

Acquisitions and Disposals :: Discloseable Transaction :: PROPOSED ACQUISITION OF SHARES AND WARRANTS IN THE CAPITAL OF METAX ENGINEERING CORPORATION LIMITED

* Asterisks denote mandatory information

Name of Announcer *	KOH BROTHERS GROUP LIMITED
Company Registration No.	199400775D
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Announcement is submitted with respect to *	KOH BROTHERS GROUP LIMITED
Announcement is submitted by *	KOH KENG SIANG
Designation *	MANAGING DIRECTOR & GROUP CEO
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Announcement Title *	PROPOSED ACQUISITION OF SHARES AND WARRANTS IN THE CAPITAL OF METAX ENGINEERING CORPORATION LIMITED
Description	PLEASE SEE ATTACHED DOCUMENTS.

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KOH BROTHERS GROUP LIMITED

(Incorporated in the Republic of Singapore)

Company Registration No. 199400775D

PROPOSED ACQUISITION OF SHARES AND WARRANTS TO SUBSCRIBE FOR SHARES IN THE CAPITAL OF METAX ENGINEERING CORPORATION LIMITED

1. INTRODUCTION

1.1 The Board of Directors of Koh Brothers Group Limited (the "**Company**") is pleased to announce that the Company has on 24 October 2012 entered into a subscription agreement (the "**Subscription Agreement**") with Metax Engineering Corporation Limited ("**Metax**") pursuant to which Metax will issue and the Company (or its nominee) will subscribe for:

- (a) 155,000,000 new ordinary shares in the capital of Metax (the "**Subscription Shares**") at the price of S\$0.053 per Subscription Share (the "**Issue Price**"); and
- (b) 165,000,000 free detachable, non-transferable and non-listed warrants (the "**New Warrants**"), each New Warrant carrying the right to subscribe for one (1) new ordinary share in the capital of Metax (the "**Warrant Shares**", and together with the Subscription Shares, the "**New Shares**") at an exercise price of S\$0.053 per Warrant Share (the "**Exercise Price**") (which is equivalent to the Issue Price),

for an aggregate cash consideration of S\$8.215 million for the Subscription Shares and nil consideration for the New Warrants, upon the terms and conditions of the Subscription Agreement (collectively, the "**Proposed Subscription**").

1.2 The Issue Price and the Exercise Price are priced at a discount of approximately 38% to the volume weighted average price of the issued ordinary shares in the capital of Metax ("**Metax Shares**") for trades done on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 19 October 2012 (which is the last full trading day prior to the signing of the Subscription Agreement, being S\$0.0853. The Issue Price and the Exercise Price were arrived at following arms-length negotiations between Metax and the Company. The aggregate consideration of S\$8.215 million for the Subscription Shares and S\$8.745 million for the exercise (if any) of all the New Warrants into Warrant Shares will be funded from the internal resources of the Company

1.3 The Subscription Shares represent approximately 41% of the enlarged total number of issued Metax Shares following the issue of the Subscription Shares (assuming that the Existing Warrants and the Referral Warrants (each as defined in paragraph 3 below) are not exercised) and approximately 34% of the enlarged total number of issued Metax Shares following the issue of the Subscription Shares on a diluted basis (assuming that the Existing Warrants and the Referral Warrants are exercised). The New Shares represent approximately 59% of the enlarged total number of issued Metax Shares following the issue of the New Shares (assuming that the Existing Warrants and the Referral Warrants are not exercised) and approximately 51% of the enlarged total number of issued Metax Shares following the issue of the New Shares on a diluted basis (assuming that the Existing Warrants and the Referral Warrants are exercised).

