



EXTENDING OUR GLOBAL ROADMAP

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annual report 2016

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CORPORATE PROFILE

Listed on the Singapore Exchange (“SGX”) in 2006, **Koh Brothers Eco Engineering Limited** (“KBE” or “the Company, and together with its subsidiaries, “the Group”) today is a sustainable engineering solutions group that provides engineering, procurement and construction (“EPC”) services for water & wastewater treatment, hydro-engineering, bio-refinery and bio-energy projects.

Incorporated in Singapore in 1975, KBE 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. KBE has been awarded the ISO 9001:2000 certification since 2001, which serves as a testimony of its ability to deliver quality services and products. It has also attained ME11 L6 grading by the Singapore Building and Construction Authority flat allows it to tender for Singapore government contracts of unlimited value in this category.

In 2016, we undertook the injection of the construction and civil engineering business, Koh Brothers Building & Civil Engineering Contractor (Pte.) Ltd., into KBE. The integration of synergistic businesses along the value chain has substantially increased revenue and profit margin, as well as aid in clinching important contracts.





Engineering and Construction Business Division

Originally operating as Koh Brother Building & Civil Engineering Contractor (Pte.) Ltd. ("KBCE") before being acquired by KBE, the Engineering & Construction Business Division enjoys a vast track record that covers a variety of civil engineering and construction projects.

For over 30 years, since 1983, KBCE has completed many major construction projects such as the Marina Barrage, the Civil Defence Academy at Jalan Bahar, the River Valley High School campus in Boon Lay, a large aircraft hangar in Changi for the Singapore Aviation Services Company Pte Ltd and The Chevrons (formerly the SAF Warrant Officers and the Specialists Club), HDB projects in Jurong West and Yishun, Holland/Farrer flyover and many drainage projects.





Engineering and Construction Business Division

AWARD-WINNING CIVIL ENGINEERING AND DRAINAGE EXPERTISE

In 2005, KBCE was awarded the groundbreaking Marina Barrage project, which consists of a massive dam across the Marina Channel to create a freshwater reservoir. Officially opened on 31 October 2008, it is Singapore's first urban freshwater reservoir (at 10,000ha, or one-sixth of Singapore land size) to provide desalinated water to meet the country's growing demand. The project eventually went on to win the highly prestigious Superior Achievement Award at the American Academy of Environmental Engineers Annual Awards.

In addition to this flagship project, KBE has also done construction and civil engineering works for many other water, drainage and tunnelling related projects such as the Changi Water Reclamation Plant, one of the world's largest covered sewage treatment plant; the Downtown Line 1 Bugis MRT Station and its associated tunnels; the Jurong Water Reclamation Plant; the Common Service Tunnel at the Business Financial Centre; and the 2.4-kilometre Punggol Waterway. The Punggol Waterway is part of a larger HDB project to make Punggol a vibrant people-centric heartland and is also a cornerstone and kick-starter to PUB's Active, Beautiful, Clean Waters ("ABC Waters") Programme. With ABC Waters progressing full steam ahead, KBCE will be looking forward to many tenders in the coming season.



Bugis MRT (903)



Bugis MRT (903)



Marina Barrage



Engineering and Construction Business Division



Bugis MRT contract (903)



Toa Payoh/Kallang River

INTEGRATION INTO KBE

KBCE's acquisition by KBE represents a vertical integration of synergistic businesses that will together offer a more compelling value proposition to clients and improve the Company's competitive advantage.

To strategically support our building projects, we own a sizable and dedicated fleet of high-quality heavy machinery, equipment, steel struts, concrete pump trucks and a team of highly-skilled direct workers to ensure the timely delivery and completion of quality projects.

The Engineering and Construction Business Division has been awarded the BCA Class A1 grading for Construction and Civil Engineering, which allows us to tender for projects of unlimited value.



Punggol Waterway



Punggol Waterway



Engineering and Construction Business Division

Constituting one of KBE's mission-critical businesses, the Water and Wastewater Treatment business enjoys established expertise, experience and sterling track records in the areas of water and wastewater treatment and hydro-engineering.



Punggol Waterway

WATER AND WASTEWATER TREATMENT

Backed by a diverse 35-year track record in the water-solutions business, KBE has delivered numerous water and wastewater treatment projects in Singapore, Indonesia, Malaysia, Thailand, the Philippines and India – both for the public and private sectors, for domestic consumption as well as industrial use.

KBE provides a complete, end-to-end solution which starts with technology, engineering, manufacturing and procurement services for infrastructure, specialist equipment and turnkey systems, then following through to project management, installation, performance trials, commissioning, training and operations and maintenance.

Our water treatment capabilities spans the entire process – covering primary, secondary and tertiary treatments – which effectively remove suspended solids, biodegradable organics, pathogenic bacteria, industrial wastes, toxic chemicals as well as unwanted nutrients that catalyse algae growth, which may themselves become an biodegradable organic load.

The end result is an effluent of drinking-water quality – a precious resource needed by countries all over the world.



Geylang River



Changi Water Reclamation Plant



Koh Brothers Eco Engineering Project (Malacca)





Engineering and Construction Business Division



Common Service Tunnel



Koh Brothers Eco Engineering Project (India)



Punggol Waterway



HYDRO-ENGINEERING

Complementing our water and wastewater treatment function is our longstanding expertise in hydro-engineering and fluid mechanics, which focuses on the flow and conveyance of fluids such as water and sewerage.

KBE designs and supplies devices which uses state-of-the-art electrical drives and related control systems, and these are incorporated into infrastructure and products like pump systems, gates (such as sluice, weir, roller and barrage gates), valves (such as butterfly and gate valves) and related operating equipment. We also act as a system integrator for the entire mechanical and electrical power, as well as the instrumentation and control systems. Such equipment may also be deployed in water and wastewater treatment plants.

KBE has provided EPC services for major hydro-engineering projects undertaken by the Singapore Government, and supplied hydro-engineering equipment and systems as part of our water and wastewater treatment projects to the private sector. Our operations have also extended beyond local shores to Malaysia and Indonesia.

Whether it is flow or flood control, bespoke or turnkey solutions, KBE has the capabilities to design, build and install hydroengineering equipment and systems to meet all our clients' requirements.

We are also the agent for KASCO, a company that supplies a wide range of floating aerators and aeration fountains.



Changi Water Reclamation Plant



Bio-Refinery and Bio-Energy Business Division

BIO-REFINERY ENGINEERING

Through our subsidiary, Oiltek Sdn. Bhd. ("Oiltek"), we engineer, procure and construct facilities to refine palm oil. Our total refining solutions include complete edible oil and non-edible oil refining plants, renewable energy and biofuel plants as well as systems and process improvement for existing refining operations. Oiltek also plays an important industry role as a distributor of machinery and components.

We were the first company to come up with the PRESTRIPPER system for removal of free fatty acid in palm oil prior to full distillation and deodorization. Another innovation is our unique ENORMOUS system to increase the yield of refined oil. Our various achievements and technological breakthroughs have been received by us distinguished accolades such as the Asia Pacific Super Excellent Brand 2009, Asia Success Award and Super Outstanding Brand in 2012 and 2013.

Supported by more than 35 years of experience, Oiltek today markets to more than 26 countries across Asia, Africa, Central America and Latin America. Oiltek is also the process licensee of Malaysia Palm Oil Board for biodiesel, winter fuel, multi-feedstock biodiesel, phytonutrient extraction and other downstream processes.



BIO-ENERGY ENGINEERING

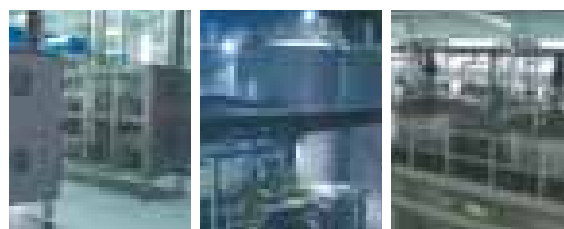
Being one of the pioneering engineering companies in Malaysia which successfully designed, built and delivered biodiesel since 2000, KBE enjoys a leading track record in integrated and multi-feedstock biodiesel plants, which are currently running and operating successfully in Malaysia and Thailand.

We also provide consultancy, design, engineering, procurement and construction services for palm oil mills seeking to recover and utilise methane as a source of renewable energy for power generation.

As a leading provider of palm oil mill effluent ("POME") biogas and methane recovery systems, we have the technology to recover biogas such as methane from palm oil mills across the two leading palm oil producing countries, namely Malaysia and Indonesia. This technology optimises capital expenditure with low operational and maintenance costs and high efficiency in terms of amount of biogas recovered. Furthermore, it is without fire risk and has a proven track record of long-term operation with zero shutdown.

The biogas recovered can be used for industrial and commercial purposes such as a direct displacement for boiler fuel such as fuel oil, diesel and even biomass. Biogas can also be used in a thermal and electricity generation, as well as a hydrogen plant.

KBE also assists in designing, reviewing, submitting and supporting POME biogas recovery projects to achieve Certified Emission Reduction registration, commonly known as carbon credits. We have demonstrated our capabilities and track record by completing successful biogas capturing and utilisation projects in Malaysia and Indonesia.



CHAIRMAN'S STATEMENT



DEAR VALUED SHAREHOLDERS

On behalf of the Board of Directors of Koh Brothers Eco Engineering Limited ("KBE" or the "Company"), I am pleased to present you the annual report of the Company for the financial year ended 31 December 2016 ("FY2016").

As you may be aware, the Company acquired Koh Brothers Building & Civil Engineering Contractor (Pte.) Ltd. ("KBCE") last July. The amalgamation of KBE and KBCE represented a strategic integration of synergistic businesses – a vertical integration of value chain – and the results proved highly positive and encouraging.

KBCE's expertise, track record and longstanding experience in construction, civil engineering and drainage works complements the scope of KBE, and the combined entity puts us in good stead to offer a very competitive and compelling value proposition to the market. Our enhanced capabilities will also open new doors for us to capitalise on emerging opportunities in the water and wastewater, and hydro-engineering sectors.

Our current order book stands at S\$576.8 million. Shortly after restructuring, we clinched two new projects that require the combined capabilities of the Group – a S\$31.3 million contract from PUB for the Wet Weather Facility as part of the Changi Water Reclamation Plant, Phase 2 Expansion; and subsequent to the financial year end, a subcontract from Keppel Seghers for civil structural, piping, marine works and architectural landscaping works relating to Singapore's fourth desalination plant at Marina East. This is a strong testament of the effectiveness of our restructuring exercise that has sharpened our competitive edge.

This year will be a watershed year, and I envisage that we are now on a new growth trajectory – which when guided by insightful strategy, careful planning, bold follow through and robust corporate governance – will lead to many good years of profitability ahead.

FINANCIAL REVIEW

The Group's revenue reached an impressive S\$202.3 million for FY2016, representing a quantum leap of 352% over last financial year's S\$44.8 million. The increase of S\$157.5 million was mainly due to contribution from the Engineering and Construction Business Division.

The Group also accounted for gross profit increasing by 85%, from S\$7.7 million in FY2015 to S\$14.3 million in FY2016, and profit before income tax increasing by 71%, from S\$4.5 million in FY2015 to S\$7.7 million in FY2016.

The Group's net profit attributable to shareholders rose to S\$6.1 million, representing a 194% increase over FY2015's S\$2.1 million.

The Group maintained a healthy balance sheet with an overall liability to asset ratio of 0.8 time, and enjoyed relatively high liquidity with some S\$152.3 million worth of current assets. Our



The Group's revenue reached an **impressive S\$202.3 million for FY2016**, representing a quantum **leap of 352%** over last financial year's **S\$44.8 million**.

relatively low leverage mitigates risks arising from the current economic and geopolitical climate.

As of 31 December 2016, the Group's total net asset value increased to S\$39.4 million, up from S\$15.0 million in the previous financial year, while current assets recorded an increase of S\$118.7 million in FY2016, mainly due to the acquisition of KBCE during the year.

GROWTH STRATEGY

Emerging from circumstances marked by intermittent drought, floods and water pollution in its early days, Singapore today is buttressed by a robust and diversified supply of water known as the "Four National Taps", which are, namely: (i) water from local catchment; (ii) imported water; (iii) desalinated water; and (iv) NEWater, which is highly-purified reclaimed water.

According to statistics from PUB, water demand in Singapore is currently about 430 million gallons a day and is expected to double by 2060. By that time, NEWater and desalination is expected to play a pivotal role, catering up to 85% of the demand.

It is evident then, that at the domestic level, water is a critical resource essential for the day-to-day running of society and all manner of commerce. In the words of PUB, "... everyone in Singapore has a stake in water – as a necessary resource, an economic asset and an environmental treasure".

At the broader geographical level, Singapore is fast becoming a model city for water management and is positioning itself as an emerging Global Hydrohub, a leading centre for business opportunities and expertise in water technologies. Today, we have over 180 water companies based here including multinationals as well as leading local brands. Collectively, they represent the entire value chain of the water industry.

In short, the Singapore government has recognised that the water sector is an industry that can be developed into a powerful economic growth driver, and it is amid such a dynamic and promising landscape that we operate.

Much headway has been made since the government pumped in S\$330 million in 2006 to fund innovation and capability development, and a decade later in 2017, the industry has matured sufficiently for us to realise lucrative business opportunities locally, and also leverage on it as a springboard to expand our operations into the region. In such a context, the integration of KBCE into KBE equips the Company with the necessary capabilities and stands us in good stead to compete with the best in the industry.

PUB had in March 2016 announced 20 additional ABC Waters projects to be completed in the next five years, presenting exciting prospects for the Group, having been involved in five ABC Waters project through KBCE, with the most recent being ABC Waters @ Kallang River (Bishan Road to Braddell Road) to be completed in 2018.

In June 2016 we appointed Mr Paul Shin as the Company's CEO. Paul was formerly the Head of Southeast Asia for Samsung C&T Corporation. We are confident that with his impressive track record and his rich experience in securing major infrastructure and building projects, Paul will capitalise on the bright outlook and opportunities ahead so as to enhance value for all stakeholders.

On the bio-refining and bio-energy front, our subsidiary Oiltek Sdn Bhd has continued to remain at the forefront of the industry by developing new proprietary technology for oil refining, and prospects remain optimistic for this segment to continue with reliable income generation.

PROPOSED DIVIDENDS

It has been a successful year for us. I am therefore pleased to advise that we are proposing a tax-exempt, one-tier final dividend of 0.06 cent, payable on 08 June 2017 after approval by shareholders at the forthcoming Annual General Meeting.

CONCLUSION & APPRECIATION

While the economy is anticipated to remain subdued in 2017, with GDP growth estimated to come in at a modest 1% – 2%, every cloud has a silver lining. The economy is cyclical, and as long as we prepare ourselves for challenges ahead, leveraging on our strong fundamental, balance sheet and enhanced capabilities, supported by innovation, rapid adaptation, sound business rationalisation and careful strategy, we can confidently ride through headwinds to see better days ahead.

I would like to take this opportunity to record my heartfelt appreciation to staff and the management team, whose dedication and hard work have continually moved the company forward. To our clients, business associates and shareholders, a big thank-you for your unwavering support and confidence as we forge on ahead together!

Koh Keng Siang (Francis)

Non-Executive Chairman
23 March 2017

FINANCE & OPERATIONS REVIEW



FINANCIAL OVERVIEW

The Group achieved an overall revenue of S\$202.3 million for FY2016, recording a remarkable 352% increase over last financial year's S\$44.8 million. The increase of S\$157.5 million was mainly due to contribution from the a Engineering and Construction Business Division – which also led to gross profit increasing by 85% from S\$7.7 million in FY2015 to S\$14.3 million in FY2016, and profit before income tax to increase by 71%, from S\$4.5 million in FY2015 to S\$7.7 million in FY2016. As a result, the Group's net profit attributable to shareholders rose to S\$6.1 million, up 194% from FY2015's S\$2.1 million.

Cost of sales, however, increased to S\$188.0 million, up 407% from FY2015's S\$37.1 million. The higher cost of sales was primarily due to contribution by Engineering and Construction Business Division.

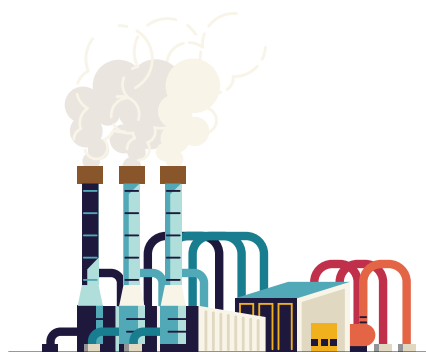
For 2017, the Building and Construction Authority (BCA) has forecast total construction demand to come in between S\$28 billion and S\$35 billion, of which 70% will be driven by demand from the public sector. Our acquisition of capital assets thus places the Group in a strategic position to leverage on the upcoming demand.

While total liabilities increased to S\$161.9 million, up 504% from S\$26.8 million in FY2015, the Group nevertheless maintained a healthy balance sheet with an overall liability to asset ratio of 0.8 time, and enjoyed relatively high liquidity with some S\$152.3 million worth of current assets. The increase in liability is offset by a corresponding increase in assets, and is a clear sign of brisk commerce as compared to a relatively quiet FY2015.

As of 31 December 2016, the Group's total net asset value increased to S\$39.4 million, up from S\$15.0 million in the previous financial year, while current assets recorded an increase of S\$118.7 million in FY2016, mainly due to the acquisition of KBCE during the year.

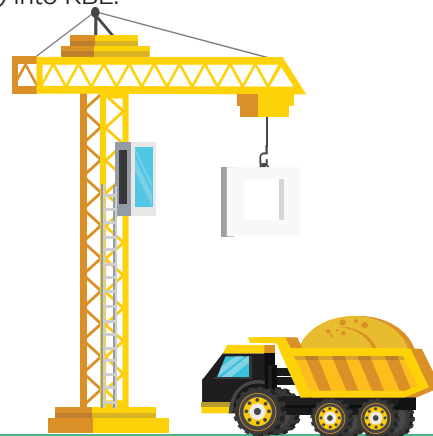
RECENT CORPORATE DEVELOPMENTS

Recognising opportunities in the water and wastewater treatment, and hydro-engineering sectors, our parent company – Koh Brothers Group Limited – acquired Metax Engineering Corporation Limited, renamed it Koh Brothers Eco Engineering Limited (KBE), and subsequently injected its flagship construction business, Koh Brothers Building & Civil Engineering Contractor (Pte.) Ltd. (KBCE) into KBE.



WATER AND WASTEWATER TREATMENT

Backed by a solid 35-year track record, KBE provides both bespoke and turnkey solutions that span the entire water treatment process, and delivers an effluent of drinking-water quality.



CONSTRUCTION

Enjoying top-of-mind brand recall, our construction arm – under Koh Brothers Building & Civil Engineering Contractor (Pte.) Ltd. – enjoys longstanding experience in construction, civil engineering and drainage works.



That represented a vertical integration of the value chain and significant expansion of capabilities, allowing KBE to take on projects of greater scope and value. KBCE now contributes to the Engineering and Construction Business Division of KBE. KBCE is accredited with BCA Class A1 grading for Construction and Civil Engineering, which allows the Group to tender for projects of unlimited value.

MARKET PROSPECTS & GROWTH PLANS

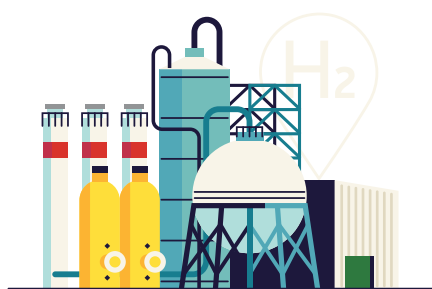
As a thriving gateway city poised for further economic and population growth in the years ahead, Singapore's water consumption – currently 430 million gallons a day – is anticipated to double by 2060. Much like money, which has been described as “oiling the wheels of commerce”, water is likewise a critical resource without which the economy will grind to a halt.

After winning the Stockholm Industry Water award during World Water Week 2007, Singapore has been regarded as a model city for water management. Ever since then, it has been rapidly establishing its position

as a Global Hydrohub, a leading centre for business opportunities and expertise in water technologies. According to PUB, Some 180 water companies and a slew of R&D institutions have made Singapore their regional base of operations. Collectively, they represent the entire value chain of the water industry.

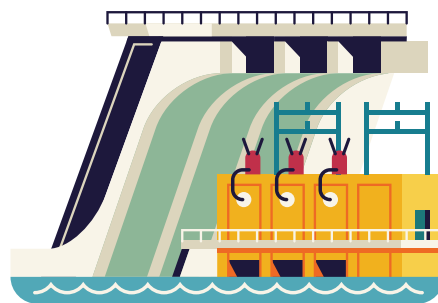
Much progress has been made in the water and wastewater treatment, and hydro-engineering sectors since the Singapore government invested S\$330 million to fund innovation and capability development back in 2006. Today, the industry has matured tremendously and the time is ripe for the Group to leverage on domestic demand, as well as expand operations into the region.

With the Group's expanded capabilities and a proven leadership team at its helm, we are well-positioned to secure major business opportunities and remain optimistic of many good and profitable years ahead.



HYDRO-ENGINEERING

Our expertise in hydro-engineering complements our water and wastewater treatment business. Among others. We have provided EPC services for major hydro-engineering projects undertaken by the Singapore Government, amongst others.



BIO-REFINERY AND BIO-ENERGY ENGINEERING

Through our Malaysian subsidiary Oiltek Sdn. Bhd., we offer palm oil refining equipment, infrastructure and solutions. Our capabilities also extend to biodiesel and recycling of methane as a source of renewable energy

SUSTAINABILITY APPROACH



CEO'S MESSAGE

Our employees are our most valuable assets – without whom we will not achieve the success we have today. Safety is our Number 1 priority – we never compromise safety and we aim for everybody at Koh Brothers Eco to reach home safely every day. Having set strong foundations in risk management and safety controls, we will continue to maintain our excellent track record, in line with the Government's call to improve workplace safety.



Shin Yong Seub (Paul)

CHIEF EXECUTIVE OFFICER

KOH BROTHERS ECO ENGINEERING LIMITED

CORPORATE SOCIAL RESPONSIBILITY

KBE is committed to corporate social responsibility. It believes in giving back to the society. KBE is an active participant for the Singapore Children's Society's 1000 Enterprises for Children-In-Need Programme. KBE is also proud to be part of SPD's Charity Hongbao Donation Drive. KBE hopes to make a difference in the lives of people with disabilities over the Lunar New Year. Together with other industry firms, we collaborated with the Building & Construction Authority (BCA) to offer BCA-Industry Built Environment Undergraduate Scholarship/Sponsorship to students pursuing full-time built environment courses at local universities and the BCA Academy. At KBE, we believe that through these programmes, graduates will enjoy ample opportunities while being nurtured for an exciting and rewarding career in the Built Environment Sector.





HEALTH AND SAFETY AT KBE

Health and Safety is our utmost priority in our business. Health and Safety come from top down approach, and our CEO, Mr. Paul Shin, has put across a strong message to all stakeholders within the organization.

At KBE, we recognise that a serious workplace injury or death changes lives forever – for families, friends, communities, and co-workers alike. Human loss and suffering is immeasurable. Occupational injuries and illnesses can provoke major crises for the families in which they occur. In addition to major financial burdens, they can impose substantial time demands on uninjured family members. Today, when many families are operating with very little free time, family resources may be stretched to the breaking point.

Therefore, our management is held accountable for any health and safety related issues, and all employees are expected to take personal responsibility for their actions, and to be involved in health and safety improvement initiatives. All businesses are required to implement high health and safety standards, in line with the Group's policies.

