

Financial Statements and Related Announcement::First Quarter Results



Issuer & Securities

Issuer/ Manager	KOH BROTHERS GROUP LIMITED
Stapled Security	No

Announcement Details

Announcement Title	Financial Statements and Related Announcement
Date & Time of Broadcast	09-May-2017 17:59:26
Status	New
Announcement Sub Title	First Quarter Results
Announcement Reference	SG170509OTHR4683
Submitted By (Co./ Ind. Name)	Koh Keng Siang
Designation	Managing Director & Group CEO
Description (Please provide a detailed description of the event in the box below - Refer to the Online help for the format)	Please refer to the attachments.

Additional Details

For Financial Period Ended	31/03/2017
Attachments	<p> KBG Result Announcement 1Q2017_FINAL.pdf</p> <p> Koh Brothers 1Q2017 NR.pdf</p> <p>Total size =365K</p>



KOH BROTHERS GROUP LIMITED
(Company Registration No. 199400775D)

Unaudited First Quarter and 3 Months Financial Statement And Dividend Announcement for the Period Ended 31 March 2017

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	3 months ended		Change %
		31/03/2017 S\$'000	31/03/2016 S\$'000	
Sales	1	88,805	53,221	67%
Cost of sales		(79,680)	(42,970)	85%
Gross profit		9,125	10,251	-11%
Other income	2	712	760	-6%
Other losses - net	3	(578)	(268)	116%
Expenses				
- Distribution		342	(142)	n.m.
- Administrative		(4,865)	(4,703)	3%
- Other		(2,156)	(52)	4046%
- Finance		(1,387)	(1,203)	15%
Share of profit/(loss) from				
- associated companies		20	69	-71%
- joint ventures		1,414	(962)	n.m.
Profit before income tax	4	2,627	3,750	-30%
Income tax expense	5	(384)	(710)	-46%
Profit after income tax		2,243	3,040	-26%
Other comprehensive (loss)/income, net of tax:				
Exchange differences on translating foreign operations		(271)	714	n.m.
Fair value loss on available-for-sale financial assets		(901)	(12)	7408%
Other comprehensive (loss)/income, net of tax		(1,172)	702	n.m.
Total comprehensive income		1,071	3,742	-71%
Profit/(Loss) attributable to:				
Equity holders of the Company		1,075	3,377	-68%
Non-controlling interests		1,168	(337)	n.m.
		2,243	3,040	-26%
Total comprehensive income attributable to:				
Equity holders of the Company		(112)	2,697	n.m.
Non-controlling interests		1,183	1,045	13%
		1,071	3,742	-71%

n.m. - Not meaningful

Notes to the Consolidated Statement of Comprehensive Income

	3 months ended	
	31/03/2017 S\$'000	31/03/2016 S\$'000
Note 1		
Sales include the following:		
Sales of products	15,350	22,145
Services rendered	1,537	1,478
Property development and rental	636	726
Contract revenue	71,282	28,872
	88,805	53,221
Note 2		
Other income include the following:		
Rental income	98	103
Interest income	537	557
Other income	77	100
	712	760
Note 3		
Other losses - net include the following:		
Gain on disposal of property, plant and equipment	11	805
Fair value gain/(loss) on long-term financial assets and financial liabilities	66	(41)
Fair value loss on financial assets at fair value through profit or loss	(2)	(5)
Net foreign exchange loss	(653)	(1,027)
	(578)	(268)
Note 4		
Profit before income tax is stated after charging/(crediting) the following items:		
Write-back of impairment on trade and non-trade receivables	(783)	(155)
Allowance for impairment on loan to joint ventures	2,292	-
Depreciation of property, plant and equipment	1,433	1,531
Note 5		
Income tax includes the following:		
Current income tax		
- in respect of current period	104	496
- under provision in respect of prior period	(20)	214
Deferred income tax		
- in respect of current period	-	-
- under provision in respect of prior period	300	-
	384	710

The Group's taxation charge for the period ended 31 March 2017 is lower than that determined by applying the Singapore income tax rate of 17% to the Group's profit before income tax mainly due to utilisation of tax incentive and losses of certain subsidiaries being offset against profits of other subsidiaries.

