



NEWS RELEASE

KOH BROTHERS ACHIEVES 151% SURGE IN NET PROFIT TO S\$5.0 MILLION FOR 1H2022

- *Revenue rises 13% to S\$158.9 million driven mainly from more construction activities and increased sales of Van Holland*
- *Balance sheet remains healthy with higher cash and bank balances of S\$103.9 million*
- *Strong construction order book of S\$709.2 million to be progressively recognised*

Singapore, 6 August 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 first half-year ended (“**1H2022**”).

Mr. Francis Koh (许庆祥), Managing Director and Group CEO of Koh Brothers, commented, “We are pleased with our top and bottomline improvements, well-supported by both our Construction and Building Materials and Real Estate divisions.

“For our Construction and Building Materials division, we have seen a gradual recovery in construction activity since last year, and supported by the relaxation of border restrictions on the inflow of manpower. We remain firmly focused in enhancing productivity by embracing technology and innovation, and adopting financial discipline and cost management strategies, to better manage challenges on the back of a competitive environment, labour shortages, high energy and construction costs. We will also continue to leverage on our strong track record and expertise to tender for higher value and more construction projects as demand for public and private construction projects picks up.

“For our real estate development business, we are pleased that the Group’s award-winning Van Holland project has continued to make progress in the sales of units. As an established, niche boutique property developer, we will continue to prudently look for opportunities to develop unique ‘lifestyle-and-theme’ projects, either independently or through partnerships with experienced partners”

Financial Highlights

1H2022 revenue increased 13% to S\$158.9 million as compared to S\$141.0 million for the half year ended on 30 June 2021 (“1H2021”) mainly due to higher revenue recognition from both the Construction and Building Materials and Real Estate divisions.

The Group reported a 43% increase in gross profit to S\$11.7 million in 1H2022 from S\$8.2 million in 1H2021 largely due to increase construction activities, and an improved gross margin to 7.4%, from 5.8% in 1H2021.

The Group saw an increase of 18% in other gains to S\$7.9 million in 1H2022, mainly due to higher gain recognised from the disposal of property, plant and equipment, partially offset by lower fair value gain from investment properties.

Share of profit from associated companies and joint ventures declined 20% to S\$1.2 million in 1H2022 from S\$1.5 million a year ago due to the absence of contribution from a property development in South Korea which has been completed.

The Group recorded a net profit attributable to shareholder of S\$5.0 million in 1H2022, which increased 151% from S\$2.0 million in 1H2021.

Cash and bank balances as at 30 June 2022 rose to S\$103.9 million while shareholders’ equity stood at S\$290.0 million. The Group’s current ratio remains healthy at 1.7x with net gearing ratio of 0.8x as at 30 June 2022.

Net asset value per share was 70.31 Singapore cents as at 30 June 2022 compared to 69.61 Singapore cents as at 31 December 2021.

Outlook and Strategies

Based on advance estimates from the Ministry of Trade and Industry announced on 14 July 2022, the Singapore economy grew by 4.8% on a year-on-year basis in 2Q 2022, extending the 4.0% growth recorded in the previous quarter. On a quarter-on-quarter seasonally-adjusted basis, GDP was unchanged in the second quarter, after posting an expansion of 0.9% in the first quarter.

The construction sector grew by 3.8% year-on-year in 2Q 2022, faster than the 1.8% growth in the previous quarter. Construction activity picked up during the quarter, supported in part by the relaxation of border restrictions on the inflow of migrant workers. In absolute terms, the valued added of the construction sector remained at 23.7% below its pre-pandemic (i.e., second quarter of 2019) level due to continued labour shortages as the inflow of migrant workers would take time to recover.

According to the projection by the Building and Construction Authority Singapore ("BCA") on 26 January 2022, BCA expects a steady improvement in construction demand over the medium term. It is projected to reach between S\$27 billion and S\$32 billion per year in 2022. The public sector is expected to lead the demand and contribute S\$16 billion to S\$19 billion per year with similar proportions of demand coming from building projects and civil engineering works.

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

On the property development front, latest statistics from the Urban Redevelopment Authority showed that prices of private residential properties increased by 3.5% in 2Q 2022, compared with the 0.7% increase in the previous quarter. Going forward, the Group will remain cautious and selective in replenishing its land bank.

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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 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, building, 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 sector.

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