At KBE, we acknowledge that employee attrition and absenteeism due to health and safety can be major obstacles. Therefore, we will continue to create a healthy and safe workplace for our employees in the following ways:

- **Health and Safety Responsibility** – Under KBE, we have also put in place management and relevant stakeholders responsibility in relation to Health and Safety under their purview
- **Risk Management Committee** – Our Risk Management Committee meets on a monthly basis to discuss about health and safety from organisation to project based. This will also include, among other things, deployment of sufficient resources and initiatives to mitigate health and safety risks.
- **Safety Moment** – At KBE, we implement a Safety Moment initiative, a 5-minute Toolbox talk every morning will be conducted on latest health and safety topics before commencing all meetings.
- **Health and Safety Meetings** – We continue to advocate for health and safety issues to be discussed as the first item at all project weekly meetings. Thereafter, discussion topics are cascaded to all supervisors and workers every morning before work starts. In addition, WhatsApp group is formed between management and project team to keep respective parties acquainted with housekeeping, safety, incident reporting etc.
- **Quarterly Health and Safety CEO Forum** – Our CEO chairs the Quarterly Health and Safety CEO Forum, where he will discuss health and safety issues with our Health, Safety, and Environment (HSE) Division.
- **Health and Safety Inspection** – Our Corporate HSE Officer and QHSE Director conduct weekly health and safety audits. Also, daily inspection by project HSE personnel ensures that we maintain a high level of health and safety practices.



SUSTAINABILITY APPROACH



TRAINING & EDUCATION AT KBE

Training and education is one of the key engagements with our employees. We want to develop our people to achieve their fullest potential and to provide them with a fulfilling career at KBE. Hence, we continue to offer our employees with numerous training programmes to support their various development needs. Most of our employees achieve average of 30-hour per employee/per year on training and education and receive regular performance and development reviews.

Operating in a highly competitive and regulated business environment, we conduct training needs analysis, allocate training budget, map out total company training plan and send our employees to attend various human resources management and development programmes so as to upskill and reskill their competency levels in order to enhance their career development prospects and to stay relevant in the marketplace.

Our employees also have the opportunities to be rotated to different jobs and departments within KBE. In addition to broadening their skill sets, it also provides an opportunity for our employees to understand how each function contributes to KBE strategic objectives. In turn, our employees will be able to understand the value of each function and develop a greater respect and appreciation for each other. This initiative is a morale booster and a great way of encouraging respect among employees. Insofar, our employees have responded positively to the opportunity to improve their job skills, which results in greater job satisfaction, higher productivity and reduced staff's attrition.

As we are performance-driven, we implement systemic training evaluation to measure training effectiveness and introduce Balance Scorecard system to track key performance indicators set up by all departments to drive the company to achieve its long-term goals.





OUR SUSTAINABLE SUPPLY CHAIN

At KBE, we promote long-term relationships with our suppliers and seek alignment with them on legal and sustainability-related issues such as regulatory compliance, social issues, and environmental responsibility. As of 2016, we have an estimated 500 suppliers throughout our supply chain, and we continue to leverage on the scale of our supply chain to make a positive impact in the markets in which we do business locally and globally.

We have established a robust framework to maintain a list of applicable legal and other relevant requirements. This has been communicated to employees and interested parties. We also conduct regular reviews on our suppliers (at least once a year) to ensure the 'relevance' of the legal requirements in relation to company's work activities on environmental/legal regulatory compliance. A management review meeting will also be held annually with minutes to review the evaluation of the suppliers' compliance with regards to environmental/legal/regulatory compliance.

WATER MANAGEMENT AT KBE

At KBE, we recognise that water scarcity is rank among the biggest threats facing our planet. Water Management, such as water consumption throughout our operations, is important as it could contribute to significant environmental impacts. Thus, we focus our efforts on reducing our water impacts with robust controls and continuous monitoring of the effects of water consumption.

As much as possible, we recycle used water to carry out our construction works. Our Quality, Safety, Health and Environment (QSHE) policy provides for all to actively participate and promote health, safety and to preserve the environment. We concentrate our efforts by providing sufficient and appropriate resources on preventing pollution, reduce, reuse, recycle waste and expect full compliance with legislation and corporate policy.

At all our construction sites, we treat recycled water for washing vehicles before they are discharged into waterways. Our programs for each project includes controlling water, electricity usage and debris disposal to within 0.375% of contract sum.

Initiatives to manage the use of water includes monitoring monthly for signs of abuse, excessive differences, and the segregation of water from bathing to be recycled for toilet flushing after treatment.

EFFLUENT AND WASTE

At KBE, we recognise that waste discharges/chemical spillage/oils, fuels, etc. are classified as industrial wastes, which cannot decompose easily and will contaminate the earth. As a result, the environment will be severely affected leading to non-fertile earth and undesirable living conditions. In addition, effluent and waste (e.g. chemical spillage, improper toxic waste disposal) are highly regulated by government. As such, we closely monitor and report effluent discharges and waste management activities at various frequencies, and are tracked by internal and external groups of stakeholders.

We reduce, reuse and recycle as much as possible. We segregate our waste for recycling and we provide for organic and inorganic waste bins in all our projects to manage waste disposal. We try to reduce our inorganic waste through the use of more environmentally-friendly products such as using metal (able to recycle for reuse infinitely) instead of timber, adopting modular designs in our construction to reduce complexity and thus becomes easily manageable with less resources etc. We also monitor the use of our diesel and we manage the consumption within 4% of contract sum.

All our staff are responsible for the managing of effluents and waste, with each project headed by an ECO (Environmental Control Officer) with a team of dedicated workers.



BOARD OF DIRECTORS



Shin Yong Seub (Paul)

Koh Keng Siang (Francis)

Tan Hwa Peng

**Koh Choon Leng
(Jeffrey)**

BOARD OF DIRECTORS



Koh Keng Siang (Francis)

Non-Executive and Non-Independent Chairman

Mr Koh Keng Siang is the Non-Executive and Non-Independent Chairman of Koh Brothers Eco Engineering Limited. He was appointed a Director on 28 February 2013 and was last re-elected on 27 April 2016. He is also the Chairman of the Executive Committee and the Nominating Committee. He is a member of the Remuneration Committee and the Audit and Risk Committee.

Mr Koh is the Managing Director and Group Chief Executive Officer of Koh Brothers Group Limited ("KBGL"). He has been with KBGL since 1987 and has held various positions in administration, finance and project management. He was the main driving force behind the expansion of KBGL's business into Real Estate and Leisure & Hospitality. He is credited with spearheading KBGL to establish its brand name in Singapore as a builder of quality homes.

Mr Koh holds a Master of Business Administration from the National University of Singapore and a Bachelor of Engineering (Honours) from the University of Birmingham. He was conferred the Best Executive Award 1997-1998 by His Excellency, The State Minister of Industry and Trade of the Republic of Indonesia, Mr Ir T Airwibowo. He was also conferred the Promising SME 500 (Distinguished Business Leader of the year) in 2014 and was named the Real Estate Personality of the year 2016.

Mr Koh is a counsel member of the Teochew Federation Council.

Koh Choon Leng (Jeffrey)

Independent Director

Mr Koh Choon Leng is an Independent Director of the Company. He was appointed a Director on 28 February 2013 and was last re-elected on 29 April 2015. He is the Chairman of the Audit and Risk Committee and a member of the Nominating Committee and the Remuneration Committee.

Mr Koh has over 30 years of professional experience in mechanical engineering, building service design, implementation, documentation and project administration. In 1987, he was appointed as the Managing Director of HPS Engineering (S) Pte. Ltd. which provides mechanical and electrical engineering consultancy services to institution, industrial and commercial building projects. He is currently an Executive Director of E+HPS Pte. Ltd., an international total turnkey design and build facilities engineering company, having presence in Singapore, Malaysia, India and China.

Mr Koh graduated from Singapore Polytechnic with a Diploma in Mechanical Engineering in 1981.

Shin Yong Seub (Paul)

Executive Director and Chief Executive Officer

Mr Shin Yong Seub is an Executive Director and Chief Executive Officer of the Company. He was appointed a Director on 1 June 2016. He is also a member of the Executive Committee.

Mr Shin has over 25 years of professional experience in the building and construction industry in Singapore and Asia. Prior to joining the Company, he was the Head of South East Asia for Samsung C&T Corporation. Mr Shin has contributed to the Singapore Built Environment by successfully secured and completed numerous major infrastructure and building projects. These projects include Kallang Paya Lebar Expressway C423, The Summit (NTUC's headquarters), Biopolis, Singapore Changi Runway Package 1, Downtown and Thomson MRT Lines, and Jurong LNG Terminal. His other notable projects in the region include KL 118 Tower (the tallest building in Southeast Asia), the Prai Combined Cycle Power Plant in Malaysia, Shatin Central MTR line in Hong Kong, Keppel International Finance Center in Jakarta, and Trung Son Hydro Dam and Hatim Formosa Steel Mill Deep Sea Port in Vietnam.

Mr Shin holds a Bachelor of Arts degree in International Business from Hankuk University of Foreign Studies in Korea, a Bachelor of Arts in Middle East Politics & Economics from King Saud University, and a Master's degree in International Business Administration from Korea University.

Tan Hwa Peng

Independent Director

Mr Tan Hwa Peng is an Independent Director of the Company. He was appointed a Director on 21 February 2012 and was last re-elected on 27 April 2016. He is the Chairman of the Remuneration Committee and a member of the Nominating Committee and the Audit and Risk Committee.

Mr Tan has more than 35 years of experience in the building and civil engineering construction industry in Singapore. He had been an Executive Director of the Company since its public listing in 1995 till his retirement in 2005. During his tenure at KBGL, he was specifically in charge of its construction division. Prior to the listing of KBGL, he was instrumental in helping the construction division grow from a drainage contractor to one of the largest building and civil engineering companies in Singapore.

Mr Tan graduated from the University of Malaya in 1968 with a Bachelor of Civil Engineering degree. During 1969 to 1972, when he was in full time national service, Mr Tan was commissioned as an army officer and served in the Ministry of Defence. He worked in the Civil Service from 1972 till 1979. He had served in various ministries and had been promoted from Pupil Engineer in the Ministry of National Development to Higher Executive Engineer in the Ministry of Environment.

SENIOR MANAGEMENT



YONG KHAI WENG (HENRY)

MANAGING DIRECTOR
(OILTEK SDN. BHD.)

Mr Yong is the Managing Director of Oiltek Sdn. Bhd., a subsidiary of KBE. He oversees the group operations and expansion in the edible oil, bio-refinery and bio-energy engineering sectors. Mr Yong graduated from the University of Malaya with a Bachelor's degree in Chemical Engineering with First Class Honours in 1997. He has over 20 years of experience in the palm oil industry covering a wide horizon of areas including palm oil refining, biofuels (e.g. biodiesel and biogas), and the whole vertical downstream integration. His profession and expertise include corporate and operational management, project sales and marketing, strategy and planning, process design and management, research and process development as well as key client portfolio management. Mr Yong is also the winners of Super Outstanding Entrepreneur, Asia Success Award 2013 and Asia Honesty Entrepreneur Award 2014.

GOH POH KHIM

EXECUTIVE DIRECTOR

Mr Goh joined the Group's Construction unit in 2002 as an Assistant General Manager (Projects). He managed some of the Group's prestigious projects (such as Marina Barrage). He was promoted to his current position in 2008 overseeing all its building related projects. He is responsible for the performance and growth of the building section under the Construction division. Mr Goh has more than 30 years of project management experience in the construction industry and held senior positions in various construction companies. He holds a Bachelor in Business from the Royal Melbourne Institute of Technology, Australia and an Executive MBA from the National University of Singapore.

KOH KENG SENG

EXECUTIVE DIRECTOR

Mr Koh joined the Group in 1992 and has grown with the Construction division. He now heads the Machinery/Equipment/ Logistics department of the Construction division. He is responsible for and oversees the logistics, workshop, machinery and equipment functions. Mr Koh has more than 24 years of experience in the construction industry and is involved in various projects under the division.

ONG KIEN SOO

EXECUTIVE DIRECTOR

Mr Ong joined the Construction division as Contracts Manager in 2010. He is responsible for overseeing the overall operations of the Contract Department. His portfolio includes post contract administration and tendering of building and infrastructure projects. Mr Ong has more than 35 years of experience in the construction industry and has held senior positions in various construction companies. He was promoted to his current position of Executive Director in 2016. He holds a Bachelor of Applied Science in Construction Management and Economics from Curtin University.

KIM Hwasoo

SENIOR PROJECT DIRECTOR

Mr Kim joined the Group in 2016 as the Senior Project Director and is responsible for the overseeing and managing the Group's recent Changi Airport Runway 3 Package 1 project. Mr Kim has 32 years of professional experience in both project management and construction industries. Prior to joining the Group, he has held senior positions in construction companies. His overseas portfolio includes Construction of Incheon Grand Bridge, JeongGoan Industrial Park Access Road, Pusan subway line 3, Ulsan Tunnel, North Pusan Cable Tunnel, Pusan Sewage Water Treatment Semi-Shield Tunnel, Philippine Laguna International Industrial Park, Gupo Grand Bridge, Pusan Water Treatment, Geum River Water Supply. Mr Kim graduated with a Bachelor and Master of Science in Civil Engineering from Pusan National University.



SENIOR MANAGEMENT

LEE JOON SOON

PROJECT DIRECTOR

Mr Lee joined the Group as a Project Director in the construction division in 2016. He is responsible for the overall management of the Changi Airport CE1 Project and the tendering for marine and reclamation projects, and specializes in design management. Mr Lee has more than 35 years of experience in the construction industry and has held senior and managerial positions in various countries and construction companies. He holds a Bachelor's Degree in Civil Engineering from Korea University in South Korea.

KIM IK HYUNG (HENRY)

PROJECT DIRECTOR

Mr Kim joined the Group as a Project Director in 2016 and is responsible for the supervision of various engineering fields in Civil Construction. Mr Kim has managed numerous projects in several fields ranging from offshore petrochemical plants to underground MRT projects. He recently received prestige for his work on the diversion of the Singapore River for the MRT TBM tunnel construction. Mr Kim has more than 35 years of experience in the construction industry under international contractors. He holds a Bachelor's Degree in Civil Engineering from HanYang University in Korea.

CHUNG JAE WONG (JASON)

PROJECT DIRECTOR

Mr Chung joined the Group in 2016 as a Project Director. He is in charge of the Marina East desalination plant and other projects. He has more than 35 years of experience in the construction industry and has been involved in numerous projects in various countries, ranging from MRT construction and land reclamation to high speed railways and waterway constructions. He previously held managerial and senior positions in Phillipines. He holds a Bachelor of Civil Engineering from Yousei University in South Korea.

YUE WEE KENG

PROJECT DIRECTOR

Mr Yue started his career with the Group in 1988 and was promoted to Project Director of the Group's Construction division in 2010. He has more than 35 years of experience in managing construction projects which include infrastructure and building works. Mr Yue obtained his GCE "A" levels at Dunman Government Chinese Middle School and completed a project management course conducted by the Nanyang Technological University.

TEO TIAN KIM (JEFFREY)

PROJECT DIRECTOR

Mr Teo joined the Group in 1982 and was promoted to Project Director of the Construction division in 2010. He has more than 40 years of experience in the construction industry and has managed numerous projects spanning from infrastructure works, drainage works to public and private housing works. Mr Teo graduated with a Diploma in Structural Engineering from the Singapore Polytechnic and completed a project management course conducted by the Nanyang Technological University.

KOH LYE HOCK

PROJECT DIRECTOR

Mr Koh joined the Group in 1989 and was promoted to Project Director of the Construction division in 2014. He has more than 39 years of professional experience in the construction industry managing infrastructure and building projects. Mr Koh obtained a Bachelor of Engineering in Civil Engineering from the University of Singapore in 1977 and a Professional Engineer Certificate in 1982.

SENIOR MANAGEMENT



LIM POH HIANG (JONATHAN) PROJECT DIRECTOR

Mr Lim joined the Group in 2015 as a Project Director and is responsible for the overseeing and managing of the Westwood Ave executive condominium project. He has more than 19 years of experience in the construction industry managing building projects. Mr Lim obtained a Bachelor (Honours) in Civil and Structural Engineering, a Master of Science in Environmental Engineering from Nanyang Technological University and also an Executive Master of Business Administration from the National University of Singapore.

CHAN YEE YAN PROJECT DIRECTOR

Mr Chan joined the Group in 2010 as Project Director (Engineering). He is responsible for technical matters as well as the execution and operation of infrastructure projects. He has more than 27 years of professional experience in both building consultancy and construction industries. He has held senior positions in various consultant and construction companies. His portfolio includes the construction of Bugis MRT Station (Downtown Line 1), and Jurong Water Reclamation Plant. Mr Chan graduated with a Bachelor in Civil Engineering from the University of Canterbury, a Master of Science in Management of Technology from the National University of Singapore, a Master of Fire Safety Engineer from the University of Western Sydney and a Master of Finance from RMIT University. He is also a Registered Professional Engineer both in Singapore and Malaysia.

CHEONG CHUN KEONG (ROBERT) SPECIAL PROJECT DIRECTOR

Mr Cheong was appointed as Special Project Director of the Group in July 2015. He is responsible for the overall management of projects and operations of the Group. Mr Cheong has more than 12 years of experience in the design of water and wastewater treatment plants, including the Changi Water Reclamation Plant; and over 18 years of experience in building mechanics and electricity systems in a plethora of projects. He held senior management positions in overseas projects. Mr Cheong graduated with a Master of Project Management degree and a Graduate Diploma in Project Management from Queensland University of Technology, and holds a professional qualification in Electrical Engineering Practice awarded by City & Guilds (UK).

TAN CHEE KIONG (CASEY) SYSTEM DEVELOPMENT AND AUDIT (SDA)/QUALITY, HEALTH, SAFETY AND ENVIRONMENT (QHSE) DIRECTOR

Mr Tan joined the Company as an Assistant Safety Manager in 2009. He is responsible for overseeing the Group's overall system development, audit, quality, environment, safety and health. He was promoted to SDA/WSH Director in 2014. Mr Tan has more than 17 years of relevant experience in the construction and manufacturing industries, managing projects which include tunneling, infrastructure, mixed development and building works. He holds a Bachelor of Science in Health and Safety from Curtin University of Technology.

SENIOR MANAGEMENT



MICHAEL NEIL BUSCUMB PLANNING DIRECTOR

Mr Buscumb joined the Group in 2016 focusing on planning and programming for infrastructure and building works (on both tenders and projects). He has more than 20 years of construction and engineering consultancy experience in Singapore and Australia. His previous portfolio included Contract C704 for the Land Transport Authority of Singapore, project engineering for Republic Plaza Tower 2 and other project controls work predominantly on mining projects and studies (including the Olympic Dam copper/uranium mine in South Australia). He holds a Bachelor in Civil Engineering from the University of Adelaide.

LIM YEOW HWEE FINANCIAL CONTROLLER

Mr Lim is responsible for the Group's accounting and financial affairs including treasury, taxation as well as risk management. He has more than 20 years' of audit, finance and operation experience in public accounting, property and construction sectors. Mr Lim is a Chartered Accountant (Singapore), Institute of Singapore Chartered Accountants and a member of the Association of Chartered Certified Accountants.

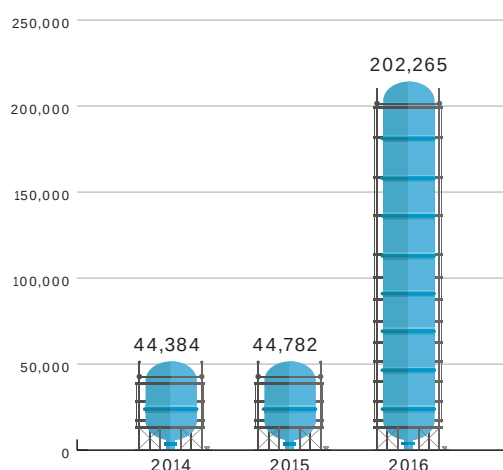
FINANCIAL HIGHLIGHTS



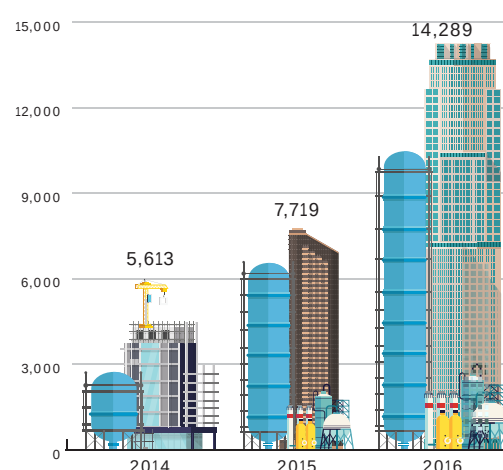
	FY2014	FY2015	FY2016
Balance Sheet Highlight (S\$'000)			
Shareholders' Funds	14,157	14,954	39,369
Cash and Bank Balances	10,011	16,047	20,460
Net Current Assets	4,885	6,783	7,886
Net Tangible Assets	7,300	8,097	32,512
Efficiency			
Return on Shareholders' Funds (%)	3	14	16
Healthy Debt Coverage			
Net Debt to Shareholders' Funds (times)	(0.58)*	(0.95)*	(0.95)*

*This indicates the Group is in net cash position.

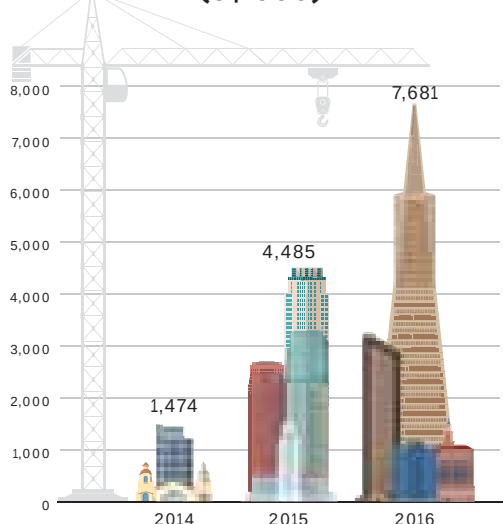
**Revenue
(S\$'000)**



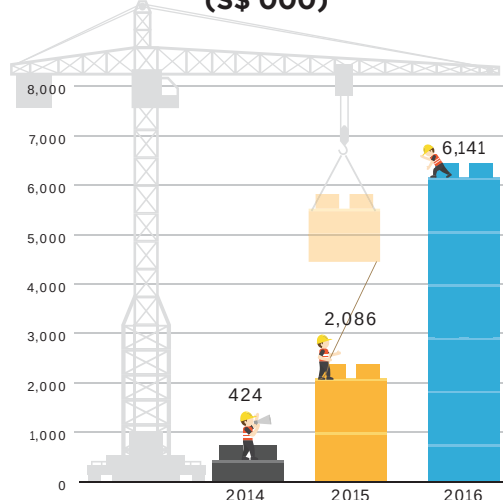
**Gross Profit
(S\$'000)**



**Profit before income tax
(S\$'000)**



**Profit attributable to equity holders
of the Company
(S\$'000)**



GROUP STRUCTURE



Engineering and Construction

- Koh Brothers Eco Engineering Limited
- Koh Eco Engineering Pte. Ltd.
- Metax Eco Solutions Pte. Ltd.
- KBEE Engineering Sdn. Bhd.
- Koh Brothers Building & Civil Engineering Contractor (Pte.) Ltd.

Note: This list is not exhaustive.

Bio-Refinery and Bio-Energy

- Oiltek (S) Pte Ltd.
- Oiltek Sdn. Bhd.
- Oiltek Nova Bioenergy Sdn. Bhd.
- WSB Pte Ltd.

