NEWS RELEASE

KOH BROTHERS 1H 2015 REVENUE RISES TO S$222.0 MILLION; REPORTS NET PROFIT OF S$15.3 MILLION

- ***Balance sheet remains strong with cash and cash equivalents at S$45.9 million and low net gearing of 0.86 times***

Singapore, August 5, 2015 – Koh Brothers Group Limited ("Koh Brothers" or the "Group") ("許兄弟有限公司"), a well-established construction, property development and specialist engineering solutions provider, announced today that revenue for the six months ended June 30 ("1H"), 2015 has increased 5% to S$222.0 million while net profit after tax dipped slightly to S$15.3 million compared to a year ago.

Mr. Francis Koh ("许庆祥"), Managing Director and Group CEO of Koh Brothers, commented: "Amidst the challenging operating environment – including the Singapore property market slowdown, rising operating costs in the construction sector and a decline in tourist arrivals impacting the hospitality sector – we will continue to execute our time-tested strategies while leveraging on our suite of capabilities and strong fundamentals built over the last five decades to remain resilient."

Performance Review

Group Revenue comprises sales of products, services rendered, property development and rental income, as well as construction contract revenue. In 1H 2015, sales was lifted 5% to S$222.0 million from S$210.6 million in 1H 2014 mainly by higher revenue recognised from the Real Estate and Construction and Building Materials divisions.

Koh Brothers reported a 5% slip in 1H 2015 gross profit to S$30.5 million from S$32.1 million in 1H 2014 while profit before tax held steady at S$19.4 million across the comparative periods.

The Group's share of profit from joint ventures reversed from a loss of S$2.1 million in 1H 2014 to a profit of S$3.7 million mainly due to a fair value gain from investment property offset by initial setup cost for a development project.

Overall, the Group's 1H 2015 net profit attributable to shareholders ("net profit") lowered 6% to S$15.3 million from S$16.3 million a year ago.

For the three-month period ended June 30 ("2Q"), 2015, the Group recognised lower revenue for an ongoing Real Estate project that resulted in a 5% decrease in sales to S$104.5 million from S$109.5 million in 2Q 2014. Coupled with lower profit margins from the Construction and Building Materials division, 2Q 2015 net profit decreased 8% in line with the lower revenue to S$10.6 million from S$11.5 million in 2Q 2014.

Strong Balance Sheet

The Group's balance sheet remains robust with cash holdings of S$45.9 million and shareholders' equity of approximately S$245.0 million as at 30 June, 2015. Earnings per share and net asset value per share as at 30 June 2015 were 3.66 Singapore cents and 59.01 Singapore cents, respectively. The Group's debt servicing ability with liquidity remains comfortable with a current ratio of 2.3 times and net gearing ratio of 0.86 times.

Outlook and Strategies

Advanced estimates from the Ministry of Trade and Industry released on July 14, 2015, showed that the construction sector grew 2.7% in the second quarter of 2015 on a year-on-year basis [1]. The Building and Construction Authority expects construction demand in 2015 to remain strong at between S$29.0 billion and S$36.0 billion, forecasting public demand to reach between S$18.0 billion to S$21.0 billion, outstripping private demand[2].

On the Singapore property market, flash estimates released by the Urban Redevelopment Authority on July 24, 2015, showed that prices of private residential properties was down 0.9% in 2Q 2015 from 1Q 2015 marking the seventh consecutive quarter of decline[3].

On the real estate and construction businesses, Mr. Koh said: "We are encouraged by the response to our latest Westwood Residences Executive Condominium project and will continue to drive sales. We believe its unique positioning, strategic location and attractive price will continue to resonate with homebuyers. Meanwhile, we seek to prudently participate in land tenders where we can demonstrate our expertise in launching strategically-located developments with differentiating features."

On the construction front, we will continue to leverage on our strong track record, building and civil engineering capabilities and BCA A1 grade to continually replenish our order book while riding on the expected growth in demand from the public sector."

