

# CORPORATE PRESENTATION

December 2014



KEONG HONG HOLDINGS LIMITED

# Disclaimer

This document has been prepared and furnished to you solely for the purpose of introducing the information set out herein. This document does not constitute or form part of any offer, solicitation, recommendation or invitation for or in relation to the securities of any company described herein, nor does it constitute investment advice. This document may include information of a proprietary nature. This document does not purport to constitute all the information that the recipient might require and, in particular, does not address risk issues. It is not intended to form the basis of any investment decision, commitment or contract whatsoever, and no monies or other form of consideration is to be accepted on the basis of this document.

This document contains certain forward-looking statements with respect to the financial condition, results of operations and/or business of the Company and its subsidiaries and certain of the plans and objectives of the management of the Company and its subsidiaries. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results or performance of the Company and its subsidiaries to be materially different from any future results or performance expressed or implied by such forward-looking statements. Such forward-looking statements were made based on assumptions regarding the present and future business strategies of the Company and its subsidiaries and the political and economic environment in which the Company and its subsidiaries will operate in the future. Reliance should not be placed on these forward-looking statements, which reflect the view of the management of the Company and its subsidiaries as of the date of this document only.

This presentation was prepared exclusively for the parties invited for the purposes of discussion and must be viewed in conjunction with the oral presentation provided by the officers of Keong Hong Holdings Limited. This presentation does not take into consideration the investment objectives, financial situation or particular needs of any particular investor. The reader(s) of this presentation should consult his or her own independent professional advisors about the issues discussed herein. Neither this presentation nor any of its content may be copied or used without the prior consent of Keong Hong Holdings Limited.

# Contents

- 1. Overview**
- 2. Financial Highlights**
- 3. Outlook and Strategies**



# Overview

Twin Waterfalls Executive Condominium



# Overview

## 3 Growth Engines

- Building Construction
- Property Development
- Hotel Development



**30**

Years of established track record

**137\***

Per cent growth in market capitalisation since IPO



**>450**

Employees



**463\*\***

Million of Singapore Dollars worth of order book



**3,077**

Units of residential and hotel rooms under construction



\* Based on closing price of S\$0.39 cents as at 1 December 2014

\*\* As of 30 September 2014



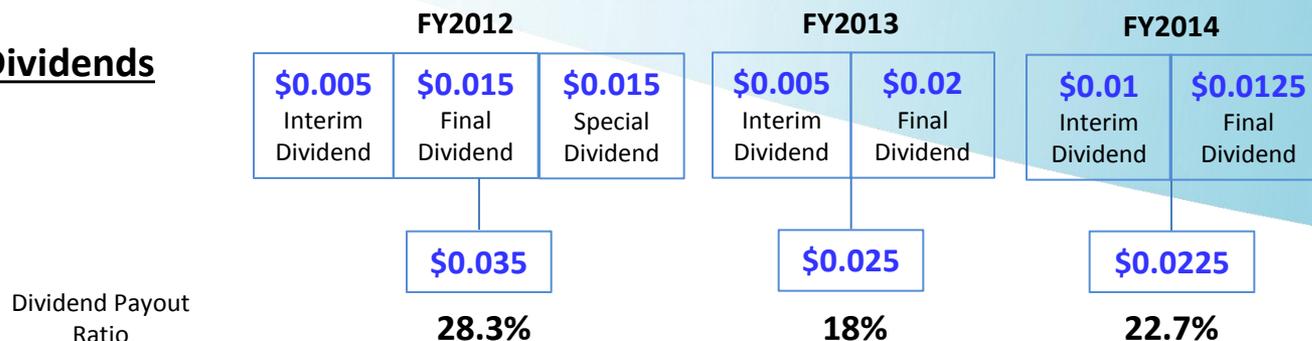
# Overview

- Listed on the Catalist Board of the Singapore Exchange in December 2011
- Customers include main contractors, project consultants and well-established property developers and owners, such as Keppel Land group, Frasers Centrepoint Limited and MCL Land
- Awarded BCA A1 grading under the category CW01 for general building, able to tender for public sector construction projects of unlimited value with no restrictions for private sector construction projects
- Attained the runner-up position in the category of the Most Transparent Catalist Company by SIAS during its 14th Investors' Choice Awards in November 2013
- Expanded into airport construction and hotel development in the Maldives
- Expanded into property and hotel development in Singapore