CORPORATE INFORMATION



Registered Office

11 Lorong Pendek
Koh Brothers Building
Singapore 348639
Tel: (65) 6289 8889
Fax: (65) 6841 5200
Website: www.kohbrotherseco.com

Board of Directors

Koh Keng Siang
(Non-Executive and
Non-Independent Chairman)
Shin Yong Seub
Executive Director and
Chief Executive Officer
Tan Hwa Peng
(Independent Director)
Koh Choon Leng
(Independent Director)

Audit and Risk Committee

Koh Choon Leng
(Chairman)
Koh Keng Siang
Tan Hwa Peng

Nominating Committee

Koh Keng Siang
(Chairman)
Koh Choon Leng
Tan Hwa Peng

Remuneration Committee

Tan Hwa Peng
(Chairman)
Koh Choon Leng
Koh Keng Siang

Executive Committee

Koh Keng Siang
(Chairman)

Shin Yong Seub

Company Secretary

Sharon Kem

Assistant Company Secretary

Ang Leng Leng

Group Corporate Communications Manager

David Tay

Auditors

PricewaterhouseCoopers LLP

8 Cross Street
#17-00 PWC Building
Singapore 048424
Partner-in-charge: Yeow Chee Keong
(appointed during the financial year ended 31 December 2015)

Share Registrar

B.A.C.S. Private Limited

8 Robinson Road #03-00
ASO Building
Singapore 048544

Investor Relations

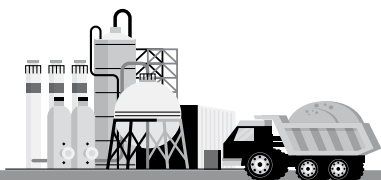
Citigate Dewe Rogerson, i.MAGE, Pte Ltd

55 Market Street #02-01
Singapore 048941
Contact Person: Dolores Phua/Amelia Lee
Tel: (65) 6534 5122



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REPORT ON CORPORATE GOVERNANCE

The board of directors (the “Board”) of Koh Brothers Eco Engineering Limited (the “Company”) is committed to ensuring that a high standard of corporate governance is practised throughout the Company and its subsidiaries (the “Group”). The Board believes that good corporate governance enhances shareholder value, corporate performance and accountability. This report discloses the corporate governance framework and practices that the Company has adopted, with specific reference to the principles and guidelines of the Code of Corporate Governance 2012 (the “Code”). Where the Company’s practices differ from the recommendations under the Code, the deviations are explained in this report. The Board will continue to review the corporate governance policies regularly in order to further add value to stakeholders and enhance investor confidence.

1. BOARD MATTERS

Guideline

(“GL”)

The Board’s Conduct of Affairs

Principle 1 *Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.*

The Board comprises the following 4 directors:

GL 1.1

Koh Keng Siang (Non-executive and non-independent chairman)
Shin Yong Seub (Executive director and chief executive officer (“CEO”))
Tan Hwa Peng (Independent director)
Koh Choon Leng (Independent director)

The Board assumes responsibility for stewardship of the Group. Its primary objective is to protect and enhance shareholder value. The Board’s role is to, *inter alia*,

- (a) provide entrepreneurial leadership, set strategic objectives, and ensure that the necessary financial and human resources are in place for the Company to meet its objectives
- (b) establish a framework of prudent and effective controls which enables risks to be assessed and managed (including safeguarding shareholders’ interests and the Company’s assets)
- (c) approve major investment and funding decisions
- (d) review and evaluate Management’s performance
- (e) set the Company’s values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met
- (f) consider sustainability issues (eg: environmental and social factors) as part of its strategic formulation.

All directors are expected to objectively discharge their duties and responsibilities at all times as fiduciaries in the interests of the Company.

GL 1.2



The Board has established the following committees which assist the Board in discharging its responsibilities according to clearly defined terms of references:

GL 1.3

- (a) Executive Committee ("EC")
- (b) Audit and Risk Committee ("ARC")
- (c) Nominating Committee ("NC")
- (d) Remuneration Committee ("RC")

The Board delegates the formulation of business policies and day-to-day management to the CEO and senior management.

The EC was established on 1 July 2016. The objective is to assist the Board in looking into operational affairs of the Group and making recommendations to the Board, when necessary.

Details of the ARC, NC and RC are set out in other sections of this report.

The Board meets at least 2 times a year and convenes additional meetings when warranted by particular circumstances.

GL 1.4

A record of the directors' attendance at Board and its committee meetings in 2016 is disclosed below.

	BOARD	EC	ARC	NC	RC
Total no. of meetings held in 2016	3	1	2	2	2
Koh Keng Siang ¹	3/3	1/1	2/2	2/2	2/2
Shin Yong Seub ²	1/1	1/1	-	-	-
Koh Choon Leng	3/3	-	2/2	2/2	2/2
Tan Hwa Peng	3/3	-	2/2	2/2	2/2
Tan Liang Seng ³	2/2	-	-	-	-

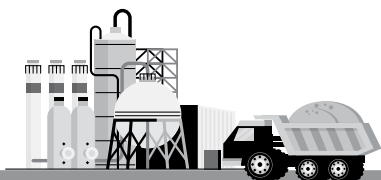
¹ Mr Koh Keng Siang was appointed a member of the EC on 1 July 2016.

² Mr Shin was appointed as an executive director and CEO on 1 June 2016. He was also appointed a member of the EC on 1 July 2016.

³ Mr Tan Liang Seng resigned as a director on 17 May 2016.

The Board is of the view that the contributions of each director should not be based only on his attendance at Board and/or Board committee meetings. A director's contributions may also extend beyond the formal environment of Board meetings, such as through the sharing of views, advice, experience and strategic networking relationships which would further the interests of the Group.

The Company's Constitution allows the directors to consider and approve resolutions by written means. A director who is unable to attend any meeting in person may participate in the meeting via telephone conference.



REPORT ON CORPORATE GOVERNANCE

The Company has adopted internal guidelines setting forth matters that require the Board's approval. These matters relate, *inter alia*, to: GL 1.5

- (a) corporate or financial restructurings
- (b) material acquisitions and disposals of assets which are outside the ordinary course of business of the Group
- (c) dividend payments
- (d) financial results announcements
- (e) bank borrowings and provision of corporate guarantees

The Board also approves transactions exceeding certain threshold limits, while delegating authority for transactions below those limits to the Board committees and Management via a structured delegation of authority matrix (ie: Group Limits of Authority ("GLA")), which is reviewed and revised when necessary.

The GLA provides clear guidance and directions to Management on matters requiring the Board's specific approval which include, but are not limited to:

- (a) material acquisitions and disposals of assets/investments
- (b) corporate/financial restructuring/corporate exercises
- (c) budgets/forecasts
- (d) material financial/funding arrangements and expenditures

The Company has in place an orientation program for all newly appointed directors. This is to ensure that they are familiar with the Group's structure, business and operations, corporate governance practices, and their duties as directors. Where appropriate, the Company will also provide first-time directors with training in areas such as accounting, legal and industry-specific knowledge. GL 1.6

The Board is updated on relevant new laws, regulations and changing commercial risks from time to time. Directors are also encouraged to attend training sessions, courses and seminars conducted by external consultants and institutions at the Company's expense.

Each newly appointed director will receive a letter of appointment, setting out among other things, his duties and obligations. In addition, an information pack containing the Group's organisation structure, the Company's Constitution, Management's contact details and recent minutes of Board meetings will be provided to the director. GL1.7

Board Composition and Guidance

Principle 2 *There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.*

The Board currently comprises 4 directors, of whom the Chairman of the Board is a non-executive and non-independent director, 2 are independent directors and 1 is an executive director. The NC ensures that at least half of the Board is made up of independent directors as recommended under the Code. GLs 2.1 and 2.2

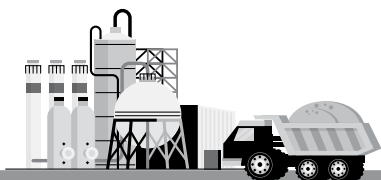


The NC reviews and assesses the independence of each director, taking into account examples of the relationships set out in the Code, and the director's ability to act with independent judgement and to discharge his duties objectively. Each independent director is required to complete a director's independence checklist which is drawn up based on the guidelines provided in the Code. The NC reviews and assesses the director's independence before presenting its recommendations to the Board for consideration and endorsement. Based on the NC's review and recommendations, the Board has determined that Mr Koh Choon Leng and Mr Tan Hwa Peng (both of whom do not have relationships with the Group that could interfere or be reasonably perceived to interfere, with the exercise of their independent judgments) are independent directors.	GL 2.3
There are no independent directors that have served on the Board for more than nine years.	GL 2.4
The Board, having examined the scope and nature of the Group's business and operations, is of the view that the current Board size is appropriate for facilitating effective decision making. The Board will restructure the Board's and its committees' compositions, if warranted, to meet the changing needs and demands of the Group's business and operations.	GL 2.5
Directors have been appointed based on the strength of their calibre, expertise and experience. Board members comprise business leaders with business, management, finance and industry knowledge. The Board has the appropriate mix of expertise and experience, and collectively possesses the necessary core competencies to lead and govern the Group effectively.	GL 2.6
There are currently 3 non-executive directors (of whom 2 are independent directors) on the Board. They will constructively challenge and help develop proposals on strategy. They also review the performance of the Management in meeting agreed goals and objectives, and monitor the reporting of performance.	GL 2.7
Non-executive directors meet up at least once annually, without the presence of the Management to facilitate an effective check on the Management.	GL 2.8

Chairman and Chief Executive Officer

Principle 3 *There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.*

The Chairman of the Board and the Company's CEO are separate persons. There is a clear division of role and responsibilities between the Chairman and CEO. The CEO is not related to the Chairman.	GL3.1
The Chairman, together with the rest of the directors, is responsible for the Board's proceedings. He leads the Board to ensure its effectiveness in all aspects of the Board's role, promotes a culture of openness and debate at the Board, facilitates effective communication with shareholders, encourages constructive relations within the Board and between the Board and Management, facilitates the effective contribution of each director and promotes high standards of corporate governance. With the assistance of the company secretary, he sets the agenda and ensures that the Board members are provided with complete, adequate and timely information of all agenda items.	GL 3.2



REPORT ON CORPORATE GOVERNANCE

The Board is of the view that there is no necessity for a lead independent director at this juncture as the current Board size is small. Both independent directors are available to shareholders when they have concerns and for which contact through the normal channels of the Chairman, CEO and Management has failed to resolve or is inappropriate. GL3.3

The independent directors will confer among themselves (when necessary) and provide feedback to the Chairman as appropriate. GL3.4

Board Membership

Principle 4 *There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.*

The NC comprises the following members, the majority of whom are non-executive and independent directors: GL 4.1

Koh Keng Siang (Chairman)
Koh Choon Leng
Tan Hwa Peng

The NC chairman, who is a non-executive and non-independent director of the Company, possesses extensive experience and governance knowledge in listed companies. The Board is of the view that (i) the NC chairman has demonstrated his ability to lead the NC effectively, (ii) the NC is appropriately sized, and (iii) the current composition enables the NC to carry out its duties and responsibilities delegated by the Board effectively.

The primary role of the NC is to make recommendations to the Board on all Board appointments. Its role is, *inter alia*, to:

- review board succession plans for the directors
- ensure that a process for evaluating the performance of the Board, its Board committees and directors is in place
- review training and professional development programs for the Board
- make recommendations on the appointments and re-appointments of directors

The NC ensures that the Board has the right balance of skills, knowledge and experience critical to the Group's business and evolving needs. Important issues that are also considered by the NC for the selection, appointment and re-appointment of a director include the current Board's composition, each director's contributions and competencies, and the need for progressive renewal of the Board. GL 4.2

Pursuant to Article 107 of the Company's Constitution, one-third of the directors shall retire from office at every annual general meeting ("AGM"), provided always that each director is required to retire from office at least once in every 3 years. A retiring director is eligible to offer himself for re-election.

Article 117 of the Company's Constitution provides that a newly appointed director is required to retire and submit himself for re-election at the AGM immediately following his appointment. Thereafter, he is subject to retirement by rotation in accordance with the Company's Constitution.

The NC assesses annually and as and when circumstances require, whether or not a director is independent based on the guidelines set out in the Code and any other salient factors. GL 4.3



The Board has not determined the maximum number of listed company board representations which any director may hold. The Board is of the view that the directors who have multiple board representations have thus far devoted sufficient time and attention to the affairs of the Company. Their multiple board representations and other principal commitments have not hindered their ability to carry out their duties as directors of the Company. Such multiple board representations of the directors benefit the Group as the directors are able to bring with them the experience and knowledge obtained from such board representations in other companies.

GL 4.4

The Board does not encourage the appointment of an alternate director. No alternate director is currently being appointed on the Board.

GL 4.5

The Board has adopted a process for the selection, appointment and re-appointment of a director. The NC reviews the composition of the Board and its committees periodically. It assesses and shortlists candidates (sourced through contacts, recommendations; recruitment consultants or among the senior management) for a new position on the Board when a need arises. The successful candidate is then appointed as a director of the Company in accordance with the Company's Constitution.

GL 4.6

In appointing and re-appointing directors, the Board considers the skills and experience required in the light of:

- the geographical spread and diversity of the Group's business
- the strategic direction and progress of the Group
- the current composition of the Board
- the need for independence of the Board

The following directors are due for retirement and will be offering themselves for re-election at the forthcoming AGM:

GL4.7

Koh Choon Leng
Shin Yong Seub

Key information on the directors is set out under the "Board of Directors" section of the annual report for the year ended 31 December 2016 (the "Annual Report").

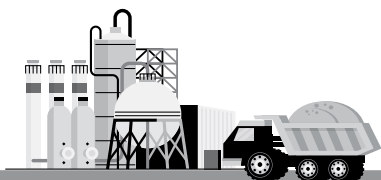
Board Performance

Principle 5 *There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.*

The Board has implemented a process to be carried out by the NC for assessing its effectiveness as a whole and for assessing the contribution by each director to the effectiveness of the Board and its committees.

GL 5.1

The NC reviews the Board's and each director's competency appraisal forms as part of the process adopted to assess the effectiveness of the Board. The outcomes of the appraisal exercise are presented to the Board for its evaluation with a view to enhance the effectiveness of the Board.



REPORT ON CORPORATE GOVERNANCE

Each NC member shall abstain from voting on the resolution in respect of the assessment of his performance or re-nomination as a director.

The NC reviews the Board's performance annually based on the appraisal forms which have been approved by the Board. GL 5.2

The NC assesses the Board's performance through comparison with industry peers, how the Board's performance has enhanced long-term shareholder value and its ability to steer the Group in the right direction as well as the support it provides to the Management.

The NC also evaluates each individual director's performance based on factors such as director's participation, knowledge of the Group's business and operations, contributions and commitments to the Company. GL 5.3

The Chairman of the Board, where appropriate, will act on the results of the performance evaluation and propose, where appropriate, new members to the Board or seek the resignation of directors.

Access to Information

Principle 6 *In order to fulfill their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.*

All directors have access to complete, adequate and timely information and resources, and have separate and independent access to the Management. Directors are provided with meeting papers which set out the relevant background and information in order for them to have a comprehensive understanding of the issues to be deliberated upon. Management will address directors' queries and provide further insights into matters concerned (if needed) to enable the directors to make informed decisions. GLs 6.1 and 6.2

Directors have separate and independent access to the company secretary. The company secretary attends all Board and board committee meetings and is responsible for ensuring that the meeting and other Board procedures are followed and the applicable rules and regulations are complied with. Under the direction of the Chairman, the company secretary is responsible for, *inter alia*, (i) ensuring an effective flow of information within the Board and its committees and between the Management, (ii) facilitating orientation and (iii) assisting with professional development, as required. The company secretary also assists the Board in implementation and upkeep of good corporate governance and best practices across the Group. GL 6.3



The appointment and the removal of the company secretary are matters taken by the Board as a whole. GL 6.4

In the event that the directors (either individually or as a group) require independent professional advice in the furtherance of their duties, the company secretary will, upon approval by the Board, appoint a professional advisor to render such services. The cost of the services will be borne by the Company. GL 6.5

2. REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7 *There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.*

The RC comprises the following directors, 2 of whom are independent directors and all of whom are non-executive directors: GL 7.1

Tan Hwa Peng (Chairman)
Koh Choon Leng
Koh Keng Siang

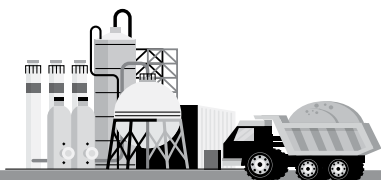
The key responsibilities of the RC are to: GL 7.2

- review and recommend to the Board for endorsement a framework of remuneration for the Board and key members of the Management, and the remuneration package for each executive director and each key member of the Management
- review and recommend to the Board for endorsement the terms of the service contracts for the executive director as well as each key member of the Management
- ensure that there is an adequate disclosure on the remuneration of directors and key members of the Management

The RC covers all aspects of remuneration including but not limited to directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits-in-kind.

The RC will seek internal or external expert advice in furtherance of its duties whenever there is a need for such remuneration consultation. In discharging its duties, the RC has the assistance of the senior group human resources manager as it deems necessary. GL 7.3

The RC reviews the executive director's and key Management members' contracts of service to ensure that their contracts of service contain fair and reasonable termination clauses which are not overly generous. GL 7.4



REPORT ON CORPORATE GOVERNANCE

Level and Mix of Remuneration

Principle 8 *The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.*

The Company recognises that a competitive remuneration and reward system based on individual performance is important to attract, retain and incentivise the best talent. The Company has adopted a remuneration structure for executive director and key members of the Management that is aligned with the long-term interest and risk policies of the Company. The RC ensures that the executive director and key management members' remuneration commensurate with their performance and that of the Group's, taking into consideration the prevailing financial and commercial health and business needs of the Group.

GLs 8.1
and 9.6

The Company will table a proposed resolution seeking shareholders' approval for the adoption of the Koh Brothers Eco Engineering Limited Performance Share Plan 2017 ("KBE PSP") at the forthcoming AGM. The KBE PSP is proposed on the basis that it is important to retain employees whose contributions are essential to the well-being and prosperity of the Group and to give recognition to outstanding employees and executive directors of the Group who have contributed to the growth of the Group. Through the KBE PSP, the Company will be able to recognise and reward past contributions and services and motivate employees to continue to strive for the Group's long-term prosperity. In addition, the KBE PSP aims to foster an ownership culture within the Group which aligns the interests of the employees with the interests of shareholders, and to improve performance and achieve sustainable growth for the Company in the changing business environment. Awards granted under the KBE PSP are principally performance-based with performance conditions to be set over a performance period. Performance conditions set are intended to be based on, *inter alia*, medium-term corporate objectives including market competitiveness, quality of returns, business growth and productivity growth. The performance conditions are stretched targets aimed at sustaining long term growth. These targets may be tied in with the employee's corporate key performance indicators.

GL 8.2

The Company will be seeking shareholders' approval at the forthcoming AGM for the payment of S\$88,000 as directors' fees for FY2016. In determining the proposed fees, the Board took into account factors such as efforts and time spent, and the increasingly onerous responsibilities of directors.

GL 8.3

The Company currently does not use contractual provisions to allow the Company to reclaim incentive components of remuneration from the executive director and members of the key Management in exceptional circumstances of misstatement of financial results or of misconduct resulting in financial loss to the Group.

GL 8.4



Disclosure on Remuneration

Principle 9 *Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.*

Due to the competitive pressures in the market, the Board has, on review, GLs 9.1, 9.2 and 9.3 decided not to disclose the remuneration of directors and top 5 key Management members in the manner as required in the Code. The total remuneration paid to the directors of the Company and the top 5 executives of the Group in FY2016 was approximately S\$1,658,000.

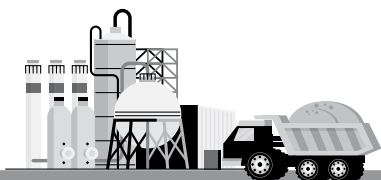
A breakdown of remuneration of each director of the Company by percentage for FY2016 is set out below:

Remuneration band	Director	Fees (%)	Salary (%)	Bonuses and other variable performance components (%)	Allowances and other benefits (%)	Total (%)
S\$250,000 to S\$499,999	Shin Yong Seub	3.1	77.3	18.0	1.6	100
Below S\$250,000	Koh Keng Siang	100	-	-	-	100
	Tan Hwa Peng	100	-	-	-	100
	Koh Choon Leng	100	-	-	-	100
	Tan Liang Seng	100	-	-	-	100

A breakdown of remuneration of each of the top 5 executives of the Group (who are not directors of the Company) by percentage for FY2016 is set out below:

Remuneration band	Top 5 executives*	Fees (%)	Salary (%)	Bonuses and other variable performance components (%)	Allowances and other benefits (%)	Total (%)
Between S\$250,000 to S\$499,999	First Executive	-	85.1	12.3	2.6	100
	Second Executive	-	81.4	16.8	1.8	100
Below S\$250,000	Third Executive	-	86.8	13.0	0.2	100
	Fourth Executive	-	88.9	10.6	0.5	100
	Fifth Executive	-	99.9	-	0.1	100

* Their names are not disclosed in order to maintain confidentiality taking into consideration the competitive pressures in the talent market.



REPORT ON CORPORATE GOVERNANCE

There was no immediate family member of a director or the CEO whose remuneration exceeded S\$50,000 during FY2016. GL 9.4

The employee share option scheme that was approved by the shareholders on 20 January 2006 had expired on 19 January 2016. The Company will be seeking shareholders' approval for the adoption of the KBE PSP at the forthcoming AGM. Details of the proposed share incentives scheme can be found in the Letter to Shareholders dated 28 March 2017. GL 9.5

3. ACCOUNTABILITY AND AUDIT

Accountability

Principle 10 *The board should present a balanced and understandable assessment of the company's performance, position and prospects.*

The Board is responsible for providing a balanced and understandable assessment of the Group's performance, position and prospects when presenting interim and other price-sensitive public reports and reports to regulators (if required). GL 10.1

The Board ensures that Company complies with the applicable legislative and regulatory requirements by establishing written policies (where appropriate) and reviewing all relevant compliance reports from Management. GL 10.2

The Management provides all Board members with financial reports with adequate explanation and information on the Group's performance, position and prospects on a half yearly basis and as the Board may require from time to time, enabling the Board to make a balanced and informed assessment. GL 10.3

Risk Management and Internal Controls

Principle 11 *The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.*

The Board will determine the Company's levels of risk tolerance and risk policies, and oversee Management in the design, implementation and monitoring of the risk management and internal control systems. GL 11.1

The Board acknowledges that it is responsible for the governance of risks and the overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.



The Board has engaged the services of PricewaterhouseCoopers LLP (the Company's external auditor) to assist in the Control Self-assessment ("CSA") programme which has been implemented. The Board has tasked the ARC to review the adequacy and effectiveness of the Group's risk management and internal control systems (including financial, operational, compliance and information technology controls).

GL 11.2

The Company's internal auditor ("IA"), KPMG Services Pte Ltd, prepares on an annual basis, the internal audit plan (taking into consideration the risks identified) which is approved by the ARC. The audits are conducted to assess the adequacy and the effectiveness of the Group's risk management and the internal controls system that have been put in place (including financial, operational, compliance and information technology controls). Any material non-compliance or lapses in internal controls, together with recommendations for improvement, are reported to the ARC. The timely and proper implementation of all required corrective, preventive or improvement measures are closely monitored.

Based on the framework of risk management controls and internal controls established and maintained, the work performed by the IA and the review undertaken by the external auditors as part of their statutory audit, the Board, with the concurrence of the ARC, is of the view that the Group's risk management and internal control systems (including its financial, operational, compliance and information technology controls) are adequate and effective. The Board has received assurance from the CEO and Financial Controller that:

GL 11.3

- (a) the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances
- (b) the Company's risk management and internal control systems are effective in addressing the material risks faced by the Group in its current business environment

The responsibility of overseeing the Company's risk management framework and policies is undertaken by the ARC with the assistance of the IA. Having considered the Company's business operations as well as its existing internal control and risk management systems, the Board is of the view that a separate risk committee is not required for the time being.

