

An aerial photograph of a modern building with a prominent green roof. The building has a central circular structure with a glass facade and a curved staircase. The building is situated near a body of water with a dam or bridge structure in the background.

# **Koh Brothers Eco Engineering Limited**

**Extraordinary General Meeting**

**31 May 2021**

# Disclaimer



Information in this presentation may contain forward-looking statements that reflect the current views of Koh Brothers Eco Engineering Limited (the “Company” and together with its subsidiaries, the “Group”) with respect to future events and financial performance. These views are based on the current assumptions which are subject to unknown risks and uncertainties, which may change over time. No assurance can be given that future events will occur, that projections will be achieved, or that the assumptions are correct. Actual results may differ materially from those anticipated as a result of the risks faced by us. The views expressed here also contain some information derived from publicly available sources that have not been independently verified.

This presentation does not constitute or form part of any opinion on any advice to sell, or any solicitation of any offer to subscribe for, any shares nor shall it or any part of it nor the fact of its presentation form the basis of, or be relied upon in connection with, any contract or investment decision or commitment whatsoever.

The Group does not intend, and does not assume any obligation, to update any industry information or forward-looking statements set forth in this presentation to reflect subsequent events or circumstances.

Despite the fact that utmost care has been taken to ensure that the information on this presentation slides are as accurate as possible, the Group does not accept any liability for errors or omissions nor for the consequences of using the information or the material available in this presentation.



- 1 PROPOSED SUBSCRIPTION - SALIENT TERMS
- 2 RATIONALE & INFORMATION OF SUBSCRIBER
- 3 FINANCIAL & SHAREHOLDING EFFECTS
- 4 PROPOSED ADOPTION OF THE POC IPT MANDATE
- 5 SHAREHOLDERS' APPROVAL

# PROPOSED SUBSCRIPTION - SALIENT TERMS



<b>Proposed Transaction:</b>	Private Placement of New Ordinary Shares (“Proposed Subscription”)
<b>Subscriber:</b>	Penta-Ocean Construction Co., Ltd. (“POC”)
<b>Subscription Shares:</b>	<b>810,000,000</b> New Ordinary Shares, representing: (i) 28.75% <sup>1</sup> of the Minimum Scenario Enlarged Share Capital of the Company; (ii) 25.06% <sup>2</sup> of the Maximum Scenario Enlarged Share Capital of the Company; and (iii) 27.98% <sup>3</sup> of the Partial Scenario Enlarged Share Capital of the Company
<b>Issue Price:</b>	<b>S\$0.047</b> for each Subscription Share, the Issue Price is higher by approx.30.6% to the VWAP of S\$0.036 per Share for trades done on the Catalist of the SGX-ST on 12 March 2021. As compared to the consolidated NAV per Share as at 31 December 2020 (based on the audited consolidated financial statements of the Group for FY2020), the Issue Price is lower by approximately 9.44%.
<b>Moratorium:</b>	<b>12 months</b> commencing from the Completion Date
<b>Board Seat:</b>	Upon completion of the subscription of all the Subscription Shares, POC shall be entitled to nominate <b>one (1) person</b> for appointment as a <b>non-executive director</b> to the board of directors of the Company.

<sup>1</sup> Assuming that none of the outstanding Warrants as at the Latest Practicable Date are exercised and that none of the outstanding Share Awards as at the Latest Practicable Date are vested as at the Completion Date, the Company will have an enlarged issued and paid-up share capital of 2,817,613,004 Shares (the “Minimum Scenario Enlarged Share Capital”).

<sup>2</sup> Assuming all of the outstanding Warrants as at the Latest Practicable Date are exercised and that all of the outstanding Share Awards as at the Latest Practicable Date are vested as at the Completion Date, the Company will have an enlarged issue and paid-up share capital of 3,232,742,592 Shares (the “Maximum Scenario Enlarged Share Capital”).

<sup>3</sup> Assuming that none of the outstanding 2017 Warrants as at the Latest Practicable Date are exercised, all of the outstanding 2018 Warrants as at the Latest Practicable Date are exercised and that all of the outstanding Share Awards as at the Latest Practicable Date are vested as at the Completion Date, the Company will have an enlarged issued and paid-up share capital of [2,894,589,120] Shares (the “Partial Scenario Enlarged Share Capital”).



