

Half Year * Financial Statement And Dividend Announcement

* Asterisks denote mandatory information



Name of Announcer *	ENG KONG HOLDINGS LIMITED
Company Registration No.	199407478G
Announcement submitted on behalf of	ENG KONG HOLDINGS LIMITED
Announcement is submitted with respect to *	ENG KONG HOLDINGS LIMITED
Announcement is submitted by *	Evelyn Chua Lin Lin
Designation *	Group Financial Controller
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>> Announcement Details

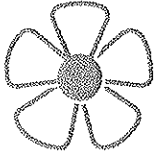
The details of the announcement start here ...

For the Financial Period Ended *	30-06-2008
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Attachments

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Eng Kong Holdings Limited

Half Year Financial Statements And Dividend Announcement

The Directors are pleased to announce the unaudited half year financial statements on consolidated results for the period ended 30 Jun 08.

1(a)(i) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group		
	Half Year ended 30 Jun 08 S\$'000	Half Year ended 30 Jun 07 S\$'000	Variance %
Revenue	39,966	34,593	15.5
Cost of sales	(29,217)	(26,059)	12.1
Gross profit	10,749	8,534	26.0
Other operating income	683	646	5.7
Selling & distribution costs	(1,536)	(1,563)	(1.7)
Administrative expenses	(5,992)	(4,463)	34.3
Other operating expenses	(195)	(347)	(43.8)
Share of results of associates	86	(4)	NM
Share of results of joint ventures	(52)	1	NM
Finance costs	(151)	(126)	19.8
Profit before tax	3,592	2,678	34.1
Income tax expense	(479)	(767)	(37.5)
Profit after tax	3,113	1,911	62.9
Attributable to:			
Equity holders of the company	3,143	2,171	44.8
Minority interests	(30)	(260)	(88.5)
	3,113	1,911	62.9

	Half Year ended 30 Jun 08 S\$'000	Half Year ended 30 Jun 07 S\$'000	Variance %
Profit before tax is arrived at after (crediting) / charging the following:			
(A) Other income including interest income	(439)	(478)	(8.2)
(B) Depreciation and amortisation	1,687	2,300	(26.7)
(C) Allowance for / (Writeback of) doubtful receivables	63	(2)	NM
(D) Impairment loss in value of intangible assets	-	83	NM
(E) Foreign exchange gain	(233)	(146)	59.6
(F) Adjustment for (over) / underprovision of tax in respect of prior years	(75)	71	NM
(G) Gain on disposal of quoted investments, property, plant and equipment	(11)	(23)	(52.2)

NM – Not meaningful

1(b)(i) A balance sheet together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	30 Jun 08 S\$'000	31 Dec 07 S\$'000	30 Jun 08 S\$'000	31 Dec 07 S\$'000
Assets				
Current assets				
Cash and bank balances	11,175	13,818	4,355	6,736
Trade and other receivables	18,379	20,802	16,472	17,827
Current portion of long term loan receivable	124	-	124	-
Inventories	3,724	2,729	-	-
	<u>33,402</u>	<u>37,349</u>	<u>20,951</u>	<u>24,563</u>
Non-current assets				
Property, plant and equipment	28,218	27,703	-	-
Prepaid lease payments	1,582	1,562	-	-
Goodwill	4,120	4,170	-	-
Intangible assets	479	672	-	-
Subsidiaries	-	-	15,388	15,433
Associates	13,260	283	13,096	200
Joint ventures	1,932	1,984	2,015	2,015
Available-for-sale investments	500	651	500	651
Deferred tax assets	54	54	-	-
Loan receivables	2,391	4,587	2,391	4,587
	<u>52,536</u>	<u>41,666</u>	<u>33,390</u>	<u>22,886</u>
Total assets	<u>85,938</u>	<u>79,015</u>	<u>54,341</u>	<u>47,449</u>
Liabilities and Equity				
Current liabilities				
Bank loans	5,041	798	4,000	-
Trade and other payables	12,648	13,954	14,706	16,130
Current portion of finance leases	271	258	-	-
Income tax payable	1,300	2,092	460	594
	<u>19,260</u>	<u>17,102</u>	<u>19,166</u>	<u>16,724</u>
Non-current liabilities				
Bank loans	6,930	2,917	4,000	-
Finance leases	499	601	-	-
Dividend payable to minority shareholders	1,012	1,070	-	-
Deferred tax liabilities	3,593	3,759	83	83
	<u>12,034</u>	<u>8,347</u>	<u>4,083</u>	<u>83</u>
Capital, reserves and minority interests				
Share capital	27,038	27,011	27,038	27,011
Treasury shares	(154)	(136)	(154)	(136)
Reserves	25,528	24,427	4,208	3,767
	<u>52,412</u>	<u>51,302</u>	<u>31,092</u>	<u>30,642</u>
Minority interests	<u>2,232</u>	<u>2,264</u>	<u>-</u>	<u>-</u>
	<u>54,644</u>	<u>53,566</u>	<u>31,092</u>	<u>30,642</u>
Total liabilities and equity	<u>85,938</u>	<u>79,015</u>	<u>54,341</u>	<u>47,449</u>

