



NEWS RELEASE

KOH BROTHERS' NET PROFIT RISES 9% TO S\$21.3 MILLION IN FY2013

- ***Driven by sales increases from both Construction and Building Materials and Real Estate divisions***
- ***Proposes Special Dividend of 0.20 SGD cent per ordinary share and Final Dividend of 0.50 SGD cent per ordinary share***
 - o ***Double the rate of dividend paid in FY2012***

Singapore, February 20, 2014 – Koh Brothers Group Limited (“Koh Brothers” or the “Group”), a well-established construction, property development and specialist engineering solutions provider, announced today that its net profit for the full year ended December 31, 2013 (“FY2013”) rose 9% to S\$21.3 million from S\$19.7 million in the previous corresponding period (“FY2012”).

This was largely driven by increased sales from the Group’s two core business areas. On a year-on-year basis, sales from the Group’s Construction and Building Materials division and from the Real Estate Division increased 16% and 33% respectively. This raised Group Revenue by 24% to S\$371.2 million in FY2013, up from S\$299.5 million in FY2012. The remaining contribution to Group Revenue was from the Leisure and Hospitality division, which registered S\$4.1 million in sales in FY2013.

Group Expenses, which comprised Distribution, Administrative and Finance costs, decreased 14.6% to S\$27.6 million from S\$32.3 million in FY2012. Separately, share of profit from associated companies decreased by 29% to S\$0.2 million in FY2013 from S\$0.3 million in FY2012. Income Tax increased by 10% to S\$3.2 million in FY2013 from S\$2.9 million.

Given the above, Koh Brothers' net profit attributable to shareholders jumped 9% to S\$21.3 million in FY2013.

Mr. Francis Koh, Managing Director and Group CEO of Koh Brothers, commented: "I am delighted that Koh Brothers has achieved an outstanding set of results in FY2013, a fruition of the Group's strong capabilities in planning, winning and executing projects. In Real Estate, we are pleased to have achieved 100% sales of Parc Olympia within a year of its launch, providing us with good earnings visibility for the next two years.

"In Construction and Building Materials, Koh Brothers continually innovates in anticipation of industry demands. In line with that, we have strategically expanded our precast capabilities in Iskandar and this has positioned the Group attractively in our bids and we are confident that it will also enable Koh Brothers to augment our growth into the future.

"For Hospitality, both Oxford Hotel and our serviced apartments, Alocassia, have performed well, and we expect continued high occupancy in line with Singapore's attractive position as a top travel destination."

The Group opened its first precast plant in Iskandar, Malaysia, to cater to demand from the ramp-up in public housing supply in Singapore and development of Iskandar Malaysia. With this precast plant, Koh Brothers runs dedicated Precast Plants sited on a total land area of 96,000 sqm, with a total annual production capacity of 150,000 m³.

Outlook

According to the Building and Construction Authority, construction demand reached a historical high of S\$35.8 billion in 2013, and estimated construction demand for 2014 is expected to be between S\$31 billion and S\$38 billion, with higher demand expected from the public sector.

Price of private residential properties decreased by 0.9% in the last quarter of 2013, according to the Urban Redevelopment Authority. For the whole of 2013 however, prices increased by 1.1%, albeit lower than the increase of 2.8% in 2012.

Mr. Koh commented, "There is a silver lining in every cloud. Notwithstanding a competitive and challenging construction sector, Koh Brothers kicked off 2013 with a S\$99.8 million contract awarded by PUB, Singapore's national water agency, for canal improvement works to Bukit Timah First Diversion Canal. And in 2014, Koh Brothers won another public sector construction contract worth S\$98.0 million from the Housing Development Board to build Vine Grove @ Yishun, a Build-To-Order project.

"All these allude to the industry's recognition of Koh Brother's strong track record, which will continue to be one of the Group's competitive edges, as we continue to capitalise on the increase in demand in Construction, which is expected to come from the public sector.

"As for the residential property market, although cooling measures may have some impact on demand and prices, we expect the property market to be relatively stable in the long run. For our executive condominium site in Jurong West, which we've clinched through our joint venture, we anticipate healthy interest from buyers due to the limited supply of executive condominiums in western Singapore.

"Having achieved another outstanding year, the Group intends to share our success with our shareholders as well, and proposes a special dividend of 0.20 SGD cent, in addition to a final dividend of 0.50 SGD cent."

The proposed dividend, if approved by the shareholders at the forthcoming annual general meeting, will be paid on June 11, 2014.

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 & Hospitality.

In February 2013, the Group also broadened its reach into the environmental engineering sector, with a strategic acquisition of 41% stake in SGX Catalist-listed Metax Engineering Corporation Ltd (“Metax”).

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.

One of its major projects is the iconic Marina Barrage which was successfully completed in October 2008. In November 2010, the Group announced it was awarded PUB's Geylang River Makeover Project worth S\$37.8 million. 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 April 2012, Koh Brothers, through a joint venture, was awarded a S\$54.6 million contract by national water agency, PUB, for the construction of a used water lift station at PUB's Jurong Water Reclamation Plant.

In February 2013, Koh Brothers secured a S\$99.8 million contract from the PUB, Singapore's national water agency, 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). Other ongoing projects include the construction of Lincoln Suites – a luxurious condominium project at Kiang Guan Avenue, off Newton Road, in District 11, Geylang River Makeover Project, Changi Airport retention pond and PUB's Jurong Water Reclamation Plant and Parc Olympia at Flora Drive.

Recently completed projects include Punggol Waterway Parts One and Two, the Common Service Tunnel at the Business Financial Centre, Downtown Line 1 Bugis Station, and public housing at Choa Chu Kang.

The Building Materials division also 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 Group, 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 Group Limited, 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 Kiang 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, was launched in Flora Drive 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 rockclimbing 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 & Hospitality

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

Environmental Engineering

Through its majority stake in Metax, the Group is able to offer Engineering, Procurement & Construction (“EPC”) services for water and wastewater treatment and hydro-engineering projects. With over 35 years of EPC experience, Metax has been involved in many public and private sector projects in Singapore, Indonesia, Malaysia, Thailand, the Philippines and India. In 2008, Metax extended their EPC business into the palm oil refining industry with the acquisition of WS Bioengineering Pte. Ltd., whose principal business is the engineering and construction of biofuel and palm oil refining facilities.

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