STANDARD & POOR'S

PRIME Partners

January 16, 2012

Keong Hong Holdings

Initiation

Focusing on high quality construction services

- **Key local construction player.** With over 20 years of experience, Keong Hong is one of the key players in the construction industry. The group has been involved in numerous projects which include residential, commercial, industrial and institutional.

- **Expanding prospects.** Keong Hong sees growth opportunities domestically and intends to step-up its efforts to target larger-scale construction projects with higher complexity and value-add. In addition, if attractive opportunities arise overseas, it will consider partnering with local parties where it can bring expertise to the venture. The group also intends to leverage on its construction expertise and expand into property development in Singapore.

- **Positive industry outlook, but may face headwinds from a slowdown in private construction demand.** The construction outlook remains positive with more than enough work in the pipeline, given the continuous roll-out of public projects and HDB's bumper supply of new flats. However, with the economic uncertainty and recent cooling measures, we see headwinds from a slowdown in private construction demand. In addition, given the stiff competition, construction companies are under pressure to increase productivity to alleviate rising labor and material costs to sustain margins.

- **Decent order book to underpin earnings.** The group has an unbilled orderbook of SGD541 mln (as at Sep. 30, 2011), lending earnings visibility up to 2014. We believe Keong Hong's respectable cash holding position, minimal net gearing and decent order book are key competitive advantages to bid for larger and higher quality projects.

Key Fundamentals

FYE Sep. 30	Sep-08	Sep-09	Sep-10	Sep-11
Revenue (SGD mln)	78.5	49.3	124.8	189.5
EBIT (SGD mln)	2.2	2.6	9.7	12.2
EBITDA Margin %	3.3	6.9	8.4	7.2
Net Income (SGD mln)	1.5	1.9	8.2	9.4
Basic EPS (SG cents)*	0.91	1.19	5.14	5.86
Price/Earnings (x)	30.8	23.4	5.4	4.8
EPS Growth %	N.A.	31.4	330.3	14.0
DPS (SG cents)*	N.A.	N.A.	N.A.	1.40
Dividend yield %	N.A.	N.A.	N.A.	5.0
Price/Book value (x)*	3.21	2.91	2.87	1.51
Return on equity %	N.A.	13.0	52.2	46.5
Return on assets %	N.A.	3.6	11.0	8.9
Total Debt:Equity %	39.6	46.2	23.0	5.3

Source: Company data, S&P Capital IQ

*Based on 160 mln post IPO shares in issue

GICS: Industrials/Capital Goods

Business Summary: Keong Hong Holdings Ltd, an investment holding company, provides building construction services for residential, commercial, industrial and institutional projects to the private and public sectors in Singapore and Maldives.

Country of Incorporation: Singapore

Head Office Location: Block 151 Bukit Batok Street 11 #03-250, Singapore 650151

Place of Operation: Singapore

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CURRENT PRICE:
SGD0.28

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Key statistics

52-week Price Range	0.30/0.28
Avg Vol - 12 months ('000 shares)	7,572.4
Price performance (%) - 1 month	N.A.
- 3 month	N.A.
- 12 month	N.A.
No. of Outstanding shares (mln)	160.0
Free Float (%)	21.4
Market Cap (SGD mln)	44.8
Enterprise value (SGD mln)	8.0

