KOH BROTHERS ECO ENGINEERING LIMITED

11 Lorong Pendek, Koh Brothers Building, Singapore 348639
Tel: (65) 6845 7204 Fax: (65) 6443 2487

NEWS RELEASE

KOH BROTHERS ECO'S 1H2017 NET PROFIT SURGES 3.8 TIMES TO S$2.3 MILLION, OUTPACING REVENUE GROWTH TO S$120.4 MILLION

SINGAPORE, 10 August 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 551% surge in net profit attributable to shareholders of S$2.2 million, outpacing the 475% revenue growth to S$120.4 million for the six-month period ended 30 June 2017 ("**1H2017**").

The Group had reported S$0.6 million net profit on S$20.9 million revenue recorded in the equivalent period a year ago ("**1H2016**"). The stronger performance was mainly due to an increase in contribution from the Engineering & Construction Division[1]. Koh Brothers Eco had in July 2016 acquired building and civil engineering construction specialist, Koh Brothers Building & Civil Engineering Contractor (Pte.) Ltd., to tap emerging opportunities in the water and wastewater treatment and hydro-engineering sectors.

Koh Brothers Eco's Chairman, Mr. Francis Koh (许庆祥), said, "The sustained performance is a testament of our proactive efforts to combine our hydro-engineering and civil-engineering capabilities to sharpen our niche during these challenging times. We continue to leverage on our ability to provide turnkey solutions, strong civil engineering track record and experience built over the last five decades to aggressively tender for new projects and further strengthen our order book. Meanwhile, Oiltek continues to develop proprietary technology in the refinery process for greater differentiation and contributes positively to the Group."

[1] *The "Engineering & Construction" division was renamed from "Water & Wastewater Treatment and Hydro-Engineering" division to better reflect the Group's hydro-engineering and recently-acquired civil engineering capabilities*.

Correspondingly, 1H2017 earnings per share increased to 0.30 Singapore cent compared to 0.09 Singapore cent in 1H2016. Net asset value per share as at 30 June 2017 rose to 5.48 Singapore cents from 5.27 Singapore cents as at 31 December 2016.

Koh Brothers Eco's balance sheet as at 30 June 2017 remains strong with cash and bank balances of S$16.3 million and net gearing ratio of 0.7 time.

Koh Brothers Eco's Chief Executive Officer, Mr Paul Shin (申龙燮), said, "Following the restructuring exercise, new doors have opened for Koh Brothers Eco. As a growing company, it is vital to have financial flexibility to capitalise on opportunities as they arise, and hence, we hope shareholders will lend us their support in bringing Koh Brothers Eco to the next level through the proposed rights cum warrants issue."

The Group had in May 2017 proposed a renounceable non-underwritten rights cum warrants issue. For every 5 existing shares held, two rights shares could be subscribed for at S$0.055 each. Free detachable warrants are issued with every one rights share validly subscribed for by shareholders, at tiered exercise prices ranging from S$0.09 to S$0.11 depending on the exercise period. The proposed rights cum warrants issue is subject to approvals by the relevant authorities.

Outlook & Future Strategies

The Group's order book remains strong at S$484.5 million, lifted by recent contract wins including a subcontract for civil, structural, piping, marine works and architectural landscaping works relating to Singapore's fourth desalination plant at Marina East scheduled for completion in January 2020. This also marks Singapore's first dual-mode desalination plant that can treat both freshwater and seawater. Other ongoing projects include Koh Brothers Eco's largest project to-date – the S$1.1 billion joint venture project to develop a three runway system at Changi Airport.

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 to be completed in 2020.

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 due to an anticipated increase in demand for building and civil engineering works, auguring well for the Group's outlook.

Advanced estimates from the Ministry of Trade and Industry Singapore showed a 5.6% year-on-year contraction for the construction sector in 2Q2017, weighed down by slower activity in both the private and public sectors. Despite this, the sector rebounded to grow 4.3% on a seasonally-adjusted annualised basis, an improved performance from the 14.4% contraction in the preceding quarter[4].

Oiltek Sdn. Bhd. ("**Oiltek**"), a member of the Group, is 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, and continues to contribute positively.

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[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

[4] Ministry of Trade and Industry Singapore, 14 July 2017 – Singapore's GDP grew by 2.5 per cent in the second quarter of 2017

Oiltek continues to develop cutting-edge proprietary technology in the oil refining process – innovation that will serve to differentiate it from other players in the industry. Seeking long-term sustainable growth, Oiltek is exploring opportunities to enter new geographical markets, expanding its global distribution network across 28 countries.

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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 wholly-owned subsidiary, Oiltek Nova Bioenergy Sdn. Bhd., it also designs, builds and supplies biogas recovery systems to palm oil mill effluent plants in Malaysia and Indonesia.

Its engineering and construction division under Koh Brothers Building & Civil Engineering Contractor (Pte.) Ltd. ("**KBCE**"), which holds the BCA A1 grade for both building and civil engineering categories, possesses capabilities in 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 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.

The contact person for the Sponsor is Mr Ng Joo Khin:
Telephone number: 6389 3000 Email: jookhin.ng@morganlewis.com

ISSUED ON BEHALF OF	:	Koh Brothers Eco Engineering Limited
BY	:	Citigate Dewe Rogerson, i.MAGE Pte Ltd 55 Market Street #02-01 SINGAPORE 048941
CONTACT	:	Ms Dolores Phua / Ms Amelia Lee
		at telephone
DURING OFFICE HOURS	:	6534-5122 (Office)
EMAIL	:	dolores.phua@citigatedrimage.com amelia.lee@citigatedrimage.com