KORI HOLDINGS LIMITED

Promising Future Built
WITH OUR EXPERTISE

ANNUAL REPORT 2017

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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 Catalist. 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 (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: sponsorship@ppcf.com.sg).

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., (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

MR. KORI NOBUAKI

2017 had been a challenging year for the construction sector. In spite of this, the Group's performance for the financial year ended 31 December 2017 ("FY2017") was commendable. This is because of the strong foundation we have built over 30 years in the areas of structural steel and civil/structural engineering.

DEAR SHAREHOLDERS

2017 had been a challenging year for the construction sector. In spite of this, the Group's performance for the financial year ended 31 December 2017 ("FY2017") was commendable. This is because of the strong foundation we have built over 30 years in the areas of structural steel and civil/structural engineering.

We recorded total revenue of S$35.5 million in FY2017, a decrease of 41.2% from S$60.4 million in FY2016. Revenue from the structural steelworks services segment accounted for approximately 87.8% of our Group's total revenue.

Revenue from our steelworks segment decreased by 40.7% from S$52.6 million in FY2016 to S$31.2 million in FY2017 mainly due to the reduction in work done as several projects were reaching completion in FY2017. The decrease was partially offset by higher revenue contributed from the Stevens Station Project, Maxwell Station Project, Marina Bay Station Project and newly commenced projects, namely, Tanah Merah Station Project, Bedok South Station Project and Mount Sinai Lane Project.

Revenue from the tunnelling services segment also fell from S$7.8 million in FY2016 to S$4.3 million in FY2017 mainly due to work completed for Jurong Island to Pioneer Transmission Cable Tunnel Project, East-West Transmission Cable Tunnel Project and Stevens Station Tunnel Project. This was partially offset by an increase in work done for the Shenton Way Station Tunnel Project.

As a result of the decline in total revenue, our Group's gross profit decreased by 34.0% from S$9.1 million in FY2016 to S$6.0 million in FY2017. Gross profit margin, however, increased from 15.1% in FY2016 to 17.0% in FY2017. This was the result of better cost management.

Our Group recognised other losses of S$2.1 million in FY2017 as compared to S$0.2 million in FY2016. This was mainly due to the sales of scrap materials at below cost amounting to a loss of S$2.7 million and decrease in government grants of approximately S$0.2 million in FY2017. However, this was partially offset by a gain on foreign exchange of approximately S$0.5 million, a bad debt relief received under the GST (General) Regulations of approximately S$0.2 million during FY2017 in relation to uncollectible debts that was previously written off and an impairment loss on the investment in a former associated company, Fuchiang Construction Pte Ltd, of approximately S$0.3 million recorded in FY2016 while there was no such item in FY2017.

BUSINESS DEVELOPMENTS

Some of the projects which were supposed to be completed in 2017 were extended to 2018. The delay was owing to various reasons.

According to the Building and Construction Authority, there was a re-scheduling of a few major public sector infrastructure projects, such as for the North-South Corridor, to 2018 as more preparation were required to implement these large-scale and complicated projects.

In March 2018, our Group was awarded contracts amounting to an aggregate of S$13.5 million. These contracts were awarded by the following companies:–

– China Railway Tunnel Group Co., Ltd (Singapore Branch) for the strutting and decking works at Contract C885 Prince Edward Station and Tunnels for Circle Line 6;
– John Holland Zhen Hua Joint Venture for the strutting works at Contract T309 Siglap Station for Thomson-East Coast Line; and
– China Jingye Engineering Corporation Ltd (Singapore Branch) for the design, fabrication, delivery, install, dismantle and buyback of steel strutting works at Contract T311 Bedok South Station and Tunnels for Thomson-East Coast Line.

The projects are due to start by the first quarter of 2018 and are scheduled to be completed in 24 months.

LOOKING AHEAD

The outlook for the Singapore construction industry for the next 12 months remains positive. The Building and Construction Authority projected the total construction demand to be between S$26 billion and S$31 billion in 2018. The projected higher construction demand is attributable to an anticipated increase in public sector projects which is expected to grow from S$15.5 billion in 2017 to between S$16 billion and S$19 billion in 2018.

Major public sector projects likely to be awarded in 2018 include North-South Corridor, new MRT works and Deep Tunnel Sewerage System Phase 2.

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.

On the other hand, we expect pressure from the acute constraint of labour supply and increasing manpower cost in Singapore.

REWARDING OUR SHAREHOLDERS

The Directors have recommended a first and final dividend of 0.1 cents per ordinary share for 99,200,000 shares, which, if approved at the Annual General Meeting, will be paid to shareholders on 24 May 2018.

SUSTAINABILITY

The Group recognises that embracing sustainable practices is a business priority that is important for the long-term development and success of our business. We will issue our first Sustainability Report this year, which is based on the Global Reporting Initiative ("GRI") G4 Reporting Guidelines and will be uploaded to SGX website by 31 December 2018.

APPRECIATION

I have reached the age where it is now time to pass the baton to my capable and younger colleagues. Succession planning is important in any organisation and this has been planned since 2015. As such, I will be relinquishing the post of Chairman and Executive Director to Mr Hooi Yu Koh who is currently the CEO and Managing Director upon subsequent to the conclusion of this AGM. In addition, Mr Ng Wai Kit had been appointed as an Executive Director on 2 March 2018 and he will be assisting Mr Hooi's current duties.

Mr Hooi Yu Koh has been with Kori Holdings since 1996 and Mr Ng Wai Kit since 2005. I am confident that with their years of experience and capabilities, they will be able to steer the Group to even greater heights.

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. 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

FINANCIAL AND OPERATIONS REVIEW

The Group's total revenue for the financial year ended 31 December 2017 ("FY2017") decreased by 41.2% from S$60.4 million in the previous financial year ("FY2016") to S$35.5 million in FY2017. Revenue derived from the structural steelworks services segment ("Steelworks Segment") accounted for approximately 87.8% of the Group's total revenue.

The drop in revenue from the Steelworks Segment was approximately 40.7% from S$52.6 million in FY2016 to S$31.2 million in FY2017. This was mainly attributable to the decline in work done as several projects which were reaching completion in FY2017. The decrease was partially offset by higher revenue contributed by Stevens Station, Maxwell Station, Marina Bay Station Projects and newly commenced projects namely Tanah Merah Station, Bedok South Station and Mount Sinai Lane Projects.

Revenue from the tunnelling services segment ("Tunneling Segment") fell from S$7.8 million in FY2016 to S$4.3 million in FY2017 due mainly to contraction in work done for Jurong Island to Pioneer Transmission Cable Tunnel Project, East-West Transmission Cable Tunnel and Stevens Station Tunnel Projects which were partially offset by increase in work done for the Shenton Way Station Tunnel Project.

The Group's cost of works decreased by approximately S$21.8 million or 42.5% from S$51.3 million in FY2016 to S$29.5 million in FY2017, primarily due to the decrease in cost of works, in line with the decrease in revenue for the Steelworks Segment of approximately S$20.8 million.

STEELWORKS SEGMENT

For the Steelworks Segment, cost of works fell by 44.8% from approximately S$46.4 million in FY2016 to S$25.6 million in FY2017. This was largely due to decrease in subcontractors costs of S$8.7 million, materials cost of S$4.8 million, work site expenses of S$3.1 million, rental expenses of S$3.1 million and employee compensation of S$1.1 million which was in line with the fall in revenue from the Steelworks Segment.

TUNNELING SEGMENT

Cost of works for the Tunnelling Segment dwindled by 20.4% from approximately S$4.9 million in FY2016 to S$3.9 million in FY2017. This was attributable to the decrease in employee compensation of S$0.7 million, rental expenses of S$0.2 million and other expenses of S$0.1 million which was in line with the reduction of revenue.

GROSS PROFIT

The Group's gross profit fell by 34.0% from S$9.1 million in FY2016 to S$6.0 million in FY2017. However, the Group's gross profit margin increased from 15.1% in FY2016 to 17.0% in FY2017. This was the result of better cost management.

Other losses recognised by the Group increased from S$0.2 million in FY2016 to S$2.1 million in FY2017. Owing to the sales of scrap materials at below cost amounting to a loss of S$2.7 million and the decrease in government grants of approximately S$0.2 million in FY2017. However, this was partially offset by a gain on foreign exchange of approximately S$0.5 million, a bad debt relief received under the GST (General) Regulations of approximately S$0.2 million during FY2017 in relation to debts that was previously written off and an impairment loss on the investment in a former associated company, Fuchiang Construction Pte Ltd, of approximately S$0.3 million recorded in FY2016 while there was no such item in FY2017.

Administrative expenses also reduced by approximately S$2.9 million or 53.1% from S$5.5 million in FY2016 to S$2.6 million in FY2017. This was attributable to lower allowance for third party doubtful debts from S$3.2 million in FY2016 to S$0.3 million in FY2017.

Interest expense increased by S$0.1 million or 33.3% from S$0.4 million in FY2016 to S$0.5 million in FY2017 mainly due to increase in bank borrowings and finance lease in FY2017.

PROFIT BEFORE INCOME TAX

The Group recorded a profit before tax of S$0.9 million in FY2017 which was a decrease of 70.2% as compared to S$3.0 million in FY2016. This was largely attributable to the abovementioned factors.

Income tax expense of approximately S$0.5 million was recorded in FY2016 as compared to S$0.2 million in FY2017. This was in line with the lower revenue recorded and partially offset by over-provision of taxes in prior year.

REVIEW OF THE FINANCIAL POSITION OF THE GROUP

As at 31 December 2017, the Group's current assets reduced by approximately S$13.2 million to S$61.1 million. The reduction was linked to the following:–

(i) Decrease in trade and other receivables by approximately S$10.7 million, as a result of the following:–

- drop in construction contracts due from customers and retention receivables of approximately S$6.7 million which was in line with the decrease in revenue;
- contraction in trade receivables due to settlement of billings by customers of approximately S$3.5 million;
- fall in deposits of approximately S$0.5 million due to reclassification of deposit for crawler crane to property, plant and equipment; offset by
- increase in other receivables of approximately S$0.2 million due to compensation amount payable by directors of a former associated company for performance bond undertaking by an insurance company;

(ii) a decrease in inventories by approximately S$2.4 million. This was largely because the Group had utilised materials which were bought back previously for certain projects; and

(iii) a reduction in cash and bank balances by approximately S$0.1 million.

The Group's non-current assets rose by approximately S$0.4 million to S$2.7 million as at 31 December 2017. The increase was mainly attributed to the purchase of crawler crane, office equipment and currency translation differences of approximately S$0.6 million which were offset by the depreciation of property, plant and equipment of approximately S$0.2 million during FY2017.

As at 31 December 2017, the Group's current and non-current liabilities decreased by approximately S$13.4 million to S$16.0 million. This was mainly due to:–

(i) a decrease in trade and other payables of approximately S$12.3 million as a result of the following:–

- reduction in trade payables of S$11.7 million which was in line with a lower volume of work carried out for on-going projects on hand;
- decrease in accrued operating expenses of approximately S$0.9 million due to lower accrued operating expenses related to projects costs; offset by
- an increase in other payables of approximately S$0.3 million due to compensation amount payable for performance bond undertaking of S$0.3 million; and

(ii) total borrowings in total were reduced by S$0.8 million. This was attributed to repayment of short-term bank borrowings of approximately S$10.2 million, redemption of convertible bond of S$5.0 million, repayment of hire purchase of S$0.1 million and repayments on term loan of S$0.9 million. The repayments were partially offset by drawdowns from short-term bank borrowings of approximately S$10.0 million, term loan of S$5.0 million for redemption on convertible bond and hire purchase of S$0.4 million for the financing of crawler crane.

As at 31 December 2017, the Group's equity of approximately S$47.8 million comprised mainly share capital of S$32.3 million and net reserves of S$15.5 million.

In FY2017, the Group recorded net cash inflow from operating activities of approximately S$1.8 million which was a result of operating cash flows before changes in working capital of approximately S$1.8 million, adjusted for net working capital inflow of approximately S$0.5 million as well as income tax paid of S$0.5 million. The Group's working capital inflows were mainly due to a decrease in trade and other receivables of approximately S$10.4 million and inventories of approximately S$2.4 million. This was partially offset by a decline in trade and other payables of approximately S$12.3 million.

Net cash used by the Group in investing activities amounted to approximately S$0.1 million, which was largely attributable to additions of property, plant and equipment of approximately S$0.1 million.

Net cash used in financing activities amounted to approximately S$1.8 million in FY2017. This was mainly due to repayment of bank borrowings, interest paid and repayment of finance leases which amounted to an aggregate of S$16.7 million and partially offset by the proceeds from bank borrowings of approximately S$15.0 million and dividend payment to shareholders of approximately S$0.1 million.

As at 31 December 2017, the Group's cash and cash equivalents was approximately S$1.8 million.

BOARD OF DIRECTORS

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 27 April 2017. He is responsible for overseeing the strategic positioning and business expansion of the Group. Previously, he served as a director of Kori Construction (S) Pte Ltd, Ming Shin Construction (S) Pte Ltd and 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. Currently, he is also a director of his own business namely NYK Asset Management Pte. Ltd. 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 CEO and Managing Director and was appointed as a Director of our Company on 18 May 2012 and was last re-elected on 29 April 2016. Mr. Hooi first joined our Group in 1996 and has served as our CEO and Managing Director since October 2005. Currently, he is the Executive Director of Kori Singapore, Ming Shin and Kori Malaysia and responsible for the business management and day-to-day operations of the Group. Previously, he served as a director of Fuchiang Construction Pte. Ltd.

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 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 Executive Director and CEO of Kori Singapore in 2005 and 2012 respectively.

Mr. Hooi 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. Currently, he is also a director of Be-st A-A Centre Pte. Ltd.

BOARD OF DIRECTORS

MR. NG WAI KIT

EXECUTIVE DIRECTOR

MR. NICHOLAS PHILIP LAZARUS

INDEPENDENT DIRECTOR

MR. NG WAI KIT is our Executive Director and was appointed as a Director of our Company on 2 March 2018. Mr. Ng joined our Group in November 2005 as an engineering manager and was in charge of construction, design and technical matters of all projects in Singapore till May 2009 when he was promoted to Technical Controller of our Group. Currently, he is also the Director of Kori Singapore and Ming Shin and responsible for the assisting in the business operations of the Group.

Mr. Ng has more than 20 years of experience in the civil/engineering construction industry. He 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.

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).

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 19 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 Sensient Technologies Asia Pacific Pte Ltd, Thin Films Electronics Pte Ltd, Sealife Shipping Pte Ltd and Radley James Pte. Ltd.

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.

BOARD OF DIRECTORS

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 27 April 2017. 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).

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 has since been managing his own business and financial consulting firms.

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 Service 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 was also admitted to the Singapore Bar.

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 29 April 2016. Mr. Lim is also presently an independent director of Alpha Energy Holdings Limited. Previously Mr. Lim served as an independent director of Tritech Group Limited, 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

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 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).

EXECUTIVE OFFICERS

MS. CHEE SHEW YAN

FINANCIAL CONTROLLER

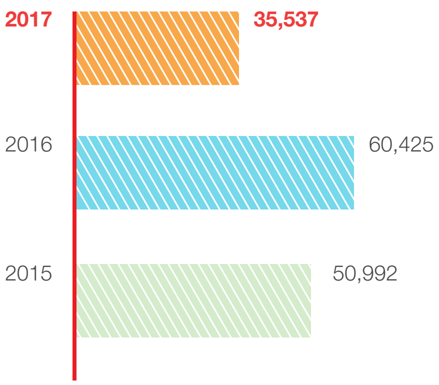
MS. CHEE SHEW YAN is our Financial Controller ("FC"). She has been the Financial Controller of our Group since January 2012 and is responsible for overseeing the accounting, treasury, budgeting and payroll matters of our Group.

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.

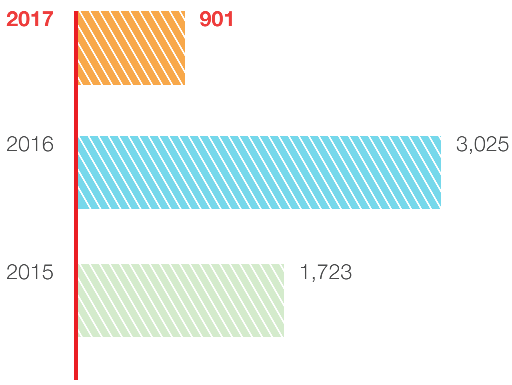
Ms. Chee graduated from The Flinders University of South Australia in 1993 with a Bachelor of Commerce. She obtained the Certified Practising Accountant qualification from the Australian Society of Certified Practising Accountants in 1994. She has been a member and chartered accountant of the Malaysian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

FINANCIAL HIGHLIGHTS

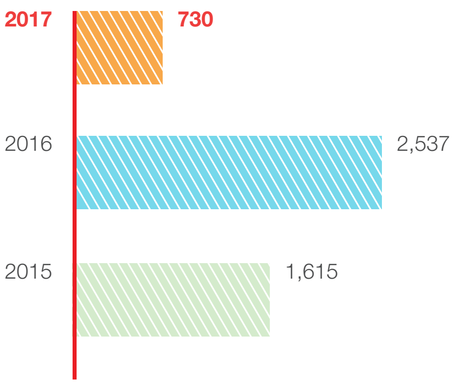
REVENUE S$'000



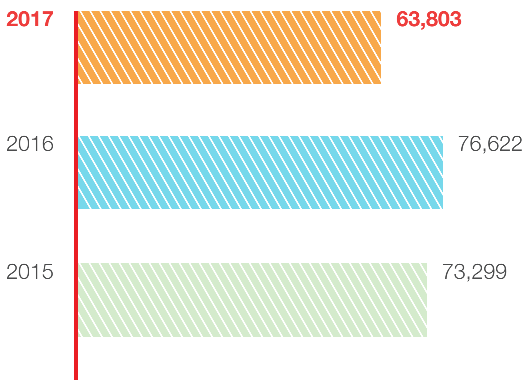
PROFIT BEFORE TAX S$'000



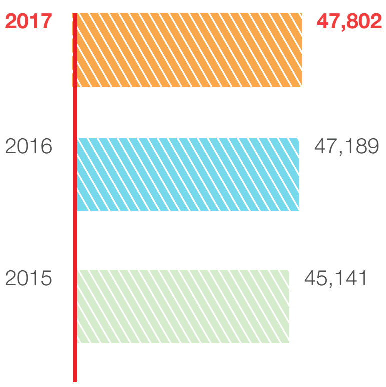
PROFIT AFTER TAX S$'000



TOTAL ASSETS S$'000



SHAREHOLDER EQUITY S$'000



GROUP STRUCTURE

100%
KORI CONSTRUCTION (S) PTE. LTD.

