KOH BROTHERS ECO ENGINEERING LIMITED
(Unique Entity Number: 197500111H)
(Incorporated in Singapore)

RESPONSES TO QUESTIONS FROM SHAREHOLDERS

The Board of Directors (the "**Board**") of Koh Brothers Eco Engineering Limited (the "**Company**") refers to:

(a) the annual report of the Company for the financial year ended 31 December 2019 (the "**Annual Report**");

(b) the notice of annual general meeting ("**AGM**") issued on 5 June 2020 informing shareholders that the Company's AGM will be convened and held by way of electronic means on Thursday, 25 June 2020 at 10.00 am; and

(c) the accompanying announcement issued by the Company on 5 June 2020 setting out, *inter alia*, the alternative arrangements relating to attendance at the AGM via electronic means.

The Company would like to thank shareholders for submitting their questions in advance of our AGM. Please refer to **Annex A** for the list of questions received from shareholders, and the Management and the Board's responses to these questions.

By Order by the Board

Koh Keng Siang
Non-Executive and Non-Independent Chairman

24 June 2020

This document has been reviewed by the Company's sponsor, Stamford Corporate Services Pte. Ltd. (the "**Sponsor**"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") and the SGX-ST assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document.

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

APPENDIX A
KOH BROTHERS ECO ENGINEERING
ANNUAL GENERAL MEETING FY2019
Q&A SEGMENT

1. Due to COVID-19 situation, have the company experienced any project cancellation/deferment? Have any of the customers gone bust or experienced financial difficulty resulting in payment delay/default?

A The Group is not too concerned about project cancellations or defaults by its Clients. This is because its Clients are primarily government agencies or government-linked entities.

2. What are the steps that the Company has taken in order to resume work on its projects?

A In Singapore, the escalation of COVID-19 led to the government imposing a Circuit Breaker from the period commencing from 7 April 2020 to 1 June 2020. Most of our projects were required to temporarily cease construction activities in compliance with the circuit breaker measures.

There are many steps required before we can commence with the resumption of construction activities. We have applied to the relevant authorities for the approval to commence work for the respective project. However, we anticipate that we will not be able to resume construction activities at pre-COVID-19 levels due to various restrictions still in place.

3. Would the lock down result in company making losses for 2020, though company has been profitable, thanks to the management and the board?

A Given that the situation is fluid and rapidly evolving as government policies change in tandem, barring unforeseen circumstances, the Group expects the operating environment of the local construction industry to remain challenging for FY2020 and we expect a negative impact on our business and the Group's financial results for the current financial year ending 31 December 2020, due to the uncertain economic outlook, disrupted supply chains and disruptions to operational manpower, amongst others. Furthermore, construction work cannot be expected to resume to normal level of operations.

Currently, the Group's priority is to conserve cashflow to support working capital requirements until the COVID-19 situation improves. At the same time, the Group has been actively managing its costs and has taken various steps to reduce its operating costs. The COVID-19 outbreak and circuit breaker period has resulted in disruptions to our projects impacting project schedules and increasing project costs. The Group is not able to determine the extent of such delay as the progress of our projects continue to be impacted even after the circuit breaker was lifted on 2 June 2020.

4. The dividend proposed has been reduced from 0.05 cent to 0.02 cent. However, the director fees and management remuneration has not been similarly reduced. Can both the proposed director fees and management remuneration be similarly reduced in the spirit of alignment of interest?

A The decision to reduce the dividend was difficult. In proposing the dividends to be declared, the Board considers the Group's operating results, financial conditions, cash flows, expected future earnings, capital expenditure programme(s) and investment plans and the terms of borrowing arrangements entered into by the Group, amongst others. It was with the above in mind, and the continuing uncertainty surrounding the impact of COVID-19 that the Board is proposing to reduce dividends.

However, the Group has taken a holistic approach in managing operational cashflow in these unprecedented times. In addition to the reduction in dividend, the Group has also taken various measures, including the following:

In line with the measures that the Group has also implemented to tide through these unprecedented times, the Group has implemented pay cuts of the salaries for Executive Directors, Management and Staff.

In addition, the Group has also sought to keep overheads low by implementing a hiring freeze on headcount throughout the Group.

The Remuneration Committee has not adjusted the basis for the computation of Directors' fees since FY2018, where the basis for the computation of Directors' fees was revised, taking into account the Directors' fees of the Company's peers. This is in spite of the fact that the scope and extent of directors' responsibilities and obligations, as well as their contribution and time spent, has increased since, in light of the additional listing requirements.

5. The business of Oiltek Sdn. Bhd. has remained stagnant. Are there plans in place to review the business?

A Even though the revenue for Oiltek Sdn. Bhd. has remained consistent, Oiltek Sdn. Bhd. has remained profitable. We have reviewed its business on an ongoing basis.

The Group is constantly on the lookout for new business opportunities, especially in new markets, and continues to work with potential clients to explore new bio-related business opportunities.

6. Do we have any updates on the spin-off and listing of Oiltek Sdn. Bhd?

A The Company, has on 23 January 2020, announced the proposed spin-off and listing of a subsidiary, Oiltek Sdn. Bhd. on either the ACE Market of Bursa Malaysia Securities Berhad or the Catalist Board of the Singapore Exchange Securities Trading Limited ("SGX-ST").

Pursuant to a submission made by the Company's sponsor, Stamford Corporate Services Pte. Ltd., for and on behalf of the Company, and based on the representation made therein, the SGX-ST has advised that it has no objection to the Proposed Spin-off, subject to certain conditions.

In view of the current COVID-19 pandemic and market sentiment, the Company is currently reviewing the situation and will make necessary announcement(s) in due course.