

KEONG HONG HOLDINGS LIMITED

Unaudited Financial Statement and Dividend Announcement For The Half Year Ended 31 March 2012

*Keong Hong Holdings Limited (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 (the "**IPO**") was sponsored by PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**").*

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

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

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) 62298088.

Background

The Company was incorporated in the Republic of Singapore on 15 April 2008 under the Companies Act (Chapter 50) of Singapore as a private limited company. The Company and its subsidiaries (the "**Group**"), were formed pursuant to a restructuring exercise (the "**Restructuring Exercise**") which involved acquisition and rationalisation of the Group's corporate and shareholding structure prior to the IPO and the Company's listing on Catalist of the SGX-ST. Please refer to the Company's offer document dated 8 December 2011 ("**Offer Document**") for further details on the Restructuring Exercise.

The Company was admitted to the Catalist on 16 December 2011. For the purpose of this announcement, the results of the Group for the half year ended 31 March 2012 ("**1HY2012**"), and the comparative results of the Group for the half year ended 31 March 2011 ("**1HY2011**") represented a combination or aggregation of the financial statements of the Company and its subsidiaries after the Restructuring Exercise, and have been prepared on the assumption that the Group structure following the completion of the Restructuring Exercise has been in place since 1 October 2010.

PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENT

1(a)(i) An income statement and statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

	Group		Increase/ (Decrease) %
	First half year ended		
	31.03.2012 (Unaudited) S\$'000	31.03.2011 (Unaudited) S\$'000	
Revenue	95,173	99,673	(4.5)
Cost of sales	(87,163)	(93,729)	(7.0)
Gross profit	8,010	5,944	34.8
Other income	1,825	1,652	10.5
Administration expenses	(3,311)	(2,283)	45.0
Finance costs	(37)	(87)	(57.5)
Profit before income tax	6,487	5,226	24.1
Income tax expense	(1,108)	(632)	75.3
Profit for the financial period	5,379	4,594	17.1
Other comprehensive income:			
Exchange differences on translating of foreign operations	(127)	(49)	159.2
Other comprehensive income for financial period, net of tax	(127)	(49)	159.2
Total comprehensive income for the financial period	5,252	4,545	15.6
Profit attributable to:			
Owners of the parent	4,755	3,526	34.9
Non-controlling interests	624	1,068	(41.6)
	5,379	4,594	17.1
Total comprehensive income attributable to:			
Owners of the parent	4,690	3,501	34.0
Non-controlling interests	562	1,044	(46.2)
	5,252	4,545	15.6

n.m. denotes not meaningful

1(a)(ii) Profit for the year is stated after charging/(crediting):

	Group First half year ended		Increase/ (Decrease)
	31.03.2012 (Unaudited)	31.03.2011 (Unaudited)	
	S\$'000	S\$'000	%
Depreciation of plant and equipment	700	752	(6.9)
Amortisation of intangible asset	4	1	300.0
Operating lease expenses	17	6	183.3
Professional fees	15	5	200.0
Fair value (gain) on financial assets at fair value through profit or loss	(61)	(34)	79.4
Foreign exchange (gain) - net	(212)	(1,108)	(80.9)
Gain on disposal of plant and equipment	(21)	-	n.m.
Gain on disposal of investment properties	-	(50)	n.m.
Interest income	(169)	(83)	103.6
Dividend income from financial assets at fair value through profit or loss	-	(2)	n.m.

n.m. denotes not meaningful

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

	Group As at		Company As at	
	31/03/2012 Unaudited S\$'000	30/09/2011 Audited S\$'000	31/03/2012 Unaudited S\$'000	30/09/2011 Audited S\$'000
ASSETS				
Non-current assets				
Plant and equipment	4,296	4,645	-	-
Investment in associate	200	200	-	-
Investment in joint venture	89	89	-	-
Investment in subsidiaries	-	-	20,618	-
Intangible asset	4	1	-	-
Deferred tax assets	43	45	-	-
	4,632	4,980	20,618	-
Current assets				
Financial assets at fair value through profit or loss	1,643	582	-	-
Trade and other receivables	82,492	70,596	31	1
Cash and cash equivalents	43,766	39,725	4,085	6
	127,901	110,903	4,116	7
Less:				
Current liabilities				
Due to contract customers	24,432	20,761	-	-
Trade and other payables	68,061	60,509	866	25
Finance lease payables	615	798	-	-
Current income tax payable	1,332	1,501	-	-
	94,440	83,569	866	25
Net current assets/(liabilities)	33,461	27,334	3,250	(18)
Less:				
Non-current liabilities				
Finance lease payables	560	852	-	-
Deferred tax liabilities	74	74	-	-
	634	926	-	-
	37,459	31,388	23,868	(18)
Capital and reserves				
Share capital	23,836	13,600	23,836	-*
Foreign currency translation account	(41)	24	-	-
Accumulated profits/(losses)	11,222	15,884	32	(18)
Equity attributable to owners of the parent	35,017	29,508	23,868	(18)
Non-controlling interests	2,442	1,880	-	-
Total equity	37,459	31,388	23,868	(18)