Source: Company data, S&P Capital IQ

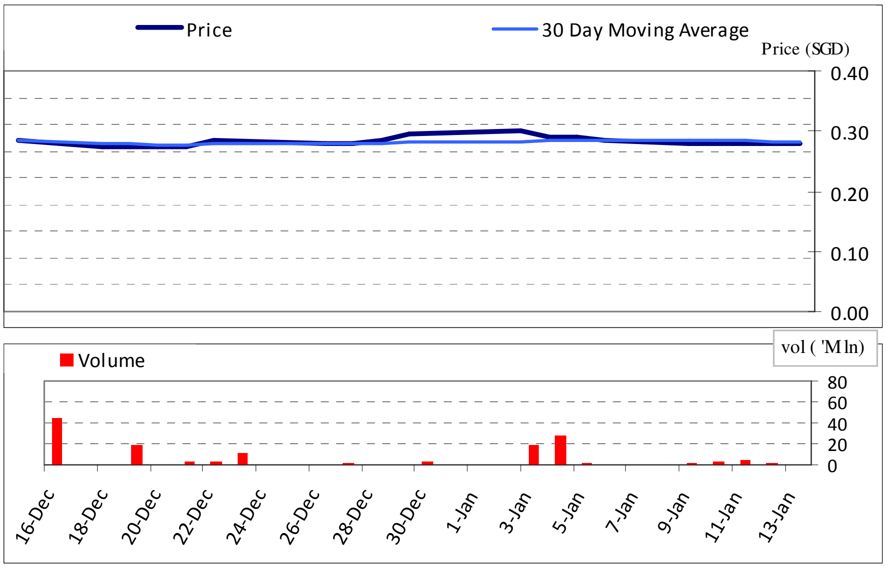
Share Price Performance

Share Price Performance Details

Current Price	0.28
52-week Hi/Low	0.30/0.28
10-day Avg Volume	6.4898
Price 1 Month Ago	N.A.
1 Month Price Performance	N.A.
Price 3 Months Ago	N.A.
3 Month Price Performance	N.A.
Price 6 Months Ago	N.A.
6 Month Price Performance	N.A.
Price 12 Months Ago	N.A.
12 Month Price Performance	N.A.
Market Capitalization (SGD mln)	44.8
Beta	N.A.

Source: S&P Capital IQ

Keong Hong Holdings Share Price Chart



Source: S&P Capital IQ

Since Keong Hong was recently listed (on Dec. 16, 2011), there is limited share price history.

Financial Performance

Recent financial performance: Keong Hong reported a higher FY11 (Sep.) net profit of SGD9.4 mln (+14.0% YoY), which is mainly attributed to (i) higher revenue recognition of SGD189.5 mln (+51.9 YoY) from its ongoing and new projects (i.e. Paterson 2); (ii) higher JV income contribution of SGD0.14 mln (+115.4% YoY); and (iii) a lower effective tax rate of 8.9% (vs.13.2% in FY10). These were, however, partially offset by a lower EBIT margin of 6.4% (vs. 7.8% In FY10 due to higher sub-contracting and overhead costs.

Income Statement (SGD mln)

FYE Sep. 30	2008	2009	2010	2011
Total Revenue	78.5	49.3	124.8	189.5
Growth Over Prior Year	N.A.	-37.2%	153.3%	51.9%
EBITDA	2.6	3.4	10.4	13.6
Margin %	3.3%	6.9%	8.4%	7.2%
EBIT	2.2	2.6	9.7	12.2
Margin %	2.8%	5.3%	7.8%	6.4%
Earnings from Cont. Ops.	1.5	1.9	8.2	11.0
Margin %	1.9%	3.9%	6.5%	5.8%
Net Income	1.5	1.9	8.2	9.4
Margin %	1.9%	3.9%	6.6%	4.9%
Basic EPS (SG cents)*	0.91	1.19	5.14	5.86

Source: S&P Capital IQ, *Based on 160 mln post IPO shares in issue

Key Growth and Fundamental Ratios

FYE Sep. 30	Sep-08	Sep-09	Sep-10	Sep-11
EPS Growth (%)	N.A.	30.8	331.9	14.0
Sales Growth (%)	N.A.	-37.2	153.3	51.9
Asset Turnover (x)	N.A.	0.9	1.7	1.8
Receivables Turnover (x)	N.A.	1.9	3.2	3.1
Effective Tax Rate (%)	17.1	14.9	13.2	8.9
Total Debt to Equity (%)	39.6	46.2	23.0	5.3
Interest Coverage (x)	5.2	7.3	33.1	84.1
Quick Ratio (x)	1.2	1.2	1.1	1.3
Current Ratio (x)	1.2	1.2	1.1	1.3
Payout Ratio (%)	0.0	0.0	0.0	23.9
Debt to Capital (%)	28.4	31.6	18.7	5.0

Source: S&P Capital IQ

Balance Sheet (SGD mln)

FYE Sep. 30	2008	2009	2010	2011
Current Assets	37.7	40.8	83.9	110.9
Fixed Assets	2.3	4.1	5.0	4.6
Other LT Assets	10.2	10.1	5.8	0.3
Total Assets	50.1	55.1	94.7	115.9
Current Liabilities	32.0	33.9	76.0	83.6
Total Liabilities	36.2	39.7	78.9	84.5
Share capital	8.4	8.4	8.4	13.6
Shareholder's Equity	14.0	15.4	15.8	31.4
Cash and Cash Equivalents	11.9	12.8	27.7	39.7
Total Debt	5.5	7.1	3.6	1.7
Net Cash/(Debt)	6.4	5.7	24.0	38.1

Source: Company data, S&P Capital IQ

Cash Flow (SGD mln)

FYE Sep. 30	2008	2009	2010	2011
Cash from Operations	2.4	(1.1)	16.8	10.4
Capital Expenditure	(0.2)	(0.8)	(1.5)	(0.9)
Cash from Investing	1.7	3.0	2.8	7.1
Total Debt Issued	0.0	1.8	0.0	0.0
Total Debt Repaid	(3.8)	(2.2)	(4.0)	(2.4)
Cash from Financing	(4.6)	(3.2)	(7.1)	(2.9)
Change in Cash	(0.6)	(1.3)	12.5	14.5

Source: Company Data, S&P Capital IQ

Keong Hong's balance sheet remains healthy as at end FY11 with its cash holding rising 44% YoY to SGD39.7 mln, while its total borrowings fell to SGD1.7 mln (from SGD3.6 mln in FY10). The increase in its cash holdings is partly attributable to the disposal of some of its investment properties that netted proceeds of SGD5.9 mln.

