

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

- 1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Notes	GROUP		
		6 months ended		Change %
		30/06/2020 S\$'000	30/06/2019 S\$'000	
Revenue		78,725	129,512	-39
Cost of sales		(88,267)	(122,980)	-28
Gross (loss)/profit		(9,542)	6,532	N.M.
Other income	1	65	67	-4
Other gains - net	2	984	383	157
Selling and distribution expenses		(68)	(92)	-27
Administrative expenses		(3,225)	(4,306)	-25
Finance expenses		(1,152)	(873)	32
Share of (loss)/profit from associated companies, net of tax		(75)	399	N.M.
(Loss)/profit before income tax	3	(13,013)	2,110	N.M.
Income tax expense	4	(245)	(359)	-32
(Loss)/profit after income tax		(13,258)	1,751	N.M.
Other comprehensive loss, net of tax:				
Fair value loss on debt financial assets, at FVOCI		(166)	(37)	342
Currency translation differences arising from consolidation		(147)	(53)	176
Other comprehensive loss, net of tax		(313)	(90)	250
Total comprehensive (loss)/income		(13,571)	1,661	N.M.
(Loss)/profit attributable to:				
Equity holders of the Company		(13,639)	1,672	N.M.
Non-controlling interests		381	79	379
Total comprehensive (loss)/income attributable to:		(13,258)	1,751	N.M.
Equity holders of the Company		(13,904)	1,594	N.M.
Non-controlling interests		333	67	394
		(13,571)	1,661	N.M.

N.M. - Not meaningful

**Notes to the Statement of Comprehensive Income**

**Note 1**

Other income include the following :  
Interest income  
Other income

**Note 2**

Other gains include the following :  
Gain on disposal of property, plant and equipment  
Net foreign exchange gain

**Note 3**

(Loss)/profit before income tax is stated after crediting/(charging) the following items:  
Write-back of allowance for impairment of trade and non-trade receivables  
Depreciation of property, plant and equipment

**Note 4**

Income tax expense includes the following :  
Current income tax  
- in respect of current period  
- over provision in respect of prior period  
Deferred income tax  
- over provision in respect of prior period

GROUP	
6 months ended	
30/06/2020	30/06/2019
S\$'000	S\$'000
60	60
5	7
65	67
400	109
584	274
984	383
29	240
(7,274)	(3,596)
344	359
(54)	-
(46)	-
245	359

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	GROUP		COMPANY	
	30/06/2020 S\$'000	31/12/2019 S\$'000	30/06/2020 S\$'000	31/12/2019 S\$'000
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and bank balances	69,881	47,206	3,289	250
Trade and other receivables	26,976	44,085	21,314	20,740
Inventories	123	216	-	-
Contract assets	95,061	132,974	-	-
Financial assets, at FVOCI	537	709	-	-
Income tax receivables	495	552	-	-
Other assets	6,275	6,275	-	-
	<b>199,348</b>	<b>232,017</b>	<b>24,603</b>	<b>20,990</b>
<b>NON-CURRENT ASSETS</b>				
Trade and other receivables	-	-	40,000	29,000
Contract assets	3,242	2,411	-	-
Investments in associated companies	2,065	2,140	640	640
Investments in subsidiaries	-	-	46,538	47,438
Property, plant and equipment	64,314	71,365	-	1
Goodwill	6,857	6,857	-	-
Deferred tax assets	81	52	-	-
	<b>76,559</b>	<b>82,825</b>	<b>87,178</b>	<b>77,079</b>
<b>TOTAL ASSETS</b>	<b>275,907</b>	<b>314,842</b>	<b>111,781</b>	<b>98,069</b>
<b>EQUITY</b>				
Capital and reserves attributable to equity holders of the Company				
Share capital	96,545	83,983	96,545	83,983
Other reserves	2,007	3,081	2,820	3,728
Retained profits	5,920	19,958	8,399	7,144
Currency translation reserve	(2,583)	(2,484)	-	-
	<b>101,889</b>	<b>104,538</b>	<b>107,764</b>	<b>94,855</b>
Non-controlling interests	1,799	2,443	-	-
<b>TOTAL EQUITY</b>	<b>103,688</b>	<b>106,981</b>	<b>107,764</b>	<b>94,855</b>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Trade and other payables	56,675	101,200	4,017	3,214
Contract liabilities	19,651	12,447	-	-
Bank borrowings and lease liabilities	67,135	64,517	-	-
	<b>143,461</b>	<b>178,164</b>	<b>4,017</b>	<b>3,214</b>
<b>NON-CURRENT LIABILITIES</b>				
Trade and other payables	6,742	3,820	-	-
Bank borrowings and lease liabilities	21,509	25,354	-	-
Deferred tax liabilities	507	523	-	-
	<b>28,758</b>	<b>29,697</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>172,219</b>	<b>207,861</b>	<b>4,017</b>	<b>3,214</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>275,907</b>	<b>314,842</b>	<b>111,781</b>	<b>98,069</b>

