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

NEWS RELEASE

KSH ACHIEVES 21.3% INCREASE IN NET PROFIT TO S$13.8 MILLION ON S$54.1 MILLION REVENUE IN 3Q2016

- ***Strong bottomline performance driven by 25.8% growth in contribution from share of results of associated companies***
- ***Construction order book remains strong at over S$270.0 million***

Singapore, February 4, 2016 – 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 21.3% rise in net profit attributable to shareholders ("**net profit**") to S$13.8 million for the three months ended December 31, 2015 ("**3Q2016**").

A 25.8% growth in share of results of associates to S$8.8 million from S$7.0 million recorded for the three months ended December 31, 2014 ("**3Q2015**"), due to an increase in percentage of completion recognised on Singapore property development projects, lifted the Group's bottomline performance from S$11.4 million in 3Q2015.

Commented Mr Choo Chee Onn (朱峙安), Executive Chairman and Managing Director of KSH Holdings, "We are pleased to have remained resilient amidst the current volatile and challenging operating environment, backed by our strong fundamentals, diversification efforts as well as our ability to identify and execute the right projects to maintain our growth.

"We will continue to leverage on our BCA A1 grade to aggressively tender for construction projects and replenish our order book, which remains strong at S$270.0 million, while seeking growth opportunities overseas. We are also pleased to announce that construction for Phase 1 development of the Gaobeidian (高碑店) township project in the PRC is currently in progress."

Performance Review

As a result of a 9.0% decrease in construction revenue to S$52.9 million and a 26.8% dip in rental income to S$1.2 million, the Group's 3Q2016 revenue slid 9.5% to S$54.1 million from S$59.7 million in 3Q2015.

In line with the lower construction revenue, cost of construction decreased 15.5% to S$41.6 million in 3Q2016 while the Group's construction gross margins rose 6.1 percentage points to 21.5% from 15.4% in 3Q2015.

The Group's other operating income decreased 18.8% to S$2.3 million in 3Q2016 from S$2.9 million in the corresponding period a year ago, mainly due to a decrease in foreign exchange gain, offset by an increase in interest income and income from investment properties and a construction-related business.

For the nine-month period ended December 31, 2015, the Group reported revenue of S$178.0 million, 3.7% lower than S$184.9 million achieved in the corresponding period the year before. Net profit soared 70.0% to S$47.1 million from S$27.7 million in the same corresponding period.

KSH has sold about 87.8% of all its launched units and has a balance of S$286.4 million in attributable share of progress billings to be recognised based on the number of units sold from ongoing projects[1]. The Group will progressively recognise its share of profits from the relevant associates and joint ventures after 3Q2016.

[1] *As at December 31, 2015*

The Group's balance sheet and working capital position remains strong, with cash and cash equivalents of S$137.1 million. The Group's fully-diluted earnings per share for nine months ended 31 December 2015 and net asset value per share stood at 10.51 Singapore cents and 63.08 Singapore cents, respectively[2].

Prospects and Growth Plans

In line with earlier growth forecasts of "close to 2.0%", advance estimates released by the Ministry of Trade and Industry Singapore ("**MTI**") showed a 2.1% expansion in the economy for the whole of 2015[3]. The economy grew at a faster rate of 2.0% in the fourth quarter of 2015 on a year-on-year ("**y-o-y**") basis compared to 1.8% in the preceding quarter.

The MTI report also showed that the construction sector expanded 2.2% y-o-y in the fourth quarter of 2015 compared to a 1.1% growth in the previous quarter. The sector reversed from a 4.9% contraction in the third quarter to grow 7.0% in the fourth quarter of 2015 on a quarter-on-quarter basis.

The Building and Construction Authority ("**BCA**") announced recently that S$27 billion to S$34 billion worth of construction contracts are expected to be awarded in 2016[4], of which 65% of the demand will be derived from the public sector. BCA also expects construction demand to range between S$26 billion and S$37 billion each year from 2017 to 2020, of which public demand will come between S$16 billion to S$20 billion.

[2] *As at December 31, 2015*
[3] *Singapore's GDP Grew by 2.0 Per Cent in the Fourth Quarter of 2015 – Ministry of Trade and Industry, January 4, 2016*
[4] *Public sector, civil engineering projects to drive construction demand this year: BCA – Business Times, January 16-17, 2016*

On the construction business and outlook, Mr Choo said, “With our impressive track record for both public and private construction projects, our competitiveness in securing new projects remains strong. While we expect construction and operating costs to continue rising, we are taking a proactive step in embracing technology and innovation to raise productivity and efficiency. We are increasing the training provided to our workers and ramping up the utilisation rate of our equipment to optimise our construction margins.”

The Singapore residential market remains challenging, as can be seen in the 3.7% dip in private home prices for the whole of 2015, according to latest statistics from the Urban Redevelopment Authority (“**URA**”)[5]. Prices improved slightly in the fourth quarter of 2015, falling 0.5% compared to the 1.3% decline in the third quarter.

Mr Choo said, “The residential market remains tepid, but we are confident in our ability to uncover opportunities as exemplified in the success of our JV project, High Park Residences, where the market appreciated its value propositions. While Singapore remains our core market, we recognise the importance of a diversified portfolio and have established a track record of well-executed projects overseas, especially in the People’s Republic of China (“**PRC**”), where we have strong partners who possess deep knowledge and network of the local markets. Apart from the PRC, we have entered into new markets in Australia and the United Kingdom, as we continue to explore opportunities in new emerging markets such as Vietnam.”

The URA data also showed resilience in the prices of office space, which dipped just 0.1% in 2015 from the year before, while the island-wide vacancy rate of office space at the end of the fourth quarter decreased to 9.5% from 9.6% in the third quarter.

[5] *Release of 4th Quarter 2015 real estate statistics – Urban Redevelopment Authority, January 22, 2016*

“Our investments in office assets Prudential Tower in the heart of Raffles Place and the Tianjin Tianxiang Riverfront Square in the PRC continue to contribute positively to the Group. We are also on the look out for similar assets that provides good yield to strengthen our recurring income streams and enhance shareholder value,” commented Mr Choo.

Barring unforeseen circumstances, the Group is cautiously optimistic on the outlook of its performance for the financial year ending March 31, 2016.

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 $90 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 Southeast Asia and Asia-Pacific regions.

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