# PROPOSED SUBSCRIPTION - SALIENT TERMS



## Conditions Precedents:

The completion of the Proposed Subscription is conditional upon:

- (a) the issuance of the LQN from the SGX-ST for the listing and quotation of the Subscription Shares on the Catalist;
- (b) the Company having obtained at the EGM the approval of the Shareholders specifically for the allotment and issue of the Subscription Shares to the Subscriber, pursuant to Rule 803 of the Catalist Rules and Section 161 of the Companies Act;
- (c) KBGL, the parent company of the Company, having obtained the approval of shareholders of KBGL in general meeting for the potential dilution of KBGL's percentage shareholding in the Company, as a result of the issuance and allotment of the Subscription Shares to the Subscriber ("**KBGL Shareholder Approval**");
- (d) the allotment, issue and subscription of the Subscription Shares not being prohibited by any statute, order, rule, regulation or directive promulgated or issued after the date of the Subscription Agreement by any legislative, executive or regulatory body or authority;
- (e) the issue of the Subscription Shares to the Subscriber not resulting in the percentage of issued Shares being held by less than 10% of the public (computed in accordance with the Catalist Rules);
- (f) the warranties in the Subscription Agreement given by the Company remaining true and correct in all material respects as at the date of Completion; and
- (g) all covenants and undertakings of the Company under the Subscription Agreement having been complied with as at the Completion Date.

# RATIONALE OF THE PROPOSED SUBSCRIPTION



Positioning for Upcoming Opportunities

1

Strengthen Financial Position by increasing the Group's capital base and for working capital requirements.

2

POC is a strong investor with a global perspective



## INFORMATION OF POC



PENTA-OCEAN CONSTRUCTION CO.,LTD.



### BUSINESS OVERVIEW

POC is a leading general contractor operating in Japan and overseas, specialising in marine works and land reclamation. POC also builds residential, commercial, and institutional buildings.

### COMPANY OVERVIEW

Year Founded	1896
Headquarters	Tokyo
Listing	Tokyo Stock Exchange
Market Cap (at 12 May 21)	¥ 221.1 billion ( ~SGD 2.7 billion)
Latest Year's Consolidated Sales	¥ 471.1 billion ( ~SGD 5.7 billion)
Latest Year's Consolidated Net Profit	¥ 21.0 billion ( ~SGD 255.7 million)
Latest Year's Net Asset Value	¥ 158.4 billion ( ~SGD 1.9 billion)
No. of Employees	3,084

POC is the Company's existing joint-venture partner for the Deep Tunnel Sewerage System (Phase 2) Project



Approximate Contract Value	S\$520 million
Client	PUB

# USE OF PROCEEDS



Based on the Subscription Price, the gross proceeds for the Propose Subscription is approximately **S\$38.07 million**. The estimated net proceeds will be approximately **S\$36.87 million**, after deducting all costs and expenses payable in relation to the Proposed Subscription ("**Net Proceeds**").

Use of Proceeds	Estimated Percentage Allocation of Net Proceeds
Expansion of business operations	30%
General corporate and working capital purpose of the Group, mainly to support administrative and operational expenses	70%
Total	100%



# FINANCIAL EFFECTS



The pro forma financial effects set out below have been prepared based on the audited consolidated financial statements of the Group for FY2020, as well as the following bases and assumptions.

## Loss per Share

Assuming that the Proposed Subscription was completed on 1 January 2020, the effect on the consolidated loss per Share (“LPS”) of the Group for FY2020 would be as follows:

	Before the Proposed Subscription	After the Proposed Subscription (Minimum Scenario)	After the Proposed Subscription (Partial Scenario)	After the Proposed Subscription (Maximum Scenario)
Net loss (S\$'000)	(11,779)	(11,779)	(11,779)	(11,779)
Weighted average number of Shares as at 31 December 2020 ('000)	1,979,514	2,789,514	2,875,205	3,213,360
LPS (Singapore cents) <sup>(1)</sup>	(0.60)	(0.42)	(0.41)	(0.37)

Note:

(1) LPS is computed based on net loss attributable to equity holders of the Company.

# FINANCIAL EFFECTS



The pro forma financial effects set out below have been prepared based on the audited consolidated financial statements of the Group for FY2020, as well as the following bases and assumptions.

## Net Asset Value

Assuming that the Proposed Subscription was completed on 31 December 2020, the effect on the consolidated NAV per Share as at 31 December 2020 after adjusting for the Subscription Shares and the Net Proceeds would be as follows:

	Before the Proposed Subscription	After the Proposed Subscription (Minimum Scenario)	After the Proposed Subscription (Partial Scenario)	After the Proposed Subscription (Maximum Scenario)
NAV (S\$'000) <sup>(1)</sup>	103,764	140,634	144,859	178,674
Number of Shares as at 31 December 2020 ('000)	1,998,897	2,808,897	2,894,588	3,232,743
NAV per Share (Singapore cents)	5.19	5.01	5.00	5.52

Note:

(1) NAV per Share is computed based on net assets attributable to owners of the Company.

