KOH BROTHERS ECO ENGINEERING LIMITED

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NEWS RELEASE

KOH BROTHERS ECO POSTS REVENUE OF S$290.6 MILLION AND NET PROFIT OF S$5.7 MILLION FOR FY2019

- ***Strong construction order book of S$857.1 million as at 31 December 2019***
- ***Healthy balance sheet with cash and bank balances of S$47.2 million and a low net gearing of 0.39x***
- ***Proposes final dividend of 0.05 Singapore cent per ordinary share***

SINGAPORE, 23 January 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 net profit attributable to equity holders of the Company of S$5.7 million for the full year ended 31 December 2019 ("**FY2019**") on revenue of S$290.6 million. This compares to a net profit of S$5.6 million and revenue of S$328.8 million for the full year ended 31 December 2018 ("**FY2018**").

Gross profit rose 12.0% to S$16.3 million in FY2019, from S$14.6 million in FY2018, with higher profit margin from the Bio-Refinery and Bio-Energy division. Share of profit from associated companies increased by 18.0% to S$0.4 million in FY2019 compared to S$0.3 million in FY2018. Administrative expenses, on the other hand, was lower by 6.0% to S$8.6 million mainly due to a dip in tender expenses.

In terms of segment revenue, the Engineering and Construction division recorded a 12.5% or S$37.6 million decrease to S$263.9 million in FY2019 from S$301.5 million in FY2018, as some construction projects were nearing their completion stage in FY2019. The Bio-Refinery and Bio-Energy division had a marginal decrease of 2.1% or S$0.6 million to S$26.7 million in FY2019 as compared to S$27.3 million in FY2018.

Overall, net profit attributable to equity holders stood at S$5.7 million in FY2019 compared to S$5.6 million in FY2018. This represented a slight increment of 1.0% or S$0.1 million year-on-year ("**y-o-y**").

Koh Brothers Eco's Chief Executive Officer, Mr. Paul Shin, said, "Notwithstanding a challenging and competitive environment, we have managed to maintain a strong order book of S$857.1 million, and we are continuing our efforts in strengthening our land reclamation and marine engineering capabilities. This would provide us with better opportunity to capitalise on the Government's plans such as the Greater Southern Waterfront project."

For the fourth quarter ended 31 December 2019 ("**4Q2019**"), Koh Brothers Eco reported a 29.0% decrease in revenue to S$82.0 million in 4Q2019 from S$114.8 million in the corresponding preceding period under review ("**4Q2018**").

Gross profit rose 48.0% to S$5.7 million from S$3.9 million, buoyed by higher profit margin from the Bio-Refinery and Bio-Energy division. Mainly due to the increase in gross profit, net profit attributable to equity holders of the Company rose 44.0% to S$2.9 million for 4Q2019 as compared to S$2.0 million in 4Q2018.

Earnings per share was at 0.33 Singapore cent in FY2019 compared to 0.47 Singapore cent in FY2018. Net asset value per share increased to 5.92 Singapore cents as at 31 December 2019 compared to 5.78 Singapore cents as at 31 December 2018, notwithstanding a dilutive impact from the issue of approximately 200 million new shares from the exercise of approximately 200 million warrants during the year.

Cash and bank balances remained strong at S$47.2 million with a low net gearing ratio of 0.39x while shareholders' equity stood at S$104.5 million as at 31 December 2019.

Proposed Dividend

In appreciation of the Group's shareholders for their continuous support, the Board has proposed a final dividend of 0.05 Singapore cent per share to be approved by shareholders at the upcoming Annual General Meeting.

Outlook & Future Strategies

On 2 January 2020, the Ministry of Trade and Industry announced that based on advanced estimates, the Singapore economy grew by 0.7% in 2019 compared to 3.1% in 2018. Additionally, the Building and Construction Authority has projected total construction demand to range between S$28.0 billion and S$33.0 billion in 2020. Public sector construction demand is expected to reach between S$17.5 billion and S$20.5 billion in 2020, about 60% of the projected demand for 2020.

Public sector construction demand is expected to be spurred by major infrastructure projects such as the Integrated Waste Management Facility, infrastructure works for Changi Airport Terminal 5, Jurong Region MRT Line and Cross Island MRT Line.

The Group remains cautiously optimistic as it continues to face industry challenges due to keen competition and higher operating costs. However, the Group is also well-positioned to continue to secure more projects considering the recent award of the Influent Pumping Stations Contract for Tuas Water Reclamation Plant from the PUB, under a joint venture with China Harbour (Singapore) Engineering Company Pte Ltd.

Added Mr. Shin, “We will continue to pursue higher-value projects, and tap growing opportunities in the water and wastewater and hydro-engineering sectors with our enhanced capabilities. We remain focused on raising productivity by increasing the adoption of automation and technology, as well as employing innovation to drive efficiency.”

Separately, Oiltek Sdn. Bhd. (“**Oiltek**”), the Group’s subsidiary, held under the Bio-Refinery and Bio-Energy division, remains optimistic about long-term prospects despite current challenges in the commodities sector. Oiltek will continue to explore and develop state-of-the-art proprietary technology, and sharpen 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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