1(b)(ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

As at 30 Jun 08 (S\$'000)		As at 31 Dec 07 (S\$'000)	
Secured	Unsecured	Secured	Unsecured
678	4,634	670	386

Amount payable after one year

As at 30 Jun 08 (S\$'000)		As at 31 Dec 07 (S\$'000)	
Secured	Unsecured	Secured	Unsecured
1,831	5,598	2,175	1,343

Details of any collateral

- Loans of S\$1.739 million (31 Dec 07: S\$1.986 million) are secured on a leasehold land and building, a leasehold container yard and office.
- Finance leases of S\$0.77 million (31 Dec 07: S\$0.859 million) are secured on certain plant and machinery and motor vehicles.

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group	
	Half Year ended 30 Jun 08 S\$'000	Half Year ended 30 Jun 07 S\$'000
Operating activities:		
Profit before tax	3,592	2,678
Adjustments for:		
Cost of share based payment	6	-
Depreciation of property, plant and equipment	1,494	2,052
Foreign currency translation adjustments	(1,147)	(177)
Gain on disposal of property, plant and equipment	(11)	(23)
Interest expense	151	126
Interest income	(48)	(234)
Property, plant and equipment written off	2	16
Share of results of associates and joint venture companies	(34)	3
Allowance for / (writeback of) doubtful receivables	63	(2)
Impairment loss in value of intangible assets	-	83
Amortisation of intangible assets	193	248
Operating income before reinvestment in working capital	4,261	4,770
Inventories	(995)	128
Trade and other receivables	952	3,703
Associates	-	(102)
Trade and other payables	(1,261)	(2,242)
Cash generated from operations	2,957	6,257
Interest paid	(151)	(126)
Interest received	48	234
Income taxes paid	(1,432)	(561)
Net cash from operating activities	1,422	5,804
Investing activities:		
Investment in associates	(8,341)	-
Investment in a joint venture company	-	(1,146)
Purchase of property, plant and equipment	(2,347)	(2,201)
Proceeds from the disposal of property, plant and equipment	11	21
Release of loan receivables	(1,103)	-
Proceeds from disposal of unquoted investments	151	250
Decrease in fixed deposits pledged	5	8
Net cash used in investing activities	(11,624)	(3,068)
Financing activities:		
Repayment of finance lease	(133)	(76)
Dividends paid	(716)	(574)
Proceeds from the issue of shares	22	1,432
Proceeds from bank loans	8,824	271
Repayment of bank loans	(415)	(301)
Purchase of treasury shares	(18)	-
Net cash provided by financing activities	7,564	752
Net (decrease)/increase in cash and cash equivalents	(2,638)	3,488
Cash and cash equivalents at beginning of period	13,808	17,596
Cash and cash equivalents at end of period	11,170	21,084

Cash and cash equivalents included in the consolidated statement of cash flows comprise of cash and bank balances and fixed deposits. It excludes fixed deposits pledged to banks as a security of S\$5,000 (30 Jun 07: S\$26,000).

