



## KEONG HONG HOLDINGS LIMITED

(Incorporated in Singapore on 15 April 2008)  
(Company Registration Number: 200807303W)

### FOR IMMEDIATE RELEASE

## KEONG HONG ACHIEVES NET PROFIT OF S\$3.5 MILLION FOR 2Q2015 AND RECOMMENDS DIVIDEND OF 0.5 CENTS PER SHARE

- Revenue rose by 20.8 per cent year-on-year to S\$68.2 million in 2Q 2015 due to higher revenue recognition for ongoing construction projects
- Investment in Kori Holdings Limited to gain a presence in infrastructure projects, especially in the MRT segment

### FINANCIAL HIGHLIGHTS

S\$'million	3 Months Ended 31 March			6 Months Ended 31 March		
	2Q 2015	2Q 2014	Change	1H 2015	1H 2014	Change
Revenue	68.2	56.4	20.8%	141.4	118.0	19.8%
Gross Profit	6.5	5.3	23.3%	14.1	13.7	2.6%
Gross Profit Margin (%)	9.6%	9.4%	0.2ppt	10.0%	11.6%	(1.6ppt)
Profit Before Tax	4.5	3.3	34.3%	11.3	10.5	7.1%
Profit After Tax	3.5	3.2	10.7%	9.2	9.3	(0.9%)
<sup>(1)</sup> Basic EPS (cents)	1.54	1.36	13.2%	3.97	4.05	(1.9%)

<sup>(1)</sup> Based on weighted average of 232,950,000 ordinary shares (2Q 2014: 233,586,489)

**Singapore, 12 May 2015** – 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 reported a net profit of S\$3.5 million and a revenue of S\$68.2 million for the second quarter ended 31 March 2015 ("2Q 2015"). For the same period in 2014 ("2Q 2014"), the Group posted a net profit of S\$3.2 million on revenue of S\$56.4 million. The rise in profit was mainly attributable to higher revenue recognition from ongoing projects such as Alexandra Central, J Gateway, Skypark Residences and The Amore.

For the six months ended 31 March 2015 ("1H 2015"), the Group continues to maintain a healthy set of financials for the current fiscal year, with net profit of S\$9.2 million on revenue of S\$141.4 million,



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as compared to S\$9.3 million and S\$118.0 million in the six months ended 31 March 2014 (“**1H 2014**”) respectively.

The Board of Directors has approved a one tier tax-exempt interim dividend of 0.5 Singapore cent per share, which works out to a dividend payout ratio of 12.6%.

Commenting on the results, Executive Chairman and Chief Executive Officer of Keong Hong, Mr Ronald Leo (梁定平) said, **“Despite a slowdown in private home sales and private sector construction activities, higher costs and levies, we have continued to perform well. Moving forward, we will seek alternative revenue streams to supplement our construction business. Besides our hotel and resort developments in Singapore and the Maldives, we will look out for investment opportunities in the hotel and commercial sectors in key cities in Australia and Japan.”**

### **BUSINESS OUTLOOK AND ORDER BOOK**

As of 31 March 2015, the Group has a healthy construction pipeline with outstanding construction order book remained strong at S\$322.0 million. The Group will continue to leverage on its track record and well-established reputation as a reliable and quality provider of building construction services to seek new contracts to replenish its order books and to explore opportunities to grow its construction business.

Prices of private residential properties in Singapore decreased by 1.0% in first quarter of 2015<sup>1</sup>, this is the sixth consecutive quarter of price decline attributed to weaker demand amid tighter restrictions on the property market. Going forward, the Group expects the private residential property market in Singapore to be more challenging as the cooling measures continue to take its toll on demand. Against this backdrop, the Group will continue to look for potential partners to jointly undertake property development projects in Singapore as well as other countries in the Asia Pacific region. The joint ventures benefit the Group as we are able to share resources with business partners and manage any business risks associated with the property development projects.

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<sup>1</sup> URA Media Release, “**Release of 1<sup>st</sup> Quarter 2015 real estate statistics**”; <https://www.ura.gov.sg/uol/media-room/news/2015/apr/pr15-18.aspx>



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The Group's first joint venture property development project, Twin Waterfalls is expected to obtain TOP in the current financial year. Gains from our 20% stake in the fully sold Twin Waterfalls will be recognised in FY2015.

The Group intends to launch its fourth Executive Condominium development before the end of this year. The project will be jointly developed by the Group and FCL Tampines Court Pte. Ltd., a wholly-owned subsidiary of Frasers Centrepoint Limited. The Group will also be undertaking the main contract work for this project.

Outside Singapore, the Group will undertake the development of a midscale airport resort hotel on Kooddoo Island and an upscale resort hotel on Maamutaa Island, Maldives. Following the recent announcement on 16 April 2015, the Group has appointed Accor to manage the 68-villa Mercure Maldives Kooddoo Resort and the 120-villa Pullman Maldives Maamutaa Resort, the resort hotels are expected to commence operations in 2016 and 2018 respectively. The Group owns 45% of the shareholding in this joint venture development, which also includes the development and operation of Kooddoo Airport. The development cost of the two resorts and the domestic airport is estimated to be around US\$120 million.

The Group has acquired 15.12% of Kori Holdings Limited in March 2015. Commenting on the investment, Mr Ronald Leo said, **"We plan to leverage on our investment in the Kori Group to gain a presence in businesses which are complementary to the Group, such as civil and structural engineering and infrastructural works for the extension of the existing MRT network. The Group will continue to seek other similar strategic alliances where there are synergies and complementary competencies to be leveraged on."**

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### **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](http://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 12 May 2015, which can be downloaded via [www.sgx.com](http://www.sgx.com).*

*This press release has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Prime Partners Corporate Finance Pte. Ltd. (the "**Sponsor**") for compliance with the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this press release.*

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