

## Financial Statements and Related Announcement::Half Yearly Results



## Issuer &amp; Securities

<b>Issuer/ Manager</b>	KOH BROTHERS ECO ENGINEERING LIMITED
<b>Securities</b>	KOH BROTHERS ECO ENGG LIMITED - SG1S95928879 - 5HV
<b>Stapled Security</b>	No

## Announcement Details

<b>Announcement Title</b>	Financial Statements and Related Announcement
<b>Date &amp; Time of Broadcast</b>	08-Aug-2016 18:49:54
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<b>Announcement Sub Title</b>	Half Yearly Results
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<b>Submitted By (Co./ Ind. Name)</b>	Therese Ng
<b>Designation</b>	Company Secretary
<b>Description (Please provide a detailed description of the event in the box below - Refer to the Online help for the format)</b>	Please refer to the attached files.

## Additional Details

<b>For Financial Period Ended</b>	30/06/2016
<b>Attachments</b>	<a href="#"> <u>Half Year Results Announcement FY2016.pdf</u></a> <a href="#"> <u>1H2016 NR.pdf</u></a> Total size =2712K

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**KOH BROTHERS ECO ENGINEERING LIMITED**  
(Company Registration No. 197500111H)

**Unaudited Half Year Financial Statement for the Period Ended 30 June 2016**

**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS**

- 1(a) Statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Note	6 months ended		Increase/ (Decrease) %
		30/06/2016 S\$'000	30/06/2015 S\$'000	
Revenue		20,933	27,015	(23)
Cost of work done		(16,991)	(22,140)	(23)
Gross profit		3,942	4,875	(19)
Other income	1	107	136	(21)
Other (losses)/gains, net	2	(419)	470	NM
Selling and distribution expenses		18	(1,107)	NM
Administrative expenses		(2,396)	(2,226)	8
Finance expenses		(38)	(46)	(17)
Profit before income tax	3	1,214	2,102	(42)
Income tax expense	4	(619)	(632)	(2)
Profit after income tax		595	1,470	(60)
Other comprehensive income/(loss):				
Currency translation difference arising from consolidation		41	(762)	NM
Total comprehensive income		636	708	(10)
Profit attributable to:				
Equity holders of the Company		340	974	(65)
Non-controlling interests		255	496	(49)
		595	1,470	(60)
Total comprehensive income/(loss) attributable to:				
Equity holders of the Company		745	372	100
Non-controlling interests		(109)	336	NM
		636	708	(10)

NM – not meaningful

**Notes to the Statement of Comprehensive Income (for the Group)**

**Note 1**

Other income include the following:

Rental income	81	81
Interest income	20	25
Other income	6	30
	<b>107</b>	<b>136</b>

**Note 2**

Other (losses)/gains include the following:

Net foreign exchange (losses)/gains	(419)	470
	<b>(419)</b>	<b>470</b>

**Note 3**

Profit before income tax is stated after crediting/(charging) the following items:

Property, plant and equipment written off	*	-
Gain on disposal of property, plant and equipment	3	-
Write-back/(Allowance) for impairment on trade receivables	189	(950)
Allowance made for foreseeable losses on projects	-	(82)
Depreciation of property, plant and equipment	(75)	(79)
	<b>(619)</b>	<b>(631)</b>
	<b>-</b>	<b>(1)</b>
	<b>(619)</b>	<b>(632)</b>

**Note 4**

Income tax expense includes the following:

Current income tax

- in respect of current period	(619)	(631)
- under provision in respect of prior period	-	(1)
	<b>(619)</b>	<b>(632)</b>

The Group's taxation charge for the period ended 30 June 2016 is higher than that determined by applying the Singapore income tax rate of 17% to the Group profit before income tax mainly due to certain disallowed expenses coupled with certain losses of local subsidiaries being unable to offset against the profits of foreign subsidiaries.

