

MISCELLANEOUS :: CLARIFICATION IN RELATION TO ARTICLE PUBLISHED IN THE BUSINESS TIMES ON 2 DECEMBER 2013


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Name of Announcer *	KOH BROTHERS GROUP LIMITED
Company Registration No.	199400775D
Announcement submitted on behalf of	KOH BROTHERS GROUP LIMITED
Announcement is submitted with respect to *	KOH BROTHERS GROUP LIMITED
Announcement is submitted by *	KOH KENG SIANG
Designation *	MANAGING DIRECTOR & GROUP CEO
Date & Time of Broadcast	03-Dec-2013 23:16:15
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>> ANNOUNCEMENT DETAILS

The details of the announcement start here ...

Announcement Title *	CLARIFICATION IN RELATION TO ARTICLE PUBLISHED IN THE BUSINESS TIMES ON 2 DECEMBER 2013
Description	Please see attached.
Attachments	<p> KBGL-Clarification Announcement.pdf</p> <p>Total size =26K (2048K size limit recommended)</p>



KOH BROTHERS GROUP LIMITED
(Unique Entity Number: 199400775D)

CLARIFICATION IN RELATION TO ARTICLE PUBLISHED IN THE BUSINESS TIMES ON 2 DECEMBER 2013

The Board of Directors (the “**Board**”) of Koh Brothers Group Limited (“**KBGL**” or the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to clarify specific statements made in an article entitled “Passion, synergy drive Koh Brothers” published by The Business Times on 2 December 2013.

The contents of the article were written based on an interview between Mr Koh Keng Siang (“**Mr Francis Koh**”), Managing Director and Group Chief Executive Officer of KBGL, and The Business Times.

The Company wishes to clarify the following specific statements (in bold below) from the article:

1. **At Koh Brothers alone, construction costs have gone up by 15 to 20 per cent. Tender prices have also risen, but they have not gone up quickly enough to cover costs, Mr Koh points out.**

It is common knowledge that manpower costs in the construction industry in Singapore have recently gone up. This has arisen primarily from shortage of labour and an increase in levy for contractors. According to the Economic Survey 2012 published by the Ministry of Trade and Industry in February 2013, construction costs increased by approximately 15% between 2009 and 2012. This is in line with the construction costs increase by the Group’s construction division which typically has projects lasting about 3 to 5 years. The Group operates in a challenging environment and will monitor this closely.

2. **The plan is to keep expanding on all fronts. All three divisions are financially independent, says Mr Koh, who does not rule out separate listings if they meet listing requirements.**

This year, he is zeroing in on growing the group's stable of hotels. It has actually pared debt in order to afford this expansion, and is casting an eye on freehold, completed projects abroad because of the high prices here.

Koh Brothers owns the Oxford Hotel in Queen Street here. It has about 130 rooms and an average occupancy of more than 80 per cent.

Yes, this is a strategic vision of what Mr Francis Koh has for the Group. In line with the Group's vision to increase shareholders' value, the Group is continually exploring opportunities to increase such value. If there is something more concrete, the Company will make the necessary announcement at the appropriate time.

As set out in the Third Quarter Results Financial Statement and Related Announcement released via SGXNET on 13 November 2013, we are cautiously optimistic of the construction sector and expect the level of construction activity to be sustained and that the construction sector remains challenging on the back of a competitive environment and difficulty in recruiting workers. With regard to this, the plan is to keep expanding on all fronts, including our Construction division by increasing our productivity drive.

Oxford Hotel's recent average occupancy rate has been more than 80%. The hotel division has contributed about 1.28% of the group's revenue for FY2012.

The Group continues to explore expansion plans but currently has not identified specific expansion targets. The Company will also announce any significant developments if they materialise.

- 3. In construction, the company will focus on higher-value contracts. "I think now the profit margins have to be slightly higher than last time; otherwise, the project may run into problems because of the productivity drive."**

It is the strategic vision of the Group to aim for projects with higher profit margins. As for contracts having to have slightly higher profit margins than before, this observation applies to both the Group and the Group's assessment of the construction industry in general.

By Order of the Board

Koh Keng Siang
Managing Director & Group CEO

3 December 2013