

KORI HOLDINGS LIMITED
(Company Registration No. 201212407R)
(Incorporated in Singapore)

PROPOSED ISSUE OF ONE CONVERTIBLE BOND OF S\$5,000,000 IN PRINCIPAL AMOUNT TO KEONG HONG HOLDINGS LIMITED (THE "PROPOSED BOND ISSUE")

1. INTRODUCTION

- 1.1. The Board of Directors (**Board**) of Kori Holdings Limited (**Company**) wishes to announce that the Company had on 19 August 2013 entered into a convertible bond subscription agreement (**Agreement**) with Keong Hong Holdings Limited (**Purchaser**), pursuant to which the Purchaser has agreed to subscribe for S\$5,000,000 in principal amount of one convertible bond (**Bond**). The Company, together with its subsidiaries, is collectively referred to herein as the "**Group**".

2. SALIENT TERMS OF THE AGREEMENT

- 2.1. Pursuant to the terms of the Agreement, the Company has agreed to issue, and the Purchaser has agreed to subscribe for, S\$5,000,000 in principal amount of one 5.0% convertible bond due 2016 at an issue price of 100% of the principal amount of the Bond (**Issue Price**), on the next business day after all the conditions precedent as stated in the Agreement have been satisfied (or waived by the Purchaser) or on such other date as the Company and the Purchaser may agree (**Closing Date**). The Bond will be issued in registered form, will not be listed and will constitute direct, unconditional and unsubordinated obligations of the Company.

2.2. Conditions Precedent

The obligation of the Purchaser to subscribe and pay for the Bond is subject to, *inter alia*, the following conditions:-

- (a) at the Closing Date, (i) all the representations and warranties of the Company stated in the Agreement shall be accurate and correct in all respects at, and as if made on, the Closing Date; and (ii) the Company shall have performed all of its undertakings or obligations required to be performed by it on or before the Closing Date as stated in the Agreement; and
- (b) the approval of the Singapore Exchange Securities Trading Limited (**SGX-ST**) for the listing and quotation of the Conversion Shares (defined below) on Catalist of the SGX-ST being obtained not less than one (1) business day prior to the Closing Date and all other consents, approvals and authorisations as have been obtained by the Company continue to be in full force and effect.

2.3. Interest

The Bond bears interest from the Closing Date at the rate of 5.0% per annum on the principal amount of the Bond. Interest is payable annually in arrears on the anniversary of the Closing Date in each year.

2.4. Maturity Date

Unless previously redeemed, converted or purchased and cancelled as provided in the terms and conditions of the Bond (**Bond Conditions**), the Company will on the date falling on the third anniversary of the Closing Date (**Maturity Date**) redeem the Bond at a redemption amount being 100% of the principal amount of the Bond plus an interest chargeable on the principal amount at an annually compounded rate of 5.0% based on 360 days per annum, and deducting all interest paid by the Company to the Purchaser from the Closing Date to the Maturity Date.

2.5. Conversion of the Bond

The Bond may be converted at the option of the Purchaser thereof into ordinary shares in the capital of the Company (**Conversion Shares**, and each, a **Conversion Share**) at any time, from and including the Closing Date up to the close of business on the day falling on the Maturity Date. The number of Conversion Shares to be issued on conversion of the Bond shall be determined by dividing the principal amount of the Bond by the conversion price of S\$0.42 (**Conversion Price**). Based on the foregoing, the number of Conversion Shares that can be issued on conversion of the Bond is 11,904,000 Conversion Shares.

The Conversion Price of S\$0.42 per Conversion Share represents a discount of 9.77% to the volume-weighted average price of S\$0.4655 for trades done on the SGX-ST from 16 August 2013 (being the last full trading day prior to the date of the Agreement) up to 13:30 hours on 19 August 2013 (being the time and date of the trading halt called prior to the signing of the Agreement).

The Conversion Price will be subject to adjustment, in accordance with the Bond Conditions, upon the occurrence of any of the following: (a) consolidation, subdivision or reclassification of the number of issued Shares; (b) capitalisation of profits or reserves; (c) capital distributions; (d) rights issues of Shares or options over Shares; (e) rights issues of other securities; (f) issues of Shares at less than the current market price of the Shares; (g) other issues of securities at less than the current market price of the Shares; (h) any modification of rights of conversion, exchange or subscription attaching to any securities as mentioned in subparagraph (g) above; and (i) issue, sale or distribution of any securities in connection with an offer by or on behalf of the Company pursuant to which offer the Shareholders generally are entitled to participate in arrangements whereby such securities may be acquired by them.