2. SALIENT TERMS OF THE PROPOSED SUBSCRIPTION

- 2.1 **Subscription Shares.** The Subscription Shares shall, when issued and allotted, be free from all encumbrances and shall rank *pari passu* in all respects with and carry all rights similar to the then existing Metax Shares, except that they will not rank for any dividend, right, allotment or other distributions, the record date for which falls on or before the Completion Date (as defined in paragraph 2.4 below).
- 2.2 **New Warrants and Warrant Shares.** The New Warrants may be exercised at any time during the period commencing on and including the date of issue of the New Warrants and expiring on the date falling three (3) years from the date of issue of the New Warrants. Upon the exercise of the New Warrants, Metax shall allot and issue the Warrant Shares free from all encumbrances, and the Warrant Shares shall rank *pari passu* in all respects with and carry all rights similar to the then existing Metax Shares, except that they will not rank for any dividend, right, allotment or other distributions, the record date for which falls on or before the exercise date of the relevant New Warrants.
- 2.3 **Conditions.** The completion of the Proposed Subscription is subject to certain conditions (the “**Conditions**”) being fulfilled or waived in accordance with the Subscription Agreement, including, *inter alia*, the following:
- (a) approval for the listing and quotation for the Subscription Shares and Warrant Shares on the catalyst board of the SGX-ST (“**Catalist**”) being obtained from the SGX-ST and not revoked or amended and being in full force and effect as at the Completion Date and, where such approval is subject to conditions, such conditions being reasonably acceptable to the Company and to the extent that any conditions for the listing and quotation of the Subscription Shares on the Catalist are required to be fulfilled on or before Completion Date, they are so fulfilled;
 - (b) the Securities Industry Council (the “**SIC**”) having granted the Company and parties acting in concert with it, and such grant being in full force and effect, a waiver of their obligation to make a mandatory general offer under Rule 14 of The Singapore Code on Take-overs and Mergers (the “**Code**”) for the Metax Shares not owned, controlled or agreed to be acquired by the Company and/or parties acting in concert with it as a result of or in connection with the Proposed Subscription (including the issue of the Warrant Shares upon the exercise of the New Warrants), and from having to comply with the requirements of Rule 14 of the Code subject to the passing of a Whitewash Resolution (as defined below), the conditions set out in Appendix 1 of the Code, and such other conditions (if any) that the SIC may impose which are reasonably acceptable to the Company;
 - (c) Metax having obtained at an extraordinary general meeting (the “**EGM**”) the approval of its shareholders for all resolutions as may be necessary or incidental to approve, implement or effect the Proposed Subscription and the matters contemplated in the Subscription Agreement, including the following:
 - (i) a specific mandate to be granted to the directors of Metax to issue the Subscription Shares, the New Warrants and the Warrant Shares, such approval being valid, subsisting and adequate for the purpose of the issue of the Subscription Shares, the New Warrants and the Warrant Shares (upon exercise of the New Warrants), as at the Completion Date;
 - (ii) the allotment and issue of the Subscription Shares, New Warrants and Warrant Shares, pursuant to Listing Rules 803 and 811 of the Catalist listing manual;

- (iii) the passing of a whitewash resolution by the independent shareholders of Metax by way of a poll for the waiver of their right to receive a mandatory general offer from the Company and/or parties acting in concert with it as a result of or in connection with the Proposed Subscription (including the issue of the Warrant Shares upon the exercise of the New Warrants) (the “**Whitewash Resolution**”);
 - (iv) the appointment of such number of directors of Metax nominated by the Company, such appointment to take effect on the Completion Date (or such other date as the Company and Metax may agree in writing);
 - (v) the appointment of Messrs PriceWaterhouseCoopers LLP as the auditors of Metax in place of Messrs Mazars LLP with effect from the Completion Date; and
 - (vi) the adoption of a shareholders’ mandate to authorise Metax and its subsidiaries (the “**Metax Group**”) to enter into certain categories of recurrent interested person transactions with the Company and/or its associates (as defined in the Catalist Listing Manual);
- (d) the trading of the Metax Shares not having been suspended by the SGX-ST (other than a trading halt on a temporary basis requested by Metax) and the Metax Shares not having been delisted from the Official List of the Catalist;
- (e) the results of due diligence investigations by the Company in respect of Metax and the Metax Group, including but not limited to the affairs, business, operations, assets, liabilities (including tax liabilities and litigation claims), contracts, licences, condition (financial or otherwise), results, prospects, accounts, records and legal and financial structure of Metax and the Metax Group being satisfactory to the Company in its absolute discretion;
- (f) there having been no material adverse change or any development which is likely to involve a prospective material adverse change, in the condition (financial or otherwise), or in the earnings, results of operations, business, management, prospects, assets, liabilities or general affairs of Metax or the Metax Group taken as a whole, whether or not arising in the ordinary course of business, since 30 June 2012 (and save as disclosed in Metax’s audited accounts for the financial year ended 30 June 2012);
- (g) confirmation having been obtained by the Company from the SGX-ST that the Proposed Subscription does not require the approval of shareholders of the Company under the listing manual of the SGX-ST (the “**Listing Manual**”);
- (h) the representations, warranties and undertakings by Metax in the Subscription Agreement remaining true and accurate in all respects as at the Completion Date and Metax having performed all of its obligations under the Subscription Agreement which are required to be performed on or before the Completion Date; and
- (i) the aggregate number of the Subscription Shares and the Warrant Shares (assuming that all Warrants have been exercised as at the Completion Date) constituting not less than 50.5% of the enlarged issued and paid-up share capital of Metax on a fully diluted basis as at the Completion Date.

