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

NEWS RELEASE

KSH REPORTS 3QFY2017 REVENUE OF S$35.9 MILLION AND NET PROFIT OF S$9.1 MILLION

- ***Order book remains healthy at over S$225.0 million***
- ***Attributable share of progress billings of S$196.0 million to be progressively recognised; 95.6% of officially-launched units sold***
- ***Balance sheet remains strong with fixed deposits, cash and bank balances of S$148.9 million***

Singapore, February 9, 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 revenue of S$35.9 million and net profit of S$9.1 million for the financial quarter ended December 31, 2016 ("**3QFY2017**").

Mr Choo Chee Onn (朱峙安), Executive Chairman and Managing Director of KSH Holdings, said, "Leveraging on our solid fundamentals – strong balance sheet, comprehensive suite of capabilities, established track record and network, as well as strategic acumen for project selection – we will continue to seek yield and margin-accretive opportunities in Singapore and overseas to remain resilient amidst the current challenging climate."

Financial Review

The Group's 3QFY2017 revenue was 33.6% lower than the S$54.1 million registered in the equivalent period a year ago ("**3QFY2016**"), due mainly to a decrease in revenue from the construction segment, offset by a S$0.2 million increase in income from investment properties in 3QFY2017.

Although construction revenue decreased 34.8% in 3QFY2017 to S$34.5 million from S$52.9 million in 3QFY2016, construction margins for the quarter increased to 23.1% from 21.5% as a result of enhanced productivity and efficiency reaped from the adoption of technology.

Share of results of associates decreased 86.8% to S$1.2 million in 3QFY2017 due to lower sales and percentage-of-completion revenue recognised on property development projects in Singapore.

Share of results of joint ventures, on the other hand, achieved a turnaround from a loss of S$0.1 million in 3QFY2016 to a gain of S$4.0 million in 3QFY2017 mainly due to profit recognised from the warmly-received High Park Residences.

As a result of the above, KSH reported a 33.9% decrease in net profit attributable to owners of the company ("**net profit**") to S$9.1 million from S$13.8 million in 3QFY2016.

For the nine-month period ended December 31, 2016, KSH reported a 7.0% slip in revenue to S$165.6 million from S$178.0 million a year ago. Net profit declined 42.1% to S$27.3 million from S$47.1 million across the comparative periods.

KSH's balance sheet and working capital position remain strong with fixed deposits, cash and bank balances of S$148.9 million as at December 31, 2016.

The Group's fully-diluted earnings per share decreased to 2.00 Singapore cents in 3QFY2017 from 2.82 Singapore cents in 3QFY2016 while net asset value per share increased to 67.88 Singapore cents as at December 31, 2016 from 65.44 Singapore cents as at March 31, 2016.

Prospects and Outlook

On KSH's forward strategies, Mr Choo said, "For the construction business, we seek to protect our healthy margins and employ a tactical approach in project selection, aggressively tendering for new projects to strengthen our order book. Our property development and investment segment started the new year on a positive note with the sale of 17 strata units at Prudential Tower."

"We're also on the lookout for opportunities to replenish our land bank, like we've done recently in Australia by jointly-acquiring new sites in Melbourne. We will continue working closely with strategic partners overseas to uncover yield-accretive projects and developments, while monitoring the Singapore market to pick an opportune time to execute our upcoming development projects."

The Building and Construction Authority of Singapore ("**BCA**") remains optimistic on the construction outlook, projecting demand to reach between S$28 billion and S$35 billion in 2017, 70% of which are to be derived from the public sector.

"The uptrend in construction costs are expected to sustain into 2017, and we recognise the importance of adapting swiftly to remain ahead of the curve. Towards this end, we will continue to increase adoption of technology and innovation to boost productivity, while investing in upgrading the skills of our workforce with the help of various government schemes," added Mr Choo.

In November 2016, KSH was awarded a S$139.1 million construction contract to build three blocks of residential towers, inclusive of basements. Additionally, the Group has so far been awarded S$18.1 million of work relating to the term contract from the National University of Singapore.

In view of the above, the Group's construction order book remains healthy at over S$225.0 million, as at December 31, 2016.

On Singapore's real estate outlook, latest Urban Redevelopment Authority ("**URA**") data shows signs of stabilising prices, with a gentler 3.1% decline in 2016 private home prices compared to the 3.7% decline in 2015. Developers sold 9.4% more homes in 2016 compared to 2015, signalling healthy demand.

On the commercial sector, URA data showed an 8% slip in office rents in 2016 from that a year ago, while office prices declined 2.8% compared to 0.1% in 2015.

The Group announced in January 2017 that it has, together with a consortium of investors, sold 17 units of its 28%-owned Grade A office tower, Prudential Tower, for S$206.6 million. The sale is expected to complete in March 2017 and KSH's share of profits from the disposal is expected to be recognised in the financial quarter ending March 31, 2017.

KSH has also in December 2016 acquired a 20% stake in Goldprime Realty Pte. Ltd. that will acquire 19 units of property at St Kilda Road, Melbourne, Australia, which will be redeveloped into a 200-unit residential development.

As at December 31, 2016, the Group officially launched 14 projects and sold approximately 95.6% of its launched units, translating into S$196.0 million of attributable share of progress billings to be progressively recognised after 3QFY2017.

Barring unforeseen circumstances, the Group is cautiously optimistic on the outlook of its performance for the financial year ending March 31, 2017.

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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