



## KORI HOLDINGS LIMITED

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



# BUILDING FOUNDATION, ENSURING SUCCESS

**Placement of 28,200,000 Placement Shares comprising 25,600,000 New Shares and 2,600,000 Vendor Shares at S\$0.25 for each Placement Share, payable in full on application**

#### OFFER DOCUMENT DATED 4 DECEMBER 2012

(Registered by the Singapore Exchange Securities Trading Limited (the “SGX-ST”), acting as agent on behalf of the Monetary Authority of Singapore (the “Authority”) on 4 December 2012)

**This document is important. If you are in any doubt as to the action you should take, you should consult your legal, financial, tax or other professional adviser(s).**

**THIS OFFER IS MADE IN OR ACCOMPANIED BY AN OFFER DOCUMENT (THE “OFFER DOCUMENT”) THAT HAS BEEN REGISTERED BY THE SGX-ST, ACTING AS AGENT ON BEHALF OF THE AUTHORITY ON 4 DECEMBER 2012. THE REGISTRATION OF THIS OFFER DOCUMENT BY THE SGX-ST, ACTING AS AGENT ON BEHALF OF THE AUTHORITY DOES NOT IMPLY THAT THE SECURITIES AND FUTURES ACT (CHAPTER 289) OF SINGAPORE, OR ANY OTHER LEGAL OR REGULATORY REQUIREMENTS, OR REQUIREMENTS UNDER THE SGX-ST’S LISTING RULES, HAVE BEEN COMPLIED WITH.**

PrimePartners Corporate Finance Pte. Ltd. (“PPCF” or the “Sponsor”) has made an application to the SGX-ST for permission to deal in, and for quotation of, all the ordinary shares (the “Shares”) in the capital of Kori Holdings Limited (the “Company”) already issued including the Shares offered by the Vendor (as defined herein) (the “Vendor Shares”), the New Shares (as defined herein) (the New Shares together with the Vendor Shares, collectively known as the “Placement Shares” which are the subject of this Placement (as defined herein) and the new Shares which may be issued pursuant to the Kori Performance Share Plan (the “Award Shares”) or upon the exercise of the options to be granted under the Kori Employee Share Option Scheme (the “Option Shares”) on Catalist (as defined herein). Acceptance of applications will be conditional upon, *inter alia*, issue of the New Shares, permission being granted by the SGX-ST for the listing and quotation of all our existing issued Shares (including the Vendor Shares), the New Shares, the Award Shares and the Option Shares on Catalist. Monies paid in respect of any application accepted will be returned if the admission and listing do not proceed. The dealing in and quotation of the Shares will be in Singapore dollars.

Companies listed on Catalist may carry higher investment risk when compared with larger or more established companies listed on the Main Board of the SGX-ST. In particular, companies may list on Catalist without a track record of profitability and there is no assurance that there will be a liquid market in the Shares traded on Catalist. You should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with your professional adviser(s).

Neither the Authority nor the SGX-ST has examined or approved the contents of this Offer Document. Neither the Authority nor the SGX-ST assumes any responsibility for the contents of this Offer Document, including the correctness of any of the statements or opinions made or reports contained in this Offer Document. The SGX-ST does not normally review the application for admission but relies on the Sponsor to confirm that the Company is suitable to be listed and complies with the Rules of Catalist (as defined herein). Neither the Authority nor the SGX-ST has in any way considered the merits of the Shares or units of Shares being offered for investment.

We have not lodged this Offer Document in any other jurisdiction.

**INVESTING IN OUR SHARES INVOLVES RISKS WHICH ARE DESCRIBED IN THE SECTION “RISK FACTORS” OF THIS OFFER DOCUMENT. IN PARTICULAR, YOU SHOULD NOTE THAT OUR GROUP HAS MADE VOLUNTARY DISCLOSURES TO IRAS REGARDING ITS PAST INCOME TAX FILINGS FOR FY2009 AND FY2010. AS AT THE DATE OF THIS OFFER DOCUMENT, OUR GROUP IS SEEKING CLARIFICATION FROM IRAS REGARDING THE AFOREMENTIONED ISSUE. AS A RESULT OF THESE VOLUNTARY DISCLOSURES, OUR GROUP MAY BE SUBJECT TO PENALTIES IMPOSED BY IRAS. PLEASE REFER TO THE RISK FACTOR “WE MAY BE SUBJECT TO PENALTIES IMPOSED BY IRAS” DESCRIBED IN THIS OFFER DOCUMENT FOR GREATER DETAILS IN RESPECT OF THESE VOLUNTARY DISCLOSURES.**

**After the expiration of six months from the date of registration of this Offer Document, no person shall make an offer of securities, or allot, issue or sell any securities, on the basis of this Offer Document; and no officer or equivalent person or promoter of our Company will authorise or permit the offer of any securities or the allotment, issue or sale of any securities, on the basis of this Offer Document.**

Manager, Sponsor and Placement Agent



**PrimePartners Corporate Finance Pte. Ltd.**

(Company Registration No.: 200207389D)  
(Incorporated in the Republic of Singapore)



# 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. The Group’s businesses can be categorised into two main segments, namely, structural steelworks services and tunnelling services.

## COMPETITIVE STRENGTHS

### ESTABLISHED TRACK RECORD

- Over 30 years of experience in the areas of structural steel and civil/structural engineering
- Good reputation in the industry as a competent Building and Construction Authority (“**BCA**”) licensed and registered builder
- Has won numerous infrastructural construction projects both locally and overseas
- Established a reputation for prompt delivery and reliable design of quality steel components
- Good working relationships with customers, offering solutions tailored to their needs and demands

### STRONG TECHNICAL EXPERTISE

- Possesses efficient and sophisticated design and construction techniques, such as the Kori Large Panelling Traffic Decking System and tunnel boring operation techniques and expertise
- Skilled and experienced designers and engineers who are able to handle technically demanding designs and specifications
- Continually import sophisticated engineering know-how

### STRINGENT QUALITY CONTROL PROCESS

- Strong emphasis on delivering high quality work on its projects
- Well-trained quality control team for inspection of structural steelworks and tunnelling works

- Strict quality control procedures at each stage of the fabrication and erection process all the way to final delivery

### EXPERIENCED AND DEDICATED MANAGEMENT TEAM

- Chairman and Executive Director, Mr. Kori Nobuaki, and Chief Executive Officer and Managing Director, Mr. Hooi Yu Koh, have more than 40 and 17 years of experience, respectively, in structural steel and civil/structural engineering industries both locally and in countries such as Malaysia and Dubai
- Dedicated management team supported by strong project managers, senior engineers and finance and administrative managers with substantial experience

### STRONG BUSINESS RELATIONSHIPS WITH CUSTOMERS AND SUPPLIERS

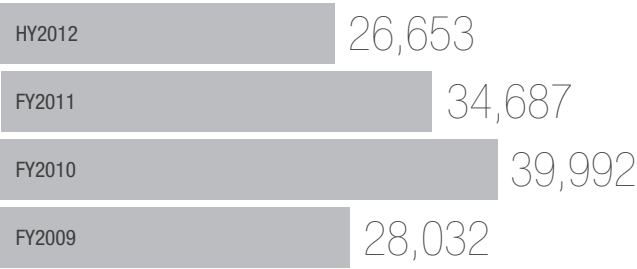
- Established good business relationships through strong cooperation with main contractors, customers and suppliers
- Completion of projects on time with minimal rectification works enables the Group to secure new projects from the main contractors and customers which it has worked with over the years
- Main contractors and customers include Shanghai Tunnel Engineering Co., Ltd., Sembawang Engineers and Constructors Pte. Ltd., SK E&C (Singapore Branch), Penta Ocean Construction Co. Ltd. and Taisei Corporation



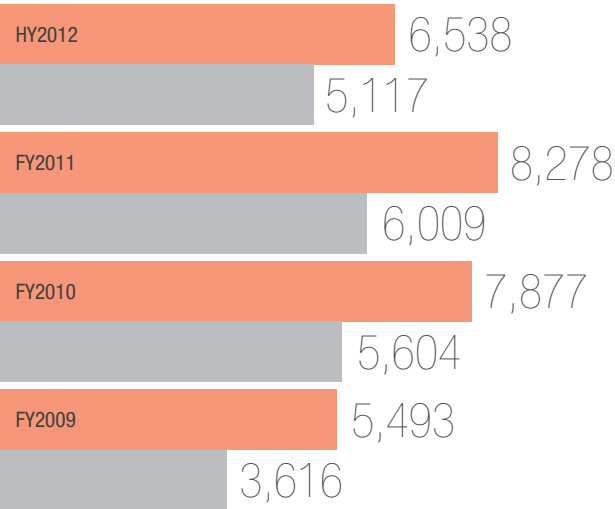


# FINANCIAL HIGHLIGHTS

## REVENUE (\$\$'000)



## GROSS AND NET PROFIT (\$\$'000)



GROSS PROFIT  
NET PROFIT







## PROSPECTS<sup>^</sup>

### CONTINUED CONSTRUCTION DEMAND

- BCA anticipates construction demand for 2012 to be worth S\$22.0 billion to S\$28.0 billion, with public sector projects accounting for about 39.3% to 40.9%, and infrastructure construction demand amounting to between S\$4.6 billion to S\$5.7 billion
- 54 civil engineering tenders are expected to be called by local public agencies in the first half of 2013, with 43 tenders valued up to S\$13 million each, 5 tenders valued at S\$13 million to S\$40 million each and 6 tenders above S\$40 million each
- BCA expects the average construction demand for year 2013 and 2014 to be between S\$19.0 billion and S\$27.0 billion annually, with 60% coming from building projects while the remaining 40% coming from civil engineering projects

### GROWTH IN SINGAPORE'S INFRASTRUCTURE

- As the population and number of tourists and immigrants increase, the government will continue to see a need to raise its spending on projects for further infrastructure development
- These will include the need for more housing, transportation infrastructure and industrial facilities

### GROWING SIGNIFICANCE OF UNDERGROUND BUILDING WORKS

- As the need for more facilities increases, there will be an increase in demand for land space catering to supplementary infrastructure such as sewerage systems, cable systems, and other common service tunnels
- If the Master Plan for Underground Space is approved, it will spur the growth of the civil engineering industry which specialises in underground construction works

### GOVERNMENTAL SUPPORT FOR INFRASTRUCTURAL DEVELOPMENT IN MALAYSIA

- Under the 10<sup>th</sup> Malaysia Plan, an economic blueprint that covers 2011 to 2015, the Malaysian government has allocated 60% of RM230 billion for physical development
- Projects underway include the extension of an electrified double-track railway project to Johor Bahru, the construction of a mass rapid transit system covering a 20km radius from the Kuala Lumpur city centre and the building of a new low cost carrier terminal at Kuala Lumpur International Airport

## ORDER BOOK

As at the Latest Practicable Date, the order book for the structural steelworks and tunnelling services business stood at approximately S\$82.8 million, which would translate into revenues for the Group over the next one to three years.

## FUTURE PLANS

- To advance its position as a service provider of structural steelworks and tunnelling works in Singapore
- To increase its presence and expand its tunnelling service business in overseas markets through joint ventures or strategic alliances
- Acquisition of land for a new storage yard

<sup>^</sup> According to the research report dated 9 November 2012 prepared by Converging Knowledge Private Limited

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## CONTENTS

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	Page
<b>CORPORATE INFORMATION</b> .....	5
<b>DEFINITIONS</b> .....	7
<b>GLOSSARY OF TECHNICAL TERMS</b> .....	15
<b>CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS</b> .....	17
<b>SELLING RESTRICTIONS</b> .....	19
<b>DETAILS OF THE PLACEMENT</b> .....	20
LISTING ON CATALIST .....	20
<b>INDICATIVE TIMETABLE FOR LISTING</b> .....	25
<b>PLAN OF DISTRIBUTION</b> .....	26
THE PLACEMENT .....	26
PURCHASE OF AND/OR SUBSCRIPTION FOR PLACEMENT SHARES .....	26
INTERESTS OF THE MANAGER, SPONSOR AND PLACEMENT AGENT .....	27
<b>OFFER DOCUMENT SUMMARY</b> .....	28
OUR COMPANY .....	28
BUSINESS OVERVIEW .....	28
COMPETITIVE STRENGTHS .....	28
OUR PROSPECTS .....	29
BUSINESS STRATEGIES AND FUTURE PLANS .....	29
ORDER BOOK .....	30
OUR CONTACT DETAILS .....	30
<b>THE PLACEMENT</b> .....	31
<b>ISSUE STATISTICS</b> .....	32
<b>SUMMARY FINANCIAL INFORMATION</b> .....	34
<b>RISK FACTORS</b> .....	35
RISKS RELATING TO OUR BUSINESS OR THE INDUSTRY IN WHICH WE OPERATE .....	35
RISKS RELATING TO MALAYSIA .....	49
GENERAL RISK .....	50
RISKS RELATING TO OUR SHARES .....	50
<b>USE OF PROCEEDS AND LISTING EXPENSES</b> .....	57
USE OF PROCEEDS .....	57
LISTING EXPENSES .....	58

---

## CONTENTS

---

<b>DIVIDEND POLICY</b> .....	59
<b>SHARE CAPITAL</b> .....	60
<b>SHAREHOLDERS</b> .....	65
OWNERSHIP STRUCTURE .....	65
SIGNIFICANT CHANGES IN PERCENTAGE OF OWNERSHIP .....	66
VENDOR .....	66
MORATORIUM .....	67
<b>DILUTION</b> .....	69
<b>RESTRUCTURING EXERCISE</b> .....	71
<b>GROUP STRUCTURE</b> .....	74
<b>SELECTED COMBINED FINANCIAL INFORMATION</b> .....	76
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION</b> .....	78
OVERVIEW .....	78
RESULTS OF OPERATIONS .....	80
REVIEW OF PAST PERFORMANCE .....	83
REVIEW OF FINANCIAL POSITION .....	89
LIQUIDITY AND CAPITAL RESOURCES .....	91
INFLATION .....	93
CAPITAL EXPENDITURE AND DIVESTMENTS .....	94
FOREIGN EXCHANGE MANAGEMENT .....	95
SIGNIFICANT ACCOUNTING POLICY CHANGES .....	96
<b>CAPITALISATION AND INDEBTEDNESS</b> .....	97
<b>WORKING CAPITAL</b> .....	98
<b>INDUSTRY OVERVIEW</b> .....	99
OVERVIEW OF THE CONSTRUCTION INDUSTRY IN SINGAPORE .....	99
THE CIVIL ENGINEERING SECTOR IN SINGAPORE .....	101
THE CIVIL ENGINEERING SECTOR IN MALAYSIA .....	106
<b>GENERAL INFORMATION ON OUR GROUP</b> .....	107
HISTORY .....	107
BUSINESS OVERVIEW .....	109
MAJOR CUSTOMERS .....	122
MAJOR SUPPLIERS AND SUB-CONTRACTORS .....	124
PROPERTIES AND FIXED ASSETS .....	125

---

## CONTENTS

---

STAFF TRAINING POLICY .....	128
INSURANCE .....	129
SEASONALITY .....	129
MARKETING AND BUSINESS DEVELOPMENT .....	129
RESEARCH AND DEVELOPMENT .....	130
INTELLECTUAL PROPERTY .....	130
GOVERNMENT REGULATIONS .....	130
LICENCES, PERMITS, APPROVALS, CERTIFICATIONS AND AWARDS .....	142
CREDIT POLICY .....	146
INVENTORY MANAGEMENT .....	147
COMPETITION .....	147
COMPETITIVE STRENGTHS .....	148
PROSPECTS .....	150
TREND INFORMATION .....	151
BUSINESS STRATEGIES AND FUTURE PLANS .....	152
ORDER BOOK .....	153
<b>INTERESTED PERSON TRANSACTIONS .....</b>	<b>154</b>
PAST INTERESTED PERSON TRANSACTIONS .....	154
PRESENT AND ON-GOING INTERESTED PERSON TRANSACTIONS .....	155
GUIDELINES AND REVIEW PROCEDURES FOR ON-GOING AND FUTURE INTERESTED PERSON TRANSACTIONS .....	159
POTENTIAL CONFLICTS OF INTERESTS .....	160
<b>DIRECTORS, EXECUTIVE OFFICERS AND EMPLOYEES .....</b>	<b>162</b>
MANAGEMENT REPORTING STRUCTURE .....	162
DIRECTORS .....	162
EXECUTIVE OFFICERS .....	166
DIRECTORS' AND EXECUTIVE OFFICERS' REMUNERATION .....	169
EMPLOYEES .....	170
SERVICE AGREEMENTS .....	170
<b>CORPORATE GOVERNANCE .....</b>	<b>173</b>
<b>KORI EMPLOYEE SHARE OPTION SCHEME .....</b>	<b>178</b>
<b>KORI PERFORMANCE SHARE PLAN .....</b>	<b>185</b>
<b>DESCRIPTION OF OUR SHARES .....</b>	<b>193</b>
<b>EXCHANGE CONTROLS .....</b>	<b>197</b>

---

## CONTENTS

---

<b>TAXATION</b> .....	198
<b>CLEARANCE AND SETTLEMENT</b> .....	201
<b>GENERAL AND STATUTORY INFORMATION</b> .....	202
INFORMATION ON DIRECTORS AND EXECUTIVE OFFICERS .....	202
SHARE CAPITAL .....	204
MEMORANDUM AND ARTICLES OF ASSOCIATION .....	204
MATERIAL CONTRACTS .....	204
LITIGATION .....	205
MANAGEMENT AND PLACEMENT ARRANGEMENTS .....	206
MISCELLANEOUS .....	207
CONSENTS .....	209
RESPONSIBILITY STATEMENT BY OUR DIRECTORS AND THE VENDOR .....	210
DOCUMENTS AVAILABLE FOR INSPECTION .....	210
<b>APPENDIX A — INDEPENDENT AUDITOR'S REPORT ON THE AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011</b> .....	A-1
<b>APPENDIX B — INDEPENDENT AUDITOR'S REVIEW REPORT ON THE UNAUDITED COMBINED FINANCIAL STATEMENTS FOR THE SIX-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2012</b> .....	B-1
<b>APPENDIX C — SUMMARY OF SELECTED ARTICLES OF ASSOCIATION OF OUR COMPANY</b> .....	C-1
<b>APPENDIX D — TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE</b> .....	D-1
<b>APPENDIX E — RULES OF THE KORI EMPLOYEE SHARE OPTION SCHEME</b> ..	E-1
<b>APPENDIX F — RULES OF THE KORI PERFORMANCE SHARE PLAN</b> .....	F-1



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## CORPORATE INFORMATION

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<b>BOARD OF DIRECTORS</b>	:	Mr. Kori Nobuaki (Chairman and Executive Director) Mr. Hooi Yu Koh (CEO and Managing Director) Mr. Nicholas Lazarus (Independent Director) Mr. Kuan Cheng Tuck (Independent Director) Mr. Lim Yeok Hua (Independent Director)
<b>JOINT COMPANY SECRETARIES</b>	:	Mr. Teo Meng Keong (ACIS) Ms. Tan Siew Hua (ACIS)
<b>REGISTERED OFFICE</b>	:	11 Sims Drive #06-01 SCN Centre Singapore 387385
<b>MANAGER, SPONSOR AND PLACEMENT AGENT</b>	:	PrimePartners Corporate Finance Pte. Ltd. 20 Cecil Street #21-02 Equity Plaza Singapore 049705
<b>LEGAL ADVISER TO THE PLACEMENT AND LEGAL ADVISER TO OUR COMPANY AS TO SINGAPORE LAW</b>	:	WongPartnership LLP One George Street #20-01 Singapore 049145
<b>LEGAL ADVISER TO OUR COMPANY AS TO MALAYSIA LAW</b>	:	Zaid Ibrahim & Co Level 19 Menara Milenium Jalan Damanlela Pusat Bandar Damansara 50490 Kuala Lumpur
<b>INDEPENDENT AUDITOR AND REPORTING ACCOUNTANTS</b>	:	Nexia TS Public Accounting Corporation 100 Beach Road #30-00 Shaw Tower Singapore 189702  Director-in-charge: Mr. Philip Tan Jing Choon (a member of the Institute of Certified Public Accountants of Singapore)
<b>INDEPENDENT MARKET RESEARCHER</b>	:	Converging Knowledge Private Limited 43 B&C, Tras Street Singapore 078982
<b>SHARE REGISTRAR AND SHARE TRANSFER AGENT</b>	:	Tricor Barbinder Share Registration Services 80 Robinson Road #02-00 Singapore 068898

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## CORPORATE INFORMATION

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<b>PRINCIPAL BANKERS</b>	:	<b><u>Singapore</u></b> Oversea-Chinese Banking Corporation Limited 65 Chulia Street OCBC Centre Singapore 049513  DBS Bank Ltd. 6 Shenton Way DBS Building Tower Two Singapore 068809  <b><u>Malaysia</u></b> HSBC Bank Malaysia Berhad No. 2 Leboh Ampang 50100 Kuala Lumpur Malaysia  AmBank (M) Berhad No. 24 & 26 Jalan Hujan Rahmat 2 Overseas Union Garden Off Jalan Klang Lama 58200 Kuala Lumpur Malaysia  Malayan Banking Berhad Taman Kinrara Sales & Services Center No. 12 & 13 Jalan TK 1/11A Taman Kinrara, Seksyen 1 Batu 7½, Jalan Puchong 47100 Puchong, Selangor Malaysia
<b>RECEIVING BANKER</b>	:	Oversea-Chinese Banking Corporation Limited 65 Chulia Street OCBC Centre Singapore 049513
<b>VENDOR</b>	:	Mr. Kori Nobuaki 1 Sin Ming Avenue #04-02 Singapore 575728

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## DEFINITIONS

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In this Offer Document and the accompanying Application Forms, unless the context otherwise requires, the following definitions apply where the context so admits:

### Group Companies

<i>“Company” or “Kori Holdings”</i>	:	Kori Holdings Limited
<i>“Group”</i>	:	Our Company and our subsidiaries
<i>“Ming Shin”</i>	:	Ming Shin Construction (S) Pte. Ltd., our wholly-owned subsidiary incorporated in Singapore
<i>“Kori Singapore”</i>	:	Kori Construction (S) Pte. Ltd., our wholly-owned subsidiary incorporated in Singapore
<i>“Kori Malaysia”</i>	:	Kori Construction (M) Sdn. Bhd., our wholly-owned subsidiary incorporated in Malaysia

### Other Corporations and Agencies

<i>“Authority” or “MAS”</i>	:	The Monetary Authority of Singapore
<i>“BCA”</i>	:	Building and Construction Authority
<i>“CDP” or “Depository”</i>	:	The Central Depository (Pte) Ltd
<i>“CIDB”</i>	:	The Construction Industry Development Board of Malaysia
<i>“IRAS”</i>	:	The Inland Revenue Authority of Singapore
<i>“Kori Engineering”</i>	:	Kori Engineering (S) Pte. Ltd. (a company incorporated in Singapore which is undergoing a voluntary winding-up)
<i>“LTA”</i>	:	Land Transport Authority of Singapore
<i>“Manager”, “Sponsor” or “Placement Agent” or “PPCF”</i>	:	PrimePartners Corporate Finance Pte. Ltd.
<i>“Nexia TS”</i>	:	Nexia TS Public Accounting Corporation
<i>“Receiving Banker”</i>	:	Oversea-Chinese Banking Corporation Limited
<i>“SGX-ST”</i>	:	Singapore Exchange Securities Trading Limited
<i>“Share Registrar”</i>	:	Tricor Barbinder Share Registration Services
<i>“URA”</i>	:	Urban Redevelopment Authority



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## DEFINITIONS

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*“WSHC”* : Workplace Safety and Health Council

### General

*“Administration Committee”* : The administration committee comprising of members of the remuneration committee of our Company to administer the Share Option Scheme and the Share Plan

*“Application Forms”* : The printed application forms to be used for the purpose of the Placement and which form part of this Offer Document

*“Application List”* : The list of applications for purchase of and/or subscription for the Placement Shares

*“Articles” or “Articles of Association”* : The articles of association of our Company, as amended, modified or supplemented from time to time

*“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, acting in their capacity as such trustees, of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; or
- (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30.0% or more of the aggregate of the nominal amount of all the voting shares;

(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 fellow subsidiary of any 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 30.0% or more

*“Audit Committee”* : The audit committee of our Company as at the date of this Offer Document

*“Awards”* : The awards of the Shares granted or which may be granted pursuant to the Share Plan

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## DEFINITIONS

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<i>“Award Shares”</i>	:	The Shares which are the subject of the Awards under the Share Plan
<i>“Board” or “Board of Directors”</i>	:	The board of Directors of our Company as at the date of this Offer Document
<i>“Catalist”</i>	:	The sponsor-supervised listing platform of the SGX-ST
<i>“Companies Act”</i>	:	The Companies Act (Chapter 50) of Singapore as amended, modified or supplemented from time to time
<i>“CEO”</i>	:	The chief executive officer of our Company
<i>“Consultancy Agreement”</i>	:	The consultancy agreement dated 30 April 2012 entered into between our Group and Mr. Tan Lee Meng, pursuant to which Mr. Tan Lee Meng agreed to provide consultancy services to the Group
<i>“Controlling Shareholder”</i>	:	As defined in the Rules of Catalist:  (a) a person who directly or indirectly has an interest of 15.0% or more of the aggregate of the nominal amount of all the voting shares in our Company (unless otherwise determined by the SGX-ST); or  (b) a person who in fact exercises control over our Company
<i>“Convertible Loan Agreement”</i>	:	The convertible loan agreement dated 25 May 2012 entered into between our Company, the Pre-Placement Investors and the Guarantors in respect of the Redeemable Convertible Loan
<i>“CPF”</i>	:	The Central Provident Fund
<i>“Directors”</i>	:	The directors of our Company as at the date of this Offer Document
<i>“EPS”</i>	:	Earnings per Share
<i>“Executive Directors”</i>	:	The executive directors of our Company as at the date of this Offer Document
<i>“Executive Officers”</i>	:	The executive officers of our Group as at the date of this Offer Document
<i>“FY”</i>	:	Financial year ended or, as the case may be, ending 31 December

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## DEFINITIONS

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<i>“GST”</i>	:	Goods and services tax
<i>“Guarantors”</i>	:	The guarantors of the Redeemable Convertible Loan, namely Kori Singapore and Ming Shin
<i>“HY2011”</i>	:	Financial period from 1 January 2011 to 30 June 2011
<i>“HY2012”</i>	:	Financial period from 1 January 2012 to 30 June 2012
<i>“Independent Directors”</i>	:	The independent directors of our Company as at the date of this Offer Document
<i>“Latest Practicable Date”</i>	:	7 November 2012, being the latest practicable date for the purposes of lodgement of this Offer Document with the SGX-ST
<i>“Listing”</i>	:	The listing of our Company and the quotation of our Shares on Catalist
<i>“Listing Manual”</i>	:	The provisions of Sections A and B of the listing manual of the SGX-ST as amended, modified or supplemented from time to time
<i>“LRT”</i>	:	Light Rail Transit
<i>“Management Agreement”</i>	:	The full sponsorship and management agreement dated 4 December 2012 between our Company, the Vendor and PPCF pursuant to which PPCF agrees to sponsor and manage the Listing as set out in the sections “Plan of Distribution” and “General and Statutory Information — Management and Placement Arrangements” of this Offer Document
<i>“Market Day”</i>	:	A day on which the SGX-ST is open for trading in securities
<i>“MOM”</i>	:	Ministry of Manpower of Singapore
<i>“MRT”</i>	:	Mass Rapid Transit
<i>“NAV”</i>	:	Net asset value
<i>“New Shares”</i>	:	The 25,600,000 new Shares for which our Company invites applications to purchase and/or subscribe for pursuant to the Placement on the terms and conditions set out in this Offer Document
<i>“NIPE”</i>	:	NEWater Infrastructure Plan Extension