\* – less than S\$1,000

1(b)(i) A Statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

**ASSETS**

**CURRENT ASSETS**

Cash and cash equivalents	16,829	16,047	774	956
Trade and other receivables	12,399	11,977	1,614	2,627
Due from customers on construction contracts	7,011	4,948	-	-
Inventories	742	636	-	-

**NON-CURRENT ASSETS**

Associated company	1,333	1,332	640	640
Subsidiaries	-	-	16,669	16,669
Goodwill	6,857	6,857	-	-
Property, plant and equipment	2,879	2,931	1,734	1,783
Deferred tax assets	110	108	-	-

**TOTAL ASSETS**

**EQUITY**

Capital and reserves attributable to equity holders of the Company

Share capital	19,388	16,476	19,388	16,476
Warrants reserve	-	3,112	-	3,112
(Accumulated losses)/retained profits	(1,462)	(2,464)	773	133
Currency translation reserve	(2,227)	(2,170)	-	-

Non-controlling interests

**TOTAL EQUITY**

**LIABILITIES**

**CURRENT LIABILITIES**

Trade and other payables	16,757	14,036	1,260	2,945
Due to customers on construction contracts	10,133	10,244	10	9
Borrowings	1,800	1,800	-	-
Current income tax liabilities	1,075	745	-	-

**TOTAL LIABILITIES**

**TOTAL EQUITY AND LIABILITIES**

GROUP		COMPANY	
30/06/2016 S\$'000	31/12/2015 S\$'000	30/06/2016 S\$'000	31/12/2015 S\$'000
16,829	16,047	774	956
12,399	11,977	1,614	2,627
7,011	4,948	-	-
742	636	-	-
36,981	33,608	2,388	3,583
1,333	1,332	640	640
-	-	16,669	16,669
6,857	6,857	-	-
2,879	2,931	1,734	1,783
110	108	-	-
11,179	11,228	19,043	19,092
48,160	44,836	21,431	22,675
19,388	16,476	19,388	16,476
-	3,112	-	3,112
(1,462)	(2,464)	773	133
(2,227)	(2,170)	-	-
15,699	14,954	20,161	19,721
2,696	3,057	-	-
18,395	18,011	20,161	19,721
16,757	14,036	1,260	2,945
10,133	10,244	10	9
1,800	1,800	-	-
1,075	745	-	-
29,765	26,825	1,270	2,954
29,765	26,825	1,270	2,954
48,160	44,836	21,431	22,675

1(b)(ii) Aggregate amount of Group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

Amount repayable after one year

As at 30/06/2016		As at 31/12/2015	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
-	1,800	-	1,800
-	-	-	-

1(c) CONSOLIDATED CASH FLOW STATEMENT

**CASH FLOWS FROM OPERATING ACTIVITIES**

Profit before income tax

Adjustments for non-cash items:

Depreciation of property, plant and equipment

Interest expense

Interest income

Property, plant and equipment written off

Gain on disposal of property, plant and equipment

Effects of foreign exchange arising from translation of foreign subsidiaries

Operating profit before working capital changes

Working capital changes:

- Receivables

- Inventories

- Due from/(to) customers on construction contracts

- Payables

Cash generated from operations

Income tax paid

Net cash generated from operating activities

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchase of property, plant and equipment

Proceed from disposal of property, plant and equipment

Interest received

Net cash generated from/(used in) investing activities

**CASH FLOWS FROM FINANCING ACTIVITIES**

Deposit (pledge)/release

Interest paid

Proceeds from bank borrowings

Repayment of amounts owing to shareholders

Dividend paid to non-controlling interests

Net cash (used in)/generated from financing activities

NET CHANGE IN CASH AND CASH EQUIVALENTS

CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD

EFFECTS OF CURRENCY TRANSLATION ON CASH AND CASH EQUIVALENTS

CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD

Represented by:

CASH AND CASH EQUIVALENTS

Cash and bank balances

Restricted cash

6 months ended	
30/06/2016 S\$'000	30/06/2015 S\$'000
1,214	2,102
75	79
28	46
(20)	(25)
*	-
(3)	-
(4)	-
1,290	2,202
(1,017)	2,103
(96)	20
(5,141)	(1,146)
6,302	3,198
1,338	6,377
(387)	(233)
951	6,144
(14)	(31)
12	-
20	25
18	(6)
(44)	2,066
(28)	(42)
-	54
-	(871)
(399)	-
(471)	1,207
498	7,345
14,609	6,317
240	(286)
15,347	13,376
16,829	14,911
(1,482)	(1,535)
15,347	13,376

