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

NEWS RELEASE

KSH ACHIEVES NET PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY OF S$10.1 MILLION FOR 1HFY2023

- ***Revenue growth of 24.5% to S$141.6 million mainly with the gradual recovery of construction business***
- ***Proposes interim dividend of 1.00 Singapore cent per share, representing a payout ratio of 55.9%***
- ***Healthy construction order book of more than S$393.0 million***
- ***Launched property development projects in Singapore are mostly either fully or almost fully sold to date; participated in three new joint venture residential and mixed development projects***
- ***Healthy balance sheet with strong fixed deposits, cash and bank balances of more than S$103.2 million and low gearing***

Singapore, 11 November 2022 **–** 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$141.6 million for the half year ended 30 September 2022 ("**1HFY2023**"), up 24.5% from S$113.7 million over the same corresponding period last year ("**1HFY2022**"). This is reflective of a gradual recovery of the construction business from the impact of the COVID-19 pandemic, which more than offset a decrease in rental income from investment properties from the People's Republic of China ("**PRC**") in 1HFY2023, due to a weaker foreign exchange translation rate.

Net profit attributable to Owners of the Company for 1HFY2023 was S$10.1 million, an increase of 2.5% from S$9.9 million in the same period last year.

Mr. Choo Chee Onn (朱峙安), Executive Chairman and Managing Director of KSH, said, "We are heartened by the Group's continued financial resilience, with improvement from our core construction segment. We are focused on the smooth execution of our healthy order book of over S$393.0 million, which is expected to contribute to the Group's financial results up to the financial year ending 31 March 2025.

"In property development, we are currently participating in three joint ventures for proposed residential and mixed developments across various parts of Singapore for better diversification. Apart from the District 9 Peace Centre / Peace Mansion, we are also working with our partners on the redevelopment of the freehold Euro-Asia Apartments at 1037 Serangoon Road into a 172-unit apartment block, as well as Park View Mansions at Yuan Ching Road, adjacent to the Jurong Lake Gardens and within the Jurong Lake District. Of note, this Jurong area is set to become the largest business district outside the Central Business District and a tourism destination in the future.

"Development of the Singapore Sino Health City (中新健康城) ("**SSHC**") residential development project located in the PRC's Gaobeidian county is progressing well. More than 70% of the units launched in Phases 1 and 2 have been sold. More specifically, Phase 1 has been completed and profit recognised whilst Phase 2 has commenced sales and construction. Last month, we announced our effective 33.75% equity stake in another mixed property development, also located in the PRC's Gaobeidian county, and expect it to contribute positively to our FY2023 performance.

"For property investments, we have maintained good occupancy rates in Singapore and overseas. As for hotel investments, whilst we continue to see improvements in both United Kingdom and Japan, we will continue to monitor closely amidst macroeconomic factors that may impact this segment in the future.

"To navigate prudently amidst a challenging global outlook, we will continue to maintain good financial discipline. We have in place a strong cash position and low gearing, which will provide us with sufficient headroom to selectively pursue good investment opportunities, to enhance shareholder value."

Financial Review

In 1HFY2023, with a gradual easing from the restriction measures imposed in 1HFY2022 to control the COVID-19 pandemic, KSH achieved a total revenue of S$141.6 million, up 24.5% from S$113.7 million reported a year ago. This was mainly due to an increase in revenue from the Group's construction business, which saw a S$28.4 million increase to S$139.7 million in 1HFY2023 with a consistent pipeline of public and private sector projects. However, rental income from investment properties in the PRC decreased 22.8% to S$1.9 million in 1HFY2023 as compared to 1HFY2022 due to a weaker foreign exchange translation rate.

Cost of construction in 1HFY2023 rose by S$23.5 million to S$130.1 million in line with more ongoing construction work, coupled by escalating construction costs. Personnel costs increased as compared to 1HFY2022 mainly due to an increase in employee remuneration.

Finance costs increased 10.2% to S$1.5 million with the increase in interest rates. Other operating expenses rose by S$4.7 million from S$3.1 million in 1HFY2022 to S$7.7 million in 1HFY2023 mainly attributable to an increase in foreign exchange losses of S$4.0 million and a bad debt written off on a shareholder's loan advance to a joint venture for a Singapore development project completed in prior years.