* Not meaningful as the share capital amounted to S\$2.00 comprising 2 shares.

1(b)(ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

As at 31/3/2011 (Unaudited)		As at 30/9/2011 (Audited)	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
-	-	-	-

Amount repayable after one year

As at 31/3/2012 (Unaudited)		As at 30/9/2011 (Audited)	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
-	-	-	-

1(c) **A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year**

	Group	
	First half year ended	31/03/2011
	31/03/2012	31/03/2011
	Unaudited	Unaudited
	S\$'000	S\$'000
Operating activities		
Profit before income tax	6,487	5,226
Adjustments for:		
Amortisation of intangible asset	-	2
Depreciation of plant and equipment	700	752
Dividend income from financial assets at fair value through profit or loss	-	(2)
Fair value (gain) on financial assets at fair value through profit or loss	(61)	(34)
Gain on disposal of plant and equipment	(21)	-
Interest income	(169)	(83)
Interest expense	37	87
Gain on disposal of investment properties	-	(50)
Exchange translation reserve	(64)	(33)
Operating cash flows before movements in working capital	6,909	5,865
Trade and other receivables	(11,952)	2,363
Due to contract customers	3,671	8,219
Trade and other payables	6,757	(2,096)
Cash generated from operations	5,385	14,351
Income tax paid	(1,278)	(810)
Net cash generated from operating activities	4,107	13,541
Investing activities		
Purchase of plant and equipment	(361)	(675)
Purchase of financial assets at fair value through profit or loss	(1,000)	-
Purchase of intangible asset	(4)	(1)
Proceeds on disposal of plant and equipment	23	-
Proceeds from disposal of financial assets at fair value through profit or loss	-	565
Proceeds from disposal of property held for sale	-	2,300
Interest received	169	83
Net cash (used in)/generated from investing activities	(1,173)	2,272

	Group	
	First half year ended	31.03.2011
	31.03.2012	31.03.2011
	Unaudited	Unaudited
	S\$'000	S\$'000
Financing activities		
Fixed deposit unpledged from/(pledged with) financial institutions	5,792	(1,991)
Proceeds from issuance of shares	6,479	5,200
Repayments of bank borrowings	-	(857)
Repayments of obligations under finance leases	(474)	(445)
Dividends paid	(2,240)	(7,999)
Interest paid	(37)	(87)
Share buy-back	(2,620)	-
Net cash generated from/(used in) financing activities	6,900	(6,179)
Net change in cash and cash equivalents	9,834	9,634
Cash and cash equivalents at the beginning of the financial period	28,964	14,466
Cash and cash equivalents at end of the financial period	38,798	24,100

Cash and cash equivalents comprised:

	First half year ended	
	31.03.2012	31.03.2011
	Unaudited	Unaudited
	S\$'000	S\$'000
Fixed deposit, cash and bank balances	38,798	24,100
Fixed deposits pledged	4,978	15,201
	43,766	39,301

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

Group (Unaudited)	Share capital S\$'000	Foreign currency translation account S\$'000	Accumulated profits S\$'000	Equity attributable to owners of the parent S\$'000	Non- controlling interests S\$'000	Total S\$'000
Balance at 1 October 2010	8,400	(13)	7,209	15,596	244	15,840
Profit for the financial period	-	-	3,526	3,526	1,068	4,594
Other comprehensive income for the financial period: Exchange differences on translating foreign operations	-	(25)	-	(25)	(24)	(49)
Total comprehensive income for the financial period	-	(25)	3,526	3,501	1,044	4,545
Distribution to owners of the parent:						
Dividends	-	-	(699)	(699)	-	(699)
Issuance of shares	5,200	-	-	5,200	-	5,200
Total transaction with owners of the parent	5,200	-	(699)	4,501	-	4,501
Balance at 31 March 2011	13,600	(38)	10,036	23,598	1,288	24,886

