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 POSTS 15% HIGHER NET PROFIT OF S$7.0 MILLION ON S$298.4 MILLION REVENUE IN FY2017

- **Saw higher contribution from Engineering and Construction Division**
- **Strong order book of S$762.7 million**
- **Maintains healthy balance sheet with cash and cash equivalents of S$24.9 million and a net cash position**
- **Proposes final cash dividend of 0.10 Singapore cent per share**

SINGAPORE, 12 February 2018 – 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**"), reported today 15% higher net profit attributable to shareholders of S$7.0 million for the financial year ended 31 December 2017 ("**FY2017**") on revenue of S$298.4 million which grew 48% year-on-year.

The stronger performance was largely attributable to an increase in contribution from the Engineering and Construction Division[1]. During the financial year under review, the division posted a revenue of S$277.0 million, against S$174.6 million in the financial year ended 31 December 2016 ("**FY2016**"). The segment's profit also rose from S$3.3 million in FY2016 to S$5.8 million.

Koh Brothers Eco's Chairman, Mr. Francis Koh (许庆祥), said, "This set of results reaffirms the Group's strategic move to capitalise on the synergies between our Construction and Civil Engineering business and Water and Wastewater Treatment business to sharpen our position to secure opportunities and drive growth amid the challenging operating environment."

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

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

As at 31 December 2017, the Group's balance sheet remains robust with cash and bank balances of S$24.9 million and a net cash position.

The Group's earnings per share was 0.80 Singapore cent in FY2017. Net asset value per share as at 31 December 2017 rose to 5.94 Singapore cents from 5.27 Singapore cents as at 31 December 2016.

To thank shareholders for their support, the Group has proposed to increase a final cash dividend to 0.10 Singapore cent per share from 0.06 Singapore cent per share in the previous year.

Outlook & Future Strategies

Koh Brothers Eco's Chief Executive Officer, Mr Paul Shin (申龙燮), said, "We are heartened by the strong support from our shareholders for the proposed rights cum warrants issue exercise which was completed in November last year. Your support reflects the confidence you have in the company and the management's ability to steer the Group towards its next growth phase."

"Looking ahead, we remain optimistic on our outlook given BCA's higher projected construction demand for the current year. We will continue to leverage on our expanded capabilities and strengthened financial position to seize growth opportunities, including new projects to add to our order book."

The Group's order book remains strong at S$762.7 million, which was lifted by recent contract wins including a contract relating to the Deep Tunnel Sewerage System ("DTSS") Phase 2 project secured by its 35%-owned joint venture, POKB JV. Set up together with the Group's joint partner, Penta-Ocean Construction Co., Ltd, POKB JV will be responsible for the design and construction of the tunnels, shafts and other features required under Contract T-08 of the DTSS Phase 2 project. In September last year, the Group also won a contract relating to Circle Line 6, in which the Group will carry out all civil, structural, architectural, electrical & mechanical and system works relating to the construction of cut-and-cover tunnels and other structures from the east of the planned Prince Edward Station to the existing Marina Bay Station.

On the construction sector front, the Building and Construction Authority ("**BCA**") projects demand to reach between S$26 billion and S$31 billion in 2018, with 60% of the projects to be derived from the public sector[2]. These projects include additional major contracts for infrastructure projects like the North-South Corridor, new MRT works and DTSS Phase 2 as well as the remaining package for Runway 3 by Changi Airport Group[2].

On the outlook of the water industry, PUB, Singapore's National Water Agency, plans to ensure the country's water supply is more resilient against weather uncertainties as well as meet future demand by progressively increasing NEWater and desalination capacity to meet 85% of Singapore's water needs by 2060. While the third desalination plant in Tuas is expected to commence operations last year, the fourth and fifth desalination plants in Marina East and on Jurong Island are expected to be operational by 2020. PUB has plans for a sixth NEWater plant which will be built in tandem with the Tuas Water Reclamation Plant under Phase 2 of the DTSS project[3].

Separately, the Group's majority-owned subsidiary, Oiltek Sdn. Bhd. ("**Oiltek**"), held under the bio-refinery and bio-energy division, remains positive about the long term prospects of the commodities industry despite the current challenges in the sector. Moving forward, Oiltek will continue to develop new and innovative proprietary technology in the oil refining process that will improve its competitive edge to secure growth opportunities.

---

[2] *Public sector construction demand is expected to strengthen this year – Building and Construction Authority, 11 January 2018*

[3] *Water price revisions – PUB, Singapore's National Water Agency, 20 February 2017*

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 Carol Chong
		at telephone
DURING OFFICE HOURS	:	6534-5122 (Office)
EMAIL	:	dolores.phua@citigatedewerogerson.com
		carol.chong@citigatedewerogerson.com

12 February 2018