



Press Release - For Immediate Release

KOON REMAINS PROFITABLE AMID TRANSFORMATION PERIOD

- ▶ Revenue surged 178% to S\$99.3 million
- ▶ Pipeline of construction and precast projects amounting to S\$130.8 million and S\$51.0 million respectively
- ▶ Proposed interim dividend of half Singapore cent per share

(S\$'mil)	1H2012	1H2011	Change (%)
Revenue	99.3	35.7	178.4
Gross Profit	11.0	3.0	263.8
Other Income	1.6	9.6	(83.4)
Administrative Expenses	(9.3)	(6.4)	45.8
Profit Attributable to Shareholders	0.5	6.3	(91.4)
Basic Earnings per Share ^(*) (Singapore Cents)	0.33	3.85	(91.4)

(S\$'mil)	As at 30 June 2012	As at 31 December 2011	Change (%)
Cash & Cash Equivalents	16.3	19.6	(16.8)

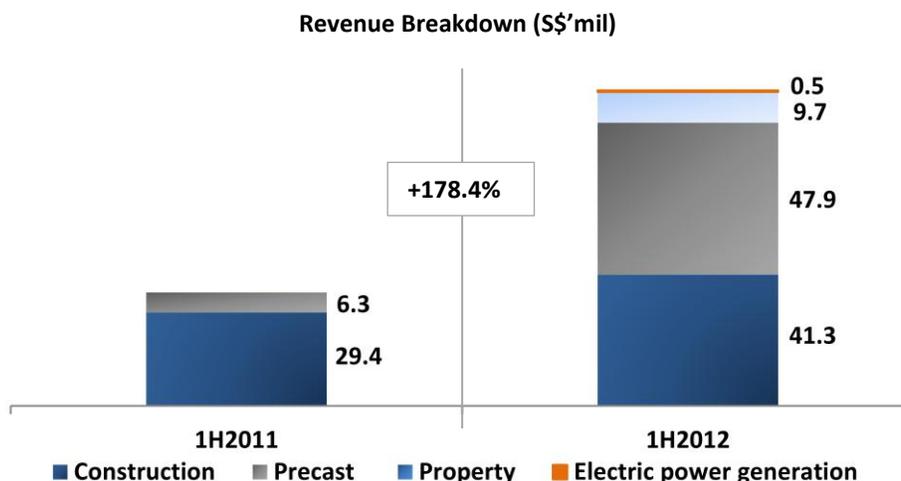
(*) Total number of issued shares for the period ended 30 June 2012 was 164,208,000 shares (30 June 2011: 164,098,000 shares)

Singapore and Australia, 27 August 2012 - Koon Holdings Limited, (“Koon”, “崑控股有限公司” or the “Group”), Singapore’s integrated construction group - with businesses in civil engineering, precast, property development and energy infrastructure – announced today its results for the first half ended 30 June 2012. Amid its transformation period, the Group posted profit attributable to shareholders of S\$0.5 million, while revenue grew 178.4% to S\$99.3 million due to higher sales contributions from its new business segments.

Revenue surged 178% to S\$99.3 million

The Group recorded a 178.4% increase in revenue to S\$99.3 million as it recorded higher sales contributions across all of its business segments. Revenue from the **Construction division** grew 40.5% to S\$41.3 million mainly attributable to major projects that were secured in 2011, such as construction work at Tampines Logistics Park, rehabilitation and earthworks at landfill site off Tampines Road as well as construction of Seletar Link and widening of Tampines Expressway. In tandem with contracts secured in FY2011 and FY2012, revenue from the **Precast division** grew by approximately S\$41.6 million or more than six-fold to S\$47.9

million in 1H2012. The Group also recorded maiden sales contributions of S\$9.7 million and S\$0.5 million from its **Property** and **Electric Power Generation** respectively.



Commenting on the results for 1H2012, Mr Tan Thiam Hee (“陈添喜”), Managing Director and Chief Executive Officer of Koon said: “Since we embarked on our transformation journey, Koon has grown from a construction company with single focus in civil engineering into an integrated construction player with businesses in precast, property and power generation. We are pleased to report that our strategy is paying off our topline growth.

Gross profit increased by 263.8% to S\$11.0 million in 1H2012 from S\$3.0 million in 1H2011, mainly due to higher sales from the **Precast** division but was partially offset by the lower gross profit margin from the **Construction** division.

Other income decreased from S\$9.6 million to S\$1.6 million as a non-recurring gain on disposal of leasehold property and dividend income received from Koon Zinkcon of S\$5.6 million and S\$3.0 million respectively were recorded in 1H2011.