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## DEFINITIONS

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<i>“Nominating Committee”</i>	:	The nominating committee of our Company as at the date of this Offer Document
<i>“Non-executive Directors”</i>	:	The non-executive directors of our Company (including Independent Directors) as at the date of this Offer Document
<i>“NTA”</i>	:	Net tangible assets
<i>“Offer Document”</i>	:	This offer document dated 4 December 2012 issued by us in respect of the Placement
<i>“Official List”</i>	:	The list of issuers maintained by the SGX-ST in relation to Catalist
<i>“OHSMS”</i>	:	Occupational Health and Safety Management System
<i>“Options”</i>	:	The share options which may be granted pursuant to the Share Option Scheme
<i>“Option Shares”</i>	:	The new Shares which may be allotted and issued upon the exercise of the Options
<i>“PER”</i>	:	Price earnings ratio
<i>“Period Under Review”</i>	:	The period which comprises FY2009, FY2010, FY2011 and HY2012
<i>“Placement”</i>	:	The placement by the Placement Agent of the Placement Shares on behalf of our Company and the Vendor for purchase and/or subscription at the Placement Price, subject to and on the terms and conditions of this Offer Document
<i>“Placement Agreement”</i>	:	The placement agreement dated 4 December 2012 entered into between our Company, the Vendor and PPCF as the Placement Agent pursuant to which the Placement Agent shall procure subscriptions for and/or purchases of the Placement Shares at the Placement Price as described in the sections “Plan of Distribution” and “General and Statutory Information — Management and Placement Arrangements” of this Offer Document
<i>“Placement Price”</i>	:	S\$0.25 for each Placement Share
<i>“Placement Shares”</i>	:	The 28,200,000 Placement Shares, which are the subject of the Placement, comprising 25,600,000 New Shares and 2,600,000 Vendor Shares

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## DEFINITIONS

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<i>“Pre-Placement Investors”</i>	:	Mr. Seow Seng Wei, Mr. Tan Ee Chong, Mr. Ong Soon Liong @ Ong Soon Chong, Mr. Ng Aik Hong, Ms. Lee Wan Ling and Mr. Tan Lee Meng
<i>“Purchasers”</i>	:	Mr. Hooi Yu Koh, Mr. Ng Wai Kit, Mr. Lee Yeng Tat, Ms. Chee Shew Yan, Ms. Loo Mee See, Ms. Yeap Chai Joan, Mr. Chookul Charun and Ms. Chin Soon Mei
<i>“Qualified Person”</i>	:	A person as defined in the Building Control Act (Chapter 29) of Singapore as amended, modified or supplemented from time to time
<i>“Redeemable Convertible Loan”</i>	:	The redeemable convertible loan of an aggregate sum of S\$1,200,000, convertible into 8,000,000 new Shares at a discount of 40% to the Placement Price upon the terms and conditions of the Convertible Loan Agreement
<i>“Remuneration Committee”</i>	:	The remuneration committee of our Company as at the date of this Offer Document
<i>“Restructuring Exercise”</i>	:	The corporate restructuring exercise undertaken in connection with the Listing as set out in the section “Restructuring Exercise” in this Offer Document
<i>“Rules of Catalist”</i>	:	Section B of the Listing Manual dealing with the rules of Catalist, as amended, modified or supplemented from time to time
<i>“Securities Account”</i>	:	The securities account maintained by a Depositor with CDP but does not include a securities sub-account
<i>“Service Agreements”</i>	:	The service agreements entered into between our Company, our Executive Directors and our Executive Officers, Mr. Ng Wai Kit and Ms. Chee Shew Yan, as set out under the section “Directors, Executive Officers and Employees — Service Agreements” of this Offer Document
<i>“SFA”</i>	:	The Securities and Futures Act (Chapter 289) of Singapore as amended, modified or supplemented from time to time
<i>“SGXNET”</i>	:	Singapore Exchange Network, a system network used by listed companies in sending information and announcements to the SGX-ST or any other system networks prescribed by the SGX-ST
<i>“Share Option Scheme”</i>	:	The Kori Employee Share Option Scheme

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## DEFINITIONS

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<i>“Share Plan”</i>	:	The Kori Performance Share Plan
<i>“Share Sale Agreement”</i>	:	The share sale agreement dated 22 May 2012 entered into between our Chairman and Executive Director, Mr. Kori Nobuaki, and the Purchasers
<i>“Shares”</i>	:	Ordinary shares in the capital of our Company
<i>“Shareholders”</i>	:	Registered holders of Shares, except where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares, mean the Depositors whose Securities Accounts are credited with Shares
<i>“Singapore”</i>	:	The Republic of Singapore
<i>“SLOTS”</i>	:	Singapore List of Trade Subcontractors
<i>“SMS”</i>	:	Safety Management System
<i>“Substantial Shareholders”</i>	:	Persons who have an interest in the Shares, the nominal amount of which is not less than 5.0% of the aggregate of the nominal amount of all the voting shares of our Company
<i>“Vendor”</i>	:	Mr. Kori Nobuaki
<i>“Vendor Shares”</i>	:	The 2,600,000 issued and fully paid-up Shares owned by the Vendor for which the Vendor invites applications to purchase pursuant to the Placement and on the terms and conditions set out in this Offer Document
<i>“WSHMS”</i>	:	Workplace safety and health management system

### Currencies, Units and Others

<i>“km”</i>	:	Kilometres
<i>“RM”</i>	:	Malaysian Ringgit
<i>“%” or “per cent.”</i>	:	Per centum or percentage
<i>“sq ft”</i>	:	Square feet
<i>“S\$” or “SGD” and “cents”</i>	:	Singapore dollars and cents respectively
<i>“US\$”</i>	:	United States dollars

The expression “subsidiaries” shall have the meaning ascribed to it in the Securities and Futures (Offers of Investments)(Shares and Debentures) Regulations 2005 of Singapore and the Companies Act.



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## DEFINITIONS

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

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

Any reference in this Offer Document and the Application Forms to any statute or enactment is a reference to that statute or enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the SFA or any statutory modification thereof and used in this Offer Document and the Application Forms shall, where applicable, have the meaning assigned to it under the Companies Act, the SFA or any statutory modification thereof, as the case may be.

Any reference in this Offer Document and the Application Forms to Shares being allotted to an applicant includes allotment to CDP for the account of that applicant.

Any reference to a time of day in this Offer Document and the Application Form shall be a reference to Singapore time unless otherwise stated.

References in this Offer Document to “the Group”, “we”, “our”, and “us” refer to our Company, or Group or any member of our Group, as the context requires.

Any discrepancies in the tables included herein between the listed amounts and the totals thereof are due to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

Unless we indicate otherwise, all information in this Offer Document is presented on the basis of the Group.

Any reference to “Mr. Nicholas Lazarus” in this Offer Document is a reference to Mr. Nicholas Philip Lazarus.

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## GLOSSARY OF TECHNICAL TERMS

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The glossary contains explanations of certain technical terms and abbreviations used in this Offer Document in connection with our Group and our business.

To facilitate a better understanding of the business of our Group, the following glossary provides a description (which should not be treated as being definitive of their meanings) of some of the technical terms and abbreviations used in this Offer Document relating to our business. The terms and their assigned meanings may not correspond to standard industry meanings or usage of these terms:

<i>BC1: 2008</i>	:	A recognised assessment standard adopted by the BCA for adequate and reliable materials to ensure public safety in Singapore
<i>Beam</i>	:	Long horizontal steel or concrete members, used to support weight in buildings or structures
<i>Contractors Registry</i>	:	A listing of the construction companies that are registered with the BCA
<i>ERSS</i>	:	Earth retaining or stabilising structure, a structure erected to aid and facilitate the construction of permanent public infrastructure by providing access, support, and protection for the facilities under construction to permit the safe digging of a hole or trench in the ground and to provide a safe work area below the ground level
<i>Grout</i>	:	A construction material used to, among others, connect sections of pre-cast concrete and fill voids
<i>Initial drive</i>	:	The first 100 metres of a tunnel, upon the completion of which the thrust frame can be removed and the TBM can be pushed to bore the main drive of the tunnel by the thrust provided by the previously erected tunnel segments
<i>Invert concrete</i>	:	The first layer of concrete laid on the invert of the tunnel
<i>Main drive</i>	:	The entire tunnel excluding the initial drive of the tunnel
<i>Mill certificates</i>	:	Test reports produced by steel manufacturers during the manufacturing process specifying the properties of steel for a particular production batch, such as the Factory Production Certificate issued by independent third-party certification agencies acceptable to or recognised by the BCA and the Manufacturer Test Certificate issued by steel manufacturers as per material specification
<i>Muck skip</i>	:	A skip used for muck removal
<i>OHSAS 18000</i>	:	An international occupational health and safety management system specification

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## GLOSSARY OF TECHNICAL TERMS

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<i>OHSAS 18001</i>	:	A version of OHSAS 18000 developed to help an organisation to control occupational health and safety risks
<i>OHSAS 18001: 2007</i>	:	An occupational health and safety management standard for the purpose of helping organizations to manage and control their occupational health and safety risks and to improve their occupational health and safety performance which can be achieved by developing an occupational health and safety management standard that complies with OHSAS 18001
<i>Project site</i>	:	The location where our construction project is situated
<i>Soil conditioning</i>	:	A process of improving soil structure and overcoming soil problems, such as surface crusting/slaking, soil compaction and poor water penetration
<i>Steel decking</i>	:	A series of steel beams which acts as the platform of a structure. Steel decking is used to maintain the traffic above the construction and also as a surface over the working platform for the construction below
<i>Strut</i>	:	A strut is any steel section that carries an axial compressive load
<i>Strutting</i>	:	Strutting refers to steel sections which are placed adjacent to a wall, structure or earth bank to offer support, usually temporary in nature
<i>Strutting system</i>	:	Steel strutting system for earth retaining purposes used in building and civil engineering projects
<i>Structural steel</i>	:	Steel construction material formed with a specific shape and certain standards of strength as well as chemical composition
<i>Structural steelworks</i>	:	Fabrication and erection of a structure built using steel
<i>TBM</i>	:	Tunnel boring machine, a machine used to excavate tunnels with a circular cross section through a variety of soil and rock strata which are universally proven as a safe, fast and economic method in tunnel construction projects
<i>TBM cradle</i>	:	A structure to be installed at the launching shaft of the tunnel to support the TBM during the boring of the initial drive of the tunnel
<i>Thrust frame</i>	:	A structure to be installed at the launching shaft of the tunnel for pushing the TBM during the boring of the initial drive of the tunnel
<i>Thrust jack</i>	:	A structure that consists of small jacks at the back of the TBM which is used to push the TBM towards the erected tunnel segments
<i>Waler</i>	:	A steel section positioned across a wall, structure or earth bank to distribute the effect of the strut

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## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

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All statements contained in this Offer Document, statements made in press releases and oral statements that may be made by the Vendor, us or our Directors, Executive Officers or employees acting on our behalf, that are not statements of historical fact, constitute “forward-looking statements”. You can identify some of these forward-looking statements by terms such as “expects”, “believes”, “plans”, “intends”, “predicts”, “estimates”, “anticipates”, “may”, “will”, “would” and “could” or similar expressions. However, you should note that these words or phrases are not the exclusive means of identifying forward-looking statements. All statements regarding our expected financial position, business strategies, plans and prospects are forward-looking statements.

These forward-looking statements, including without limitation, statements as to our revenue and profitability, cost measures, planned strategy and anticipated expansion plans, expected growth in demand, expected industry trends and any other matters discussed in this Offer Document regarding matters that are not historical fact, are only predictions. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expected, expressed or implied by these forward-looking statements. These risks, uncertainties and other factors include, among others, the following:

- (a) changes in political, social and economic conditions, the regulatory environment, laws and regulations and interpretation thereof in the jurisdictions where we conduct business or expect to conduct business;
- (b) the risk that we may be unable to realise our anticipated growth strategies and expected internal growth;
- (c) changes in currency exchange rates;
- (d) changes in the availability and prices of materials, technical parts and equipment which we require to operate our business;
- (e) changes in customer preferences and needs;
- (f) changes in competitive conditions and our ability to compete under such conditions, locally and internationally;
- (g) changes in our future capital needs and the availability of financing and capital to fund these needs; and
- (h) other factors beyond our control.

Some of these risk factors are discussed in greater detail in this Offer Document, in particular, but not limited to, the discussions under the sections “Risk Factors” and “Management’s Discussion and Analysis of Results of Operations and Financial Position” of this Offer Document. All forward-looking statements by or attributable to us, or persons acting on our behalf, contained in this Offer Document are expressly qualified in their entirety by such factors. These forward-looking statements are applicable only as of the date of this Offer Document.

Given the risks and uncertainties that may cause our actual future results, performance or achievements to be materially different from that expected, expressed or implied by the forward-looking statements in this Offer Document, undue reliance must not be placed on these statements. None of the Vendor, us, the Manager, Sponsor and Placement Agent or any other person represents or warrants that our actual future results, performance or achievements will be as discussed in those statements.



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## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

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Our actual future results may differ materially from those anticipated in these forward-looking statements as a result of the risks faced by us. We, the Vendor and the Manager, Sponsor and Placement Agent disclaim any responsibility to update any of those forward-looking statements or publicly announce any revisions to those forward-looking statements to reflect future developments, events or circumstances, even if new information becomes available or other events occur in the future. We are, however, subject to the provisions of the SFA and the Rules of Catalyst regarding corporate disclosure.

In particular, pursuant to Section 241 of the SFA, if after the Offer Document is registered by the SGX-ST, acting as agent on behalf of the Authority, but before the close of the Placement, we become aware of:

- (a) a false or misleading statement or matter in the Offer Document;
- (b) an omission from the Offer Document of any information that should have been included in it under Section 243 of the SFA; or
- (c) a new circumstance that has arisen since the Offer Document was lodged with the SGX-ST, acting as agent on behalf of the Authority, and would have been required by Section 243 of the SFA to be included in the Offer Document if it had arisen before the Offer Document was lodged,

and that is materially adverse from the point of view of an investor, we may lodge a supplementary or replacement Offer Document with the SGX-ST, acting as agent on behalf of the Authority.

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## **SELLING RESTRICTIONS**

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This Offer Document does not constitute an offer, solicitation or invitation to purchase and/or subscribe for the Placement Shares in any jurisdiction in which such offer, solicitation or invitation is unlawful or is not authorised or to any person to whom it is unlawful to make such offer, solicitation or invitation. No action has been or will be taken under the requirements of the legal or regulatory requirements of any jurisdiction, except for the lodgement and/or registration of this Offer Document in Singapore in order to permit a public offering of the Placement Shares and the public distribution of this Offer Document in Singapore. The distribution of this Offer Document and the offering of the Placement Shares in certain jurisdictions may be restricted by the relevant laws in such jurisdictions. Persons who may come into possession of this Offer Document are required by us, the Vendor, the Manager, Sponsor and Placement Agent to inform themselves about, and to observe and comply with, any such restrictions at their own expense and without liability to us, the Vendor, the Manager, Sponsor and the Placement Agent.

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## DETAILS OF THE PLACEMENT

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### LISTING ON CATALIST

An application has been made to the SGX-ST for permission to deal in, and for the listing and quotation of, all our Shares which includes the New Shares (together with the Vendor Shares, collectively the Placement Shares, which are the subject of the Placement), the Award Shares and the Option Shares on Catalist. Such permission will be granted when we are admitted to the Official List of Catalist. Our acceptance of applications will be conditional upon, among others, the issue of the New Shares and upon permission being granted by the SGX-ST to deal in, and for quotation of, all of our existing issued Shares (including the Vendor Shares), the New Shares, the Award Shares and the Option Shares on Catalist. Monies paid in respect of any application accepted will be returned, without interest or any share of revenue or other benefit arising therefrom and at the applicant's own risk, if the completion of the Placement does not occur because the said permission is not granted or for any reason, and the applicant will not have any claim against us, the Vendor, the Manager, Sponsor and Placement Agent. No Shares will be allotted and/or allocated on the basis of this Offer Document later than six months after the date of registration of this Offer Document by the SGX-ST, acting as agent on behalf of the Authority.

Companies listed on Catalist may carry higher investment risk when compared with larger or more established companies listed on the SGX-ST Main Board. In particular, companies may list on Catalist without a track record of profitability and there is no assurance that there will be a liquid market in the shares or units of shares traded on Catalist. You should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with your professional adviser(s).

Neither the Authority nor the SGX-ST has examined or approved the contents of this Offer Document. Neither the Authority nor the SGX-ST assumes any responsibility for the contents of this Offer Document, including the correctness of any of the statements or opinions made or reports contained in this Offer Document. The SGX-ST does not normally review the application for admission but relies on the Sponsor confirming that we are suitable to be listed and complies with the Rules of Catalist. Neither the Authority nor the SGX-ST has in any way considered the merits of the Placement Shares being offered for investment.

Admission to the Official List of Catalist is not to be taken as an indication of the merits of the Placement, our Company, our subsidiaries, our existing issued Shares (including the Vendor Shares), the New Shares, the Award Shares or the Option Shares.

A copy of this Offer Document has been lodged with and registered by the SGX-ST, acting as agent on behalf of the Authority. Registration of the Offer Document by the SGX-ST, acting as agent on behalf of the Authority, does not imply that the SFA, the Rules of Catalist or any other legal or regulatory requirements, have been complied with. The SGX-ST has not, in any way, considered the merits of our existing issued Shares (including the Vendor Shares) or the New Shares, as the case may be, being offered or in respect of which an invitation is made, for investment. We have not lodged this Offer Document in any other jurisdiction.

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

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## DETAILS OF THE PLACEMENT

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We are subject to the provisions of the SFA and the Rules of Catalist regarding corporate disclosure. In particular, if after the registration of this Offer Document but before the close of the Placement, we become aware of:

- (a) a false or misleading statement or matter in the Offer Document;
- (b) an omission from the Offer Document of any information that should have been included in it under the requirements of Section 243 of the SFA; or
- (c) a new circumstance that has arisen since the Offer Document was lodged with the SGX-ST, acting as agent on behalf of the Authority and which would have been required under the requirements of Section 243 of the SFA to be included in the Offer Document if it had arisen before this Offer Document was lodged,

that is materially adverse from the point of view of an investor, we may lodge a supplementary or replacement Offer Document with the SGX-ST, acting as agent on behalf of the Authority.

In the event that a supplementary or replacement Offer Document is lodged with the SGX-ST, the Placement shall be kept open for at least 14 days after the lodgement of such supplementary or replacement Offer Document.

Where prior to the lodgement of the supplementary or replacement Offer Document, applications have been made under this Offer Document to purchase and/or subscribe for the Placement Shares and:

- (a) where the Placement Shares have not been issued and/or transferred to the applicants, our Company and the Vendor shall either:
  - (i) (A) within two days (excluding any Saturday, Sunday or public holiday) from the date of lodgement of the supplementary or replacement Offer Document, give the applicants notice in writing of how to obtain, or arrange to receive, a copy of the supplementary or replacement Offer Document, as the case may be, and provide the applicants with an option to withdraw their applications; and (B) take all reasonable steps to make available within a reasonable period the supplementary or replacement Offer Document, as the case may be, to the applicants who have indicated that they wish to obtain, or have arranged to receive, a copy of the supplementary or replacement Offer Document;
  - (ii) within seven days from the date of lodgement of the supplementary or replacement Offer Document, give the applicants the supplementary or replacement Offer Document, as the case may be, and provide the applicants with an option to withdraw their applications; or
  - (iii) (A) treat the applications as withdrawn and cancelled, in which case the applications shall be deemed to have been withdrawn and cancelled; and (B) we (on behalf of the Vendor) shall return all monies paid in respect of any application, without interest or any share of revenue or other benefit arising therefrom and at the applicants' own risk; or
- (b) where the Placement Shares have been issued and/or transferred to the applicants, our Company and the Vendor shall either:
  - (i) (A) within two days (excluding any Saturday, Sunday or public holiday) from the date of lodgement of the supplementary or replacement Offer Document, give the applicants



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## DETAILS OF THE PLACEMENT

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notice in writing of how to obtain, or arrange to receive, a copy of the supplementary or replacement Offer Document, as the case may be, and provide the applicants with an option to return to us the Placement Shares which they do not wish to retain title in; and (B) take all reasonable steps to make available within a reasonable period the supplementary or replacement Offer Document, as the case may be, to the applicants who have indicated that they wish to obtain, or have arranged to receive, a copy of the supplementary or replacement Offer Document;

- (ii) within seven days from the date of lodgement of the supplementary or replacement Offer Document, give the applicants the supplementary or replacement Offer Document, as the case may be, and provide the applicants with an option to return to us and/or the Vendor the Placement Shares which they do not wish to retain title in; or
- (iii) (A) treat the issue and/or sale of the Placement Shares as void, in which case the issue and/or sale of the Placement Shares shall be deemed void; and (B) we (and on behalf of the Vendor) shall return all monies paid in respect of any application, without interest or any share of revenue or other benefit arising therefrom and at the applicants' own risk.

Any applicant who wishes to exercise his option under paragraph (a)(i) or (a)(ii) to withdraw his application shall, within 14 days from the date of lodgement of the supplementary or replacement Offer Document, notify us of this, whereupon we (and on behalf of the Vendor) shall, within seven days from the receipt of such notification, return the application monies without interest or any share of revenue or other benefit arising therefrom and at his own risk, and he will not have any claim against us, the Vendor or the Manager, Sponsor and Placement Agent.

An applicant who wishes to exercise his option under paragraph (b)(i) or (b)(ii) to return the Placement Shares issued and/or transferred to him shall, within 14 days from the date of lodgement of the supplementary or replacement Offer Document, notify us of this and return all documents, if any, purporting to be evidence of title to those Placement Shares to us, whereupon we (and on behalf of the Vendor) shall, within seven days from the receipt of such notification and documents, if any, pay to him all monies paid by him for those Placement Shares, without interest or any share of revenue or other benefit arising therefrom and at his own risk, and the issue and/or transfer of those Placement Shares shall be deemed to be void, and he will not have any claim against us, or the Vendor, Manager, Sponsor and Placement Agent.

Pursuant to Section 242 of the SFA, the Authority may, in certain circumstances issue a stop order (the "**Stop Order**") to our Company, directing that no or no further Shares to which this Offer Document relates, be allotted or issued. Such circumstances will include a situation where this Offer Document (i) contains any statement or matter which, in the Authority's opinion, is false or misleading (ii) omits any information that should have been included in it under the SFA, (iii) does not, in the Authority's opinion, comply with the requirements of the SFA, or (iv) the Authority is of the opinion that it is in the public interest to do so.

In the event that the Authority issues a Stop Order and applications to subscribe for the Placement Shares have been made prior to the Stop Order, then:

- (a) where the Placement Shares have not been issued and/or transferred to the applicants, the applications for the Placement Shares shall be deemed to have been withdrawn and cancelled and our Company shall, within 14 days from the date of the Stop Order, pay to the applicants all monies the applicants have paid on account of their applications for the Placement Shares; or

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## DETAILS OF THE PLACEMENT

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- (b) where the Placement Shares have been issued and/or transferred to the applicants, the issue of the Placement Shares shall be deemed to be void and our Company (and on behalf of the Vendor) shall, within 14 days from the date of the Stop Order, pay to the applicants all monies paid by them for the Placement Shares.

Such monies paid in respect of an application will be returned to the applicants at their own risk, without interest or a share of revenue or other benefit arising therefrom, and they will not have any claims against our Company, the Vendor, the Manager, Sponsor and Placement Agent.

Neither us, the Manager, Sponsor and Placement Agent nor any other parties involved in the Placement is making any representation to any person regarding the legality of an investment by such person under any investment or other laws or regulations. No information in this Offer Document should be considered as being business, legal or tax advice regarding an investment in our Shares. Each prospective investor should consult his own professional or other advisers for business, legal or tax advice regarding an investment in our Shares.

No person has been or is authorised to give any information or to make any representation not contained in this Offer Document in connection with the Placement and, if given or made, such information or representation must not be relied upon as having been authorised by us, the Vendor, the Manager, Sponsor and Placement Agent. Neither the delivery of this Offer Document and the Application Forms nor any documents relating to the Placement, nor the Placement shall, under any circumstances, constitute a continuing representation or create any suggestion or implication that there has been no change or development reasonably likely to create any change in our affairs, conditions or prospects, or the Placement Shares or in the statements of fact or information contained in this Offer Document since the date of this Offer Document. Where such changes occur and are material or are required to be disclosed by law, the SGX-ST and/or any other regulatory or supervisory body or agency, we may make an announcement of the same to the SGX-ST and/or the Authority and the public and if required, we may lodge a supplementary or replacement Offer Document with the SGX-ST, acting as agent on behalf of the Authority and will comply with the requirements of the SFA and/or any other requirements of the SGX-ST and/or the Authority. All applicants should take note of any such announcements and, upon the release of such an announcement, shall be deemed to have notice of such changes.

Save as expressly stated in this Offer Document, nothing herein is, or may be relied upon as, a promise or representation as to our future performance or policies. The Placement Shares are offered for purchase and/or subscription solely on the basis of the information contained and representations made in this Offer Document.

This Offer Document has been prepared solely for the purpose of the Placement and may not be relied upon by any persons other than the applicants in connection with their application for the Placement Shares or for any other purpose.

**This Offer Document does not constitute an offer, solicitation or invitation of the Placement Shares in any jurisdiction in which such offer, solicitation or invitation is unlawful or unauthorised nor does it constitute an offer, solicitation or invitation to any person to whom it is unlawful to make such offer, solicitation or invitation.**

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## DETAILS OF THE PLACEMENT

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Copies of this Offer Document and the Application Forms may be obtained on request, subject to availability during office hours, from:

**PrimePartners Corporate Finance Pte. Ltd.**  
**20 Cecil Street**  
**#21-02 Equity Plaza**  
**Singapore 049705**

A copy of this Offer Document is also available on the SGX-ST website at <http://www.sgx.com>.

**The Placement will be open from 4 December 2012 (immediately upon the registration of the Offer Document by the SGX-ST, acting as agent on behalf of the Authority (the “Registration”)) to 7 December 2012.**

**The Application List will open immediately upon the Registration on 4 December 2012 and will remain open until noon on 7 December 2012 or for such further period or periods as our Directors and the Vendor may, in consultation with the Manager, Sponsor and the Placement Agent, in their absolute discretion decide, subject to any limitation under all applicable laws and regulations. In the event a supplementary Offer Document or replacement Offer Document is lodged with the SGX-ST, acting as agent on behalf of the Authority, the Application List will remain open for at least 14 days after the lodgement of the supplementary or replacement Offer Document.**

**Details of the procedures for application of the Placement Shares are set out in “Appendix D — Terms, Conditions and Procedures for Application and Acceptance” to this Offer Document.**

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## INDICATIVE TIMETABLE FOR LISTING

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An indicative timetable on the trading of our Shares is set out below:

Indicative date/time	Event
4 December 2012 (immediately upon Registration)	Open of Placement
7 December 2012 at 12.00 noon	Close of Application List
11 December 2012 at 9.00 a.m.	Commence trading on a “ready” basis
14 December 2012	Settlement date for all trades done on a “ready” basis

The above timetable is only indicative as it assumes that the date of closing of the Application List is on 7 December 2012, the date of admission of our Company to the Official List of Catalist is on 11 December 2012, the shareholding spread requirement will be complied with and the New Shares will be issued and fully paid-up prior to 11 December 2012.

The above timetable and procedures may be subject to such modification as the SGX-ST may, in its absolute discretion, decide, including the commencement of trading on a “ready” basis and the commencement date of such trading.

In the event of any changes in the closure of the Application List or the time period during which the Placement is open, we will publicly announce the same:

- (a) through an SGXNET announcement to be posted on the internet at the SGX-ST website at <http://www.sgx.com>; and
- (b) in a local newspaper(s) in Singapore.

We will publicly announce the level of subscription and purchase and the results of the distribution of the Placement Shares pursuant to the Placement, as soon as it is practicable after the close of the Application List through channels in (a) and (b) above.

**Investors should consult the SGX-ST’s announcement on the “ready” trading date released on the internet (at the SGX-ST website at <http://www.sgx.com>), or the local newspapers, or check with their brokers on the date on which trading on a “ready” basis will commence.**

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## PLAN OF DISTRIBUTION

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### THE PLACEMENT

The Placement is for 28,200,000 Placement Shares offered in Singapore and the Listing is managed and sponsored by PPCF.

