



## **KSH Holdings Limited**

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

### **NEWS RELEASE**

#### **KSH ACHIEVES 4.4% REVENUE GROWTH TO S\$147.8 MILLION FOR 1HFY2024**

- ***Net loss mainly attributable to higher construction and finance costs, and loss in share of results of associates and joint ventures***
- ***Construction order book of approximately S\$166.0 million, expected to contribute to financial performance up to FY2026 and working on several tenders to replenish the order book to a higher amount***
- ***Sale and construction of four JV property projects projected to commence in 2024 in Singapore; with progressive revenue recognition from two JV projects in Gaobeidian to contribute to results***
- ***Financial position remains healthy with S\$118.0 million of fixed deposits, cash and bank balances, and low gearing ratio of 0.40x***
- ***Proposes interim dividend of 0.5 Singapore cent per share***

**Singapore, 10 November 2023** – 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\$147.8 million for the half year ended 30 September 2023 (“**1HFY2024**”), up 4.4% from S\$141.6 million over the same corresponding period last year (“**1HFY2023**”). Notwithstanding the higher revenue, the result was affected mainly by higher construction and financing costs, and loss in share of results of associates and joint ventures. Correspondingly, the Group reported a net loss attributable to Owners of the Company of S\$12.6 million for 1HFY2024.

Mr Choo Chee Onn (朱峙安), Executive Chairman and Managing Director of KSH, said, “The inflationary landscape has been challenging, and is expected to remain difficult due to escalating costs and currency headwinds. Nevertheless, we have achieved revenue growth for 1HFY2024 and for our core Construction business, we are currently working on several tenders to replenish our order book while maintaining a strong foothold in our operating markets.

“Under property development, the Group is currently participating in four joint ventures for proposed residential and mixed development in Singapore. The sale and construction of these projects are projected to commence in 2024. In the PRC, we expect positive contribution to the Group’s results from two JV projects in Gaobeidian PRC – Singapore Sino Health City – Zhong Xin Yue Lang (中新健康城 - 中新悦朗) (“**ZXYL**”) and Zhong Xin Yue Shang (中新悦上) (“**ZXYS**”) after 1HFY2024.

“Looking ahead, the global outlook remains subdued amid heightened uncertainties. We remain focused on navigating the challenges through a prudent and refined approach by exercising discipline in managing our cost and working capital to better navigate risks and uncertainties in the external macroeconomic environment while also providing headroom for growth.”

## **Financial Review**

In 1HFY2024, KSH achieved a total revenue of S\$147.8 million, up from S\$141.6 million reported a year ago. This was mainly due to an increase in revenue from the Group’s construction business, which saw a S\$6.1 million increase to S\$145.8 million in 1HFY2024.

Other income increased by 25.4% from S\$5.1 million to S\$6.4 million over the same period mainly due to the increase in interest income with higher interest rates for fixed deposits.

Cost of construction increased by S\$19.4 million to S\$149.5 million in 1HFY2024 as construction works done increased with escalating labour, materials, overheads, and subcontractors costs. There was no material difference in personnel expenses with the decrease in provision for bonuses offset by increase in salaries, wages and accommodation for workers.

Finance costs increased S\$2.6 million to S\$4.1 million mainly due to the increase in interest rates. Other operating expenses decreased by S\$4.3 million to S\$3.4 million mainly due to a decrease in unrealised foreign exchange losses.

Share of results of associates and joint ventures incurred a loss of S\$2.1 million mainly attributable to an absence of contribution from Singapore property development projects which was recognised in the previous period, and as sale and construction of existing projects have not commenced. The losses incurred by associates and joint ventures for these projects were mainly due to pre-launch expenses, sales and marketing expenses, and operating costs that need to be recognised before commencement of sale and construction.

Correspondingly, the Group reported a net loss attributable to Owners of the Company of S\$12.6 million for 1HFY2024 after excluding non-controlling interests.

The Group continues to maintain a healthy balance sheet and working capital position with fixed deposits, cash and bank balances of S\$118.0 million as at 1HFY2024. Gearing ratio improved from 0.57x as at FY2023 to 0.40x in 1HFY2024 with total loans and borrowings lowered by S\$71.3 million from S\$205.6 million as at FY2023 to S\$134.3 million as at 1HFY2024.

The Group has a fully diluted loss per share of 2.23 Singapore cents in 1HFY2024 and the net asset value per share as at 30 September 2023 was 56.19 Singapore cents.

## Interim Dividend

Notwithstanding the challenging economic headwinds, KSH will be proposing an interim cash dividend of 0.5 Singapore cent per ordinary share to thank shareholders for their continuous support during these challenging times. The Group remains committed to delivering and enhancing shareholders' value. This is in line with the Group's improvement in results and commitment to enhance shareholder value.