1(b)(ii) Aggregate amount of the group's borrowings and debt securities as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year.

	As at 30/06/2020		As at 31/12/2019	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amount repayable in one year or less, or on demand	5,754	60,977	6,050	56,977
Amount repayable after one year	15,047	6,364	17,916	7,273

**Details of any collateral**

The Group's secured borrowings are secured by the Group's plant and machinery and motor vehicles.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	6 months ended	
	30/06/2020 S\$'000	30/06/2019 S\$'000
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
(Loss)/profit after income tax	(13,258)	1,751
Adjustments for non-cash items :		
Income tax expense	245	359
Depreciation of property, plant and equipment	7,274	3,596
Gain on disposal of property, plant and equipment	(400)	(109)
Share of loss/(profit) from associated companies	75	(399)
Interest expense	1,152	873
Interest income	(60)	(60)
Unrealised foreign exchange (gain)/loss	(482)	71
Operating (loss)/profit before working capital changes	(5,454)	6,082
Working capital changes :		
- Trade and other receivables	17,114	54
- Inventories	93	(74)
- Contract assets and liabilities	44,287	(6,505)
- Trade and other payables	(42,137)	(20,471)
Cash generated from/(used in) operations	13,903	(20,914)
Income tax paid	(234)	(432)
Net cash generated from/(used in) operating activities	13,669	(21,346)
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Purchase of property, plant and equipment	(452)	(340)
Proceeds from disposal of property, plant and equipment	539	161
Proceeds from redemption of financial assets, at FVOCI	5	-
Interest received	59	76
Net cash generated from/(used in) investing activities	151	(103)
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>		
Proceeds from exercise of warrants	11,650	10,000
Proceeds from bank borrowings	8,000	19,000
Repayment of bank borrowings	(4,909)	(2,000)
Repayment of lease liabilities	(4,332)	(3,174)
Dividends paid to equity holders of the Company	-	(1,564)
Dividends paid to non-controlling interest	(651)	(669)
Interest paid	(1,246)	(976)
Net cash generated from financing activities	8,512	20,617
<b>NET CHANGE IN CASH AND BANK BALANCES</b>	<b>22,332</b>	<b>(832)</b>
<b>CASH AND BANK BALANCES AT BEGINNING OF THE FINANCIAL PERIOD</b>	<b>47,206</b>	<b>20,553</b>
<b>EFFECTS OF CURRENCY TRANSLATION ON CASH AND BANK BALANCES</b>	<b>343</b>	<b>(114)</b>
<b>CASH AND BANK BALANCES AT END OF THE FINANCIAL PERIOD</b>	<b>69,881</b>	<b>19,607</b>
Represented by :		
<b>CASH AND BANK BALANCES</b>		
Cash and bank balances	69,881	19,607
Restricted cash	-	-
	<b>69,881</b>	<b>19,607</b>

