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$148 MILLION AND NET LOSS OF S$47 MILLION FOR FY2022

- **Visible pipeline with construction order book standing at approximately S$425 million, providing the Group with a sustainable flow of activities through the end of FY2025.**

FINANCIAL HIGHLIGHTS

S$'million	FY2022	FY2021	Change (%)
Revenue	**148.1**	**77.0**	92.4
Cost of Sales	**(178.9)**	**(69.5)**	> 100
Gross (Loss)/Profit	**(30.8)**	**7.5**	n.m.
Gross (Loss)/Profit Margin	**(20.8)%**	**9.7%**	n.m.
Loss Before Tax	**(45.9)**	**(17.6)**	> 100
Loss for the Financial Year	**(46.6)**	**(20.2)**	> 100
Basic loss per share (cents)	**(19.5)**	**(7.5)**	> 100
Net asset value/Share (cents)	**47.2**	**67.5**	(30.1)

Singapore, 29 November 2022 – 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$148.1 million for the financial year ended 30 September 2022 ("**FY2022**"), a 92.4% increase as compared to S$77.0 million in the financial year ended 30 September 2021 ("**FY2021**"). The increase in revenue was mainly due to the improvement in construction productivity and the commencement of upgrading works to Grand Hyatt Hotel Singapore.

Despite higher revenue, the Group sustained a gross loss of S$30.8 million with negative gross profit margin of 20.8% as compared to a gross profit of S$7.5 million with gross profit margin of 9.7% for FY2021. The gross loss sustained in FY2022 was mainly attributable to higher-than-expected construction costs for materials and labour of pre-pandemic projects that are still ongoing, as well as provision for onerous contracts in the current financial year.

Other income stood at S$9.4 million, an increase of S$2.0 million as compared to FY2021, mainly attributable to net foreign exchange gain.

The Group recorded a 15.6% decrease in administrative expenses, from S$19.5 million in FY2021 to S$16.4 million in FY2022. The decrease was mainly attributed to non-recurrence of fair value loss on financial assets at fair value through profit or loss and net foreign exchange loss recorded in FY2021. These was partially offset by increase in professional fees in relation to series of corporate actions in FY2022.

Other expenses increased to S$2.5 million in FY2022 as compared to S$0.7 million in FY2021, attributed to an impairment loss of S$2.5 million on the property located at Sungei Kadut.

The Group recorded a net gain of S$4.1 million from its share of results of joint ventures and associates in FY2022 as compared to a net loss of S$8.7 million in FY2021. The net gain was mainly attributable to the share of profit from residential development projects in Singapore.

Against this backdrop, the Group's net loss after tax widened to S$46.6 million in FY2022, as compared to a net loss after tax of S$20.2 million in FY2021.

The Group recorded a deficit in net cash from operating activities of S$21.0 million in FY2022, mainly attributable to certain loss-making construction projects.

The Group generated net cash of S$42.3 million in investing activities during the year, mainly from the receipt of dividend income from joint venture, partial loan repayment from joint ventures and associate and proceeds from the disposal of non-current asset held for sale.

Net cash used in financing activities of S$20.1 million was mainly due to repayment of bank loans and interest, as well as repayment of lease liabilities.

In terms of balance sheet, as at 30 September 2022, the Group's cash and cash equivalents stood at S$22.6 million as compared to S$21.8 million at the beginning of the financial year. The Group's gearing ratio was 0.53 times as compared to 0.40 times in FY2021. The Group recorded a loss per share of 19.5 cents and net asset value per share of 47.2 cents.

Keong Hong's Chairman and Chief Executive Officer, Mr Ronald Leo (梁定平) said, **"While Singapore's economy reflected the general post-COVID-19 pandemic recovery, our operating environment remains challenging. The prolonged Russia-Ukraine war and lockdowns in Chinese cities have worsened inflationary pressures and supply chain challenges. Our financial results were negatively impacted by increased in operational costs and raw material prices, in addition to shortage of skilled labour and supply chain disruptions.**

With the headwinds of a slowing economy, high inflation and rising interest rates, we must focus our efforts on overcoming these adversities by minimising costs, increasing productivity and enhancing efficiency, to ensure a turnaround in profitability."