1(b)(i) BALANCE SHEET

	GROUP		COMPANY	
	31/03/2017 S\$'000	31/12/2016 S\$'000	31/03/2017 S\$'000	31/12/2016 S\$'000
ASSETS				
CURRENT ASSETS				
Cash and bank balances	57,037	43,227	91	134
Financial assets at fair value through profit or loss	38	40	-	-
Trade receivables	135,721	121,231	-	-
Due from customers on construction contracts	38,555	35,067	-	-
Amounts due from subsidiaries	-	-	58,416	57,506
Amount due from joint ventures	70,671	76,056	-	-
Inventories	9,715	8,395	-	-
Development properties	1,189	1,189	-	-
Available-for-sale financial assets	2,301	7,529	-	-
Other current assets	27,854	25,649	3	16
	343,081	318,383	58,510	57,656
NON-CURRENT ASSETS				
Trade receivables	10,579	9,251	-	-
Amount due from joint ventures	5,999	5,936	-	-
Available-for-sale financial assets	2,307	-	-	-
Investments in associated companies	1,367	1,347	-	-
Investments in joint ventures	76,110	77,196	-	-
Investments in subsidiaries	-	-	104,834	104,752
Investment properties	90,706	90,706	-	-
Property, plant and equipment	109,014	108,879	-	-
Goodwill	5,078	5,078	-	-
	301,160	298,393	104,834	104,752
TOTAL ASSETS	644,241	616,776	163,344	162,408
LIABILITIES				
CURRENT LIABILITIES				
Trade payables	101,066	98,301	-	-
Other liabilities	42,742	35,115	1,309	614
Due to customers on construction contracts	31,597	31,974	-	-
Amounts due to subsidiaries	-	-	26,005	25,693
Amounts due to an associated company	557	485	-	-
Amounts due to joint ventures	15,986	15,507	-	-
Current income tax liabilities	2,522	3,289	45	3
Short-term borrowings	43,985	28,224	-	-
Notes payables	50,000	-	50,000	-
	288,455	212,895	77,359	26,310
NON-CURRENT LIABILITIES				
Trade payables	8,500	7,399	-	-
Finance lease	3,150	2,755	-	-
Bank borrowings	58,124	58,963	-	-
Notes payables	-	50,000	-	50,000
Deferred income tax liabilities	8,860	8,559	-	-
	78,634	127,676	-	50,000
TOTAL LIABILITIES	367,089	340,571	77,359	76,310
NET ASSETS	277,152	276,205	85,985	86,098
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	36,981	36,981	36,981	36,981
Treasury shares	(7,738)	(7,614)	(7,738)	(7,614)
Capital and other reserves	374	1,203	-	-
Retained profits	244,162	243,087	56,742	56,731
Currency translation reserve	(9,719)	(9,361)	-	-
	264,060	264,296	85,985	86,098
Non-controlling interests	13,092	11,909	-	-
Total equity	277,152	276,205	85,985	86,098

1(b)(ii) Aggregate amount of Group's borrowings and debt securities.

	As at 31/03/2017		As at 31/12/2016	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amount repayable in one year or less, or on demand	5,716	88,269	5,448	22,776
Amount repayable after one year	61,274	-	61,718	50,000

Details of any collateral

The Group's secured borrowings are secured by the Group's freehold properties, investment properties, plant and machinery and motor vehicles.