Prior to the Placement, there has been no public market for our Shares. The Placement Price is determined by our Company and the Vendor, in consultation with the Manager, Sponsor and Placement Agent, and after taking into consideration, among others, prevailing market conditions and the estimated market demand for the Placement Shares determined through a book-building process. The Placement Price is the same for all Placement Shares and is payable in full on application.

Pursuant to the Management Agreement entered into between us, the Vendor and PPCF as set out in the section “General and Statutory Information — Management and Placement Arrangements” of this Offer Document, our Company and the Vendor have appointed PPCF and PPCF has agreed to manage and to act as full sponsor for the Listing. The Manager, Sponsor and Placement Agent will receive a management fee for its services rendered in connection with the Placement.

The Placement Shares are made available to retail and institutional investors who may apply through their brokers or financial institutions by way of the Application Forms. Applications for the Placement Shares may only be made by way of printed Application Forms as described in “Appendix D — Terms, Conditions and Procedures for Application and Acceptance” of this Offer Document.

Pursuant to the Placement Agreement entered into between us, the Vendor and the Placement Agent as set out in the section “General and Statutory Information — Management and Placement Arrangements” of this Offer Document, our Company and the Vendor have appointed PPCF as the Placement Agent and PPCF has agreed to procure purchasers of and/or subscriptions for the Placement Shares for a placement commission of 3.5% of the aggregate Placement Price payable to us and the Vendor (in the proportion in which the Placement Shares are offered by us and the Vendor pursuant to the Placement) for the total number of Placement Shares successfully purchased and/or subscribed. Subject to any applicable laws and regulations, the Company agrees that the Placement Agent shall be at liberty at its own expense to appoint one or more sub-placement agents under the Placement Agreement upon such terms and conditions as the Placement Agent may deem fit. Purchasers and/or subscribers of the Placement Shares may be required to pay brokerage or selling commission of 1.0% of the Placement Price (and the prevailing GST thereon, if applicable) to the Placement Agent or any sub-placement agent that may be appointed by the Placement Agent.

### PURCHASE OF AND/OR SUBSCRIPTION FOR PLACEMENT SHARES

None of our Directors or Substantial Shareholders intends to purchase and/or subscribe for the Placement Shares pursuant to the Placement. As far as we are aware, none of our Independent Directors, the members of our Company’s management or employees intends to purchase and/or subscribe for more than 5.0% of the Placement Shares in the Placement.

To the best of our knowledge, as at the date of this Offer Document, we are not aware of any person who intends to purchase and/or subscribe for more than 5.0% of the Placement Shares in the Placement.

However, through a book-building process to assess market demand for our Shares, there may be person(s) who may indicate an interest to purchase and/or subscribe for more than 5.0% of the Placement Shares. If such person(s) were to make an application for more than 5.0% of the



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## **PLAN OF DISTRIBUTION**

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Placement Shares and are subsequently allotted and/or allocated such number of Shares, we will make the necessary announcements at an appropriate time. The final allotment and allocation of Shares will be in accordance with the shareholding spread and distribution guidelines as set out in Rule 406 of the Catalist Rules.

No Shares shall be issued and allotted and/or allocated on the basis of this Offer Document later than six months after the date of registration of this Offer Document by SGX-ST, acting as agent on behalf of the Authority.

### **INTERESTS OF THE MANAGER, SPONSOR AND PLACEMENT AGENT**

In the reasonable opinion of our Directors, PPCF does not have a material relationship with our Company save as disclosed below and in the section “General and Statutory Information — Management and Placement Arrangements” of this Offer Document:

- (a) PPCF is the Manager, Sponsor and Placement Agent in relation to the Listing; and
- (b) PPCF will be the continuing Sponsor of our Company for a period of three years from the date our Company is admitted and listed on Catalist.

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## OFFER DOCUMENT SUMMARY

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*The following summary highlights certain information found in greater detail elsewhere in this Offer Document. Terms defined elsewhere in this Offer Document have the same meaning when used herein. In addition to this summary, we urge you to read the entire Offer Document carefully, especially the section “Risk Factors” of this Offer Document, before deciding to invest in our Shares.*

### OUR COMPANY

Our Company was incorporated in Singapore on 18 May 2012 under the Companies Act as a private company limited by shares, under the name of “Kori Holdings Pte. Ltd.”. Our Company’s registration number is 201212407R. Our Company was converted into a public limited company and the name of our Company was changed to “Kori Holdings Limited” in connection therewith on 26 November 2012. Our Company became the holding company of our Group following the completion of the Restructuring Exercise on 22 November 2012. For more information, please refer to the section “Restructuring Exercise” of this Offer Document.

### BUSINESS OVERVIEW

We are a Singapore based multi-discipline engineering and construction services company. We are principally engaged in providing civil/structural engineering and infrastructural construction services as a sub-contractor for commercial, industrial and public infrastructural construction projects. Our customers include local and overseas developers in the engineering construction industry.

Our Group’s businesses can be categorised into two main segments as follows:

- structural steelworks services; and
- tunnelling services.

Our Singapore subsidiaries, namely Kori Singapore and Ming Shin, are BCA registered licensed specialist builders in structural steelworks, piling works, ground support and stabilisation works which have completed projects in Singapore and Dubai. Our Malaysia subsidiary, Kori Malaysia, is a Malaysian based CIDB registered contractor in, among others, piling works and general civil engineering works.

Please refer to the section “General Information on our Group — Business Overview” of this Offer Document for further details.

### COMPETITIVE STRENGTHS

We believe that we are able to compete effectively with the following competitive strengths:

- established track record;
- strong technical expertise;
- stringent quality control process;
- experienced and dedicated management team; and
- strong business relationships with our customers and suppliers.

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## OFFER DOCUMENT SUMMARY

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Please refer to the section “General Information on Our Group — Competitive Strengths” of this Offer Document for more details.

### OUR PROSPECTS

Our Directors believe that the prospects of our Group are encouraging for the following reasons:

- Continued Construction Demand in Singapore

It is expected that overall construction activity in Singapore will remain strong for 2012 due to a combination of contracts awarded in the past two years, and the on-going construction of major civil engineering projects, such as the MRT works. In addition, the BCA expects the average construction demand for years 2013 and 2014 to moderate between S\$19.0 billion and S\$27.0 billion annually.

- Growth in Singapore’s infrastructure

Singapore has grown significantly over the last few years, with new developments such as the integrated resorts as well as new expressways, being constructed. As the population and number of tourists and immigrants increase, it is expected that the government will continue to see a need to raise its spending on projects for further infrastructure development.

- Growing Significance of Underground Building Works

It is expected that as the need for more facilities increases, there will be an increase in demand for land space catering to supplementary infrastructure such as sewerage systems, cable systems, and other common service tunnels.

- Governmental support in Malaysia for infrastructural development

The Malaysian government has allocated RM230 billion for the period from 2011 till 2015 under the 10<sup>th</sup> Malaysian Plan, of which 60.0% is allocated for physical development of the country. In line with the key focus areas of the 10<sup>th</sup> Malaysian Plan, there are several projects which are already currently on-going in Malaysia, such as, *inter alia*, the extension of an electrified double-track railway project to Johor Bahru as well as the construction of a MRT system covering a 20km radius from the Kuala Lumpur city centre.

A detailed discussion of our prospects is set out in the section “General Information on our Group — Prospects” of this Offer Document.

### BUSINESS STRATEGIES AND FUTURE PLANS

Our business strategies and future plans for the future growth and expansion of our business are as follows:

- to advance our position as a service provider of structural steelworks and tunnelling works in Singapore;
- to increase our presence and expand our tunnelling services business in overseas markets through joint ventures and strategic alliances; and
- to complement our business through the acquisition of land for a new storage yard.

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## OFFER DOCUMENT SUMMARY

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Please refer to the section “General Information on our Group — Business Strategies and Future Plans” of this Offer Document for further details.

### ORDER BOOK

As at the Latest Practicable Date, our order book for our structural steelworks and tunnelling services business stood at approximately S\$82.8 million which would translate into revenues for our Group over the next one to three years.

### OUR CONTACT DETAILS

Our registered office and principal place of business is at 11 Sims Drive, #06-01, SCN Centre, Singapore 387385. The telephone and facsimile numbers for our registered office and principal place of business are (65) 6844 3445 and (65) 6749 9150 respectively. Our internet address is [www.kori.com.sg](http://www.kori.com.sg). **Information contained in our website does not constitute part of this Offer Document.**

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## THE PLACEMENT

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Placement Size	:	28,200,000 Placement Shares offered in Singapore comprising 25,600,000 New Shares and 2,600,000 Vendor Shares.
		The New Shares, upon issue and allotment, will rank <i>pari passu</i> in all respects with the existing issued Shares.
Placement Price	:	S\$0.25 for each Placement Share, payable in full on application.
The Placement	:	The Placement comprises a placement by the Placement Agent on behalf of our Company of 28,200,000 Placement Shares at the Placement Price by way of placement, subject to and on the terms and conditions of this Offer Document.
Purpose of the Placement	:	<p>Our Directors believe that the listing of our Company and the quotation of our Shares on Catalist will enhance our public image locally and overseas and enable us to raise funds from the capital markets to fund the expansion of our business operations.</p> <p>The Placement will also provide members of the public with an opportunity to participate in the equity of our Company. In addition, the proceeds from the issue of New Shares will provide us with additional capital to finance our business expansion and for general working capital of our Company.</p>
Listing status	:	Prior to the Placement, there has been no public market for our Shares. Our Shares will be quoted in Singapore dollars on Catalist, subject to admission of our Company to the Official List of Catalist and permission to deal in, and for quotation of, our Shares being granted by the SGX-ST.
Risk Factors	:	Investing in our Shares involves risks which are described in the section “Risk Factors” of this Offer Document.
Use of Proceeds	:	Please refer to the section “Use of Proceeds and Listing Expenses” of this Offer Document for more details



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## ISSUE STATISTICS

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<b>PLACEMENT PRICE</b>	25.00 cents
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### NAV

NAV per Share based on the unaudited combined balance sheet of our Group as at 30 June 2012 after adjusting for the conversion of the Redeemable Convertible Loan (the “**Adjusted NAV**”):

- |  |             |
|--|-------------|
| (a) before adjusting for the estimated net proceeds from the issue of the New Shares and based on our pre-Placement share capital of 73,600,000 Shares | 37.05 cents |
| (b) after adjusting for the estimated net proceeds from the issue of the New Shares and based on our post-Placement share capital of 99,200,000 Shares | 31.93 cents |

Premium/(Discount) of Placement Price over the Adjusted NAV per Share as at 30 June 2012:

- |  |          |
|--|----------|
| (a) before adjusting for the estimated net proceeds from the issue of the New Shares and based on our pre-Placement share capital of 73,600,000 Shares | (32.52)% |
| (b) after adjusting for the estimated net proceeds from the issue of the New Shares and based on our post-Placement share capital of 99,200,000 Shares | (21.70)% |

### EPS

Audited net EPS of our Group based on the combined income statements of our Group for FY2011 and our Company’s pre-Placement share capital of 73,600,000 Shares	8.16 cents
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Audited net EPS of our Group based on the combined income statements of our Group for FY2011 and our Company’s pre-Placement share capital of 73,600,000 Shares, assuming the Service Agreements had been in place since 1 January 2011	8.15 cents
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### PER

Audited PER based on the Placement Price and the audited net EPS of our Group for FY2011	3.06 times
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Audited PER based on the Placement Price and the audited net EPS of our Group for FY2011, assuming the Service Agreements had been in place since 1 January 2011	3.07 times
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## ISSUE STATISTICS

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### Net Operating Cash Flow<sup>(1)</sup>

Audited net operating cash flow per Share of our Group for FY2011 based on our Company's pre-Placement share capital of 73,600,000 Shares	(1.33) cents
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Audited net operating cash flow per Share of our Group for FY2011 based on our Company's pre-Placement share capital of 73,600,000 Shares, assuming the Service Agreements had been in place since 1 January 2011	(1.34) cents
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### Price To Net Operating Cash Flow

Ratio of Placement Price to audited net operating cash flow per Share for FY2011, based on our Company's pre-Placement share capital of 73,600,000 Shares	Not meaningful <sup>(2)</sup>
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Ratio of Placement Price to audited net operating cash flow per Share for FY2011, based on our Company's pre-Placement share capital of 73,600,000 Shares, assuming the Service Agreements had been in place since 1 January 2011	Not meaningful <sup>(2)</sup>
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### Market Capitalisation

Market capitalisation based on the Placement Price and our Company's post-Placement share capital of 99,200,000 Shares	S\$24.80 million
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#### Notes:

(1) Net operating cash flow refers to net cash inflows or net cash outflows generated from operating activities.

(2) Not meaningful as the Group recorded negative operating cash flows of approximately S\$1.0 million for FY2011.

## SUMMARY FINANCIAL INFORMATION

The following summary financial information of our Group should be read in conjunction with the full text of this Offer Document, including the sections e“Management’s Discussion and Analysis of Results of Operations and Financial Position”, the “Independent Auditor’s Report on the Audited Combined Financial Statements for the financial years ended 31 December 2009, 2010 and 2011” and “Independent Auditor’s Review Report on the Unaudited Combined Financial Statements for the six-month financial period ended 30 June 2012” as set out in Appendices A and B to this Offer Document respectively.

(S\$'000)	Audited			Unaudited	
	FY2009	FY2010	FY2011	HY2011	HY2012
<b>Revenue</b>	<b>28,032</b>	<b>39,992</b>	<b>34,687</b>	<b>17,136</b>	<b>26,653</b>
Profit before income tax <sup>(1)</sup>	4,361	6,747	7,123	3,722	6,144
Net profit <sup>(1)</sup>	3,616	5,604	6,009	3,161	5,117
EPS (cents) <sup>(2)</sup>	4.91	7.61	8.16	4.29	6.95
Adjusted EPS (cents) <sup>(3)</sup>	3.65	5.65	6.06	3.19	5.16

**Notes:**

- (1) Had the Service Agreements (set out in the section “Directors, Executive Officers and Employees — Service Agreements” of this Offer Document) been in place since 1 January 2011, our combined profit before income tax, net profit and EPS computed based on our post-Placement share capital of 99,200,000 Shares for FY2011 would have been approximately S\$7.11 million, S\$5.99 million and 6.05 cents respectively.
- (2) For comparative purposes, EPS for the Period Under Review have been computed based on the net profit for the year/period and the pre-Placement share capital of 73,600,000 Shares.
- (3) For comparative purposes, adjusted EPS for the Period Under Review have been computed based on the net profit for the year/period and the post-Placement share capital of 99,200,000 Shares.

(S\$'000)	Audited	Unaudited
	As at 31 December 2011	As at 30 June 2012
Current Assets	33,755	38,646
Non-Current Assets	327	293
<b>Total Assets</b>	<b>34,082</b>	<b>38,939</b>
Current Liabilities	13,094	12,814
Non-Current Liabilities	79	55
<b>Total Liabilities</b>	<b>13,173</b>	<b>12,869</b>
<b>Net Assets</b>	<b>20,909</b>	<b>26,070</b>
<b>Total Equity</b>	<b>20,909</b>	<b>26,070</b>
<b>NAV per Share (cents)<sup>(1)</sup></b>	<b>28.41</b>	<b>35.42</b>

**Note:**

- (1) The NAV per Share is computed based on the NAV of our Group and the pre-Placement share capital of 73,600,000 Shares.

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## RISK FACTORS

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*Investors should consider carefully the following risk factors and all other information contained in this Offer Document before deciding to invest in our Shares. Some of the following considerations relate principally to the industry in which we operate and our business in general. Other considerations relate principally to general social, economic, political and regulatory conditions, the securities market and ownership of our Shares, including possible future dilution in the value of our Shares.*

*You should also note that certain of the statements set forth below constitute “forward-looking statements” that involve risks and uncertainties. If any of the following risk factors and uncertainties develops into actual events, our business, financial condition, results of operations or cash flows may be adversely affected. In such circumstances, the trading price of our Shares could decline and investors may lose all or part of their investment. To the best of our Directors’ belief and knowledge, all the risk factors that are material to investors in making an informed judgement have been set out below.*

### **RISKS RELATING TO OUR BUSINESS OR THE INDUSTRY IN WHICH WE OPERATE**

#### **Our business is largely dependent on the level of the government’s spending on transportation and other infrastructure**

Our business largely depends on continued spending by the relevant Singapore and Malaysia government agencies to build underground rail lines and other public transportation infrastructure, including tunnels as well as certain other civil engineering works.

Various factors would affect, among others, the nature, scale, location and timing of the Singapore and Malaysia governments’ public investment plans in the transportation infrastructure sector of Singapore and Malaysia. These factors include the government’s policy and priorities regarding different regional economies across Singapore and Malaysia, deregulation to encourage private sector participation in the transportation infrastructure sector and the general condition and prospects of the overall economy of Singapore and Malaysia. Any significant reduction in the Singapore and Malaysia governments’ budgets relating to infrastructure spending, particularly the transportation infrastructure sector, will lead to a decline in revenue arising from a smaller number of projects, lower contract value for our projects and/or a decline in profit margin due to competition to secure available projects. This could have a material and adverse effect on our business.

#### **The financial performance of our Group is subject to our continued ability to secure new projects and the non-cancellation of secured projects**

As our structural steelworks and tunnelling services business is undertaken on a project basis and such projects are non-recurring, it is critical that we continuously and consistently secure new projects. There is no assurance that we will be able to do so. Accordingly, our historical performance may not be an indication of our future performance. In the event that we are not able to secure new projects of similar value, size and margins, this would have an adverse impact on our financial performance.

Cancellation or delay in the commencement of secured projects due to factors such as changes in market conditions or changes in the government’s plans or budget may lead to idle or excess capacity and may adversely affect us if we are not able to secure replacement projects on a timely basis. In addition, there may be a lapse of time between the completion of our projects and the commencement of subsequent projects. As such, our earnings and financial performance during such periods may be adversely affected.

## RISK FACTORS

### We may be subject to penalties imposed by IRAS

In respect of FY2009 and FY2010, Kori Singapore and Ming Shin had filed its statutory accounts with ACRA and had, based on the profit before tax stated in the statutory accounts, duly paid income taxes to IRAS for FY2009 and FY2010 as follows:

	Kori Singapore (S\$)	Ming Shin (S\$)	Total (S\$)
FY2009	17,909.50	194,852.30	212,761.80
FY2010	26,041.42	100,897.12	126,938.54
<b>Total</b>	<b>43,950.92</b>	<b>295,749.42</b>	<b>339,700.34</b>

For purposes of the Listing, our Group has appointed Nexia TS as our Independent Auditor and Reporting Accountants to re-audit the financial statements of Kori Singapore and Ming Shin for FY2009 and FY2010 in connection with the preparation of the combined financial statements of the Group (the “**Re-Audit**”). In the course of the Re-Audit, certain adjustments were made on contract revenue and cost recognised in FY2009 and FY2010. The revised profit before tax for FY2009 and FY2010 are as follows:

	FY2009			FY2010		
	Kori Singapore (S\$)	Ming Shin (S\$)	Total (S\$)	Kori Singapore (S\$)	Ming Shin (S\$)	Total (S\$)
Profit/(loss) before tax per statutory accounts	273,449	1,339,937	1,613,386	251,031	817,264	1,068,295
Adjustments	(1,599,462)	4,516,259	2,916,797	3,810,676	2,205,382	6,016,058
Re-stated profit/(loss) before tax	(1,326,013)	5,856,196	4,530,183	4,061,707	3,022,646	7,084,353

As a consequence, our Group may have to pay IRAS an additional tax of approximately S\$1.8 million, being the difference in income tax that has been paid for FY2009 and FY2010 and the estimated income tax that should be paid pursuant to the revised profit before tax.

In view of the above, IRAS may accord the following penalty treatment for first-time voluntary disclosure of incorrect returns, if the qualifying conditions are met (the “**Voluntary Disclosure Programme**”), instead of imposing a maximum penalty of up to 200.0% of income tax undercharged:

- If timely voluntary disclosure was made within a grace period of one year from the statutory filing date and the qualifying conditions under the Voluntary Disclosure Programme are met, no penalty will be imposed.
- If voluntary disclosures were made after the grace period of one year from the statutory filing date and the qualifying conditions under the Voluntary Disclosure Programme are met, a reduced penalty of 5.0% per annum on income tax undercharged for every back year the disclosure was made late, on an incremental basis.

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## RISK FACTORS

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In respect of FY2009, the one year grace period under the Voluntary Disclosure Programme had lapsed on 30 November 2011. In respect of FY2010, our Group has up till 30 November 2012 to make a voluntary disclosure to IRAS, before the one-year grace period under the Voluntary Disclosure Programme lapses.

Our Group has since appointed KPMG Services Pte. Ltd. as our tax consultant to provide advice in respect of the implications of its income tax filings for FY2009 and FY2010 as a result of higher profit before tax as described above, and has made voluntary disclosures to IRAS regarding the aforementioned issue. As a result of adjustments made on contract revenue and cost in FY2009 and FY2010 leading to higher profit before tax as described above, our Group has made a provision of approximately S\$1.8 million in the financial statements of the Group for potential additional tax liabilities arising from the undercharged income tax for FY2009 and FY2010 and an additional approximately S\$0.22 million in respect of the possible penalties which may be imposed by IRAS on Kori Singapore and Ming Shin for filing incorrect returns for FY2009 and FY2010 (collectively, the **“S\$2.02 million Provision”**).

In addition, in relation to the potential additional tax liabilities which our Group may face, our Chairman and Executive Director, Mr. Kori Nobuaki, and our CEO and Managing Director, Mr. Hooi Yu Koh, who are also our Controlling Shareholders have jointly and severally undertaken, pursuant to a deed of indemnity dated 14 November 2012 (the **“Tax Indemnity”**) to fully indemnify our Company, Kori Singapore and Ming Shin, against, amongst others, any additional tax liabilities, penalties or fines which may be imposed by IRAS over and in excess of the S\$2.02 million Provision which has been made in the financial statements of the Group for additional tax liabilities, penalties and fines which may be imposed by IRAS on Kori Singapore and Ming Shin for any undercharged income tax and/or filing incorrect returns.

The Tax Indemnity takes effect on the listing of the Company on Catalist and shall expire on the date of privatisation of our Company (whether by way of a scheme of arrangement pursuant to Section 210 of the Companies Act, compulsory acquisition of shares pursuant to Section 215 of the Companies Act, (or otherwise) whereby there would not be any minority interest in our Company.

As at the Latest Practicable Date, we have not received any notice, penalty, fine or decision from IRAS. In the event that IRAS disagrees with our Group’s assessment of the incorrect returns filed and imposes more serious penalties or additional tax liabilities on Kori Singapore and Ming Shin and to the extent that these penalties or additional tax liabilities are not adequately addressed by the Tax Indemnity, our financial position and profitability will be adversely affected.

### **Our Group may be liable for past contraventions of governmental regulations for some aspects of its business operations**

Our Group contravened certain governmental regulations in relation to some aspects of its business operations, including:

- (i) overtime limits as permitted under the MOM regulations; and
- (ii) there were several employees with CPF account contributions from both Kori Singapore and Ming Shin and accordingly, our Group’s foreign workers quota was calculated based on the duplicate CPF account contributions, resulting in our Group employing foreign workers in excess of that permitted under the MOM regulations,

(collectively (i) and (ii), the **“Past Breaches”**).



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## RISK FACTORS

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As at the Latest Practicable Date, all of these Past Breaches have either been rectified by our Group or our Group has ceased such business practices which have contravened the relevant governmental regulations.

As at the Latest Practicable Date, we have not received any notifications from any relevant governmental authorities, including the MOM, in relation to these Past Breaches. However, our Group, our employees and/or the Directors may still be liable for such Past Breaches, which will include statutory penalties such as significant fines imposed by the relevant authorities.

As such, in relation to the potential liabilities which our Group may face for the aforementioned Past Breaches, our Chairman and Executive Director, Mr. Kori Nobuaki and our CEO and Managing Director, Mr. Hooi Yu Koh, who are also our Controlling Shareholders have jointly and severally undertaken, pursuant to a deed of indemnity dated 9 November 2012 (the “**Regulations Indemnity**”) to fully indemnify our Company, Kori Singapore and Ming Shin, against any penalties, costs, expenses and liabilities suffered by our Company, Kori Singapore and Ming Shin which may arise from the Past Breaches.

The Regulations Indemnity takes effect on the listing of the Company on Catalist and shall expire on the date of privatisation of our Company (whether by way of a scheme of arrangement pursuant to Section 210 of the Companies Act, compulsory acquisition of shares pursuant to Section 215 of the Companies Act, (or otherwise) whereby there would not be any minority interest in our Company.

In the event that the penalties imposed on our Group by the relevant authorities for past contraventions of the governmental regulations are not adequately addressed by the Regulations Indemnity, our financial position and performance may be adversely affected.

### **We may face risk of disputes with and claims by our customers and/or our suppliers/sub-contractors**

Disputes and claims may arise, from time to time between our Group and our customers and sub-contractors/suppliers for various reasons such as delays, defective workmanship, materials used and non-compliance with specifications.

In particular, it is also not uncommon for our customers to request for changes in design which require additional works. However, as a result of such changes in design, we may incur additional time and costs and accordingly, submit claims to the main contractors in the form of variation orders. Due to factors such as time constraints, work on variation orders are generally commenced or are executed prior to the variation orders being approved due to. In the event that there are such disputes and we are required to bear part of the variation costs due to the lower final value of such variation costs as certified by the project consultant, our Group’s financial performance and operating results may be adversely affected.

### **We are liable for delays in the completion of projects**

Delays in the completion of a project could occur from time to time due to several factors including but not limited to, adverse weather conditions, shortages of labour, breakdown of equipment, lack of construction materials, welding defects, the occurrence of natural disasters, labour disputes, disputes with suppliers and sub-contractors and industrial accidents.

A contract between ourselves and the main contractor would normally provide for the payment of liquidated damages by us in the event the project is completed after the date of completion stipulated in the contract. As such, in the event of any delay in the completion of the project

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## RISK FACTORS

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attributable to us, we could be liable to pay liquidated damages under the contract, and this will adversely affect our earnings and erode our profit margin for the project. In such an event, our financial performance and financial condition may be adversely affected.

### **We may be adversely affected by cost overruns**

Our revenue is largely derived from project-based contracts. We manage and monitor the costs of our projects closely starting from the tendering stage until the installation and commissioning of the project. In preparing for tenders, we carry out internal costing and estimates of labour and material costs. The contract value quoted in the tender submission to the main contractor for a project is determined after having evaluated all related costs including the indicative pricing of our suppliers and sub-contractors.

If we were to underestimate our project costs and/or there is an unanticipated increase in any of our cost components and/or if there is a delay in executing the project resulting in cost overruns, the profitability of that project will be adversely affected.

### **We may be affected by competition from existing and new industry players including foreign companies entering the Singapore market**

As a substantial number of our projects are secured through open tenders, an increase in the number of qualified competitors, including foreign companies entering the Singapore market for civil engineering projects and macro-tunnelling works, would increase competition. In the event that our competitors are more competitive or respond to changes in market conditions more swiftly or effectively than we do, this may result in the loss of tender bids or the lowering of our profit margin in order to maintain our competitiveness. Failure to keep abreast of technological advancements and design improvements, resulting in failure to provide services as cost-effective and efficient as our competitors, may render us less competitive. Our financial performance and financial condition may be adversely affected if competition intensifies.

There is no assurance that we will be able to compete effectively with our existing and future competitors or that we are able to adapt quickly to changing market conditions and trends. Any failure by us to remain competitive will adversely affect the demand for our business, business operations and financial condition.

### **We are exposed to disruptions of the supply of raw materials and/or return of our steel materials**

We source for raw materials, including but not limited to steel materials, which constitute approximately 95.0% of our raw materials, from the suppliers. We are dependent on our suppliers for timely delivery of raw materials and there is no assurance that our suppliers will be able to deliver the necessary raw materials on time. In addition, we do not maintain a large inventory of steel materials and usually place orders for acquiring steel materials three months in advance before the commencement of any project. In the event our suppliers default on their contractual obligations or there is a disruption to the supply of our steel materials, we may be unable to source steel materials from alternative suppliers on a timely and competitive basis, or at all, and our contractual obligations with our customers will in turn be affected. In such an event, our business and operations may be adversely affected.

