



**KEONG HONG HOLDINGS LIMITED**

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

**FOR IMMEDIATE RELEASE**

**KEONG HONG REPORTS FY2019 REVENUE OF S\$162.6 MILLION  
AND NET PROFIT BEFORE TAX OF S\$24.3 MILLION**

- Recommends a final dividend of 1.5 cents per share
- Continues to look for development and investment opportunities locally and overseas

**FINANCIAL HIGHLIGHTS**

S\$'million	FY2019 Unaudited	FY2018 Audited	Change (%)
Revenue	162.6	159.8	1.7
Gross Profit	36.2	37.0	(2.2)
Gross Profit Margin	22.3%	23.2%	(3.9)
Profit Before Tax	24.3	27.5	(11.9)
Profit After Tax	16.9	22.9	(26.3)
<sup>(1)</sup> Basic EPS (cents)	7.0	10.1	(30.7)
<sup>(2)</sup> NAV/Share (cents)	94.9	96.2	(1.4)

<sup>(1)</sup> Based on weighted average ordinary shares of 234,553,836 (FY2018: 232,854,795)

<sup>(2)</sup> Based on 235.010 million ordinary shares (excluding treasury shares) (FY2018: 234.510 million)

**Singapore, 28 November 2019** – 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”), today announced its results for the full year ended 30 September 2019 (“FY2019”). Our revenue stood at S\$162.6 million, a 1.7% increase over revenue of S\$159.8 million in the financial year ended 30 September 2018 (“FY2018”). The revenue increase was mainly attributed to higher revenue



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contribution from the construction of Seaside Residences condominium, National Skin Centre and Pullman Maldives Maamutaa Resort. Gross profit decreased by 2.2% to S\$36.2 million as compared to S\$37.0 million in FY2018 while gross profit margin dipped slightly to 22.3% as compared to 23.2% in FY2018.

Other income improved by 60.8% to S\$14.3 million from S\$8.9 million in FY2018 due mainly to dividend income, fair value gain on loan receivables and foreign exchange gain as a result of the strengthening of the US dollar and Japanese Yen, vis-à-vis the Singapore dollar.

The Group recorded a net gain of S\$9.2 million from joint ventures and associates as compared to a net gain of S\$7.5 million in FY2018. The net gain was mainly attributable to share of profits from the residential development projects in Singapore. Net profit after tax was S\$16.9 million compared to S\$22.9 million in FY2018 due mainly to higher administration expenses arising from impairment loss on investment in associates.

The Group maintained a healthy balance sheet with cash and cash equivalents of S\$55.8 million. Our total assets amounted to S\$452 million, against total liabilities of S\$227 million. Our gearing ratio was 0.42 times as compared to 0.43 times in FY2018. Net asset value per share stood at 94.9 cents with basic earnings per share at 7.0 cents in FY2019.

Keong Hong's Chairman and Chief Executive Officer, Mr Ronald Leo (梁定平) said, **"Keong Hong has registered a credible set of financial results for 2019 and the Group ended the year with another milestone as we opened our second hotel in the Maldives. The Pullman Maldives Maamutaa Resort has many eco-friendly features such as a composter to convert food waste to fertilizer, a coral nursery and solar panels on all back-of-house buildings. We took almost three years to build it and we are extremely excited and proud with the final product."**



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### **DIVIDEND**

The Board of Directors is recommending a one tier tax-exempt final dividend of 1.5 cents per share, to be approved by shareholders at the forthcoming annual general meeting and paid in February 2020. Together with the interim one-tier tax exempt dividend of 0.25 cent per share, the full-year dividend of 1.75 cents per share represents a dividend payout ratio of 25.2%.

### **OUTLOOK**

#### **Building Construction**

The Group's current construction projects pipeline consists mainly of Seaside Residences condominium, The Antares condominium, Wilshire Residences condominium and National Skin Centre. As at 30 September 2019, the Group's construction order book stood at approximately S\$256.0 million, providing the Group with a sustainable flow of activities through the end of FY2021.