If the Conditions are not satisfied or otherwise waived by the Company on or before the date falling three (3) months after the date of the Subscription Agreement (or such other date as may be mutually agreed between the parties in writing), the Subscription Agreement shall terminate and the obligations of Metax to issue the Subscription Shares and the New Warrants and the Company to subscribe for the Subscription Shares and the New Warrants shall *ipso facto* cease and determine thereafter, and no party shall have any claim against the other for costs, damages, compensation or otherwise in respect of the Proposed Subscription, save as specifically provided for in the Subscription Agreement.

- 2.4 **Completion.** Under the Subscription Agreement and subject to its terms and conditions, completion of the Proposed Subscription is to take place on the date falling five (5) business days after the date on which the Conditions have been satisfied or otherwise waived in writing or such other date as may be mutually agreed between the parties (the “**Completion Date**”).
- 2.5 **Changes to Board of Metax.** In connection with the Proposed Subscription, Metax has agreed to procure the following changes with effect from the Completion Date:
- (a) the resignation of all the existing directors of Metax other than Mr Tan Hwa Peng (collectively, the “**Resigning Directors**”) from their directorships, offices and employment in the Metax Group;
 - (b) the appointment of such number of persons as the Company may nominate to be directors of Metax (to be approved at the EGM of Metax as mentioned in paragraph 2.3(c)(iv)); and
 - (c) the appointment of Mr Koh Keng Siang as the Chief Executive Officer of Metax.
- 2.6 **Voting Undertakings.** In connection with the Proposed Subscription, each of (a) Mr Tan Tze Wen and (b) Mr Sunny Ong Keng Hua has given unconditional and irrevocable undertakings to vote an aggregate of 35.21% of the total number of issued Metax Shares in favour of the resolutions to approve the Proposed Subscription and matters contemplated under the Subscription Agreement at the EGM and not to sell or otherwise dispose of their respective Metax Shares prior to the Completion Date.
- 2.7 **Restructuring of Existing Shareholders’ Loan.** In connection with the Proposed Subscription, the Company has entered into separate loan restructuring agreements with (a) Mr Tan Tze Wen pursuant to which outstanding shareholder’s loans of approximately S\$3.62 million owing from Metax and WS BioEngineering Pte. Ltd, a subsidiary of Metax, to Mr Tan Tze Wen and (b) and Mr Yong Khai Weng pursuant to which S\$104,373 owing from a subsidiary of Metax to Mr Yong Khai Weng, shall be restructured and repaid on the terms and conditions set out in the loan restructuring agreements.

3. INFORMATION ON METAX

Based on public information, Metax is an environmental engineering company which has accumulated over 36 years of experience in providing engineering, procurement and construction (“**EPC**”) services for water and wastewater treatment and hydro-engineering projects. In 2008, the Metax Group extended their EPC business into the palm oil refining industry with the acquisition of WS Bioengineering Pte. Ltd. (“**WS Bio**”), whose principal business is the engineering and construction of biofuel and palm oil refining facilities. WS Bio also owns a majority controlling stake in Oiltek Sendirian Berhad, which formed a joint venture company, Oiltek Nova Bioenergy Sdn. Bhd. with

Novaviro Technology Sdn. Bhd. in June 2010 to design, build and supply biogas recovery systems to palm oil mill effluent plants.

