

**MEDIA RELEASE 11 August 2014**

**For Immediate Release**

## **King Wan Corporation's 1QFY2015 Net Profit Hits S\$22.7m**

### **Highlights**

- Gross profit margin improves to 24.9%
- One-off gain from disposal of associate of S\$24.1m
- Net asset value per share increases to 31.83 cents
- Order book of S\$164m lasting till 2017

<b>Three months ended 30 June (S\$m)</b>	<b>1QFY2015</b>	<b>1QFY2014</b>	<b>Change</b>
Revenue	17.4	25.1	▼31%
Gross Profit	4.3	3.9	▲12%
Profit Before Tax	26.5	3.2	▲737%
Net Profit after tax attributable to equity holders	25.9	2.6	▲908%
Earnings Per Share (cents)	7.42	0.74	▲903%
Net Asset Value Per Share (cents)	31.83	24.75	▲28.6%

**SINGAPORE, 11 August 2014: MAINBOARD-LISTED** King Wan Corporation Limited (King Wan or the Group) (庆源企业), a Singapore-based integrated building services and mechanical and electrical (M&E) engineering specialist, announced a 908% surge in net profit after tax attributable to equity holders to S\$25.9 million for the three months ended 30 June 2014 (1QFY2015).

The significant increase in net profit was mainly contributed by the one-time gain derived from the disposal of two Thailand associates. Excluding the one-time gain, net profit after tax would amount to S\$3.7 million or 44% higher than the net profit after tax of S\$2.6 million achieved in 1Q2014. This improvement is also attributable to the higher gross profits from

M&E contracts as well as dividend income received from Thai-listed Kaset Thai International Sugar Corporation Public Company (KTIS).

Gross profits had increased 12% to S\$4.3 million, compared to S\$3.9 million achieved in 1Q2014. The higher gross profit was achieved despite a 31% drop in revenue for the first quarter to S\$17.4 million as gross margin improved by 9.5 ppts to 24.9%.

***Ms Chua Eng Eng (蔡莹莹), Managing Director of King Wan said: “We are heartened by the fruits of our investments in our Thai associates. This quarter’s profit was exceptional, boosted by gains on disposal of the two Thai associates as well as the dividend income from KTIS. Our core M&E business has also managed to put in a good performance amid rising competition and labour costs. We will continue to seek for more attractive business and investment opportunities in the region while keeping tight control over costs and improving efficiency of our operations.”***

## **Financial Position**

The Group’s financial position continues to be strong. The Group’s net assets stood at S\$111.2 million as at 30 June 2014, a 28.6% increase from S\$86.4 million as at 31 March 2014. Net asset value per share stood at 31.83 cents as compared to 24.75 cents at 31 March 2014. Earnings per share (EPS) for 1Q2015 increased to 7.42 cents from 0.74 cent in 1Q2014 due to the higher net profit achieved.

Cash and cash equivalents increased to S\$13.5 million as at 30 June 2014 from S\$10.4 million as at 31 March 2014.

Current assets increased by S\$24.7 million to S\$84.3 million as at 30 June 2014 from S\$59.5 million as at 31 March 2014 mainly due to the receipt of KTIS shares as balance payment for the disposal of the Group’s Thai associates in the current quarter.

Market capitalisation was S\$110 million based on the closing share price of 31.5 Singapore cents as at 8 August 2014.

## **Business Outlook**

On 14 July 2014, the Ministry of Trade and Industry announced that in the second quarter of 2014, the construction sector grew by 5.0% on a year-on-year basis, compared to 6.4% in the preceding quarter. The lower rate of growth was due to a slowdown in private sector construction activities. On a quarter-on-quarter basis, the sector expanded at an annualised rate of 2.6%, an improvement from the 0.5% contraction recorded in the previous quarter.

While the construction industry is expected to remain challenging in the next 12 months amid increasing competition and an anticipated increase in labour cost, the Group expects the M&E business segment to remain profitable.

To date, the Group has approximately S\$164 million worth of M&E engineering contracts on hand, with completion dates ranging from 2014 to 2017. S\$25.5 million of these orders were secured in the last 5 months.

This press release should be read in conjunction with the full SGX announcement released by King Wan dated 11 August 2014. A copy of the announcement is available on [www.sgx.com](http://www.sgx.com).

-- End --

***About King Wan Corporation Limited (www.kingwan.com)***

**King Wan Corporation Limited (庆源企业)** is a Singapore-based integrated building services company with its core business in the provision of **Mechanical and Electrical (M&E)** engineering services for the building and construction industry. It also provides **rental of mobile chemical lavatories** and ancillary facilities for construction worksites as well as public and nation-wide public events.

Under its M&E business, it provides multi-disciplined M&E engineering services such as the design and installation plumbing & sanitary systems, electricity distribution systems, fire protection, alarm systems, communications and security systems, and air-conditioning and mechanical ventilation systems for the building and construction industry.

Besides its core business, it also maintains an investment portfolio comprising of three business segments, namely

- **Property Development segment** - engages in the development, marketing and sale of residential and commercial properties in Singapore, China and Thailand;

- **Vessel Ownership and Chartering segment** - acquire vessels for chartering to third parties.

- **Workers Dormitory Operations segment** – design, build and operate purpose-built workers' accommodation and related facilities.

The Group operates along with its subsidiaries and associates across Singapore, China, and Thailand. It implements a multi-country, multi-industry portfolio strategy in order to diversify and broaden its revenue streams and better manage investment risks.

---

**Media and Analysts Contact:**

**Waterbrooks Consultants Pte Ltd**

Tel: (+65) 6100 2228

Mr Wayne Koo

Mobile: (+65) 93388166

Email: wayne.koo@waterbrooks.com.sg

Ms Jean Yang

Mobile : (+65) 93636369

Email: jean@waterbrooks.com.sg

---