Company (Unaudited)	Share capital S\$'000	Accumulated losses S\$'000	Total S\$'000
Balance at 1 October 2010	-*	(5)	(5)
Total comprehensive income for the financial period	-	-	-
Balance at 31 March 2011	-*	(5)	(5)

*Not meaningful the share capital amounted to S\$2.00 comprising 2 shares.

Group (Unaudited)	Share capital S\$'000	Foreign currency translation account S\$'000	Accumulated profits S\$'000	Equity attributable to owners of the parent S\$'000	Non - controlling interests S\$'000	Total S\$'000
Balance at 1 October 2011	13,600	24	15,884	29,508	1,880	31,388
Profit for the financial period	-		4,755	4,755	624	5,379
Other comprehensive income for the financial period:						
Exchange differences on translating foreign operations	-	(65)	-	(65)	(62)	(127)
Total comprehensive income for the financial period	-	(65)	4,755	4,690	562	5,252
Contribution by and distribution to owners of the parent:						
Dividends	-	-	(3,040)	(3,040)	-	(3,040)
Issuance of shares	6,960	-	-	6,960	-	6,960
IPO costs capitalised	(481)	-	-	(481)	-	(481)
Share buy-back	(1,037)	-	(1,583)	(2,620)	-	(2,620)
Arising from business combination	4,794	-	(4,794)	-	-	-
Total transactions with owners of the parent	10,236	-	(9,417)	819	-	819
Balance at 31 March 2012	23,836	(42)	11,222	35,017	2,442	37,459

Company (Unaudited)	Share capital S\$'000	Accumulated profits S\$'000	Total S\$'000
Balance at 1 October 2011	-*	(18)	(18)
Profit for the financial period	-	3,090	3,090
Total comprehensive income for the financial period	-	3,090	3,090
Contribution by and distribution to owners of the parent:			
Dividends	-	(3,040)	(3,040)
Issue of shares	23,836	-	23,836
Total transactions with owners of the parent	23,836	(3,040)	20,796
Balance at 31 March 2012	23,836	32	23,868

* Not meaningful as the share capital amounted to S\$2.00 comprising 2 shares.

1(d)(ii) Details of any changes in the company's share capital arising from right issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares of the issuer, if any, against total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

	Number of shares	Share capital (S\$)
As at 1 October 2011	2	2
Shares swap pursuant to the Restructuring Exercise	130,999,998	17,356,738
Issue of shares pursuant to the IPO agreement	29,000,000	6,960,000
IPO costs capitalised	-	(480,666)
As at 31 March 2012	160,000,000	23,836,074

The Company did not have treasury shares and outstanding convertibles as at 31 March 2011 and 31 March 2012 respectively.

1(d)(iii) To show the number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year

	Company 31/03/2012	Company 30/09/2011
Total number of issued shares excluding treasury shares	160,000,000	2

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on

Not applicable. The Company did not have treasury shares during and as at the end of the current financial period reported on.

2. Whether the figures have been audited, or reviewed and in accordance with which standard

The figures have not been audited nor reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable. The figures have not been audited nor reviewed by the Company's auditors.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

Except as disclosed in note (5) below, the financial results for the current period reported on has been presented using the same accounting policies and methods of computation as presented in the Company's most recently audited financial statement as set out in the Annual Report for the financial year ended 30 September 2011.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

The Group has adopted all new and revised Financial Reporting Standard (FRS) and Interpretations of FRS (INT FRS) that are relevant to its operations and effective for annual periods beginning on or after 1 October 2011, where applicable.

The adoption of these new/revised FRS and INT FRS did not result in any substantial change to the Group's accounting policies and has no material/significant impact on the financial statements of the Group for the current reporting period or prior years reporting period.