As at the date of this Announcement, Metax has an issued capital of S\$25,000,914.18 comprising 223,408,576 Metax Shares. Metax has 40,000,000 outstanding warrants to subscribe for an aggregate of 40,000,000 new Metax Shares at an exercise price of S\$0.105 per Share (the “**Existing Warrants**”), of which 25,000,000 Existing Warrants are held by Mr Lee Thiam Seng and 15,000,000 Existing Warrants are held by Mr Ma Ong Kee. The Existing Warrants are non-listed and non-transferable and expire on 10 January 2013. In addition, Metax will issue, and Mr Lee Thiam Seng will subscribe for, 40,000,000 non-transferable and unlisted warrants (the “**Referral Warrants**”) at an issue price of S\$0.005 for each Referral Warrant as payment of a S\$200,000 fee by the Company to Mr Lee Thiam Seng for introducing the Company to Metax pursuant to the terms of a warrants subscription agreement dated 24 October 2012 entered into between Metax and Mr Lee Thiam Seng. Each Referral Warrant carries the right to subscribe for one (1) new Share at an exercise price of S\$0.048 per new Metax Share and expires on the date falling three (3) years from the date of issue of the Referral Warrants.

4. **RATIONALE FOR THE PROPOSED SUBSCRIPTION**

The Proposed Subscription is a strategic investment for the Company as the Company sees growth potential in the Metax Group’s business and the possibility of the Metax Group’s business complementing that of the Company and its subsidiaries (collectively, the “**KB Group**”). The Company is of the view that it is an opportune time for the KB Group to broaden its capabilities in the water and wastewater sector in view of the Asia Pacific region’s growing demand for clean water and the acquisition of Metax is in line with the KB Group’s growth strategy. The Company believes that the strategic alliance with the Metax Group will increase collaboration opportunities for the Metax Group and the KB Group, in particular, in construction and infrastructure projects area. This will allow the Company to harness synergies from efficiencies by capitalizing on each group’s individual strengths and capabilities in any future collaborations and projects.

Following the completion of the Proposed Subscription, the Company intends to undertake a review of the Metax Group’s business and operations with a view to identifying areas for synergistic benefits and enhancing the strategic direction, business strategy and operations of the Metax Group.

5. **DISCLOSEABLE TRANSACTION UNDER CHAPTER 10 OF THE LISTING MANUAL**

The relative figures for the Proposed Subscription and the exercise of all the New Warrants into Warrant Shares (the “**New Warrants Conversion**”) (assuming the Existing Warrants and the Referral Warrants are not exercised) computed on the bases set out in Rule 1006 of the Listing Manual based on the consolidated audited financial statements of the KB Group for the financial year ended 31 December 2011 (“**FY2011**”) and the consolidated audited financial statements of Metax Group for the financial year ended 30 June 2012 are set out below.

Rule 1006(a)

Net asset value of the assets to be disposed of (S\$’000)	Not applicable
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Net asset value of the KB Group (S\$'000)	Not applicable
Size of relative figure	Not applicable

Rule 1006(b)

Net profit/(loss) ⁽¹⁾ attributable to the assets to be acquired (S\$'000)	(356)
Net profit ⁽¹⁾ of the KB Group (S\$'000)	24,597
Size of relative figure	Not meaningful

Rule 1006(c)

Aggregate amount of consideration for the Proposed Subscription and the New Warrants Conversion (S\$'000)	16,960
Market capitalization ⁽²⁾ of the Company as at 19 October 2012 (being the last trading day immediately preceding the date of the Subscription Agreement) (S\$'000)	106,439
Size of relative figure	15.9%

Rule 1006(d)

Number of equity securities to be issued by the Company as consideration for the Proposed Subscription and the New Warrants Conversion compared with the number of equity securities previously in issue	Not Applicable
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Notes:

- (1) Net profit is defined as profit before tax, minority interests and extraordinary items.
- (2) The market capitalisation of the Company is based on 462,780,400 ordinary shares (excluding treasury shares) in the capital of the Company (the “**KB Shares**”) in issue as at 19 October 2012 (being the last trading day immediately preceding the date of the Subscription Agreement) and the closing price of the KB Shares transacted on the SGX-ST on 19 October 2012 of S\$0.23 per KB Share.

