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

NEWS RELEASE

KSH ANNOUNCES REVENUE OF S$34.5 MILLION AMID CHALLENGING OPERATING ENVIRONMENT DUE TO ONGOING COVID-19 PANDEMIC

- ***Performance takes impact with net loss attributable to shareholders of S$4.1 million from stoppage of construction work for most of HYFY2021***
- ***Order book for construction projects in Singapore remains healthy at more than S$537.0 million[1]***
- ***More than 2,900 units sold to-date with positive margins for four ongoing property developments in Singapore, with more than S$480.0 million of attributable share of progress billings to be recognised as sales revenue[1]***
- ***Healthy balance sheet with strong cash and bank balances, fixed deposits and structured deposits of S$118.1 million and low gearing***

Singapore, 13 November 2020 – 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 revenue of S$34.5 million for the six months ended 30 September 2020 ("**HYFY2021**"), a 72.7% decline from the same corresponding period last year ("**HYFY2020**"), with the stoppage of construction work for most of HYFY2021. Correspondingly, the Group reported a net loss attributable to Owners of the Company of S$4.1 million for HYFY2021.

[1] *As at 30 September 2020*

Mr Choo Chee Onn (朱峙安), Executive Chairman and Managing Director of KSH Holdings, said, “Our performance has taken an impact from the pandemic, with a stoppage of construction works for most of the months in HYFY2021 during the Circuit Breaker period, thereby leading to a loss in construction and a significant decrease in profit from the property development businesses. We are heartened to note that for our Construction segment, all of our projects are now in progress. We are focused on the smooth execution of all existing construction projects on hand to meet delivery schedules, backed by a strong order book of more than S$537.0 million.”

“For Property, despite challenging market sentiments, the four ongoing residential projects in Singapore were well-received by the market, and have been substantially sold, with positive margins. Notably, we have more than S$480.0 million attributable share of progress billings from property development projects, to be recognised as sales revenue by associates and joint ventures. Additionally, our Gaobeidian residential development project has been well-received by the market, having sold approximately 436 units to-date. Construction of the Gaobeidian township project is in progress and the sale of units are expected to contribute to the Group’s profit, if any, after construction has been completed, which is likely to be in FY2022.

“Looking ahead, we are backed by our healthy balance sheet with a strong cash position and low gearing, supported by a strong order book and revenue visibility. We are in a good position to deal with the challenges ahead and will stand ready for the recovery from the impact of the pandemic.”

Financial Review

KSH achieved a total revenue of S$34.5 million in HYFY2021, a 72.7% decrease from S$126.6 million reported a year ago. This was mainly due to the decline in revenue from construction business – the Group's main revenue driver – by 73.7% from S$123.9 million in HYFY2020 to S$32.6 million in HYFY2021, affected by the Circuit Breaker measures to control the COVID-19 pandemic. The cost of construction in HYFY2021 has included unproductive prolongation costs for various projects, site overheads, staffs and labour costs, and others due to the implementation of Circuit Breaker measures. As a result, the construction business has suffered a gross loss of S$5.0 million in HYFY2021. Similarly, rental income from investment properties decreased by 29.5% to S$1.8 million in HYFY2021, as affected by the COVID-19 pandemic in the People's Republic of China ("**PRC**").

Other income increased by 53.5% to S$9.2 million in HYFY2021, mainly due to grants and aids received from Government, offset by the decrease in interest income received due to decrease in interest bearing loans made to associated companies and joint venture companies.

Share of results of associates and joint ventures suffered a loss of S$0.3 million in HYFY2021, as compared to a profit of S$7.9 million in HYFY2020. The loss was mainly from the Group's share of approximately S$1.0 million loss from associates with hotel operations and ongoing hotel developments as affected by movement and travel restrictions due to the global COVID-19 pandemic. Profit from the Group's four ongoing residential development projects in Singapore[2] has decreased substantially as construction works cannot be carried out for most of the months in HYFY2021 due to Circuit Breaker measures implemented to control the COVID-19 pandemic.

[2] *Affinity@Serangoon, Riverfront Residence, Park Colonial and Rezi 24*

Although there were additional sales with positive margin based on the average selling prices achieved from these residential development projects in Singapore, no revenue has been recognised by the associates and joint venture companies carrying these projects when construction stopped. Nevertheless, expenses such as sales commission on new units sold has to be recognised based on percentage of construction works completed and interest has to be expensed off in full according to accounting standards applied. This timing mismatch in recognition of revenue and expenses has led to the substantial decrease in the profit of associates and joint ventures in HYFY2021.

Correspondingly, the Group reported a net loss attributable to Owners of the Company of S$4.1 million for HYFY2021.

The Group continued to maintain a solid balance sheet and working capital position with strong cash and bank balances, fixed deposits and structured deposits of S$118.1 million and low gearing as at 30 September 2020.

