



KORI HOLDINGS LIMITED



FOCUSING ON  
**STRATEGY**

BUILDING ON  
**STRENGTH**

2015 ANNUAL REPORT



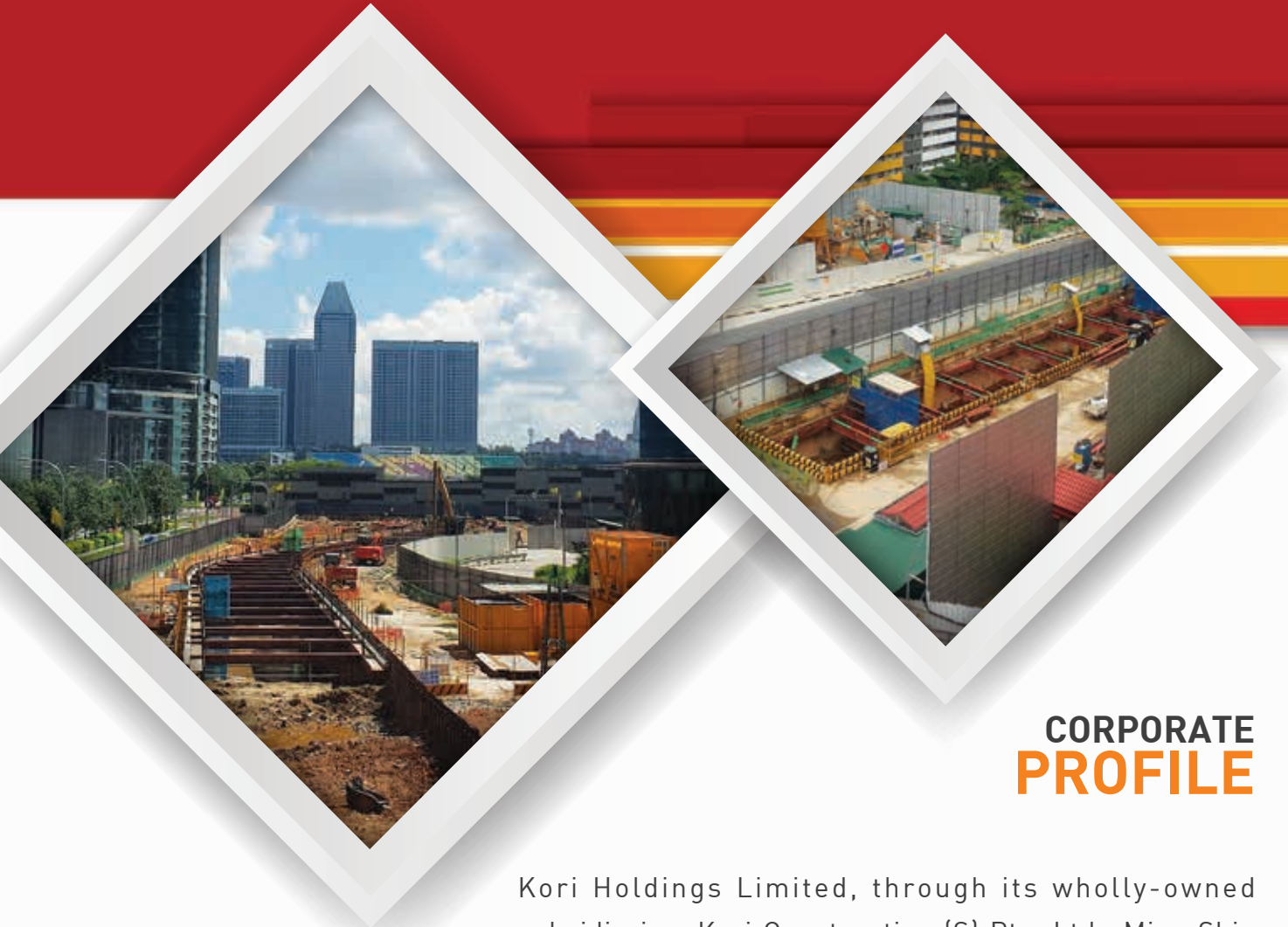
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This annual report has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**"), for compliance with the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalyst. The Sponsor has not verified the contents of this annual report.

This annual report has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this annual report, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this annual report.

The contact person for the Sponsor is Ms Keng Yeng Pheng, Associate Director, Continuing Sponsorship, at 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, telephone (65) 6229 8088.



## CORPORATE PROFILE

Kori Holdings Limited, through its wholly-owned subsidiaries, Kori Construction (S) Pte. Ltd., Ming Shin Construction (S) Pte. Ltd. and Kori Construction (M) Sdn. Bhd., as well as its associated company, Fuchiang Construction Pte. Ltd. (collectively, the “Group”) is principally engaged in providing civil/structural engineering and infrastructural construction services as a sub-contractor for commercial, industrial and public infrastructural construction projects. Its customers include local and overseas developers in the engineering construction industry. Its portfolio includes supplying and installing strutting and decking for large-scale MRT construction projects. The Group’s businesses can be categorised into two main segments, namely, structural steelworks services and tunneling services.



## CHAIRMAN'S STATEMENT



### DEAR SHAREHOLDERS

It was a challenging year for the construction sector in 2015. Despite the slowing economy and tightening immigration policies, the Group's performance for the financial year ended 31 December 2015 ("FY2015") was commendable. The firm foundation that we laid out in the past year put us in good stead and allowed us to focus on the years ahead.

We achieved total revenue of S\$51.0 million in FY2015, an increase of approximately S\$19.8 million or 63.4% from S\$31.2 million in the financial year ended 31 December 2014 ("FY2014"). Revenue from the structural steelworks services segment accounted for approximately 87.0% of our Group's total revenue.

Revenue from our structural steelworks services segment increased by approximately 81.2% from S\$24.5 million in FY2014 to S\$44.4 million in FY2015. This was mainly due to the increase in work done for the Mayflower Station Project, Shenton Way Station Project, EW1 Strutting Project and a newly commenced project, the Marina Bay Station Project. The increase in revenue was partially offset by a decrease in revenue contributed from the Bedok Town Park Station Project, Ubi Station Project, Bedok Reservoir

Station Project and Tampines West Station Project, which are projects nearing their completion stage.

Revenue from the tunnelling services segment decreased from S\$6.7 million in FY2014 to S\$6.6 million in FY2015 mainly due to lesser work done on existing projects that had reached their completion stage. This was partially offset by increase in work done for the East-West Transmission Cable Tunnel Project and Jurong Island to Pioneer Transmission Cable Tunnel Project.

Impairment loss on investment in an associated company, Fuchiang Construction Pte Ltd ("Fuchiang"), amounted to S\$1.9 million. This was due to the current downturn of the construction industry resulting in lower than expected profit and cash flows.

Our Group's gross profit increased by approximately S\$4.2 million or 110.1% from S\$3.8 million in FY2014 to S\$8.0 million in FY2015. Gross profit margin increased from 12.1% in FY2014 to 15.6% in FY2015. For the structural steelworks segment,

gross profit margin increased by 6.2 percentage points to 14.6%. This was due to lower usage of new materials which resulted in decreased material costs. For the tunnelling services segment, the decrease in gross profit margin by 3.1 percentage points to 22.5% was due to unexpected prolongation of tunnelling activities for the Bedok Town Park Station Project.

The Group's earnings per share increased from 0.01 Singapore cents in FY2014 to 0.02 Singapore cents for FY2015.

### GROWTH STRATEGIES

2015 proved to be a fruitful year, with the successful securing of contracts amounting to an aggregate of S\$30 million. We were awarded contracts by (i) Hock Lian Seng Infrastructure Pte Ltd for the supply, fabrication, installation and removal of temporary strutting works at Maxwell Station; (ii) Gammon Construction Limited for the supply, installation and removal of temporary strutting and decking works at Mayflower Station; (iii) China Railway No. 5 Engineering Group Co. Ltd for the strutting and decking

It was a challenging year for the construction sector in 2015. Despite the slowing economy and tightening immigration policies, the Group's performance for the financial year ended 31 December 2015 ("FY2015") was commendable. The firm foundation that we laid out in the past year put us in good stead and allowed us to focus on the years ahead.

works at Lentor Station; and (iv) Shanghai Tunnel Engineering Co. Ltd for the strutting, deckpost, kingpost, decking and sheet piling at Marina Bay Station, as well as variation works at the Construction of Tunnels between Woodlands Station and Woodlands Avenue 12.

The above projects started in the second quarter of 2015 and are scheduled to be completed in 24 months.

#### LOOKING AHEAD

I am pleased to say that our projects secured to date will provide sustainable activities till 2017. However, we will not rest on our laurels and continue to actively tender for projects.

The outlook for the Singapore construction industry for the next 12 months looks positive as the Building and Construction Authority projected S\$27 billion to S\$34 billion of construction contracts for 2016, with about 65 per cent driven by public sector demand. The projections are a marked increase from last year – In 2015, total construction demand was approximately S\$27.2 billion, with public sector projects accounting for slightly over 50 per cent.<sup>1</sup>

This year, one of the key public sector projects likely to be awarded includes the Land Transport Authority's Stage 2 of the Thomson-East Coast Line. Besides this, there is also Stage 6 of the Circle Line, of which the tender opens in the second half of this year.

Our established track record and strong technical expertise put us in a favourable position to benefit from the anticipated public sector projects likely to be awarded this year.

We are also keeping an eye on the possibility of bidding for the North-South Expressway. However, the official tender for the project may open as late as 2017 and we will assess the feasibility of the project when the opportunity arises.

On the other hand, as with the past few years, we have been under pressure from the acute constraints of labour supply and increasing manpower cost in Singapore. Our relocation of the Singapore yard activities to our new storage yard in Malaysia has helped to partially address this.

#### REWARDING OUR SHAREHOLDERS

The Directors have recommended a first and final dividend of 0.5 Singapore cents per ordinary share for 99,200,000 shares of the Company, which, if approved at the forthcoming annual general meeting, will be paid to shareholders on 24 May 2016.

#### APPRECIATION

On behalf of the Board, I would like to extend my appreciation and gratitude to all shareholders, customers, suppliers, business associates and bankers for their unwavering support. To the management and staff, thank you for your loyalty, dedication and commitment that have propelled the Group to what it is today. My appreciation also goes to my fellow directors on the board for their invaluable counsel and guidance during the past year.

#### KORI NOBUAKI

Non-Executive and  
Non-Independent Chairman

<sup>1</sup> [http://www.bca.gov.sg/Newsroom/others/BCA\\_Media\\_Release\\_Prospects\\_150116.pdf](http://www.bca.gov.sg/Newsroom/others/BCA_Media_Release_Prospects_150116.pdf)

## FINANCIAL AND OPERATIONS REVIEW



The Group's total revenue for the financial year ended 31 December 2015 ("FY2015") increased by 63.4% from S\$31.2 million in FY2014 to S\$51.0 million. Revenue derived from the structural steelworks services segment accounted for approximately 87.0% of the Group's total revenue.

The increase in revenue from the Group's structural steelworks services segment by approximately 81.2% from S\$24.5 million in FY2014 to S\$44.4 million in FY2015 was mainly due to the increase in work done for Mayflower Station Project, Shenton Way Station Project, EW1 Strutting Project and a newly commenced project, the Marina Bay Station Project. The increase in revenue was partially offset by a decrease in revenue contributed from the Bedok Town Park Station Project, Ubi Station Project, Bedok Reservoir Station Project and Tampines West Station Project, which are projects nearing their completion stage.

Revenue from the tunnelling services segment decreased from S\$6.7 million in FY2014 to S\$6.6 million in FY2015 mainly due to lesser work done on existing projects that had reached their completion stage. This was partially offset by increase in work done for the East-West Transmission Cable Tunnel Project and Jurong Island to Pioneer Transmission Cable Tunnel Project.

Cost of works increased by 56.9% from S\$27.4 million in FY2014 to S\$43.0 million in FY2015. This was primarily

attributable to the increase in cost of works for the structural steelworks services segment of approximately S\$15.5 million.

Cost of works for the structural steelworks services segment increased by 69.2% from approximately S\$22.4 million in FY2014 to S\$37.9 million in FY2015. This was largely due to an increase in material costs of S\$12.2 million, employee compensation of S\$1.8 million and worksite expenses of S\$1.1 million which was in line with the increase in revenue from the structural steelworks services segment.

Cost of works for the tunnelling services segment increased by 2.0% from approximately S\$5.0 million in FY2014 to S\$5.1 million in FY2015. This was mainly due to increase in employee compensation of S\$0.3 million, partially offset by a decrease in worksite expenses, rental expenses, transport and travelling expenses of approximately S\$0.2 million.

The Group's gross profit increased by approximately S\$4.2 million or 110.1% from S\$3.8 million in FY2014 to S\$8.0 million in FY2015. The Group's gross profit margin increased from 12.1% in FY2014 to 15.6% in FY2015. For the structural steelworks segment, the increase in gross profit margin by 6.2 percentage points to 14.6% was due to lower usage of new materials which resulted in decreased material costs. For the tunnelling services segment, the decrease in gross profit margin

by 3.1 percentage points to 22.5% was due to unexpected prolongation of tunnelling activities for the Bedok Town Park Station Project.

Other losses increased by S\$2.7 million from S\$0.5 million in FY2014 to S\$3.2 million in FY2015. This was primarily due to loss on foreign currency exchange of approximately S\$0.2 million in FY2015 and the increase in losses of approximately S\$0.7 million arising from the sale of scrap materials at below cost and an allowance for impairment loss on investment in an associated company, Fuchiang, of S\$1.9 million. This was offset by gain on disposal of property, plant and equipment of approximately S\$0.06 million. The impairment loss on investment in an associated company was due to the current downturn of the construction industry resulting in lower than expected profit and cash flows.

Administrative expenses increased by approximately S\$0.5 million or 23.8% from S\$2.3 million in FY2014 to S\$2.8 million in FY2015. This was attributable to an increase in allowance for impairment loss on trade receivables of approximately S\$0.6 million partially offset by a decrease in professional fees of S\$0.1 million. The allowance for impairment loss is in relation to an ongoing court application by one of the main contractors of the Group to restructure certain of its debt (including a debt owing to the Group of approximately S\$0.9 million) under a scheme of arrangement.

Interest expense increased by S\$0.02 million or 8.1% from S\$0.27 million in FY2014 to S\$0.29 million in FY2015 mainly due to the increased utilisation of bank borrowings in FY2015.

The Group recorded its share of profit from the Company's associated company, Fuchiang, which amounted to approximately S\$122,000 in FY2015, a decrease of approximately S\$0.4 million as compared to FY2014. This was largely due to the increase in cost of sales as a result of more expensive materials and labour costs.

The Group recorded a profit before tax of S\$1.7 million in FY2015, an increase of S\$0.4 million as compared to the profit before tax of S\$1.3 million in FY2014, mainly due to the abovementioned factors.

There was income tax expense of approximately S\$0.1 million recorded in FY2015 as compared to income tax credit of approximately S\$0.06 million in FY2014. The income tax expense in FY2015 was mainly due to higher profit recognised by the Group while the income tax credit recorded in FY2014 was mainly due to the provision of taxes in prior years. The effective tax rate in FY2015 was lower than the statutory tax rate of 17% due mainly to higher incentives from enhanced deduction for leasing of PIC automation equipment under the Productivity and Innovation Credit scheme.

#### REVIEW OF THE FINANCIAL POSITION OF THE GROUP

As at 31 December 2015, the Group's current assets of approximately S\$70.8 million accounted for approximately 96.7% of the Group's total assets. The current assets consisted of trade and other receivables as well as inventories.

Trade and other receivables of approximately S\$58.2 million as at 31 December 2015 (FY2014: S\$49.4 million) comprising mainly trade receivables of S\$7.6 million (FY2014: S\$5.4 million), construction contracts due from customers of S\$37.8 million (FY2014: S\$35.2 million), loan to an associated company, Fuchiang of S\$1.1 million (FY2014: S\$1.1 million), trade balance due from Fuchiang of S\$4.0 million (FY2014: S\$0.9 million)

and retention receivables of S\$7.1 million (FY2014: S\$6.2 million). The increase in trade receivables of approximately S\$2.3 million, construction contract due from customers of approximately S\$2.6 million and retention receivables of approximately S\$1.4 million were in line with the Group's increase in revenue. The increase in amount due from Fuchiang was mainly due to sales of fabricated material to Fuchiang of approximately S\$3.0 million.

Inventories decreased by S\$3.5 million to approximately S\$6.0 million as at 31 December 2015, attributed mainly to the Group utilising materials which were bought back previously for projects such as the Shenton Way Station Project, Woodlands Station Project and Lentor Station Project.

The Group's non-current assets decreased by approximately S\$2.1 million to S\$2.5 million as at 31 December 2015 as compared to S\$4.6 million as at 31 December 2014. Non-current assets consisted of property, plant and equipment of S\$2.1 million and an investment in Fuchiang of S\$0.4 million. The increase in property, plant and equipment of S\$0.5 million was mainly due to the capitalisation of development costs for the factory in Malaysia and purchase of a new motor vehicle. The decrease in investment in associated company was due to the impairment loss on investment in Fuchiang of S\$1.9 million and unrealised gain on transactions with Fuchiang of approximately S\$0.7 million.

As at 31 December 2015, the Group's current liabilities of approximately S\$28.0 million accounted for 99.3% of the Group's total liabilities. The Group's total current liabilities consisted of trade and other payables as well as bank borrowings.

Trade and other payables of approximately S\$21.2 million comprised trade payables of S\$13.5 million (FY2014: S\$5.8 million), construction contracts due to customers of S\$1.0 million (FY2014: S\$0.2 million), retention payables of S\$0.1 million (FY2014: S\$0.02 million), other payables of S\$4.7 million (FY2014: S\$7.5 million) and accrued operating expenses of S\$1.9

million (FY2014: S\$1.5 million). The increase in trade payables of S\$7.7 million and construction contracts due to customers of approximately S\$0.8 million was the result of higher volume of work carried out for on-going projects on hand. The decrease in other payables was mainly due to the decrease in advance payment from customers in relation to Woodlands Station Project and Marina Bay Station Project of approximately S\$3.1 million. Repayment of amount due to Fuchiang's shareholders of approximately S\$1.1 million arose from the acquisition of a 51% interest in Fuchiang. This was offset by advance payment of S\$1.5 million from customer in relation to the Shenton Way Station Project.

Total borrowings (current and non-current) had decreased by S\$0.16 million mainly due to repayment of bank borrowings and finance lease of approximately S\$0.52 million. This was partially offset by a drawdown of S\$0.26 million loan to partially fund the development of the factory in Malaysia on the acquired land at Pasir Gudang, Johor Bahru and hire purchase of a new motor vehicle.

As at 31 December 2015, the Group's equity of approximately S\$45.1 million comprised mainly share capital of S\$32.3 million and net reserves of S\$12.8 million.

The Group recorded net cash inflow from operating activities of approximately S\$5.6 million as at 31 December 2015. This was a result of operating cash flows before changes in working capital of approximately S\$4.7 million, adjusted for net working capital inflow of approximately S\$0.9 million as well as income tax paid of approximately S\$0.06 million. The Group's working capital inflows were mainly due to a decrease in inventories of approximately S\$3.5 million and an increase in trade and other payables of approximately S\$6.2 million. This was offset by an increase in trade and other receivables of approximately S\$8.8 million.

As at 31 December 2015, the Group's cash and cash equivalents were approximately S\$5.6 million.



## BOARD OF DIRECTORS

FRONT (LEFT TO RIGHT)

MR. KORI NOBUAKI

MR. HOOI YU KOH

BACK (LEFT TO RIGHT)

MR. LIM YEOK HUA

MR. NICHOLAS PHILIP LAZARUS

MR. KUAN CHENG TUCK





**MR. KORI NOBUAKI**

Non-Executive and  
Non-Independent Chairman

Mr. Kori Nobuaki is the Non-Executive Non-Independent Chairman and founder of our Group. He was appointed to our Group as a director on 18 May 2012 and was last re-elected on 29 April 2015. Mr. Kori currently serves as a director of Kori Construction (S) Pte. Ltd. and Ming Shin Construction (S) Pte. Ltd.. He is responsible for overseeing the strategic positioning and business expansion of the Group. Previously, he served as a director of Kori Construction (M) Sdn. Bhd.

Mr. Kori has more than 40 years of experience in the civil/engineering construction industry and has been instrumental in the development and growth of our Group's business. He was first employed with Daisue Construction Japan as a civil engineer and was responsible for several construction projects from 1969 to 1971. He served as an overseas corporation volunteer from Japan from 1971 to 1974, where he was responsible for managing a water supply project in Malawi, Africa. In 1974, he was re-designated as a project coordinator of Daisue Construction Japan and was responsible for coordinating works for a construction project in Guam, United State of America till 1979. After Mr. Kori left Daisue Construction Japan, Mr. Kori ran his own business and managed a few strutting works projects between 1979 and 1981. In 1981, he joined Marubeni Trading, Singapore as a project engineer and was in charge of the strutting works

and the management of Marubeni Trading, Singapore till December 1982 when he established our first subsidiary Kori Singapore. Mr. Kori graduated from Hosei University of Japan with a Bachelor Degree in Engineering (Civil) in 1969.

**MR. HOOI YU KOH**

CEO and Managing Director

Mr. Hooi Yu Koh is our Chief Executive Officer ("CEO") and Managing Director and was appointed as a Director of our Company on 18 May 2012 and was last re-elected on 26 April 2013. Mr. Hooi first joined our Group in 1996 and has served as our CEO and Managing Director since October 2005. Currently, he is also the Executive Director of Kori Singapore, Ming Shin, Kori Malaysia and Fuchiang Construction and responsible for the business management and day-to-day operations of the Group.

Mr. Hooi has more than 20 years of experience in the civil/engineering construction industry. He was first employed with Mudajaya Construction Sdn. Bhd. as a design and planning engineer and a section head in 1995 and was responsible for the construction of Kapar Power Station Phase II in Malaysia till May 1996. Since June 1996, Mr. Hooi has been instrumental in the development and growth of our Group's business. In June 1996, he joined Kori Malaysia as a project manager and was in charge of managing our all our projects in Malaysia till November 1999. From November 1999 to October 2005, he was in charge of managing all our

projects in Singapore as a project manager of Kori Singapore. He was subsequently promoted to CEO and Executive Director of Kori Singapore in 2005 and 2012 respectively.

Mr. Hooi has been a member of the Singapore Welding Society since December 2004 and has been a certified welding inspector certified by the American Welding Society since January 2005. Mr. Hooi graduated from University of Malaya with a Bachelor Degree in Engineering (Civil) (First Class Honours) in 1995 and was awarded the Mudajaya Scholarship Award and the Chan Sai Soo Award in September 1994 and August 1995 respectively.

**MR. NICHOLAS PHILIP LAZARUS**

Independent Director

Mr. Nicholas Philip Lazarus is our Independent Director and was appointed on 16 November 2012 and was last re-elected on 29 April 2015. He has more than 17 years of experience in the legal industry and specialises in civil litigation, corporate finance and construction adjudication. He first started his legal career as a legal assistant at W.T. Woon & Company in July 1998. In November 1999, he joined Chan Tan & Partners as a senior legal associate till August 2001. In September 2001, he returned to W.T. Woon & Company as a partner till September 2002. Thereafter, he joined Justicius Law Corporation as a director. Currently, he is also a director of Sealife Shipping Pte Ltd.

## BOARD OF DIRECTORS

Mr. Lazarus graduated from the National University of Singapore with a Bachelor Degree in Law (LLB) in 1997. He also obtained the Association of Chartered Certified Accountants qualification from the Association of Chartered Certified Accountants in 1998.

At present, Mr. Lazarus is also, among others, a Commissioner of Oaths and Notary Public recognised by the Singapore Academy of Law, a Construction Adjudicator and an Associate Mediator recognised by the Singapore Mediation Centre and an Accredited Tax Advisor recognised by the Singapore Institute of Accredited Tax Professionals.

### MR. KUAN CHENG TUCK

Independent Director

Mr. Kuan Cheng Tuck is our Independent Director and was appointed on 16 November 2012 and was last re-elected on 25 April 2014. He also currently serves as an independent director of CNMC Goldmine Holdings Limited (a company listed on Catalist of the SGX-ST), Green Build Technology Limited (a company listed on the Main Board of SGX-ST) and CW Group Holdings Limited (a company

listed on the Main Board of the Hong Kong Stock Exchange). Previously, Mr. Kuan served as an independent director of Falmac Limited, China Oilfield Technology Services Group Ltd., ASA Group Holdings Limited and FDS Networks Group Ltd.

Mr. Kuan has more than 20 years of experience in the fields of accounting, auditing as well as business and financial advisory. Mr. Kuan has worked with various international accounting firms in Singapore and Malaysia between 1994 and early 2004. He set up and managed his own business and financial consulting firms in 2004 and his own accounting practice in 2005, namely KCT Consulting Pte Ltd, Kreston Consulting Pte Ltd and C.T. Kuan & Co.

Mr. Kuan holds a Bachelor of Accountancy degree from the Nanyang Technological University of Singapore, a Bachelor of Laws (Honours) degree from the University of London and a Master of Laws (Corporate and Financial Services Law) degree from the National University of Singapore. He is a fellow member of the Association of Chartered Certified Accountants, United Kingdom, and a member of the Institute of Singapore Chartered

Accountants. He is also an associate member of the Singapore Association of Institute of Chartered Secretaries and Administrators.

### MR. LIM YEOK HUA

Independent Director

Mr. Lim Yeok Hua is our Independent Director and was appointed on 16 November 2012. He was last re-elected on 25 April 2014. Mr. Lim is also presently an independent director of Tritech Group Limited and Alpha Energy Holdings Limited. Previously Mr. Lim served as an independent director of CNMC Goldmine Holdings Limited and Manufacturing Integration Technology Ltd.

Mr. Lim has been a fellow member of the Association of the Chartered Certified Accountants since 1985. He has more than 30 years of experience in the fields of accounting, auditing, as well as business and financial advisory. Mr. Lim presently runs his own management consultancy firm, namely Radiant Management Services Pte Ltd. He is a member of the Singapore Institute of Directors and the Institute of Singapore Chartered Accountants as well as an accredited tax advisor with the Singapore Institute of Accredited Tax Professionals.

## EXECUTIVE OFFICERS

### MS. CHEE SHEW YAN

Financial Controller

Ms. Chee Shew Yan is our Financial Controller ("FC"). She has been the Financial Controller of our Group since January 2012 and is responsible for overseeing the accounting, treasury, budgeting and payroll matters of our Group.

Ms. Chee was first employed with M.S. Wong & Co., Malaysia as an auditor and was responsible for auditing companies' accounts and reviewing their tax computations from April 1993 to January 1994. From July 1994 till April 1996, she was an auditor at Chuah Kim Seng & Co., Malaysia and was responsible for auditing companies' accounts. In May 1996, she joined Mudajaya Corporation Bhd., Malaysia as an assistant accountant and was responsible for the supervision of the financial accounts of all projects till December 1999. In December 1999, she joined Kori Singapore as an accountant and was responsible for the management of all financial accounting matters of Kori Singapore and Ming Shin till January 2012 when she was promoted to the Financial Controller of our Group.

Ms. Chee graduated from The Flinders University of South Australia in 1993 with a Bachelor of Commerce. She obtained the Certified Practising Accountant qualification from the Australian Society of Certified Practising Accountants in 1994. She has been a member and chartered accountant of the Malaysian Institute of Accountants since 1998 and also a member of the Institute of Singapore Chartered Accountants since 2013.

### MR. NG WAI KIT

Technical Controller

Mr. Ng Wai Kit is the Technical Controller of our Group and has been responsible for the design and engineering matters of our Group's projects since May 2009.

Mr. Ng was first employed with a Malaysia company, Arup Jururunding Sdn. Bhd. as a design engineer and was responsible for designing and supervising various civil engineering/construction projects in Malaysia and Hong Kong from August 1995 to September 1998. In September 1998, he joined SKM (Singapore) Pte. Ltd. as a civil engineer and was responsible for designing and supervising various civil engineering projects in Singapore and Malaysia till June 2000 when he was re-designated as a senior civil/geotechnical engineer of the same company in charge of designing, coordinating and supervising of both temporary and permanent works till December 2002. In December 2002, he was promoted to project manager and was responsible for the management of full structural construction works of the same company till November 2005. In November 2005, he joined Kori Singapore as an engineering manager and was in charge of the construction, design and technical matters of all projects in Singapore till May 2009 when he was promoted to a Technical Controller of our Group. Currently, he is also the Director of Kori Singapore.