We are also exposed to disruption when the reusable steel materials from one project are not returned to us in time for the use in another new project. This is because strict quality inspections and tests in respect of, among others, the corrosion, the condition, thickness and straightness of the used steel materials will have to be conducted before those steel materials can be used in

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## RISK FACTORS

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another project in order to meet stringent safety requirements for our project. If the used steel materials fail to meet those quality tests or cannot be reconditioned for the use in another project, we would have to source for steel materials from the suppliers within a short timeframe and there may be disruptions to our supply of steel materials if we are unable to source steel materials from suppliers on a timely and competitive basis, or at all.

While we try to minimise the disruptions to our supply of steel materials by procuring from our regular suppliers and planning each project for timely delivery of the reusable steel materials, we cannot guarantee that we will always be able to find a supplier that can supply the steel materials of a quality, quantity, price and/or delivery time acceptable to us, taking into account the project schedule or that the reusable steel materials can be returned on time.

In the event that there is a disruption to our supply of steel materials, our ability to complete a project in time may be affected, which may have an adverse effect on our business and financial performance.

We are also subject to fluctuations in the prices of steel, our main raw material. Please see the risk factor “Fluctuations in steel prices may adversely affect our profit margins” set out in the section “Risk Factors” of this Offer Document.

### **Fluctuations in steel prices may adversely affect our profit margins**

Our Group’s primary raw material is steel. We purchase steel from the steel traders approved by LTA. The price of steel fluctuates due to changes in market supply and demand of steel, which is driven by factors such as global economic conditions and the production capacities of steel mills. While we try to pass on any increase in the steel price to our customers, in the event that we are not able to do so, our profitability will be affected.

In addition, to the extent that we have entered into contracts with our customers and we have not obtained confirmed quotations from our suppliers for the amount of steel required for that contract, fluctuations in steel price would affect us. In such instances, should there be an increase in steel prices and if we are not able to pass the increase in steel prices to our customers, our financial performance will be adversely affected.

### **Our gross profit margin achieved in a financial year or period is not an accurate indicator of our gross profit margin that may be achieved in a subsequent financial year or period**

Our Group’s overall gross profit margin for each financial year/period is dependent on the gross profit margin contribution from each of the projects. The gross profit margin of our Group was 19.6%, 19.7%, 23.9% and 24.5% for FY2009, FY2010, FY2011 and HY2012 respectively. Our Group’s gross profit margin for our structural steelworks services segment was 18.4%, 19.6%, 22.5% and 23.2% for FY2009, FY2010, FY2011 and HY2012 respectively. The gross profit margin of our tunnelling services segment was 38.1%, 20.7%, 54.2% and 39.5% for FY2009, FY2010, FY2011 and HY2012 respectively. Our gross profit margin is dependent on various factors, including the nature of the projects, that are undertaken by our Group for that respective financial year or period. Please refer to the section “Management’s Discussion and Analysis of Results of Operations and Financial Position” of this Offer Document for more information on the gross profit and gross profit margin in FY2009, FY2010, FY2011 and HY2012. Our gross profit margin achieved in a financial year or period is not an accurate indicator of our gross profit margin that may be achieved in a subsequent financial year or period. As our projects vary in terms of engineering specifications, complexity and scale and we face different competitive conditions at the time of bidding, this will give rise to varying project margins. Therefore, in any particular financial year or period, the overall blended gross margin of projects achieved for that financial year or period varies according to the mix of projects at hand.

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## RISK FACTORS

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In addition, our gross profit margin may also be affected by variation orders to our ongoing contracts. From time to time, our customers may require additional works to be performed which are not included in the original specifications of the contract at the tender stage. The value of the variation orders will affect our gross profit margin for the project. The unforeseen difficulties that we encounter during the execution of our projects due to various factors such as weather, soil conditions and change in technical requirements of a project, will also affect our gross profit margin.

**Our net profit achieved in HY2012 is not an accurate indicator of the total net profit that we may achieve for FY2012**

Based on our unaudited combined financial statements for the six-month financial period ended 30 June 2012, our Group's net profit was S\$5.1 million. However, this is not an accurate indicator of the possible total net profit that our Group may achieve in FY2012. Our Group's revenue may vary between financial periods as a result of the nature of our business being conducted on a project basis and our revenue recognition policy which is based on the progress of a project.

Our costs incurred is affected by the amount of materials that we purchase from time to time which is dependent on the volume of work and the requirements of the projects undertaken by our Group. In the event that the amount of materials purchased in the second half of FY2012 is more than HY2012, this could contribute significantly to overall costs recognised in FY2012, which would consequently affect the net profit that our Group achieves in FY2012. We may also incur other unexpected costs and expenses for our Group's operations in the second half of FY2012 which may increase overall costs. Accordingly, our Group's net profit for HY2012 may not be an accurate indicator of the possible total net profit that our Group may achieve in FY2012.

Please refer to the section "Management's Discussion and Analysis of Results of Operations and Financial Position" of this Offer Document for more information.

**Our Group may be adversely affected by the uncertain global economic outlook**

Our business is susceptible to the general economic conditions in Singapore. Factors such as gross domestic product growth, disposable income and unemployment rates, will affect the demand for construction and civil engineering activities which may directly or indirectly affect our business operations.

Since the global economic downturn in late 2008, there have been negative developments in the global financial markets, including the downgrading by major international credit rating agencies of sovereign debts issued by some of the member countries of the European Union and the difficult conditions in the global credit and capital markets. These challenging market conditions have given rise to reduced liquidity, greater volatility, widening of credit spreads, lack of price transparency in credit markets, a reduction in available financing, government intervention and lack of market confidence. These factors, combined with declining business and consumer confidence and increased unemployment in the United States and elsewhere in the world, have resulted in a global economic slowdown. Given the uncertainties of the future economic outlook, there is no assurance that we will be able to maintain or continue the growth of our business, or that we will be able to react promptly to any changes in economic conditions. In the event that we fail to react promptly to the changing economic conditions, our performance and profitability could be adversely affected. There is also no assurance that the factors which have contributed to the success of our Group during the past few years will continue to occur in the future. Our financial performance, future plans and business operations may be adversely affected if these conditions deteriorate in the future.

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## RISK FACTORS

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### **We may face liquidity and non-payment risks**

For most of our projects, there is a time lag between any expenditure incurred and actual receipt of payment from our customers. The first progress payment may be received two to three months after the commencement of work or purchase of steel materials. The remaining payments will be payable upon completion of each phase of the project and will be received progressively during the course of the project which may take up to five years to complete. Typically, invoices to customers are raised only upon the certification by our project manager and the project manager of the main contractor of each project for the works completed, which may take one and a half months to three months after the completion of work by our Group. As at 31 December 2009, 31 December 2010, 31 December 2011 and 30 June 2012, the gross amount due from our customers for contract work-in-progress amounted to approximately S\$4.1 million, S\$12.2 million, S\$19.1 million and S\$21.9 million respectively.

In the event that we neglect to make timely submission of our progress payment claims and closely monitor our receivables, we may encounter liquidity problems. Furthermore, some of our customers may default on their payments to us, owing to events or circumstances that are difficult to anticipate or detect that would have an impact on our customers' ability to make timely payments. As such, we would have to make provisions for doubtful debts, or to incur write-offs, which may have an adverse effect on our operating results and profitability.

For more details, please refer to the section "General Information on our Group — Credit Policy" of this Offer Document.

### **We may be involved in legal and other proceedings arising out of our operations from time to time and may face significant liabilities as a result**

We may be involved in disputes with various parties of each project, including the main contractors, suppliers, construction workers, partners and developers. These disputes may lead to legal or other proceedings and may result in substantial costs and diversion of resources and management's attention. Moreover, if legal proceedings are commenced against our main contractors or customers on whose projects we are working on, this may impede the progress of the project and/or result in difficulties in collection of monies owed to us. For example, our subsidiary, Kori Singapore was involved in the investigation process of the Nicoll Highway collapse incident in Singapore on 20 April 2004. It was held that the main contractor of the Nicoll Highway project was liable for the incident due to, among others, two technical design errors in the design provided by the main contractor. Although it was held that Kori Singapore, as one of the sub-contractors, was not liable for the incident, Kori Singapore had to stop its work and assist in the investigation process. The duration of the whole project was extended by the LTA and hence the date of completion of the project was postponed accordingly. Further, as a result of the incident, additional costs and expenses were incurred by Kori Singapore to engage legal counsels for their advice.

In the course of our operations, we may be subjected to reviews by regulatory bodies, administrative proceedings and unfavourable directives that may result in pecuniary liabilities and may also cause delays to our projects. Judgements and decrees that are unfavourable to us would have a negative effect on our reputation. Consequently, an affected reputation, the aforementioned pecuniary liabilities and possible delays would have a material adverse effect on our financial performance.

### **Any shortage in the supply of foreign workers or increase in levy for foreign workers, or any restriction on the number of foreign workers that we can employ for a project, will adversely affect our operations and financial performance**

Our operations and financial performance are vulnerable to any shortage in the supply of foreign skilled workers and/or any increase in the cost of foreign labour as our industry is highly reliant on foreign skilled workers. Most of the workers that we engage for our projects are foreign skilled



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## RISK FACTORS

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workers and most of them come from Thailand, India, Myanmar, Bangladesh and Malaysia as the pool of local skilled workers that can be employed in the construction industry in Singapore is scarce and the cost of such labour is high.

Any changes in the policies of the foreign workers' countries of origin may affect the supply of foreign labour and cause disruptions to our operations which may result in a delay in the completion of our projects. The supply of foreign labour and the number of foreign workers that we are allowed to employ are further subject to the policies and regulations imposed by the Singapore regulatory authorities. For example, the MOM imposes a quota on the number of foreign workers that we and our sub-contractors can employ in respect of each of our projects, known as man-year-entitlement ("MYE"). In the Singapore government's Budget 2012, the MOM announced a further 5.0% cut in the MYE quota for new projects in July 2012. This is in addition to the 15.0% cut in the MYE quota for new projects in July 2013 as announced by the Singapore government in 2011 and the reduction in the MYE by 25.0% over three years for the construction sector as announced by the Singapore government in 2010. This will bring cumulative MYE cuts to 45% by July 2013. Depending on the requirements of our projects, the tightening of such quota on the number of foreign workers that we and our sub-contractors can employ could affect our operations.

Any increase in levies, such as the foreign workers' levy imposed by the Singapore government on employment of foreign workers, will affect our profitability. Pursuant to the Singapore government's Budget 2010, it was announced that there will be an increase in the foreign workers' levies by between S\$10.0 to S\$30.0 on 1 July 2010 and MOM would be phasing in adjustments in levy rates in 2011 and 2012. In the Singapore government's Budget 2011, it was announced that further increases to the foreign worker levies will be phased in at six-monthly intervals from January 2012 to July 2013. Pursuant to the Singapore government's Budget 2012, MOM announced that a higher foreign workers' levy of S\$650 will be introduced for basic skilled work permit holders in the MYE-waiver category from 1 January 2013, and this will be raised to S\$750 in July 2013. In the event that our reliance on foreign workers remains the same or increases, our financial performance may be affected as our project costs will increase accordingly.

In addition, in the event that we do not comply with the MOM's policies and/or regulations on the employment of foreign workers, MOM may require us to repatriate the affected foreign workers.

The occurrence of any of the aforementioned events will have an adverse effect on our overall business operations and financial performance.

### **We may be affected by accidents during the course of our business**

Due to the nature of our business, accidents or mishaps may occur during the course of our business even though we have put in place certain safety measures. Such type of accidents or mishaps may severely disrupt our operations and lead to a delay in the completion of a project. In the event of such delays, we could be liable to pay liquidated damages under the contract with the main contractor. In such event, our business, results of operations and financial performance may be materially and adversely affected. For example, our subsidiary, Kori Singapore was involved in the investigation process of the collapse of Nicoll Highway in Singapore on 20 April 2004. One of the four deceased in the incident was a worker of Kori Singapore. Although Kori Singapore, as one of the sub-contractors, was not held liable and was not subject to any penalty as a result of the collapse of Nicoll Highway, it had to stop its work and assist in the investigation process. The duration of the whole project was extended by the LTA and hence the date of completion of the project was postponed accordingly. Further, as a result of the incident, additional costs and expenses were incurred by Kori Singapore to engage legal counsels for their advice. In respect of the fatal accident which occurred to one of Kori Singapore's workers in the collapse of Nicoll Highway, the case has been settled and concluded.



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## RISK FACTORS

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In addition, since the incorporation of our subsidiary, Kori Singapore, there were two other fatal accidents that occurred in the course of the projects in which Kori Singapore was a sub-contractor. In respect of the first fatal accident which happened in 1997, the deceased was our worker who was fatally struck by a crane at the storage yard of the project at the time of the accident in Pioneer Road. The second fatal accident happened on 30 April 2011 where one of our workers fell from a height of 29 metres at our project site at Raffles Boulevard. Kori Singapore was not held liable and was not subject to any penalty as a result of both fatal accidents and both cases have since been settled and concluded by the relevant authorities in Singapore after the relevant compensation amounts were paid to the families of the deceased through the relevant insurers.

In addition, accidents or mishaps which occur during the course of our business may cause us to be subjected to claims from workers or other persons involved in such accidents or mishaps for injuries suffered by them. For example, in February 2012, a foreign worker employed by our subsidiary, Kori Singapore had, through his lawyers, submitted a work injury compensation claim to the MOM for an injury he allegedly sustained whilst working at the worksite of Kori Singapore. The MOM investigated the claim and issued a notice of assessment indicating that no compensation was payable as the worker's injury was not caused by an accident arising out of and in the course of his employment. The worker, through his lawyers, appealed against the MOM's findings and the MOM arranged for a pre-hearing conference between the worker and Kori Singapore in order to settle the dispute. Pursuant to the pre-hearing conference, Kori Singapore agreed to pay a compensation amount of S\$6,200 to the worker as full and final settlement of the matter. The case has since been settled and concluded.

Further, in the event there are any significant claims for damages due to accidents or mishaps suffered which are not covered by our insurance policies, our results of operations and financial performance may be materially and adversely affected.

In addition, if we are found to have violated safety requirements at our project sites or our storage yard where we store our materials and prepare for our projects, we may be penalised with demerit points under the debarment scheme introduced by the MOM. The penalty includes, among others, the freezing of the MYEs and being barred from tendering for public projects. Although we have not been previously penalised under this debarment scheme, there is no assurance that we will not be the subject of such action by the MOM in the future.

Furthermore, in the event any of our project sites contravene the requisite safety standards imposed by the regulatory authorities, we could be issued with stop-work orders which may severely disrupt our operations and lead to a delay in the completion of a project. Although we have not received any such stop-work orders from any regulatory authorities previously, there is no assurance that we will not receive such stop-work orders in the future due to the complex nature of our business and in such event, our market reputation, business operations and financial performance will be adversely affected.

Please refer to "General Information on our Group — Government Regulations" of this Offer Document for more information on the debarment scheme.

### **Our business may be dependent on the services of our sub-contractors**

We may engage sub-contractors to provide various services for some of our projects, including, among others, piling and decking works and other specialist work. These sub-contractors are selected based on, *inter alia*, our past working experience with them, their competitiveness in terms of their pricing and their past performance. However, we cannot ensure that the services rendered by these sub-contractors will be satisfactory, that they will meet our requirements for quality or that they will deliver in a timely manner. In the event of any loss or damage which arises from the default of the sub-contractors engaged by us, we may nevertheless be liable for our sub-contractors' default.

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## RISK FACTORS

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Furthermore, these sub-contractors may experience financial or other difficulties that may affect their ability to carry out the work for which they were contracted for. Thus, these sub-contractors' inability to carry out their work may cause delays in the completion of or failing to complete our construction projects, resulting in additional costs to us or exposing us to the risk of liquidated damages.

In addition, there is no assurance that we will be able to continue sourcing these services from our major sub-contractors at prices that are favourable to us. In the event that our major sub-contractors terminate the supply of their services to us, we may not be able to seek alternative sources in a timely manner and/or at reasonable prices. Under such circumstances, our projects may be subject to delays or cost overruns which will affect our profitability and financial performance adversely. Any of these factors could have a material adverse effect on our business, financial condition and operating results.

**We require various licences, permits and accreditations to operate our business and we are subject to non-renewal, non-granting or suspension of our licences, permits and accreditations**

We are required to obtain various licences, permits and accreditations in the countries in which we operate. Details of these licences, permits and accreditations are described in the sections "General Information on our Group — Government Regulations" and "General Information on our Group — Licences, Permits, Approvals, Certifications and Awards" of this Offer Document.

Our licences, permits and accreditations are generally subject to conditions stipulated by the relevant issuing authorities or bodies and/or relevant laws or regulations under which such licences, permits and accreditations are issued. Accordingly, we are required to constantly assess and review our processes and operations to ensure that we are in compliance with the relevant conditions, laws and regulations.

Failure to comply with such conditions, laws or regulations could result in the revocation, non-renewal or downgrade of the relevant licence, permit or accreditation or imposition of fines or other penalties. In addition, any changes to the existing legislation and regulations may require us to apply for new licences, permits and accreditations and there is no assurance that we will be able to obtain these new licences, permits and accreditations. In such event, our operations and financial performance will be adversely affected.

**Our operations may be affected if we are unable to extend and/or make new arrangements for the occupancy of our storage yards**

We have arrangements with Sembawang Engineers and Constructors Pte. Ltd. and Sato Kogyo (S) Pte. Ltd. to occupy two storage yards where we store our materials and carry out necessary preparation works for our projects at. The arrangements that we have with Sembawang Engineers and Constructors Pte. Ltd. and Sato Kogyo (S) Pte. Ltd. for our occupation of the two storage yards will expire in August 2013 and April 2014 respectively. In respect of the storage yard from Sembawang Engineers and Constructors Pte. Ltd., we have been notified that any further extension of the occupancy of the storage yard beyond August 2013 will not be supported.

In the event that we are unable to obtain an extension of the occupancy for our storage yard with Sato Kogyo (S) Pte. Ltd. or are unable to lease and/or make arrangements for another storage yard of similar sizes on similar terms as the existing arrangements or are not able to build new storage yards as replacement, our on-going projects will be affected. In addition, we may have to source for new storage yards to store our materials and we will incur additional costs in transporting our materials from our existing yards to such new storage yards. As a result, our operations, business and financial condition may be adversely affected.

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## RISK FACTORS

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### **Our operating cash flows may be adversely affected by delays in finalisation of the value of additional works under variation orders and in certification of completed works by our customers**

Generally, in the course of our projects, we may be instructed and may perform additional works under variation orders before finalisation of the charges for such additional works. As we may be required to pay our suppliers and sub-contractors to carry out these additional works notwithstanding that we have not billed or received payment from our customers, our operating cash flows may be adversely affected.

In addition, due to the nature of our business, it is common for contractors to bill and receive payment for completed works only when the customers have certified that the projects have reached the milestones for billing purposes. As such, pending certifications by our customers for billing purposes, we may be required to pay our suppliers and sub-contractors first notwithstanding that our customers have not issued such certificates. Any delay in such certification by our customers leading to a delay in our billing and payment will also adversely affect our operating cash flows.

We may incur negative operating cash flows due to variation orders pending finalisation by customers and projects pending certification by our customers for billing purposes. Please refer to the section “Management’s Discussion and Analysis of Results of Operations and Financial Position” of this Offer Document for more information.

### **Overtime work in excess of permitted limits**

Due to frequent tight deadlines for our contracted projects and the nature of the construction or civil engineering industry, our workers often put in overtime hours. We currently employ approximately 340 workers and we have in place a system to monitor the overtime hours of our workers as well as potential breaches of regulatory thresholds for overtime work. Nonetheless, there may be instances where some of our workers, especially our tunnelling staff, inadvertently exceed 72 hours a month of overtime work, especially during peak periods of our projects.

In the event that disciplinary proceedings are undertaken by the relevant regulatory authorities in Singapore or elsewhere relating to our use of labour in excess of the permitted overtime limits, or if any penalties (financial or otherwise) are levied on us by the relevant regulatory authorities in Singapore or elsewhere, our operations and financial performance may be adversely affected.

### **We are exposed to foreign currency fluctuations**

Our revenue is primarily denominated in S\$. However, our purchases of steel materials are primarily denominated in US\$ and hence we may be exposed to significant fluctuations in exchange rates. To the extent that our revenue and purchases are not entirely matched in the same currency and there are significant fluctuations in currency exchange rates between the time of our purchases and payment in foreign currencies and the time of our receipts in S\$, we are exposed to any adverse fluctuations of US\$ against S\$ or vice versa. For example, any appreciation in the US\$ against the S\$ would increase our cost of purchases. If we cannot pass this increase in foreign currency costs to our customers, our profitability will be materially affected.

In addition, to the extent there are timing differences between invoicing and collection, we will be exposed to adverse fluctuations of the US\$ against the S\$ or vice versa. As a result, our financial performance may be materially and adversely affected.

### **Changes in government legislation, regulations or policies affecting the industries relevant to our business in the countries we operate in may have a negative effect on our business**

Any changes in government legislation, regulations or policies affecting the industries relevant to our business operations in the countries which we operate in could have a negative effect on our business. The compliance with any changes or new government legislation, regulations or policies

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## RISK FACTORS

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may also increase our costs and any significant increase in compliance costs arising from such amended or new government legislation, regulations or policies may adversely affect our results of operations. There is no assurance that any changes in government legislation, regulations and policies will not have an adverse effect on our financial performance.

### **We are dependent on obtaining adequate financing to fund our operations**

The contract sums for our projects are payable by our customers to us progressively, according to the stage of completion of the work carried out for the relevant project. To complete our projects, we will require adequate funding either from internal resources or borrowings to fund the working capital of our projects to be utilised to, among others, purchase enough steel materials from our suppliers for our steel support structures or engage other sub-contractors for certain works to be completed in order to meet the requirements and specifications of our projects. If we are unable to secure adequate financing, our business and growth will be adversely affected.

### **We may face uncertainties associated with the expansion of our business**

In order to grow our business, we may also explore joint ventures, strategic alliances, acquisitions or investment opportunities in businesses that are complementary to our business to gain access to markets overseas. Overseas expansion involves numerous risks, including but not limited to the financial costs of setting up overseas operations and working capital requirements. There can be no assurance that our overseas operations will achieve a sufficient level of revenue which will cover our operational costs and if we fail to manage such costs, our profitability and financial position may be adversely affected.

Participation in strategic alliances, acquisitions, or investments similarly involves numerous risks, including but not limited to difficulties in the assimilation of the management, operations, services, products and personnel. It may also result in a possible diversion of the management's attention from other business concerns. The successful implementation of our growth strategies depends on our ability to identify suitable partners and the successful integration of their operations with ours. There can be no assurance that we will be able to execute such growth strategies successfully and as such, the performance of any strategic alliances, acquisitions or investments could fall short of expectations.

### **We are subject to a number of operating risks**

Our operations are subject to various risks such as fires, natural disasters, explosions, encountering formations with abnormal pressures and blowouts. A number of these risks could have severe consequences, including loss of life or serious injury, significant damage to our suppliers and/or our clients' assets and equipment, environmental pollution, personal injury litigation, political consequences such as conflicts with local or regional governmental authorities and damage to our reputation. Such events will subject us to costs for environmental clean-up and we may also be exposed to substantial financial and other liabilities.

Our operations are exposed to the risk of equipment failure, failure by our employees to follow procedures and protocols, as well as risks inherent in operating equipment and machinery including the TBM, resulting in damage to or loss of any relevant machines, equipment or facilities required in a project or personal injury. A major operational failure could result in substantial loss of life and/or serious injury, damage to or loss of the machines, equipment or facilities and protracted legal or political disputes and damage to our reputation. Further, our contracts provide that our clients can suspend or refuse services in the event their operations are affected by events of *force majeure*. In the event of operational or equipment failure, we may be forced to cease part of our operations and we may be subject to any penalty or incur extra costs or expenses in any dispute as a result of such operational or equipment failure. As a result, our results of operations and financial condition may be materially and adversely affected.

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## RISK FACTORS

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### **Our results of operations may be adversely affected if we fail to effectively manage our growth**

We intend to use most of the proceeds from the Placement for our current and future development, including but not limited to the expansion and relocation of a new storage yard and expansion of our structural steelworks and tunnelling services. Please see the section “General Information on Our Group — Business Strategies and Future Plans” for more details on our expansion plans. There is no guarantee that the implementation and execution of such business strategies and future plans will be successful as this involves a number of risks and uncertainties.

Our expansion plans will also require substantial management attention and significant company resources and may put significant demands on our personnel, management and other resources. The success of any of our future acquisitions and investments depends on a number of factors, including but not limited to:

- (a) our ability to identify suitable opportunities for investment or acquisition;
- (b) whether we are able to reach an acquisition or investment agreement on terms that are satisfactory to us;
- (c) the extent to which we are able to exercise control over the acquired business or assets;
- (d) the economic, business or other strategic objectives and goals of the acquired business or asset compared to those of our Group; and
- (e) our ability to successfully integrate the acquired business or asset with our Group.

However, there can be no assurance that our acquisitions and investments will be successful. As such, if we do not continue or are unable to maintain and improve our operations to keep pace with the growth of our business, or if we fail to effectively manage our future acquisitions or investments, our results of operations and financial condition may be adversely affected.

### **We are dependent on our continued ability to retain our key management personnel for our operations and profitability**

Our continued success is highly dependent on our ability to retain our key management personnel including our Chairman and Executive Director, Mr. Kori Nobuaki and our CEO and Managing Director, Mr. Hooi Yu Koh. Together, our Board and Executive Officers are responsible for formulating and implementing our growth, corporate development and overall business strategies. We currently do not maintain any key man insurance. Any loss of the services of any of our key management personnel without a suitable and timely replacement could materially and adversely affect our business, results of operations and financial condition.

### **Our insurance policies may be inadequate to cover our assets, operations and any loss arising from business interruptions**

We maintain insurance policies to provide insurance coverage of our business in countries in which we operate. However, the nature of our business operations entails inherent risks of, among others, fires, natural disasters, explosions, encountering formations with abnormal pressures and blowouts, property loss and interruptions to operations caused by mechanical failures. In the event that any machine, equipment or facility required in a project is lost or damaged, we may be liable to repair and/or replace the defective equipment. In the event that claims which arise in respect of the above occurrences exceed our insurance coverage or are not covered by the insurance policies we have taken up, we may be exposed to losses which may adversely affect our business, results of operations and financial condition.



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## RISK FACTORS

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### **We are subject to laws and regulations imposed by various government and regulatory authorities**

Our structural steelworks and tunnelling services are subject to extensive relevant laws and regulations, including maintaining health, safety and environmental standards in the course of providing our services. In the event of a breach of certain regulatory guidelines and regulations imposed by any regulatory authorities, this may result in the cancellation of our present contracts, not being awarded new contracts or regulatory authorities imposing fines, penalties or sanctions on us or prohibiting us from continuing our operations, each of which could have an adverse effect on us. We may also have to incur additional cost of compliance if the laws and regulations become more complex.

In particular, pursuant to the Workplace Safety and Health Act, we are required to take reasonably practicable measures to ensure the safety and health of workers at the work sites. In the event that the work sites contravene the requisite safety and health standards imposed by the regulatory authorities, we could be fined by the regulatory authorities or issued partial or full stop-work orders. In addition, in the event that the work sites of the main contractors in the projects that we are involved in contravene the requisite safety and health standards imposed by the regulatory authorities, these work sites may be issued with partial or full stop-work orders. The issuance of such stop-work orders may severely disrupt our operations and lead to a delay in the completion of projects.

We have not received any stop-work order from the relevant authorities due to any breach of health, safety and environmental regulations in the last three financial years up to the Latest Practicable Date and there is no subsisting stop-work order at any of our work sites as at the Latest Practicable Date. A failure to maintain health, safety and environmental standards could also result in injuries, death, damage to the environment, liability, or damage to our reputation. Please see the section “General Information on Our Group — Government Regulations” for more details on the health, safety and environmental standards applicable to our operations.