With the inclusion of new business segments - the **Property** and the **Electric power generation** division - administrative expenses and distributions costs rose to S\$9.3 million and S\$1.7 million respectively.

The Group’s profit before tax decreased from S\$5.5 million to S\$0.9 million in 1H2012, due to the inclusion of S\$8.6 million non-operating income in 1H2011 arising from the gain from disposal of property and dividend income from Koon Zinkcon as compared to the net gain on deemed disposal of associate of S\$0.6 million for 1H2012.

Overall, net profit attributable to shareholders decreased from S\$6.3 million in 1H2011 to S\$0.5 million in 1H2012.

*Added Mr Tan, “While margins from the **Construction** division remain challenging given the uncertainty in the global economy, the Group has implemented cost containment measures and continued to adopt a disciplined approach to project bidding. To minimise counterparty risk, majority of our projects are usually with government-linked entities or reputable business partners.”*

As for the **Precast** division, which is a volume-based business, it requires more focus and resources in early stages. However, once we reach economies of scale, the momentum will continue.”

Healthy balance sheet

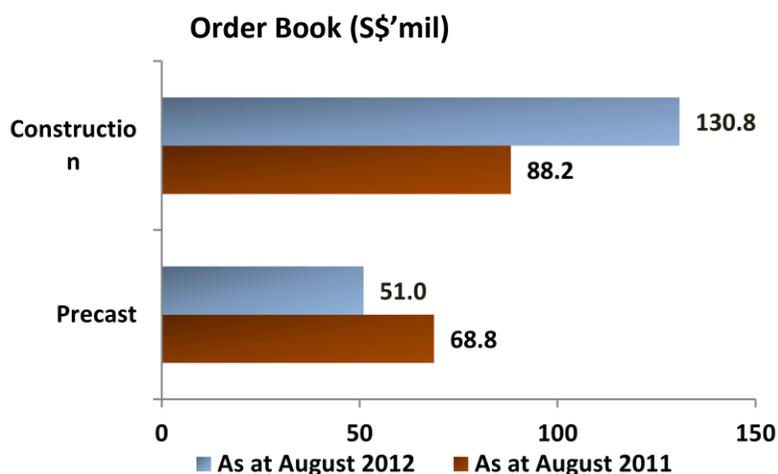
The Group’s financial position remains healthy with total assets of S\$178.3 million and total liabilities of S\$118.5 million. Net tangible asset per share grew from 31.77 Singapore cents to 33.06 Singapore cents. As at end June 2012, the Group’s cash and cash equivalents stood at approximately S\$16.3 million.

On August 1, 2012, the Company announced the proposed acquisition (the “Acquisition”) of the entire issued share capital of (a) Metro Coast Sdn. Bhd., (b) Triumph Heights Sdn. Bhd., (c) Unison Progress Sdn. Bhd, and (d) Seven Star Development Sdn. Bhd. (collectively the “Malaysian Companies”) from Ang Sin Liu Construction (Pte) Ltd (whose shareholders are Mr Ang Sin Liu, Mr Ang Ah Nui and their family members). The Malaysian Companies collectively own the entire interests in four properties located in Johor Bahru (the “Malaysian Properties”). The Group intends to develop the Malaysian Properties for sale as commercial units.

The Group proposes to finance the Acquisition through the proceeds of a proposed non-renounceable, non-underwritten Rights Issue exercise.

The Company will be seeking specific approval from Shareholders by way of an extraordinary general meeting (“EGM”) to be convened for inter alia the proposed Acquisition. (Please refer to the announcement on August 1, 2012 for details of the Acquisition and the Rights Issue) A circular setting out, amongst other things, the details of, and other relevant information pertaining to, the Acquisition, the Rights Issue and Whitewash Resolution, together with the notice of the EGM, will be despatched to Shareholders in due course.

Pipeline of construction and precast projects



As at the date of announcement, outstanding order book for **Construction** division and **Precast** division stood at approximately S\$130.8 million and S\$51.0 million respectively. As at August 2012, the Group’s **Construction** division had secured four infrastructure projects with total contract value of S\$53.1 million.

Outlook

Construction demand in Singapore is projected to be between S\$21 billion and S\$27 billion for 2012, and in the range of S\$19 billion to S\$27 billion for 2012 and 2013. The construction demand for the public sector is expected to contribute between S\$13 billion to S\$15 billion for 2012, and between S\$12 billion to S\$15 billion for 2013 and 2014⁽¹⁾.

This year, the Housing and Development Board's ("HDB") fourth BTO launch offered 4,191 new flats in July 2012⁽²⁾. According to HDB, the expected total launch of 25,000 flats remains on track. The new supply will continue to boost demand for precast works as majority of the building components of BTO flats adopts precast method.