Mr. Ng graduated from University of Malaya with a Bachelor degree in Engineering (Civil) (First Class Honours) in 1995 and National University of Singapore with a Master degree in Science (Civil Engineering).



## EXECUTIVE OFFICERS

### MR. LEE YENG TAT

Head of the Steel Division

Mr. Lee Yeng Tat is the Head of the Steel Division of our Group and has been responsible for the management of all our Group's steel strutting, piling and decking projects since January 2012.

Mr. Lee was first employed with Retired Servicemen Engineering Agency, Taiwan as a civil engineer and was in charge of the underground and tunnelling projects in Taiwan from July 1989 to July 1997. In October 1997, he joined Fujita Corporation (M) Sdn. Bhd. in Malaysia as a project manager in charge of underground and tunnelling projects in Malaysia till April 2002. In July 2002, he joined Kori Singapore as a project manager and was responsible for the management of all the projects in Singapore till December 2011. In January 2012, he was promoted to the Head of Steel Division in charge of all the steel strutting, piling and decking projects of our Group.

Mr. Lee graduated from National Taiwan University in 1989 with a Bachelor degree in Science of Engineering (Civil).

Mr. Lee has also successfully completed the required course of study and passed the examination required for the certification and registration as a structural steel supervisor and has obtained the Certification of Structural Steel Supervisor issued by the Singapore Structural Steel Society in August 2008.

### MR. CHOOKUL CHARUN

Head of the Tunnel Division

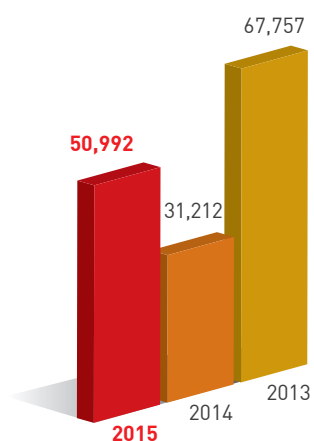
Mr. Chookul Charun is the Head of the Tunnel Division of our Group and has been responsible for the management of all our Group's tunnelling projects since January 2012.

Mr. Chookul was first employed with Nishimatsu Construction Co., Ltd. as a tunnel engineer and was responsible for the control, coordination and operation of tunnelling projects in Thailand from May 2001 to October 2003. In October 2003, he joined Boygues Thai Ltd. as a civil engineer and was responsible for coordinating and supervising infrastructure works in Thailand till December 2004. In August 2005, he joined Kori Singapore as a tunnel engineer and was responsible for the tunnelling operations of the Singapore MRT Circle Line project till December 2007 when he was promoted to a senior tunnel engineer in charge of the tunnelling operations of the Singapore MRT Downtown Line project and the Dubai Metro Red Line projects till late 2010. In December 2010, he was promoted to a tunnel manager and was responsible for the Singapore MRT Downtown Line project till January 2012 when he was once again promoted to the Head of Tunnel Division in charge of all tunnelling projects of our Group.

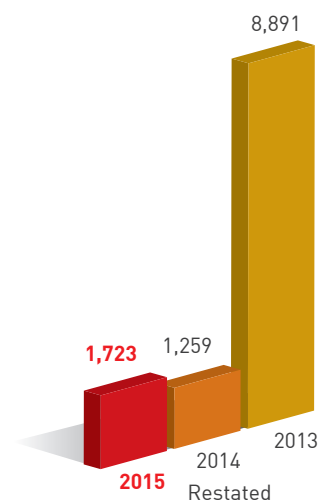
Mr. Chookul graduated from King Mongkut's University of Technology Thonburi in Thailand in 2001 with a Bachelor degree in Engineering (Civil).

## FINANCIAL HIGHLIGHTS

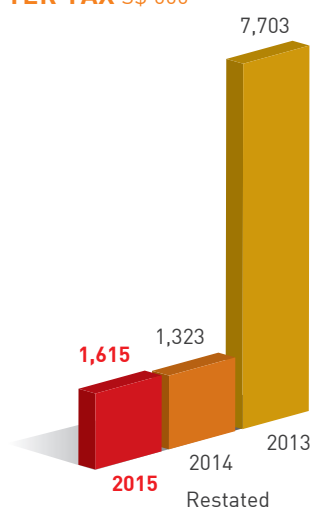
### REVENUE S\$'000



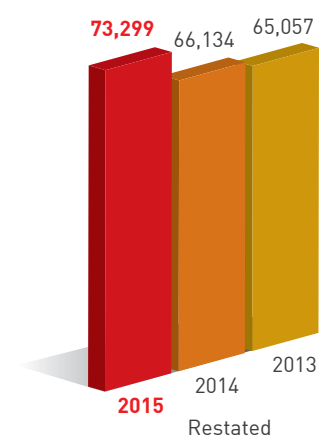
### PROFIT BEFORE TAX S\$'000



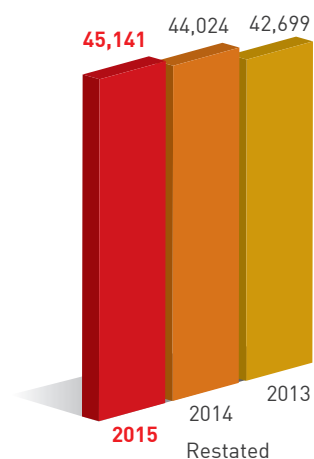
### PROFIT AFTER TAX S\$'000



### TOTAL ASSETS S\$'000



### SHAREHOLDER EQUITY S\$'000



# GROUP STRUCTURE



Kori Holdings Limited

**100%**

MING SHIN  
CONSTRUCTION (S)  
PTE. LTD.

**100%**

KORI  
CONSTRUCTION (S)  
PTE. LTD.

**100%**

KORI  
CONSTRUCTION (M)  
SDN. BHD.

**51%**

FUCHIANG  
CONSTRUCTION  
PTE. LTD.





# CORPORATE INFORMATION

## BOARD OF DIRECTORS

MR KORI NOBUAKI  
(Non-Executive and Non-Independent  
Chairman)

MR. HOOI YU KOH  
(CEO and Managing Director)

MR. NICHOLAS PHILIP LAZARUS  
(Independent Director)

MR. KUAN CHENG TUCK  
(Independent Director)

MR. LIM YEOK HUA  
(Independent Director)

## AUDIT COMMITTEE

MR. KUAN CHENG TUCK (Chairman)  
MR. NICHOLAS PHILIP LAZARUS  
MR. LIM YEOK HUA

## REMUNERATION COMMITTEE

MR. NICHOLAS PHILIP LAZARUS  
(Chairman)  
MR. KUAN CHENG TUCK  
MR. LIM YEOK HUA

## NOMINATING COMMITTEE

MR. LIM YEOK HUA (Chairman)  
MR. KUAN CHENG TUCK  
MR. NICHOLAS PHILIP LAZARUS

## COMPANY SECRETARY

MR. TEO MENG KEONG (ACIS)

## REGISTERED OFFICE

11 Sims Drive  
#06-01 SCN Centre  
Singapore 387385  
Tel: 68443445  
Fax: 67499150

## SPONSOR

PrimePartners Corporate Finance  
Pte. Ltd.  
10 Collyer Quay  
#10-00 Income at Raffles  
Singapore 049318

## INDEPENDENT AUDITOR

Nexia TS Public Accounting  
Corporation  
100 Beach Road  
#30-00 Shaw Tower  
Singapore 189702

Director-in-charge:  
Mr. Loh Ji Kin  
(a member of the Institute of  
Singapore Chartered Accountants)  
(Appointed since 31 December 2012)

## SHARE REGISTRAR

Tricor Barbinder Share Registration  
Services  
(A Division of Tricor Singapore  
Pte. Ltd.)  
80 Robinson Road  
#02-00  
Singapore 068898

## PRINCIPAL BANKERS

### SINGAPORE

Oversea-Chinese Banking  
Corporation Limited  
65 Chulia Street OCBC Centre  
Singapore 049513

DBS Bank Ltd.  
12 Marina Boulevard  
Marina Bay Financial Centre  
Tower 3  
Singapore 018982

### MALAYSIA

HSBC Bank Malaysia Berhad  
No. 2 Leboh Ampang  
50100 Kuala Lumpur  
Malaysia

AmBank (M) Berhad  
No. 24 & 26 Jalan Hujan Rahmat 2  
Overseas Union Garden  
Off Jalan Klang Lama  
58200 Kuala Lumpur  
Malaysia

Malayan Banking Berhad  
Taman Kinrara Sales & Services  
Center  
No. 12 & 13 Jalan TK 1/11A  
Taman Kinrara, Seksyen 1  
Batu 7½, Jalan Puchong  
47100 Puchong, Selangor  
Malaysia



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# CORPORATE GOVERNANCE REPORT

## DISCLOSURE TABLE FOR ANNUAL REPORT IN COMPLIANCE TO THE CODE OF CORPORATE GOVERNANCE 2012 AND CATALIST RULES

The Board of Directors (the “**Board**”) of Kori Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) are committed to maintaining high standards of corporate governance and places importance on its corporate governance processes and systems so as to ensure greater transparency, accountability and maximisation of long-term shareholder value.

This report outlines the Company’s corporate governance practices that were in place during the financial year ended 31 December 2015 (“**FY2015**”), with specific reference made to the principles of the Code of Corporate Governance 2012 (the “**Code**”) and the disclosure guide developed by the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) in January 2015 (the “**Guide**”).

Guideline	Code and/or Guide Description	Company’s Compliance or Explanation
General	(a) Has the Company complied with all the principles and guidelines of the Code?  If not, please state the specific deviations and alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code.	The Company has complied with the principles and guidelines as set out in the Code and the Guide, where applicable.  Appropriate explanations have been provided in the relevant sections below where there are deviations from the Code and/or the Guide.
	(b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines of the Code?	Not applicable. The Company did not adopt any alternative corporate governance practices in FY2015.

### BOARD MATTERS

#### The Board’s Conduct of Affairs

1.1	What is the role of the Board?	<p>The Board has 5 members and comprises the following:</p> <table><tr><th colspan="2"><i><b>Table 1.1 – Composition of the Board</b></i></th></tr><tr><th><b>Name of Director</b></th><th><b>Designation</b></th></tr><tr><td>Kori Nobuaki</td><td>Non-Executive and Non-Independent Chairman</td></tr><tr><td>Hooi Yu Koh</td><td>CEO and Managing Director</td></tr><tr><td>Kuan Cheng Tuck</td><td>Independent Director</td></tr><tr><td>Lim Yeok Hua</td><td>Independent Director</td></tr><tr><td>Nicholas Philip Lazarus</td><td>Independent Director</td></tr></table>	<i><b>Table 1.1 – Composition of the Board</b></i>		<b>Name of Director</b>	<b>Designation</b>	Kori Nobuaki	Non-Executive and Non-Independent Chairman	Hooi Yu Koh	CEO and Managing Director	Kuan Cheng Tuck	Independent Director	Lim Yeok Hua	Independent Director	Nicholas Philip Lazarus	Independent Director
<i><b>Table 1.1 – Composition of the Board</b></i>																
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Nicholas Philip Lazarus	Independent Director															



# CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation																																													
		<p>The Board is entrusted to lead and oversee the Company, with the fundamental principle to act in the best interests of the Company. In addition to its statutory duties, the Board's principle functions are to:</p> <ul style="list-style-type: none"><li>• Set out overall long term strategic plans and objectives for the Group and ensure that the necessary financial and human resources are in place for the Company to meet its objectives;</li><li>• Establish a framework of prudent and effective internal controls and risk management strategies which enables risk to be assessed and managed, including safeguarding of shareholders' interests and the Company's assets;</li><li>• Review key management personnel's performance;</li><li>• Ensure good corporate governance practices to protect the interests of shareholders; and</li><li>• Appoint Directors and key management personnel.</li></ul>																																													
1.3	Has the Board delegated certain responsibilities to committees? If yes, please provide details.	<p>The Board has delegated certain responsibilities to the Audit Committee (the "AC"), the Remuneration Committee (the "RC") and the Nominating Committee (the "NC") (collectively, the "Board Committees"). The compositions of the Board Committees are as follows:</p> <table><tr><th colspan="4">Table 1.3 – Composition of the Board Committees</th></tr><tr><th></th><th>AC</th><th>NC</th><th>RC</th></tr><tr><td>Chairman</td><td>Kuan Cheng Tuck</td><td>Lim Yeok Hua</td><td>Nicholas Philip Lazarus</td></tr><tr><td>Member</td><td>Lim Yeok Hua</td><td>Kuan Cheng Tuck</td><td>Kuan Cheng Tuck</td></tr><tr><td>Member</td><td>Nicholas Philip Lazarus</td><td>Nicholas Philip Lazarus</td><td>Lim Yeok Hua</td></tr></table>	Table 1.3 – Composition of the Board Committees					AC	NC	RC	Chairman	Kuan Cheng Tuck	Lim Yeok Hua	Nicholas Philip Lazarus	Member	Lim Yeok Hua	Kuan Cheng Tuck	Kuan Cheng Tuck	Member	Nicholas Philip Lazarus	Nicholas Philip Lazarus	Lim Yeok Hua																									
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1.4	Have the Board and Board Committees met in the last financial year?	<p>The Board meets on a half yearly basis, and as and when circumstances require. In FY2015, the number of the Board and Board Committee meetings held and the attendance of each Board member are shown below.</p> <table><tr><th colspan="5">Table 1.4 – Board and Board Committee Meetings in FY2015</th></tr><tr><th></th><th>Board</th><th>AC</th><th>NC</th><th>RC</th></tr><tr><td>Number of Meetings Held</td><td>2</td><td>2</td><td>1</td><td>1</td></tr><tr><th>Name of Director</th><th colspan="4">Number of Meetings Attended</th></tr><tr><td>Kori Nobuaki</td><td>1</td><td>NA</td><td>NA</td><td>NA</td></tr><tr><td>Hooi Yu Koh</td><td>2</td><td>NA</td><td>NA</td><td>NA</td></tr><tr><td>Kuan Cheng Tuck</td><td>2</td><td>2</td><td>1</td><td>1</td></tr><tr><td>Lim Yeok Hua</td><td>2</td><td>2</td><td>1</td><td>1</td></tr><tr><td>Nicholas Philip Lazarus</td><td>2</td><td>2</td><td>1</td><td>1</td></tr></table> <p>NA - Not applicable</p> <p>The Company's Constitution allow for meetings to be held through telephone and/or video-conference.</p>	Table 1.4 – Board and Board Committee Meetings in FY2015						Board	AC	NC	RC	Number of Meetings Held	2	2	1	1	Name of Director	Number of Meetings Attended				Kori Nobuaki	1	NA	NA	NA	Hooi Yu Koh	2	NA	NA	NA	Kuan Cheng Tuck	2	2	1	1	Lim Yeok Hua	2	2	1	1	Nicholas Philip Lazarus	2	2	1	1
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Nicholas Philip Lazarus	2	2	1	1																																											

# CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
1.5	What are the types of material transactions which require approval from the Board?	<p>Matters that require the Board's approval include, amongst others, the following:</p> <ul style="list-style-type: none"> <li>• corporate strategy and business plans;</li> <li>• material acquisitions, investment and disposals;</li> <li>• major financing;</li> <li>• share issuance, dividend release or changes in capital;</li> <li>• budgets, financial results announcements, annual report and audited financial statements; and</li> <li>• interested person transactions.</li> </ul>
1.6	(a) Are new Directors given formal training? If not, please explain why.	All newly appointed Directors will undergo an orientation programme where the Director would be briefed on the Group's strategic direction, governance practices, business and organisation structure as well as the expected duties of a director of a listed company. To get a better understanding of the Group's business, the Director will also be given the opportunity to visit the Group's operational facilities and meet with key management personnel.
	(b) What are the types of information and training provided to (i) new Directors and (ii) existing Directors to keep them up-to-date?	<p>Courses, conferences and seminars attended by some of the Directors in FY2015 include:</p> <ul style="list-style-type: none"> <li>• those run by the Singapore Institute of Directors, including "<i>LCD Module 2 – Audit Committee Essentials</i>" and "<i>SID Essentials Series – Directors' Financial Reporting Essentials</i>"; and</li> <li>• those run by the Institute of Singapore Chartered Accountants, including "<i>AML &amp; CFT Masterclass: The Laws in Singapore and Customer Due Diligence Measures</i>".</li> </ul>
<b>Board Composition and Guidance</b>		
2.1 2.2 3.3	Does the Company comply with the guideline on the proportion of Independent Directors on the Board? If not, please state the reasons for the deviation and the remedial action taken by the Company.	In view that the Chairman is not an independent director, Guideline 2.2 of the Code is met as the Independent Directors make up 60% of the Board.

# CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
2.3 4.3	Has the independence of the Independent Directors been reviewed in the last financial year?	The NC has reviewed and confirmed the independence of the Independent Directors in accordance with the Code. The Independent Directors have also confirmed their independence in accordance with the Code.
	<p>(a) Is there any Director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent? If so, please identify the Director and specify the nature of such relationship.</p> <p>(b) What are the Board's reasons for considering him independent? Please provide a detailed explanation.</p>	There are no Directors who is deemed independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent.
2.4	Has any Independent Director served on the Board for more than nine years since the date of his first appointment? If so, please identify the Director and set out the Board's reasons for considering him independent.	There are no Directors who have served beyond nine years since the date of his first appointment.



# CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation																								
2.6	<p>(a) What is the Board's policy with regard to diversity in identifying director nominees?</p> <p>(b) Please state whether the current composition of the Board provides diversity on each of the following – skills, experience, gender and knowledge of the Company, and elaborate with numerical data where appropriate.</p>	<p>The Board's policy in identifying director nominees is primarily to have an appropriate mix of members with complementary skills, core competencies and experience for the Group, regardless of gender.</p> <p>The current Board composition provides a diversity of skills, experience and knowledge to the Company as follows:</p> <table border="1"> <caption><b>Table 2.6 – Balance and Diversity of the Board</b></caption> <thead> <tr> <th></th><th>Number of Directors</th><th>Proportion of Board</th></tr> </thead> <tbody> <tr> <td><b>Core Competencies</b></td><td></td><td></td></tr> <tr> <td>– Accounting or finance</td><td>2</td><td>40%</td></tr> <tr> <td>– Business management</td><td>2</td><td>40%</td></tr> <tr> <td>– Legal or corporate governance</td><td>1</td><td>20%</td></tr> <tr> <td>– Relevant industry knowledge or experience</td><td>2</td><td>40%</td></tr> <tr> <td>– Strategic planning experience</td><td>2</td><td>40%</td></tr> <tr> <td>– Customer based experience or knowledge</td><td>2</td><td>40%</td></tr> </tbody> </table>		Number of Directors	Proportion of Board	<b>Core Competencies</b>			– Accounting or finance	2	40%	– Business management	2	40%	– Legal or corporate governance	1	20%	– Relevant industry knowledge or experience	2	40%	– Strategic planning experience	2	40%	– Customer based experience or knowledge	2	40%
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– Customer based experience or knowledge	2	40%																								
	<p>(c) What steps have the Board taken to achieve the balance and diversity necessary to maximise its effectiveness?</p>	<p>The Board has taken the following steps to maintain or enhance its balance and diversity:</p> <ul style="list-style-type: none"> <li>• Annual review by the NC to assess if the existing attributes and core competencies of the Board are complementary and enhance the efficacy of the Board; and</li> <li>• Annual evaluation by the Directors of the skill sets the other Directors possess, with a view to understand the range of expertise which is lacking by the Board.</li> </ul> <p>The NC will consider the results of these exercises in its recommendation for the appointment of new directors and/or the re-appointment of incumbent directors.</p>																								

# CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
<b>Chairman and Chief Executive Officer</b>		
3.1	Are the duties between Chairman and CEO segregated?	<p>The roles of the Chairman and CEO are separate to ensure a clear division of their responsibilities, increased accountability and greater capacity of the Board for independent decision making. The Chairman is not related to the CEO.</p> <p>The Chairman oversees the business of the Board. He ensures that Board meetings are convened when necessary. He sets the Board's meeting agenda in consultation with the CEO and ensures the quality, quantity and timeliness of the flow of information between the Board and key management personnel to facilitate efficient decision making.</p> <p>The CEO takes a leading role in developing the businesses of the Group and manages the day-to-day operations with the assistance of key management personnel. He also oversees the execution of the business and corporate strategy decisions made by the Board and ensures that the Directors are kept updated and informed of the Group's businesses.</p>
3.4	Have the Independent Directors met in the absence of the other directors?	The Independent Directors have met in the absence of the other directors in FY2015.
<b>Board Membership</b>		
4.1	What are the duties of the NC?	<p>The NC is guided by key terms of reference as follows:</p> <ul style="list-style-type: none"> <li>(a) Reviewing and recommending candidates for appointments to the Board and Board Committees (excluding the appointment of existing members of the Board to a Board Committee);</li> <li>(b) Reviewing and approving any new employment of related persons and proposed terms of their employment;</li> <li>(c) Reviewing and recommending candidates to be nominees on the Board and Board Committees of the Group;</li> </ul>

# CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
		<p>(d) Re-nominating the Company's Directors for re-election in accordance with the Company's Constitution at each annual general meeting and having regard to the Director's contribution and performance (including alternate directors, if applicable). All Directors should be required to submit themselves for re-nomination and re-appointment at regular intervals and at least every three years;</p> <p>(e) Determining on an annual basis whether or not a Director of the Company is independent;</p> <p>(f) Deciding whether or not a Director of the Company is able to and has been adequately carrying out his duties and responsibilities as a director, including time and effort contributed to the Company, attendance at meetings of the Board and Board Committees, participation at meetings and contributions of constructive, analytical, independent and well-considered views, and taking into consideration the Director's number of listed company board representations and other principal commitments;</p> <p>(g) Deciding how the Board's performance may be evaluated and propose objective performance criteria, as approved by the Board, that allows comparison with its industry peers, and address how the Board has enhanced long term shareholders' value. In addition to the relevant performance criteria which the Board may propose, other performance criteria that may be used include the Company's share price performance over a five-year period vis-à-vis the FTSE Straits Times Index and a benchmark index of its industry peers, return on assets, return on equity, return on investment, economic value added and profitability on capital employed;</p> <p>(h) Recommending to the Board the review of board succession plans for the Company's Directors, in particular, for the Chairman and the CEO;</p> <p>(i) Recommending the appointment of key management positions, reviewing succession plans for key positions within the Group and overseeing the development of key executives and talented executives within the Group; and</p> <p>(j) Reviewing and assessing from time to time whether any Director or any person involved in the day-to-day management of the Group is related to, or is appointed pursuant to an agreement or arrangement with, a controlling shareholder and/or its associates.</p>

# CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation												
4.4	(a) What is the maximum number of listed company board representations that the Company has prescribed for its directors? What are the reasons for this number?	<p>The Board has set the maximum number of listed company board representations as 6.</p> <p>Having assessed the capacity of the Directors based on factors disclosed in Section 4.4(c) below, the Board is of the view that this number would allow Directors to have increased exposure to different Boards and broaden their experience and knowledge in relation to Board matters, hence ultimately benefitting the Company.</p>												
	(b) If a maximum has not been determined, what are the reasons?	Not Applicable.												
	(c) What are the specific considerations in deciding on the capacity of directors?	<p>The considerations in assessing the capacity of Directors include the following:</p> <ul style="list-style-type: none"> <li>• Expected and/or competing time commitments of Directors;</li> <li>• Size and composition of the Board; and</li> <li>• Nature and scope of the Group's operations and size.</li> </ul>												
	(d) Have the Directors adequately discharged their duties?	The NC has reviewed the time spent and attention given by each of the Directors to the Company's affairs, and is satisfied that all Directors have discharged their duties adequately for FY2015.												
4.5	Are there alternate Directors?	The Company does not have any alternate directors.												
4.6	Please describe the board nomination process for the Company in the last financial year for (i) selecting and appointing new directors and (ii) re-electing incumbent directors.	<p><b>Table 4.6(a) – Process for the Selection and Appointment of New Directors</b></p> <table> <tr> <td>1.</td><td>Determination of selection criteria</td><td> <ul style="list-style-type: none"> <li>• The NC, in consultation with the Board, would identify the current needs of the Board in terms of skills/experience/knowledge to complement and strengthen the Board.</li> </ul> </td></tr> <tr> <td>2.</td><td>Search for suitable candidates</td><td> <ul style="list-style-type: none"> <li>• The NC would consider candidates proposed by the Directors, key management personnel or substantial shareholders, and may engage external search consultants where necessary.</li> </ul> </td></tr> <tr> <td>3.</td><td>Assessment of shortlisted candidates</td><td> <ul style="list-style-type: none"> <li>• The NC would meet and interview the shortlisted candidates to assess their suitability.</li> </ul> </td></tr> <tr> <td>4.</td><td>Appointment of director</td><td> <ul style="list-style-type: none"> <li>• The NC would recommend the selected candidate to the Board for consideration and approval.</li> </ul> </td></tr> </table>	1.	Determination of selection criteria	<ul style="list-style-type: none"> <li>• The NC, in consultation with the Board, would identify the current needs of the Board in terms of skills/experience/knowledge to complement and strengthen the Board.</li> </ul>	2.	Search for suitable candidates	<ul style="list-style-type: none"> <li>• The NC would consider candidates proposed by the Directors, key management personnel or substantial shareholders, and may engage external search consultants where necessary.</li> </ul>	3.	Assessment of shortlisted candidates	<ul style="list-style-type: none"> <li>• The NC would meet and interview the shortlisted candidates to assess their suitability.</li> </ul>	4.	Appointment of director	<ul style="list-style-type: none"> <li>• The NC would recommend the selected candidate to the Board for consideration and approval.</li> </ul>
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# CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation						
		<p><b>Table 4.6(b) – Process for the Re-electing Incumbent Directors</b></p> <table> <tr> <td>1.</td><td>Assessment of director</td><td> <ul style="list-style-type: none"> <li>The NC would assess the performance of the director in accordance with the performance criteria set by the Board; and</li> <li>The NC would also consider the current needs of the Board.</li> </ul> </td></tr> <tr> <td>2.</td><td>Re-appointment of director</td><td> <ul style="list-style-type: none"> <li>Subject to the NC's satisfactory assessment, the NC would recommend the proposed re-appointment of the director to the Board for its consideration and approval.</li> </ul> </td></tr> </table> <p>Pursuant to Article 93 of the Company's Constitution, at least one-third of the Directors are required to retire by rotation and submit themselves for re-election at each annual general meeting of the Company. The Company's Constitution also provides that all Directors shall retire by rotation at least once every three years and such retiring Director shall be eligible for re-election.</p> <p>The NC, with the respective member who is interested in the discussion having abstained from the deliberations, has recommended that Mr Hooi Yu Koh and Mr Lim Yeok Hua be nominated for re-election at the forthcoming Annual General Meeting ("AGM"). Mr Hooi Yu Koh will, upon re-election as a Director of the Company, remain as the Chief Executive Officer and Managing Director. Mr Lim Yeok Hua will, upon re-election as a Director of the Company, remain as an Independent Director, Chairman of the NC and a member of the RC and AC. Mr Lim Yeok Hua will be considered independent for the purposes of the Rule 704(7) of the Catalist Rules.</p>	1.	Assessment of director	<ul style="list-style-type: none"> <li>The NC would assess the performance of the director in accordance with the performance criteria set by the Board; and</li> <li>The NC would also consider the current needs of the Board.</li> </ul>	2.	Re-appointment of director	<ul style="list-style-type: none"> <li>Subject to the NC's satisfactory assessment, the NC would recommend the proposed re-appointment of the director to the Board for its consideration and approval.</li> </ul>
1.	Assessment of director	<ul style="list-style-type: none"> <li>The NC would assess the performance of the director in accordance with the performance criteria set by the Board; and</li> <li>The NC would also consider the current needs of the Board.</li> </ul>						
2.	Re-appointment of director	<ul style="list-style-type: none"> <li>Subject to the NC's satisfactory assessment, the NC would recommend the proposed re-appointment of the director to the Board for its consideration and approval.</li> </ul>						
4.7	Please provide Directors' key information.	The key information of the Directors, including their appointment dates and directorships held in the past 3 years, are set out in the section "Board of Directors" of this annual report.						

# CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation												
<b>Board Performance</b>														
5.1 5.2 5.3	What is the performance criteria set to evaluate the effectiveness of the Board as a whole and its board committees, and for assessing the contribution by each Director to the effectiveness of the Board?	<p>Table 5 sets out the performance criteria, as recommended by the NC and approved by the Board, to be relied upon to evaluate the effectiveness of the Board as a whole and for assessing the contribution by each Director to the effectiveness of the Board:</p> <table border="1"> <tr> <th colspan="3"><i>Table 5</i></th></tr> <tr> <th>Performance Criteria</th><th>Board</th><th>Individual Directors</th></tr> <tr> <td><b>Qualitative</b></td><td>           1. Size and composition            2. Access to information            3. Board processes            4. Strategic planning            5. Board accountability            6. Succession planning         </td><td>           1. Commitment of time            2. Knowledge and abilities            3. Teamwork            4. Independence            5. Overall effectiveness         </td></tr> <tr> <td><b>Quantitative</b></td><td>1. Performance of the Company's share price over a 5-year period vis-à-vis the FTSE Straits Time Index and a benchmark of the Company's industry peers</td><td>1. Attendance at Board and Board Committee meetings</td></tr> </table>	<i>Table 5</i>			Performance Criteria	Board	Individual Directors	<b>Qualitative</b>	1. Size and composition 2. Access to information 3. Board processes 4. Strategic planning 5. Board accountability 6. Succession planning	1. Commitment of time 2. Knowledge and abilities 3. Teamwork 4. Independence 5. Overall effectiveness	<b>Quantitative</b>	1. Performance of the Company's share price over a 5-year period vis-à-vis the FTSE Straits Time Index and a benchmark of the Company's industry peers	1. Attendance at Board and Board Committee meetings
<i>Table 5</i>														
Performance Criteria	Board	Individual Directors												
<b>Qualitative</b>	1. Size and composition 2. Access to information 3. Board processes 4. Strategic planning 5. Board accountability 6. Succession planning	1. Commitment of time 2. Knowledge and abilities 3. Teamwork 4. Independence 5. Overall effectiveness												
<b>Quantitative</b>	1. Performance of the Company's share price over a 5-year period vis-à-vis the FTSE Straits Time Index and a benchmark of the Company's industry peers	1. Attendance at Board and Board Committee meetings												
	(a) What was the process upon which the Board reached the conclusion on its performance for the financial year?	<p>The review of the performance of the Board is conducted by the NC annually. The review of the performance of each Director is also conducted at least annually and when the individual Director is due for re-election.</p> <p>For FY2015, the review process was as follows:</p> <ol style="list-style-type: none"> <li>1. All Directors individually completed a board evaluation questionnaire on the effectiveness of the Board and the individual Directors based on criteria disclosed in Table 5 above;</li> <li>2. The Company Secretary collated and submitted the questionnaire results to the NC Chairman in the form of a report; and</li> <li>3. The NC discussed the report and concluded the performance results during the NC meeting.</li> </ol> <p>All NC members have abstained from the voting or review process of any matters in connection with the assessment of his performance or re-appointment as a Director of the Company.</p> <p>No external facilitator was used in the evaluation process.</p>												
	(b) Has the Board met its performance objectives?	Yes, the Board has met its performance objectives.												

# CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation																								
<b>Access to Information</b>																										
6.1 10.3	What types of information does the Company provide to Independent Directors to enable them to understand its business, the business and financial environment as well as the risks faced by the Company? How frequently is the information provided?	<p><b>Table 6 – Types of information provided by key management personnel to Independent Directors</b></p> <table> <tr> <th></th><th>Information</th><th>Frequency</th></tr> <tr> <td>1.</td><td>Board papers (with background or explanatory information relating to the matters brought before the Board, where necessary)</td><td>Semi-annually</td></tr> <tr> <td>2.</td><td>Updates to the Group's operations and the markets in which the Group operates in</td><td>Semi-annually</td></tr> <tr> <td>3.</td><td>Budgets and/or forecasts (with variance analysis), management accounts (with financial ratios analysis), and External Auditors ("EA") report(s)</td><td>Semi-annually</td></tr> <tr> <td>4.</td><td>Reports on on-going or planned corporate actions</td><td>Semi-annually</td></tr> <tr> <td>5.</td><td>Internal Auditors' ("IA") report(s)</td><td>Annually</td></tr> <tr> <td>6.</td><td>Research report(s)</td><td>Semi-annually</td></tr> <tr> <td>7.</td><td>Shareholding statistics</td><td>Semi-annually</td></tr> </table> <p>Key management personnel will also provide any additional material or information that is requested by Directors or that is necessary to enable the Board to make a balanced and informed assessment of the Group's performance, position and prospects.</p>		Information	Frequency	1.	Board papers (with background or explanatory information relating to the matters brought before the Board, where necessary)	Semi-annually	2.	Updates to the Group's operations and the markets in which the Group operates in	Semi-annually	3.	Budgets and/or forecasts (with variance analysis), management accounts (with financial ratios analysis), and External Auditors ("EA") report(s)	Semi-annually	4.	Reports on on-going or planned corporate actions	Semi-annually	5.	Internal Auditors' ("IA") report(s)	Annually	6.	Research report(s)	Semi-annually	7.	Shareholding statistics	Semi-annually
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7.	Shareholding statistics	Semi-annually																								
6.3	What is the role of the Company Secretary?	<p>The role of the Company Secretary, the appointment and removal of whom is a matter for the Board as a whole, is as follows:</p> <ul style="list-style-type: none"> <li>Ensuring that Board procedures are observed and that the Company's Constitution, relevant rules and regulations, including requirements of the Securities and Futures Act (Chapter 289) of Singapore, the Companies Act and the Catalist Rules, are complied with;</li> <li>Assists the Chairman and the Board to implement and strengthen corporate governance practices, with a view to enhancing long-term shareholder value;</li> <li>Assists the Chairman to ensure good information flows within the Board and its committees and key management personnel;</li> <li>Facilitating orientation and assisting with professional development as required;</li> <li>Training, designing and implementing a framework for key management personnel's compliance with the Catalist Rules, including timely disclosure of material information;</li> <li>Attends and prepares minutes for all Board meetings;</li> <li>As secretary to all the other Board Committees, the Company Secretary assists to ensure coordination and liaison between the Board, the Board Committees and key management personnel; and</li> <li>Assists the Chairman, the Chairman of each Board Committee and key management personnel in the development of the agendas for the various Board and Board Committee meetings.</li> </ul>																								

# CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation																																																	
REMUNERATION MATTERS																																																			
Developing Remuneration Policies																																																			
7.1	What is the role of the RC?	<p>The RC is guided by key terms of reference as follows:</p> <p>(a) Review and recommend to the Board a general framework of remuneration and specific remuneration packages for each Director and key management personnel;</p> <p>(b) Considering and approving termination payments, retirement payments, gratuities, ex-gratia payment, severance payments and other similar payments to each member of key management personnel;</p> <p>(c) Review and recommend to the Board the service contracts of Chief Executive Officer and Managing Director and key management personnel and ensure that such services contracts are fair and not excessively long or with onerous renewal/termination clauses; and</p> <p>(d) Reviewing the remuneration of employees who are related to the Directors and substantial shareholders to ensure that their remuneration packages are in line with the staff remuneration guideline and commensurate with their respective job scopes and level of responsibilities.</p>																																																	
7.3	Were remuneration consultants engaged in the last financial year?	No remuneration consultants were engaged by the Company in FY2015.																																																	
Disclosure on Remuneration																																																			
9	What is the Company's remuneration policy?	The Company's remuneration policy is one that seeks to attract, retain and motivate talent to achieve the Company's business vision and create sustainable value for its stakeholders. The policy articulates to staff the link that total compensation has to the achievement of organisational and individual performance objectives, and benchmarked against relevant and comparative compensation in the market.																																																	
9.1 9.2	Has the Company disclosed each Director's and the CEO's remuneration as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	<p>The breakdown for the remuneration of the Directors for FY2015 is as follows:</p> <table><tr><th colspan="5">Table 9.2 – Directors' Remuneration</th><th></th><th></th></tr><tr><th>Name</th><th>Remuneration (S\$)</th><th>Salary (%)</th><th>Bonus (%)</th><th>Directors Fees (%)</th><th>Benefits-in-kind (%)</th><th>Total (%)</th></tr><tr><td>Kori Nobuaki</td><td>261,000</td><td>97%</td><td>0%</td><td>0%</td><td>3%</td><td>100%</td></tr><tr><td>Hooi Yu Koh</td><td>411,504</td><td>65%</td><td>18%</td><td>0%</td><td>17%</td><td>100%</td></tr><tr><td>Kuan Cheng Tuck</td><td>36,300</td><td>0%</td><td>0%</td><td>100%</td><td>0%</td><td>100%</td></tr><tr><td>Lim Yeok Hua</td><td>30,800</td><td>0%</td><td>0%</td><td>100%</td><td>0%</td><td>100%</td></tr><tr><td>Nicholas Philip Lazarus</td><td>33,000</td><td>0%</td><td>0%</td><td>100%</td><td>0%</td><td>100%</td></tr></table> <p>There are no termination, retirement, post-employment benefits that may be granted to the Directors, the CEO and top 4 key management personnel.</p>	Table 9.2 – Directors' Remuneration							Name	Remuneration (S\$)	Salary (%)	Bonus (%)	Directors Fees (%)	Benefits-in-kind (%)	Total (%)	Kori Nobuaki	261,000	97%	0%	0%	3%	100%	Hooi Yu Koh	411,504	65%	18%	0%	17%	100%	Kuan Cheng Tuck	36,300	0%	0%	100%	0%	100%	Lim Yeok Hua	30,800	0%	0%	100%	0%	100%	Nicholas Philip Lazarus	33,000	0%	0%	100%	0%	100%
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# CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation																																			
9.3	<p>(a) Has the Company disclosed each key management personnel's remuneration, in bands of S\$250,000 or more in detail, as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?</p> <p>(b) Please disclose the aggregate remuneration paid to the top five key management personnel (who are not Directors or the CEO).</p>	<p>Given the size and nature of the Company's business, the Company has only identified 4 top key management personnel.</p> <p>The breakdown for the remuneration of the Company's key management personnel (who are not Directors or the CEO) for FY2015 is as follows:</p> <table><tr><th colspan="5">Table 9.3 – Remuneration of Key Management Personnel</th></tr><tr><th>Name</th><th>Salary (%)</th><th>Bonus (%)</th><th>Benefits-in-kind (%)</th><th>Total (%)</th></tr><tr><td colspan="5">Below S\$250,000</td></tr><tr><td>Chee Shew Yan</td><td>74%</td><td>13%</td><td>13%</td><td>100%</td></tr><tr><td>Ng Wai Kit</td><td>74%</td><td>13%</td><td>13%</td><td>100%</td></tr><tr><td>Lee Yeng Tat</td><td>71%</td><td>14%</td><td>15%</td><td>100%</td></tr><tr><td>Chookul Charun</td><td>77%</td><td>10%</td><td>13%</td><td>100%</td></tr></table> <p>The total remuneration paid to the top 4 key management personnel for FY2015 was S\$630,221.</p>	Table 9.3 – Remuneration of Key Management Personnel					Name	Salary (%)	Bonus (%)	Benefits-in-kind (%)	Total (%)	Below S\$250,000					Chee Shew Yan	74%	13%	13%	100%	Ng Wai Kit	74%	13%	13%	100%	Lee Yeng Tat	71%	14%	15%	100%	Chookul Charun	77%	10%	13%	100%
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9.4	Is there any employee who is an immediate family member of a Director or the CEO, and whose remuneration exceeds S\$50,000 during the last financial year? If so, please identify the employee and specify the relationship with the relevant Director or the CEO.	There is no employee who is an immediate family member of a Director or the CEO, whose remuneration exceeds S\$50,000 during the last financial year.																																			
9.5	Please provide details of the employee share scheme(s).	Information on the Company's performance share plan ("Share Plan") and employee share option scheme ("ESOS") is set out on pages 37 to 39 of this Annual Report.																																			



# CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation												
9.6	(a) Please describe how the remuneration received by Executive Directors and key management personnel has been determined by the performance criteria.	The remuneration received by the Chairman (prior to his re-designation to Non-Executive and Non-Independent Chairman with effect from 15 January 2016), the CEO and Managing Director and key management personnel takes into consideration his or her individual performance and contribution towards the overall performance of the Group for FY2015. Their remuneration is made up of fixed and variable compensations. The fixed compensation consists of an annual base salary, fixed allowance and annual wage supplement. The variable compensation is determined based on the level of achievement of corporate and individual performance objectives.												
	(b) What were the performance conditions used to determine their entitlement under the short term and long term incentive schemes?	<p>The following performance conditions were chosen for the Group to remain competitive and to motivate the Executive Directors and key management personnel to work in alignment with the goals of all stakeholders:</p> <table border="1"> <tr> <th colspan="3"><b>Table 9.6</b></th></tr> <tr> <th><b>Performance Conditions</b></th><th><b>Short-term Incentives</b> (such as performance bonus)</th><th><b>Long-term Incentives</b> (such as the Share Plan and ESOS)</th></tr> <tr> <td><b>Qualitative</b></td><td>           1. Leadership            2. People development            3. Commitment            4. Teamwork            5. Current market and industry practices            6. Macro-economic factors         </td><td>           1. Leadership            2. Commitment            3. Current market and industry practices         </td></tr> <tr> <td><b>Quantitative</b></td><td>           1. Relative financial performance of the Group's (e.g. in terms of ROE) to its industry peers            2. Positive sales growth            3. Productivity enhancement         </td><td>           1. Relative financial performance of the Group (e.g. in terms of ROE) to its industry peers over a 5-year period         </td></tr> </table>	<b>Table 9.6</b>			<b>Performance Conditions</b>	<b>Short-term Incentives</b> (such as performance bonus)	<b>Long-term Incentives</b> (such as the Share Plan and ESOS)	<b>Qualitative</b>	1. Leadership 2. People development 3. Commitment 4. Teamwork 5. Current market and industry practices 6. Macro-economic factors	1. Leadership 2. Commitment 3. Current market and industry practices	<b>Quantitative</b>	1. Relative financial performance of the Group's (e.g. in terms of ROE) to its industry peers 2. Positive sales growth 3. Productivity enhancement	1. Relative financial performance of the Group (e.g. in terms of ROE) to its industry peers over a 5-year period
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<b>Performance Conditions</b>	<b>Short-term Incentives</b> (such as performance bonus)	<b>Long-term Incentives</b> (such as the Share Plan and ESOS)												
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	(c) Were all of these performance conditions met? If not, what were the reasons?	Yes, the RC has reviewed and is satisfied that the performance conditions were met for FY2015.												

# CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
<b>ACCOUNTABILITY AND AUDIT</b>		
<b>Risk Management and Internal Controls</b>		
11.3	(a) In relation to the major risks faced by the Company, including financial, operational, compliance, information technology and sustainability, please state the bases for the Board's view on the adequacy and effectiveness of the Company's internal controls and risk management systems.	<p>The Board, with the concurrence of the AC, is of the view that the Company's internal controls (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective for FY2015.</p> <p>The bases for the Board's view are as follows:</p> <ol style="list-style-type: none"> <li>1. Assurance has been received from the CEO and FC (refer to Section 11.3(b) below);</li> <li>2. An internal audit of the Group has been done by the IA and the significant matters highlighted to the AC and key management personnel were appropriately addressed;</li> <li>3. Key management personnel regularly evaluates, monitors and reports to the AC on material risks; and</li> <li>4. Discussions were held between the AC and auditors in the absence of the key management personnel to review and address any potential concerns.</li> </ol>

# CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
		<p>The internal auditors had, in addition to the internal audit review of the Company and its subsidiaries done in respect of FY2015, also performed an internal audit review of the Company's 51% associated company, Fuchiang Construction Pte. Ltd. ("<b>Fuchiang</b>") for the period between 1 July 2014 and 30 June 2015, in which several control weaknesses of Fuchiang had been highlighted. The internal auditors had made recommendations to rectify the identified weaknesses and strengthen the internal control system of Fuchiang. Whilst the Board is cognizant that Fuchiang is an associated company over which the Company has no control and that the responsibilities to maintain adequate and effective internal controls for Fuchiang rest solely with its board and management ("<b>Fuchiang Management</b>"), the Board notes that the Company has been providing assistance to Fuchiang Management to implement the actions plans recommended by the internal auditors. The Company understand that such action plans are still in the process of being implemented by Fuchiang Management and will continue to provide the necessary assistance to Fuchiang in this aspect.</p> <p>In relation to sustainability, the Group strongly advocates in contributing back to the society by through the reuse of steel materials.</p> <p>The Company is gradually placing emphasis on sustainability and would implement appropriate policies and programmes when the opportunities arise.</p>
	(b) In respect of the past 12 months, has the Board received assurance from the CEO and the CFO as well as the IA that: (i) the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (ii) the Company's risk management and internal control systems are effective? If not, how does the Board assure itself of points (i) and (ii) above?	<p>Yes, the Board has obtained such assurance from the CEO and FC in respect of FY2015.</p> <p>The Board has relied on the independent auditors' report as set out in this Annual Report as assurance that the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances.</p> <p>The Board has additionally relied on IA' reports in respect of, amongst others, invoicing, inventory management, human resource and payroll and project management issued to the Company since FY2012 as assurances that the Company's risk management and internal control systems are effective.</p>

# CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
<b>Audit Committee</b>		
12.1 12.4	What is the role of the AC?	<p>The AC is guided by the following key terms of reference:</p> <ul style="list-style-type: none"> <li>(a) Assist the Board in the discharge of its responsibilities on financial reporting matters;</li> <li>(b) Review, with the IA and EA, the audit plans, scope of work, their evaluation of the system of internal accounting controls, reports/management letters and the management's response, and results of the Company's audits compiled by the IA and EA;</li> <li>(c) Review the half-yearly and annual financial statements and results announcements before submission to the Board for approval, focusing in particular, on changes in accounting policies and practices, major risks areas, significant adjustments resulting from the audit, the going concern statement, compliance with financial reporting standards as well as compliance with the Catalist Rules and any other statutory/regulatory requirements;</li> <li>(d) Review the effectiveness and adequacy of the Company's internal controls and procedures, including accounting and financial controls and procedures and ensure coordination between the internal and external auditors and the management, reviewing the assistance given by the management to the auditors, and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of the management where necessary);</li> <li>(e) Review the effectiveness of the Group's internal audit function and review the scope and results of the external audits as well as the independence and objectivity of the EA;</li> <li>(f) Review the co-operation given by the management to the EA;</li> <li>(g) Review and discuss with the EA any suspected fraud or irregularity, suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and the management's response and report such matters to the Board at an appropriate time;</li> <li>(h) Make recommendations to the Board on the proposals to shareholders on the appointment, re-appointment and removal of the EA, and approving the remuneration and terms of engagement of the EA;</li> <li>(i) Review and approve transactions falling within the scope of Chapters 9 and 10 of the Catalist Rules (if any);</li> </ul>

# CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation																		
		<p>(j) Review and report to the Board at least annually the adequacy and effectiveness of the Group's material internal controls with the FC and the IA and EA, including financial, operational, compliance, and information technology controls via reviews carried out by the IA;</p> <p>(k) Review any potential conflicts of interest. In particular, the AC will review and assess from time to time whether additional processes are required to be put in place to manage any material conflicts of interest between the Group and the Directors, CEO, controlling shareholders and/or their respective associates and propose, where appropriate, the relevant measures for the management of such conflicts;</p> <p>(l) Undertake such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the AC; and</p> <p>(m) Generally, to undertake such other functions and duties as may be required by statute or the Catalist Rules, and by such amendments made thereto from time to time.</p>																		
12.5	Has the AC met with the auditors in the absence of key management personnel?	Yes, the AC has met with the IA and the EA once in the absence of key management personnel in FY2015.																		
12.6	Has the AC reviewed the independence of the EA?	The AC has reviewed the non-audit services provided by the EA and is satisfied that the nature and extent of such services would not prejudice the independence of the EA, and has recommended the re-appointment of the EA at the forthcoming AGM.																		
	(a) Please provide a breakdown of the fees paid in total to the EA for audit and non-audit services for the financial year.	<table border="1"> <thead> <tr> <th colspan="3">Table 12.6 – Fees Paid/Payable to the EA for FY2015</th></tr> <tr> <th></th><th>S\$</th><th>% of total</th></tr> </thead> <tbody> <tr> <td><b>Audit fees</b></td><td>60,000</td><td>85%</td></tr> <tr> <td><b>Non-audit fees</b></td><td></td><td></td></tr> <tr> <td>– Tax advice</td><td>10,300</td><td>15%</td></tr> <tr> <td><b>Total</b></td><td><b>70,300</b></td><td><b>100%</b></td></tr> </tbody> </table>	Table 12.6 – Fees Paid/Payable to the EA for FY2015				S\$	% of total	<b>Audit fees</b>	60,000	85%	<b>Non-audit fees</b>			– Tax advice	10,300	15%	<b>Total</b>	<b>70,300</b>	<b>100%</b>
Table 12.6 – Fees Paid/Payable to the EA for FY2015																				
	S\$	% of total																		
<b>Audit fees</b>	60,000	85%																		
<b>Non-audit fees</b>																				
– Tax advice	10,300	15%																		
<b>Total</b>	<b>70,300</b>	<b>100%</b>																		
	(b) If the EA have supplied a substantial volume of non-audit services to the Company, please state the bases for the AC's view on the independence of the EA.	The non-audit services rendered by the EA during FY2015 were not substantial.																		
12.7	Does the Company have a whistle-blowing policy?	Yes. The Company's staff and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters by submitting a whistle blowing report to the email address <a href="mailto:ac@kori.com.sg">ac@kori.com.sg</a> .																		



# CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
12.8	What are the AC's activities or the measures it has taken to keep abreast of changes to accounting standards and issues which have a direct impact on financial statements?	In FY2015, the AC was briefed by the EA on changes or amendments to accounting standards.
<b>Internal Audit</b>		
13.1 13.2 13.3 13.4 13.5	Please provide details of the Company's internal audit function, if any.	The Company's internal audit function is outsourced to RSM Risk Advisory Pte Ltd (" <b>RSM</b> ") that reports directly to the AC and administratively to the CEO. The AC reviews and approves the internal audit plan to ensure the adequacy of the scope of audit. The AC is satisfied that RSM is adequately qualified (given, <i>inter alia</i> , its adherence to standards set by internationally recognised professional bodies) and resourced, and has the appropriate standing in the Company to discharge its duties effectively.
<b>SHAREHOLDER RIGHTS AND RESPONSIBILITIES</b>		
<b>Communication with Shareholders</b>		
15.2 15.3 15.4	(a) Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors?	<p>The Company solicits feedback from and addresses the concerns of shareholders via the following:</p> <ul style="list-style-type: none"> <li>a dedicated investor relations team whose contact details can be found through the Company's corporate website at <a href="http://www.kori.com.sg/">http://www.kori.com.sg/</a> and its investor relations webpage at <a href="http://www.kori.com.sg/ir.html">http://www.kori.com.sg/ir.html</a>; and</li> <li>investor/analyst briefings.</li> </ul> <p>The Company held 3 investors briefing in FY2015 to meet with its institutional and retail investors.</p> <p>Apart from the SGXNET announcements and its annual report, the Company updates shareholders on its corporate developments through its corporate website at <a href="http://www.kori.com.sg/">http://www.kori.com.sg/</a> and its investor relations webpage at <a href="http://www.kori.com.sg/latestnews.html">http://www.kori.com.sg/latestnews.html</a> and <a href="http://www.kori.com.sg/od.html">http://www.kori.com.sg/od.html</a>.</p>
	(b) Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role?	
	(c) How does the Company keep shareholders informed of corporate developments, apart from SGXNET announcements and the annual report?	
15.5	Does the Company have a dividend policy?	The Company does not have a fixed dividend policy. Nonetheless, key management personnel will review, <i>inter alia</i> , the Group's performance in the relevant financial period, projected capital needs and working capital requirements and make appropriate recommendations to the Board on dividend declaration.
	Is the Company is paying dividends for the financial year? If not, please explain why.	The Board has proposed a first and final dividend of S\$0.005 per ordinary share for FY2015 which will be subject to shareholders' approval at the forthcoming AGM.

# CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
<b>CONDUCT OF SHAREHOLDER MEETINGS</b>		
16.1 16.3 16.4 16.5	How are the general meetings of shareholders conducted?	<p>The Company's Constitution allows for abstentia voting.</p> <p>The Company requires all Directors (including the respective chairman of the Board Committees) to be present at all general meetings of shareholders, unless of exigencies. The EA is also required to be present to address shareholders' queries about the conduct of audit and the preparation and content of the independent auditor's report.</p> <p>All resolutions are put to vote by poll, and their detailed results will be announced via SGXNET after the conclusion of the general meeting.</p> <p>All minutes of general meetings will be made available to shareholders upon their request within 1 month after the general meeting.</p>

<b>COMPLIANCE WITH APPLICABLE CATALIST RULES</b>		
Catalist Rule	Rule Description	Company's Compliance or Explanation
712, 715 or 716	Appointment of Auditors	The Company confirms its compliance to the Catalist Rules 712 and 715.
1204(8)	Material Contracts	There were no material contracts entered into by the Group involving the interest of the CEO, any Director, or controlling shareholder, which are either still subsisting at the end of FY2015 or if not then subsisting, entered into since the end of the previous financial year.
1204(10)	Confirmation of adequacy of internal controls	<p>The Board and the AC are of the opinion that the internal controls are adequate to address the financial, operational and compliance risks based on the following:</p> <ul style="list-style-type: none"> <li>• internal controls and the risk management system established by the Company;</li> <li>• work performed by the IA and EA;</li> <li>• assurance from the CEO and FC; and</li> <li>• reviews done by the various Board Committees and key management personnel.</li> </ul>

# CORPORATE GOVERNANCE REPORT

COMPLIANCE WITH APPLICABLE CATALIST RULES		
Catalist Rule	Rule Description	Company's Compliance or Explanation
1204(17)	Interested Persons Transaction ("IPT")	<p>The Group has procedures governing all IPTs to ensure that they are properly documented and reported on a timely manner to the AC and that they are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders.</p> <p>There were no IPTs with value more than S\$100,000 transacted during FY2015.</p> <p>The Company does not have a general mandate for IPTs.</p>
1204(19)	Dealing in Securities	<p>The Company has adopted an internal policy which prohibits the Directors and officers from dealings in the securities of the Company while in possession of price-sensitive information.</p> <p>The Company, its Directors and officers are also discouraged from dealing in the Company's securities on short term considerations and are prohibited from dealing in the Company's securities during the period beginning one month before the announcement of the Company's half-year and full-year financial statements, and ending on the date of the announcement of the relevant results.</p>
1204(21)	Non-sponsor fees	For FY2015, the Company paid to its sponsor, PrimePartners Corporate Finance Pte. Ltd. non-sponsor fees of S\$6,000.
1204(22)	Use of IPO Proceeds	There are no outstanding proceeds raised from IPO or any offerings pursuant to Chapter 8 of the Catalist Rules.

# DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

The directors present their report to the members together with the audited financial statements of the Group for the financial year ended 31 December 2015 and the balance sheet of the Company as at 31 December 2015.

In the opinion of the directors,

- (a) the consolidated financial statements of the Group and balance sheet of the Company as set out on pages 43 to 92 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2015 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statement; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debt as and when they fall due.

## DIRECTORS

The directors of the Company in office at the date of this report are as follows:

Kori Nobuaki  
Hooi Yu Koh  
Kuan Cheng Tuck  
Nicholas Philip Lazarus  
Lim Yeok Hua

## ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than as disclosed under "Share options" and "Performance share plan" on pages 37 to 39 of this report.

## DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in name of director or nominee	
	At	At
	31.12.2015	31.12.2014
<b>Company</b>		
<u>(No. of ordinary shares)</u>		
Kori Nobuaki	7,584,000	19,448,000
Hooi Yu Koh	32,824,000	30,840,000

The directors' interest in the ordinary shares of the Company as at 21 January 2016 were the same as those as at 31 December 2015.

By virtue of Section 7 of the Singapore Companies Act (Cap. 50), Kori Nobuaki and Hooi Yu Koh are deemed to have interest in the shares of all the Company's subsidiary corporations at the end of financial year.

# DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## SHARE OPTIONS

The Company's shareholders adopted the Kori Employee Share Option Scheme (the "Share Option Scheme") on 21 November 2012 for granting of options to confirmed employees and directors of the Group. Controlling shareholders and their associates are not eligible to participate in the Share Option Scheme. The total number of ordinary shares over which the Company may grant under the Share Option Scheme shall not exceed 15% of the issued share capital of the Company on the day preceding the date of grant.

The Share Option Scheme is administered by the Administration Committee. A member of the Administration Committee who is also a participant of the Share Option Scheme must not be involved in its deliberation in respect of options granted or to be granted to him.

