



Koh Brothers Eco Engineering Limited

Extraordinary General Meeting

27 April 2021

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PROPOSED SPIN-OFF

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RATIONALE FOR THE SPIN-OFF

About the Oiltek Group



Introduction

The Oiltek Group is a Bio-Refinery and Renewable Energy engineering solutions provider with over 40 years of established operating track record. Oiltek seeks to constantly innovate through its research and development of new technologies and proprietary plant designs. To date, it has successfully designed, built and installed thousands of plants worldwide.

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Established in 1980, the Oiltek Group provides complete engineering solutions across 2 key business segments;

- i) **Bio-Refinery** (including Edible Oil/Non-edible Oil/ Downstream plants, specialty chemical product trading, and engineering component sales and agency); and
- ii) **Renewable Energy** (Biodiesel and Biogas plants).



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Headquartered in Malaysia, the Oiltek Group has an extensive and well-diversified geographical footprint in 34 countries across Malaysia, Indonesia, Thailand, Africa, Central America, Latin America and the rest of Asia.



About the Oiltek Group



Key Business Segments.

BIO-REFINERY



- **Engineering, procurement, construction and commissioning** of edible oil refining plants, turnkey outside-system-battery-limits infrastructure engineering, downstream high value niche processes and products, and specialty products.
- Specialty chemical product trading and engineering component sales and agency

RENEWABLE ENERGY



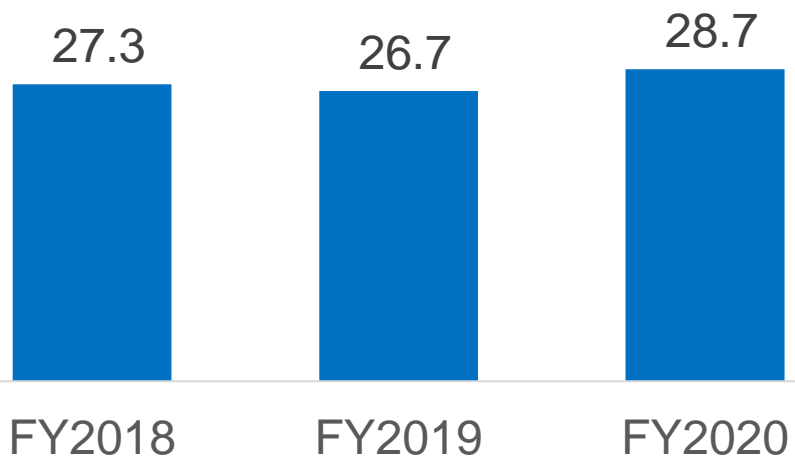
- **Designing, building and supplying** of multi-feedstock biodiesel, winter fuel, and palm oil mill effluent biogas recovery plants, and turnkey outside-system-battery-limits infrastructure engineering.

About the Oiltek Group

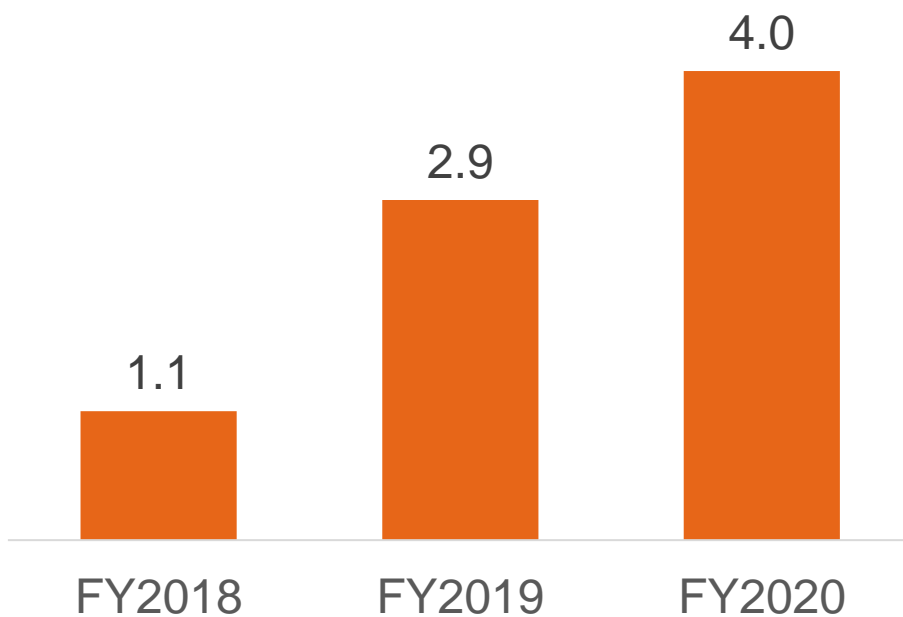
Financial Overview



Revenue (S\$' million)