6. **Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends**

	Group	
	First half year ended	
	31 March 2012 (unaudited)	31 March 2011 (unaudited)
Profit attributable to owners of the parent (S\$'000)	4,755	3,526
Basic and diluted earnings per share (“EPS”) based on aggregated weighted average number of ordinary shares (cents) ⁽¹⁾ ⁽³⁾	4.43	39.97
Aggregated weighted average number of ordinary shares	107,270,774	8,822,080
Basic and diluted EPS based on post-IPO number of ordinary shares (cents) ⁽²⁾ ⁽³⁾	2.97	2.20
Post-IPO number of ordinary shares	160,000,000	160,000,000

Notes:

- (1) The calculation for the basic EPS for the respective financial period is based on the actual weighted average number of ordinary shares in issue in the respective financial period.
- (2) For comparison and illustrative purposes, the calculation for the basic EPS for the respective financial period is based on the post-IPO share capital of 160,000,000 shares in issue.
- (3) The basic and diluted EPS were the same as the Group did not have any potentially dilutive instruments for the respective financial periods.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued share capital excluding treasury shares of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year

	Group		Company	
	31 March 2012 (unaudited)	30 September 2011 (audited)	31 March 2012 (unaudited)	30 September 2011 (audited)
Net asset value per ordinary share (cents)	21.9	284.6 ⁽¹⁾	14.9	NM
Number of ordinary shares	160,000,000	10,369,699 ⁽¹⁾	160,000,000	2
Net asset value per ordinary share (cents) ⁽²⁾	21.9	18.4	14.9	NM
Number of ordinary shares ⁽²⁾	160,000,000	160,000,000	160,000,000	160,000,000

NM – Not Meaningful

Notes:

- (1) Based on the paid-up share capital of the Company and the aggregation of the Group's interest in the paid-up capital of its subsidiaries.
- (2) For comparison and illustrative purposes, the net asset value per share was calculated based on the post-IPO share capital of 160,000,000 ordinary shares.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

Review of the performance

Revenue

The Group registered S\$95.2 million in revenue for 1HY2012, as compared to S\$99.7 million for 1HY2011. The decrease in the Group's revenue by approximately S\$4.5 million or 4.5% was mainly due to lower revenue recognition during 1HY2012 from the Group's projects which received TOP at the end of FY2011, namely, The Martin Place Residences and the Singapore Institute of Management Projects. The lower revenue was partly offset by higher revenue recognition from The Parvis and the 8@Woodleigh Projects and also the revenue contributed from the Group's new project, namely Paterson 2 and The Terrasse Projects.

Gross Profit & Gross Profit Margin

Despite the lower revenue, the Group registered a higher gross profit of S\$8.0 million for 1HY2012, as compared to S\$5.9 million for 1HY2011, an increase of approximately S\$2.1 million or 34.8%. This was mainly due to higher gross profit margin in 1HY2012 of 8.4% as compared to 6.0% in 1HY2011 arising from three projects nearing completion.

Other Income

Other Income was higher in 1HY2012 by S\$0.2 million or 10.5%. This was mainly due to receipt of Conquas Incentive for Martin Place Residences project of S\$0.4 million (nil in 1HY2011) for achieving a conquas score of more than 90, higher interest income of S\$0.17 million (1HY2011, S\$0.08 million), higher service income from Maldives project of S\$0.3 million (1HY2011, nil). These gains were however pared by a lower foreign exchange gain of S\$0.24 million as compared with 1HY2011 of S\$1.1 million.

Administrative Expenses

Administrative expenses were S\$1.0 million higher in 1HY2012 as compared to 1HY2011, mainly due to higher staff costs and IPO expenses.

Finance costs

Finance costs decreased by S\$0.05 million or 57.5% from S\$0.09 million in 1HY2011 to S\$0.04 million in 1HY2012. This was mainly due to the decrease in the Group's bank borrowings.

Profit before tax

Arising from the above, profit before tax for 1HY2012 of S\$6.5 million was comparatively higher by S\$1.3 million as compared to 1HY2011 of S\$5.2 million.

Review of Financial Position

Non-Current Assets

The decrease in non-current assets of S\$0.4 million from S\$5.0 million as at 30 September 2011 to S\$4.6 million as at 31 March 2012 was mainly due to depreciation of assets of S\$0.7 million partially off-set by the acquisition of new assets of S\$0.4 million.

Current Assets

The increase in current assets of S\$17.0 million from S\$110.9 million as at 30 September 2011 to S\$127.9 million as at 31 March 2012 was attributed to the increase in trade and other receivables of S\$11.9 million due to slower payment and higher retention.