1(d)(i) A statement showing either (i) all changes in equity or (ii) changes in other than those arising from capitalisation and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding year.

GROUP

	Attributable to equity holders of the company							Total	Minority interests	Total equity
	Share capital	Treasury shares	Warrants reserve	Capital reserve	Translation reserve	Employee share option reserve	Retained earnings			
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
As at 1 Jan 07	25,108	-	520	269	(1,423)	54	21,079	45,607	2,528	48,135
Net effect of exchange differences	-	-	-	-	187	-	-	187	32	219
Net income and expenses recognised directly in equity	-	-	-	-	187	-	-	187	32	219
Profit for the period	-	-	-	-	-	-	2,171	2,171	(260)	1,911
Total recognized income and expenses for the period	-	-	-	-	187	-	2,171	2,358	(228)	2,130
Issue of 26,782,700 ordinary shares	1,432	-	-	-	-	-	-	1,432	-	1,432
Exercise of 26,084,700 warrants	261	-	(261)	-	-	-	-	-	-	-
Exercise of employee share options	10	-	-	-	-	(10)	-	-	-	-
Dividends on ordinary shares	-	-	-	-	-	-	(574)	(574)	-	(574)
As at 30 Jun 07	26,811	-	259	269	(1,236)	44	22,676	48,823	2,300	51,123

	Attributable to equity holders of the company							Total	Minority interests	Total equity
	Share capital	Treasury shares	Warrants reserve	Capital reserve	Translation reserve	Employee share option reserve	Retained earnings			
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
As at 1 Jan 08	27,011	(136)	236	269	(1,005)	35	24,892	51,302	2,264	53,566
Net effect of exchange differences	-	-	-	-	(1,327)	-	-	(1,327)	(2)	(1,329)
Net income and expenses recognised directly in equity	-	-	-	-	(1,327)	-	-	(1,327)	(2)	(1,329)
Profit for the period	-	-	-	-	-	-	3,143	3,143	(30)	3,113
Total recognized income and expenses for the period	-	-	-	-	(1,327)	-	3,143	1,816	(32)	1,784
Issue of 446,260 ordinary shares	22	-	-	-	-	-	-	22	-	22
Exercise of 446,260 warrants	5	-	(5)	-	-	-	-	-	-	-
Cost of share-based payment	-	-	-	-	-	6	-	6	-	6
Repurchase of shares	-	(18)	-	-	-	-	-	(18)	-	(18)
Dividends on ordinary shares	-	-	-	-	-	-	(716)	(716)	-	(716)
As at 30 Jun 08	27,038	(154)	231	269	(2,332)	41	27,319	52,412	2,232	54,644

COMPANY

	Attributable to equity holders of the company					Total equity
	Share capital	Treasury shares	Warrants reserve	Employee share option reserve	Retained earnings	
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
As at 1 Jan 07	25,108	-	520	54	613	26,295
Profit for the period	-	-	-	-	1,348	1,348
Total recognized income and expenses for the period	-	-	-	-	1,348	1,348
Issue of 26,782,700 ordinary shares	1,432	-	-	-	-	1,432
Exercise of 26,084,700 warrants	261	-	(261)	-	-	-
Exercise of employee share options	10	-	-	(10)	-	-
Dividends on ordinary shares	-	-	-	-	(574)	(574)
As at 30 Jun 07	26,811	-	259	44	1,387	28,501

	Attributable to equity holders of the company					Total equity
	Share capital	Treasury shares	Warrants reserve	Employee share option reserve	Retained earnings	
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
As at 1 Jan 08	27,011	(136)	236	35	3,496	30,642
Profit for the period	-	-	-	-	1,156	1,156
Total recognized income and expenses for the period	-	-	-	-	1,156	1,156
Issue of 446,260 ordinary shares	22	-	-	-	-	22
Exercise of 446,260 warrants	5	-	(5)	-	-	-
Cost of share-based payment	-	-	-	6	-	6
Repurchase of shares	-	(18)	-	-	-	(18)
Dividends on ordinary shares	-	-	-	-	(716)	(716)
As at 30 Jun 08	27,038	(154)	231	41	3,936	31,092