The options that are granted under the Share Option Scheme may have exercise prices that are, at the discretion of the Administration Committee:

- (a) set at a discount to a price equal to the average of the last dealt prices for the shares on the Singapore Exchange Securities Trading Limited ("SGX-ST") for the five consecutive market days (the "Market Price") immediately preceding the relevant date of grant of the relevant option, provided that:
  - (i) the maximum discount shall not exceed 20% of the Market Price (or such other percentage or amount as may be determined by the Administration Committee and permitted by the SGX-ST); and
  - (ii) the shareholders in general meeting shall have authorised, in a separate resolution, the making of offers and grants of options under the scheme at a discount not exceeding the maximum discount as aforesaid, in which event, such options may be exercised after the second anniversary of the date of grant and expiring on the tenth anniversary of such date of grant; or
- (b) fixed at the Market Price (the "Market Price Option"). Market Price Options may be exercised after the first anniversary of the date of grant and expiring on the tenth anniversary of such date of grant.

Under the rules of the Share Option Scheme, there are no fixed periods for the grant of options. As such, offers for the grant of options may be made at any time from time to time at the discretion of the Administration Committee. However, in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is imminent, offers may only be made after the second market day from the date on which the aforesaid announcement is made.

Options may lapse or be exercised earlier in circumstances which include the termination of the employment of the participant, bankruptcy of the participant, death of the participant, a take-over of the Company, and the winding-up of the Company.

The Share Option Scheme shall continue in operation for a maximum period of 10 years commencing on the date on which the Share Option Scheme is adopted, provided that the Share Option Scheme may continue for any further period thereafter with the approval of the shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.



# DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## SHARE OPTIONS (CONTINUED)

Since the commencement of the Share Option Scheme till the end of the financial year, no option has been granted under the Share Option Scheme.

No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company and its subsidiary corporations.

There were no unissued shares of the Company and its subsidiary corporations under option at the end of the financial year.

## PERFORMANCE SHARE PLAN

The Kori Performance Share Plan (the "Share Plan") was adopted by the shareholders of the Company on 21 November 2012. Unlike the Options granted under the Share Option Scheme, the Share Plan contemplates the award of fully-paid shares to participants after certain pre-determined benchmarks have been met. The Directors believe that the Share Plan will be more effective than pure cash bonuses in motivating employees of the Group to work towards pre-determined goals.

The Share Plan allows for participation by full-time employees of the Group (including the Executive Directors) and Non-executive Directors (including Independent Directors) who have attained the age of 18 years and above on or before the relevant date of grant of the Award, provided that none shall be an undischarged bankrupt or have entered into a composition with his creditors.

The Share Plan is based on the principle of pay-for-performance and is designed to enable the Company to reward, retain and motivate employees of the Group to achieve superior performance. The purpose of adopting the Share Plan in addition to the Share Option Scheme is to give the Directors greater flexibility to align the interests of employees of the Group, especially key executives, with the interests of Shareholders.

The objectives of the Share Plan are as follows:

- (a) to provide an opportunity for participants of the Share Plan to participate in the equity of the Company, thereby inculcating a stronger sense of identification with the long-term prosperity of the Group and promoting organisational commitment, dedication and loyalty of participants towards the Group;
- (b) to motivate participants to strive towards performance excellence and to maintain a high level of contribution to the Group;
- (c) to give recognition to contributions made or to be made by participants by introducing a variable component into their remuneration package; and
- (d) to make employee remuneration sufficiently competitive to recruit new participants and/or to retain existing participants whose contributions are important to the long-term growth and profitability of the Group.

# DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## PERFORMANCE SHARE PLAN (CONTINUED)

The Share Plan shall be managed by the Administration Committee which has the absolute discretion to determine persons who will be eligible to participate in the Share Plan. A participant who is a member of the Administration Committee shall not be involved in any deliberation or decision in respect of awards (as the case may be) to be granted to or held by that participant.

The Share Plan shall continue in operation at the discretion of the Administration Committee for a maximum period of 10 years commencing on the date on which the Share Plan is adopted, provided that the Share Plan may continue beyond the above stipulated period with the approval of the shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

The Share Plan may be terminated at any time by the Administration Committee and by resolution of the shareholders in general meeting, subject to all relevant approvals which may be required to be obtained. The termination of the Share Plan shall not affect the awards which have been granted in accordance with the Share Plan.

The Company will have flexibility to deliver the award shares to participants upon the vesting of their awards by way of:

- (i) an issue of new shares; and/or
- (ii) the purchase of existing shares on behalf of the participants.

The total number of new shares which may be issued pursuant to awards granted on any date; and total number of existing shares which may be purchased from the market for delivery pursuant to awards granted under the Share Plan, when added to the number of new shares issued and issuable in respect of all awards granted under the Share Plan (including the Share Option Scheme and any other share option schemes of the Company), shall not exceed 15% of the number of issued shares (including treasury shares, as defined in the Companies Act) on the day preceding that date of grant of the relevant awards.

Since the commencement of the Share Plan, the Company has not granted any awards under the Share Plan.

## AUDIT COMMITTEE

The members of the Audit Committee at the end of the financial year were as follows:

Kuan Cheng Tuck (Chairman)  
Nicholas Philip Lazarus  
Lim Yeok Hua

All members of the Audit Committee are non-executive and independent directors.

# DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## AUDIT COMMITTEE (CONTINUED)

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act. In performing those functions, the Committee reviewed:

- the scope and the results of internal audit procedures with the internal auditor;
- the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;
- the assistance given by the Company's management to the independent auditor; and
- the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2015 before their submission to the Board of Directors, as well as the independent auditor's report on the balance sheet of the Company and the consolidated financial statements of the Group.

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any Director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the independent auditor and reviews the level of audit or non-audit fees.

The Audit Committee is satisfied with the independence and objectivity of the independent auditor and has recommended to the board that the independent auditor, Nexia TS Public Accounting Corporation, be re-appointed at the forthcoming Annual General Meeting of the Company.

## INDEPENDENT AUDITOR

The independent auditor, Nexia TS Public Accounting Corporation, has expressed its willingness to accept re-appointment.

On behalf of the directors

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**Kori Nobuaki**  
Director

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**Hooi Yu Koh**  
Director

5 April 2016

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KORI HOLDINGS LIMITED

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Kori Holdings Limited (the "Company") and its subsidiary corporations (the "Group") set out on pages 43 to 92, which comprise the consolidated balance sheet of the Group and balance sheet of the Company as at 31 December 2015, and the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

### Basis for Qualified Opinion

We have issued a qualified opinion report on the financial statements of the Group for the financial year ended 31 December 2014 on the basis that we were unable to obtain sufficient appropriate audit evidence about the carrying amount of the Company's investment in an associated company as at 31 December 2014 and the Company's share of profit of an associated company for the period then ended due to an absence of audited financial statements of the associated company. Consequently, we were unable to verify the associated company's construction contracts work-in-progress as at 31 December 2014 and there are no other alternative audit procedures that we could adopt to satisfy ourselves concerning the same. Since the opening balances of construction contracts work-in-progress have an impact on the financial results of the associated company for the current financial year, we were unable to determine whether adjustments might have been necessary in respect of the Group's share of profit of the associated company of S\$121,753 included in the Group's net profit for the financial year ended 31 December 2015.

# **INDEPENDENT AUDITOR'S REPORT**

TO THE MEMBERS OF KORI HOLDINGS LIMITED

## **Qualified Opinion**

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015, and of the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date.

## **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore, of which we are the auditors, have been properly kept in accordance with the provisions of the Act.

**Nexia TS Public Accounting Corporation**  
**Public Accountants and Chartered Accountants**

**Director-in-charge: Loh Ji Kin**  
**Appointed since financial year ended 31 December 2012**

**Singapore**  
5 April 2016



# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	2015 \$	2014 Restated \$
Revenue	4	50,991,684	31,212,145
Cost of works		(43,038,826)	(27,427,431)
Gross profit		7,952,858	3,784,714
Other losses – net	5	(3,244,201)	(482,737)
Expenses			
– Administrative		(2,812,696)	(2,272,685)
– Finance	8	(295,175)	(273,157)
Share of profit of an associated company	17	121,753	503,138
Profit before income tax		1,722,539	1,259,273
Income tax (expense)/credit	9	(108,008)	64,044
<b>Net profit</b>		<b>1,614,531</b>	<b>1,323,317</b>
<b>Other comprehensive income, net of tax:</b>			
Item that may be reclassified subsequently to profit or loss:			
– Currency translation (losses)/gain arising from consolidation		(1,525)	1,717
<b>Total comprehensive income</b>		<b>1,613,006</b>	<b>1,325,034</b>
<b>Earnings per share attributable to equity holders of the Company</b>			
Basic	10	0.02	0.01
Diluted	10	0.02	0.01

The accompanying notes form an integral part of these financial statements.

BALANCE  
SHEET

AS AT 31 DECEMBER 2015

	Note	2015 \$	Group 2014 Restated \$	1 January 2014 \$
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	11	6,643,479	2,686,824	9,215,765
Trade and other receivables	12	58,204,844	49,375,625	52,882,218
Inventories	13	5,993,596	9,487,866	1,446,561
		<b>70,841,919</b>	<b>61,550,315</b>	<b>63,544,544</b>
<b>Non-current assets</b>				
Property, plant and equipment	15	2,057,420	1,598,972	1,512,206
Investment in associated company	17	400,000	2,985,029	–
		<b>2,457,420</b>	<b>4,584,001</b>	<b>1,512,206</b>
<b>Total assets</b>		<b>73,299,339</b>	<b>66,134,316</b>	<b>65,056,750</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	18	21,234,312	15,075,350	16,369,404
Borrowings	19	6,666,557	1,532,800	27,112
Current income tax liabilities		66,951	14,889	933,626
		<b>27,967,820</b>	<b>16,623,039</b>	<b>17,330,142</b>
<b>Non-current liabilities</b>				
Borrowings	19	177,869	5,472,453	5,000,000
Deferred income tax liabilities	22	12,519	14,699	27,517
		<b>190,388</b>	<b>5,487,152</b>	<b>5,027,517</b>
<b>Total liabilities</b>		<b>28,158,208</b>	<b>22,110,191</b>	<b>22,357,659</b>
<b>NET ASSETS</b>		<b>45,141,131</b>	<b>44,024,125</b>	<b>42,699,091</b>
<b>EQUITY</b>				
Share capital	23	32,290,650	32,290,650	32,290,650
Retained profits	24	38,483,442	37,364,911	36,041,594
Merger reserve	25	(25,627,521)	(25,627,521)	(25,627,521)
Currency translation reserve	25	(5,440)	(3,915)	(5,632)
<b>Total equity</b>		<b>45,141,131</b>	<b>44,024,125</b>	<b>42,699,091</b>

The accompanying notes form an integral part of these financial statements.

# BALANCE SHEET

AS AT 31 DECEMBER 2015

		Company	
	Note	2015 \$	2014 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	11	1,072,391	153,300
Trade and other receivables	12	10,837,485	10,680,887
		<u>11,909,876</u>	<u>10,834,187</u>
<b>Non-current assets</b>			
Investments in subsidiary corporations	16	26,069,640	26,069,640
Investment in associated company	17	400,000	2,540,000
		<u>26,469,640</u>	<u>28,609,640</u>
<b>Total assets</b>		<u>38,379,516</u>	<u>39,443,827</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	18	1,638,128	2,769,017
Borrowings	19	5,000,000	–
		<u>6,638,128</u>	<u>2,769,017</u>
<b>Non-current liabilities</b>			
Borrowings	19	–	5,000,000
<b>Total liabilities</b>		<u>6,638,128</u>	<u>7,769,017</u>
<b>NET ASSETS</b>		<u>31,741,388</u>	<u>31,674,810</u>
<b>EQUITY</b>			
Share capital	23	32,290,650	32,290,650
Accumulated losses		(549,262)	(615,840)
<b>Total equity</b>		<u>31,741,388</u>	<u>31,674,810</u>

The accompanying notes form an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	Share capital \$	Retained profits \$	Merger reserve \$	Currency translation reserve \$	Total equity \$
<b>2015</b>						
<b>Beginning of financial year</b>		32,290,650	37,364,911	(25,627,521)	(3,915)	44,024,125
Total comprehensive income/(loss) for the year		-	1,614,531	-	(1,525)	1,613,006
Dividend paid	26	-	(496,000)	-	-	(496,000)
<b>End of financial year</b>		<u>32,290,650</u>	<u>38,483,442</u>	<u>(25,627,521)</u>	<u>(5,440)</u>	<u>45,141,131</u>
<b>Restated</b>						
<b>2014</b>						
<b>Beginning of financial year</b>		32,290,650	36,041,594	(25,627,521)	(5,632)	42,699,091
Total comprehensive income/(loss) for the year						
As previously restated		-	1,532,517	-	1,717	1,534,234
Prior year adjustments		-	(209,200)	-	-	(209,200)
As restated		-	1,323,317	-	1,717	1,325,034
<b>End of financial year</b>		<u>32,290,650</u>	<u>37,364,911</u>	<u>(25,627,521)</u>	<u>(3,915)</u>	<u>44,024,125</u>

The accompanying notes form an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	2015 \$	2014 Restated \$
<b>Cash flows from operating activities</b>			
Net profit		1,614,531	1,323,317
Adjustment for			
– Income tax expense/(credit)		108,008	(64,044)
– Depreciation	15	90,474	88,581
– Gain on disposal of property, plant and equipment	5	(63,000)	–
– Interest income – bank deposits	5	(5,347)	(5,287)
– Interest income – loan to associated company	5	(62,595)	(56,622)
– Interest expense	8	295,175	273,157
– Share of profit of an associated company	17	(121,753)	(503,138)
– Unrealised gains on transactions with associated company	17	759,066	58,109
– Impairment loss on investment in an associated company	5	1,947,716	–
– Loss on unrealised currency translation		194,287	26,090
		<b>4,756,562</b>	<b>1,140,163</b>
<b>Change in working capital</b>			
– Trade and other receivables		(8,763,568)	4,613,215
– Trade and other payables		6,158,962	(1,294,054)
– Inventories		3,494,270	(8,041,305)
Cash provided by/(used in) operations		5,646,226	(3,581,981)
Income tax paid		(58,125)	(867,515)
<b>Net cash provided by/(used in) operating activities</b>		<b>5,588,101</b>	<b>(4,449,496)</b>
<b>Cash flows from investing activities</b>			
Acquisition of investment in an associated company		–	(2,540,000)
Loan to an associated company		(103,056)	(1,050,000)
Repayment of loan by an associated company		100,000	–
Dividend paid	26	(496,000)	–
Additions to property, plant and equipment		(594,141)	(199,716)
Disposal of property, plant and equipment		63,000	–
<b>Net cash used in investing activities</b>		<b>(1,030,197)</b>	<b>(3,789,716)</b>
<b>Cash flows from financing activities</b>			
Interest received		5,347	5,287
Interest paid		(343,770)	(273,157)
Bank deposits pledged		(5,347)	(1,001,661)
Proceeds from borrowings		260,722	2,005,253
Repayment from borrowings		(506,548)	–
Repayment of finance lease liabilities		(17,000)	(27,112)
<b>Net cash (used in)/provided by financing activities</b>		<b>(606,596)</b>	<b>708,610</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>3,951,308</b>	<b>(7,530,602)</b>
Cash and cash equivalent at beginning of financial year		1,685,163	9,215,765
<b>Cash and cash equivalent at end of financial year</b>	11	<b>5,636,471</b>	<b>1,685,163</b>

The accompanying notes form an integral part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

## 1. CORPORATE INFORMATION

### 1.1 The Company

The Company was incorporated in the Republic of Singapore on 18 May 2012 as an exempt private company limited by shares under the name of Kori Holdings Pte.Ltd. The Company was listed on the Catalist Board of the Singapore Exchange Securities Trading Limited on 11 December 2012. Its registered and principal place of business is 11 Sims Drive, #06-01 SCN Centre. Singapore 387385.

The principal activities of the Company are investment holding and management and administrative support to its subsidiary corporations. The principal activities of the subsidiary corporations are disclosed in Note 16.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

#### *Interpretations and amendments to published standards effective in 2015*

On 1 January 2015, the Group adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Group and the Company and had no material effect on the amounts reported for the current or prior financial years.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 Group Accounting

#### (a) *Subsidiary corporations*

##### (i) Consolidation

Subsidiary corporations are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiary corporations are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on that control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiary corporations have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary corporation's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity, and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary corporation, even if this results in the non-controlling interests having a deficit balance.

##### (ii) Acquisitions

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 Group Accounting (Continued)

#### (a) *Subsidiary corporations (Continued)*

##### (ii) Acquisitions (Continued)

The excess of (i) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (ii) fair value of the identifiable net assets acquired is recorded as goodwill.

##### (iii) Disposals

When a change in the Group's ownership interest in a subsidiary corporation results in a loss of control over the subsidiary corporation, the assets and liabilities of the subsidiary corporation including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

#### (b) *Transactions with non-controlling interests*

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary corporation are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

#### (c) *Associated company*

Associated company is an entity over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50%.

Investment in associated company is accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

##### (i) Acquisitions

Investment in associated company is initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associated company represents the excess of the cost of the acquisition of the associated company over the Group's share of the fair value of the identifiable net assets of the associated company and is included in the carrying amount of the investment.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 Group Accounting (Continued)

#### (c) Associated company (Continued)

##### (ii) Equity method of accounting

In applying the equity method of accounting, the Group's share of its associated company's post-acquisition profits or losses are recognised in profit or loss and its share of post-acquisition other comprehensive income is recognised as other comprehensive income. These post-acquisition movements and distributions received from the associated company are adjusted against the carrying amount of the investments. When the Group's share of losses in an associated company equals or exceeds its interest in the associated company including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has obligations or has made payments on behalf of the associated company. If the associated company subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Unrealised gains on transactions between the Group and its associated company are eliminated to the extent of the Group's interest in the associated company. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The accounting policies of associated company have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

##### (iii) Disposal

Investment in associated company is derecognised when the Group loses significant influence. If the retained equity interest in the former associated company is a financial asset, the retained equity interest is measured at fair value. The difference between the carrying amount of the retained interest at the date when significant influence is lost, and its fair value and any proceeds on partial disposal, is recognised in profit or loss.

Please refer to the paragraph 2.5, "Investment in subsidiary corporations and associated company" for the accounting policy on investment in associated company in the separate financial statements of the Company.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.3 Revenue Recognition

Revenue comprise of the fair value of the consideration received or receivable for rendering services in the ordinary course of the Group's activities. Revenue is presented, net of goods and services tax, rebates and discounts, and after eliminating revenue within the Group.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, when it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

*(a) Revenue from structural steel works and tunnelling*

Revenue from construction contract is recognised based on the percentage-of-completion method as disclosed in Note 2.7.

*(b) Interest income*

Interest income is recognised using the effective interest method.

*(c) Dividend income*

Dividend income is recognised when the right to receive payment is established.

### 2.4 Property, Plant and Equipment

*(a) Measurement*

*(i) Property, plant and equipment*

All items of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

*(ii) Components of costs*

The cost of an item of property, plant and equipment initially recognised includes its purchase price and other cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.4 Property, Plant and Equipment (Continued)

#### (b) Depreciation

Construction-in-progress is not depreciated. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	<u>Useful Lives</u>
– Land	50 years
– Buildings	50 years
– Furniture and fittings	10 years
– Motor vehicles	5 years
– Office equipment	1 – 10 years
– Plant and machinery	5 years
– Site office	20 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

#### (c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

#### (d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in the profit or loss. Any amount in revaluation reserve relating to that item is transferred to retained profits directly.

### 2.5 Investments in Subsidiary corporations and Associated Company

Investments in subsidiary corporations and associated company are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of investments in subsidiary corporations and associated company, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.6 Impairment of Non-Financial Assets

*Property, plant and equipment*

*Investment in subsidiary corporations and associated company*

Property, plant and equipment and investment in subsidiary corporations and associated company are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as revaluation decrease.

An impairment loss for an asset is reversed only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset is recognised in profit or loss, unless the asset is carried at revalue amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued assets was previously recognised as an expense, a reversal of that impairment is also recognised in profit or loss.

### 2.7 Construction Contracts

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the balance sheet date ("percentage-of-completion method"). When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract cost incurred that are likely to be recoverable. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in the contract work and claims that can be measured reliably. A variation or a claim is recognised as contract revenue when it is probable that the customer will approve the variation or negotiations have reached an advanced stage such that it is probable that the customer will accept the claim.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.7 Construction Contracts (Continued)

The stage of completion is measured by reference to the proportion of contract costs incurred to date to the estimated total costs for the contract. Costs incurred during the financial year in connection with future activities on a contract are excluded from the costs incurred to date when determining the stage of completion of a contract. Such costs are shown as construction contract work-in-progress on the balance sheet unless it is not probable that such contract costs are recoverable from the customers, in which case, such costs are recognised as an expense immediately.

At the balance sheet date, the cumulative costs incurred plus recognised profit (less recognised losses) on each contract is compared against the progress billings. Where cumulative cost incurred plus the recognised profit (less recognised losses) exceed progress billings, the balance is presented as due from customers on construction contracts within "trade and other receivables". Where progress billings exceed cumulative costs incurred plus recognised profit (less recognised losses), the balance is presented as due to customers on construction contracts within "trade and other payables".

Progress billing not yet paid by customers and retention monies are included within "trade and other receivables". Advances received are included within "trade and other payables".

### 2.8 Cash and Cash Equivalents

For the purpose of presentation in the consolidation statements of cash flows, cash and cash equivalents include cash at bank and on hand, deposits with financial institutions which are subject to an insignificant risk of change in value.

### 2.9 Loans and Receivables

*Bank balances*

*Trade and other receivables*

Bank balances and trade and other receivables are initially recognised at their fair values plus transaction costs and subsequently carried at amortised cost using the effective interest method, less accumulated impairment losses.

The Company assesses at each balance sheet date whether there is objective evidence that these financial assets are impaired and recognises an allowance for impairment when such evidence exists. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these financial assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

These financial assets are presented as current assets except for those that are expected to be realised later than 12 months after the balance sheet date, which are presented as non-current assets.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.10 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

### 2.11 Inventories

Inventories comprise materials to be consumed in the rendering of construction service which are stated at the lower of cost and net realisable value, cost is determined by applying the weighted average method. Net realisable value is the estimated selling price less the applicable costs of conversion and variable selling expenses.

### 2.12 Trade and Other Payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

### 2.13 Borrowings

#### (a) Borrowings

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

#### (b) Convertible bond

The total proceeds from convertible bond issued are allocated to the liability component and the equity component, which are separately presented on the balance sheet.

The liability component is recognised initially at its fair value, determined using a market interest rate for equivalent non-convertible bond. It is subsequently carried at amortised cost using the effective interest method until the liability is extinguished on conversion or redemption of the bond.

The difference, if any, between the total proceeds and the liability component is allocated to the conversion option (equity component), which is presented in equity net of any deferred tax effect. The carrying amount of the conversion option is not adjusted in subsequent periods. When the conversion option is exercised, the carrying amounts of the liability and equity components are transferred to the share capital. When the conversion option lapses, its carrying amount is transferred to retained profits.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.14 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method except for those costs that are directly attributable to the construction or development of properties and assets under construction. This includes those costs on borrowings acquired specifically for the construction or development of properties and assets under construction, as well as those in relation to general borrowings used to finance the construction or development of properties and assets under construction.'

The actual borrowing costs incurred during the period up to the issuance of the temporary occupation permit less any investment income on temporary investment of these borrowings, are capitalised in the cost of the property under construction. Borrowing costs on general borrowings are capitalised by applying a capitalisation rate to construction or development expenditures that are financed by general borrowings.

### 2.15 Income Taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of an asset or liability and affects neither accounting nor taxable profit nor loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiary corporations and associated company, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date; and
- (ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income and expense in profit or loss.

The Group accounts for investment tax credits (for example, productivity and innovative credit) similar to accounting for other tax credits where deferred tax asset is recognised for unused tax credits to the extent that is probable that future taxable profit will be available against which the unused tax credit can be utilised.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.16 Employee Compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

#### *Defined contribution plans*

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund, on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

#### *Share-based compensation*

The Group operates an equity-settled, share-based compensation plan. The value of the employee services received in exchange for the grant of options is recognised as an expense with a corresponding increase in the share option reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the options granted on the date of the grant. Non-market vesting conditions are included in the estimation of the number of shares under options that are expected to become exercisable on the vesting date. At each balance sheet date, the Group revises its estimates of the number of shares under options that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in profit or loss, with a corresponding adjustment to the share option reserve over the remaining vesting period.

When the options are exercised, the proceeds received (net of transaction costs) and the related balance previously recognised in the share option reserve are credited to share capital account, when new ordinary shares are issued, or to the "treasury shares" account, when treasury shares are re-issued to the employees.

#### *Performance shares*

Benefits to employees including the directors are provided in the form of share-based payment transactions, whereby employees render services in exchange for the shares or right over shares ("equity-settled transactions"). The fair value of the employee services rendered is determined by reference to the fair value of the shares awarded or granted, excluding the impact of any non-market vesting conditions. The amount is determined by reference to the fair value of the performance shares on the grant date. This fair value is recognised in profit or loss over the remaining vesting period of the share-based payment scheme, with the corresponding increase in equity. The value of charge is adjusted in profit or loss over the remaining vesting period to reflect expected and actual levels of shares vesting, with the adjustment made in equity. Cancellations of grants of equity instruments during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied) are accounted as an acceleration of vesting, therefore any amount unrecognised that would otherwise have been charged is recognised immediately in profit or loss.

### 2.17 Currency Translation

#### *(a) Functional and presentation currency*

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The functional statements are presented in Singapore Dollars, which is the functional currency of the Company.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.17 Currency Translation (Continued)

#### *(b) Transactions and balances*

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of or any loan forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

Foreign exchange gains and losses that relate to borrowings are presented in the income statement within "finance expense". All other foreign exchange gains and losses impacting profit or loss are presented in the income statement within "other (losses)/income-net".

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

#### *(c) Translation of group entities' financial statements*

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) Assets and liabilities are translated at the closing exchange rates at the reporting date;
- (ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
- (iii) All resulting currency translation differences are recognised in other comprehensive income and accumulated in currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.18 Provisions for Other Liabilities and Charges

Provisions for other liabilities and charges are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

Other provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in the statement of comprehensive income as finance expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

### 2.19 Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

### 2.20 Dividends to Company's Shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

### 2.21 Financial guarantees

The Company has issued corporate guarantee to a bank for borrowings of its subsidiary corporation. This guarantee is financial guarantee as they require the Company to reimburse the bank if the subsidiary corporation fails to make principal or interest payments when due in accordance with the terms of their borrowings.

Financial guarantee is initially recognised at their fair values plus transaction costs in the Company's balance sheet.

Financial guarantee is subsequently amortised to profit or loss over the period of the subsidiary corporation's borrowings, unless it is probable that the Company will reimburse the bank for an amount higher than the unamortised amount. In this case, the financial guarantee shall be carried at the expected amount payable to the bank in the Company's balance sheet.

Intra-group transactions are eliminated on consolidation.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.22 Government Grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants relating to expense is deducted directly from the related expenses.

### 2.23 Fair Value Estimation

The carrying amounts of current financial assets and liabilities carried at amortised cost approximate their fair values.

### 2.24 Leases

*When the Group is the lessee:*

The Group leases motor vehicles under finance leases and dormitory for workers and office under operating leases from non-related parties.

#### (i) Lessee – Finance leases

Leases where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases.

The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the balance sheet as property, plant and equipment and borrowings respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

#### (ii) Lessee – Operating leases

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in profit or loss when incurred.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.25 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the executive committee whose members are responsible for allocating resources and assessing performance of the operating segments.

## 3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factor including expectations of future events that are believed to be reasonable under circumstances.

### (a) Construction contracts

The Group uses the percentage-of-completion method to account for its contract revenue. The stage of completion is measured by reference to the contract costs incurred to date compared to the estimated total costs for the contract.

Significant assumptions are used to estimate the total contract costs and the recoverable variation works that affect the stage of completion and the contract revenue respectively. In making these estimates, management had relied on past experience.

If the revenue on uncompleted contracts at the balance sheet date increases/decreases by 5% from management estimates, the Group's revenue for the financial year ended 31 December 2015 will increase/decrease by \$2,400,000 and \$2,500,000 (2014: \$1,200,000 and \$1,200,000) respectively.

If the contract costs of uncompleted contracts to be incurred increase/decrease by 5% from management's estimates, the Group's profit for the financial year ended 31 December 2015 will decrease/increase by \$1,250,000 and 1,300,000 (2014: \$420,000 and \$430,000) respectively.

