



KSH Holdings Limited

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

NEWS RELEASE

KSH CONSTRUCTION BUSINESS HAS TURNED AROUND WITH POSITIVE GROSS PROFIT MARGIN IN 1HFY2025

- ***Net loss attributable to Owners of the Company of S\$6.5 million mainly attributable to loss in share of results of associates and joint ventures from pre-launch expenses, finance costs, sales and marketing expenses, and other operating costs***
- ***Healthy construction order book of more than S\$331.0 million and share of unrecognised attributable revenue from sold property development units amounts to over S\$120.0 million***
- ***Strong financial position with fixed deposits, cash and bank balances amounting to approximately S\$120.7 million, and lowered gearing of 0.28x to seize opportunities and mitigate challenges ahead***
- ***Proposes interim dividend of 0.5 Singapore cent per share***

Singapore, 14 November 2024 – 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**”), registered revenue of S\$52.7 million for the half year ended 30 September 2024 (“**1HFY2025**”), down 64.3% from S\$147.8 million over the same corresponding period last year (“**1HFY2024**”). This was mainly due to lower construction revenue and loss in share of results of associates and joint ventures. The Group reported a net loss attributable to Owners of the Company of S\$6.5 million for 1HFY2025.

Mr Choo Chee Onn (朱峙安), Executive Chairman and Managing Director of KSH, said, “Despite the challenging backdrop, our construction business has achieved a turnaround with a positive gross profit margin in 1HFY2025. As at the end of last month, our order book stands at a healthy level of S\$331.0 million and is expected to contribute positively to the Group’s performance up to the financial year ending 31 March 2026. We expect our revenue for construction to improve as our projects progress into later stages of construction. We remain focused on the smooth execution of our existing projects and are working on several tenders to achieve better margins.

“Under property development, the Group’s four joint ventures for proposed residential and mixed development in Singapore are progressing on schedule. Three of the launched developments, namely The Arcady at Boon Keng, Sora, and One Sophia/The Collective have achieved satisfactory sales and average price expected to generate positive margin, while Bagnall Haus is scheduled for launch by the first quarter of 2025. In PRC, with the latest stimulus blitz from the Government, the outlook of our 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**”) is positive. Collectively, our share of unrecognised attributable revenue from property development units sold exceeds S\$120.0 million as of end of last month.

“Looking ahead, though we expect ongoing challenges with economic volatility and geopolitical risks, the global and regional economies are on the path of recovery. The lowering of interest rates and stabilising of inflation will enable our Group to better manage operation costs. Supported by our healthy balance sheet and low gearing, we are committed to navigating these macro challenges through cost discipline and a prudent investment approach to enhance shareholders’ value.”

Financial Review

In 1HFY2025, KSH recorded a total revenue of S\$52.7 million, down from S\$147.8 million reported a year ago. The decrease was primarily due to lower revenue from the Group's construction business, which registered a S\$95.8 million decrease to S\$50.0 million in 1HFY2025. This was mainly due to the completion of various projects awarded just before or during the Covid-19 pandemic, while projects awarded and commenced post-pandemic period were still in the early stages of construction.

Other income increased by 4.6% from S\$6.4 million to S\$6.7 million over the same period, mainly attributed to gain from disposal of plant and equipment.

Cost of construction decreased by S\$104.3 million to S\$45.2 million in 1HFY2025 due to a reduction in construction works. Nevertheless, the construction business has since turned around with a positive gross profit margin in 1HFY2025.

Finance costs decreased by S\$1.5 million to S\$2.6 million, mainly attributed to lower gearing while other operating expenses decreased by S\$0.3 million to S\$3.1 million due to a decline in unrealised foreign exchange losses.

Share of results of associates and joint ventures incurred a loss of S\$8.1 million. This was mainly due to losses incurred by the property development projects of associates and joint ventures, which primarily stemmed from pre-launch expenses, finance costs, sales and marketing expenses, and other operating costs that need to be recognised before revenue from sold units can be recognised in accordance with the adopted accounting standards.

The Group reported a net loss attributable to Owners of the Company of S\$6.5 million for 1HFY2025 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, totalling over S\$120.7 million as at 1HFY2025. Gearing ratio improved to 0.28x in 1HFY2025 from 0.42x in 1HFY2024 with a decline of S\$48.3 million in total loans and borrowings from S\$133.6 million as at 1HFY2024 to S\$85.3 million as at 1HFY2025.

The Group has a fully diluted loss per share of 1.17 Singapore cents in 1HFY2025 and the net asset value per share as at 30 September 2024 was 51.17 Singapore cents.