# SHAREHOLDING EFFECTS



	Before the Proposed Subscription							
	Number of Shares				Number of Shares comprised in Warrants		Number of Shares comprised in unvested Share Awards	
	Direct Interest	%	Deemed Interest	%	Direct Interest	Deemed Interest	Direct Interest	Deemed Interest
<b>Directors</b>								
Koh Keng Siang	13,120,000	0.65	1,544,629,607	76.94	7,204,041	218,444,432	-	-
Shin Yong Seub	1,590,970	0.08	-	-	-	-	88,690	-
Koh Choon Leng	-	-	-	-	-	-	-	-
Tan Hwa Peng	-	-	-	-	-	-	-	-
Lee Sok Khian John	-	-	-	-	-	-	-	-
<b>Substantial Shareholders (other than Directors)</b>								
Koh Brothers Group Limited	1,544,627,607	76.94	-	-	218,444,432	-	-	-

# SHAREHOLDING EFFECTS



	After the Proposed Subscription (Minimum Scenario)							
	Number of Shares				Number of Shares comprised in Warrants		Number of Shares comprised in invested Share Awards	
	Direct Interest	%	Deemed Interest	%	Direct Interest	Deemed Interest	Direct Interest	Deemed Interest
<b>Directors</b>								
Koh Keng Siang	13,120,000	0.47	1,544,629,607	54.82	7,204,041	218,444,432	-	-
Shin Yong Seub	1,590,970	0.06	-	-	-	-	88,690	-
Koh Choon Leng	-	-	-	-	-	-	-	-
Tan Hwa Peng	-	-	-	-	-	-	-	-
Lee Sok Khian John	-	-	-	-	-	-	-	-
<b>Substantial Shareholders (other than Directors)</b>								
Koh Brothers Group Limited	1,544,627,607	54.82	-	-	218,444,432	-	-	-

# SHAREHOLDING EFFECTS



	After the Proposed Subscription (Partial Scenario)							
	Number of Shares				Number of Shares comprised in Warrants		Number of Shares comprised in invested Share Awards	
	Direct Interest	%	Deemed Interest	%	Direct Interest	Deemed Interest	Direct Interest	Deemed Interest
<b>Directors</b>								
Koh Keng Siang	17,508,846	0.60	1,544,629,607	53.36	2,815,195	218,444,432	-	-
Shin Yong Seub	1,679,660	0.06	-	-	-	-	-	-
Koh Choon Leng	-	-	-	-	-	-	-	-
Tan Hwa Peng	-	-	-	-	-	-	-	-
Lee Sok Khian John	-	-	-	-	-	-	-	-
<b>Substantial Shareholders (other than Directors)</b>								
Koh Brothers Group Limited	1,544,627,607	53.36	-	-	218,444,432	-	-	-



# SHAREHOLDING EFFECTS



	After the Proposed Subscription (Maximum Scenario)							
	Number of Shares				Number of Shares comprised in Warrants		Number of Shares comprised in unvested Share Awards	
	Direct Interest	%	Deemed Interest	%	Direct Interest	Deemed Interest	Direct Interest	Deemed Interest
<b>Directors</b>								
Koh Keng Siang	20,324,041	0.63	1,763,074,039	54.54	-	-	-	-
Shin Yong Seub	1,679,660	0.05	-	-	-	-	-	-
Koh Choon Leng	-	-	-	-	-	-	-	-
Tan Hwa Peng	-	-	-	-	-	-	-	-
Lee Sok Khian John	-	-	-	-	-	-	-	-
<b>Substantial Shareholders (other than Directors)</b>								
Koh Brothers Group Limited	1,763,072,039	54.54	-	-	-	-	-	-

# PROPOSED ADOPTION OF POC IPT MANDATE



- Following the Proposed Subscription, POC will become one of the Controlling Shareholders and an interested person of the Company as defined under Chapter 9 of the Catalist Rules.
- Accordingly, the performance of the obligations under the existing contracts and the entry into any subsequent contracts between the Group and the Subscriber and/or its associates will constitute interested person transactions under Chapter 9 of the Catalist Rules. Further details of the POC Interested Person Transactions and the POC IPT Mandate are set out in Section 3 and Appendix 1 of the Circular.
- The IFA has been appointed to advise the Directors on whether the methods or procedures for determining transaction prices in respect of the proposed POC IPT Mandate are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its Minority Shareholders (as described in paragraph 2.3 of Appendix 1). The IFA Letter is set out in Appendix 2 to the Circular.

# PROPOSED ADOPTION OF POC IPT MANDATE



- The IFA is of the opinion that, the guidelines and review procedures for determining the terms of the Proposed POC IPT Mandate are sufficient to ensure that all POC Interested Person Transactions will be carried out on a normal commercial terms, and will not be prejudicial to the interests of the Company and its Minority Shareholders.
- The IFA has advised the Directors to recommend to the Shareholders to vote in favour of the proposed adoption of the POC IPT Mandate.
- Accordingly, the Company is seeking the approval of the Shareholders for the adoption of the POC IPT Mandate.

