**NEWS RELEASE**

**KOH BROTHERS ACHIEVES 56% INCREASE IN NET PROFIT TO S$23.3 MILLION IN 9M2014**

- ***Revenue and Gross Profit increase 8% and 33% respectively due to higher sales from Real Estate Division in 9M2014;***
- ***Gross profit margin up 3.1 percentage points;***
- ***Maintains strong balance sheet with cash holdings of S$63.9 million and net gearing of 0.76 times;***
- ***Shareholders' equity of S$234.2 million as at September 30, 2014.***

***Singapore, November 11, 2014*** – 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 it has achieved a 56% increase in net profit attributable to equity holders of the Company ("Net Profit") to S$23.3 million for the nine months ended September 30, 2014 ("9M2014") on the back of a 8% increase in revenue to S$292.9 million over the same period.

Mr. Francis Koh ("许庆祥"), Managing Director and Group CEO of Koh Brothers, commented: "We are pleased to have achieved a good set of performance despite a challenging environment. We have a diversified revenue stream given our three business segments – Construction and Building Materials, Real Estate and Leisure and Hospitality divisions. To grow, we will continue to increase collaboration opportunities amongst these business lines to harness synergies and economies of scales.

“As for Real Estate, we will place an even greater emphasis on unique or innovative features for all upcoming developments to differentiate ourselves better from other property developments.

“Separately, we are pleased to have won the Most Transparent Company Award for Construction and Materials category at SIAS’ 15th Investors’ Choice Awards 2014. This is an encouragement for all of us at Koh Brothers. Even as we work towards growth, we remain firmly focused on open communications with all stakeholders for good corporate governance.”

**Performance Review**

Group Revenue comprises sales of products, services rendered, property development and rental income, as well as construction contract revenue. In 9M2014, an increase in sales mainly from the Real Estate division lifted Group revenue 8% to S$292.9 million, from S$271.5 million for the nine months ended September 30, 2013 (“9M2013”).

Correspondingly, gross profit rose 33% to S$47.6 million in 9M2014 from S$35.9 million in 9M2013. Gross profit margin was up 3.1 percentage points to 16.3% in 9M2014 from 13.2% in 9M2013.

The Group also recorded other gains of S$8.5 million in the period under review as compared to S$1.7 million in the previous corresponding period, due to higher fair value of investment properties.

Whilst share of results from associated companies recorded an increase to S$230,000 in 9M2014 from S$86,000 in 9M2013, share of results from joint ventures had a loss of S$3.2 million. The latter was mainly due to lower contribution from a property currently undertaking an asset enhancement exercise.

Overall, profit before tax rose 51% to S$27.2 million in 9M2014 from S$18.0 million in 9M2013. With higher profit, earnings per share rose 62.1% to 5.30 SGD cents in 9M2014 from 3.27 SGD cents in 9M2013.

For the three months ended September 30, 2014 ("3Q2014"), the Group's net profit rose marginally by 3% to S$7.1 million, from S$6.9 million in the same corresponding period ("3Q2013"), notwithstanding a 7% decline in revenue from S$88.2 million in 9M2013 to S$82.2 million in 9M2014, with lower revenue from the Group's Construction and Building Materials division. The increase in profit was largely due to a general improvement in margins for the Real Estate and Construction and Building Materials divisions.

**Strong Balance Sheet**

The Group's balance sheet continues to remain robust with cash holdings of S$63.9 million and shareholders' equity of approximately S$234.2 million as at September 30, 2014. Koh Brothers also had a comfortable debt servicing ability with good liquidity. As of September 30, 2014, net gearing ratio was low at 0.76 times whilst the current ratio was 2.2 times.

**Outlook and Strategies**

Advanced estimates from the Ministry of Trade and Industry showed that the construction sector expanded 1.4% in the third quarter of 2014 on a year-on-year basis, with more demand expected from the public sector as compared to the private sector this year. Latest data from the Urban Redevelopment Authority showed that prices of private residential properties declined by 0.7% in 3Q2014 for a fourth continuous quarter, albeit at a moderated pace.

Mr Koh added, “We are cognizant of the challenging environment. Through value engineering, we will continuously review internal processes to derive cost savings, from improvements in construction methods to raising productivity and reducing reliance on manpower. With a strong balance sheet bolstered by low gearing and good cash levels, we have good headroom for growth and we will look for opportunities in both Singapore and the region to expand our business.”

**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.

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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