CHASEN HOLDINGS LIMITED
Unique Entity Number 199906814G
Incorporated in the Republic of Singapore

CHASEN™

Media Release

Chasen 2H FY2023 Gross Profit Rises 14% to S$15.8 Million on Revenue of S$83.5 Million, Full Year Revenue of S$164.0 Million Matching Previous Year

- *Third Party Logistics and Technical and Engineering segments drive impressive 14% rise in 2H FY2023 gross profit*
- *FY2023 revenue remains steady and gross profit shows modest growth*
- *Commendable top line performance despite the sudden and unexpected COVID-19 policy shift in the People's Republic of China ("PRC") that caused project delays and disruptions in cross-border transportation in the Specialist Relocation and 3PL segments*
- *Rising operating costs, inflationary pressures, high interest rate environment, trade frictions, and geopolitical conflicts remain as significant headwinds to the Group*

S$'000	2H FY2023	2H FY2022	Change (%)	FY2023	FY2022	Change (%)
Revenue	83,516	81,227	3	164,035	165,194	(1)
Gross profit	15,841	13,928	14	29,237	29,092	1
Gross profit margin (%)	19	17	2*	18	18	*
Profit Before Tax	1,963	2,740	(28)	4,032	6,483	(38)
Net profit after tax	870	1,494	(42)	2,052	4,252	(52)
Fully Diluted Earnings per share (cents)	0.27	0.38	(29)	0.39	0.80	(51)

**ppt – Percentage Points*

Singapore, 29 May 2023 – Chasen Holdings Limited ("Chasen" or "the Group") announced today that revenue for the full year ended 31 March 2023 ("FY2023") of S$164.0 million was marginally lower by 1% compared to the previous year. Gross profit was S$29.2 million, representing an increase of 1% compared to the previous year.

For the six months ended 31 March 2023 ("2HFY2023"), the Group's revenue was S$83.5 million, an increase of 3% compared to the same period last year. The gross profit for the same period was S$15.8 million, representing a significant increase of 14% compared to the previous year. This was contributed by Third Party Logistics ("3PL") and Technical & Engineering ("T&E") segments, offset by Specialist Relocation segment, due to projects delay, caused by COVID-19's policy shift in the PRC that contributed to a reduction in gross profit in this segment.

Despite the global easing of COVID-19 measures, the Group continues to face challenges in the operating environment. Rising operating costs due to supply chain disruptions, elevated costs of energy and food due to the Russia-Ukraine conflict and sanctions, manpower constraints and rising interest rates to counter these inflationary forces, underpinned the challenges faced by the Group. As a result, the net profit before tax of S$2.0 million and S$4.0 million for 2HFY2023 and FY2023, respectively, were lower than the corresponding periods last year due to higher finance costs, depreciation and foreign exchange losses. Fully diluted earnings per share for FY2023 was 39 Singapore cents as compared to 80 cents the previous year.

In the Specialist Relocation segment, the overall revenue marginally contracted despite the disruption to projects in the PRC due to the sudden lifting of COVID-19 measures. The overall revenue was supported by the re-opening of regional economies in the Group’s countries of operations as countries transition into endemic stage and easing of COVID-19 measures in the year. In the PRC, COVID-19’s sudden and unexpected policy shift caused a spike in workers absenteeism due to infections that resulted in disruptions and delays to projects. The fear of holiday travellers from the PRC bringing COVID infections into neighbouring countries, especially Japan and South Korea, triggered a tit-for-tat in visa restrictions that disrupted the travel of Original Equipment Manufacturer (“OEM”) engineers required for equipment commissioning in TFT LCD plants, contributing to a significant decline in revenue and gross profit.

In the 3PL segment, the overall revenue contracted due to cross-border transportation ("CBT") trucking volume impacted by the challenges brought on by the PRC's sudden reversal to COVID-19 policy shift since December 2022 and Zero COVID policy in the quarters prior. This led to severe congestions at the borders with the PRC resulting in customers diverting their business volume to air and sea freight modes. Revenue to the Group’s operating subsidiaries in Malaysia, Thailand and the PRC, and overall CBT operations were impacted. However, business activities in warehousing, freight-forwarding, and local/long-haul trucking were significantly higher, offsetting the revenue contraction due to the cross-border issues with the PRC.