GL 11.4

Audit Committee

Principle 12 *The Board should establish an Audit Committee ("AC") with written terms of reference which clearly set out its authority and duties.*

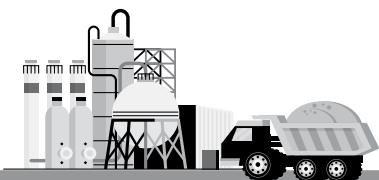
The ARC comprises the following directors, 2 of whom are independent directors and all of whom are non-executive directors:

GL 12.1

Koh Choon Leng (Chairman)
Koh Keng Siang
Tan Hwa Peng

The Board is of the view that the members of the ARC (including the Chairman) have the requisite accounting and related financial management expertise and experience to discharge their duties.

GL 12.2



REPORT ON CORPORATE GOVERNANCE

The ARC is empowered to investigate any matter within its terms of reference. It has full access to and co-operation from Management, and unfettered discretion to invite any director or executive officer to attend its meetings. The ARC has been given adequate resources to enable it to discharge its duties and responsibilities. GL 12.3

The ARC carries out its functions in accordance with the Code and the Companies Act (the "Act"), and is also guided by its terms of reference. The ARC reviews, *inter alia*, the following: GL 12.4

- (a) annual audit plans (internal and external)
- (b) system of internal controls and management of financial risks
- (c) effectiveness and adequacy of the internal audit function which is outsourced to a professional services firm
- (d) regulatory compliance matters
- (e) risk management framework
- (f) interested person transactions
- (g) financial results announcements

The ARC also makes recommendations on the appointment, re-appointment and removal of auditors, and their remuneration.

The ARC meets with the external and internal auditors at least once a year without the presence of the Management. GL 12.5

The ARC has reviewed all the non-audit services provided by the external auditors and is satisfied that such services would not, in the ARC's opinion, affect the independence of the external auditors. GL 12.6

A breakdown of the aggregate amounts of fees paid to the auditors is set out below:

Audit services:	Auditors of the Company	-	S\$214,128
	Other auditors	-	Nil
Non-audit services:	Auditors of the Company	-	S\$50,600
	Other auditors	-	Nil

The Company has complied with Rules 712, 715 and 716 of the Rules of Catalyst in relation to the appointments of auditing firms.

The Company has put in place a whistle-blowing arrangement whereby staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. There are arrangements in place for the independent investigation of such matters for appropriate follow-up actions to be taken. GL 12.7

The ARC held 2 meetings during FY2016 and performed its functions and responsibilities as set out in its terms of reference. GL 12.8



The ARC meets regularly with Management and the external auditors to review auditing and risk management matters, and discuss accounting implications of any major transactions (including significant financial reporting issues). It also reviews the internal audit function to ensure that an effective system of control is maintained within the Group.

The ARC is kept abreast by the Management and the external auditors of new changes to the accounting standards, Rules of Catalist, the Code and other regulations which could have an impact on the Group's businesses and financial statements.

No former partner or director of the Company's existing auditing firm is a member of the ARC. GL 12.9

Internal Audit

Principle 13 *The Company should establish an internal audit function that is adequately resourced and independent of the activities it audits.*

The Company has outsourced its internal audit function to a certified public accounting firm, KPMG Services Pte Ltd. The IA reports to the ARC Chairman and has full access to the ARC, documents, records, properties and staff of the Group. GL 13.1

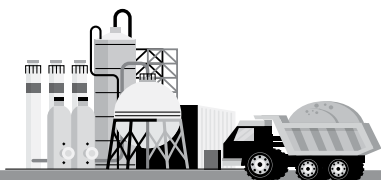
The Board recognises that it is responsible for maintaining a system of internal control to safeguard shareholders' interests and the Group's businesses and assets, while the Management is responsible for establishing and implementing internal control procedures in a timely and appropriate manner. The IA's role is to (i) assist the ARC in ensuring that the controls are effective and functioning as intended, (ii) undertake investigations as directed by the ARC and (iii) conduct regular in-depth audits of high risk areas. GL 13.2

The ARC is satisfied that the internal audit function has adequate resources to perform its function effectively.

The ARC is satisfied that the IA is staffed by suitably qualified and experienced professionals with the relevant experience. GL 13.3

The IA is a member of the Singapore branch of the Institute of Internal Auditors ("IIA"), an international professional association which has its headquarters in the United States. The audit work carried out is guided by the International Standards for the Professional Practice of Internal Auditing (IIA Standards) laid down in the International Professional Practices Framework issued by the IIA. GL 13.4

The IA plans its internal audit schedules in consultation with, but independent of the Management. The audit plan is submitted to the ARC for approval prior to the commencement of the internal audit work. In addition, the IA may be involved in ad-hoc projects initiated by the Management and which require IA's assurance in specific areas of concerns. GL 13.5



4. SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholder Rights

Principle 14 *Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.*

The Company is committed to treating all shareholders fairly and equitably. The Company recognises, protects and facilitates the exercise of shareholders' rights and continually reviews and updates such governance arrangements. GL 14.1

The Company ensures that there is adequate and timely disclosure of developments in the Group or its business which would have a material impact on the Company's shares price, and such disclosure is in compliance with the Listing Rules of the Singapore Exchange Securities Trading Limited ("SGX-ST").

The Company invites all registered shareholders to participate and vote at the Company's general meetings. Each shareholder will receive a notice of meeting which is also advertised in the newspaper and released via SGXNet. All shareholders are entitled to vote in accordance with the established voting rules and procedures. GL 14.2

Under the multiple proxy regime, "relevant intermediaries" (such as banks, capital markets services licence holders which provide custodial services for securities and the Central Provident Fund Board, ("CPF")) are allowed to appoint more than 2 proxies to attend, speak and vote at the Company's general meetings. This will enable indirect investors (including CPF investors) to be appointed as proxies to participate at these meetings. GL 14.3

Communication with Shareholders

Principle 15 *Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.*

The Company embraces openness and transparency in the conduct of the Company's affairs, whilst safeguarding its commercial interests. The Company conveys pertinent information to shareholders and complies with the guidelines set out in the SGX-ST rules when disclosing information. GL 15.1

The Company does not practise selective disclosure of price sensitive information. The Company discloses half-yearly financial results, and any significant transactions and developments via SGXNet in a timely manner. GL 15.2

General meetings are the principal forum for dialogue with shareholders. There is a question and answer session during which shareholders may raise questions or share their views about the proposed resolutions, and the Group's business affairs and financial performance. This enables the Board to gather shareholders' views and address any of the shareholders' concerns. GL 15.3



The Board encourages shareholders to participate actively during the Company's general meetings. These meetings provide excellent opportunities for the Company to obtain shareholders' views on the Group's businesses. Following any release of earnings or price sensitive developments, the Company's investor relations consultant is available by email or telephone to answer questions from shareholders and the media, as long as the information requested does not conflict with the SGX-ST's rules of fair disclosure. GL 15.4

The Company strives to provide consistent and sustainable dividend payments to shareholders based on the Company's profitability, cash position, working capital needs, capital expenditure plan, investment and business opportunities, and market conditions. It aims to balance returns to shareholders with a need for long term sustainable growth. GL 15.5

The Board has recommended a first and final dividend of 0.06 cent per share for FY2016. The proposed dividend is subject to shareholders' approval at the upcoming AGM.

Conduct of Shareholder Meetings

Principle 16 *Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.*

The Company invites and encourages all registered shareholders to participate and vote at the Company's general meetings. Voting in absentia and by mail, facsimile or email is currently not permitted. Such voting methods would need to be cautiously evaluated for feasibility to ensure that there is no compromise to the integrity of the information and authenticity of the shareholders' identities. GL 16.1

The Company ensures that separate resolutions are proposed for substantially separate issues at the general meetings. GL 16.2

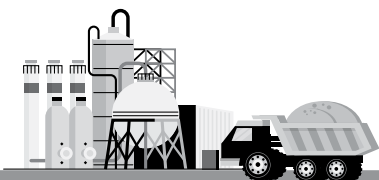
The Board, Financial Controller and external auditors are present at the general meetings to address shareholders' queries or concerns about the Company's financial performance, audits and audit reports. GL 16.3

Minutes of shareholder meetings are available upon request by registered shareholders. GL 16.4

The Company conducts electronic poll voting at general meetings for greater transparency in the voting process. The voting results are announced after the meetings via SGXNet and in accordance with the SGX-ST rules. GL 16.5

5. INTERESTED PERSON TRANSACTIONS ("IPTs")

Shareholders approved the renewal of a general mandate for IPTs at the AGM on 27 April 2016. The mandate sets out the levels and procedures for obtaining approval for such transactions. The IPTs entered during FY2016 are disclosed as follows:



REPORT ON CORPORATE GOVERNANCE

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) (S\$'000)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000) (S\$'000)
KBD Westwood Pte Ltd	-	29,542
G & W Ready-Mix Pte Ltd	-	5,455
G & W Precast Pte Ltd	-	2,930
Koh Brothers Group Limited	-	2,010
Koh Keng Siang	-	590
Koh Brothers Holdings Pte Ltd	-	121

6. MATERIAL CONTRACTS

No material contracts were entered into between the Company or any of its subsidiaries involving the interest of the CEO, any director or controlling shareholder, which are either subsisting at the end of the financial year or, if not then subsisting, entered into since the end of the previous financial year except for the related party transactions and directors' remunerations disclosed in the financial statements.

7. RISK MANAGEMENT

The Management regularly reviews the Group's businesses and operational activities to assess and manage potential risk exposure. The Group's financial risk management objectives and policies are set out in the notes to the FY2016 financial statements. The Company has implemented a CSA programme. Through the programme, weaknesses in the control environment may be detected and reported to the Management. Corrective actions are taken to strengthen the process and prevent future occurrences. The CSA programme instills ownership among the process owners, and promotes accountability.

8. DEALINGS IN SECURITIES

The Company has adopted an internal compliance code on dealings in the Company's securities. The Company has issued share trading guidelines to all directors, employees of executive level and above, and personal assistants. They are not allowed to deal in the Company's securities during the period commencing one month before the announcement of the Company's half and full year financial statements, and ending on the date of the announcement of the relevant results. In addition, they are prohibited from dealing in the Company's securities while in possession of price sensitive information and on short-term considerations.

9. NON-SPONSOR FEE

During the financial year, there were no non-sponsor fees and S\$324,247 of legal fees were paid to Morgan Lewis Stamford LLC, a related corporation of the Sponsor.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2016



The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2016 and the balance sheet of the Company as at 31 December 2016.

In the opinion of the directors,

- (a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 49 to 110 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2016 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors of the Company in office at the date of this statement are as follows:

Mr Koh Keng Siang
 Mr Koh Choon Leng
 Mr Tan Hwa Peng
 Mr Shin Yong Seub (appointed on 1 June 2016)

Arrangements to enable directors to acquire shares and debentures

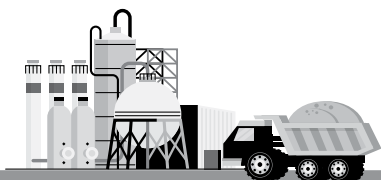
Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' interests in shares or debentures

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in name of director or nominee		Holdings in which director is deemed to have an interest	
	At 31.12.2016	At 1.1.2016	At 31.12.2016	At 1.1.2016
The Company (No. of ordinary shares)				
Mr Koh Keng Siang	6,242,253	-	485,556,148	-
Immediate and ultimate holding corporation				
- Koh Brothers Group Limited (No. of ordinary shares)				
Mr Koh Keng Siang	62,422,535	62,422,535	27,420,000	27,420,000

The directors' interests in the ordinary shares of the Company as at 21 January 2017 were the same as those as at 31 December 2016.



DIRECTORS' STATEMENT

For the financial year ended 31 December 2016

Share options

There were no options granted during the financial year to subscribe for unissued shares of the Company or its subsidiaries.

No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries.

There were no unissued shares of the Company under option at the end of the financial year.

Audit and Risk Committee

The members of the Audit and Risk Committee at the end of the financial year were as follows:

Mr Koh Choon Leng (Chairman)

Mr Tan Hwa Peng

Mr Koh Keng Siang

All members of the Audit and Risk Committee are non-executive directors. Mr Koh Choon Leng and Mr Tan Hwa Peng are independent directors.

The Audit and Risk Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act. In performing those functions, the Committee reviewed:

- the scope and the results of internal audit procedures with the internal auditor;
- the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;
- the assistance given by the Company's management to the independent auditor; and
- the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2016 before their submission to the Board of Directors, as well as the Independent Auditor's Report on the balance sheet of the Company and the consolidated financial statements of the Group.

The Audit and Risk Committee has recommended to the Board that the independent auditor, PricewaterhouseCoopers LLP, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

Independent Auditor

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors

KOH KENG SIANG
Director

23 March 2017

SHIN YONG SEUB
Director

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KOH BROTHERS ECO ENGINEERING LIMITED



Report on the Audit of the Financial Statements

Our Opinion

In our opinion, the accompanying consolidated financial statements of Koh Brothers Eco Engineering Limited (the "Company") and its subsidiaries (the "Group") and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2016 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

What we have audited

The financial statements of the Company and the Group comprise:

- the consolidated balance sheet of the Group as at 31 December 2016;
- the balance sheet of the Company as at 31 December 2016;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows of the Group for the year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

We have conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

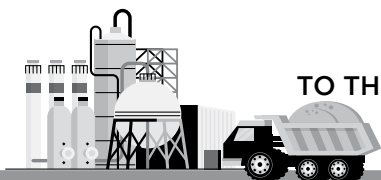
We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Our Audit Approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the accompanying financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year ended 31 December 2016. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KOH BROTHERS ECO ENGINEERING LIMITED

Report on the Audit of the Financial Statements (continued)

Our Audit Approach (continued)

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Accounting for construction contracts <i>Refer to Note 3.1(a), Note 4 and Note 15</i> During the financial year ended 31 December 2016, contract revenue amounted to S\$185.2 million and it represented 92% of the total revenue of the Group. The Group uses the percentage-of-completion method to account for its contract revenue in accordance with FRS 11 Construction Contracts. We focused on the accuracy of revenue recognition and completeness of foreseeable losses on construction contracts due to the significant management judgment required in determining the total contract sum and the total contract costs.	We obtained an understanding of the projects under construction through discussions with management and project managers, and examined project documentation (including contracts, correspondences with customers on delays or extension of time). In relation to total contract revenue for project in progress, our audit procedures include the following: • Traced total contract sums to contract entered into by the Group and its customer; • Assessed the competence of the surveyor/architect; • Traced revenue from variation orders recognised to surveyor/architect's certification; • Recomputed the percentage of completion; and • Assessed the completeness of the amount of liquidated damages to be net off against contract revenue recognised, based on our understanding of the projects. In relation to total contracts costs, our audit procedures include the following: • Traced the cost to complete for each project by substantiating costs that have been committed to quotations and contracts entered; • Tested the reasonableness of the cost to complete for selected projects, focusing on those with significant activities during the year; and • Assessed the reasonableness of cost incurred against our understanding of the project. Based on the audit procedures performed above, we have assessed management's estimates to be reasonable. We then recomputed the cumulative contract revenue and the contract revenue for the current financial year as well as the amount of foreseeable loss (where relevant) for each project, and traced to the accounting records and found it to be appropriate. We have also assessed the disclosures of the assumptions and the sensitivity in the financial statements to be appropriate.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KOH BROTHERS ECO ENGINEERING LIMITED



Report on the Audit of the Financial Statements (continued)

Our Audit Approach (continued)

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessment of goodwill Refer to Note 3.1(b) and Note 21 The goodwill of S\$6.9 million at 31 December 2016 relates to the "Bio-Refinery and Bio-Energy" cash generating unit ("CGU"). In accordance with FRS, the Group performs an impairment test for the CGU to assess whether the goodwill might be impaired. The test performed by the Group did not result in an impairment of goodwill since the recoverable amount based on future cash flows exceeded the carrying amount of goodwill and other net assets. The assumptions, sensitivities and results of the tests performed are disclosed in Note 21 to the financial statements. We focused on this area because of the significant judgment involved in determining inputs for certain assumptions used in the model and the dependency on future market circumstances.	In respect of the assumptions which were most sensitive to changes in terms of the impact on the valuation, our procedures included the following: - Involved internal specialists in assessment on the appropriateness of the discount rate; - Validated terminal growth rate used by corroborating against the long-term average growth rate in the country which the CGU operates in; and - Corroborated gross margin used against historical margin of the CGU. Based on the audit procedures performed above, we have assessed management's assumptions to be appropriate. We have also assessed the disclosures of the assumptions and the sensitivity in the financial statements to be appropriate.

Other Information

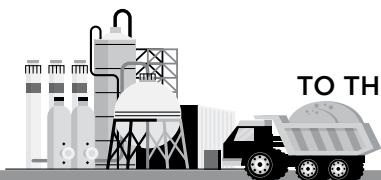
Management is responsible for the other information. The other information refers to the "Directors' Statement" section on pages 42 to 43 of the annual report, but does not include the financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the remaining sections of the annual report, which are expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the remaining sections of the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KOH BROTHERS ECO ENGINEERING LIMITED

Report on the Audit of the Financial Statements (continued)

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSS, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KOH BROTHERS ECO ENGINEERING LIMITED



Report on the Audit of the Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

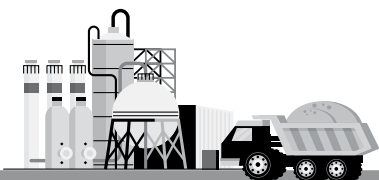
Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Yeow Chee Keong.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants

Singapore, 23 March 2017



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2016

	Note	2016 S\$'000	2015 S\$'000
Revenue	4	202,265	44,782
Cost of sales	7	(187,976)	(37,063)
Gross profit		14,289	7,719
Other income	5	766	339
Other gains - net	6	586	2,160
Expenses			
- Selling and distribution	7	(965)	(1,090)
- Administrative	7	(6,727)	(4,392)
- Finance	9	(290)	(94)
Share of profit/(loss) of an associated company	18	22	(157)
Profit before income tax		7,681	4,485
Income tax expense	10(a)	(1,216)	(1,555)
Profit after income tax		6,465	2,930
Other comprehensive loss:			
Items that may be reclassified subsequently to profit or loss:			
Fair value loss from available-for-sale financial assets	17	(441)	-
Currency translation differences arising from consolidation	28	(384)	(1,824)
Other comprehensive loss, net of tax		(825)	(1,824)
Total comprehensive income		5,640	1,106
Profit attributable to:			
Equity holders of the Company		6,141	2,086
Non-controlling interests		324	844
		6,465	2,930
Total comprehensive income attributable to:			
Equity holders of the Company		5,412	797
Non-controlling interests		228	309
		5,640	1,106
Earnings per share for profit attributable to the equity holders of the Company:			
- Basic earnings per share (in cents)	11	1.09	0.55
- Diluted earnings per share (in cents)	11	1.09	0.55

The accompanying notes form an integral part of these financial statements.

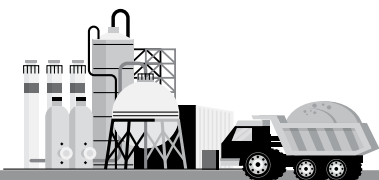
BALANCE SHEETS

As at 31 December 2016



		Group		Company	
	Note	2016	2015	2016	2015
		S\$'000	S\$'000	S\$'000	S\$'000
ASSETS					
Current assets					
Cash and bank balances	12	20,460	16,047	164	956
Trade and other receivables	13	87,094	15,587	1,682	2,627
Inventories	14	646	636	-	-
Due from customers on construction contracts	15	36,533	1,338	-	-
Financial assets, at fair value through profit or loss	16	40	-	-	-
Available-for-sale financial assets	17	7,529	-	-	-
		152,302	33,608	1,846	3,583
Non-current assets					
Trade and other receivables	13	15,187	-	-	-
Investment in an associated company	18	1,355	1,332	640	640
Investments in subsidiaries	19	-	-	36,159	16,669
Property, plant and equipment	20	28,636	2,931	1,696	1,783
Goodwill	21	6,857	6,857	-	-
Deferred tax assets	22	-	108	-	-
		52,035	11,228	38,495	19,092
Total assets		204,337	44,836	40,341	22,675
LIABILITIES					
Current liabilities					
Trade and other payables	23	97,513	23,506	849	2,945
Current income tax liabilities	10(b)	680	745	-	-
Due to customers on construction contracts	15	29,514	774	10	9
Short-term borrowings and financial leases	24	16,709	1,800	-	-
		144,416	26,825	859	2,954
Non-current liabilities					
Trade and other payables	23	14,829	-	-	-
Finance leases	25	2,237	-	-	-
Deferred tax liabilities	22	453	-	-	-
		17,519	-	-	-
Total liabilities		161,935	26,825	859	2,954
NET ASSETS		42,402	18,011	39,482	19,721
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	26	38,391	16,476	38,391	16,476
Warrants reserve	27	-	3,112	-	3,112
Currency translation reserve	28	(2,458)	(2,170)	-	-
Other reserves	29	(441)	-	-	-
Retained profits/(accumulated losses)		3,877	(2,464)	1,091	133
		39,369	14,954	39,482	19,721
Non-controlling interests		3,033	3,057	-	-
Total equity		42,402	18,011	39,482	19,721

The accompanying notes form an integral part of these financial statements.



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2016

← Attributable to equity holders of the Company →

	Note	Share capital S\$'000	Warrants reserve S\$'000	Currency translation reserve S\$'000	Other reserves S\$'000	Retained profits/ (accumulated losses) S\$'000	Total S\$'000	Non- controlling interests S\$'000	Total equity S\$'000
2016									
Beginning of financial year		16,476	3,112	(2,170)	-	(2,464)	14,954	3,057	18,011
Issuance of shares	26	19,011	-	-	-	-	19,011	-	19,011
Share issuance expenses	26	(8)	-	-	-	-	(8)	-	(8)
Profit for the financial year		-	-	-	-	6,141	6,141	324	6,465
Other comprehensive loss for the financial year		-	-	(288)	(441)	-	(729)	(96)	(825)
Transfer on expiry of warrants	26	2,912	(3,112)	-	-	200	-	-	-
Dividend paid		-	-	-	-	-	-	(252)	(252)
End of financial year		38,391	-	(2,458)	(441)	3,877	39,369	3,033	42,402
2015									
Beginning of financial year		30,003	3,112	(881)	-	(18,077)	14,157	2,748	16,905
Profit for the financial year		-	-	-	-	2,086	2,086	844	2,930
Other comprehensive loss for the financial year		-	-	(1,289)	-	-	(1,289)	(535)	(1,824)
Share capital reduction	26	(13,527)	-	-	-	13,527	-	-	-
End of financial year		16,476	3,112	(2,170)	-	(2,464)	14,954	3,057	18,011

The accompanying notes form an integral part of these financial statements.

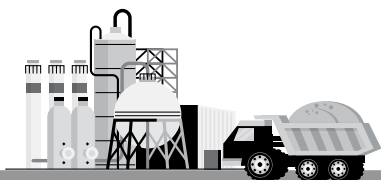
CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2016



	Note	2016 S\$'000	2015 S\$'000
Cash flows from operating activities			
Profit after income tax		6,465	2,930
Adjustments for:			
- Income tax expense		1,216	1,555
- Gain on disposal of subsidiaries		-	(47)
- Fair value gain on financial assets at fair value through profit or loss		(3)	-
- Depreciation of property, plant and equipment		332	159
- Gain on disposal of property, plant and equipment		(73)	-
- Interest income		(276)	(49)
- Interest expense		290	78
- Share of (profit)/loss of an associated company		(22)	157
- Unrealised translation gains		(316)	(1,549)
		7,613	3,234
Change in working capital, net of effects from acquisition of a subsidiary			
- Due from/(to) customers on construction contracts		3,668	(1,540)
- Inventories		(10)	(373)
- Trade and other receivables		(45,711)	5,111
- Trade and other payables		38,556	2,078
Cash generated from operations		4,116	8,510
Income tax paid		(1,835)	(920)
Interest paid		(284)	(68)
Net cash provided by operating activities		1,997	7,522
Cash flows from investing activities			
Acquisition of a subsidiary, net of cash acquired	36	1,042	-
Interest received		276	49
Purchase of property, plant and equipment		(4,033)	(51)
Disposal of property, plant and equipment		85	-
Net cash used in investing activities		(2,630)	(2)
Cash flows from financing activities			
Proceeds from bank borrowings		13,500	-
Repayment of bank borrowings		(7,130)	-
Repayment of amounts owing to shareholders		-	(909)
Deposit pledged released		301	2,256
Share issuance expenses		(8)	-
Payment of finance lease instalments		(975)	-
Dividends paid to non-controlling interest		(399)	-
Net cash provided by financing activities		5,289	1,347
Net increase in cash and bank balances		4,656	8,867
Beginning of financial year		14,609	6,317
Effect of currency translation on cash and bank balances		58	(575)
End of financial year	12	19,323	14,609

The accompanying notes form an integral part of these financial statements.



