



KEONG HONG HOLDINGS LIMITED

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

FOR IMMEDIATE RELEASE

KEONG HONG REPORTS HIGHER NET PROFIT AND PROPOSES INTERIM DIVIDEND OF 0.5 SINGAPORE CENTS PER SHARE

- Executive condominium project at Sembawang Crescent/Sembawang Drive to be launched in second half of 2013
- Strong order book of S\$542 million

FINANCIAL HIGHLIGHTS

S\$'million	1H2012	1H2013	% Change
Revenue	95.2	52.8	(44.5)
Gross Profit	8.3	8.6	3.5
Gross Profit Margin	8.7%	16.2%	NM
Profit Before Tax	6.5	7.0	8.5
Profit After Tax	5.4	5.7	6.8
Earnings per share * (cents)	4.4	3.9	(11.3)

*based on weighted average of 158,857,143 shares (1H2012: 108,306,661 shares)

NM denotes not meaningful

Singapore, 14 May 2013 – Singapore's homegrown building construction group, Keong Hong Holdings Limited (强枫控股有限公司) ("Keong Hong" or "Group"), has reported a 6.8% rise in the Group's net profit to S\$5.7 million based on the Group's revenue of S\$52.8 million, for the six months ended 31 March 2013 ("1H2013"). The Board of Directors has proposed a one tier tax-exempt interim dividend of 0.5 Singapore cents per share, which works out to a dividend payout ratio of 12.8%.



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The Group's revenue decreased by 44.5% to S\$52.8 million, due to fewer active projects on hand as compared to the same period in the last financial year. This was partially offset by revenue recognition from on-going projects such as Paterson 2, The Terrasse and Twin Waterfalls.

Despite lower revenue, Keong Hong's gross profit increased by S\$0.3 million to S\$8.6 million. The Group's gross profit margin jumped from 8.7% 1H2012 to 16.2% in 1H2013. The improvement in gross profit margin was largely due to cost savings from projects nearing completion as well as contribution from new projects.

The Group's venture into property development has brought considerable impact to the Group's balance sheet, with amount due from associates increasing from S\$16.5 million as at 30 September 2012 to S\$30.5 million as at 31 March 2013 due to shareholder's loan of S\$14.0 million given to Oasis Development Pte Ltd, a joint venture company set up with JBE Holdings Pte Ltd to develop an executive condominium project at Sembawang Crescent/Sembawang Drive. This has also impacted the Group's cash flow with net cash used in operating activities increased to S\$2.8 million in 1H2013 due to a higher working capital. Notwithstanding, the Group's cash and cash equivalents stood at a healthy S\$29.0 million as at 31 March 2013.

ORDER BOOK

Since the start of 2013, the Group has secured two building construction projects totaling approximately S\$251.0 million. These are the main contract work for an executive condominium project at Sembawang Crescent/Sembawang Drive worth S\$149.9 million and Alexandra Central, a 19-storey hotel mixed development comprising a 13-storey hotel tower and a 6-storey commercial podium worth S\$101.1 million. The Group has also entered into a joint venture with JBE Holdings Pte Ltd which it holds a 20% interest to develop an executive condominium project at Sembawang Crescent/Sembawang Drive due to be launched in second half of 2013.



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Mr Ronald Leo (梁定平), Keong Hong's Chairman and Chief Executive Officer, commented, **"Our strong order book, including the recent contract win of Alexandra Central which reached S\$542 million as at 14 May 2013, will provide us a sustainable flow of activities through the next three years."**

OUTLOOK

The Building and Construction Authority ("BCA") has projected a strong construction demand of between S\$26 billion and S\$32 billion for 2013, anchored by public sector projects. This comes on the heels of the sector's strong performance in 2012, where total construction demand was sustained at a healthy S\$28.1 billion. For private sector construction, BCA expects the sector to take a more cautious stance in terms of new construction investments. Demand for private residential construction is projected to continue to soften in view of the anticipated continual slow economic growth in 2013, coupled with the significant supply of completed housing units over the next few years. For 2014 and 2015, the average construction demand is projected to be between S\$20 billion and S\$28 billion per annum.

Mr Ronald Leo added, **"Although construction sentiment remains positive, we expect the tightening in foreign workers quota and the recent round of cooling measures on the residential property market to have a significant impact on the industry. Nevertheless, we are optimistic of our performance in the current financial year and will continue to focus on our core business of building construction and explore strategic partnerships to seek out new opportunities in property development."**

– End –

This press release should be read in conjunction with Keong Hong's announcement filings with the Singapore Exchange on 14 May 2013, which can be downloaded via www.sgx.com.

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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This press release has been prepared by the Company and its contents have been reviewed by the Sponsor for compliance with the relevant rules of the SGX-ST. The Sponsor has not independently verified the contents of this press release.

This press release has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this press release, including the correctness of any of the statements or opinions made or reports contained in this press release.

The contact person for the Sponsor is Mr Mark Liew, Managing Director, Corporate Finance, at 20 Cecil Street, #21-02 Equity Plaza, Singapore 049705, telephone (65) 6229 8088.

About Keong Hong Holdings Limited

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 The Residence resort and Kooldoo 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.

For more information, please visit www.keonghong.com

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