



NEWS RELEASE

KOH BROTHERS ACHIEVES 16% INCREASE IN REVENUE TO S\$117.4 MILLION IN 1QFY2015

- ***Gross Profit increases 10% in line with higher revenue;***
- ***Net profit attributable to equity holders held steady at S\$4.7 million;***
- ***Maintains strong balance sheet with cash holdings of S\$57.1 million and low net gearing of 0.83 times;***
- ***Shareholders' equity of S\$238.2 million as at March 31, 2015.***

Singapore, May 12, 2015 – 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 16% increase in revenue to S\$117.4 million for the first quarter ended March 31, 2015 (“1QFY2015”) on the back higher sales from the Real Estate division. Net profit attributable to equity holders of the Company (“Net Profit”) held steady at S\$4.7 million over the same period.

Mr. Francis Koh (“许庆祥”), Managing Director and Group CEO of Koh Brothers, commented: “In Real Estate, we are excited with the upcoming launch of our very first EC development, Westwood Residences. We will unveil more detail of this unique development, a first bike-themed EC development, together with our partner, Heeton Holdings, on May 13. This EC holds vast potential given its attractive location and the government-led invigorating transformation of the Jurong region, most recently, the plans for a new Kuala Lumpur-Singapore high speed rail terminus in Jurong East.

“We are cognisant of a challenging operating environment, and as a themed-and-lifestyle developer, we will place great emphasis on unique attributes for each of our project, in this case, promoting a healthy lifestyle, to clearly differentiate our development to increasingly discerning and demanding buyers in the EC market.

“To boost our recurring income from Property Investments, we look forward to unveiling the makeover of our JV mall, Sun Plaza, in due course. For Hospitality, we will continue to look at asset enhancement initiatives for both Oxford Hotel and our serviced apartments, Alocassia, to enhance shareholder value.

“For greater prudence, we will continue to work closely with strategic partners with the relevant track record and expertise – be it Property Development, Investment or Hospitality – in both Singapore and the region.”

Performance Review

Group Revenue comprises sales of products, services rendered, property development and rental income, as well as construction contract revenue. In 1QFY2015, sales was boosted mainly by the Real Estate division which lifted Group revenue 16% to S\$117.4 million, from S\$101.2 million for the first three months ended March 31, 2014 (“1QFY2014”).

Correspondingly, gross profit rose 10% to S\$15.8 million in 1QFY2015 from S\$14.4 million in 1QFY2014 whilst profit before tax increased 3% to S\$6.7 million from S\$6.5 million over the same period.

The Group also recorded higher other income, rising 72% to S\$0.6 million in 1QFY2015 from S\$0.3 million in 1QFY2014, mainly due to gain on disposal of financial assets through profit or loss. Share of results of joint venture companies recorded a loss of S\$2.3 million in 1QFY2015 mainly due to lower contribution from a property currently undertaking an asset enhancement exercise.

Overall, notwithstanding impact from higher finance expenses and share of loss from joint venture companies, net profit attributable to equity holders held steady at S\$4.7 million in 1QFY2015.

Strong Balance Sheet

The Group's balance sheet continues to remain robust with cash holdings of S\$57.1 million and shareholders' equity of approximately S\$238.2 million as at March 31, 2015. Koh Brothers also had a comfortable debt servicing ability with good liquidity. As of March 31, 2015, net gearing ratio was low at 0.83 times.

Outlook and Strategies

The outlook for the construction industry is expected to be challenging in the next 12 months, with keen competition and a tight labour market. The public sector remains promising with government expenditure on institutional and civil engineering projects expected to be firm.

Latest data from the Urban Redevelopment Authority showed that prices of private residential properties declined by 1% in 1Q2015 for a sixth continuous quarter. With various property cooling measures still in place, the Group expect prices in the residential property market to further moderate in 2015.

Mr. Koh added, "We have always harnessed IT to drive business growth in our organisation. In our context, we have integrated technology into our internal processes to drive productivity and efficiency to manage and grow our businesses. Value engineering and a continuous review of internal processes to derive cost savings will be an important element as we push towards greater efficiency and productivity to stay ahead of competition and to better cope with the tight labour situation.

“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 to expand our three pillars – Construction and Building Materials, Real Estate and Hospitality businesses.”

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 Kiang 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 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 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.

ISSUED ON BEHALF OF	:	Koh Brothers Group Limited
BY	:	Citigate Dewe Rogerson, i.MAGE Pte Ltd 55 Market Street #02-01 SINGAPORE 048941
CONTACT	:	Ms Dolores Phua / Ms Amelia Lee at telephone
DURING OFFICE HOURS	:	6534-5122 (Office)
AFTER OFFICE HOURS	:	9750-8237 / 9781-3518 (Handphone)
EMAIL	:	dolores.phua@citigatedrimage.com amelia.lee@citigatedrimage.com

043/15/003/KBGL

May 12, 2015