The Group has a fully diluted loss per share of 0.72 Singapore cent in HYFY2021 as compared to a fully diluted earnings per share of 1.05 Singapore cents in HYFY2020 and the net asset value per share as at 30 September 2020 was 57.62 Singapore cents.

Prospects and Outlook

Singapore entered into Phase Two re-opening on 18 June 2020 following the end of the Circuit Breaker, which was implemented from 7 April to 1 June 2020. The Circuit Breaker was a bid to slow the spread of COVID-19 and had led to the suspension of non-essential services and closure of most workplace premises.

Singapore resumed most business activities while limiting close contact amongst individuals and enforcing safe distancing principles in businesses and community as community infection rates have generally remained stable.

With Singapore's re-opening, the Ministry of Trade and Industry ("**MTI**") announced that Singapore's economy expanded by 7.9%, rebounding from the 13.2% contraction in the preceding quarter. On a year-on-year basis, the economy contracted by 7.0% for the third quarter of 2020, an improvement from the 13.3% contraction in the second quarter of 2020.[3] MTI did not revise its full-year gross domestic product ("**GDP**") growth forecast range of "-7.0% to -4.0%".

The Monetary Authority of Singapore cautioned that Singapore's pace of recovery is expected to moderate in the quarters ahead, as firms and households continue to be restrained by income loss and increased uncertainty, in turn holding back on investment and discretionary spending. Hence, Singapore is expected to undergo a more protracted recovery from COVID-19 than past recessions.

Construction

The construction sector was hit by the Circuit Breaker measures, which led to the closure of construction sites and stoppage of most construction activities during the period. Movement restrictions were placed at foreign worker dormitories as additional measures to curb the spread of COVID-19, resulting in manpower disruptions.

Following Singapore's phased re-opening, construction output in the third quarter remained weak on account of the slow resumption of construction activities due to the need for construction firms to implement safe management measures for a safe restart. As a result, the construction sector shrank by 44.7% on a year-on-year basis in the third quarter, extending the 59.9% decline in the previous quarter according to statistics from the MTI[1].

[3] *Ministry of Trade and Industry Singapore –Singapore's GDP Contracted by 7.0 Per Cent in the Third Quarter of 2020 – 14 October 2020*

The Building and Construction Authority ("**BCA**") has revised its projected construction demand to between S$18 billion and S$23 billion for the year, down from its January forecast of S$28 billion to S$33 billion. This comes after BCA's mid-year review of construction contracts awarded in 1H2020, and upcoming public and private sector projects expected for the rest of the year. Construction demand is expected to recover to some extent from 2021[4].

Nevertheless, the Group is heartened by its healthy construction order book of more than S$537.0 million as at 30 September 2020, after taking into account a public project awarded in the same month.

As of to-date, all construction sites in Singapore under the Group have commenced work with progressive recovery of productivity.

Property Development

Real estate statistics from the Urban Redevelopment Authority reported that prices of private residential properties increased by 0.8% in the third quarter of 2020, compared with the 0.3% increase in the previous quarter. Developers sold 3,517 private residential units (excluding ECs) in 3Q2020, compared with the 1,713 units sold in the previous quarter. Overall, total take-up rate increased by 105.3% in 3Q2020[5].

To mitigate the impact of COVID-19 on the property sector, the Ministry of National Development announced the extension of Project Completion Period (PCP) and the extension of time in relation to the remission of Additional Buyer's Stamp Duty (ABSD) for housing developers by six months[6].

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[4] *Building and Construction Authority – Projected Construction Demand For 2020 Revised to S$18-S$23 Billion, But Expected to Recover to Some Extent From 2021 – 17 September 2020*

[5] *Urban Redevelopment Authority – Release of 3rd Quarter 2020 Real Estate Statistics – 24 October 2020*

[6] *Ministry of National Development – Temporary Relief Measures for Property Sector due to Coronavirus Disease 2019 (COVID-19) Pandemic – 6 May 2020*

The Group's four ongoing property developments – Affinity@Serangoon, Riverfront Residences, Park Colonial and Rezi 24 – have registered good sales, having sold more than 2,900 units with positive margins as at end of FY2021.

The Group's residential development project, Sino-Singapore Health City (中新健康城) in Gaobeidian, PRC has sold approximately 436 units to-date with an average selling price expected to earn a positive profit margin. Sale and construction for the 812 residential units of the Phase 1 of Stage 1 of the development is currently ongoing progressively.

The Group expects the units sold from Gaobeidian project to contribute positively to the results in the upcoming financial year FY2022 when construction is completed.

Property Investment

In terms of property investment, the Group continues to maintain good occupancy rates for its property investments in Singapore and overseas, generating recurring income.

In view of the on-going pandemic and barring unforeseen circumstances, the Group remains cautious on the outlook of its performance for the financial year ending 31 March 2021.

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 NUS University Sports Centre and Heartbeat@Bedok, KSH received two BCA Construction Excellence Awards in the year 2019.

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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