\* – less than S\$1,000

- 1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Attributable to equity holders of the Group					NON-CONTROLLING INTERESTS	TOTAL EQUITY
	Share Capital	Warrants Reserve	Accumulated Losses	Currency Translation Reserve	TOTAL		
<b>GROUP (\$S'000)</b>							
Balance as at 01/01/2016	16,476	3,112	(2,464)	(2,170)	14,954	3,057	18,011
Warrants expired	2,912	(3,112)	200	-	-	-	-
Other comprehensive income/(loss) for the period	-	-	462	(57)	405	(364)	41
Dividend paid	-	-	-	-	-	(252)	(252)
Profit for the period	-	-	340	-	340	255	595
Balance as at 30/06/2016	19,388	-	(1,462)	(2,227)	15,699	2,696	18,395
Balance as at 01/01/2015	30,003	3,112	(18,077)	(881)	14,157	2,748	16,905
Share capital reduction	(13,527)	-	13,527	-	-	-	-
Other comprehensive loss for the period	-	-	-	(602)	(602)	(160)	(762)
Profit for the period	-	-	974	-	974	496	1,470
Balance as at 30/06/2015	16,476	3,112	(3,576)	(1,483)	14,529	3,084	17,613

	Attributable to equity holders of the Company			
	Share Capital	Warrants Reserve	Retained Profits/ (Accumulated Losses)	TOTAL
<b>COMPANY (\$S'000)</b>				
Balance as at 01/01/2016	16,476	3,112	133	19,721
Warrants expired	2,912	(3,112)	200	-
Profit for the period	-	-	440	440
Balance as at 30/06/2016	19,388	-	773	20,161
Balance as at 01/01/2015	30,003	3,112	(13,527)	19,588
Share capital reduction	(13,527)	-	13,527	-
Profit for the period	-	-	48	48
Balance as at 30/06/2015	16,476	3,112	48	19,636

- 1(d)(ii) Details of any changes in the Company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Total number of issued shares  
Number of shares that may be issued on exercise of warrants

No. of shares	
30/06/2016	31/12/2015
378,408,576	378,408,576
-	205,000,000

Warrants of 165,000,000 and 40,000,000 non-listed and non-transferable warrants issued on 28 February 2013 were due to expire on 27 February 2016 ("Exercise Period"). No warrant was exercised at the expiry of the Exercise Period.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

Total number of issued shares excluding treasury shares

No. of shares	
30/06/2016	31/12/2015
378,408,576	378,408,576

- 1(d)(iv) A statement showing all sales, transfer, disposal, cancellation and/or use of treasury shares as at end of the current financial period reported on.

Not applicable as there were no treasury shares as at the end of the current financial period reported on.

- 2 Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the Company's Auditors.

- 3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).

Not applicable.

- 4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and methods of computation in the financial information for the current reporting period as that of the audited financial statements as at 31 December 2015. The adoption of the new/revised Financial Reporting Standards ("FRS") and Interpretations of FRS ("INT FRS") that are effective for annual periods beginning on or after 1 January 2016 has no material impact to the Group.

- 5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Please refer to paragraph 4.

- 6 Earnings per ordinary share of the Group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

Earnings per ordinary share for the period after deducting any provision for preference dividends:

- (i) Basic earnings per shares  
(ii) On a fully diluted basis

GROUP	
6 months ended	
30/06/2016 S'pore (cent)	30/06/2015 S'pore (cent)
0.09	0.26
0.09	0.17

The basic earning per share is calculated by dividing the net profit attributable to equity holders of the Company over the weighted average number of ordinary shares in issue during the current financial period of 378,408,576 ordinary shares (30 June 2015: 378,408,576 ordinary shares).

Fully diluted earnings per ordinary share is computed based on the weighted average number of ordinary shares in issue during the current period after adjusting for the dilutive effect on the exercise of all outstanding warrants.

- 7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer as at the end of the (a) current financial period reported on and (b) immediately preceding financial year.

Net asset value per ordinary share based on number of issued shares at the end of period

GROUP		COMPANY	
30/06/2016 S'pore (cents)	31/12/2015 S'pore (cents)	30/06/2016 S'pore (cents)	31/12/2015 S'pore (cents)
4.15	3.95	5.33	5.21

The net asset value per ordinary share is computed based on the issued share capital of 378,408,576 ordinary shares as at 30 June 2016 (31 December 2015: 378,408,576 ordinary shares).

