



KSH Holdings Limited

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

NEWS RELEASE

KSH ACHIEVES NET PROFIT OF S\$24.1 MILLION WITH REVENUE GROWTH IN FY2022

- ***55.6% revenue growth to S\$238.2 million with the gradual recovery of construction business and strong construction order book of more than S\$530.0 million***
- ***Over S\$212.0 million of the Group's attributable share of progress billings to be recognised as sales revenue from property development projects***
- ***Strong fixed deposits, cash and bank balances of S\$143.1 million and low gearing***
- ***Proposes final dividend of 1.00 Singapore cent per share to reward shareholders, bringing FY2022 total dividend to 2.00 SGD cents***

Singapore, 27 May 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\$238.2 million for the year ended 31 March 2022 (“**FY2022**”), up 55.6% from S\$153.1 million over the same corresponding period last year (“**FY2021**”). This is reflective of a gradual recovery of the construction business from the impact of the COVID-19 pandemic, as well as higher rental income from the People's Republic of China (“**PRC**”), with recovery from the pandemic during the period under review.

Net profit attributable to Owners of the Company for FY2022 was S\$24.3 million, a turnaround from a loss of S\$3.8 million in the same period last year. This was mainly attributable to the increase in revenue as well as higher share of profits of associates and joint ventures. For the second half year ended 31 March 2022 (“**2HFY2022**”) net profit attributable to Owners of the Company stood at S\$14.5 million, from a gain of S\$269,000 for the same corresponding period (“**2HFY2021**”), which was also driven by an increase in revenue to S\$124.5 million as well as higher share of profits of associates and joint ventures of S\$19.0 million for 2HFY2022.

Mr Choo Chee Onn (朱峙安), Executive Chairman and Managing Director of KSH, said, “We are encouraged by the Group’s financial resilience with steady improvements across our construction and property segments. Our construction division has continued its gradual recovery, with a solid order book of more than S\$530.0 million after being awarded a new private construction project last month. The existing order book is expected to contribute to the Group’s financial results up to the financial year ending 31 March 2025.

“In property development, the recent enbloc of Peace Centre represents a strategic opportunity for us to acquire a prominent District 9 site for redevelopment, working closely alongside experienced partners. We have achieved good sales for our developments in both Singapore and the PRC, with most of the projects either fully or almost fully sold to date. We have over S\$212.0 million of attributable share of progress billings to be recognised as sales revenue, which will contribute positively to the Group’s results post FY2022. For Property investments, we have maintained good occupancy rates in Singapore and overseas. As for hotel investments, we continue to see recovery with the reopening of economies.

“Moving forward, global recovery is uneven and outlook remains challenging. We will continue to maintain prudence in capital and financial management. With a strong cash position and low gearing, we have in place good headroom to prudently pursue investment opportunities, to enhance shareholder value.”

Financial Review

In FY2022, with a gradual easing from the restriction measures imposed in FY2021 to control the COVID-19 pandemic, KSH achieved a total revenue of S\$238.2 million, up from S\$153.1 million reported a year ago. This was mainly due to an increase in revenue from the Group's main revenue driver, the construction business, which saw a S\$84.1 million increase to S\$233.1 million in FY2022, up from S\$149.0 million in FY2021, with the significant increase in construction works following the resumption of construction activities. Similarly, rental income from investment properties increased in the PRC as the pandemic situation has improved as compared to previous year.

The decrease in other income from S\$16.8 million in FY2021 to S\$10.3 million in FY2022 was mainly due to the decrease in government grants and aids.

Cost of construction in FY2022 rose in line with the resumption of construction activities as well as unproductive prolongation costs for various projects and a rise in costs due to serious shortages of labour, disruption in supply chain and other challenges. Personnel costs increased as compared to FY2021 mainly due to performance bonuses provided for management, staff and workers.

Other operating expenses increased by S\$6.6 million or 77.1% from S\$8.6 million in FY2021 to S\$15.2 million in FY2022 mainly due to provision for compensation on litigation.

Share of profits of associates and joint ventures jumped to S\$27.0 million in FY2022, a turnaround from a loss of S\$2.9 million in FY2021. This was mainly attributable to the progress of completion of property development projects in Singapore and revaluation gain on hotel properties owned by associate companies.