1(c) CONSOLIDATED STATEMENT OF CASH FLOWS

	3 months ended	
	31/03/2017 S\$'000	31/03/2016 S\$'000
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Profit after income tax	2,243	3,040
Adjustments for non-cash items:		
Income tax	384	710
Depreciation of property, plant and equipment	1,433	1,531
Property, plant and equipment written off	-	(42)
Gain on disposal of property, plant and equipment	(11)	(805)
Fair value (gain)/loss on long-term financial assets and financial liabilities	(66)	41
Fair value loss on financial assets at fair value through profit or loss	2	5
Share of profit from associated companies	(20)	(69)
Share of (gain)/loss from joint ventures	(1,414)	962
Interest expense	1,387	1,203
Interest income	(537)	(557)
Unrealised foreign exchange loss	31	269
Operating profit before working capital changes	3,432	6,288
Working capital changes:		
- Receivables	(18,053)	99,561
- Inventories	(1,320)	361
- Due from/to customers on construction contracts	(2,811)	(8,181)
- Development properties	-	(11)
- Payables	19,247	(37,045)
Cash generated from operations	495	60,973
Income tax paid	(848)	(411)
Interest paid	(804)	(1,980)
Net cash (used in)/provided by operating activities	(1,157)	58,582
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase of available-for-sale financial assets	(2,991)	-
Purchase of property, plant and equipment	(1,174)	(2,595)
Proceeds from disposal of property, plant and equipment	42	835
Proceeds from disposal of available-for-sale financial assets	5,000	-
Additions to investment properties	-	(13)
Interest received	537	557
Net cash provided by/(used in) investing activities	1,414	(1,216)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Proceeds from bank borrowings	16,970	7,807
Purchase of treasury shares	(125)	(13)
Repayment of finance lease	(816)	(1,094)
Repayment of bank borrowings	(2,208)	(91,957)
Deposit pledge	(48)	156
Net cash provided by/(used in) financing activities	13,773	(85,101)
NET CHANGE IN CASH AND CASH EQUIVALENTS	14,030	(27,735)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	41,890	62,766
EFFECTS OF CURRENCY TRANSLATION ON CASH AND CASH EQUIVALENTS	(360)	(480)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	55,560	34,551
Represented by:		
CASH AND CASH EQUIVALENTS		
Cash and bank balances	57,037	36,161
Restricted cash	(1,477)	(1,610)
	55,560	34,551

1(d)(i) STATEMENT OF CHANGES IN EQUITY FOR THE GROUP AND THE COMPANY

	Attributable to equity holders of the Group					NON-CONTROLLING INTERESTS	TOTAL EQUITY	
	Share Capital	Treasury Shares	Capital and Other Reserves	Retained Profits	Currency Translation Reserve			TOTAL
GROUP (S\$'000)								
Balance as at 01/01/2017	36,981	(7,614)	1,203	243,087	(9,361)	264,296	11,909	276,205
Profit for the financial period	-	-	-	1,075	-	1,075	1,168	2,243
Other comprehensive income/(loss) for the period	-	-	(829)	-	(358)	(1,187)	15	(1,172)
Purchase of treasury shares	-	(124)	-	-	-	(124)	-	(124)
Balance as at 31/03/2017	36,981	(7,738)	374	244,162	(9,719)	264,060	13,092	277,152
Balance as at 01/01/2016	42,653	(12,919)	(441)	235,916	(8,004)	257,205	9,378	266,583
Profit for the financial period	-	-	-	3,377	-	3,377	(337)	3,040
Other comprehensive loss for the period	-	-	(12)	-	(667)	(679)	1,381	702
Warrant expired	-	-	1,785	-	-	1,785	(1,785)	-
Cancellation of shares held in treasury shares	(5,672)	5,672	-	-	-	-	-	-
Purchase of treasury shares	-	(12)	-	-	-	(12)	-	(12)
Balance as at 31/03/2016	36,981	(7,259)	1,332	239,293	(8,671)	261,676	8,637	270,313

	Attributable to equity holders of the Company			
	Share Capital	Treasury Shares	Retained Profits	TOTAL
COMPANY (S\$'000)				
Balance as at 01/01/2017	36,981	(7,614)	56,731	86,098
Total comprehensive income for the period	-	-	11	11
Purchase of treasury shares	-	(124)	-	(124)
Balance as at 31/03/2017	36,981	(7,738)	56,742	85,985
Balance as at 01/01/2016	42,653	(12,919)	59,535	89,269
Total comprehensive income for the period	-	-	195	195
Cancellation of shares held in treasury shares	(5,672)	5,672	-	-
Purchase of treasury shares	-	(12)	-	(12)
Balance as at 31/03/2016	36,981	(7,259)	59,730	89,452

1(d)(ii) Details of any changes in the Company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Total number of issued shares
Less: Cancellation of shares held in treasury
End of financial period

No. of Shares	
31/03/2017	31/12/2016
438,000,000	456,475,400
-	(18,475,400)
438,000,000	438,000,000

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

Total number of issued shares excluding treasury shares

No. of shares	
31/3/2017	31/12/2016
413,245,000	413,680,000

1(d)(iv) A statement showing all sales, transfer, disposal, cancellation and/or use of treasury shares as at end of the current financial period reported on.

