KSH Holdings Limited

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

NEWS RELEASE

HEALTHY BALANCE SHEET WITH CASH AND BANK BALANCES AND FIXED DEPOSITS OF S$134.6 MILLION AND LOW GEARING

- ***Net loss mainly attributable to performance of construction business and absence of contribution from development projects***
- ***Healthy construction order book of more than S$379.0 million and working to replenish to a higher amount***
- ***Proposes final dividend of 0.5 Singapore cent per share to thank and reward shareholders, bringing FY2024 total dividend to 1.0 Singapore cents***

Singapore, 30 May 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**"), today announced revenue of S$214.1 million for the year ended 31 March 2024 ("**FY2024**"), a decrease of 28.2% from S$298.0 million over the same corresponding period last year ("**FY2023**"). The decrease was primarily attributed to decrease in revenue from construction business.

The Group reported a net loss attributable to Owners of the Company of S$31.5 million, as compared to a net profit attributable to Owners of the Company of S$22.1 million in the same period last year. Share of results of associates and joint ventures incurred a loss of S$5.3 million in FY2024 as compared to a profit of S$20.3 million in FY2023. This was mainly due to the absence of contribution from property development projects.

Mr Choo Chee Onn (朱峙安), Executive Chairman and Managing Director of KSH, said, “Our construction business’s performance in FY2024 was impacted by the pandemic’s effects on projects awarded just before or during that period. Nevertheless, we are supported by our strong underlying fundamentals. As at the end of FY2024, we have an order book of more than S$379.0 million, which is expected to contribute positively to the Group’s financial results up to the financial year ending 31 March 2027. We are also currently working on several tenders to replenish our order book to a higher amount.”

“The Group has four ongoing property development projects. One has already been launched earlier in January this year while the other three projects are scheduled for launch by FY2025. We expect construction for these projects to commence by the same timeframe. For our projects in the People’s Republic of China (“**PRC**”), although sales have slowed due to the property market downturn since 2022, there are some signs of stabilisation and recovery following the resumption of construction activity post-pandemic and recent government supportive measures. Sale of further completed units after FY2024 in our development projects in the PRC are expected to contribute positively to the Group’s performance. For property investments, we have upheld strong occupancy and rental rates in Singapore and overseas. While we remain cautious concerning potential impacts from global macroeconomic factors, hotel performance in countries such as the United Kingdom and Japan has continued to improve.

“As we navigate through the challenges and opportunities that lie ahead, our focus remains on sustainable growth by leveraging our track record and expertise to foster further developments. Supported by our healthy balance sheet with cash and bank balances and fixed deposits of S$134.6 million alongside a low gearing, we are strategically positioned to capitalise on investment opportunities prudently, unlocking value for our shareholders.”

Financial Review

In FY2024, KSH recorded a total revenue of S$214.1 million, down from S$298.0 million reported a year ago. This was primarily due to lower construction revenue, which saw a S$83.5 million decline, from S$293.4 million in FY2023 to S$209.9 million in FY2024. Rental income from investment properties decreased mainly due to the translation of contributions from the PRC at a weaker foreign exchange translation rate.

The increase in other income to S$12.8 million in FY2024 from S$11.7 million in FY2023 was attributed to an increase in interest income from fixed deposits and additional loans to associates, which were utilised to finance new projects.

Cost of construction decreased by S$47.5 million from S$278.1 million in FY2023 to S$230.6 million in FY2024 and this was due to reduced construction works as compared to the preceding year. Cost of construction for projects awarded just before or during the COVID-19 pandemic period was exacerbated by the prolonged construction periods, labour shortages, and higher materials costs, overheads, utilities, logistics expenses, workers' dormitory expenses, equipment rentals, and subcontractor costs.

Personnel expenses decreased by S$1.7 million from S$10.0 million in FY2023 to S$8.3 million in FY2024, mainly due to the decrease in performance bonuses for management and staff. Finance costs increased S$2.4 million from S$5.4 million in FY2023 to S$7.8 million in FY2024 mainly due to an increase in interest rates.

Impairment losses on financial assets of S$1.1 million in FY2024 were mainly for investment in associated companies.

Share of results of associates and joint ventures incurred a loss of S$5.3 million in FY2024 as compared to a profit of S$20.3 million in FY2023. This was mainly attributable to the absence of contributions from property development projects. The four new property development projects in Singapore, under associates and joint venture companies, have not started recognising revenue as at FY2024. The losses sustained by these associates and joint ventures for the projects, primarily stemmed from pre-launch expenses, finance costs, sales and marketing expenses, and other operating costs that need to be recognised before the commencement of sale and construction.

Income tax credit of S$6.0 million in FY2024 was mainly from tax losses from the construction business, which was carried forward to offset future profits.

Correspondingly, the Group reported a net loss attributable to Owners of the Company of S$31.5 million after excluding non-controlling interests for FY2024.

The Group continues to maintain a healthy and low gearing balance sheet with cash and bank balances and fixed deposits totalling S$134.6 million. Loans and bank borrowings decreased from S$205.6 million in FY2023 to S$133.6 million in FY2024, resulting in a low gearing of 0.42x of net assets as at FY2024, an improvement from 0.57x in the preceding period.

The Group has a fully diluted loss per share of 5.59 Singapore cents in FY2024 and the net asset value per share as at 31 March 2024 was 52.60 Singapore cents.