### **RISKS RELATING TO MALAYSIA**

#### **Unfavourable political, social, economic, legal and regulatory developments in Malaysia may have an adverse effect on us**

We may be affected by political and social developments in Malaysia, as well as changes in the political leadership and/or government policies in Malaysia. Such political or regulatory changes may include, but are not limited to, the risks of war, terrorism, nationalism, expropriation, introduction of new laws and regulations which impose and/or increase restrictions on awards of construction projects to foreign companies and taxation of goods and services. We cannot assure you that any changes in such regulations or policies imposed by the Malaysian government will not have an adverse effect on our business, financial condition, results of operations and prospects.

#### **We are subject to the non-renewal, non-granting or suspension of our licences and permits which we require to operate our business in Malaysia**

Our business operations require that we obtain regulatory licences and permits in order to carry out construction projects in Malaysia. We cannot assure investors, that upon expiration of the licences or permits, we will be able to successfully renew them in a timely manner or at all, or that the renewal of such licences will not be attached with conditions which we may find difficult to comply with, or that if the relevant authorities enact new laws and regulations, we will be able to successfully meet their requirements.



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## RISK FACTORS

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### **Restrictions imposed by the Malaysian government on foreign investments may affect our Malaysian operations**

Foreign investment in securities of Malaysian companies may be limited or prevented at times due to limits which may be imposed by the Malaysian government. There is no assurance that the Malaysian government will not introduce restrictions on the foreign investments in securities of Malaysian companies. In the event that the laws, regulations or government policies in Malaysia are amended in the future to impose a more onerous regime on foreign investments, our Group's business operations and financial performance may be adversely affected.

### **GENERAL RISK**

### **Terrorist attacks, armed conflicts, increased hostilities, fire, flood or other natural disasters could adversely affect our financial performance**

Terrorist attacks, armed conflicts, increased hostilities and other acts of violence or war as well as fire, flood or other natural disasters around the world may adversely affect the regional and worldwide financial markets. The occurrence of any of these events may result in a loss of business confidence, which could potentially lead to an economic recession and have an adverse effect on our business, results of operations and financial condition. In addition, any deterioration in international relations may result in increased investors' concern regarding regional stability which may, in turn, adversely affect the price of our Shares. There can be no guarantee that social and civil disturbances will not occur in the future and on a wider scale, or that any such disturbances will not, directly or indirectly, materially and adversely affect our businesses, results of operations and financial condition.

### **We are exposed to risks in respect of outbreaks of influenza A (H1N1), Severe Acute Respiratory Syndrome ("SARS"), bird flu, virus and/or other communicable diseases**

An outbreak of influenza A (H1N1), SARS, bird flu, virus and/or other communicable diseases in the region or around the world could materially and adversely affect our business. In the event that an outbreak occurs at any of our facilities or that of our customers, suppliers and sub-contractors, we or our customers, suppliers and sub-contractors may be required to temporarily suspend part of our operations and quarantine all affected employees, which could materially and adversely affect our business, results of operations and financial condition.

### **RISKS RELATING TO OUR SHARES**

### **The validity of certain transfers of shares held by our Group in our subsidiaries, Kori Singapore and Kori Malaysia, may be challenged**

During the course of the due diligence exercise on our Group in preparation for the Listing, it was noted that certain transfers of shares in our subsidiaries, Kori Singapore (the "**Kori Singapore Relevant Transfers**") and Kori Malaysia (the "**Kori Malaysia Relevant Transfers**") were not carried out in compliance with the procedures set out in the Articles of Association of Kori Singapore and Kori Malaysia respectively.

The Kori Singapore Relevant Transfers were purportedly effected during the period from 1983 to 2011 between various parties for various transfers of shares in the capital of Kori Singapore. The shares which are the subject of the Kori Singapore Relevant Transfers is up to 80,000 shares held by our Group in Kori Singapore, representing 0.98% of the issued and paid-up share capital of Kori Singapore (the "**Kori Singapore Relevant Shares**"). Such Kori Singapore Relevant Shares (based on the equity shareholdings of Kori Singapore represented by the Kori Singapore Relevant Shares) represent approximately 0.45% and 2.61% of the consolidated revenue and profit after tax of the Group for FY2011 respectively and 0.60% of the Group's net asset value as at 30 June 2012.

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## RISK FACTORS

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Pursuant to the Articles of Association of Kori Singapore, the following procedures are required to be complied with when a member of Kori Singapore wishes to sell his shares in Kori Singapore to a person who is not a member of Kori Singapore:

- (a) the selling member (the “**Kori Singapore Selling Member**”) shall first serve a written notice to Kori Singapore that he desires to sell his shares in Kori Singapore (the “**Kori Singapore Sale Notice**”);
- (b) upon receipt of the Kori Singapore Sale Notice, Kori Singapore shall within three months find a member who is willing to buy any share comprised in the Kori Singapore Sale Notice (the “**Kori Singapore Purchasing Member**”). Kori Singapore shall then serve a notice to the Kori Singapore Selling Member, that such member desires to purchase the shares comprised in the Kori Singapore Sale Notice (the “**Kori Singapore Purchase Notice**”) and the Kori Singapore Selling Member shall complete the purchase within seven days after receipt of the Kori Singapore Purchase Notice; and
- (c) if Kori Singapore fails to find a Kori Singapore Purchasing Member within three months upon receipt of the Kori Singapore Sale Notice, or, through no default of the Kori Singapore Selling Member, the purchase is not completed within 21 days after the Kori Singapore Purchase Notice is served on the Kori Singapore Selling Member, the Kori Singapore Selling Member will be at liberty to sell and transfer his shares to any person.

In respect of the Kori Singapore Relevant Transfers, no Kori Singapore Sale Notices were given by any Kori Singapore Selling Member. As there were no Kori Singapore Sale Notices given by the Kori Singapore Selling Members for the Kori Singapore Relevant Transfers, it is not possible to state in absolute certain terms that the Kori Singapore Relevant Transfers have been duly made, and it is possible that the validity of the Kori Singapore Relevant Transfers may be challenged by the relevant shareholders of Kori Singapore at the time of each Kori Singapore Relevant Transfer.

The Kori Malaysia Relevant Transfers were purportedly effected during the period from 1985 to 2012 between various parties for various transfers of shares in the capital of Kori Malaysia. The shares which are the subject of the Kori Malaysia Relevant Transfers is up to 3,500 shares held by our Group in Kori Malaysia, representing 1.0% of the issued and paid-up share capital of Kori Malaysia (the “**Kori Malaysia Relevant Shares**”). Such Kori Malaysia Relevant Shares (based on the equity shareholdings of Kori Malaysia represented by the Kori Malaysia Relevant Shares) represent approximately 0.01% and 0.04% of the consolidated revenue and profit after tax of the Group for FY2011 respectively and 0.01% of the Group’s net asset value as at 30 June 2012.

Pursuant to the Articles of Association of Kori Malaysia, the following procedures are required to be complied with when a member of Kori Malaysia wishes to sell his shares in Kori Malaysia to a person who is not a member of Kori Malaysia:

- (a) the selling member (the “**Kori Malaysia Selling Member**”) shall first serve a written notice to Kori Malaysia that he desires to sell his shares in Kori Malaysia (the “**Kori Malaysia Sale Notice**”);
- (b) upon receipt of the Kori Malaysia Sale Notice, Kori Malaysia shall within 28 days find a member who is willing to buy any share comprised in the Kori Malaysia Sale Notice (the “**Kori Malaysia Purchasing Member**”). Kori Malaysia shall then serve a notice to the Kori Malaysia Selling Member, that such member desires to purchase the shares comprised in the Kori Malaysia Sale Notice (the “**Kori Malaysia Purchase Notice**”) and the Kori Malaysia Selling Member shall complete the purchase within seven days after receipt of the Kori Malaysia Purchase Notice; and

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## RISK FACTORS

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- (c) if Kori Malaysia fails to find a Kori Malaysia Purchasing Member within 28 days upon receipt of the Kori Malaysia Sale Notice, or, through no default of the Kori Malaysia Selling Member, the purchase is not completed within 21 days after the Kori Malaysia Purchase Notice is served on the Kori Malaysia Selling Member, the Kori Malaysia Selling Member will be at liberty to sell and transfer his shares to any member of the immediate family of persons registered as members at the sale date and at any price.

In respect of the Kori Malaysia Relevant Transfers, no Kori Malaysia Sale Notices were given by any Kori Malaysia Selling Member. As there were no Kori Malaysia Sale Notices given by the Kori Malaysia Selling Members for the Kori Malaysia Relevant Transfers, it is not possible to state in absolute certain terms that the Kori Malaysia Relevant Transfers have been duly made, and it is possible that should the issue arise in a Malaysian court, the transfers are considered void, and additionally the validity of the Kori Malaysia Relevant Transfers may be challenged by the relevant shareholders of Kori Malaysia at the time of each Kori Malaysia Relevant Transfer.

In the event legal proceedings or claims are commenced against our Group in relation to the Kori Singapore Relevant Transfers, the Kori Singapore Relevant Shares, the Kori Malaysia Relevant Transfers and/or the Kori Malaysia Relevant Shares, we may have to incur substantial time and resources in defending these proceedings and these proceedings may also absorb significant attention of our management that would otherwise be available for the ongoing development of our business. In the event that we are unsuccessful in defending such claims, we may have to compensate the claimant for damages. Further, in the event a claimant successfully challenges the validity of the Kori Singapore Relevant Shares and/or the Kori Malaysia Relevant Shares and is able to produce proof of his (or her) legal entitlement over the Kori Singapore Relevant Shares and/or the Kori Malaysia Relevant Shares (as the case may be), the claimant could potentially claim for his (or her) legal entitlement to these Kori Singapore Relevant Shares and/or Kori Malaysia Relevant Shares, which represent 0.98% of the issued and paid-up capital of Kori Singapore and 1.0% of the issued and paid-up capital of Kori Malaysia respectively. Should such a scenario materialise, we may be required to divest the Kori Singapore Relevant Shares and/or the Kori Malaysia Relevant Shares and lose our equity interest in Kori Singapore and/or Kori Malaysia as represented by the Kori Singapore Relevant Shares and Kori Malaysia Relevant Shares respectively.

If any of the foregoing events should occur, our financial performance and financial position will be adversely affected to the extent that any loss suffered by us is not adequately addressed by the Indemnity (as defined herein).

Please refer to the section “Group Structure” of this Offer Document for the views of our Directors in relation to the Kori Singapore Relevant Transfers and the Kori Malaysia Relevant Transfers.

### **The Indemnity provided to support our Group in respect of the Kori Singapore Relevant Transfers and the Kori Malaysia Relevant Transfers is subject to certain conditions and limitations**

In relation to the Kori Singapore Relevant Transfers and the Kori Malaysia Relevant Transfers, our Chairman and Executive Director, Mr. Kori Nobuaki, and our CEO and Managing Director, Mr. Hooi Yu Koh, who are also our Controlling Shareholders (the “**Indemnifiers**”), have undertaken, pursuant to a Deed of Indemnity dated 31 October 2012 (the “**Indemnity**”), to jointly and severally indemnify our Company, Kori Singapore and Kori Malaysia (collectively the “**Indemnified Entities**”) against all actions, claims, damages, costs, charges and expenses (including without limitation reasonable legal costs) arising out of or in connection with claims (“**Relevant Claims**”) directly made against the Indemnified Entities by any persons who may have a right of claim or

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## RISK FACTORS

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interest in the Kori Singapore Relevant Shares or the Kori Malaysia Relevant Shares in challenging the validity of the Kori Singapore Relevant Transfers or the Kori Malaysia Relevant Transfers (as the case may be), due to the non-compliance with Kori Singapore's Articles of Association or Kori Malaysia's Articles of Association (as the case may be), which the Indemnified Entities actually (and not potentially) suffer. For the avoidance of doubt, such Relevant Claims may include, *inter alia*, (i) claims on past income streams attributable to the Kori Singapore Relevant Shares and the Kori Malaysia Relevant Shares; and (ii) claims on future contributed income streams that are ascribed to the Kori Singapore Relevant Shares or the Kori Malaysia Relevant Shares.

The Indemnity is subject to the following conditions and limitations:

- (a) the Indemnity takes effect on the listing of the Company on Catalist ("**Indemnity Effective Date**") and shall expire on the date of privatisation of our Company (whether by way of a scheme of arrangement pursuant to Section 210 of the Companies Act, compulsory acquisition of shares pursuant to Section 215 of the Companies Act, (or otherwise) whereby there would not be any minority interest in our Company;
- (b) the Indemnity only indemnifies the Indemnified Entities against all actions, claims, damages, costs, charges and expenses (including without limitation reasonable legal costs) ("**Relevant Loss**") directly made against the relevant Indemnified Entities by any person arising out of or in connection with the Relevant Claims, which the Indemnified Entities actually (and not potentially) suffers; and
- (c) as the extent of a Relevant Loss cannot presently be quantified as the nature of a claim cannot presently be identified, the extent to which an Indemnified Entity will be compensated for a Relevant Loss pursuant to the Indemnity is also dependent on the ability of the Indemnifiers to compensate for such Relevant Loss.

To the extent that any Relevant Loss actually suffered by any of the Indemnified Entities is not adequately addressed by the Indemnity due to the conditions or limitations to the Indemnity set out above or otherwise, our financial performance and financial position will be adversely affected.

### **Investments in securities quoted on Catalist involve a higher degree of risk and can be less liquid than shares quoted on the Main Board of the SGX-ST**

An application has been made for our Shares to be listed for quotation on Catalist, a listing platform designed primarily for fast-growing and emerging or smaller companies to which a higher investment risk tends to be attached as compared to larger or more established companies. An investment in shares quoted on Catalist may carry a higher risk than an investment in shares quoted on the Main Board of the SGX-ST. Catalist was newly formed in December 2007 and the future success and liquidity in the market of our Shares cannot be guaranteed.

### **An active trading market for our Shares may not develop and could affect the trading price of our Shares**

Prior to the Placement, there has been no public market for our Shares. Although an application has been made to the SGX-ST for the listing and quotation of our Shares on Catalist, there can be no assurance that there will be a liquid public market for our Shares after the Placement. If an active public market for our Shares does not develop after the Placement, the market price and liquidity of our Shares may be adversely affected.

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## RISK FACTORS

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The Placement Price may not necessarily be indicative of the market price of the Shares after the Placement is complete and investors may be unable to resell their Shares at or above the Placement Price. The prices at which our Shares will trade after the Placement will be determined by the market and may be influenced by many factors, including:

- (a) our financial results;
- (b) our prospects, and those of the industry in which we compete;
- (c) an assessment of our management, our past and present operations, and the prospects for, and timing of, our future revenues and cost structures;
- (d) the present state of our development;
- (e) the valuation of publicly-traded companies that are engaged in business activities similar to ours; and
- (f) any volatility in the securities markets of Singapore.

**Our share price may fluctuate significantly in future and you may lose all or part of your investment, and litigation may be brought against us**

The market price of our Shares may fluctuate significantly and rapidly as a result of, amongst others, the following factors, some of which are beyond our control:

- (a) variation in our results of operations;
- (b) changes in securities analysts' estimates of our results of operations and recommendations;
- (c) announcements by us of significant contracts, acquisitions, strategic alliances or joint ventures or capital commitments;
- (d) additions or departures of key personnel;
- (e) fluctuations in stock market prices and volume;
- (f) involvement in litigation and/or investigations by government authorities;
- (g) general economic and stock market conditions; and
- (h) discrepancies between our actual operating results and those expected by investors and securities analysts.

The stock markets have from time to time experienced significant price and volume fluctuations that have affected the market prices of securities. These fluctuations often have been unrelated or disproportionate to the operating performance of publicly-traded companies. In the past, following periods of volatility in the market price of a particular company's securities, an investor may lose all or part of his investment and litigation has sometimes been brought against that company. If similar litigation is instituted against us, it could result in substantial costs and divert management's attention and resources from our core business.

**Future issuance of Shares by us and sale of Shares by our existing Shareholders may adversely affect the price of our Shares**

In the event we issue or our Shareholders sell substantial amounts of our Shares in the public market following this Placement, the price of our Shares may be adversely affected. Such issues or sales may also make it difficult for us to issue new Shares and raise the necessary funds in the future at a time and price we deem appropriate.

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## RISK FACTORS

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Except as otherwise described in the section “Shareholders — Moratorium” of this Offer Document, there will be no restriction on the ability of our Shareholders to sell their Shares either on Catalist or otherwise.

**We may require additional funding in the form of equity or debt for our future growth which may cause dilution in Shareholders’ equity interest and/or restrict our business operations**

We may pursue opportunities to grow our business through joint ventures, strategic alliances, acquisitions or investment opportunities, following the Listing. However, there can be no assurance that we will be able to obtain additional funding on terms that are acceptable to us or at all. If we are unable to do so, our future plans and growth may be adversely affected.

An issue of Shares or other securities to raise funds will dilute Shareholders’ equity interests and may, in the case of a rights issue, require additional investments by Shareholders. Further, an issue of Shares below the then prevailing market price will also affect the value of Shares then held by investors.

Dilution in Shareholders’ equity interests may occur even if the issue of shares is at a premium to the market price. In addition, any additional debt funding may restrict our freedom to operate our business as it may have conditions that:

- (a) limit our ability to pay dividends or require us to seek consents for the payment of dividends;
- (b) increase our vulnerability to general adverse economic and industry conditions;
- (c) require us to dedicate a portion of our cash flow from operations to repayments of our debt, thereby reducing the availability of our cash flow for capital expenditures, working capital and other general corporate purposes; and
- (d) limit our flexibility in planning for, or reacting to, changes in our business and our industry.

The current disruptions, volatility or uncertainty of the credit markets could limit our ability to borrow funds or cause our borrowings to be more expensive. As such, we may be forced to pay unattractive interest rates, thereby increasing our interest expense, decreasing our profitability and reducing our financial flexibility if we take on additional debt financing.

**Investors may not be able to participate in future rights issues or certain other equity issues of our Shares**

In the event that we issue new Shares, we will be under no obligation to offer those Shares to our existing Shareholders at the time of issue, except where we elect to conduct a rights issue. However, in electing to conduct a rights issue or certain other equity issues, we will have the discretion and may also be subject to certain regulations as to the procedures to be followed in making such rights available to Shareholders or in disposing of such rights for the benefit of such Shareholders and making the net proceeds available to them. In addition, we may not offer such rights to our existing Shareholders having an address in jurisdictions outside of Singapore.

Accordingly, certain Shareholders may be unable to participate in future equity offerings by us and may experience dilution in their shareholdings as a result.

**Certain transactions may dilute the ownership of holders of our Shares**

As a result of adjustments from rights offerings, certain issuances of new Shares and certain other actions we may take to modify our capital structure, Shareholders may experience a dilution in their ownership of our Shares. There can be no assurance that we will not take any of the foregoing actions, and such actions in the future may adversely affect the market price of our Shares.



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## RISK FACTORS

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### **Negative publicity which includes those relating to any of our Directors, Executive Officers or Controlling Shareholders may adversely affect our Share price**

Negative publicity or announcements relating to any of our Directors, Executive Officers or Controlling Shareholders may adversely affect the market perception of our Group or the performance of the price of our Shares, whether or not it is justified. For instance, such negative publicity may arise from unsuccessful attempts in joint ventures, acquisitions or take-overs, or involvement in insolvency proceedings.

### **Control by our Shareholders of our share capital after the Placement may limit your ability to influence the outcome of decisions requiring the approval of Shareholders**

After the completion of the Placement, our Controlling Shareholders, Mr. Kori Nobuaki and Mr. Hooi Yu Koh, will hold in aggregate approximately 61.70% of the issued share capital of our Company. As a result, these Controlling Shareholders will be able to significantly influence our corporate actions such as mergers or takeover attempts in a manner which may not be in line with the interests of our public Shareholders. They will also have veto power in relation to any shareholder action or approval requiring a majority vote except in situations where they are required by the Rules of Catalist, the SGX-ST or undertakings given by them and their Associates to abstain from voting. Such concentration of ownership may also have the effect of delaying, preventing or deterring a change in control of our Group which may not benefit our Shareholders.

### **We may not be able to pay dividends in the future**

Our ability to declare dividends to our Shareholders in the future will be contingent on our future financial performance and distributable reserves of our Company. This is in turn dependent on our ability to implement our future plans, and on regulatory, competitive and technical factors and other factors such as general economic conditions, demand for and selling prices of our products and services and other factors exclusive to the construction and civil engineering industry. Any of these factors could have a material adverse effect on our business, financial position and results of operations, and hence there is no assurance that we will be able to pay dividends to our Shareholders after the completion of the Placement.

Further, in the event that we are required to enter into any loan arrangements with any financial institutions, covenants in the loan agreements may also limit when and how much dividends we can declare and pay out.

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## USE OF PROCEEDS AND LISTING EXPENSES

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### USE OF PROCEEDS

The estimated net proceeds to be raised from the Placement (comprising New Shares and Vendor Shares), after deducting the estimated expenses in relation to the Placement of approximately S\$2.20 million will be approximately S\$4.85 million.

#### Net Proceeds from Issue of New Shares

Based on the Placement Price, our estimated net proceeds from the issue of the New Shares, after deducting our share of the estimated expenses including the placement commission and other estimated expenses payable in relation to the issue of the New Shares (estimated to be approximately S\$2.00 million), will be approximately S\$4.40 million.

We will not receive any of the proceeds from the Vendor Shares sold by the Vendor in the Placement.

We intend to use our gross proceeds from the issue of the New Shares primarily as follows:

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Use of Proceeds	Amount in aggregate (S\$'000)	As a percentage of the gross proceeds to be raised by us from the issue of the New Shares (%)
Expansion of our structural steelworks and tunnelling services in Singapore	3,000	46.9
Expansion of our tunnelling services in overseas markets through joint ventures or strategic alliances	100	1.5
Acquisition of land for a new storage yard	1,000	15.6
General working capital purposes	305	4.8
Listing expenses to be borne by our Company	1,995	31.2
<b>Total</b>	<b>6,400</b>	<b>100.0</b>

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Further details of our use of proceeds may be found in the section “General Information on our Group — Business Strategies and Future Plans” of this Offer Document.

The foregoing discussion represents our best estimate of our allocation of the net proceeds of the Placement based on our current plans and estimates regarding our anticipated expenditures. Actual expenditures may vary from these estimates and we may find it necessary or advisable to reallocate the net proceeds within the categories described above or to use portions of the net proceeds for other purposes. In the event that we decide to reallocate the net proceeds of the Placement for other purposes, we will publicly announce our intention to do so through a SGXNET announcement to be posted on the internet at the SGX-ST website, <http://www.sgx.com>. In addition, our Company will make periodic announcements on the use of the proceeds from the Placement as and when the proceeds from the Placement are materially disbursed, and provide a status report on the use of the proceeds attributable to our Company from the Placement in our annual reports.

Pending the deployment of the net proceeds from the issue of New Shares as aforesaid, the funds will be placed in short-term deposits or money market instruments, as our Directors may, in their absolute discretion, deem fit.

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## USE OF PROCEEDS AND LISTING EXPENSES

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There is no minimum amount which, in the reasonable opinion of our Directors, must be raised by the Placement.

None of the proceeds of the Placement will be used to discharge, reduce or retire any indebtedness of our Group.

### Net Proceeds from Sale of the Vendor Shares

The estimated net proceeds attributable to the Vendor from the sale of the Vendor Shares after deducting the Vendor's share of placement commission (estimated to be approximately S\$0.02 million) and share of the estimated expenses (estimated to be approximately S\$0.18 million) will be approximately S\$0.45 million.

### LISTING EXPENSES

The estimated amount of the expenses of the Placement and of the application for listing, including the placement commission, management fees, audit and legal fees, fees payable to the SGX-ST as well as other incidental fees is approximately S\$2.20 million. The aggregate listing expenses will be borne by the Vendor and our Company in the proportion in which the Placement Shares are offered by the Vendor and our Company.

A breakdown of these estimated expenses to be borne by us in relation to the Placement is as follows:

Expenses borne by us <sup>(1)(2)</sup>	Estimated amount (S\$'000)	As a percentage of the gross proceeds to be raised by us from the issue of the New
		Shares (%)
Listing and application fees	39	0.6
Professional fees <sup>(3)</sup>	1,597	25.0
Placement commission <sup>(4)</sup>	240	3.7
Miscellaneous expenses	119	1.9
Total	1,995	31.2

#### Notes:

- (1) Of the total estimated listing expenses to be borne by our Company of approximately S\$2.00 million, approximately S\$1.40 million will be charged against share capital and the balance of the estimated listing expenses will be charged to profit or loss.
- (2) Includes GST of 7.0%.
- (3) The professional fees include, *inter alia*, the management fee of S\$800,000 payable to the Manager and Sponsor pursuant to the Management Agreement and the consultancy fee of S\$350,000, payable to Mr. Tan Lee Meng pursuant to the Consultancy Agreement.
- (4) The amount of placement commission per Placement Share, agreed upon between the Placement Agent and our Company is 3.5% of the Placement Price payable for each Placement Share. Please refer to the section "General and Statutory Information — Management and Placement Arrangements" of this Offer Document for more details.

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## DIVIDEND POLICY

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Our Company was incorporated on 18 May 2012 and has not distributed any cash dividend on our Shares since incorporation.

Kori Singapore declared and paid dividends amounting to S\$208,229 in FY2006 and Kori Malaysia declared and paid dividends amounting to RM200,000 in FY2008.

Apart from Kori Singapore and Kori Malaysia, our other subsidiary, Ming Shin, has not declared and paid any dividend since its incorporation.

We do not have a fixed dividend policy. The form, frequency and amount of future dividends on our Shares will depend on our earnings, financial position, results of operations, cash flow, capital needs, the terms of the borrowing arrangements (if any), plans for expansion and other factors which our Directors may deem appropriate (the “**Dividend Factors**”).

Subject to our Articles of Association and in accordance with the Companies Act, our Company may declare an annual dividend subject to the approval of our Shareholders in a general meeting but no dividend or distribution shall be declared in excess of the amount recommended by our Directors. Subject to our Articles of Association and in accordance with the Companies Act, our Directors may also from time to time declare an interim dividend without the approval of our Shareholders. Our Company may pay all dividends out of our profits. For information relating to taxes payable on dividends, please refer to the section “Taxation” in this Offer Document.

All dividends are paid *pro-rata* among the Shareholders in proportion to the amount paid up on each Shareholder’s Shares, unless the rights attaching to an issue of any Share provides otherwise. Notwithstanding the foregoing, the payment by our Company to CDP of any dividend payable to a Shareholder whose name is entered in the Depository Register shall, to the extent of payment made to CDP, discharge our Company from any liability to that Shareholder in respect of that payment.

The amount of dividends declared and paid by us should not be taken as an indication of the dividends payable in the future. No inference shall or can be made from any of the foregoing statements as to our actual future profitability or ability to pay dividends in any of the periods discussed. There can be no assurance that dividends will be paid in the future or of the amount or timing of any dividends that will be paid in the future. The form, frequency and amount of future dividends will depend on the Dividend Factors.

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## SHARE CAPITAL

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Our Company (Company Registration Number: 201212407R) was incorporated in Singapore on 18 May 2012 under the Companies Act as a private company limited by shares, under the name of “Kori Holdings Pte. Ltd.”. Our Company was converted into a public limited company and the name of our Company changed to “Kori Holdings Limited” in connection therewith on 26 November 2012.

As at the date of incorporation, our issued and paid-up ordinary share capital was S\$10.00 comprising 10 shares. As at the date of this Offer Document, our issued and paid-up ordinary share capital was S\$27,269,650 comprising 73,600,000 Shares.