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL INFORMATION

Koh Brothers Eco Engineering Limited (the “Company”) is listed on the Singapore Exchange and incorporated and domiciled in Singapore. The address of its registered office is 11 Lorong Pendek, Koh Brothers Building, Singapore 348639.

The principal activities of the Company are those of construction, project management and investment holding. The principal activities of its subsidiaries, joint operation entities and associated company are disclosed in Note 35 of the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards (“FRS”) under the historical cost convention.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group’s accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

Interpretations and amendments to published standards effective in 2016

On 1 January 2016, the Group adopted the new or amended FRS and Interpretations to FRS (“INT FRS”) that are mandatory for application for the financial year. Changes to the Group’s accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Group and the Company and had no material effect on the amounts reported for the current or prior financial years.

2.2 Revenue recognition

Sales comprise the fair value of the consideration received or receivable for the sale of goods and rendering of services, the work done on construction projects undertaken by the Group, rental and interest income in the ordinary course of the Group’s activities. Sales are presented, net of goods and services tax, rebates and discounts, and after eliminating sales within the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016



2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Revenue recognition (continued)

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

(a) Contract revenue

Revenue from construction contracts is recognised as disclosed in Note 2.7 "Construction contracts".

(b) Sale of goods

Revenue is recognised when the Group has delivered the products to the customer and the customer has accepted the products.

(c) Rendering of services

Revenue from services is recognised on an accrual basis when services are rendered.

(d) Rental income

Rental income is recognised as disclosed in Note 2.13(b) "Leases - when the Group is the lessor".

(e) Interest income

Interest income is recognised using the effective interest rate method.

2.3 Group accounting

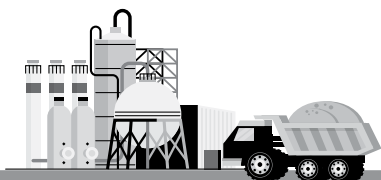
(a) Subsidiaries

(i) Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on which control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary's net results of operations and its net assets, which is attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Group accounting (continued)

(a) *Subsidiaries (continued)*

(ii) *Acquisitions*

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill. Please refer to the Note 2.5 "Goodwill" for the subsequent accounting policy on goodwill.

(iii) *Disposals*

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained profits if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to Note 2.8 "Investments in subsidiaries and associated company" for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

(b) *Transactions with non-controlling interests*

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016



2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Group accounting (continued)

(c) *Associated company*

Associated company is an entity over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50%.

Investment in an associated company is accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

(i) *Acquisitions*

Investment in an associated company is initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associated company represents the excess of the cost of acquisition of the associated company over the Group's share of the fair value of the identifiable net assets of the associated company and is included in the carrying amount of the investment.

(ii) *Equity method of accounting*

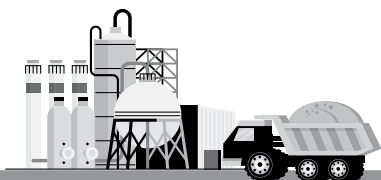
In applying the equity method of accounting, the Group's share of its associated company's post-acquisition profits or losses is recognised in profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and distributions received from the associated company are adjusted against the carrying amount of the investment. When the Group's share of losses in an associated company equals to or exceeds its interest in the associated company, the Group does not recognise further losses, unless it has legal or constructive obligations to make, or has made, payments on behalf of the associated company. If the associated company subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Unrealised gains on transactions between the Group and its associated company are eliminated to the extent of the Group's interest in the associated company. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred. The accounting policies of the associated company have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

(iii) *Disposals*

Investment in an associated company is derecognised when the Group loses significant influence. If the retained equity interest in the former associated company is a financial asset, the retained equity interest is measured at fair value. The difference between the carrying amount of the retained interest at the date when significant influence is lost and its fair value and any proceeds on partial disposal is recognised in profit or loss.

Please refer to the Note 2.8 "Investments in subsidiaries and associated company" for the accounting policy on investment in an associated company in the separate financial statements of the Company.



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Group accounting (continued)

(d) Joint operations

The Group's joint operations are joint arrangements whereby the parties (the joint operators) that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

The Group recognises, in relation to its interest in the joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

When the Group sells or contributes assets to a joint operation, the Group recognises gains or losses on the sale or contribution of assets that is attributable to the interest of the other joint operators. The Group recognises the full amount of any loss when the sale or contribution of assets provides evidence of a reduction in the net realisable value, or an impairment loss, of those assets.

2.4 Property, plant and equipment

(a) Measurement

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

(b) Depreciation

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	<u>Useful lives</u>
Leasehold land and buildings	22.5 – 92 years
Machinery and equipment	5 – 10 years
Renovation	5 years
Motor vehicles	5 years
Office equipment and computers	3 – 10 years
Furniture and fittings	2 – 10 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016



2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Property, plant and equipment (continued)

(c) *Subsequent expenditure*

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(d) *Disposal*

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within Note 6 "Other gains – net".

2.5 Goodwill

Goodwill on acquisitions of subsidiaries and businesses on or after 1 January 2010 represents the excess of (a) the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (b) the fair values of the identifiable net assets acquired.

Goodwill on acquisition of subsidiaries and businesses prior to 1 January 2010 and on acquisition of associated companies represents the excess of the cost of the acquisition over the fair value of the Group's share of the identifiable net assets acquired.

Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

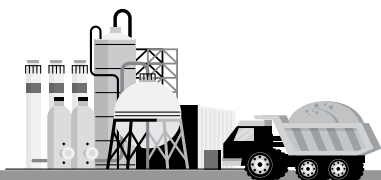
Goodwill on associated company is included in the carrying amount of the investment.

Gains and losses on disposal of subsidiaries and associated company include the carrying amount of goodwill relating to the entity sold, except for goodwill arising from acquisitions prior to 1 January 2001. Such goodwill was adjusted against retained profits in the year of acquisition and is not recognised in profit or loss on disposal.

2.6 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method except for those costs that are directly attributable to the construction of assets under construction. This includes those costs on borrowings acquired specifically for the construction of assets under construction, as well as those in relation to general borrowings used to finance the construction of assets under construction.

Borrowing costs on general borrowings are capitalised by applying a capitalisation rate to construction expenditures that are financed by general borrowings.



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Construction contracts

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the balance sheet date ("percentage-of-completion method"). When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in the contract work and claims that can be measured reliably. A variation or a claim is recognised as contract revenue when it is probable that the customer will approve the variation or negotiations have reached an advanced stage such that it is probable that the customer will accept the claim.

The stage of completion is measured either by reference to the professional's survey or customer's certification of value of work done to date, or by reference to the proportion of contract costs incurred to date to the estimated total costs for the contract. Costs incurred during the financial year in connection with future activity on a contract are excluded from the costs incurred to date when determining the stage of completion of a contract. Such costs are shown as construction contract work-in-progress on the balance sheet unless it is not probable that such contract costs are recoverable from the customers, in which case, such costs are recognised as an expense immediately.

Where the stage of completion is measured by reference to the professional's survey or customer's certification of value of work done to date, at the balance sheet date, the cumulative costs incurred plus recognised profits (less recognised losses) on each contract is compared against the progress billings. Where the cumulative costs incurred plus the recognised profits (less recognised losses) exceed progress billings, the balance is presented as "due from customers on construction contracts" within "current assets". Where progress billings exceed the cumulative costs incurred plus recognised profits (less recognised losses), the balance is presented as "due to customers on construction contracts" within "current liabilities".

Where the stage of completion is measured by reference to the proportion of contract costs incurred to date to the estimated total costs for the contract, at the balance sheet date, the cumulative costs incurred plus recognised profits (less recognised losses) on each contract is compared against the progress billings. Where the cumulative costs incurred plus the recognised profits (less recognised losses) exceed progress billings, the balance is presented as "accrued billings on construction contracts" within "trade and other receivables". Where progress billings exceed the cumulative costs incurred plus recognised profits (less recognised losses), the balance is presented as "advance billings on construction contracts" within "trade and other payables".

Progress billings not yet paid by customers and retentions by customers are included within "trade and other receivables". Advances received and retentions withheld from subcontractors are included within "trade and other payables".

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016



2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Investments in subsidiaries and associated company

Investments in subsidiaries and associated company are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.9 Impairment of non-financial assets

(a) *Goodwill*

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

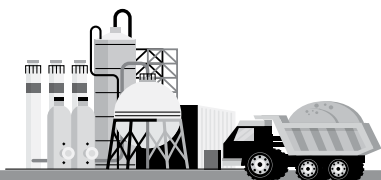
(b) *Property, plant and equipment Investments in subsidiaries and associated company*

Property, plant and equipment and investments in subsidiaries and associated company are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Impairment of non-financial assets (continued)

(b) **Property, plant and equipment** **Investments in subsidiaries and associated company** (continued)

An impairment loss for an asset other than goodwill is reversed only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

2.10 Financial assets

(a) **Classification**

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables and available-for-sale. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) *Financial assets at fair value through profit or loss*

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified as held for trading if it is acquired principally for the purpose of selling in the short term. Financial assets designated as at fair value through profit or loss at inception are those that are managed and their performances are evaluated on a fair value basis, in accordance with a documented Group investment strategy.

(ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables are presented as "trade and other receivables", "other current assets", "due from customers on construction contracts" and "cash and bank balances" on the balance sheet.

(iii) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless the investment matures or management intends to dispose of the assets within 12 months after the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016



2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Financial assets (continued)

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date - the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

(c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately as expenses.

(d) Subsequent measurement

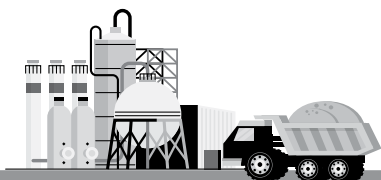
Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Changes in the fair values of financial assets at fair value through profit or loss including the effects of currency translation, interest and dividends, are recognised in profit or loss when the changes arise.

Interest and dividend income on available-for-sale financial assets are recognised separately in income. Changes in the fair values of available-for-sale debt securities (i.e. monetary items) denominated in foreign currencies are analysed into currency translation differences on the amortised cost of the securities and other changes; the currency translation differences are recognised in profit or loss and the other changes are recognised in other comprehensive income and accumulated in the fair value reserve, presented within "Other reserves".

(e) Impairment

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Financial assets (continued)

(e) **Impairment** (continued)

(i) *Loans and receivables*

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

(ii) *Available-for-sale financial assets*

In addition to the objective evidence of impairment described in Note 2.10(e)(i), a significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the available-for-sale financial assets is impaired.

If any evidence of impairment exists, the cumulative loss that was previously recognised in other comprehensive income is reclassified to profit or loss. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss previously recognised as an expense. The impairment losses recognised as an expense on equity securities are not reversed through profit or loss.

2.11 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016



2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.12 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.13 Leases

(a) *When the Group is the lessee:*

(i) *Lessee - Finance leases*

Leases where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases.

The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the balance sheet as assets and liabilities respectively, at the inception of the leases based on the lower of the fair values of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

(ii) *Lessee - Operating leases*

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

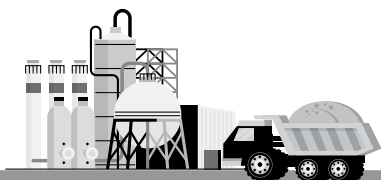
Contingent rents are recognised as an expense in profit or loss when incurred.

(b) *When the Group is the lessor:*

Leases of property where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term. Income from leasing of equipment is recognised on its utilisation basis.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

Contingent rents are recognised as income in profit or loss when earned.



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.14 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

2.15 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries and associated companies, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and
- (ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

The Group accounts for investment tax credits (for example, productivity and innovative credit) similar to accounting for other tax credits where deferred tax asset is recognised for unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax credit can be utilised.

2.16 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016



2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.17 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) *Defined contribution plans*

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

(b) *Employee leave entitlement*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

2.18 Currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Singapore Dollars, which is the functional currency of the Company.

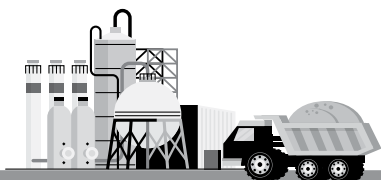
(b) *Transactions and balances*

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of or any loan forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

Foreign exchange gains and losses impacting profit or loss are presented in the income statement within Note 6 "Other gains – net".

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.18 Currency translation (continued)

(c) *Translation of Group entities' financial statements*

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities are translated at the closing exchange rates at the reporting date;
- (ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
- (iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

2.19 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Executive Committee whose members are responsible for allocating resources and assessing performance of the operating segments.

2.20 Cash and bank balances

For the purpose of presentation in the consolidated statement of cash flows, cash and bank balances include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and bank balances.

2.21 Share capital and warrants

Ordinary shares and warrants are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares and warrants are deducted against the share capital and warrant reserve accounts.

When the warrants are exercised, the proceeds received (net of transaction costs) and the related balance previously recognised in the warrants reserve are credited to the share capital account, when new ordinary shares are issued.

Upon expiry of unexercised warrants, the balance previously recognised in the warrants reserve is transferred to retained profits directly.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016



2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.22 Fair value estimation of financial assets and liabilities

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities and derivatives) are based on quoted market prices at the balance sheet date. The quoted market prices used for financial assets are the current bid prices; the appropriate quoted market prices used for financial liabilities are the current asking prices.

The fair value of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

2.23 Dividends to Company's shareholders

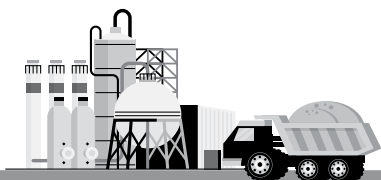
Dividends to Company's shareholders are recognised when the dividends are approved for payments.

2.24 Group restructuring

On 7 January 2016, the Company entered into a sales and purchase agreement with Construction Consortium Pte. Ltd. to acquire the entire equity interest of Koh Brothers Building & Civil Engineering Contractor (Pte.) Ltd. ("KBCE"), where the purchase consideration is to be entirely satisfied by the issuance of shares as disclosed in Note 26. The Company acquired KBCE on 1 July 2016, when the transaction was completed.

The acquisition of KBCE by the Company has been accounted for as a business combination involving entities under common control as the Company and KBCE are under the common control of the ultimate holding corporation, Koh Brothers Group Limited, before and after the restructuring. The acquisition is accounted for using merger accounting (also referred to as predecessor accounting). Accordingly, the consolidated financial statements of the Group are presented as follows:

- (i) The consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group for the financial year ended 31 December 2016 only included KBCE's results from 1 July 2016 onwards (i.e. prospectively from date of acquisition). The comparative figures of the consolidated financial statements are not restated.
- (ii) The assets and liabilities of KBCE are brought into the Group's books based on their existing carrying values in the consolidated financial statements of Koh Brothers Group Limited at 1 July 2016.
- (iii) The difference between the purchase consideration and the net assets of KBCE brought into the Group's books is recognised separately as "merger reserve" within Note 29 "Other reserves".
- (iv) All significant intra-group transactions and balances have been eliminated.



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3.1 Critical accounting estimates and assumptions

(a) *Construction contracts*

The Group has significant contracts that are on-going as at 31 December 2016, as disclosed in Note 15. The Group uses the percentage-of-completion method to account for its contract revenue. The stage of completion is measured either by reference to the professional's survey or customer's certification of value of work done to date, or by reference to the contract costs incurred to date compared to the estimated total costs for the contract. Please refer to Note 2.7 "Construction contracts" for the Group's accounting policy on construction contract work-in-progress.

Significant assumptions are used to estimate the total contract costs which affect the accuracy of revenue recognition based on the percentage-of-completion and completeness of foreseeable losses recognised. In making these estimates, management has relied on past experience and the work of specialists.

If the remaining estimated contract costs increase by 3% from management's estimates, the Group's profit before income tax will decrease by approximately S\$5,146,000 respectively.

(b) *Assessment on impairment of goodwill*

Goodwill is tested for impairment annually and whenever there is indication that the goodwill may be impaired. In performing the impairment assessment of the carrying amount of goodwill (Note 21), the recoverable amount of the "Bio-Refinery and Bio-Energy" cash-generating unit ("CGU") in which goodwill has been attributable to, is determined using value-in-use (VIU) calculations.

Significant judgements are used to estimate the gross margin, terminal growth rate and discount rate applied in computing the recoverable amounts of the CGU. In making these estimates, management has relied on past performance, its expectation of market developments in Malaysia, and the industry trends for the CGU. Specific estimates are disclosed in Note 21. Management is of the view that no impairment of the CGU was required as at 31 December 2016.

Management has performed a sensitivity analysis and noted that a reasonably possible change in the key assumptions will not result in an impairment.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016



4. REVENUE

	Group	
	2016 S\$'000	2015 S\$'000
Contract revenue	185,171	36,459
Sales of goods	2,902	2,044
Rendering of services	14,192	6,279
	202,265	44,782

5. OTHER INCOME

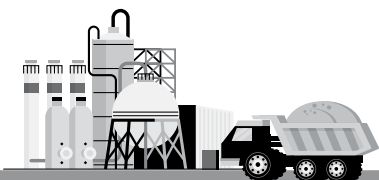
Rental income	162	162
Interest income	276	49
Other income	328	128
	766	339

6. OTHER GAINS - NET

Fair value gain on financial assets at fair value through profit or loss (Note 16)	3	-
Fair value losses on long term financial assets and liabilities	(308)	-
Gain on disposal of property, plant and equipment	73	-
Gain on disposal of subsidiaries (Note 19)	-	47
Net foreign exchange gains	818	2,113
	586	2,160

7. EXPENSES BY NATURE

Allowance for impairment of trade receivables (Note 13)	442	747
Changes in inventories of finished goods	(10)	(307)
Commission expenses	405	393
Depreciation of property, plant and equipment [Note 20(i)]	332	159
Employee compensation (Note 8)	3,976	3,008
Freight, transport and shipping expenses	616	861
Legal and professional fees	1,179	676
Purchases of materials and consumables	187,023	36,383
Rental expense	164	125
Other expenses	1,541	500
Total cost	195,668	42,545



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

8. EMPLOYEE COMPENSATION

	Group	
	2016 S\$'000	2015 S\$'000
Salaries and bonuses	3,354	2,667
Employer's contribution to defined contribution plan	422	292
Other related staff costs	200	49
	3,976	3,008

Compensation to key management personnel, including directors' remuneration is separately disclosed in Note 31(b).

9. FINANCE EXPENSES

Bank charges	-	16
Interest expense:		
- Banking facilities	249	75
- Finance leases	41	-
- Loan from shareholders	-	3
	290	94

10. INCOME TAX

(a) Income tax expense

Tax expense attributable to profit is made up of:

- Current income tax [Note 10(b)]	1,119	1,737
- Deferred income tax (Note 22)	428	(156)
	1,547	1,581
(Over)/under provision in prior financial years		
- Current income tax [Note 10(b)]	(419)	(496)
- Deferred income tax (Note 22)	88	470
	1,216	1,555

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016



10. INCOME TAX (continued)

(a) *Income tax expense* (continued)

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

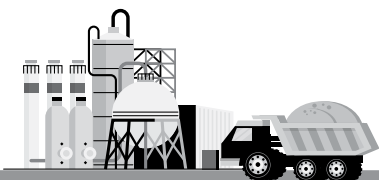
	Group	
	2016 S\$'000	2015 S\$'000
Profit before income tax	7,659	4,485
Share of (profit)/loss of an associated company	(22)	157
Profit before income tax and share of (profit)/loss of an associated company	7,637	4,642
Tax calculated at tax rate of 17% (2015: 17%)	1,298	789
Effects of:		
- Expenses not deductible for tax purposes	646	170
- Income not subject to tax	(103)	(59)
- Different tax rates of overseas operations	301	446
- Unrecognised deferred tax benefits	180	230
- Utilisation of previously unrecognised:		
• Tax losses	(501)	-
• Capital allowances	(297)	-
- Others	23	5
Tax charge	1,547	1,581

(b) *Movement in current income tax liabilities*

Balance at 1 January	745	520
Currency translation differences	99	(96)
Acquisition of a subsidiary (Note 36)	971	-
Income tax paid	(1,835)	(920)
Tax expense [Note 10(a)]	1,119	1,737
Over provision in prior financial years [Note 10(a)]	(419)	(496)
Balance at 31 December	680	745

(c) *Unutilised tax losses and unabsorbed capital allowances*

As at 31 December 2016, the Group has unutilised tax losses of approximately S\$24,397,000 (2015: S\$20,628,000) and unabsorbed capital allowances of approximately S\$2,165,000 (2015: S\$160,000) which can, subject to meeting certain statutory requirements by those companies with unrecognised tax losses and unabsorbed capital allowances in their respective countries of incorporation, be carried forward and utilised against future taxable profits. The deferred tax benefits on the unutilised tax losses and unabsorbed capital allowances of subsidiaries have not been recognised in the financial statements because of the uncertainty of future utilisation. The unutilised tax losses and capital allowances have no expiry date.



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

11. EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share is calculated by dividing net profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2016	2015
Net profit attributable to equity holders of the Company (S\$'000)	6,141	2,086
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	563,990	378,409
Basic earnings per share (in cents)	1.09	0.55

(b) Diluted earnings per share

Diluted earnings per share attributable to equity holders of the Company is calculated as follows:

Net profit attributable to equity holders of the Company (S\$'000)	6,141	2,086
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	563,990	378,409
Adjustments for warrants ('000)	-	2,536
	563,990	380,945
Diluted earnings per share (in cents)	1.09	0.55

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016



12. CASH AND BANK BALANCES

	Group		Company	
	2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000
Cash and bank balances	19,163	14,765	164	956
Fixed deposits	1,297	1,282	-	-
	20,460	16,047	164	956

The carrying amounts of fixed deposits approximate their fair values, as the fixed deposits bear interest at variable rates which can be re-priced within a period of up to 12 months.

Included in the cash and bank balances and fixed deposits of the Group is an amount of S\$1,137,000 (2015: S\$1,438,000) pledged to banks for credit facilities granted.

