KOH BROTHERS ECO ENGINEERING LIMITED

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NEWS RELEASE

KOH BROTHERS ECO POSTS REVENUE OF S$182.3 MILLION FOR FY2020

- ***Financial performance adversely impacted by Covid-19 temporary shutdown, but sees improvement in 2H2020 as compared to 1H2020***
- ***Recovery to S$1.9 million net profit attributable to shareholders in 2H2020 from S$13.6 million loss in 1H2020***
- ***Focused on execution of order book of S$676.3 million[1]***
- ***Balance sheet remains healthy with cash and bank balances of S$56.2 million and a low net gearing of 0.27x***

SINGAPORE, 3 February 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 second half-year ("**2H2020**") and full-year ("**FY2020**") periods that ended 31 December 2020.

The Group reported a revenue of S$182.3 million for FY2020, a decrease of 37% from S$290.6 million a year ago ("**FY2019**") mainly due to a decrease in revenue from the Engineering and Construction division as the Covid-19 pandemic had caused a halt in construction activities during the government's circuit breaker period.

Other income and other gains rose by 115% and 11% respectively. Administrative and finance expenses decreased by approximately 5% and 8% respectively.

Overall, net loss attributable to equity holders stood at S$11.8 million in FY2020 compared to a net profit attributable to equity holders of S$5.7 million in FY2019.

On a half-year performance, the Group saw a 36% decline in 2H2020 revenue to S$103.5 million, from S$161.1 million for the second half-year ended 31 December

[1] *As at 31 December 2020*

2019 ("**2H2019**"). This was largely owing to a significant reduction in construction activities as the nation battles the spread of Covid-19. However, when compared to the previous reporting period that ended 30 June 2020 ("**1H2020**"), the Group saw a marked improvement of 32% in revenue.

Correspondingly, net profit attributable to shareholders in 2H2020 was S$1.9 million, a turnaround from the net loss of S$13.6 million that was reported in 1H2020.

As at 31 December 2020, cash and bank balances remained strong at S$56.2 million with a low net gearing ratio of 0.27x, while shareholders' equity stood at S$103.8 million.

Net asset value per share decreased to 5.19 Singapore cents as at 31 December 2020 compared to 5.92 Singapore cents as at 31 December 2019.

Koh Brothers Eco's Chief Executive Officer, Mr. Paul Shin, commented, "2020 was an extremely challenging year. Now that construction activities have fully resumed, we are focused on executing our order book of S$676.3 million[1] comprising some ongoing projects like Tuas Water Reclamation Plant, Woodlands Health Campus, Deep Tunnel Sewerage System Phase 2 and MRT Circle Line 6.

"Our enhanced engineering capabilities will stand us in good stead to tender for higher valued projects in the coming year. Our diversified expertise in engineering, procurement and construction services for water and wastewater treatment, hydro-engineering, bio-refinery and bio-energy projects will also place us in a better position to tide through the vast challenges brought on by the global pandemic. We remain steadfast in managing our operating costs and capex, whilst raising productivity through technology, for greater resiliency and sustainable growth."

Outlook & Future Strategies

Based on latest advanced estimates from the Ministry of Trade and Industry, Singapore's GDP for 2020 contracted by 5.8%. Due to the economic disruption caused by the Covid-19 pandemic, the construction sector shrank by 33.7% in 2020 as

compared to 2019. On a quarter-on-quarter comparison, 2Q2020 saw a significant contraction of 60.5% while 3Q2020 and 4Q2020 recorded marked improvements of 39.0% and 34.4% respectively. This was largely due to the resumption of construction activities after the nation's circuit breaker measures[2].

Building and Construction Authority Singapore has projected that total construction demand in 2021 is expected to be between S$23 billion and S$28 billion, with the public sector driving approximately 65% of the total demand. Some upcoming major public sector projects scheduled to be awarded this year include various contracts under the Jurong Region MRT Line, the Cross Island MRT Line Phase 1 and the Deep Tunnel Sewerage System Phase 2.

The Group expects the construction sector to remain challenging on the back of supply chain disruptions, labour shortages, and higher material and manpower costs.

Additionally, the Group's Bio-Refinery and Bio-Energy sector was also severely impacted by Covid-19 as the authorities in Malaysia implemented a Movement Control Order ("**MCO**") to curb infection rates. Though the MCO resulted in a pause in the Group's business activities, the Group 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.

- End -

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

[2] *Ministry of Trade and Industry Singapore, 4 January 2021 – Singapore's GDP contracted by 3.8 per cent in the fourth quarter of 2020*

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 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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