The Conversion Shares issued upon conversion of the Bond will be valid, fully-paid, free from any mortgage, charge, pledge, lien, option, restriction, right of first refusal, right of pre-emption, third party right or interest, other encumbrance or security interest of any kind or any type of agreement or arrangement having similar effect and shall rank *pari passu* in all respects with all other Shares then in issue, except (for the avoidance of doubt) for any dividends, rights,

allotments or other distributions, the record date for which is before the relevant conversion date, and will be admitted to listing on Catalist of the SGX-ST.

2.6. **Redemption of the Bond**

At any time prior to the Maturity Date in the event that there is a change of control of the Purchaser, the Company may, by giving no less than 15 days written notice, redeem the Bond at a redemption amount equal to 130% of the principal amount of the Bond less any interest paid by the Company to the Purchaser from the Closing Date to the date of the redemption. For the purpose of this condition, a change of control refers to any transaction or series of transactions within a period of 12 months that would result in (i) a change in the majority of the executive directors on the board of the Purchaser, or (ii) Mr Leo Ting Ping Ronald, the chairman, chief executive officer and controlling shareholder of the Purchaser, holding 46% or less of the issued share capital of the Purchaser.

3. **BACKGROUND ON THE PURCHASER**

- 3.1. The Purchaser is a company listed on Catalist of the SGX-ST. The Purchaser is a provider of a broad range of building construction services to both private and public sectors for residential, commercial, industrial and institutional projects. The Purchaser was identified by the Company as it is in a similar business and is also listed on Catalist of the SGX-ST. The management of the Company and the Purchaser became acquainted with each other through a mutual business associate. No introducer was involved.
- 3.2. The Purchaser is not a person in the categories set out in Rule 812(1) of the Listing Manual Section B: Rules of Catalist of the SGX-ST (**Catalist Rules**).
- 3.3. The Purchaser has entered into the Agreement for financial investment purposes. Notwithstanding this, as both the Company and the Purchaser are principally engaged in the provision of construction services, it is envisaged that they will each benefit from the realisation of any potential synergies that will arise from the two complementary businesses. As at the date of this announcement, the Purchaser does not hold any Shares in the Company's existing share capital.

4. **MANDATE FOR THE PROPOSED BOND ISSUE**

- 4.1. The Bond and the Conversion Shares will be issued pursuant to the general mandate given to the Directors by the shareholders of the Company by way of an ordinary resolution at the annual general meeting of the Company held on 26 April 2013, which authorises the Directors to allot and issue Shares and/or convertible securities not exceeding 100% of the total number of issued Shares (excluding treasury shares), of which the aggregate number of Shares and convertible securities to be issued other than on a pro-rata basis to the existing shareholders of the Company does not exceed 50% of the total number of issued Shares (excluding treasury shares) (**Mandate**). As at the date of the grant of the Mandate, the Company had an issued and paid up share capital of 99,200,000 Shares. As at the date of this Announcement, no Shares were previously issued under the Mandate prior to the Proposed Bond Issue and as such, the total

number of Shares that may be issued pursuant to the Mandate is 99,200,000 Shares, of which the maximum number of Shares that can be issued other than on a pro-rata basis is 49,600,000 Shares. The 11,904,000 Conversion Shares that can be issued on conversion of the Bond will fall within the limits of the Mandate.

- 4.2. The number of Conversion Shares to be issued and allotted by the Company pursuant to full conversion of the Bond is 11,904,000 (assuming no adjustments to the Conversion Price). This represents approximately 12.00% of the Company's issued share capital as at the date of this announcement and 10.71% of the enlarged share capital of the Company assuming full conversion of the Bond.