Despite a healthy demand for the construction industry, the operating environment remains challenging, considering the tight labour supply, rising costs of raw materials, and increased safety measures for workers⁽³⁾.

Mr Tan concluded, *"We remain focused on our transformation strategy to diversify our revenue base and improve recurring revenue. Our Executive Condominium project in Pasir Ris, in which we own a 15% stake, has garnered good response from the market since its launch in June 2012."*

The construction of the remaining three 9.9MW diesel power plant in Western Australia is also on track for completion in the second half of 2012."

- END -

This document is to be read in conjunction with Koon's exchange filings on 27 August 2012, which can be downloaded via www.sgx.com and www.asx.com.au.

(1) "Public sector projects to sustain construction demand in 2012", Building and Construction Authority, 11 Jan 2012

(2) "HDB launches 7 BTO projects offering 4,191 new flats and enhances special CPF housing grant", Housing and Development Board, 31 July 2012

(3) "Safety training boost for construction crews", The Straits Times, 29 Jun 2012

Issued on behalf of Koon Holdings Limited by ShareInvestor Pte Ltd

Media & Investor Contact

ShareInvestor Pte Ltd

Mr Andy Lin
Direct Line: +65 6517 8775
Mobile: +65 9651 7743
Email: andy.lin@shareinvestor.com

Mr Boo Puay Yang
Direct Line: +65 6517 8787
Mobile: +65 9799 9061
Email: puayyang.boo@shareinvestor.com

Koon Holdings Limited

Mr Ben Teo
Chief Financial Officer
Tel: +65 6261 5788
Fax: +65 6266 0117
Email: ir@koon.com.sg
Website: www.koon.com.sg

About Koon Holdings Limited (Bloomberg: KNH:SP; Reuters: KNH.AX)

Listed on the Mainboard of the Australian Securities Exchange Limited and Singapore Exchange and Securities Trading Limited, Koon is one of Singapore's leading infrastructure construction and civil engineering group with an established track record of over 30 years. Continuously enhancing its capabilities along the value chain, Koon has gone from a transporter of rocks and stones to a main contractor in numerous iconic infrastructure and reclamation projects in Singapore (such as the Ulu Pandan Water Reclamation Plant, Pang Sua Canal, expanding Jurong Island and etc).

Registered with the Building and Construction Authority (BCA) under the A1 category, Koon is able to tender for civil engineering projects of unlimited value in Singapore. And testament to its niche expertise and capabilities in the infrastructure construction and civil engineering space, Koon has forged successful partnerships with other renowned infrastructure and construction companies to secure infrastructure construction and civil engineering projects domestically and regionally.

Demonstrating its quality management, environmental protection and safety management capabilities, Koon is ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007 certified. The Group has also taken structured approaches towards continuous improvements of its capabilities, quality service and product solutions. Testament to its commitment to environmental protection and green awareness, Koon was accorded the BCA Green & Gracious Builder Award. In addition, Koon also obtained the Bizsafe Partner Certification in 2009 and was accorded the BCA Construction Excellence Award 2012 in Civil Engineering for the technically challenging Serangoon Reservoir project.

Recognising the increasing use of precast concrete products to shorten construction time with better quality control and productivity, Koon moved into the upstream precast industry through the acquisitions of Econ Precast and Contech Precast in 2010. With a combined track record of more than 30 years, both Econ Precast and Contech Precast are approved precast works suppliers to Housing and Development Board projects with the highest grading (L6) from the BCA, enabling them to tender for precast works of unlimited value. This has successfully broadened the Group's product offerings and customer base with the cross-marketing of its products and integrated service solutions to a wider group of customers.

Investments are part of Koon's business strategy to generate diversified streams of recurring revenue, profit and cashflow. Besides quantitative requirements, the business fundamentals of each investment must be aligned with the Group's objective to deliver long term sustainable shareholder value. The investment in Tesla, an energy infrastructure company, provides a direct channel into the growing energy market in Australia. Aided by Tesla's expertise, Koon has completed the construction and commissioning of its first 9.9MW diesel power plant in Western Australia, with three more similar power plants set to be built within the second half of 2012.

In addition, the Group acquired a majority stake in GPS Alliance Holdings Pte Ltd that owns premier real estate agency, Global Property Strategic Alliance Pte Ltd, which is involved in a wide spectrum of real estate services that includes Corporate Leasing services; Investment Sales; En-bloc Sales; Full-time Sales; Domestic and International Project Sales. Since its establishment, GPS Alliance Holdings Pte Ltd has made significant progress in expanding its business network and business activities to new areas such as property valuation and advisory services, property development as well as home furnishing.