



NEWS RELEASE

KOH BROTHERS ECO POSTS REVENUE OF S\$78.7 MILLION FOR 1H2020

- *Financial performance adversely affected by COVID-19 temporary shutdown, incurs net loss of S\$13.6 million*
- *Focused on execution of order book of S\$749.9 million¹ when full resumption of work occurs*
- *Balance sheet remains healthy with cash and bank balances of S\$69.9 million and a low net gearing of 0.18x*

SINGAPORE, 7 August 2020 – 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 a revenue of S\$78.7 million for the financial period ended 30 June 2020 (“**1H2020**”), a decrease of 39% from S\$129.5 million a year ago (“**1H2019**”). The Group also incurred a gross loss of S\$9.5 million in 1H2020 as compared to a gross profit of S\$6.5 million in 1H2019 mainly due to a significant reduction in construction activities amidst the COVID-19 pandemic.

Other gains rose by approximately S\$0.6 million due to an increase in gain on the disposal of 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 as well as administrative expenses decreased by approximately 27% and 25% respectively.

Overall, net loss attributable to equity holders stood at S\$13.6 million in 1H2020 compared to a net profit attributable to equity holders of S\$1.7 million in 1H2019.

¹ As at 30 June 2020

Koh Brothers Eco's Chief Executive Officer, Mr. Paul Shin, commented, "The COVID-19 situation this year has adversely impacted the Group's earnings with the lockdown causing a halt in our construction projects. The Group's priority is to conserve cashflow to support working capital requirements until the COVID-19 situation improves. At the same time, we will continue to actively manage our operating costs. While we remain focused on the execution of our order book when full resumption of work occurs, we expect the construction industry to remain challenging."

As at 30 June 2020, the Group's order book stood at S\$749.9 million. Cash and bank balances remained strong at S\$69.9 million with a low net gearing ratio of 0.18x while shareholders' equity stood at S\$101.9 million as at 30 June 2020.

Outlook & Future Strategies

The Ministry of Trade and Industry in May 2020 had revised Singapore's GDP growth forecast for 2020 to range from -7% to -4%². Based on advanced estimates in July this year, MTI also mentioned that the Singapore economy contracted by 12.6% y-o-y in the second quarter of 2020 due to the circuit breaker measures that were implemented from 7 April to 1 June 2020. In particular, the construction sector contracted by 54.7% in the second quarter of 2020 as compared to a 1.1% decline in the previous quarter³.

The spike in COVID-19 infection rate among foreign workers in the dormitories and the circuit breaker measures had caused a halt in construction activities. Despite the lift in circuit breaker measures, the Group is still unable to resume operations back to pre-COVID levels mainly due to additional safety and control measures that have to be fulfilled for every project site before specific work is allowed to resume. As a result, the full impact that COVID-19 would have on the Group's operations still remains uncertain.

² Ministry of Trade and Industry, 26 May 2020 – MTI downgrades 2020 GDP growth forecast to “-7.0 to -4.0 per cent”

³ Ministry of Trade and Industry, 14 July 2020 – Singapore's GDP contracted by 12.6% in the second quarter of 2020

Additionally, the Group's Bio-Refinery and Bio-Energy sector was also impacted by COVID-19 as the authorities in Malaysia implemented a Movement Control Order (MCO) to curb the spread of COVID-19 in the country. Though the MCO resulted in a pause in the Group's business activities, KBE has redirected its efforts to enhance its digital technology and has since been leveraging on it to manage and operate projects both in Malaysia and overseas. The Group will continue to innovate and develop new technologies and remain optimistic about the long-term growth prospects of this sector.

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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 bio-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 Bio-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 Nova Bioenergy Sdn. Bhd., it also designs, builds and supplies biogas recovery systems to palm oil mill effluent plants in Malaysia and Indonesia.

This press release has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, Stamford Corporate Services Pte Ltd, for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "Exchange").

This press release has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this press release including the correctness of any of the statements or opinions made or reports contained in this press release.

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