



Koon Holdings Limited

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MEDIA RELEASE – FOR IMMEDIATE RELEASE

Koon enters public housing market with S\$3.75 million acquisition

- **Acquisition target ECIC, is an approved precaster for HDB projects with the highest BCA L6 grading for precast concrete work**
- **ECIC has an estimated S\$10.9 million (A\$8.5 million) worth of projects on hand**
- **Acquisition will allow Koon to diversify earnings base; expected to have a positive impact on it's FY2010 earnings**

Singapore and Australia, 25 March 2010 –Koon Holdings Limited, (“Koon”, “崑控股有限公司” or the “Group”), one of Singapore’s largest civil engineering, reclamation and shore protection specialists, is pleased to announce that the Company together with JKM Engineers Pte Ltd (“JKM”), have entered into a sale and purchase agreement (“S&P”) with Jasper Investments Limited (“JIL”) to acquire the entire issued share capital of ECI Corporation Pte Ltd (“ECIC”) for a sum of S\$5.0 million (A\$3.9 million¹).

Under the terms of the S&P, Koon acquired 75% of ECIC for S\$3.75 million (A\$2.9 million), which will be funded wholly by internal resources. As at 31 December 2009, the Group had a healthy net cash² position of S\$20.6 million (A\$16.5 million). The remaining 25% of the issued share capital of ECIC has been acquired by JKM, a company engaged in the business of design, fabrication and production of precast concrete products.

ECIC is an approved precaster for Housing and Development Board (“HDB”) projects with a Building and Construction Authority (“BCA”) L6 grading for Precast Concrete Work and Basic

¹ Exchange calculated from rate of 1 Singapore Dollar to 0.7781 Australian Dollar as at 24 March 2010

² Net cash calculation (Cash & bank balances + Fixed deposits – Bank loans – Finance leases)

Building Materials. This grading allows them to tender for public and private projects of an unlimited value. ECIC's wide range of precast products can be found in a series of HDB developments and upgrading works, including at Punggol, Sengkang and Clementi.

ECIC currently has projects on hand worth an estimated S\$10.9 million (A\$8.5 million).

ECIC is beneficially entitled to the entire issued share capital of ECI Berjaya Sdn. Bhd. ("ECIB") which was formed in May 2007 to expand ECIC's precast production capacity due to the shortage of land in Singapore. The acquisition has been completed on 25 March 2010. With the completion of the acquisition of ECIC, ECIB is now an indirect subsidiary of Koon.



ECIC's precast yard at Kranji

"Given the current situation where demand for public housing outstrips supply and the inherent time lag of 3-4 years before new flats can be built to fill the shortfall, we felt that it is timely to explore opportunities in the HDB market. The acquisition of ECIC provides us with an immediate channel into this uptrend, bypassing the time factor of setting up our own operations.

This move will also allow the Group to diversify and expand its earnings base. The addition of precast work to the Group's core specialty of civil engineering works will open the doors to new areas of exploration and provide a more rounded service for our clients."

- Mr Tan Thiam Hee ("陈添喜"), CEO of Koon Holdings

Ongoing demand for public housing

Demand for public housing remains firm going into 2010, despite the introduction of anti-speculative measures in September 2009. This is evident in the overwhelming response from home buyers for HDB's first two Build to Order ("BTO") projects of the year, which were 5 times oversubscribed. To keep up with the underlying demand, HDB has announced plans to launch 12,000 new BTO flats this year, or more if there is sustained demand.

The acquisition was completed on the 25th of March 2010 and is expected to have a positive impact to the Group's performance for the financial year ending 31 December 2010.

Beneficiary of Government's move to improve productivity in construction

The precast market also received a welcome boost in the form a new S\$250 million (A\$195 million) fund set aside by the Government to improve the productivity of construction firms. As precast products are manufactured off-site under strict conditions and brought to the site to be 'assembled', there are fewer uncertainties and buildings can usually be completed in a shorter time span. The greater efficiencies afforded by using precast products thus allows developers to recognise revenues from their projects earlier. Given the inherent advantages of precast products, its application is set to expand from the current perfunctory function into the main areas in the coming years.

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About Koon Holdings Limited ("Koon")

Listed on the ASX and SGX Mainboard, Koon Holdings Limited is one of Singapore's largest civil engineering, reclamation and shore protection specialists. Having an established track record of over 30 years, it has successfully enhanced its capabilities along the value chain transforming from a transporter of rocks and stones to a main contractor in numerous iconic projects across the island.

By partnering with internationally renowned marine engineering companies, Koon has played a part in various large-scale infrastructure and reclamation projects, including Ulu Pandan Water Reclamation Plant, Pang Sua Canal and expanding Jurong Island. Today, Koon is setting its sights on becoming a regional civil engineering specialist, having recently secured a sizable port project in Vietnam.

Koon is registered under the A1 category in civil engineering with the Building and Construction Authority. It is also certified in Integrated Management Systems covering Quality Management System (ISO 9001:2008), Environmental Management System (ISO 14001:2004) and Occupational Health and Safety Management System (OHSAS 18001:2007). More recently, the Group has been awarded the Green and Gracious Builder Award (Merit) for its environmental consciousness and professionalism.

For more information, please refer to the corporate website: <http://www.koon.com.sg>

About ECI Corporation Pte Ltd ("ECIC")

ECIC was founded in 1975 and has since then become an active supplier of precast reinforcement concrete piles and building components. Today the company is one of the few precast suppliers with a L6 registration certificate, register with Building and Construction Authority ("BCA"). This registration certificate allows them to tender for Public and Private sectors contracts of unlimited value for precast concrete products.

It has the capability to design and manufacture various types of precast components and is an approved supplier for Housing & Development Board ("HDB") and other local authorities projects. Its products include volumetric components such as Space Adding Item ("SAI"), Utility room and lift-well used mainly in HDB's Major Upgrading Program ("MUP") and Lift Upgrading Program ("LUP"). Other precast component include beam, columns,

reinforced concrete piles, reinforced concrete pipes, refuse chute, stair case flight, as well as architectural panels and external walls.

Issued for and on behalf of Koon Holdings Limited

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