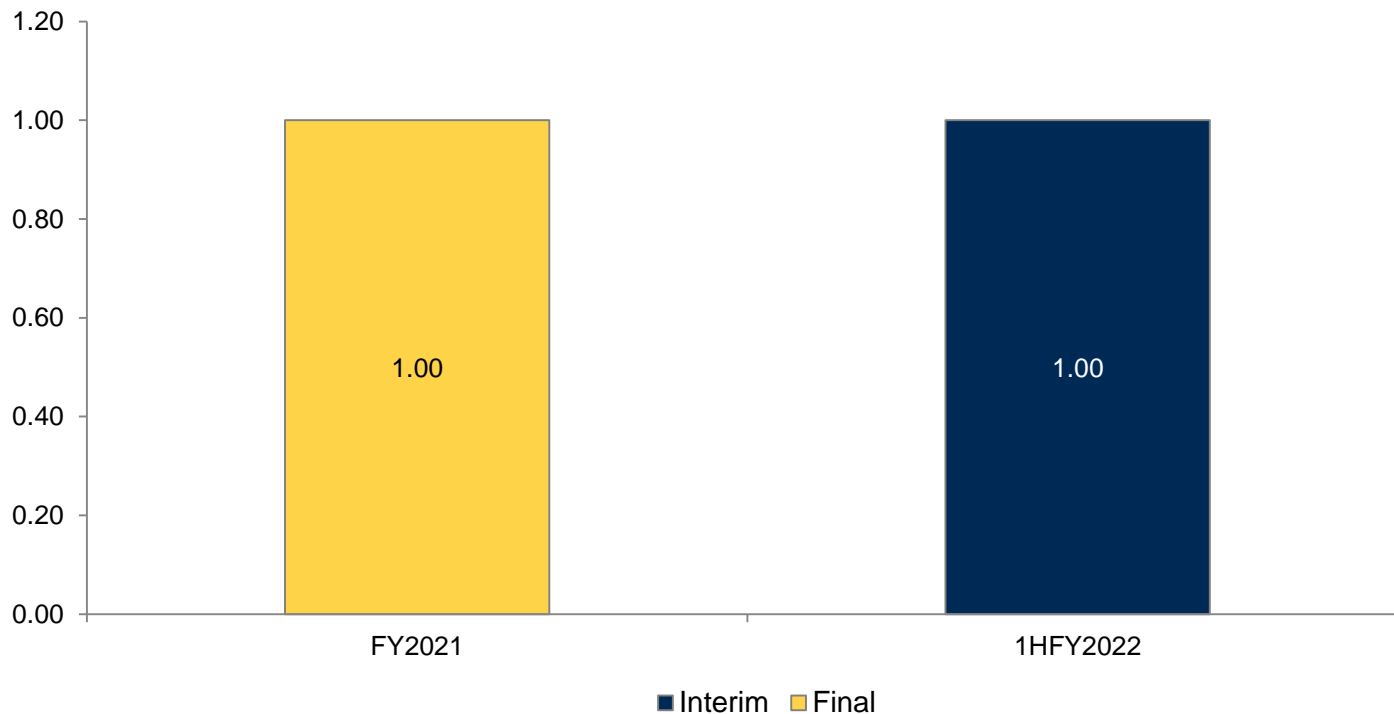
Group's net cashflow from operating activities, which remain strong at S\$14.3 million as at 1HFY2022 (1HFY2021: S\$18.4 million).