In the Group's T&E segment, the solar installation projects performed strongly on the back of easing foreign labour supply in Singapore, while component and parts manufacturing contributed to a significant upside in revenue in this segment. Gross profit in the segment improved significantly from the previous year.

On the outlook ahead, the macro-economic conditions remain challenging on the back of massive layoffs especially in the semiconductor sectors and a global slowdown in growth. Global inflation remains elevated despite the fastest pace of interest rate hikes on record in the US increasing spreads in risk assets and potentially triggering recessionary conditions.

In the Specialist Relocation segment, the OEM sector should remain resilient on the back of shifts in Foreign Direct Investments (“FDI”) that is expected to continue benefiting this segment. The securing of projects in the PV Solar Panel sector is expected to strongly support the segment’s revenue stream. The transition to the latest OLED technology in the Display Panel sector in the PRC is expected to gain momentum and drive this segment recovery in the quarters ahead.

In the 3PL segment, the exceptionally strong demand for warehouse services in the past year may yet signal a potential slowdown in demand in line with the broader slowdown in the global economy in the next 12 months. But any slowdown to this high growth trajectory, brought on by geo-political factors and pandemic-driven disruptions, may be short-lived. Barring a severe global economic slowdown, the 3PL segment sees customers returning to the preferred CBT mode from air and sea freight once the situation at the PRC’s borders attains normalcy of operations. The 3PL segment's nascent intermodal service integrating with rail transportation is seeing growing demands and is expected to be revenue-aggregative in the quarters ahead and provide resiliency.

Looking ahead for T&E segment, the Group is well-positioned. Having expanded the segment's services to more customers, we are positioned to increase our market share in the solar panel installation space, in both the HDB and commercial sectors. With increased scale, the Group will work towards better margins and improve the bottom line. In components and parts manufacturing, it will continue to focus on emerging core technologies such as Internet of Things, MedTech, 5G and the automotive sectors. While revenue has been stable, it will drive for improvement in profitability through prioritising in-sourcing of key processes, cost management, improve production efficiency and achieve critical mass.

The Group's principal strategy and plans remain intact, namely to grow organically by moving up the value chain while diversification through the three business segments positioned it to capture opportunities and mitigate risks while delivering resiliency. Furthermore, the Group's presence in the key markets allows it to capture opportunities in the shift to FDI as the geo-political and trade conflicts re-shaped the landscape. Industries and companies continue to re-jig and re-configure their strategy and manufacturing locations from large-scale single location "just-in-time" inventory to multiple transnational country sites "just-in-case" inventory management.

Mr Low Weng Fatt, Chasen's Managing Director and CEO, said *"Chasen continues to navigate the difficult operating environment confidently to capture opportunities for growth. The evolving geo-political landscape has initiated seismic shift in the Group's customers and potential customers' strategy and deployment in investments. These shifts present opportunities as well as strong and sustainable demands to the Group's prospects in the years ahead and plays to our operational presence in these markets (Singapore, Malaysia, Thailand, Vietnam, PRC, India and USA).*

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Media & Investor Contact Information
Francis Ang: francis.ang@chasen-logistics.com
18 Jalan Besut
Singapore 619571
Tel: (65) 6266 5978

About Chasen Holdings Limited (Bloomberg: CHLD:SP; Reuters: CHHL.SI)
Chasen Holdings Limited is a SGX Mainboard-listed investment holding company with subsidiaries offering one-stop integrated solutions in Specialist Relocation services, Technical & Engineering services and Third-Party Logistics management and last mile services.

Headquartered in Singapore with operations in Singapore, Malaysia, Thailand, Vietnam, the People's Republic of China, India and the U.S.A., the broadly diversified business Group serves global customers in industries such as semiconductor IC wafer fabrication, testing & packaging, TFT LCD panel and PV production, semiconductor OEM, EV & battery production, GreenTech including solar panel assembly & installation, glass & façade cladding installations, consumer electronics & e-Commerce, 4G/5G telecommunications, ordnance, facilities maintenance and construction sectors.

Its diversified revenue base, well recognised solutions and long-standing customer relationships underpin its strong fundamentals, brand recognition and franchise, which enable the Group to weather fluctuating business cycles of various industries. Its business model, growth strategy and strong franchise will enable the Group to stay resilient and relevant in all the industries it serves globally.