DIVIDEND

The Board of Directors is not proposing any dividends for the financial year FY2022, having regard to the Group's balance sheet and financial position, and weighing these against the need to conserve cash to weather the remaining challenges ahead, as well as for possible investment in opportunities which may present themselves in the near future.

OUTLOOK

Building Construction

The Group's current project pipeline consists of National Skin Centre, Sky Everton condominium, Wilshire Residences condominium and the Grand Hyatt Hotel Singapore. We were awarded the construction of a proposed mixed residential-commercial development at 799 New Upper Changi Road worth S$70 million in November 2022. The project will commence in January 2023 and is targeted to be completed by third quarter of 2025. Our current construction order book stood at approximately S$425 million.

The Group will be proactive in seeking new opportunities to enhance our project pipeline, while exercising prudence and being selective in the projects we tender for.

Property Development and Investment

Prices of private residential properties have continued to rise in the third quarter and new residential launches have scored strong sales in recent months, resulting in the government introducing a new round of property cooling measures on 30 September 2022. While this round of cooling measures seems to be targeted at moderating the demand for resale HDB housing, it does also have some broad-based effect on the overall ability of homeowners to borrow.

The outlook for Singapore property in the longer-term horizon remains positive, however the nearer term outlook is more cautious, given the global economic uncertainties, among them, rising interest rates and inflationary pressures coupled with the real possibility of a global recession. These may have a negative impact on buyer sentiment. Nevertheless, we will continue to seek property development and investment projects and will remain prudent in any land acquisition.

Hotel Development and Investments

The international tourism market has rebounded, albeit with visitor arrivals still below pre-pandemic levels. The easing of entry requirements into most countries, the overall effectiveness in managing COVID-19 infections, and high vaccinations rates, have seen the travel sector performing strongly. The Maldives has recorded more than 1.3 million tourist arrivals from January to October 2022, which is a 32.7% increase over last year. The country is on track to welcome 1.6 million international visitors this year, almost back to pre-pandemic level of 1.7 million visitors in 2019.

The combined average occupancy of Mercure Maldives Kooddoo Hotel and Pullman Maldives Maamutaa Resort was more than 60.5% from January to October, higher than the industry average of 58.3%.

We remain open to opportunities for hotel development and investment in the Maldives, as well as other popular tourist destinations such as Japan, Vietnam, Australia and United Kingdom.

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About Keong Hong Holdings Limited (Bloomberg: KHHL SP, Reuters: KEHO.SI)

Keong Hong Holdings Limited is listed on the Main Board of the Singapore Exchange Securities Trading Limited. The Group's principal activities include building construction, property and hotel investor and developer. Its building construction services include a broad range of residential, commercial, institutional, industrial and infrastructural projects for both private and public sectors. The Group has property and hotel development and investment projects in Singapore, Japan and Maldives.

The Group made its maiden foray into property development in Singapore in 2012 through a joint venture with Frasers Property to develop Twin Waterfalls Executive Condominium ("EC"). Its subsequent residential developments include SkyPark Residences EC, The Amore EC, Parc Life EC, Seaside Residences and The Antares.

The Group ventured into hotel development and investment in 2013 with its two resort developments in Maldives, Mercure Maldives Kooddoo Hotel and Pullman Maldives Maamutaa Resort. In Singapore, the Group owns a joint hotel and mixed-use development project - Hotel Indigo Singapore Katong, Holiday Inn Express Singapore Katong and Katong Square. In 2016, the Group acquired the first of its two commercial properties in Japan.

Led by a highly qualified and experienced management team with a staff strength of over 150, Keong Hong has built a strong reputation and record of accomplishment over the last 35 years for its commitment to quality and service standards.

For more information, please visit www.keonghong.com.

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This press release should be read in conjunction with Keong Hong's financial announcement filings with the Singapore Exchange on 29 November 2022, which can be downloaded via www.sgx.com.