Industry Characteristics and Outlook

Outlook Summary: S&P Capital IQ expects the outlook for Singapore's construction sector to remain decent with a reduction in private sector real estate development offset by a raft of big infrastructure projects in the pipeline such as tunnelling work and the building of MRT stations, coupled with civil works which include roadworks and new expressways. HDB's move to ramp-up its supply of new flats to a record of 25,000 in 2011 and keep a similar pace this year also bodes well for the sector.

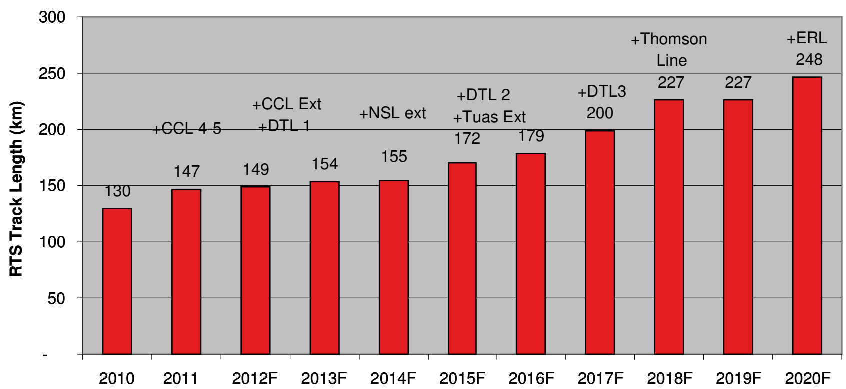
Singapore's construction sector expanded at a weak 1.7% YoY in 4Q11 partly a result of cooling measures in the private residential market, though slightly up from 0.5% in 3Q11 and 1.4% in 2Q11 *(Source: MTI)*. For the whole of 2011, the sector is estimated to grow at a more moderate pace of 1.5% and then 1.8% in 2012 *(Source: MTI and MAS)*. In 2010, the sector grew 6.1%, after posting high growths of 17.1% and 20.1% in 2009 and 2008 respectively. The performance of the sector in 2011 was largely driven by the MRT Downtown line Stage 3 and the ramping up of public housing projects.

For 2012, we expect more than enough work for contractors with the continuous roll-out of public sector works and the release of another 25,000 HDB units. With the recent stamp duty property cooling measure affecting buying sentiment and economic uncertainties over the EU's sovereign debt issues, we could however, see headwinds from a slowdown in private construction demand. Nevertheless, we believe the aggressive land acquisitions by developers in recent years should help sustain demand for construction services over the near term.

Key public projects and government's push to increase productivity

With the growing local population, the government will be spending SGD60 bln over this decade to improve the rail network to ease congestion. This will go towards the doubling of the rail network to 280 km by 2020. The new lines are the Downtown line (DTL), the Thomson line (TSL), the Eastern Region line (ERL) and other extensions.

Singapore Rail Projected Track Length



Source: Land Transport Authority (LTA), S&P Capital IQ

Note: Rail track length based on estimates only; CCL = Circle Line; DTL = Downtown Line; NSL = North South Line; ERL = Eastern Region Line

Whilst works on the SGD5.5 bln 5-km Marina Coastal Expressway (MCE) are in progress, the government recently unveiled the 11th expressway, the SGD7 bln-8 bln 21.5-km North-South Expressway (NSE). The 15.9-km northern section of the NSE stretches from Admiralty Road West to Toa Payoh Rise, whilst the 5.6-km southern section will be from Toa Payoh Rise to East Coast Parkway (see map below). Major construction works on the NSE is expected to start in 2015 and will take about five-years to complete.