Interim Dividend

Against the backdrop of a challenging macroeconomic environment, KSH will be proposing an interim cash dividend of 0.5 Singapore cent per ordinary share in appreciation of shareholders' continuous support. This aligns with the Group's improved results and commitment to enhance shareholders' value.

Prospects and Outlook

According to the Monetary Authority of Singapore ("**MAS**")¹, the global economy has remained broadly resilient underpinned by further declines in interest rates as inflation moderates worldwide. In Singapore, core inflation is expected to average around the mid-point of the forecast range of 1.5% to 2.5% in 2025. Imported costs are forecast to be broadly stable next year, reflecting an anticipated unwinding of oil production cuts. An intensification of geopolitical tensions and commodity price shocks could add to imported costs. However, a significant downturn in the global economy would induce an easing in cost and price pressures, causing domestic inflation to come in materially lower than expected. As Singapore's interest rates are largely influenced by global rates, the reduction in interest rates by the Federal Reserve will likely lead Singapore into a lower interest rate environment, thereby reducing financing cost.

¹ MAS Monetary Policy Statement, Monetary Authority of Singapore – 14 October 2024.

Based on advanced estimates from the Ministry of Trade and Industry (“MTI”)², Singapore’s economy expanded by 2.1% on a quarter-on-quarter seasonally-adjusted basis in the third quarter, outperforming the average 0.4% growth in the first half of the year. This growth is expected to continue through 2024, supported by the upswing in the electronics and trade cycles and the easing in global financial conditions.

Construction

According to MTI, the construction sector grew by 3.1% year-on-year in the third quarter, easing from the 4.8% growth in the preceding quarter, attributed to an increase in public-sector construction output. On a quarter-on-quarter seasonally-adjusted basis, construction growth was flat sequentially, slowing from the 3.4% growth in the second quarter.

As at 31 October 2024, the Group’s construction order book remains healthy at over S\$331.0 million and is expected to contribute positively to the Group’s results up to the financial year ending 31 March 2026. The Group is also working on several tenders to replenish the order book to a higher amount.

Property Development

The overall private housing prices as reported by the Urban Redevelopment Authority (“URA”) declined by 0.7%, marking the first decline since the second quarter of 2023. Price momentum eased across all market segments³. For the first three quarters of 2024, the overall private housing prices increased by 1.6%, a significant moderation from the 3.9% gain over the same period in 2023. While macroeconomic conditions remain sound, the economic outlook is subject to uncertainties, and market sentiments remain sensitive to geopolitical developments and global interest rate changes.

² Ministry of Trade and Industry Singapore, *Singapore’s GDP Grew by 4.1 Per Cent in the Third Quarter of 2024 – October 2024*.

³ *Overall private housing prices declined in 3rd Quarter 2024, Urban Redevelopment Authority – 25 October 2024*.

The Group is currently participating in four joint ventures for proposed residential and mixed redevelopment in Singapore. Three of these projects, namely The Arcady at Boon Keng, One Sophia/The Collective at One Sophia, and Sora at Yuan Ching Road in District 22, have achieved satisfactory sales since their launch in 2024, with positive margin expected. Bagnall Haus at 811 Upper East Coast is scheduled for launch by the first quarter of 2025. Construction for The Arcady at Boon Kheng have commenced in 1HFY2025, with the remaining three projects slated to commence by FY2025. Based on options signed for the launched projects as at end October 2024, the Group's equity shares of unrecognised attributable revenue on sold units stands at approximately S\$93.4 million, which will be recognised progressively based on percentage of completion.

In China, the Chinese government's stimulus efforts have revived buyer interest and boosted confidence, leading to an increase in residential property sales in October this year. The Group has investments in two projects with on-going residential developments in Gaobeidian, Singapore Sino Health City –ZXYL and ZXYS with equity stakes of 22.5% and 33.75% respectively. As at end October, the Group's equity shares of unrecognised attributable revenue on the sold units was approximately S\$9.5 million and will be recognised upon completion of construction. Further completed units are expected to contribute to the Group's performance positively.

Property Investment

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

The Group remains cautious and prudent on the challenges and uncertainties ahead which may impact the performance of its construction and development 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.

ISSUED ON BEHALF OF : KSH Holdings Limited
BY : Citigate Dewe Rogerson Singapore Pte Ltd
158 Cecil Street
#05-01
Singapore 069545
CONTACT : Ms Dolores Phua
at telephone
DURING OFFICE HOURS : 6534 5122
EMAIL : KSH@citigatedewerogerson.com