# SHAREHOLDERS' APPROVAL



The Company is seeking the approval of the shareholders:

## Ordinary Resolution

## Description

1

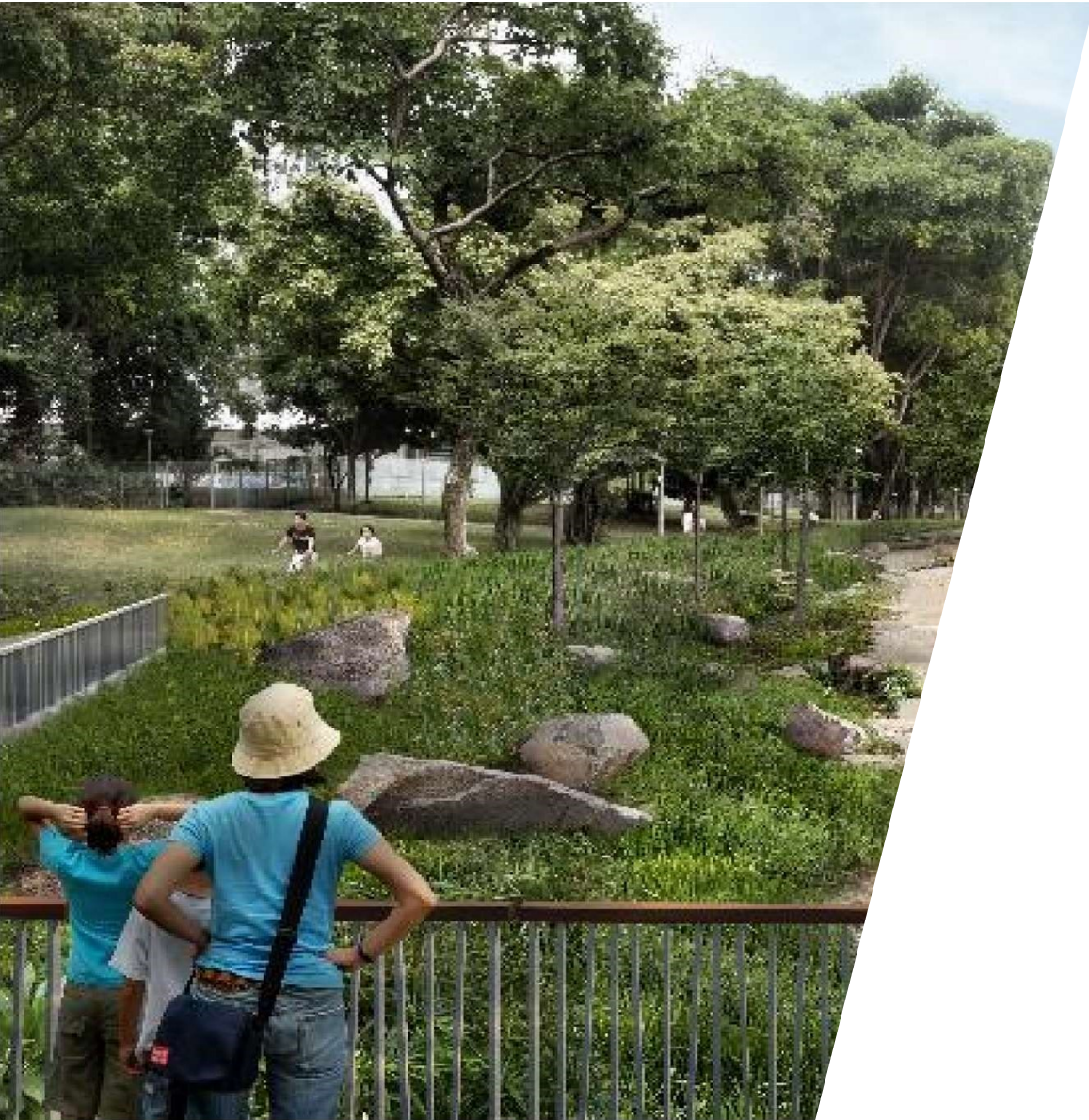
The Proposed Subscription

The Company to allot and issue 810,000,000 new ordinary shares at an issue price of S\$0.047 per Subscription Share to the Subscriber pursuant to the Subscription Agreement.

2

The Proposed Adoption of the POC IPT Mandate

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 with any POC Interested Persons, provided that such transactions are made on normal commercial terms and in accordance with the review procedures for such interested person transactions.



**THANK YOU**