KOH BROTHERS ECO ENGINEERING LIMITED
(formerly known as Metax Engineering Corporation Limited)
(Incorporated in the Republic of Singapore)
(Unique Entity Number: 197500111H)

PROPOSED REDUCTION OF THE ISSUED AND PAID-UP CAPITAL OF THE COMPANY

1. INTRODUCTION

The Board of Directors (the "**Board**") of Koh Brothers Eco Engineering Limited (the "**Company**" and together with its subsidiaries, the "**Group**") wishes to announce that the Company intends to undertake a capital reduction exercise (the "**Proposed Capital Reduction**") pursuant to Section 78A read with Section 78C of the Companies Act (Cap. 50) of Singapore (the "**Act**") by reducing and cancelling the share capital of the Company, which is unrepresented by available assets.

2. DETAILS AND RATIONALE FOR THE PROPOSED CAPITAL REDUCTION

The Proposed Capital Reduction entails the reduction of the Company's issued and fully paid up share capital from S$30,003,337 divided into 378,408,576 ordinary shares, to S$16,476,326 divided into 378,408,576 ordinary shares by the cancellation of the issued and paid-up share capital of the Company for an aggregate amount of S$13,527,011 that is unrepresented by available assets.

The amount of S$13,527,011 being the credit arising from the aforesaid cancellation of share capital, shall be applied to write off the accumulated losses of the Company as at 31 December 2014 to the extent of S$13,527,011.

The Proposed Capital Reduction does not entail any outflow of cash or change in the net assets of the Company.

As there will be no changes to the number of issued shares of the Company following the Proposed Capital Reduction, the Proposed Capital Reduction will not have any effect on the net tangible assets per share, the earnings per share, the return on equity and the gearing ratio of the Company and the Group.

The number of issued ordinary shares and the percentage of ordinary shares held by the shareholders of the Company ("Shareholders") will remain unchanged immediately after the Proposed Capital Reduction.

The Proposed Capital Reduction is to rationalise the balance sheet of the Company to reflect more accurately the value of its underlying assets. The Company would be in a better position to retain profits and enhance its ability to pay future dividends if the accumulated losses are written off.

3. CONDITIONS AND APPROVAL

The Proposed Capital Reduction is subject to, *inter alia*, the following:

a) the approval of the Shareholders by way of a special resolution ("**Capital Reduction Resolution**") passed at an extraordinary general meeting of the Company ("**EGM**");

b) notifying the Comptroller of Income Tax that the Capital Reduction Resolution has been passed at the EGM, within eight (8) days beginning with the date of the Capital Reduction Resolution;

c) compliance with the relevant publicity requirements as prescribed in the Act;

d) no application having been made for the cancellation of the Capital Reduction Resolution by any creditor of the Company within the timeframe prescribed in the Act, or if such application was made, the dismissal thereof by the judicial authorities; and

e) lodgement of the relevant documents with the Accounting and Corporate Regulatory Authority of Singapore after the end of six (6) weeks (but before the end of eight (8) weeks) commencing from the date of the passing of the Capital Reduction Resolution.

4. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or, as far as the Directors are aware, controlling shareholders of the Company have any interest, whether direct or indirect, in the Proposed Capital Reduction other than in their capacity as a Shareholder.

5. NOTICE OF EGM

A circular (the "**Circular**") setting out further information on the Proposed Capital Reduction and enclosing the notice of the EGM will be despatched by the Company to Shareholders in due course.

6. FURTHER ANNOUNCEMENTS

The Company will continue to keep all its Shareholders updated on any material developments in relation to the Proposed Capital Reduction on a timely basis.

7. CAUTION IN TRADING

As the Proposed Capital Reduction is subject to certain conditions being fulfilled, Shareholders are advised to exercise caution in trading their shares in the capital of the Company and to read this announcement, any further announcements by the Company and the Circular carefully. Shareholders should consult their stockbrokers, solicitors or other professional advisors if they have any doubts about the actions they should take.

By Order of the Board
Koh Brothers Eco Engineering Limited

Koh Keng Siang
Chairman
27 March 2015

This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, Stamford Corporate Services Pte Ltd (the "**Sponsor**"), for compliance with

the relevant rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). The Company's Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement including the correctness of any of the statements or opinions made or reports contained in this announcement.

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