At an extraordinary general meeting held on 21 November 2012, our Shareholders approved, among others, the following:

- (a) the conversion of our Company into a public limited company and the change of our name to “Kori Holdings Limited”;
- (b) the adoption of a new set of Articles of Association;
- (c) the allotment and issue of the New Shares which are the subject of the Placement, on the basis that the New Shares, when allotted, issued and fully-paid, will rank *pari passu* in all respects with the existing issued Shares;
- (d) the adoption of the Share Option Scheme and the Share Plan (details of which are set in the sections “Kori Employee Share Option Scheme” and “Kori Performance Share Plan” of this Offer Document, and also in “Appendix E — Rules of the Kori Employee Share Option Scheme” and “Appendix F — Rules of the Kori Performance Share Plan” of this Offer Document) and the authorisation of our Directors, pursuant to Section 161 of the Companies Act, to allot and issue Shares upon the exercise of Options granted under the Share Option Scheme and upon the grant of Awards under the Share Plan;
- (e) the approval of the listing and quotation of all the issued Shares (including the New Shares to be allotted and issued pursuant to the Placement and the Award Shares and Option Shares) on Catalist;
- (f) the authorisation to our Directors, pursuant to Section 161 of the Companies Act and by way of ordinary resolution in a general meeting, to:
  - (A) (i) issue 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 during the continuance of this authority or thereafter, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures, convertible securities or other instruments convertible into Shares; and/or
  - (iii) notwithstanding that such authority may have ceased to be in force at the time that Instruments are to be issued, issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or other capitalisation issues,

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

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## SHARE CAPITAL

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- (B) issue Shares in pursuance of any Instrument made or granted by our Directors pursuant to (A) above, while such authority was in force (notwithstanding that such issue of Shares pursuant to the Instruments may occur after the expiration of the authority contained in this resolution), provided that:
- (i) the aggregate number of Shares to be issued pursuant to such authority (including the Shares to be issued in pursuance of Instruments made or granted pursuant to this authority but excluding Shares which may be issued pursuant to any adjustments (“**Adjustments**”) effected under any relevant Instrument, which Adjustment shall be made in compliance with the provisions of the Rules of Catalist for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of our Company, does not exceed 100.0% of the post-Placement issued share capital excluding treasury shares, and provided further that the aggregate number of Shares to be issued other than on a *pro-rata* basis to Shareholders (including Shares to be issued in pursuance of Instruments made or granted pursuant to such authority but excluding Shares which may be issued pursuant to any Adjustments effected under any relevant Instrument) shall not exceed 50.0% of the post-Placement issued share capital excluding treasury shares;
  - (ii) in exercising such authority, our Company shall comply with the provisions of the Rules of Catalist for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of our Company; and
  - (iii) unless revoked or varied by our Company in general meeting by ordinary resolution, the authority so conferred shall continue in force until the conclusion of the next annual general meeting of our Company or the date by which the next annual general meeting of our Company is required by law to be held, whichever is the earlier.

For the purpose of this resolution, the “post-Placement issued share capital” shall mean the total number of issued Shares of our Company (excluding treasury shares) immediately after the Placement, after adjusting for (i) new Shares arising from the conversion or exercise of any convertible securities; (ii) new Shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time such authority is given, provided the options or share awards were granted in compliance with the Rules of Catalist; and (iii) any subsequent bonus issue, consolidation or sub-division of Shares.

- (g) without prejudice to the generality of, and pursuant and subject to the approval of the general mandate to issue Shares set out in paragraph (f) above, authorisation of our Directors, pursuant to Section 161 of the Companies Act, to issue Shares other than on a *pro-rata* basis, at a discount to the weighted average price of the Shares for trades done on the SGX-ST for the full market day on which the placement or subscription agreement is signed (or if not available, the weighted average price based on trades done on the preceding market day), of not more than 10.0%, at any time and upon such terms and conditions and for such purposes and to such persons as our Directors may in their absolute discretion deem fit, provided that (unless revoked or varied by the Company in general meeting) the authority so conferred in this paragraph (g) shall continue in force until the conclusion of the next annual general meeting of our Company or the date by which the next annual general meeting of our Company is required by law to be held, whichever is earlier.

As at the date of this Offer Document, there is only one class of shares in the capital of our Company, being the Shares. A summary of our Articles of Association relating to, among others, the voting rights of our Shareholders is set out in “Appendix C — Summary of Selected Articles of Association of our Company” to this Offer Document.



## SHARE CAPITAL

As at the date of this Offer Document, the issued and paid-up share capital of our Company is S\$27,269,650 comprising 73,600,000 Shares. Upon the allotment and issue of New Shares, the resultant issued and paid-up share capital of our Company will be increased to S\$32,269,500 comprising 99,200,000 Shares.

There is no founder, management, deferred or unissued Shares reserved for issuance for any purpose. The Placement Shares shall have the same interest and voting rights as our existing Shares that were issued prior to this Placement and there are no restrictions to the free transferability of our Shares. Save for the share options which may be granted under the Share Option Scheme, no person has been, or is permitted to be, given an option to subscribe for or purchase any securities of our Company or any of our subsidiaries.

Details of changes in our issued and paid-up ordinary share capital since incorporation and the resultant issued and paid-up share capital immediately after the Placement are as follows:

	Number of Shares	Issued and paid-up share capital (S\$)
Issued and fully paid Shares as at incorporation of our Company	10	10
Issue of 65,599,990 new Shares to Mr. Kori Nobuaki, Mr. Hooi Yu Koh and the Purchasers pursuant to the Share Swap Agreements and Share Sale Agreement <sup>(1)</sup>	65,599,990	26,069,640
Post-Share Swap Agreements and Share Sale Agreement issued and paid-up share capital	65,600,000	26,069,650
Conversion of the Redeemable Convertible Loan	8,000,000	1,200,000
Pre-Placement issued and paid-up share capital	73,600,000	27,269,650
New Shares issued pursuant to the Placement	25,600,000	5,000,000 <sup>(2)</sup>
Post-Placement issued and paid-up share capital	99,200,000	32,269,650

**Notes:**

- (1) Pursuant to the Share Swap Agreements (as defined herein), the purchase consideration for Mr. Kori Nobuaki's equity interest in Kori Singapore, Ming Shin and Kori Malaysia was satisfied by the allotment and issuance of 39,359,994 new Shares in the capital of our Company to Mr. Kori Nobuaki. In accordance with the terms and conditions of the Share Swap Agreements and pursuant to his obligations under the Share Sale Agreement, Mr. Kori Nobuaki directed that 5,408,000 Shares (which were to be allotted and issued to him) be allotted and issued to the Purchasers.
- (2) This takes into account part of the estimated listing expenses of approximately S\$1.40 million being charged to share capital.

Save as disclosed above, there were no changes in the issued and paid-up ordinary share capital of our Company since incorporation.

## SHARE CAPITAL

The issued share capital and the Shareholders' equity of our Company as at incorporation, after adjustments to reflect the Restructuring Exercise including the conversion of the Redeemable Convertible Loan and the issue of the New Shares pursuant to the Placement are set out below. This should be read in conjunction with the "Independent Auditor's Report on the Audited Combined Financial Statements for the financial years ended 31 December 2009, 2010 and 2011" and "Independent Auditor's Review Report on the Unaudited Combined Financial Statements for the six-month financial period ended 30 June 2012" as set out in Appendices A and B of the Offer Document respectively:

	As at incorporation	After the Restructuring Exercise including the conversion of the Redeemable Convertible Loan	After the Placement
Issued and fully paid-up shares (number of shares)	10	73,600,000	99,200,000
Issued and fully paid-up share capital (S\$)	10	27,269,650	32,269,650 <sup>(1)</sup>
Merger reserve (S\$)		(25,627,521)	(25,627,521)
Retained profits (S\$)	—	28,924,849	28,329,849
<b>Total shareholders' equity (S\$)</b>	<b>—</b>	<b>30,566,978</b>	<b>34,971,978</b>

**Note:**

- (1) This takes into account part of the estimated listing expenses of approximately S\$1.40 million being charged to share capital.

Save as set out in this section and in the following table, there was no change in the issued/registered share capital or the number and classes of shares of our Company and/or our subsidiaries within the last three years preceding the Latest Practicable Date:

### Our Company

Date of issue	Number of Shares issued	Subscription Price/consideration	Purpose of issue	Resultant issued share capital
18 May 2012	10	S\$10	Incorporation	S\$10
1 November 2012	65,599,990	S\$26,069,640	Restructuring Exercise	S\$26,069,650

### Kori Singapore

Date of issue	Number of Shares issued	Subscription Price/consideration	Purpose of issue	Resultant issued share capital
24 September 2012	8,000,000	S\$2	Increase the issued and paid-up share capital	S\$200,002

**Note:**

- (1) Please refer to the section "Group Structure" of this Offer Document for more details.

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## SHARE CAPITAL

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### Kori Malaysia

Date of issue	Number of Shares issued	Subscription Price/consideration	Purpose of issue	Resultant issued share capital
28 April 2010	345,000	RM345,000	Increase the issued and paid-up share capital	RM350,000

Save as disclosed in this section, no share in or debenture of our Company or our subsidiaries has been issued, or is proposed to be issued, as fully or partly paid-up for cash, or for a consideration other than cash, within the three years preceeding the Latest Practicable Date.

## SHAREHOLDERS

### OWNERSHIP STRUCTURE

Our Directors and Substantial Shareholders and their respective shareholdings immediately before the Placement (as at the date of this Offer Document) and immediately after the Placement are set out as follows:

	Before the Placement				After the Placement			
	Direct Interest Number of Shares	%	Deemed Interest Number of Shares	%	Direct Interest Number of Shares	%	Deemed Interest Number of Shares	%
<b>Directors</b>								
Mr. Kori Nobuaki	33,952,000	46.13	—	—	31,352,000	31.60	—	—
Mr. Hooi Yu Koh	29,848,000	40.55	—	—	29,848,000	30.10	—	—
Mr. Nicholas Lazarus	—	—	—	—	—	—	—	—
Mr. Kuan Cheng Tuck	—	—	—	—	—	—	—	—
Mr. Lim Yeok Hua	—	—	—	—	—	—	—	—
<b>Other Shareholders</b>								
Pre-Placement Investors <sup>(1)</sup>	8,000,000	10.87	—	—	8,000,000	8.06	—	—
Purchasers (excluding Mr. Hooi Yu Koh) <sup>(2)</sup>	1,800,000	2.45	—	—	1,800,000	1.81	—	—
<b>Public</b>	—	—	—	—	28,200,000	28.43	—	—
<b>Total</b>	<b>73,600,000</b>	<b>100.00</b>	<b>—</b>	<b>—</b>	<b>99,200,000</b>	<b>100.00</b>	<b>—</b>	<b>—</b>

**Notes:**

- (1) Pursuant to the Convertible Loan Agreement, the Redeemable Convertible Loan was converted on 27 November 2012 at a conversion price of 40.0% discount to the Placement Price. Accordingly, our Company has issued and allotted an aggregate of 8,000,000 new Shares to the Pre-Placement Investors. Please refer to the “Restructuring Exercise” of this Offer Document for more details.
- (2) Pursuant to the Share Sale Agreement, an aggregate of 5,408,000 Shares were sold and transferred by Mr. Kori Nobuaki to the Purchasers for an aggregate consideration of S\$676,000. Please refer to the “Restructuring Exercise” of this Offer Document for more details.

Save as disclosed in the section “Directors, Executive Officers and Employees” of this Offer Document, there are no relationships among our Directors, Substantial Shareholders and Executive Officers.

The Pre-Placement Investors are not related to any of our Directors, Substantial Shareholders and Executive Officers or is acting as a nominee for our Directors, Substantial Shareholders and Executive Officers.

Save as disclosed above, to the best of the knowledge of our Directors, we are not directly or indirectly owned or controlled, whether severally or jointly, by any other corporation, any government or other natural or legal person.

The Shares held by our Directors and Substantial Shareholders do not carry different voting rights from the New Shares which are the subject of the Placement.

Save as disclosed in the sections “Share Capital” and “Restructuring Exercise” of this Offer Document, there has been no change in the percentage ownership of Shares of our Directors and Substantial Shareholders since the incorporation of our Company and up to the date of this Offer Document.

## SHAREHOLDERS

As at the Latest Practicable Date, our Company has only one class of shares. There is no restriction on the transfer of fully paid Shares in scripless form except where required by law or the Rules of Catalyst.

There has been no public takeover offer by a third party in respect of our Shares or by our Company in respect of the shares of another corporation or units of business trust which has occurred between the date of the incorporation of our Company to the Latest Practicable Date.

There are no Shares in our Company that are held by or on behalf of our Company or by the subsidiaries of our Company.

Our Directors are not aware of any arrangement the operation of which may, at a subsequent date, result in a change in control of our Company.

### SIGNIFICANT CHANGES IN PERCENTAGE OF OWNERSHIP

The significant changes in the percentage of ownership of our Company held by our Directors and Substantial Shareholders since the date of incorporation and up to the date of this Offer Document are as follows:

Name	As at the date of incorporation		As at the date of this Offer Document	
	Number of Shares	Percentage of share capital (%)	Number of Shares	Percentage of share capital (%)
<b>Directors (who are also Substantial Shareholders)</b>				
Mr. Kori Nobuaki <sup>(1)</sup>	6	60.00	33,952,000	46.13
Mr. Hooi Yu Koh <sup>(1)</sup>	4	40.00	29,848,000	40.55

**Note:**

- (1) Please refer to the “Restructuring Exercise” of this Offer Document for more details on the changes in percentage of ownership of our Company held by Mr. Kori Nobuaki and Mr. Hooi Yu Koh.

### VENDOR

The Vendor and the number of Vendor Shares he will offer pursuant to the Placement are set out below:

Name	Shares held immediately before the Placement		Vendor Shares offered pursuant to the Placement			Shares held immediately after the Placement	
	Number of Shares	Percentage of pre-Placement share capital (%)	Number of Shares	Percentage of pre-Placement share capital (%)	Percentage of post-Placement share capital (%)	Number of Shares	Percentage of post-Placement share capital (%)
Mr. Kori Nobuaki <sup>(1)</sup>	33,952,000	46.13	2,600,000	3.53	2.62	31,352,000	31.60

**Note:**

- (1) Mr. Kori Nobuaki is our Chairman and Executive Director.

## SHAREHOLDERS

### MORATORIUM

#### Directors (who are also Substantial Shareholders)

To demonstrate their commitment to our Group, Mr. Kori Nobuaki and Mr. Hooi Yu Koh, who collectively hold 61,200,000 Shares representing 61.70% of the issued and paid-up share capital of our Company immediately after the Placement, have each undertaken not to, amongst others, sell, contract to sell, realise, assign, transfer, pledge, grant any option to, dispose of or enter into any agreement that will directly or indirectly constitute or will be deemed as a disposal of any part of their interests in our Company for a period of six months commencing from the date of our admission to Catalist (the “**Initial Period**”) and for a period of six months thereafter, not to sell, contract to sell, realise, assign, transfer, pledge, grant any option to, dispose of or enter into any agreement that will directly or indirectly constitute or will be deemed as a disposal of any part of their interests in our Company to below 50.0% of each of their original shareholdings. The total number of Shares which will be moratorised are as follows:

Directors (who are also Substantial Shareholders)	Number of Shares	Percentage of the post-Placement share capital (%)
Mr. Kori Nobuaki	31,352,000	31.60
Mr. Hooi Yu Koh	29,848,000	30.10

#### Other Shareholders

The Purchasers under the Share Sale Agreement (excluding our CEO and Managing Director, Mr. Hooi Yu Koh), who collectively hold 1,800,000 Shares representing 1.81% of the issued and paid-up share capital of our Company immediately after the Placement, have each undertaken not to, amongst others, sell, contract to sell, realise, assign, transfer, pledge, grant any option to, dispose of or enter into any agreement that will directly or indirectly constitute or will be deemed as a disposal of any part of their interests in our Company for the Initial Period and for a period of six months thereafter, not to sell, contract to sell, realise, assign, transfer, pledge, grant any option to, dispose of or enter into any agreement that will directly or indirectly constitute or will be deemed as a disposal of any part of their interests in our Company to below 50.0% of each of their original shareholdings. The total number of Shares which will be moratorised are as follows:

Other Shareholders	Number of Shares	Percentage of the post-Placement share capital (%)
Mr. Ng Wai Kit	448,000	0.45
Mr. Lee Yeng Tat	448,000	0.45
Ms. Chee Shew Yan	360,000	0.36
Ms. Loo Mee See	224,000	0.23
Ms. Yeap Chai Joan	224,000	0.23
Mr. Chookul Charun	48,000	0.05
Ms. Chin Soon Mei	48,000	0.05



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## SHAREHOLDERS

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### Pre-Placement Investors

The following Pre-Placement Investors have each undertaken not to sell, contract to sell, realise, assign, transfer, pledge, grant any option to, dispose of or enter into any agreement that will directly or indirectly constitute or will be deemed as a disposal of any part of the profit portion of each of their investment in our Company as at the date of admission of our Company to Catalist as set out below ("**Pre-Placement Investors' Moratorium Shares**") for a period of 12 months from the date of admission of our Company to Catalist. The total number of Shares which will be moratorised are as follows:

Pre-Placement Investors	Number of Shares	Percentage of the post-Placement share capital (%)
Mr. Tan Lee Meng	933,600	0.94
Mr. Seow Seng Wei	533,280	0.54
Mr. Tan Ee Chong	533,280	0.54
Mr. Ong Soon Liong @ Ong Soon Chong	533,280	0.54
Mr. Ng Aik Hong	333,280	0.34
Ms. Lee Wan Ling	333,280	0.34

The number of Pre-Placement Investors' Moratorium Shares being the profit portion of the Pre-Placement Investors' investments was calculated based on the difference between the Placement Price and the conversion price (being S\$0.15), at which the Redeemable Convertible Loan was converted into new Shares pursuant to the Convertible Loan Agreement.

## DILUTION

Dilution is the amount by which the Placement Price paid by the subscribers and/or purchasers of our Shares in this Placement exceeds our NAV per Share immediately after the Placement. However, there will be no dilution in our NAV per Share immediately after the Placement.

Our NAV per Share as at 30 June 2012, after adjusting for the conversion of the Redeemable Convertible Loan but before adjusting for the estimated net proceeds due to us from the Placement and based on the pre-Placement issued and paid-up share capital of 73,600,000 Shares was 37.05 cents per Share.

Pursuant to the Placement in respect of 25,600,000 New Shares at the Placement Price, our NAV per Share as at 30 June 2012 after adjusting for the conversion of the Redeemable Convertible Loan and the estimated net proceeds due to us from the Placement and based on the post-Placement issued and paid-up share capital of 99,200,000 Shares would have been 31.93 cents. This represents an immediate decrease in NAV per Share of 5.12 cents to our existing Shareholders and an immediate increase in NAV per Share of 6.93 cents or approximately 27.72% to our new public investors.

The following table illustrates the increase in NAV per Share based on the Placement Price of 25.00 cents per Share:

	<b>Cents</b>
Placement Price per Share	25.00
NAV per Share based on the pre-Placement share capital of 73,600,000 Shares	37.05
Increase/(decrease) in NAV per Share attributable to existing shareholders	(5.12)
NAV per Share after the issue of New Shares and based on the post-Placement share capital of 99,200,000 Shares	31.93
Increase in NAV per Share to new public investors	6.93
Increase in NAV per Share to new public investors (%)	27.72

The following table summarises the total number of Shares acquired by our existing Shareholders since the date of our incorporation to the date of this Offer Document, the total consideration paid by them and the effective cash cost per Share to them, and to the new public Shareholders who subscribe for the New Shares at the Placement Price pursuant to the Placement:

	<b>Number of Shares</b>	<b>Total consideration (S\$)</b>	<b>Effective cash cost per Share (cents)</b>
<b>Existing Shareholders</b>			
Mr. Kori Nobuaki	33,952,000	13,493,202	39.74
Mr. Hooi Yu Koh	29,848,000	10,879,300	36.45
Mr. Ng Wai Kit	448,000	56,000	12.50
Mr. Lee Yeng Tat	448,000	56,000	12.50
Ms. Chee Shew Yan	360,000	45,000	12.50
Ms. Loo Mee See	224,000	28,000	12.50
Ms. Yeap Chai Joan	224,000	28,000	12.50
Mr. Chookul Charun	48,000	6,000	12.50

## DILUTION

	Number of Shares	Total consideration (S\$)	Effective cash cost per Share (cents)
<b>Existing Shareholders</b>			
Ms. Chin Soon Mei	48,000	6,000	12.50
Mr. Tan Lee Meng	2,334,000	350,000 <sup>(1)</sup>	15.00
Mr. Seow Seng Wei	1,333,200	200,000 <sup>(1)</sup>	15.00
Mr. Tan Ee Chong	1,333,200	200,000 <sup>(1)</sup>	15.00
Mr. Ong Soon Liong @ Ong Soon Chong	1,333,200	200,000 <sup>(1)</sup>	15.00
Mr. Ng Aik Hong	833,200	125,000 <sup>(1)</sup>	15.00
Ms. Lee Wan Ling	833,200	125,000 <sup>(1)</sup>	15.00
<b>New public Shareholders</b>	28,200,000	7,050,000	25.00

**Note:**

- (1) The discrepancy between the number of Shares multiplied by the effective cash cost per Share and the total consideration paid by each Pre-Placement Investor is due to rounding of the new Shares issued to each Pre-Placement Investors upon conversion of the Redeemable Convertible Loan.

## RESTRUCTURING EXERCISE

Pursuant to a restructuring exercise to rationalise the structure of our Company and its subsidiaries in preparation for the proposed Listing, our Company became the holding company of our Group. The Restructuring Exercise involved the following:

### (a) Incorporation of Our Company

Our Company was incorporated on 18 May 2012 in Singapore under the Companies Act as a private limited company. Our principal activity is that of an investment holding company. At the time of incorporation, we had an issued and paid-up share capital of S\$10 comprising 10 shares held by Mr. Kori Nobuaki and Mr. Hooi Yu Koh in the proportion of 60.0% and 40.0% respectively.

### (b) Acquisition of Kori Singapore, Ming Shin and Kori Malaysia

On 28 February 2012, an aggregate of 178,500 shares in the issued and paid-up share capital of Kori Malaysia, representing 51.0% of the shareholding interest in Kori Malaysia, were transferred to Mr. Kori Nobuaki and Mr. Hooi Yu Koh from Ms. Hasniza Wazer and Ms. Fatimah Sulaiman for RM178,500 (the “**Share Transfer**”).

The following table sets out the number of shares and percentage of the respective shareholding interests held by Mr. Kori Nobuaki, Mr. Hooi Yu Koh, Ms. Hasniza Wazer and Ms. Fatimah Sulaiman immediately before and after the Share Transfer:

Name	Shares held immediately before Share Transfer		Shares held immediately after the Share Transfer	
	Number of Shares	Percentage of share capital (%)	Number of Shares	Percentage of share capital (%)
Mr. Kori Nobuaki	105,000	30.0	210,000	60.0
Mr. Hooi Yu Koh	66,500	19.0	140,000	40.0
Ms. Hasniza Wazer	105,000	30.0	—	—
Ms. Fatimah Sulaiman	73,500	21.0	—	—
<b>Total</b>	<b>350,000</b>	<b>100.0</b>	<b>350,000</b>	<b>100.0</b>

On 18 October 2012, our Company entered into three share swap agreements (collectively the “**Share Swap Agreements**”) with Mr. Kori Nobuaki and Mr. Hooi Yu Koh to acquire their respective shareholding interests in Kori Singapore, Ming Shin and Kori Malaysia (as shown in the table below) for a purchase consideration of S\$15,989,983, S\$9,835,272 and S\$244,385 respectively based on the respective NAV of the three subsidiaries as at 30 June 2012. The purchase consideration for the entire equity interest in Kori Singapore, Ming Shin and Kori Malaysia was to be satisfied by the allotment and issuance of 65,599,990 new Shares (the “**Consideration Shares**”) in the capital of our Company to Mr. Kori Nobuaki and Mr. Hooi Yu Koh in the proportion of 60.0% and 40.0%, respectively. In accordance with the terms and conditions of the Share Swap Agreements and pursuant to his obligations under the Share Sale Agreement, Mr. Kori Nobuaki directed that 5,408,000 Consideration Shares (which were to be allotted and issued to him) be allotted and issued to the Purchasers.

## RESTRUCTURING EXERCISE

The following table sets out the number of shares and percentage of the respective shareholding interests held by Mr. Kori Nobuaki and Mr. Hooi Yu Koh in each of Kori Singapore, Ming Shin and Kori Malaysia which were acquired by our Company and the number of Consideration Shares which were issued and allotted to them upon the terms and conditions of the Share Swap Agreements:

Name	Kori Construction (S) Pte. Ltd.			Ming Shin Construction (S) Pte. Ltd.			Kori Construction (M) Sdn. Bhd.		
	Number of Shares held	Percentage of shareholding interests (%)	Number of Consideration Shares issued	Number of Shares held	Percentage of shareholding interests (%)	Number of Consideration Shares issued	Number of Shares held	Percentage of shareholding interests (%)	Number of Consideration Shares issued
Mr. Kori Nobuaki	4,920,000	60.0	24,141,708	60,000	60.0	14,849,313	210,000	60.0	368,973
Mr. Hooi Yu Koh	3,280,000	40.0	16,094,472	40,000	40.0	9,899,542	140,000	40.0	245,982
<b>Total</b>	<b>8,200,000</b>	<b>100.0</b>	<b>40,236,180</b>	<b>100,000</b>	<b>100.0</b>	<b>24,748,855</b>	<b>350,000</b>	<b>100.0</b>	<b>614,955</b>

On 22 November 2012, upon the completion of the acquisition of Kori Singapore, Ming Shin and Kori Malaysia by our Company, Kori Singapore, Ming Shin and Kori Malaysia became the wholly-owned subsidiaries of our Company.

### (c) Pre-Placement Share Sale

On 22 May 2012, our Chairman and Executive Director, Mr. Kori Nobuaki entered into the Share Sale Agreement with the Purchasers, for the sale and purchase of an aggregate of 5,408,000 Shares in the Company, representing 8.24% of the then issued share capital of our Company (the “**Sale Shares**”) for an aggregate consideration of S\$676,000 (the “**Share Sale**”). The number of shares acquired by each of the Purchasers, their respective shareholding percentage in our Company represented by those shares and the purchase consideration paid by them are set out as follows:

Purchasers	Number of Shares	Proportion of Sale Shares (%)	Percentage of share capital prior to conversion of the Redeemable Convertible Loan and the Placement (%)	Purchase consideration Paid (S\$)
Mr. Hooi Yu Koh	3,608,000	66.72	5.50	451,000
Mr. Ng Wai Kit	448,000	8.28	0.68	56,000
Mr. Lee Yeng Tat	448,000	8.28	0.68	56,000
Ms. Chee Shew Yan	360,000	6.66	0.55	45,000
Ms. Loo Mee See	224,000	4.14	0.34	28,000
Ms. Yeap Chai Joan	224,000	4.14	0.34	28,000
Mr. Chookul Charun	48,000	0.89	0.07	6,000
Ms. Chin Soon Mei	48,000	0.89	0.07	6,000
<b>Total</b>	<b>5,408,000</b>	<b>100.00</b>	<b>8.24</b>	<b>676,000</b>

## RESTRUCTURING EXERCISE

On 22 November 2012, the date of the completion of the Share Sale (which is conditional upon the completion of the acquisition of Kori Singapore, Ming Shin and Kori Malaysia by our Company), each of the Purchasers, save for Mr. Hooi Yu Koh, has made payment for their respective amount of purchase consideration to Mr. Kori Nobuaki upon the terms and conditions of the Share Sale Agreement. Pursuant to the Share Sale Agreement, Mr. Hooi Yu Koh shall make payment of his purchase consideration to Mr. Kori Nobuaki within 12 months from the date of the Share Sale Agreement.

Upon the completion of the Share Sale, each of Mr. Kori Nobuaki and Mr. Hooi Yu Koh shall hold 33,952,000 Shares and 29,848,000 Shares, representing 51.76% and 45.50% of the then issued share capital of our Company respectively and the rest of the Purchasers shall hold an aggregate of 1,800,000 Shares, representing 2.74% of the issued share capital of our Company.

### (d) Pre-Placement Redeemable Convertible Loan

On 25 May 2012, our Company entered into the Convertible Loan Agreement with, among others, the Pre-Placement Investors for the grant of the Redeemable Convertible Loan by the Pre-Placement Investors to our Company upon the terms and conditions of the Convertible Loan Agreement.