As the relative figure under Rule 1006(c) exceeds 5%, the Proposed Subscription constitutes a “Discloseable Transaction” under Rule 1010 of the Listing Manual.

The computation under Rule 1006(b) involves a comparison between a negative figure and a positive figure and is therefore not meaningful. Rule 1007 of the Listing Manual provides that if any of the relative figures computed pursuant to Rule 1006 is a negative value, Chapter 10 may still be applicable to the transaction at the discretion of the SGX-ST, and issuers should consult the SGX-ST. Accordingly, the Company will be consulting the SGX-ST and seeking its confirmation that the Proposed Subscription is not a “major transaction” under Rule 1014 of the Listing Manual and therefore the Company is not required to seek shareholders’ approval for the Proposed Subscription under Chapter 10 of the Listing Manual.

6. FINANCIAL EFFECTS OF THE PROPOSED SUBSCRIPTION AND THE NEW WARRANTS CONVERSION

For illustrative purposes only, the proforma financial effects of the Proposed Subscription and the New Warrants Conversion on the net tangible assets (“**NTA**”) per KB Share and earnings per KB Share (“**EPS**”), based on the audited consolidated financial statements of the KB Group for FY2011, are set out below. The financial effects presented below do not reflect a projection of the actual future financial performance or position of the KB Group after the Proposed Subscription and the New Warrants Conversion.

- 6.1 **NTA per KB Share.** Assuming that the Proposed Subscription and the New Warrants Conversion had been completed on 31 December 2011 and that the Existing Warrants and the Referral Warrants were not exercised, the impact of the Proposed Subscription and the New Warrants Conversion on the NTA of the KB Group would be as follows:

	Before the Proposed Subscription	After the Proposed Subscription⁽¹⁾	After the Proposed Subscription and the New Warrants Conversion⁽²⁾
Consolidated NTA (S\$'000)	180,834	180,834	167,521 ⁽³⁾
Number of KB Shares excluding treasury shares ('000)	468,171	468,171	468,171
NTA per KB Share (cents)	38.63	38.63	35.78

Notes:

- (1) Using the equity method of accounting for the 41% shareholding in Metax.
- (2) Using group consolidation for the 59% shareholding in Metax.
- (3) The financial effects after the Proposed Subscription and the New Warrants Conversion on NTA is subject to the completion of purchase price allocation exercise which the KB Group will undertake.

- 6.2 **EPS.** Assuming that the Proposed Subscription and the New Warrants Conversion had been completed on 1 January 2011 and that the Existing Warrants and the Referral Warrants were not exercised, the impact of the Proposed Subscription and the New Warrants Conversion on the EPS of the KB Group for FY2011 would be as follows:

	Before the Proposed Subscription	After the Proposed Subscription⁽¹⁾	After the Proposed Subscription and the New Warrants Conversion⁽²⁾
Net profit attributable to equity holders of the Company (S\$'000)	19,887	19,303	19,046
Weighted average number of KB Shares used in the	475,036	475,036	475,036

	Before the Proposed Subscription	After the Proposed Subscription⁽¹⁾	After the Proposed Subscription and the New Warrants Conversion⁽²⁾
computation of basic EPS ('000)			
Basic EPS (Singapore cents) ⁽³⁾	4.19	4.06	4.01

Notes:

- (1) Using the equity method of accounting for the 41% shareholding in Metax.
- (2) Using group consolidation for the 59% shareholding in Metax.
- (3) Basic EPS is computed based on the weighted average number of KB Shares for FY2011.