# DIVIDENDS

**With the gradual recovery of the Group's business, and notwithstanding some ongoing economic challenges, the Group has declared an interim cash dividend of 1.00 Singapore cent per ordinary share, to thank shareholders for their continuous support**

**Total Dividend (SGD cents)**





# SHARE PRICE PERFORMANCE

## Key Data

Share price	S\$0.370
Market Capitalisation	S\$208.5 million
Shares Outstanding	563.4 million
52-week range	High: S\$0.390 (6 April 2021) Low: S\$0.325 (10 December 2020)

Source: Bloomberg; 16 November 2021





# MEASURES TAKEN AMIDST PANDEMIC



# ECONOMIC AND BUSINESS IMPACT

## **Global economy on track for recovery but uncertainties remains as the COVID-19 pandemic continues to ravage economies worldwide**

- The global economy is on track for a robust recovery after close to two years since the onset of the COVID-19 pandemic, although the rebound is expected to be uneven across countries, with advanced economies looking set for strong growth, while many developing economies continue to lag behind.
- Amidst global economy uncertainties and the high number of daily COVID-19 cases, Singapore economy grew 6.5% year on year in the third quarter of 2021, easing from the increase in the previous quarter due to last year's low base, according to recent estimates from the Ministry of Trade and Industry.
- With increased vaccination rates, many countries, including Singapore, are also gradually reopening its borders, which is expected to further enhance the recovery of global and regional economies moving forward.

*Sources:*

\* Singapore's GDP Grew by 6.5 Per Cent in the Third Quarter of 2021, Ministry of Trade & Industry Singapore – 14 October 2021





# ECONOMIC AND BUSINESS IMPACT

Effects of the on-going COVID-19 pandemic have impacted the Group's business and operations, both local and overseas



## Construction

- Manpower shortage due to tightened border controls.
- Increase in costs due to additional health and safety regulations (e.g. COVID-19 swab tests for workers), higher manpower related costs, higher overheads due to disruption of construction progress and etc.
- Disruption in raw material supplies and increase in operating costs.



## Property Development

- Uptrend in property prices quarter on quarter
- Property market remains largely driven by Singaporean buyers with border restrictions.
- Supply is set to tighten in both the private and public housing markets due to pandemic-driven delays in construction.



## Property Investment

- International travel and movement restrictions has impacted hotel occupancy rates.
- Emergence of more contagious virus strains affected hopes of reopening of international borders
- Overall, tenants' businesses were negatively impacted.

# GOVERNMENT AID FOR CONSTRUCTION SECTOR

**The Singapore government has taken measures to help local construction companies mitigate the impact of COVID-19**

- The Ministry of National Development (“**MND**”) has announced an extension of relief periods under the COVID-19 (Temporary Measures) Act, which offers temporary relief to business and individuals who have been affected by the COVID-19 pandemic to 31 December 2021 from their original end date of 30 September 2021.
- The Building and Construction Authority (“**BCA**”) has also made changes to public sector construction tenders, which will allow contractors to apply for an extension of time due to COVID-19 and to include provisional amounts for expected pandemic-related costs unknown at the time of tender.



# STATUS UPDATE

## ACTIONS AND MEASURES TO COPE WITH THE IMPACT OF COVID-19

<b>Tighten cost control</b>	<ul style="list-style-type: none"><li>• Defray costs by utilising assistance from Government.</li><li>• Maintain financial prudence while closely monitoring the COVID-19 situation.</li></ul>
<b>Maintain healthy financial position</b>	<ul style="list-style-type: none"><li>• Maintain healthy financial position with low gearing and high cash balances.</li><li>• Maintain strong project pipeline with robust order book.</li></ul>
<b>Ensure smooth operational progress</b>	<ul style="list-style-type: none"><li>• Proper planning and coordination with suppliers and subcontractors on commencement of work on-site.</li><li>• Ensure safe distancing measure to meet sectoral requirements.</li></ul>
<b>Safeguard business sustainability</b>	<ul style="list-style-type: none"><li>• Maintain good credit rating and relationship with banks and business associates.</li></ul>







**CONSTRUCTION**

# CONSTRUCTION



- Gradual recovery of our construction business with the lifting of circuit breaker measures, though productivity remains affected.
- Continue to exercise prudence and financial discipline in view of the lingering challenges ahead, with labour shortages, a global disruption in supply chain, and compliance cost increases due to safe distancing working requirements.
- Order book remained healthy at more than **\$522.0 million** with a desirable ratio of 56 : 44 in terms of private and public projects.
- The existing order book is expected to progressively contribute positively to KSH's financial performance.