### (b) Impairment of trade and other receivables

Management review its loans and receivables for objective evidence of impairment at least quarterly. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments are considered evidence that a receivable is impaired. In determining this, management has made judgements as to whether there is observable data indicating that there has been a significant change in the payment ability of the debtor, or whether there have been significant changes with adverse effect in the technological market, economic or legal environment in which the debtor operates in.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONTINUED)

### (b) Impairment of trade and other receivables (Continued)

Where there is objective evidence of impairment, management makes judgements as to whether an impairment loss should be recorded as an expense. In determining this, management uses estimates based on historical loss experience for assets with similar credit risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experienced. The carrying amount of the Group's trade and other receivables as at 31 December 2015 is \$58,204,844 (2014: \$49,375,625)

If the net present values of estimated cash flows increase/decrease by 10% from management's estimates for all past due loans and receivables, the Group's allowance for impairment will decrease/increase by \$90,337 (2014: Nil).

### (c) Estimated impairment of investment in associated company

Investment in associated company is tested for impairment whenever there is any objective evidence or indication that this asset may be impaired.

The recoverable amounts of this asset have been determined based on value-in-use calculations. These calculation require the use of estimates. The carrying amount of the Company's interest in associated company as at 31 December 2015 is \$400,000 (2014: \$2,985,029).

An impairment loss of \$1,947,716 on the investment in associated company was recognised for the financial year ended 31 December 2015. If the estimated weighted average cost of capital used in determining the pre-tax discount rate applied to the discounted cash flows of the investment in associated company had been 0.5% higher than management's estimates at 31 December 2015, the Group would have recognised a further impairment loss on investment in associated company of \$310,000.

## 4. REVENUE

	Group	
	2015 \$	2014 \$
Revenue from structural steel works	44,361,604	24,493,896
Revenue from tunnelling	6,630,080	6,718,249
	<u>50,991,684</u>	<u>31,212,145</u>



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 5. OTHER (LOSSES)/INCOME – NET

	Group	
	2015	2014
	\$	\$
Net foreign currency loss	(287,107)	(70,195)
Gain on disposal of property, plant and equipment	63,000	–
Government grants*	114,124	112,657
Loss from sale of scrapped steel beams	(1,314,158)	(636,434)
Interest income – bank deposits	5,347	5,287
Interest income – loan to associated company	62,595	56,622
Secondment of workers	–	624
Welder qualification test fees	–	15,050
Administrative fees for workers	31,127	16,950
Impairment loss on associated company	(1,947,716)	–
Others	28,587	16,702
	<b>(3,244,201)</b>	<b>(482,737)</b>

\* Government grants mainly pertains to special employment credit and wage credit from Inland Revenue Authority of Singapore.

## 6. EXPENSES BY NATURE

	Group	
	2015	2014
	\$	\$
Depreciation (Note 15)	90,474	88,581
Employee compensation (Note 7)	13,622,175	11,403,761
Entertainment	5,635	16,356
Fees on audit services paid/payables to:		
– Auditor of the Company	60,000	60,000
– Other auditors	21,400	27,182
Fees on non-audit services paid/payables to:		
– Auditor of the Company	10,300	26,024
– Other auditors	21,053	658
Directors' fees	100,100	91,000
Insurance	66,922	86,651
Transport and travelling	168,274	175,621
Professional fees	343,568	420,327
Purchase of materials	10,402,141	9,726,748
Rental on operating leases	4,543,584	4,377,077
Sub-contractors' charges	6,773,452	6,789,534
Worksite	5,151,218	4,085,224
Changes in inventories	3,494,270	(8,041,305)
Impairment loss on trade receivables (Note 30(b))	50,868	–
Impairment loss on retentions (Note 30(b))	474,269	–
Impairment loss on deposits (Note 30(b))	107,225	–
Other	344,594	366,677
Total cost of works and administrative expenses	<b>45,851,522</b>	<b>29,700,116</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 7. EMPLOYEE COMPENSATION

	Group	
	2015	2014
	\$	\$
Wages and salaries	13,238,927	11,110,442
Employers' contribution to defined contribution plans including Central Provident Fund	338,012	277,497
Other benefits	45,236	15,822
	<u>13,622,175</u>	<u>11,403,761</u>

## 8. FINANCE EXPENSES

	Group	
	2015	2014
	\$	\$
Interest expense on:		
– Finance lease liabilities	2,210	3,396
– Bank borrowings	91,560	19,761
– Convertible bond	250,000	250,000
	<u>343,770</u>	<u>273,157</u>
Less: Borrowings costs capitalised in construction-in-progress	(48,595)	–
	<u>295,175</u>	<u>273,157</u>

## 9. INCOME TAX EXPENSE/(CREDIT)

	Group	
	2015	2014
	\$	\$
Tax expense attributable to profit is made up of:		
<i>Profit for the financial year</i>		
Current income tax		
– Singapore	66,951	14,889
Deferred income tax (Note 22)	(2,179)	(594)
	<u>64,772</u>	<u>14,295</u>
<i>Under/(over) provision in prior financial years</i>		
Current income tax		
– Singapore	43,236	(66,111)
Deferred income tax (Note 22)	–	(12,228)
	<u>108,008</u>	<u>(64,044)</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 9. INCOME TAX EXPENSE/(CREDIT) (CONTINUED)

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	Group	
	2015	2014
	\$	\$
Profit before income tax	1,722,539	1,259,273
Less: Share of profit of an associated company	(121,753)	(503,138)
Profit before tax and share of profit of an associated company	1,600,786	756,135
Tax calculated at tax rate of 17% (2014: 17%)	272,134	128,543
Effects of:		
– Different tax rate in other countries	(8,782)	(3,284)
– Singapore statutory stepped income exemption	(25,925)	(25,925)
– Expenses not deductible for tax purposes	685,166	37,747
– Income not subject to tax	(799)	(899)
– Productivity and innovation credit	(827,234)	(113,549)
– Tax rebate	(12,605)	(12,605)
– Others	(17,183)	4,267
Tax charge	64,772	14,295

## 10. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

### (a) Basic earnings per share

	Group	
	2015	2014
		Restated
Net profit attributable to equity holders of the Company (\$)	1,614,531	1,323,317
Weighted average number of ordinary shares	99,200,000	99,200,000
Basic earnings per share (\$)	0.02	0.01

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 10. EARNINGS PER SHARE (CONTINUED)

### (b) Diluted earnings per share

For the purpose of calculating diluted earnings per share, profit attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares. The Company's convertible bond is the only dilutive potential ordinary shares outstanding during the year.

The convertible bond is assumed to have been converted into ordinary shares at issuance and the net profit is adjusted to eliminate the interest expense less the tax effect, if any.

Diluted earnings per share for attributable to equity holders of the Company is calculated as follows:

	Group	
	2015	2014 Restated
Net profit attributable to equity holders of the Company (\$)	1,614,531	1,323,317
Interest expense on convertible bonds	250,000	250,000
Net profit used to determine diluted earnings per share	1,864,531	1,573,317
Weighted average number of ordinary shares outstanding for basic earnings per share	99,200,000	99,200,000
Adjustment for convertible bond	11,904,000	11,904,000
	111,104,000	111,104,000
Diluted earnings per share (\$)	0.02	0.01

## 11. CASH AND CASH EQUIVALENTS

	Group		Company	
	2015 \$	2014 \$	2015 \$	2014 \$
Cash at bank and on hand	5,636,471	1,685,163	1,072,391	153,300
Short-term bank deposits	1,007,008	1,001,661	-	-
	6,643,479	2,686,824	1,072,391	153,300

For the purpose of presenting the consolidated statement of cash flows, the consolidated cash and cash equivalents comprise the following:

	Group	
	2015 \$	2014 \$
Cash and bank balances (as above)	6,643,479	2,686,824
Less: Short-term bank deposit pledged (Note 19(a))	(1,007,008)	(1,001,661)
Cash and cash equivalents per consolidated statement of cash flows	5,636,471	1,685,163

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 12. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2015 \$	2014 \$	2015 \$	2014 \$
Trade receivables				
– Non-related parties	<b>7,648,353</b>	5,387,284	<b>3,427</b>	–
Less: Allowance for impairment of trade receivable (Note 30(b))	<b>(50,868)</b>	–	–	–
	<b>7,597,485</b>	5,387,284	<b>3,427</b>	–
Construction contracts:				
– Due from customers (Note 14)	<b>37,809,200</b>	35,203,111	–	–
– Retentions (Note 14)	<b>7,588,675</b>	6,209,189	–	–
Less: Allowance for impairment of retention (Note 30(b))	<b>(474,269)</b>	–	–	–
	<b>7,114,406</b>	6,209,189	–	–
Other receivables				
– Subsidiary corporations	–	–	<b>9,722,791</b>	9,657,680
– Associated company	<b>3,976,204</b>	924,137	<b>150,535</b>	73,207
– Non-related parties	<b>97,962</b>	53,777	<b>10,060</b>	–
Loan to an associated company	<b>1,053,056</b>	1,050,000	<b>950,000</b>	950,000
Deposits	<b>593,052</b>	529,467	–	–
Less: Allowance for impairment of deposits (Note 30(b))	<b>(107,225)</b>	–	–	–
	<b>485,827</b>	529,467	–	–
Prepayments	<b>70,704</b>	18,660	<b>672</b>	–
	<b>58,204,844</b>	<b>49,375,625</b>	<b>10,837,485</b>	<b>10,680,887</b>

Other receivables from subsidiary corporations and associated company are unsecured, interest-free and are repayable on demand.

Loan to an associated company is interest-bearing at 6% per annum, secured by a charge over the inventories of the associated company and due within 12 months.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 13. INVENTORIES

	Group	
	2015	2014
	\$	\$
Steel beams	<u>5,993,596</u>	<u>9,487,866</u>

The cost of inventories recognised as an expense and included in "cost of works" amounted to \$13,896,411 (2014: \$1,685,443).

## 14. CONSTRUCTION CONTRACTS

	Group	
	2015	2014
	\$	\$
<i>Construction contract, work-in-progress</i>		
Aggregate costs incurred and profits recognised (less losses recognised) to date on uncompleted construction contracts	<u>230,064,850</u>	<u>182,961,648</u>
Less: Progress billings	<u>(193,251,672)</u>	<u>(147,936,350)</u>
	<u>36,813,178</u>	<u>35,025,298</u>
Presented as:		
Due from customers on construction contracts (Note 12)	<u>37,809,200</u>	<u>35,203,111</u>
Due to customers on construction contracts (Note 18)	<u>(996,022)</u>	<u>(177,813)</u>
	<u>36,813,178</u>	<u>35,025,298</u>
Retentions on construction contracts (Note 12)	<u>7,114,406</u>	<u>6,209,189</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 15. PROPERTY, PLANT AND EQUIPMENT

Group	Land and buildings \$	Furniture and fittings \$	Motor vehicles \$	Office equipment \$	Plant and machinery \$	Site office \$	Construction- in-progress \$	Total \$
<b>2015</b>								
<u>Cost</u>								
Beginning of financial year	1,338,197	113,240	404,909	109,572	344,262	50,500	198,381	2,559,061
Currency translation differences	(175,025)	(386)	(9,589)	(3,809)	(321)	-	(25,946)	(215,076)
Additions	-	4,033	203,647	3,002	-	3,300	527,353	741,335
Disposals	-	-	(139,800)	-	-	-	-	(139,800)
End of financial year	1,163,172	116,887	459,167	108,765	343,941	53,800	699,788	2,945,520
<u>Accumulated depreciation</u>								
Beginning of financial year	54,077	49,463	404,907	90,329	324,851	36,462	-	960,089
Currency translation differences	(8,824)	(339)	(9,588)	(3,591)	(321)	-	-	(22,663)
Depreciation charge (Note 6)	25,014	9,363	37,335	5,502	12,260	1,000	-	90,474
Disposals	-	-	(139,800)	-	-	-	-	(139,800)
End of financial year	70,267	58,487	292,854	92,240	336,790	37,462	-	888,100
<b>Net book value at end of financial year</b>	<u>1,092,905</u>	<u>58,400</u>	<u>166,313</u>	<u>16,525</u>	<u>7,151</u>	<u>16,338</u>	<u>699,788</u>	<u>2,057,420</u>
<b>Group</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>2014</b>								
<u>Cost</u>								
Beginning of financial year	1,363,706	113,296	406,306	108,792	344,309	50,500	-	2,386,909
Currency translation differences	(25,509)	(56)	(1,397)	(555)	(47)	-	-	(27,564)
Additions	-	-	-	1,335	-	-	198,381	199,716
End of financial year	1,338,197	113,240	404,909	109,572	344,262	50,500	198,381	2,559,061
<u>Accumulated depreciation</u>								
Beginning of financial year	27,834	39,567	373,145	86,502	312,138	35,517	-	874,703
Currency translation differences	(1,180)	(48)	(1,398)	(520)	(49)	-	-	(3,195)
Depreciation charge (Note 6)	27,423	9,944	33,160	4,347	12,762	945	-	88,581
End of financial year	54,077	49,463	404,907	90,329	324,851	36,462	-	960,089
<b>Net book value at end of financial year</b>	<u>1,284,120</u>	<u>63,777</u>	<u>2</u>	<u>19,243</u>	<u>19,411</u>	<u>14,038</u>	<u>198,381</u>	<u>1,598,972</u>

a) Included within additions in the consolidated financial statements is motor vehicle acquired under finance leases amounting to \$203,647 (2014: Nil).

The carrying amounts of motor vehicle held under finance leases is \$84,999 (2014: Nil) at the balance sheet date.

b) Included in the costs of construction-in-progress as at 31 December 2015 was borrowing cost capitalised amounting to \$48,595. The rate used to determine the amount of borrowing cost eligible for capitalisation was 5.75%, which was the effective interest rate of the specific borrowing.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 16. INVESTMENTS IN SUBSIDIARY CORPORATIONS

	Company	
	2015	2014
	\$	\$
<b>Equity investments at cost</b>		
Beginning and end of financial year	<b>26,069,640</b>	26,069,640

Details of the subsidiary corporations are as follows:

Name of companies	Principal activities	Country of business incorporation	Proportion of ordinary shares directly held by parent		Proportion of ordinary shares held by the Group	
			2015	2014	2015	2014
			%	%	%	%
Kori Construction (S) Pte. Ltd. <sup>(a)</sup>	Building construction and civil engineering work	Singapore	100	100	100	100
Ming Shin Construction (S) Pte. Ltd. <sup>(a)</sup>	Building construction and civil engineering work	Singapore	100	100	100	100
Kori Construction (M) Sdn. Bhd. <sup>(b)</sup>	Contractors for construction works for all kind	Malaysia	100	100	100	100

(a) Audited by Nexia TS Public Accounting Corporation, Singapore.

(b) Audited by MustaphaRaj Chartered Accountants, Malaysia.

(c) In accordance to Rule 715 of The Singapore Exchange Securities Trading Limited – Listing Rules, the Audit Committee and Board of Directors of the Company confirmed that they have engaged a suitable auditing firm for its significant foreign – incorporated subsidiary corporation.

## 17. INVESTMENT IN ASSOCIATED COMPANY

	Group		Company	
	2015	2014	2015	2014
	\$	Restated \$	\$	\$
Beginning of financial year	2,985,029	–	2,540,000	–
Acquisition during the year	–	2,540,000	–	2,540,000
Share of profit of an associated company	121,753	503,138	–	–
Allowance for impairment of investment in associated company	(1,947,716)	–	(2,140,000)	–
Unrealised gains on transactions with associated company	(759,066)	(58,109)	–	–
End of financial year	400,000	2,985,029	400,000	2,540,000

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 17. INVESTMENT IN ASSOCIATED COMPANY (CONTINUED)

Set out below is the associated company directly held by the Company as at 31 December 2015. The associated company as listed below has share capital consisting solely of ordinary shares. The country of incorporation is also their principal place of business. Although the Group holds 51% interest, it is regarded as an associated company on the basis that the Group's voting rights do not have significant effect on the associated company's returns. Currently, the other investor has the practical ability to direct the relevant activities that most significantly affect the returns of the associated company and therefore considered to have the control.

Details of associated companies are as follows:

Name of associated company	Principal activities	Country of incorporation	Equity holding	
			2015	2014
Fuchiang Construction Pte Ltd (a)	Building construction	Singapore	51%	51%

(a) Audited by Nexia TS Public Accounting Corporation

### Impairment for investment in associated company

The valuation of the investment in associated company was determined based on value-in-use. Cash flow projections used in the value-in-use calculations were based on financial budgets approved by management covering a five year period. Cash flows beyond the five-year period were extrapolated using the estimated growth rates. The key assumption used for value-in-use calculation are gross margin of 55%, growth rate of 0% and discount rate of 10.5%.

Set out below are the summarised financial information for Fuchiang Construction Pte Ltd.

### *Summarised balance sheet*

	2015	2014
	\$	Restated \$
<b>Current assets</b>	<b>7,639,725</b>	4,586,325
<b>Non-current assets</b>	<b>8,336,371</b>	5,557,831
<b>Current liabilities</b>	<b>(14,979,989)</b>	(8,421,772)
<b>Non-current liabilities</b>	<b>-</b>	(965,008)
<b>Net assets</b>	<b>996,107</b>	757,376

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 17. INVESTMENT IN ASSOCIATED COMPANY (CONTINUED)

### *Summarised statement of comprehensive income*

		For the financial period from 1 July 2014 (acquisition date) to 31 December 2014 Restated
	2015 \$	\$
<b>Revenue</b>	<b>11,721,340</b>	6,249,705
<b>Expenses</b>	<b>(11,937,223)</b>	(5,271,323)
Includes:		
– Depreciation	(437,232)	(956,612)
– Interest expense	(121,161)	(44,405)
<b>Other income</b>	<b>101,180</b>	8,163
<b>(Loss)/profit before tax</b>	<b>(114,703)</b>	986,545
Income tax credit	353,434	–
<b>Total comprehensive income</b>	<b>238,731</b>	986,545

The information above reflects the amounts presented in the financial statements of the associated company and not the Group's share of those amounts.

### *Reconciliation of summarised financial information*

Reconciliation of the summarised financial information presented, to the carrying amount of the Group's interest in associated company, is as follow:

	2015 \$	2014 Restated \$
<b>Net assets/(liabilities) as at beginning of financial year/acquisition date</b>	<b>757,376</b>	(229,169)
Profit for the year/period	238,731	986,545
<b>Net assets as at end of financial year</b>	<b>996,107</b>	<b>757,376</b>
Interest in associated company (51%)	508,015	386,262
Goodwill, net of impairment	709,160	2,656,876
Unrealised gain on transactions between the Group and associated company	(817,175)	(58,109)
<b>Carrying value of Group's interest in associated company</b>	<b>400,000</b>	<b>2,985,029</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 18. TRADE AND OTHER PAYABLES

	Group		Company	
	2015	2014	2015	2014
	\$	\$	\$	\$
Trade payables to:				
– Non-related parties	13,572,986	5,771,160	46,021	13,257
Construction contracts				
– Due to customers (Note 14)	996,022	177,813	–	–
Non-trade payables				
– Non-related parties	4,709,539	7,505,051	–	1,143,137
– Subsidiary corporations	–	–	1,469,616	1,467,407
– Associated company	99,153	77,065	–	–
	4,808,692	7,582,116	1,469,616	2,610,544
Accrued operating expenses	1,856,612	1,544,261	122,491	145,216
	<u>21,234,312</u>	<u>15,075,350</u>	<u>1,638,128</u>	<u>2,769,017</u>

Non-trade payables to subsidiary corporations and associated company are unsecured, interest-free and repayable upon demand.

## 19. BORROWINGS

	Group		Company	
	2015	2014	2015	2014
	\$	\$	\$	\$
Current				
Finance lease liabilities (Note 21)	20,400	–	–	–
Convertible bond (Note 20)	5,000,000	–	5,000,000	–
Bank borrowings	1,646,157	1,532,800	–	–
	6,666,557	1,532,800	5,000,000	–
Non-current				
Finance lease liabilities (Note 21)	64,599	–	–	–
Convertible bond (Note 20)	–	5,000,000	–	5,000,000
Bank borrowings	113,270	472,453	–	–
	177,869	5,472,453	–	5,000,000
Total borrowings	<u>6,844,426</u>	<u>7,005,253</u>	<u>5,000,000</u>	<u>5,000,000</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 19. BORROWINGS (CONTINUED)

The exposure of the borrowings of the Group to interest rate changes and the contractual repricing dates at the balance sheet date are as follows:

	Group		Company	
	2015	2014	2015	2014
	\$	\$	\$	\$
– 6 to 12 months	1,646,157	1,532,800	–	–
– 1 to 5 years	113,270	472,453	–	–
Total borrowings	1,759,427	2,005,253	–	–

### (a) Securities granted

Total borrowings include secured liabilities of \$1,844,426 (2014: \$2,005,253). Finance lease liabilities of the Group are effectively secured over by motor vehicle, as the legal title is retained by the lessor and will be transferred to the Group upon full settlement of the finance lease liabilities.

Bank borrowings of the Group are secured over certain bank deposits (Note 11) and corporate guarantee by the Company.

### (b) Fair value of non-current borrowings

	Group	
	2015	2014
	\$	\$
– Convertible bond	–	4,978,789
– Finance lease liabilities	64,599	–
– Bank borrowings	101,962	446,342

The fair value above are determined from cash flow analyses, discounted at market borrowing rates of an equivalent instrument at the balance sheet date which the directors expect to be available to the Group as follows:

	Group	
	2015	2014
– Convertible bond	5%	5.17%
– Finance lease liabilities	4.91%	–
– Bank borrowings	5.75%	5.9%

The fair values are within Level 3 of the fair values hierarchy.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 20. CONVERTIBLE BOND

On 19 August 2013, the Company issued a 5% convertible bond denominated in Singapore Dollar with a nominal value of \$5,000,000. The bond is due for repayment 3 years from the issue date at its nominal value of \$5,000,000 or conversion into shares of the Company at the holder's option at the rate of \$0.42 per share, being not more than a 10% discount to the prevailing market price of the shares on the last trading day prior to the date of the agreement.

## 21. FINANCE LEASE LIABILITIES

The Group leases motor vehicle from non-related parties under finance leases. The lease agreements do not have renewal clauses but provide the Group with options to purchase the leased assets at nominal value at the end of the lease term.

	Group	
	2015	2014
	\$	\$
Minimum lease payments due		
– Not later than one year	23,052	–
– Between one and five years	72,997	–
	96,049	
Less: Future finance charges	(11,050)	–
Present value of finance lease liabilities	84,999	–
The present values of finance lease liabilities are analysed as follows:		
– Not later than one year (Note 19)	20,400	–
– Between one and five years (Note 19)	64,599	–
	84,999	–

## 22. DEFERRED INCOME TAX LIABILITIES

	Group	
	2015	2014
	\$	\$
Deferred income tax liabilities		
– to be settled after one year	12,519	14,699

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 22. DEFERRED INCOME TAX LIABILITIES (CONTINUED)

Movement in deferred income tax liabilities is as follows:

	Accelerated tax depreciation \$
<b>2015</b>	
Beginning of financial year	14,699
Currency translation differences	(1)
Credited to profit or loss (Note 9)	(2,179)
End of financial year	<u>12,519</u>
<b>2014</b>	
Beginning of financial year	27,517
Currency translation differences	4
Credited to profit or loss (Note 9)	(12,822)
End of financial year	<u>14,699</u>

## 23. SHARE CAPITAL

	Group and Company	
	Number of shares	Issued and paid-up share capital \$
<b>2015</b>		
Beginning and end of financial year	<u>99,200,000</u>	<u>32,290,650</u>
<b>2014</b>		
Beginning and end of financial year	<u>99,200,000</u>	<u>32,290,650</u>

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

## 24. RETAINED PROFITS

Retained profits net of merger reserve of the Group are distributable except for post-acquisition share of profits of associated company amounting to \$624,891 (2014: 503,138).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 25. OTHER RESERVES

		Group	
		2015	2014
		\$	\$
a)	Composition		
	Merger reserve	(25,627,521)	(25,627,521)
	Currency translation reserve	(5,440)	(3,915)
		<u>(25,632,961)</u>	<u>(25,631,436)</u>
b)	Movement		
i)	<b>Merger reserve</b>		
	Beginning and end of financial year	<u>(25,627,521)</u>	<u>(25,627,521)</u>
ii)	<b>Currency translation reserve</b>		
	Beginning of financial year	(3,915)	(5,632)
	Net currency translation differences of financial statements of foreign subsidiary corporation	(1,525)	1,717
	End of financial year	<u>(5,440)</u>	<u>(3,915)</u>

Other reserves are not distributable.

## 26. DIVIDEND

		Group	
		2015	2014
		\$	\$
<i>Ordinary dividends paid</i>			
Final dividend paid in respect of the previous financial year of 0.5 cent (2014: Nil) per share		<u>496,000</u>	<u>-</u>

At the forthcoming Annual General Meeting on 29 April 2016, a first and final dividend of 0.5 cents per share amounting to a total of \$496,000 will be recommended. These financial statements do not reflect this dividend, which will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2016.

## 27. RELATED PARTY TRANSACTIONS

Parties are considered to be related if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 27. RELATED PARTY TRANSACTIONS (CONTINUED)

In addition to the information disclosed elsewhere in the consolidated financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

### (a) Sales and purchases of goods and services

	Group	
	2015	2014
	\$	\$
Sale of materials to an associated company	2,965,069	263,237
Interest income from an associated company	62,595	56,622
Rental expense paid/payable to an associated company	54,362	111,398
Sub-contractor fees paid/payable to an associated company	-	430,000
Purchase of materials from an associated company	92,667	-

Outstanding balances as at 31 December 2015, arising from sale and purchase of goods and services, are unsecured and receivable/payable within 12 months from balance sheet date and are disclosed in Note 12 and Note 18 respectively.

### (b) Key management personnel compensation

Key management personnel compensation representing total compensation paid to directors is as follows:

	Group	
	2015	2014
	\$	\$
Salaries and bonuses	611,607	609,858
Employer's contribution to defined contribution plans including Central Provident Fund	36,293	35,523
Directors' fees	100,100	91,000
Other benefits	47,799	48,120
	795,799	784,501

## 28. CONTINGENT LIABILITIES

The Company has provided corporate guarantee to financial institution in respect of banking facility granted to subsidiary corporation amounting to \$752,419 (2014: \$1,003,592) at the balance sheet date.

At the date these financial statements are authorised for issue, the directors are of the view that no material liabilities will arise from the guarantee.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 29. COMMITMENTS

### a) Capital commitments

Capital expenditure contracted for at the balance sheet date but not recognised in the financial statements, excluding those relating to investments in associated companies (Note 17) are as follows:

	Group	
	2015	2014
	\$	\$
Property, plant and equipment	<u>195,040</u>	<u>676,044</u>

### b) Operating lease commitments

The Group leases dormitory for workers from non-related parties under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The future aggregate minimum lease payments under non-cancellable operating leases contracted for as at balance sheet date but not recognised as liabilities, are analysed as follows:

	Group	
	2015	2014
	\$	\$
Not later than one year	<u>1,537,156</u>	<u>804,207</u>
Between one and five years	<u>920,190</u>	<u>3,585</u>
	<u>2,457,346</u>	<u>807,792</u>

## 30. FINANCIAL RISK MANAGEMENT

### Financial risk factors

The Group's activities expose it to market risk (including currency risk and interest rate risk), credit risk, liquidity risk and capital risk. The Group's overall risk management strategy seeks to minimise the adverse effects from the unpredictability of financial markets on the Group's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. The Board of Directors establishes the detail policies such as authority levels, oversight responsibilities, risk identification and measurement, exposure limits and hedging strategies, in accordance with the objectives and underlying principles approved by the Board of Directors.

The overall business strategies of the Group, its tolerance for risk and its general risk management philosophy are determined by the management in accordance with prevailing economic and operating conditions. In determining its risk management policies, the management ensures that an acceptable balance is made between the cost of risks occurring and the cost of managing the risks.

