



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\$22.3 MILLION WITH REVENUE GROWTH IN FY2023

- ***25.4% revenue growth to S\$301.4 million with the gradual recovery of construction business and healthy construction order book of more than S\$240.0 million***
- ***Healthy balance sheet and working capital position with cash and bank balances and fixed deposits of S\$120.8 million***
- ***Proposes final dividend of 1.0 Singapore cent per share to reward shareholders, bringing FY2023 total dividend to 2.0 Singapore cents***

Singapore, 26 May 2023 – 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\$301.4 million for the year ended 31 March 2023 (“**FY2023**”), up 25.4% from S\$240.3 million over the same corresponding period last year (“**FY2022**”). This is reflective of a gradual recovery of the construction business.

Net profit attributable to Owners of the Company for FY2023 was S\$22.3 million, a decrease of S\$1.9 million from S\$24.2 million in the same period last year although there was a profit from operations before share of results of associates and joint ventures of S\$3.5 million in FY2023 as compared to a loss of S\$4.3 million in FY2022. This was mainly attributable to the decrease of S\$8.3 million in share of results of associates and joint ventures from S\$28.8 million in FY2022 to S\$20.5 million in FY2023. For the second half year ended 31 March 2023 (“**2HFY2023**”) net profit attributable to Owners of the Company stood at S\$12.2 million, a decrease of S\$2.1 million or 14.6% from S\$14.3 million for the same corresponding period (“**2HFY2022**”), due to a decrease in share of results of associates and joint ventures of S\$8.7 million from S\$19.0 million in 2HFY2022 to S\$10.3 million in 2HFY2023, offset by a profit from operations before share of results of associates and joint ventures of S\$3.2 million in 2HFY2023 as compared to a loss of S\$5.4 million in 2HFY2022.

Mr Choo Chee Onn (朱峙安), Executive Chairman and Managing Director of KSH, said, “We are encouraged by the Group’s resilient financial performance, with steady improvements across our construction and property segments. Our construction division has continued its gradual recovery, with an order book of more than S\$240.0 million as at the end of FY2023, which is expected to contribute to the Group’s financial results up to the financial year ending 31 March 2025. We are also currently working on several tenders to replenish our order book to a higher amount.

“Under property development, working closely alongside experienced partners, we have achieved healthy sales for our developments in both Singapore and the PRC, with most of the projects either fully or almost fully sold to date. For Property investments, we have maintained good occupancy and rental rates in Singapore and overseas. As for hotel investments, we continue to see recovery in occupancy and average room rates with positive trends from ‘pent-up’ travel demand, following the reopening of economies.

“Looking ahead, the global outlook remains challenging with macro headwinds. We will continue to maintain prudence in capital and financial management. Additionally, we have built-up a healthy balance sheet and working capital position with cash and bank balances and fixed deposits of S\$120.8 million, providing us with a good headroom to prudently pursue investment opportunities and enhance shareholder value.”

Financial Review

In FY2023, with the easing from the restriction measures imposed in FY2022 to control the COVID-19 pandemic, KSH achieved a total revenue of S\$301.4 million, up from S\$240.3 million reported a year ago. This was mainly due to an increase in revenue from the Group’s construction business, which saw a S\$61.6 million increase to S\$296.8 million in FY2023, up from S\$235.2 million in FY2022, with the significant increase in construction works following the resumption of construction activities.

The increase in other income from S\$10.3 million in FY2022 to S\$11.7 million in FY2023 was mainly due to the increase in interest income from additional loans to associates to finance new projects.

Cost of construction increased in FY2023 as construction works done increased as compared to prior year with escalating construction costs. The decrease in personnel costs in FY2023 was due to the decrease in performance bonuses for Management, offset by the increase in other personnel related expenses. Finance costs increased S\$2.6 million from S\$2.8 million in FY2022 to S\$5.4 million in FY2023 mainly due to the increase in bank borrowings and interest rates.

Other operating expenses decreased by S\$4.6 million or 29.8% from S\$15.2 million in FY2022 to S\$10.6 million in FY2023 mainly due to provision for legal compensation provided in FY2022, offset by increase in foreign exchange losses in FY2023.

Share of profits of associates and joint ventures was S\$20.5 million in FY2023 mainly attributable to property development projects in Singapore and PRC by associated companies. Correspondingly, the Group reported a net profit attributable to Owners of the Company of S\$22.3 million after excluding non-controlling interests for FY2023.

The Group continues to maintain a healthy balance sheet and working capital position with cash and bank balances and fixed deposits of S\$120.8 million.