The North-South Expressway (Northern & Southern Segment)

Source: Land Transport Authority (LTA), S&P Capital IQ

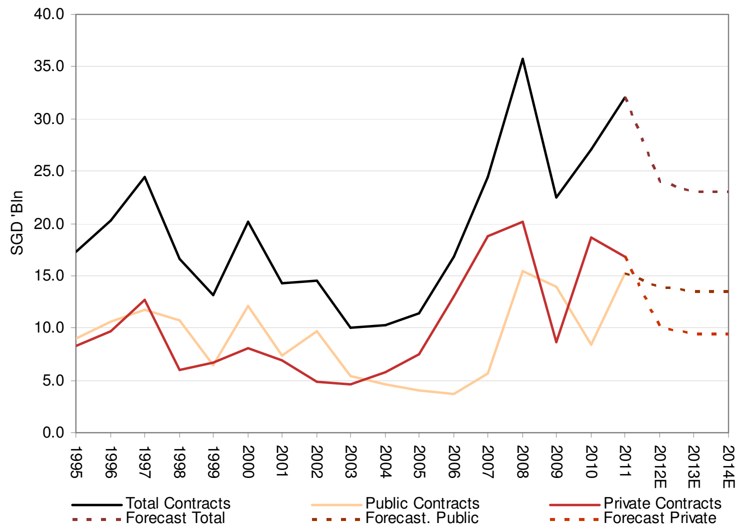
Other mega infrastructure projects include the SGD1.33 bln 35-hectare Sports Hub in Kallang, which is presently under construction and slated to be ready in April 2014.

In the 2011 Budget, the government announced further increases on foreign worker levy as part of its carrot-and-stick approach to encourage firms to upgrade their existing building techniques and raise productivity levels. The levy increases will be phased-in at six-monthly intervals, starting from January 2012 to July 2013. According to Ministry of Manpower (MOM), employers in the construction sector can expect an average increase in the monthly levy of SGD320 per work permit holder with the phased-in levy increase till July 2013. The “carrot”, however, comes in the form of higher tax deductions through the Productivity and Innovation Credit (PIC) scheme. The PIC scheme was introduced to encourage firms to invest in six areas: automation, research and development, design, registration of intellectual property, acquisition of intellectual property rights and staff training.

Construction to enjoy sustained activities in the medium term

Following a prolonged downturn in Singapore’s construction industry (2000-2003), the industry has turned around and has been growing since 2004 (see graph on next page). The last few years have seen a renewed wave of soaring growth, led by a spike in private sector demand with the two integrated resorts and an increase in residential and commercial projects. A high of SGD35.7 bln worth of contracts was awarded in 2008.

Historical and Forecast Construction Demand



Source: BCA, CEIC

According to preliminary estimates recently released by the BCA, construction demand increased 16% to SGD32 bln in 2011, well above the BCA forecast range of SGD22 bln to SGD28 bln. The increase was backed by strong public sector demand which strengthened to SGD15.2 bln (from SGD8.6 bln in 2010), arising from acceleration in public housing and the MRT Downtown Line Stage 3. The private sector demand, however, fell to SGD16.8 bln (from SGD19.0 bln in 2010) but still accounted for 53% of all contracts for the year.

For 2012, BCA is projecting total construction demand to fall slightly to range between SGD21 bln to SGD27 bln. The public sector is expected to take the lead and contribute to between SGD13 bln and SGD15 bln worth of contracts. The demand will be underpinned by continued strong public housing developments, institutional building and civil engineering projects. Key projects likely to be awarded in 2012 include JTC's Medical Technology Hub, Yale-NUS college at University Town, Ng Teng Fong hospital with a community hospital at Jurong East, expansion of Kallang Paya Lebar Expressway (KPE)/Tampines Expressway (TPE) Interchange and extension of Newton Flyover. Meanwhile, BCA expects private demand to fall to between SGD8 bln and SGD12 bln as sentiment is expected to be cautious with the global economic uncertainties and following the latest round of stamp duty cooling measures announced in December 2011.

For 2013 and 2014, the BCA is projecting annual construction demand to range between SGD19 bln and SGD27 bln p.a.

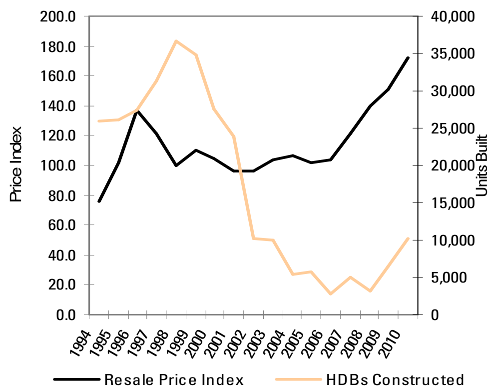
Historical and Forecast Construction Demand (2010 – 2012)

SGD bln	2010A Public	2010A Private	2011P Public	2011P Private	2012F Public	2012F Private
Residential	2.8	8.7	6.0	8.1	6.1-6.3	3.4-4.8
Commercial	0.2	3.1	0.1	3.0	0.1-0.2	1.7-2.7
Industrial	1.1	3.7	0.3	4.8	0.4-0.6	1.3-2.3
Institutional & others	2.3	2.7	2.3	0.6	3.0-3.8	0.4-0.6
Civil Eng.	2.2	0.8	6.6	0.3	3.4-4.1	1.2-1.6
Total	**8.6**	**19.0**	**15.2**	**16.8**	**13.0-15.0**	**8.0-12.0**
Total (Public & Private)	**27.6**		**32.0**		**21.0-27.0**	

Source: BCA; P = Preliminary F= Forecast

HDB's plan to boost and expedite the development of new flats to meet rising demand also bodes well for construction companies. HDB recently announced the launch of 3,923 new build-to-order (BTO) flats, the first batch of the 25,000 flats it aims to launch this year. Last year, HDB launched a record of 25,200 HDB BTO flats to address the strong demand for homes. From the chart below, this is a significant jump over 2003-2009 average building of over 5,000 units p.a.