# Corporate Action

## Dividends



## Convertible Bond Subscription (August 2013)

- Entered into a S\$5 million convertible bond subscription with Kori Holdings Limited at 5% interest per year, maturing in 2016. The Bond may be converted into 11,904,000 ordinary shares in the capital of Kori at any time at S\$0.42 each.
- Kori is a Catalist-listed company on the Singapore Exchange, principally engaged in providing civil and structural engineering and infrastructural services for commercial, industrial and public infrastructural construction projects.

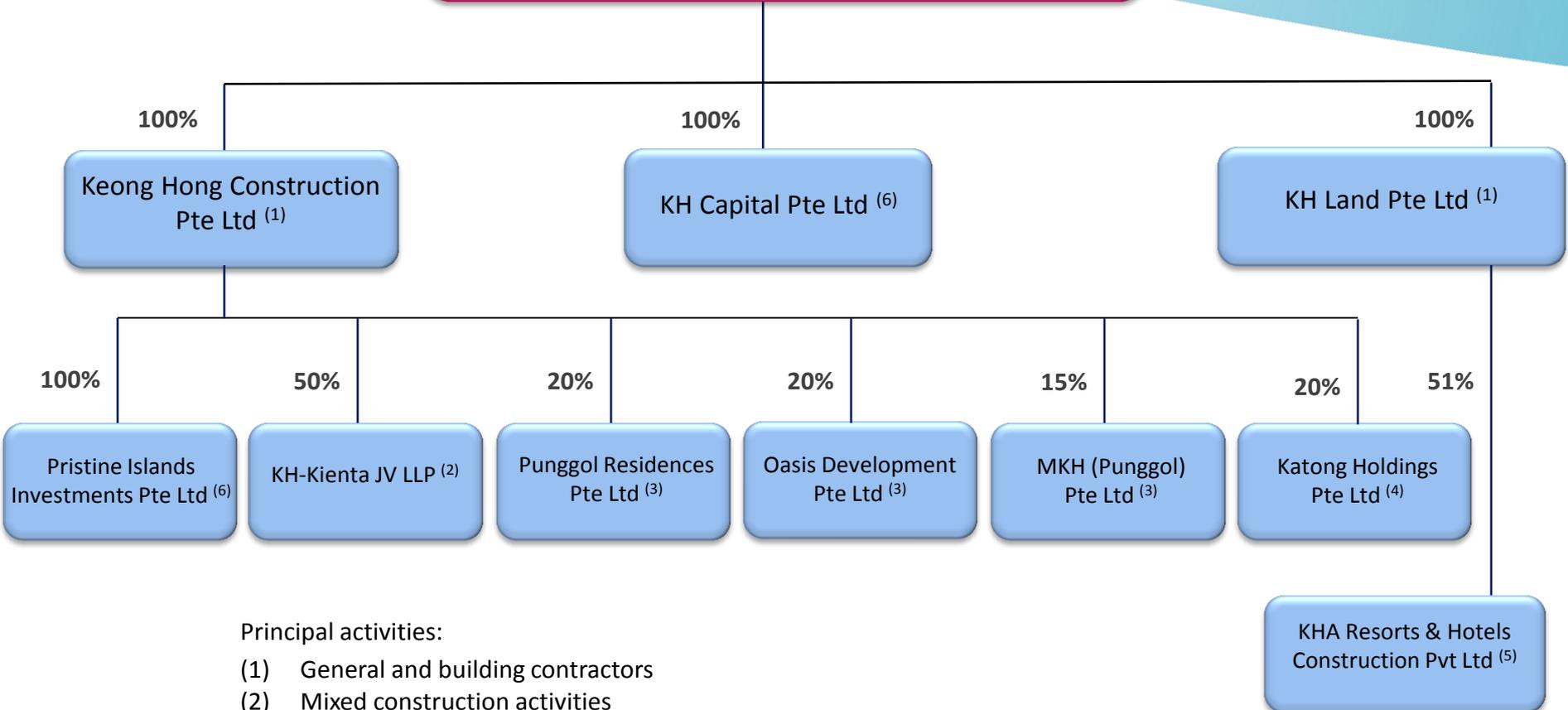
## Bonus Share Issue (June 2014)

- Issued bonus shares to the shareholders on the basis of one bonus share for every two existing ordinary shares.
- To reward the shareholders for their loyalty and support of the Group as well as to reflect the growth and expansion of the Group's business.



