



YONGNAM HOLDINGS LIMITED

Co. Reg. No: 199407612N

NEWS RELEASE

YONGNAM ACHIEVES RECORD REVENUE OF S\$133.8 MILLION FOR 1HFY2008

- Sixth consecutive interim of record revenue
- Net profit attributable to shareholders surges 191.3% to S\$16.5 million
- Recent contracts awarded by Marina Bay Sands™ Integrated Resort strengthened order book to S\$318 million as at June 30, 2008

Financial Highlights:

S\$m	2QFY07	2QFY08	% Change	1HFY07	1HFY08	% Change
Revenue	47.2	86.3	82.8	78.1	133.8	71.2
Gross Profit	8.4	18.4	118.6	14.5	31.5	117.5
Net Profit Attributable to Shareholders	4.0 ⁽¹⁾	10.5	160.8	5.7 ⁽¹⁾	16.5	191.3
EPS (Basic)(cent) ⁽²⁾	0.35 ⁽¹⁾	0.87	148.6	0.52 ⁽¹⁾	1.36	161.5

⁽¹⁾ Excludes exceptional gain of S\$12.7 million on write-back of impairment on an investment property

⁽²⁾ EPS per share was computed based on the weighted average number of shares of 1,217,462,983 for 2QFY2008 (2QFY2007: 1,149,958,313) and 1,217,442,983 for 1HFY2008 (1HFY2007: 1,090,677,967).

Singapore, August 14, 2008 – Yongnam Holdings Limited (“Yongnam” or the “Group”), a well-established structural steel contractor and specialist engineering solutions provider, today announced another record half-year performance for the six months ended June 30, 2008 (“1HFY2008”). Revenue grew 71.2% to S\$133.8 million, marking the Group’s sixth consecutive interim of topline growth. Excluding the exceptional gain of S\$12.7 million write-back of impairment on an investment property in the previous corresponding period (“1HFY2007”), net profit attributable to shareholders surged almost three-fold to S\$16.5 million in 1HFY2008.

Said Mr Seow Soon Yong, Chief Executive Officer of Yongnam, "Our strong topline performance and 191.3% growth in bottomline bear testimony to our well-recognised brand name in the niche industry of structural steelworks and specialist civil engineering. Our strong track record has proven our engineering capabilities and on-time delivery ability, which will spearhead our drive towards becoming the leading structural steel contractor and specialist engineering solutions provider in the region.

"Moving forward, we will continue to leverage on our established brand name and track record, to ride on the ongoing construction boom both locally and overseas to achieve better performance and value for the Group."

Performance Review

One of the Group's two core business divisions, Structural Steelworks, remained as the higher Group revenue contributor and revenue gainer. Revenue for this division more than doubled to S\$60.3 million in the quarter ended June 30, 2008 ("2QFY2008") from S\$29.7 million in the previous corresponding period ("2QFY2007"). This was mainly attributed to the increase in demand for Structural Steelworks, contributed by projects such as Orchard Turn, the Marina Bay Sands™ Integrated Resort and the Dubai Metro Rail.

The Group's other high-growth business division, Specialist Civil Engineering, also achieved strong revenue growth, increasing 48.0% from S\$17.5 million in 2QFY2007 to S\$25.9 million in 2QFY2008. This was mainly due to the commencement of projects at the Marina Bay Sands™ Integrated Resort.

With the substantial increase in business activities, the Group's general and administrative expenses rose by 57.1% to S\$6.1 million in 2QFY2008 compared to 2QFY2007, due mainly to increases in staff costs, depreciation, and the fair value of share options granted, expensed over the vesting period. Notwithstanding the increase in expenses, net profit attributable to shareholders still registered an impressive 160.8% jump to S\$10.5 million in 2QFY2008.

The Group continued to strengthen its balance sheet, with shareholders' equity rising from S\$113.2 million as at March 31, 2008 to S\$124.0 million as at June 30, 2008. Excluding the S\$12.7 million write-back of impairment on an investment property in 1HFY2007, the Group's earnings per share and net asset value per share improved to 1.36 cents and 10.18 cents respectively in 1HFY2008.

Outlook

The Group remains optimistic about future prospects for the construction industry in Singapore and the region, against the backdrop of sustained numbers of construction and infrastructure projects, and substantial investments pledged by various governments for infrastructural developments and upgrades.

Demand for construction and construction-related services in Singapore remains strong, in view of ongoing and impending infrastructural developments such as the MRT Downtown Line, the Thomson MRT Line, the Eastern Region MRT Line, the Integrated Resorts and the Marina Coastal Expressway.

Commented Mr Seow, "We foresee sustained growth momentum of the local construction industry for at least the next two to three years. This strong pipeline of infrastructural projects is going to keep us busy for quite a while."

Governments in the Middle East and India are also investing heavily into infrastructural developments, in order to support the growing economy and encourage more foreign investments to flow in. Currently, the Group is engaged in the Dubai Metro Rail project in Dubai, and the New Delhi International Airport Terminal 3 Building in India.

Concluded Mr Seow, "Our strong foothold in Singapore, supported with two growth markets in the Middle East and India, will anchor us well to capitalise on the construction boom for the next few years. With our concerted efforts to build up our presence in the Middle East, India and other potential markets, we may well be on track to achieving our target of further increasing revenue contribution from overseas market within the next two to three years."

The Group's recent contract wins from the Marina Bay Sands™ Integrated Resort have strengthened its order book from S\$277 million as at March 31, 2008 to S\$318 million as at June 30, 2008.

About Yongnam Holdings Ltd

With over 30 years of experience in steel fabrication, Yongnam excels in adding value to steel construction. Its Singapore operations are housed at its mega-site in Tuas. Together with its production facilities in Pontian, Malaysia, the Group has a total annual production capacity of 42,000 tons of steel fabrication. The Group has also purchased a piece of industrial land in Nusajaya, Johor, Malaysia and is currently constructing a new fabrication factory with annual production capacity of 42,000 tons of steel fabrication. The factory is scheduled to commence operation by August 2008. The Group utilises the latest fabrication technologies and design innovation to offer solutions to its clients on a fast-track basis. Its modular strutting system continues to give the Group a strong competitive edge in meeting increasingly stringent design and project requirements in infrastructure and construction projects.

Yongnam's technical and value engineering solutions for steel fabrication and erection have resulted in increased productivity, improved yield and lower costs. The Group's in-house pool of experienced and qualified engineers, technicians, welders, riggers, fitters and detailers are consistently adding value to its clients' projects.

Yongnam is an ISO-9001:2000, IQNet and OHSAS 18001 qualified company and accredited fabricator of the highest S1 category from the Singapore Structural Steel Society. Its Quality Management System takes a planned approach towards continuous improvement of its products, processes and services. The Group aims to be the provider of choice and partner in solutions for the steel industry.

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