Rising HDB Construction in Tandem with Rising Prices



Source: CEIC

Key Risks

Sharp rise in labor, fuel and building materials costs: Another surprise hike in foreign worker levy, rise in subcontractor fees and building material prices (e.g. steel, cement, concrete) will put pressure on margins.

Shortage of skilled labor: This is an industry-wide problem which could result in project disruptions and delays with potential cost overruns.

Weak economic growth and delay in roll-out of public projects. A slower-than-expected global economic growth and fears of another recession triggered by the Eurozone debt concerns could reduce demand for construction services, resulting in undercutting and erosion in margins given the stiff competition.

Industry is cyclical: A spike in construction demand followed by a sudden fall could leave firms saddled with more staff and other redundant resources, thereby increasing firms' operating costs and affecting profitability.

Regulatory changes: Changes in government policy may impact the industry. These may include policies on foreign labor, worker's levy and property cooling measures which may dampen sentiments and reduce private construction demand.

Keong Hong's Growth Strategy

Keong Hong sees domestic growth opportunities in Singapore where it continues to bid and negotiate for contracts in the residential, hotel and commercial sectors. The group intends to step-up its efforts to target larger-scale construction projects with higher complexity and value-add as management believes that such projects will generate higher profit margins and raise its profile further in the industry.

In addition, if attractive opportunities arise overseas, it will consider partnering with local parties where it can bring expertise to the venture. The group presently has an overseas construction project in Maldives where it is developing a resort at Falhumaafushi Island targeted for completion in April 2012. It intends to leverage on its experience gained from its Maldives project to expand overseas, particularly for the construction of hotels and resorts.

The group will also like to leverage on its local construction experience and enter into the property development sector in Singapore. It has recently entered into a JV for the development of a 728-unit executive condominium (EC), Twin Waterfalls in Punggol, where Keong Heong has a 20% stake in the project. Meanwhile, the group will continue to monitor the property market closely and work with trusted JV partners for future projects. Growth in the property division will help to broaden the group's income base and provide the necessary cushion in the event of any margin squeeze from its construction projects.

Strengths

- Has more than 20 years of experience as a building contractor which is a testament to its established track record.
- Capability in handling projects of different categories which include high-rise and landed residential, commercial, institutional and industrial projects and also design and build (D&B) projects.
- Holds the A2 classification for general building which allows it to tender for public sector contracts not exceeding SGD85 mln in value.
- Has a strong focus in providing quality, reliability and efficient delivery for its projects. As a testament to the quality of its projects, the group has garnered several industry awards and ISO certifications.
- Its close relationship with major developers and contractors ensures steady job orders.
- The management, led by its Executive Director and CEO, Ronald Leo Ting Ping, is supported by a team of key executives who are experienced and competent in their respective functions.

Weaknesses

- Dependence on the performance of the construction industry in Singapore, which is subject to the general domestic economy and the health of the property market.

- Heavy reliance on construction revenue makes it vulnerable to sudden changes in the industry and competitive conditions. The group is, however, trying to build up its property income base.

Management Guidance

Management expects its near-term earnings to be supported by its unbilled construction order book of SGD541 mln (as at Sep. 30, 2011) lasting till 2014. Works on recent key private residential projects secured such as the SGD110.5 mln "The Terrasse" and the SGD70.5 mln "Paterson 2" is expected to gain momentum and contribute to near-term earnings. In addition, the construction of the SGD162.4 mln EC in Punggol will commence in 1Q12. Sales of the 20%-owned Punggol EC, however, are only expected to contribute to earnings upon its completion, targeted end-2014.

Meanwhile, management views Keong Hong's respectable cash holding position, almost zero net gearing and decent orderbook size as key competitive advantages to bid for larger and quality projects as well as to scout for new property projects. Management, however, remains cautious on the possible impact of uncertainties in the global and domestic economic conditions, potential price fluctuations of raw materials, sub-contractor and labor costs.

