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

RESPONSES TO SHAREHOLDERS AND SECURITIES INVESTORS ASSOCIATION (SINGAPORE) ON SUBSTANTIAL AND RELEVANT QUESTIONS FOR THE ANNUAL GENERAL MEETING TO BE HELD ON 27 APRIL 2021

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 2020 (the "**Annual Report**");

(b) the notice of annual general meeting ("**AGM**") issued on 12 April 2021 informing shareholders that the Company's AGM will be convened and held by way of electronic means on Tuesday, 27 April 2021 at 10.00 am; and

(c) the accompanying announcement issued by the Company on 12 April 2021 setting out, *inter alia*, the alternative arrangements relating to attendance at the AGM via electronic means.

The Company would like to thank shareholders and Securities Investors Association (Singapore) for submitting their questions. Please refer to **Appendix A** for the list of questions received from shareholders and Securities Investors Association (Singapore), and the Company's responses to these questions.

By Order by the Board

Koh Keng Siang
Non-Executive and Non-Independent Chairman

27 April 2021

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 (THE "COMPANY")

QUESTIONS RAISED BY THE SHAREHOLDERS OF THE COMPANY AND THE SECURITIES INVESTORS ASSOCIATION (SINGAPORE) ON THE ANNUAL REPORT OF THE COMPANY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

No.	Question	Response
1.	**What are the Group's considerations in the determination of the pricing of the Proposed Subscription?**	• In determining the pricing of the Proposed Subscription, we took into account the advice of the financial advisor, SAC Capital. A number of factors were considered, and these include the following: 1) The size of the placement 2) The profile of the potential investor 3) The relative pricing options 4) The prevailing market price 5) Net asset value per share • The Issue Price is 9.44% below the consolidated net asset value ("NAV") per Share as at 31 December 2020. However, it is noted that the Issue Price is higher by approximately 30.56% as compared to the volume weighted average price ("VWAP") on 12 March 2021, being the preceding full market day prior to the signing of the Subscription Agreement on 15 March 2021. Please also refer to the Company's announcement dated 15 March 2021 for further details.
2.	**Please kindly share the rationale and justification for the Proposed Subscription.**	• The Proposed Subscription allows the Group to bid for more capital-intensive projects and other potential growth opportunities. The Proposed Subscription also enables the Group to push boundaries on the Group's suite of capabilities to leverage on the growth in public sector construction activities in Singapore.
3.	**Can the company elaborate further on the opportunities and synergies, if any, with POC as a strategic investor in the Group?**	• POC is a strong investor with a global perspective. We see this strong support as an affirmation and endorsement of our business model and growth strategy. • Following the issue of new shares to POC, our parent company, Koh Brothers Group Limited, remains fully committed as the largest shareholder of the Company, with a shareholding interest of between 54.54% and 54.99% of the enlarged issued and paid-up share capital of the Company (depending on whether the outstanding 2017 Warrants and 2018 Warrants are exercised, and the Share Awards are vested, as at the date of completion).

4.	**How much overlap is there between POC and the Group in technical capabilities and in the area of operations?**	• The Group operates separately and independently from POC. Post-completion, the Group and POC will reassess future business opportunities and business plans going forward.
5.	**Will the board be finetuning the Group's strategic growth plans after discussions with the new strategic investor (once the Proposed Subscription is completed)?**	• The Board, with the participation of the board representative from POC, will deliberate further on the Group's strategy. This includes bidding for more capital-intensive projects and other potential growth opportunities. The Proposed Subscription also enables the Group to push boundaries on the Group's suite of capabilities to leverage on the growth in public sector construction activities in Singapore. The Group has a strong track record in construction and civil engineering capabilities and will continue to pursue higher-value projects to support the Group's long-term growth.
6.	**Can the company elaborate further on the role played by SAC Capital? What were its scope, deliverables and value-add as adviser and placement agent given that POC was already known to the Group?**	• SAC Capital was appointed by the Company to source for investors for the proposed fund-raising to strengthen its financial position and with a view to complement our future plans and strategies. • SAC Capital's role includes (i) advising on the size/ structure of this proposed fund-raising exercise, (ii) searching for potential corporate and institutional investors, (iii) negotiating with potential investors on valuation/ structure which are acceptable to both Company and potential investors and (iv) assisting in documentation to ensure compliance with listing rules, • POC is one of the several institutional investors approached by SAC Capital for the proposed fund-raising exercise in view of its role as adviser and placement agent. Among the institutional investors initially identified include corporates in engineering and non-engineering fields. In the case of POC, due to sensitivity and confidentiality reasons, approaches were made to POC's CEO office in Tokyo.
7.	**What is the Group's view on the outlook for the construction industry going forward, in these difficult and challenging times?**	• The Ministry of Trade and Industry has reported that Singapore's GDP for the whole of 2020 contracted by 5.8%. Amid the disruption to economic activities caused by the COVID-19 pandemic, the construction sector shrank by 33.7% in 2020. However, when compared to the 60.5% contraction in 2Q2020 in the construction sector, the subsequent resumption of more construction activities has resulted in improved performance in 3Q2020 and 4Q2020 of 39.0% and 34.4% respectively. • For 2021, MTI has maintained the GDP growth forecast at 4.0% to 6.0%. In addition, the Building and Construction Authority Singapore ("BCA") has projected that the total construction demand in 2021 to range between S$23.0 billion and S$28.0 billion. This is an improvement from the preliminary

