KEONG HONG HOLDINGS LIMITED
(Incorporated in Singapore on 15 April 2008)
(Company Registration Number: 200807303W)

FOR IMMEDIATE RELEASE

KEONG HONG REPORTS NET LOSS OF S$19.3 MILLION FOR FY2021 DESPITE HIGHER REVENUE

- **Visible pipeline with construction order book standing at approximately S$482 million**

FINANCIAL HIGHLIGHTS

S$'million	FY2021 Unaudited	FY2020 Audited	Change (%)
Revenue	85.3	82.9	2.9
Gross Profit	3.9	30.8	(87.3)
Gross Profit Margin	4.6%	37.1%	(87.6)
Loss Before Tax	(17.2)	(13.4)	(28.4)
Loss for the Financial Year	(19.3)	(18.8)	(2.7)
[1] Basic loss per share (cents)	(7.2)	(7.7)	(6.5)
[2] NAV/Share (cents)	67.8	79.8	(15.0)

[1] Based on weighted average ordinary shares of 235,010,000 for FY2021 and FY2020 (excluding treasury shares)

[2] Based on 235,010,000 ordinary shares

Singapore, 29 November 2021 – 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**"), registered a marginal higher revenue of S$85.3 million for the financial year ended 30 September 2021 ("**FY2021**") as compared to S$82.9 million in the financial year ended 30 September 2020 ("**FY2020**").

Due to the ongoing COVID-19 pandemic, the Group's construction business had been hampered by labour shortage, intermittent work stoppages, disruptions in the global supply chain and fluctuations in prices of raw materials, which have resulted in lower productivity and increased operating costs. Consequently, a significant lower gross profit of S$3.9 million was recorded in FY2021 as compared to S$30.8 million in FY2020. Gross margin declined to 4.6% from 37.1%.

The Group registered other income of S$10.4 million, which was a 6.3% decrease from S$11.1 million in FY2020. The decrease in other income was due mainly to lower government grant income, interest income and rental income recorded in FY2021.

The Group recorded a net loss of S$4.3 million from share of results of joint ventures and associates in FY2021 as compared to a net loss of S$15.1 million in FY2020. The lower net loss was mainly attributable to a pickup in the hospitality business in Maldives.

The Group's net loss after tax was S$19.3 million as compared to a net loss after tax of S$18.8 million in FY2020. Despite registering a loss in the current financial year, the Group's operating cash flows before working capital changes remained positive.

The Group generated net cash of S$62.3 million in investing activities during the year as compared to net cash used of S$20.0 million in FY2020, mainly from the receipt of loan repayment from joint ventures, associate and third parties as well as interest received.

Net cash used in financing activities of S$52.3 million was mainly due to repayment of the Group's Medium Term Notes Series 002 as well as repayment of bank loans and interest.

As at 30 September 2021, the Group's net cash position stood at S$21.8 million as compared to S$40.0 million at the beginning of the financial year. The Group's gearing ratio was 0.42 times as compared to 0.45 times in FY2020. The Group recorded a loss per share of 7.2 cents and net asset value per share of 67.8 cents.

Keong Hong's Chairman and Chief Executive Officer, Mr Ronald Leo (梁定平) said, **"While Keong Hong managed to achieve a higher revenue for FY2021, the Group's overall performance is still a long way off pre-pandemic levels, in particular our construction business in Singapore and hospitality business in Maldives. Going forward, the Group will continue to face challenges, even as we adapt to living with an endemic COVID-19.**

That being said, there is light at the end of the tunnel. Globally, business sentiments have improved with accelerated vaccination programmes and borders reopening. Singapore is set to ease further border restrictions in the coming months, which will greatly alleviate the manpower shortage and pave the way for a gradual recovery in the construction sector. Our year has also closed positively as we have been awarded a contract for upgrading works to the Grand Hyatt Hotel Singapore, providing the Group with a sustainable flow of activities for the next two years."

DIVIDEND

The Board of Directors is not proposing any dividends for the financial year FY2021, having regard to the Group's balance sheet and financial position, and weighing these against the need to conserve cash to weather the remaining challenges ahead, as well as for possible investment in opportunities which may present themselves in the near future.

OUTLOOK

Building Construction

The Group's current project pipeline consists of National Skin Centre, Punggol Regional Sports Centre, Sky Everton condominium, Wilshire Residences condominium, The Antares condominium and the Grand Hyatt Hotel Singapore. As at 30 September 2021, our construction order book stood at approximately S$482 million.

The strict workplace safety rules such as worksite segregation and safe distancing measures imposed by the relevant authorities have resulted in lower productivity and efficiency and rising business costs, exacerbated by escalating prices of raw materials. Project delays and falling margins have been the inevitable consequences of such circumstances.

Property Development and Investment

Singapore's property market shows no sign of letting up with prices increasing across all classes of properties. Prices of residential properties increasing by 1.1% in the third quarter of 2021 as compared with 0.8% in the preceding quarter. Developers sold 3,550 private residential units in the third quarter of 2021 as compared to 2,966 units in the previous quarter and 3,517 units in the same period in 2020[1].

The Antares condominium has benefitted from the strong property market, achieving sales of more than 98% to date, whilst its completion has been pushed back to the third quarter of 2022.

The Group will be earnestly looking for new property development projects in the coming months.

Hotel Development and Investments

Our two hotels, The Holiday Inn Express Singapore Katong and Hotel Indigo Singapore Katong, have been adversely affected by the global pandemic. As Singapore gradually reopens borders, the introduction of Vaccinated Travel Lanes (VTLs) with 27[2] countries to date, offers hope for a faster recovery. We remain cautiously hopeful for an eventual upturn in tourist arrivals as more VTLs and other reciprocal travel schemes are established.

[1] Urban Redevelopment Authority, "Release of 3rd quarter 2021 real estate statistics", 22 October 2021.
[2] Immigration & Checkpoints Authority, https://safetravel.ica.gov.sg/vtl/requirements-and-process#countries

The Maldives has reopened its borders since July 2020 and has rebounded well from the pandemic. From January to October 2021, over one million tourists have arrived in Maldives as compared to 423,325 for the same period last year which marks a 139.3% increase in tourism arrivals[3]. This has augured well for our Mercure Maldives Kooddoo Hotel and Pullman Maldives Maamutaa Resort, with both properties achieving a combined average occupancy rate of more than 60% since August 2021.

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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 Hotel 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 35 years for its commitment to quality and service standards.

For more information, please visit 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 29 November 2021, which can be downloaded via www.sgx.com.

[3] Ministry of Tourism, Republic of Maldives, https://www.tourism.gov.mv/en/downloads/reports