The Redeemable Convertible Loan was granted by the Pre-Placement Investors in the following proportions:

Pre-Placement Investors	Loan amount (S\$)	Proportion of the Redeemable Convertible Loan (%)	Number of Shares to be issued upon the conversion of the Redeemable Convertible Loan	Shareholding in our Company after the conversion of the Redeemable Convertible Loan (%)
Mr. Tan Lee Meng	350,000	29.17	2,334,000	3.17
Mr. Seow Seng Wei	200,000	16.67	1,333,200	1.81
Mr. Tan Ee Chong	200,000	16.67	1,333,200	1.81
Mr. Ong Soon Liong @ Ong Soon Chong	200,000	16.67	1,333,200	1.81
Mr. Ng Aik Hong	125,000	10.42	833,200	1.13
Ms. Lee Wan Ling	125,000	10.42	833,200	1.13
<b>Total</b>	<b>1,200,000</b>	<b>100.00</b>	<b>8,000,000</b>	<b>10.87</b>

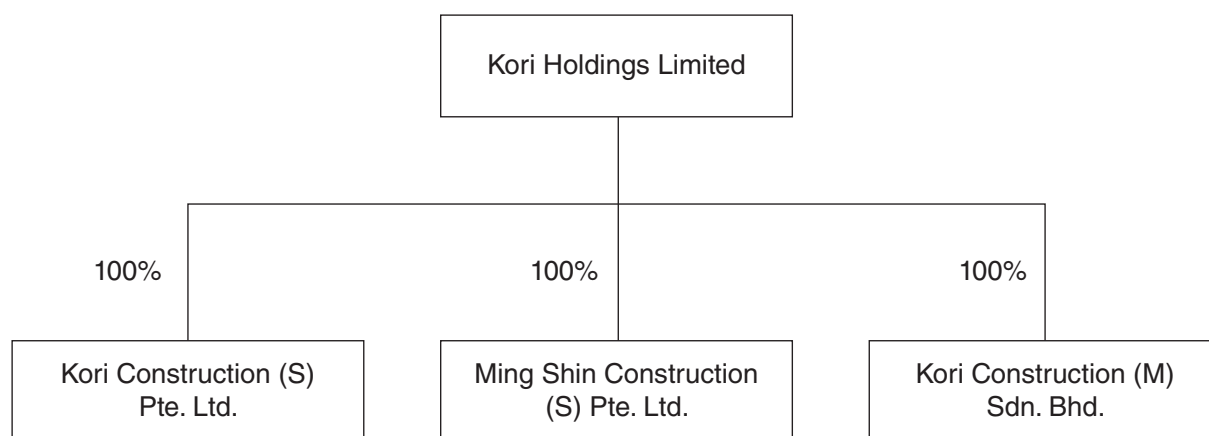
Pursuant to the Convertible Loan Agreement, in consideration of the Pre-Placement Investors agreeing to make available the Redeemable Convertible Loan to our Company, the Guarantors unconditionally and irrevocably guaranteed, as a continuing guarantee, the due and punctual payment by our Company, of the Redeemable Convertible Loan. The Redeemable Convertible Loan shall be converted into the Shares at a conversion price which is at a forty percent (40%) discount to the Placement Price, upon the receipt of the notification from the SGX-ST for the registration of the Offer Document for the Listing by the Manager, Sponsor and Placement Agent or at any time immediately after our Company has delivered a notice in writing to each of the Pre-Placement Investors (in the form as prescribed in the Convertible Loan Agreement signed by an authorised signatory of our Company).

The Redeemable Convertible Loan was used as working capital by our Group.



## GROUP STRUCTURE

Our Group structure following the Restructuring Exercise and as at the date of this Offer Document is as follows:



### Our Subsidiaries

The details of our subsidiaries as at the date of this Offer Document are as follows:

Name of company	Date and place of incorporation	Principal business/ Principal country of business	Effective ownership (%)
Kori Construction (S) Pte. Ltd.	29 December 1982/ Singapore	Provision of structural steelworks and tunnelling services/Singapore	100.0
Ming Shin (S) Construction Pte. Ltd.	24 July 2004/ Singapore	Provision of structural steelworks and tunnelling services/Singapore	100.0
Kori Construction (M) Sdn. Bhd.	29 December 1984/ Malaysia	Provision of structural steelworks and tunnelling services/Malaysia	100.0

None of the above subsidiaries is listed on any stock exchange in any jurisdiction.

As highlighted in the section “Risk Factors” of this Offer Document, the validity of the transfers of shares held by our Group in our subsidiaries, Kori Singapore and Kori Malaysia, may be challenged.

The Kori Singapore Relevant Transfers were purportedly effected during the period from 1983 to 2011 between various parties for various transfers of shares in the capital of Kori Singapore. The shares which are the subject of the Kori Singapore Relevant Transfers is up to 80,000 shares held by our Group in Kori Singapore, representing 0.98% of the issued and paid-up share capital of Kori Singapore (the “**Kori Singapore Relevant Shares**”). Such Kori Singapore Relevant Shares (based on the equity shareholdings of Kori Singapore represented by the Kori Singapore Relevant Shares) represent approximately 0.45% and 2.61% of the consolidated revenue and profit after tax of the Group for FY2011 respectively and 0.60% of the Group’s net asset value as at 30 June 2012.

The Kori Malaysia Relevant Transfers were purportedly effected during the period from 1985 to 2012 between various parties for various transfers of shares in the capital of Kori Malaysia. The shares which are the subject of the Kori Malaysia Relevant Transfers is up to 3,500 shares held

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## GROUP STRUCTURE

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by our Group in Kori Malaysia, representing 1.0% of the issued and paid-up share capital of Kori Malaysia (the “**Kori Malaysia Relevant Shares**”). Such Kori Malaysia Relevant Shares (based on the equity shareholdings of Kori Malaysia represented by the Kori Malaysia Relevant Shares) represent approximately 0.01% and 0.04% of the consolidated revenue and profit after tax of the Group for FY2011 respectively and 0.01% of the Group’s net asset value as at 30 June 2012.

However, the Directors are of the view, after taking into account the results of the legal due diligence conducted on our Group that the risk of the Kori Singapore Relevant Transfers or the Kori Malaysia Relevant Transfers being challenged is remote for the following reasons:

- (i) there has not been any challenge made by any party on the validity of the Kori Singapore Relevant Transfers or the Kori Malaysia Relevant Transfers from the occurrence of the Kori Singapore Relevant Transfers or the Kori Malaysia Relevant Transfers up until the Latest Practicable Date; and
- (ii) in respect of the Kori Singapore Relevant Transfers which took place in the preceding six years up until the Latest Practicable Date, the relevant shareholders of Kori Singapore at the time of these Kori Singapore Relevant Transfers had approved and/or consented to these Kori Singapore Relevant Transfers.

In addition, in the event that the Kori Singapore Relevant Transfers or the Kori Malaysia Relevant Transfers are challenged, the risk of loss may be limited by the following:

- (i) the loss of our equity interest in Kori Singapore and/or Kori Malaysia, if we are required to divest the Kori Singapore Relevant Shares and/or the Kori Malaysia Relevant Shares, is immaterial as the Kori Singapore Relevant Shares and the Kori Malaysia Relevant Shares only represent 0.98% and 1.0% of the issued and paid-up capital of Kori Singapore and Kori Malaysia respectively; and
- (ii) in support of our Group on the foregoing issues, the Indemnifiers have undertaken, pursuant to the Indemnity, to indemnify the Indemnified Entities against the Relevant Claims made against the Indemnified Entities by persons who may have a right of claim or interest in the Kori Singapore Relevant Shares or the Kori Malaysia Relevant Shares in challenging the validity of the Kori Singapore Relevant Transfers or the Kori Malaysia Relevant Transfers (as the case may be) due to the non-compliance with Kori Singapore’s Articles of Association or Kori Malaysia’s Articles of Association (as the case may be), which the Indemnified Entities actually (and not potentially) suffers.

The Indemnity take effect on the Indemnity Effective Date and shall expire on the date of privatisation of our Company (whether by way of a scheme of arrangement pursuant to Section 210 of the Companies Act, compulsory acquisition of shares pursuant to Section 215 of the Companies Act (or otherwise)) whereby there would not be any minority interest in our Company.

Please refer to the “Risk Factors” section of this Offer Document for more details on the Indemnity.

## SELECTED COMBINED FINANCIAL INFORMATION

The following financial information of our Group should be read in conjunction with the full text of this Offer Document, including the sections “Management’s Discussion and Analysis of Results of Operations and Financial Position”, the “Independent Auditor’s Report on the Audited Combined Financial Statements for the financial years ended 31 December 2009, 2010 and 2011” and “Independent Auditor’s Review Report on the Unaudited Combined Financial Statements for the six-month financial period ended 30 June 2012” as set out in Appendices A and B to this Offer Document respectively.

A summary of the financial information of our Group in respect of FY2009, FY2010, FY2011 and HY2012 is set out below:

### Results of Operations of our Group

	←	Audited	→	←	Unaudited	→
S\$'000	FY2009	FY2010	FY2011	HY2011	HY2012	
Revenue	28,032	39,992	34,687	17,136	26,653	
Cost of works	(22,539)	(32,115)	(26,409)	(12,839)	(20,115)	
Gross profit	5,493	7,877	8,278	4,297	6,538	
Other income	651	844	674	330	549	
Expenses						
— Administrative	(1,779)	(1,967)	(1,823)	(902)	(940)	
— Finance	(4)	(7)	(6)	(3)	(3)	
Profit before income tax <sup>(1)</sup>	4,361	6,747	7,123	3,722	6,144	
Income tax expense	(745)	(1,143)	(1,114)	(561)	(1,027)	
Net profit <sup>(1)</sup>	3,616	5,604	6,009	3,161	5,117	
Other comprehensive income						
— Currency translation differences arising from consolidation	0 <sup>(4)</sup>	(2)	8	6	(7)	
Total comprehensive income	3,616	5,602	6,017	3,167	5,110	
EPS (cents) <sup>(2)</sup>	4.91	7.61	8.16	4.29	6.95	
Adjusted EPS (cents) <sup>(1)(3)</sup>	3.65	5.65	6.06	3.19	5.16	

#### Notes:

- (1) Had the Service Agreements (set out in the section “Directors, Executive Officers and Employees — Service Agreements” of this Offer Document) been in place since 1 January 2011, our combined profit before income tax, net profit and EPS computed based on our post-Placement share capital of 99,200,000 Shares for FY2011 would have been approximately S\$7.11 million, S\$5.99 million and 6.05 cents respectively.
- (2) For comparative purposes, EPS for the Period Under Review have been computed based on the net profit for the year/period and the pre-Placement share capital of 73,600,000 Shares.
- (3) For comparative purposes, adjusted EPS for the Period Under Review have been computed based on the net profit for the year/period and the post-Placement share capital of 99,200,000 Shares.
- (4) The figure is insignificant.

## SELECTED COMBINED FINANCIAL INFORMATION

### Financial Position of our Group

S\$'000	Audited As at 31 December 2011	Unaudited As at 30 June 2012
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and bank balances	5,593	5,902
Trade and other receivables	27,402	30,714
Inventories	760	1,415
Deferred listing expenses	—	615
	33,755	38,646
<b>Non-current assets</b>		
Property, plant and equipment	327	293
<b>Total assets</b>	34,082	38,939
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables	10,408	8,277
Convertible loans	—	1,150
Current income tax liabilities	2,639	3,340
Finance lease liabilities	47	47
	13,094	12,814
<b>Non-current liabilities</b>		
Finance lease liabilities	74	50
Deferred income tax liabilities	5	5
	79	55
<b>Total liabilities</b>	13,173	12,869
<b>NET ASSETS</b>	20,909	26,070
<b>EQUITY</b>		
Share capital	442	442
Other reserves	6	50
Retained profits	20,461	25,578
<b>TOTAL EQUITY</b>	20,909	26,070

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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

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*The following discussion of our results of operations and financial position should be read in conjunction with the "Independent Auditor's Report on the Audited Combined Financial Statements for the financial years ended 31 December 2009, 2010 and 2011" and the "Independent Auditor's Review Report on the Unaudited Combined Financial Statements for the six-month financial period ended 30 June 2012" as set out in Appendices A and B of this Offer Document respectively.*

### OVERVIEW

#### Revenue

Our 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. Our business activities can be categorised into two main segments, namely, structural steelworks services and tunnelling services. Revenue derived from the structural steelworks services segment accounted for approximately 94.1%, 89.7%, 95.6%, 97.3% and 91.8% of our Group's total revenue for FY2009, FY2010, FY2011, HY2011 and HY2012 respectively, while the revenue derived from the tunnelling services segment accounted for the remaining revenue.

Revenue derived from both the structural steelwork and tunnelling services are recognised based on the stage of completion of the projects as at balance sheet date. The stage of completion is measured by reference to the proportion of contract costs incurred to date to the estimated total cost for the contract. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract cost incurred that are probably recoverable. When it is probable that the total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Our revenue is mainly dependent on the following factors:

- (a) Level of government spending on transportation and other infrastructure;
- (b) Our continued ability to secure new projects and the non-cancellation of secured projects;
- (c) Timely completion of secured projects;
- (d) Our ability to compete effectively with existing and new industry players including foreign companies entering the Singapore market;
- (e) Variation orders arising from additional works which are not included in the original specifications of the contracts. Our Group will only recognize the variation orders approved by our customers; and
- (f) The supply of raw materials and/or return of our steel materials to be used for the provision of our structural steelwork services.

Please refer to the section "Risk Factors" of this Offer Document for other factors which may affect our revenue.

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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

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### Cost of works

Our Group recognises cost of works as expense in the period in which they are incurred.

Our Group's cost of works comprised mainly material costs, sub-contractor charges, employee compensation, worksite costs, rental on operating leases, transport and travelling, professional fees and other project overheads incurred during the period. Cost of works accounted for approximately 80.4%, 80.3%, 76.1%, 74.9% and 75.5% of our total revenue for FY2009, FY2010, FY2011, HY2011 and HY2012 respectively. Our cost of works is dependent on the following factors:

- (a) Changes in prices of raw materials (i.e. steel);
- (b) Our ability to control the efficiency in the utilisation of raw materials;
- (c) Changes in labour costs;
- (d) Changes in project progress schedules and consequential cost overruns in the event of project delays;
- (e) Changes in variation orders; and
- (f) Changes in government regulations and requirements.

### Gross profit and gross profit margin

Gross profit is determined after deducting the cost of works from our revenue. Hence the key determinants of gross profit are the revenue generated from our structural steelworks services and tunnelling services segments and the cost of works.

Our gross profit margins were approximately 19.6%, 19.7%, 23.9%, 25.1% and 24.5% in FY2009, FY2010, FY2011, HY2011 and HY2012 respectively. The gross profit margins relating to our structural steelworks services segment were approximately 18.4%, 19.6%, 22.5%, 23.5% and 23.2% in FY2009, FY2010, FY2011, HY2011 and HY2012 respectively while the gross profit margins for our tunnelling services segment were approximately 38.1%, 20.7%, 54.2%, 82.7% and 39.5% in FY2009, FY2010, FY2011, HY2011 and HY2012 respectively.

### Other income

Other income comprised mainly income from foreign currency gains, gains on disposal of property, plant and equipment, jobs credit granted by government, sales of scrap materials, interest income from bank deposits and secondment of project engineers. Other income in FY2009, FY2010, FY2011, HY2011 and HY2012 was approximately S\$0.7 million, S\$0.8 million, S\$0.7 million, S\$0.3 million and S\$0.5 million and accounted for approximately 2.3%, 2.1%, 1.9%, 1.9% and 2.1% of our total revenue for FY2009, FY2010, FY2011, HY2011 and HY2012 respectively.

### Administrative expenses

Our administrative expenses comprised mainly employee compensation, depreciation, rental, professional fees and other expenses. Administrative expenses represented 6.3%, 4.9%, 5.3%, 5.3% and 3.5% of our total revenue in FY2009, FY2010, FY2011, HY2011 and HY2012 respectively.



## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

### Finance costs

Finance costs comprised of interest expense on finance leases. Finance costs accounted for approximately 0.01%, 0.02%, 0.02%, 0.02% and 0.01% of our total revenue in FY2009, FY2010, FY2011, HY2011 and HY2012 respectively.

### Income tax expense

Our overall effective tax rate was 16.7%, 16.7%, 15.6%, 15.1% and 16.7% for FY2009, FY2010, FY2011, HY2011 and HY2012 respectively. The Singapore statutory corporate tax rates for FY2009, FY2010, FY2011, HY2011 and HY2012 were 17%. Our effective tax rates for FY2009 and FY2010 were lower than the Singapore statutory corporate tax rates mainly due to partial tax exemption on chargeable income of up to S\$300,000 granted by the Singapore government and income from the Jobs Credit Scheme which was not being subject to tax. Our effective tax rates for FY2011, HY2011 and HY2012 were lower than the Singapore statutory corporate tax rates mainly due to partial tax exemption on chargeable income of up to S\$300,000 granted by the Singapore government, income from the Jobs Credit Scheme which was not being subject to tax, tax incentives and utilisation of previously unrecognised capital allowances.

## RESULTS OF OPERATIONS

### Breakdown of our past performance by business segments and geographical markets

A breakdown of our revenue, cost of works, gross profit and gross profit margin by business segments for FY2009, FY2010, FY2011, HY2011 and HY2012 are set out below:

#### Revenue

	FY2009		FY2010		FY2011		HY2011		HY2012	
	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%
Structural Steelworks	26,373	94.1	35,892	89.7	33,175	95.6	16,681	97.3	24,466	91.8
Tunnelling	1,659	5.9	4,100	10.3	1,512	4.4	455	2.7	2,187	8.2
<b>Total Revenue</b>	<b>28,032</b>	<b>100.0</b>	<b>39,992</b>	<b>100.0</b>	<b>34,687</b>	<b>100.0</b>	<b>17,136</b>	<b>100.0</b>	<b>26,653</b>	<b>100.0</b>

#### Cost of works

	FY2009		FY2010		FY2011		HY2011		HY2012	
	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%
Structural Steelworks	21,513	95.4	28,862	89.9	25,716	97.4	12,761	99.4	18,791	93.4
Tunnelling	1,026	4.6	3,253	10.1	693	2.6	78	0.6	1,324	6.6
<b>Total Cost of works</b>	<b>22,539</b>	<b>100.0</b>	<b>32,115</b>	<b>100.0</b>	<b>26,409</b>	<b>100.0</b>	<b>12,839</b>	<b>100.0</b>	<b>20,115</b>	<b>100.0</b>

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

### Gross profit

	FY2009		FY2010		FY2011		HY2011		HY2012	
	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%
Structural Steelworks	4,860	88.5	7,030	89.2	7,459	90.1	3,920	91.2	5,675	86.8
Tunnelling	633	11.5	847	10.8	819	9.9	377	8.8	863	13.2
<b>Total Gross Profit</b>	<b>5,493</b>	<b>100.0</b>	<b>7,877</b>	<b>100.0</b>	<b>8,278</b>	<b>100.0</b>	<b>4,297</b>	<b>100.0</b>	<b>6,538</b>	<b>100.0</b>

### Gross profit margin

	FY2009 %	FY2010 %	FY2011 %	HY2011 %	HY2012 %
Structural Steelworks	18.4	19.6	22.5	23.5	23.2
Tunnelling	38.1	20.7	54.2	82.9	39.5
<b>Overall</b>	<b>19.6</b>	<b>19.7</b>	<b>23.9</b>	<b>25.1</b>	<b>24.5</b>

A breakdown of our revenue, cost of works, gross profit and gross profit margin by geographical markets for FY2009, FY2010, FY2011, HY2011 and HY2012 are set out below:

### Revenue

	FY2009		FY2010		FY2011		HY2011		HY2012	
	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%
Singapore-Public projects	23,979	85.5	37,722	94.3	33,949	97.9	16,747	97.7	26,653	100
Singapore-Private projects	3,411	12.2	574	1.4	106	0.3	5	0.0	—	—
Malaysia-Public projects	—	—	1,588	4.0	548	1.6	364	2.1	—	—
Malaysia-Private projects	642	2.3	108	0.3	84	0.2	20	0.1	—	—
<b>Total</b>	<b>28,032</b>	<b>100</b>	<b>39,992</b>	<b>100</b>	<b>34,687</b>	<b>100</b>	<b>17,136</b>	<b>100</b>	<b>26,653</b>	<b>100</b>

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

### Cost of works

	FY2009		FY2010		FY2011		HY2011		HY2012	
	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%
Singapore-Public projects	18,962	84.1	29,668	92.4	26,257	99.4	12,776	99.5	20,115	100
Singapore-Private projects	2,794	12.4	622	1.9	106	0.4	5	0.0	—	—
Malaysia-Public projects	—	—	1,698	5.3	(21) <sup>(1)</sup>	(0.1)	22	0.2	—	—
Malaysia-Private projects	783	3.5	127	0.4	67	0.3	36	0.3	—	—
<b>Total</b>	<b>22,539</b>	<b>100.0</b>	<b>32,115</b>	<b>100.0</b>	<b>26,409</b>	<b>100.0</b>	<b>12,839</b>	<b>100.0</b>	<b>20,115</b>	<b>100.0</b>

### Note:

- (1) Includes a waiver of costs of approximately S\$0.5 million incurred by Kori Malaysia in respect of the Pahang-Selangor Raw Water Transfer Project.

### Gross profit

	FY2009		FY2010		FY2011		HY2011		HY2012	
	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%
Singapore-Public projects	5,017	91.3	8,054	102.2	7,692	92.9	3,971	92.4	6,538	100
Singapore-Private projects	617	11.2	(48)	(0.6)	—	—	—	—	—	—
Malaysia-Public projects	—	—	(110)	(1.4)	569	6.9	342	8.0	—	—
Malaysia-Private projects	(141)	(2.5)	(19)	(0.2)	17	0.2	(16)	(0.4)	—	—
<b>Total</b>	<b>5,493</b>	<b>100.0</b>	<b>7,877</b>	<b>100.0</b>	<b>8,278</b>	<b>100.0</b>	<b>4,297</b>	<b>100.0</b>	<b>6,538</b>	<b>100.0</b>

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

### Gross profit margin

	FY2009 %	FY2010 %	FY2011 %	HY2011 %	HY2012 %
Singapore-Public projects	20.9	21.4	22.7	23.7	24.5
Singapore-Private projects	18.1	(8.4)	0.0	0.0	—
Malaysia-Public projects	—	(6.9)	103.8	94.0	—
Malaysia-Private projects	(22.0)	(17.6)	20.2	(80.0)	—
<b>Overall</b>	<b>19.6</b>	<b>19.7</b>	<b>23.9</b>	<b>25.1</b>	<b>24.5</b>

### REVIEW OF PAST PERFORMANCE

#### FY2010 vs FY2009

##### Revenue

Our total revenue increased by approximately S\$12.0 million or 42.9% from S\$28.0 million in FY2009 to S\$40.0 million in FY2010. This increase was attributable to the increase in revenue from our structural steelworks services segment of approximately S\$9.5 million and an increase in revenue from our tunnelling services segment of approximately S\$2.4 million.

The increase in revenue from our structural steelworks services segment by approximately 36.0% from approximately S\$26.4 million in FY2009 to S\$35.9 million in FY2010 was mainly attributable to increase in work completed for the Rochor Canal Project and Millenia Station Project as they progressed to a more active phase in FY2010, offset by decrease in work completed for the Marina Bay Financial Centre Project, Marina Bay Station Project and Bayfront Station Project as all of them were reaching completion in FY2010.

Revenue from the tunnelling services segment increased by approximately 141.2% from S\$1.7 million in FY2009 to S\$4.1 million in FY2010 mainly due to increase in work completed for the Promenade & Marina Bay Station Project as it progressed to a more active phase in FY2010 and increase in work completed for the Pahang-Selangor Raw Water Transfer Project in Malaysia which first commenced work in January 2010.

##### Cost of works

Our cost of works increased by approximately S\$9.6 million or 42.7% from S\$22.5 million in FY2009 to S\$32.1 million in FY2010. This comprised the increase in costs of works of approximately S\$7.3 million and S\$2.3 million for the structural steelworks services segment and the tunnelling services segment respectively.

The increase in cost of works for the structural steelworks services segment by approximately 34.0% from approximately S\$21.5 million in FY2009 to S\$28.8 million in FY2010 is mainly due to an increase in material costs and sub-contractor charges of S\$7.0 million and S\$0.3 million respectively. The increase in material costs was in line with the increase in the number of projects in FY2010 which were larger in scale, thus requiring more materials. Sub-contractor charges increased due to an increase in sub-contracting of works to our sub-contractors as our business activities increase.

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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

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Cost of works for the tunnelling services segment increased by approximately 230.0% from S\$1.0 million in FY2009 to S\$3.3 million in FY2010. This increase was mainly due to an increase of sub-contractor charges, employee compensation, worksite expenses and professional fees of S\$0.5 million, S\$0.8 million, S\$0.4 million and S\$0.6 million respectively. These increases were in line with the increased level of business activities and number of projects in FY2010 as our Group sub-contracted more works to our sub-contractors and employed more workers to cope with the increase in works. We also incurred more worksite expenses and hired more skilled professionals to manage the tunnelling projects in Malaysia.

### Gross profit and gross profit margin

Our Group's gross profit increased by approximately S\$2.4 million or 43.6% from S\$5.5 million in FY2009 to S\$7.9 million in FY2010 while the gross profit margin increased slightly from approximately 19.6% in FY2009 to approximately 19.7% in FY2010.

The gross profit for the structural steelworks services segment increased by approximately 42.9% from S\$4.9 million in FY2009 to S\$7.0 million in FY2010. This was due mainly to increase in gross profit for the Rochor Canal Project and the Millenia Station Project, partially offset by a decrease in gross profit for the Bayfront Station Project, Marina Bay Financial Centre Project and Marina Bay Station Project as a result of decreased level of revenue contribution from these projects. Gross profit margin increased from 18.4% in FY2009 to 19.6% in FY2010 due to higher gross profit margin contributed from the Millenia Station Project as existing steel materials were re-used in this project leading to lower costs incurred.

The increase in gross profit for the tunnelling services segment by approximately 33.3% from S\$0.6 million in FY2009 to S\$0.8 million in FY2010 was mainly due to an increase in gross profit for Promenade & Marina Bay Station Project, partially offset by a decrease in gross profit for Pahang-Selangor Raw Water Transfer project in Malaysia. There was a decrease in gross profit for the Pahang-Selangor Raw Water Transfer project as it first commenced work in January 2010 and higher costs were incurred at the beginning stage of the project to prepare for a more efficient tunnelling process. The gross profit margin decreased from 38.1% to 20.7% due to lower gross profit margin contributed by the Pahang-Selangor Raw Water Transfer project.

### Other income

Our other income increased by approximately S\$0.2 million or 33.3% from S\$0.6 million in FY2009 to S\$0.8 million in FY2010. This was mainly due to increase in sales of scrap materials of approximately S\$0.2 million and net foreign currency gains of approximately S\$0.2 million, offset by reduction of jobs credit received from the Singapore government of approximately S\$0.1 million and a reduction of gain on property, plant and equipment of approximately S\$0.1 million.

### Administrative expenses

Administrative expenses increased by approximately S\$0.2 million or 11.1% from S\$1.8 million in FY2009 to S\$2.0 million in FY2010.

The increase was mainly due to an increase in employee compensation, rental expenses, transport and travelling expenses and depreciation of an aggregate amount of approximately S\$0.3 million, which were partially offset by the decrease in entertainment, insurance and other expenses of an aggregate amount of approximately S\$0.1 million.

### Finance costs

Finance costs increased by approximately S\$2,877 or 73.9% from S\$3,893 in FY2009 to S\$6,770 in FY2010 mainly due to two new motor vehicles purchased in FY2009 which were under hire purchase arrangement for our Executive Directors' usage.

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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

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### Profit before income tax

Profit before income tax increased by approximately S\$2.4 million or 55.8% from S\$4.3 million in FY2009 to S\$6.7 million in FY2010 mainly as a result of an increase in gross profit and other income of approximately S\$2.4 million and S\$0.2 million respectively which were partially offset by an increase in administrative expenses of approximately S\$0.2 million.