Kori Holdings Limited

100%
MING SHIN CONSTRUCTION (S) PTE. LTD.

100%
KORI CONSTRUCTION (M) SDN. BHD.

GROUP INFORMATION

BOARD OF DIRECTORS
MR. KORI NOBUAKI (Non-Executive and Non-Independent Chairman)
MR. HOOI YU KOH (CEO and Managing Director)
MR. NG WAI KIT (Executive 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. SHAWN CHAN CHANGYUN

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

SPONSOR
PrimePartners Corporate Finance Pte. Ltd.
16 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:
MS. LOH HUI NEE
(a member of the Institute of Singapore Chartered Accountants)
(Appointed since 31 December 2017)

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

PRINCIPAL BANKERS
SINGAPORE
THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED
21 Collyer Quay #08-01
HSBC Building
Singapore 049320

DBS BANK LTD.
12 Marina Boulevard | Marina Bay Financial Centre | Tower 3 | Singapore 018982

OVERSEA-CHINESE BANKING CORPORATION LIMITED
65 Chulia Street OCBC Centre | Singapore 049513

MALAYSIA
HSBC BANK MALAYSIA BERHAD
No. 2 Leboh Ampang | 50100 Kuala Lumpur | Malaysia

FINANCIAL CONTENTS

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 2017 ("**FY2017**"), 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**").

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td rowspan="2">General</td><td>(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.</td><td>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.</td></tr>
<tr><td>(b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines of the Code?</td><td>Not applicable. The Company did not adopt any alternative corporate governance practices in FY2017.</td></tr>
<tr><td colspan="3">BOARD MATTERS</td></tr>
<tr><td colspan="3">The Board's Conduct of Affairs</td></tr>
<tr><td>1.1</td><td>What is the role of the Board?</td><td>As at date of this report, the Board has 6 members and comprises the following:
<table>
<tr><td colspan="2">Composition of the Board</td><td colspan="3">Composition of the Board Committees
• C – Chairman
• M – Member</td></tr>
<tr><td>Name of Director</td><td>Designation</td><td>AC(1)</td><td>NC(2)</td><td>RC(3)</td></tr>
<tr><td>Kori Nobuaki</td><td>Non-Executive and Non-Independent Chairman</td><td>–</td><td>–</td><td>–</td></tr>
<tr><td>Hooi Yu Koh</td><td>Chief Executive Officer and Managing Director</td><td>–</td><td>–</td><td>–</td></tr>
<tr><td>Ng Wai Kit</td><td>Executive Director(4)</td><td>–</td><td>–</td><td>–</td></tr>
<tr><td>Kuan Cheng Tuck</td><td>Independent Director</td><td>C</td><td>M</td><td>M</td></tr>
<tr><td>Lim Yeok Hua</td><td>Independent Director</td><td>M</td><td>C</td><td>M</td></tr>
<tr><td>Nicholas Philip Lazarus</td><td>Independent Director</td><td>M</td><td>M</td><td>C</td></tr>
</table></td></tr>
</table>

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Guideline	Code and/or Guide Description	Company's Compliance or Explanation
		Notes: (1) The AC comprises 3 members, all of whom, including the Chairman, are independent and non-executive Directors. (2) The NC comprises 3 members, all of whom, including the Chairman, are independent and non-executive Directors. (3) The RC comprises 3 members, all of whom, including the Chairman, are independent and non-executive Directors. (4) Mr Ng Wai Kit was appointed on 2 March 2018 as an Executive Director. 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: • 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 it to meet its objectives; • 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; • Review key management personnel's performance; • Ensure good corporate governance practices to protect the interests of shareholders; and • Appoint Directors and key management personnel.
1.3	Has the Board delegated certain responsibilities to committees? If yes, please provide details.	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 have been set out in Section 1.1 of this report.

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td>1.4</td><td>Have the Board and Board Committees met in the last financial year?</td><td>The Board meets on a half yearly basis, and as and when circumstances require. In FY2017, the number of the Board and Board Committee meetings held and the attendance of each Board member are shown below.
<table>
<tr><th colspan="5">Table 1.4 – Board and Board Committee Meetings in FY2017</th></tr>
<tr><td></td><td>Board</td><td>AC</td><td>NC</td><td>RC</td></tr>
<tr><td>Number of Meetings Held</td><td>2</td><td>2</td><td>1</td><td>1</td></tr>
<tr><td>Name of Director</td><td colspan="4">Number of Meetings Attended</td></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>Ng Wai Kit</td><td>-</td><td>-</td><td>-</td><td>-</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>
NA – Not applicable
* Mr Ng Wai Kit was appointed on 2 March 2018 as an Executive Director.

The Company's Constitution allow for meetings to be held through telephone and/or video-conference.</td></tr>
<tr><td>1.5</td><td>What are the types of material transactions which require approval from the Board?</td><td>Matters that require the Board's approval include, amongst others, the following:

corporate strategy and business plans;
material acquisitions and disposals;
investments exceeding S$2,000,000;
major financing;
major contracts with third parties exceeding S$50,000,000;
share issuance, dividend release or changes in capital;
budgets, financial results announcements, annual report and audited financial statements; and
interested person transactions exceeding S$100,000.
</td></tr>
<tr><td>1.6</td><td>(a) Are new Directors given formal training? If not, please explain why.</td><td>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.</td></tr>
</table>

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Guideline	Code and/or Guide Description	Company's Compliance or Explanation
	(b) What are the types of information and training provided to (i) new Directors and (ii) existing Directors to keep them up-to-date?	The Board values on-going professional development and recognises that it is important that all Directors receive regular training so as to be able to serve effectively on and contribute to the Board. The Board has therefore established a policy on continuous professional development for Directors. To ensure Directors can fulfil their obligations and to continually improve the performance of the Board, all Directors are encouraged to undergo continual professional development during the term of their appointment. Professional development may relate to a particular subject area, committee membership, or key developments in the Company's environment, market or operations which may be provided by accredited training providers such as the Singapore Institute of Directors. Directors are encouraged to consult the Chief Executive Officer and Managing Director if they consider that they personally, or the Board as a whole, would benefit from specific education or training regarding matters that fall within the responsibility of the Board or relate to the Company's business. Such trainings costs are borne by the Company. Courses, conferences and seminars attended by some of the Directors in FY2017 include those conducted by the Singapore Institute of Directors, such as "*Director's Financial Reporting Essentials*".
Board Composition and Guidance		
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 half of the Board.
2.3 4.3	Has the independence of the Independent Directors been reviewed in the last financial year?	The Board takes into account the existence of relationships or circumstances, including those identified by the Code, that are relevant in its determination as to whether a director is independent. In addition, the NC reviews the individual directors' declaration in their assessment of independence. 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.

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
	(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. (b) What are the Board's reasons for considering him independent? Please provide a detailed explanation.	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.
2.5	What are the steps taken by the Board to progressively renew the Board composition?	The Board is of the opinion that it would be most effective to draw on the wealth of experience from the longer serving directors while concurrently taking progressive steps to review and consider opportunities to refresh the Board as and when deemed required. To meet the changing challenges in the industry and countries which the Group operates in, such reviews, which includes considering factors such as the expertise, skills and perspectives which the Board needs against the existing competencies would be done on a regular basis to ensure that the Board dynamics remain optimal.

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<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td rowspan="2">2.6</td><td>(a) What is the Board's policy with regard to diversity in identifying director nominees?

(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.</td><td>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.

The current Board composition provides a diversity of skills, experience and knowledge to the Company as follows:

<table>
<tr><th colspan="3">Table 2.6 – Balance and Diversity of the Board</th></tr>
<tr><th></th><th>Number of Directors</th><th>Proportion of Board</th></tr>
<tr><td colspan="3">Core Competencies</td></tr>
<tr><td>– Accounting or finance</td><td>3</td><td>50%</td></tr>
<tr><td>– Business management</td><td>3</td><td>50%</td></tr>
<tr><td>– Legal or corporate governance</td><td>2</td><td>33%</td></tr>
<tr><td>– Relevant industry knowledge or experience</td><td>3</td><td>50%</td></tr>
<tr><td>– Strategic planning experience</td><td>3</td><td>50%</td></tr>
<tr><td>– Customer based experience or knowledge</td><td>3</td><td>50%</td></tr>
</table>
</td></tr>
<tr><td>(c) What steps have the Board taken to achieve the balance and diversity necessary to maximise its effectiveness?</td><td>The Board has taken the following steps to maintain or enhance its balance and diversity:

• 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
• 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.

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.</td></tr>
<tr><td>2.8</td><td>Have the Non-Executive Directors met in the absence of key management personnel in the last financial year?</td><td>The Non-Executive Directors are scheduled to meet regularly, and as warranted, in the absence of key management personnel to discuss concerns or matters such as the effectiveness of Management.

For FY2017, the Non-Executive Directors have met once in the absence of key management personnel.</td></tr>
</table>

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
Chairman and Chief Executive Officer		
3.1	Are the duties between Chairman and CEO segregated?	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. 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. 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.
3.4	Have the Independent Directors met in the absence of other directors?	The Independent Directors will meet in the absence of the other directors as and when circumstances warrant. The Independent Directors have met once in the absence of other directors in FY2017.
Board Membership		
4.1	What are the duties of the NC?	The NC is guided by key terms of reference as follows: (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); (b) Reviewing and approving any new employment of related persons and proposed terms of their employment; (c) Reviewing and recommending candidates to be nominees on the Board and Board Committees of the Group; (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; (e) Determining on an annual basis whether or not a Director of the Company is independent;

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
		(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; (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; (h) Recommending to the Board the review of board succession plans for the Company's Directors, in particular, for the Chairman and the CEO; (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 (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.
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?	The Board has set the maximum number of listed company board representations as 6. 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.

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td></td><td>(b) If a maximum has not been determined, what are the reasons?</td><td>Not applicable.</td></tr>
<tr><td></td><td>(c) What are the specific considerations in deciding on the capacity of directors?</td><td>The considerations in assessing the capacity of Directors include the following:

• Expected and/or competing time commitments of Directors, including whether such commitment is a full-time or part-time employment capacity;
• Size and composition of the Board;
• Nature and scope of the Group's operations and size; and
• Capacity, complexity and expectations of the other listed directorships and principle commitments held.</td></tr>
<tr><td></td><td>(d) Have the Directors adequately discharged their duties?</td><td>The NC has reviewed the time spent and attention given by each of the Directors to the Company's affairs, taking into account the multiple directorships and other principal commitments of each of the Directors (if any), and is satisfied that all Directors have discharged their duties adequately for FY2017.</td></tr>
<tr><td>4.5</td><td>Are there alternate Directors?</td><td>The Company currently does not have any alternate directors.</td></tr>
<tr><td>4.6</td><td>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.</td><td>
<table>
<tr><th colspan="3">Table 4.6(a) – Process for the Selection and Appointment of New Directors</th></tr>
<tr><td>1.</td><td>Determination of selection criteria</td><td>• 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.</td></tr>
<tr><td>2.</td><td>Search for suitable candidates</td><td>• The NC would consider candidates proposed by the Directors, key management personnel or substantial shareholders, and may engage external search consultants where necessary.</td></tr>
<tr><td>3.</td><td>Assessment of shortlisted candidates</td><td>• The NC would meet and interview the shortlisted candidates to assess their suitability.</td></tr>
<tr><td>4.</td><td>Appointment of director</td><td>• The NC would recommend the selected candidate to the Board for consideration and approval.</td></tr>
</table>
</td></tr>
</table>

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<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td></td><td></td><td>
<table>
<tr><th colspan="3">Table 4.6(b) – Process for the Re-electing Incumbent Directors</th></tr>
<tr><td>1.</td><td>Assessment of director</td><td>• The NC would assess the performance of the director in accordance with the performance criteria set by the Board; and
• The NC would also consider the current needs of the Board.</td></tr>
<tr><td>2.</td><td>Re-appointment of director</td><td>• 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.</td></tr>
</table>
Pursuant to Regulation 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.
Pursuant to Regulation 99 of the Company's Constitution, Mr Ng Wai Kit who was appointed by the Board on 2 March 2018, will retire at the forthcoming AGM.
The NC, with the respective member who is interested in the discussion having abstained from the deliberations, has recommended that Mr Hooi Yu Koh, Mr Ng Wai Kit and Mr Nicholas Philip Lazarus 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 CEO and Managing Director. Mr Ng Wai Kit will, upon re-election as a Director of the Company, remain as an Executive Director. Mr Nicholas Philip Lazarus will, upon re-election as a Director of the Company, remain as an Independent Director, Chairman of the RC and a member of the AC and NC. Mr Nicholas Philip Lazarus will be considered independent for the purposes of the Rule 704(7) of the Catalist Rules.
</td></tr>
<tr><td>4.7</td><td>Please provide Directors' key information.</td><td>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.</td></tr>
</table>

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td colspan="3"><u>Board Performance</u></td></tr>
<tr><td>5.1
5.2
5.3</td><td>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?</td><td>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:
<table>
<tr><td colspan="3">Table 5 – Performance Criteria</td></tr>
<tr><th>Performance Criteria</th><th>Board</th><th>Individual Directors</th></tr>
<tr><td>Qualitative</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>Quantitative</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>
The NC would review the criteria on a periodic basis to ensure that the criteria is able to provide an accurate and effective performance assessment taking into consideration industry standards and the economic climate with the objective to enhance long term shareholders value, thereafter propose amendments if any, to the Board for approval.

The NC did not propose any changes to the performance criteria for FY2017 as compared to the previous financial year as the economic climate, Board composition, the Group's principal business activities remained relatively similar since FY2016.</td></tr>
</table>

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Guideline	Code and/or Guide Description	Company's Compliance or Explanation
	(a) What was the process upon which the Board reached the conclusion on its performance for the financial year?	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. For FY2017, the review process was as follows: 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; 2. The Company Secretary collated and submitted the questionnaire results to the NC Chairman in the form of a report; and 3. The NC discussed the report and concluded the performance results during the NC meeting. 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. No external facilitator was used in the evaluation process.
	(b) Has the Board met its performance objectives?	Yes, the Board has met its performance objectives.
Access to Information		
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?	It is the aim of the Board to provide shareholders with a balanced and understandable assessment of the Company's performance, position and prospects. This responsibility extends to the interim and full-year financial results announcements, other price-sensitive public reports and reports to regulators (if required).

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company’s Compliance or Explanation</th></tr>
<tr><td></td><td></td><td>
Management provides the Board with key information that is complete, adequate and timely. The types of information which are provided by Management to Independent Directors are set out in the table below:
<table>
<tr><th colspan="3">Table 6 – Types of information provided by Management to Independent Directors</th></tr>
<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 EA’ report(s)</td><td>Semi-annually</td></tr>
<tr><td>4.</td><td>Reports on on-going or planned corporate actions</td><td>When applicable</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>
Management recognises the importance of circulating information on a timely basis to ensure that the Board has adequate time to review the materials to facilitate a constructive and effective discussion during the scheduled meetings. As such, Management endeavours to circulate information for the Board meetings at least one week prior to the meetings to allow sufficient time for review by the Directors.
Management will also on best endeavours, encrypt documents which bear material price sensitive information when circulating documents electronically.
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.
</td></tr>
</table>

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Guideline	Code and/or Guide Description	Company's Compliance or Explanation
6.3	What is the role of the Company Secretary?	All Directors have separate and independent access to the Company Secretary. The role of the Company Secretary, the appointment and removal of whom is a matter for the Board as a whole, is as follows: • 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; • Assists the Chairman and the Board to implement and strengthen corporate governance practices, with a view to enhancing long-term shareholder value; • Assists the Chairman to ensure good information flows within the Board and its committees and key management personnel; • Facilitating orientation and assisting with professional development as required; • Training, designing and implementing a framework for key management personnel's compliance with the Catalist Rules, including timely disclosure of material information; • Attends and prepares minutes for all Board meetings; • 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 • 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. Individually or collectively, in order to execute their duties, Directors are able to obtain independent professional advice at the Company's expense as and when required.