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issues, bonus issue, share buy-backs, exercise of shares options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

	Share capital		Treasury shares		Share capital excluding treasury shares	
	No of shares	S\$	No of shares	S\$	No of shares	S\$
As at 1 Jan 08	238,769,200	27,011,000	600,000	136,000	238,169,200	26,875,000
Exercise of warrants	446,260	27,000	-	-	446,260	27,000
Purchased during the period	-	-	102,000	18,000	-102,000	-18,000
As at 30 Jun 08	239,215,460	27,038,000	702,000	154,000	238,513,460	26,884,000

	Share options	Warrants
	No of options	No of warrants
As at 1 Jan 08	1,932,000	23,581,050
Share options granted and accepted on 28 May 08	1,168,000	-
Exercise of warrants	-	-446,260
Cancellation of share options	-66,000	-
As at 30 Jun 08	3,034,000	23,134,790

During the period, 446,260 ordinary shares were issued pursuant to the exercise of warrants. This gave rise to an increase in the Company's share capital from S\$27,011,000 as at 31 Dec 07 to S\$27,038,000 as at 30 Jun 08.

During the period, the Company purchased 102,000 ordinary shares in accordance with the authority and limitations placed under a share purchase mandate approved by the shareholders. The share purchases were carried out by way of on-market acquisitions at a weighted average market price of S\$0.177 per share. Including incidental costs, the total consideration was S\$18,000. The shares purchased were retained in the Company as treasury shares.

During the period, the Company has granted and the staff have accepted 1,168,000 share options. As at 30 Jun 08, there were 3,034,000 outstanding share options (31 Dec 07: 1,932,000).

As at 30 Jun 08, there were 23,134,790 outstanding warrants (31 Dec 07: 23,581,050).

2. **Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or on equivalent standard).**

The figures have not been audited or reviewed.

3. **Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

4. **Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

Except as disclosed in Section 5, the unaudited financial statements have been prepared applying accounting policies and methods of computation consistent with those used in the preparation of the audited financial statements for the financial year ended 31 Dec 07.

5. **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The Group has adopted all the new and revised Singapore Financial Reporting Standards ("FRSs") and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after 1 Jan 08. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group's and Company's accounting policies and has no material effect on the amounts reported for the current or prior years.

6. **Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:

- (i) Based on weighted average number of ordinary shares on issued; and
(ii) On a fully diluted basis

Group	
Jan to Jun 08	Jan to Jun 07
1.32 cents	0.99 cents
1.24 cents	0.85 cents

Earnings per ordinary share are calculated on the Group profit attributable to shareholders of the Company divided by the weighted average number of ordinary shares of 238,325,620 for half year ended 30 Jun 08 (half year ended 30 Jun 07: 218,757,891).

Diluted earnings per ordinary share are computed based on the same basis as earnings per share by applying the weighted average number of ordinary shares in issuance during the periods under review and adjusted to include all potential dilutive ordinary shares up to 30 Jun 08. The adjusted weighted average number of ordinary shares applicable to diluted earnings per shares was 254,271,499 for half year ended 30 Jun 08 (half year ended 30 Jun 07: 254,840,843).

7. **Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year.**

	Group		Company	
	30 Jun 08	31 Dec 07	30 Jun 08	31 Dec 07
Net asset value per ordinary share based on existing issued share capital as at the end of the period	22.0 cents	21.5 cents	13.0 cents	12.9 cents

Net asset value per ordinary share for the Group and Company is based on 238,513,460 shares as at 30 Jun 08 (31 Dec 07: 238,169,200). The number of shares used in the computation of net assets value per ordinary share for the Group and Company excludes those shares held as treasury shares.

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Profit and Loss

For 1H08, the Group registered a growth in revenue of 15.5% to S\$40.0 million as compared to S\$34.6 million in 1H07.

Revenue

The increase in revenue by S\$5.4 million was mainly attributed to:

- i) Higher revenue from Container Depot Operation segment of S\$2.8 million mainly due to higher sale of parts of S\$1.9 million (mainly in Singapore) and transportation revenue from Singapore and Thailand of S\$0.6 million; and
- ii) Higher revenue from the Container Sales, Agencies and Survey segment of S\$2.5 million mainly due to more used containers sold of S\$2.4 million.

