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

**NEWS RELEASE**

**KSH ACHIEVED 1HFY2018 NET PROFIT OF S$10.1 MILLION; AWARDED LETTER OF INTENT FOR S$266.3 MILLION CONSTRUCTION CONTRACT**

- ***New contract win to boost construction order book to S$600.0 million***
- ***Proposed interim dividend of 1.00 SGD cent***
- ***Strong fixed deposits, cash and bank balances of S$107.3 million***
- ***Replenished land bank to position for residential sector turnaround***

***Singapore, November 10, 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 net profit of S$10.1 million on S$53.0 million revenue for the six-month financial period ended September 30, 2017 ("**1HFY2018**").

Mr Choo Chee Onn (朱峙安), Executive Chairman and Managing Director of KSH Holdings, said, "We continue to maintain a long-term view on our growth, sowing the seeds through various land acquisitions with our partners, as well as aggressively tendering for construction projects of healthy margins to replenish our order book."

"Concurrently, we're focused on the execution of our projects in Singapore and abroad, in particular the Gaobeidian project in Hebei Province of the PRC. Together with our partners, we will continue to monitor the market to launch our projects at an opportune time."

KSH announced today that it has received a letter of intent from Rio Casa Venture Pte. Ltd. for a S$266.3 million construction contract to build 9 condominium blocks of 17-18 storeys each, 22 units of strata-titled landed houses, 2 basement carparks, a

landscape deck and community facilities, as well as the construction of a showflat and sales gallery.

The Group owns a 35% equity stake in the Rio Casa Venture associated company, following its joint acquisition of Rio Casa in May 2017 via a collective sale. “This contract win demonstrates the synergistic nature of our construction and property development businesses, as we look to harness cost and operational efficiencies to maximise margins,” added Mr Choo.

Construction of the showflat and sales gallery is expected to commence by end-December 2017 and complete in 3.5 months. The main construction works of the development is expected to commence by November 2018 and complete in 40 months. The contract win will lift KSH’s order book to S$600.0 million, which will progressively contribute to the Group’s earnings.

**Financial Review**

KSH achieved total revenue of S$53.0 million for the first half of this financial year, a 59.1% decrease from the S$129.7 million reported a year ago (“**1HFY2017**”). This was mainly due to lower contributions from the construction business, in contrast to the 10.3% improvement in rental income earned from investment properties, lifted mainly by stronger performance of the Tianjin Tianxing Riverfront Square commercial property investment in the PRC.

Despite the lower project revenue, construction margins improved to 28.6% in 1HFY2018 compared to 14.0% a year ago, due to prudent project selection and effective project management. Higher productivity and efficiencies were also reaped from productivity initiatives and technology adopted, which had also contributed to the 62.1% decline in total expenses.

Lifted by profit recognised from the popular High Park Residences project, share of results of joint ventures rose over eight times to S$4.7 million in 1HFY2018 from S$0.5 million in 1HFY2017. Share of results of associates recognised a loss of S$3.5 million resulting mainly from actual and provision for losses on development projects.

In view of the above, KSH achieved net profit attributable to owners of the company of S$10.1 million for the financial period under review, a 44.3% decrease from the S$18.2 million reported last year.

The Group's balance sheet and working capital position remain strong with fixed deposits, cash and bank balances of S$107.3 million as at September 30, 2017 compared to S$145.9 million as at March 31, 2017.

The Group's fully-diluted earnings per share decreased to 1.78 Singapore cent in 1HFY2018 from 3.19 Singapore cents in 1HFY2017 while net asset value per share decreased to 56.59 Singapore cents as at September 30, 2017 from 70.37 Singapore cents as at March 31, 2017 due to increase in number of shares after the allotment and issuance of bonus shares.

In line with the Group's commitment to enhance shareholder value, KSH has proposed an interim cash dividend of 1.00 SGD cent per share.

**Prospects and Outlook**

*Construction*

In the most recent economic survey released by the Ministry of Trade and Industry Singapore ("**MTI**")[1], the GDP forecast for 2017 was narrowed to 2-3%, the upper end of the earlier 1-3% forecast, following a 2.7% growth achieved for the first half of the year.

The construction sector contracted 5.7% year-on-year due to lower activity in the private and public sector[1]. On a quarter-on-quarter seasonally-adjusted basis, the sector rebounded to post a growth of 4.9% in 2Q 2017 compared to the 15.0% contraction in the preceding quarter.

[1] *Ministry of Trade and Industry, August 11, 2017 – MTI narrows 2017 GDP growth forecast to "2.0 to 3.0 per cent"*

In response to expectations for construction costs to continue escalating, the Group intends to tap on government grants to adopt advanced systems, technologies and equipment to enhance productivity and efficiencies, thereby protecting margin efficiencies.

*Property Development & Investment – Singapore*

The Singapore real estate sector is showing signs of a turnaround – private home prices in Singapore rose 0.7% in 3Q 2017, marking the first increase in nearly four years[2]. 2,663 private residential units were sold during the quarter, 34.4% higher than the 1,981 units sold a year ago.

Poised to take advantage of this turnaround, KSH 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.

The Group has locked-in approximately S$126.8 million of attributable share of progress billings that will be progressively recognised as sales revenue, having sold about 96.3% of its launched units for sale.

On the office sector, prices of office space increased 0.4% in 3Q 2017 compared to a 1.4% decline in the preceding quarter. Rentals rose 2.4% during the quarter, compared to the 1.1% decline in 2Q 2017, boding well for the Group's investment in Grade A office building, Prudential Tower, in the heart of Singapore's CBD.

*Property Development & Investment – Overseas*

Abroad, KSH has, together with its partners, sold its St Kilda Road property in Melbourne, Australia, for A$34.0 million. The Group's share of profits will be recognised before the end of this financial year, subject to legal completion of the transaction.

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[2] *Urban Redevelopment Authority, October 27, 2017 – Release of 3rd Quarter 2017 real estate statistics*

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 launch 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.

While the consortium awaits necessary approvals to launch Phase 1 of its Gaobeidian project in the PRC for sale, it had in September 2017 hosted the 10th Chinese National Youth Rock Climbing Championship in its Mountain Climbing Training Centre & Outdoor Sports Centre, demonstrating the development's attractiveness as a choice destination for such high-profile rock climbing events.

KSH and its partners will continue to monitor 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, 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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