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?	The RC is guided by key terms of reference as follows: (a) Review and recommend to the Board a general framework of remuneration and specific remuneration packages for each Director and key management personnel; (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; (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 (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.
7.3	Were remuneration consultants engaged during the financial year?	No remuneration consultants were engaged by the Company in FY2017. The Company is of the view that the annual review by the RC, which includes the referencing of Directors and key management personnel's remuneration against comparable benchmarks and giving due regard to prevailing market conditions as well as the financial, commercial health and business needs of the Group, is currently sufficient to ensure the continued relevance of such remuneration packages to the Group's strategic business objectives and alignment with market practices.
8.4	Are "claw-back" provisions provided for in the service agreements of Executive Directors and key management personnel?	The Company currently does not have any contractual provisions which allow it to reclaim incentives from the Executive Directors and key management personnel in certain circumstances. The Board is of the view that as the Group pays performance bonuses based on the actual performance of the Group and/or Company (and not on forward-looking results) as well as the actual results of its Executive Directors and key management personnel, "claw-back" provisions in the service agreements may not be relevant or appropriate.

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<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td colspan="3">Disclosure on Remuneration</td></tr>
<tr><td>9</td><td>What is the Company's remuneration policy?</td><td>The Company's remuneration policy which covers all aspects of remuneration, including but not limited to directors' fees, salaries, allowances, benefits-in-kind, bonuses, options, share-based incentives and awards, 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.</td></tr>
<tr><td>9.1
9.2</td><td>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?</td><td>The breakdown for the remuneration of the Directors for FY2017 is as follows:

Table 9.2 – Directors' Remuneration
<table>
<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>–</td><td>0%</td><td>0%</td><td>0%</td><td>0%</td><td>0%</td></tr>
<tr><td>Hooi Yu Koh</td><td>402,436</td><td>84%</td><td>0%</td><td>0%</td><td>16%</td><td>100%</td></tr>
<tr><td>Ng Wai Kit*</td><td>155,300</td><td>90%</td><td>0%</td><td>0%</td><td>10%</td><td>100%</td></tr>
<tr><td>Kuan Cheng Tuck</td><td>43,560</td><td>0%</td><td>0%</td><td>100%</td><td>0%</td><td>100%</td></tr>
<tr><td>Lim Yeok Hua</td><td>36,960</td><td>0%</td><td>0%</td><td>100%</td><td>0%</td><td>100%</td></tr>
<tr><td>Nicholas Philip Lazarus</td><td>39,600</td><td>0%</td><td>0%</td><td>100%</td><td>0%</td><td>100%</td></tr>
</table>
* Mr Ng Wai Kit was appointed on 2 March 2018 as an Executive Director. Prior to his appointment, Mr Ng was the Technical Controller of the Group.

There are no termination, retirement, post-employment benefits that may be granted to the Directors, the CEO and top 3 key management personnel.</td></tr>
</table>

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td>9.3</td><td>(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?</td><td>Given the size and nature of the Company's business, the Company has only identified 3 top key management personnel.

The breakdown for the remuneration of the Company's key management personnel (who are not Directors or the CEO) for FY2017 is as follows:

<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>87%</td><td>0%</td><td>13%</td><td>100%</td></tr>
<tr><td>Lee Yeng Tat</td><td>87%</td><td>0%</td><td>13%</td><td>100%</td></tr>
<tr><td>Chookul Charun</td><td>88%</td><td>0%</td><td>12%</td><td>100%</td></tr>
</table></td></tr>
<tr><td></td><td>(b) Please disclose the aggregate remuneration paid to the top five key management personnel (who are not Directors or the CEO).</td><td>The total remuneration paid to the top 3 key management personnel for FY2017 was S$378,078.</td></tr>
<tr><td>9.4</td><td>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.</td><td>Ms Chin Soon Mei is the sister-in-law of our CEO, Mr Hooi Yu Koh. Ms Chin is the director of Kori Construction (M) Sdn. Bhd., a wholly-owned subsidiary of the Company. The remuneration of Ms Chin was below S$50,000 in FY2017.</td></tr>
<tr><td>9.5</td><td>Please provide details of the employee share scheme(s).</td><td>Information on the Company's performance share plan ("Share Plan") and employee share option scheme ("ESOS") is set out on pages 44 to 46 of this Annual Report.</td></tr>
</table>

CORPORATE **GOVERNANCE REPORT**

<table>
<tr><th>Guideline</th><th colspan="2">Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td>9.6</td><td>(a)</td><td>Please describe how the remuneration received by Executive Directors and key management personnel has been determined by the performance criteria.</td><td>The remuneration received by the Chief Executive Officer 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 FY2017. 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.</td></tr>
<tr><td></td><td>(b)</td><td>What were the performance conditions used to determine their entitlement under the short term and long term incentive schemes?</td><td>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:
<table>
<tr><th colspan="3">Table 9.6</th></tr>
<tr><th>Performance Conditions</th><th>Short-term Incentives (such as performance bonus)</th><th>Long-term Incentives (such as the Share Plan and ESOS)</th></tr>
<tr><td>Qualitative</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>Quantitative</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></td></tr>
<tr><td></td><td>(c)</td><td>Were all of these performance conditions met? If not, what were the reasons?</td><td>Yes, the RC has reviewed and is satisfied that the performance conditions were met for FY2017.</td></tr>
</table>

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
ACCOUNTABILITY AND AUDIT		
Risk Management and Internal Controls		
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.	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 FY2017. The bases for the Board's view are as follows: 1. Assurance has been received from the CEO and Financial Controller ("**FC**") (refer to Section 11.3(b) below); 2. An internal audit has been done by the IA and significant matters highlighted to the AC and key management personnel were appropriately addressed; 3. Key management personnel regularly evaluates, monitors and reports to the AC on material risks; and 4. Discussions were held between the AC and auditors in the absence of the key management personnel to review and address any potential concerns. In relation to sustainability, the Group strongly advocates in contributing back to the society through the reuse of steel materials. The Company is gradually placing emphasis on sustainability and would implement appropriate policies and programmes when the opportunities arise.
	(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?	Yes, the Board has obtained such assurance from the CEO and FC in respect of FY2017. 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 a true and fair view of the Company's operations and finances. The Board has additionally relied on the IA reports in respect of, amongst others, invoicing, inventory management, human resource and payroll, project management, risk management services, interested party transactions and financial controllership issued to the Company since FY2012 as assurances that the Company's risk management and internal control systems are effective.

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
Audit Committee		
12.1 12.4	What is the role of the AC?	All members of the AC are independent and non-executive directors who do not have any management and business relationships with the Company or any substantial shareholder of the Company. None of the AC members were previous partners or directors of the Company's external audit firm within the last twelve months and none of the AC members hold any financial interest in the external audit firm. The AC is guided by the following key terms of reference: (a) Assist the Board in the discharge of its responsibilities on financial reporting matters; (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; (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; (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); (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; (f) Review the co-operation given by the management to the EA; (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;

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
		(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; (i) Review and approve transactions falling within the scope of Chapters 9 and 10 of the Catalist Rules (if any); (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; (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; (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 (m) Generally, to undertake such other functions and duties as may be required by statue or the Catalist Rules, and by such amendments made thereto from time to time.
12.2	Are the members of the AC appropriately qualified to discharge their responsibilities?	Yes. The Board considers Mr Kuan Cheng Tuck, who has extensive and practical accounting and financial management knowledge and experience, well qualified to chair the AC. Mr Lim Yeok Hua and Mr Nicholas Philip Lazarus of the AC are also trained in accounting and financial management. The members of the AC collectively have a combined 60 more years of strong accounting and related financial management expertise and experience and are appropriately qualified to discharge their responsibilities.
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 FY2017.

CORPORATE **GOVERNANCE REPORT**

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td rowspan="3">12.6</td><td>Has the AC reviewed the independence of the EA?</td><td>The AC has reviewed the non-audit services provided by Nexia TS Public Accounting Corporation ("Nexia") and is satisfied that the nature and extent of such services would not prejudice the independence of Nexia. The AC also notes that Nexia has been the Company's auditors for more than 5 years.

As a matter of good corporate governance, the Board, with the concurrence of the Audit Committee, is of the view that it would be appropriate to periodically rotate audit firm to enable the Company to benefit from fresh perspectives and views of another professional accounting firm, thereby enhancing the value of the audit.

The Company had on 1 March 2018 received a letter of nomination from Chang Fui Woon, a shareholder of the Company, nominating the appointment of Messrs BDO LLP ("BDO") as auditors of the Company in place of Nexia at the forthcoming AGM. Nexia has also intimated that they will not seek re-appointment at the forthcoming AGM.

The Audit Committee and the Board has assessed, and is satisfied that BDO has adequate resources and experience to handle the audit, the audit engagement partner assigned to the audit has the appropriate experience to handle the audit, and there will be an adequate number of suitably experienced supervisory and professional staff assigned to the audit, having due regard to the size, businesses and complexity of the Group.

Details of the appointment of BDO as the new Auditors can be found in the appendix to the Notice of AGM.</td></tr>
<tr><td>(a) Please provide a breakdown of the fees paid in total to the EA for audit and non-audit services for the financial year.</td><td>
<table>
<tr><th colspan="3">Table 12.6 – Fees Paid/Payable to the EA for FY2017</th></tr>
<tr><th></th><th>S$</th><th>%
of total</th></tr>
<tr><td>Audit fees</td><td>55,000</td><td>81%</td></tr>
<tr><td>Non-audit fees
– Tax advice</td><td>13,100</td><td>19%</td></tr>
<tr><td>Total</td><td>68,100</td><td>100%</td></tr>
</table>
</td></tr>
<tr><td>(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.</td><td>The non-audit services rendered by the EA during FY2017 were not substantial.</td></tr>
<tr><td>12.7</td><td>Does the Company have a whistle-blowing policy?</td><td>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 ac@kori.com.sg</td></tr>
</table>

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 FY2017, the AC was briefed by the EA on changes or amendments to accounting standards.
Internal Audit		
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 ("**RSM**") that reports directly to the AC and administratively to the CEO. The AC reviews and approves the internal audit plan to ensure the adequacy and coverage of the scope of audit. The internal audit plan is risk based and complements that of the EA's approach. The results of the internal audit work facilitate the AC's review and opinion of the adequacy and effectiveness of the Group's risk management and internal control systems. The AC is satisfied that internal auditor is able to discharge its duties effectively as the internal auditor. The AC is also satisfied that the internal auditor: • is adequately qualified, given that it is a member of the Institute of Internal Auditors and it adheres to the Standards for the Professional Practice of Internal Auditing laid down in the International Professional Practices Framework issued by the Institute of Internal Auditors; • is adequately resourced as there is a suitably staffed team of professionals assigned to perform the internal audit of the Company; and • has the appropriate standing in the Company, given, inter alia, its involvement in certain AC meetings and its unfettered access to all the Group's documents, records, properties and personnel, including direct access to the AC.

CORPORATE **GOVERNANCE REPORT**

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
SHAREHOLDER RIGHTS AND RESPONSIBILITIES		
Shareholder Rights		
14.2	Are shareholders informed of the rules, including voting procedures, that govern general meetings of shareholders?	Shareholders are entitled to attend the general meetings of shareholders and are afforded the opportunity to participate effectively in and vote at general meetings of shareholders. An independent polling agent is appointed by the Company for general meetings who will explain the rules, including the voting procedures, that govern the general meetings of shareholders.
14.3	Are corporations which provide nominee or custodial services allowed to appoint more than two proxies?	The Company's Constitution allows a shareholder to appoint up to two proxies to attend and vote in the shareholder's place at the general meetings of shareholders. Pursuant to the introduction of the multiple proxies regime under the Singapore Companies (Amendment) Act 2014, indirect investors who hold the Company's shares through a nominee company or custodian bank or through a Central Provident Fund agent bank may attend and vote at general meetings.
Communication with Shareholders		
15.1	Does the Company have an investor relations policy?	The Company currently does not have an investor relations policy but considers advice from its corporate lawyers and professionals on appropriate disclosure requirements before announcing material information to shareholders. The Company will consider the appointment of a professional investor relations officer to manage the function should the need arises.
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?	The Company solicits feedback from and addresses the concerns of shareholders (including institutional and retail investors) via the following: • a dedicated investor relations team whose contact details can be found through the Company's corporate website at http://www.kori.com.sg/ and its investor relations webpage at http://www.kori.com.sg/ir.html; and • investor/analyst briefings. The Company held a briefing in FY2017 to meet with its institutional and retail investors.
	(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?	Apart from the SGXNET announcements and its annual report, the Company updates shareholders on its corporate developments through its corporate website at http://www.kori.com.sg/ and its investor relations webpage at http://www.kori.com.sg/latestnews.html and http://www.kori.com.sg/od.html.

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
15.5	Does the Company have a dividend policy?	The Company does not have a fixed dividend policy. Nonetheless, key management personnel will review, *inter alia*, 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$0.001 per ordinary share for FY2017 which will be subject to shareholders' approval at the forthcoming AGM.
CONDUCT OF SHAREHOLDER MEETINGS		
16.1 16.3 16.4 16.5	How are the general meetings of shareholders conducted?	The Company's Constitution allows for abstentia voting, (including but not limited to the voting by mail, electronic mail or facsimile). 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. All resolutions are put to vote by poll. Votes cast for and against each resolution will be tallied and announced to shareholders at the meeting, so as to better reflect shareholders' interest and ensure greater transparency. The detailed results including the total number and percentage of votes cast for and against each resolution will be announced via SGXNET after the conclusion of the general meeting. All minutes of general meetings, including the questions raised by shareholders in relation to the meeting agenda and the responses from the Board and/or Management, will be made available to shareholders upon their request within one month after the general meeting.

CORPORATE **GOVERNANCE REPORT**

COMPLIANCE WITH APPLICABLE CATALIST RULES		
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 FY2017 or if not then subsisting, entered into since the end of the previous financial year.
1204(10)	Confirmation of adequacy of internal controls	The Board and the AC are of the opinion that the internal controls are adequate to address the financial, operational, compliance and information technology risks which the Group considers relevant and material to its current business scope and environment based on the following: • internal controls and the risk management system established by the Company; • work performed by the IA and EA; • assurance from the CEO and FC; and • reviews done by the various Board Committees and key management personnel.

Catalist Rule	Rule Description	Company's Compliance or Explanation
1204(17)	Interested Persons Transaction ("**IPT**")	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.

	Aggregate value of all IPTs during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		**Aggregate value of all IPTs conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)**	
	FY2017 S$	**FY2016 S$**	**FY2017 S$**	**FY2016 S$**
Keong Hong Construction Pte Ltd(1) – Strutting works for Raffles Hospital Extension Project	70,697(1)	724,000(1)	–	–
Keong Hong Holdings Limited(1) – Interest paid on the convertible bond	156,250(2)	251,284(2)	–	–
Total	**226,947**	**975,284**		

Catalist Rule	Rule Description	Company's Compliance or Explanation
		Notes: (1) The Company had on 16 December 2015 entered into a contract with Keong Hong Construction Pte Ltd in relation to strutting works for Raffles Hospital Extension Project. The value of contract amounted to S$794,697. A total amount of S$70,697 of work was done in 2017. (2) The Company had on 30 June 2016 entered into an amendment agreement with Keong Hong Limited to extend the maturity date of the S$5 million convertible bond to 5 September 2017. The Company had fully redeemed the principal amount of the bond on 5 September 2017. Save for as disclosed, there were no IPTs with value more than S$100,000 transacted during FY2017. The Company does not have a general mandate for IPTs.
1204(19)	Dealing in Securities	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. 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.
1204(21)	Non-sponsor fees	For FY2017, 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 2017

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2017 and the balance sheet of the Company as at 31 December 2017.

In the opinion of the directors,

(a) the consolidated financial statements of the Group and the balance sheet of the Company as set out on pages 53 to 107 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; 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 statement are as follows:

Kori Nobuaki
Hooi Yu Koh
Ng Wai Kit (appointed on 2 March 2018)
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 44 to 46 in this statement.

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 31.12.2017	**At 1.1.2017**
Company		
(No. of ordinary shares)		
Kori Nobuaki	**6,592,000**	6,592,000
Hooi Yu Koh	**33,816,200**	33,816,200
Ng Wai Kit	**10,000**	10,000

The directors' interest in the ordinary shares of the Company as at 21 January 2018 were the same as those as at 31 December 2017.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (CONTINUED)

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

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 ten (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.

SHARE OPTIONS (CONTINUED)

Since the commencement of the Share Option Scheme till the end of the financial year, no options 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 or its subsidiary corporations.

There were no unissued shares of the Company or its subsidiary corporations under options 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 (the "Award") 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.

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.

PERFORMANCE SHARE PLAN (CONTINUED)

The Share Plan shall continue in operation at the discretion of the Administration Committee for a maximum period of ten (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.

The Audit Committee carried out its functions in accordance with Section 201B (5) of the Singapore Companies Act (Cap 50). In performing those functions, the Audit 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 2017 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.

AUDIT COMMITTEE (CONTINUED)

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 and non-audit fees.

The Audit Committee is satisfied with the independence and objectivity of the independent auditor.

On behalf of the directors

Kori Nobuaki
Director

Hooi Yu Koh
Director

2 April 2018

INDEPENDENT **AUDITOR'S REPORT**

TO THE MEMBERS OF KORI HOLDINGS LIMITED

REPORT ON THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of Kori Holdings Limited (the "Company") and its subsidiary corporations (the "Group") which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at 31 December 2017, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out in pages 53 to 107.