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues

and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Attributable to equity holders of the Group					NON-CONTROLLING INTERESTS	TOTAL EQUITY	
	Share Capital	Warrants Reserve	Other Reserves	Retained Profits	Currency Translation Reserve			TOTAL
<b>GROUP (S\$'000)</b>								
Balance as at 01/01/2020	83,983	3,724	(643)	19,958	(2,484)	104,538	2,443	106,981
Exercise of warrants	12,562	(912)	-	-	-	11,650	-	11,650
(Loss)/profit for the financial period	-	-	-	(13,639)	-	(13,639)	381	(13,258)
Other comprehensive loss for the financial period	-	-	(166)	-	(99)	(265)	(48)	(313)
Share based payment pursuant to Performance Share Plan	-	-	4	-	-	4	-	4
Dividend	-	-	-	(399)	-	(399)	(977)	(1,376)
Balance as at 30/06/2020	96,545	2,812	(805)	5,920	(2,583)	101,889	1,799	103,688
Balance as at 01/01/2019	73,145	4,507	(607)	15,868	(2,517)	90,396	3,079	93,475
Exercise of warrants	10,783	(783)	-	-	-	10,000	-	10,000
Profit for the financial period	-	-	-	1,672	-	1,672	79	1,751
Other comprehensive loss for the financial period	-	-	(37)	-	(41)	(78)	(12)	(90)
Dividend	-	-	-	(1,564)	-	(1,564)	(669)	(2,233)
Balance as at 30/06/2019	83,928	3,724	(644)	15,976	(2,558)	100,426	2,477	102,903

	Attributable to equity holders of the Company			
	Share Capital	Warrants Reserve	Retained Profits	TOTAL
<b>COMPANY (S\$'000)</b>				
Balance as at 01/01/2020	83,983	3,728	7,144	94,855
Exercise of warrants	12,562	(912)	-	11,650
Profit for the financial period	-	-	1,654	1,654
Share based payment pursuant to Performance Share Plan	-	4	-	4
Dividend	-	-	(399)	(399)
Balance as at 30/06/2020	96,545	2,820	8,399	107,764
Balance as at 01/01/2019	73,145	4,507	2,189	79,841
Exercise of warrants	10,783	(783)	-	10,000
Profit for the financial period	-	-	2,525	2,525
Dividend	-	-	(1,564)	(1,564)
Balance as at 30/06/2019	83,928	3,724	3,150	90,802

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, 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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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.**

As at 30 June 2020, the Company's issued and fully paid-up capital (excluding treasury shares and subsidiary holdings) comprises 1,998,516,843 (31 December 2019: 1,765,516,843) ordinary shares. Movements in the Company's issued and fully paid-up capital since the end of the previous period reported on were as follows:

	No. of shares
As at 31/12/2019	1,765,516,843
Exercise of warrants	233,000,000
As at 30/06/2020	<u>1,998,516,843</u>

The number of shares that may be issued on conversion of all the outstanding convertibles against the total number of issued shares excluding treasury shares and subsidiary holdings of the Company 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 was as follows:

	No. of shares
As at 30/06/2019	655,647,177
Exercise of warrants	(233,000,050)
As at 30/06/2020	<u>422,647,127</u>

As at 30 June 2020, the Company does not have any treasury shares or subsidiary holdings.

The number of issued shares excluding treasury shares and subsidiary holdings of the Company as at 30 June 2020 and 30 June 2019 was 1,998,516,843 and 1,764,128,735 respectively.

#### Warrants

- (a) Pursuant to the renounceable non-underwritten rights cum warrants issue announced on 15 May 2017 (the "2017 Rights cum Warrants Issue"), the Company issued 299,021,682 warrants on 14 November 2017. Each warrant carries the right to subscribe for one (1) ordinary share in the capital of the Company at the exercise price ranging from S\$0.09 to S\$0.11 per warrant for each new share depending on the date of exercise. Each warrant may be exercised at any time during the period of four (4) years commencing on and including the date of issue of the warrants and expiring on the 4th anniversary of the date of issue of the warrants. 60,000 warrants were exercised at S\$0.09 per warrant for each new share as at 30 June 2020. The remaining 298,961,682 warrants ("Existing Warrants") will expire on 12 November 2021. As announced by the Company on 13 April 2018, the net proceeds raised from the renounceable non-underwritten rights cum warrants issue have been fully utilised.