## Prospects and Outlook

The global economic backdrop has remained challenging. According to the International Monetary Fund, global growth is expected to slow down from 3.5% in 2022 to 3.0% in 2023 and 2.9% in 2024. Global inflation continues to decline, from 8.7% in 2022 to 6.9% in 2023 and 5.8% in 2024 due to tighter monetary policy aided by lower international commodity prices. Core inflation is also projected to decline, and inflation is not expected to return to target until 2025 globally<sup>1</sup>.

Similarly, the Monetary Authority of Singapore ("**MAS**") has remarked that the global economic outlook remains uncertain, and the domestic recovery could be weaker than expected and cited muted growth prospects in the near term but should improve gradually in the second half of 2024. MAS said it expects growth in 2023 to come in at the lower half of the 0.5% to 1.5% official forecast range<sup>2</sup>.

Conversely, advanced estimates from the Ministry of Trade and Industry ("**MTI**") show that the Singapore economy grew 0.7% year-on-year in the third quarter of 2023, an improvement from the 0.5% growth in the previous quarter<sup>3</sup>.

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<sup>1</sup> *International Monetary Fund World Economic Outlook, Navigating Global Divergences – October 2023.*

<sup>2</sup> *MAS Monetary Policy Statement, Monetary Authority of Singapore – 13 October 2023.*

<sup>3</sup> *Ministry of Trade and Industry Singapore, Singapore's GDP Expanded by 0.7 Per Cent in the Third Quarter of 2023 – October 2023.*

## Construction

According to MTI, the construction sector grew by 6.0% year-on-year in the third quarter, extending the 7.7% growth in the preceding quarter. Growth during the quarter was supported by expansions in both public and private sector construction output. With reference to earlier estimates of contracts worth \$27 billion to \$32 billion to be awarded in 2023 by the Building and Construction Authority ("**BCA**")<sup>4</sup>, it denotes that construction demand is expected to be stable and driven by the public sector. However, in the present inflationary environment, the impact of price pressures from general inflation alone has become more significant in driving construction cost escalations. This is in addition to the challenges of supply chain disruption, climate change, labour shortages, and material and manpower costs.

With the acceptance of a Letter of Award from a repeat client for a new construction project in October 2023, the Group's construction order book stood at approximately S\$166.0 million. This is expected to contribute to the Group's results up to the financial year ending 31 March 2026.

## Property Development

The overall private home prices as reported by the Urban Redevelopment Authority ("**URA**") rose 0.8% in the third quarter of 2023, up from a 0.2% decline in the previous quarter<sup>5</sup>. However, the average quarterly increase of private home prices of around 0.3% over the past two quarters was significantly lower than the average quarterly increase of 2.1% in the whole of 2022. The sale transaction volume totalled 5,201 in the third quarter of 2023, compared to 5,388 in the previous quarter and 6,148 in the third quarter of 2022.

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<sup>4</sup> *Building and Construction Authority, Singapore's Construction Demand to Remain Strong in 2023 – January 2023.*

<sup>5</sup> *Release of 3rd Quarter 2023 real estate statistics, Urban Redevelopment Authority – 27 October 2023.*

Most of the completed development projects in Singapore under the Group are either fully sold or almost fully sold to date. Additionally, the Group is currently participating in four joint ventures for proposed residential and mixed developments in Singapore – the redevelopment of former Peace Centre/Peace Mansion, former Euro-Asia Apartments at 1037 Serangoon Road, former Park View Mansions and former Bagnall Court. The sale and construction of these mentioned projects are targeted to commence in the year 2024.

Phase 1 of the Group's 22.5%-owned ZXYL has been completed with more than 83.0% of the 812 units sold. Phase 2 of ZXYL has commenced construction with more than 21.0% of the 724 launched units sold and revenue and cost of the sold units will be recognised upon completion of construction and contribute to the share of results of associates. Completion of its construction is targeted by FY2025. Construction for Phase 1 of ZXYS has been completed with more than 93.0% of the 1,011 units sold. Construction of about 204 units of Phase 2 of ZXYS has been completed in 1HFY2024 with more than 65.0% sold and contributed positively to the results of 1HFY2024. Completion of another 1,011 units of Phase 2 of ZXYS is targeted to be by FY2025. Further completed units sold after 1HFY2024 of both ZXYL and ZXYS are expected to contribute to the Group's results.

### Property Investment

Hotel performance in countries such as United Kingdom and Japan has continued to improve although uncertainties loom as global macroeconomic factors could potentially impact hotel operations and investments in the near future.

While uncertainties in macroeconomic factors remain, the investment properties held by the Group in Singapore and overseas have maintained good occupancy and rental rates.

The Group remains cautious on the challenges and uncertainties ahead in view of rising interest rates, foreign exchange exposure, and high construction costs which may impact the performance of its construction projects.

## **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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