



KEONG HONG HOLDINGS LIMITED

(Incorporated in Singapore)
(Company Registration Number: 200807303W)

FOR IMMEDIATE RELEASE

KEONG HONG ACHIEVES NET PROFIT OF S\$33.1 MILLION FOR FY2016 AND RECOMMENDS FINAL DIVIDEND OF 3 CENTS PER SHARE

- Visible pipeline with construction order book standing at S\$351 million
- Long term expansion plans to grow contribution from hotel development and investment

FINANCIAL HIGHLIGHTS

S\$'million	FY2016	FY2015	Change (%)
Revenue	248.0	282.0	(12.0)
Gross Profit	38.8	29.9	29.9
Gross Profit Margin	15.6%	10.6%	5.0ppt
Profit Before Tax	37.7	41.5	(9.3)
Profit After Tax	33.1	38.8	(14.8)
⁽¹⁾ Basic EPS (cents)	15.2	16.5	(7.9)
⁽²⁾ NAV/Share (cents)	59.5	49.3	20.6

⁽¹⁾ Based on weighted average ordinary shares of 228,398,880 (FY2015: 231,151,616)

⁽²⁾ Based on 229.17 million ordinary shares (excluding treasury shares) (FY2015: 225.95 million)

Singapore, 28 November 2016 – 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 2016 (“FY2016”). The Group registered revenue of S\$248.0 million which was a 12 % decrease from revenue of S\$282.0 million in the financial period ended 30 September 2015 (“FY2015”). The decreased revenue stemmed from lower recognition of construction revenue in the current reporting period as projects such as Alexandra Central Phase 2 and SkyPark Residences, had largely been completed in FY2015. In addition, two new projects, Raffles Hospital Extension and Parc Life, were at the initial revenue



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recognition stage. However, this was partially offset by higher revenue contribution from construction of the two resorts and airport extension in Maldives.

Gross profit improved by 29.9% to S\$38.8 million while gross profit margin rose 5.0 percentage points to 15.6% in FY2016. This was largely due to better gross profit margin for certain construction projects, as well as retention sum received from completed projects in 1Q2016.

The Group recorded a net gain of S\$14.0 million from joint ventures and associates which was mainly attributable to share of results from its joint venture, Oasis Development Pte Ltd, as a result of SkyPark Residences obtaining its TOP in August 2016. The Group turned in net profit of S\$33.1 million, a 14.8% decrease as compared to S\$38.8 million in FY2015. The decline in net profit was mainly due to lower gain from joint ventures and associates in FY2016 as compared to FY2015.

As at the end of FY2016, Keong Hong's construction order book stood at S\$351.0 million, providing the Group with a sustainable flow of activities through the end of financial year 2018.

On the balance sheet, the Group recorded cash and cash equivalents of S\$58.6 million as at the end of FY2016. Basic earnings per share and net asset value per share stood at 15.2 cents per share and 59.5 cents per share respectively as at 30 September 2016.

Keong Hong's Chairman and Chief Executive Officer, Mr Ronald Leo (梁定平) said, **"Keong Hong achieved another corporate milestone in 2016 with our successful transfer from the Catalist to the Mainboard of the Singapore Exchange, it is certainly a testament to our sound financial standing and growth potential. Moving forward, the soft condition of the local construction industry and real estate space means we are bracing ourselves for yet another challenging year. Nevertheless, we will continue to be agile and look for new business opportunities in Singapore and overseas and turn them into avenues for future growth."**



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DIVIDEND

The Board of Directors is recommending a one tier tax-exempt final dividend of 3.0 cents per share for approval by shareholders at the forthcoming annual general meeting in January 2017. This would bring the full-year payout to 3.5 cents per share, which works out to a dividend payout ratio of 23.1%.

OUTLOOK

Building Construction

The main construction projects pipeline of the Group includes Mercure Maldives Kooddoo Resort, Pullman Maldives Maamutaa Resort, The Amore, J Gateway, Parc Life and Raffles Hospital's new 20-storey medical tower.

Singapore's economy grew by 1.1 per cent on a year-on-year basis in the third quarter of 2016, a contraction from the 2.0 per cent growth the previous quarter. The construction sector was one of those which struggled to gain momentum, moderating to 1.6 per cent growth in the third quarter of 2016 from 2.0 per cent in the previous quarter¹. According to statistics released by Ministry of Trade and Industry, the slowdown in the construction sector was due to a sharper decline in private sector construction.

The Group foresees that 2017 will be a difficult year for the local construction sector, particularly in private residential construction. As such, the Group intends to focus on the commercial, industrial and institutional sector.

¹ Ministry of Trade and Industry, "MTI Forecasts GDP to Grow by 1.0 to 1.5 Per Cent in 2016 and 1.0 to 3.0 Per Cent in 2017"
https://www.mti.gov.sg/ResearchRoom/SiteAssets/Pages/Economic-Survey-of-Singapore-Third-Quarter-2016/PR_3Q16.pdf



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Property Development and Investment

SkyPark Residences which was 99.8% sold, obtained its TOP in August 2016. The Amore, which was 100% sold, obtained its TOP on 28 November 2016.

Parc Life has registered sales booking of approximately 22.0% to-date, reflecting the generally lacklustre property market and weak economic conditions.

The Group is expected to launch its 841-unit residential condominium development at Siglap in the first half of 2017.

Given the increased supply of completed housing projects and the property cooling measures still firmly in place, the outlook for private residential development, in general, does not look positive in the next 12 months. Going forward, the Group will continue to look out for viable real estate projects in Singapore and to focus on seeking property investment opportunities overseas to further expand its business.

Hotel Development and Investment

The Group's 68-villa Mercure Maldives Kooldoo Resort is expected to be completed within the next few months. The Group has also commenced construction works for the upscale 120-villa Pullman Maldives Maamutaa Resort which is expected to be completed in 2018.

The mixed-use development project at the former Joo Chiat Police Station, which includes The Holiday Inn Express Singapore Katong, Hotel Indigo Singapore Katong and Katong Square, has commenced operations. The two hotels opened for business in May and June 2016 respectively whilst Katong Square, which housed the food and beverage outlets and retail shops, was officially opened on 11 November 2016. The Group owns 20% interest in this joint venture.



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Besides Maldives and Singapore, the Group sees long term expansion prospects in the tourism industry in Japan, Australia, Malaysia and Indonesia. Over time, the Group hope to grow the contribution from hotel development and investment to form a more substantial portion of its results.

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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 is principally engaged in the business of (i) providing building construction services in Singapore and the Maldives for residential, commercial, institutional, industrial and infrastructural projects, (ii) property development and investment and (iii) hotel development and investment in Singapore and Maldives.

The Group made its maiden foray into property development in Singapore in 2012 through a joint venture with FCL Tampines Court Pte. Ltd., a subsidiary of Frasers Centrepoint Limited to develop Twin Waterfalls, a 728-unit executive condominium (“EC”) project in Punggol. Its subsequent EC developments include SkyPark Residences, The Amore and Parc Life.

Complementing its building and construction and property development activities is its hotel development and investment. The Group’s first two resort developments in the Maldives are scheduled for completion in 2016 and 2018 respectively. In Singapore, the Group owns a joint hotel and mixed-use development project - Katong Square and Hotel Indigo Singapore Katong and The Holiday Inn Express Singapore Katong.

Led by a highly qualified and experienced management team with a staff strength of over 400, Keong Hong has built a strong reputation and track record over the last 30 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 28 November 2016, which can be downloaded via www.sgx.com.