Beginning of financial period
Purchase of treasury shares
Cancellation of shares held in treasury
End of financial period

No. of shares
3 months
31/3/2017
24,320,000
435,000
-
24,755,000

2 Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have neither been audited nor reviewed.

3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).

Not applicable.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with the audited financial statements as at 31 December 2016 except for the adoption of new or revised Financial Reporting Standards ("FRS") and Interpretations to FRS ("INT FRS") that are mandatory for financial years beginning on or after 1 January 2017. The adoption of these new or revised FRS and INT FRS has no significant impact on the Group's consolidated financial statements.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Please refer to paragraph 4 above.

6 Earnings per ordinary share of the Group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

Earnings per ordinary share for the period after deducting any provision for preference dividends:

(i) Basic
(ii) On a fully diluted basis

GROUP	
3 months ended	
31/03/2017	31/03/2016
(cent)	(cent)
0.26	0.81
0.26	0.81

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company over the weighted average number of ordinary shares in issue during the current financial period of 413,600,389 ordinary shares (2016: 414,966,956 ordinary shares).

- 7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer as at the end of the (a) current financial period reported on and (b) immediately preceding financial year.

Net asset value backing per ordinary share based on existing issued share capital (excluding treasury shares) as at the end of the period reported on

GROUP		COMPANY	
31/03/2017 (cents)	31/12/2016 (cents)	31/03/2017 (cents)	31/12/2016 (cents)
63.90	63.89	20.81	20.81

Note:

The net asset value per share is calculated based on the issued share capital excluding treasury shares of 413,245,000 ordinary shares as at 31 March 2017 (31 December 2016: 413,680,000 ordinary shares).

- 8 A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. The review must discuss any significant factors, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flows, working capital, assets or liabilities of the Group during the current financial period reported on.

Review of Group performance

1Q 2017 VS 1Q 2016

Group sales for the first quarter ended 31 March 2017 ("1Q 2017") amounted to S\$88.81 million, an increase of 67% from the previous corresponding period in 2016 ("1Q 2016"). The increase was primarily due to higher contribution from the Construction and Building Material division. The Group's gross profit in 1Q 2017 was S\$9.13 million, down 11% from S\$10.25 million in 1Q 2016. The decrease was mainly due to lower gross profit margin.

Other losses increased by 116% to S\$0.58 million in 1Q 2017. This was mainly due to net gain of S\$0.81 million from the sale of property, plant and equipment a year ago compared to S\$0.01 million in the current period. There was a credit in distribution expenses of S\$0.34 million in 1Q 2017 arising from a write-back of allowance made for impairment on trade receivables. Other expenses increased to S\$2.16 million in 1Q 2017 from S\$0.05 million in 1Q 2016 mainly due to allowance for impairment of loan to joint ventures. Finance expenses for 1Q 2017 increased from S\$1.20 million to S\$1.39 million mainly due to increase in bank borrowings. Depreciation expenses decreased marginally in 1Q 2017.

Share of result from joint ventures recorded a profit of S\$1.41 million in 1Q 2017. This was mainly due to higher profit contributed by Sun Plaza in 1Q 2017.

The Group's profit before income tax decreased by 30% in 1Q 2017 to S\$2.63 million compared to S\$3.75 million in 1Q 2016.

Overall, the Group recorded a decrease of net profit attributable to shareholders of 68% from S\$3.38 million in 1Q 2016 to S\$1.08 million in 1Q 2017.

Earnings per share decreased from 0.81 cent in 1Q 2016 to 0.26 cent in 1Q 2017.

