



KEONG HONG HOLDINGS LIMITED

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

FOR IMMEDIATE RELEASE

Keong Hong Posts 35% Higher 1H Net Profit of S\$4.8 million

- Interim dividend of 0.5 Singapore cent per share
- First joint property development project with Fraser Centrepoint Limited, Twin Waterfalls is over 95% sold
- Upgraded to BCA A1 grading, able to tender for public sector construction projects of unlimited value

FINANCIAL HIGHLIGHTS

S\$'million	1H2012	1H2011	Change
Revenue	95.2	99.7	(5%)
Gross Profit	8.0	5.9	35%
Gross Profit Margin	8.4%	6.0%	40%
Profit Before Tax	6.5	5.2	25%
Net Profit Attributable to Equity Shareholders	4.8	3.5	35%
Basic EPS (cents)	2.97	2.20	35%

Singapore, 11 May 2012 – Singapore's homegrown building construction group, Keong Hong Holdings Limited (强枫控股有限公司) ("Keong Hong" or "the Group"), has reported yet another set of encouraging results with net profit attributable to equity shareholders ("net profit") rising to S\$4.8 million for the six months ended 31 March 2012 ("1H2012"), compared to S\$3.5 million for the six months ended 31 March 2011 ("1H2011"). 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 16.7%.

Commenting on the Group's performance, Mr Ronald Leo, Executive Director and Chief Executive Officer of Keong Hong, said, **"We are pleased to have reported yet another credible set of results, driven by robust organic growth in our core business. Our performance reflects the current**



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strength and resilience of the construction industry, and is also a testament of Keong Hong's ability to deliver value-added and quality services to our clients."

For 1H2012, the Group recorded a revenue of S\$95.2 million, compared to S\$99.7 million in 1H2011. The decrease in revenue was due primarily to lower revenue recognition during 1H2012 from the Group's projects which received TOP at the end of FY2011. The lower revenue was partly offset by higher revenue recognition from the Group's other residential projects as well as revenue contributed from the Group's new projects.

Despite lower revenue, Keong Hong's gross profit increased by S\$2.1 million or 34.8% to S\$8.0 million. The Group's gross profit margin rose from 6.0% in 1H2011 to 8.4% in 1H2012. The increase in gross profit margin was largely due to three projects nearing completion.

The Group also ended the six-month period with a stronger balance sheet. Cash and cash equivalents stood at S\$43.8 million as at 31 March 2012, representing an improvement of S\$4.0 million from 31 September 2011.

In the six-month period, Keong Hong launched its first property development, a 728-unit executive condominium project in Punggol, a joint venture with Frasers Centrepoint Limited ("FCL") which the Group holds a 20% interest. The project saw brisk sales, where barely three months after its official launch, buyers snapped up 695 units of the executive condominium or 95.5% of the total units available. Mr Ronald Leo expressed delight at the strong interest in Twin Waterfalls, he said: **"We are excited to embark on our first property development project with FCL. Leveraging on our competencies in the construction business, we will continue to prospect actively for new business opportunities in residential, commercial and industrial property development."**

As at 31 March 2012, the Group's order book stood at S\$445 million, with some projects' completion stretching up to 2014.



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OUTLOOK

Despite a lower projection of overall GDP growth of between 1 to 3% for 2012 by the Ministry of Trade and Industry, the Building and Construction Authority (BCA) has projected that the overall construction demand to remain strong at between S\$21 billion and S\$27 billion for 2012. The support is likely to come from the continued strong public housing development demand as well as construction demand for institutional building and civil engineering projects. However, the private sector construction demand may soften amid the global economic uncertainty and a slowdown in the Singapore economy.

Mr Ronald Leo said he expects the outlook for the construction industry to remain healthy and competitive in the coming half year. He also highlighted that the industry is facing strong headwinds in the form of labour shortages arising from government policies to reduce foreign labour, in addition to escalating costs due to an expected surge in construction volume in the next half financial year.

“Keong Hong has a proven track record of more than 25 years, this is a clear advantage even as the Group continues to grow its business, especially in the property development sector and larger-scale construction projects with higher complexity and value-add. We are also well-positioned to tap exciting growth opportunities in our overseas expansion, especially for the construction of hotels and resorts.

We have achieved a BCA Class A1 grading under the category of CW01 for general building, which allows us to tender for public sector construction projects of unlimited value. This augurs well for the Group as public sector construction demand is expected to be contributing between S\$13 billion and S\$15 billion worth of construction orders in 2012,” added Mr Ronald Leo.

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About Keong Hong Holdings Limited (www.keonghong.com)

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 forayed into property development through a joint venture with Frasers Centrepoint Limited to develop a 728-unit executive condominium project in Punggol. In addition, the Group has also successfully ventured overseas in resort 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 Falhumaafushi Resort 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).

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Disclaimer:

The Company was listed on Catalist of the Singapore Exchange Securities Trading Limited (the "SGX-ST") on 16 December 2011. The initial public offering of the Company was sponsored by PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor").

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