



KEONG HONG HOLDINGS LIMITED

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

FOR IMMEDIATE RELEASE

KEONG HONG POSTS RECORD NET PROFIT OF S\$21.4 MILLION FOR FY2013

- Proposed final dividend of 2.0 cents per share
- Group's construction order book stood at S\$611 million, with projects stretching to FY2016

FINANCIAL HIGHLIGHTS

S\$'million	FY2013	FY2012	Change (%)
Revenue	146.6	167.4	(12.4)
Gross Profit	30.4	29.3	3.8
Gross Profit Margin	20.7%	17.5%	n.m
Profit Before Tax	25.3	23.9	5.9
Net Profit After Tax	21.4	19.3	10.7
⁽¹⁾ Basic EPS (cents)	13.7	14.9	(8.1)
⁽²⁾ NAV/Share (cents)	41.2	31.4	31.2

⁽¹⁾ Based on weighted average ordinary shares of 157,424,658 (FY2012: 134,294,569)

⁽²⁾ Based on 156 million ordinary shares (excluding treasury shares) (FY2012: 160 million)

n.m. denotes not meaningful

Singapore, 28 November 2013 – 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 achieved a record net profit of S\$21.4 million on a revenue of S\$146.6 million for the financial year ended 30 September ("FY") 2013.

Keong Hong's Executive Director and Chief Executive Officer, Mr Ronald Leo (梁定平) said, "2013 is a year of growth for the Group as we made further inroads in our property development business, expanded our overseas ventures and invested in strategic alliances. To reward our shareholders, we are pleased to propose a final dividend of 2.0 cents per share."



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FY2013's PERFORMANCE

During FY2013, the Group secured three building and construction contracts, namely SkyPark Residences, Alexandra Central and J Gateway, which amounted to S\$412.8 million. The Group has also been awarded the joint tender for the land at Punggol Central/Edgedale Plains by the Housing Development Board for an executive condominium project. To further its overseas venture, the Group has entered into three lease agreements with the Government of the Republic of Maldives for the development and operation of (i) Kooddoo Domestic Airport; (ii) a tourist hotel; and (iii) a tourist resort. The Group has also subscribed for a S\$5 million convertible bond issued by Catalist-listed Kori Holdings Limited, forming a strategic alliance with the civil and structural engineering company that specialises in structural steelwork and tunnelling services.

The Group's revenue for FY2013 decreased by 12.4% to S\$146.6 million, from S\$167.4 million in FY2012. Despite a lower revenue, the Group's gross profit increased by 3.8% to S\$30.4 million. The Group's gross profit margin also improved from 17.5% in FY2012 to 20.7% in FY2013. The increase in gross profit and gross profit margin were largely attributable to cost savings from certain projects that had been substantially completed and variation orders from some projects. Reward of S\$0.4 million received from project clients for achieving the agreed CONQUAS (*"The Construction Quality Assessment System"*) score for two (2) of the completed projects also contributed to the improved gross profit and gross profit margin.

As of 30 September 2013, the Group had S\$17.0 million in cash and cash equivalents as compared to S\$53.9 million in FY2012.

During the financial year, the Group generated positive operating cash flows of S\$27.0 million before movements in working capital. After taking into account changes in working capital as well as income tax payment of S\$4.0 million, the Group generated a net cash inflow from operating activities of S\$4.2 million.



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Net cash of S\$7.9 million was used in investing activities as compared to S\$4.3 million in FY2012 which mainly included S\$3.3 million in new plant and equipment and S\$5 million to fund the convertible bond's subscription in Kori Holdings Limited.

Net cash of S\$33.2 million was used in financing activities in FY2013 as compared to S\$4.1 million in the preceding financial year. This was mainly due to shareholder's loan granted to the Company's associate and joint venture companies of S\$28.6 million, S\$5.6 million for dividend payments to shareholders and S\$2.1 million for share buy-backs. This was mainly partially offset by bank borrowing of S\$3.0 million.

As at 28 November 2013, market capitalisation of the Group stood at S\$90.5 million based on the last transacted share price of S\$0.58.

DIVIDEND

The Board proposed a one tier tax-exempt final dividend of 2.0 cents per share for approval by shareholders at the forthcoming annual general meeting. This would bring the full-year payout to 2.5 cents per share, which works out to a dividend payout ratio of 18.0%.

GROWTH OUTLOOK

Based on the latest numbers released by the Ministry of Trade and Industry ("MTI") on 21 November 2013, the Singapore economy grew by 5.8 per cent year-on-year in the third quarter of 2013 ("3Q2013"), compared to 4.4 per cent in the previous quarter ("2Q2013"). MTI expects the Singapore economy to grow by 3.5 to 4.0 per cent in 2013, and by 2.0 to 4.0 per cent in 2014.

The construction sector recorded a year-on-year growth of 5.3 per cent in the 3Q2013, which was moderately lower than the 6.7 per cent year-on-year growth in the third quarter of 2012. The sector contracted by 2.5 per cent in 3Q2013, on a quarter-on-quarter seasonally-adjusted annualised basis, a sharp contrast from the 20.3 per cent growth in 2Q2013.



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The Building and Construction Authority (“BCA”) has projected the average construction demand in 2014 and 2015 to remain healthy at between S\$20 billion and \$28 billion each year, which is marginally lower than the S\$26 billion to S\$32 billion projected for 2013. Private residential construction demand is projected to continue to soften following the implementation of various property cooling measures as well as the significant supply of completed housing units over the next few years.

Moving forward, the Group is expecting a more challenging environment in the construction industry as it faces intense competition, rising business costs, shortages of skilled workers and increase in foreign workers’ levy.

Commenting on the growth outlook and project pipeline, Mr Ronald Leo said, **“The Group has a healthy order book of \$611 million as at 30 September 2013, which will keep us busy for the next couple of years. To mitigate the risk of increasingly challenging environment, we have taken steps to form strategic partnerships and alliances with reputable industry players to take on bigger property development projects as well as expansion into new markets. Our overseas ventures in Maldives will also provide an alternate revenue stream that will add to the Group’s overall competitive business position.”**

– End –

This press release should be read in conjunction with Keong Hong’s financial announcement filings with the Singapore Exchange on 28 November 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").

This press release has been prepared by the Company and 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.



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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 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 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 Most Transparent Company Award under the Catalist Category.

For more information, please visit www.keonghong.com

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