In our opinion, the accompanying consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2017 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the matter
1. Completeness and accuracy of revenue and cost recognition on construction contracts	
For the financial year ended 31 December 2017, the Group recognised construction revenue of $35.5 million. The Group has significant long-term contracts in relation to the provision of structural steel works and tunnelling. The accounting policies on construction contracts and the details of construction revenue recognised are set out in Notes 2.7 and 4 to the consolidated financial statements respectively.	Our audit approach comprises of both controls testing and substantive procedures as follows: • obtained an understanding of key controls over the budgeting process and recognition of contract costs and testing of these key controls, on a sample basis, to determine whether these controls were operating effectively throughout the financial year;

Key Audit Matters (Continued)

Key audit matter	How our audit addressed the matter
1. **Completeness and accuracy of revenue recognition on construction contracts** (Continued)	
The revenue recognition of the Group is in accordance with Financial Reporting Standard 11 Construction Contracts which is based on the stage of completion of contract activity. The stage of completion is measured by reference to the proportion of contract costs incurred for the work performed as at balance sheet date relative to the estimated total costs of contract at completion. Any expected loss on the contract is recognised as an expense immediately when it is probable that the total cost will exceed the revenue. We focused on this area because of the significant judgment required in preparing reasonable estimates of the total budgeted costs, and separately, the actual costs incurred, which directly impact the determination of stage of completion and revenue recognised during the financial year. In addition, unintentional errors in determining the stage of completion and imprecise estimation and recording of budgeted and/or actual costs could result in material variance in revenue recognised in the current and future financial period.	Our audit approach comprises of both controls testing and substantive procedures as follows: (Continued) • reviewed new contracts and contract variations entered into during the financial year and discussed with management the profitability and reasonableness of estimated contract costs and estimated gross profit margin; • reviewed the latest progress billings, progress report and customers' acceptance for selected contracts; • verified contract costs incurred through vouching of supporting documents; • independently recomputed the following: – stage of completion based on actual costs incurred and estimated total costs – revenue recognised to date and revenue recognised for the financial period – amount due from/to customers on construction contracts • assessed the need for, and adequacy of, provision for foreseeable losses, if any, for those contracts with losses and low profit margins; and • analysed the difference between the stage of completion using the proportion of contract costs incurred for the work performed to the estimated total cost of contract at completion and physical stage of completion for selected contracts.

Key Audit Matters (Continued)

Key audit matter	How our audit addressed the matter
2. Impairment of trade receivables and other receivables	
Trade and other receivables are the most significant item in the balance sheet and represent 87% of the total assets. As at 31 December 2017, trade and other receivables comprise mainly of: trade receivables – \$1.72 million, due from customers on construction contracts – \$46.70 million, retention receivables – \$6.64 million and deposits and other receivables – \$0.73 million. The Group assesses at each reporting date whether there is objective evidence these financial assets are impaired. In carrying out this assessment, judgement is applied by the management to determine appropriate parameters and assumptions such as specific credit and business risks associated with the respective customers and projects, historical patterns of billings and collections and the economic condition to determine the recoverability of the receivables. Therefore, impairment is a subjective area due to the level of judgement applied by the management in determining the impairment allowance. The accounting policies for impairment of trade receivables are set out in Note 2.9 to the consolidated financial statements. The credit risk and details of impairment allowance are disclosed in Note 30 (b) to the consolidated financial statements.	Our audit procedures focused on evaluating the key judgements and assumptions used by the management in conducting the impairment review. These procedures included: • performed specific review of long outstanding (aged 90 days and above) trade receivables, amounts due from customers and retention receivables for which impairment allowance were not provided for by the Group and challenged management's assessment to determine whether there were any objective evidence of impairment; • assessed the recoverability of long outstanding trade receivables by assessing cash collections subsequent to year end and/or historical patterns of receipts; • sighted arrangements made and/or correspondences with the debtors to assess the recoverability of long outstanding receivables; • reviewed subsequent actual billings and collections, if any, of the amounts due from customers on construction contracts; and • reviewed subsequent collections of retention receivables on contracts which were already completed.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors 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 Act and FRSs, 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.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

INDEPENDENT **AUDITOR'S REPORT**

TO THE MEMBERS OF KORI HOLDINGS LIMITED

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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.

The engagement partner on the audit resulting in this independent auditor's report is Loh Hui Nee.

Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants

Singapore
2 April 2018

CONSOLIDATED STATEMENT OF **COMPREHENSIVE INCOME**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	2017 $	2016 $
Revenue	4	**35,536,733**	60,424,980
Cost of works		**(29,497,920)**	(51,277,681)
Gross profit		**6,038,813**	9,147,299
Other losses – net	5	**(2,077,100)**	(211,677)
Expenses			
– Administrative		**(2,597,084)**	(5,533,080)
– Finance	8	**(463,489)**	(348,761)
Share of loss of an associated company	17	**–**	(29,000)
Profit before income tax		**901,140**	3,024,781
Income tax expense	9	**(171,405)**	(487,510)
Net profit		**729,735**	2,537,271
Other comprehensive income, net of tax:			
Item that may be reclassified subsequently to profit or loss:			
– Currency translation (losses)/gains arising from consolidation		**(17,834)**	6,734
Total comprehensive income		**711,901**	2,544,005
Earnings per share attributable to equity holders of the Company			
Basic	10	**0.01**	0.03
Diluted	10	**0.01**	0.03

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

BALANCE SHEETS

AS AT 31 DECEMBER 2017

		Group		Company	
		2017	2016	2017	2016
	Note	$	$	$	$
ASSETS					
Current assets					
Cash and cash equivalents	11	**2,848,272**	2,953,825	**109,358**	129,376
Trade and other receivables	12	**55,785,549**	66,512,775	**6,705,085**	10,518,850
Inventories	13	**2,508,387**	4,887,567	**–**	1,719,979
		61,142,208	74,354,167	**6,814,443**	12,368,205
Non-current assets					
Property, plant and equipment	15	**2,660,366**	2,267,862	**–**	–
Investments in subsidiary corporations	16	**–**	–	**26,069,640**	26,069,640
		2,660,366	2,267,862	**26,069,640**	26,069,640
Total assets		**63,802,574**	76,622,029	**32,884,083**	38,437,845
LIABILITIES					
Current liabilities					
Trade and other payables	18	**5,831,775**	18,087,394	**533,710**	1,998,981
Borrowings	19	**9,717,784**	10,703,139	**–**	5,000,000
Current income tax liabilities		**177,130**	554,461	**30,945**	–
		15,726,689	29,344,994	**564,655**	6,998,981
Non-current liabilities					
Borrowings	19	**261,529**	75,380	**–**	–
Deferred income tax liabilities	22	**12,519**	12,519	**–**	–
		274,048	87,899	**–**	–
Total liabilities		**16,000,737**	29,432,893	**564,655**	6,998,981
NET ASSETS		**47,801,837**	47,189,136	**32,319,428**	31,438,864
EQUITY					
Share capital	23	**32,290,650**	32,290,650	**32,290,650**	32,290,650
Retained profits/(accumulated losses)	24	**41,155,248**	40,524,713	**28,778**	(851,786)
Merger reserve	25	**(25,627,521)**	(25,627,521)	**–**	–
Currency translation reserve	25	**(16,540)**	1,294	**–**	–
Total equity		**47,801,837**	47,189,136	**32,319,428**	31,438,864

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

CONSOLIDATED STATEMENT OF **CHANGES IN EQUITY**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

		Attributable to equity holders of the Company				
	Note	Share capital $	Retained profits $	Merger reserve $	Currency translation reserve $	Total equity $
2017						
Beginning of financial year		**32,290,650**	**40,524,713**	**(25,627,521)**	**1,294**	**47,189,136**
Total comprehensive income/ (loss) for the financial year		**–**	**729,735**	**–**	**(17,834)**	**711,901**
Dividend paid	26	**–**	**(99,200)**	**–**	**–**	**(99,200)**
End of financial year		**32,290,650**	**41,155,248**	**(25,627,521)**	**(16,540)**	**47,801,837**
2016						
Beginning of financial year		32,290,650	38,483,442	(25,627,521)	(5,440)	45,141,131
Total comprehensive income for the financial year		–	2,537,271	–	6,734	2,544,005
Dividend paid	26	–	(496,000)	–	–	(496,000)
End of financial year		32,290,650	40,524,713	(25,627,521)	1,294	47,189,136

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

CONSOLIDATED **STATEMENT OF CASH FLOWS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	2017 $	2016 $
Cash flows from operating activities			
Net profit		**729,735**	2,537,271
Adjustments for			
– Income tax expense	9	**171,405**	487,510
– Depreciation	6	**183,769**	88,107
– Loss/(gain) on disposal of property, plant and equipment	5	**3,688**	(13,514)
– Interest income – bank deposit	5	**(8,048)**	(7,457)
– Interest expense	8	**463,489**	348,761
– Share of loss results of an associated company	17	**–**	29,000
– Allowance for impairment on trade and other receivables	6	**–**	3,167,805
– Write off on trade and other receivables	6	**298,701**	–
– Loss on disposal of investment in associated company	5	**–**	320,000
– (Gain)/loss on unrealised currency translation		**(58,609)**	39,456
		1,784,130	6,996,939
Change in working capital			
– Trade and other receivables		**10,428,525**	(11,424,735)
– Trade and other payables		**(12,255,619)**	(3,146,918)
– Inventories		**2,379,180**	1,106,029
Cash generated from/(used in) operations		**2,336,216**	(6,468,685)
Income tax paid		**(548,736)**	–
Net cash from/(used in) operating activities		**1,787,480**	(6,468,685)
Cash flows from investing activities			
Interest received		**8,048**	7,457
Additions to property, plant and equipment		**(117,815)**	(274,242)
Disposal of property, plant and equipment		**–**	36,318
Net cash used in investing activities		**(109,767)**	(230,467)
Cash flows from financing activities			
Dividend paid to equity holders of the Company	26	**(99,200)**	(496,000)
Interest paid		**(471,260)**	(387,021)
Bank deposits pledged		**(8,048)**	(7,457)
Proceeds from bank borrowings		**15,020,735**	4,736,843
Repayment of bank borrowings		**(11,107,578)**	(821,846)
Repayment of convertible bond		**(5,000,000)**	–
Repayment of finance lease liabilities		**(125,963)**	(22,478)
Net cash (used in)/from financing activities		**(1,791,314)**	3,002,041
Net decrease in cash and cash equivalents		**(113,601)**	(3,697,111)
Cash and cash equivalents			
Beginning of financial year		**1,939,360**	5,636,471
End of financial year	11	**1,825,759**	1,939,360

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

CONSOLIDATED **STATEMENT OF CASH FLOWS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

Reconciliation of liabilities arising from financing activities

	1 January 2017 $	Principal and interest payments $	Additional borrowings $	Interest expense $	31 December 2017 $
Bank borrowings	**5,674,424**	(11,400,244)	15,020,735	292,666	**9,587,581**
Finance lease liabilities	**104,095**	(142,558)	413,600*	16,595	**391,732**
Convertible bonds	**5,000,000**	(5,156,250)	–	156,250	**–**

* Non-cash transaction

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

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

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 are 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 2017

On 1 January 2017, the Group adopted the new or amended FRS and Interpretations of 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 except for the following:

<u>FRS 7 Statement of cash flows</u>

The amendments to FRS 7 Statement of cash flows (Disclosure initiative) sets out required disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

The Group has included the additional required disclosures in the consolidated statement of cash flows to the financial statements.

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 to direct the activities of the entity. Subsidiary corporations are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

In preparing the consolidated financial statements, intercompany transactions and balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the transferred asset. 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 corporation 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 corporation 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Group Accounting (Continued)

(a) *Subsidiary corporations* (Continued)

(ii) Acquisitions (Continued)

The excess of (a) 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 (b) 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.

Please refer to the Note 2.5, "Investments in subsidiary corporations and associated company" for the accounting policy on investments in subsidiary corporations in the separate financial statements of the Company.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Group Accounting (Continued)

(c) Associated company (Continued)

(ii) Equity method of accounting

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise Group's share of its associated company's post-acquisition profits or losses of the investee in profit or loss and its share of movements in other comprehensive income of the investee's other comprehensive income. Dividends received or receivable from the associated company is recognised as a reduction of the carrying amount of the investment. When the Group's share of losses in an associated company equals to or exceeds its interest in the associated company the Group does not recognise further losses, unless it has legal or constructive obligations to make, 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 transactions provide evidence of impairment of the assets 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 remeasured 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 Note 2.5, "Investments in subsidiary corporations and associated company" for the accounting policy on investment in associated company in the separate financial statements of the Company.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Revenue Recognition

Revenue comprise of the fair value of the consideration received or receivable for rendering of 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, 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.

(d) Management fee and administrative fee income

Management fee and administrative fee income is recognised when services are rendered.

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. Cost also includes borrowing costs (refer to Note 2.14 on borrowing costs).

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:

	Useful Lives
– 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.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use.

(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.

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 such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Impairment of Non-Financial Assets

Property, plant and equipment
Investments in subsidiary corporations and associated company

Property, plant and equipment and investments 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 inflows 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, such impairment loss is treated as revaluation decrease.

An impairment loss for an asset is reversed if, and 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 revalued 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 and contract cost are recognised as an expense in the period in which they are incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Variations in contract work, claims and incentive payments are included in 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, and these amounts are capable of being reliably measured.

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 profits (less recognised losses) on each contract is compared against the progress billings. Where the cumulative costs incurred plus the recognised profits (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 the cumulative costs incurred plus recognised profits (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 retentions by customers 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 statement of cash flows, cash and cash equivalents include cash at bank and cash 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.

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

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

(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 amount of the liability and equity components is transferred to the share capital. When the conversion option lapses, its carrying amount is transferred to retained profits.

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 in a transaction that is not a business combination and affects neither accounting nor taxable profit or 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 it is probable that future taxable profit will be available against which the unused tax credit can be utilised.

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 grant date. 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.

Short-term compensated absences

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 financial statements are presented in Singapore Dollar, which is the functional currency of the Company.

(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.

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 Guarantee

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.

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 receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

2.23 Fair Value Estimation of Financial Assets and Liabilities

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

2.24 Leases

When the Group is the lessee:

The Group leases motor vehicle, office equipment and plant and machinery 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.25 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the management who 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 has significant contracts that are on-going as at 31 December 2017, as disclosed in Note 14. For these contracts, management has to estimate the total contract costs to complete, which are used to measure the stage of completion for the Group's recognition of construction revenue. When it is probable that the total contract costs will exceed the total construction revenue, a provision for foreseeable losses is recognised as expense immediately.

Significant judgements are used to estimate these total contract costs to complete, 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 of completed projects.

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 2017 will increase/decrease by approximately $0.8 million and $1.4 million (2016: $1.9 million and $2.0 million) 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 2017 will decrease/increase by approximately $3.0 million and $4.7 million (2016: $3.7 million and $4.1 million) 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 judgments 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.

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 2017 is $55,785,549 (2016: $66,512,775).

4. REVENUE

	Group	
	2017	**2016**
	$	**$**
Revenue from structural steel works	**31,208,531**	52,604,055
Revenue from tunnelling	**4,328,202**	7,820,925
	35,536,733	60,424,980

5. OTHER LOSSES – NET

Following are the other income/(losses) recognised during the financial year:

	Group	
	2017	**2016**
	$	**$**
Currency exchange gain/(loss) – net	**244,110**	(202,389)
(Loss)/gain on disposal of property, plant and equipment	**(3,688)**	13,514
Government grants*	**102,313**	262,843
Secondment of workers	**51,762**	–
(Loss)/gain from sale of scrapped steel beams	**(2,753,123)**	215
Interest income – bank deposits	**8,048**	7,457
Administrative fee income for workers	**23,929**	22,530
Bad debts relief**	**242,182**	–
Loss on disposal of investment in associated company (Note 17)	**–**	(320,000)
Other	**7,367**	4,153
	(2,077,100)	(211,677)

* Government grants mainly pertain to special employment credit, temporary employment credit, cash payout and wage credit from Inland Revenue Authority of Singapore.