Pursuant to the terms and conditions of the deed poll dated 13 October 2017 (the "Deed Poll" relating to the 2017 Rights cum Warrants Issue), the renounceable non-underwritten rights cum warrants issue, as announced by the Company on 29 June 2018 (the "2018 Rights cum Warrants Issue"), constitutes an event giving rise to an adjustment to the exercise price and the number of the Existing Warrants. Accordingly, 39,192,649 adjusted warrants have been issued and allotted on 18 October 2018 (the "Adjustment Warrants"). Following the allotment and issuance of the Adjustment Warrants, the total number of Existing Warrants has increased from 298,961,682 to 338,154,331. Each one Adjustment Warrant carries the right to subscribe for one (1) new ordinary share in the capital of the Company at exercise price ranging from S\$0.08 to S\$0.10.

- (b) Pursuant to the 2018 Rights cum Warrants Issue, the Company issued 517,492,846 warrants on 26 September 2018. Each warrant carries the right to subscribe for one (1) new ordinary share in the capital of the Company at an exercise price of S\$0.05 per warrant for each new share. Each warrant may be exercised at any time during the period of five (5) years commencing on and including the date of issue of the warrants and expiring on the 5th anniversary of the date of issue of the warrants. 433,000,050 warrants were exercised at S\$0.05 per warrant for each new share as at 30 June 2020. The remaining 84,492,796 warrants will expire on 25 September 2023. On 12 March 2019, the Company announced that the net proceeds raised from the 2018 Rights cum Warrants Issue have been fully utilised.

#### Performance Share Plan

- (a) Pursuant to the Koh Brothers Eco Engineering Limited Performance Share Plan 2017, the Company awarded 1,888,278 new ordinary shares of the Company to its employees on 22 July 2019. Awards comprised (i) 1,388,058 fully paid-up ordinary shares of the Company, free of payment, which vested on 22 July 2019; and (ii) 500,220 fully paid-up ordinary shares of the Company, free of payment, which will be vested in accordance with a vesting schedule that commenced on 22 July 2019 and ending on the ninth anniversary of the date of the grant, subject to certain vesting conditions.

Save as disclosed above, the Company has no outstanding convertibles and no treasury shares or subsidiary holdings as at 30 June 2020 and 30 June 2019.

- 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.**

	No. of shares	
	30/06/2020	31/12/2019
Total number of issued shares excluding treasury shares	1,998,516,843	1,765,516,843

- 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.**

Not applicable as there were no treasury shares as at the end of the current financial period reported on.

- 1(d)(v) A statement showing all sales, transfer, disposal, cancellation and/or use of subsidiary holdings as at end of the current financial period reported on.**

Not applicable as there were no subsidiary holdings as at the end of the current financial period reported on.

- 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 modifications or emphasis of a matter).**

Not applicable.

- 3A Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:**

- (a) Updates on the efforts taken to resolve each outstanding audit issue.**

- (b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.**

Not applicable. The latest audited financial statements as at 31 December 2019 do not have any adverse opinion, qualified opinion or disclaimer of opinion.

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

Except as disclosed in paragraph 5 below, 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 2019.

**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.**

The Group has adopted all the applicable new/revised SFRS(I) that are effective for the financial periods beginning on or after 1 January 2020. The adoption of these new/revised SFRS(I) does not have any material impact to the financial statement of the Group.

**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	
6 months ended	
30/06/2020 (cent)	30/06/2019 (cent)
(0.70)	0.10
(0.70)	0.10

The basic earning per share is calculated by dividing the net (loss)/profit attributable to equity holders of the Company over the weighted average number of ordinary shares in issue during the current financial period of 1,960,110,250 ordinary shares (financial period ended 30 June 2019: 1,614,957,464 ordinary shares).

Fully diluted earnings per ordinary share is computed based on the weighted average number of ordinary shares in issue during the period after adjusting for the dilutive effects of such shares that have been awarded pursuant to the Koh Brothers Eco Engineering Limited Performance Share Plan 2017 that have not been vested. The Company's warrants are not included in the calculation of diluted earnings per share above because they are anti-dilutive for the financial period presented.

**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 per ordinary share based on total number of issued shares at the end of period

GROUP		COMPANY	
30/06/2020 (cents)	31/12/2019 (cents)	30/06/2020 (cents)	31/12/2019 (cents)
5.10	5.92	5.39	5.37

The net asset value per ordinary share is computed based on the issued share capital of 1,998,516,843 ordinary shares as at 30 June 2020 (31 December 2019: 1,765,516,843 ordinary shares).