The Board of Directors reviews and agrees policies for managing each of these risks and they are summarised below.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 30. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (a) Market risk

#### (i) Currency risk

Foreign currency risk arises from transaction denominated in currencies other than the functional currency of the Company. The Group's currency exposure based on the information provided to key management is as follows:

Group	SGD \$	USD \$	MYR \$	Total \$
As 31 December 2015				
<b>Financial assets</b>				
Cash and bank balances	6,431,833	–	211,646	6,643,479
Trade and other receivables	57,872,505	–	261,635	58,134,140
Intercompany receivables	66,135,085	–	1,924,649	68,059,734
	<u>130,439,423</u>	<u>–</u>	<u>2,397,930</u>	<u>132,837,353</u>
<b>Financial liabilities</b>				
Borrowings	(6,844,426)	–	–	(6,844,426)
Intercompany payables	(66,135,085)	–	(1,924,649)	(68,059,734)
Other financial liabilities	(14,700,086)	(5,209,222)	(328,982)	(20,238,290)
	<u>(87,679,597)</u>	<u>(5,209,222)</u>	<u>(2,253,631)</u>	<u>(95,142,450)</u>
<b>Net financial assets/(liabilities)</b>	<u>42,759,826</u>	<u>(5,209,222)</u>	<u>144,299</u>	<u>37,694,903</u>
Add: Net non-financial assets	5,820,448	–	1,625,780	7,446,228
<b>Net assets/(liabilities)</b>	<u>48,580,274</u>	<u>(5,209,222)</u>	<u>1,770,079</u>	<u>45,141,131</u>
<b>Currency profile including non-financial assets and liabilities</b>	<u>48,580,274</u>	<u>(5,209,222)</u>	<u>1,770,079</u>	<u>45,141,131</u>
<b>Currency exposure of financial liabilities net of those denominated in the respective entities' functional currencies</b>	<u>–</u>	<u>(5,209,222)</u>	<u>–</u>	<u>(5,209,222)</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 30. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (a) Market risk (Continued)

#### (i) Currency risk (Continued)

Group	SGD \$	USD \$	MYR \$	Total \$
<u>As 31 December 2014</u>				
<b>Financial assets</b>				
Cash and cash equivalents	2,414,897	–	271,927	2,686,824
Trade and other receivables	49,333,473	–	23,492	49,356,965
Intercompany receivables	59,449,413	–	1,550,150	60,999,563
	<u>111,197,783</u>	<u>–</u>	<u>1,845,569</u>	<u>113,043,352</u>
<b>Financial liabilities</b>				
Borrowings	(7,005,253)	–	–	(7,005,253)
Intercompany payables	(60,999,563)	–	–	(60,999,563)
Other financial liabilities	(14,160,107)	(644,938)	(92,492)	(14,897,537)
	<u>(82,164,923)</u>	<u>(644,938)</u>	<u>(92,492)</u>	<u>(82,902,353)</u>
<b>Net financial assets/(liabilities)</b>	29,032,860	(644,938)	1,753,077	30,140,999
Add: Net non-financial assets	12,396,217	–	1,486,909	13,883,126
<b>Net assets/(liabilities)</b>	<u>41,429,077</u>	<u>(644,938)</u>	<u>3,239,986</u>	<u>44,024,125</u>
<b>Currency profile including non-financial assets and liabilities</b>	<u>41,429,077</u>	<u>(644,938)</u>	<u>3,239,986</u>	<u>44,024,125</u>
<b>Currency exposure of financial liabilities net of those denominated in the respective entities' functional currencies</b>	<u>–</u>	<u>(644,938)</u>	<u>–</u>	<u>(644,938)</u>

As at 31 December 2015, if the USD strengthened/weakened against SGD by 5% (2014: 5%) with all other variables including tax rate being held constant, the Group's profit after tax would have been lower/higher by about \$216,000 (2014: \$27,000).

#### Company

The Company is not exposed to currency risk as the business is operated locally and transactions are all denominated in Singapore Dollar, which is the functional currency of the Company.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 30. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (a) Market risk (Continued)

#### (ii) Cash flow and fair value interest rate risks

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Group's interest rate risks are primarily from short-term deposits that will mature from one to twelve months and from bank borrowings. These short-term bank deposits are placed on a short-term basis according to the Group's cash flow requirements, and hence the Group does not hedge against interest rate fluctuations.

The effective interest rates for short-term bank deposits are 0.65% [2014: 0.47%] per annum. Any significant movement in the interest rates is not likely to have material effect to the Group.

The weighted average effective interest rates for bank borrowings are 4.90% per annum. If interest rates increase/decrease by 1%, the effect on the Group's result will not be material.

#### (ii) Price risks

The Group is net exposed to price risk as it does not hold any listed debt or equity securities.

### (b) Credit risk

Credit risk refers to the risk that counter-parties will default on their contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group are bank deposits and trade and other receivables. For trade receivables, the Group adopts the policy of focusing on government projects due to its low default risk on payments. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

Credit exposure to an individual counterparty is restricted by credit limits that are approved by the directors based on going credit evaluation. The counterparty's payment profile and credit exposure are continuously monitored by directors. The trade receivables of the Group comprise of 3 debtors (2014: 3 debtors) that represented more than 77% (2014: 80%) of trade receivables.

As the Group does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet.

The credit risk for trade receivables, due from customers on construction contracts and retention receivables based on the information provided to key management is as follows:

	Group	
	2015	2014
	\$	\$
<u>By geographical areas</u>		
Singapore	52,265,455	46,780,699
Malaysia	255,636	18,885
<u>By types of customers</u>		
Non-related parties	52,521,091	46,799,584

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 30. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (b) Credit risk (Continued)

#### (i) Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit rating agencies. Trade receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group.

There were no trade receivables past due or impaired that were re-negotiated during the financial year.

#### (ii) Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except for trade receivables, retentions and deposits.

The age analysis of trade receivables past due but not impaired is as follows:

	Group	
	2015	2014
	\$	\$
Past due < 3 months	6,286,584	5,292,472
Past due 3 to 6 months	1,281,052	75,927
Past due over 6 months	4,622	18,885
	<b>7,572,258</b>	<b>5,387,284</b>

The carrying amount of trade receivables – non-related parties individually determined to be impaired and the movements in the related allowance for impairment are as follows:

	Group	
	2015	2014
	\$	\$
Past due < 3 months	-	-
Past due 3 to 6 months	8,841	-
Past due over 6 months	63,827	-
Less: Allowance for impairment	(50,868)	-
	<b>21,800</b>	<b>-</b>
Beginning of financial year	-	-
Allowance made (Note 6)	50,868	-
End of financial year	<b>50,868</b>	<b>-</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 30. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (b) Credit risk (Continued)

#### (ii) Financial assets that are past due and/or impaired (Continued)

The impaired trade receivables arise mainly from sales to companies with liquidity problems and have delayed payments of its debts.

The carrying amount of retentions determined to be impaired and the movements in the related allowance for impairment are as follows:

	Group	
	2015	2014
	\$	\$
Retentions	677,527	–
Less: Allowance for impairment	(474,269)	–
End of the year	203,258	–
Beginning of financial year	–	–
Allowance made (Note 6)	474,269	–
End of financial year	474,269	–

The carrying amount of deposits determined to be impaired and the movements in the related allowance for impairment are as follows:

	Group	
	2015	2014
	\$	\$
Deposits	153,179	–
Less: Allowance for impairment	(107,225)	–
End of the year	45,954	–
Beginning of financial year	–	–
Allowance made (Note 6)	107,225	–
End of financial year	107,225	–

### (c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and having an adequate amount of committed credit facilities to enable the Group to meet its normal operating commitments. The Group's objective is to maintain a balance between continuing of funding and flexibility through the use of bank borrowings, bank overdrafts and finance lease liabilities. As at balance sheet date, assets held by the Group for managing liquidity risks included cash and short-term deposits as disclosed in Note 11.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 30. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (c) Liquidity risk (Continued)

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months approximate their carrying balances as the impact of discounting is not significant.

	Less than 1 year \$	Between 1 and 2 years \$	Between 2 and 5 years \$
<u>Group</u>			
<b>At 31 December 2015</b>			
Trade and other payables	20,238,290	-	-
Borrowings	6,666,557	139,572	49,946
	<b>26,904,847</b>	<b>139,572</b>	<b>49,946</b>
<b>At 31 December 2014</b>			
Trade and other payables	14,897,537	-	-
Borrowings	1,532,800	5,629,987	-
	<b>16,430,337</b>	<b>5,629,987</b>	<b>-</b>
<u>Company</u>			
<b>At 31 December 2015</b>			
Trade and other payables	1,638,128	-	-
Borrowings	5,000,000	-	-
Financial guarantee contracts	752,419	-	-
	<b>7,390,547</b>	<b>-</b>	<b>-</b>
<b>At 31 December 2014</b>			
Trade and other payables	2,769,017	-	-
Borrowings	-	5,157,534	-
Financial guarantee contracts	1,003,592	-	-
	<b>3,772,609</b>	<b>5,157,534</b>	<b>-</b>



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 30. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder's value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

Management monitors capital based on gearing ratio. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings plus trade and other payables less cash and bank balances. Total capital is calculated as total equity plus net debt.

	Group	
	2015	2014
	\$	Restated \$
Net debt	21,435,259	19,393,779
Total equity	45,141,131	44,024,125
Total capital	66,576,390	63,417,904
Gearing ratio	32%	31%

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 31 December 2014 and 2015.

### (e) Financial instruments by category

The carrying amount of the different categories of financial instruments is as follows:

	Group		Company	
	2015	2014	2015	2014
	\$	\$	\$	\$
Loans and receivables	64,777,619	52,043,789	11,909,204	10,834,187
Financial liabilities at amortised cost	27,082,716	21,902,790	6,638,128	7,769,017

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 31. SEGMENT INFORMATION

Management has determined the operating segments that are used to make strategic decisions. Currently, the business segments operate in Singapore and Malaysia.

### Primary reporting format – business segments:

	Structural Steel \$	Tunnelling \$	Total \$
<b>2015</b>			
<b>Sales</b>	44,361,604	6,630,080	50,991,684
<b>Cost of works</b>	(37,901,001)	(5,137,825)	(43,038,826)
<b>Gross profit</b>	6,460,603	1,492,255	7,952,858
Other losses – net			(3,244,201)
Administrative expenses			(2,812,696)
Finance expenses			(295,175)
Share of profit of an associated company			121,753
Profit before tax			1,722,539
Income tax expenses			(108,008)
<b>Net profit</b>			1,614,531
Net profit includes:			
– Depreciation (Note 15)			90,474
<b>Segment assets</b>	51,607,969	823,401	52,431,370
Total assets includes:			
– Additions to property, plant and equipment (Note 15)			741,335
<b>Segment liabilities</b>	12,849,038	868,926	13,717,964

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 31. SEGMENT INFORMATION (CONTINUED)

Primary reporting format – business segments: (Continued)

	Structural Steel \$	Tunnelling \$	Total \$
<b>Restated</b>			
<b>2014</b>			
<b>Sales</b>	24,493,896	6,718,249	31,212,145
<b>Cost of works</b>	(22,431,795)	(4,995,636)	(27,427,431)
<b>Gross profit</b>	<u>2,062,101</u>	<u>1,722,613</u>	<u>3,784,714</u>
Other losses – net			(482,737)
Administrative expenses			(2,272,685)
Finance expenses			(273,157)
Share of profit of an associated company			503,138
Profit before tax			1,259,273
Income tax credit			64,044
<b>Net profit</b>			<u>1,323,317</u>
Net profit includes:			
– Depreciation (Note 15)			88,581
<b>Segment assets</b>	<u>45,268,224</u>	<u>1,312,164</u>	<u>46,580,388</u>
Total assets includes:			
– Additions to property, plant and equipment (Note 15)			199,716
<b>Segment liabilities</b>	<u>5,176,654</u>	<u>222,054</u>	<u>5,398,708</u>

The management assesses the performance of the operating segments based on gross profits. Administrative expenses and other income are not allocated to segments as these expenses are driven by the Group corporate activities.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 31. SEGMENT INFORMATION (CONTINUED)

### Reportable segments' assets are reconciled to total assets as follows:

For the purposes of monitoring segment performance and allocating resources between segments, the management monitors the trade receivables attributable to each segment. All assets are allocated to reportable segments other than cash and cash equivalents, trade and other receivables, inventories, property, plant and equipment and investment in associated company.

	2015 \$	2014 Restated \$
Segment assets for reportable segments	52,431,370	46,580,388
Unallocated:		
– Cash and cash equivalents	6,643,479	2,686,824
– Trade and other receivables	5,773,474	2,795,237
– Inventories	5,993,596	9,487,866
– Property, plant and equipment	2,057,420	1,598,972
– Investment in associated company	400,000	2,985,029
	<u>73,299,339</u>	<u>66,134,316</u>

### Reportable segments' liabilities are reconciled to total liabilities as follows:

For the purposes of monitoring segment performance and allocating resources between segments, the management monitors the payables attributable to each segment. All liabilities are allocated to reportable segments other than trade and other payables, income tax liabilities, deferred income tax liabilities and borrowings.

	2015 \$	2014 \$
Segment liabilities for reportable segments	13,717,964	5,398,708
Unallocated:		
– Trade and other payables	7,516,348	9,676,642
– Income tax liabilities	66,951	14,889
– Deferred income tax liabilities	12,519	14,699
– Borrowings	6,844,426	7,005,253
	<u>28,158,208</u>	<u>22,110,191</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 31. SEGMENT INFORMATION (CONTINUED)

### Geographical information

The Group's two business segments operate in two main geographical areas:

- Singapore – the Company is headquartered and operates in Singapore. The operations in this area are principally building constructions and civil engineering works and investment holding.
- Malaysia – the operations in this area are principally contracting for all kinds of construction works.

	Revenue	
	2015 \$	2014 \$
Singapore	49,384,616	28,946,357
Malaysia	1,607,068	2,265,788
	<u>50,991,684</u>	<u>31,212,145</u>

	Non-current assets	
	2015 \$	2014 Restated \$
Singapore	662,861	3,099,008
Malaysia	1,794,559	1,484,993
	<u>2,457,420</u>	<u>4,584,001</u>

### Revenue from major customers

Aggregate revenues of \$38,400,000 (2014: \$16,700,000) are derived from 3 customers (2014: 2) that individually contributed 10% or more in the Group's revenue. These revenues are attributable to Singapore structural steel segment.

## 32. PRIOR YEAR ADJUSTMENTS

The financial statements for the financial year ended 31 December 2014 have been restated to reflect the effects of the adjustments made on the financial statements of the associated company as at and for the period ended 31 December 2014 after the consolidated financial statements of the Company for financial year ended 31 December 2014 were authorised for issue. As a result, certain lines items have been amended on the statement of the comprehensive income, consolidated balance sheet, statement of changes to equity and statements of cash flows. The restated accounts are as follows:-

	As previously reported \$	Adjustments \$	As restated \$
<b>2014</b>			
Share of profit of an associated company	712,338	(209,200)	503,138
Investment in associated company	3,194,229	(209,200)	2,985,029
Net profit	<u>1,532,517</u>	<u>(209,200)</u>	<u>1,323,317</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 33. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Below are the mandatory standards and amendments to existing standards that have been published and effective for the financial year beginning 1 January 2016 onwards:

*Effective for annual periods beginning on or after 1 January 2016*

- FRS 114 Regulator Deferral Accounts
- Amendments to FRS 1: Disclosure Initiative
- Amendments to FRS 27: Equity Method in Separate Financial Statements
- Amendments to FRS 16 and FRS 38: Clarification of Acceptance Methods of Depreciation and Amortisation
- Amendments to FRS 16 and FRS 41: Agriculture: Bearer Plants
- Amendments to FRS 111: Accounting for Acquisitions of Interests in Joint Operations
- Amendments to FRS 110, FRS 112 and FRS 28: Investments Entities: Applying the Consolidation Exception
- Improvements to FRSs (November 2014)
  - FRS 105 Non-current Assets Held for Sale and Discontinued Operations
  - FRS 107 Financial Instruments: Disclosures
  - FRS 19 Employee Benefits
  - FRS 34 Interim Financial Reporting

*Effective for annual period beginning on or after 1 January 2018*

- FRS 109 Financial Instruments
  - Illustrative Examples
  - Implementation Guidance
  - Amendments to Guidance on Other Standards
- FRS 115 Revenue from Contracts with Customers  
 [The effective date of FRS 115 Revenue from contracts with customers has been deferred from 1 January 2017 to 1 January 2018]

FRS 115 is the new standard on revenue recognition. It will replace the previous standards on revenue – FRS 18 *Revenue* and FRS 11 *Construction Contracts* and related interpretations on revenue recognition such as INT FRS 115 *Agreements for the Construction of Real Estate*. This new standard introduces a 5-step model when to recognise revenue and how much revenue to recognise and may affect the Company's recognition, measurement, timing and disclosure of revenue.

*Effective date of this Amendments had been revised from 1 January 2016 to a date to be determined by ASC*

- Amendments to FRS 110 and FRS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Except for FRS 115, the management anticipates that the adoption of the above FRSs and amendments to FRS in the future period will not have material impact on the financial statements of the Group and of the Company in the period of initial adoption.

## 34. AUTHORISATION OF FINANCIAL STATEMENTS

The consolidated financial statements of Kori Holdings Limited and its subsidiary corporations for the financial year ended 31 December 2015 were authorised for issue in accordance with a resolution of the Board of Directors on 5 April 2016.

# SHAREHOLDINGS STATISTICS

## DISTRIBUTION OF SHAREHOLDINGS BY SIZE OF SHAREHOLDINGS AS AT 5 APRIL 2016

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1-99	0	0.00	0	0.00
1,00-1,000	8	6.01	2,200	0.00
1,001-10,000	31	23.31	207,200	0.21
10,001-1,000,000	80	60.15	9,050,200	9.12
1,000,001 and above	14	10.53	89,940,400	90.67
Total	133	100.00	99,200,000	100.00

## LIST OF 20 LARGEST REGISTERED SHAREHOLDERS AS AT 5 APRIL 2016

No.	Name	No. of Shares	%
1	HOOI YU KOH	18,892,000	19.04
2	KEONG HONG HOLDINGS LIMITED	15,000,000	15.12
3	BNP PARIBAS NOMINEES SINGAPORE PTE LTD	14,924,000	15.04
4	KGI FRASER SECURITIES PTE LTD	12,815,700	12.92
5	HONG LEONG FINANCE NOMINEES PTE LTD	7,746,100	7.81
6	KORI NOBUAKI	6,592,000	6.65
7	UOB KAY HIAN PTE LTD	2,852,000	2.88
8	TAN TIN NAM	2,192,000	2.21
9	MAYBANK KIM ENG SECURITIES PTE LTD	1,956,100	1.97
10	LAU ENG TIONG	1,843,900	1.86
11	SIA LING SING	1,472,000	1.48
12	OW YEOW BUNG	1,459,000	1.47
13	CIMB SECURITIES (SINGAPORE) PTE LTD	1,106,000	1.11
14	RHB SECURITIES SINGAPORE PTE. LTD.	1,089,600	1.10
15	LIM VOON NNA @ LIM BOON NAA	620,000	0.63
16	TAN LEE CHING (CHEN LIZHEN)	615,000	0.62
17	TAN LEE WAH	500,000	0.50
18	OCBC SECURITIES PRIVATE LIMITED	468,000	0.47
19	CHEE SHEW YAN	440,000	0.44
20	TEOU KEM ENG @ TEOU KIM ENG	309,000	0.31
Total:		92,892,400	93.63

## SHAREHOLDINGS STATISTICS

Issued and paid-up capital	:	S\$33,669,650
Number of issued shares	:	99,200,000
Class of shares	:	Ordinary shares
Number of treasury shares	:	Nil
Voting rights	:	On a Poll: 1 vote for each ordinary share

### SUBSTANTIAL SHAREHOLDERS AS AT 5 APRIL 2016

	<b>Name of Substantial Shareholders</b>	<b>Direct Interest</b>	<b>%</b>	<b>Deemed Interest</b>	<b>%</b>
1	Hooi Yu Koh	18,892,000	19.04	14,924,000 <sup>(1)</sup>	15.04
2	Keong Hong Holdings Limited	15,000,000	15.12	–	–
3	Kori Nobuaki	6,592,000	6.65	–	–

**Note:**

(1) The deemed interest in 14,924,000 shares are held through BNP Paribas Nominees Singapore Pte. Ltd.

### SHARES HELD BY PUBLIC

Based on the information provided to the Company as at 5 April 2016, approximately 44.14% of the issued shares of the Company was held in the hands of the public as defined in the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the “**Catalist Rules**”). Accordingly, Rule 723 of the Catalist Rules has been complied with.



# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting (“**AGM**”) of Kori Holdings Limited (the “**Company**”) will be held at HomeTeamNS-JOM, 31 Ah Hood Road, Singapore 329979 on Friday, 29 April 2016 at 2.00 p.m. for the following purposes:

## As Ordinary Business

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2015 and the Directors’ Statement together with the Auditors’ Report. **(Resolution 1)**
2. To approve the proposed first and final dividend of S\$0.005 per ordinary share for the financial year ended 31 December 2015. **(Resolution 2)**
3. To re-elect Mr Hooi Yu Koh, who is retiring pursuant to Article 93 of the Company’s Constitution.

*Mr Hooi Yu Koh will, upon re-election as a Director of the Company, remain as the Chief Executive Officer and Managing Director.*

*[See Explanatory Note 1(a)]*

**(Resolution 3)**

4. To re-elect Mr Lim Yeok Hua, who is retiring pursuant to Article 93 of the Company’s Constitution.

*Mr Lim Yeok Hua will, upon re-election as a Director of the Company, remain as the Chairman of the Nominating Committee and a member of the Audit and Remuneration Committees. The Board considers him to be independent for the purpose of Rule 704(7) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”)(“**Catalist Rules**”).*

*[See Explanatory Note 1(b)]*

**(Resolution 4)**

5. To approve the payment of Directors’ fees amounting to S\$180,120 for the financial year ending 31 December 2016, payable quarterly in arrears. [FY2015: S\$100,100]. **(Resolution 5)**
6. To re-appoint Messrs Nexia TS Public Accounting Corporation as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**
7. To transact any other ordinary business which may be properly transacted at an annual general meeting.

## As Special Business

To consider and, if thought fit, to pass the following as Ordinary Resolutions, with or without modifications:

### 8. **Authority to Allot and Issue Shares**

THAT pursuant to Section 161 of the Companies Act, Chapter 50 (the “**Act**”) and Rule 806 of the Catalist Rules, the Directors of the Company be authorised and empowered to:

- (I) (i) allot and issue shares in the capital of the Company (“**Shares**”) whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

## NOTICE OF ANNUAL GENERAL MEETING

- (II) (notwithstanding that the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

provided that:

- (a) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments, made or granted pursuant to this Resolution), shall not exceed one hundred per cent (100%) of the total number of issued Shares in the capital of the Company (excluding treasury shares) (as calculated in accordance with sub-paragraph (b) below), of which the aggregate number of Shares to be issued other than on a pro-rata basis to the existing shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed fifty per cent (50%) of the total number of issued Shares (excluding treasury shares) (as calculated in accordance with sub-paragraph (b) below);
- (b) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) that may be issued under sub-paragraph (a) above, the percentage of the issued Shares shall be based on the total number of issued Shares (excluding treasury shares) at the time this Resolution is passed, after adjusting for:
  - (i) new Shares arising from the conversion or exercise of any convertible securities;
  - (ii) new Shares arising from the exercise of share options or vesting of share awards which are outstanding and/or subsisting at the time of the passing of this Resolution, provided the share options or share awards (as the case may be) were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and
  - (iii) any subsequent bonus issue, consolidation or subdivision of Shares;
- (c) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Act and the Constitution for the time being of the Company;
- (d) the authority conferred by this Resolution shall, unless revoked or varied by the Company in general meeting, continue to be in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier.

*[See Explanatory Note 2]*

**(Resolution 7)**

# NOTICE OF ANNUAL GENERAL MEETING

## 9. Authority to allot and issue shares under the Kori Employee Share Option Scheme (the “Share Option Scheme”)

That pursuant to Section 161 of the Act, authority be and is hereby given to the Directors of the Company to offer and grant options (“Options”) in accordance with the provisions of the Share Option Scheme and to allot and issue from time to time such number of Shares as may be required to be allotted and issued pursuant to the exercise of Options, provided always that the aggregate number of Shares to be allotted and issued pursuant to the Share Option Scheme, when added to the number of Shares issued and issuable in respect of all Options granted under the Share Option Scheme including the Performance Share Plan (as defined herein), and any other share option schemes of the Company, shall not exceed fifteen per cent. (15%) of the total number of issued Shares (including treasury shares) on the date preceding the date of the relevant grant of an Option.

*[See Explanatory Note 3]*

**(Resolution 8)**

## 10. Authority to allot and issue shares under the Kori Performance Share Plan (the “Performance Share Plan”)

That pursuant to Section 161 of the Act, authority be and is hereby given to the Directors of the Company to grant awards (“Awards”) in accordance with the provisions of the Performance Share Plan and to allot and issue from time to time such number of Shares as may be required to be allotted and issued pursuant to the Awards granted under the Performance Share Plan, provided always that aggregate number of Shares to be allotted and issued pursuant to the Performance Share Plan, and the total number of existing Shares which may be purchased from the market for delivery pursuant to the Awards granted under the Performance Share Plan, when added to the number of Shares issued and issuable in respect of all Awards granted under the Performance Share Plan, and including the Share Option Scheme and any other share option schemes of the Company, shall not exceed fifteen per cent. (15%) of the total issued Share (including treasury shares) on the date preceding the date of the grant of the relevant Awards.

*[See Explanatory Note 4]*

**(Resolution 9)**

## 11. The Proposed Renewal of the Share Purchase Mandate

(I) That for the purposes of Sections 76C and 76E of the Act, the Directors of the Company be and are hereby authorized to exercise all the powers of the Company to purchase or otherwise acquire the Shares not exceeding in aggregate the Maximum Limit (as defined below), at such price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (as defined below), whether by way of:

- (a) market purchase(s) (each a “Market Purchase”) on the SGX-ST; and/or
- (b) off-market purchase(s) (each an “Off-Market Purchase”) in accordance with an equal access scheme(s) as may be determined or formulated by the Directors of the Company as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Catalist Rules and the Act;

and otherwise in accordance with all other laws and regulations, including but not limited to, the Constitution of the Company, the provisions of the Act and the Catalist Rules as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the “Share Purchase Mandate”);

## NOTICE OF ANNUAL GENERAL MEETING

- (II) That unless varied or revoked by the members of the Company in a general meeting, the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate may be exercised by the Directors of the Company at any time and from time to time during the Relevant Period (as defined below) and expiring on the earliest of:
- (a) the date on which the next annual general meeting of the Company is held or required by law to be held;
  - (b) the date on which the purchases or acquisitions of Shares by the Company pursuant to the Share Purchase Mandate are carried out to the full extent mandated; or
  - (c) the date on which the authority conferred by the Share Purchase Mandate is varied or revoked by shareholders in a general meeting;

- (III) for the purposes of this Resolution:

**"Maximum Limit"** means that number of issued Shares representing not more than 10% of the issued ordinary share capital of the Company as at the date of the passing of this Resolution, unless the Company has effected a reduction of the share capital of the Company (other than a reduction by virtue of a share buy-back) in accordance with the applicable provisions of the Act, at any time during the Relevant Period, in which event the issued ordinary share capital of the Company shall be taken to be the amount of the issued ordinary share capital of the Company as altered by such capital reduction (excluding any treasury shares that may be held by the Company from time to time). Any Shares which are held as treasury shares will be disregarded for purposes of computing the 10% limit;

**"Relevant Period"** means the period commencing from the date of the passing of this Resolution and expiring on the earliest of the date on which the next annual general meeting of the Company is held or is required by law to be held, the date on which the share buy-backs are carried out to the full extent of the Share Purchase Mandate, or the date the said mandate is revoked or varied by the Company in a general meeting;

**"Maximum Price"**, in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) which shall not exceed:

- (a) in the case of Market Purchase, 105% of the Average Closing Price; and
- (b) in the case of an Off-Market Purchase pursuant to an equal access scheme, 110% of the Average Closing Price,

where:

**"Average Closing Price"** means the average of the closing market prices of the Shares over the last five (5) Market Days, on which transactions in the Shares were recorded, before the day on which the purchase or acquisition of Shares was made, or as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant five (5) Market Days;

# NOTICE OF ANNUAL GENERAL MEETING

**“day of the making of the offer”** means the day on which the Company makes an offer for an Off-Market Purchase, stating therein the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

- (IV) That the number of Shares which may in aggregate be purchased or acquired by the Company during the Relevant Period shall be subject to the Maximum Limit;
- (V) That the Directors of the Company and/or any of them be and are hereby authorised to deal with the Shares purchased by the Company, pursuant to the Share Purchase Mandate in any manner as they think fit, which is permitted under the Act; and
- (VI) That the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider necessary, expedient, incidental or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Resolution.

