



ENG KONG HOLDINGS LIMITED

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(Company Registration No. 199407478G)

Eng Kong maintains profitability with 1HFY2009 earnings of S\$3.1 million

- Revenue improves by 4.9% to S\$41.9 million
- Rewards shareholder with a higher interim dividend of 0.5 cent per ordinary share
- Expects international trade volume to improve which will increase the demand for non-storage revenue

Financial Highlights for Half Year Ended 30 June 2009

(S\$'000)	1HFY2009	1HFY2008	Change (%)
Revenue	41,925	39,966	4.9
Gross Profit	12,908	10,749	20.1
Gross Profit Margin	30.8%	26.9%	-
Profit After Tax	3,212	3,113	3.2
Net Profit Attributable to Shareholders	3,122	3,143	(0.7)
Basic Earnings per Share (cents)	1.23*	1.32**	(6.8)
Interim Dividend per Share (cents)	0.5	0.3	66.7

* Based on weighted average number of ordinary shares of 253,234,210 for half year ended 30 June 2009

** Based on weighted average number of ordinary shares of 238,325,620 for half year ended 30 June 2008

Singapore, 12 August 2009 – 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, announced a net profit attributable to shareholders of S\$3.1 million for the half year ended 30 June 2009 (“1HFY2009”).

For the period under review, the Group registered a 4.9% revenue growth to S\$41.9 million on the back of higher utilisation of depots for storage activities and higher transportation revenue. The increase was partially offset by lower handling, repair and sales of parts activities due to lower throughput (movement) of containers, as well as lesser contribution from the other business segments, namely Container Sales, Agency & Survey and Warehousing and CFS segments, as a result of global economic slowdown.

Despite the increase in revenue, costs of sales have declined, mainly due to lower direct cost on repair, sales of parts, container sales and lower fuel costs. While the higher storage demand has led to increased utilisation in certain depots, which in turn lowered the average fixed cost per sales dollar, it has also resulted in higher rental and overflow costs. These include expensive storage charged by third party depots and transport costs to deliver containers to these third party depots.

With the combination of the abovementioned factors, gross profit grew by 20.1% to S\$12.9 million, while margins have improved from 26.9% in 1HFY2008 to 30.8% in 1HFY2009.

To remain prudent, the Group has made several provisions, including impairment losses incurred amounting to S\$1.1 million which was related to investment in an associate that has a depot recently requisitioned by local authorities. As a result, the associated party had to terminate the lease and full provision was made for this investment.

The Group remained strong with a net cash position of S\$12.3 million as at 30 June 2009 (cash and bank balances less bank loans), supported by healthy net cash flows from operating activities of S\$3.0 million (1H2008: S\$1.4 million).

For the half year ended 30 June 2009, the Group proposed an interim dividend of 0.5 cents per ordinary share (1HFY2008: 0.3 cents per ordinary share) to reward shareholders for their continuous support during these challenging times.

Going forward

“Based on our recent observations, we expect the international trade volume to gradually improve in the next few months. As the movement of the containers becomes more frequent, this would translate into higher demand for non-storage revenue, such as repair, sales of parts, container handling, container sales and survey, and this would somehow compensate the softer demand for container storage we expect to see in the near future.”

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

As part of its strategic expansion of container depot capacity in the region, the Group has announced the proposed acquisition of a leasehold property in Malaysia at a purchase consideration of RM6.7 million (approximately S\$2.8 million), subject to approval from the local authorities. The acquisition is expected to be completed within the next six months.

In view of the global financial crisis, the Group will also exercise extra caution in managing its expenses and working capital cash flows.

– 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 and Vietnam, with a total land area of over 580,000 sq m, supported by total staff strength of more than 600. 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.

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