# Group Structure

**Keong Hong Holdings Limited**



Principal activities:

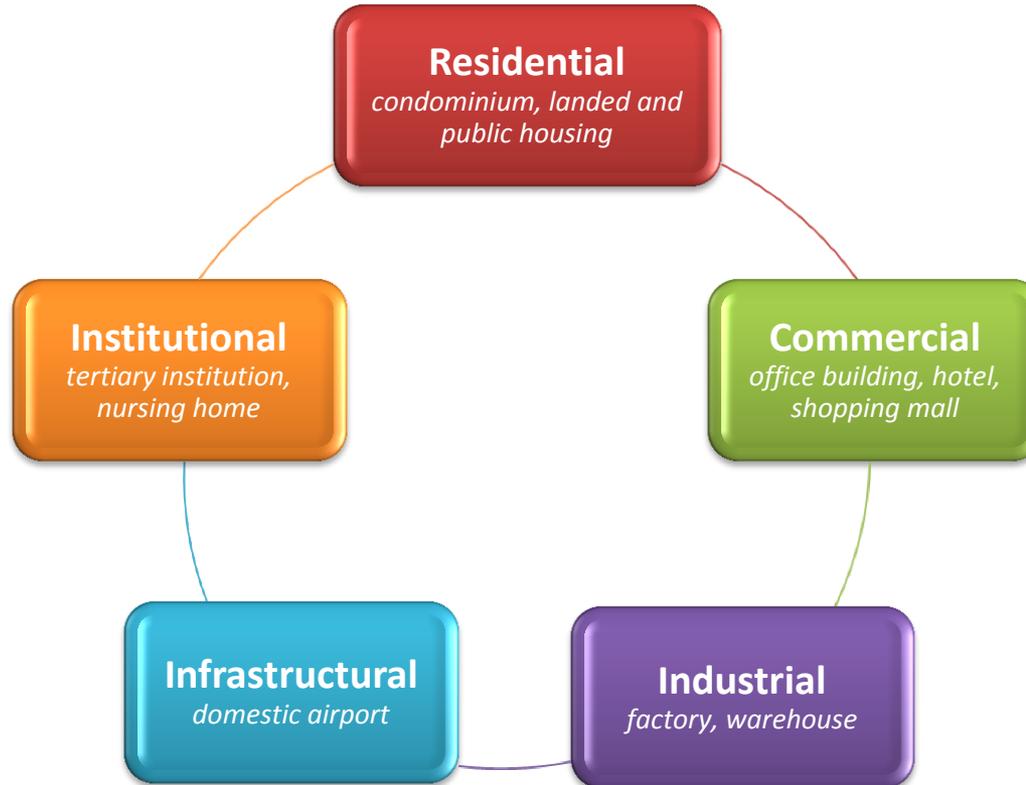
- (1) General and building contractors
- (2) Mixed construction activities
- (3) Real estate developer
- (4) Hotel developer of 883 East Coast Road
- (5) Resorts and hotels building contractor
- (6) Investment holding company



# Building Construction Services

Our construction projects covers new construction, A&A works of existing buildings, refurbishment and upgrading of existing buildings.

We provide a broad range of building construction services to both private and public sectors for residential, commercial, industrial, infrastructural and institutional projects.