** Bad debts relief are output tax on bad debts recovered from the Inland Revenue Authority of Singapore.

6. EXPENSES BY NATURE

	Group	
	2017	**2016**
	$	**$**
Depreciation (Note 15)	**183,769**	88,107
Employee compensation (Note 7)	**14,303,193**	16,230,889
Entertainment	**654**	3,684
Fees on audit services paid/payables to:		
– Auditor of the Company	**55,000**	60,000
– Other auditors	**19,927**	18,600
Fees on non-audit services paid/payables to:		
– Auditor of the Company	**13,100**	10,900
– Other auditors	**750**	28,050
Directors' fees	**120,120**	180,120
Insurance	**98,297**	66,971
Transport and travelling	**192,305**	213,655
Professional fees	**308,523**	467,983
Purchase of materials	**5,080,475**	11,150,260
Rental on operating leases	**3,512,213**	6,789,564
Sub-contractors' charges	**1,274,855**	9,963,514
Worksite	**3,607,746**	6,707,620
Changes in inventories	**2,379,180**	1,106,029
Impairment of trade and other receivables	**–**	3,167,805
Write off of trade and other receivables	**298,701**	–
Other	**646,196**	557,010
Total cost of works and administrative expenses	**32,095,004**	56,810,761

7. EMPLOYEE COMPENSATION

	Group	
	2017	**2016**
	$	**$**
Wages and salaries	**13,978,480**	15,802,272
Employers' contribution to defined contribution plans including Central Provident Fund	**308,620**	391,195
Other short term benefits	**16,093**	37,422
	14,303,193	16,230,889

8. FINANCE EXPENSES

	Group	
	2017	**2016**
	$	**$**
Interest expense		
– Finance lease liabilities	**16,595**	2,933
– Invoice overdue	**5,317**	20,903
– Bank borrowings	**292,666**	111,901
– Overdraft interest	**432**	–
– Convertible bond	**156,250**	251,284
	471,260	387,021
Less: Borrowings costs capitalised in construction-in-progress	**(7,771)**	(38,260)
Finance expense recognised in profit or loss	**463,489**	348,761

9. INCOME TAX EXPENSE

	Group	
	2017	**2016**
	$	**$**
Tax expense attributable to profit is made up of:		
Profit for the financial year		
Current income tax		
– Singapore	**177,130**	554,462
Over provision in prior financial years		
Current income tax		
– Singapore	**(5,725)**	(66,952)
	171,405	487,510

9. INCOME TAX EXPENSE (CONTINUED)

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

	Group	
	2017	**2016**
	$	**$**
Profit before income tax	**901,140**	3,024,781
Add: Share of loss of an associated company	**–**	29,000
Profit before tax and share of loss of an associated company	**901,140**	3,053,781
Tax calculated at tax rate of 17% (2016: 17%)	**153,194**	519,143
Effects of:		
– Different tax rate in other countries	**(1,131)**	(3,168)
– Singapore statutory stepped income exemption	**(75,748)**	(27,647)
– Expenses not deductible for tax purposes	**140,020**	133,851
– Income not subject to tax	**(1,368)**	(6,198)
– Deferred income tax asset not recognised	**789**	–
– Productivity and innovation credit	**(16,281)**	(21,967)
– Tax rebate	**(22,345)**	(25,436)
– Utilisation of previously unrecognised tax losses	**–**	(12,532)
– Over provision of tax in prior financial years	**(5,725)**	(66,952)
– Others	**–**	(1,584)
Tax charge	**171,405**	487,510

10. EARNINGS PER SHARE

(a) Basic 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.

	Group	
	2017	**2016**
Net profit attributable to equity holders of the Company ($)	**729,735**	2,537,271
Weighted average number of ordinary shares	**99,200,000**	99,200,000
Basic earnings per share ($)	**0.01**	0.03

(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 financial year.

10. EARNINGS PER SHARE (CONTINUED)

(b) Diluted earnings per share (Continued)

Convertible bond is assumed to have been converted into ordinary shares at issuance and the net profit is adjusted to eliminate the interest expense.

For financial year ended 31 December 2017, the calculation of diluted earnings per share does not assume conversion, exercise or other issue of potential ordinary share because they are anti-dilutive.

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

	Group	
	2017	**2016**
Net profit attributable to equity holders of the Company ($)	**729,735**	2,537,271
Interest expense on convertible bond	**–**	251,284
Net profit used to determine diluted earnings per share	**729,735**	2,788,555
Weighted average number of ordinary shares outstanding for basic earnings per share	**99,200,000**	99,200,000
Adjustment for convertible bond	**–**	11,904,000
	99,200,000	111,104,000
Diluted earnings per share ($)	**0.01**	0.03

11. CASH AND CASH EQUIVALENTS

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$	**$**	**$**	**$**
Cash at bank and on hand	**1,825,759**	1,939,360	**109,358**	129,376
Short-term bank deposits	**1,022,513**	1,014,465	**–**	–
	2,848,272	2,953,825	**109,358**	129,376

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

	Group	
	2017	**2016**
	$	**$**
Cash and bank balances (as above)	**2,848,272**	2,953,825
Less: Short-term bank deposit pledged (Note 19(a))	**(1,022,513)**	(1,014,465)
Cash and cash equivalents per consolidated statement of cash flows	**1,825,759**	1,939,360

Bank deposits are pledged in relation to the security granted for certain borrowings (Note 19).

12. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2017	2016	2017	2016
	$	$	$	$
Trade receivables				
– Non-related parties	**1,716,354**	8,905,988	**–**	–
Less: Allowance for impairment of trade receivables (Note 30(b)(ii))	**–**	(3,652,943)	**–**	–
	1,716,354	5,253,045	**–**	–
Construction contracts:				
– Due from customers (Note 14)	**46,701,747**	51,522,010	**–**	–
– Retentions (Note 14)	**6,641,274**	9,031,246	**–**	–
Less: Allowance for impairment of retentions (Note 30(b)(ii))	**–**	(474,269)	**–**	–
	6,641,274	8,556,977	**–**	–
Other receivables				
– Subsidiary corporations	**–**	–	**6,511,363**	10,510,510
– Non-related parties	**197,482**	293,207	**187,000**	237,435
Less: Allowance for impairment of other receivables (Note 30(b)(ii))	**–**	(235,855)	**–**	(235,855)
	197,482	57,352	**6,698,363**	10,512,090
Loan to an associated company	**–**	99,853	**–**	–
Less: Allowance for impairment of loan to an associated company (Note 30(b)(ii))	**–**	(99,853)	**–**	–
	–	–	**–**	–
Deposits	**456,150**	1,200,677	**–**	–
Less: Allowance for impairment of deposits (Note 30(b)(ii))	**–**	(107,225)	**–**	–
	456,150	1,093,452	**–**	–
Prepayments	**72,542**	29,939	**6,722**	6,760
	55,785,549	66,512,775	**6,705,085**	10,518,850

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

Deposits include an advance payment amounting of $Nil (2016: $517,000) for the purchase of machinery.

13. INVENTORIES

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$	**$**	**$**	**$**
Steel beams	**2,508,387**	4,887,567	**–**	1,719,979

(a) The cost of inventories recognised as an expense and included in "Cost of works" amounted to $7,459,655 (2016: $12,256,289).

(b) The Company acquired inventories valued at $1,719,979 when the charge over the loan to associated company was enforced during the financial year ended 31 December 2016.

14. CONSTRUCTION CONTRACTS

	Group	
	2017	**2016**
	$	**$**
Aggregate costs incurred and profits recognised (less losses recognised) to date on uncompleted construction contracts	**163,690,278**	259,204,129
Less: Progress billings	**(117,072,376)**	(207,682,119)
	46,617,902	51,522,010
Presented as:		
Due from customers on construction contracts (Note 12)	**46,701,747**	51,522,010
Due to customers on construction contracts (Note 18)	**(83,845)**	–
	46,617,902	51,522,010
Retentions on construction contracts (Note 12)	**6,641,274**	8,556,977

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 $
2017								
Cost								
Beginning of financial year	**1,115,799**	**123,110**	**433,988**	**151,065**	**343,903**	**53,800**	**987,903**	**3,209,568**
Currency translation differences	**22,842**	**52**	**790**	**519**	**42**	**–**	**20,224**	**44,469**
Additions	**–**	**–**	**–**	**13,080**	**517,000**	**–**	**9,106**	**539,186**
Disposals	**–**	**(27,726)**	**–**	**(7,876)**	**(30,511)**	**(31,600)**	**–**	**(97,713)**
End of financial year	**1,138,641**	**95,436**	**434,778**	**156,788**	**830,434**	**22,200**	**1,017,233**	**3,695,510**
Accumulated depreciation								
Beginning of financial year	**86,027**	**67,457**	**308,405**	**97,342**	**343,903**	**38,572**	**–**	**941,706**
Currency translation differences	**2,301**	**50**	**789**	**511**	**43**	**–**	**–**	**3,694**
Depreciation charge (Notes 6 and 31)	**22,233**	**9,070**	**40,730**	**7,226**	**103,400**	**1,110**	**–**	**183,769**
Disposals	**–**	**(27,726)**	**–**	**(4,188)**	**(30,511)**	**(31,600)**	**–**	**(94,025)**
End of financial year	**110,561**	**48,851**	**349,924**	**100,891**	**416,835**	**8,082**	**–**	**1,035,144**
Net book value at end of financial year	**1,028,080**	**46,585**	**84,854**	**55,897**	**413,599**	**14,118**	**1,017,233**	**2,660,366**

Group	Land and buildings $	Furniture and fittings $	Motor vehicles $	Office equipment $	Plant and machinery $	Site office $	Construction-in-progress $	Total $
2016								
Cost								
Beginning of financial year	1,163,172	116,887	459,167	108,765	343,941	53,800	699,788	2,945,520
Currency translation differences	(20,904)	(47)	(1,145)	(464)	(38)	–	(12,576)	(35,174)
Additions	–	6,270	–	45,864	–	–	300,691	352,825
Disposals	(26,469)	–	(24,034)	(3,100)	–	–	–	(53,603)
End of financial year	1,115,799	123,110	433,988	151,065	343,903	53,800	987,903	3,209,568
Accumulated depreciation								
Beginning of financial year	70,267	58,487	292,854	92,240	336,790	37,462	–	888,100
Currency translation differences	(2,017)	(45)	(1,145)	(456)	(39)	–	–	(3,702)
Depreciation charge (Notes 6 and 31)	23,071	9,015	40,729	7,030	7,152	1,110	–	88,107
Disposals	(5,294)	–	(24,033)	(1,472)	–	–	–	(30,799)
End of financial year	86,027	67,457	308,405	97,342	343,903	38,572	–	941,706
Net book value at end of financial year	1,029,772	55,653	125,583	53,723	–	15,228	987,903	2,267,862

(a) Included within additions in the consolidated financial statements is plant and machinery acquired under finance leases amounting to $413,600 (2016: $Nil). The carrying amounts of motor vehicle, office equipment and plant and machinery held under finance leases is $84,854 (2016: $125,583), $33,998 (2016:$37,883) and $413,599 (2016: $Nil) at the balance sheet date.

(b) Included in the costs of construction-in-progress as at 31 December 2017 was borrowing cost capitalised amounting to $94,626 (2016: $86,855) The rate used to determine the amount of borrowing cost eligible for capitalisation was 5.75% (2016: 5.75%) per annum, which was the effective interest rate of the specific borrowing.

16. INVESTMENTS IN SUBSIDIARY CORPORATIONS

	Company 2017 $	Company 2016 $
Equity investments at cost		
Beginning and end of financial year	**26,069,640**	26,069,640

The Group has the following subsidiary corporations as at 31 December 2017 and 2016:

Name	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by parent 2017 %	Proportion of ordinary shares directly held by parent 2016 %	Proportion of ordinary shares held by the Group 2017 %	Proportion of ordinary shares held by the Group 2016 %
Kori Construction (S) Pte. Ltd.[(a)]	Building construction and civil engineering work	Singapore	**100**	100	**100**	100
Ming Shin Construction (S) Pte. Ltd.[(a)]	Building construction and civil engineering work	Singapore	**100**	100	**100**	100
Kori Construction (M) Sdn. Bhd.[(b)]	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.

17. INVESTMENT IN ASSOCIATED COMPANY

	Group 2017 $	Group 2016 $	Company 2017 $	Company 2016 $
Investment at cost				
Beginning of financial year			**–**	400,000
Disposal			**–**	(400,000)
End of financial year			**–**	–
Investment at equity				
Beginning of financial year	**–**	400,000		
Share of loss of an associated company	**–**	(29,000)		
Disposal	**–**	(371,000)		
End of financial year	**–**	–		

On 12 August 2016, the Company disposed of its entire shareholding interest in the associated company for a consideration of S$51,000. A loss on disposal of $320,000 was recognised on this transaction accordingly (Note 5).

18. TRADE AND OTHER PAYABLES

	Group		Company	
	2017	2016	2017	2016
	$	$	$	$
Trade payable to				
– Non-related parties	**3,432,511**	15,211,283	**72,412**	70,279
Construction contracts				
– Due to customers (Note 14)	**83,845**	–	**–**	–
Other payables				
– Non-related parties	**1,361,551**	1,048,203	**314,859**	–
– Subsidiary corporations	**–**	–	**41,409**	1,779,922
	1,361,551	1,048,203	**356,268**	1,779,922
Accruals for operating expenses	**953,868**	1,827,908	**105,030**	148,780
	5,831,775	18,087,394	**533,710**	1,998,981

Other payables to subsidiary corporations are unsecured, interest-free and repayable upon demand.

19. BORROWINGS

	Group		Company	
	2017	2016	2017	2016
	$	$	$	$
Current				
Finance lease liabilities (Note 21)	**130,203**	28,715	**–**	–
Convertible bond (Note 20)	**–**	5,000,000	**–**	5,000,000
Bank borrowings	**9,587,581**	5,674,424	**–**	–
	9,717,784	10,703,139	**–**	5,000,000
Non-current				
Finance lease liabilities (Note 21)	**261,529**	75,380	**–**	–
	261,529	75,380	**–**	–
Total borrowings	**9,979,313**	10,778,519	**–**	5,000,000

The interest rates of the Group's borrowings are repriced every 6 to 12 months.

The Group's borrowings include a 3-year term loan that was drawn down by a subsidiary in September 2017. The outstanding balance of the term loan was approximately $4.4 million as at 31 December 2017. The subsidiary has not been able to fulfil some of these financial ratios. Consequently, the entire balance of $4.4 million was reclassified and presented as a current liability as at 31 December 2017 in accordance with FRS 1.69.

Management has since engaged with the lending bank and is still in negotiation with the bank to remedy the technical lapse, including but not limited to, seeking a waiver of compliance with the affected financial ratios and/or renegotiating certain terms of the existing loan agreement.

19. BORROWINGS (CONTINUED)

(a) Securities granted

Total borrowings of $1,391,732 (2016: $1,104,095) are secured over certain assets of the Group and of $8,587,581 (2016: $4,674,424) are supported by a corporate guarantee issued by the Company. Finance lease liabilities of the Group are effectively secured over by motor vehicle, office equipment and plant and machinery 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	
	2017	**2016**
	$	**$**
– Finance lease liabilities	**261,529**	75,380

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	
	2017	**2016**
– Finance lease liabilities	**3.64%**	4.99%

The fair values are within Level 2 of the fair values hierarchy.

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.

The equity component of the convertible bond was not recognised as the amount is immaterial.

On 30 June 2016, the Company entered into an amendment agreement to amend the terms of the convertible bond subscription agreement dated 19 August 2013 in relation to extending the Maturity Date by one (1) year. The Company had fully redeemed the principal amount of the bond on 5 September 2017.

21. FINANCE LEASE LIABILITIES

The Group leases motor vehicle, office equipment and plant and machinery 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	
	2017	**2016**
	$	**$**
Minimum lease payments due		
– Not later than one year	**143,345**	32,489
– Between one and five years	**275,300**	85,336
	418,645	117,825
Less: Future finance charges	**(26,913)**	(13,730)
Present value of finance lease liabilities	**391,732**	104,095

The present values of finance lease liabilities are analysed as follows:

– Not later than one year (Note 19)	**130,203**	28,715
– Between one and five years (Note 19)	**261,529**	75,380
	391,732	104,095

22. DEFERRED INCOME TAX LIABILITIES

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the balance sheet as follows:

	Group	
	2017	**2016**
	$	**$**
Deferred income tax liabilities		
– to be settled after one year	**12,519**	12,519

Movement in deferred income tax liabilities is as follows:

	Accelerated tax depreciation $
2017	
Beginning and end of financial year	**12,519**
2016	
Beginning and end of financial year	12,519

23. SHARE CAPITAL

	Group and Company	
	Number of ordinary shares	**Issued and paid-up share capital $**
2017 and 2016		
Beginning and end of financial year	**99,200,000**	**32,290,650**

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.

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.

23. **SHARE CAPITAL** (CONTINUED)

Share options (Continued)

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 of 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 ten (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.

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

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 (the “Award”) 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 non 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.

23. SHARE CAPITAL (CONTINUED)

Performance share plan (Continued)

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 organizational commitment, dedication and loyalty of participants towards of 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.

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 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 ten (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.

24. RETAINED PROFITS

Retained profits net of merger reserve of the Group are distributable.

25. OTHER RESERVES

	Group 2017 $	Group 2016 $
(a) Composition:		
Merger reserve	**(25,627,521)**	(25,627,521)
Currency translation reserve	**(16,540)**	1,294
	(25,644,061)	(25,626,227)
(b) Movement		
(i) Merger reserve		
Beginning and end of financial year	**(25,627,521)**	(25,627,521)
(ii) Currency translation reserve		
Beginning of financial year	**1,294**	(5,440)
Net currency translation differences of financial statements of foreign subsidiary corporation	**(17,834)**	6,734
End of financial year	**(16,540)**	1,294

Other reserves are not distributable.

26. DIVIDENDS

	Group 2017 $	Group 2016 $
Ordinary dividends paid		
First and final dividend paid in respect of the previous financial year of 0.1 cents (2016: 0.5 cents) per share	**99,200**	496,000

At the forthcoming Annual General Meeting on 26 April 2018, a first and final dividend of 0.1 cent per share amounting to a total of $99,200 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 2018.

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.

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	
	2017	**2016**
	$	**$**
Sale of materials to an associated company	**–**	93,828
Purchase of materials from an associated company	**–**	226,478

Outstanding balances as at 31 December 2017 and 2016 are unsecured and receivable/payable within 12 months from balance sheet date and are disclosed in Notes 12 and 18 respectively.

(b) Key management personnel compensation

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

	Group	
	2017	**2016**
	$	**$**
Salaries and bonuses	**482,609**	551,134
Employer's contribution to defined contribution plans including Central Provident Fund	**38,584**	35,436
Directors' fees	**120,120**	180,120
Other short-term benefits	**43,983**	44,527
	685,296	811,217

28. CONTINGENT LIABILITIES

The Company has provided corporate guarantee to financial institutions in respect of banking facility granted to a subsidiary corporation amounting to $8,565,068 (2016: $4,659,959) at the balance sheet date.

