



KEONG HONG HOLDINGS LIMITED

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

FOR IMMEDIATE RELEASE

KEONG HONG REPORTS A 49% INCREASE IN HALF YEAR NET PROFIT TO S\$8.6 MILLION AS REVENUE ROSE 122% TO S\$118 MILLION

- Proposes one tier tax-exempt interim dividend of 1.0 Singapore cent per share
- Proposes a bonus share issue to shareholders on the basis of one bonus share for every two existing ordinary shares
- Executive condominium project at Edgedale Plains in Punggol Central to be launched in the fourth quarter of 2014

FINANCIAL HIGHLIGHTS

S\$'million	1H2014	1H2013	% Change
Revenue	118.0	53.2	122.0
Gross Profit	13.7	9.1	50.7
Gross Profit Margin	11.6%	17.2%	(5.6ppt)
Profit Before Tax	9.8	7.0	39.7
Profit After Tax	8.6	5.7	48.9
⁽¹⁾ Basic EPS (Singapore cents)	5.6	3.9	43.5
⁽²⁾ NAV/Share (Singapore cents)	45.5	41.3	10.1

⁽¹⁾ Based on weighted average of 155,928,176 shares (1H2013: 158,857,143 shares)

⁽²⁾ Based on 155.5 million ordinary shares (excluding treasury shares) (1H2013: 156 million)

Singapore, 8 May 2014 – 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**”), has reported a 48.9% rise in the Group’s net profit after tax to S\$8.6 million while registering a 122.0% increase in revenue to S\$118.0 million for the six months ended 31 March 2014 (“**1H2014**”).



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The growth in revenue was due mainly to higher revenue recognition from ongoing projects as well as new projects such as Alexander Central, J Gateway and SkyPark Residences which have commenced work in the fourth quarter of the Company's last financial year ended 30 September 2013.

While the Group achieved revenue growth of 122.0% in 1H2014 as compared to the 6 months ended 31 March 2013 ("**1H2013**"), the increase in the cost of sales of 136.8% to S\$104.3 million in 1H2014 were higher in comparison. This was due mainly to higher wages and labour levies. Keong Hong's on-going effort to improve workplace safety also contributed to higher business costs.

Consequently, Group's gross profit margin slipped to 11.6% in 1H2014 from 17.2% in the 1H2013 despite an increase in gross profit by 50.7% to S\$13.7 million in 1H2014. The decline in gross profit margin was also partly due to lower margin for new projects in the initial stages of construction.

Keong Hong's Executive Director and Chief Executive Officer, Mr Ronald Leo (梁定平) remarked, "**The financial results are in line with our expectations and have improved as compared to the corresponding period. This reflects our strength and resilience to stay competitive amidst intensifying competition and rising labour costs and business costs which continue to affect our margins.**"

PROJECTS UPDATE AND ORDER BOOK

During 1H2014, the Group was awarded the joint tender for an 8,238.5 square metres land parcel at East Coast Road by the Urban Redevelopment Authority for S\$352.8 million. The proposed hotel mixed development will comprise of a 500 to 600-room hotel with commercial space for medical suites, offices, retail and F&B. The Company had entered into a joint venture with Master Contract Services Pte Ltd and Asia Development Pte Ltd where it is holding a 20% interest to jointly develop the project.



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The Group also expects to launch an executive condominium project at Edgedale Plains in Punggol Central in the fourth quarter of 2014.

The Group's Maldives projects are currently in various stages of construction and development. The expansion of the Kooddoo domestic airport in Gaafu Alifu Atoll, including infrastructure work for the extension of its existing runway are slated for completion by the first quarter of 2015. The development of an airport hotel on the island of Kooddoo and a tourist resort on the island of Maamutaa in Maldives are slated for completion in 2015 and 2016 respectively.

As at 31 March 2014, the Group's total construction order book stood at approximately S\$494 million which will provide the Group with a sustainable flow of activities till 2016. The Group's construction project pipeline includes Paterson 2, The Terrasse, Twin Waterfalls, Alexandra Central, J Gateway and SkyPark Residences.

DIVIDEND AND BONUS ISSUE

In light of the Group's performance, the Board of Directors has proposed a one tier tax-exempt interim dividend of 1.0 Singapore cent per share, which works out to a dividend payout ratio of 18.0%.

The Company is also proposing a bonus share issue to shareholders on the basis of one bonus share for every two existing ordinary shares to reward the shareholders for their loyalty, and continuing support for the Company as well as to reflect the growth and expansion of the Group's business.

OUTLOOK

The Building and Construction Authority ("BCA") expects the overall construction demand in Singapore for 2014 to remain strong at between S\$31.0 and S\$38.0 billion, fuelled by higher demand for public sector projects which are expected to contribute close to 60.0% or between S\$19.0 and S\$22.0 billion. However, the private sector demand is expected to moderate between S\$12.0 and S\$16.0 billion in 2014 as compared to S\$21 billion in 2013.



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The Group expects the construction and building industry to continue to face challenges. The property cooling measures introduced by the Government and the substantial supply of completed housing units over the next few years will also have some downward pressure on prices and profits in the industry.

Mr Ronald Leo added, **“We have stepped up our overseas development activities in the Maldives and also expanded into hotel development through the land parcel at East Coast Road, and we believe this will enhance our overall competitiveness and pave the way for future growth.”**

– End –

This press release should be read in conjunction with Keong Hong’s financial announcement filings with the Singapore Exchange on 8 May 2014, which can be downloaded via www.sgx.com.

This press release has been prepared by the Company and reviewed by PrimePartners Corporate Finance Pte. Ltd. (the “Sponsor”) for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (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.

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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 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



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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 the Most Transparent Company Award under the Catalyst Category.

For more information, please visit www.keonghong.com

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