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

FOR IMMEDIATE RELEASE

KEONG HONG REPORTS REVENUE OF S$118 MILLION AND GROSS PROFIT OF S$0.4 MILLION FOR FIRST HALF OF FY2023

- **Realised gain on disposal of two investment properties in Japan of S$7.8 million.**
- **Higher administrative expenses with unrealised net foreign exchange loss of S$6.4 million.**
- **Visible pipeline with construction order book standing at approximately S$428 million, providing the Group with a sustainable flow of activities through FY2026.**

FINANCIAL HIGHLIGHTS

S$'million	1HFY2023	1HFY2022	Change (%)
Revenue	**118.1**	**54.7**	> 100
Cost of sales	**(117.7)**	**(62.4)**	88.7
Gross profit/(loss)	**0.4**	**(7.7)**	n.m.
Gross profit/(loss) margin	**0.4%**	**(14.0%)**	n.m.
Net loss after tax	**(4.4)**	**(11.3)**	(61.3)
Basic loss per share (cents)	**(1.58)**	**(4.59)**	(65.6)
Net asset value per share (cents)	**46.9**	**63.2**	(25.8)

Singapore, 10 May 2023 – 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**"), more than doubled its revenue to S$118.1 million for the six months ended 31 March 2023 ("**1HFY2023**") as compared to S$54.7 million for the same period ("**1HFY2022**"). The increase in revenue was mainly due to progress made in various on-going construction projects as well as productivity improvement in construction activities year-on-year.

Gross profit grew to S$0.4 million in 1HFY2023, from a gross loss of S$7.7 million sustained in 1HFY2022. Gross profit margin was at 0.4% as compared to a negative gross profit margin of 14.0% in the previous corresponding period.

Other income increased by S$8.8 million to S$12.3 million in 1HFY2023, as compared to S$3.5 million in 1HFY2022, mainly attributable to the gain on disposal of investment properties of S$7.8 million and an increase of interest income from S$1.8 million in 1HFY2022 to S$3.2 million in 1HFY2023 arising from higher interest earned on deposits and loan to associates during the current period reported on.

The Group recorded a 46.2% increase in administrative expenses, from S$9.5 million in 1HFY2022 to S$13.9 million in 1HFY2023. The increase was mainly attributed to increase in unrealised net foreign exchange loss from S$1.5 million in 1HFY2022 to S$6.4 million in 1HFY2023 resulting from the depreciation of United States dollar vis-à-vis Singapore dollar and increase in depreciation of right-of-use assets by S$0.6 million to S$1.2 million in 1HFY2023. This was partially offset by a decrease in employee benefit expenses from S$2.3 million in 1HFY2022 to S$1.7 million in 1HY2023.

The Group's share of losses of associates increased to S$2.7 million in 1HFY2023 as compared to a share of losses of S$1.6 million in 1HFY2022. The increase was mainly attributed to its investments in associates that own, operate and manage airport, hotel and resort in Maldives. Despite the recovery of tourism with improvement in occupancy and room rates, a higher loss was reported arising from higher finance costs, fuel and gas charges incurred during the current period reported on.

Against this backdrop, the Group's net loss after tax narrowed to S$4.4 million in 1HFY2023, as compared to a net loss after tax of S$11.3 million in 1HFY2022.

The Group recorded a deficit in net cash from operating activities of S$8.9 million in 1HFY2023, mainly attributable to the loss-making construction projects awarded pre-pandemic.

The Group generated net cash of S$46.3 million in investing activities during the current period reported on, comprised mainly of proceeds from the disposal of investment properties of S$24.6 million and repayment of loans from ventures of S$20.8 million.

Net cash used in financing activities of S$6.4 million was primarily due to repayment of lease liabilities and the net effects of movement in bank borrowings.

As at 31 March 2023, the Group's cash and cash equivalents stood at S$53.6 million as compared to S$29.6 million at the same period last year. The Group recorded a loss per share of 1.58 cents and net asset value per share of 46.9 cents.

Keong Hong's Chairman and Chief Executive Officer, Mr Ronald Leo (梁定平) said, **"Keong Hong has delivered a set of commendable results for the first half of financial year 2023, in tandem with the continued recovery of the construction sector in Singapore. We have secured a new construction contract for an office and commercial building in March 2023 and the Group looks to keep the momentum going for the rest of the year."**

OUTLOOK

<u>Building Construction</u>

The Group's current project pipeline consists of National Skin Centre, Sky Everton condominium, Wilshire Residences condominium, Grand Hyatt Hotel Singapore, Sky Eden@Bedok and Solitaire on Cecil. Our current construction order book stood at approximately $428 million, with commercial projects forming 81% of the portfolio and residential projects making up the remainder.

In March 2023, the Group was awarded a construction contract of $118 million for Solitaire on Cecil. The project involves the erection of a 20-storey office building comprising restaurants on the first storey with a basement carpark at Cecil Street. The construction period of the project is 35 months, commencing in May 2023.

The Building and Construction Authority (BCA) estimated that the construction sector is to remain strong in 2023, supported largely by public sector construction projects such as Build-To-Order flats, industrial and institutional projects such as water treatment plants, educational buildings and community clubs. Private sector construction demand is expected to be around the same level as 2022.

Property Development and Investment

A third round of property cooling measures took effect on 27 April 2023, with higher additional buyer's stamp duties for Singaporeans and permanent residents buying their second and subsequent residential property and for foreigners buying any residential property in Singapore.

Coupled with higher mortgage and inflation rates, we expect investment demand for residential properties will ease and home price growth will be curtailed in the coming months. In the longer term, home prices will continue to rise as it will be supported by strong employment and higher land prices. We will therefore continue to seek property development projects and will remain prudent in any land acquisitions.

The Group has completed the disposal of its commercial properties in Osaka, Japan in February 2023. The properties, located in Honmachi and Minamihorie were non-core assets of the Group, generating rental income since they were acquired in 2016 and 2017 respectively. With the sale completed, the Group is able to realise the value of the properties, improve its liquidity, provide additional working capital to meet its financial obligations and/or for future opportunities to acquire other investment properties and/or development of hotel properties.

Hotel Development and Investment

The Maldives has recorded 1,675,303 tourist arrivals in 2022, which was a 26.7% increase over the same period in 2021 and almost back to pre-pandemic level of 1.7 million visitors in 2019. The first three months of 2023 saw the number of tourist arrivals grew by 21.4% to 523,928, on account of a strong recovery in international tourism.

The combined average occupancy of Mercure Maldives Kooddoo Hotel and Pullman Maldives Maamutaa Resort was 73.1% for October 2022 to March 2023, higher than the industry average of 66.0%.

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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This press release should be read in conjunction with Keong Hong's financial announcement filings with the Singapore Exchange on 10 May 2023, which can be downloaded via www.sgx.com.