Singapore's economy is forecasted to grow by 0.5% to 1.0% in 2019. For the third quarter of 2019, the economy grew by 0.5% on a year-on-year basis, slightly higher than the 0.2% growth in the second quarter. More significantly for us, the construction sector did better than most, posting a year-on-year 2.9% growth in the third quarter of 2019, supported by a pick-up in the public and private sector construction activities. Nevertheless, the sector is still not out of the woods as on a quarter-on-quarter seasonally adjusted annualised basis, it registered a 0.1% contraction<sup>1</sup>.

The award of contracts from redevelopment of en bloc acquisitions will probably be rolled out more intensively next year. In the medium term, the sector is likely to feel the headwinds of the slowdown in the global economy although support should come from public sector infrastructural,

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<sup>1</sup> Ministry of Trade and Industry, "MTI Forecasts GDP to Grow by "0.5 to 1.0 Per Cent" in 2019 and "0.5 to 2.5 Per Cent" in 2020 – 21 November 2019.



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industrial, commercial, institutional and community projects. As such, our focus will continue to be on pursuing projects in these areas.

### **Property Development and Investment**

Residential property prices in Singapore rose by 1.3% in the third quarter of 2019 compared with 1.5% in the second quarter. 3,281 completed and uncompleted units were sold in the third quarter of 2019 compared with 2,350 units in the previous quarter. This surpassed the number of units sold in the same period last year, which stood at 3,012 units<sup>2</sup>. The statistics are indicative that despite a dampened economic outlook as well as the most recent cooling measures introduced by the government, the property sector has shown some signs of resilience.

Seaside Residences has attained sales of more than 91.7% to-date, with only 70 units left unsold. We launched The Antares, a 265-unit condominium project located next to Mattar MRT Station in September. 24 units have been sold to-date and we are confident of the eventual pick-up in buyer interest as the project begins to take shape.

### **Hotel Development and Investment**

Tourism and hotel statistics in Singapore and the Maldives, the two key markets in which we have ventured, have been encouraging. The Singapore Tourism Board has forecasted that international arrivals will grow by a further 1% to 4% in 2019<sup>3</sup>. In Maldives, tourist arrivals from January to September has increased by 15.8% and average occupancy was higher at 62.2%<sup>4</sup>.

Our Mercure Maldives Kooldoo Hotel has performed within expectations and is in line with the industry average. Our second hotel property, the luxurious Pullman Maldives Maamutaa Resort, has begun welcoming guests at the end of September 2019.

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<sup>2</sup> Urban Redevelopment Authority, "Release of 3rd quarter 2019 real estate statistics" - 25 October 2019.

<sup>3</sup> Singapore Tourism Board, "Third consecutive year of growth for Singapore tourism sector in 2018" - 13 February 2019.

<sup>4</sup> Ministry of Tourism, Republic of Maldives.



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The Group is optimistic that given the current travel and tourism trends, the contribution from hotel development and investment will gradually grow to be a more significant portion of our revenues, particularly as we intensify our efforts on sourcing for suitable overseas hotel investments.

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### **About Keong Hong Holdings Limited (Bloomberg: KHHL SP, Reuters: KEHO.SI)**

Keong Hong Holdings Limited is listed on the Main Board of the Singapore Exchange Securities Trading Limited. The Group's principal activities include building construction, property and hotel investor and developer. Its building construction services include a broad range of residential, commercial, institutional, industrial and infrastructural projects for both private and public sectors. The Group has property and hotel development and investment projects in Singapore, Japan and Maldives.

The Group made its maiden foray into property development in Singapore in 2012 through a joint venture with Frasers Property to develop Twin Waterfalls Executive Condominium ("EC"). Its subsequent residential developments include SkyPark Residences EC, The Amore EC, Parc Life EC, Seaside Residences and The Antares.

The Group ventured into hotel development and investment in 2013 with its two resort developments in Maldives, Mercure Maldives Kooddoo Resort and Pullman Maldives Maamutaa Resort. In Singapore, the Group owns a joint hotel and mixed-use development project - Hotel Indigo Singapore Katong, Holiday Inn Express Singapore Katong and Katong Square.

In 2016, the Group acquired the first of its two commercial properties in Japan.

Led by a highly qualified and experienced management team with a staff strength of over 300, Keong Hong has built a strong reputation and record of accomplishment over the last 30 years for its commitment to quality and service standards.

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 28 November 2019, which can be downloaded via [www.sgx.com](http://www.sgx.com).*