5. USE OF PROCEEDS FROM THE PROPOSED BOND ISSUE

- 5.1. After deducting expenses of approximately S\$40,000 incurred by the Company in connection with the issuance of the Bond, the net proceeds from the Bond (**Net Proceeds**) will be approximately S\$4,960,000. The Net Proceeds from the issue of the Bond is intended to be used to acquire companies in a similar business as part of the Company's expansion plans. The Company will make the necessary announcements as and when there are material developments on such acquisitions.
- 5.2. Pending the deployment of the Net Proceeds for the purposes mentioned above, the Net Proceeds may be placed as deposits with financial institutions and/or invested in short term money market or debt instruments or for any other purpose on a short term basis as the Directors may in their absolute discretion deem appropriate in the interests of the Group.
- 5.3. The Company will make periodic announcements on the utilisation of the Net Proceeds as and when they are materially disbursed, and provide a status report on the use of the Net Proceeds in the Company's interim and full-year financial statements issued under Rule 705 of the Catalyst Rules and the Company's annual report.

6. FINANCIAL EFFECTS OF THE PROPOSED BOND ISSUE

- 6.1. The financial effects of the issuance and conversion of the Bond are set out below strictly for illustrative purposes and do not necessarily reflect the actual financial performance and position of the Group following the issue and conversion.
- 6.2. As at the date of this Announcement, the issued and paid up share capital of the Company is approximately S\$32,290,650 comprising 99,200,000 Shares. Upon the completion of the issue and assuming the full conversion of the Bond into Conversion Shares, the Company's enlarged issued and paid-up share capital will be approximately S\$37,290,650, comprising 111,104,000 Shares.
- 6.3. Based on the Group's audited consolidated financial statements for the financial year ended 31 December 2012 (FY2012), for illustrative purposes, the financial effects of the issuance of the Bond on the Group are set out as follows:

- (a) The net asset value per Share of the Group as at 31 December 2012, assuming the Bond issue had been effected on 31 December 2012 and further assuming the full conversion of the Bond into Conversion Shares, would have increased from S\$0.35 to S\$0.36 per share; and
- (b) The earnings per Share of the Group for FY2012, assuming that the Bond issue had effected on 1 January 2012 and further assuming the full conversion of the Bond into Conversion Shares would have decreased from S\$0.08 to S\$0.07.

7. ADDITIONAL LISTING APPLICATION

- 7.1. The sponsor of the Company, PrimePartners Corporate Finance Pte. Ltd., will be making an application on behalf of the Company to the SGX-ST for the listing of and quotation for the Conversion Shares on Catalist of the SGX-ST.
- 7.2. The Company will make the necessary announcement upon receipt of the listing and quotation notice from the SGX-ST.
- 7.3. The Proposed Bond Issue will be undertaken by way of a private placement in accordance with Section 272B of the Securities and Futures Act (Cap. 289 of Singapore). As such, no prospectus or offer information statement will be issued by the Company in connection therewith.

8. CONFIRMATION BY THE DIRECTORS

- 8.1. The Directors are of the opinion that, after taking into consideration the Group's present bank facilities, the working capital available to the Group is sufficient to meet its present requirements.
- 8.2. Notwithstanding the above, the Company is proposing to undertake the issuance of the Bond to raise additional funding to strengthen the Group's financial position and flexibility to capitalise on growth opportunities.

9. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors, and to the best of the Directors' knowledge, none of the substantial shareholders of the Company, have an interest, direct or indirect, in the Proposed Bond Issue (other than arising from their shareholdings in the Company, if any).

10. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Agreement is available for inspection during normal business hours at the Company's registered office at 11 Sims Drive #06-01 SCN Centre Singapore 387385, for a period of three (3) months from the date of this announcement.

11. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Bond Issue and the Group, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in its proper form and context.

12. CAUTIONARY STATEMENT

Shareholders and potential investors should exercise caution when trading in the shares of the Company in relation to this announcement as there is no certainty that the Proposed Bond Issue will be completed as it is subjected to the fulfilment of terms and conditions set out in the Agreement. When in doubt as to the action they should take, shareholders and potential investors should consult their financial, tax or other advisors.

By Order of the Board
Kori Holdings Limited

Hooi Yu Koh
CEO and Managing Director
20 August 2013

The Company was listed on Catalist of the Singapore Exchange Securities Trading Limited (SGX-ST) on 11 December 2012. The initial public offering of the Company was sponsored by PrimePartners Corporate Finance Pte. Ltd. (Sponsor).

This announcement has been prepared by the Company and its contents have been reviewed by the Sponsor for compliance with the relevant rules of the SGX-ST. The Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST 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 Mark Liew, Managing Director, Corporate Finance at 20 Cecil Street #21-02 Equity Plaza, Singapore 049705, telephone (65) 6229 8088.
