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NEWS RELEASE

KOH BROTHERS ECO REPORTS 1H 2016 REVENUE OF S$20.9 MILLION

- ***Balance sheet remains healthy with net cash position of S$15.3 million, net cash to equity of 0.8 time***
- ***Strong order book of S$569.5 million following Changi Water Reclamation Plant (Phase 2) contract win in August 2016***

SINGAPORE, 8 August 2016 – 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**"), announced today net profit attributable to shareholders of S$0.3 million on revenue of S$20.9 million for the six-month financial period ended 30 June 2016 ("**1H 2016**").

The Group's 1H 2016 revenue was a 23% decline from S$27.0 million recorded a year ago ("**1H 2015**") due to lower project revenue recognition on percentage-of-completion basis. Similarly, gross profit declined 19% due to completion of lower-margin projects.

Coupled with S$0.4 million of net foreign exchange losses in 1H 2016 compared to a gain of S$0.5 million in 1H 2015 and narrowed write backs of doubtful trade debts of S$0.2 million, Koh Brothers Eco recorded lower net profit attributable to shareholders of S$0.3 million in tandem with the lower revenue.

Koh Brothers Eco's Chairman, Mr. Francis Koh (许庆祥), said, "Amidst a challenging operating environment, we have taken the proactive step to broaden our capabilities through the recent restructuring exercise and better position ourselves to capture growth opportunities. Our recent contract win for the Wet Weather Facility as part of the Changi Water Reclamation Plant Phase 2 expansion marks our first project win since restructuring and bodes well for our future backed by strengthened foundation."

Koh Brothers Eco had in April 2016 acquired the entire issued and paid-up share capital of building and civil engineering construction specialist, Koh Brothers Building & Civil Engineering (Pte.) Ltd. ("**KBCE**"), then a subsidiary of Koh Brothers Group Limited.

Together with Koh Brothers Eco's expertise in mechanical and hydro-engineering, the restructuring allows the Group to tap on KBCE's strong capabilities and track record in building infrastructure and civil engineering to seek opportunities in the water and wastewater treatment and hydro-engineering sectors.

In August 2016, the Group secured a S$31.3 million contract to provide infrastructure, buildings, all civil and structural, and mechanical and electrical work for the Wet Weather Facility as part of the Changi Water Reclamation Plant Phase 2 Expansion. The project is expected to take 17 months to complete and lifted the Group's order book to S$569.5 million as at 2 August 2016.

The Group's balance sheet as at 30 June 2016 remains strong with cash and cash equivalents of S$16.8 million, a net cash position of S$15.3 million and net cash to equity of 0.8 time.

Fully diluted earnings per share declined to 0.09 SGD cent as at 30 June 2016 compared to 0.17 SGD cent a year ago. Net asset value per share rose to 4.15 SGD cents as at 30 June 2016 from 3.95 SGD cents as at 31 December 2015.

Outlook & Future Strategies

On the Group's outlook, Koh Brothers Eco's Chief Executive Officer, Mr Paul Shin (申龙燮) said, "With the completion of the restructuring exercise, we look forward to KBCE's contributions to Koh Brothers Eco in the next half of the financial year. With our broadened capabilities and sharpened value proposition, we are well-poised to fill the gap in Singapore's growing environment and water industry, which has been identified as a key growth industry as Singapore positions itself as a Global Hydrohub[1]."

In line with the nation's efforts to be self-sufficient amidst climate change, Prime Minister Lee Hsien Loong had in July 2016 announced that the water industry will receive a S$200 million funding boost for research and development over the next five years, with the intention for the industry to contribute S$2.85 billion to the local economy by 2020 compared to the current S$2.2 billion[2].

Various pipeline projects in the water and hydro-engineering industry have been announced such as Phase 2 of the Deep Tunnel Sewerage System (DTSS)[3], the Integrated Waste Management Facility (IWMF), a fourth desalination plant to be built in Marina East[4] and 20 additional Active, Beautiful Clean Waters (ABC Waters) projects planned for the next five years[5].

On the construction front, the Building and Construction Authority ("**BCA**") remains optimistic with forecasted S$27 billion to S$34 billion worth of construction contracts to be awarded in 2016, of which 65% of the demand will be derived from the public sector. Average construction demand is expected to range between S$26 billion and S$35 billion for 2017 and 2018, and S$26 billion to S$37 billion in 2019 and 2020[6].

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[1] *Source: https://www.edb.gov.sg/content/edb/en/industries/industries/environment-and-water.html*
[2] *Singapore's water industry to get $200 million boost – Straits times, 11 July 2016*
[3] *PUB & NEA to call tenders for DTSS Phase 2 and IWMF projects – PUB, Singapore's National Water Agency, 11 July 2016*
[4] *PUB calls tenders to build fourth desalination plant in Marina East – PUB, Singapore's National Water Agency, 14 April 2016*
[5] *ABC Waters makes the next big leap with 20 more projects – PUB, Singapore's National Water Agency, 20 March 2016*
[6] *Public sector, civil engineering projects to drive construction demand this year: BCA – Business Times, 16 – 17 January 2016*

“The growth potential in the water and wastewater treatment, hydro-engineering and construction industries bode well for us. Backed by our comprehensive suite of capabilities and strong balance sheet, we are aggressively tendering for projects, especially those from the public sector. Concurrently, we are also pursuing maintenance contracts to strengthen our recurring income streams to enhance shareholder value,” Mr Shin added.

Through its subsidiary, Oiltek Sdn. Bhd. (“**Oiltek**”), a pioneer in the edible oil process engineering industry in Malaysia with capabilities that covers the entire supply chain of the edible oil industry and renewable and bioenergy sectors, Koh Brothers Eco is able to capitalise on Oiltek’s diversified revenue streams through its global distribution network across 28 countries.

The Group remains cautiously optimistic of Oiltek’s performance for the coming year as it continues to develop new proprietary technology in the refining process to sharpen its competitive niche and expand into new geographical markets to capitalise on 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. The Group is a Building and Construction Authority ("**BCA**") L6 – (ME11) graded contractor and can tender for public mechanical engineering projects of unlimited value.

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. Today, its principal market is in Asia with projects from both the public and private sectors.

Its 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 a joint venture company, Oiltek Nova Bioenergy Sdn. Bhd., it also designs, builds and supplies biogas recovery systems to palm oil mill effluent plants in Malaysia and Indonesia.

Koh Brothers Eco recently acquired Koh Brothers Building & Civil Engineering (Pte.) Ltd. ("**KBCE**"), which holds the BCA A1 grade for both building and civil engineering categories, to broaden its capabilities into 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.

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 national water agency, 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 recently 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.

*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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