



KSH Holdings Limited

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

NEWS RELEASE

KSH ACHIEVES A TURNAROUND IN NET PROFIT TO S\$10.0 MILLION FOR 1HFY2022

- ***Declares interim dividend of 1.00 Singapore cent per share***
- ***Revenue growth to S\$113.7 million with the gradual recovery of construction business after circuit breakers***
- ***Strong construction order book of more than S\$522.0 million***
- ***Achieved good sales momentum for property development projects, with most either fully or almost fully sold to date***
- ***Healthy balance sheet with strong fixed deposits, cash and bank balances of S\$140.1 million and low gearing***

Singapore, 12 November 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\$113.7 million for the half year ended 30 September 2022 (“**1HFY2022**”), up from S\$34.5 million over the same corresponding period last year (“**1HFY2021**”). This is reflective of a gradual recovery of the construction business following the lifting of circuit breaker measures to control the COVID-19 pandemic, as well as higher rental income from People's Republic of China (“**PRC**”), with recovery from the pandemic.

Net Profit for 1HFY2022 was S\$10.0 million, a turnaround from a loss of S\$3.9 million in the same period last year. This is mainly attributable to the increase in revenue as well as higher share of profits of associates and joint ventures.

Mr Choo Chee Onn (朱峙安), Executive Chairman and Managing Director of KSH, said, “We are encouraged to see a gradual recovery of our construction business with the lifting of circuit breaker measures, though productivity remains affected. We will continue to exercise prudence and financial discipline in view of the lingering challenges ahead, with labour shortages, a global disruption in supply chain, and compliance cost increases due to safe distancing working requirements.

“We remain in a good position for business resilience with our balanced asset portfolio and geographical diversification, and backed by strong cash position, low gearing and a solid construction order book of more than S\$522.0 million. We will continue to review our investments in hotels and investment properties, which are starting to see some recovery as international borders open up gradually. For our property segment, we have achieved good sales for our developments in both Singapore and China, with most of the projects either fully or almost fully sold to date. We have over S\$318.0 million of attributable share of progress billings to be recognised as sales revenue, which will contribute positively to the Group’s results post 1HFY2022.”

Financial Review

In 1HFY2022, with a gradual recovery from the restriction measures imposed in 1HFY2021 to control the COVID-19 pandemic, KSH achieved a total revenue of S\$113.7 million, up from S\$34.5 million reported a year ago. This was mainly due to an increase in revenue from the Group’s main revenue driver, the construction business, which saw a S\$78.6 million increase from S\$32.6 million in 1HFY2021 to S\$111.2 million in 1HFY2022, a recovery of the circuit breaker measures imposed in 1HFY2021 to control the COVID-19 pandemic. Similarly, rental income from investment properties increased in the PRC as the pandemic situation has improved as compared to previous year.

Share of profits of associates and joint ventures jumped to S\$9.8 million in 1HFY2022, compared to a loss of S\$0.3 million in 1HFY2021. This is mainly attributable to the pick-up in the construction of property development projects in Singapore as compared to the share of losses of associates and joint venture in 1HFY2021, when construction work was affected during the Circuit Breaker period from April 2020.

The profit is offset by a share of loss of approximately S\$0.8 million from the disposal of a property by associates.

Other income decreased by 45.9% from S\$9.2 million in 1HFY2021 to S\$5.0 million in 1HFY2022, mainly resulting from a decrease in grants and aids received from the Government.

Correspondingly, the Group reported a profit for 1HFY2022 of S\$10.0 million and a profit attributable to Owners of the Company of S\$9.9 million after excluding non-controlling interests.

The Group continues to maintain a healthy balance sheet and working capital position with strong cash and bank balances and fixed deposits of S\$140.1 million and low gearing as at 30 September 2021.

The Group has a fully diluted earnings per share of 1.74 Singapore cents in 1HFY2022 and the net asset value per share as at 30 September 2021 was 56.05 Singapore cents.