Costs

The increase in cost of sales by S\$3.2 million was mainly attributed to:

- i) Higher revenue;
- ii) Increased transportation costs due to higher fuel costs; and
- iii) Offset by lower depreciation costs of forklifts and stackers which were reduced through a change in useful life. The effect of the change in useful life was to decrease depreciation for the year ended 31 Dec 07 by S\$0.85 million and for the half year ended 30 Jun 07, the effect was by S\$0.50 million. This has not been adjusted in 1H07 announcement which was announced previously.

Administrative expenses increased by S\$1.5 million or 34.3% from S\$4.5 million to S\$6.0 million mainly due to higher headcount costs of S\$0.6 million, printing, repair and maintenance costs and professional expenses from the acquisition of an associate, Gold Prime Holdings Limited ("GPHL").

Other operating expenses fell by S\$0.15 million or 43.8% from S\$0.35 million to S\$0.20 million mainly due to the impairment of intangible assets in the last corresponding period of S\$0.1 million which resulted in lower amortisation costs in 1H08.

Income tax expense reduced by S\$0.3 million primarily due to over provision of prior years' tax.

As a result, profit attributable to equity holders of the Company increased by S\$1.0 million or 44.8% to S\$3.1 million.

Balance sheet

Current Assets

Trade and other receivables decreased by S\$2.4 million from S\$20.8 million to S\$18.4 million. This was mainly due to the conversion of other receivable from an associate into loan receivables of S\$1.4 million.

Inventories increased by S\$1.0 million from S\$2.7 million to S\$3.7 million mainly due to work in progress for an overseas project of S\$0.5 million and increased stocks of S\$0.3 million in view of more activities.

Non-current Assets

Property, plant and equipment increased by S\$0.5 million from S\$27.7 million to S\$28.2 million. The increase included new equipment installation-in-progress of S\$0.5 million at a Singapore depot.

Investment in associates increased by S\$13.0 million from S\$0.3 million to S\$13.3 million. This was primarily due to the Group's 30% acquisition of GPHL of S\$12.4 million (included the conversion of two convertible loans released in FY2007 of S\$4.6 million into preference shares of GPHL upon completion of acquisition), 25% investment in Eng Kong Container (Xiamen) Co Ltd ("EKCX") of S\$0.5 million and 35% investment in Summit Jade Sdn Bhd of S\$0.1 million.

The decrease in loan receivables (including current portion of long term loan receivable) by S\$2.1 million from S\$4.6 million to S\$2.5 million was mainly due to the conversion of convertible loan receivables into preference shares of GPHL of S\$4.6 million (please refer to investment in associates above) offset by the receivable from an associate of S\$1.4 million converted into loan receivable (please refer to trade and other receivables above). Also, loan of S\$0.4 million was made to Regional Maritime Sdn Bhd and loan of S\$0.7 million given to EKCX for its acquisition of depot assets.

Current Liabilities

Bank loans increased by S\$4.2 million from S\$0.8 million to S\$5.0 million due to acquisition of GPHL.

Income tax payable decreased by S\$0.8 million from S\$2.1 million to S\$1.3 million mainly due to payment made in 1H08.

Non-current Liabilities

Bank loans increased by S\$4.0 million from S\$2.9 million to S\$6.9 million primarily due to acquisition of GPHL.

Cashflow

The Group's cash and cash equivalents in 1H08 reduced by S\$2.6 million from S\$13.8 million to S\$11.2 million mainly due to:

- i) Cash from operating activities of S\$1.4 million came from operating income of S\$4.3 million and collection from receivables by S\$1.0 million and partially offset by more inventory purchases of S\$1.0 million, settlement of payables of S\$1.3 million mainly due to the final purchase consideration paid to the Ming Fung sellers, payment of income tax of S\$1.4 million and interest expenses of S\$0.2 million;
- ii) Cash used in investing activities of S\$11.6 million was for the investment in associates of S\$8.3 million, additions of fixed assets by S\$2.3 million and loan to associates by S\$1.1 million; and
- iii) Cash from financing activities of S\$7.6 million was mainly from the drawdown of bank loans of S\$8.8 million and partially offset by payment of dividend of S\$0.7 million and repayment of bank loans and finance leases of S\$0.5 million.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The external environment is expected to continue to be challenging.