# Residential Projects

Intelligent computerized self-climbing platform at Martin Place Residences



Martin Place Residences at Kim Yam Road (D&B)



The Parvis (D&B)



J Gateway construction site



8@Woodleigh (D&B)

# Commercial Projects



Sime Darby Performance Centre at Alexandra Road



IBIS Hotel at Bencoolen Street



# Industrial Projects



Vicplas at Joo Koon Circle



AvaPlas at Changi South Industrial Estate



Makino at Gul Avenue



# Institutional Projects



SIM at Clementi Road



Mount Alvernia Hospital Sisters' Accommodation



Toa Payoh Nursing Home



# Resort Development Project



## The Residence Maldives

- 94-villa resort hotel on Falhumaafushi Island
- Developed by Bonvest group

# Infrastructural Project



## Kooddoo Airport in Maldives

- Domestic airport to serve nearby resorts
- Design and built project:
  - 1.2km runway
  - Passenger terminal
  - Air-traffic control tower
  - Infrastructure facilities



# Property Development

## Twin Waterfalls

- 728-unit executive condominium development in Punggol
- Main contractor and joint developer
- Group holds 20% interest in this joint property development with Frasers Centrepoint Limited
- Officially launched on 18 February 2012, fully-sold
- Average selling price S\$698 per sq foot
- TOP first half 2015
- Contract sum S\$162 m



# Property Development

## SkyPark Residences

- 506-unit executive condominium development in Sembawang
- Main contractor and joint developer
- Group holds 20% interest in this joint property development with JBE Holdings Limited
- Officially launched on 16 November 2013, approximately 67.5% sold to-date
- Average selling price S\$793 per sq foot
- Target completion October 2016
- Contract sum S\$149.9 m



# Property Development

## The Amore

- 378-unit executive condominium development in Punggol Central, Edgedale Plains
- Main contractor and joint developer
- Group holds 15% interest in this joint property development with Master Contract Services Pte Ltd and JBE Holdings Limited
- Launching in January 2015
- Target completion July 2017
- Contract sum S\$118.0 m





# First Hotel Development in Singapore

## Hotel development at East Coast Road, former Joo Chiat Police Station

- 131-room Hotel Indigo Singapore Katong
- 451-room Holiday Inn Express Singapore Katong
- food and beverage outlets and retail shops
- The hotels will be managed by InterContinental Hotels Group, to be opened in 2016
- Group holds 20% interest in this joint development with Master Contract Services Pte Ltd (70%) and Asia Development Pte Ltd (10%)



# Projects in the Maldives

## Hotel Development

- **Kooddoo Island in Gaafu Alifu Atoll**
  - development of a 68-villa airport hotel, to be ready by end 2015
- **Maamutaa Island in Gaafu Alifu Atoll**
  - development of a 120-villa resort hotel, to be ready by end 2017

## Airport Expansion

- **Kooddoo Island in Gaafu Alifu Atoll**
  - expansion of the Kooddoo domestic airport, including infrastructure work for the extension of its existing runway, slated for completion by end 2015



# Construction Projects Pipeline

**Twin Waterfalls**  
(expected TOP first half 2015)



**SkyPark Residences**  
(expected TOP 2016)



**The Amore**  
(expected TOP 2017)



**J Gateway**  
(expected TOP 2017)



**Alexandra Central**  
(Retail - expected TOP Dec 2014  
Hotel - expected TOP 2015)



**Paterson Collection**  
(expected TOP July 2015)



# Financial Highlights

SkyPark Residences



# Stock Information

<b>52-week range</b>	<ul style="list-style-type: none"><li>• S\$0.435 – S\$0.370</li></ul>
<b>Market capitalisation</b>	<ul style="list-style-type: none"><li>• S\$90.97 million</li><li>• Share price as at 1.12.2014: S\$0.390</li></ul>
<b>P/E ratio</b>	<ul style="list-style-type: none"><li>• 3.7 x <sup>(1)</sup></li></ul>
<b>Price / NAV ratio</b>	<ul style="list-style-type: none"><li>• 1.1 x <sup>(2)</sup></li></ul>
<b>Dividend payout ratio</b>	<ul style="list-style-type: none"><li>• 22.7% <sup>(3)</sup></li></ul>
<b>No. of shares</b>	<ul style="list-style-type: none"><li>• 233,250,000</li></ul>
<b>Public Float</b>	<ul style="list-style-type: none"><li>• 39.60% <sup>(4)</sup></li></ul>
<b>Major shareholder</b>	<ul style="list-style-type: none"><li>• Ronald Leo (52.1%)</li></ul>

Notes:

(1) Based on EPS of 11.1 cents for FY2014

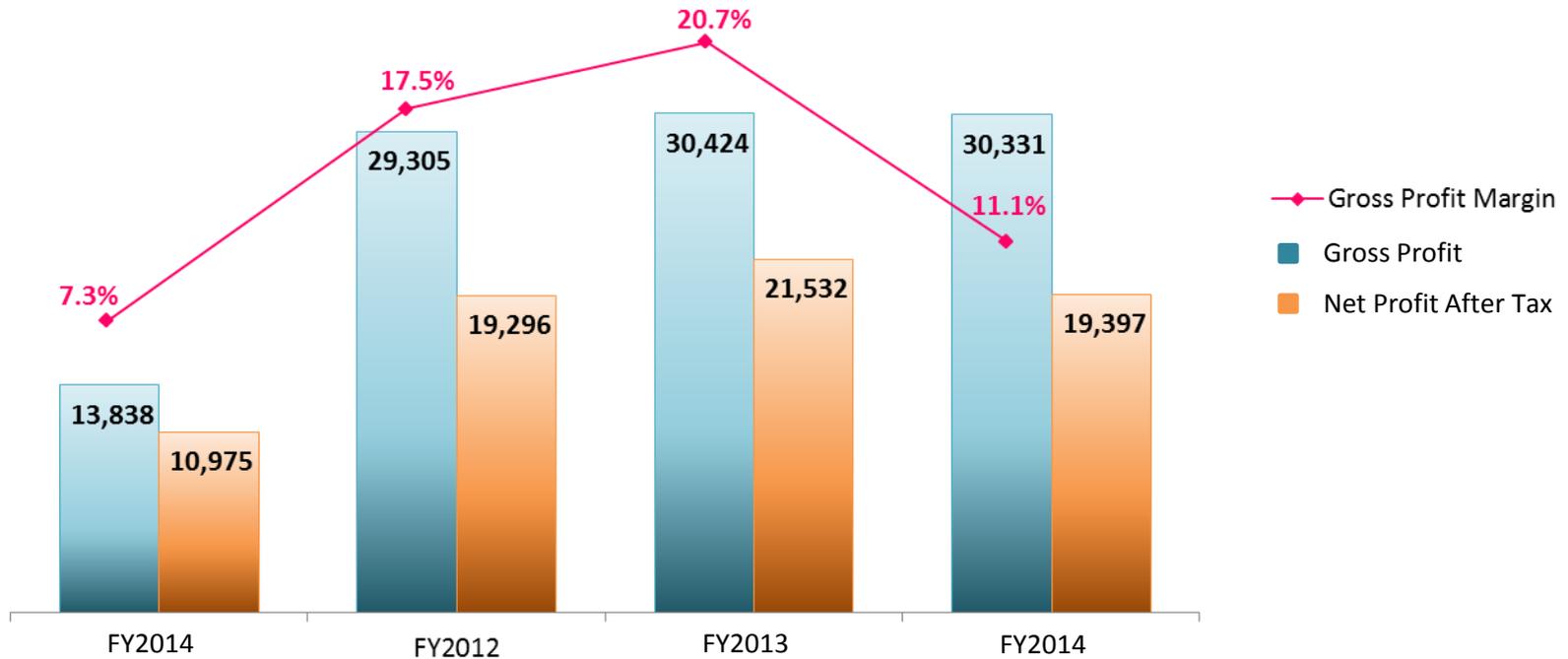
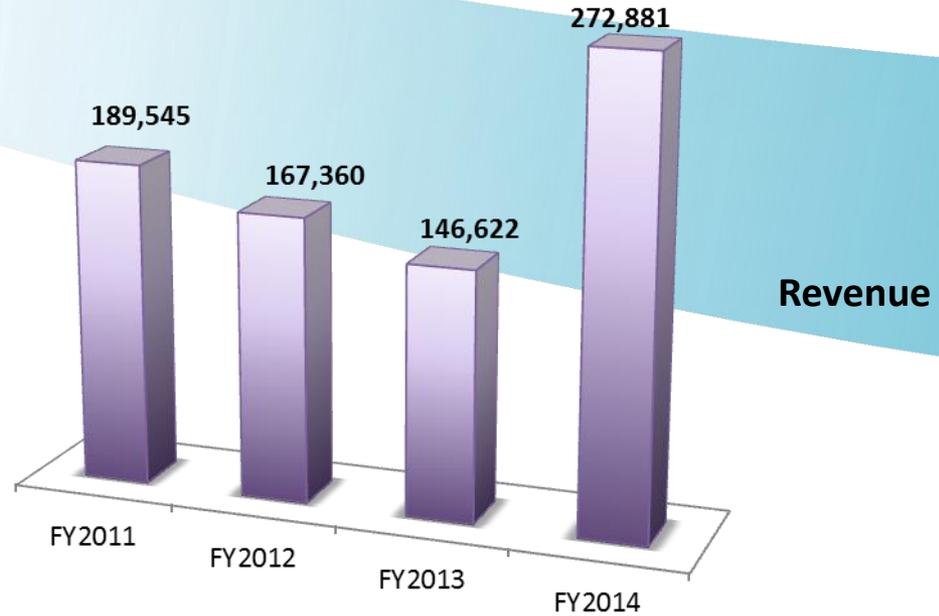
(2) Based on net asset value per ordinary share of 34.1 cents for FY2014