# PROPERTY DEVELOPMENT



# PROPERTY DEVELOPMENT

- \*All property development projects in Singapore are either fully or almost fully sold – Including the 4 most recent projects - **Affinity @Serangoon, Riverfront Residences, Park Colonial and Rezi 24** which are well-received by the market and sold at positive margins.

*\* Based on options issued*

- The Phase 1 of Stage 1 of residential project in Gaobeidian (中新健康城·中新悦朗一期) with 812 sellable units, was well received by market. **More than 580 units have been sold to-date** with average selling price expected to earn a positive profit margin.
- Group's attributable share of progress billings stood at more than S\$318.0 million as at 30 September 2021.





# PROPERTY DEVELOPMENT

*Singapore*

## AFFINITY @ SERANGOON



### Location

- 99-year residential development
- Situated at Serangoon Avenue, a serene enclave that's just minutes away from various amenities and recreational facilities

### Facilities

- Sits on a massive 296,913 sq ft piece of land with a plot ratio of 2.8
- Houses 1,052 residential units and 5-retail shops
- Units include 1- to 4- bedrooms and townhouses

### Status

- Launched in June 2018



### RIVERFRONT RESIDENCES



#### Location

- 99-year leasehold project
- Located at Hougang Avenue 7, near several shopping malls such as Hougang Mall, Heartland Mall and Hougang 1

#### Facilities

- Comprises a total of 1,478 units. It offers a plethora of choices from 1- to 5-bedroom units, including strata terraces and retail shops
- Situated on the Rio Casa site, a former HUDC estate, residents of Riverfront Residences can look forward to having an extensive variety of full condo facilities to suit their every need due to its relatively large land area

#### Status

- Launched in July 2018



# PROPERTY DEVELOPMENT PORTFOLIO

*Singapore*

## PARK COLONIAL



### Location

- 99-year leasehold high rise luxury condominium. Located behind Avon Park, along Upper Serangoon Road/Woodleigh Lane and near to Woodleigh MRT station along the North East Line

### Facilities

- With a total of about 805 units, the development is situated within the Bidadari URA Masterplan estate
- Residents can expect a wide variety of entertainment, F&B options and excellent public transport connectivity

### Status

- Launched in July 2018

# PROPERTY DEVELOPMENT

*Singapore – Project To Be Launched*

## REZI 24



<b>Group's Stake</b>	48%
<b>Tenure</b>	Freehold
<b>Location</b>	31-51 (odd) Lorong 24, Geylang
<b>Facilities</b>	<ul style="list-style-type: none"><li>• Proposed block of 8-storey residential flats, with a total of 110 units</li><li>• Featured facilities include sky garden, swimming pool and multi-storey carpark, subject to necessary approvals from relevant authorities</li><li>• An abundance of urban amenities within the easy reach</li></ul>
<b>Status</b>	<ul style="list-style-type: none"><li>• Launched in March 2019</li></ul>



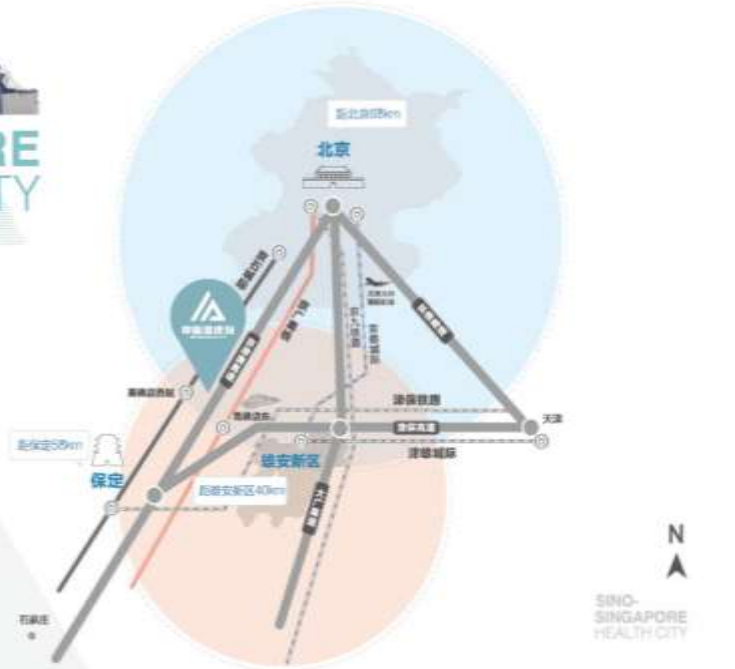
# PROPERTY DEVELOPMENT PORTFOLIO (PRC)

