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

NEWS RELEASE

KSH ACHIEVES REVENUE OF S$153.1 MILLION FOR FY2021

- ***Construction order book of more than S$620.0 million***
- ***Achieved good sales for property development projects***
- ***Healthy balance sheet with strong fixed deposits, cash and bank balances of S$122.9 million and low gearing***
- ***Proposes final dividend of 1.00 SGD cents to reward shareholders***

Singapore, 28 May 2021 – 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$153.1 million for the financial year ended 31 March 2021 ("**FY2021**"), a 32.3% decline from the same corresponding period last year ("**FY2020**"), due to the ongoing impact of the COVID-19 pandemic on the Group's business.

The Group incurred S$3.8 million loss for FY2021. Excluding the S$12.8 million losses and impairments relating to valuation of hotels and investment properties, the Group would have a net profit of S$9.0 million as at 31 March 2021.

The losses and impairments relating to valuation of hotels and investment properties are non-cash items which do not affect the Group's net cashflow from operating activities, which remain strong at S$21.3 million in FY2021.

Mr Choo Chee Onn (朱峙安), Executive Chairman and Managing Director of KSH, said, "Our financial results have been adversely affected amidst vast challenges brought on by the global pandemic. The net loss was largely due to a revaluation of hotel and investment properties under these conditions. We reported a loss of S$3.9 million for the first half of FY2021, and we managed to recover all the losses in the second half of FY2021. We would have reported a profit for the full FY2021, if not for the adjustments relating to the revaluation of properties.

"Our results from the construction business in FY2021 has also been adversely affected by the COVID-19 pandemic that caused the slowdown in work progress and increased the cost of construction. Nevertheless, we have confidence in our construction business, backed by our strong order book of S$620.0 million and competent project teams. For prudence, we have not taken in any potential qualifying claims from the cost-sharing relief under COVID-19 (Temporary Measures) Act 2020 for our existing construction projects in the FY2021 results. Such claims will be offset against cost in the future when they materialise.

"We remain confident of the long-term prospects of our investments in hotels and investment properties, which are geographically diversified, strategically located, with stable occupancy rates. For our property segment, we have achieved good sales for our developments both in Singapore and China, with over S$416.0 million[1] of attributable share of progress billings to be recognised as sales revenue, which will contribute to the Group's results post FY2021.

"Our financial position remains healthy, with a good cash position and low gearing. We will continue to focus on preserving cash and reducing operating or non-essential capital expenditures, as we navigate prudently through these uncertain times."

[1] *As at 31 March 2021*

Financial Review

In FY2021, being adversely affected by the ongoing global COVID-19 pandemic that started before the beginning of the financial year, KSH achieved a total revenue of S$153.1 million, a 32.3% decrease from S$226.1 million reported a year ago. This was mainly due to the decline in revenue from the Group's main revenue driver, the construction business, which saw a S$71.8 million decrease from S$220.8 million in FY2020 to S$149.0 million in FY2021. Rental income from investment properties decreased mainly due to the investment properties in the People's Republic of China ("**PRC**").

Other income increased by 45.8% from S$11.5 million in FY2020 to S$16.8 million in FY2021, mainly due to grants and aids received from the Government, offset by the decrease in interest income received due to lower interest bearing loans made to associated companies and joint venture companies.

Share of results of associates and joint ventures included a loss of S$2.9 million in FY2021, from a profit of S$7.8 million in FY2020. This is mainly attributable to the Group's share of approximately S$7.9 million loss in fair value adjustments of hotel properties and a S$3.8 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.

Correspondingly, the Group reported a net loss attributable to Owners of the Company of S$3.8 million for FY2021.

The Group continues to maintain a healthy balance sheet and working capital position with strong cash and bank balances and fixed deposits of S$122.9 million and low gearing as at 31 March 2021.

The Group has a fully diluted loss per share of 0.67 Singapore cent in FY2021 and the net asset value per share as at 31 March 2021 was 56.86 Singapore cents.

Proposed Dividend

Notwithstanding the challenging economic outlook, KSH will be proposing a final cash dividend of 1.00 Singapore cents per ordinary share to thank shareholders for their continuous support.

Prospects and Outlook

The global COVID-19 pandemic continued to ravage economies worldwide, severely affecting businesses in many countries including Singapore. The emergence of more contagious virus strains diminished hopes of a substantial reopening of international borders in the near-term. In Singapore, the Multi-Ministry Task Force ("**MTF**") has further tightened border measures from 7 May 2021, to manage the risk of importation from travellers and onward local transmission[2].

The emergence of several clusters of infections coupled with a pattern of local unlinked community cases have led to further restrictions under the "Phase 2 (Heightened Alert)" imposed by the Singapore government on higher risk setting, in a bid to minimise virus transmission. These tightened measures will take effect from 16 May to 13 June 2021, which include working from home as the default and no cross-deployment or social gathering allowed, amongst others[3].