(3) Based on FY2014 full year dividend of 2.25 Singapore cents per share

(4) Based on information obtained on 12 December 2013



# Revenue and Profit Growth



# Key Financials

S\$ 'million	FY2014*	FY2013	Change (%)	Remarks
Revenue	<b>272.8</b>	146.6	86.1	<ul style="list-style-type: none"> <li>Growth in revenue due mainly to higher revenue recognition from ongoing projects as well as new projects as they reached active stage of construction</li> </ul>
Gross profit	<b>30.3</b>	30.4	(0.3)	<ul style="list-style-type: none"> <li>Increase in cost of sales as a result of higher business costs, wages and labour levies has impacted the gross profit</li> </ul>
Gross profit margin (%)	<b>11.1</b>	20.7	(9.6ppt)	<ul style="list-style-type: none"> <li>Decline in gross profit margin was also partly due to lower margin for new projects in the initial stages of construction</li> </ul>
Net profit after tax	<b>19.4</b>	21.5	(9.9)	<ul style="list-style-type: none"> <li>Lower net profit as a result of lower gross profit and higher administrative expenses and finance costs</li> </ul>
Basic EPS (cents)	<b>11.1</b>	13.9	(20.1)	
Net gearing ratio (x)	<b>0.27</b>	0.04		<ul style="list-style-type: none"> <li>Increase in bank borrowings for working capital and development of Sungei Kadut head office and light industry factory</li> </ul>



# Key Financials (FY2011 – FY2014)

S\$ 'million	FY2014	FY2013	FY2012	FY2011
Revenue	<b>272,881</b>	146,622	167,360	189,545
Gross profit	<b>30,331</b>	30,424	29,306	13,838
Gross profit margin (%)	<b>11.1</b>	20.7	17.5	7.3
Net profit after tax	<b>19,397</b>	21,532	19,296	10,975
Basic EPS (cents)	<b>11.1</b>	13.9	12.5	5.9
Net gearing ratio (x)	<b>0.27</b>	0.04	0	0



# Outlook and Strategies

The Amore



# Outlook

## Singapore Construction Industry

### 2015 - 2016

- BCA projects the average construction demand in 2015 and 2016 to moderate to between S\$25 and S\$34 billion
- Private residential construction demand is expected to continue to soften following the implementation of various property cooling measures as well as the significant supply of completed housing units over the next few years and the scaling back of new Government land sales in the first half of 2015
- Industry is facing challenges such as rising business costs and foreign worker levies, shortages of experienced and skilled manpower
- As at 30 September 2014, Group's order book stood at S\$463 million, with some projects' completion stretching up to 2017



# Outlook

## The Maldives Tourism Industry <sup>(1)</sup>

- ***Strong demand for new resort construction as well as airport infrastructure to support the growing tourism industry***
- Tourist arrivals to the Maldives reached a million for the first time in 2013, registering a healthy growth of 17.4% compared with 2012
- The top ten tourists generating markets in 2013 were China, Germany, United Kingdom, Russia, Italy, France, Japan, Switzerland, India and Korea. China remains the biggest market generator to the Maldives, with a market share of 32.6% of the total visitor arrivals in 2013
- At the end of first quarter of 2014, tourist arrivals to the Maldives saw an increase of 9.7% compared with the same period of 2013, the average hotel occupancy was higher at 84.5%