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[1] *Ministry of Trade and Industry, July 14, 2015 – Singapore's GDP Growth Moderated in the Second Quarter of 2015*
[2] *Building and Construction Authority, Jan 8, 2015 – Public sector projects to sustain construction demand in 2015*
[3] *Urban Redevelopment Authority, Jul 24, 2015 – Release of 2nd Quarter 2015 real estate statistics*

Latest statistics released by the Singapore Tourism Board ("STB") on July 12, 2015, showed that total visitor arrivals from January to May 2015 slid 4.1% on a year-on-year basis while preliminary 2014 estimates indicated that visitor arrivals this year is forecast to grow between zero and 3%[4].

"Concurrently, we look forward to the completion of the asset enhancement initiatives of our hospitality asset, Oxford Hotel, and retail asset, Sun Plaza. We believe the facelift and improved tenant mix will enhance customers' experience, thereby allowing both assets to contribute higher positive recurring income to the Group. We are also optimistic on the Singapore tourism outlook given several new initiatives to boost tourism figures such as the STB's S$20.0 million global marketing campaign[5] and a separate S$20.0 million partnership with Singapore Airlines and Changi Airport Group[6]."

With a diversified business portfolio, Koh Brothers will continue to drive growth by effectively harnessing synergies while driving productivity and internal efficiencies to achieve better margins," Mr. Koh added.

[4] Channel NewsAsia, May 25, 2015 – Singapore visitor arrivals fell 7.4% in March: STB
[5] Channel NewsAsia, Apr 7, 2015 – STB to launch S$20m global campaign to boost tourism numbers
[6] Channel NewsAsia, Jun 30, 2015 – SIA, CAG, STB in partnership to boost tourism

About Koh Brothers Group Limited

Listed on SGX Mainboard in August 1994, Koh Brothers Group is a well-established construction, property development and specialist engineering solutions provider, which was started as a sole proprietorship in 1966 by Mr. Koh Tiat Meng. Today, the Group has more than 40 subsidiaries, joint venture companies and associated companies spread over Singapore, PRC, Indonesia, and Malaysia.

Over the years, the Group has undertaken numerous construction and infrastructure projects with its A1 grading by the Building and Construction Authority ("BCA"). It is currently the highest grade for contractors' registration in this category, and allows the Group to tender for public sector construction projects of unlimited value. In addition, the Group has developed a name for itself as a niche real estate developer, with an established reputation for quality and innovation.

Koh Brothers Group's diversified businesses present them with multiple revenue streams from three core areas:

- Construction and Building Materials;
- Real Estate; and
- Leisure and Hospitality.

In 2013, the Group also broadened its reach into the environmental engineering sector, with a strategic acquisition of 41% stake in SGX Catalist-listed Koh Brothers Eco Engineering Ltd (formerly known as Metax Engineering Corporation Ltd) ("Koh Eco").

Construction and Building Materials

This division leads in providing a complete and diverse range of infrastructure project management, products, services and solutions for the construction industry.

Major projects that have been successfully completed are the iconic Marina Barrage in 2008; Punggol Waterway Parts One and Two in 2011; Downtown Line 1 Bugis Station in 2013; makeover of Geylang River in 2014 and Lincoln Suites – a luxurious condominium project at Khiang Guan Avenue, off Newton Road, in District 11. This division had also completed the construction of the Common Service Tunnel at the Business Financial Centre and public housing at Choa Chu Kang.

This division was also awarded a number of projects which are currently ongoing. In April 2012, Koh Brothers, through a joint venture, was awarded a S$54.6 million contract by the national water agency, PUB, for the construction of a used water lift station at PUB's Jurong Water Reclamation Plant. In November 2012, Koh Brothers secured a S$30.9 million contract from Changi Airport Group for a proposed retention pond at Changi Airport. In 2012, Koh Brothers also began the construction of Parc Olympia, a condominium project. In February 2013, Koh Brothers secured a S$99.8 million contract from the PUB to carry out improvement works to the existing trapezoidal canal and crossings at the Bukit Timah First Diversion Canal (Bukit Timah Road to Holland Green). In February 2014, Koh Brothers also won a construction contract worth S$98.0 million to build a HDB BTO Project in Yishun.