At the date these financial statements are authorised for issue, the directors have evaluated the fair value of the corporate guarantee and are of the view that no material liabilities will arise from the corporate guarantee as the subsidiary corporation in which the corporate guarantee was provided is in net assets position with no default in the payment of borrowings.

29. COMMITMENTS

Operating lease commitments

The Group leases dormitory for workers and office space 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	
	2017	**2016**
	$	**$**
Not later than one year	**1,150,314**	2,209,883
Between one and five years	**440,116**	366,455
	1,590,430	2,576,338

30. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group's activities expose it to market risk (including currency risk, price risk and interest rate risk), credit risk and liquidity 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 Board of Directors in accordance with prevailing economic and operating conditions. In determining its risk management policies, the Board of Directors 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.

30. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk

(i) Currency risk

Currency risk arises from transactions denominated in foreign currencies such as United States Dollar (USD) and Malaysian Ringgit (MYR). In addition, the Group is exposed to currency translation risk on the net assets in foreign operation. Currency exposure to the net asset of the Group's foreign operation has been monitored throughout the year and the impact to the Group's financial statements is not significant.

The Group's currency exposure based on the information provided to key management is as follows:

Group	SGD $	USD $	MYR $	Total $
As 31 December 2017				
Financial assets				
Cash and bank balances	2,788,120	–	60,152	2,848,272
Trade and other receivables	55,698,918	–	14,089	55,713,007
Intercompany receivables	15,740,945	–	2,368,491	18,109,436
	74,227,983	–	2,442,732	76,670,715
Financial liabilities				
Borrowings	(9,979,313)	–	–	(9,979,313)
Intercompany payables	(15,740,945)	–	(2,368,491)	(18,109,436)
Trade and other payables	(5,633,874)	–	(114,056)	(5,747,930)
	(31,354,132)	–	(2,482,547)	(33,836,679)
Net financial assets/ (liabilities)	42,873,851	–	(39,815)	42,834,036
Add: Net non-financial assets	2,921,257	–	2,046,544	4,967,801
Net assets	45,795,108	–	2,006,729	47,801,837
Currency profile including non-financial assets and liabilities	45,795,108	–	2,006,729	47,801,837
Currency exposure of financial liabilities net of those denominated in the respective entities' functional currencies	–	–	–	–

30. **FINANCIAL RISK MANAGEMENT** (CONTINUED)

(a) **Market risk** (Continued)

(i) *Currency risk* (Continued)

Group	SGD $	USD $	MYR $	Total $
As 31 December 2016				
Financial assets				
Cash and cash equivalents	2,821,359	–	132,466	2,953,825
Trade and other receivables	66,466,540	–	16,296	66,482,836
Intercompany receivables	74,357,260	–	2,342,024	76,699,284
	143,645,159	–	2,490,786	146,135,945
Financial liabilities				
Borrowings	(10,778,519)	–	–	(10,778,519)
Intercompany payables	(74,356,932)	–	(2,342,352)	(76,699,284)
Trade and other payables	(15,992,156)	(1,962,505)	(132,733)	(18,087,394)
	(101,127,607)	(1,962,505)	(2,475,085)	(105,565,197)
Net financial assets/ (liabilities)	42,517,552	(1,962,505)	15,701	40,570,748
Add: Net non-financial assets	4,598,972	–	2,019,416	6,618,388
Net assets/(liabilities)	47,116,524	(1,962,505)	2,035,117	47,189,136
Currency profile including non-financial assets and liabilities	47,116,524	(1,962,505)	2,035,117	47,189,136
Currency exposure of financial liabilities net of those denominated in the respective entities' functional currencies	–	(1,962,505)	–	(1,962,505)

As at 31 December 2017, if the USD strengthened/weakened against SGD by 5% (2016: 5%) with all other variables including tax rate being held constant, the Group's profit after tax would have been lower/higher by about $Nil (2016: $81,000).

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.

30. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (Continued)

(ii) Price risk

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

(iii) 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 0.60% (2016: 0.90%) 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 4.04% (2016: 4.07%) per annum. An increase/decrease in 100 basis points in interest rates would not likely to have any material effect on the financial results of the Group.

(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 mainly 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 (2016: 4 debtors) that represented more than 83% (2016: 55%) 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 except as follows.

	Company	
	2017	**2016**
	$	**$**
Corporate guarantee provided to banks on subsidiary corporation's bank borrowings (Note 28)	**8,565,068**	4,659,959

30. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (Continued)

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	
	2017	2016
	$	$
By geographical areas		
Singapore	**55,059,375**	65,332,032
By types of customers		
Non-related parties	**55,059,375**	65,332,032

(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, other receivables, loans to associated company and deposits.

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

	Group	
	2017	2016
	$	$
Past due < 3 months	**721,310**	4,659,703
Past due 3 to 6 months	**48,643**	127,499
Past due over 6 months	**946,401**	444,042
	1,716,354	5,231,244

30. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (Continued)

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

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	
	2017	**2016**
	$	**$**
Past due < 3 months	**–**	–
Past due 3 to 6 months	**–**	–
Past due over 6 months	**–**	3,674,743
Less: Allowance for impairment	**–**	(3,652,943)
	–	21,800
Beginning of financial year	**3,652,943**	50,868
Allowance made	**–**	3,602,075
Allowance utilised	**(3,652,943)**	–
End of financial year	**–**	3,652,943

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

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

	Group	
	2017	**2016**
	$	**$**
Retentions	**–**	677,527
Less: Allowance for impairment	**–**	(474,269)
End of the year	**–**	203,258
Beginning of financial year	**474,269**	474,269
Allowance utilised	**(474,269)**	–
End of financial year	**–**	474,269

The impaired retentions are mainly from a customer with liquidity problems.

30. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (Continued)

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

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

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$	**$**	**$**	**$**
Other receivables	**–**	235,855	**–**	235,855
Less: Allowance for impairment	**–**	(235,855)	**–**	(235,855)
End of the year	**–**	–	**–**	–
Beginning of financial year	**235,855**	–	**235,855**	–
Allowance made	**–**	235,855	**–**	235,855
Allowance utilised	**(235,855)**	–	**(235,855)**	–
End of financial year	**–**	235,855	**–**	235,855

The impaired other receivables relate mainly to advances extended to a former associated company, which has since become insolvent.

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

	Group	
	2017	**2016**
	$	**$**
Loan to associated company	**–**	99,853
Less: Allowance for impairment	**–**	(99,853)
End of the year	**–**	–
Beginning of financial year	**99,853**	–
Allowance made	**–**	99,853
Allowance utilised	**(99,853)**	–
End of financial year	**–**	99,853

The loan to a former associated company was impaired as it is insolvent.

30. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (Continued)

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

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

	Group	
	2017	2016
	$	$
Deposits	**–**	153,179
Less: Allowance for impairment	**–**	(107,225)
End of the year	**–**	45,954
Beginning of financial year	**107,225**	107,225
Allowance utilised	**(107,225)**	–
End of financial year	**–**	107,225

The impaired deposits are mainly from a company with liquidity problems.

(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.

Management monitors rolling forecasts of the Group's and Company's liquidity reserve and cash and cash equivalents (Note 11) on the basis of expected cash flow. This is generally carried out at the operating entities of the Group in accordance with the practice and limits set by the Group. These limits vary by operating entity to take into account the working capital requirement of each entity. In addition, the Group's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring liquidity ratios and maintaining debt financing plans.

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
	$	$	$
Group			
At 31 December 2017			
Trade and other payables	**5,747,930**	**–**	**–**
Borrowings	**9,717,784**	**143,345**	**131,955**
	15,465,714	**143,345**	**131,955**

30. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (Continued)

	Less than 1 year $	Between 1 and 2 years $	Between 2 and 5 Years $
Group			
At 31 December 2016			
Trade and other payables	18,087,394	–	–
Borrowings	10,703,139	32,489	52,847
	28,790,533	32,489	52,847
Company			
At 31 December 2017			
Trade and other payables	**533,710**	**–**	**–**
Financial guarantee contracts	**8,565,068**	**–**	**–**
	9,098,778	**–**	**–**
At 31 December 2016			
Trade and other payables	1,998,981	–	–
Borrowings	5,000,000	–	–
Financial guarantee contracts	4,659,959	–	–
	11,658,940	–	–

(d) Capital management

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		Company	
	2017 $	2016 $	2017 $	2016 $
Net debt	**12,962,816**	25,912,088	**424,352**	6,869,605
Total equity	**47,801,837**	47,189,136	**32,319,428**	31,438,864
Total capital	**60,764,653**	73,101,224	**32,743,780**	38,308,469
Gearing ratio	**21%**	35%	**1%**	18%

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 31 December 2016 and 2017.

30. FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Fair value measurement

The carrying amount less impairment provision of trade and other receivables and payables are assumed to approximate their fair values. The carrying amounts of current borrowings approximate their fair values.

(f) Financial instruments by category

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

	Group		Company	
	2017	2016	2017	2016
	$	$	$	$
Loans and receivables	**58,561,279**	69,436,661	**6,807,721**	10,641,466
Financial liabilities at amortised cost	**15,727,243**	28,865,913	**533,710**	6,998,981

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
	$	$	$
2017			
Sales	**31,208,531**	**4,328,202**	**35,536,733**
Cost of works	**(25,557,301)**	**(3,940,619)**	**(29,497,920)**
Gross profit	**5,651,230**	**387,583**	**6,038,813**
Other losses – net			**(2,077,100)**
Administrative expenses			**(2,597,084)**
Finance expenses			**(463,489)**
Profit before tax			**901,140**
Income tax expense			**(171,405)**
Net profit			**729,735**
Net profit includes:			
– Depreciation (Note 15)			**183,769**
Segment assets	**53,518,058**	**1,496,851**	**55,014,909**
Total assets includes:			
– Additions to property, plant and equipment (Note 15)			**539,186**
Segment liabilities	**3,191,648**	**88,162**	**3,279,810**

31. SEGMENT INFORMATION (CONTINUED)

Primary reporting format – business segments: (Continued)

	Structural Steel $	Tunnelling $	Total $
2016			
Sales	52,604,055	7,820,925	60,424,980
Cost of works	(46,397,336)	(4,880,345)	(51,277,681)
Gross profit	6,206,719	2,940,580	9,147,299
Other losses – net			(211,677)
Administrative expenses			(5,533,080)
Finance expenses			(348,761)
Share of loss of an associated company			(29,000)
Profit before tax			3,024,781
Income tax expense			(487,510)
Net profit			2,537,271
Net profit includes:			
– Depreciation (Note 15)			88,107
Segment assets	62,827,366	2,282,931	65,110,297
Total assets includes:			
– Additions to property, plant and equipment (Note 15)			352,825
Segment liabilities	14,442,845	70,457	14,513,302

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.

31. **SEGMENT INFORMATION** (CONTINUED)

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

The amounts reported to the management with respect to total assets are measured in a manner consistent with that of the financial statements. All assets are allocated to reportable segments other than cash and cash equivalents, certain trade receivables and other receivables, inventories and property, plant and equipment.

	2017 $	2016 $
Segment assets for reportable segments	**55,014,909**	65,110,297
Unallocated:		
– Cash and cash equivalents	**2,848,272**	2,953,825
– Trade and other receivables	**770,640**	1,402,478
– Inventories	**2,508,387**	4,887,567
– Property, plant and equipment	**2,660,366**	2,267,862
	63,802,574	76,622,029

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

The amount provided to the management with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment. All liabilities are allocated to reportable segments other than certain trade payables and other payables, income tax liabilities, deferred income tax liabilities and borrowings.

	2017 $	2016 $
Segment liabilities for reportable segments	**3,279,810**	14,513,302
Unallocated:		
– Trade and other payables	**2,551,965**	3,574,091
– Income tax liabilities	**177,130**	554,462
– Deferred income tax liabilities	**12,519**	12,519
– Borrowings	**9,979,313**	10,778,519
	16,000,737	29,432,893

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	
	2017	**2016**
	$	**$**
Singapore	**35,536,733**	60,424,980

	Non-current assets	
	2017	**2016**
	$	**$**
Singapore	**614,417**	249,037
Malaysia	**2,045,949**	2,018,825
	2,660,366	2,267,862

Revenue from major customers

Aggregate revenues of $25,300,000 (2016: $41,100,000) are derived from 2 customers (2016: 3) that individually contributed 10% or more in the Group's revenue. These revenues are attributable to Singapore structural steel segment.

32. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Below are the mandatory standards and amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2018 and which the Group has not early adopted.

Effective for annual periods beginning on or after 1 January 2018

- FRS 109 Financial Instruments

  FRS 109 replaces FRS 39 Financial instruments: Recognition and Measurement and its relevant interpretations.

  FRS 109 retains the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through Other Comprehensive Income (OCI) and fair value through Profit or Loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI (FVOCI). Gains and losses realised on the sale of financial assets at FVOCI are not transferred to profit or loss on sale but reclassified from the FVOCI reserve to retained profits.

32. **NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS** (CONTINUED)

Effective for annual periods beginning on or after 1 January 2018 (Continued)

- FRS 109 Financial Instruments (Continued)

  Under FRS 109, there are no changes to the classification and measurement requirements for financial liabilities except for the recognition of fair value changes arising from changes in own credit risk. For liabilities designated at fair value through profit or loss, such changes are recognised in OCI.

  FRS 109 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management uses for risk management purposes.

  There is also now a new expected credit losses impairment model that replaces the incurred loss impairment model used in FRS 39. It applies to financial assets classified at amortised cost, debt instruments measured at fair value through OCI, contract assets under FRS 115 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts.

  The new standard also introduces expanded disclosure requirements and changes in presentation.

  The Group is required to adopt a new accounting framework from 1 January 2018. The new accounting framework has similar requirements of FRS 109 and the management does not expect significant adjustments to the Group's financial statements.

- FRS 115 Revenue from Contracts with Customers

  FRS 115 replaces FRS 11 Construction Contracts, FRS 18 Revenue, and related interpretations.

  Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. The core principle of FRS 115 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

  Step 1: Identify the contract(s) with a customer
  Step 2: Identify the performance obligations in the contract
  Step 3: Determine the transaction price
  Step 4: Allocate the transaction price to the performance obligations in the contract
  Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

  FRS 115 also includes a cohesive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

32. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (CONTINUED)

Effective for annual periods beginning on or after 1 January 2018 (Continued)

- FRS 115 Revenue from Contracts with Customers (Continued)

  The Group is required to adopt a new accounting framework from 1 January 2018. The new accounting framework has similar requirements of FRS 115 and the impact of adopting the equivalent FRS 115 is disclosed in Note 33.

- Amendments to FRS 40: Transfers of Investment Property
- Amendments to FRS 102: Classification and Measurement of Share-based Payment Transactions
- Amendments to FRS 104: Applying FRS 109 Financial Instruments with FRS 104 Insurance Contracts
- Amendments to FRS 115: Clarifications to FRS 115 Revenue from Contracts with Customers
- Improvements to FRSs (December 2016)
  – Amendment to FRS 28 Investments in Associates and Joint Ventures
  – Amendment to FRS 101 First-Time Adoption of Financial Reporting Standards
- INT FRS 122 Foreign Currency Transactions and Advance Consideration

Effective for annual periods beginning on or after 1 January 2019

- FRS 116 Leases

  FRS 116 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not change significantly.

  Some of the commitments of the Group may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under FRS 116.

  The new standard also introduces expanded disclosure requirements and changes in presentation.

  The Group is required to adopt a new accounting framework from 1 January 2018 (Note 33). The new accounting framework has similar requirements of FRS 116. The Group has yet to determine to what extent the commitments as at the reporting date will result in the recognition of an asset and a liability for future payments and how this will affect the Group’s profit and classification of cash flows.

- Amendments to FRS 109: Prepayment Features with Negative Compensation

- Amendments to FRS 28: Long-term Interests in Associates and Joint Ventures

32. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (CONTINUED)

*Effective date: to be determined**

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

  * The mandatory effective date of this Amendment had been revised from 1 January 2016 to a date to be determined by the Accounting Standards Council Singapore ("ASC") in December 2015 via Amendments to Effective Date of Amendments to FRS 110 and FRS 28.

The management anticipates that the adoption of the above FRS and amendments to FRS in the future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption.

33. ADOPTION OF SFRS(I)

The Singapore Accounting Standards Council has introduced a new Singapore financial reporting framework that is identical to the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The new framework is referred to as 'Singapore IFRS-identical Financial Reporting Standards ("SFRS(I)") hereinafter.

As required by the listing requirements of the Singapore Exchange, the Group has adopted SFRS(I) on 1 January 2018 and will be issuing its first set of financial information prepared under SFRS(I) for the half year ended 30 June 2018 in August 2018.

In adopting SFRS(I), the Group is required to apply all of the specific transition requirements in SFRS(I) equivalent of IFRS 1 First-time Adoption of IFRS. The Group will also concurrently apply new major SFRS(I) equivalents of IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers. The estimated impact arising from the adoption of SFRS(I) on the Group's financial statements are set out as follows:

(a) Application of SFRS(I) equivalent of IFRS 1

The Group is required to retrospectively apply all SFRS(I) effective at the end of the first SFRS(I) reporting period (financial year ending 31 December 2018), subject to the mandatory exceptions and optional exemptions under IFRS 1. Management has assessed these optional exemptions and decided not to elect the relevant optional exemptions, as such there will be no significant adjustments to the Group's financial statements prepared under SFRS.

