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NEWS RELEASE:

KOON REPORTS NET LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY S$10.1 MILLION IN 1H2013

- **Losses due to delays in construction projects and downtime of its precast yards and the reversal of prior year deferred tax assets of S$2.7 million**
- **Group to focus on civil engineering and precast businesses following the spin-off of its stake in GPS Alliance Holdings Limited and its subsidiaries**
- **Pipeline of construction and precast projects amounting to S$87.7 million and S$87.9 million respectively**

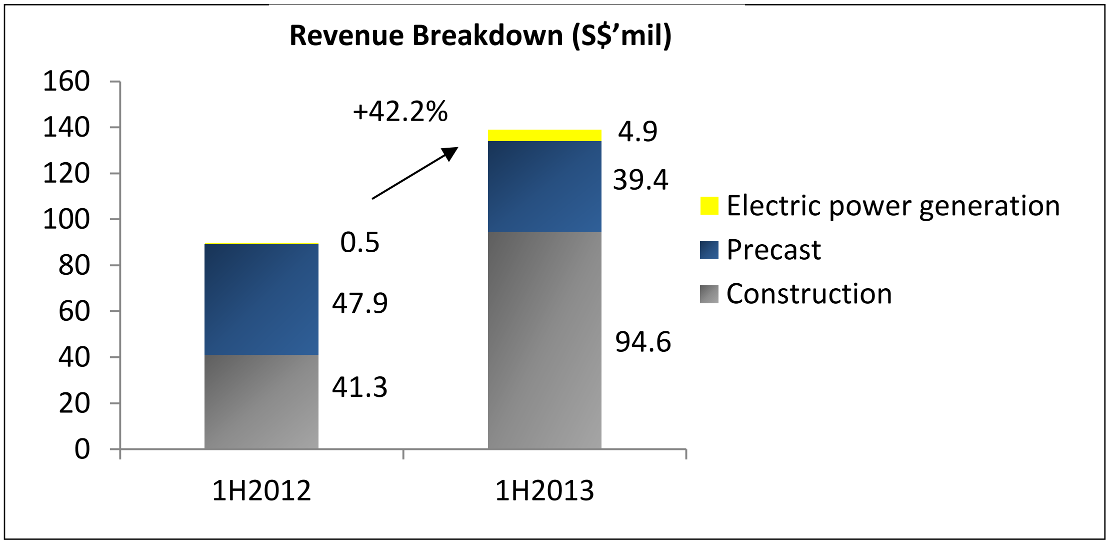
(S$'mil)	1H2013	1H2012	Change (%)
Continuing operations: Revenue	126.4	89.5	+41.1
Gross Profit	2.0	9.7	(79.5)
Administrative Expenses	(9.3)	(7.8)	+19.2
Finance Cost	(1.4)	(0.6)	+145.8
Continuing and discontinued operations: (Loss)/Profit Attributable To Owners Of The Company	(10.1)	0.5	n.m.

Singapore and Australia, 26 August 2013 -Koon Holdings Limited, ("Koon", "崐控股有限公司" or the "Group"), a leading civil engineering and precast firm in Singapore, announced today its results for the first half ended 30 June 2013. The Group regretfully posted a loss before tax (inclusive of discontinued operation) of S$8.3 million and a net loss attributable to owners of the Company of S$10.1 million as compared to S$1.0 million and S$0.5 million in 1H2012, respectively. This was in line with the profit warning on 5 August 2013 and despite a 41.1% increase in revenue to $126.4 million.

Revenue growth in 1H2013 was largely driven by the **Construction** division. A few key projects including (i) construction of container berths and yards at PSA's Pasir Panjang Terminal 2,(ii) construction of Seawater Intake Facilities,(iii) construction works to extend the transfer bay at shipyard and (iv) construction of Twin Cell Tunnel at Jurong Island, collectively contributed to the increase in revenue from this division.

Revenue from the **Precast** division declined due to the transition period following the completion of projects awarded in 2011. This transition period is required for clearing of the precast yards following projects completion as well as preparations for taking on new projects. Hence, the resulting downtime for production and delivery led to the decline in revenue from the **Precast** division.

The **Electric Power Generation** division recorded higher revenue of S$4.9 million as compared to S$0.5 million in the previous corresponding period as all four power plants have been in full-operational phase since the beginning of 2013. In the previous period, there was only one operating power plant.