On-going Key Construction Projects

Project	Client	Project Value (SGD 'Mln)	Commencement Date	Estimated Completion Date
Falhumaafushi Resort, Maldives	Bonaventure (Maldives)	83.6	February 2010	April 2012
The Parvis	Calne (JV between MCL Land & Ho Bee Investment)	142.9	December 2009	June 2012
8@Woodleigh	FCL Homes	73.9	July 2009	June 2012
The Terrasse	MCL Land (Serangoon)	110.5	November 2011	May 2014
Paterson 2	Bukit Sembawang View	70.5	August 2011	February 2014
EC Project in Punggol	Punggol Residences (JV between KH Construction & FCL Tampines Court)	162.4	1Q 2012	December 2014
Total		643.8		

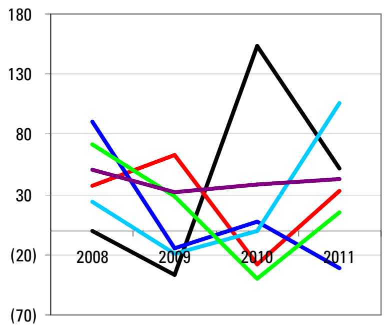
Source: Company Data

Peer Comparison

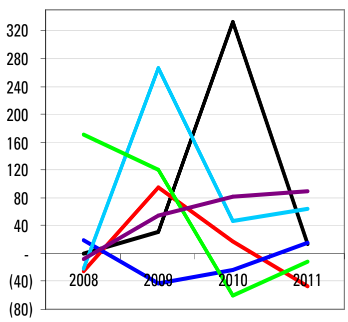
We have compared Keong Hong to five Singapore-based construction companies and although it is smaller in size, Keong Hong's operating performances are comparable to its larger peers. Its revenue growth outperformed its peers in FY09 and FY10 due to the substantial completion of some of its projects as well as contributions from its new overseas project in Maldives. Although it's EBITDA and net margins are slightly below its industry peers, Keong Hong enjoyed the highest ROE over the past two years, which was partly aided by its relatively small capital base. With minimal debt, Keong Hong's balance sheet is also strong and in a net cash position of SGD38.1 mln as at end-FY11.

Keong Hong Holdings Limited (Catalist:5TT)
Wee Hur Holdings Ltd (SGX:E3B)
KSH Holdings Ltd. (SGX:ER0)
BBR Holdings Ltd. (SGX:KJ5)
Lum Chang Holdings Ltd. (SGX:L19)
Lian Beng Group Ltd. (SGX:L03)

Annual Sales Growth (%)

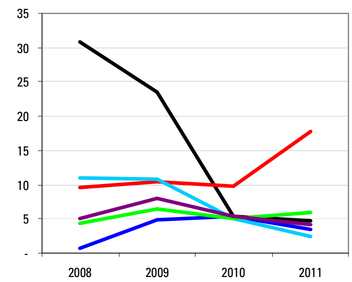


Annual EPS Growth (%)

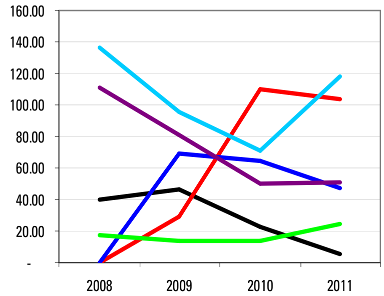


Source: S&P Capital IQ

PER (X)

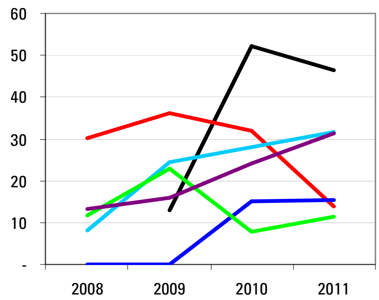


Gearing (%)

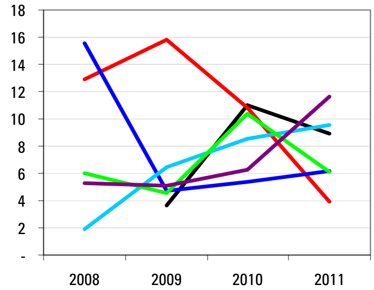


Source: S&P Capital IQ

ROE (%)

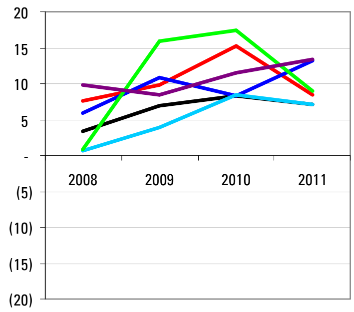


ROA (%)

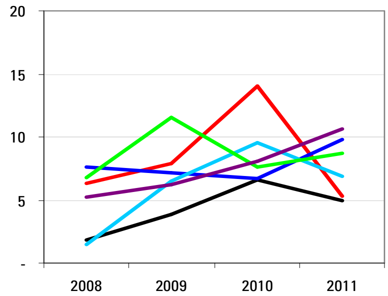


Source: S&P Capital IQ

EBITDA Margin (%)



