



## **KSH Holdings Limited**

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

### **NEWS RELEASE**

#### **KSH ACHIEVES 66.0% INCREASE IN REVENUE TO S\$67.8 MILLION FOR 1QFY2020**

- ***Maintains healthy construction order book of more than S\$410.0 million as at end of June 2019***
- ***More than S\$487.0 million of the Group's attributable share of progress billings from property development projects to be recognised as sales revenue by associates and joint ventures as at end of June 2019***
- ***More than 2,300 units sold to-date with positive margins for four property developments, namely Affinity@Serangoon, Riverfront Residences, Park Colonial and Rezi 24***

**Singapore, 14 August 2019** – 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 a 66.0% increase in total revenue to S\$67.8 million for the three months ended 30 June 2019 (“**1QFY2020**”), as compared with S\$40.8 million reported a year ago (“**1QFY2019**”).

Mr Choo Chee Onn (朱峙安), Executive Chairman and Managing Director of KSH Holdings, said, “We are heartened by our resilient construction order book of more than S\$410.0 million as at end of June 2019, and a robust pipeline of more than S\$487.0 million of attributable share of progress billings from property development projects to be recognised as sales revenue by associates and joint ventures as at end of June 2019.

“Our four residential property developments launched during FY2019 – namely Affinity@Serangoon, Riverfront Residences, Park Colonial and Rezi 24 continue to see positive responses, with most substantially sold. To date, more than 2,300 units of these developments have been sold, with positive margins based on options issued.

“We will continue to maintain a long-term view on our business with our robust cash balance and working capital position, as we ready ourselves to navigate through challenges in the upcoming year ahead.”

## **Financial Review**

The Group’s construction business continues to be the main revenue driver, recording a 69.5% increase to S\$66.6 million in 1QFY2020 as compared to S\$39.3 million in the previous corresponding quarter. In line with the rise in construction works, cost of construction likewise increased.

Rental income decreased to S\$1.2 million in 1QFY2020, from S\$1.5 million in 1QFY2019, mainly attributable to lower contributions from the Group’s investment property in Tianjin, the People’s Republic of China (“**PRC**”) due to the weakened Renminbi.

Other income increased 17.4% to S\$3.1 million as compared to S\$2.7 million in 1QFY2019, largely due higher interest income from loans to associates and joint ventures.

For the quarter under review, KSH’s share of results of associates achieved a turnaround to profit of S\$2.9 million as compared to a loss of S\$3.7 million in 1QFY2019. This is mainly due to the progressive sales of development property projects – the Affinity@Serangoon and Riverfront Residences – by the associated companies.

Share of results of joint ventures reported a loss of S\$0.3 million in 1QFY2020 from a profit of S\$2.7 million in 1QFY2019. This is mainly attributable to the completion and full recognition of profit from High Park Residences prior to 1QFY2020, while Park Colonial is still at an early stage of construction.

Correspondingly, the Group recorded a net profit attributable to Owners of the Company of S\$5.1 million in 1QFY2020, a 7.1% dip as compared to S\$5.5 million in 1QFY2019.

The Group continues to maintain a strong balance sheet and working capital position with fixed deposits, cash and bank balances of S\$91.2 million as at 30 June 2019.

The Group's fully diluted earnings per share in 1QFY2020 was 0.90 Singapore cent and the net asset value per share as at 30 June 2019 was 58.06 Singapore cents.

## **Prospects and Outlook**

The global economy continues to face headwinds as trade tensions escalates, resulting in the slowdown of global growth. Likewise, Singapore's economy tilted to the downside, performing worse than expected in the second quarter, after hitting its lowest rate in the first quarter this year.

According to statistics from the Ministry of Trade and Industry ("**MTI**"), all key sectors showed weakness, contracting from the first quarter of the year. On the whole, Singapore's economy grew by 0.1% year-on-year ("**y-o-y**") in the second quarter of 2019, slower than the 1.1% growth in the first quarter of 2019. On a quarter-on-quarter seasonally adjusted annualised basis, the economy shrank by 3.3%, after posting growth of 3.8% in the preceding quarter<sup>1</sup>.

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<sup>1</sup> Ministry of Trade and Industry, 13 August 2019 – MTI Expects GDP Growth to be "0.0 to 1.0 Per Cent" in 2019

## Construction

With regards to construction demand, the sector continued its turnaround on the back of an increase in public sector construction activities, albeit at a slower pace in the second quarter of this year, while construction, manpower and other operating costs are on the uptrend. In the second quarter this year, the construction sector grew by 2.9% on a y-o-y basis in the second quarter, extending the 2.8% expansion in the previous quarter<sup>1</sup>.

Based on statistics from the Building and Construction Authority (“**BCA**”), construction demand is expected to remain strong this year due to sustained public sector contracts. The BCA projects the total value of construction contracts to be awarded in 2019 to reach between S\$27.0 billion and S\$32.0 billion. Public sector projects are expected to constitute 60% of the forecast to reach between S\$16.5 billion to S\$19.5 billion, boosted by major infrastructure projects and a pipeline for major industrial building projects<sup>2</sup>. This represents a 23% increase in construction demand compared with the year before.

Mr Choo commented, “Amidst the challenging operating environment, the Group will strive to raise productivity through technology adoption and innovative measures, streamline operation processes to reduce expenses and improve the training of workers with the assistance from government grants. We remain cautiously optimistic as we continue to keep a close eye on the market, backed by our strong track record and BCA A1 grade, which allows us to participate in tenders of any size.”

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<sup>2</sup> *Building and Construction Authority, 14 January 2019 – Singapore’s total construction demand to remain strong this year*

### Property Development

According to the Urban Redevelopment Authority, prices of private residential properties increased by 1.5% in the second quarter of 2019, compared with the 0.7% decrease in the previous quarter.

Developers launched a total of 2,502 uncompleted private residential units (excluding executive condominium) for sale, as compared to 2,989 units in the previous quarter. A total of 2,350 private residential units (excluding executive condominium) were sold this quarter, as compared to 1,838 units in the first quarter this year<sup>3</sup>.

In addition, Phase 1 of the Group's property development in the PRC – the Gaobeidian project, is targeted for launch in October this year.

### Property Investment

In terms of property investment, the Group's investment properties in Singapore and overseas have maintained good occupancies and shall continue to generate recurring income.

KSH will continue to seek out suitable and yield-accretive investment opportunities and work together with experienced joint-venture partners to widen its geographical footprint in new markets with favourable property market cycles.

Barring unforeseen circumstances, the Group is cautiously optimistic on the outlook of its performance for the financial year ending 31 March 2020.

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<sup>3</sup> Urban Redevelopment Authority, 26 July 2019 – Release of 2nd Quarter 2019 real estate statistics

## **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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