KOH BROTHERS ECO ENGINEERING LIMITED

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NEWS RELEASE

KOH BROTHERS ECO RECORDS A NET PROFIT OF S$1.2 MILLION ON HIGHER REVENUE OF S$109.5 MILLION FOR 1H2021

- ***Recovery to S$1.2 million net profit attributable to shareholders in 1H2021 from S$13.6 million loss in 1H2020***
- ***Focused on execution of order book of S$582.3 million[1]***
- ***Balance sheet remains healthy with cash and bank balances of S$61.1 million and a low net gearing of 0.07***

SINGAPORE, 5 August 2021 – SGX Catalist-listed sustainable engineering solutions provider, Koh Brothers Eco Engineering Limited (許兄弟生态工程有限公司) ("**Koh Brothers Eco**", and together with its subsidiaries, the "**Group**"), today reported its financial performance for the half-year ended 30 June 2021 ("**1H2021**").

The Group reported a revenue of S$109.5 million for 1H2021, an increase of 39% from S$78.7 million a year ago ("**1H2020**") mainly due to an increase in revenue from the Engineering and Construction division.

Gross profit improved to S$5.5 million in 1H2021 as compared to a gross loss of S$9.5 million in 1H2020, with the gradual resumption of construction activities in 1H2021.

Overall, net profit attributable to equity holders stood at S$1.2 million in 1H2021, substantially improved as compared to a net loss attributable to equity holders of S$13.6 million in 1H2020.

Net asset value per share decreased to 5.05 Singapore cents as at 30 June 2021 compared to 5.19 Singapore cents as at 31 December 2020.

[1] *As at 30 June 2021*

As at 30 June 2021, the Group's order book stood at S$582.3 million. Cash and bank balances remained strong at S$61.1 million with a low net gearing ratio of 0.07 while shareholders' equity stood at S$142.2 million as at 30 June 2021.

Koh Brothers Eco's Chief Executive Officer, Mr. Paul Shin, commented, "The construction sector remained arduous in 2021, with new challenges brought on by the highly transmissible COVID-19 delta variant. Despite the adversities, the Group has reported a rebounded revenue growth of 39% from 1H2021. The Group continues to prioritise cashflow conservation and has remained prudent as we manoeuvre through these unprecedented times. Going forward, we will continue to scrutinise and manage our operating costs closely, and focus on raising productivity, as we position ourselves to tap on opportunities in the public sector."

Outlook & Future Strategies

Based on latest advanced estimates from the Ministry of Trade and Industry, Singapore's economy grew by 14.3% on a year-on-year basis in the second quarter of 2021. The construction sector expanded by 98.8% on a year-on-year basis in the second quarter of 2021, a turnaround from the 23.1% contraction in the preceding quarter. The sharp upturn was due to low base effects as the Circuit Breaker measures had resulted in a stoppage of most construction activities in the second quarter of 2020. In absolute terms, the value-added of the sector remained 31.6% below its pre-pandemic (i.e. second quarter of 2019) level. On a quarter-on-quarter seasonally adjusted basis, the construction sector shrank by 11% in the second quarter of 2021, a reversal from the 4.5% growth in the previous quarter[2].

Additionally, the Group's Bio-Refinery and Renewable Energy counterparts has been affected by Malaysia's Movement Control Order (MCO) as the country struggles to contain the new virus variant. Although business activities have reduced, the Group has adapted through temporary mitigating solutions such as arrangements for employment of local staff and online support and commissioning protocol, with minimal

[2] *Ministry of Trade and Industry, 14 July 2021 – Singapore's GDP Grew by 14.3 Per Cent in the Second Quarter of 2021*

disruptions to the Group's Bio-Refinery and Renewable Energy sector. The Group remains cautiously optimistic on the long-term prospect of this sector.

- End -

Note to Media: This media release is to be read in conjunction with the announcement issued on SGXNET on the same date.

About Koh Brothers Eco Engineering Limited

Listed on the Singapore Exchange ("**SGX**") in 2006, Koh Brothers Eco Engineering Limited ("**Koh Brothers Eco**", and together with its subsidiaries, the "**Group**") is a sustainable engineering solutions group that provides engineering, procurement and construction ("**EPC**") services for water and wastewater treatment, hydro-engineering, bio-refinery and renewable energy projects as well as engineering and construction services, specialising in providing building and civil engineering construction and infrastructure works.

Incorporated in Singapore in 1975, Koh Brothers Eco started out by providing EPC services for water and wastewater treatment projects as well as hydro-engineering projects. Its principal market is in Asia with projects from both the public and private sectors.

The Group's engineering and construction division under Koh Brothers Building & Civil Engineering Contractor (Pte.) Ltd. ("**KBCE**"), which holds the A1 grade from the Building and Construction Authority ("**BCA**") for both building and civil engineering categories, possesses capabilities in building and civil engineering construction. The BCA A1 grade allows KBCE to tender for building and civil infrastructure projects of unlimited value. KBCE, which enjoys a long and rich corporate history, has a strong track record ranging from design and build to general construction for residential, commercial and institutional buildings and infrastructure works. KBCE is also a BCA L6 – (ME11) graded contractor which enables it to tender for public mechanical engineering projects of unlimited value.

Over the years, KBCE has participated in projects by various public sector agencies such as the BCA, Housing & Development Board ("**HDB**"), PUB, Singapore's National Water Agency, Urban Redevelopment Authority ("**URA**"), Land Transport Authority ("**LTA**") and Changi Airport Group ("**CAG**").

Some of KBCE's major infrastructure projects include the Punggol Waterway awarded by HDB, the iconic Marina Barrage, Geylang River Make Over, Changi Water Reclamation Plant (Phase 1), and Jurong Water Reclamation Plant by PUB, the

Common Service Tunnel by URA, Downtown Line 1 Bugis Station by LTA and the retention pond at Changi Airport by CAG. In addition, through a joint venture with Samsung C&T Corporation, KBCE secured a landmark S$1.12 billion project from CAG for development works to effect three-runway operations at Changi Airport.

Other landmark building projects by KBCE include Building and Electrical works at Jurong West Neighbourhood 6 Contract; Building works at Chua Chu Kang Neighbourhood 4 Contract awarded by HDB; New Halls of Residence at Nanyang Avenue for Nanyang Technological University and the development of River Valley High School and a hostel at Boon Lay Avenue, both commissioned by the Ministry of Education; Design and Build projects for the Provost & Armour Cluster in Kranji Camp and Keat Hong Camp, both awarded by the Ministry of Defence; and the construction of the Singapore Civil Defence Force Headquarters Complex at Ubi Avenue 4 commissioned by the Ministry of Home Affairs.

The Group's Bio-Refinery and Renewable Energy division under Oiltek Sdn. Bhd. specialises in a full range of conventional edible oil process plants as well as biodiesel, pre-treatment and winter fuel plants. Through its subsidiary, Oiltek Global Energy Sdn. Bhd., it also designs, builds and supplies biogas recovery systems to palm oil mill effluent plants in Malaysia and Indonesia.

This document has been reviewed by the Company's Sponsor, Stamford Corporate Services Pte. Ltd. (the "Sponsor"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "SGX-ST") and the SGX-ST assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document.

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