



NEWS RELEASE

KOH BROTHERS ACHIEVES 38% INCREASE IN NET PROFIT TO S\$29.5 MILLION IN FY2014

- *Revenue and Gross Profit increase 10% and 37% respectively due to higher sales from Real Estate Division;*
- *Gross profit margin up 3.2 percentage points;*
- *Maintains strong balance sheet with cash holdings of S\$77.3 million and low net gearing of 0.72 times;*
- *Shareholders' equity of S\$235.7 million as at December 31, 2014;*
- *Proposes Special Dividend of 0.30 SGD cent per ordinary share and Final Dividend of 0.50 SGD cent per ordinary share.*

Singapore, February 17, 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 38% increase in net profit attributable to equity holders of the Company (“Net Profit”) to S\$29.5 million for the full year ended December 31, 2014 (“FY2014”) on the back of a 10% increase in revenue to S\$395.1 million over the same period.

Mr. Francis Koh (“许庆祥”), Managing Director and Group CEO of Koh Brothers, commented: “With a sound business model comprising of a well-diversified portfolio, we have remained resilient during the year, achieving a good set of performance notwithstanding challenging macro volatilities.

“In Real Estate, the success of Parc Olympia’s sales will continue to provide us with good earnings visibility. As a themed-and-lifestyle developer, we are always looking out for new features to differentiate our residential properties to appeal to all homebuyers. In challenging times, we will place an even greater emphasis on unique or innovative features to differentiate our developments.

“At the same time, we will look at increasing our recurring income from our Property Investments which include commercial and residential properties, as well as from our Leisure and Hospitality segment. In Singapore, we are in the midst of a makeover of our JV mall, Sun Plaza, at Sembawang and we will provide more updates at the appropriate time. For Hospitality, we will continue to look at asset enhancements for both Oxford Hotel and our serviced apartments, Alocassia, for future growth.

Where feasible, we will look at further broadening our asset portfolio and geographical spread to achieve a higher investment yield.”

Performance Review

Group Revenue comprises sales of products, services rendered, property development and rental income, as well as construction contract revenue. In FY2014, a 67.3% surge in sales mainly from the Real Estate division lifted Group revenue 10% to S\$395.1 million, from S\$359.1 million for the year ended December 31, 2013 (“FY2013”).

Correspondingly, gross profit rose 37% to S\$62.3 million in FY2014 from S\$45.3 million in FY2013. Gross profit margin was up 3.2 percentage points to 15.8% from 12.6% over the same period.

The Group also recorded higher other income of S\$2.0 million in FY2014 from S\$1.6 million in FY2013, mainly due to an increase in interest income. The Group also saw an increase in other gains to S\$8.2 million as compared to S\$1.3 million over the same corresponding period, due to gain on liquidation of a subsidiary and higher fair value of investment properties as well as financial assets through profit or loss.

Share of results of joint venture companies recorded a loss of S\$5.7 million in FY2014 mainly due to lower contribution from a property currently undertaking an asset enhancement exercise.

Overall, profit before income tax rose 35% to S\$33.8 million in FY2014 from S\$25.1 million in FY2013. With higher profit, earnings per share rose 44.8% to 6.76 SGD cents in FY2014 from 4.67 SGD cents in FY2013.

For the three months ended December 31, 2014 ("4Q2014"), the Group's net profit dipped marginally by 2% to S\$6.2 million, from S\$6.3 million in the same corresponding period ("4Q2013"), mainly with impact from higher overall operating expenses and share of loss from joint venture companies. Revenue, on the other hand, rose 17% to S\$102.3 million in FY2014 from S\$87.6 million in FY2013, driven mainly by the Group's Real Estate division.

Proposed Dividends

To reward its loyal shareholders, the Group has proposed a tax-exempt, one tier special dividend of 0.30 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 16, 2015.

Strong Balance Sheet

The Group's balance sheet continues to remain robust with cash holdings of S\$77.3 million and shareholders' equity of approximately S\$235.7 million as at December 31, 2014. Koh Brothers also had a comfortable debt servicing ability with good liquidity. As of December 31, 2014, net gearing ratio was low at 0.72 times whilst the current ratio was 2.1 times.

Outlook and Strategies

According to the Building and Construction Authority, for 2015, the estimated construction demand is between S\$29 billion to S\$36 billion, of which more demand, or 60%, is expected from the public sector. Latest data from the Urban Redevelopment Authority showed that prices of private residential properties declined by 1% in 4Q2014 for a fifth continuous quarter, with prices declining by 4% for 2014.

Mr. Koh added, "There are bright spots in the construction sector. With nearly five decades of strong track record and construction expertise, namely in-house precast, ready-mix concrete and building materials capabilities, we are well poised and ready to meet the Government's requirements and push towards greater efficiency and productivity for the construction industry; and a rising demand for precast components in the near future and in the long term.

"To better cope with the tight labour situation, we will place a strong emphasis on value engineering and continuously review internal processes to derive cost savings and raise productivity. 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 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.

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February 17, 2015