



KEONG HONG HOLDINGS LIMITED

(Incorporated in Singapore on 15 April 2008)
(Company Registration Number: 200807303W)

FOR IMMEDIATE RELEASE

**KEONG HONG'S FINANCIAL YEAR ENDED 2012 NET PROFIT HITS RECORD
AT S\$19.8 MILLION**

- **Proposed final dividend of 1.5 cents per share and special dividend of 1.5 cents per share**
- **Healthy pipeline of projects, order book stood at S\$339 million**

FINANCIAL HIGHLIGHTS

S\$'million	FY2012	FY2011	Change (%)
Revenue	167.4	189.5	(11.7)
Gross Profit	29.4	13.8	112.3
Gross Profit Margin	17.6%	7.3%	n.m.
Profit Before Tax	23.8	12.0	97.8
Net Profit Attributable to Shareholders	19.8	9.4	111.2
Basic EPS (cents)*	12.4	5.9	110.2

* Based on 160,000,000 ordinary shares outstanding as at 30 September 2011

n.m. denotes not meaningful

Singapore, 28 November 2012 – Singapore's homegrown building construction group, **Keong Hong Holdings Limited (强枫控股有限公司)** ("Keong Hong" or the "Company" and together with its subsidiaries, the "Group"), has reported a sterling set of results with net profit attributable to shareholders ("Net Profit") rising to a record S\$19.8 million for the financial year ended 30 September 2012 ("FY2012"), up by 111.2% from the S\$9.4 million registered in the preceding financial year.

Keong Hong's Executive Director and Chief Executive Officer, Mr Ronald Leo (梁定平) said, "This has been a busy year for us, in that we made our first inroad into property development with the launch of Twin Waterfalls executive condominium in Punggol and the completion of our first resort and airport construction projects in Maldives. The solid results has underlined our ability to execute well, strengthen customer relationships and harness opportunities in the challenging operating environment."



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STRONG FINANCIALS

During FY2012, the Group launched its first property development project through a joint venture with Frasers Centrepoint Limited (“FCL”), namely the 728-unit executive condominium Twin Waterfalls at Punggol and is currently 99% sold. The Group had also completed two residential projects, namely 8@Woodleigh for FCL and Parvis for MCL Land and Ho Bee Investment. Along with this, it also completed the 94-villa resort hotel, namely The Residence Maldives, for Bonvest group and the Kooddoo domestic airport in Maldives.

The Group recorded a revenue of S\$167.4 million in FY2012, compared to S\$189.5 million in the previous financial year. The reduced revenue contributions was mainly due to lower revenue recognition from projects which received Temporary Occupation Permit at the end of FY2011, namely The Martin Place Residences and the Singapore Institute of Management as well as projects which the Group had completed towards the end of FY2012, including Parvis, 8@Woodleigh and The Residence Maldives.

Despite a lower revenue, Keong Hong’s gross profit increased by S\$15.5 million or 112.3% to S\$29.4 million. The Group’s gross profit margin expanded from 7.3% in FY2011 to 17.6% in FY2012. The increase in gross profit and gross profit margin was largely attributable to projects with higher margin that were completed by the Group towards the end of FY2012 and new projects that the Group commenced works in FY2012.

During FY2012, Keong Hong generated a healthy net cash flow of S\$20.5 million from its operating activities, with cash and cash equivalents of S\$57.7 million against S\$39.7 million recorded in the previous financial year, representing an increase of 45.2%.

The Group ended FY2012 with total shareholder’s equity of S\$51.2 million and working capital of S\$46.7 million with no bank borrowings. The Group’s market capitalisation stood at S\$68.0 million, based on the closing price of S\$0.425 on the last traded date as at 27 November 2012.



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DIVIDEND

The Board proposed a one tier tax-exempt final dividend of 1.5 cents per share and special dividend of 1.5 cents per share for approval by shareholders at the forthcoming annual general meeting. This would bring the full-year payout to 3.5 cents per share, which works out to a dividend payout ratio of 28.3%.

