



## NEWS RELEASE

### KOH BROTHERS ACHIEVES A NET PROFIT OF S\$2.0 MILLION WITH GROWTH IN REVENUE FOR 1H2021

- *Backed by 35% growth in revenue to S\$141.0 million with gradual recovery of core Construction and Building Materials division*
- *Balance sheet remains healthy with S\$102.4 million in cash and bank balances*
- *To focus on smooth execution of existing projects, optimise resources, and tender for more construction projects*
- *Selectively replenish land bank for property development*

**Singapore, 5 August 2021** – Well-established construction, property development and specialist engineering solutions provider, Koh Brothers Group Limited (“**Koh Brothers**”, 許兄弟有限公司, or the “**Group**”), today announced its financial results for the six-month ended 30 June 2021 (“**1H2021**”).

Mr. Francis Koh (许庆祥), Managing Director and Group CEO of Koh Brothers, commented, “We are pleased to have achieved a turnaround in our bottomline amidst a very challenging operating environment brought on by the global pandemic. We have seen a gradual recovery of our core Construction and Buildings Materials division and will continue to remain focused on the smooth execution of our existing projects.

“Notwithstanding industry challenges, we remain confident of the prospects for this division, backed by our solid order book. We will tap on opportunities to secure more projects in both the private and public sectors, where we have the requisite track record and strong expertise. We will also take a greater focus on the public sector, given major contracts expected to be awarded this year. Additionally, we will continue to optimise our resources and focus on raising productivity by embracing technology and digitalisation, to enhance margin efficiencies. As for our real estate development business, we will closely monitor the situation in view of the prevailing COVID-19 situation, which is expected to persist for a few more quarters. We will continue to be highly selective in our land bank replenishment moving ahead.

“Our financial position remains healthy, with a good cash position and low gearing. We remain prudent and focus on preserving cash and reducing operating or non-essential capital expenditures, as we navigate prudently through these uncertain times.”

### **Financial Highlights**

1H2021 revenue increased 35% to S\$141.0 million as compared to S\$104.1 million in 1H2020 mainly due to the gradual recovery of business activities in the Construction and Building Materials division.

Share of profit from associated companies and joint ventures declined 63% to S\$1.5 million in 1H2021 from S\$3.9 million a year ago due to lower contribution from a property development project in South Korea, which has been completed in the second half of 2020.

In line with the above, the Group reported a turnaround in bottomline, achieving a net profit attributable to shareholders of S\$2.0 million in 1H2021, from a net loss attributable to shareholders of S\$17.8 million in 1H2020.

Cash and bank balances stood at S\$102.4 million while shareholders' equity stood at S\$286.8 million as at 30 June 2021. The Group's current ratio remains healthy at 2.4x with net gearing ratio of 0.85x as at 30 June 2021.

Net asset value per share was 69.53 Singapore cents as at 30 June 2021 compared to 69.80 Singapore cents as at 31 December 2020.

### **Outlook and Strategies**

Based on latest advanced estimates from the Ministry of Trade and Industry, the Singapore economy grew by 14.3% year-on-year (“y-o-y”) in the second quarter of 2021, extending the 1.3% growth in the previous quarter. This is a rebound from the low base in the second quarter of 2020 when GDP fell by 13.3% due to the Circuit Breaker measures implemented from 7 April to 1 June 2020. The construction sector expanded by 98.8% on a y-o-y basis in the second quarter, a turnaround from the 23.1% contraction in the preceding quarter<sup>1</sup>.

According to the Building and Construction Authority Singapore, construction demand in 2021 is expected to be between S\$23 billion and S\$28 billion, with the public sector contributing approximately 65% of the total demand, an improvement from the preliminary estimate of S\$21.3 billion in 2020. Some upcoming major public sector projects scheduled to be awarded this year include various contracts under the Jurong Region MRT Line, the Cross Island MRT Line Phase 1 and the Deep Tunnel Sewerage System Phase 2.

The Group expects the construction industry to remain challenging on the back of a competitive environment, supply chain disruption, manpower shortage and higher cost of construction materials. Koh Brothers will continue to tender for more construction projects where its requisite experience, capabilities and track record will help to maintain a strong order book.

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<sup>1</sup> Ministry of Trade and Industry Singapore, 14 July 2021 – Singapore's GDP Grew by 14.3 Per Cent in the Second Quarter of 2021

On the property development front, Urban Redevelopment Authority's 2Q2021 real estate statistics showed an increase of 0.8% in private residential properties' prices compared to the 3.3% increase in 1Q2021. For 2Q2021, developers launched 2,356 units for sale and sold 2,966 units, compared to 3,716 units launched and 3,493 units sold in 1Q2021<sup>2</sup>.

In view of the prevailing COVID-19 situation, the Group will remain cautious and selective in replenishing its land bank.

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<sup>2</sup> *Urban Redevelopment Authority, 23 July 2021 – Release of 2<sup>nd</sup> Quarter 2021 Real Estate Statistics*

## **About Koh Brothers Group Limited**

Listed on SGX Mainboard in August 1994, Koh Brothers Group Limited (“**Koh Brothers**”, or together with its subsidiaries, the “**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, Koh Brothers has more than 40 subsidiaries, joint venture companies and associated companies spread over Singapore, the PRC, Indonesia, Malaysia and South Korea.

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

Koh Brothers’ diversified businesses present them with multiple revenue streams from three core areas:

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

The Group is also the largest shareholder of SGX Catalist-listed Koh Brothers Eco Engineering Ltd (“**Koh Brothers Eco**”), a sustainable engineering solutions group that provides engineering, procurement and construction (“**EPC**”) services for infrastructure, water and wastewater treatment, hydro-engineering, bio-refinery and bio-energy projects. Through Koh Brothers Eco, the combined Group is able to reap synergies to offer turnkey engineering solutions and tap opportunities in the water and wastewater treatment, and hydro-engineering sectors.

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