Review of changes in working capital, assets and liabilities

The main movements in assets and liabilities are as follows:

- 1) Increase in cash and cash equivalents was mainly due to collection from buyers for a residential project, offset by the payment to creditors.
- 2) Increase in trade receivables was mainly due to the increase in progress billings on construction contracts.
- 3) Increase in amount due from customer on construction contracts was mainly due to construction-in-progress in excess of progress billings.
- 4) Decrease in amount due from joint ventures was mainly due to repayment of trade debt from a joint venture.
- 5) Decrease in available-for-sale financial assets was mainly due to redemption of bond at maturity.
- 6) Non-current assets increased by S\$2.77 million was mainly due to purchase of available-for-sale financial asset.
- 7) Non-current liabilities decreased by S\$49.04 million was mainly due to the reclassification of note payables of S\$50 million to current as the amounts are required to be repaid within the next twelve months.
- 8) Current liabilities increased by S\$75.56 million was mainly due to the reclassification of notes payables from long term as mentioned above, and the increase in short-term borrowings of S\$15.76 million.

Review of changes in cashflow

The Group reported a net increase in cash and cash equivalents mainly due to net cash provided by financing activities and investing activities.

- 9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

The current announced results are in line with the general prospect commentary previously disclosed in the results announcement for the financial year ended 31 December 2016.

- 10 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months.

According to advanced estimates by the Ministry of Trade and Industry, the Singapore economy grew by 2.5% in 1Q 2017 on a year-on-year basis, easing from the 2.9% growth in the previous quarter. On a quarter-on-quarter basis seasonally adjusted annualised basis, the economy contracted by 1.9% after posting a strong rebound of 12.3% in the preceding quarter.

The construction sector contracted by 1.1% year-on-year in the first quarter, extending the 2.8% decline in the previous quarter on the back of a slowdown in private sector construction activities. On a quarter-on-quarter seasonally adjusted annualised basis, the sector grew by 5.4 per cent, accelerating from the 0.8 per cent growth in the preceding quarter. Although we expect the outlook for the construction industry to remain challenging because of competition and higher labour cost, we are cautiously optimistic of the industry as we expect government expenditure on public sector projects to remain firm.

Latest statistics from the Urban Redevelopment Authority showed that prices of private residential properties declined by 0.4% in 1Q 2017, compared with the 0.5% decline in the previous quarter. We expect the private residential market to remain challenging as the property cooling measures continue to weigh on the residential market.

11 Dividend

- (a) Current Financial Period Reported On:

Any dividend declared for the current financial period reported on? No

- (b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? No

- (c) Date payable

Not applicable.

- (d) Books closure date

Not applicable.

- 12 If no dividend has been declared/recommended, a statement to that effect.

Not applicable

13 Interested Person Transaction

Name of Interested Person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S\$100,000 and transactions conducted under Shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under Shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$ 100,000)
Koh Keng Siang	277	-

The Goup has not obtained a general mandate from shareholders for Interested Person Transactions.

14 CONFIRMATION PURSUANT TO RULE 720(1) OF THE LISTING MANUAL

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

15 CONFIRMATION BY THE BOARD PURSUANT TO RULE 705(5) OF THE LISTING MANUAL

On behalf of the Board of Directors of the Company, we, the undersigned, do hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial results for the first quarter ended 31 March 2017 to be false or misleading in any material aspect.

ON BEHALF OF THE BOARD

Koh Keng Siang
Managing Director & Group CEO

Koh Keng Hiong
Executive Director

9 May 2017
Singapore



NEWS RELEASE

KOH BROTHERS 1Q 2017 REVENUE GROWS 67% TO S\$88.8 MILLION

- ***Westwood Residences EC over 80% sold; target completion in FY2017***
- ***Balance sheet remains healthy with higher cash and cash equivalents of S\$57.0 million and low net gearing of 0.37 time***

Singapore, May 9, 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 a 67% topline growth to S\$88.8 million for the first quarter ended March 31, 2017 (“**1Q 2017**”).

Lifted by a 146.9% rise in revenue from the Construction and Building Materials division, the Group registered higher revenue in 1Q 2017 compared to S\$53.2 million in the equivalent period a year ago (“**1Q 2016**”).

Mr. Francis Koh (许庆祥), Managing Director and Group CEO of Koh Brothers, commented, “Against the backdrop of a challenging operating environment and escalating costs, we remain focused on driving growth for our three core pillars. Post restructuring, the Construction and Building Materials division is better positioned to pursue larger-scale projects and new opportunities in the hydro-engineering space. We are aggressively tendering for new projects to replenish our order book, while protecting our margins. Meanwhile, we continue to be on the look-out for yield-accretive opportunities to replenish our land bank for the property development business, as well as attractive property investments to strengthen our recurring income.”