The Group is in the process of expanding its container depot capacity in Malaysia and Thailand which will be operational by 4Q08. The Group will continue to monitor and focus on its efforts to maintain and improve on its depot utilisation rate.

Following the Group's announcement on its completion of 30% acquisition of Tianjin based logistics service provider, Keyun, via its Hong Kong holding company, GPHL, the Group has accounted for its share of profit from Jul 08 onwards.

The Group is also exploring and pursuing every opportunity and alliance to capitalise on its core competencies.

Barring unforeseen circumstances, the Directors expect the Group to remain profitable in the current financial year.

11. Dividend

(a) Current Financial Period Reported On

The Directors are pleased to recommend an interim dividend of 0.3 cents per ordinary share.

Name of Dividend	Interim
Dividend Type	Cash
Dividend Amount Per Share	0.3 cents per ordinary share
Tax Rate	Not applicable (one-tier tax exempt)

(b) Corresponding Period of the Immediately Preceding Financial Year

Dividend declared for the corresponding period of the immediately preceding financial year were as follow:

Name of Dividend	Final
Dividend Type	Cash
Dividend Amount Per Share	0.3 cents per ordinary share
Tax Rate	Not applicable (one-tier tax exempt)

Name of Dividend	Interim
Dividend Type	Cash
Dividend Amount Per Share	0.3 cents (less tax) per ordinary share
Tax Rate	18%

(c) Date payable

17 Sep 08

(d) Books closure date

Registrable Transfers received by the Company up to 5.00pm on 28 Aug 08 will be registered before entitlements to the dividend are determined and the Register of Members and the Transfer Books of the Company will be closed on 29 Aug 08 for the preparation of dividend warrants.

12. If no dividend has been declared/recommended, a statement to that effect

Not applicable.

13. Confirmation by the Board

The Board of Directors confirms that to the best of its knowledge, nothing has come to its attention which may render the half year financial results to be materially false or misleading.

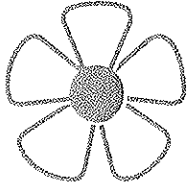
On behalf of the Board,

Li Hung
Deputy Chairman

Ng Kam Ming
Managing Director

BY ORDER OF THE BOARD

Li Hung
Deputy Chairman
14 Aug 08



ENG KONG HOLDINGS LIMITED

Singapore • Malaysia • Thailand • China • Hong Kong • Taiwan • Vietnam

13 Tuas Avenue 11 Singapore 639079 Tel: 6861 6355 Fax: 6861 1498

Website: <http://www.engkong.com> Email: enquiry@engkong.com

(Company Registration No. 199407478G)

Eng Kong achieved a 44.8% increase in interim net profit attributable to shareholders to S\$3.1 million

- Revenue improved by 15.5% to S\$40.0 million in a challenging business environment
- With the completion of 30% acquisition of Keyun, the Group expects profit contribution in 2H2008
- Explores business opportunity and strategic partnerships to capitalize on its core competencies

Financial Highlights for Six Months Ended 30 June 2008

(S\$'000)	HY2008	HY2007	Change
Overall Turnover	39,966	34,593	15.5%
Gross Profit	10,749	8,534	26.0%
Profit After Tax	3,113	1,911	62.9%
Net Profit Attributable to Shareholders	3,143	2,171	44.8%
Gross Profit Margin	26.9%	24.7%	2.2%
Net Profit Attributable to Shareholders Margin	7.9%	6.3%	1.6%
Basic EPS (cents)	1.32	0.99	33.3%

Singapore, 14 Aug 2008 – Mainboard-listed **Eng Kong Holdings Limited** (“**Eng Kong**”, the “Group” or “永康集团”), a leading provider of integrated container services comprising container depot operation, warehousing and container freight station, as well as container sales, agencies and survey, is pleased to announced its financial results for the six months ended 30 June 2008 (HY2008).