For the purpose of presenting the consolidated statement of cash flows, cash and bank balances comprise the following:

	Group	
	2016 S\$'000	2015 S\$'000
Cash and bank balances (as above)	20,460	16,047
Less: Restricted cash	(1,137)	(1,438)
Cash and bank balances per consolidated statement of cash flows	19,323	14,609



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

13. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000
Current				
Trade receivables				
- Immediate and ultimate holding corporation	5,049	-	-	-
- Related corporations	8,433	-	-	-
- Related party	163	-	-	-
- Subsidiaries	-	-	189	-
- Non-related parties	60,767	13,253	168	671
	74,412	13,253	357	671
Less: Allowance for impairment of receivables	(2,489)	(2,111)	(168)	(168)
Trade receivables - net	71,923	11,142	189	503
Non-trade receivables				
- Immediate and ultimate holding corporation	14	-	-	-
- Related corporations	52	-	-	-
	66	-	-	-
Retentions on construction contracts (Note 15)				
- Non-related parties	2,962	349	-	-
- Related corporation	2,339	-	22	22
- Related party	2,897	-	-	-
	8,198	349	22	22
Accrued billings on construction contracts (Note 15)	3,045	3,610	-	-
Other receivables				
- Deposits	968	61	8	7
- Prepayments	133	72	-	4
- Other receivables	2,761	353	-	29
- Subsidiaries	-	-	1,463	2,062
	87,094	15,587	1,682	2,627
Non-current				
Retentions on construction contracts (Note 15)				
- Non-related parties	9,251	-	-	-
- Related corporation	5,936	-	-	-
	15,187	-	-	-

- (a) Allowance for impairment of trade receivables of S\$442,000 (2015: S\$747,000) is recognised as an expense and included in "selling and distribution expenses".
- (b) The non-trade amounts due from subsidiaries, immediate and ultimate holding corporation, and related corporations are unsecured, interest-free and are repayable on demand.
- (c) The trade receivables due from a related party relates to amount due from a director of the Company.
- (d) The non-current retentions on construction contracts are presented at amortised cost and computed based on cash flows discounted at market borrowing rates of approximately 4% (2015: 4%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016



14. INVENTORIES

	Group	
	2016 S\$'000	2015 S\$'000
Finished goods	646	636

The cost of inventories recognised as an expense and included in "cost of sales" amounts to S\$196,000 (2015: S\$457,000).

15. DUE FROM/(TO) CUSTOMERS ON CONSTRUCTION CONTRACTS

	Group		Company	
	2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000
Aggregate costs incurred and profits recognised (less losses recognised) to date on uncompleted construction contracts	1,175,361	115,608	5,188	4,705
Less: Progress billings	(1,170,491)	(120,904)	(5,198)	(4,714)
	4,870	(5,296)	(10)	(9)

Presented as:

Current assets

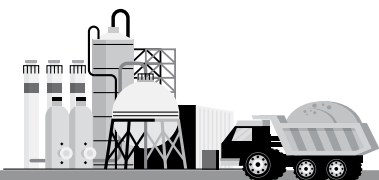
- Due from customers on construction contracts	36,533	1,338	-	-
- Accrued billings on construction contracts (Note 13)	3,045	3,610	-	-
	39,578	4,948	-	-

Current liabilities

- Due to customers on construction contracts	(29,514)	(774)	(10)	(9)
- Advance billings on construction contracts (Note 23)	(5,194)	(9,470)	-	-
	(34,708)	(10,244)	(10)	(9)
	4,870	(5,296)	(10)	(9)

Retentions on construction contracts (Note 13)	23,385	349	22	22
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Advances received on construction contracts (Note 23)	1,227	922	41	41
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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

16. FINANCIAL ASSETS, AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group	
	2016 S\$'000	2015 S\$'000
Balance at 1 January	-	-
Acquisition of a subsidiary (Note 36)	37	-
Fair value gain during the financial year (Note 6)	3	-
Balance at 31 December	40	-

Financial assets, at fair value through profit and loss comprise the following:

At fair value:

Quoted equity shares – Singapore	40	-
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17. AVAILABLE-FOR-SALE FINANCIAL ASSETS

Balance at 1 January	-	-
Acquisition of a subsidiary (Note 36)	7,970	-
Fair value losses recognised in other comprehensive income [Note 29(b)]	(441)	-
Balance at 31 December	7,529	-

Available-for-sale financial assets are analysed as follows:

Listed securities

- Singapore Dollar corporate fixed rate notes of 4.00% to 5.90% (2015: 5.25% to 6.25%) per annum due between 10 January 2017 to 9 June 2022 (2015: between 10 January 2017 to 1 October 2018)	7,529	-
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Available-for-sale financial assets are classified as current assets as management intends to dispose these assets within 12 months after balance sheet date.

18. INVESTMENT IN AN ASSOCIATED COMPANY

	Group		Company	
	2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000
Unquoted equity shares, at cost			640	640
Balance at 1 January	1,332	1,489		
Add: Share of profit/(loss)	22	(157)		
Adjustment	1	-		
Balance at 31 December	1,355	1,332		

Details of the associated company are set out in Note 35. The associated company has share capital consisting solely of ordinary shares, which are held directly by the Group; the country of incorporation is also its principal place of business.

There are no contingent liabilities relating to the Group's interest in the associated company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016



18. INVESTMENT IN AN ASSOCIATED COMPANY (continued)

Summarised financial information for associated company

Set out below is the summarised financial information for Tricaftan Environmental Technology Pte. Ltd..

	Tricaftan Environmental Technology Pte. Ltd.	
	2016 S\$'000	2015 S\$'000
Summarised statement of comprehensive income		
For the year ended 31 December		
Revenue	3,956	4,005
Profit/(loss) after income tax	62	(385)
Other comprehensive loss	(5)	(7)
Total comprehensive income/(loss)	57	(392)

Summarised balance sheet

As at 31 December

Current assets	3,717	3,638
Current liabilities	(1,171)	(1,179)
Non-current assets	846	876
Non-current liabilities	(5)	(5)
Net assets	3,387	3,330

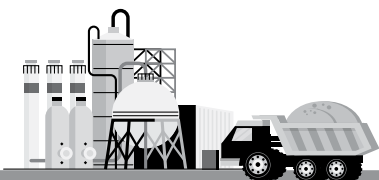
The information above reflects the amounts presented in the financial statements of the associated company (and not the Group's share of those amounts), adjusted for differences in accounting policies between the Group and the associated company.

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented, to the carrying amount of the Group's interest in associated company, is as follows:

As at 31 December

Net assets		
Balance at 1 January	3,330	3,722
Profit/(loss) for the year	62	(385)
Other comprehensive loss	(5)	(7)
Balance at 31 December	3,387	3,330
Interest in associated company		
Carrying value	1,355	1,332



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

19. INVESTMENTS IN SUBSIDIARIES

	Company	
	2016 S\$'000	2015 S\$'000
<i>Unquoted equity shares, at cost</i>		
Balance at 1 January	16,769	16,910
Acquisition of a subsidiary under common control (Note 36)	19,490	-
Disposal of a subsidiary	-	(141)
Balance at 31 December	36,259	16,769
Less: Allowance for impairment	(100)	(100)
	36,159	16,669

Details of the subsidiaries are set out in Note 35.

Carrying value of non-controlling interests

Oiltek Sdn. Bhd. and its subsidiary	3,033	3,057
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There were no transactions with non-controlling interests for the financial years ended 31 December 2016 and 2015.

Summarised financial information of subsidiaries with material non-controlling interests

Set out below are the summarised financial information for Oiltek Sdn. Bhd. and its subsidiary, which has non-controlling interests that are material to the Group. These are presented before inter-company eliminations.

Summarised statement of comprehensive income

	Oiltek Sdn. Bhd. and its subsidiary	
	2016 S\$'000	2015 S\$'000
<u>For the year ended 31 December</u>		
Revenue	27,680	34,614
Profit before income tax	4,381	6,381
Income tax expense	(1,232)	(1,648)
Profit after tax and total comprehensive income	3,149	4,733
Total comprehensive income/(loss) allocated to non-controlling interests	100	(17)
Dividends paid to non-controlling interests	252	-

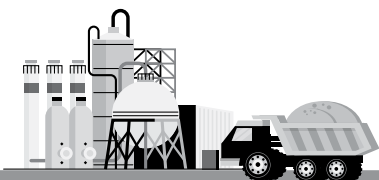
NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016



19. INVESTMENTS IN SUBSIDIARIES (continued)

	Oiltek Sdn. Bhd. and its subsidiary	
	2016 S\$'000	2015 S\$'000
Summarised balance sheet		
<u>As at 31 December</u>		
Current		
Assets	26,812	29,027
Liabilities	(12,668)	(16,502)
Total current net assets	14,144	12,525
Non-current		
Assets	1,206	1,229
Total non-current net assets	1,206	1,229
Net assets	15,350	13,754
Summarised cash flows		
<u>For the year ended 31 December</u>		
Net cash provided by operating activities	4,582	7,542
Net cash used in investing activities	(159)	(7)
Net cash (used in)/provided by financing activities	(1,861)	36
Net increase in cash and bank balances	2,562	7,571
Cash and bank balances at beginning of the financial year	13,241	5,580
Effects of currency translation on cash and bank balances	98	90
Cash and bank balances at end of the financial year	15,901	13,241



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

20. PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold land and buildings S\$'000	Machinery and equipment S\$'000	Furniture and fittings, renovation S\$'000	Motor vehicles S\$'000	Office equipment and computers S\$'000	Asset under construction S\$'000	Total S\$'000
2016							
Cost							
At 1 January 2016	4,275	88	509	293	342	-	5,507
Acquisition of a subsidiary under common control	6,772	39,894	829	7,748	1,725	4,957	61,925
Additions	-	2,943	557	3,385	232	446	7,563
Disposal	-	-	-	(940)	-	-	(940)
Write-off	-	-	-	-	(3)	-	(3)
Currency translation differences	(22)	-	(3)	(4)	(4)	-	(33)
At 31 December 2016	11,025	42,925	1,892	10,482	2,292	5,403	74,019
Accumulated depreciation							
At 1 January 2016	1,528	88	439	259	262	-	2,576
Acquisition of a subsidiary under common control	953	32,054	825	5,696	1,457	-	40,985
Depreciation charge	235	1,494	230	713	91	-	2,763
Disposal	-	-	-	(928)	-	-	(928)
Write-off	-	-	-	-	(3)	-	(3)
Currency translation differences	(4)	-	(3)	-	(3)	-	(10)
At 31 December 2016	2,712	33,636	1,491	5,740	1,804	-	45,383
Net book value at 31 December 2016	8,313	9,289	401	4,742	488	5,403	28,636

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016



20. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	Leasehold land and buildings S\$'000	Machinery and equipment S\$'000	Furniture and fittings, renovation S\$'000	Motor vehicles S\$'000	Office equipment and computers S\$'000	Total S\$'000
2015						
Cost						
At 1 January 2015	4,458	91	522	288	373	5,732
Additions	-	-	15	27	9	51
Disposal	(7)	-	(3)	-	(9)	(19)
Currency translation differences	(176)	(3)	(25)	(22)	(31)	(257)
At 31 December 2015	4,275	88	509	293	342	5,507
Accumulated depreciation						
At 1 January 2015	1,476	91	426	271	257	2,521
Depreciation charge	86	-	29	10	34	159
Disposal	(7)	-	(1)	-	(8)	(16)
Currency translation differences	(27)	(3)	(15)	(22)	(21)	(88)
At 31 December 2015	1,528	88	439	259	262	2,576
Net book value at 31 December 2015	2,747	-	70	34	80	2,931

As at 31 December 2016, a leasehold land and building with carrying amount of S\$963,000 (2015: S\$997,000) is pledged to a financial institution to secure banking facilities to the Group.



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

20. PROPERTY, PLANT AND EQUIPMENT (continued)

Company	Leasehold land and building S\$'000	Machinery S\$'000	Furniture and fittings, renovation S\$'000	Motor vehicles S\$'000	Office equipment and computers S\$'000	Total S\$'000
2016						
Cost						
At 1 January 2016	3,085	66	318	142	83	3,694
Disposal	-	-	-	(83)	-	(83)
At 31 December 2016	3,085	66	318	59	83	3,611
Accumulated depreciation						
At 1 January 2016	1,337	66	317	108	83	1,911
Depreciation charge	69	-	1	8	-	78
Disposal	-	-	-	(74)	-	(74)
At 31 December 2016	1,406	66	318	42	83	1,915
Net book value at 31 December 2016	1,679	-	-	17	-	1,696
2015						
Cost						
At 1 January 2015	3,085	66	318	115	83	3,667
Additions	-	-	-	27	-	27
At 31 December 2015	3,085	66	318	142	83	3,694
Accumulated depreciation						
At 1 January 2015	1,268	66	315	98	79	1,826
Depreciation charge	69	-	2	10	4	85
At 31 December 2015	1,337	66	317	108	83	1,911
Net book value at 31 December 2015	1,748	-	1	34	-	1,783

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016



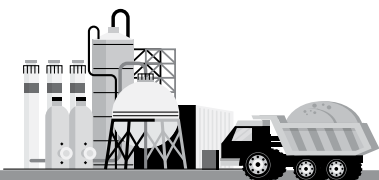
20. PROPERTY, PLANT AND EQUIPMENT (continued)

		Group	
		2016 S\$'000	2015 S\$'000
(i)	Depreciation capitalised in construction contract work-in-progress	2,431	-
	Depreciation charged to profit or loss (Note 7)	332	159
	Total depreciation	2,763	159
(ii)	The carrying amounts of property, plant and equipment acquired under finance leases are as follows:		
	Plant and machinery	4,590	-
	Motor vehicles	1,314	-
		5,904	-

(iii) Included within additions in the consolidated financial statements are property, plant and equipment acquired under finance leases amounting to S\$3,429,000 (2015: S\$ nil).

(iv) The Group's major properties included in property, plant and equipment are as follows:

Name and location	Description	Land area (Sq ft)	Built-up area (Sq ft)	Tenure
(a) 28 Third Lok Yang Road Singapore 628016	Factory-cum-office building	27,024	22,025	48 years 8 months from 20 October 1983
(b) Lot 6 Jalan Pasaran 23/5, Kawasan Miel Phase 10 40300 Shah Alam Selangor Darul Ehsan Malaysia	Factory-cum-office building	42,637	28,614	99 years from 15 August 1997
(c) 30 Tuas South Street 6 Singapore 638737	Industrial land	92,542	30,550	22 years 6 months from 2 May 2015



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

21. GOODWILL

	Group	
	2016 S\$'000	2015 S\$'000
Cost		
Beginning and end of financial year	11,273	11,273
Accumulated impairment		
Beginning and end of financial year	4,416	4,416
Net book value	6,857	6,857

Impairment tests for goodwill

Goodwill arising from acquisition of a subsidiary has been allocated to the cash-generating unit ("CGU") identified as the "Bio-Refinery and Bio-Energy" segment.

The Group tests CGU annually for impairment or more frequently if there are indicators that goodwill might be impaired.

The recoverable amount of the CGU is determined based on value-in-use. Cash flow projections used in the value-in-use calculations were based on financial budgets approved by management covering a one-year period.

Key assumptions used for value-in-use calculations:

	Group	
	2016	2015
Gross margin ⁽¹⁾	21%	12%
Terminal growth rate ⁽²⁾	2%	2%
Discount rate ⁽³⁾	13%	13%

⁽¹⁾ Budgeted gross margin

⁽²⁾ Weighted average growth rate used to extrapolate cash flows beyond the budget period

⁽³⁾ Pre-tax discount rate applied to the pre-tax cash flow projections

These assumptions are used for the analysis of the CGU within the business segment. Management determined budgeted gross margin and terminal growth rate based on past performance and its expectations of market developments. The weighted average growth rates used are consistent with forecasts included in industry reports. The discount rates used are pre-tax and reflected specific risks relating to the relevant segment. The sensitivity analysis of the recoverable amount of the CGU is set out in Note 3.1(b).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016



22. DEFERRED INCOME TAXES

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the balance sheet as follows:

	Group	
	2016 S\$'000	2015 S\$'000
Deferred income tax assets		
- To be recovered within one year	(119)	(544)
Deferred income tax liabilities		
- To be settled within one year	572	436

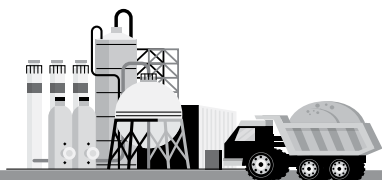
Movement in deferred income tax account is as follows:

Balance at 1 January	(108)	(463)
Acquisition of a subsidiary under common control (Note 36)	45	-
Currency translation differences	-	40
Charged to profit or loss [Note 10(a)]	516	315
End of financial year	453	(108)

Movements in deferred income tax assets and liabilities (prior to offsetting of the balances within the same tax jurisdiction) are as follows:

Deferred income tax liabilities

Group	Accelerated tax depreciation S\$'000	Unrealised foreign exchange gain from an overseas subsidiary S\$'000	Total S\$'000
2016			
Balance at 1 January	13	423	436
Acquisition of a subsidiary under common control	274	-	274
Currency translation differences	(372)	2	(370)
(Credited)/charged to profit or loss	568	(336)	232
Balance at 31 December	483	89	572
2015			
Balance at 1 January	17	-	17
Currency translation differences	(1)	(28)	(29)
(Credited)/charged to profit or loss	(3)	451	448
Balance at 31 December	13	423	436



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

22. DEFERRED INCOME TAXES (continued)

Deferred income tax assets

Group	Provisions S\$'000
2016	
Balance at 1 January	(544)
Acquisition of a subsidiary under common control	(230)
Currency translation differences	(2)
Credited to profit or loss	657
Balance at 31 December	(119)
2015	
Balance at 1 January	(480)
Currency translation differences	70
Credited to profit or loss	(134)
Balance at 31 December	(544)

NOTES TO THE FINANCIAL STATEMENTS

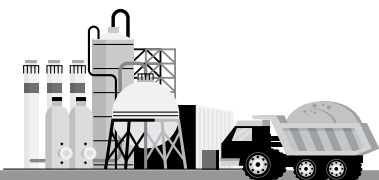
For the financial year ended 31 December 2016



23. TRADE AND OTHER PAYABLES

	Group		Company	
	2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000
Current				
Trade payables				
- Immediate and ultimate holding corporation	1,780	-	-	-
- Related corporations	8,920	1,066	-	453
- Subsidiaries	-	-	577	2,019
- Non-related parties	62,661	7,218	28	235
	73,361	8,284	605	2,707
Construction contracts:				
- Retention due to subcontractors	8,303	-	-	-
- Advances received on construction contracts (Note 15)	1,227	922	41	41
- Advance billings on construction contracts (Note 15)	5,194	9,470	-	-
Other payables				
- Accrued expenses	8,626	4,253	185	197
- Sundry creditors	417	432	18	-
- Immediate and ultimate holding corporation (non-trade)	385	-	-	-
- Due to non-controlling interests	-	145	-	-
	97,513	23,506	849	2,945
Non-current				
Construction contracts:				
- Retention due to subcontractors	7,398	-	-	-
Other payables				
- Related corporations (non-trade)	7,431	-	-	-
	14,829	-	-	-
Total trade and other payables	112,342	23,506	849	2,945

- (a) The non-trade amounts due to immediate and ultimate holding corporation and related corporations are unsecured, interest-free and are repayable on demand.
- (b) The non-trade amounts due to non-controlling interest is unsecured, interest-free and is repayable on demand.
- (c) At the balance sheet date, the non-current other payables due to related corporations are unsecured, interest-free and are due on 1 January 2018. The carrying amounts of non-current payables to related corporations approximate their fair values and are primarily denominated in Singapore Dollar.
- (d) The non-current retention amounts due to subcontractors are presented at amortised cost and computed based on cash flows discounted at market borrowing rates of approximately 4% (2015: 4%) per annum.



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

24. SHORT-TERM BORROWINGS AND FINANCE LEASES

	Group	
	2016 S\$'000	2015 S\$'000
Current		
Short-term bank loan (unsecured)	15,300	1,800
Finance leases (Note 25)	1,409	-
	16,709	1,800

The weighted average effective interest rate per annum of short-term bank loan at the balance sheet date is 2.20% (2015: 3.50%) per annum.

25. FINANCE LEASES

Minimum lease payments due:

- Not later than one year	1,490	-
- Between one and five years	2,312	-
	3,802	-
Less: Future finance charges	(156)	-
Present value of finance lease liabilities	3,646	-

The Group leases certain plant and machinery and motor vehicles from non-related parties under finance leases.

The present value of finance lease liabilities is analysed as follows:

Current liabilities

- Not later than one year (Note 24)	1,409	-
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Non-current liabilities

- Between one and five years	2,237	-
	3,646	-

The weighted average effective interest rate of finance leases at the balance sheet date is 2.66% (2015: nil%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016



26. SHARE CAPITAL

	No. of ordinary shares		Amount	
	2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000
Group and Company				
Balance at 1 January	378,409	378,409	16,476	30,003
Transfer on expiry of warrants (Note 27)	-	-	2,912	-
Shares issued for acquisition of a subsidiary under common control (Note 36)	369,145	-	19,011	-
Share issuance expenses	-	-	(8)	-
Share capital reduction	-	-	-	(13,527)
Balance at 31 December	747,554	378,409	38,391	16,476

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

On 1 July 2016, the Company issued 369,145,631 ordinary shares amounting to a total purchase consideration of S\$19,011,000 (Note 36) to its ultimate holding corporation, Koh Brothers Group Limited, to acquire the entire share capital of a fellow subsidiary, Koh Brothers Building & Civil Engineering Contractor (Pte.) Ltd.. The newly issued shares rank pari passu in all respects with the previously issued shares.

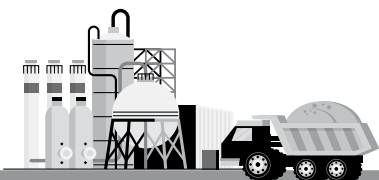
In the previous financial year, the Company reduced its issued and fully paid up share capital by S\$13,527,000, where the full amount was applied to offset the accumulated losses of the Company.

27. WARRANTS RESERVE

	No. of warrants		Amount	
	2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000
Group and Company				
Balance at 1 January	205,000	205,000	3,112	3,112
Transfer on expiry of warrants	(205,000)	-	(3,112)	-
Balance at 31 December	-	205,000	-	3,112

On 28 February 2013, the Company issued 165,000,000 and 40,000,000 non-listed and non-transferable warrants. Each carried the right to subscribe for one ordinary share in the capital of the Company at an exercise price of S\$0.048 and S\$0.053 for each ordinary share respectively.

None of the warrants were exercised during the exercise period and the issued warrants expired on 27 February 2016. Correspondingly, reserves amounting to S\$2,912,000 for warrants issued to the ultimate holding corporation, Koh Brothers Group Limited, and S\$200,000 for warrants issued to the non-controlling interest, are transferred to share capital (Note 26) and retained profits respectively.



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

28. CURRENCY TRANSLATION RESERVE

	Group	
	2016 S\$'000	2015 S\$'000
Balance at 1 January	(2,170)	(881)
Net currency translation differences of financial statements of foreign subsidiaries	(384)	(1,824)
Less: Non-controlling interests	96	535
Balance at 31 December	(2,458)	(2,170)

29. OTHER RESERVES

(a) Composition:

Fair value reserve	(441)	-
--------------------	-------	---

(b) Movements:

Fair value reserve		
Balance at 1 January	-	-
Fair value losses on available-for-sale financial assets (Note 17)	(441)	-
Balance at 31 December	(441)	-

Other reserves are non-distributable.

30. OPERATING LEASE COMMITMENTS

(a) Operating lease commitments - where the Group is a lessee

The Group leases land and office premise under a non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The future minimum lease payable under the non-cancellable operating lease contracted for at the balance sheet date but not recognised as liabilities, are as follows:

Not later than one year	727	135
Between one and five years	458	173
Later than five years	483	544
Total	1,668	852

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016



30. OPERATING LEASE COMMITMENTS (continued)

(b) Operating lease commitments - where the Group is a lessor

The Group has entered into tenancy agreement for subletting of office premise as a lessor under non-cancellable operating leases. The lease has term of 3 years with an option to renew the lease after that date at the prevailing market rental rate.