Interim Dividend

With the gradual recovery of the Group's business, and notwithstanding some ongoing economic challenges, KSH has declared an interim cash dividend of 1.00 Singapore cent per ordinary share, to thank shareholders for their continuous support.

Prospects and Outlook

The global economy is on track for a robust recovery after close to two years since the onset of the COVID-19 pandemic, although the rebound is expected to be uneven across countries, with advanced economies looking set for strong growth, while many developing economies continue to lag behind.

Amidst global economy uncertainties and the high number of daily COVID-19 cases, Singapore economy grew 6.5%¹ year on year in the third quarter of 2021, easing from the increase in the previous quarter due to last year's low base, according to recent estimates from the Ministry of Trade and Industry (“**MTI**”).

With increased vaccination rates, many countries, including Singapore, are also gradually reopening its borders, which is expected to further enhance the recovery of global and regional economies moving forward.

Construction

The construction industry continues to be adversely hit by the COVID-19 pandemic. Advance estimates from MTI showed that the construction sector expanded by 57.9% in the third quarter, slowing from a growth of 117.5% in the previous quarter². According to the MTI, the growth was largely due to low base effects given the slow resumption of construction activities after the circuit breaker period last year.

In addition, activities at construction worksites were weighed down by labour shortages due to border restrictions on the entry of migrant workers and safe management measures. Cost of construction is also rising due to high manpower cost and high material costs due to labour shortage and widespread disruption to global supply chain.

¹ Singapore's GDP Grew by 6.5 Per Cent in the Third Quarter of 2021, Ministry of Trade & Industry Singapore – 14 October 2021

² Singapore's GDP Grew by 6.5 Per Cent in the Third Quarter of 2021, Ministry of Trade & Industry Singapore – 14 October 2021

Singapore's Ministry of National Development (“**MND**”) and Building and Construction Authority (“**BCA**”) have separately taken measures to help local construction companies mitigate the impact of COVID-19. MND has announced an extension of relief periods under the COVID-19 (Temporary Measures) Act, which offers temporary relief to businesses and individuals who have been affected by the COVID-19 pandemic. The end date has been extended to 31 December 2021 from the original end date of 30 September 2021. The BCA has also made changes to public sector construction tenders, which will allow contractors to apply for an extension of time due to COVID-19 and to include provisional amounts for expected pandemic-related costs unknown at the time of tender.

Despite the challenges, the Group’s construction order book remains healthy at more than S\$522.0 million as at 30 September 2021.

Property Development

According to real estate statistics from the Urban Redevelopment Authority (“**URA**”) released on 22 October 2021, prices of private residential property prices in Singapore increased 1.1% in the third quarter of 2021, higher than the 0.8% increase in the preceding quarter³.

The Group’s property developments have registered good sales, with most projects either fully or almost fully sold to date. The Group’s attributable share of progress billings to be recognised as sales revenue stood at more than S\$318.0 million, from the property development projects held by associates and joint ventures. This will be progressively recognised by these associates and joint ventures and is expected to contribute to the Group's results positively after 1HFY2022.

³ Release of 3rd Quarter 2021 real estate statistics, Urban Redevelopment Authority (URA) – 22 October 2021

Overseas, Gaobeidian City KAP Real Estate Development Co., Ltd (高碑店阿尔伯特园房地产开发有限公司), a 22.5%-owned associated company under the Group, has recorded sales of more than 580 residential units for its project, Sino-Singapore Health City (中新健康城) in Gaobeidian, with an average selling price expected to earn a positive profit margin. Construction is currently ongoing progressively and is expected to complete before end of mid-2023. The Group expects the units sold from Gaobeidian project to contribute positively to the results when construction is completed.

Property Investment

Occupancy rate of hotels globally continue to be adversely affected by the pandemic. However, the investment properties held by the Group in Singapore and overseas have maintained good occupancy rates and rental rates.

With the gradual reopening of international borders, the performance of hotels is expected to show improvement in 2022, although demand is not anticipated to return to pre-pandemic levels by the end of 2022.

In view of the ongoing pandemic and challenging economic outlook, the Group remains cautiously optimistic 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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