



NEWS RELEASE

KOH BROTHERS POSTS 4% GROWTH IN REVENUE TO S\$252.6 MILLION FOR FY2021

- *Recovery seen for FY2021, achieving net profit of S\$6.9 million as compared to S\$14.8 million net loss in FY2020*
- *Balance sheet remains healthy with S\$95.2 million in cash and bank balances*
- *Strong construction order book of \$775.0 million¹ to be progressively recognised*
- *To tap on enhanced capabilities and continue to tender for higher value construction projects*
- *Proposes final dividend of 0.20 Singapore cent per ordinary share*

Singapore, 29 January 2022 – 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 second half-year (“**2H2021**”) and full-year (“**FY2021**”) ended 31 December 2021.

Mr. Francis Koh (許庆祥), Managing Director and Group CEO of Koh Brothers, commented, “FY2021 has been a ray of hope after the storm, as the global economy starts moving on track for recovery, providing much-needed relief for businesses. However, we are mindful of the uncertainties that the construction industry will continue to face in the wake of the Omicron variant. In addition to the impact of the manpower shortages and labour costs brought about by the existing border control measures, the rising prices of construction materials will also affect the pace of recovery of the industry.

¹ As at 31 December 2021.

“We remain steadfast in navigating these challenges by exercising discipline and prudence in our finances, staying nimble in our business operations and embracing technology and innovation to enhance productivity and our competitive edge.

“For our Construction and Building Materials division, as demand for public and private construction projects picks up, we remain committed to building up a strong order book and focusing on higher value projects by leveraging on our strong track records and expertise. For our real estate development business, the Group has established itself as a niche boutique developer. We are delighted that the Group’s Van Holland project has clinched two prestigious awards simultaneously – Best Luxury Boutique Condo Development, and Best Boutique Condo Architectural Design – bestowed by PropertyGuru Asia Property Awards, the leading industry awards programme rewarding only the region’s finest real estate. Van Holland has won amidst many other big industry players, for the best luxury boutique and architectural design categories in 2021.”

Financial Highlights

FY2021 revenue increased 4% to S\$252.6 million as compared to S\$243.1 million for the full year ended on 31 December 2020 (“**FY2020**”) mainly due to higher revenue recognition from the Construction and Building Materials division.

The Group saw an increase of 178% in other gains to S\$8.7 million in FY2021, mainly from fair value gain on investment properties. Additionally, overall, there was a decrease of 10.4% in total expenses due to lower impairment on trade receivables and loans to joint ventures as well as lower finance cost with reduced borrowings and interest rates.

Share of profit from associated companies and joint ventures declined 47% to S\$3.0 million in FY2021 from S\$5.8 million a year ago due to lower profit contribution from a property development in South Korea, which was completed in the second half of 2020.

The Group recorded a net profit attributable to shareholder of S\$6.9 million in FY2021, reversed from a net loss attributable to shareholders of S\$14.8 million in FY2020.

For 2H2021, the Group saw a 67% growth in net profit attributable to shareholders of S\$4.9 million, notwithstanding a decline of 20% in revenue to S\$111.7 million.

The Group reported a 6% increase in gross profit to S\$13.4 million in 2H2021 from S\$12.7 million in 2H2020 largely due to improved gross profit margin from the Construction and Building Materials division.

Cash and bank balances at the end of the financial year stood at S\$95.2 million while shareholders' equity stood at S\$287.1 million. The Group's current ratio remains healthy at 1.7x with net gearing ratio of 0.9x as at 31 December 2021.

Net asset value per share was 69.61 Singapore cents as at 31 December 2021 compared to 69.80 Singapore cents as at 31 December 2020.

Proposed Dividend

To thank shareholders for their continuous support, the Board has proposed a final dividend of 0.20 Singapore cent per share to be approved by shareholders at the forthcoming Annual General Meeting.

Outlook and Strategies

Based on advance estimates from the Ministry of Trade and Industry, the Singapore economy rebounded from a contraction of 5.4% in 2020 to a growth of 7.2% in 2021. On a quarter-on-quarter seasonally-adjusted basis, the construction sector contracted by 4.4% in the fourth quarter of 2021, while the value-added of the sector remained 26.0% below its pre-COVID level, as activity at construction worksites continued to be weighed down by labour shortages due to border restrictions on the entry of migrant workers.

According to the projection by the Building and Construction Authority Singapore, the demand in the construction sector over the medium term is expected to see a steady improvement, reaching between S\$27 billion and S\$32 billion in 2022, with the public sector expected to contribute S\$16 billion to S\$19 billion per year during the period. Besides public residential developments, public sector construction demand over the medium term will continue to be supported by large infrastructure and institutional projects such as Cross Island MRT Line (Phase 2 and 3), the Downtown Line Extension to Sungei Kadut, and the Deep Tunnel Sewerage System Phase 2.

While the Group expects the construction industry to remain challenging with an increasingly competitive environment, supply chain disruptions, manpower shortage and higher cost of construction materials, it will continue to seek sustainable growth through maintaining a strong order book. Koh Brothers will work on more construction project tenders where it has the requisite track record, experience and capabilities.

On the property development front, the private residential property index in the fourth quarter of 2021 increased to 173.6 points according to flash estimates by Urban Redevelopment Authority. Private home prices have also increased by 10.6% in 2021, However, the Group expects the private residential market to remain challenging with the latest round of property cooling measures including ABSD rates, lower TDSR and LTV rules, and will remain cautious and selective in replenishing its land bank going forward.

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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 single-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 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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