Current Liabilities

The increase in current liabilities of S\$10.8 million from S\$83.6 million as at 30 September 2011 to S\$94.4 million as at 31 March 2012 was mainly attributed to the increase in trade and other payables of S\$7.6 million due to higher bills pending payment.

Non-Current Liabilities

The decrease in non-current liabilities of S\$0.3 million from S\$0.9 million as at 30 September 2011 to S\$0.6 million as at 31 March 2012 was mainly due to lower finance lease in 1HY2012.

The Group had a positive working capital of S\$33.5 million as at 31 March 2012 as compared to S\$27.3 million as at 30 September 2011.

Review of Cash Flow Statement

Net cash flows generated from operating activities of S\$4.1 million during 1HY2012 mainly resulted from operating cash flows before movements in working capital of S\$6.9 million, pared by an increase in working capital of S\$1.4 million. This was mainly due to increase in trade and other receivables of S\$11.9 million of which was partially offset by the decrease in amount due to contract customers of S\$3.7 million and trade and other payables of S\$6.8 million and payment made for income taxes of S\$1.3 million.

Net cash flows used in investing activities of S\$1.2 million during 1HY2012 mainly arose from purchase of financial assets and the purchase of plant and equipment.

Net cash flows generated from financing activities of S\$6.9 million during 1HY2012 were mainly due to proceeds from issuance of shares of S\$6.5 million and reduction in pledged fixed deposits with financial institutions of S\$5.8 million. This was partially offset mainly by dividends payment of S\$2.2 million and share buy-back as part of the Restructuring Exercise of S\$2.6 million.

With the above mentioned factors, the net increase in cash and cash equivalents during 1HY2012 was S\$9.8 million.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

Not applicable as no forecast or prospect statement has been previously disclosed to shareholders.

10. A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

The Ministry of Trade and Industry has projected a lower overall GDP growth between 1% to 3% for 2012. However, the Building and Construction Authority (BCA) projects the overall construction demand to remain strong at between S\$21 billion and S\$27 billion for 2012. The support is likely to come from the continued strong public housing development demand as well as construction demand for institutional building and civil engineering projects. BCA expects the private sector construction demand to soften amid the global economic uncertainty and a slowdown in the Singapore economy.

Given Keong Hong's capabilities and proven track record of more than 25 years, the Group remains positive of its prospects in the coming half year and will continue to tender competitively for new projects, especially in the property development sector and larger-scale construction projects with higher complexity and value-add. However, the Group expects costs to go up in the next half year as the industry is facing labour shortages arising from government policies to reduce foreign labour, coupled with a surge in construction volume.

As at 31 March 2012, the Group's order book stood at S\$445 million, with some projects' completion date stretching up to 2014.

11. Dividend

(a) *Whether an interim (final) ordinary dividend has been declared (recommended); and*

The Board of Directors recommends a one tier tax-exempt interim dividend for 1HY2012.

(b) (i) *Amount per share (based on 160 million shares)*

0.5 Singapore cents per share

(ii) *Previous corresponding period*

None

(c) *Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).*

The dividend is tax exempt.

(d) *The date the dividend is payable.*

To be announced at a later date.

(e) Book closure date.

Notice will be given at a later date on the closure of the Share Transfer Books and Register of Members of the Company to determine members' entitlement to the dividend.

12. If no dividend has been declared/recommended, a statement to that effect

Not applicable.

13. Interested person transactions

The Group does not have general mandate for interested person transaction. There were no interested person transactions of \$100,000 or more for 1HY2012.

14. Update on use of IPO proceeds

Pursuant to the IPO, the Company received total proceeds of S\$6.48 million and as at the date of this announcement, the IPO proceeds have been utilised as follows:

Intended Usage in accordance with the Offer Document	Allocation (S\$'000)	Amount utilised (S\$'000)	Amount unutilised (S\$'000)
Merger and acquisition	1,500	-	1,500
General working capital	3,543	-	3,543
IPO expenses	1,437	1,336	101
TOTAL	6,480	1,336	5,144

15. Confirmation Pursuant to Rule 705(5) of the Listing Manual

To the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited financial results of the Company and the Group for the six months ended 31 March 2012 presented in this announcement, to be false or misleading in any material aspect.

By Order of the Board

Leo Ting Ping Ronald
Executive Chairman and Chief Executive Officer
11 May 2012