Share of profits of associates and joint ventures increased by 4.6% to S$10.2 million in 1HFY2023 with contributions from SSHC.

Correspondingly, the Group reported a net profit attributable to Owners of the Company of S$10.1 million after excluding non-controlling interests.

The Group continues to maintain a healthy balance sheet with low gearing and strong cash and bank balances and fixed deposits of S$103.2 million as at 30 September 2022.

The Group has a fully diluted earnings per share of 1.79 Singapore cents in 1HFY2023 and the net asset value per share as at 30 September 2022 was 59.43 Singapore cents.

Interim Dividend

Notwithstanding the challenging economic outlook, KSH will be proposing an interim cash dividend of 1.00 Singapore cent per ordinary share to thank shareholders for their continuous support. This represents a payout ratio of 55.9% and is in line with the Group's improvement in results and commitment to enhance shareholder value.

Prospects and Outlook

The global economic outlook remains downcast with growth expected to slow down in the region. The International Monetary Fund recently purported that the economic slowdown in the PRC, the war in Ukraine and the aggressive monetary policy tightening by the United States of America ("**USA**")'s Federal reserve are the three main headwinds facing the region[1]. This has resulted in tighter financial conditions in the markets the Group has presence in.

Amidst global uncertainties and challenges, the Monetary Authority of Singapore ("**MAS**") has projected slower economic growth and elevated core inflation over the next few quarters[2]. The challenging global financial conditions and continued COVID-19 curbs in some countries are expected to weigh on growth in Singapore's major trading partners and in turn, adversely affecting Singapore. According to advance estimates recently released by the Ministry of Trade and Industry ("**MTI**"), Singapore

[1] *IMF Launches Regional Economic Outlook Report for Asia and Pacific: Sailing into Headwinds, International Monetary Fund (IMF) – 27 October 2022*
[2] *MAS Monetary Policy Statement, Monetary Authority of Singapore – 14 October 2022*

economy grew at a slower pace of 4.4%, although exceeding expectations in the third quarter of 2022[3].

Construction

MTI has announced that the construction sector grew by 7.8% year-on-year in the third quarter, accelerating from the 4.8% growth in the preceding quarter[3]. Both public and private construction output picked up during the third quarter, partly supported by the easing of border restrictions on the migrant workers coming into Singapore. In absolute terms, the value-added of the construction sector remained 18% below pre-pandemic levels. Separately, MAS expects that labour shortages and elevated costs of construction materials will weigh on the outlook even as activity continues to pick up in 2023.

The Group's construction order book remains healthy at approximately S$393.0 million as at 30 September 2022.

Property Development

The growth in Singapore home prices accelerated to 3.8% in the third quarter to record levels after rising 3.5% in the previous three months[4]. Despite the rising rental rates and recent cooling measures introduced by the government, property demand remained resilient. While home sales volume dropped 9.7% to 6,148 units in the third quarter, several new launches in October this year saw robust demand with a good start in sales price and volume.

Most of the launched development projects in Singapore under the Group are either fully sold or almost fully sold to date. As previously announced, the Group is currently participating in 3 joint ventures for proposed residential and mixed development in

[3] *Singapore's Economy Expanded by 4.4 Per Cent in the Third Quarter of 2022, Ministry of Trade and Industry – 14 October 2022*
[4] *Release of 3rd Quarter 2022 real estate statistics, Urban Redevelopment Authority – 28 October 2022*

Singapore, namely Peace Centre / Peace Mansion, Euro-Asia Apartments at 1037 Serangoon Road and Park View Mansions.

The construction for Phase 1 of the Group's 22.5%-owned SSHC residential development project located in the PRC's Gaobeidian county has been completed, for which the Group has started recognising profit for sold units. Phase 2 of SSHC has commenced sale and construction. More than 70% of the approximately 1,000 units launched in both phases have been sold. The Group announced its effective 33.75% equity stake in another mixed property development also located in Gaobeidian county last month, which is expected to contribute positively to the Group's results for the current financial year.

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 investment in the near future.

Although still affected by the COVID-19 pandemic and uncertainties in macroeconomic factors, the investment properties held by the Group in Singapore and overseas have maintained good occupancy rates and rental rates.

In view of the on-going pandemic and challenging economic outlook, the Group remains cautiously optimistic on the outlook of its performance in FY2023.

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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