*[See Explanatory Note 5]*

**(Resolution 10)**

By Order of the Board

Teo Meng Keong  
Company Secretary  
Singapore  
14 April 2016

**Notes:**

1. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.
- (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

**“Relevant intermediary”** has the meaning ascribed to it in Section 181(6) of the Act.

2. A proxy need not be a member of the Company.
3. The instrument appointing a proxy or proxies, must be deposited at the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services, at 80 Robinson Road, #11-02, Singapore 068898, not less than 48 hours before the time appointed for the holding of the AGM.

# NOTICE OF ANNUAL GENERAL MEETING

## Explanatory Note:

- (1) (a) Information on Mr Hooi Yu Koh can be found on page 7 of the annual report.
- (b) Information on Mr Lim Yeok Hua can be found on page 8 of the annual report.
- (2) The Resolution 7 in item 8, if passed, will empower the Directors of the Company, effective until the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to allot and issue Shares and/or convertible securities in the Company, without seeking any further approval from shareholders in general meeting but within the limitation imposed by this Resolution 7, for such purposes as the Directors may consider would be in the best interests of the Company. The number of Shares and convertible securities that the Directors may allot and issue under this Resolution 7 would not exceed one hundred per cent. (100%) of the total number of issued Shares (excluding treasury shares) at the time of passing of this Resolution 7. For issue of Shares and convertible securities other than on a pro-rata basis to all shareholders, the aggregate number of Shares and convertible securities to be issued shall not exceed fifty per cent (50%) of the total number of issued Shares (excluding treasury shares) at the time of passing of this Resolution 7.
- (3) The Resolution 8 in item 9, if passed, will empower the Directors, from the date of the AGM until the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to allot and issue Shares pursuant to the exercise of Options granted or to be granted under the Share Option Scheme and such other share-based incentive scheme or share plan up to a number not exceeding, in total, fifteen per cent. (15%) of the total number of issued Shares (including treasury shares) on the date preceding the date of the relevant grant.
- (4) The Resolution 9 in item 10, if passed, will empower the Directors, from the date of the AGM until the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to allot and issue Shares pursuant to the vesting of Awards under the Performance Share Plan and such other share-based incentive scheme or share plan (including the total number of existing Shares which may be purchased from the market for delivery pursuant to the Awards granted) up to a number not exceeding, in total, fifteen per cent. (15%) of the total number of issued Shares (including treasury shares) on the date preceding the date of the relevant grant.
- (5) The Resolution 10 proposed in item 11 above, if passed, will empower the Directors of the Company, from the date of the AGM until the next annual general meeting or the date by which the next annual general meeting of the Company is required by law to be held or when varied or revoked by the Company in general meeting, whichever is earlier, to purchase or acquire up to ten per centum (10%) of the total number of issued Shares (excluding treasury shares), at prices up to but not exceeding the Maximum Price (as defined above), as at the date of the passing of this Ordinary Resolution 10. Details the proposed renewal of the Share Purchase Mandate are set out in the Appendix accompany this annual report.

## Personal data privacy:

By submitting a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

## APPENDIX TO THE ANNUAL REPORT 2015

**THIS APPENDIX IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.**

This Appendix is circulated to shareholders of Kori Holdings Limited (the “**Company**”) together with the Company’s annual report for the financial year ended 31 December 2015. Its purpose is to provide shareholders with the relevant information relating to the proposed renewal of the share purchase mandate and to seek shareholders’ approval for the same at the Annual General Meeting of the Company to be held at HomeTeamNS-JOM, 31 Ah Hood Road, Singapore 329979 on 29 April 2016 at 2.00 p.m.

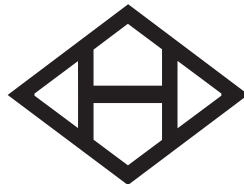
**If you are in doubt about its contents or the action you should take, you should consult your bank manager, stockbroker, solicitor, accountant or other professional adviser immediately.**

If you have sold or transferred all your ordinary shares in the capital of the Company, you should immediately forward this Appendix together with the notice of Annual General Meeting and the accompanying proxy from immediately to the purchaser or the transferee, or to the bank, stockbroker or agent through whom the sale or the transfer was effected for onward transmission to the purchaser or the transferee.

This Appendix has been prepared by the Company and its contents have been reviewed by the Company’s sponsor, PrimePartners Corporate Finance Pte. Ltd. (the “**Sponsor**”), for compliance with the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this Appendix.

This Appendix has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this Appendix, including the accuracy, completeness or correctness of any of the information, statements or opinions made, or reports contained in this Appendix.

The contact person for the Sponsor is Ms Keng Yeng Pheng, Associate Director, Continuing Sponsorship, at 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, telephone (65) 6229 8088.



**KORI HOLDINGS LIMITED**

[Company Registration Number: 201212407R]

[Incorporated in the Republic of Singapore on 18 May 2012]

## **APPENDIX TO SHAREHOLDERS IN RELATION TO THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE**

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## DEFINITIONS

Except where the context otherwise requires, the following definitions apply throughout this Appendix:

<b>“ACRA”</b>	Accounting and Corporate Regulatory Authority of Singapore
<b>“Act” or the “Companies Act”</b>	The Companies Act (Chapter 50) of Singapore, as may be amended and/or supplemented from time to time
<b>“AGM”</b>	The annual general meeting of the Company to be convened and held at HomeTeamNS-JOM, 31 Ah Hood Road, Singapore 329979 on 29 April 2016 at 2.00 p.m., notice of which is set out on pages 95 to 100 of the Annual Report 2015
<b>“Annual Report 2015”</b>	The annual report of the Company for FY2015
<b>“Appendix”</b>	This appendix to Shareholders dated 14 April 2016
<b>“Associate”</b>	<p>(a) in relation to any Director, chief executive officer, Substantial Shareholder or Controlling Shareholder (being an individual) means:</p> <ul style="list-style-type: none"> <li>(i) his immediate family;</li> <li>(ii) the trustees of any trust of which he or his immediately family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and</li> <li>(iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more</li> </ul> <p>(b) in relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more</p>
<b>“Awards”</b>	Awards to subscribe for ordinary shares of the Company issued pursuant to the Kori Performance Share Plan
<b>“Board of Directors”</b>	The Board of Directors of the Company for the time being
<b>“Catalist”</b>	The sponsored-supervised listing platform of the SGX-ST
<b>“Catalist Rules”</b>	The Listing Manual (Section B: Rules of Catalist) of the SGX-ST, as amended or modified from time to time
<b>“CDP”</b>	The Central Depository (Pte) Limited
<b>“Company”</b>	Kori Holdings Limited
<b>“Constitution”</b>	The existing constitution of the Company (which was previously known as the memorandum and articles of association of the Company)

<b>“Controlling Shareholder”</b>	<p>A person who:</p> <p>(a) holds directly or indirectly 15% or more of the nominal amount of all voting shares in the Company; or</p> <p>(b) in fact exercises control over the Company</p>
<b>“Convertible Bond”</b>	<p>The unsecured, 3-year, 5% convertible bond issued by the Company to Keong Hong Holdings Limited on 19 August 2013 with a principal amount of S\$5 million, which may be converted at the option of Keong Hong Holdings Limited into Shares of the Company from 31 December 2013 till 18 August 2016, at a conversion price of S\$0.42. As at the Latest Practicable Date, the Convertible Bond has yet to be converted.</p>
<b>“Director(s)”</b>	<p>The director(s) of the Company for the time being</p>
<b>“EPS”</b>	<p>Earnings per Share</p>
<b>“FY”</b>	<p>The financial year ended 31 December</p>
<b>“Group”</b>	<p>The Company, its subsidiaries and associated company, collectively</p>
<b>“Latest Practicable Date”</b>	<p>5 April 2016, being the latest practicable date prior to the printing of this Appendix</p>
<b>“Market Day”</b>	<p>A day on which the SGX-ST is open for trading in securities</p>
<b>“NTA”</b>	<p>Net tangible assets</p>
<b>“Options”</b>	<p>Options to subscribe for ordinary shares of the Company issued pursuant to the Kori Employee Share Option Scheme</p>
<b>“Relevant Period”</b>	<p>The period commencing from the date on which the ordinary resolution relating to the renewal of the Share Purchase Mandate is passed at the AGM and expiring on the earliest of the date on which the next annual general meeting of the Company is held or is required by law to be held, the date on which the share buy-backs are carried out to the full extent of the renewed Share Purchase Mandate, or the date the said mandate is revoked or varied by the Company in a general meeting</p>
<b>“Securities Account”</b>	<p>A securities account maintained by a Depositor with CDP, but does not include a securities sub-account maintained with a Depository Agent</p>
<b>“SGX-ST”</b>	<p>Singapore Exchange Securities Trading Limited</p>
<b>“Shares”</b>	<p>Ordinary shares in the share capital of the Company</p>
<b>“Share Purchase Mandate”</b>	<p>The proposed general and unconditional mandate given by Shareholders at the AGM to authorise the Directors to exercise all powers of the Company to purchase or otherwise acquire the issued Shares within the Relevant Period, in accordance with the terms set out in this Appendix as well as the rules and regulations set forth in the Act and the Catalyst Rules</p>

<b>“Shareholders”</b>	Registered holders of Shares, except that where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares and where the context admits, mean the persons named as Depositors in the Depository Register maintained by CDP whose Securities Accounts are credited with those Shares
<b>“SIC”</b>	The Securities Industry Council of Singapore
<b>“Sponsor”</b>	PrimePartners Corporate Finance Pte. Ltd.
<b>“Substantial Shareholder”</b>	A Shareholder who holds directly or indirectly 5% or more of the total issued and voting share capital of the Company
<b>“Take-over Code”</b>	The Singapore Code on Take-overs and Mergers, as amended or modified from time to time
<b>“Treasury Shares”</b>	Shares purchased or otherwise acquired by the Company pursuant to the Share Purchase Mandate and held by the Company in accordance with Section 76H of the Act
<b>“%” or “per cent”</b>	Per centum or percentage
<b>“S\$” and “cents”</b>	Singapore dollar and cents respectively

The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the meanings ascribed to them respectively in Section 130A of the Act.

The term “**subsidiary**” shall have the meaning ascribed to it under Section 5 of the Act.

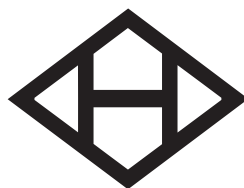
Words importing the singular shall, where applicable, include the plural and vice versa, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons shall, where applicable, include corporations.

Any reference in this Appendix to any statute or enactment is a reference to that statute or enactment as for the time being amended or re-enacted.

Any word defined in the Act or the Catalist Rules, or any statutory modification thereof and used in this Appendix shall have the meaning assigned to it under the Act or the Catalist Rules, or such statutory modification, as the case may be, unless the context otherwise requires.

Any discrepancies in figures included in this Appendix between the amounts listed and the totals thereof are due to rounding; accordingly, figures shown as totals in this Appendix may not be an arithmetic aggregation of the figures that precede them. Where applicable, figures and percentages are rounded to the nearest two decimal places.

Any reference to a time of day in this Appendix shall be a reference to Singapore time, unless otherwise stated.



## KORI HOLDINGS LIMITED

(Company Registration Number: 201212407R)  
(Incorporated in the Republic of Singapore on 18 May 2012)

### Directors

Kori Nobuaki (Non-Executive and Non-Independent Chairman)  
Hooi Yu Koh (CEO and Managing Director)  
Nicholas Philip Lazarus (Independent Director)  
Kuan Cheng Tuck (Independent Director)  
Lim Yeok Hua (Independent Director)

### Registered Office:

11 Sims Drive  
#06-01 SCN Centre  
Singapore 387385

14 April 2016

To: The Shareholders of the Company

Dear Sir/Madam,

### 1. INTRODUCTION

The Company's existing Share Purchase Mandate was first approved by Shareholders at the annual general meeting of the Company held on 25 April 2014 and renewed at the annual general meeting held on 29 April 2015. The Share Purchase Mandate will, unless renewed again, expire on the date of the forthcoming AGM. Accordingly, the Directors are proposing to seek Shareholders' approval at the forthcoming AGM for the proposed renewal of the Share Purchase Mandate.

The purpose of this Appendix is to provide Shareholders with information relating to, and to seek their approval for, the proposed renewal of the Share Purchase Mandate at the AGM to be held on 29 April 2016 at 2.00 p.m. The notice of the AGM is set out on pages 95 to 100 of the Annual Report 2015.

**Shareholders are advised that the Sponsor and the SGX-ST assume no responsibility for the contents of this Appendix, including the accuracy, completeness or correctness of any of the information, statements or opinions made, or reports contained in this Appendix.**

### 2. THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

#### 2.1 Introduction

The Act allows a company incorporated in Singapore to purchase or otherwise acquire its issued shares, stocks and preference shares if the purchase or acquisition is permitted under the Constitution. Any purchase of Shares by the Company will have to be made in accordance with, and in the manner prescribed by the Act, the Constitution and the Catalist Rules and such other laws and regulations as may for the time being, be applicable.

It is a requirement under the Act and the Catalist Rules that a company which wishes to purchase or otherwise acquire its own shares should obtain the approval of its shareholders to do so at a general meeting. In this regard, approval is being sought from Shareholders at the AGM for the proposed renewal of the Share Purchase Mandate. An ordinary resolution will be proposed, pursuant to which authority will be given to the Directors to exercise all powers of the Company to purchase or otherwise acquire its issued Shares on the terms of the Share Purchase Mandate.

## 2.2 Rationale for the Proposed Renewal of the Share Purchase Mandate

The Share Purchase Mandate would give the Company the flexibility to undertake the purchase or acquisition of its Shares as and when appropriate to:

- (a) manage the share capital structure of the Company, with a view to enhancing the EPS, NTA per Share and/or return on equity;
- (b) manage surplus capital, such that surplus capital and funds which are in excess of the Company's requirements may be returned to Shareholders in an expedient and cost-efficient manner;
- (c) mitigate short term market volatility, offset the effects of short term share price speculation and bolster shareholder confidence; and
- (d) manage and minimise the dilution impact (if any) associated with any share-based incentive scheme as may be implemented by the Company from time to time by delivering existing Shares instead of issuing new Shares.

The Share Purchase Mandate will be exercised by the Directors in circumstances where it is considered to be in the best interests of the Company, after taking into account factors such as the amount of surplus cash available and working capital requirements of the Company, the prevailing market conditions, liquidity and orderly trading of the Shares. The Directors are committed to ensuring that any share buy-back by the Company will not have any material adverse impact on the float, liquidity and/or orderly trading of the Shares and/or the financial position of the Group.

## 2.3 Authority and Limits

The authority and limitations placed on purchases or acquisitions of Shares by the Company under the renewed Share Purchase Mandate, if approved at the AGM, are summarised below:

### 2.3.1 Maximum Number of Shares

Only Shares which are issued and fully paid-up may be purchased or acquired by the Company.

The total number of Shares that may be purchased or acquired by the Company pursuant to the Share Purchase Mandate during the Relevant Period, is limited to that number of Shares representing not more than 10% of the total number of issued Shares of the Company as at the date of the AGM at which the Share Purchase Mandate is approved (unless the Company has, at any time during the Relevant Period, reduced its share capital by a special resolution under Section 78C of the Act, or the court has, at any time during the Relevant Period, made an order under Section 78I of the Act approving the reduction of share capital of the Company, in which event the total number of Shares shall be taken to be the total number of Shares as altered by the special resolution of the Company or the order of the court, as the case may be). For purposes of calculating the percentage of Shares referred to above, any of the Shares which are held as Treasury Shares will be disregarded.

**For illustrative purposes only**, on the basis of 99,200,000 Shares in issue (excluding Treasury Shares) as at the Latest Practicable Date and assuming that no further Shares are issued on or prior to the AGM and that no Shares are allotted or issued pursuant to the exercise of Options, vesting of Awards or conversion of the Convertible Bond, not more than 9,920,000 Shares representing 10% of the issued Shares (excluding Treasury Shares) as at the date of the AGM may be purchased or acquired by the Company pursuant to the Share Purchase Mandate.

### 2.3.2 Duration of Authority

Purchases or acquisitions of Shares may be made during the Relevant Period, at any time and from time to time, on and from the date of the AGM at which the Share Purchase Mandate is approved, up to:

- (a) the date on which the next annual general meeting of the Company is held or required by law to be held;
- (b) the date on which the purchases or acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated; or
- (c) the date on which the authority conferred by the Share Purchase Mandate is varied or revoked by Shareholders in a general meeting,

whichever is the earliest.

The authority conferred on the Directors by the Share Purchase Mandate to purchase or otherwise acquire Shares may be renewed by the Shareholders in any general meeting of the Company. When seeking the approval of the Shareholders for the Share Purchase Mandate, the Company is required to disclose details pertaining to purchases or acquisitions of Shares pursuant to the Share Purchase Mandate made during the previous twelve (12) months, including the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for such purchases or acquisitions of Shares, where relevant, and the total consideration paid for such purchases or acquisitions.

### 2.3.3 Manner of Purchases or Acquisitions of Shares

Purchases or acquisitions of Shares may be made by the Company by way of:

- (a) on-market purchases (the “**Market Purchase**”), transacted on the SGX-ST through the SGX-ST’s trading system, and which may be transacted through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or
- (b) off-market purchases (the “**Off-Market Purchase**”) effected pursuant to an equal access scheme as defined in Section 76C of the Act.

The Directors may impose such terms and conditions which are not inconsistent with the Share Purchase Mandate, the Catalist Rules, the Act and the Constitution, as they consider fit in the interests of the Company and/or Shareholders in connection with or in relation to any equal access scheme. An Off-Market Purchase must, however, satisfy all of the following conditions:

- (a) offers for the purchase or acquisition of issued Shares shall be made to every person who holds issued Shares to purchase or acquire the same percentage of their issued Shares;
- (b) all of those persons shall be given a reasonable opportunity to accept the offers made to them; and
- (c) the terms of all the offers are the same, except that there shall be disregarded:
  - (i) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements;
  - (ii) differences in consideration attributable to the fact that the offers relate to Shares with different amounts remaining unpaid; and
  - (iii) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

In addition, pursuant to Rule 870 of the Catalist Rules, if the Company wishes to make an Off-Market Purchase in accordance with an equal access scheme, the Company must issue an offer document to all Shareholders containing at least the following information:

- (a) the terms and conditions of the offer;
- (b) the period and procedures for acceptances;
- (c) the reasons for the proposed purchase or acquisition of Shares;
- (d) the consequences, if any, of the proposed purchase or acquisition of Shares by the Company that will arise under the Take-over Code or other applicable take-over rules;
- (e) whether the purchase or acquisition of Shares, if made, would have any effect on the listing of the Shares on the SGX-ST;
- (f) details of any purchase or acquisition of Shares made by the Company in the previous twelve (12) months (whether by way of Market Purchase or Off-Market Purchase pursuant to an equal access scheme), giving the total number of Shares purchased or acquired, the purchase price per Share or the highest and lowest prices paid for the purchases or acquisitions, where relevant, and the total consideration paid for the purchases or acquisitions; and
- (g) whether the Shares purchased will be cancelled or kept as Treasury Shares.

#### 2.3.4 Maximum Purchase Price

The purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax, clearance fees and other related expenses) (the “**related expenses**”) to be paid for a Share will be determined by the Directors.

However, the purchase price to be paid for the Shares pursuant to the purchases or acquisitions of the Shares must not exceed:

- (a) in the case of a Market Purchase, 105% of the Average Closing Price (as defined hereinafter); and
- (b) in the case of an Off-Market Purchase pursuant to an equal access scheme, 110% of the Average Closing Price,

(the “**Maximum Price**”) in either case, excluding related expenses. For the above purposes:

“**Average Closing Price**” means the average of the closing market prices of the Shares over the last five (5) Market Days, on which transactions in the Shares were recorded, before the day on which the purchase or acquisition of the Shares were made, or as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant five (5) Market Days.

“**date of the making of the offer**” means the date on which the Company makes an offer for an Off-Market Purchase, stating therein the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

#### 2.3.5 Status of Purchased Shares

Shares purchased or acquired by the Company are deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to the Shares will expire on such cancellation) unless such Shares are held by the Company as Treasury Shares to the extent permitted under the Act. At the time of each purchase or acquisition of the Shares by the Company, the Directors will decide whether the Shares purchased will be cancelled or kept as Treasury Shares, or partly cancelled and partly kept as Treasury Shares, depending on the needs of the Company at that time and as the Directors deem fit in the interests of the Company at that time. The total number of Shares will be diminished by the number of Shares purchased or otherwise acquired by the Company and which are not held as Treasury Shares.

All Shares purchased or acquired by the Company (other than Treasury Shares held by the Company to the extent permitted under the Act) will be automatically de-listed by the SGX-ST, and certificates (if any) in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following settlement of any such purchase or acquisition.



## 2.4 Treasury Shares

Under the Act, Shares purchased or acquired by the Company may be held or dealt with as Treasury Shares. Some of the provision on Treasury Shares under the Act are summarised below:

### 2.4.1 Maximum Holdings

The number of Shares held as Treasury Shares cannot at any time exceed 10% of the total number of issued Shares. Any Shares in excess of this limit shall be disposed of or cancelled in accordance with Section 76K of the Act within six (6) months or such further periods as ACRA may allow.

### 2.4.2 Voting and Other Rights

The Company cannot exercise any right in respect of Treasury Shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Act, the Company shall be treated as having no right to vote and the Treasury Shares shall be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution of the Company's assets may be made, to the Company in respect of Treasury Shares. However, the allotment of shares as fully paid bonus shares in respect of Treasury Shares is allowed. Also, a subdivision of any Treasury Shares into Treasury Shares of a larger amount, or a consolidation of any Treasury Shares into Treasury Shares of a smaller amount, is allowed so long as the total value of the Treasury Shares after the subdivision or consolidation is the same as before.

### 2.4.3 Disposal and Cancellation

Where Shares are held as Treasury Shares, the Company may at any time:

- (a) sell the Treasury Shares for cash;
- (b) transfer the Treasury Shares for the purposes of or pursuant to an employee's share scheme of the Company;
- (c) transfer the Treasury Shares as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (d) cancel the Treasury Shares; or
- (e) sell, transfer or otherwise use the Treasury Shares for such other purposes as may be prescribed by the Minister of Finance of Singapore.

The Company, upon undertaking any sale, transfer, cancellation and/or use of Treasury Shares, will comply with Rule 704(31) of the Catalist Rules, which provides that an issuer must make an immediate announcement thereof, stating the following:

- (a) date of the sale, transfer, cancellation and/or use;
- (b) purpose of such sale, transfer, cancellation and/or use;
- (c) number of treasury shares sold, transferred, cancelled and/or used;
- (d) number of treasury shares before and after such sale, transfer, cancellation and/or use;
- (e) percentage of the number of treasury shares against the total number of Shares outstanding before and after such sale, transfer, cancellation and/or use; and
- (f) value of the treasury shares if they are used for a sale or transfer, or cancelled.

## 2.5 Reporting Requirements

Within thirty (30) days of the passing of a Shareholders' ordinary resolution to approve the purchases or acquisitions of Shares by the Company, the Company shall lodge a copy of such resolution with ACRA.

The Company shall notify ACRA within thirty (30) days of a purchase or acquisition of Shares on the SGX-ST or otherwise. Such notification shall include details of purchases or acquisitions including the date of the purchases or acquisitions, the total number of Shares purchased or acquired by the Company, the number of Shares cancelled and the number of Shares held as Treasury Shares, the Company's issued share capital before and after the purchases or acquisitions of Shares, the amount of consideration paid by the Company for the purchases or acquisitions, whether the shares were purchased or acquired out of profits or the capital of the Company and such other information as required by the Act.

Within thirty (30) days of the cancellation or disposal of Treasury Shares in accordance with the provisions of the Act, the Directors shall lodge with ACRA the notice of cancellation or disposal of Treasury Shares in the prescribed form as required by ACRA.

Rule 871 of the Catalist Rules specifies that a listed company shall notify the SGX-ST of all purchases or acquisitions of its Shares not later than 9.00 a.m.:

- (a) in the case of a Market Purchase, on the Market Day following the day on which the Market Purchase was made; and
- (b) in the case of an Off-Market Purchase pursuant to an equal access scheme, on the second Market Day after the close of acceptance of the offer for the Off-Market Purchase.

The notification of such purchases or acquisitions of Shares to the SGX-ST shall be in such form and shall include such details that the SGX-ST may prescribe. The Company shall make arrangements with its stockbrokers to ensure that they provide the Company in a timely fashion the necessary information which will enable the Company to make the notifications to the SGX-ST.

## 2.6 Source of Funds

The Company may only apply funds legally available for the purchase or acquisition of Shares in accordance with the Constitution and the applicable laws in Singapore. The Company may not purchase or acquire its Shares pursuant to the Share Purchase Mandate for a consideration other than in cash or, in the case of a Market Purchase, for settlement otherwise than in accordance with the trading rules of the SGX-ST. As stated in the Act, the share buy-back may be made out of the Company's profits or capital so long as the Company is solvent (as defined in section 76F (4) of the Act).

The Company intends to use internal sources of funds or external borrowings or a combination of both to finance the Company's purchase or acquisition of Shares pursuant to the Share Purchase Mandate. The Directors do not propose to exercise the Share Purchase Mandate to such an extent that it would have a material adverse effect on the working capital requirements and/or the gearing of the Group.

## 2.7 Financial Effects

The financial effects on the Company and the Group arising from purchases or acquisitions of Shares which may be made pursuant to the Share Purchase Mandate will depend on, *inter alia*, the aggregate number of Shares purchased or acquired, the consideration paid at the relevant time, the amount (if any) borrowed by the Group to fund the purchases or acquisitions, whether the Shares are purchased out of capital or profits of the Company and whether the Shares purchased or acquired are held in treasury or cancelled. It is therefore not possible to accurately calculate or quantify the impact at this point of time.

**However, purely for illustrative purposes only**, the financial effects on the Company and the Group based on the audited consolidated financial statements of the Company and the Group for FY2015 are set out below.

### 2.7.1 Purchase or Acquisition out of Capital or Profits

Under the Act, purchases or acquisitions of Shares by the Company may be made out of the Company's capital or profits so long as the Company is solvent.

Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of profits, such consideration (including brokerage, commission, applicable goods and services tax and other related expenses) will correspondingly reduce the profits of the Company and hence the amount available for the distribution of dividends by the Company.

Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of capital, the amount available for the distribution of dividends by the Company will not be reduced. The NTA of the Company and of the Group will be reduced by the aggregate purchase price paid by the Company for the Shares.

#### 2.7.2 Maximum Price Paid for Shares Acquired or Purchased

Assuming that the Company purchases or otherwise acquires the maximum number of 9,920,000 Shares at the Maximum Price, the maximum amount of funds required is approximately:

- (a) in the case of Market Purchase of Shares, S\$4.60 million based on the Maximum Price of S\$0.46 for one Share (being the price equivalent to 5% above the Average Closing Price of the Shares traded on the SGX-ST for the five (5) consecutive Market Days immediately preceding the Latest Practicable Date); and
- (b) in the case of Off-Market Purchase of Shares, S\$4.82 million based on the Maximum Price of S\$0.49 for one Share (being the price equivalent to 10% above the Average Closing Price of the Shares traded on the SGX-ST for the five (5) consecutive Market Days immediately preceding the Latest Practicable Date).

#### 2.7.3 Whether the Shares are Cancelled or Held in Treasury

In the case where the Company chooses not to hold the purchased Shares in treasury, such Shares shall be cancelled. The Company shall:

- (a) reduce the amount of its share capital where the Shares were purchased or acquired out of the capital of the Company;
- (b) reduce the amount of its profits where the Shares were purchased or acquired out of the profits of the Company; or
- (c) reduce the amount of its share capital and profits proportionately where the Shares were purchased or acquired out of both the capital and profits of the Company,

by the total amount of the purchase price paid by the Company for the Shares cancelled. Where the purchased Shares are held in treasury, the total issued Shares of the Company will remain unchanged.