- 8 **A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion of the following: (a) any significant factors that affected the turnover, costs, and earnings of the group for the currency financial period reported on, including (where applicable) seasonal or cyclical factors; and (b) any material factors that affected the cash flows, working capital, assets or liabilities of the Group during the current financial period reported on.**

#### Review of operating result

##### Revenue

The Group's revenue retreated 23% from S\$27.0 million for the half year ended 30 June 2015 ("HY2015") to S\$20.9 million for the half year ended 30 June 2016 ("HY2016"). The reduction in revenue is mainly due to the fact that certain projects were fully completed during the period under review resulting in lower revenue recognised.

##### Gross profit

Overall gross profit retreated by 19% in HY2016 from S\$4.9 million to S\$3.9 million compared to the decrease in revenue of 23%. Average gross profit reduction is lesser than the average reduction in revenue mainly due to the completion of some low margin projects in the Water and Wastewater Treatment and Hydro-Engineering sector.

##### Other (losses)/gains, net

Other losses include the net losses and gains from foreign exchange. In HY2016, the Group reported S\$0.4 million net losses for HY2016 compared with S\$0.5 million net gains for HY2015.

##### Selling & distribution expenses

Included in the selling and distribution expenses are the write backs and impairment of doubtful trade debts. For HY2016, the Group reported write backs of doubtful trade debts of S\$0.2 million compared with S\$1.0 million impairment in HY2015.

##### Administrative expenses

Administrative expenses for HY2016 is higher by 8% compared with HY2015 mainly due to increase in legal and professional fees during the period under review.

##### Profit before income tax

The Group's profit before income tax fell to S\$1.2 million in HY2016 from S\$2.1 million in HY2015. This is mainly due to lower revenue and gross profit recognised as explained above.

##### Profit attributable to equity holders of the Company

The Group's profit attributable to equity shareholders fell to S\$0.3 million from S\$1.0 million in HY2015. This is mainly due to lower revenue and gross profit recognised as explained above.

#### Review of financial position

The Group's net asset value increased from S\$15.0 million as at 31 December 2015 to S\$15.7 million as at 30 June 2016.

The Group's current assets recorded an increase of S\$3.4 million at 30 June 2016 as compared to 31 December 2015 mainly due to an increase in cash and cash equivalents of S\$0.8 million and an increase in due from customers on construction contracts of S\$2.0 million.

The Group's current liabilities increased by S\$2.9 million at 30 June 2016 as compared to 31 December 2015 mainly due to an increase in trade and other payables of S\$2.7 million.

The Group's share capital see an increase of S\$2.9 million as a result from the capitalisation of warrants reserve following the expiration of the non-listed and non-transferable warrants on 27 February 2016.

#### Review of cash flow

The Group generated overall net cash inflow of S\$0.5 million in HY2016 is mainly due to net cash generated from operating activities.

- 9 **Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not applicable as no forecast or prospect statement has been previously disclosed to shareholders.

- 10 **A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months.**

#### Civil & Structure and Water & Wastewater Treatment and Hydro-Engineering Sectors

Based on advance estimates by the Ministry of Trade and Industry, Singapore's economy grew by 2.2% in 2Q 2016 on a year-on-year basis with construction sector growing by 2.7% over the same period. On a quarter-on-quarter basis, economic growth grew by 0.8% while construction sector grew by 0.6% over the same period. For 2016, Building and Construction Authority expects construction demand to be between S\$27 billion and S\$34 billion. Nevertheless, we are cautiously optimistic as the construction industry is still challenging amid intense competition and high labour costs.

Following the announcement on the Receipt of Whitewash Waiver released on 12 February 2016, the Group's acquisition of the entire issued and paid-up capital of Koh Brothers Building & Civil Engineering Contractor (Pte.) Ltd from Construction Consortium Pte. Ltd. (a wholly-owned subsidiary of the ultimate holding company (Koh Brothers Group Limited)) was completed on 1 July 2016. For the Second Half of the Financial Year 2016, the construction arm on civil engineering, namely (Koh Brothers Building & Civil Engineering Contractor (Pte.) Ltd), will have a material impact on the Group's results.