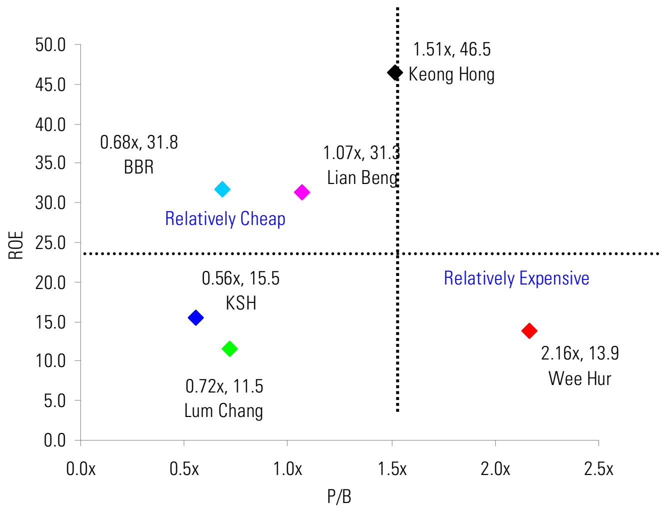
Net Profit Margin (%)



Source: S&P Capital IQ

P/B (x) vs. ROE (%)

P/B vs. ROE comparisons show that Keong Hong is fairly priced. It has the highest ROE among its peers and this may be due to its relatively small capital base. Its comparatively high P/B of 1.51x is supported by its above average ROE.



Source: S&P Capital IQ

Company Background

Keong Hong was founded under the name of KH Construction by Mr Teou Kem Eng and his brother Mr Teo Peng Seng in October 1983. Mr Ronald Leo Ting Ping, the group's Executive Director and CEO, joined the company two years later and since then, construction services have become its core business activity. Initially, Keong Hong was a sub-contractor on small value projects, before moving into larger value projects and as the main contractor for both private and public sectors jobs. Since its inception and up to Sep. 2011, Keong Hong has completed approximately SGD959 mln worth of construction contracts, all of which are in Singapore. Among the notable projects it has undertaken include the Martin Place Residences (contract value of SGD125.7 mln) for FCL Land and Palm Gardens (contract value of SGD147.9 mln) for Keppel Land. Other notable completed projects are listed below.

List of Notable Completed Construction Projects

Project	Client	Project Value (SGD 'Mln)	Completion Date
Parc Vista Condominium	Parc Vista Pte Ltd (JV between Far East Organization and Pidemco Land [now CapitaLand Ltd])	120.6	May 1998
6-storey extension and A&A works for the Singapore Institute of Management	Singapore Institute of Management	100.0	Sep 2011
The Esta	Richdale Pte Ltd (part of MCL Land group)	74.3	Nov 2008
IBIS Hotel	Bencool LA Pte Ltd (JV between LaSalle LAO Singapore Ptd Ltd and Accor Asia Pacific)	46.3	Jan 2009
Springside (Phase 1 to 5)	Singapore Engineers Pte Ltd (part of OCBC Property Services)	47.6	Nov 1997
The Belvedere	Sherwood Development Pte Ltd (part of Keppel Land group)	43.4	Oct 2007
Sime Darby Performance Center	Performance Motors Ltd	38.0	Aug 2008

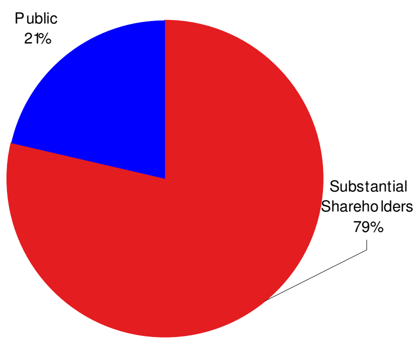
Source: Company Data

Between 2001 and 2007, Keong Hong's focus was on the construction of condominiums. It is also during this period that it built-up its expertise in addition and alteration (A&A) works after completing projects on the Tampines Mall Shopping Center, Changi South Industrial Estate and the reconstruction of Pasir Laba Army Camp. It added its D&B expertise (for structural and mechanical & engineering) with the completion of the 51-unit The Linc condominium in 2006.

Keong Hong received its ISO 9001:2008 certification in 1998 (for quality management) and was awarded the BCA Award for Construction Excellence on the Parc Vista condominium project in 2000. It also received the Certificate of Merit for Safety Performance Award from the Ministry of Manpower in 2005. In 2009, it received the bizSAFE Star Certificate from the Workplace Safety and Health Council.