Due to a decline in 1Q 2017 gross profit margin, coupled with a S\$2.2 million increase in other expenses due to allowance for impairment of loan to joint ventures and higher share of profit from joint ventures lifted by stronger contributions from Sun Plaza, the Group registered an overall 68% decline in 1Q 2017 net profit to S\$1.1 million compared to S\$3.4 million a year ago.

Accordingly, earnings per share slid to 0.26 Singapore cent as at March 31, 2017 compared to 0.81 Singapore cent a year ago. Net asset value per share rose to 63.90 Singapore cents as at March 31, 2017 from 63.89 Singapore cents as at December 31, 2016.

The Group's balance sheet remains healthy with higher cash and cash equivalents of S\$57.0 million compared to S\$43.2 million as at December 31, 2016 while shareholders' equity remained steady at S\$264.1 million as at March 31, 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 0.37 time as at March 31, 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 1Q 2017, easing from the 2.9% growth in 4Q 2016. On a quarter-on-quarter seasonally-adjusted annualised basis, the economy contracted 1.9%, in contrast to a strong 12.3% rebound in the preceding quarter. The MTI had forecasted for GDP to grow between 1-3% in 2017².

¹ Ministry of Trade and Industry, April 13, 2017 – [Singapore's GDP grew by 2.5 per cent in the first quarter of 2017](#)

² Ministry of Trade and Industry, February 17, 2017 – *MTI maintains 2017 GDP growth forecast at “1.0 to 3.0 per cent”*

The MTI also reported that the construction sector contracted 1.1% year-on-year in 1Q 2017, sustaining the 2.8% decline in the previous quarter. This was mainly due to a slowdown in private sector construction activities. On a quarter-on-quarter seasonally-adjusted annualised basis, the sector grew 5.4%, compared to a 0.8% growth in 4Q 2016.

On the construction sector's outlook for 2017, the Building and Construction Authority expects demand to reach between S\$28 billion and S\$35 billion, 70% of which are to be derived from the public sector³.

Large scale civil engineering public infrastructure projects have also been earmarked for 2017's pipeline, including Phase 2 of the Deep Tunnel Sewerage System, North-South Corridor and Circle Line 6³. "With our BCA A1 grade, strong balance sheet and solid requisite track record for these projects, we are optimistic that we will capture a slice of this pie in 2017," added Mr. Koh.

Mr. Koh also commented, "Concurrently, we continue to invest in training and development to upskill our workers, adopt innovative productivity measures and look into new building methods to reduce manpower requirements and drive greater margin efficiency."

The Urban Redevelopment Authority's latest 1Q 2017 real estate statistics⁴ showed a gentler 0.4% decline in private residential property prices, compared to the 0.5% dip in 4Q 2016.

Developers sold 2,962 private residential units in 1Q 2017, a 27.9% increase from 2,316 units in 4Q 2016. Concurrently, supply has decreased with only 1,949 units launched in 1Q 2017 compared to 2,944 in 4Q 2016⁴.

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

⁴ *Urban Redevelopment Authority, January 26, 2017 – Release of 4th Quarter 2016 real estate statistics*

Executive Condominiums (“**EC**”) remain sought after, with 1,024 EC units launched for sale in 1Q 2017 and 1,072 EC units being sold in the same quarter. This is a continuing theme from the 93 EC units launched and 734 EC units sold in 4Q 2016⁴.

“Being the first bike-themed residential project in Singapore, Westwood Residences’ clear positioning and value propositions have resonated well with the market, having sold over 80% of its units. We hope to complete the project this financial year and recognise our share of profits thereafter.”

“Having established our niche as a lifestyle-themed developer with many iconic developments under our belt, we are looking to explore opportunities to extend our proven model both locally and overseas.” added Mr. Koh.

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.

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)
EMAIL	:	dolores.phua@citigatedrimage.com amelia.lee@citigatedrimage.com

May 9, 2017