Profit after tax (S\$' million)

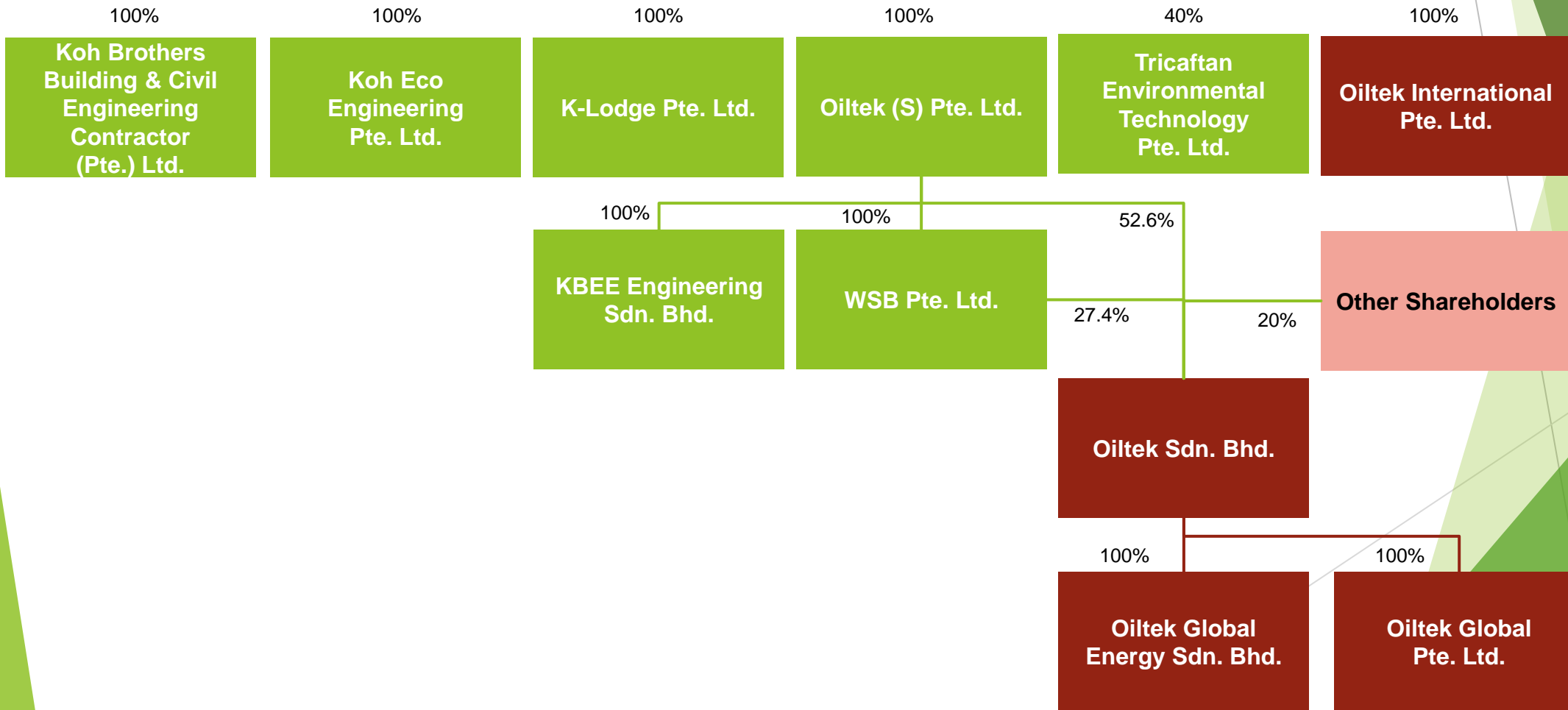


The Proposed Spin-off Structure



Existing Group Structure

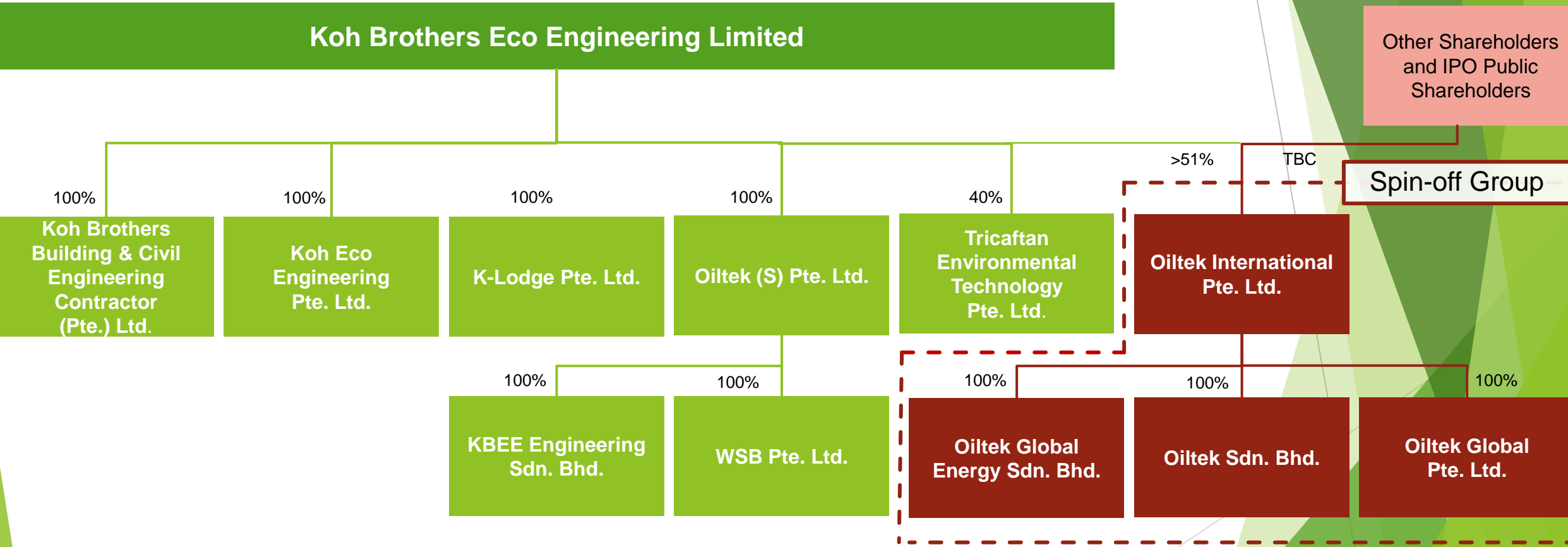
Koh Brothers Eco Engineering Limited



The Proposed Spin-off Structure



Group Structure following the completion of the Proposed Spin-off and the Proposed Listing



Other Shareholders and IPO Public Shareholders

Spin-off Group



Rationale for the Proposed Spin-off

1 Capitalising on growth potential of the Bio-Refinery and Renewable Energy Business

- Spin-off Group is in a **prime position** to capitalise on growth potential of the Bio-Refinery and Renewable Energy Business as the Proposed Listing is expected to enhance the **reputation and credit worthiness** of the Spin-off Group.

2 Focusing of management's attention and better accountability

- Management teams of the New KBE Group and the Spin-off Group will be **separate and distinct**, allowing each group to **focus** on their assigned business segments.
- Improve **corporate visibility, management control and accountability**, and enhancing **performance measurement**.

3 Maintaining current listing structure being detrimental to Shareholders

- In the absence of equity fund raising by the Spin-off Group through the Proposed Spin-off and the Proposed Listing, the Group may have to take on further debt financing or raise funds through other means to fund the development and expansion needs of the Spin-off Group. Taking on of further debt financing **increases the leverage** of the Group and its risk profile to Shareholders.



Rationale for the Proposed Spin-off

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Efficient allocation of capital and resources while still participating in the growth of the businesses of the Spin-off Group

- Allow the Spin-off Group to raise new funds from the market and obtain new bank borrowings **independently** from the Company to fund its continual operational growth and new business expansion, while reducing the Company's exposure to the financial risks of the Spin-off Group.
- Enable the Group to **unlock and increase value** for Shareholders.
- The New KBE Group will continue to retain the opportunity to **participate in any potential upside** from the Spin-off Group's business as a majority shareholder.

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More reflective and accurate valuation of the businesses

- Enable Shareholders and potential investors to evaluate the Spin-off Group and the New KBE Group **independently** based on their respective performance and growth potential. This will allow for valuations that are **more reflective** of the underlying value and growth potential of the businesses of the New KBE Group and the Spin-off Group respectively.



THANK YOU