7. DIRECTORS' SERVICE CONTRACTS

No person is proposed to be appointed as a director of the Company pursuant to or in connection with the Proposed Subscription. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

8. INTEREST(S) OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors of the Company, and to the best of the Directors' knowledge, none of the controlling shareholders of the Company, has any interest, direct or indirect, in the Proposed Subscription.

9. DOCUMENTS FOR INSPECTION

A copy of the Subscription Agreement is available for inspection by shareholders of the Company at the registered office of the Company at 11 Lorong Pendek, Koh Brothers Building, Singapore 348639 during normal business hours for a period of three (3) months from the date of this Announcement.

10. TRADING CAUTION

Shareholders are advised to exercise caution in trading their shares in the Company. There is also no certainty or assurance as at the date of this Announcement that the Proposed Subscription will be completed. The Company will make the necessary announcements if there are material developments in relation to the Proposed Subscription. Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

BY ORDER OF THE BOARD

Koh Keng Siang

Managing Director & Group CEO

25 October 2012
Singapore



NEWS RELEASE

KOH BROTHERS PROPOSES TO ACQUIRE SUBSTANTIAL STAKE IN METAX

- *Synergistic acquisition to complement Koh Brothers' core operations*

Singapore, October 25, 2012 – Koh Brothers Group Ltd (“Koh Brothers” or the “Group”), a well-established construction, property development and specialist engineering solutions provider, today announced that it has entered into a subscription agreement for the proposed subscription of 155 million new ordinary shares (“Subscription Shares”) in Metax Engineering Corporation Ltd (“Metax”) for a total cash consideration of S\$8.215 million, or S\$0.053 for each Subscription Share. In conjunction with the issue of the Subscription Shares to Koh Brothers, Metax will also issue 165 million free detachable, non-listed and non-transferable warrants (“New Warrants”) to Koh Brothers for nil consideration.

With the investment, Koh Brothers will own approximately 41% of Metax’s enlarged share capital (assuming that the Existing Warrants and the Referral Warrants are not exercised) and approximately 34% stake on a diluted basis if the Existing Warrants and the Referral Warrants are exercised. If Koh Brothers chooses to fully exercise the New Warrants, it will own approximately 59% of the enlarged capital of Metax if the Existing Warrants and the Referral Warrants are not exercised and approximately 51% stake on a diluted basis if they are.¹

¹ As at October 25, 2012, Metax has 223,408,576 shares in issue. Metax also has 40,000,000 outstanding warrants to subscribe for an aggregate of 40,000,000 new Metax Shares at an exercise price of S\$0.105 per Share (the “**Existing Warrants**”). The Existing Warrants are non-listed and non-transferable and will expire on 10 January 2013. Metax has on 24 October 2012 entered into a warrants subscription agreement with Mr Lee Thiam Seng to issue 40,000,000 non-transferable and unlisted warrants (the “**Referral Warrants**”) at an issue price of S\$0.005 for each Referral Warrant. Each Referral Warrant carries the right to subscribe for one (1) new Metax share at an exercise price of S\$0.048.

Each New Warrant will carry the right to subscribe for 1 new ordinary share of Metax ("Warrant Shares") at an exercise price of S\$0.053 within the next 3 years. Koh Brothers will invest an additional S\$8.745 million in Metax if it decides to fully exercise the New Warrants. The issue of the Subscription Shares as well as the New Warrants is subject to certain conditions including Metax's shareholders approvals, obtaining a whitewash resolution to exempt Koh Brothers from making a general offer for the remaining Metax shares, regulatory approvals and satisfactory due diligence. If the conditions are not satisfied or otherwise waived by 3 months (or such other date as may be mutually agreed between the parties), the subscription agreement shall terminate.

The proposed subscription is a strategic investment for Koh Brothers as it sees growth potential in Metax's business and the possibility of synergies with the Group and its subsidiaries.