The Building Materials division provides total ready-mix concrete solutions to the construction industry. The supply chain includes cement, ready-mix concrete, equipment rental and various types of products such as pre-cast elements and interlocking concrete blocks.

Real Estate

The Group's Real Estate division provides quality property developments with specialised themes at choice locations. Koh Brothers Development Pte Ltd ("KBD"), established in 1993, a wholly-owned subsidiary of Koh Brothers, is our flagship company for the Group's Real Estate division.

KBD is noted for its 'lifestyle-and-theme' developments. For example, its Starville project was the first to introduce a star-gazing observatory, complete with an astronomy theme. Launched in June 2003, this project is a joint venture between KBD and AIG Lengkong Investment Limited, a member of American International Group Inc. Earlier projects include The Montana, in which KBD became the first developer to introduce state-of-the-art home automation features, broadband cable and an infinity pool. The Montana, launched in November 1999, is a 108-unit luxury freehold apartment located off River Valley Road. In October 2006, it also launched its four-units-only luxurious, freehold bungalow project, "Bungalows @ Caldecott", uniquely designed with a number of firsts in Singapore such as bathrooms studded with Swarovski wall crystals, Avant-Garde sanitary fittings incorporating luxury brand names like Visentin, and a specially-designed Water Conservation System. In April 2006, it announced the acquisition of Hilton Tower, located in the prime freehold Leonie Hill area, for S$79.2 million together with Heeton Land Pte Ltd. It is now the site for the premium condominium, The Lumos.

In June 2007, Koh Brothers, Heeton Holdings Ltd, KSH Holdings Limited and Lian Beng Group Ltd formed a consortium with equal shares each and were successfully awarded the prime Lincoln Lodge site at 1/3 Khiang Guan Avenue, off Newton Road in District 11. The site has been redeveloped to the luxurious condominium project, Lincoln Suites, which features sky-high elevated gyms, wireless multi – room music systems and thematic communal dining facilities. Lincoln Suites was launched in October 2009.

Fiorenza, another prized freehold development by KBD, was launched in April 2009. Inspired by the passionate Italian culture with its bold artistic tastes, unrestrained luxury and a free-spirited lifestyle, this Avant-Garde development, located at Florence Road, received its TOP in June 2011.

Parc Olympia, a sporting themed condominium in Flora Drive was launched in July 2012. The 99-year, 486-unit development offers over 60,000 sq ft of wide-range sporting area and facilities, with special facilities including a synthetic jogging track, a rock-climbing wall, an air-conditioned badminton court, a skate park and even a putting green for golf-lovers.

In May 2015, the Group launched its first EC project, Westwood Residences, the first residential development in Singapore to offer unique cycling concepts. The second EC to be launched in Jurong after 18 years, Westwood Residences comprise 480 units ranging from two-bedrooms to five-bedrooms.

Other completed projects include:

- The highly successful Sun Plaza, located next to Sembawang MRT station, which introduced a sunflower theme. The residential block in Sun Plaza has been fully sold and the retail mall is currently held as an investment with high occupancy;
- The Capri, an 18-unit residential development, is situated along the prime Stevens Road; and
- The Sierra, an 18-storey residential development comprising 60 units located in the established and popular enclave of Mount Sinai.

Leisure and Hospitality

This division provides ‘no-frills’ hospitality services through its Oxford Hotel brand name with more than 130 hotel rooms.

Environmental Engineering Sector

Through Koh Brothers' majority stake in Koh Eco, the Group is able to offer EPC services for water and wastewater treatment and hydro-engineering projects. With over 35 years of EPC experience, Koh Eco has been involved in many public and private sector projects in Singapore, Indonesia, Malaysia and Thailand. In 2008, Koh Eco extended their EPC business into the palm oil refining industry with the acquisition of WS Bioengineering Pte. Ltd. ("WS Bio"), whose principal business is the engineering and construction of biofuel and palm oil refining facilities.

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