The future minimum lease receivables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as receivables, are analysed as follows:

	Group	
	2016 S\$'000	2015 S\$'000
Not later than one year	149	162
Between one and five years	-	149
Total	149	311

31. RELATED PARTY TRANSACTIONS

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

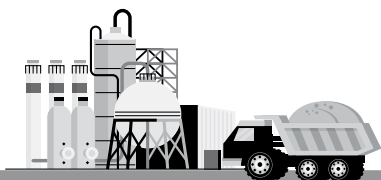
(a) Sales and purchases of goods and services

(i) Related corporations		
- Purchases of goods and services from related corporations	(4,744)	(420)
- Revenue on construction contract from a related corporation	34,042	93
- Revenue on construction contract from a key management personnel	500	-
- Rental of office premise from a related corporation	(203)	(58)
(ii) Immediate and ultimate holding corporation		
- Management and support services from the immediate and ultimate holding corporation	(2,010)	(203)
(iii) Interest on loan from shareholders	-	(3)

(b) Key management personnel compensation

Salaries and other short-term employee benefits	1,932	747
Employer's contribution to defined contribution plans	108	45
	2,040	792

Included in the above was total compensation to directors of the Company amounting to S\$88,000 (2015: S\$78,000).



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

32. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Chief Executive Officer (“CEO”) that are used to make strategic decisions.

The CEO considers the business from a business segment perspective. Management manages and monitors the business in two main business segments which are “Engineering and Construction” and “Bio-Refinery and Bio-Energy”. The CEO assesses the performance of these business segments based on sales, segment results, segment assets and segment liabilities.

As a result of the acquisition of the Koh Brothers Building & Civil Engineering Contractor (Pte.) Ltd. during the year (Note 36), the “Water and Wastewater Treatment and Hydro-Engineering” segment is now aggregated with the newly acquired “Building and Civil Engineering” segment and renamed as “Engineering and Construction” to better reflect the Group’s hydro-engineering and recently-acquired civil engineering capabilities. Management has aggregated the above segments as they have similar economic growth prospects.

(a) Analysis by Reportable Segment

Segment revenue and expense: Segment revenue and expense are the operating revenue and expenses reported in the Group’s profit or loss that are directly attributable to a segment and the relevant portion of such revenue and expense that can be allocated on a reasonable basis to a segment.

Segment assets and liabilities: Segment assets include all operating assets used by a segment and consist principally of operating receivables, inventories and plant and equipment, net of allowance and impairment that can be specifically attributable to a specific segment. Capital expenditure includes the total cost incurred to acquire plant and equipment directly attributable to the segment. Segment liabilities include all operating liabilities and consist principally of trade and other payables.

The Group’s income tax expense and income tax payable are not allocated to any specific segment.

The reportable segment profit and loss has been determined using the same accounting policy of the Group.

NOTES TO THE FINANCIAL STATEMENTS

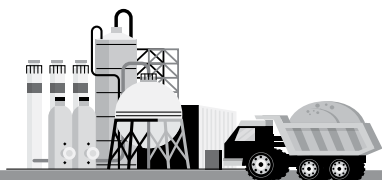
For the financial year ended 31 December 2016



32. SEGMENT INFORMATION (continued)

(a) Analysis by Reportable Segment (continued)

	Engineering and Construction	Bio-Refinery and Bio-Energy	Total
Group (\$\$'000)			
2016			
Revenue:			
External sales	174,550	27,715	202,265
Inter-segment	-	-	-
	<u>174,550</u>	<u>27,715</u>	<u>202,265</u>
Elimination			-
			<u>202,265</u>
Results:			
Segment results	3,305	4,368	7,673
Share of profit of an associated company	22	-	22
Interest income	236	40	276
Finance expense	(290)	-	(290)
Income tax expense			(1,216)
Profit after income tax			<u>6,465</u>
Assets:			
Segment assets	160,143	27,116	187,259
Investment in an associated company	1,355	-	1,355
Goodwill	-	6,857	6,857
Unallocated assets:			
Short-term bank deposits			1,297
Financial assets, at fair value through profit or loss			40
Available-for-sale financial assets			7,529
Total assets			<u>204,337</u>
Liabilities:			
Segment liabilities	128,862	12,994	141,856
Unallocated liabilities:			
Income tax liabilities			680
Deferred tax liabilities			453
Borrowings			18,946
Total liabilities			<u>161,935</u>
Other information:			
Depreciation of property, plant and equipment	269	63	332
Capital expenditure	7,302	158	7,460



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

32. SEGMENT INFORMATION (continued)

(a) Analysis by Reportable Segment (continued)

	Engineering and Construction	Bio-Refinery and Bio-Energy	Total
Group (S\$'000)			
2015			
Revenue:			
External sales	10,203	34,579	44,782
Inter-segment	-	20	20
	<u>10,203</u>	<u>34,599</u>	<u>44,802</u>
Elimination			(20)
			<u>44,782</u>
Results:			
Segment results	(1,363)	6,003	4,640
Share of loss of an associated company	(157)	-	(157)
Gain on disposal of subsidiaries	47	-	47
Interest income	7	42	49
Finance expense	(78)	(16)	(94)
Income tax expense			(1,555)
Profit after income tax			<u>2,930</u>
Assets:			
Segment assets	6,639	29,900	36,539
Investment in an associated company	1,332	-	1,332
Goodwill	-	6,857	6,857
Unallocated assets			108
Total assets			<u>44,836</u>
Liabilities:			
Segment liabilities	9,326	14,954	24,280
Unallocated liabilities			2,545
Total liabilities			<u>26,825</u>
Other information:			
Depreciation of property, plant and equipment	101	58	159
Capital expenditure	43	8	51

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016



32. SEGMENT INFORMATION (continued)

(b) Geographical Information

Revenue segmentation is based on the location of services rendered or goods delivered. Non-current assets are based on the location of those assets.

	Group	
	2016 S\$'000	2015 S\$'000
Revenue		
Malaysia	7,343	17,895
Singapore	174,584	9,718
Indonesia	3,042	5,918
Rest of Asia	10,297	7,105
South America	55	626
Africa	4,790	2,264
Others	2,154	1,256
	202,265	44,782
Non-current assets		
Malaysia	1,194	1,122
Singapore	50,841	9,998
	52,035	11,120

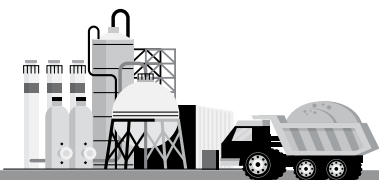
(c) Information about major customers

Revenue of approximately S\$152,000,000 (2015: S\$8,000,000) are derived from three (2015: one) major customers. These revenue are attributable to the Engineering and Construction segment.

33. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to credit risks, market risks (including foreign currency risks and interest rate risks) and liquidity risks. The Group's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial markets on the Group's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. The management then establishes the detailed policies such as authority levels, oversight responsibilities, risk identification and measurement, exposure limits and hedging strategies, in accordance with the objectives and underlying principles approved by the Board of Directors.



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

33. FINANCIAL RISK MANAGEMENT (continued)

There have been no changes to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

(a) Market risk

(i) Currency risk

The Group transacts business in various foreign currencies, including Malaysian Ringgit ("MYR"), Euro ("EUR") and United States Dollar ("USD") and hence is exposed to foreign currency risks. The Group monitors the foreign currency exchange rate movements closely to ensure that its exposure is minimised.

The Group's currency exposure is as follows:

	SGD S\$'000	MYR S\$'000	EUR S\$'000	USD S\$'000	Total S\$'000
At 31 December 2016					
Financial assets					
Cash and bank balances	3,156	5,856	434	11,014	20,460
Trade and other receivables	92,372	7,194	98	2,484	102,148
Inter-company balances	10,945	797	891	665	13,298
Financial assets at fair value through profit or loss and available-for-sale financial assets	7,569	-	-	-	7,569
Due from customers on construction contracts	36,533	-	-	-	36,533
	150,575	13,847	1,423	14,163	180,008
Financial liabilities					
Trade and other payables	(96,276)	(6,356)	(2,020)	(1,269)	(105,921)
Inter-company balances	(10,945)	(797)	(891)	(665)	(13,298)
Borrowings	(15,300)	-	-	-	(15,300)
Finance leases	(3,646)	-	-	-	(3,646)
	(126,167)	(7,153)	(2,911)	(1,934)	(138,165)
Net financial assets	24,408	6,694	(1,488)	12,229	41,843
Less: Net liabilities/(assets) denominated in the respective entities' functional currency	(24,408)	(5,725)	-	-	(30,133)
Net currency exposure	-	969	(1,488)	12,229	11,710

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016



33. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

	SGD S\$'000	MYR S\$'000	EUR S\$'000	USD S\$'000	Total S\$'000
At 31 December 2015					
Financial assets					
Cash and bank balances	1,279	2,120	24	12,624	16,047
Trade and other receivables	1,876	7,824	323	5,492	15,515
Inter-company balances	12,447	1,384	911	649	15,391
Due from customers on construction contracts	1,338	-	-	-	1,338
	16,940	11,328	1,258	18,765	48,291
Financial liabilities					
Trade and other payables	(8,223)	(3,090)	(1,005)	(796)	(13,114)
Inter-company balances	(12,447)	(1,384)	(911)	(649)	(15,391)
Borrowings	(1,800)	-	-	-	(1,800)
	(22,470)	(4,474)	(1,916)	(1,445)	(30,305)
Net financial (liabilities)/assets	(5,530)	6,854	(658)	17,320	17,986
Less: Net liabilities/(assets) denominated in the respective entities' functional currency	5,530	(6,495)	-	-	(965)
Net currency exposure	-	359	(658)	17,320	17,021

The Company's currency exposure is as follows:

	SGD S\$'000	USD S\$'000	Others S\$'000	Total S\$'000
At 31 December 2016				
Financial assets				
Cash and bank balances	164	-	-	164
Trade and other receivables	1,682	-	-	1,682
	1,846	-	-	1,846
Financial liabilities				
Trade and other payables	836	2	11	849
	836	2	11	849
Net financial assets/(liabilities)	1,010	(2)	(11)	997
Less: Net assets denominated in the Company's functional currency	(1,010)	-	-	(1,010)
Net currency exposure	-	(2)	(11)	(13)



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

33. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

	SGD S\$'000	USD S\$'000	Others S\$'000	Total S\$'000
At 31 December 2015				
Financial assets				
Cash and bank balances	956	-	-	956
Trade and other receivables	2,627	-	-	2,627
	3,583	-	-	3,583
Financial liabilities				
Trade and other payables	(2,932)	(11)	(2)	(2,945)
	(2,932)	(11)	(2)	(2,945)
Net financial assets/(liabilities)	651	(11)	(2)	638
Less: Net assets denominated in the Company's functional currency	(651)	-	-	(651)
Net currency exposure	-	(11)	(2)	(13)

If the MYR and USD change against the SGD by 5% (2015: 6%) and the EUR change against the SGD by 5% (2015: 6%) with all variables held constant, the effects arising from the net financial liability/asset position will be as follows:

	Increase/(decrease)			
	2016		2015	
	Profit after tax S\$'000	Other comprehensive income S\$'000	Profit after tax S\$'000	Other comprehensive income S\$'000
Group				
MYR against SGD				
- Strengthened	40	423	18	720
- Weakened	(40)	(423)	(18)	(720)
EUR against SGD				
- Strengthened	(62)	-	(33)	-
- Weakened	62	-	33	-
USD against SGD				
- Strengthened	508	-	863	-
- Weakened	(508)	-	(863)	-

The Company's business operations are not exposed to significant foreign currency risks as it has no significant transactions denominated in foreign currencies.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016



33. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(ii) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Group has no significant interest-bearing assets. The Group's exposure to cash flow interest rate risks arises mainly from the Group's debt obligations. The Group manages its cash flow interest rate risks by adopting a preference for fixed rate instruments over variable-rate instruments.

The Group's borrowings at variable rates on which effective hedges have not been entered into, are denominated mainly in SGD. If the SGD interest rate increase/decrease by 1% (2015: 1%) per annum with all other variables including tax rate being held constant, the profit after tax will be lower/higher by S\$127,000 (2015: S\$15,000) as a result of higher/lower interest expenses on these borrowings.

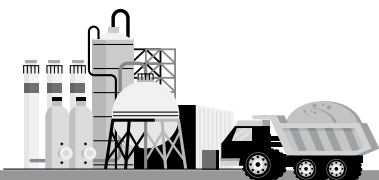
(iii) Price risk

The Group is exposed to equity securities and debt securities price risk arising from the investments held by the Group which are classified on the consolidated balance sheets as financial assets, at fair value through profit or loss (Note 16) and available-for-sale financial assets (Note 17). These securities are listed in Singapore. The Group is not exposed to commodity price risk.

If prices for equity securities and debt securities listed in Singapore change by 10% (2015: nil %) with all other variables including tax rate being held constant, the profit after tax and other comprehensive income will be:

	Increase/(decrease)			
	2016		2015	
	Profit after tax S\$'000	Other comprehensive income S\$'000	Profit after tax S\$'000	Other comprehensive income S\$'000
Group				
Listed in Singapore				
- Increased by 10%	4	753	-	-
- Decreased by 10%	(4)	(753)	-	-

The Company is not exposed to price risk.



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

33. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group and of the Company are bank deposits and trade and other receivables. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit standing and history. Cash term, advance payments, bankers' guarantees and performance bonds are required for customers of lower credit standing. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet. In addition, at 31 December 2016, the Company furnished banks and financial institutions guarantees for facilities extended to subsidiaries amounting to S\$36,473,763 (2015: S\$5,270,000) of which the amount utilised at 31 December 2016 was S\$22,097,263 (2015: S\$361,000).

The trade receivables of the Group comprise five debtors (2015: five debtors) that accounted for approximately 76% (2015: 66%).

The credit risk for trade receivables based on the information provided to key management is as follows:

	Group		Company	
	2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000
<i>By geographical areas</i>				
Malaysia	3,592	5,940	-	-
Singapore	65,749	1,576	-	503
The rest of Asia and others	2,582	3,626	-	-
	71,923	11,142	-	503
<i>By industry sectors</i>				
Engineering and Construction	65,756	1,583	-	503
Bio-Refinery and Bio-Energy	6,167	9,559	-	-
	71,923	11,142	-	503

(i) Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. Trade receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016



33. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

(ii) Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

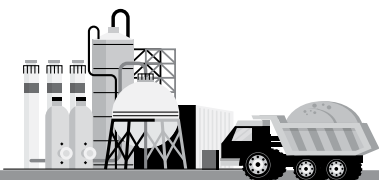
The age analysis of trade receivables past due but not impaired is as follows:

	Group		Company	
	2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000
Past due 0 to 3 months	3,667	2,689	-	5
Past due 3 to 6 months	664	624	-	12
Past due over 6 months	5,064	6,027	168	-
	9,395	9,340	168	17

The carrying amount of trade receivables individually determined to be impaired and the movement in the related allowance for impairment are as follows:

Past due over 6 months	2,489	2,111	168	168
Less: Allowance for impairment	(2,489)	(2,111)	(168)	(168)
	-	-	-	-
Balance at 1 January	2,111	1,902	168	19
Allowance written-off	(37)	(154)	-	(19)
Allowances made	442	747	-	168
Currency translation difference	(27)	(384)	-	-
Balance at 31 December	2,489	2,111	168	168

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

33. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities. At the balance sheet date, assets held by the Group and the Company for managing liquidity risk included cash and short-term deposits as disclosed in Note 12.

The table below analyses non-derivative financial liabilities of the Group and the Company into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

	Group			Company		
	Less than 1 year	1 - 5 years	Total	Less than 1 year	1 - 5 years	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 31 December 2016						
Trade and other payables	91,092	15,187	106,279	849	-	849
Borrowings	16,709	2,237	18,946	-	-	-
At 31 December 2015						
Trade and other payables	13,114	-	13,114	2,904	-	2,904
Borrowings	1,805	-	1,805	-	-	-

The Group and the Company manage the liquidity risk by maintaining sufficient cash to enable them to meet their normal operating commitments and having an adequate amount of committed credit facilities.

(d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

The gearing ratio is calculated as net debt divided by shareholders funds. Net debt is calculated as borrowings less cash and bank balances.

The Group and the Company is in a net cash position as at 31 December 2016 and 2015.

The Group and Company are in compliance with all externally imposed requirements for the financial years ended 31 December 2016 and 31 December 2015 respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016



33. FINANCIAL RISK MANAGEMENT (continued)

(e) Fair value measurements

The following paragraph presents the assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy:

- (i) quoted price (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (ii) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (is as prices) or indirectly (i.e. derived from prices) (Level 2); and
- (iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

	Level 1	Total
	S\$'000	S\$'000
Group		
2016		
Assets		
Financial assets, at fair value through profit or loss	40	40
Available-for-sale financial assets	7,529	7,529

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1. There are no assets or liabilities measured at fair value for the financial year ended 31 December 2015.

(f) Financial instruments by category

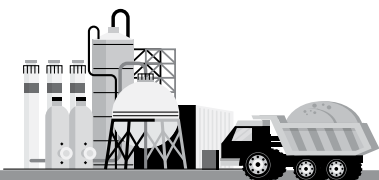
The carrying amounts of financial assets measured at fair value (fair value through profit and loss and available-for-sale) are disclosed on the face of the balance sheet and in Note 16 and Note 17 respectively.

The aggregate carrying amounts of loans and receivables and financial liabilities at amortised cost are as follows:

	Group	
	2016	2015
	S\$'000	S\$'000
Loan and receivables	159,141	32,900
Financial liabilities at amortised cost	124,867	14,914

34. IMMEDIATE AND ULTIMATE HOLDING CORPORATION

The Company's immediate and ultimate holding corporation is Koh Brothers Group Limited, incorporated in Singapore.



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

35. GROUP COMPANIES

The subsidiaries, joint operation entities and associated company at 31 December 2016 and 2015 are as follows:

Name	Country of Incorporation and business	Principal activities	Effective holding by the Group	
			2016 %	2015 %
SUBSIDIARIES				
<i>Held by the Company</i>				
Koh Brothers Building & Civil Engineering Contractor (Pte.) Ltd. ^{(1), (6)}	Singapore	Building and civil engineering contracting	100	–
Koh Eco Engineering Pte. Ltd. ⁽¹⁾	Singapore	Industrial and mechanical engineering works and building construction	100	100
Oiltek (S) Pte. Ltd. (f.k.a. WS Bioengineering Pte. Ltd.) ⁽¹⁾	Singapore	Construction and project management	100	100
Metax Eco Solutions Pte. Ltd. ⁽¹⁾	Singapore	Environmental engineering services	100	100
<i>Held by subsidiaries</i>				
MetEco Solutions Sdn. Bhd. ⁽²⁾	Malaysia	Construction and project management	100	100
WS Bioengineering China Pte. Ltd. ⁽¹⁾	Singapore	Engineering, construction and management services	100	100
WSB Pte. Ltd. ⁽¹⁾	Singapore	Engineering and construction services	100	100
KBEE Engineering Sdn. Bhd. (f.k.a. WS Bioengineering Sdn. Bhd.) ⁽²⁾	Malaysia	Construction and project management	100	100
Oiltek Sdn. Bhd. ⁽²⁾	Malaysia	Specialist engineers and commission agent	80.04	80.04
Oiltek-Nova Bioenergy Sdn. Bhd. ⁽²⁾	Malaysia	Specialist engineers and commission agent	52.03	52.03

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016



35. GROUP COMPANIES (continued)

Name	Country of Incorporation and business	Principal activities	% of ownership interest by the Group	
			2016 %	2015 %
JOINT OPERATION ENTITIES				
<i>Held by Subsidiary:</i>				
Soletanche Bachy - Koh Brothers Joint Venture ^{(1), (6), (7)}	Singapore	Civil engineering	45	–
Samsung - Koh Brothers Joint Venture ^{(4), (6), (7)}	Singapore	Civil engineering	30	–
ASSOCIATED COMPANY				
<i>Held by the Company</i>				
Tricaftan Environmental Technology Pte. Ltd. ⁽³⁾	Singapore	Construction and project management	40	40

⁽¹⁾ Audited by PricewaterhouseCoopers LLP, Singapore.

⁽²⁾ Audited by PricewaterhouseCoopers, Malaysia.

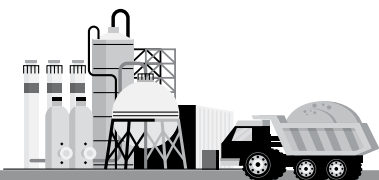
⁽³⁾ Audited by Reanda Adept Public Accounting Corporation, Singapore.

⁽⁴⁾ Audited by RSM Chio Lim LLP, Singapore.

⁽⁵⁾ In accordance to Rule 716(1) of the Catalist Rules, the Board of Directors and the Audit Committee of the Company confirmed that they are satisfied that the appointment of the different auditors for its subsidiaries and associated company would not compromise the standard and effectiveness of the audit of the Group.

⁽⁶⁾ Acquired on 1 July 2016 (Note 36) as part of group restructuring.

⁽⁷⁾ These entities are regarded as joint operations in accordance with FRS 111 Joint Arrangements as the joint venture agreements for these entities require unanimous consent from all parties despite the Group having less than 50% ownership interest, and the partners have direct rights to the assets of the partnership and are jointly and severally liable for the liabilities incurred by the partnership. Therefore these entities are classified as joint operations and the Group recognise its direct right to the jointly held assets, liabilities, revenues and expenses as described in Note 2.3(d).



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

36. ACQUISITION OF SUBSIDIARY UNDER COMMON CONTROL

On 1 July 2016, the Company completed the acquisition of Koh Brothers Building & Civil Engineering Contractor (Pte.) Ltd. ("KBCE") from Construction Consortium Pte. Ltd. for a consideration of S\$19,011,000 which is entirely satisfied by issuance of 369,145,631 new shares to the ultimate holding corporation, Koh Brothers Group Limited, as disclosed in Note 26. The acquisition of KBCE by the Company has been accounted for in accordance with Note 2.24 as a business combination involving entities under common control.

The assets and liabilities of KBCE are brought into the balance sheet as follows:

	Group 2016 S\$'000
Cash and bank balances	1,042
Trade and other receivables	41,617
Due from customers on construction contracts	24,957
Financial assets, at fair value through profit or loss (Note 16)	37
Available-for-sale financial assets (Note 17)	7,970
Property, plant and equipment	20,940
Total assets	96,563
Trade and other payables	51,052
Due to customers on construction contracts	17,163
Current income tax liabilities [Note 10(b)]	971
Borrowings	8,321
Deferred income tax liabilities (Note 22)	45
Total liabilities	77,552
Net assets	19,011
Less: Purchase consideration (Note 26)	19,011
Merger reserve	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016



37. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2017 and which the Group has not early adopted:

- Amendments to FRS 7 *Cash flow statements* (effective for annual periods beginning on or after 1 January 2017)

The amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. This includes changes arising from:

- Cash flows, such as drawdowns and repayments of borrowings; and
- Non-cash changes, such as acquisitions, disposals and unrealised exchange differences.

This has no material impact on the amounts reported in the financial statements, but will result in additional disclosures in the consolidated statement of cash flows.

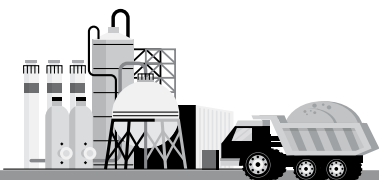
- FRS 115 *Revenue from contracts with customers* (effective for annual periods beginning on or after 1 January 2018)

This is the converged standard on revenue recognition. It replaces FRS 11 Construction contracts, FRS 18 Revenue, and related interpretations. Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. The core principle of FRS 115 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

FRS 115 also includes a cohesive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

Management is currently assessing the effects of applying the new standard on the Group's financial statements and at this stage, the Group is not able to estimate the impact of the new rules on the Group's financial statements. The Group will make more detailed assessment of the impact over the next twelve months.



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

37. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (continued)

- FRS 109 *Financial instruments* (effective for annual periods beginning on or after 1 January 2018)

The complete version of FRS 109 replaces most of the guidance in FRS 39. FRS 109 retains the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through Other Comprehensive Income (OCI) and fair value through Profit or Loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI.

While the Group has yet to undertake a detailed assessment of the classification and measurement of financial assets, debt instruments currently classified as available-for-sale (AFS) financial assets would appear to satisfy the conditions for classification as at fair value through OCI and hence there will be no change to the accounting for these assets.