#### 2.7.4 Illustrative Financial Effects

**For illustrative purposes only**, Table A below lists four (4) possible scenarios of purchases or acquisitions of Shares by the Company pursuant to the Share Purchase Mandate, based on the following assumptions:-

- (a) the Company has 99,200,000 issued and paid-up Shares excluding Treasury Shares as at the Latest Practicable Date, and no additional Shares were issued after the Latest Practicable Date and that no Shares are allotted or issued pursuant to the exercise of Options, vesting of Awards or conversion of the Convertible Bond;

- (b) the Company has as at 31 December 2015:
- (i) issued share capital of approximately S\$32,290,650;
  - (ii) cash and cash equivalents of approximately S\$1,072,391;
- (c) cash of S\$3.82 million had been disbursed from the Company's wholly-owned subsidiaries to the Company prior to the purchase or acquisition of Shares by the Company; and
- (d) the consideration for the purchase or acquisition of the Shares (excluding brokerage, stamp duties, commission, applicable goods and services tax, clearance fees and other related expenses) is financed by internal sources of funds as follows,
- (i) in the case of Market Purchase of Shares, S\$4.60 million via internal funds by the Company; and
  - (ii) in the case of Off-Market Purchase of Shares, S\$4.82 million via internal funds by the Company,

and based on the audited financial statements of the Group for the FY2015, the effects of the purchase or acquisition of such Shares by the Company on the financial position of the Company and the Group are as follows:

**Table A**

*Scenario of purchase or acquisition of Shares*

The following four possible scenarios in Table A are purchases or acquisitions of Shares by the Company pursuant to the Share Purchase Mandate, with the pro-forma financial effects shown in detail either (i) out of capital in Table B below; or (ii) out of profits in Table C below:

Share Purchase				Maximum Number of Shares to be Purchased	
Scenario	Type	Whether held as Treasury Shares or Cancelled	Maximum Price per Share (S\$)	Number of Shares	Equivalent Percentage of Issued Shares
1(A)	Market	Held as Treasury Shares	0.46	9,920,000	10%
1(B)	Market	Cancelled	0.46	9,920,000	10%
1(C)	Off-Market	Held as Treasury Shares	0.49	9,920,000	10%
1(D)	Off-Market	Cancelled	0.49	9,920,000	10%

**Table B**

*Pro-forma financial effects on the Group for scenarios of Share purchases or acquisitions by the Company out of capital*

	Group As at 31 December 2015 (Audited)	Pro-forma Financial Effects as at 31 December 2015 for Scenarios in Table A			
		1(A)	1(B)	1(C)	1(D)
Share Capital (S\$'000)	32,291	32,291	27,687	32,291	27,468
Accumulated earnings (S\$'000)	38,483	38,483	38,483	38,483	38,483
Merger reserves (S\$'000)	(25,628)	(25,628)	(25,628)	(25,628)	(25,628)
Currency translation reserve (S\$'000)	(5)	(5)	(5)	(5)	(5)
Treasury Shares (S\$'000)	–	(4,604)	–	(4,823)	–
Total Equity (S\$'000)	45,141	40,537	40,537	40,318	40,318
Net Tangible Assets ( <b>NTA</b> ) – (S\$'000)	45,141	40,537	40,537	40,318	40,318
Current Assets (S\$'000)	70,842	66,242	66,242	66,022	66,022
Current Liabilities (S\$'000)	27,968	27,968	27,968	27,968	27,968
Borrowings (S\$'000)	6,844	6,844	6,844	6,844	6,844
Number of Shares <sup>(1)</sup> ('000)	99,200	89,280	89,280	89,280	89,280
Weighted average number of Shares <sup>(2)</sup> ('000)	99,200	89,280	89,280	89,280	89,280
Net profit for the financial year (S\$'000)	1,615	1,615	1,615	1,615	1,615
<u>Financial Ratios</u>					
NTA per Share <sup>(3)</sup> (S\$)	0.46	0.45	0.45	0.45	0.45
Current Ratio (times)	2.53	2.37	2.37	2.36	2.36
Gearing (times)	0.15	0.17	0.17	0.17	0.17
EPS <sup>(4)</sup> (S\$)	0.02	0.02	0.02	0.02	0.02

**Notes:**

(1) Excluding Shares that are held in treasury or cancelled.

(2) Assumed share buy back was done on 1 January 2015.

(3) NTA per Share equals to NTA divided by the number of Shares outstanding as at 31 December 2015.

(4) Earnings per Share ("EPS") is calculated based on net profit for the financial year divided by weighted average number of Shares.

**Table C**

*Pro-forma financial effects on the Group for scenarios of Share purchases or acquisitions by the Company out of profits*

	Group As at 31 December 2015 (Audited)	Pro-forma Financial Effects as at 31 December 2015 for Scenarios in Table A			
		1(A)	1(B)	1(C)	1(D)
Share Capital (S\$'000)	32,291	32,291	32,291	32,291	32,291
Accumulated earnings (S\$'000)	38,483	38,483	33,879	38,483	33,660
Merger reserves (S\$'000)	(25,628)	(25,628)	(25,628)	(25,628)	(25,628)
Currency translation reserve (S\$'000)	(5)	(5)	(5)	(5)	(5)
Treasury Shares (S\$'000)	–	(4,604)	–	(4,823)	–
Total Equity (S\$'000)	45,141	40,537	40,537	40,318	40,318
Net Tangible Assets ( <b>NTA</b> ) – (S\$'000)	45,141	40,537	40,537	40,318	40,318
Current Assets (S\$'000)	70,842	66,242	66,242	66,022	66,022
Current Liabilities (S\$'000)	27,968	27,968	27,968	27,968	27,968
Borrowings (S\$'000)	6,844	6,844	6,844	6,844	6,844
Number of Shares <sup>(1)</sup> ('000)	99,200	89,280	89,280	89,280	89,280
Weighted average number of Shares <sup>(2)</sup> ('000)	99,200	89,280	89,280	89,280	89,280
Net profit for the financial year (S\$'000)	1,615	1,615	1,615	1,615	1,615
<u>Financial Ratios</u>					
NTA per Share <sup>(3)</sup> (S\$)	0.46	0.45	0.45	0.45	0.45
Current Ratio (times)	2.53	2.37	2.37	2.36	2.36
Gearing (times)	0.15	0.17	0.17	0.17	0.17
EPS <sup>(4)</sup> (S\$)	0.02	0.02	0.02	0.02	0.02

**Notes:**

(1) Excluding Shares that are held in treasury or cancelled.

(2) Assumed share buy back was done on 1 January 2015.

(3) NTA per Share equals to NTA divided by the number of Shares outstanding as at 31 December 2015.

(4) Earnings per Share ("EPS") is calculated based on net profit for the financial year divided by weighted average number of Shares.

The actual impact will depend on number of and price of the Shares brought back. As stated, the Directors do not propose to exercise the Share Purchase Mandate to such an extent that it would have a material adverse effect on the working capital requirements and/or gearing of the Group. The purchase of Shares will only be effected after assessing the relative impact of a share buy-back taking into consideration both financial factors (such as cash surplus, debt position and working capital requirements) and non-financial factors (such as share market conditions and performance of Shares).

**Shareholders should note that the financial effects set out above, based on the respective aforementioned assumptions, are for illustration purposes only. In particular, it is important to note that the above analysis is based on historical audited numbers as at 31 December 2015, save for the number of Shares, which is based on the number of Shares as at the Latest Practicable Date, and is not necessarily representative of future financial performance.**

The financial effects set out above are for illustrative purposes only. Although the Share Purchase Mandate would authorise the Company to purchase or otherwise acquire up to 10% of the issued Shares, the Company may not necessarily purchase or otherwise acquire or be able to purchase or otherwise acquire any or all of the 10% of the issued Shares. In addition, the Company may cancel all or part of the Shares repurchased and/or hold all or part of the Shares repurchased as Treasury Shares at its discretion.

## 2.8 Appendix 2 of the Take-over Code

Appendix 2 of the Take-over Code contains the Share Buy-back Guidance Note applicable as at the Latest Practicable Date. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out in paragraphs 2.9 to 2.13 below.

## 2.9 Obligation to make a Take-over Offer

Rule 14 of the Take-over Code requires, *inter alia*, that except with the consent of the SIC, where:

- (a) any person acquires, whether by a series of transactions over a period of time or not, shares which (taken together with shares held or acquired by persons acting in concert with him) carry 30% or more of the voting rights of a company; or
- (c) any person who, together with persons acting in concert with him, holds not less than 30% but not more than 50% of the voting rights and such person, or any person acting in concert with him, acquires in any period of six (6) months additional shares carrying more than 1% of the voting rights,

such person shall extend immediately an offer on the basis set out below to the holders of any class of shares in the capital of the company which carries votes and in which such person, or persons acting in concert with him, holds shares. In addition to such person, each of the principal members of the group of persons acting in concert with him may, according to the circumstances of the case, have the obligation to extend an offer.

In calculating the percentages of voting rights of such person and their concert parties, Treasury Shares shall be excluded.



## 2.10 Persons Acting in Concert

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company to obtain or consolidate effective control of that company.

Unless the contrary is established, the following persons, inter alia, will be presumed to be acting in concert under the Take-over Code, namely:

- (a) a company with its parent company, subsidiaries, its fellow subsidiaries, any associated companies of the foregoing companies, any company whose associated companies include any of the foregoing companies, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing companies for the purchase of voting rights;
- (b) a company with any of its directors, together with their close relatives, related trusts and any companies controlled by any of the directors, their close relatives and related trusts;
- (c) a company with any of its pension funds and employees' share schemes;
- (d) a person with any investment company, unit trust or other fund in respect of the investment account which such person manages on a discretionary basis, but only in respect of the investment account which such person manages;
- (e) a financial or other professional adviser, with its client in respect of the shareholdings of the adviser and the persons controlling, controlled by or under the same control as the adviser and all the funds which the adviser manages on a discretionary basis, where the shareholdings of the adviser and any of those funds in the client total 10% or more of the client's equity share capital;
- (f) directors of a company, together with their close relatives, related trusts and companies controlled by any of them, which is subject to an offer or where they have reason to believe a *bona fide* offer for their company may be imminent;
- (g) partners; and
- (h) an individual, his close relatives, his related trusts, any person who is accustomed to act according to his instructions, companies controlled by any of the foregoing persons and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing persons and/or entities for the purchase of voting rights.

For this purpose, ownership or control of at least 20% but not more than 50% of the voting rights of a company will be regarded as the test of associated company status.

The circumstances under which Shareholders, including Directors and persons acting in concert with them respectively, will incur an obligation to make a take-over offer under Rule 14 of the Take-over Code after a purchase or acquisition of Shares by the Company are set out in Rule 14 and Appendix 2 of the Take-over Code.

## 2.11 Effect of Rule 14 and Appendix 2 of the Take-over Code

In general terms, the effect of Rule 14 and Appendix 2 of the Take-over Code is that, unless exempted, Directors and persons acting in concert with them will incur an obligation to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring Shares:

- (a) the voting rights of such Directors and persons acting in concert with them would increase to 30% or more; or
- (b) in the event that such Directors and persons acting in concert with them hold between 30% and 50% of the Company's voting rights, if the voting rights of such Directors and persons acting in concert with them would increase by more than 1% in any period of six (6) months.

Under Appendix 2 of the Take-over Code, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares:

- (a) the voting rights of such Shareholder would increase to 30% or more; or
- (b) if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of six (6) months.

Such Shareholder need not abstain from voting in respect of the ordinary resolution authorising the Share Purchase Mandate.

**Shareholders who are in doubt as to their obligations, if any, to make a mandatory take-over offer under the Take-over Code as a result of any purchase or acquisition of Shares by the Company should consult their professional advisers and/or SIC and/or other relevant authorities at the earliest opportunity.**

## 2.12 Application of the Take-over Code

As at the Latest Practicable Date, the details of the shareholdings of the Substantial Shareholders and Directors of the Company are set out in paragraph 3 below.

### 2.12.1 Mr Hooi Yu Koh and parties acting in concert with him

As at the Latest Practicable Date, Mr Hooi Yu Koh, the CEO and Managing Director of the Company, holds 33,816,000 Shares in the Company representing 34.08% of the total number of issued Shares (excluding Treasury Shares) of the Company.

In the event that the Share Purchase Mandate is exercised to its maximum 10%, the interest of Mr Hooi Yu Koh in the Company could increase by more than 1% in any period of six (6) months. Accordingly, Mr Hooi Yu Koh and parties acting in concert with him will be required to make a general offer under Rule 14 of the Take-over Code.

As at the Latest Practicable Date, there are no parties acting in concert with Mr Hooi Yu Koh.

#### 2.12.2 Conditions for exemption from having to make a general offer under Rule 14 of the Take-over Code

Pursuant to Section 3(a) of Appendix 2 of the Take-over Code, Mr Hooi Yu Koh and parties acting in concert with him (if any) (the “**Relevant Parties**”) will be exempted from the requirement to make a general offer under Rule 14 of the Take-over Code if their respective shareholding in the Company increases by more than 1% in any six (6) months as a result of any share buy-back carried out by the Company pursuant to the Share Purchase Mandate, subject to the following conditions:

- (a) the circular to Shareholders seeking their approval for the Share Purchase Mandate will contain:
  - (i) advice to the effect that by voting in favour of the resolution to approve the Share Purchase Mandate, Shareholders are waiving their rights to a general offer at the required price from the Relevant Parties; and
  - (ii) the names and voting rights of the Relevant Parties as at the date of the resolution and after the Company exercises the power under the Share Purchase Mandate in full and purchases 10% of the issued Shares;
- (b) the resolution to authorise the Share Purchase Mandate is approved by a majority of Shareholders who are present and voting at the AGM on a poll who could not become obliged to make an offer as a result of the share buy-back by the Company pursuant to the Share Purchase Mandate;
- (c) the Relevant Parties will abstain from voting for and/or recommending Shareholders to vote in favour of the resolution to approve the Share Purchase Mandate;
- (d) Within seven (7) days after the passing of the resolution to approve the Share Purchase Mandate, Mr Hooi Yu Koh submits to the SIC a duly signed form as prescribed by the SIC;
- (e) the Relevant Parties have not acquired and will not acquire any Shares between the date on which they know that the announcement of the proposal for the renewal of the Share Purchase Mandate is imminent and the earlier of:
  - (i) the date on which the authority of the Share Purchase Mandate expires; and
  - (ii) the date on which the Company announces that it has brought back such number of Shares as authorised by the Share Purchase Mandate or it has decided to cease buying back its Shares, as the case may be,

if any such acquisitions, taken together with the share buy-back, would cause their aggregate voting rights to increase by more than 1% in the preceding six (6) months.

As such, if the aggregate voting rights held by the Relevant Parties increase by more than 1% solely as a result of the Company's buy back of Shares under the Share Purchase Mandate, and none of them has acquired any Shares during the relevant six (6) month period, then the Relevant Parties would be eligible for SIC's exemption from the requirement to make a general offer under Rule 14 of the Take-over Code, or where such exemption had been granted, would continue to enjoy the exemption.

If the Company ceases to buy-back Shares pursuant to the Share Purchase Mandate and the increase in the aggregate voting rights held by the Relevant Parties as a result of the relevant buy-back of Shares at such time is less than one (1) % in any six (6) month period, the Relevant Parties may acquire further voting rights in the Company. However, any increase in their percentage voting rights as a result of the buy-back of Shares pursuant to the Share Purchase Mandate will be taken into account together with any voting rights acquired by the Relevant Parties (by whatever means) in determining whether they have increased their aggregate voting rights by more than one (1) % in any six (6) month period.

### 2.12.3 Form 2 submission to the SIC

Form 2 (Submission by directors and their concert parties pursuant to Appendix 2) is the prescribed form to be submitted to the SIC by a director and persons acting in concert with him pursuant to the conditions for exemption (please refer to paragraph (d) in paragraph 2.12.2 above) from the requirement to make a take-over offer under Rule 14 of the Take-over Code as a result of the buy-back of shares by a listed company under its share purchase mandate.

As at the Latest Practicable Date, Mr Hooi Yu Koh has informed the Company that he will be submitting the Form 2 to the SIC within seven (7) days after the passing of the resolution relating to the renewal of the Share Purchase Mandate.

## 2.13 **Advice to Shareholders**

**Shareholders should note that by voting for the renewal of the Share Purchase Mandate, they are waiving their rights to a take-over offer at the required price from Mr Hooi Yu Koh and parties acting in concert with him (if any) in the circumstances set out above. Such a take-over offer, if required to be made and had not been exempted by the SIC, would have to be made in cash or be accompanied by a cash alternative at the required price.**

Save as disclosed, the Directors are not aware of any facts or factors which suggest or imply that any particular person(s) and/or Shareholder(s) are, or may be regarded as, parties acting in concert such that their respective interests in voting shares in the capital of the Company should or ought to be consolidated, and consequences under the Take-over Code would ensue as a result of a purchase of shares by the Company pursuant to the Share Purchase Mandate.

Appendix 2 of the Take-over Code requires that the resolution to authorise the Share Purchase Mandate to be approved by a majority of those Shareholders present and voting at the meeting on a poll who could not become obliged to make an offer under the Take-over Code as a result of the share buy-back. Accordingly, the said resolution is proposed to be taken on a poll and Mr Hooi Yu Koh shall abstain from voting on such resolution.

## 2.14 **Listing Status of Shares on the SGX-ST**

While the Catalist Rules does not expressly prohibit purchase or acquisition of shares by a listed company during any particular time or times, the listed company would be considered an “insider” in relation to any proposed purchase or acquisition of its issued shares. In this regard, the Company will not purchase or acquire any Shares pursuant to the Share Purchase Mandate after a development which could have a material effect on the price of the Shares has occurred or has been the subject of a consideration and/or a decision of the Board until such time as such information has been publicly announced. Rule 1204(19) of the Catalist Rules provides, inter alia, that a listed issuer and its officers should not deal in the listed issuer’s securities during the period commencing two (2) weeks before the announcement of the company’s financial statements for each of the first three (3) quarters of its financial year, and one (1) month before the announcement of the company’s full year financial statements (if required to announce quarterly financial statements), or one (1) month before the announcement of the company’s half year and full year financial statements (if not required to announce quarterly financial statements), as the case may be, and ending on the date of the announcement of the relevant financial statements.

The Company has adopted and implemented the best practices on dealings in securities in accordance with Rule 1204(19) of the Catalist Rules and the Directors and employees of the Group are not allowed to deal in the Company’s shares during the period commencing one (1) month before the announcement of the Company’s half year and full year results and ending on the date of the announcement of the relevant results. Pursuant to such best practices, the Company will also not purchase any Shares during such periods.

The Company is required under Rule 723 of the Catalist Rules to ensure that at least ten 10% of its Shares are in the hands of the public. The “**public**”, as defined under the Catalist Rules, are persons other than (i) the directors, chief executive officer, Substantial Shareholders or Controlling Shareholders of the Company and its subsidiaries, and (ii) the Associates of such persons in (i).

As at the Latest Practicable Date, approximately 43,782,000 Shares, representing approximately 44.14% of the issued Shares, are in the hands of the public. Assuming that the Company purchases or acquires its Shares through Market Purchase up to the full 10% limit pursuant to the Share Purchase Mandate, the number of Shares in the hands of the public would be reduced to 33,862,000 Shares, representing 37.93% of the reduced issued share capital of the Company. Accordingly, the Company is of the view that there is a sufficient number of issued Shares held in the hands of the public which would permit the Company to undertake purchases or acquisitions of its issued Shares up to the full 10% limit pursuant to the Share Purchase Mandate without affecting the listing status of the Shares on the SGX-ST, and that the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity or to adversely affect the orderly trading of Shares.

In undertaking any purchases or acquisitions of Shares through Market Purchase, the Directors will use their best efforts to ensure that, notwithstanding such purchases, a sufficient float in the hands of the public will be maintained so that the purchases or acquisitions of Shares will not adversely affect the listing status of the Shares on the SGX-ST, cause market illiquidity or adversely affect the orderly trading of the Shares.

#### **2.15 Previous Share Buybacks**

The Company has not entered into transactions to purchase or acquire any Shares during the twelve (12) months immediately preceding the Latest Practicable Date.

#### **2.16 Tax Implications**

**Shareholders should note that the following general overview of the Singapore tax position is not to be regarded as advice on the tax position of any Shareholder, or on any tax implications arising from the proposed Share Buy Back Mandate. Shareholders who are in doubt as to their respective tax positions or the tax implications arising from the purchase or acquisition of Shares by the Company, or who may be subject to tax in a jurisdiction, should consult their own professional advisers.**

## 2.17 Interested Persons

The Company is prohibited from knowingly buying Shares on the SGX-ST from an interested person, that is, a Director, the chief executive officer of the Company or Controlling Shareholder of the Company or any of their Associates, and an interested person is prohibited from knowingly selling his Shares to the Company.

## 3. DIRECTORS AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

On the assumption that their voting rights will not change between the Latest Practicable Date and the date of the AGM, the interests of the Directors in Shares and interests of the Substantial Shareholders in Shares before and after the purchase of Shares pursuant to the Share Purchase Mandate, assuming (a) the Company purchases the maximum amount of 10% of the total number of issued Shares (excluding treasury shares) and (b) there is no change in the number of Shares held by the Directors and the Substantial Shareholders or which they are deemed interested in, will be as follows:

	Before Share Purchase (as at the Latest Practicable Date)			Before Share Purchase (%)	After Share Purchase (%)
	(Number of Shares)				
Name	Direct Interest	Deemed Interest	Total Interest		
<b><u>Directors</u></b>					
Kori Nobuaki	6,592,000	–	6,592,000	6.65%	7.38%
Hooi Yu Koh	18,892,000	14,924,000 <sup>(1)</sup>	33,816,000	34.08%	37.88%
Kuan Cheng Tuck	–	–	–	–	–
Lim Yeok Hua	–	–	–	–	–
Nicholas Philip Lazarus	–	–	–	–	–
<b><u>Substantial Shareholder</u></b> (other than Directors)					
Keong Hong Holdings Limited	15,000,000	–	15,000,000	15.12%	16.80%

**Notes:**

(1) The deemed interest in 14,924,000 shares are held through BNP Paribas Nominees Singapore Pte. Ltd.

#### **4. ANNUAL GENERAL MEETING**

The AGM, notice of which is set out on pages 95 to 100 of the Annual Report 2015, will be held at HomeTeamNS-JOM, 31 Ah Hood Road, Singapore 329979 on 29 April 2016 at 2.00 p.m. for the purpose of considering and, if thought fit, passing, with or without modification the ordinary resolution set out in the notice of AGM.

#### **5. ACTION TO BE TAKEN BY SHAREHOLDERS**

Shareholders who are unable to attend the AGM and who wish to appoint a proxy or proxies to attend and vote on their behalf should complete, sign and return the proxy form attached to the notice of AGM in accordance with the instructions printed therein as soon as possible and, in any event, so as to arrive at the Company's Share Registrar, Tricor Barbinder Share Registration Services, at 80 Robinson Road #11-02, Singapore 068898 not later than forty-eight (48) hours before the time fixed for the AGM. The appointment of a proxy by a Shareholder does not preclude him from attending and voting in person at the AGM if he so wishes in place of the proxy.

A Depositor shall not be regarded as a member of the Company entitled to attend the AGM and to speak and vote thereat unless his name appears on the Depository Register maintained by CDP at least seventy-two (72) hours before the AGM.

The Relevant Parties will abstain from voting at the AGM in respect of the resolution relating to the Share Purchase Mandate pursuant to the conditions under Appendix 2 of the Take-over Code as set out in paragraph (c) of paragraph 2.12.2 above. Furthermore, such persons shall not act as proxies in relation to such resolution unless specific voting instructions have been given.

#### **6. DIRECTORS' RECOMMENDATIONS**

The Directors, save for Mr Hooi Yu Koh who has abstained from making any recommendation to Shareholders pursuant to the conditions for exemption under Appendix 2 of the Take-over Code (as set out in paragraph (c) of paragraph 2.12.2 above), having carefully considered the terms and rationale of the proposed renewal of the Share Purchase Mandate, are of the opinion that the Share Purchase Mandate is in the best interests of the Company, and accordingly, recommend that Shareholders vote in favour of ordinary resolution in respect of the proposed renewal of the Share Purchase Mandate to be proposed at the AGM.

#### **7. DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the Share Purchase Mandate, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading. Where information in the Appendix 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 the Appendix in its proper form and context.

**8. DOCUMENTS FOR INSPECTION**

Copies of the following documents are available for inspection at the registered office of the Company at 11 Sims Drive #06-01 SCN Centre Singapore 387385 during normal business hours from the date hereof up to and including the date of the AGM:

- (a) the Constitution of the Company; and
- (b) the Annual Report 2015.

Yours faithfully,  
For and on behalf of the Board of Directors

**Kori Holdings Limited**

Hooi Yu Koh  
CEO and Managing Director  
Singapore



## KORI HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)  
(Company Registration No. 201212407R)

### PROXY FORM

#### Important:

1. A relevant intermediary as defined in Section 181(6) of the Companies Act, Cap. 50 may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
2. For SRS investors who have used their SRS monies to buy Kori Holdings Limited shares, this form of proxy is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. SRS investors should contact their respective agent banks if they have any queries regarding their appointment as proxies.
3. By submitting an instrument appointing a proxy(ies) and/or representative(s), a member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 14 April 2016.

I/We, \_\_\_\_\_ (name) of \_\_\_\_\_ (NRIC/Passport No./Company Registration No.)  
of \_\_\_\_\_ (address)  
being a \*member/members of Kori Holdings Limited (the "**Company**"), hereby appoint:

Name	Address	NRIC/Passport No.	Proportion of Shareholdings	
			No. of Shares	%

\* and/or

Name	Address	NRIC/Passport No.	Proportion of Shareholdings	
			No. of Shares	%

or failing him/them, the Chairman of the Annual General Meeting ("**AGM**"), as my/our proxy/proxies to attend, speak and vote for me/us on my/our behalf at the AGM of the Company to be held at HomeTeamNS-JOM, 31 Ah Hood Road, Singapore 329979 on Friday, 29 April 2016 at 2.00 p.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies may vote or abstain from voting at his/their discretion, as he/they may on any other matter arising at the AGM.

Ordinary Resolutions	ORDINARY BUSINESS	For <sup>#</sup>	Against <sup>#</sup>
Resolution 1	To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2015 and the Directors' Statement together with the Auditors' Report		
Resolution 2	To approve the proposed first and final dividend of S\$0.005 per ordinary share for the financial year ended 31 December 2015		
Resolution 3	To re-elect Mr Hooi Yu Koh as a Director of the Company		
Resolution 4	To re-elect Mr Lim Yeok Hua as a Director of the Company		
Resolution 5	To approve the payment of Directors' Fees of \$180,120 for the financial year ending 31 December 2016, payable quarterly in arrears		
Resolution 6	To re-appoint Messrs Nexia TS Public Accounting Corporation as Auditors of the Company and to authorise the Directors to fix their remuneration		
	<b>SPECIAL BUSINESS</b>	<b>For<sup>#</sup></b>	<b>Against<sup>#</sup></b>
Resolution 7	To approve the authority to allot and issue shares		
Resolution 8	To approve the authority to allot and issue shares under the Kori Employee Share Option Scheme		
Resolution 9	To approve the authority to allot and issue shares under the Kori Performance Share Plan		
Resolution 10	To approve the proposed renewal of the Share Purchase Mandate		

<sup>#</sup> Voting will be conducted by poll. If you wish to exercise all your votes "**For**" or "**Against**" the relevant resolution, please tick (✓) within the relevant box provided. Alternatively, if you wish to exercise your votes both "**For**" and "**Against**" the relevant resolution, please indicate the number of shares in the boxes provided.

Date this \_\_\_\_\_ day of \_\_\_\_\_ 2016

Total Number of Shares held in:	
CDP Register	
Register of Members	

\_\_\_\_\_  
Signature(s)/Common Seal of Member(s)

**NOTES:  
IMPORTANT**

1. If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member.
2.
  - (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy. If no proportion of shareholdings is specified, the proxy whose name appears first shall be deemed to carry one hundred per cent (100%) of the shareholdings of his/its appointor and the proxy whose name appears after shall be deemed to be appointed in the alternate.
  - (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

**"Relevant intermediary"** has the meaning ascribed to it in Section 181(6) of the Companies Act, Chapter 50. (the **"Act"**)

3. A proxy need not be a member of the Company.
4. The instrument appointing a proxy or proxies must be deposited at the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road, #11-02, Singapore 068898, not less than 48 hours before the time appointed for the holding of the general meeting.
5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.
6. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the general meeting, in accordance with Section 179 of the Act.
8. Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy, to the meeting.
9. The Company shall be entitled to reject an instrument appointing a proxy or proxies which is incomplete, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument (including any related attachment). In addition, in the case a member whose shares are entered in the Depository Register, the Company may reject an instrument appointing a proxy or proxies if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.
10. An investor who buys shares using SRS monies ("**SRS Investor**") (as may be applicable) may attend and cast his vote(s) at the AGM in person. SRS Investors who are unable to attend the AGM but would like to vote, may inform their SRS Approved Nominees to appoint the Chairman of the AGM to act as their proxy, in which case, the SRS Investors shall be precluded from attending the AGM.





## **KORI HOLDINGS LIMITED**

(Company Registration No.: 201212407R)  
(Incorporated in the Republic of Singapore on 18 May 2012)