33. ADOPTION OF SFRS(I) (CONTINUED)

(b) Adoption of SFRS(I) equivalent of IFRS 9

The Group plans to elect to apply the short-term exemption under IFRS 1 to adopt SFRS(I) equivalent of IFRS 9 on 1 January 2018. Accordingly, requirements of SFRS 39 *Financial Instruments: Recognition and Measurement* will continue to apply to financial instruments up to the financial year ended 31 December 2017.

(i) Classification and measurement

The Group has assessed the business models that are applicable on 1 January 2018 to financial assets so as to classify them into the appropriate categories under SFRS(I) equivalent of IFRS 9.

Management does not expect significant adjustments to the Group's balance sheet line items from the application of IFRS 9.

(ii) Impairment of financial assets

The following financial assets will be subject to the expected credit loss impairment model under SFRS(I) equivalent of IFRS 9:

– trade receivables and contract assets recognised under SFRS(I) equivalent of IFRS 15; and
– loans to related parties and other receivables at amortised cost.

Management does not expect significant adjustments to the Group's balance sheet line items from the application of the expected credit loss impairment model.

(c) Adoption of SFRS(I) equivalent of IFRS 15

In accordance with the requirements of IFRS 1, the Group will adopt SFRS(I) equivalent of IFRS 15 retrospectively. The main adjustments are as follows:

(i) Accounting for costs incurred to fulfil a contract

Under SFRS, training costs incurred on staff working specifically on certain contracts to construct specialised equipment are expensed to the profit or loss as they do not qualify for recognition as an asset under any SFRS.

Under SFRS(I) equivalent of IFRS 15, as these costs relate directly to the Group's contracts with customers and are expected to be recovered, they will be capitalised as "contract assets – costs to fulfil a contract".

33. ADOPTION OF SFRS(I) (CONTINUED)

(c) Adoption of SFRS(I) equivalent of IFRS 15 (Continued)

(ii) Accounting for contract will multiple performance obligations

Under SFRS, each contract for construction of specialised equipment has been assessed to be one contract with revenue recognised progressively by reference to the stage of completion of the contract activity at the balance sheet date.

The Group has assessed each contract under the requirements of SFRS(I) equivalent of IFRS 15 and concluded that for each of these contracts there are two distinct performance obligations which are satisfied at different timings. This will result in different timings of revenue recognition for each performance obligation under each contract.

(iii) Presentation of contract assets and liabilities

The Group is expected to change the presentation of certain amounts in the balance sheet to reflect the terminology in SFRS(I) equivalent of IFRS 15:

- Amounts due from customers arising from construction contracts, accrued revenue and construction contract work-in-progress under SFRS will be reclassified to be presented as part of contract assets.
- The expected volume discounts and refunds to customers which have been presented as current provisions under SFRS, will be classified as contract liabilities.
- Advances received from customers arising from construction contracts and amounts due to customers arising from construction contracts under SFRS will be reclassified to be presented as part of contract liabilities.

Management does not expect significant adjustments on the Group's financial statements from the adoption of this standard.

34. AUTHORISATION OF FINANCIAL STATEMENTS

The consolidated financial statements of Kori Holdings Limited and its subsidiary corporations for the financial year ended 31 December 2017 were authorised for issue in accordance with a resolution of the Board of Directors on 2 April 2018.

SHAREHOLDINGS **STATISTICS**

DISTRIBUTION OF SHAREHOLDINGS BY SIZE OF SHAREHOLDINGS AS AT 28 MARCH 2018

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	0	0.00	0	0.00
1,00 – 1,000	8	6.11	2,200	0.00
1,001 – 10,000	31	23.66	213,400	0.22
10,001 – 1,000,000	79	60.31	8,929,700	9.00
1,000,001 and above	13	9.92	90,054,700	90.78
Total	131	100.00	99,200,000	100.00

LIST OF 20 LARGEST REGISTERED SHAREHOLDERS AS AT 28 MARCH 2018

No.	Name	No. of Shares	%
1	HOOI YU KOH	18,892,200	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 SECURITIES (SINGAPORE) PTE LTD	12,003,400	12.10
5	HONG LEONG FINANCE NOMINEES PTE LTD	7,914,900	7.98
6	KORI NOBUAKI	6,592,000	6.65
7	UOB KAY HIAN PTE LTD	3,832,800	3.86
8	DBS NOMINEES PTE LTD	2,958,000	2.98
9	MAYBANK KIM ENG SECURITIES PTE LTD	2,066,100	2.08
10	LAU ENG TIONG	1,843,900	1.86
11	SIA LING SING	1,472,000	1.48
12	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	1,415,800	1.43
13	RHB SECURITIES SINGAPORE PTE LTD	1,139,600	1.15
14	OW YEOW BUNG	989,000	1.00
15	TAN LEE CHING (CHEN LIZHEN)	615,000	0.62
16	LIM VOON NNA @ LIM BOON NAA	520,000	0.52
17	TAN LEE WAH	350,000	0.35
18	TEOU KEM ENG @ TEOU KIM ENG	309,000	0.31
19	LEO TING PING RONALD	300,000	0.30
20	LOW YEW THUAN (LIU YOUTUAN)	282,000	0.28
	Total:	**93,419,700**	**94.15**

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
Number of subsidiary holdings	:	Nil
Voting rights	:	On a Poll: 1 vote for each ordinary share

SUBSTANTIAL SHAREHOLDERS AS AT 28 MARCH 2018

	Name of Substantial Shareholders	Direct Interest	%	Deemed Interest	%
1	Hooi Yu Koh	18,892,200	19.04	14,924,000[1]	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 28 March 2018, approximately 44.13% 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 Aster Room, Level 3, Singapore Polytechnic Graduates' Guild, 1010 Dover Road, Singapore 139658 on Thursday, 26 April 2018 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 2017 and the Directors' Statement together with the Auditors' Report. **(Resolution 1)**

2. To declare a one-tier tax exempt first and final dividend of S$0.001 per ordinary share for the financial year ended 31 December 2017. **(Resolution 2)**

3. To re-elect Mr Hooi Yu Koh, who is retiring pursuant to Regulation 93 of the Company's Constitution, and who, being eligible, offered himself for re-election.
[See Explanatory Note (1)(a)] **(Resolution 3)**

4. To re-elect Mr Nicholas Philip Lazarus, who is retiring pursuant to Regulation 93 of the Company's Constitution and who, being eligible, offered himself for re-election.
[See Explanatory Note (1)(b)] **(Resolution 4)**

5. To re-elect Mr Ng Wai Kit, who is retiring pursuant to Regulation 99 of the Company's Constitution and who, being eligible, offered himself for re-election.
[See Explanatory Note (1)(c)] **(Resolution 5)**

6. To approve the payment of Directors' fees of up to S$145,000.00 for the financial year ending 31 December 2018, payable quarterly in arrears [FY2017: S$145,000.00]. **(Resolution 6)**

7. (I) To note the retirement of Messrs Nexia TS Public Accounting Corporation ("**Nexia**") as Auditors of the Company and to appoint Messrs BDO LLP ("**BDO**"), as Auditors of the Company in place of Nexia, to hold office until the conclusion of the next annual general meeting of the Company at a remuneration and on such terms as may be agreed by the Directors of the Company with BDO (the "**Proposed Change of Auditors**"); and

   (II) The Directors and any one of them be and are hereby authorised and empowered to approve and complete and do all such acts and things (including to approve, modify, ratify, sign, seal, execute and deliver all such documents as may be required) as they or he may consider expedient, desirable, necessary or in the interests of the Company to give effect to this Ordinary Resolution.
   [See Explanatory Note (2)] **(Resolution 7)**

8. 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:

9. **Authority to Allot and Issue Shares**

THAT pursuant to Section 161 of the Companies Act, Chapter 50 (the "**Act**") and Rule 806 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") ("**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

(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 and subsidiary holdings) (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 and subsidiary holdings) (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 and subsidiary holdings) 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; and

(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 (3)] **(Resolution 8)**

10. **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 (4)] **(Resolution 9)**

11. **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 Shares (including treasury shares) on the date preceding the date of the grant of the relevant Awards.

[See Explanatory Note (5)] **(Resolution 10)**

12. **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) 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.

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**");

(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 (excluding treasury shares and subsidiary holdings) 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 (as defined below), 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;

NOTICE OF **ANNUAL 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;

"**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 (6)] **(Resolution 11)**

By Order of the Board

Shawn Chan Changyun
Company Secretary
Singapore
11 April 2018

NOTICE OF **ANNUAL GENERAL MEETING**

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 member of the Company which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf.

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 AGM.

5. A depositor shall not be regarded as a member of the Company entitled to attend and vote at the AGM unless his name appears on the Depository Register not less than seventy-two (72) hours before the time of the AGM.

Explanatory Notes:

(1) (a) Mr Hooi Yu Koh will, upon re-election as a Director of the Company, remain as the Chief Executive Officer and Managing Director of the Company. There are no relationships including immediate family relationships between Mr Hooi Yu Koh and the other Directors or its 10% shareholders. Detailed information on Mr Hooi Yu Koh can be found under the "Board of Directors" and "Corporate Governance Report" sections in the Company's Annual Report.

(b) Mr Nicholas Philip Lazarus will, upon re-election as a Director of the Company, remain as the Chairman of the Remuneration Committee and a member of the Audit and Nominating Committees. There are no relationships including immediate family relationships between Mr Nicholas Philip Lazarus and the other Directors or its 10% shareholders. The Board considers him to be independent for the purpose of Rule 704(7) of the Catalist Rules. Detailed information on Mr Nicholas Philip Lazarus can be found under the "Board of Directors" and "Corporate Governance Report" sections in the Company's Annual Report.

(c) Mr Ng Wai Kit will, upon re-election as a Director of the Company, remain as the Executive Director of the Company. There are no relationships including immediate family relationships between Mr Ng Wai Kit and the other Directors or its 10% shareholders. Detailed information on Mr Ng Wai Kit can be found under the "Board of Directors" and "Corporate Governance Report" sections in the Company's Annual Report.

(2) The Company has received a letter of nomination from a shareholder, Chang Fui Woon, nominating BDO as auditors in place of retiring auditors, Nexia. BDO has given their consent to act as Auditors. The Audit Committee has reviewed the nomination and recommended the appointment of BDO LLP as Auditors. An appendix is attached to this Notice to provide the Shareholders with information relating to the Proposed Change of Auditors to be tabled at the AGM ("**Appendix**").

(a) Nexia has confirmed, by way of its letter dated 4 April 2018, that it is not aware of any professional reasons why BDO should not accept the appointment as auditors of the Company;

(b) the Company confirms that there were no disagreements with Nexia on accounting treatments within the last 12 months up to the date of the Appendix;

(c) the Company confirms that it is not aware of any circumstances connected with the Proposed Change of Auditors that should be brought to the attention of the Shareholders which has not been disclosed in the Appendix;

(d) the Company confirms that the specific reasons for the Proposed Change of Auditors are disclosed in Section 2.1 of the Appendix. The Proposed Change of Auditors is neither due to the dismissal of Nexia nor Nexia declining to stand for re-appointment; and

(e) the Company confirms that it is in compliance with Rules 712 and 715 of the Catalist Rules in relation to the appointment of BDO as the new auditors of the Company.

(3) The proposed Resolution 8 in item 9, 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 and subsidiary holdings) 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 and subsidiary holdings) at the time of passing of this Resolution 7.

NOTICE OF **ANNUAL GENERAL MEETING**

(4) The proposed 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 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.

(5) The proposed Resolution 10 in item 11, 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.

(6) The proposed Resolution 11 in item 12, 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 and subsidiary holdings), at prices up to but not exceeding the Maximum Price (as defined above), as at the date of the passing of this Ordinary Resolution 11. Details the proposed renewal of the Share Purchase Mandate are set out in the Appendix accompanying 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 DATED 11 APRIL 2018

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

If you are in any doubt in relation to the contents of this Appendix or as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

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 2017. Its purpose is to provide shareholders with the relevant information relating to the Proposed Change of Auditors and Proposed Renewal of the Share Purchase Mandate to be tabled at the upcoming Annual General Meeting of the Company to be held at Aster Room, Level 3, Singapore Polytechnic Graduates' Guild, 1010 Dover Road, Singapore 139658 on 26 April 2018 at 2.00 p.m.

Capitalised terms appearing on the cover of this Appendix have the same meanings as defined herein.

If you have sold or transferred all your ordinary shares in the capital of the Company held through The Central Depository (Pte) Limited ("**CDP**"), you need not forward this Appendix to the purchaser or transferee as arrangements will be made by CDP for a separate Appendix to be sent to the purchaser or transferee. If you have sold or transferred all your ordinary shares represented by physical share certificate(s), you should immediately forward this Appendix together with the Notice of Annual General Meeting and the accompanying Proxy Form to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or 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 (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: sponsorship@ppcf.com.sg).

KORI HOLDINGS LIMITED

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

APPENDIX TO SHAREHOLDERS

IN RELATION TO

(1) THE PROPOSED CHANGE OF AUDITORS; AND

(2) THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

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DEFINITIONS

In this Appendix, the following definitions shall apply throughout unless the context otherwise requires or otherwise stated:

"**ACRA**" : The Accounting and Corporate Regulatory Authority of Singapore

"**Act**" or "**Companies Act**" : Companies Act (Chapter 50) of Singapore, as amended, modified or supplemented from time to time

"**AGM**" : The annual general meeting of the Company to be held at 2.00 p.m. on 26 April 2018 at Aster Room, Level 3, Singapore Polytechnic Graduates' Guild, 1010 Dover Road, Singapore 139658

"**Annual Report**" : The annual report of the Company for FY2017

"**Appendix**" : This Appendix to Shareholders dated 11 April 2018 in respect of the Proposed Change of Auditors and Proposed Renewal of the Share Purchase Mandate

"**Associate**" :

(a) in relation to any Director, chief executive officer, Substantial Shareholder or Controlling Shareholder (being an individual) means:

(i) his immediate family;

(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

(iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more

(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

"**Audit Committee**" : The audit committee of the Company as at the date of this Appendix, comprising Mr. Kuan Cheng Tuck, Mr Lim Yeok Hua and Mr. Nicholas Phillip Lazarus

"**Awards**" : Awards to subscribe for ordinary shares of the Company issued pursuant to the Kori Performance Share Plan

"**BDO**" : BDO LLP

"**Board**" : The board of Directors of the Company as at the date of this Appendix

"**Catalist**" : Catalist of the SGX-ST, being the sponsor-supervised listing platform of the SGX-ST

"**Catalist Rules**" : The SGX-ST Listing Manual Section B: Rules of Catalist, as may be amended, modified or supplemented from time to time

"**CDP**" : The Central Depository (Pte) Limited

"**Company**" : Kori Holdings Limited

"**Constitution**"	:	The Constitution of the Company, as amended from time to time
"**Controlling Shareholder**"	:	A person who: (a) holds directly or indirectly 15% or more of the nominal amount of all voting shares in the Company; or (b) in fact exercises control over the Company
"**Directors**"	:	The directors of the Company as at the date of this Appendix
"**FY2017**"	:	The financial year ending 31 December 2017
"**Group**"	:	The Company and its subsidiaries, collectively
"**Latest Practicable Date**"	:	28 March 2018, being the latest practicable date prior to the printing of this Appendix
"**Nexia**"	:	Nexia TS Public Accounting Corporation
"**Notice of AGM**"	:	The notice of the annual report of the Company for the financial year ended 31 December 2017
"**NTA**"	:	Net tangible assets
"**Options**"	:	Options to subscribe for ordinary shares of the Company issued pursuant to the Kori Employee Share Option Scheme
"**Proposed Change of Auditors**"	:	The proposed change of auditors of the Company from Nexia to BDO LLP
"**Proposed Renewal of Share Purchase Mandate**"	:	The proposed renewal of the Share Purchase Mandate
"**Relevant Period**"	:	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
"**Securities Account**"	:	A securities account maintained by a Depositor with CDP (but does not include a securities sub-account maintained with a Depository Agent)
"**SFA**"	:	The Securities and Futures Act, Chapter 289 of Singapore, as amended, modified or re-enacted from time to time
"**SGX-ST**"	:	Singapore Exchange Securities Trading Limited
"**Shares**"	:	Ordinary shares in the share capital of the Company
"**Share Purchase Mandate**"	:	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 Catalist Rules

"**Shareholders**"	:	The registered holders of Shares in the register of members of the Company, except where the registered holder is CDP, the term "Shareholders" shall, in relation to such Shares and where the context so admits, mean the persons named as Depositors in the Depository Register maintained by CDP whose Securities Accounts are credited with those Shares
"**SIC**"	:	The Securities Industry Council of Singapore
"**Shares**"	:	Ordinary shares in the capital of the Company
"**Sponsor**"	:	PrimePartners Corporate Finance Pte. Ltd.
"**Substantial Shareholder**"	:	A person who has an interest, directly or indirectly, in five per cent. (5%) or more of the total number of Shares
"**Take-over Code**"	:	The Singapore Code on Take-overs and Mergers, as amended or modified from time to time
"**Treasury Shares**"	:	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

Currencies, Units and Others

"***S$***", or "***cents***"	:	Singapore dollars and cents, respectively
"***%***" or "***per cent***"	:	Per centum or percentage

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

The terms "**Depositor**", "**Depository Agent**" and "**Depository Register**" shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

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 include corporations.

