NEWS RELEASE

KOH BROTHERS ACHIEVES 25% REVENUE GROWTH TO S$154.5 MILLION FOR 1H2017

- ***Westwood Residences EC over 95% sold, expected to TOP in 3Q 2017***
- ***Sale of The Lumos expected to contribute positively in 3Q 2017***

Singapore, 10 August 2017 – 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**"), announced today net profit attributable to shareholders of S$2.6 million on revenue of S$154.5 million for the six-month period ended 30 June 2017 (**"1H2017"**).

Mr. Francis Koh (许庆祥), Managing Director and Group CEO of Koh Brothers, commented, "While the operating environment remains challenging, we take comfort in the resilience of our business built upon solid fundamentals and strong brand established over the last 50 years. Our Construction and Building Materials division, having carved a niche in both civil and hydro-engineering after the recent restructuring exercise, continues to tender aggressively to replenish our order book. We also continue to look out for yield-accretive opportunities, both in Singapore and abroad, to replenish our land bank for the property development business."

Financial Highlights

The S$154.5 million revenue achieved in 1H2017 was a 25% rise from S$124.0 million recorded a year ago ("**1H2016"**) due to higher contribution from the Construction and Building Materials division. Gross profit for 1H2017 declined 62% to S$6.0 million due to lower profit margin earned during the period.

Other income rose over five times as the Group recorded a one-time gain of S$6.9 million in 1H2017 due to compensation received for an early termination of a land lease recognised by a subsidiary in China.

Share of profits of associated companies and joint ventures increased to S$6.5 million in 1H2017, a 137% increase from S$2.8 million in 1H2016, lifted by higher fair value gain from valuation of an investment property.

Correspondingly, mainly due to the dip in profit margin, the Group recorded a net profit attributable to shareholders of S$2.6 million, a 57% decrease from S$6.0 million in 1H2016.

For the three-month period ended 30 June 2017, the Group reported revenue of S$65.7 million, 7% lower than the S$70.8 million recorded in the equivalent period a year ago. This was mainly a result of lower contributions from the Building Materials division, in line with the downturn in the construction industry. Consequently, net profit decreased to S$1.5 million from S$2.7 million across the same periods.

Earnings per share for 1H2017 decreased to 0.37 Singapore cent from 0.64 Singapore cent a year ago. Net asset value per share rose to 64.10 Singapore cents as at 30 June 2017 from 63.89 Singapore cents as at 31 December 2016.

The Group's balance sheet remains healthy with higher cash and cash equivalents of S$46.8 million as at 30 June 2017 compared to S$43.2 million as at 31 December 2016, while shareholders' equity remained steady at S$264.8 million as at 30 June 2017.

The Group's debt servicing ability with liquidity remains comfortable with a current ratio of 1.2 times. Net gearing ratio remained steady at 0.38 time as at 30 June 2017.

Outlook and Strategies

Advanced estimates from the Ministry of Trade and Industry Singapore ("**MTI**")[1] showed that the Singapore economy grew 2.5% in 2Q 2017, consistent with the growth in the preceding quarter. On a quarter-on-quarter seasonally-adjusted annualised basis, the economy expanded 0.4% – an improved performance from the 1.9% contraction in 1Q 2017. The MTI had forecasted for GDP to grow between 1% and 3% in 2017[2].

The MTI also reported that the construction sector contracted 5.6% year-on-year in 2Q 2017, subsequent to a 6.1% decline in 1Q 2017 due mainly to a slowdown in construction activities for both the private and public sectors. On a quarter-on-quarter seasonally-adjusted annualised basis, the sector grew 4.3%, in contrast to a 14.4% contraction in the preceding quarter.

The Building and Construction Authority had projected construction demand to reach between S$28 billion and S$35 billion, of which 70% are to be derived from the public sector[3], lifted by several large-scale civil engineering public infrastructure projects earmarked for 2017's pipeline, including Phase 2 of the Deep Tunnel Sewerage System, North-South Corridor and Circle Line 6[3].

Latest statistics from the Urban Redevelopment Authority for 2Q 2017 showed a gentler 0.1% slip compared to the 0.4% decline in 1Q 2017[4]. Developers launched 2,011 private residential units for sale and sold 3,077 units in 2Q 2017 – this healthy demand has led to a 4.1% decline in pipeline supply. Although there were no new executive condominium ("**EC**") launches during the quarter, 954 EC units were sold in 2Q 2017.

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[1] Ministry of Trade and Industry, 14 July 2017 – Singapore's GDP grew by 2.5 per cent in the second quarter of 2017

[2] Ministry of Trade and Industry,17 February 2017 – MTI maintains 2017 GDP growth forecast at "1.0 to 3.0 per cent"

[3] Building and Construction Authority, 6 January 2017 – Public sector construction demand is expected to increase this year

[4] Urban Redevelopment Authority, 28 January 2017 – Release of 2nd Quarter 2017 real estate statistics

"Our first EC project – Westwood Residences, Singapore's first bike-themed residential project – has sold over 95% of its units as we anticipate its TOP in 3Q 2017, after which we can recognise our share of profits from the development project. Concurrently, we expect to receive our share of earnings from the recent bulk sale of The Lumos JV project."

"While we intend to recycle the capital into other yield-accretive projects or investments, we continue to employ a prudent approach to project selection and land acquisitions to protect shareholder value," added Mr Koh.

Koh Brothers had on 19 July 2017, along with its JV partner, announced that it will dispose the remaining 36 unsold units of The Lumos for S$41.6 million. The joint venture, in which the Group owns a 50% interest, had on 19 July 2017 received S$30 million cash from the sale.

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, and Malaysia.

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 single-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 water and wastewater treatment, hydro-engineering, 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, and hydro-engineering sectors.

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