Commenting on the acquisition, Mr Francis Koh, Koh Brothers' Group Managing Director and Group CEO, said: "The acquisition of Metax is an exciting development for the Group. Over the years, we have built up a strong track record in Singapore, having participated in a diverse range of construction and civil engineering projects, including work done for the Marina Barrage and both the Jurong and Changi Water Reclamation Plants. As part of our growth strategy and in line with the Asia Pacific region's growing demand for clean water, we are of the view that it is now an opportune time for the Group to further broaden its capabilities in the water and wastewater sector." Mr Koh would be appointed CEO of Metax upon completion of the acquisition.

According to a report by Frost & Sullivan, Asia Pacific's growing electricity needs, as a result of rapid urbanisation, growth in industrialisation and rising standards of living, are expected to fuel growth in the water and wastewater treatment industry. The growing need for power, particularly in emerging countries such as Thailand and Indonesia, translates to investments in water and wastewater treatment solutions for the installation of new power plants and retrofitting of new technologies in existing plants.²

“An established market player with over 35 years of experience in providing EPC services to the water and wastewater sector, we believe Metax is exactly the type of acquisition we seek to scale up the Group’s specialist engineering capabilities. Moving forward, we will continue to explore and evaluate earnings-accretive options, both organically and through synergistic M&As, to enhance the Group’s capabilities and to enhance long-term shareholder value.”

Koh Brothers is of the view that the strategic alliance with Metax will increase collaboration opportunities for both parties, particularly in construction and infrastructure projects. Any such collaborative opportunities will allow the Group to harness synergies from efficiencies by capitalising on each party’s individual strengths and capabilities.

Following the completion of the transaction, the Group plans to review Metax's business and operations with a view to identifying areas for synergistic benefits and to enhance Metax’s strategic direction, business strategy and operations.

² *Water and Wastewater Treatment Solutions in the Power Industry*, Frost & Sullivan, March 9, 2012
<http://www.frost.com/sublib/display-report.do?id=P5AF-01-00-00-00>

Listed on the Catalist Board of the Singapore Exchange, Metax is an environmental engineering company providing EPC (Engineering, Procurement & Construction) services for water and wastewater treatment and hydroengineering projects. With over 35 years of EPC experience, Metax has been involved in many public and private sector projects in Singapore, Indonesia, Malaysia, Thailand, the Philippines and India. In 2008, Metax extended their EPC business into the palm oil refining industry with the acquisition of WS Bioengineering Pte. Ltd. ("WS Bio"), whose principal business is the engineering and construction of biofuel and palm oil refining facilities. WS Bio also owns a majority controlling stake in Oiltek Sendirian Berhad, which formed a joint venture company, Oiltek Nova Bioenergy Sdn. Bhd. with Novaviro Technology Sdn. Bhd. in June 2010 to design, build and supply biogas recovery systems to palm oil mill effluent plants.

None of the Directors or substantial shareholders of the Group has any interest, direct or indirect, in the above transaction.

About Koh Brothers Group Limited

Listed on SGX Mainboard in August 1994, Koh Brothers Group is a well-established construction, property development and specialist engineering solutions provider, which was started as a sole proprietorship in 1966 by Mr Koh Tiat Meng. Today, the Group has more than 30 subsidiaries, joint venture companies and associated companies spread over Singapore, PRC, Indonesia, and Malaysia.

Over the years, the Group has undertaken numerous construction and infrastructure projects with its A1 grading by the Building and Construction Authority ("BCA"). It is currently the highest grade for contractors' registration in this category, and allows the Group to tender for public sector construction projects of unlimited value. In addition, the Group has developed a name for itself as a niche real estate developer, with an established reputation for quality and innovation.

Koh Brothers Group's diversified businesses present them with multiple revenue streams from three core areas:

- Construction and Building Materials;
- Real Estate; and
- Leisure & Hospitality.

Construction and Building Materials

This division leads in providing a complete and diverse range of infrastructure project management, products, services and solutions for the construction industry.

One of its major projects is the iconic Marina Barrage which was successfully completed in October 2008. In November 2010, the Group announced it was awarded PUB's Geylang River Makeover Project worth S\$37.8 million.

Most recently in April 2012, Koh Brothers, through a joint venture, was awarded a S\$54.6 million contract by national water agency, PUB, for the construction of a used water lift station at PUB's Jurong Water Reclamation Plant.

