KEONG HONG HOLDINGS LIMITED
(Incorporated in Singapore on 15 April 2008)
(Company Registration Number: 200807303W)

FOR IMMEDIATE RELEASE

KEONG HONG REVENUE GROWS 86.1% TO S$273 MILLION FOR FY2014

- **Healthy net profit of S$19.4 million, proposes final dividend of 1.25 Singapore cents per share**

- **Group's construction order book stood at S$463 million, with projects stretching to FY2017**

FINANCIAL HIGHLIGHTS

S$'million	FY2014	FY2013	Change (%)
Revenue	**272.8**	146.6	86.1
Gross Profit	**30.3**	30.4	(0.3)
Gross Profit Margin	**11.1%**	20.7%	(9.6ppt)
Profit Before Tax	**23.6**	25.5	(7.3)
Profit After Tax	**19.4**	21.5	(9.9)
(1) Basic EPS (cents)	**11.1**	13.9	(20.1)
(2) NAV/Share (cents)	**34.1**	41.3	(17.4)

(1) Based on weighted average ordinary shares of 177,653,912 (FY2013: 157,424,658)

(2) Based on 233.25 million ordinary shares (excluding treasury shares) (FY2013: 156 million)

Singapore, 27 November 2014 – 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**"), today announced a 86.1% year-on-year ("yoy") increase in revenue to S$272.8 million for the financial year ended 30 September 2014 ("FY2014"). The growth was largely due to a higher percentage of revenue recognised from the Group's ongoing projects as well as new projects as they reached their active stage of construction.

Costs of sales increased yoy by 108.7% from $$116.2 million to S$242.5 million for FY2014. This was due mainly to higher wages and labour levies. The Company's on-going effort to improve workplace safety also contributed to higher business costs. As a result, despite achieving higher revenue, gross profit decreased marginally by 0.3% to S$30.3 million for the same period. Correspondingly, gross profit margin also declined from 20.7% to 11.1% for FY2014.

For the full year ended 30 September 2014, the Group's net profit remained healthy at S$19.4 million, despite lower gross profit and higher administrative expenses and finance costs.

Keong Hong's Executive Director and Chief Executive Officer, Mr Ronald Leo (梁定平) said, **"Given the slowdown in Singapore private property market and building construction industry, we are satisfied with our financial performance in FY2014. The Group will see its first revenue recognition from the property development segment when Twin Waterfalls receives TOP in 2015, this will help to strengthen our financial position to remain competitive in this increasingly challenging environment."**

DIVIDEND

The Board of Directors is proposing a one tier tax-exempt final dividend of 1.25 Singapore cents per share for approval by shareholders at the forthcoming annual general meeting in January 2015. This will bring the full-year payout to 2.25 cents per share, which works out to a dividend payout ratio of 22.7%.

PROJECTS UPDATE AND ORDER BOOK

During FY2014, the Group secured a S$118.0 million building contract to construct the 378-unit Executive Condominium The Amore at Edgedale Plains in Punggol Central. Construction work on the 17-storey executive condominium has commenced and the project is expected to be completed by November 2016. The Group holds a 15% interest in this executive condominium development, which will be launched in December 2014.

In the same period, the Group was also awarded the joint tender with FCL Tampines Court Pte. Ltd., a wholly-owned subsidiary of Frasers Centrepoint Limited, for a land parcel at Sembawang Avenue for a new executive condominium project. This will be the Group's fourth residential development since its maiden foray into property development in 2012.

Construction work on the Group's first hotel development in Singapore, namely the 131-room Hotel Indigo Singapore Katong and the 451-room Holiday Inn Express Singapore Katong have also commenced. Both hotels are expected to open in 2016.

As at 30 September 2014, the Group has an order book on construction projects of approximately $463 million, supported by a pipeline of projects which includes Alexandra Central, J Gateway, Twin Waterfalls, SkyPark Residences and The Amore. Construction projects which will receive the Temporary Occupation Permit ("TOP") in the coming months include Paterson Collection and The Twin Waterfall.

BUSINESS OUTLOOK

Based on the press release from the Ministry of Trade and Industry ("MTI") on 25 November 2014(1), the Singapore economy grew by 2.8 per cent year-on-year in the third quarter of 2014, higher than the 2.3 per cent growth in the preceding quarter. The construction sector grew by 1.7 per cent on a year-on-year basis, moderating from the 3.7 per cent growth in the previous quarter. The slowdown was mainly due to weaker private sector construction activities. On a quarter-on-quarter basis, the sector contracted at an annualised rate of 0.3 per cent, following the 4.2 per cent contraction in the previous quarter.

The Building and Construction Authority ("BCA") has projected the average construction demand in 2014 and 2015 to be between S$25 billion and S$34 billion per annum. This is lower than the S$31 billion to S$38 billion projected for 2014(2). The less favourable outlook is in view of the current market volatility amid the Government's multi-pronged approach to stabilise the property market, the substantial supply of completed housing units coming on-stream over the next few years, as well as the scaling back of new Government land sales for the first half of 2014.

[1] http://www.mti.gov.sg/ResearchRoom/SiteAssets/Pages/Economic-Survey-of-Singapore-Third-Quarter-2014/PR_3Q14.pdf

[2] http://www.bca.gov.sg/Newsroom/pr09012014_BCA.html

To mitigate the risk of the increasingly challenging environment, the Group has taken steps to form strategic partnerships and alliances with reputable industry players to take on property and hotel development projects. The Group's hotel development in Maldives will also provide an additional and recurring revenue stream that will further drive growth.

Commenting on the business outlook, Mr Ronald Leo said, "**The construction industry continues to face strong headwinds in the form of labour shortages, escalating costs and more intense market competition. Nevertheless, we remain cautiously optimistic as we are supported by a healthy order books. Moving forward, we will actively seek new contracts to replenish our order books and to explore opportunities locally and overseas to grow our business.**"

– End –

This press release should be read in conjunction with Keong Hong's financial announcement filings with the Singapore Exchange on 27 November 2014, which can be downloaded via www.sgx.com.

This press release has been prepared by the Company and its content have been reviewed by PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (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 (Bloomberg: KHHL SP, Reuters: KEHO.SI)

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 first forayed into property development in 2012 through a joint venture with Frasers Centrepoint Limited to develop a 728-unit executive condominium project in Punggol. In 2013, the Group launched

SkyPark Residences, a 506-unit executive condominium project jointly developed with JBE Holdings Limited. In addition, the Group has also successfully ventured overseas in resort and airport 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 Kooddoo 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. At the SIAS Investors' Choice Awards 2013, Keong Hong was conferred the Runner-Up for Most Transparent Company Award under the Catalist Category.

For more information, please visit www.keonghong.com

For media enquiries, please contact:

Ann Chan
29 Communications LLP
Mobile: (65) 9669 4816
Email: ann@29communications.com.sg

Lim Siew Yin
29 Communications LLP
Mobile: (65) 9858 4673
Email: siewyin@29communications.com.sg