Revenue increased by 15.5% to S\$40.0 million from S\$34.6 million in HY2007. Increase in overall revenue can be attributable to higher revenue contribution from Container Depot Operation segment as a result of higher sale of parts by S\$1.9 million (mainly in Singapore) and transportation revenue from Singapore and Thailand by S\$0.6 million.

The Group also achieved higher revenue from the Container Sales, Agencies and Survey by S\$2.5 million mainly due to more used containers sold in Singapore by S\$2.4 million.

Higher manpower, repair and maintenance costs as well as increased general expenses due to higher professional expenses in view of the acquisition of 30% stake in Gold Prime Holdings Limited resulted in a S\$1.5 million or 34.3% increase in administrative expenses to S\$6.0 million.

Income tax expenses were lower by S\$0.3 million due to over provision of prior years' tax.

As a result of the above, net profit attributable to equity holders improved 44.8% to S\$3.1 million.

Basic earnings per share of the Group increased by 33.3% year-on-year to 1.32 cents for HY2008. The Group remained financially strong with cash and cash equivalents of S\$11.2 million as at 30 June 2008.

To reward shareholders, the Group recommended an interim dividend of 0.3 cents per ordinary share.

Growth Prospects

Following the Group's announcement on the completion of 30% acquisition of Tianjin based logistics service provider, Keyun via its Hong Kong holding company, Gold Prime Holdings Limited, the Group expects to equity account for the share of profit from July 2008 onwards.

Keyun is a major logistics group providing a wide range of logistics services in China, including international freight forwarding, warehousing and inland transportation, container dept services and third-party logistics services. Besides a strong international network, Keyun's domestic network spans its primary market Tianjin, Beijing, Qingdao, Shanghai, Xian, Shijiazhuang, Xiamen, Shenzhen, Dalian, Ningbo, Taiyuan and Zhengzhou.



Figure 1: Eng Kong's current operation in China

"The Group is encouraged by the steady and solid growth that it has achieved during the past six months. Our strategy of steady and profitable growth has been right. We have achieved revenue and profit growth despite a challenging business environment. I believe our partnership with our associate, Keyun will further strengthen and expand Eng Kong's as an integrated logistics provider in the China market."

Mr Paul Ng Kam Ming (伍锦明), Managing Director of Eng Kong

Closer to home, the Group is in the process of expanding its container depot capacity in Thailand and Malaysia, in view of higher demand in these countries.

"Eng Kong has started the year on a positive note with commendable growth in revenue and profitability. While the region may be facing a period of uncertainty due to the pending US recession, I believe, with our geographical diversity, strong management team and solid market position, Eng Kong is well positioned to weather any storms that lie ahead."

Mr Eddie Li Hung (李雄), Deputy Chairman of Eng Kong

Barring any unforeseen circumstances, the management expects to remain profitable in this financial year.

– End –

About Eng Kong Holdings Limited

Eng Kong Holdings Limited is a leading provider of logistics and integrated container services including container depot operation, warehousing and container freight station as well as container sales, agencies and survey.

Founded in 1978 by Deputy Chairman Mr Eddie Li Hung and Managing Director Mr Paul Ng Kam Ming, Eng Kong has established a renowned, fully integrated container service center supporting the high growth logistics infrastructure industry in the region. Some of Eng Kong's customers include leading shipping lines, container leasing and renowned freight forwarding companies.

Headquartered in Singapore, the Group has operations in Singapore, Malaysia, Thailand, China, Hong Kong SAR, Taiwan and Vietnam, with a total land area of over 550,000 sq m, supported by a total staff strength of more than 500. Listed on SGX-SESDAQ in 1997, the company moved to the main board in 1999. For more information, please visit Eng Kong's website at www.engkong.com.

For more information, please contact:

Mr Mark LEE / Ms Yen TAN

Financial PR Pte Ltd

Tel: (65) 6438 2990

Fax: (65) 6438 0064

E-mail: staff@financialpr.com.sg