Correspondingly, the Group reported a net profit for FY2022 of S\$24.1 million and a profit attributable to Owners of the Company of S\$24.3 million after excluding non-controlling interests.

The Group continues to maintain a healthy balance sheet and working capital position with strong cash and bank balances and fixed deposits of S\$143.1 million and low gearing as at 31 March 2022.

The Group has a fully diluted earnings per share of 4.32 Singapore cents in FY2022 and the net asset value per share as at 31 March 2022 was 59.73 Singapore cents.

Final Dividend

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

Coupled with the interim cash dividend of 1.00 Singapore cent per share distributed earlier in the financial year, this brings the total dividend declared for FY2022 to 2.00 Singapore cents per share.

Prospects and Outlook

The global economy is on track for a recovery in year 2022, after close to two years since the onset of the COVID-19 pandemic. However, the rebound is expected to be uneven across countries with uncertainties and challenges persisting amid the on-going Ukraine-Russia war that caused global supply chain disruptions and interest rates hike amid rising inflation.

Amidst global uncertainties, Singapore is also experiencing high inflation and rising interest rates. The Monetary Authority of Singapore has tightened the monetary policy to tackle inflation and interest rate are still expected to rise further in general. According to the Ministry of Trade and Industry (“**MTI**”) Singapore’s economy grew 3.7%¹ year-on-year in the first quarter of year 2022 from an expansion of 6.1% in the previous quarter.

In the absence of further disruptions caused by the Ukraine-Russia war or a severe setback in the trajectory of the pandemic, the Government expects Singapore’s GDP growth to come in between 3% and 5% and indicated that it is likely to come in at the lower half of the forecast range for year 2022².

Construction

The construction sector continues to operate at below pre-pandemic level due to labour shortages. MTI announced that the construction sector expanded by 2.1% in the first quarter of year 2022 while slowing from a growth of 2.9% in the previous quarter, for both public and private-sector construction activities³.

While the labour shortage issue was slightly mitigated by the government’s worker retention scheme, put in place between September 2021 and February 2022, high cost of recruiting migrant workers and increased cost of materials, machinery, transport, and other construction related costs would lead to higher construction costs. Nonetheless, with the gradual recovery in this sector, the Group’s construction order book in Singapore has increased to more than S\$530.0 million as at the beginning of April 2022.

¹ *MTI Maintains 2022 GDP Growth Forecast at “3.0 to 5.0 Per Cent”, Ministry of Trade & Industry Singapore – 25 May 2022*

² *MAS Monetary Policy Statement, Monetary Authority of Singapore – 14 April 2022*

³ *MTI Maintains 2022 GDP Growth Forecast at “3.0 to 5.0 Per Cent”, Ministry of Trade & Industry Singapore – 25 May 2022*

Property Development

According to real estate statistics from the Urban Redevelopment Authority (“**URA**”) released on 22 April 2022, prices of private residential property in Singapore increased 0.7% quarter-on-quarter in the first quarter of year 2022, compared to the 5.0% increase in the preceding quarter⁴.

Most of the development projects under the Group in Singapore have been either fully sold or almost fully sold as at to date.

The Group’s 25%-owned residential project, Sino-Singapore Health City Phase 1 (中新健康城一期) in Gaobeidian, PRC, has sold approximately 596 residential units to-date, with an average selling price that is expected to earn a positive profit margin.

Construction is currently ongoing progressively and is expected to complete before end of year 2022. The Group expects the units sold from Gaobeidian project to contribute positively to the results when construction is completed.

As at 31 March 2022, the Group has share of attributable progress billings to be recognised as sales revenue by associates and joint ventures (based on equity interest percentage owned by the Group) of more than S\$212.0 million from the property development projects in Singapore and the PRC, which will be progressively recognised by these associates and joint ventures and contribute to the Group’s results after FY2022.

⁴ Release of 1st Quarter 2021 real estate statistics, Urban Redevelopment Authority (URA) – 22 April 2022

Property Investment

The investment properties held by the Group in Singapore and overseas have maintained good occupancy and rental rates.

As international borders continue to re-open, hotel performance is set to improve globally in year 2022 on the back of returning demand globally. Hotel average daily rate, occupancy and revenue per available room are anticipated to reflect the stronger fundamental performance in the industry. Other factors contributing to the improvement include below-average supply growth, strong domestic leisure trends, and the resumption of inbound international travel.

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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