Final Dividend

Notwithstanding the challenging economic outlook, KSH will be proposing a final cash dividend of 0.5 Singapore cent per ordinary share to thank and reward shareholders for their continuous support.

Complemented with the interim cash dividend of 0.5 Singapore cent per share distributed earlier in the financial year, this brings the total dividend declared for FY2024 to 1.0 Singapore cents per share.

Prospects and Outlook

The Ministry of Trade and Industry ("**MTI**") has recently highlighted that there are downside risks in the global economy, pointing to geopolitical tensions in the Middle East and the war in Ukraine, which could disrupt global supply chains and commodity markets[1]. Gross Domestic Product ("**GDP**") growth in the major economies would taper gradually in the immediate quarters due to tight financial conditions, before picking up alongside anticipated policy rate cuts later in the year. While China has strong long-term prospects, it may face headwinds in its economic recovery in the near term.

Amid global uncertainties and challenges, MTI has maintained Singapore's GPD growth forecast for the year at a range of 1.0% to 3.0% as the economy grew by 2.7% year-on-year in the first quarter of 2024. On a quarter-on-quarter seasonally adjusted basis, Singapore's economy expanded by 0.1%, moderating from the 1.2% growth in the preceding quarter. In April 2024, the Monetary Authority of Singapore expects core inflation in Singapore to stay around 3% in the near term, before falling in the fourth quarter of 2024 and into 2025. It further warned that inflation could also turn out to be stronger than anticipated due to global shocks to supply and demand[2]. Meanwhile, interest rates in Singapore may stay elevated for a longer time after the United States Federal Reserve delayed rate cuts.

[1] *Ministry of Trade and Industry Singapore, MTI Maintains 2024 GDP Growth Forecast at "1.0 to 3.0 Per Cent" – May 2024*
[2] *Monetary Authority of Singapore, MAS Monetary Policy Statement – April 2024*

Construction

According to MTI, growth in the construction sector came in at 4.1% year-on-year, extending the 5.2% expansion in the fourth quarter of last year. While private sector construction output fell, the growth was more than offset by an increase in public sector construction output. On a quarter-on-quarter seasonally-adjusted basis, the sector contracted by 2.0%, a reversal from the 2.0%growth in the previous quarter[1].

For 2024, the Building & Construction Authority ("**BCA**") announced construction contracts between S$32 billion and S$38 billion will be awarded[3]. The public sector is expected to contribute about 55% of total demand, with S$18 billion to S$21 billion worth of contracts likely to be awarded. These include several upcoming major public sector projects such as new Build-To-Order flats, contracts for phase two of the Cross Island MRT Line, infrastructure works for Changi Airport Terminal 5, Tuas Port developments, and major road and drainage improvement works. The remaining S$14 billion and S$17 billion will be contributed by the private sector which will come mainly from residential developments under the Government Land Sales, expansion of the two Integrated Resorts, redevelopment of commercial premises, as well as the development of mixed-used properties and industrial facilities.

Despite the steady construction demand, a multitude of challenges lie ahead. This includes the heightened recession risk in major economies and Singapore, supply chain disruptions, impacts of climate change, labour shortages, continued exposure to foreign currencies risks, high interest rates, inflationary pressures, higher material costs, higher operational and compliance costs, and escalated manpower costs as compared to pre-pandemic levels.

The Group's construction order book remains healthy at more than S$379.0 million as at 31 March 2024.

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[3] *Building and Construction Authority, Steady Demand for the Construction Sector Projected for 2024 – January 2024*

Property Development

Figures released by the Urban Redevelopment Authority ("**URA**") showed that private home prices rose at a slower pace of 1.4% in the first quarter of 2024, down from the 2.8% increase in the previous quarter. This marks the slowest quarterly gain since the third quarter of 2021[4]. In addition, developers launched 1,304 uncompleted private residential units, excluding executive condominiums, for sale in this year's first quarter, compared to the 1,060 in the previous quarter.

Most of the launched development projects in Singapore under the Group are either fully sold or almost fully sold to date. The Group is currently participating in four joint ventures for proposed residential and mixed redevelopment in Singapore. The Arcady at Boon Keng has achieved satisfactory sales since its launch in January 2024. The three other projects in Singapore are the residential and commercial developments of One Sophia/The Collective at One Sophia, sora at Yuan Ching Road in district 22 and Bagnall Haus at 811 Upper East Coast, which are scheduled for launch by FY2025. Construction for these four projects is targeted to commence in FY2025.

The Group's investment in two residential development projects located in the PRC's Gaobeidian county, namely Singapore Sino Health City (*中新健康城 - 中新悦朗*) ("**SSHC-ZXYL**") and Zhong Xin Yue Shang (*中新悦上*) ("**ZXYS**"), with equity stakes of 22.5% and 33.75% respectively, have contributed positively to the Group's results for FY2024. Further completed units sold for both projects after FY2024 are expected to contribute positively to the Group's results.

[4] *Urban Redevelopment Authority, Release of 1st Quarter 2024 real estate statistics – April 2024*

Property Investment

Compared to previous years, hotel performance in countries such as the United Kingdom and Japan has continued to improve though uncertainties loom as global macroeconomic factors could potentially impact hotel operations and investment in the near future. Despite uncertainties in macroeconomic factors, the investment properties held by the Group in Singapore and overseas have maintained good occupancy rates and rental rates.

The Group maintains a cautious stance regarding the challenges and uncertainties ahead, in view of rising interest rates, foreign exchange exposure, and the impact of high construction costs on 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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