



Koon Holdings Limited

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MEDIA RELEASE – FOR IMMEDIATE RELEASE

Koon enters Australian energy market with AUD3 million acquisition

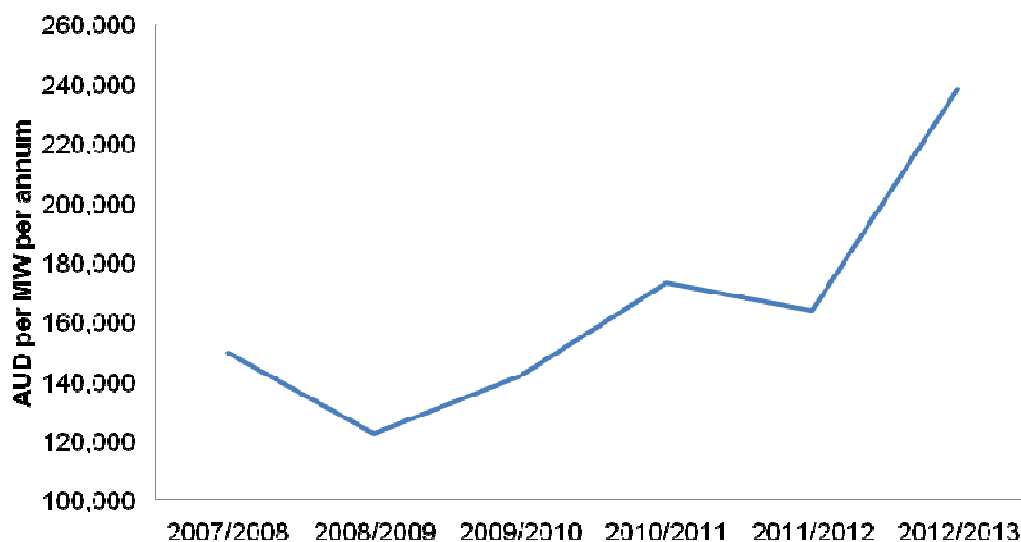
- **Acquires 49% stake in Tesla which has been allotted capacity credits to generate power by Western Australian Independent Market Operator**
- **The Reserve Capacity system provides recurring source of income, as the Group commissions its first power plant at the end of 2011**
- **Opportunity to tap on experience of Tesla Board to replicate model throughout Australia and ASEAN nations**

Singapore and Australia, 30 July 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 it has successfully acquired approximately 49% of Tesla Holdings Pty Ltd (“Tesla”), an Australian energy infrastructure company, for AUD3 million (SGD3.7 million) or AUD1.50 (SGD1.84) per ordinary share.

Tesla has successfully attained capacity credit allocations from the Independent Market Operator (“IMO”) of Western Australia, allowing them to access and supply electricity to the state grid system. As such, it will begin construction of an AUD7-8 million (SGD8.6-9.8 million) 9.9MW diesel power plant in Western Australia that will be completed in the second half of 2011. It has also secured sites for the construction of three additional 9.9MW power plants which are pending approval from the IMO within the year.

To ensure sufficient capacity installation, the IMO issues capacity credits to qualifying generation plants based on its forecast of energy consumption each year. These capacity credits provide an incentive for the initial capital investment by granting power generators a recurring source of income.

Maximum Reserve Capacity Credit Price



Source: Independent Market Operator of Western Australia

The Western Australia market has seen record breaking power consumption levels over the last 2 years, as the state experienced scorching weather conditions. Power consumption hit a high of 3,790MW during the summer, resulting in more than 1,000 households without power. To cope with the increase in the power load, there has been added urgency to install generators in areas where demand for power has jumped over the previous year. As Tesla's power plants are tailored towards meeting peak demand needs there will be further opportunity for increased revenues from electricity generation in the future.

"The signing of this strategic agreement with Tesla allows us to bypass lengthy governmental red tape and grants us a direct channel into the lucrative Australian energy market. We are thus able to supplement our construction business with recurring revenues from the capacity credits allotted by the Western Australian IMO.

In addition, the collective experience of the Tesla Board, which covers resources, energy and utilities to infrastructure development projects, will prove invaluable as we look to expand beyond our core capabilities in marine engineering works. With their support, we are now able to offer potential customers a wider range of offerings even as we grow our portfolio regionally."

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

Koon has also been granted a put-and-call option for 2,400,000 preference shares in the issued and paid up capital of Tesla for AUD3.6 million (SGD4.4 million) or AUD1.50

(SGD1.84) per preference share. If the put-and-call option is exercised, Koon will increase its stake in Tesla to approximately 68%. The preference shares have limited voting rights, but are convertible into ordinary shares at any time after 18 months, but only in limited circumstances before then. If Koon holds more than half the ordinary shares on issue in Tesla, it must make a once only offer to purchase the remaining ordinary shares on issue in Tesla at independent valuation or AUD1.80 (SGD2.21) per ordinary share, whichever is higher.

“Having received the endorsement of the IMO to construct these energy assets provides a valuable base for us when we bid for future power and infrastructure projects. Given the rapid development of energy intensive industries such as mining, we are seeing further opportunities to replicate our business model in other Australian states and even nationally as a whole.

Koon’s reach within ASEAN also opens up a whole new playing field for us. As ASEAN countries begin to develop their economies we are seeing increased demand for energy infrastructure to sustain their rapid growth. We hope to ride on these waves of investments to expand our business both in Australia and the region.”

- Mr Ben Tan, CEO of Tesla Holdings

This acquisition has been funded wholly by internal resources and is not expected to have any material impact to the Group’s performance for the financial year ending 31 December 2010.

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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 secured a sizable port project in Vietnam. Koon’s construction business is enhanced by its land based rental division, which manages the leasing and rental of construction equipment, ensuring that its equipment is efficiently utilised. In March 2010, Koon further broadened its range of business activities by moving upstream into precast products. It currently operates 2 yards in Singapore and Malaysia under the ‘Econ’ brand, allowing them to meet the growing demand for precast products across the island.

To supplement its construction income stream, Koon also provides various marine services from its seafront yard at Pandan Road, Singapore. These services include marine transportation, minor ship repair and the chartering of tugboats and barges. Of late, Koon announced its entry into the Australian energy market with the acquisition of Tesla, an energy infrastructure company. Aided by Tesla’s expertise, Koon is in the midst of constructing a 9.9MW power plant in Western Australia, with 3 more set to follow in the next 3 years.

Koon is registered under the A1 category in civil engineering, B1 category in general building and L6 category in precast works 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). The Group has also 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 Tesla Holdings Pty Ltd (“Tesla”)

Tesla was established to capitalize on opportunities in power generation. Its core capabilities have been built upon its ability to build and operate power stations that provide peak power to the State of Western Australia through the statewide electricity grid in strategic locations.

Tesla boasts a Board of world class directors with substantial experience in the energy industry, covering established companies such as Western Power, Alinta, Verve Energy and other major infrastructure companies. The Tesla board and management provide the expertise and direction to be a growth sustainable infrastructure company focused on shareholder returns.

Issued for and on behalf of Koon Holdings Limited

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