People's Republic of China

## GAOBEIDIAN PROJECT – SINO-SINGAPORE HEALTH CITY

SINO-SINGAPORE HEALTH CITY

环京 环雄  
潜力城市



### Location:

- Strategically located 40km away from the Xiongan New Special Economic Zone (“Xiongan NSEZ”) announced by the Chinese government in April 2017.
- Situated next to the Beijing-Shijiazhuang Expressway (82km away from Beijing city) and the Beijing-Shijiazhuang High-speed rail route (30 minutes ride to Beijing).
- Following the success of China's two economic zones in the Pearl River Delta and Yangtze River Delta regions, Xiongan NSEZ is expected to become a world-class city cluster surrounding Beijing, with favourable regulatory framework and outstanding economic growth.



# PROPERTY DEVELOPMENT PORTFOLIO (PRC)

*People's Republic of China*

## GAOBEIDIAN PROJECT – SINO-SINGAPORE HEALTH CITY

<b>Group's Stake</b>	<b>22.5%</b>	
<b>Location</b>	<b>Gaobeidian (82 km from Beijing), the PRC</b>	
<b>Gross floor area</b>	<b>Approx. 2.5 million sqm</b>	
<b>Units</b>	<b>15,800 residential units</b>	
<b>Project Brief</b>	<ul style="list-style-type: none"><li>• <b>Mountain Climbing Training Centre &amp; Outdoor Sports Centre Township</b><ul style="list-style-type: none"><li>– Based on the Singapore township concept, built on the China's National Mountain Training Base</li><li>– One-stop hub: full suite of mountain climbing services and the world's tallest man-made rock-climbing wall (total size: 4,200 sqm; 18 climbing routes + 20 competition/training routes)</li><li>– Ready to host national and world competitions – expected to boost the Sports &amp; Tourism industry</li></ul></li><li>• <b>Introduces Singapore's new township concept for urbanization.</b><ul style="list-style-type: none"><li>– Residential building area (approx 1.6 million sqm), as well as F&amp;B, entertainment, commerce, healthcare, education and other infrastructure</li><li>– <b>Phase 1:</b> consists of 2,180 residential units with a gross floor area of approx. 340,000 sqm</li><li>– Phase 1 of Stage 1 (中新健康城·中新悦朗一期) with 812 residential units was well received by market with more than 580 units sold to-date with average selling price expected to earn a positive profit margin</li></ul></li></ul>	



**PROPERTY INVESTMENT**



# PROPERTY INVESTMENT



The Group continues to review investments in hotel properties overseas to rationalise its investment strategy and streamline its portfolio which are starting to see some recovery as international borders open up gradually.

Currently 8 hotel properties are in operation\* and generating recurring income.

Project Name	Location	Status
LUMA Concept Hotel	Glenthorne Road, London, England, UK	In Operation
IBIS Gloucester Hotel	Gloucester, Gloucestershire, England, UK	
Holiday Inn Express Manchester City Centre	Manchester City, England, UK	
Hotel Indigo Glasgow	Glasgow, Scotland, UK	
Crowne Plaza London Kensington	London, England, UK	
Hampton by Hilton Leeds	Leeds, England, UK	
Smile Hotel Asakusa	Tokyo, Japan	
Super Hotel Sapporo – Susukino	Chuo, Hokkaido, Japan	
Hotel Resort at Paro, Bhutan	Paro district, Bhutan	Development In Progress
Hotel at Gaobeidian, People’s Republic of China	Gaobeidian, People’s Republic of China	