Keong Hong's management is led by its Executive Director and CEO, Mr Ronald Leo Ting Ping, who is responsible for the group's various business functions, including the group's strategic direction. Mr Leo is an engineer with more than 30 years of experience in the construction industry and is also the group's substantial shareholder with a 50.8% equity stake. He is assisted by Mr Er Ang Hooa, also an engineer, and he overseas the group's construction activities. Meanwhile, the company's founder, Mr Teou Kem Eng, retains a 4.0% equity stake in Keong Hong, but does not hold any position in the company.

Shareholding Structure



Source: S&P Capital IQ

Significant Shareholders

	Common Stock Equivalent Held	% of Common Shares Outstanding	Market Value (SGD mln)
Leo Ting Ping, Ronald	81,231,000	50.8	22.7
Teou Kem Eng	6,444,000	4.0	1.8
Lim Ewe Ghee	5,277,000	3.3	1.5

Source: Company data, S&P Capital IQ

Corporate Governance and Board of Directors

Keong Hong's board consists of five directors, three of which are independent directors. Independent directors form the majority of the various oversight committees, i.e. Audit Committee (three of three), Nominating Committee (three of three) and Remuneration Committee (three of three).

Board of Directors

Name	Title	Date Joined
Leo Ting Ping, Ronald	Executive Director and CEO	Apr. 15, 2008
Er Ang Hooa	Executive Director	Sep. 26, 2011
Chong Weng Hoe	Independent Director	Nov. 22, 2011
Lim Jun Xiong, Steven	Independent Director	Nov. 22, 2011
Wong Meng Yeng	Independent Director	Nov. 22, 2011

Source: Company data, S&P Capital IQ

Key Subsidiaries

- Keong Hong Construction Pte Ltd (100% owned): general and building contractors.
- K.H. Land Pte. Ltd. (100% owned): investment holding, real estate development and building construction.
- KHA Resorts & Hotels Construction Pvt Ltd (51% owned): resorts and hotel building contractor.
- KH Trading Pte. Ltd (100% owned): trading of building and construction materials.

Keong Hong holds a 20% stake in Punggol Residences Ptd Ltd, the developer of a 728-unit Twin Waterfalls EC in Punggol. Its other associate company is KH-Kienta JV LLP (50% owned), a company involved in construction work.

Recent News and Developments

- **Keong Hong announced unaudited earnings results** for the full year ended Sep. 30, 2011, with revenue of SGD189.5 mln (+51.9% YoY), pre-tax profit of SGD12.0 mln (+28.2% YoY) and net profit of SGD9.4 mln (+14.0% YoY). It also proposed a single tier tax exempt final dividend of 1.4 cents / Singapore Stock Exchange, Dec. 19, 2011
- **Keong Hong has completed an IPO** in the amount of SGD6.48 mln. / Singapore Stock Exchange, Dec. 16, 2011
- **Keong Hong files for an IPO** on the Catalist Market of the Singapore Stock Exchange. /Nov. 23, 2011

Glossary

S&P STARS - Since January 1, 1987, Standard & Poor's Equity Research Services has ranked a universe of U.S. common stocks, ADRs (American Depositary Receipts), and ADSs (American Depositary Shares) based on a given equity's potential for future performance. Similarly, Standard & Poor's Equity Research Services has used STARS® methodology to rank Asian and European equities since June 30, 2002. Under proprietary STARS (STock Appreciation Ranking System), S&P equity analysts rank equities according to their individual forecast of an equity's future total return potential versus the expected total return of a relevant benchmark (e.g., a regional index (S&P Asia 50 Index, S&P Europe 350® Index or S&P 500® Index)), based on a 12-month time horizon. STARS was designed to meet the needs of investors looking to put their investment decisions in perspective. Data used to assist in determining the STARS ranking may be the result of the analyst's own models as well as internal proprietary models resulting from dynamic data inputs

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A+ Highest	B+ Average	C Lowest
A High	B Below Average	D In Reorganization
A- Above Average	B- Lower	NR Not Ranked

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CAGR- Compound Annual Growth Rate
CAPEX- Capital Expenditures
CY- Calendar Year
DCF- Discounted Cash Flow
EBIT- Earnings Before Interest and Taxes
EBITDA- Earnings Before Interest, Taxes, Depreciation and Amortization
EPS- Earnings Per Share
EV- Enterprise Value
FCF- Free Cash Flow
FFO- Funds From Operations
FY- Fiscal Year
P/E- Price/Earnings
PEG Ratio- P/E-to-Growth Ratio
PV- Present Value
R&D- Research & Development
ROE- Return on Equity
ROI- Return on Investment
ROIC- Return on Invested Capital
ROA- Return on Assets
SG&A- Selling, General & Administrative Expenses
WACC- Weighted Average Cost of Capital

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