



## **NEWS RELEASE**

### **KOH BROTHERS ECO POSTS REVENUE OF S\$214.0 MILLION AND NET PROFIT OF S\$3.6 MILLION FOR 9M 2018**

- ***Strong construction order book of S\$765.9 million as at 30 September 2018, despite challenging business environment***
- ***Healthy balance sheet with cash and bank balances of S\$38.1 million***

**SINGAPORE, 5 November 2018** – SGX Catalist-listed sustainable engineering solutions provider, Koh Brothers Eco Engineering Limited (“**Koh Brothers Eco**”, 許兄弟生态工程有限公司), and together with its subsidiaries, the “**Group**”, reported revenue of S\$214.0 million for the nine months ended 30 September 2018 (“**9M 2018**”), as compared to S\$216.5 million in the previous corresponding period (“**9M 2017**”).

The Group’s marginally lower revenue was mainly due to a decline in revenue contribution from the Engineering and Construction division following the completion of certain projects at the end of last year. Other gains rose to S\$2.6 million in 9M 2018 from gain on disposal of property, plant and equipment, together with foreign exchange gain and fair value gain on long term financial assets and financial liabilities, from a loss of S\$0.8 million for 9M 2017. Correspondingly, the Group recorded a 2.0% increase in net profit attributable to shareholders to S\$3.6 million for 9M 2018.

Koh Brothers Eco’s CEO, Mr. Paul Shin, said, “The Group persistently maintain a strong construction order book with a total outstanding value of S\$765.9 million as at 30 September 2018, notwithstanding strong headwinds in the construction industry due to keen competition and cost pressures. Underpinned by our knowledge, experience and expertise in the building and engineering business, supported by the Group’s share of three major projects - the Woodlands Health Campus, Deep Tunnel Sewerage System Phase 2 and Circle Line 6 - we will strive to continuously leverage on our competitive advantages and strategically secure more projects to add on to our order book for sustainable long term growth.”

As at 30 September 2018, the Group's balance sheet remains healthy, with cash and bank balances of S\$38.1 million and a net cash position of S\$0.8 million.

The Group's earnings per share in 9M 2018 came to 0.34 Singapore cent compared to 0.41 Singapore cent in 9M 2017. Net asset value per share as at 30 September 2018 stood at 5.64 Singapore cents.

For the third quarter ended 30 September 2018 ("**3Q 2018**"), the Group reported a net profit attributable to equity holders of S\$1.3 million, as compared to S\$1.4 million in the third quarter ended 30 September 2017 ("**3Q 2017**"). Revenue stood at S\$95.0 million in 3Q 2018, a marginal 1.0% decrease compared to S\$96.1 million in 3Q 2017.

### **Outlook & Future Strategies**

According to the latest advance estimates from the Ministry of Trade and Industry published on 12 October 2018, the Singapore economy grew by 2.6% on a year-on-year ("**y-o-y**") basis in the third quarter of 2018, moderating from 4.1% growth in the previous quarter.

On the engineering and construction front, the construction sector contracted by 3.1% on a y-o-y basis in the third quarter, extending the 4.2% decline in the previous quarter. This was weighed down by the weakness in public sector construction activities. On a quarter-on-quarter seasonally-adjusted annualised basis, the sector grew by 1.7%, a turnaround from the contraction of 14.5% in the second quarter.

On 29 June 2018, the Group proposed a renounceable non-underwritten rights cum warrants issue. Under the rights issue, shareholders can subscribe for one rights share at S\$0.045 each for every two existing shares held. Subsequently, with every one rights share subscribed, shareholders are entitled to a free warrant which carries the right to subscribe for one new ordinary share in the share capital of Koh Brothers Eco at an exercise price of S\$0.05 for each new share.

Following the rights issue, the Group announced on 10 October 2018 that net proceeds of S\$23.03 million were raised and an approximate S\$17.36 million were

used for the repayment of bank loan and project funding, as well as business expansion.

Separately, the Group's subsidiary, Oiltek Sdn. Bhd. ("**Oiltek**"), held under the bio-refinery and bio-energy division, will continue to develop new proprietary technology in the refining process to provide continual innovation to the industry. Oiltek remains optimistic about the long term growth prospects despite the current challenges faced in the commodities industry.

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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.

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"). The Company's Sponsor has not independently verified the contents of this press release.*

*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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