#### Bio-refining and Bio-energy Sector

Oiltek Sdn. Bhd. ("Oiltek"), our subsidiary is an integrated supplier with process expertise that covers the complete supply chain in the edible oil industry, renewable and bio-energy sector, as well as high value downstream processes. Selling to 28 countries in the global market, our business model also provides us with a geographical edge. We are cautiously confident of the performance of Oiltek and outlook of the market.

**11 Dividend****(a) Current Financial Period Reported On**

**(i) Any dividend declared for the current financial period reported on?**

No.

**(ii) Any dividend recommended for the current financial period reported on?**

No.

**(b) Corresponding Period of the Immediately Preceding Financial Year**

**Any dividend declared for the corresponding period of the immediately preceding financial year?**

No.

**(c) Date payable**

Not applicable.

**(d) Books closure date**

Not applicable.

**12 If no dividend has been declared/recommended, a statement to that effect.**

No dividend has been declared or recommended for the period ended 30 June 2016.

**13 Interested person transactions**

The Company has obtained an IPT mandate from shareholders for transactions with Koh Brothers Group Limited and its subsidiaries and associated companies on 27 April 2016.

Name of Interested Person	Aggregate value of all interested person transactions during the financial year/period under review (excluding transactions less than S\$100,000 and transactions conducted under Shareholders' mandate pursuant to Rule 920) S\$'000	Aggregate value of all interested person transactions conducted under Shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000) S\$'000
Koh Brothers Building & Civil Engineering Contractor (Pte) Ltd	NIL	177

**14 Requirement under Rule 705(5) of the Listing Manual Section B: Rules of Catalyst**

We, Koh Keng Siang and Koh Choon Leng, being Directors of Koh Brothers Eco Engineering Limited (the "Company"), do hereby confirm on behalf of the Board of Directors of the Company that, to the best of our knowledge, nothing has come to our attention which may render the financial statements for the half year ended 30 June 2016 to be false or misleading in any material aspect.

**15 Requirement under Rule 720(1) of the Listing Manual Section B: Rules of Catalyst**

The Company confirms that it has procured undertakings from all its directors and executive officers (in the format set out in Appendix H) under Rule 720(1).

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*This announcement 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 announcement.*

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

*The contact person for the Sponsor is Mr Ng Joo Khin:*

*Telephone number: 6389 3000 Email: [jookhin.ng@morganlewis.com](mailto:jookhin.ng@morganlewis.com).*



## **NEWS RELEASE**

### **KOH BROTHERS ECO REPORTS 1H 2016 REVENUE OF S\$20.9 MILLION**

- ***Balance sheet remains healthy with net cash position of S\$15.3 million, net cash to equity of 0.8 time***
- ***Strong order book of S\$569.5 million following Changi Water Reclamation Plant (Phase 2) contract win in August 2016***

**SINGAPORE, 8 August 2016** – 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 net profit attributable to shareholders of S\$0.3 million on revenue of S\$20.9 million for the six-month financial period ended 30 June 2016 (“**1H 2016**”).

The Group’s 1H 2016 revenue was a 23% decline from S\$27.0 million recorded a year ago (“**1H 2015**”) due to lower project revenue recognition on percentage-of-completion basis. Similarly, gross profit declined 19% due to completion of lower-margin projects.

Coupled with S\$0.4 million of net foreign exchange losses in 1H 2016 compared to a gain of S\$0.5 million in 1H 2015 and narrowed write backs of doubtful trade debts of S\$0.2 million, Koh Brothers Eco recorded lower net profit attributable to shareholders of S\$0.3 million in tandem with the lower revenue.

Koh Brothers Eco’s Chairman, Mr. Francis Koh (许庆祥), said, “Amidst a challenging operating environment, we have taken the proactive step to broaden our capabilities through the recent restructuring exercise and better position ourselves to capture growth opportunities. Our recent contract win for the Wet Weather Facility as part of the Changi Water Reclamation Plant Phase 2 expansion marks our first project win since restructuring and bodes well for our future backed by strengthened foundation.”

Koh Brothers Eco had in April 2016 acquired the entire issued and paid-up share capital of building and civil engineering construction specialist, Koh Brothers Building & Civil Engineering (Pte.) Ltd. ("**KBCE**"), then a subsidiary of Koh Brothers Group Limited.

