**KOH BROTHERS ECO ENGINEERING LIMITED**

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**NEWS RELEASE**

**KOH BROTHERS ECO'S NET PROFIT GROWS 194% TO S$6.1 MILLION ON S$202.3 MILLION REVENUE IN FY2016**

- ***Strong order book of S$576.8 million***
- ***Balance sheet remains healthy with cash and cash equivalents of S$20.5 million and low net gearing of 0.04 time***
- ***Proposed final cash dividend of 0.06 Singapore cent per share***

***SINGAPORE, 17 February 2017*** – SGX Catalist-listed sustainable engineering solutions provider, Koh Brothers Eco Engineering Limited ("**Koh Brothers Eco**", 許兄弟生态工程有限公司, and together with its subsidiaries, the "**Group**"), announced today a 194% surge in net profit attributable to shareholders of S$6.1 million on S$202.3 million revenue for the financial year ended 31 December 2016 ("**FY2016**").

The Group's net profit grew 194% from S$2.1 million achieved a year ago ("**FY2015**") while its topline rose 352% from S$44.8 million reported in FY2015.

Koh Brothers Eco's Chairman, Mr. Francis Koh (许庆祥), said, "The stellar financial performance is a result of our proactive measure to widen our capabilities and sharpen our competitive edge amidst challenging times. Since the restructuring, we've clinched contracts that require both our hydro-engineering capabilities and the acquired civil engineering capabilities, demonstrating the effectiveness of our strategic move."

The Group's FY2016 performance was mainly lifted by project revenue recognition on percentage-of-completion basis from the Engineering & Construction Division, which was recently renamed from "Water & Wastewater Treatment and Hydro-Engineering", to better reflect the Group's hydro-engineering and recently-acquired civil engineering capabilities.

Koh Brothers Eco had in July 2016 acquired Koh Brothers Building & Civil Engineering Contractor (Pte.) Ltd., a building and civil engineering construction specialist, to tap emerging opportunities in the water and wastewater treatment and hydro-engineering sectors.

The Group's balance sheet as at 31 December 2016 remains strong with cash and cash equivalents of S$20.5 million and net gearing ratio of 0.04 time.

Earnings per share increased to 1.09 Singapore cents in FY2016 compared to 0.55 Singapore cent in FY2015. Net asset value per share rose to 5.27 Singapore cents from 3.95 Singapore cents across the same comparative periods.

To thank shareholders for their support, the Group has proposed a final cash dividend of 0.06 Singapore cent per share.

**Outlook & Future Strategies**

On the Group's outlook, Koh Brothers Eco's Chief Executive Officer, Mr Paul Shin (申龙燮) said, "Our order book remains healthy at S$576.8 million as we continue to leverage on our strengthened foundation and strong balance sheet to aggressively seek new projects for sustained growth. We are optimistic on our outlook especially with the Government's push to boost Singapore's water security."

The Group had secured a S$31.3 million contract in August 2016 to provide infrastructure, buildings, all civil and structural, and mechanical and electrical work for the Wet Weather Facility as part of the Changi Water Reclamation Plant Phase 2 Expansion. The project is expected to complete in January 2018 and will contribute positively to the Group's financial performance progressively.

On the outlook of the water industry, Singapore expects to have up to 85% of its water needs met by NEWater and desalination plants by 2060, up from the current 65%. Apart from the upcoming third and fourth desalination plants in Tuas and Marina East, authorities have plans for a fifth desalination plant in Jurong Island[1].

Other pipeline projects that have been announced include Phase 2 of the Deep Tunnel Sewerage System (DTSS)[2], the Integrated Waste Management Facility (IWMF) and 20 additional Active, Beautiful Clean Waters (ABC Waters) projects planned for the next five years[3].

On the construction front, the Building and Construction Authority projects demand to reach between S$28 billion and S$35 billion in 2017, 70% of which are to be derived from the public sector.

“Apart from the burgeoning opportunities in the water and wastewater treatment and hydro-engineering industries, we see a good pipeline of construction projects that bodes well for us. We are aggressively tendering for projects, especially those from the public sector, to replenish our order book, while pursuing maintenance contracts to strengthen our recurring income streams,” Mr Shin added.