		estimate for construction demand of S$21.3 billion in 2020. The public sector is expected to drive the construction demand in 2021. Some of the upcoming public sector projects scheduled to be awarded include various contracts under the Jurong Region MRT Line, the Cross Island MRT Line Phase 1 and the Deep Tunnel Sewerage System Phase 2. However, we expect the operating conditions in construction sector to remain challenging.
8.	**As mentioned in the statement by the chairman and CEO, the restriction in international travel means that foreign workers are in short supply in Singapore. Are there ways for the Group to mitigate the manpower crunch?**	• The Group works closely with the relevant government agencies to process the issuance of work permits for foreign workers more expeditiously. In addition, the Group has its own pool of direct workers who are housed at its own dormitories at the project sites, thereby reducing transportation time for the workers. Group • The Group is planning for more usage of machinery and precast elements to reduce our reliance on foreign labour.
9.	**How much process re-engineering and automation can the Group incorporate in its Engineering and Construction Division?**	• We are training and upgrading workers to acquire various skills sets and enhance their work competency. We are also evaluating our current construction processes with an objective to bring about process re-engineering and automation.
10.	**As mentioned in the statement by the chairman and CEO, Management has warned of challenges such as supply chain disruptions, labour shortages, higher material and manpower costs, higher cost and time resources needed to comply with COVID-safe measures as well as pressing demand to make up for lost time in the completion of projects.** **Has Management estimated the increase in costs?**	• At this juncture, the COVID-19 situation is still evolving. The Group is not able to determine with certainty, the full impact of COVID-19 as construction works have not recovered back to the pre-COVID level of operation despite the easing of Circuit breaker measures. The Group is still ascertaining details of the cost increase in its operations.
11.	**With these costs pressure, are projects that were secured prior to COVID-19 still profitable?**	• Projects secured prior to COVID-19 have been impacted and the Group has mitigated the impact of these cost pressure via the Job Support Scheme, various government grants, applications for Extension of Time (EOT), loss and expense claims as well as pre-contract major material supplies. As the COVID-19 situation is still evolving, we are not able to determine the profitability of these projects with certainty.

12.	**What are the avenues, if any, for the Group to pass on increases in costs?**	• We are currently evaluating various options.
13.	**Going forward, how will the Group be tendering for projects given the challenges in the industry?**	• We will mitigate our risk exposure by focusing on our competency in utilising our direct capabilities, targeting projects with high engineering content, machinery and equipment-based projects and reduce our reliance on labour. • Furthermore, we will manage tender risk cautiously and exercise selective tendering using our competencies in direct operations and our expertise in water and hydro-engineering and tap on collaborations with our strategic partners.
14.	**The Group had announced in January 2020 that it will explore the spin-off of Oiltek Sdn. Bhd. ("Oiltek") which is the Group's principal operating company in the bio-refinery and renewable energy division.** **What are the major projects and services offered by Oiltek?**	• Oiltek provides services for the edible oil industry including engineering, procurement, construction and commissioning of edible oil refining plants, turnkey outside-system-battery-limits infrastructure engineering as well as downstream high value niche processes and products. They also provide services for the renewable energy industry including the designing, building and supplying of multi-feedstock biodiesel, winter fuel, palm oil mill effluent biogas recovery plants, specialty chemical product trading, engineering component sales and agency. Note: The Company is not in a position to disclose details of the major projects as it needs to maintain confidentiality to protect its trade secrets.
15.	**Who are the profiles of the major customers of Oiltek?**	• Oiltek's customers are mostly privately-owned entities predominately in the palm oil industry, situated outside of Singapore, with only certain customers being government or state-owned entities.
16.	**What are the growth prospects of Oiltek?**	• Oiltek has considerable growth potential as palm oil production continues to grow steadily throughout the world, and the global palm oil production is anticipated to reach 98.82 million metric tons in 2024, growing at a compound annual growth rate of 5.9% for the period spanning from 2019 to 2024. The average palm oil price is expected to increase to about 744 nominal USD per metric ton by 2025. This bodes well for Oiltek, as palm oil production companies continue to build a wide range of downstream palm edible oil and downstream processes for new plants or the expand new mills and refineries. Oiltek's renewable energy segment provides multi-feedstock biodiesel, and biogas or methane recovery systems, which further processes palm oil mill effluent to form biogas, allowing the form of waste (palm oil mill effluent) to be processed into energy (biogas). Biogas is a form of renewable

		energy, which can power both the mill and the biogas recovery systems. Growing regulations in the palm oil industry has increased the demand for biogas capture. As an example, all new mills and all existing mills which apply for throughput expansion in Malaysia are required to install full biogas capture or methane avoidance facilities. This mandatory requirement has been effective since 1 January 2014. • Furthermore, over the last three financial years, Oiltek noted that there has been a gradual shift in its revenue base to Indonesia and many other countries in Asia and Africa. Currently, Oiltek has presence in 34 countries across Malaysia, Indonesia, Thailand, Africa, Central America, Latin America and the rest of Asia. Oiltek intends to continue to expand and diversify its revenue base in the international markets.
17.	**Can Management help shareholders understand if Oiltek carries out inhouse R&D to drive innovation? What is the competitive advantage of Oiltek compared to its competitors in the industry?**	• Oiltek has been and seeks to constantly innovate, including investing in inhouse and external research and new technologies, to ensure long term and sustainable growth for the Group's bio-refinery and renewable energy sector. • Further details on the competitive advantages of Oiltek will disclosed in the Offer Document to be issued in connection with the Proposed Listing.