



NEWS RELEASE

KOH BROTHERS' ACHIEVES 24.0% GROWTH IN REVENUE TO S\$196.6 MILLION FOR 1H2023

- *Growth in revenue primarily driven by Real Estate division*
- *Cautious and selective approach towards replenishing land bank for property development*
- *Focused on execution of healthy construction order book of S\$650.7 million*
- *Balance sheet remains healthy with S\$81.2 million in cash and bank balances*

Singapore, 5 August 2023 – 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 (“**1H2023**”).

Mr. Francis Koh (许庆祥), Managing Director and Group CEO of Koh Brothers, commented, “We will remain prudent and committed to delivering the best value to our stakeholders in a sustainable manner, while navigating the challenging operating environment.”

“We are focusing on recovering the cost of performing the variation orders from customers while also closely monitor the progress and cost for our projects.”

“For our Construction and Building Materials division, we remain optimistic with the steady construction demand and will continue to adopt a disciplined approach towards managing our costs and address the challenges arising from the competitive environment as well as leveraging on our track record and expertise to tender for more projects in both the private and public sectors.”

“For our real estate development business, we are delighted with the progress made by both Van Holland and our JV project. We will continue to take a cautious approach and be selective in replenishing our land bank.”

Financial Highlights

1H2023 revenue increased 24.0% to S\$196.6 million as compared to S\$158.9 million for the half year ended on 30 June 2022 (“**1H2022**”) mainly due to higher revenue recognition from the Real Estate division.

The Group reported a gross loss of S\$1.1 million in 1H2023 as compared to a gross profit of S\$11.7 million in 1H2022 mainly due to increases in materials, labour and subcontractor costs, and finalisation of construction project accounts.

Other gains declined 85.1% to S\$1.2 million in 1H2023, mainly due to lower gain recognised from the disposal of property, plant and equipment.

Share of profit from associated companies and joint ventures recorded a loss of S\$60,000 in 1H2023 from a gain of S\$1.2 million a year ago to due to higher finance expenses incurred on investment properties owed by a joint venture.

Taking into account the gross loss, reduction in other gains and increase in total expenses, the Group recorded a net loss attributable to shareholders of S\$16.0 million in 1H2023, as compared to a net profit attributable to shareholders of S\$5.0 million in 1H2022.

Cash and bank balances decreased marginally by S\$1.3 million to S\$81.2 million while shareholders' equity stood at S\$271.6 million as at 30 June 2023. The Group's current ratio remains healthy at 1.2x with net gearing ratio of 0.69x as at 30 June 2023.

Net asset value per share was 65.84 Singapore cents as at 30 June 2023 compared to 70.04 Singapore cents as at 31 December 2022.

Outlook and Strategies

Based on advance estimates from the Ministry of Trade and Industry announcement on 14 July 2023, the Singapore economy grew by 0.7% on a year-on-year basis in the second quarter of 2023, faster than the 0.4% growth in the previous quarter. On a quarter-on-quarter seasonally-adjusted basis, the Singapore economy expanded by 0.3%, a turnaround from the 0.4% contraction in the first quarter of 2023.

The construction sector grew by 6.6% year-on-year in the second quarter, extending the 6.9% growth in the first quarter. Growth during the quarter was supported by expansions in both public and private sector construction output. On a quarter-on-quarter seasonally-adjusted basis, the sector expanded by 2.6% in the second quarter, accelerating from the 0.3% growth in the preceding quarter.

The Group expects the Construction and Real Estate divisions to remain challenging with an increasingly competitive environment, high interest rates, energy, material, manpower, operating and development costs. The Group remains committed to seek sustainable growth by leveraging on its track record, experience, and capabilities as well as monitoring the progress and cost for its construction projects.

On the property development front, latest statistics from the Urban Redevelopment Authority showed that prices of private residential properties declined by 0.2% in 2Q2023, following a 3.3% gain in 1Q2023. Moving 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 the late 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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