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

The Group remains cautiously optimistic of Oiltek’s long-term outlook despite the challenging commodities industry, as it continues to develop new proprietary technology in the refining process to sharpen its competitive niche and expand into new geographical markets to capitalise on growth opportunities.

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*[1] Singapore to raise water tariffs as production, supply costs increase – Business Times, 8 February 2017*

*[2] PUB & NEA to call tenders for DTSS Phase 2 and IWMF projects – PUB, Singapore’s National Water Agency, 11 July 2016*

*[3] ABC Waters makes the next big leap with 20 more projects – PUB, Singapore’s National Water Agency, 20 March 2016*

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**Note to Media: This media release is to be read in conjunction with the announcement issued on SGXNET on the same date.**

**About Koh Brothers Eco Engineering Limited**

Listed on the Singapore Exchange ("**SGX**") in 2006, Koh Brothers Eco Engineering Limited ("**Koh Brothers Eco**", and together with its subsidiaries, the "**Group**") is a sustainable engineering solutions group that provides engineering, procurement and construction ("**EPC**") services for water and wastewater treatment, hydro-engineering, bio-refinery and bio-energy projects. The Group is a Building and Construction Authority ("**BCA**") L6 – (ME11) graded contractor and can tender for public mechanical engineering projects of unlimited value.

Incorporated in Singapore in 1975, Koh Brothers Eco started out by providing EPC services for water and wastewater treatment projects as well as hydro-engineering projects. Today, its principal market is in Asia with projects from both the public and private sectors.

Its bio-refinery and bio-energy division under Oiltek Sdn. Bhd. specialises in a full range of conventional edible oil process plants as well as biodiesel, pre-treatment and winter fuel plants. Through a joint venture company, Oiltek Nova Bioenergy Sdn. Bhd., it also designs, builds and supplies biogas recovery systems to palm oil mill effluent plants in Malaysia and Indonesia.

Koh Brothers Eco recently acquired Koh Brothers Building & Civil Engineering Contractor (Pte.) Ltd. ("**KBCE**"), which holds the BCA A1 grade for both building and civil engineering categories, to broaden its capabilities into building and civil engineering construction. The BCA A1 grade allows KBCE to tender for building and civil infrastructure projects of unlimited value. KBCE, which enjoys a long and rich corporate history, has a strong track record ranging from design and build to general construction for residential, commercial and institutional buildings and infrastructure works.

Over the years, KBCE has participated in projects by various public sector agencies such as the BCA, Housing & Development Board ("**HDB**"), PUB, Singapore's National Water Agency, Urban Redevelopment Authority ("**URA**"), Land Transport Authority ("**LTA**") and Changi Airport Group ("**CAG**").

Some of KBCE's major infrastructure projects include the Punggol Waterway awarded by HDB, the iconic Marina Barrage, Geylang River Make Over, Changi Water Reclamation Plant (Phase 1), and Jurong Water Reclamation Plant by national water agency, PUB, the Common Service Tunnel by URA, Downtown Line 1 Bugis Station by LTA and the retention pond at Changi Airport by CAG. In addition, through a joint venture with Samsung C&T Corporation, KBCE recently secured a landmark S$1.12 billion project from CAG for development works to effect three-runway operations at Changi Airport.

Other landmark building projects by KBCE include Building and Electrical works at Jurong West Neighbourhood 6 Contract; Building works at Chua Chu Kang Neighbourhood 4 Contract awarded by HDB; New Halls of Residence at Nanyang Avenue for Nanyang Technological University and the development of River Valley High School and a hostel at Boon Lay Avenue, both commissioned by the Ministry of Education; Design and Build projects for the Provost & Armour Cluster in Kranji Camp and Keat Hong Camp, both awarded by the Ministry of Defence; and the construction of the Singapore Civil Defence Force Headquarters Complex at Ubi Avenue 4 commissioned by the Ministry of Home Affairs.

*This press release has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, Stamford Corporate Services Pte Ltd, for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**Exchange**"). The Company's Sponsor has not independently verified the contents of this press release.*

*This press release has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this press release including the correctness of any of the statements or opinions made or reports contained in this press release.*

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