



KEONG HONG HOLDINGS LIMITED

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

FOR IMMEDIATE RELEASE

KEONG HONG REPORTS NET PROFIT OF S\$21.4 MILLION FOR FY2018

- Recommends final dividend of 2.0 cents per share
- Plans to launch Mattar Road residential condominium in first-half of 2019
- Healthy construction order book of S\$376.1 million provides clear revenue visibility till 2021

FINANCIAL HIGHLIGHTS

| S\$'million | FY2018 | FY2017 | Change (%) |
|----------------------------------|--------|--------|------------|
| Revenue | 165.2 | 233.9 | (29.4) |
| Gross Profit | 32.5 | 35.4 | (8.0) |
| Gross Profit Margin | 19.7% | 15.1% | |
| Profit Before Tax | 24.7 | 68.8 | (64.1) |
| Profit After Tax | 21.4 | 62.9 | (66.0) |
| ⁽¹⁾ Basic EPS (cents) | 9.5 | 27.3 | (65.2) |
| ⁽²⁾ NAV/Share (cents) | 93.0 | 82.9 | 12.2 |

⁽¹⁾ Based on weighted average ordinary shares of 232,854,795 (FY2017: 229,754,507)

⁽²⁾ Based on 234.510 million ordinary shares (excluding treasury shares) (FY2017: 232.385 million)

Singapore, 27 November 2018 – 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 2018 (“FY2018”). Group revenue of S\$165.2 million for FY2018 was a 29.4% decrease from revenue of S\$233.9 million in FY2017. The decrease in revenue was mainly due to lower construction revenue recognition in the current financial year as some of the Group’s projects such as Parc Life executive condominium and Raffles Hospital Extension, had been largely completed in the previous financial year. The revenue decrease was partially offset by contribution from the construction of Seaside Residences



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condominium and National Skin Centre. Gross profit decreased by a smaller quantum of 8.0% to \$32.5 million as the Group achieved a higher gross margin of 19.7% in FY2018 as compared to 15.1% in FY2017.

Other income decreased by 85.1% or S\$49.0 million to S\$8.6 million due mainly to the absence of an exceptional gain of S\$49.8 million on re-measurement of investment to fair value upon ceasing equity accounting in joint ventures in the previous financial year.

The Group recorded a net gain of S\$10.4 million from joint ventures and associates as compared to a net loss of S\$3.0 million in FY2017. The net gain of S\$10.4 million in FY2018 was mainly attributable to share of profits from Parc Life executive condominium and profit recognition from Seaside Residences condominium which was partially offset by share of loss of other associates and joint ventures.

The Group turned in net profit before tax of S\$24.7 million, a 64.1% decline over FY2017's net profit of S\$68.8 million. The decrease was mainly due to the absence of one-off exceptional gain of S\$49.8 million on re-measurement of investment to fair value upon ceasing equity accounting in joint ventures in the previous financial year. Excluding the one-off exceptional gains and losses, the Group achieved operating profit of S\$27.3 million as compared to S\$19.0 million in FY2017. The increase was mainly due to net gain from share of results of joint ventures and associates from property development.

Our cash and cash equivalents remained healthy, standing at S\$73.4 million with total assets of S\$480.0 million as against total liabilities of S\$260.0 million. Our net asset value per share was at 93.0 cents while basic earnings per share stood at 9.5 cents in FY2018.

Keong Hong's Chairman and Chief Executive Officer, Mr Ronald Leo (梁定平) said, **"The construction industry has been undergoing a difficult time, weighed down by weakness in both private and public-sector construction activities. We see headwinds in the short term as prices**



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of raw materials have increased and market sentiment has turned cautious given the recent round of cooling measures and uncertainty in the economic outlook. As we move forward to a new financial year, Keong Hong remains optimistic and vigilant and is leveraging on technology and innovation to stay ahead.”

DIVIDEND

The Board of Directors is recommending a one tier tax-exempt final dividend of 2.0 cents per share for approval by shareholders at the forthcoming annual general meeting in January 2019. This would bring the full-year payout to 2.5 cents per share, which works out to a dividend payout ratio of 26.5%.

OUTLOOK

Building Construction

The Group’s current construction projects pipeline consists of Pullman Maldives Maamutaa Resort, Seaside Residences condominium, Mattar Road condominium and National Skin Centre.

As at 30 September 2018, the Group’s construction order book stood at approximately S\$376.1 million, providing the Group with a sustainable flow of activities through the end of FY2021.

Singapore’s economy grew by 2.2% on a year-on-year basis in the third quarter of 2018, slower than the 4.1% growth in the preceding quarter. The construction sector posted weaker results, contracting by 2.3% in the third quarter of 2018. Based on the third quarter economic performance released by the Ministry of Trade and Industry, the construction sector was “weighed down by weakness in public sector construction activities”¹.

The construction industry has been undergoing a difficult time. Going forward, our emphasis will continue to be on securing more commercial, industrial and institutional projects and we are

¹ Ministry of Trade and Industry, “MTI Forecasts GDP to Grow by “3.0 to 3.5 Per Cent” in 2018 and “1.5 to 3.5 Per Cent” in 2019”, 22 November 2018.



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optimistic of a pick-up in the private residential sector, given the large number of en-bloc acquisitions which will see the award of construction projects by developers.

Property Development and Investment

Due to the large number of properties sold en-bloc over the last two years, the market will see a significant number of new housing units when these plots are redeveloped in the next few years. In July, the government introduced new round of cooling measures to curb the sharp increase in property prices. The combination of ample supply, cooling measures, rising interest rates as well as US-China trade war spill-overs and uncertainties, contributed to a more cautious outlook for 2019.

Seaside Residences condominium has just released new sea-view units for sale. These are one- to four-bedroom units as well as a final single-storey, five-bedroom penthouse with an unobstructed panoramic sea view. With Seaside Residences condominium more than 85.0% sold, we are gearing up for the prospective launch of Mattar Road condominium in first-half of 2019.

Hotel Development and Investment

We are proud that Mercure Maldives Kooldoo Hotel has been conferred the Global Winner of the 2018 Luxury New Resort awarded by The World Luxury Hotel Awards. Our second resort in Maldives, the Pullman Maldives Maamutaa Resort, is on track for completion in 2019.

The Group continues to look for investment opportunities overseas, particularly in Vietnam, Japan, Australia, United Kingdom and Jakarta, Indonesia. Property development opportunities in Vietnam and Jakarta, afford higher returns than Singapore, while hotel and property investments in Japan, Australia and the United Kingdom are attractive given their popularity as tourist destinations and stable yield.

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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 and Seaside Residences.

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.

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This press release should be read in conjunction with Keong Hong's financial announcement filings with the Singapore Exchange on 27 November 2018, which can be downloaded via www.sgx.com.