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

NEWS RELEASE

KSH ACHIEVES 31.3% GROWTH IN REVENUE TO S$40.8 MILLION FOR 1QFY2019

- ***Recent launches in July – Riverfront Residences and Park Colonial – were well-received by the market and achieved prices within expectations***
- ***Construction order book remains strong at over S$588.0 million to be progressively recognised up to FY2021***

Singapore, August 10, 2018 – 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 a 31.3% growth in revenue to S$40.8 million for the financial quarter ended June 30, 2018 ("**1QFY2019**"), mainly lifted by improved construction revenue.

Mr Choo Chee Onn (朱峙安), Executive Chairman and Managing Director of KSH Holdings, said, "Amidst the challenging operating environment, we are pleased to sustain our resilient performance that is made possible with our solid fundamentals and diversified business model across asset classes and geography. We've also progressively made investments into several operating hospitality assets in the United Kingdom and Japan that continue to contribute healthy recurring income."

"On the construction front, we've continued to secure quality projects with healthy margins to replenish our order book, which currently exceeds S$588.0 million. Meanwhile, together with our partners, we have launched three of four residential pipeline projects that have been well-received by the market so far. While we continue to monitor the market closely and push sales for these projects, we look forward to the launch of our remaining pipeline development project in Singapore and the expected launch of the Gaobeidian project, the PRC, in October/November 2018."

Financial Review

KSH reported a 31.3% rise in 1QFY2019 revenue to S$40.8 million, compared to S$31.1 million a year ago ("**1QFY2018**"). This was mainly due to a 33.2% increase in construction revenue to S$39.3 million during the quarter from S$29.5 million in 1QFY2018, whilst rental income held relatively steady at S$1.5 million in 1QFY2019.

Other operating income rose 15.4% to S$2.7 million in 1QFY2019 compared to S$2.3 million in 1QFY2018 mainly due to an increase in interest income.

Share of results of joint ventures rose 38.5% to S$2.5 million in 1QFY2018 due mainly to profit recognised on progress completion of High Park Residences. Share of results of associates recorded a loss of S$3.1 million during the quarter due to expenses incurred for three development projects prior to the sales launches.

Overall, KSH's net profit attributable to owners of the company decreased by 3.8% to S$6.0 million in 1QFY2019 from S$6.2 million in the same corresponding period.

The Group's balance sheet and working capital position remain healthy with fixed deposits, cash and bank balances of S$119.4 million as at June 30, 2018.

The Group's fully-diluted earnings per share for 1QFY2019 was 1.1 Singapore cents while the net asset value per share as at June 30, 2018 was 60.1 Singapore cents.

Prospects and Outlook

Construction

Ministry of Trade and Industry[1] reported that the construction sector continued to be weighed down by sustained weakness in private sector construction activities, reporting a 4.4% year-on-year contraction in 2Q 2018 compared to the 5.2% decline in the preceding quarter.

The Building and Construction Authority[2] remains optimistic on pipeline demand, projecting the total value of construction contracts to be awarded this year to reach between S$26.0 billion and S$31.0 billion. While public sector projects are expected to constitute 60% of the forecast to reach between S$16.0 billion and S$19.0 billion, the private sector is expected to be boosted by a steady pipeline of residential and commercial projects.

KSH had on August 2, 2018 and August 10, 2018 announced that it has been awarded two construction contracts of S$53.8 million and S$28.0 million respectively, both expected to complete in 2020. Including the S$266.3 million letter of intent awarded for the construction of Riverfront Residences, which is 35%-owned by the Group, KSH's order book for construction projects remains healthy at more than S$588.0 million, to be progressively recognised up to FY2021.

[1] *Ministry of Trade and Industry Singapore, July 13, 2018 – Singapore's GDP Grew by 3.8 Per Cent in the Second Quarter of 2018*
[2] *Building and Construction Authority, January 11, 2018 – Public sector construction demand is expected to strengthen this year*

Property Development & Investment – Singapore

Latest statistics from the Urban Redevelopment Authority ("**URA**")[3] showed that the private residential property prices in 2Q 2018 rose 3.4%, continuing the 3.9% increase in the preceding quarter. During the quarter, developers launched 2,437 residential units during the quarter and sold 2,366 units, compared to 921 units launched and 1,581 units sold in 1Q 2018.

The authorities had on July 5, 2018 tightened cooling measures, adjusting additional buyer's stamp duty rates and loan-to-value limits in an effort to cool the property market[4].

Alongside its partners, KSH has launched three pipeline projects in 2018 for sale – Riverfront Residences (formerly "Rio Casa"); Affinity at Serangoon (formerly "Serangoon Ville"); Park Colonial at Woodleigh Lane adjacent to the up-and-coming Bidadari New Town.

In particular, Riverfront Residences and Park Colonial that were launched in early July 2018, were warmly received. Within a month, these projects have sold approximately 42% and 51% of all units, respectively, achieving prices within expectation.

Mr Choo commented, "While we are cognisant of the challenges brought about by the tightening of the cooling measures, we are assured by our prudent approach to land acquisitions – all of our pipeline sites, including the last development site at Geylang Lorong 24 yet to be launched, were acquired at very reasonable prices before the en bloc fever, allowing us some buffer to maintain healthy margins on these projects."

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[3] Urban Redevelopment Authority, July 27, 2018 – Release of 2nd Quarter 2018 real estate statistics
[4] Monetary Authority of Singapore, July 5, 2018 -- Raising Additional Buyer's Stamp Duty Rates and Tightening Loan-to-Value Limits to Promote a Stable and Sustainable Property Market

"Over the years, and through many downcycles, we have demonstrated a strong track record for site selection and execution, which have allowed all our projects to be sold at prices within or higher than expectations, such as the success of High Park Residences during the 2015 downcycle. We believe the ideal locations and clear product differentiation will resonate well with buyers, as we continue to monitor the market closely to tactically offer further units for sale."

KSH has sold about 76.9% of all units launched and held for sale, accumulating a balance amount of attributable share of progress billings of about S$78.0 million to be recognised progressively after 1QFY2019.

The URA data also reported a 1.9% growth in the office price index alongside an 8.3% decline in pipeline supply[3]. KSH had on July 25, 2018 announced that the consortium has sold seven strata office units at the Grade A Prudential Tower in prime Raffles Place that is valued at S$130.1 million. The sale is expected to be completed on or before September 20, 2018 and contribute positively to the results of the current financial year ending March 31, 2019 ("**FY2019**").

Property Development & Investment – Overseas

In China, KSH and its partners continue to work closely with the local authorities, awaiting necessary approvals to launch Phase 1 of its Gaobeidian project in the PRC for sale, expected to be in October/November 2018. The consortium will closely monitor the market to capitalise on a recent surge in prices due mainly to the announcement of the new Xiongan special economic zone.

In the meantime, the Group's investment property in the PRC, Tianjin Tianxing Riverfront Square, four operating hospitality assets in the UK and a hotel in Japan continue to contribute healthy recurring income to the Group.

The Group will continue to keep a look out for yield-accretive investment opportunities in Singapore and abroad to recycle capital.

Barring unforeseen circumstances, the Group is cautiously optimistic on the outlook of its performance for FY2019.

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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