



## **NEWS RELEASE**

### **KOH BROTHERS ECO POSTS S\$1.7 MILLION NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS FOR 1H2019**

- ***Order book lifted to S\$984.7 million<sup>1</sup> with recent award of the Tuas Water Reclamation Plant project***
- ***Healthy balance sheet with a low net gearing of 0.47x***

**SINGAPORE, 13 August 2019** – 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\$129.5 million for the financial period ended 30 June 2019 (“**1H2019**”), an increase of 9% from S\$119.0 million for the financial period ended 30 June 2018 (“**1H2018**”). This was mainly due to an increase in revenue from the Engineering and Construction division. Gross profit saw a slight increase of 3% from S\$6.4 million in 1H2018 to S\$6.5 million in 1H2019. Net profit dipped 27% from S\$2.3 million to S\$1.7 million over the same period. This decrease was mainly due to the absence of a one-time gain of S\$1.4 million that the Group recorded in 1H2018 from the sale of a property. Excluding this one-time gain, net profit for 1H2019 would have increased by 88%.

Koh Brothers Eco’s Chief Executive Officer, Mr. Paul Shin, commented, “Having recently been awarded the Influent Pumping Stations Contract for Tuas Water Reclamation Plant from the PUB, we have boosted our order book to S\$984.7 million to-date. Despite the contracted growth of our economy in 2Q, we remain cautiously optimistic as the construction sector will continue its growth path on the back of an increase in public sector construction activities. We will continue to push the boundaries of our capabilities and aim to secure more high-quality projects in the near-term to support our long-term growth.”

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<sup>1</sup> As at date of the announcement

The Group's earnings per share in 1H2019 stood at 0.10 Singapore cent, as compared to 0.22 Singapore cent in 1H2018. Net asset value per share as at 30 June 2019 increased to 5.69 Singapore cents, as compared to 5.78 Singapore cents as at 31 December 2018 after taking into account the dilutive impact from the issue of 200 million new shares from the exercise of 200 million warrants in May 2019. Cash and bank balances are at S\$19.6 million with a low net gearing ratio of 0.47x.

## **Outlook & Future Strategies**

The Ministry of Trade and Industry announced in July 2019 that the Singapore economy grew by 0.1% year-on-year (“y-o-y”) in the second quarter of 2019, as compared to a 1.1% growth in the first quarter of 2019. The construction sector grew by 2.2% y-o-y and was mainly propped up by an increase in public sector construction activities.

The Building and Construction Authority (“BCA”) expects the total value of construction contracts to be awarded in 2019 to reach between S\$27.0 billion and S\$32.0 billion. Approximately 60% of the projects will come from the public sector, amounting to between S\$16.5 billion and S\$19.5 billion. Public sector construction demand is expected to be lifted by major infrastructure projects and a pipeline of major industrial building projects such as the Cross-Island Line, developments at Jurong Lake District and Changi Airport Terminal 5.

Demand from the private sector is expected to remain steady between S\$10.5 billion and S\$12.5 billion in 2019, supported by projects including redevelopment of past en-bloc sales sites that concluded prior to the second half of 2018, and new industrial developments.

Over the medium term, BCA anticipates a steady improvement in construction demand projected between S\$27.0 billion and S\$34.0 billion per year for 2020 to 2021, which could potentially pick up to between S\$28.0 billion and S\$35.0 billion per year for 2022 to 2023<sup>2</sup>.

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<sup>2</sup> *Building and Construction Authority, 14 January 2019 – Singapore's total construction demand to remain strong this year*

The Group was recently awarded the Influent Pumping Stations Contract for Tuas Water Reclamation Plant from the Public Utilities Board, under a joint venture with China Harbour (Singapore) Engineering Company Pte Ltd. This new award lifted the Group's order book to S\$984.7 million to-date.

Separately, the Group's majority-owned subsidiary, Oiltek Sdn. Bhd. ("**Oiltek**"), held under the Bio-Refinery and Bio-Energy division, stays optimistic about long-term prospects despite current challenges in the sector. Oiltek will continue to explore and develop state-of-the-art proprietary technology moving forward, sharpening its competitive edge to secure new growth opportunities.

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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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