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$18.8 MILLION FOR FY2020 – OVERALL PERFORMANCE SEVERELY IMPACTED BY COVID-19 PANDEMIC

- **No dividend will be declared**
- **A healthy order book of S$224 million for construction projects**

FINANCIAL HIGHLIGHTS

S$'million	FY2020 Unaudited	FY2019 Audited	Change (%)
Revenue	82.9	162.6	(49.0)
Gross Profit	30.8	36.2	(15.1)
Gross Profit Margin	37.1%	22.3%	66.4
(Loss)/Profit Before Tax	(13.4)	24.3	n.m.
(Loss)/Profit After Tax	(18.8)	16.9	n.m.
(1) Basic EPS (cents)	(7.7)	7.0	n.m.
(2) NAV/Share (cents)	79.8	94.9	(15.9)

(1) Based on weighted average ordinary shares of 235,010,000 (FY2019: 234,553,836)

(2) Based on 235.010 million ordinary shares (excluding treasury shares)

Singapore, 26 November 2020 – 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 revenue of S$82.9 million for the full year ended 30 September 2020 ("**FY2020**") as compared to S$162.6 million in the financial year ended 30 September 2019 ("**FY2019**"). The protracted Covid-19 pandemic has severely impacted the Group's performance across all the business segments. On a year-on-year basis, revenue from Building and Construction shrank by 49.5%. The significant lower revenue recognition from construction projects was a result of more than four-month suspension of construction works from 7 April to 10 August[1] and lower productivity after restarting work due to implementation of Safe Management Measures at all the worksites. The Group's hospitality business in Maldives was severely affected by border closures and travel restrictions.

The Group's gross profit decreased by 15.1`% to S$30.8 million as compared to S$36.2 million in FY2019. However, gross margin improved significantly to 37.1% as compared to 22.3% in FY2019 on account of realisation of cost savings for certain construction projects upon finalisation and settlement of accounts with the subcontractors.

The Group registered other income of S$11.1 million which was a 22.5% decrease from S$14.3 million in FY2019. The decrease in other income was due mainly to absence of foreign exchange gain of S$2.1 million and fair value gain of S$4.7 million on loan receivables, which was partially offset by government grants of approximately S$3.2 million received under the Jobs Support Scheme, foreign worker levy rebates and BCA Construction Restart Booster.

The Group recorded a net loss of S$15.1 million from joint ventures and associates in FY2020 as compared to a net gain of S$9.2 million in FY2019. The net loss of S$15.1 million was mainly attributable to share of loss from associate for the hotel investments in Maldives as the country's tourism sector has been severely affected by the Covid-19 pandemic which led to operating loss and impairment loss in the associate.

Overall, the Group recorded a net loss before tax of S$13.4 million and net loss after tax of S$18.8 million, on the back of lower revenue and higher share of loss from associates, as compared to a net profit before tax of S$24.3 million and net profit after tax of S$16.9 million over the same

[1] 7 April to 1 June – Circuit Breaker; 2 June to 10 August – under the Building and Construction Authority's regulation ("**BCA**"), all main contractors, builders and developers must meet Covid-Safe Restart criteria and obtain BCA's approval before restarting work.

period last year. At operating level, the Group recorded a net operating profit of S$5.5 million before impairment loss of S$14.9 million in FY2020.

The Group's balance sheet remained healthy with cash and bank balances of S$40.0 million, total assets of S$394.0 million and total liabilities of S$204.5 million. Our gearing ratio was 0.55 times as compared to 0.42 times in FY2019. The Group recorded a negative basic earnings per share of 7.7 cents and net asset value per share of 79.8 cents in FY2020.

Keong Hong's Chairman and Chief Executive Officer, Mr Ronald Leo (梁定平) said, **"The impact of Covid-19 on our business has been significant, while our property development and investment segments have remained relatively resilient, our construction projects and hotel operations continue to face pressures and unprecedented challenges in the coming months. The focus for the Group has been to ensure the well-being of our workers, manage costs and conserve cash resources.**

There is much uncertainty on the economic recovery trajectory in both the global and domestic economies. Nevertheless, we are confident of our resilience in overcoming difficulties. Over Keong Hong's 35-year history and track record, we have weathered many setbacks and each time, we emerged stronger."

OUTLOOK

<u>Building Construction</u>

The Group's current construction projects consist of National Skin Centre, Punggol Regional Sports Centre, Sky Everton condominium, Wilshire Residences condominium, The Antares condominium and Seaside Residences condominium.

Our construction activities were first forced to stop between 7 April and 1 June during the CB period, and were only able to resume progressively in August as dormitories housing migrant workers were cleared only in August. We have to ensure our worksites meet BCA's and MOM's Covid-Safe Restart criteria, which involved developing Safe Management Measures and monitoring plan on how to minimise mixing of workers, including clear segregation and staggering of workers working on different activities both on site and in the dedicated accommodation. It took tremendous effort to make sure these measures are well implemented and adhered to. Our staff and workers at construction sites will also have to undergo swab tests once every two weeks.

Additionally, the border control measures implemented in Singapore and overseas have also caused a disruption to the supply chain of raw materials. As a result, we expect some delays in most of our ongoing construction projects as well as escalation in construction costs due to labour and raw materials shortages and the implementation of the Covid-Safe Restart measures.

On a positive note, we were awarded the BCA's Construction Excellence Award (Merit) 2020 for our *Parc Life Executive Condominium* and BCA Green Mark Award (Platinum) for the National Skin Centre.

Property Development and Investment

Despite the recession, the property market, has held up fairly well. Prices of residential properties rose by 0.8% in the third quarter of 2020 compared with the 0.3% increase in the previous quarter. Developers sold 3,517 completed and uncompleted units in the third quarter of 2020 compared with only 1,713 units sold in the previous quarter and 3,218 units in the same period last year[2]. It was the highest number of transactions recorded for the past two years, which analysts attribute to pent up demand after the CB period, a low interest rate environment and government stimulus measures supporting the economy. However, it is unlikely that this level of demand can be sustained especially in light of the new government measures restricting the reissuance of property purchase options.

[2] Urban Redevelopment Authority, "Release of 3rd Quarter 2020 real estate statistics", 23 October 2020.

We expect to obtain TOP of *Seaside Residences* in the next few months; the project has attained sales to date of more than 98.4%, with 13 units unsold while *The Antares* has registered sales of 59 units.

Our investment portfolio comprising tenanted office buildings in Minamihorie, Osaka and in Honmachi, Osaka continue to enjoy high occupancy rates of 100% and 72% respectively.

Hotel Development and Investment

The Group's hotel investments have been severely affected as international travel and tourism has ground to a halt affecting the tourism receipts of Singapore and Maldives. While borders are gradually reopening, it will take some time for tourism to rebound to pre-Covid-19 levels. According to Singapore Tourism Board, international tourist arrivals in Singapore in the first nine months of 2020 plunged to 2.7 million, down from 14.3 million for the same period last year[3].

The Maldives, which closed its borders since March, has reopened to international travels with little or no restrictions since 15 July 2020. Our two Maldivian hotel properties, which were temporary closed from April to June, have since reopened - the *Mercure Maldives Kooddoo Hotel* in August 2020 and the *Pullman Maldives Maamutaa Resort* in October 2020. Although both hotels were operating at low occupancies since reopening, we continue to see an increase in bookings in the upcoming months.

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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.

[3] Singapore Tourism Board, www.stb.gov.sg

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 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 26 November 2020, which can be downloaded via www.sgx.com.