(1) <http://tourism.gov.mv/>

# Strategies

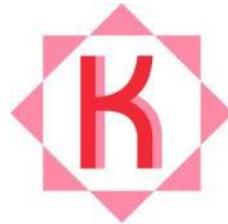
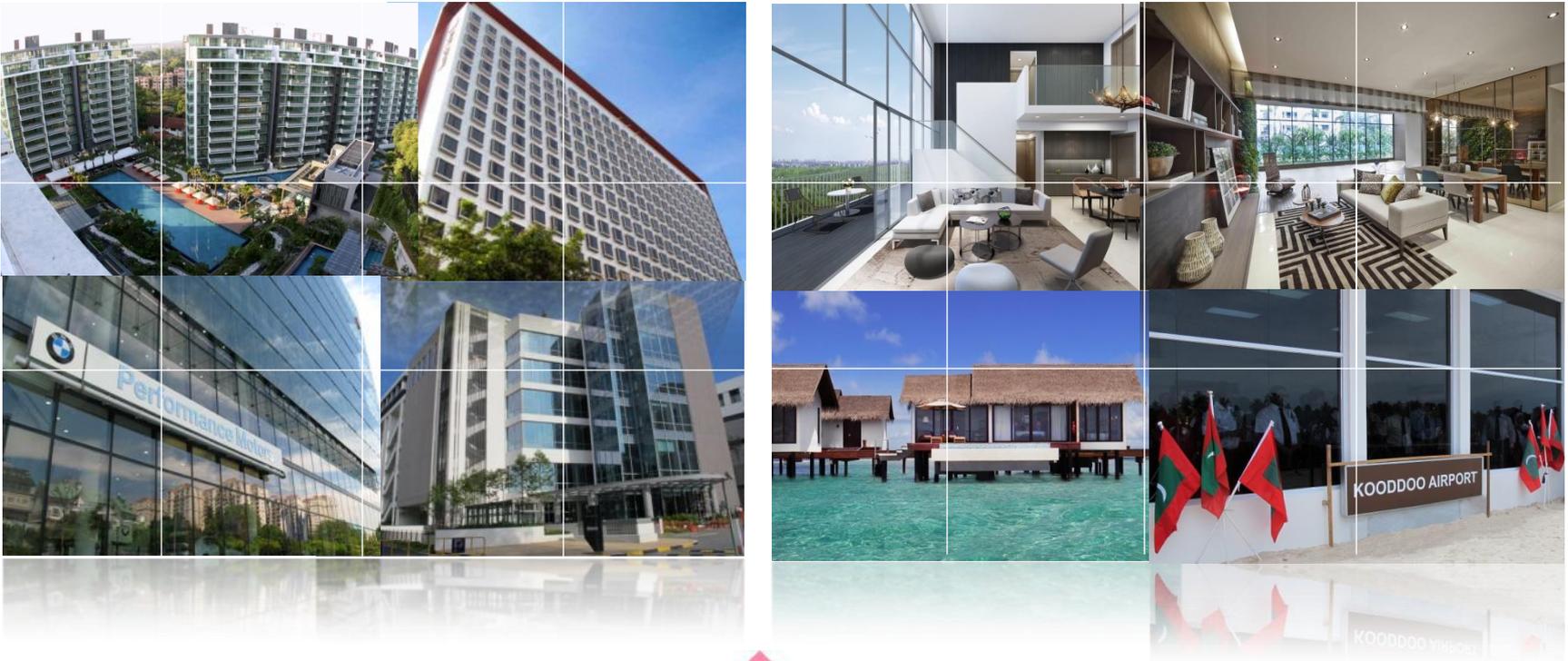
Expansion of building construction business in Singapore in the residential and commercial sectors

Continue to prospect for new business opportunities in hotel and residential development

Expansion in Maldives and other markets for hotel and resort development

Seek suitable acquisitions, strategic alliances and joint ventures for future growth and expansion in sectors such as MRT infrastructure





**BUILDING A SUSTAINABLE FUTURE**