Gross profit decreased by 79.5% from S$9.7 million in 1H2012 to S$2.0 million in 1H2013, mainly due to losses from the **Construction** and **Precast** divisions. During this period, the **Construction** division was affected by project delays. Of which, a project was significantly delayed due to a fatality. As a result, the Group incurred accelerated and rectification costs on the back of these projects delays. Losses from the **Precast** division was attributed to (i) lower utilisation of its new precast plant,(ii) disruptions in the business activities during the relocation period in preparation of the precast yard to take on new projects and (iii) additional costs incurred for the relocation of the casting plant.

There were additional cost of S$0.5 million arising from Koon's new properties at 11 & 15 Sixth Lok Yang road, a one-off renovation cost of S$0.3 million for the temporary office and an unrealised exchange loss of S$0.2 million due to depreciation of Australian dollar. These contributed to an increase of S$1.5 million in administrative expenses during the reported period. Finance costs increased to S$1.4 million mainly due to the interest expense on financing for the Group's four power plants in Western Australia.

Considering the respective challenges of the construction and property segment, the Group has deliberated that operational independence is necessary for operational efficiency as well as future growth of both business segments. Hence, the Group divested its property division by reducing its stake in GPS from 51.0% to 6.1%. As a result, GPS Alliance Holdings Limited and its subsidiaries ceased to be subsidiaries of the Group and is subsequently listed in the Australian Securities Exchange ("ASX"). Through a dividend in specie, shareholders of Koon were offered the opportunity to partake in the prospects of ASX-listed GPS Alliance.

Overall, the Group recorded a net loss attributable to the owners of the company ofS$10.1 million in 1H2013.

Commenting on the results for 1H2013, Mr Yuen Kai Wing ("袁启荣"), Chief Operating Officer and Executive Director of Koon said: "The Group's performance was affected by construction project delays and relocation of our precast facility. These risks are integral part of our business activities in construction industry. Our near-term priority is to ensure the timely execution of our projects.

While for our precast business, relocation of our facility and the necessary transition period resulted in lower utilisation rate and temporary momentum loss in the first half of 2013."

Balance Sheet

As at end June 2013, the Group's total assets were S$209.4 million, while total liabilities were S$156.7 million. Gearing ratio (total borrowings/total asset) increased from 27.9% as at 31 December 2012 to 34.5% as at 30 June 2013 mainly arising from short-term financing for working capital and bank loan secured on a freehold land at Johor Bahru, Malaysia. Net tangible asset per share was down from 33.06Singapore cents as at 30 June 2012 to 18.67 Singapore cents as at 30 June 2013 mainly due to right issue exercise in the second half of 2012. As at end June2013, the Group's cash and cash equivalents stood at approximately S$19.0 million.

Outlook

The Singapore Government has stated that infrastructure development remains one of its key areas of focus. For 2013, the Building and Construction Authority (BCA) projected demand for civil engineering works (excluding reclamation) to be in the range of S$6.6 billion to S$7.7 billion as compared to S$4.6 billion in 2012[(1)].

We believe Build-to-Order (BTO) projects, along with conducive Government's policies that encourage the adoption of prefabrication method will continue to underscore the demand for precast products in Singapore. To cater for public housing demand, the Housing and Development Board (HDB) is targeting to launch 25,000 BTO flats in 2013[(2)]. As part of the strategy in reducing production costs and overheads, the Group established a joint venture to operate an additional precast yard in Batam, Indonesia.

Mr Yuen concluded, *"*Overall, while there is sustained demand, the industry continues to face challenges including margin pressure, tight labor supply as well as volatility in material costs. That said, Koon needs a nimble approach in taking on the challenges ahead. Enhancing operational efficiency in both **Construction** and **Precast** divisions will be our top agenda going forward. At the same time, the Group will continue to identify opportunities that command higher margins. "

As at the date of announcement, outstanding order book for **Construction** division and **Precast** division stood at approximately S$87.7 million and S$87.9 million respectively.

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This document is to be read in conjunction with Koon's exchange filings on 26 August 2013, which can be downloaded via www.sgx.com and www.asx.com.au.

Footnotes:
(1) "Public sector projects to boost construction demand in 2013", BCA, 16 January 2013
(2) "Flash Estimate of 2nd Quarter 2013 Resale Price Index", HDB, 01 July 2013

Issued on behalf of Koon Holdings Limited by Share Investor Pte Ltd

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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 theBCA 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.

The Group also owns 71.2% stake in Tesla Pty Ltd, an Australian energy infrastructure company which has successfully attained capacity credit allocations from the Independent Market Operator ("IMO") of Western Australia. Aided by Tesla's expertise, Koon had completed the construction and commissioning of one 9.9MW diesel power plant in Western Australia in August 2011 and three similar plants in the second half of 2012.