The Ministry of Trade and Industry ("**MTI**") announced that Singapore's economy grew by 0.2% on a year-on-year basis in the first quarter of 2021, a turnaround from the 2.4% contraction recorded in the previous quarter, as the country continued its recovery from the COVID-19 pandemic. On a quarter-on-quarter seasonally-adjusted basis, the economy expanded by 2.0%, extending the 3.8% expansion in the preceding quarter[4].

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[2] *Ministry of Health – Updates on Local situation, border measures and shift to heightened alert to minimise transmission – 4 May 2021*

[3] *Gov.sg – Additional restrictions under Phase 2 (Heightened Alert) to minimise transmission – 14 May 2021*

[4] *Ministry of Trade and Industry Singapore – Singapore's GDP Grew by 0.2 Per Cent in the First Quarter of 2021 – 14 May 2021*

The Monetary Authority of Singapore ("**MAS**") had previously noted in April 2021 that prospects for global growth have firmed and should provide support to the ongoing recovery in the economy, with Singapore's GDP growth expected to exceed the 6% forecast range, barring a setback to the global economy[5].

While the outlook of the Singapore's economy has improved, projected growth outcomes across sectors have become lopsided as prospects for certain sectors less affected by the pandemic have brightened, while sectors worst-hit have deteriorated.

Construction

The construction sector continued to be badly hit by the COVID-19 pandemic with the ongoing new variants. MAS noted that the sequential slowdown in Singapore's Q1 GDP was largely due to the construction sector, where activity continued to be capped by safe distancing measures at worksites. According to statistics from the MTI, the construction sector shrank by 20.2% on a year-on-year basis in the first quarter, improving from the 27.4% contraction in the preceding quarter.

Following the further tightening of Singapore's border measures with India announced in April due to the deteriorating COVID-19 situation in the country, the Singapore government has provided additional measures to support and mitigate the impact on the construction sector. This includes the time-limited flexibility to recruit workers from the People's Republic of China ("**PRC"**) without having to enrol in Overseas Testing Centres ("**OTCs"**) for skill certification, to mitigate manpower pressure. At the same time, the public sector will grant an additional 49-day Extension of Time ("**EOT"**) to eligible construction contracts for delays due to COVID-19, and provide 0.1% of awarded contract sum for every month of delay as payment for cost sharing of non-manpower related cost increases[6].

[5] *MAS Monetary Policy Statement – April 2021*
[6] *Building and Construction Authority – Additional Measures to Support the Construction Sector – 26 April 2021*

The Building and Construction Authority ("**BCA**") has revised its projected construction demand to between S$23 billion and S$28 billion for the year, an improvement from the S$21.3 billion (preliminary estimate) in 2020 during the ongoing COVID-19 pandemic. The public sector is expected to drive the construction demand in 2021, to between S$15 billion and S$18 billion, with an anticipated stronger demand for public housing and infrastructure projects. Private sector construction demand is projected to be between S$8 billion and S$10 billion, with the bulk comprising development of the remaining en-bloc residential sites, amongst others[7].

The Group started the year with a strong contract win valued at S$171.8 million, which will progressively contribute positively to KSH's financial performance. Its construction order book remains healthy at more than S$620.0 million as at 31 March 2021, with a desirable ratio of 56:44 in terms of private and public projects.

Property Development

Real estate statistics from the Urban Redevelopment Authority ("**URA**") reported that prices of private residential properties increased by 3.3% in the first quarter of 2021, compared with the 2.1% increase in the previous quarter, with an uptrend in property prices for four consecutive quarters[8].

The Group's four ongoing property developments – Affinity@Serangoon, Riverfront Residences, Park Colonial and Rezi 24 – have registered good sales, having sold more than 3,180 units with positive margins as at end of 31 March 2021. The Group's attributable share of progress billings to be recognised as sales revenue stood at more than S$416.0 million, from the property development projects held by associates and joint ventures under the Group. This will be progressively recognised and contribute to the Group's results after FY2021.

[7] *Building and Construction Authority – Public Sector Construction Demand to Support the Sector's Recovery – 18 January 2021*
[8] *Urban Redevelopment Authority – Release of 1st Quarter 2021 real estate statistics – 23 April 2021*

The Group's residential development project, Sino-Singapore Health City (中新健康城) in Gaobeidian, PRC has sold more than 530 units to-date at an average selling price that is expected to earn a positive profit margin. Construction 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

Occupancy rate of hotels globally continue to be badly affected by the closure of international borders. Although affected by the COVID-19 pandemic, the Group continues to maintain stable occupancy rates for its property investments in Singapore and overseas.

In view of the ongoing pandemic and challenging economic outlook, the Group remains cautious on the outlook of its performance for the financial year ending 31 March 2022.

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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