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

NEWS RELEASE

KSH 1QFY2017 NET PROFIT GROWS TO S$10.2 MILLION ON S$61.5 MILLION REVENUE

- ***Attributable share of progress billings of S$239.7 million to be progressively recognised; 92.9% of launched units sold***
- ***Balance Sheet remains strong with fixed deposits, cash and bank balances of S$118.5 million***

Singapore, August 10, 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 revenue of S$61.5 million and net profit of S$10.2 million for the financial quarter ended June 30, 2016 ("**1QFY2017**").

Mr Choo Chee Onn (朱峙安), Executive Chairman and Managing Director of KSH Holdings, said, "Armed with a strong balance sheet and track record, deep industry knowledge and network, as well as strategic acumen for project selection, we are well-equipped and focused on the execution of our growth strategies to ensure business resilience and sustainable long-term growth."

"Going forward, we will continue to aggressively tender for construction projects that offer healthy margins to replenish our order book and explore property development and investment opportunities in Singapore and overseas with our partners, with a view to strengthen recurring income streams. We are also in the midst of fine-tuning our operations to drive greater efficiency and productivity through innovation and greater adoption of technology by maximising government grants."

KSH's construction order book as at June 30, 2016 remains healthy at S$168.2 million, with the potential to increase further having won recently a term contract from the National University of Singapore ("**NUS**") for addition and alteration works for a period of 24 months. NUS has the option to extend the contract for an additional 12 months.

In July 2016, KSH acquired a 49% stake for a freehold site that spans an area of about 1,115 square metres. The site, located at 20 Lorong 35 in Geylang, is intended to be developed into an eight-storey residential block with a roof terrace and swimming pool, subject to approvals from the relevant authorities.

In the United Kingdom, KSH and its partners have recently obtained approval for the first phase of the masterplan for a prominent site in Leeds that was first acquired in July 2015. The first phase of the masterplan will see the transformation and expansion of the site's existing office building into a 182-room hotel. The main building works for phase one is expected to commence in 2017.

The Group's Gaobeidian township project in the PRC has commenced construction of its Phase One development, and is expected to complete within 24 months. The residential development comprising 3,050 units is targeted to be launched for sale before the end of 2016, subject to approvals to be obtained.

Performance Review

The Group's 1QFY2017 revenue slipped slightly by 0.6% to S$61.5 million in 1QFY2017 from S$61.9 million in the corresponding period a year ago ("**1QFY2016**").

Despite a marginal 0.4% dip in construction revenue that contributed to the lower topline in 1QFY2017, construction gross margin improved to 15.6% this quarter compared to 11.7% a year ago as a result of lower materials cost and improved productivity.

In tandem with the lower construction revenue, cost of construction decreased 4.8% to S$50.6 million in 1QFY2017. The Group also recorded a 9.1% decrease in rental income to S$1.5 million in 1QFY2017 from S$1.6 million in 1QFY2016.

Other operating income dipped 12.8% to S$1.8 million on lower foreign exchange gains earned. Share of results of associated companies declined 19.4% to S$5.8 million while losses from the Group's share of results of joint ventures narrowed 70.9% to a loss of about S$1.0 million in 1QFY2017, mainly attributable to a decrease in pre-launch selling expenses of a residential development project.

Notwithstanding the lower revenue, KSH recorded a 0.3% growth in net profit attributable to owners of the Company in 1QFY2017 to S$10.21 million from S$10.18 million in 1QFY2016.

As at June 30, 2016, the Group has launched 14 projects and sold approximately 92.9% of its launched units. This translates into attributable share of progress billings of about S$239.7 million, to be progressively recognised as the Group's share of profit from associates and joint ventures after 1QFY2017.

KSH's balance sheet and working capital position remains strong, with fixed deposits, cash and bank balances of S$118.5 million as at June 30, 2016. The Group's fully-diluted earnings per share rose to 2.28 cents in 1QFY2017 from 2.24 cents while net asset value per share increased to 67.10 cents as at June 30, 2016 from 65.44 cents as at March 31, 2016.

Prospects and Growth Plans

On the Singapore economy, the Monetary Authority of Singapore expects the economy's performance over the next six months to be in line with the first half of the year, where growth averaged at 2.2% year-on-year, in view of macroeconomic risks and currency market volatility[1].

[1] *Singapore Government to review growth forecast for the year – Channel NewsAsia, July 25, 2016*

Advance estimates from the Ministry of Trade and Industry Singapore showed a 2.7% growth in the construction sector for the second quarter of 2016, easing from the 4.5% growth recorded in the previous quarter. This was mainly due to a slowdown in private sector construction activities[2].

The Building and Construction Authority had forecasted 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 expected 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 2020[3].

Mr Choo commented, "Expecting construction and operating costs to escalate further, with the help of various government grants, we intend to develop our fabrication plant and purchase new equipment and machinery that will present opportunities for greater productivity and cost savings in the long run."

On Singapore's real estate outlook, latest flash estimates from the Urban Redevelopment Authority ("**URA**") shows a narrower decline in the private residential property price index, declining 0.4% in the second quarter compared to a 0.7% decrease in the preceding quarter, marking the smallest quarter-on-quarter decrease since 1Q2014[4].

Similarly, the URA data also showed a 1.5% decrease in prices of office space compared to the 0.3% decline in 1Q2016, while rental prices fell 3.5% in 2Q2016 compared to the 2.1% fall in 1Q2016.

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[2] Singapore's GDP grew by 2.2 per cent in the second quarter of 2016 – Ministry of Trade and Industry Singapore, July 14, 2016

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

[4] Release of 2nd Quarter 2016 real estate statistics – Urban Redevelopment Authority, July 22, 2016

"Although the property market in Singapore is expected to be weighed down by weak market sentiments, we take comfort that 92.9% of our launched projects have been sold at prices within or above expectations, demonstrating our ability to select and execute the right projects. Meanwhile, our property investments in Singapore's Prudential Tower and Tianjin Tianxing Riverfront Square in the PRC continues to contribute healthy recurring income," 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.

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 Southeast Asia and Asia-Pacific regions.

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