POSITIVE OUTLOOK IN NEAR TERM

Despite global economic uncertainty, the Singapore's economy is expected to grow by around 1.5% in 2012. Based on preliminary estimates from the Ministry of Trade and Industry ("MTI") released on 16 November 2012, the Singapore's economy grew by 0.3% on a year-on-year basis in the third quarter of 2012, compared to 2.5% growth in the second quarter of 2012. The construction sector grew by 7.7% and 12.3% on a year-on-year basis in the third quarter and second quarter of 2012 respectively. It remains the strongest performing sector among all the economic sectors in Singapore.

MTI has forecasted that Singapore's economy will grow by around 1.0% to 3.0% in 2013 given the sluggish global economy. The Building and Construction Authority ("BCA") has projected the average construction demand in 2013 and 2014 to remain strong at between \$19 billion and \$27 billion each year, which is comparable to the scale projected for 2012 at between \$22 billion and \$28 billion. The demand is likely to be supported by private sector investments as well as public sector construction demand in public housing, healthcare and educational facilities and rail infrastructure.

The Group is expecting a more challenging environment in the construction industry as it faces rising business costs, shortages of experienced and skilled manpower needed to support the strong construction demand as well as attracting and grooming local talent at the professional, managerial and executive level.

Said Mr Ronald Leo: "As at 30 September 2012, **the Group has a healthy order book of \$339 million, with projects lasting up to 2014. Nevertheless, there is much more to be done as we remain focus on growing our business in both the construction and in the property development sector. Keong Hong will continue to seek out opportunities to acquire new land parcels, grow our business**



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overseas, pursue more complex projects as well as explore strategic partnerships and alliances to create greater synergies and value for the Group, as and when opportunities arise.”

– End –

This press release should be read in conjunction with Keong Hong's financial announcement filings with the Singapore Exchange on 28 November 2012, which can be downloaded via www.sgx.com.

The Company was listed on Catalist of the Singapore Exchange Securities Trading Limited (the "SGX-ST") on 16 December 2011. The initial public offering of the Company was sponsored by PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor").

This press release has been prepared by the Company and reviewed by the Sponsor for compliance with the relevant rules of the SGX-ST. The Sponsor has not independently verified the contents of this press release.

This press release has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this press release, including the correctness of any of the statements or opinions made or reports contained in this press release.

The contact person for the Sponsor is Mr Mark Liew, Managing Director, Corporate Finance, at 20 Cecil Street, #21-02 Equity Plaza, Singapore 049705, telephone (65) 6229 8088.

About Keong Hong Holdings Limited

Established in Singapore in 1983 and listed on the Catalist Board of the Singapore Exchange Securities Trading Limited in December 2011, Keong Hong Holdings Limited has grown from a sub-contractor to become a provider of a broad range of building construction services to both private and public sectors for residential, commercial, industrial and institutional projects. In addition to conventional contracts including additional and alteration works, the Group also provides construction services for design and build projects.

Leveraging on its competencies in the construction business and its experience in working with established property developers and owners, the Group has forayed into property development through a joint venture with Frasers Centrepoint Limited to develop a 728-unit executive condominium project in Punggol. In addition, the Group has also successfully ventured overseas in resort construction in Maldives.

The Group's diversified portfolio of projects include IBIS Hotel, Singapore Institute of Management, Sime Darby Performance Centre, The Esta, Martin Place Residences, Parvis, 8@Woodleigh and The Residence resort and Kooddo domestic airport in Maldives. Its repeated customers include reputable property developers and owners such as Keppel Land group, Frasers Centrepoint Limited and MCL Land.

As testament of the Group's commitment to service and quality, Keong Hong has received numerous awards and achievements including ISO 9001:2008 and SS ISO 9001:2008 Certificate of Registration (Quality Management System), ISO 14001:2004 and SS ISO 14001:2004 Certificate of Registration (Environmental Management System) and OHSAS 18001:2007 Certificate of Registration (Occupational Health and Safety Management System). The Group has also been awarded BCA A1 grading under the category CW01 for general building, which allows it to tender for public sector construction projects of unlimited value.

For more information, please visit www.keonghong.com

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