Any reference in this Appendix to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the SFA, the Catalist Rules or any statutory modification thereof and used in this Appendix shall have the meaning ascribed to it under the Companies Act, the SFA, the Catalist Rules or such modification thereof, as the case may be, unless otherwise provided.

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

Any discrepancies between the figures included in this Appendix 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.

The headings in this Appendix are inserted for convenience only and shall be ignored in construing this Appendix.

KORI HOLDINGS LIMITED

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

Board of Directors

Kori Nobuaki	Non-Executive and Non-Independent Chairman
Hooi Yu Koh	Chief Executive Officer and Managing Director
Ng Wai Kit	Executive 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

11 April 2018

To: The Shareholders of Kori Holdings Limited

Dear Sir/Madam

1. INTRODUCTION

1.1 This Appendix is circulated to Shareholders of the Company together with the Company's Annual Report. Its purpose is to provide Shareholders with relevant information relating to, and seek Shareholders' approval of, the following proposals to be tabled at the forthcoming AGM:

(a) the Proposed Change of Auditors; and

(b) the Proposed Renewal of the Share Purchase Mandate

(together, the "**Proposed Resolutions**").

The Notice of AGM and the Proxy Form are enclosed with the Annual Report.

The Sponsor and the SGX-ST take 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 CHANGE OF AUDITORS

2.1 Background and Rationale for the Proposed Change of Auditors

The Company's existing auditors, Nexia have been the auditors of the Company since the Company's listing on the Catalist on 11 December 2012. Nexia was re-appointed as auditors at the last AGM of the Company held on 27 April 2017 to hold office until the conclusion of the AGM. The Company has, to date, no concerns with Nexia on their discharge of the audit responsibility.

As a matter of good corporate governance, the Audit Committee, is of the view that it would be appropriate to periodically rotate audit firm to enable the Company to benefit from fresh perspectives and views of another professional accounting firm, thereby enhancing the value of the audit. The Board concurs with this view and believes that it is timely to consider a change of auditors of the Company for the audit for the financial year ending 31 December 2018.

The Company had on 1 March 2018 received a letter of nomination from Chang Fui Woon, a shareholder of the Company, nominating the appointment of BDO as auditors of the Company in place of Nexia at the AGM. A copy of the letter of nomination is available for inspection at the registered office address of the Company as set out in the last section of this Appendix.

The Audit Committee and the Board have considered, and is satisfied that BDO has adequate resources and experience to handle the audit, the audit engagement partner assigned to the audit has the appropriate experience to handle the audit, and there will be an adequate number of suitably experienced supervisory and professional staff assigned to the audit, having due regard to the size, businesses and complexity of the Group.

Following the review, the Audit Committee and the Board are of the opinion that BDO will be able to meet the audit requirements of the Company, and Rules 712 and 715 of the Catalist Rules will be compiled with. As such, the Directors are, in accordance with the requirements of Rule 712(3) of the Catalist Rules, proposing to seek the Shareholders' approval for the Proposed Change of Auditors at the AGM.

BDO had on 4 April 2018 given its written consent to act as new auditors of the Company and its Singapore-incorporated subsidiaries, subject to approval from Shareholders for the Proposed Change of Auditors being obtained at the AGM. If approved, BDO will hold office until the conclusion of the next annual general meeting of the Company.

In view of the above, Nexia has intimated that it will retire and not seek re-appointment as auditors of the Company at the forthcoming AGM, being the end of their current term. The Board wishes to express their appreciation for the services rendered by Nexia.

2.2. Information on BDO and the Audit Engagement Partner

BDO is the Singapore member firm of BDO International Limited, the fifth largest worldwide network of public accountancy firm, with 1,500 offices in 162 countries and territories. BDO is a medium sized accounting practice in Singapore with more than 400 professional staff. The services provided by BDO include audit and assurance, business advisory, taxation, consulting and corporate advisory services. BDO is also the external or internal auditors of several publicly listed companies which are in a broad range of industries such as shipping, manufacturing, construction, food & beverage, palm oil plantations, oil & gas, trading, electronics, education and food processing.

The designated engagement audit partner who will be in charge of the Company is Mr. Leong Hon Mun Peter ("**Mr Leong**") who has more than 30 years of experience in the audit, industry. He has been involved in audits of publicly listed companies and in initial public offerings of companies in diverse industries including construction and engineering, food and beverage, oil and gas, marine, healthcare, and professional services.

Mr Leong is a practising member of the Institute of Singapore Chartered Accountants ("**ISCA**"), member of CPA Australia and member of the Corporate Finance Committee of ISCA.

For more information about BDO, please visit http://www.bdo.com.sg/index.html.

2.3 Requirements under Rule 712 of the Catalist Rules

In accordance with the requirements of Rule 712(3) of the Catalist Rules:

(a) Nexia has confirmed, by way of its letter dated 4 April 2018, that it is not aware of any professional reasons why BDO should not accept appointment as auditors of the Company;

(b) the Company confirms that there were no disagreements with Nexia on accounting treatments within the last 12 months up to the date of this Appendix;

(c) the Company confirms that it is not aware of any circumstances connected with the Proposed Change of Auditors that should be brought to the attention of Shareholders which is not disclosed in this Appendix;

(d) the Company confirms that the specific reasons for the Proposed Change of Auditors are disclosed in Section 2.1 above; and

(e) the Company confirms that it is in compliance with Rules 712 and 715 of the Catalist Rules in relation to the appointment of BDO as the new auditors of the Company.

2.4 Requirement under Rule 715 of the Catalist Rules

The Company has no significant foreign-incorporated subsidiaries or associated companies.

3 THE RENEWAL OF SHARE PURCHASE MANDATE

3.1 Background of the Proposed Renewal of Share Purchase Mandate

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 each subsequent annual general meetings of the Company. The Share Purchase Mandate will, unless renewed, 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 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.

3.2 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) Share buy-backs by the Company will help 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.

3.3 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:

3.4 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 (excluding treasury shares and subsidiary holdings) 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. There are no Treasury Shares as at the Latest Practicable Date.

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 or vesting of Awards, 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.

3.4.1 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.

3.4.2 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 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.

3.4.3 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.

3.4.4 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.

3.5 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:

3.5.1 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.

3.5.2 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.

3.5.3 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.

3.6 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.

3.7 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.

3.8 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 FY2017 are set out below.

3.8.1 <u>Purchase or Acquisition out of Capital or Profits</u>

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 (excluding 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.

3.8.2 <u>Maximum Price Paid for Shares Acquired or Purchased</u>

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$4.23 million based on the Maximum Price of S$0.426 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$4.43 million based on the Maximum Price of S$0.447 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).

3.8.3 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.

3.8.4 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, or vesting of Awards;

(b) the Company has as at 31 December 2017:

(i) issued share capital of approximately S$32,290,650;

(ii) cash and cash equivalents of approximately S$109,358;

(c) a combination of cash had been disbursed from the Company's wholly-owned subsidiaries to the Company and short-term borrowings have been obtained 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 and/or external borrowings as follows,

(i) in the case of Market Purchase of Shares, S$4.23 million by the Company; and

(ii) in the case of Off-Market Purchase of Shares, S$4.43 million by the Company, and based on the audited financial statements of the Group for the FY2017, 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; or (ii) out of profits in Table C in the following pages:

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	0.426	9,920,000	10%
1(B)	Market	Cancelled	0.426	9,920,000	10%
1(C)	Off-Market	Held as Treasury Shares	0.447	9,920,000	10%
1(D)	Off-Market	Cancelled	0.447	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 2017 (Audited)	Pro-forma Financial Effects as at 31 December 2017 for Scenarios in Table A			
		1(A)	1(B)	1(C)	1(D)
Share Capital (S$'000)	32,291	32,291	28,062	32,291	27,861
Accumulated earnings (S$'000)	41,155	41,155	41,155	41,155	41,155
Merger reserves (S$'000)	(25,628)	(25,628)	(25,628)	(25,628)	(25,628)
Currency translation reserve (S$'000)	(16)	(16)	(16)	(16)	(16)
Treasury Shares (S$'000)	–	(4,229)	–	(4,430)	–
Total Equity (S$'000)	47,802	43,573	43,573	43,372	43,372
Net Tangible Assets (***NTA***) – (S$'000)	47,802	43,573	43,573	43,372	43,372
Current Assets (S$'000)	61,142	58,294	58,294	58,294	58,294
Current Liabilities (S$'000)	15,727	17,309	17,309	17,309	17,309
Borrowings (S$'000)	9,979	11,561	11,561	11,561	11,561
Number of Shares[(1)] ('000)	99,200	89,280	89,280	89,280	89,280
Weighted average number of Shares[(2)] ('000)	99,200	89,280	89,280	89,280	89,280
Net profit for the financial year (S$'000)	730	730	730	730	730
Financial Ratios					
NTA per Share[(3)] (S$)	0.48	0.49	0.49	0.49	0.49
Current Ratio (times)	3.89	3.37	3.37	3.37	3.37
Gearing (times)	0.21	0.27	0.27	0.27	0.27
EPS[(4)] (S$)	0.01	0.01	0.01	0.01	0.01

Notes:

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

(2) Assumed Share buy-backs was done on 1 January 2017.

(3) NTA per Share equals to NTA divided by the number of Shares outstanding as at 31 December 2017.

(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 2017 (Audited)	Pro-forma Financial Effects as at 31 December 2017 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)	41,155	41,155	36,926	41,155	36,725
Merger reserves (S$'000)	(25,628)	(25,628)	(25,628)	(25,628)	(25,628)
Currency translation reserve (S$'000)	(16)	(16)	(16)	(16)	(16)
Treasury Shares (S$'000)	–	(4,229)	–	(4,430)	–
Total Equity (S$'000)	47,802	43,573	43,573	43,372	43,372
Net Tangible Assets (***NTA***) – (S$'000)	47,802	43,573	43,573	43,372	43,372
Current Assets (S$'000)	61,142	58,294	58,294	58,294	58,294
Current Liabilities (S$'000)	15,727	17,309	17,309	17,309	17,309
Borrowings (S$'000)	9,979	11,561	11,561	11,561	11,561
Number of Shares[(1)] ('000)	99,200	89,280	89,280	89,280	89,280
Weighted average number of Shares[(2)] ('000)	99,200	89,280	89,280	89,280	89,280
Net profit for the financial year (S$'000)	730	730	730	730	730
Financial Ratios					
NTA per Share[(3)] (S$)	0.48	0.49	0.49	0.49	0.49
Current Ratio (times)	3.89	3.37	3.37	3.37	3.37
Gearing (times)	0.21	0.27	0.27	0.27	0.27
EPS[(4)] (S$)	0.01	0.01	0.01	0.01	0.01

Notes:

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

(2) Assumed Share buy-backs was done on 1 January 2017.

(3) NTA per Share equals to NTA divided by the number of Shares outstanding as at 31 December 2017.

(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 2017, 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.

3.9 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 3.10 to 3.14 below.

3.10 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.

3.11 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.

3.12 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 one (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.

3.13 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 Section 5 of the Appendix.

3.13.1 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 33,816,200 Shares in the Company representing 34.09% 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.

3.13.2 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.

3.13.3 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 3.13.2 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.

3.14 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.

3.15 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 43,781,800 Shares, representing approximately 44.13% 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 33,861,800 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.

3.16 Previous Share Buybacks

The Company has not purchased or acquired any Shares during the twelve (12) months immediately preceding the Latest Practicable Date.

3.17 Tax Implications

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.

3.18 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, Controlling Shareholder of the Company or any of their Associates, and an interested person is prohibited from knowingly selling his Shares to the Company.

4 AUDIT COMMITTEE'S RECOMMENDATION

The Audit Committee has reviewed and deliberated, and after taking into consideration the suitability and independence of BDO to meet the audit requirements of the Group, the various factors set out in Section 2 of this Appendix and compliance with the Catalist Rules, has recommended the Proposed Change of Auditors.

5 INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

The interests of the Directors and Substantial Shareholders in the issued share capital of the Company as at the Latest Practicable Date are set out below:

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.

Name	Before Share Purchase (as at the Latest Practicable Date)				After Share Purchase
	(Number of Shares)			(%)(1)	(%)(1)
	Direct Interest	Deemed Interest	Total Interest		
Directors					
Kori Nobuaki	6,592,000	–	6,592,000	6.65%	7.38%
Hooi Yu Koh	18,892,200	14,924,000(2)	33,816,200	34.09%	37.88%
Ng Wai Kit	10,000	–	10,000	0.01%	0.01%
Kuan Cheng Tuck	–	–	–	–	–
Lim Yeok Hua	–	–	–	–	–
Nicholas Philip Lazarus	–	–	–	–	–
Substantial Shareholders (other than Directors)					
Keong Hong Holdings Limited	15,000,000	–	15,000,000	15.12%	16.80%

Notes:

(1) Based on 99,200,000 Shares (excluding treasury shares) as at the Latest Practicable Date.

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

None of the Directors or Substantial Shareholders (other than in his/her capacity as a Director or Shareholder), as well as their respective associates, has any interest, direct or indirect, in the Proposed Change of Auditors.

6 DIRECTORS' RECOMMENDATION

The Proposed Change in Auditors

The Directors, having considered the rationale and benefits of the Proposed Change of Auditors and the Audit Committee's recommendation, are of the opinion that the Proposed Change of Auditors is in the best interests of the Company. Accordingly, they recommend that Shareholders vote in favour of the ordinary resolution in respect of the Proposed Change of Auditors at the AGM.

The Proposed Renewal of Share Purchase Mandate

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) in Section 3.12.2 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 ANNUAL GENERAL MEETING

The AGM, notice of which is set out on pages 110 to 116 of the Annual Report, will be held at 2.00 p.m. on 26 April 2018 at Aster Room, Level 3, Singapore Polytechnic Graduates' Guild, 1010 Dover Road, Singapore 139658 for the purpose of considering, and if thought fit, passing with or without any modifications, the ordinary resolutions in respect of the Proposed Change of Auditors and Proposed Renewal of Share Purchase Mandate as set out in the Notice of AGM.

8 ACTIONS TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the AGM and who wish to appoint a proxy to attend and vote at the AGM on their behalf should complete, sign and return the proxy form attached to the Notice of AGM in accordance with the instructions printed thereon 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 48 hours before the time fixed for the AGM. The completion and return of the proxy form by a Shareholder will not prevent him from attending and voting at the AGM in person if he so wishes.

A Depositor shall not be regarded as a Shareholder of the Company entitled to attend the AGM and to speak and vote thereat unless his name appears on the Depository Register at least 72 hours before the AGM.

9 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 Proposed Change of Auditors, Proposed Renewal of 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 this 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 this Appendix in its proper form and context.

10 ABSENTION FROM VOTING

The Relevant Parties will abstain from voting at the AGM in respect of the resolution relating to the Proposed Renewal of the Share Purchase Mandate pursuant to the conditions under Appendix 2 of the Take-over Code as set out in paragraph (c) of Section 3.12.2 of the Appendix. Furthermore, such persons shall not act as proxies in relation to such resolution unless specific voting instructions have been given.

11 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at the registered office of the Company at 11 Sims Drive, #06-01 SCN Centre, Singapore 387385 during normal business hours from the date of this Appendix up to and including the date of the AGM:

(a) the Constitution of the Company;

(b) the annual report of the Company for the financial year ended 31 December 2017;

(c) the letter of nomination from Chang Fui Woon dated 1 March 2018;

(d) the professional clearance letter issued by Nexia to BDO dated 4 April 2018; and

(e) BDO's letter to the Company dated 4 April 2018 in respect of its consent to act as auditors of the Company.

Yours faithfully
For and on behalf of the Board of Directors of
KOR HOLDINGS LIMITED

Hooi Yu Koh
CEO and Managing Director
Singapore

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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, Chapter. 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 11 April 2018.

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 (delete as appropriate)

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 Aster Room, Level 3, Singapore Polytechnic Graduates' Guild, 1010 Dover Road, Singapore 139658 on Thursday, 26 April 2018 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		**For#**	**Against#**
AS ORDINARY BUSINESS			
Resolution 1	To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2017 and the Directors' Statement together with the Auditors' Report		
Resolution 2	To approve the proposed first and final dividend of S$0.001 per ordinary share for the financial year ended 31 December 2017		
Resolution 3	To re-elect Mr Hooi Yu Koh as a Director of the Company		
Resolution 4	To re-elect Mr Nicholas Philip Lazarus as a Director of the Company		
Resolution 5	To re-elect Mr Ng Wai Kit as a Director of the Company		
Resolution 6	To approve the payment of Directors' Fees up to S$145,000 for the financial year ending 31 December 2018, payable quarterly in arrears		
Resolution 7	To appoint Messrs BDO LLP in place of Nexia TS Public Accounting Corporation as Auditors of the Company and to authorise the Directors to fix their remuneration		
AS SPECIAL BUSINESS			
Resolution 8	To approve the authority to allot and issue shares		
Resolution 9	To approve the authority to allot and issue shares under the Kori Employee Share Option Scheme		
Resolution 10	To approve the authority to allot and issue shares under the Kori Performance Share Plan		
Resolution 11	To approve the proposed renewal of the Share Purchase Mandate		

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.

Dated this ________ day of ________________ 2018

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

____
Signature(s) of Member(s)/Common Seal of Corporate Shareholder

IMPORTANT: PLEASE READ NOTES OVERLEAF

NOTES:

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 member of the Company which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf.

4. A proxy need not be a member of the Company.

5. 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.

6. 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.

7. 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.

8. 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.

9. 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.

10. 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.

11. 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.

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KORI HOLDINGS LIMITED

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