Ongoing projects include the construction of Downtown Line 1 Bugis Station, makeover of Geylang River and Lincoln Suites – a luxurious condominium project at Kiang Guan Avenue, off Newton Road, in District 11.

Recently completed projects include Punggol Waterway Parts One and Two, the Common Service Tunnel at the Business Financial Centre, and public housing at Choa Chu Kang.

The Building Materials division provides total ready-mix concrete solutions to the construction industry. The supply chain includes cement, ready-mix concrete, equipment rental and various types of products such as pre-cast elements and interlocking concrete blocks.

Real Estate

The Group's Real Estate division provides quality property developments with specialised themes at choice locations. Koh Brothers Development Pte Ltd ("KBD"), established in 1993, a wholly-owned subsidiary of Koh Brothers Group, is our flagship company for the Group's Real Estate division.

KBD is noted for its 'lifestyle-and-theme' developments. For example, its Starville project was the first to introduce a star-gazing observatory, complete with an astronomy theme. Launched in June 2003, this project is a joint venture between KBD and AIG Lengkong Investment Limited, a member of American International Group Inc. Earlier projects include The Montana, in which KBD became the first developer to introduce state-of-the-art home automation features, broadband cable and an infinity pool. The Montana, launched in November 1999, is a 108-unit luxury freehold apartment located off River Valley Road. In October 2006, it also launched its four-units-only luxurious, freehold bungalow project, "Bungalows @ Caldecott", uniquely designed with a number of firsts in Singapore such as bathrooms studded with Swarovski wall crystals, Avant-Garde sanitary fittings incorporating luxury brand names like Visentin, and a specially-designed Water Conservation System. In April 2006, it announced the acquisition of Hilton Tower, located in the prime freehold Leonie Hill area, for S\$79.2 million together with Heeton Land Pte Ltd. It is now the site for the premium condominium, The Lumos.

In June 2007, Koh Brothers Group Limited, Heeton Holdings Ltd, KSH Holdings Limited and Lian Beng Group Ltd formed a consortium with equal shares each and were successfully awarded the prime Lincoln Lodge site at 1/3 Kiang Guan Avenue, off Newton Road in District 11. The site has been redeveloped to the luxurious condominium project, Lincoln Suites, which features sky-high elevated gyms, wireless multi – room music systems and thematic communal dining facilities. Lincoln Suites was launched in October 2009.

Fiorenza, another prized freehold development by KBD, was launched in April 2009. Inspired by the passionate Italian culture with its bold artistic tastes, unrestrained luxury and a free-spirited lifestyle, this Avant-Garde development, located at Florence Road, received its TOP in June 2011.

Parc Olympia, a sporting themed condominium, was launched in Flora Drive in July 2012. The 99-year, 486-unit development offers over 60,000 sq ft of wide-range sporting area and facilities, with special facilities including a synthetic jogging track, a rockclimbing wall, an air-conditioned badminton court, a skate park and even a putting green for golf-lovers.

Other completed projects include:

- The highly successful Sun Plaza, located next to Sembawang MRT station, which introduced a sunflower theme. The residential block in Sun Plaza has been fully sold and the retail mall is currently held as an investment with high occupancy;
- The Capri, an 18-unit residential development, is situated along the prime Stevens Road; and
- The Sierra, an 18-storey residential development comprising 60 units located in the established and popular enclave of Mount Sinai.

Leisure & Hospitality

This division provides 'no-frills' hospitality services through its Oxford Hotel brand name with more than 130 hotel rooms.

ISSUED ON BEHALF OF : Koh Brothers Group Limited
BY : Citigate Dewe Rogerson, i.MAGE Pte Ltd
1 Raffles Place
#26-02 One Raffles Place
SINGAPORE 048616
CONTACT : Ms Dolores Phua / Mr Ng Chung Keat
at telephone
DURING OFFICE HOURS : 6534-5122 (Office)
AFTER OFFICE HOURS : 9750-8237 / 9781-3605 (Handphone)
EMAIL : dolores.phua@citigatedrimage.com
chungkeat.ng@citigatedrimage.com

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