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

FOR IMMEDIATE RELEASE

KEONG HONG REPORTS HIGHER REVENUE OF S$176 MILLION FOR FY2023

- **Visible pipeline with construction order book stood at approximately S$364 million as at 30 September 2023**
- **Recent award of tender by Housing & Development Board ("HDB") for building works at Tengah Plantation will increase order book to approximately S$658 million**
- **Completion of the sale of non-core assets in Japan and full repayment of Series 003 medium term notes**
- **Ramping up sustainability efforts with the installation of roof solar panels at Chin Bee factory and abolishment of single-use plastics at the Maldives resorts**

FINANCIAL REVIEW

S$'million	FY2023	FY2022	Change (%)
Revenue	**176.0**	**148.1**	18.9
Cost of Sales	**(195.9)**	**(178.9)**	9.6
Gross Loss	**(19.9)**	**(30.8)**	(35.2)
Negative Gross Profit Margin	**(11.3) %**	**(20.8) %**	(45.7)
Loss for the Financial Year	**(50.8)**	**(46.6)**	9.0
Basic loss per share (cents)	**(21.1)**	**(19.5)**	8.2
Net asset value per share (cents)	**27.4**	**47.2**	(41.9)

Singapore, 31 January 2024 – Singapore's homegrown building construction, hotel and property development and investment 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"), recorded a higher revenue of S$176.0 million for the financial year ended 30 September 2023 ("FY2023"), a 18.9% increase as compared to S$148.1 million in the financial year ended 30 September 2022 ("FY2022"). The increase in revenue was mainly due to the progress made in various on-going construction projects as well as increase in productivity of construction activities year-on-year.

Cost of sales increased to S$195.9 million in FY2023 as compared to S$178.9 million in FY2022 with higher construction costs and employee benefit expenses recorded.

Consequently, the Group recorded a lower gross loss of S$19.9 million as compared to a gross loss of S$30.8 million in FY2022. The negative gross profit margin for FY2023 was 11.3% as compared to negative gross profit margin of 20.8% in FY2022. The gross loss sustained in FY2023 was mainly attributable to higher construction costs for materials and labour of pre-pandemic projects that are still ongoing during the current reporting period.

Other income increased by 80.6% or S$7.5 million to S$16.9 million in FY2023, as compared to S$9.4 million in FY2022, mainly attributable to the one-off gain from the disposal of two investment properties in Osaka, Japan.

The Group recorded a 11.0% increase in administrative expenses, from S$16.4 million in FY2022 to S$18.2 million in FY2023. The increase was mainly attributed to a net foreign exchange loss of S$4.6 million as compared to a net foreign exchange gain of S$1.9 million in FY2022. The foreign exchange differences are mainly unrealised. These was partially offset by a decrease in other administrative expenses as compared to FY2022.

The Group recorded a loss allowance on financial assets of S$8.8 million in FY2023 as compared to S$5.4 million in FY2022, which was mainly attributable to an impairment loss on investment in an associate amounting S$8.5 million, determined based on value-in-use calculation at reporting date.

The Group recorded a net loss of S$4.8 million from its share of results of joint ventures, mainly attributable to the share of losses relating to the joint venture construction project of Punggol Regional Sports Centre. The Group's share of net losses of associates increased to S$7.8 million in FY2023 as compared to S$5.5 million in FY2022. The increase was mainly attributed to its investments in an associate that own, operate and manage airport and hotels in the Maldives. The associate reported a higher net loss arising from higher finance costs and operational expenses incurred during the current reporting period.

Consequently, the Group sustained a net loss after tax of S$50.8 million in FY2023, as compared to a net loss after tax of S$46.6 million in FY2022.

As at 30 September 2023, the Group's cash and cash equivalents stood at S$12.7 million as compared to S$22.6 million in FY2022.

The Group recorded a deficit in net cash from operating activities of S$12.8 million in FY2023, mainly attributable to the loss-making construction projects.

Net cash generated from investing activities amounted S$46.4 million in FY2023, comprised mainly of proceeds from the disposal of two investment properties of S$24.6 million and repayment of loan from a joint venture company of S$20.8 million.

Net cash used in financing activities amounted to S$43.3 million in FY2023, primarily due to repayment of medium term notes of S$35.3 million, net repayment of bank borrowings of S$2.0 million, repayment of lease liabilities of S$2.3 million and interest payment of S$4.3 million.