**8 A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion of the following: (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and (b) 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 operating result

Revenue

The COVID-19 situation has had an adverse impact on the Group's half year 2020 performance. The government has taken measures to manage the spread of coronavirus. This has resulted in stoppage of most of the Group's construction projects. The Group's revenue for the half year ended 30 June 2020 ("1H 2020") decreased from S\$129.5 million in the corresponding period in 2019 ("1H 2019") to S\$78.7 million, representing about 39.2% decrease.

Gross (loss)/profit

The Group recorded a gross loss of S\$9.5 million in 1H 2020 compared to a gross profit of S\$6.5 million in 1H 2019. Despite the significant reduction in construction activities because of the COVID-19 pandemic, the Group continued to incur certain operating expenses which primarily consist of manpower expenses, leading to a negative gross profit margin in the Engineering and Construction division.

Other gains - net

Other gains increased from S\$0.4 million in 1H 2019 to S\$1.0 million in 1H 2020, due to increase in gain on disposal of property, plant and equipment under the Engineering and Construction division and net foreign exchange gain under the Bio-Refinery and Bio-Energy division.

Selling and distribution expenses

Selling and distribution expenses decreased from S\$92,000 in 1H 2019 to S\$68,000 in 1H 2020, mainly due to decrease in advertisement and promotion expenses.

Administrative expenses

Administrative expenses decreased from S\$4.3 million in 1H 2019 to S\$3.2 million in 1H 2020. This was mainly due to lower staff expenses and professional fees.

Depreciation expenses

Depreciation expenses increased from S\$3.6 million in 1H 2019 to S\$7.3 million in 1H 2020, mainly due to increase in property, plant and equipment.

Finance expenses

Finance expenses increased from S\$0.9 million in 1H 2019 to S\$1.2 million in 1H 2020, mainly due to increase in the Group's bank borrowings.

(Loss)/profit before income tax

As a result of the above, the Group recorded a loss before income tax of S\$13.1 million in 1H 2020 compared to a profit before income tax of S\$2.1 million in 1H 2019.

(Loss)/profit after income tax

Overall, the Group recorded a loss after income tax of S\$13.3 million in 1H 2020 compared to a profit after income tax of S\$1.8 million in 1H 2019.

#### Review of financial position

The Group's net asset value attributable to shareholders decreased from S\$104.5 million as at 31 December 2019 to S\$101.9 million as at 30 June 2020 mainly due to decrease in retained profits, partially offset by increase in share capital as a result of exercise of warrants.

The Group's current assets recorded a decrease of S\$32.7 million mainly due to decrease in contract assets and trade and other receivables, partially offset by increase in cash and bank balances. The decrease in contract assets was mainly due to progress billings to the customers and lower revenue recognised under the Engineering and Construction division during the period.

The Group's non-current assets recorded a decrease of S\$6.3 million mainly due to depreciation charge on property, plant and equipment.

The Group's current liabilities recorded a decrease of S\$34.7 million, mainly due to: decrease in trade and other payables which was due to settlement of amount owing to creditors; partially offset against (a) increase in contract liabilities mainly due to increase in advances received from customers; and (b) increase in bank borrowings and lease liabilities mainly due to increase in working capital requirements for the Engineering and Construction division.

The Group's non-current liabilities showed a decrease of S\$1.0 million mainly due to decrease in bank borrowings and lease liabilities, partially offset by increase in trade and other payables. The decrease in bank borrowings and lease liabilities was mainly due to reclassification from non-current to current whereas the increase in trade and other payables was due to increase in retention due to subcontractors.

#### Review of cash flow

The Group reported a net cash inflow of S\$22.3 million in 1H 2020.

Net cash of S\$13.7 million generated from operating activities was mainly due to receipts from trade and other receivables and movement in contract assets and liabilities, partially offset by payments made to trade and other payables.

Net cash generated from financing activities was S\$8.5 million mainly contributed by proceeds from exercise of warrants and bank borrowings, partially offset by repayment of bank borrowings and lease liabilities.

#### **9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, an explanation of any variance between it and the actual results.**

The Group's unaudited results for the financial period ended 30 June 2020 are in line with the Company's profit guidance announcement on 24 July 2020.