The Group has a fully diluted earnings per share of 3.96 Singapore cents in FY2023 and the net asset value per share as at 31 March 2023 was 60.06 Singapore cents.

Final Dividend

Notwithstanding the challenging economic outlook, KSH will be proposing a final cash dividend of 1.0 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 1.0 Singapore cent per share distributed earlier in the financial year, this brings the total dividend declared for FY2023 to 2.0 Singapore cents per share.

Prospects and Outlook

According to the latest update by The International Monetary Fund, the global economic outlook is uncertain amid the financial sector turmoil, high inflationary pressure, and effects brought about by the global pandemic and the ongoing geopolitical tension between Russia and Ukraine¹. Monetary Authority of Singapore (“**MAS**”) has similarly commented that the global growth outlook remains uncertain. The impact of tighter monetary policy in the advanced economies could be amplified by fragilities in the financial system, further restraining credit growth and dampening confidence². The risks to growth in the global economy and in Singapore are tilted to the downside.

Amid global uncertainties and challenges, the Singapore economy grew 0.1% year-on-year in the first quarter of 2023, slowing from 2.1% growth in the previous quarter, according to official estimates released last month by Ministry of Trade and Industry (“**MTI**”)³. Singapore economy faces an uncertain and fragile outlook in the near term as businesses continue to grapple with labour shortages, higher business costs in an inflationary environment, rising interest rates and other challenges.

¹ *International Monetary Fund World Economic Outlook, A Rocky Recover – April 2023*

² *Monetary Authority of Singapore, Monetary Policy Statement – April 2023*

³ *Ministry of Trade and Industry Singapore, Singapore's GDP Grew by 0.1 Per Cent in the First Quarter of 2023 – April 2023*

Construction

According to MTI, the construction sector grew by 8.5% year-on-year in the first quarter, extending the 10.0% growth in the previous quarter⁴. Growth during the quarter was supported by expansion in both public and private sector construction output. Demand for construction across Singapore in 2023 is expected to be stable and driven by the public sector. The Building and Construction Authority ("**BCA**") estimated that contracts worth S\$27.0 billion to S\$32.0 billion will likely be awarded in 2023⁵. Even though construction demand appears to be steady, there are many challenges that lie ahead, including the growing risk of recession in major economies and Singapore, supply chain pressures, climate change, labour shortages, and significantly higher material and manpower costs as compared with pre-pandemic levels.

The Group's construction order book remains healthy at more than S\$240.0 million as at 31 March 2023.

Property Development

Following the flash estimates released by the Urban Redevelopment Authority ("**URA**") in April 2023, private home prices rose 3.2% in the first quarter of 2023, up from 0.4% increase in the preceding quarter. The Government unveiled a fresh round of property cooling measures to pre-emptively dampen property investment demand⁶, including the increases to the Additional Buyer's Stamp Duty ("**ABSD**") rates with effect from 27 April 2023⁷. Based on media reports on the new launch after the implementation of the latest property cooling measures, the sales did not seem to be adversely affected. This suggests that although a small group of investment-demand buyers may be affected, the demand from first-time buyers remained relatively stable.

⁴ Ministry of Trade and Industry Singapore, Singapore's GDP Grew by 0.1 Per Cent in the First Quarter of 2023 – April 2023

⁵ Building and Construction Authority, Singapore's Construction Demand to Remain Strong in 2023 – January 2023

⁶ Urban Redevelopment Authority, URA releases flash estimate of 1st Quarter 2023 private residential property price index – April 2023

⁷ Inland Revenue Authority of Singapore, Additional Buyer's Stamp Duty (ABSD) – April 2023

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

The construction for Phase 1 of the Group's 22.5%-owned Singapore Sino Health City (中新健康城-中新悦朗) ("**SSHC-ZXYL**") residential development project located in PRC's Gaobeidian county has been completed, for which the Group has started recognising profit for sold units. Phase 2 of SSHC-ZXYL has commenced sale and construction. More than 60.9% of the approximately 1,300 units launched in both phases of SSHC-ZXYL have been sold. The Group has investment of 33.75% stake in another mixed property development in Gaobeidian, which has also contributed positively to the Group's results for FY2023.

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

Barring any unforeseen circumstances, the Group remains cautiously optimistic on the outlook of its performance in FY2024.

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 / Ms Tang Yi Qian at telephone
DURING OFFICE HOURS	:	6534 5122
EMAIL	:	KSH@citigatedewerogerson.com
