KEONG HONG HOLDINGS LIMITED
(Incorporated in Singapore on 15 April 2008)
(Company Registration Number: 200807303W)

FOR IMMEDIATE RELEASE

KEONG HONG ACHIEVES NET PROFIT OF S$64.2 MILLION FOR FY2017

- **99.6% of revenue came from building construction, contribution from hotel and property investment to grow in the coming years**
- **Healthy construction order book of S$344 million, providing the Group with a sustainable flow of activities through the end of financial year 2019**

FINANCIAL HIGHLIGHTS

S$'million	FY2017	FY2016	Change (%)
Revenue	233.9	248.0	(5.7)
Gross Profit	35.4	38.8	(8.8)
Gross Profit Margin	15.1%	15.6%	
Profit Before Tax	70.2	37.7	86.4
Profit After Tax	64.2	33.1	94.2
(1) Basic EPS (cents)	27.9	15.2	83.6
(2) NAV/Share (cents)	83.4	59.5	40.2

(1) Based on weighted average ordinary shares of 229,754,507 (FY2016: 228,398,880)

(2) Based on 232.385 million ordinary shares (excluding treasury shares) (FY2016: 229.170 million)

Singapore, 28 November 2017 – 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 2017 ("**FY2017**"). The Group achieved revenue of S$233.9 million which was a 5.7% decrease from revenue of S$248.0 million in the financial period ended 30 September 2016 ("**FY2016**"). The decreased revenue stemmed from lower recognition of construction revenue from projects such as SkyPark Residences, J Gateway and Amore, which had largely been completed in FY2016. The decrease in revenue was partially offset by contribution from the construction of Seaside Residences condominium, Raffles Hospital

Extension, the two resorts in Maldives as well as variation orders received and final billings for projects that had already been completed, such as Twin Waterfalls, Alexandra Central and J Gateway.

Gross profit weakened by 8.8% to S$35.4 million. Consequently, gross profit margin decreased to 15.1% from 15.6%.

The Group recorded a net loss of S$2.8 million from joint ventures and associates as compared to a net gain of S$13.9 million in FY2016, which was mainly attributable to share of profit from TOP of SkyPark Residences in August 2016.

The Group turned in net profit of S$70.2 million, a 86.4% improvement over FY2016's net profit, mainly due to an exceptional gain of S$49.8 million on re-measurement of investment to fair value upon ceasing equity accounting in joint ventures. Without this exceptional gain, the Group registered operating profit of S$20.4 million as compared to S$37.7 million in FY2016. The decline in operating profit was mainly due to loss from the share of results of joint ventures and associates and the absence of lump sum profits from property development.

As at the end of FY2017, our construction order book stood at S$344.0 million, providing the Group with a sustainable flow of activities through the end of financial year 2019.

The Group maintained a strong balance sheet with cash and cash equivalents of S$77.3 million, and net asset value per share of 83.4 cents. Group basic earnings per share increased by a significant 83.6% to 27.9 cents, compared to the previous year.

Keong Hong's Chairman and Chief Executive Officer, Mr Ronald Leo (梁定平) said, **"2017 is an eventful year for Keong Hong, we completed the runway-extension for Kooddoo Airport and opened our first resort hotel in Maldives. The Group also concluded three acquisitions this year, including our second commercial property in Japan. In September, we issued S$85 million Series**

2 Notes and successfully redeemed all outstanding Series 1 Notes, providing the Group with S$34.5 million cash pile for future investments and acquisitions."

Commenting on the Group's full year results, Mr Ronald Leo remarked, **"99% of our revenue in 2017 came from building construction business, moving forward, we will grow the contribution from our hotel and property investments to form a more substantial portion of our financial results."**

DIVIDEND

The Board of Directors is recommending a one tier tax-exempt final dividend of 1.75 cents per share for approval by shareholders at the forthcoming annual general meeting in January 2017. This would bring the full-year payout to 2.0 cents per share, which works out to a dividend payout ratio of 32.6% based on profit attributable to owner excluding exceptional gain of S$49.8 million.

OUTLOOK

Building Construction

The Group's current construction projects pipeline include Pullman Maldives Maamutaa Resort, Parc Life, Seaside Residences and Raffles Hospital Extension.

Singapore's economy grew by 5.2% on a year-on-year basis in the third quarter of 2017, faster than the 2.9% growth in the previous quarter. However, the construction sector has not performed well, contracting 7.6% on a year-on-year basis in the third quarter of 2017. The latest economic statistics released by the Ministry of Trade and Industry has attributed the contraction in the construction sector to the "weakness in both private and public sector construction activities"[1].

[1] Ministry of Trade and Industry, "MTI Forecasts GDP to Grow by "3.0 to 3.5 Per Cent" in 2017."

With the successful collective sales of 17 private residential estates year to date and the redevelopment of these en bloc projects, the supply of private homes will more than double over the next one to two years[2]. We look forward to capitalising on this increased construction demand for private residential homes.

Property Development and Investment

Latest property statistics by the Urban Redevelopment Authority, indicate that prices of residential properties rose by 1.2% in the third quarter of 2017 compared with the 0.3% decrease in the previous quarter[3]. In the first half of 2017, developers sold 73% more units than the same period last year.

These bode well for our properties, as both Parc Life and Seaside Residences have received healthy buyer interest in recent months. To-date, Parc Life has achieved sales of approximately 79% and Seaside Residences has attained sales of approximately 65%.

In September, the Group acquired a second commercial property in Japan in Osaka, giving us a steady, recurring income through rentals.

The Group also sees great potential in Vietnam's property market in the coming years. To this end, we have acquired a 49% interest in an associated company in Vietnam to pursue property development opportunities there.

Hotel Development and Investment

Mercure Maldives Kooddoo Hotel was officially opened on 25 September 2017. The Group's other hotel development in Maldives, Pullman Maldives Maamutaa Resort, is on track to open in 2019.

[2] http://www.channelnewsasia.com/news/business/supply-of-private-homes-to-double-in-next-1-to-2-years-lawrence-9406228
[3] Urban Redevelopment Authority, "Release of 3rd Quarter 2017 real estate statistics."

Maldives tourism sector continued to grow in the first half of 2017. From January to June 2017, total tourist arrivals grew by 6.1% compared to the same period last year[4]. Further tourism gains are expected in 2018 with additional international and domestic flights anticipated and 30 resorts opening[5].

In Singapore, international visitor arrivals and tourism receipts in the first half of 2017 increased 4% and 10% respectively over the same period last year[6]. Our two hotel investments, Holiday Inn Express Singapore Katong and Hotel Indigo Singapore Katong, have benefited from the increased tourist arrivals.

– End –

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, Vietnam, Japan and Maldives.

The Group made its maiden foray into property development in Singapore in 2012 through a joint venture with Frasers Centrepoint Limited 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 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. For media enquiries, please contact:

Ann Chan
29 Communications LLP
Mobile: (65) 9669 4816
Email: ann@29communications.com.sg

Lim Siew Yin
29 Communications LLP
Mobile: (65) 9858 4673
Email: siewyin@29communications.com.sg

This press release should be read in conjunction with Keong Hong's financial announcement filings with the Singapore Exchange on 28 November 2017, which can be downloaded via www.sgx.com.

[4] Maldives Tourism Statistics January - June 2017
[5] Asian Development Bank, "Maldives: Economy."
[6] Singapore Tourism Board, "Tourism Sector Performance Q2 2017 Report"