Together with Koh Brothers Eco's expertise in mechanical and hydro-engineering, the restructuring allows the Group to tap on KBCE's strong capabilities and track record in building infrastructure and civil engineering to seek opportunities in the water and wastewater treatment and hydro-engineering sectors.

In August 2016, the Group secured a S\$31.3 million contract 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 take 17 months to complete and lifted the Group's order book to S\$569.5 million as at 2 August 2016.

The Group's balance sheet as at 30 June 2016 remains strong with cash and cash equivalents of S\$16.8 million, a net cash position of S\$15.3 million and net cash to equity of 0.8 time.

Fully diluted earnings per share declined to 0.09 SGD cent as at 30 June 2016 compared to 0.17 SGD cent a year ago. Net asset value per share rose to 4.15 SGD cents as at 30 June 2016 from 3.95 SGD cents as at 31 December 2015.

## **Outlook & Future Strategies**

On the Group's outlook, Koh Brothers Eco's Chief Executive Officer, Mr Paul Shin (申龙燮) said, "With the completion of the restructuring exercise, we look forward to KBCE's contributions to Koh Brothers Eco in the next half of the financial year. With our broadened capabilities and sharpened value proposition, we are well-poised to fill the gap in Singapore's growing environment and water industry, which has been identified as a key growth industry as Singapore positions itself as a Global Hydrohub<sup>1</sup>."

In line with the nation's efforts to be self-sufficient amidst climate change, Prime Minister Lee Hsien Loong had in July 2016 announced that the water industry will receive a S\$200 million funding boost for research and development over the next five years, with the intention for the industry to contribute S\$2.85 billion to the local economy by 2020 compared to the current S\$2.2 billion<sup>2</sup>.

Various pipeline projects in the water and hydro-engineering industry have been announced such as Phase 2 of the Deep Tunnel Sewerage System (DTSS)<sup>3</sup>, the Integrated Waste Management Facility (IWMF), a fourth desalination plant to be built in Marina East<sup>4</sup> and 20 additional Active, Beautiful Clean Waters (ABC Waters) projects planned for the next five years<sup>5</sup>.

On the construction front, the Building and Construction Authority ("**BCA**") remains optimistic with forecasted S\$27 billion to S\$34 billion worth of construction contracts to be awarded in 2016, of which 65% of the demand will be derived from the public sector. Average construction demand is expected to range between S\$26 billion and S\$35 billion for 2017 and 2018, and S\$26 billion to S\$37 billion in 2019 and 2020<sup>6</sup>.

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<sup>1</sup> Source: <https://www.edb.gov.sg/content/edb/en/industries/industries/environment-and-water.html>

<sup>2</sup> Singapore's water industry to get \$200 million boost – Straits times, 11 July 2016

<sup>3</sup> PUB & NEA to call tenders for DTSS Phase 2 and IWMF projects – PUB, Singapore's National Water Agency, 11 July 2016

<sup>4</sup> PUB calls tenders to build fourth desalination plant in Marina East – PUB, Singapore's National Water Agency, 14 April 2016

<sup>5</sup> ABC Waters makes the next big leap with 20 more projects – PUB, Singapore's National Water Agency, 20 March 2016

<sup>6</sup> Public sector, civil engineering projects to drive construction demand this year: BCA – Business Times, 16 – 17 January 2016

“The growth potential in the water and wastewater treatment, hydro-engineering and construction industries bode well for us. Backed by our comprehensive suite of capabilities and strong balance sheet, we are aggressively tendering for projects, especially those from the public sector. Concurrently, we are also pursuing maintenance contracts to strengthen our recurring income streams to enhance shareholder value,” 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 performance for the coming year 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.

- End -

**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 (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.*

*The contact person for the Sponsor is Mr Ng Joo Khin:*

*Telephone number: 6389 3000 Email: [jookhin.ng@morganlewis.com.sg](mailto:jookhin.ng@morganlewis.com.sg)*

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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)  
AFTER OFFICE HOURS : 9750-8237 / 9008-6114 (Handphone)  
EMAIL : [dolores.phua@citigatedrimage.com](mailto:dolores.phua@citigatedrimage.com)  
[amelia.lee@citigatedrimage.com](mailto:amelia.lee@citigatedrimage.com)

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