Despite improvement in net debt position, the Group's gearing ratio was slightly higher than at 0.57 times as compared to 0.53 times in FY2022, due mainly to lower retained earnings in FY2023. The Group recorded a loss per share of 21.1 cents and a net asset value per share of 27.4 cents.

Keong Hong's Chairman and Chief Executive Officer, Mr Ronald Leo (梁定平) said, **"During this financial year, Keong Hong has fully repaid its Series 3 medium term notes and disposed of its two commercial properties in Japan. The Group also secured its first mixed-use commercial construction project in the CBD, Solitaire on Cecil, to be completed in 2026. On the sustainability front, we have commenced installation of roof solar panels at Chin Bee factory and we have also abolished single-use plastics at our two resort hotels in the Maldives.**

With the award of the Tengah Plantation main contract works amounting to S$293.7 million, the Group will be in a stronger position as we progress into 2024. While it is anticipated to be a challenging year ahead, we are cautiously optimistic that the worst is behind us."

DIVIDEND

The Board of Directors is not proposing any dividends for the financial year FY2023 considering the Group's financial performance, balance sheet, working capital requirements and need for future funds for possible investment and growth opportunities.

OUTLOOK

Building Construction

The Group's current project pipeline consists of Grand Hyatt Hotel Singapore, Sky Eden@Bedok, Solitaire on Cecil and Tengah Plantation. Our current construction order book stands at approximately S$658 million, with residential projects forming 55% of the portfolio and commercial projects making up the remainder.

The Building and Construction Authority has projected the total construction demand in 2024 to range between S$32 billion and S$38 billion, mainly driven by public housing and infrastructure projects such as Build-To-Order flats, Cross Island MRT Line contracts, Changi Airport Terminal 5 and Tuas Port developments, as well as other major road enhancement and drainage improvement works. Private sector construction demand was projected to be between S$14 billion and S$17 billion, underpinned by residential developments, expansion of the two integrated resorts, as well as development of mixed-used properties and industrial facilities.

Despite increased costs associated with manpower and higher fuel and utility expenses, the outlook for the building construction sector remains optimistic in the near term. As such, we will be actively seeking new opportunities to strengthen our project pipeline, particularly in the healthcare and public housing sector.

Property Development and Investment

The increased Additional Buyer's Stamp Duty ("ABSD") rates, especially for foreigners purchasing residential property, higher costs of borrowing, a slowing global economy and weakening consumer sentiment, have resulted in the market showing some signs of deceleration. Based on the Urban Redevelopment Authority's flash estimates, prices of private residential properties increased by 6.7% for the whole of 2023, moderating from the 8.6% increase in 2022; while sale transaction volume fell by about 15% compared to 2022.

The outlook for the property market in the nearer term is resultingly more cautious. With more regulatory scrutiny being accorded to purchases of high-end property in a bid to counter money laundering activities, overall buying sentiment may be impacted. Higher interest rates and increased ABSD rates are expected to negatively affect the mass market segment as well. With limited land supply and ever-increasing competition for prime locations, the opportunities for securing property development projects which will afford good returns on investment are limited. Nevertheless, we will continue to seek opportunities with good value proposition, in partnership with reputable and strong players in the industry, while remaining prudent in any land acquisitions.

Hotel Development and Investment

The Maldives recorded visitor arrivals of 1.88 million in 2023, an increase of 12.1% as compared to 1.68 million in 2022. The top five visitor generating markets were Russia, India, China, United Kingdom and Germany. While the tourism sector has been strong, finance and operating costs have escalated which have impacted our share of profits from our two hotel investments in the Maldives. The combined average occupancy of Mercure Maldives Kooddoo Hotel and Pullman Maldives Maamutaa Resort for 2023 was 69.2%, higher than the industry average of 57.6%.

Global tourism has not yet rebounded completely to pre-COVID levels. Airlines are still finding it challenging to ramp up operations given labour shortages, higher fuel and other operating costs. Furthermore, travel may be affected by the threats of a global economic slowdown and an increasingly tense geopolitical landscape. As such, we are cautiously optimistic of the performance of this sector, which may impact our hotel properties and influence our future hotel investment strategy.

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This press release should be read in conjunction with Keong Hong's financial announcement filings with the Singapore Exchange on 31 January 2024, which can be downloaded via www.sgx.com.