The other financial assets held by the Group include:

- Equity investments currently measured at fair value through profit or loss which would likely to continue to be measured on the same basis under FRS 109; and
- Debt instruments classified as loans and receivables and measured at amortised cost appear to meet the conditions for classification at amortised cost under FRS 109.

Accordingly, the Group does not expect the new guidance to have a significant impact on the classification of its financial assets.

For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in OCI, for liabilities designed at fair value through profit or loss. There will be no impact on the Group's accounting for financial liabilities as the Group does not have any such liabilities.

There is now a new expected credit losses model that replaces the incurred loss impairment model used in FRS 39. It applies to financial assets classified at amortised cost, debt instruments measured at fair value through OCI, contract assets under FRS 115 Revenue from contracts with customers, lease receivables, loan commitments and certain financial guarantee contracts. While the Group has not yet undertaken a detailed assessment of how its impairment provisions would be affected by the new model, it may result in an earlier recognition of credit losses.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016



37. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (continued)

- FRS 116 *Leases* (effective for annual periods beginning on or after 1 January 2019)

FRS 116 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not change significantly.

The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of \$1,668,000 [Note 30(a)]. However, the Group has yet to determine to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under FRS 116.

- Full convergence with International Financial Reporting Standards (effective for annual periods beginning on or after 1 January 2018)

In May 2014, the Accounting Standards Council ("ASC") announced that Singapore-incorporated companies listed on the Singapore Exchange will apply a new financial reporting framework identical to the International Financial Reporting Standards (IFRS) for the financial year ending 31 December 2018.

The Group which is currently reporting under FRS, will be required to apply all the specific transition requirements in IFRS 1 *First-time Adoption of IFRS* when it applies the new framework. ASC has highlighted that this may result in restatements of comparative information for the financial year ended 31 December 2017 and the opening balance sheet as at 1 January 2017, even though SFRS are substantially similar to IFRS, as this is mainly because the transition requirements in IFRS 1 are often different from those specified in individual FRS standards that were applied to the existing financial statements.

The Group is currently assessing the impact of application of the new framework.

38. DIVIDEND

At the forthcoming Annual General Meeting, a final cash dividend of 0.06 cent per share amounting to a total of S\$449,000 will be recommended. These financial statements do not reflect these dividends, which will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2017.

39. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Koh Brothers Eco Engineering Limited on 23 March 2017.



STATISTICS OF SHAREHOLDINGS

As at 9 March 2017

Issued and paid-up capital	:	\$38,391,325.92
Number of issued shares	:	747,554,207
Class of shares	:	Ordinary shares
Voting rights	:	One vote per share
Treasury shares	:	Nil

DISTRIBUTION OF SHAREHOLDINGS

Size of shareholdings	No. of shareholders	%	No. of shares	%
1 - 99	31	0.31	920	0.00
100 - 1,000	7,481	74.39	3,413,520	0.46
1,001 - 10,000	2,029	20.17	6,840,240	0.91
10,001 - 1,000,000	483	4.80	47,907,413	6.41
1,000,001 and above	33	0.33	689,392,114	92.22
Total	10,057	100.00	747,554,207	100.00

TOP 20 SHAREHOLDERS

No.	Name of shareholders	No. of shares	%
1	Koh Brothers Group Limited	482,814,148	64.59
2	DBS Nominees Pte Ltd	53,983,717	7.22
3	CIMB Securities (Singapore) Pte Ltd	37,368,680	5.00
4	Morgan Stanley Asia (S) Securities Pte Ltd	15,000,000	2.01
5	DBS Vickers Securities (S) Pte Ltd	13,513,000	1.81
6	Tan Jin Beng Winston	11,000,000	1.47
7	Raffles Nominees (Pte) Ltd	7,671,989	1.03
8	Koh Keng Siang	6,222,253	0.83
9	Lie Tjeng Lien @ Rosalina Ali	5,305,000	0.71
10	Tan Sian Gwan	4,750,000	0.63
11	OCBC Securities Private Ltd	3,580,438	0.48
12	Ng Guat Hua	3,233,000	0.43
13	Koh Teak Huat	3,221,308	0.43
14	Koh Keng Hiong	3,026,010	0.40
15	Tan Hun Tee	2,917,000	0.39
16	Chew Lee Choo	2,911,000	0.39
17	Singapore Nominees Pte Ltd	2,745,000	0.37
18	Lim Tian Lye	2,730,500	0.36
19	Ng Poh Wah	2,683,000	0.36
20	Quek Chee Nee	2,589,681	0.35
Total:		667,265,724	89.26

STATISTICS OF SHAREHOLDINGS

As at 9 March 2017



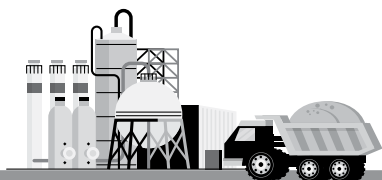
SUBSTANTIAL SHAREHOLDERS

Name	Direct Interest		Deemed Interest	
	Number of shares	Percentage of total issued shares (%)	Number of shares	Percentage of total issued shares (%)
Koh Brothers Group Limited ("KBGL")	482,814,148	64.59	–	–
Tan Tze Wen	52,942,557	7.08	–	–
Koh Keng Siang	6,242,253	0.84	485,556,148 ¹	64.95 ¹

¹ Koh Keng Siang is deemed interested in (i) 2,000 shares held by his spouse, (ii) 2,740,000 shares in respect of a deed of settlement and CDP Form 4.2 executed by Koh Tiat Meng in relation to his shares in KBGL, and (iii) 482,814,148 shares held by KBGL.

SHAREHOLDINGS HELD BY PUBLIC

Based on the information available to the Company as at 9 March 2017, approximately 24.70% of the issued ordinary shares of the Company is held by the public and therefore, the Company has complied with Rule 723 of the Listing Manual Section B: Rules of Catalist issued by the Singapore Exchange Securities Trading Limited.



NOTICE OF ANNUAL GENERAL MEETING

KOH BROTHERS ECO ENGINEERING LIMITED

(Unique Entity Number: 197500111H)

(Incorporated in Singapore)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Koh Brothers Eco Engineering Limited (the “**Company**”) will be held at Dunearn Ballroom, Raffles Town Club, 1 Plymouth Avenue, Singapore 297753 on Thursday, 20 April 2017 at 10.30 am for the following purposes:

ORDINARY BUSINESS

1. To receive and adopt the directors’ statement and audited financial statements for the year ended 31 December 2016 and the auditor’s report thereon. **(Resolution 1)**
2. To declare a first and final dividend of 0.06 cent per share for the year ended 31 December 2016. **(Resolution 2)**
3. To re-elect Mr Koh Choon Leng who will retire by rotation pursuant to Article 107 of the Company’s Constitution and who, being eligible, will offer himself for re-election. **(Resolution 3)**
4. To re-elect Mr Shin Yong Seub who will retire pursuant to Article 117 of the Company’s Constitution and who, being eligible, will offer himself for re-election. **(Resolution 4)**
5. To approve the sum of S\$88,000 as directors’ fees for the year ended 31 December 2016. (FY2015: S\$78,000) **(Resolution 5)**
6. To re-appoint PricewaterhouseCoopers LLP as auditor of the Company and to authorise the directors to fix its remuneration. **(Resolution 6)**

SPECIAL BUSINESS

To consider and, if thought fit, to pass with or without modifications, the following resolutions, of which Resolutions 7, 8, 9 and 10 will be proposed as Ordinary Resolutions and Resolution 11 will be proposed as a Special Resolution:

7. **Proposed Renewal of the Share Issue Mandate** **(Resolution 7)**

That authority be and is hereby given to the directors of the Company to:

 - (a) (i) issue shares of the Company (“**shares**”) whether by way of rights, bonus or otherwise; and/or
 - (ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the directors may in their absolute discretion deem fit; and

 - (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the directors while this Resolution was in force,

NOTICE OF ANNUAL GENERAL MEETING



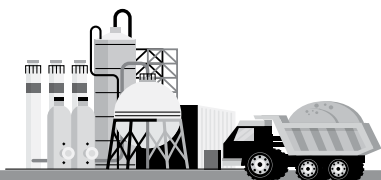
provided that:

- (1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 100% of the total number of issued shares of the Company excluding treasury shares (as calculated in accordance with paragraph (2) below), of which the aggregate number of shares to be issued other than on a *pro rata* basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed 50% of the total number of issued shares excluding treasury shares (as calculated in accordance with paragraph (2) below);
- (2) (subject to such manner of calculation and adjustments as may be prescribed by the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”)) for the purpose of determining the aggregate number of shares that may be issued under paragraph (1) above, the percentage of the total number of issued shares of the Company excluding treasury shares shall be based on the total number of issued shares of the Company excluding treasury shares at the time this Resolution is passed, after adjusting for:
 - (i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and
 - (ii) any subsequent bonus issue, consolidation or subdivision of shares;
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST, Section B: Rules of Catalist for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and
- (4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

8. **Proposed Renewal of the Shareholders Mandate for Interested Person Transactions** **(Resolution 8)**

That:

- (a) approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”), Section B: Rules of Catalist (“**Chapter 9**”), for the Company, its subsidiaries and associated companies that are entities at risk (as that term is used in Chapter 9), or any of them, to enter into any of the transactions falling within the types of interested person transactions described in Appendix 1 to the Company’s Letter to Shareholders dated 28 March 2017 (the “**Letter**”) with any party who is of the class of interested persons described in Appendix 1 to the Letter, provided that such transactions are made on normal commercial terms and in accordance with the review procedures for such interested person transactions;



NOTICE OF ANNUAL GENERAL MEETING

- (b) the approval given in paragraph (a) above (the “**IPT Mandate**”) shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company;
- (c) the Audit and Risk Committee of the Company be and is hereby authorised to take such action as it deems proper in respect of procedures and/or to modify or implement such procedures as may be necessary to take into consideration any amendment to Chapter 9 which may be prescribed by the SGX-ST from time to time; and
- (d) the directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they and/or he may consider expedient or necessary or in the interests of the Company to give effect to the IPT Mandate and/or this Resolution.

9. **Proposed Adoption of the Share Buy Back Mandate**

(Resolution 9)

That:

- (a) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 (the “**Companies Act**”), the exercise by the directors of the Company of all the powers of the Company to purchase or otherwise acquire issued ordinary shares of the Company (“**Shares**”) not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price or prices as may be determined by the directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:
 - (i) market purchase(s) on the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”); and/or
 - (ii) off-market purchase(s) (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as may be determined or formulated by the directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act,and otherwise in accordance with all other laws and regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the “**Share Buy Back Mandate**”);
- (b) unless varied or revoked by the Company in general meeting, the authority conferred on the directors of the Company pursuant to the Share Buy Back Mandate may be exercised by the directors of the Company at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:
 - (i) the date on which the next Annual General Meeting of the Company is held;
 - (ii) the date by which the next Annual General Meeting of the Company is required by law to be held; and
 - (iii) the date on which purchases or acquisitions of Shares pursuant to the Share Buy Back Mandate are carried out to the full extent mandated;

NOTICE OF ANNUAL GENERAL MEETING



(c) in this Resolution:

“Average Closing Price” means the average of the last dealt prices of a Share for the five consecutive market days on which the Shares are transacted on the SGX-ST immediately preceding the date of the market purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the off-market purchase, and deemed to be adjusted, in accordance with the Listing Manual of the SGX-ST, Section B: Rules of Catalist, for any corporate action that occurs after the relevant five-day period;

“date of the making of the offer” means the date on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from holders of Shares, stating therein the purchase price (which shall not be more than the Maximum Price calculated on the basis set out below) for each Share and the relevant terms of the equal access scheme for effecting the off-market purchase;

“Maximum Limit” means that number of issued Shares representing 10% of the total number of the issued Shares as at the date of the passing of this Resolution (excluding any Shares which are held as treasury shares as at that date); and

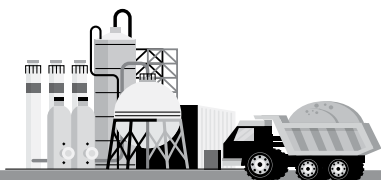
“Maximum Price” in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, commission, applicable goods and services tax and other related expenses) which shall not exceed:

- (i) in the case of a market purchase of a Share, 105% of the Average Closing Price of the Shares; and
 - (ii) in the case of an off-market purchase of a Share pursuant to an equal access scheme, 120% of the Average Closing Price of the Shares; and
- (d) the directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this Resolution.

10. **Proposed Adoption of the Koh Brothers Eco Engineering Limited Performance Share Plan 2017** (Resolution 10)

That:

- (a) a new performance share plan to be known as the “Koh Brothers Eco Engineering Limited Performance Share Plan 2017” (the **“KBE PSP”**), the rules of which, for the purpose of identification, have been subscribed to by the Chairman of the meeting, under which awards (**“Awards”**) of fully paid-up Shares, their equivalent cash value or combinations thereof will be granted, free of payment, to selected employees of the Company and its subsidiaries, including executive and non-executive directors of the Company and its subsidiaries, details of which are set out in the Letter to Shareholders dated 28 March 2017, be and is hereby approved;



NOTICE OF ANNUAL GENERAL MEETING

- (b) the directors of the Company be and are hereby authorised to:
- (i) establish and administer the KBE PSP; and
 - (ii) modify and/or alter the KBE PSP at any time and from time to time, provided that such modification and/or alteration is effected in accordance with the provisions of the KBE PSP, and to do all such acts and to enter into all such transactions and arrangements as may be necessary or expedient in order to give full effect to the KBE PSP;
- (c) the directors of the Company be and are hereby authorised to:
- (i) grant Awards in accordance with the provisions of the KBE PSP; and
 - (ii) allot and issue from time to time such number of fully paid-up Shares as may be required to be delivered pursuant to the vesting of Awards under the KBE PSP,
- provided that the aggregate number of (1) new Shares allotted and issued and/or to be allotted and issued, (2) existing Shares (including Shares held as treasury shares) delivered and/or to be delivered, and (3) Shares released and/or to be released in the form of cash in lieu of Shares, pursuant to Awards granted under the KBE PSP, shall not exceed 20% of the total number of issued Shares (excluding Shares held as treasury shares) from time to time; and
- (d) the directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this Resolution.

11. **Proposed Adoption of the New Constitution**

(Resolution 11)

That the regulations contained in the new Constitution submitted to this meeting and, for the purpose of identification, subscribed to by the Chairman thereof, be approved and adopted as the new Constitution of the Company in substitution for, and to the exclusion of, the existing Constitution.

By Order of the Board

Sharon Kem
Company Secretary

28 March 2017



Explanatory Notes:

Ordinary Resolution 3: Mr Koh Choon Leng will, upon re-election as a director of the Company, remain as the Chairman of the Audit and Risk Committee and a member of the Nominating Committee and the Remuneration Committee. He is considered independent for the purposes of Rule 704(7) of the Listing Manual of the SGX-ST, Section B: Rules of Catalyst.

Ordinary Resolution 7: This Resolution is to authorise the directors from the date of the forthcoming Annual General Meeting until the next Annual General Meeting to issue shares of the Company and/or to make or grant instruments (such as warrants or debentures) convertible into shares (“**Instruments**”), and to issue shares in pursuance of such Instruments, up to a number not exceeding 100% of the total number of issued shares of the Company excluding treasury shares, with a sub-limit of 50% for issues other than on a *pro rata* basis to shareholders of the Company.

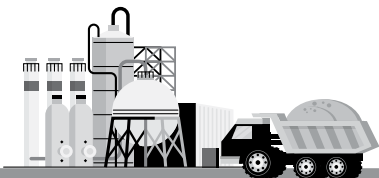
For the purpose of determining the aggregate number of shares that may be issued, the percentage of issued shares (excluding treasury shares) shall be based on the total number of issued shares (excluding treasury shares) of the Company at the time that this Resolution is passed, after adjusting for (i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed, and (ii) any subsequent bonus issue, consolidation or subdivision of ordinary shares. For the avoidance of doubt, any consolidation or subdivision of ordinary shares of the Company will require shareholders’ approval.

Ordinary Resolution 8: This Resolution is to renew the mandate to enable the Company, its subsidiaries and associated companies that are considered to be entities at risk (as that term is used in Chapter 9 of the Listing Manual of the SGX-ST, Section B: Rules of Catalyst), or any of them, to enter into certain interested person transactions with specified classes of interested persons, as described in the Letter to Shareholders dated 28 March 2017 (the “**Letter**”). Please refer to the Letter for more details.

Ordinary Resolution 9: This Resolution is to adopt a mandate to permit the Company to purchase or acquire issued ordinary shares of the Company on the terms and subject to the conditions of the Resolution.

The Company may use internal sources of funds, external borrowings, and/or a combination of internal resources and external borrowings, to finance the purchase or acquisition of its shares. The amount of funding required for the Company to purchase or acquire its shares, and the impact on the Company’s financial position, cannot be ascertained as at the date of this Notice as these will depend on the number of shares purchased or acquired and the price at which such shares were purchased or acquired and whether the shares purchased or acquired are held in treasury or cancelled.

The financial effects of the purchase or acquisition of such shares by the Company pursuant to the proposed Share Buy Back Mandate on the audited financial statements of the Company and the Group for the financial year ended 31 December 2016, based on certain assumptions, are set out in paragraph 3.7 of the Letter to Shareholders dated 28 March 2017 (the “**Letter**”). Please refer to the Letter for more details.



Ordinary Resolution 10: This Resolution is to approve the adoption of the new Koh Brothers Eco Engineering Limited Performance Share Plan 2017 (the “**KBE PSP**”). If passed, this Resolution will empower the directors to grant awards, and to allot and issue new shares of the Company, pursuant to the KBE PSP. The total number of shares which may be delivered pursuant to awards granted under the KBE PSP (whether in the form of shares or in the form of cash in lieu of shares) shall not exceed 20% of the total number of issued shares of the Company (excluding treasury shares) from time to time. Please refer to the Letter to Shareholders dated 28 March 2017 for more details.

Special Resolution 11: This Resolution is to adopt a new Constitution following the wide-ranging changes to the Companies Act, Chapter 50 (the “**Companies Act**”) introduced pursuant to the Companies (Amendment) Act 2014 (the “**Amendment Act**”). The new Constitution will consist of the memorandum and articles of association of the Company which were in force immediately before 3 January 2016, and incorporate amendments to (*inter alia*) take into account the changes to the Companies Act introduced pursuant to the Amendment Act. Please refer to the Letter to Shareholders dated 28 March 2017 for more details.

Notes:

1. (a) A member who is not a relevant intermediary is entitled to appoint not more than 2 proxies to attend, speak and vote at the meeting. Where such member’s form of proxy appoints more than 1 proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.
- (b) A member who is a relevant intermediary is entitled to appoint more than 2 proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member’s form of proxy appoints more than 2 proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

“**Relevant intermediary**” has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50.

2. A member of the Company which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf.
3. A proxy need not be a member of the Company.
4. The instrument appointing a proxy or proxies must be lodged at the registered office of the Company at 11 Lorong Pendek, Koh Brothers Building, Singapore 348639 (Attn: The Company Secretary) not less than 48 hours before the time appointed for holding the meeting and at any adjournment thereof.

NOTICE OF ANNUAL GENERAL MEETING



Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the annual general meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (and/or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the annual general meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes, and other documents relating to the annual general meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of the proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

NOTICE OF BOOKS CLOSURE AND DIVIDEND PAYMENT DATES

NOTICE IS HEREBY GIVEN that the Register of Members and Share Transfer Books of Koh Brothers Eco Engineering Limited (the "**Company**") will be closed on 31 May 2017 for the purposes of determining shareholders' entitlements to the proposed dividend.

Duly completed transfers of shares received by the Company's Share Registrar, B.A.C.S. Private Limited at 8 Robinson Road #03-00, ASO Building, Singapore 048544 up to 5.00 pm on 30 May 2017 will be registered to determine shareholders' entitlements to the proposed dividend. Shareholders whose securities accounts with The Central Depository (Pte) Limited ("**CDP**") are credited with ordinary shares of the Company as at 5.00 pm on 30 May 2017 will be entitled to the proposed dividend.

The proposed dividend, if approved by members at the Annual General Meeting of the Company, will be paid on 8 June 2017.

KOH BROTHERS ECO ENGINEERING LIMITED

(Unique Entity Number: 197500111H)
(Incorporated in Singapore)

PROXY FORM

IMPORTANT

1. Relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 may appoint more than 2 proxies to attend, speak and vote at the Annual General Meeting.
2. For CPF/SRS investors who have used their CPF/SRS monies to buy shares of **KOH BROTHERS ECO ENGINEERING LIMITED**, this form of proxy is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective Agent Banks/SRS Operators if they have any queries regarding their appointments as proxies.
3. By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 28 March 2017.

I/We _____ (Name) _____ (NRIC/Passport/Co Reg No.)

of _____ (Address)

being a member/members of Koh Brothers Eco Engineering Limited (the "**Company**") hereby appoint:

Name	Address	NRIC/ Passport No.	Proportion of shareholdings (%)

and/or (delete as appropriate)

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as my/our proxy/proxies to attend, speak and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at Dunearn Ballroom, Raffles Town Club, 1 Plymouth Avenue, Singapore 297753 on Thursday, 20 April 2017 at 10.30 am and at any adjournment thereof.

(Voting will be conducted by poll. Please indicate with a "✓" in the spaces provided whether you wish your vote(s) to be cast for or against the Resolutions as set out in the Notice of Annual General Meeting (of which Resolutions 1 to 10 (inclusive) will be proposed as Ordinary Resolutions and Resolution 11 will be proposed as a Special Resolution). In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the Annual General Meeting.)

No.	Ordinary Resolutions	For	Against
Ordinary Business			
1	To adopt the directors' statement, audited financial statements and auditor's report		
2	To declare a first and final dividend		
3	To re-elect Mr Koh Choon Leng		
4	To re-elect Mr Shin Yong Seub		
5	To approve directors' fees		
6	To re-appoint PricewaterhouseCoopers LLP as auditor and to authorise the directors to fix its remuneration		
Special Business			
7	To approve the proposed renewal of the Share Issue Mandate		
8	To approve the proposed renewal of the Shareholders Mandate for Interested Person Transactions		
9	To approve the proposed adoption of the Share Buy Back Mandate		
10	To approve the proposed adoption of the Koh Brothers Eco Engineering Limited Performance Share Plan 2017		
No. Special Resolution			
11	To approve the proposed adoption of the new Constitution		

Total number of
shares held

Signature(s) or Common Seal of Member(s)

Date

(Please read notes overleaf before completing this form.)

Notes:

1. If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert that number of shares. If the member has shares entered against his name in the Depository Register and registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all shares held by the member.
2.
 - (a) A member who is not a relevant intermediary is entitled to appoint not more than 2 proxies to attend, speak and vote at the meeting. Where such member's form of proxy appoints more than 1 proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.
 - (b) A member who is a relevant intermediary is entitled to appoint more than 2 proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than 2 proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50.

3. A proxy need not be a member of the Company.
4. The instrument appointing a proxy or proxies must be lodged at the registered office of the Company at 11 Lorong Pendek, Koh Brothers Building, Singapore 348639 (Attn: The Company Secretary) not less than 48 hours before the time appointed for holding the Annual General Meeting.
5. Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending, speaking and voting in person at the Annual General Meeting if he finds that he is able to do so. In such event, the relevant instrument appointing a proxy or proxies will be deemed to be revoked.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
7. A corporation which is a member may authorise by a resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting in accordance with its constitution and Section 179 of the Companies Act, Chapter 50.
8. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument (including any related attachment) appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

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KOH BROTHERS ECO ENGINEERING LIMITED
(Unique Entity Number: 197500111H)
(Incorporated in Singapore)

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A subsidiary of Koh Brothers Group Limited



Building Cities Building Dreams