# PROPERTY INVESTMENT (CHINA)



<b>Name of Project</b>	Tianjin Tianxing Riverfront Square (天星河畔广场)
<b>Group's Stake</b>	69%
<b>Location</b>	Tianjin, the PRC
<b>Total Area</b>	<b>Lettable Area</b> 37,033 sqm
<b>Tenure</b>	~50 years from 29 November 1993
<b>Occupancy</b>	Approximately 80% (As at 30 September 2021)







# OUTLOOK & STRATEGIES

# BUSINESS OUTLOOK

## Construction Sector

- The construction industry continues to be adversely hit by the COVID-19 pandemic.
- Advance estimates from MTI showed that the construction sector expanded by 57.9%<sup>1</sup> in the third quarter, slowing from a growth of 117.5% in the previous quarter.
- Cost of construction is also rising due to high manpower cost and high material costs due to labour shortage and widespread disruption to global supply chain.

## Real Estate Sector

- According to real estate statistics from the Urban Redevelopment Authority (“URA”) released on 22 October 2021, prices of private residential property prices in Singapore increased 1.1% in the third quarter of 2021, higher than the 0.8% increase in the preceding quarter.
- Pipeline supply for private residential market (excluding ECs) as at end of 3Q2021 was 47,715 units, compared with 47,097 units in the previous quarter.
- Of these units, 17,140 remain unsold as at the end of 3Q2021, lower than 19,384 units in the previous quarter.<sup>2</sup>

### Sources:

<sup>1</sup> Singapore’s GDP Grew by 6.5 Per Cent in the Third Quarter of 2021, Ministry of Trade & Industry Singapore – 14 October 2021

<sup>2</sup> Release of 3rd Quarter 2021 real estate statistics, Urban Redevelopment Authority (URA) - 22 October 2021



# STRATEGIES & OPPORTUNITIES



## CONSTRUCTION

1. Continue to aggressively tender for public and private projects with emphasis on the former while protecting margins
2. Capitalise on Group's strong track record and BCA A1 grade to tender for public projects of unlimited value, riding on government impetus
3. Leverage on the Group's healthy balance sheet and low receivables risk as competitive advantage



## PROPERTY DEVELOPMENT

1. Continue to prudently seek opportunities in Singapore while deepening existing footprint in overseas markets
2. Pursue overseas projects with reputable partners with extensive local knowledge, network and expertise
3. Expand geographical footprint in new markets with favourable property market cycle together with JV partners



## PROPERTY INVESTMENT

1. Continues to review and streamline its portfolio to rationalise its investment strategy
2. Continue to seek investment opportunities in hotel properties overseas together with JV partners
3. Expand geographical footprint in new markets with favourable property market cycle together with JV partners







ONE°  
WALKER HILL RESORT

# INVESTMENT MERITS

# INVESTMENT MERITS

## **Committed and experienced management team and support staff**

- Each Executive Directors has at least 40 years of experience in the construction industry
- Management team is supported by a pool of long serving and committed staff including engineers, quantity surveyors and site coordinators.

## **Established and proven track record and reputation; Diversified businesses**

- Diversified businesses – construction, property development and property investment across Asia-pacific and the UK
- Received several awards and certifications including International Organization for Standardisation (“ISO”) certifications

## **Cost competitive**

- Continuing relationships with pool of sub-contractors and suppliers allows KSH to obtain better credit terms , keeping costs low
- Commitment to drive productivity and efficiency through technology, innovation, as well as through a new fabrication plant and equipment

## **Ability to leverage on construction experience to enhance property development business in Singapore and PRC**

- Synergistic effects of property development business and construction business
- Able to offer value-added services when carrying on property development work based on construction experience

## **Strong working relationships with joint venture partners and business network**

- Established wide network of contacts in the PRC
- Participated in successive series of joint venture development projects in Singapore since 2008
- Extensive experience in construction industry





**THANK YOU**