#### **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.**

##### Engineering and Construction Sector

According to the revised GDP growth forecast by Ministry of Trade and Industry ("MTI") announced on 26 May 2020, Singapore's GDP growth forecast for 2020 is expected to range from -7.0% to -4.0%. On 14 July 2020, MTI also announced that based on advance estimates, the Singapore economy contracted by 12.6% on a year-on-year basis in the second quarter of 2020, due to the Circuit Breaker ("CB") measures that were implemented from 7 April 2020 to 1 June 2020. In particular, the construction sector contracted by 54.7% in the second quarter of 2020, a significant deterioration from the 1.1% decline in the previous quarter.

The COVID-19 pandemic has severely impacted the construction industry. This was highlighted in the remarks by Mr Ravi Menon, Managing Director, MAS, at the MAS Annual Report 2019/2020 Virtual Media Conference on 16 July 2020. The construction sector has been severely affected by the CB measures and the spike in COVID-19 infection among foreign workers in the dormitories. The stoppages of most of the Group's construction projects have caused delay to project schedules, increased project costs and disruption in project management. At this juncture, the Group is not able to determine with certainty, the full impact of COVID-19 as construction works have not recovered back to the pre-COVID level of operation despite the easing of CB measures. This is mainly because additional safe and controlled measures have to be fulfilled for every construction project before specific work can resume on site. This will result in significant loss of productivity.

We expect the construction industry to remain challenging in the face of the COVID-19 pandemic and higher operating cost has to be incurred. We also expect the tender for major infrastructure projects to be delayed as a result of the pandemic. Notwithstanding the current difficult situation, the Group has an order book amounting to S\$749.9 million as at 30 June 2020. The Group remains focused on the execution of its order book when full resumption of work occurs.

##### Bio-Refinery and Bio-Energy Sector

The Bio-Refinery and Bio-Energy sector has not been spared from the impact of COVID-19. In Malaysia, the authorities imposed the Movement Control Order (MCO) resulting in curtailment of business activities. Nevertheless, we have enhanced our existing technological tools to manage and operate our projects both locally and overseas. We will continue to innovate and develop new technologies and remain optimistic on the long term growth prospect of this sector.

#### **11 Dividend**

##### **(a) Whether an interim (final) ordinary dividend has been declared (recommended); and**

No.

##### **(b) (i) Amount per share (cents)**

Not applicable.

##### **(ii) Previous corresponding period (cents)**

Not applicable.

##### **(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).**

Not applicable.

##### **(d) The date the dividend is payable**

Not applicable.

##### **(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.**

Not applicable.



**12 If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.**

Not applicable. It is not the practice for the Company to declare half-yearly dividend.

**13 Interested Person Transaction**

The general mandate for interested persons transactions was approved at the Annual General Meeting held on 25 June 2020.

Name of Interested Person	Nature of Relationship	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)
		<b>\$'000</b>	<b>\$'000</b>
<u>Transactions for the Sale of Goods and Services</u>	Related Companies - By virtue of Koh Brothers Group Limited's shareholdings in Koh Brothers Eco Engineering Limited.	-	2,057
KBD Holland Pte Ltd		-	287
<u>Transactions for the Purchase of Goods and Services</u>		-	1,294
G & W Industries Pte Ltd		-	217
Koh Brothers Group Limited		-	
Koh Brothers Holdings Pte Ltd		-	

**14 Requirement under Rule 705(5) of the Listing Manual Section B: Rules of Catalyst**

We, Koh Keng Siang and Shin Yong Seub, being Directors of Koh Brothers Eco Engineering Limited (the "Company"), do hereby confirm on behalf of the Board of Directors of the Company that, to the best of our knowledge, nothing has come to our attention which may render the financial statements for the half year ended 30 June 2020 ("interim financial statements") to be false or misleading in any material aspect. The interim financial statements provide a balanced and fair view of any material factors that have affected the Company's business conditions and financial position, including the impact of COVID-19.

**15 Requirement under Rule 720(1) of the Listing Manual Section B: Rules of Catalyst**

The Company confirms that it has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1).

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*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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