### Income tax expense

Income tax expense increased by approximately S\$0.4 million or 57.1% from S\$0.7 million in FY2009 to S\$1.1 million in FY2010 due to increase in profit before income tax for FY2010.

## **FY2011 vs FY2010**

### Revenue

Our total revenue decreased by approximately S\$5.3 million or 13.3% from S\$40.0 million in FY2010 to S\$34.7 million in FY2011. This decrease was attributable to a decrease in revenue from our structural steelworks services segment of approximately S\$2.7 million and a decrease in revenue from our tunnelling services segment of approximately S\$2.6 million.

The decrease in revenue from our structural steelworks services segment by approximately 7.5% from approximately S\$35.9 million in FY2010 to S\$33.2 million in FY2011 was mainly attributable to a decrease in work completed for the Rochor Canal Project as majority of the works for the Rochor Canal Project was completed in FY2010, partially offset by increase in work completed for the Botanic Garden & Stevens Station Project, Newton Station Project and Beauty World & Hillview Project. There was an increase in work completed for the Botanic Garden & Stevens Stations Project, Newton Station Project and Beauty World & Hillview Project as majority of the works for the three projects commenced in FY2011.

Revenue from the tunnelling services segment decreased by approximately 63.4% from approximately S\$4.1 million in FY2010 to S\$1.5 million in FY2011 as the Promenade & Marina Bay Station Project and the Pahang-Selangor Raw Water Transfer Project were completed in FY2010. This was partially offset by increase in work completed for Little India Station to Newton Station Project which first commenced works in August 2011 and progressed to a more active stage in the later part of FY2011.

### Cost of works

Our cost of works decreased by approximately S\$5.7 million or 17.8% from S\$32.1 million in FY2010 to S\$26.4 million in FY2011. This comprised the decrease in cost of works for both the structural steelworks services segment and tunnelling services segment of approximately S\$3.1 million and S\$2.6 million respectively.

The cost of works for the structural steelworks services segment decreased by 10.8% from approximately S\$28.8 million in FY2010 to S\$25.7 million in FY2011 mainly due to a decrease in the level of business activities and works completed in FY2011 compared to FY2010 which resulted in decrease in material costs, sub-contractor charges and rental expenses. Material costs, sub-contractor charges and rental expenses decreased by approximately S\$4.6 million, S\$1.0 million and S\$0.4 million respectively from FY2010 to FY2011, which were partially offset by an increase in employee compensation and worksite expenses of approximately S\$1.2 million,



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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

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S\$1.8 million respectively from FY2010 to FY2011. The increase in employee compensation was due to increase in remuneration for current employees and increase in headcount of the structural steelworks services segment in preparation for new projects secured in FY2011. There was an increase in worksite expenses despite lower business activities as there were some overrun of costs for the Botanic Garden & Stevens Station Project and the Newton Station Project due to their slow progress during the first half of FY2011.

Cost of works for the tunnelling services segment decreased from S\$3.3 million in FY2010 to S\$0.7 million in FY2011, in line with the decrease in the level of construction activities for projects under this segment. Sub-contractor charges, employee compensation, worksite expenses and professional fees decreased by S\$0.9 million, S\$1.1 million, S\$0.4 million and S\$0.2 million from FY2010 to FY2011 respectively. These decreases were in line with the decrease in level of business activities and decrease in works completed in FY2011 compared to FY2010. Accordingly, our Group sub-contracted less works to our sub-contractors and we decreased our headcount for the tunnelling services segment. We also incurred less worksite expenses and employed less skilled professionals to manage the tunnelling works in Malaysia.

### Gross profit and gross profit margin

Our Group's gross profit increased by approximately S\$0.4 million or 5.1% from S\$7.9 million in FY2010 to S\$8.3 million in FY2011 while our gross profit margin increased from 19.7% in FY2010 to 23.9% in FY2011 due to increase in gross profit margins for both the structural steelworks services segment and tunnelling services segment.

The increase in gross profit for the structural steelworks services segment by approximately 7.1% from S\$7.0 million in FY2010 to S\$7.5 million in FY2011 was mainly due to an increase in gross profit from the Beauty World & Hillview Project and the Botanic Garden & Stevens Station Project, offset by decrease in gross profit from the Rochor Canal Project. Gross profit margin increased from 19.6% in FY2010 to 22.5% in FY2011 due to a higher gross profit margin contributed by the Beauty World & Hillview Project as the Company was able to reuse its existing steel materials for this project and lower costs were incurred.

Gross profit for the tunnelling services segment remained at approximately S\$0.8 million in FY2010 and FY2011. However, gross profit margin increased from 20.7% in FY2010 to 54.2% in FY2011 as a result of cost savings achieved as there was a waiver of costs of approximately S\$0.5 million incurred by Kori Malaysia in respect of the Pahang-Selangor Raw Water Transfer Project.

### Other income

Our other income decreased by approximately S\$0.1 million or 12.5%, from S\$0.8 million in FY2010 to S\$0.7 million in FY2011. This was due mainly to a decrease in net foreign currency gain and secondment of project engineers of approximately S\$0.1 million and S\$0.1 million respectively, offset by an increase in income from sale of scrap materials of approximately S\$0.1 million.

### Administrative expenses

Administrative expenses decreased by approximately S\$0.2 million or 10.0% from S\$2.0 million in FY2010 to S\$1.8 million in FY2011.

The decrease was mainly due to a decrease in rental expenses for the accommodation of managerial staff following their departure from the Group, a decrease in transport and travelling expenses and a tax expense provision in FY2010 of an aggregate amount of approximately S\$0.2 million. Please refer to the section "Risk Factors" for more details on the tax provision.

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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

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### Finance costs

Finance costs decreased by approximately S\$947 or 14.0% from S\$6,770 in FY2010 to S\$5,823 in FY2011 mainly due to full payment of one motor vehicle under hire purchase in FY2010.

### Profit before income tax

Profit before income tax increased by approximately S\$0.4 million or 6.0% from S\$6.7 million in FY2010 to S\$7.1 million in FY2011. This was mainly due to an increase in gross profit of approximately S\$0.4 million in FY2011 and a decrease in administrative expenses of approximately S\$0.2 million, offset by a decrease in other income of S\$0.1 million

### Income tax expense

Income tax expense decreased by S\$29,066 or 2.5% from S\$1,143,392 in FY2010 to S\$1,114,326 in FY2011 mainly due to increase in other tax incentives, increase in utilisation of previously unrecognised capital allowance and adjustments for overprovision of income tax expenses for FY2010.

## **HY2011 vs HY2012**

### Revenue

Our total revenue increased by approximately S\$9.6 million or 56.1% from S\$17.1 million in HY2011 to S\$26.7 million in HY2012. The increase was attributable to the increase in revenue from our structural steelworks services segment of approximately S\$7.8 million and an increase in revenue from our tunnelling services segment of approximately S\$1.7 million.

The increase in revenue from our structural steelworks services segment by approximately 46.7% from S\$16.7 million in HY2011 to S\$24.5 million in HY2012 was mainly attributable to increase in work completed for certain projects which included Bedok Town Park Station Project, Ubi Station Project, Botanic Garden & Stevens Station Project and Newton Station Project as they progressed to a more active phase in HY2012, offset by decrease in work completed for the Beauty World & Hillview Project, Millenia Station Project and Rochor Canal Station Project. There was a decrease in work completed for the Beauty World & Hillview Project as it was reaching completion in HY2012. The decrease in works for the Rochor Canal Station Project was due to completion of the majority of the installation works in FY2011. For The Millenia Station Project, it was completed in FY2011.

Revenue from the tunnelling services segment increased from S\$0.5 million in HY2011 to S\$2.2 million in HY2012 mainly due to commencement of two new projects, namely NEWater Infrastructure Plan Extension Project in October 2011 and Little India Station to Newton Station Project in August 2011 which progressed to a more active stage in HY2012. The increase in revenue was partially offset by a decrease in revenue contributed from the Promenade & Marina Bay Station Project and Pahang-Selangor Raw Water Transfer Project. Even though both projects were completed in FY2010, revenue from variation orders for the projects were received in HY2011 but no such revenue from variation orders were received in HY2012.

### Cost of works

Our cost of works increased by approximately S\$7.3 million or 57.0% from S\$12.8 million in HY2011 to S\$20.1 million in HY2012. This comprised the increases in costs of works of approximately S\$6.0 million and S\$1.3 million for the structural steelworks services segment and the tunnelling services segment respectively.

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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

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Our cost of works for the structural steelworks services segment increased by 46.9% from approximately S\$12.8 million in HY2011 to S\$18.8 million in HY2012 mainly due to an increase in material costs, sub-contractor charges, worksite expenses and rental expenses of S\$1.7 million, S\$3.5 million, S\$1.0 million and S\$0.4 million respectively. Due to the increase in level of business activities and works completed in HY2012 compared to HY2011, more materials and a larger portion of sub-contracting of works were required. Our Group also incurred more worksite expenses and rental expenses for the rental of machinery and equipment. Such increases were partially offset by decrease in employee compensation of approximately S\$0.7 million. There was a decrease in employee compensation for the structural steelworks services segment because some tunnelling staff who were previously seconded to the structural steelworks services segment to cope with the increase in works were re-deployed back to the tunnelling services segment. This was in line with the increase in sub-contracting of works and less direct labour was required for the structural steelworks services segment.

Cost of works for the tunnelling services segment increased from S\$0.1 million in HY2011 to S\$1.3 million in HY2012, in line with the increase in the level of construction activities for projects under this segment. Employee compensation, worksite expenses and rental expenses increased by approximately S\$1.0 million, S\$0.1 million and S\$0.1 million from HY2011 to HY2012 respectively. Employee compensation increased as some tunnelling staff who were previously seconded to the structural steelworks services segment were re-deployed back to the tunnelling services segment to cope with the increase in works in the tunnelling segment. Our Group also incurred more worksite expenses and rental expenses as rental expenses for workers' quarters and staff houses at the work site increased in line with the increase in workers for the tunnelling segment.

### Gross profit and gross profit margin

Our Group's gross profit increased by approximately S\$2.2 million or 51.2% from S\$4.3 million in HY2011 to S\$6.5 million in HY2012 due to increases in gross profit for both structural steelworks services segment of approximately S\$1.7 million and tunnelling services segment of approximately S\$0.5 million. Our gross profit margin decreased from 25.1% in HY2011 to 24.5% in HY2012, due to decrease in gross profit margins for both the structural steelworks services segment and tunnelling services segment.

The increase in gross profit for the structural steelworks services segment by 46.2% from approximately S\$3.9 million in HY2011 to S\$5.7 million in HY2012 was mainly due to increase in gross profit for Bedok Town Park Station Project and Botanic Garden & Stevens Station Project, offset by decrease in gross profit from Beauty World & Hillview Project. Gross profit margin remained relatively the same at 23.2% in HY2012 compared to 23.5% in HY2011.

The increase in gross profit for the tunnelling services segment from approximately S\$0.4 million in HY2011 to S\$0.9 million in HY2012 was mainly due to increase in gross profit for newly commenced projects, namely Little India Station to Newton Station Project and NEWater Infrastructure Plan Extension Project. Gross profit margin decreased from 82.7% in HY2011 to 39.5% in HY2012 mainly due to higher costs incurred in HY2012 to prepare for a more efficient tunnelling process.

### Other income

Our other income increased by approximately S\$0.2 million from S\$0.3 million in HY2011 to S\$0.5 million in HY2012 mainly due to increase in income from sale of scrap materials of approximately S\$0.2 million and secondment of project engineers of approximately S\$0.1 million, offset by a decrease in net foreign exchange gain of approximately S\$0.1 million.

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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

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### Administrative expenses

Administrative expenses increased by approximately S\$0.04 million or 4.2% from S\$0.90 million in HY2011 to S\$0.94 million in HY2012 mainly due to an increase in professional fees of S\$0.10 million which were incurred for the Listing, offset by a decrease in employee compensation of S\$0.07 million due to a decrease in managerial staff of our Group in HY2012.

### Profit before income tax

Profit before income tax increased by approximately S\$2.4 million or 64.9% from S\$3.7 million in HY2011 to S\$6.1 million in HY2012 mainly due to an increase in gross profit and other income of approximately S\$2.2 million and S\$0.2 million respectively.

### Income tax expense

Income tax expense increased by approximately S\$0.5 million or 100.0% from S\$0.5 million in HY2011 to S\$1.0 million in HY2012 due to higher profit before income tax in HY2012.

## REVIEW OF FINANCIAL POSITION

### **As at 31 December 2011**

#### Non-current assets

As at 31 December 2011, our non-current assets which comprised only property, plant and equipment of approximately S\$0.3 million accounted for approximately 1.0% of our total assets. Our property, plant and equipment comprised furniture and fittings of S\$15,807, motor vehicles of S\$177,985, office equipment of S\$8,075, plant and machinery of S\$57,783, site office of S\$9,313 and freehold property of S\$57,864.

#### Current assets

As at 31 December 2011, our current assets of approximately S\$33.8 million accounted for approximately 99.0% of our total assets. Our current assets comprised the following:

- (i) Cash and bank balances of approximately S\$5.6 million which accounted for 16.6% of our total current assets. Cash and bank balances consisted of cash at bank and on hand of S\$4.1 million and short-term bank deposits of S\$1.5 million;
- (ii) Trade and other receivables of approximately S\$27.4 million, which accounted for 81.1% of our total current assets. Trade and other receivables consisted mainly of trade receivables of S\$4.8 million, construction contracts of S\$21.9 million, non-trade receivables of S\$0.4 million and deposits of S\$0.3 million; and
- (iii) Inventories of approximately S\$0.8 million, which accounted for 2.3% of our total current assets.

#### Non-current liabilities

As at 31 December 2011, our non-current liabilities of approximately S\$78,810 accounted for 0.6% of our total liabilities. Our non-current liabilities comprised finance lease liabilities of S\$73,706 and deferred income tax liabilities of S\$5,104, which accounted for 93.5% and 6.5% of our total non-current liabilities respectively.

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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

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### Current liabilities

As at 31 December 2011, our current liabilities of approximately S\$13.1 million accounted for 99.4% of our total liabilities. Our current liabilities comprised the following:

- (i) Trade and other payables of approximately S\$10.4 million which accounted for approximately 79.4% of our total current liabilities. Trade and other payables consisted of trade payables of S\$6.8 million, construction contracts due to customers of S\$1.9 million, other payables of S\$0.5 million and accrued operating expenses of S\$1.2 million;
- (ii) Current income tax liabilities of approximately S\$2.6 million which accounted for approximately 20.2% of our total current liabilities; and
- (iii) Finance lease liabilities of S\$46,593 which accounted for approximately 0.4% of our total current liabilities.

### Equity

As at 31 December 2011, our equity of approximately S\$20.9 million comprised mainly share capital of approximately S\$0.4 million and retained profits of approximately S\$20.5 million.

### **As at 30 June 2012**

### Non-current assets

As at 30 June 2012, our non-current assets which comprised only property, plant and equipment of approximately S\$0.3 million accounted for approximately 0.8% of our total assets. Our property, plant and equipment comprised furniture and fittings of S\$14,232, motor vehicles of S\$138,568, office equipment of S\$20,566, plant and machinery of S\$51,349, site office of S\$12,561 and freehold property of S\$55,568.

### Current assets

As at 30 June 2012, our current assets of approximately S\$38.6 million accounted for approximately 99.2% of our total assets. Our current assets comprised the following:

- (i) Cash and bank balances of approximately S\$5.9 million which accounted for 15.3% of our total current assets. Cash and bank balances consisted of cash at bank and on hand of S\$4.4 million and short-term bank deposits of S\$1.5 million. Our cash and bank balances increased by approximately S\$0.3 million or 5.4% from S\$5.6 million as at 31 December 2011 to S\$5.9 million as at 30 June 2012;
- (ii) Trade and other receivables of approximately S\$30.7 million, which accounted for 79.5% of our total current assets. Trade and other receivables consisted mainly of trade receivables of S\$4.4 million, construction contracts of S\$25.9 million, non-trade receivables of S\$0.1 million and deposits of S\$0.3 million. Our trade and other receivables increased by approximately S\$3.3 million or 12.0% from S\$27.4 million as at 31 December 2011 to S\$30.7 million as at 30 June 2012;
- (iii) Inventories of approximately S\$1.4 million, which accounted for 3.6% of our total current assets. Our inventories increased by approximately S\$0.6 million or 75.0% from S\$0.8 million as at 31 December 2011 to S\$1.4 million as at 30 June 2012; and

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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

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- (iv) Deferred listing expenses of approximately S\$0.6 million, which accounted for 1.6% of our total current assets.

### Non-current liabilities

As at 30 June 2012, our non-current liabilities of approximately S\$55,430 accounted for 0.4% of our total liabilities. Our non-current liabilities comprised finance lease liabilities of S\$50,410 and deferred income tax liabilities of S\$5,020, which accounted for 90.9% and 9.1% of our total non-current liabilities respectively. Our non-current liabilities decreased by approximately S\$23,380 or 29.7% from S\$78,810 as at 31 December 2011 to S\$55,430 as at 30 June 2012.

### Current liabilities

As at 30 June 2012, our current liabilities of approximately S\$12.8 million accounted for 99.6% of our total liabilities. Our current liabilities comprised the following:

- (i) Trade and other payables of approximately S\$8.3 million which accounted for approximately 64.8% of our total current liabilities. Trade and other payables consisted of trade payables of S\$6.2 million, construction contracts due to customers of S\$0.4 million, other payables of S\$0.9 million and accrued operating expenses of S\$0.8 million. Our trade and other payables decreased by approximately S\$2.1 million or 20.2% from S\$10.4 million as at 31 December 2011 to S\$8.3 million as at 30 June 2012;
- (ii) Current income tax liabilities of approximately S\$3.3 million which accounted for approximately 25.8% of our total current liabilities. Our current income tax liabilities increased by approximately S\$0.7 million or 26.9% from S\$2.6 million as at 31 December 2011 to S\$3.3 million as at 30 June 2012;
- (iii) Finance lease liabilities of S\$46,593 which accounted for approximately 0.4% of our total current liabilities. There is no change in our finance lease liabilities from 31 December 2011 to 30 June 2012; and
- (iv) Convertible loans of approximately S\$1.15 million which accounted for approximately 9.0% of our total current liabilities.

### Equity

As at 30 June 2012, our equity of approximately S\$26.0 million comprised mainly share capital of approximately S\$0.4 million and retained profits of approximately S\$25.6 million. Our equity increased by approximately S\$5.1 million or 24.4% from S\$20.9 million as at 31 December 2011 to S\$26.0 million as at 30 June 2012.

## LIQUIDITY AND CAPITAL RESOURCES

As at the Latest Practicable Date, our Group has two sources of funds categorised as internal and external sources. Internal sources of funds comprise existing cash and cash equivalents. External sources of funds comprise mainly borrowings from third parties, credit granted by suppliers and capital investment from Shareholders. The principal uses of these cash sources are to finance raw material purchases, capital expenditure and operating expenses such as rental, payroll and administrative expenses.



## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

The following table sets out a summary of our Group's cash flow for FY2009, FY2010, FY2011 and HY2012:

(S\$'000)	FY2009	FY2010	FY2011	HY2012
Net cash from/(used in) operating activities	(896)	1,401	(978)	(229)
Net cash from/(used in) investing activities	59	11	(72)	(24)
Net cash from/(used in) financing activities	(341)	(17)	107	561
Net (decrease)/increase in cash and cash equivalents at the end of the year/period	(1,178)	1,395	(943)	308
Cash and cash equivalents at the beginning of the year/period	5,567	4,389	5,784	4,841
Cash and cash equivalents at the end of the year/period	4,389	5,784	4,841	5,149

### FY2009

In FY2009, we recorded a net cash outflow from operating activities of approximately S\$0.9 million, which was a result of operating profit before changes in working capital of approximately S\$4.3 million, adjusted for net working capital outflows of approximately S\$5.2 million and income tax paid of S\$59,640. Our working capital outflows were due to an increase in trade and other receivables of approximately S\$0.5 million, and a decrease in trade and other payables of approximately S\$4.7 million.

Net cash from investing activities amounted to S\$58,790, which was attributable to proceeds from disposal of property, plant and equipment of S\$82,763, partially offset by purchase of additional property, plant and equipment of S\$23,973.

Net cash used in financing activities amounted to approximately S\$0.3 million, which was mainly attributable to S\$0.2 million bank deposits pledged and repayment of finance lease liabilities of S\$0.1 million.

As at 31 December 2009, our cash and cash equivalents were approximately S\$4.4 million.

### FY2010

In FY2010, we recorded a net cash inflow from operating activities of approximately S\$1.4 million, which was a result of operating profit before changes in working capital of approximately S\$6.8 million, adjusted for net working capital outflows of approximately S\$5.2 million and income tax paid of approximately S\$0.2 million. Our working capital outflows were due to an increase in trade and other receivables of approximately S\$8.8 million partially offset by an increase in trade and other payables of approximately S\$3.6 million.

Net cash inflow from investing activities amounted to S\$10,667 which was mainly attributable to proceeds from disposal of motor vehicle of S\$20,800, partially offset by purchase of property, plant and equipment of S\$10,133.

Net cash used in financing activities amounted to S\$17,110, which was due to repayment of finance lease liabilities of S\$52,711, bank deposits pledged of S\$4,027 and hire purchase interest expenses of S\$6,770, offset by interest received of S\$46,398.



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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

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As at 31 December 2010, our cash and cash equivalents were approximately S\$5.8 million.

### **FY2011**

In FY2011, we recorded a net cash outflow from operating activities of approximately S\$1.0 million, which was a result of operating profit before changes in working capital of approximately S\$7.2 million, adjusted for net working capital outflows of approximately S\$8.0 million and income tax paid of approximately S\$0.2 million. Our working capital outflows were due to an increase of trade and other receivables of approximately S\$6.5 million, a decrease in trade and other payables of approximately S\$0.7 million and an increase in inventory of approximately S\$0.8 million.

Net cash used in investing activities amounted to S\$71,756, which was attributable to purchase of property, plant and equipment of S\$77,478, partially offset by proceeds from disposal of property, plant and equipment of S\$5,722.

Net cash from financing activities was approximately S\$0.1 million, which was attributable to proceeds from issuance of ordinary shares of approximately S\$0.1 million and interest received of S\$22,428, offset by repayment of finance lease liabilities of S\$46,593, bank deposits pledged of S\$3,232 and interest paid on hire purchase of S\$5,823.

As at 31 December 2011, our cash and cash equivalents were approximately S\$4.8 million.

### **HY2012**

In HY2012, our Group recorded net cash outflow from operating activities of approximately S\$0.2 million, which was a result of operating profit before changes in working capital of approximately S\$6.2 million, adjusted for net working capital outflow of approximately S\$6.1 million as well as income tax paid of approximately S\$0.3 million. Our working capital outflows were due to an increase in trade and other receivables of approximately S\$3.3 million, a decrease in trade and other payables of approximately \$2.1 million and an increase in inventory of approximately S\$0.7 million.

Net cash used in investing activities amounted to S\$24,211, which was attributable to additions to property, plant and equipment of S\$29,033, partially offset by proceeds from disposal of property, plant and equipment of S\$4,822.

Net cash from financing activities amounted to approximately S\$0.6 million, which was mainly due to proceeds from the Redeemable Convertible Loan of S\$1.2 million, offset by listing expenses of approximately S\$0.6 million.

As at 30 June 2012, our cash and cash equivalents were approximately S\$5.1 million.

### **INFLATION**

Our financial performance for the Period Under Review was not materially affected by inflation.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

### CAPITAL EXPENDITURE AND DIVESTMENTS

The capital expenditures and divestments made by our Group in FY2009, FY2010, FY2011, HY2012 and from 1 July 2012 to the Latest Practicable Date were as follows:

(S\$'000)	FY2009	FY2010	FY2011	HY2012	1 July 2012 to Latest Practicable Date
<b>Expenditures</b>					
Furniture & fitting	0 <sup>(1)</sup>	2	5	—	—
Motor vehicle	340	—	—	—	—
Office equipment	12	8	4	25	4
Plant and machinery	3	—	61	—	—
Site office	—	—	7	4	4
Freehold property	—	—	—	—	—
<b>Total</b>	<b>355</b>	<b>10</b>	<b>77</b>	<b>29</b>	<b>8</b>

(S\$'000)	FY2009	FY2010	FY2011	HY2012	1 July 2012 to Latest Practicable Date
<b>Divestments</b>					
Furniture & fitting	—	—	—	36	—
Motor vehicle	205	76	9	8	—
Office equipment	—	—	2	26	—
Plant and machinery	—	—	—	446	—
Site office	—	—	—	—	—
Freehold property	—	—	—	—	—
<b>Total</b>	<b>205</b>	<b>76</b>	<b>11</b>	<b>516</b>	<b>—</b>

**Note:**

<sup>(1)</sup> The figure is insignificant.

The above capital expenditures were primarily financed by internally generated cash resources save for motor vehicles which were financed by finance leases.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

### FOREIGN EXCHANGE MANAGEMENT

#### Accounting Treatment of Foreign Currencies

Foreign currency transactions are translated at rates of exchange approximating those prevailing at transaction dates. Foreign currency monetary assets and liabilities are translated at rates as at balance sheet date. All profits and losses on exchange are dealt with through the income statement.

Most of the Group's transactions are denominated in S\$. Whenever possible, the Group will use its functional currency to deal with its trading partners to minimise foreign currency risk.

#### Foreign Exchange Exposure

The proportions of our revenue, purchases and expenses denominated in S\$ and foreign currencies are as follows:

Percentage of revenue denominated in	FY2009 (%)	FY2010 (%)	FY2011 (%)	HY2012 (%)
S\$	100.0	100.0	100.0	100.0
	100.0	100.0	100.0	100.0

Percentage of purchases denominated in	FY2009 (%)	FY2010 (%)	FY2011 (%)	HY2012 (%)
S\$	100.0	65.0	80.0	76.0
US\$	0.0	35.0	20.0	24.0
	100.0	100.0	100.0	100.0

Percentage of expenses denominated in	FY2009 (%)	FY2010 (%)	FY2011 (%)	HY2012 (%)
S\$	100.0	100.0	100.0	100.0
	100.0	100.0	100.0	100.0

To the extent that our revenue, purchases and expenses are not naturally matched in the same currency and to the extent that there are timing differences between invoicing and collection/payment, we will be exposed to adverse fluctuations of the US\$ against the S\$, which will adversely affect our earnings.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Our net foreign exchange exposure for FY2009, FY2010, FY2011 and HY2012 were as follows:

	FY2009	FY2010	FY2011	HY2012
Net foreign exchange gain (S\$)	—	185,420	100,375	28,896
As a percentage of revenue (%)	—	0.5	0.3	0.1
As a percentage of profit before tax (%)	—	2.7	1.4	0.5

We do not currently have a formal hedging policy although we may, subject to the approval of our Board, enter into relevant transactions when necessary, to hedge our exposure to foreign currency fluctuations. We will also put in place, where necessary, procedures to hedge our exposure to foreign currency fluctuations. Such procedures will be reviewed and approved by our Audit Committee and our Board.

### SIGNIFICANT ACCOUNTING POLICY CHANGES

The accounting policies have been consistently applied by our Group during FY2009, FY2010, FY2011 and HY2012, except for the changes in accounting policies discussed below.

Our Group has adopted the following standards and interpretations relevant to the Group and mandatory for annual periods beginning on or after 1 January 2009, 2010 and 2011.

- INT FRS 110 *Interim Financial Reporting and Impairment*
- FRS 1 *Presentation of Financial Statements (Revised)*
- Amendments to FRS 18 *Revenue*
- Amendments to FRS 23 *Borrowing Costs*
- Amendments to FRS 107 *Financial Instruments: Disclosures — Improving Disclosures about Financial Instruments*
- FRS 108 *Operating Segments*
- Annual Improvements to FRSs issued in 2009
- Amendments to FRS 7 *Statement of Cash Flows*
- FRS 24 *Related Party Disclosures*

## CAPITALISATION AND INDEBTEDNESS

The following table shows our cash and bank balances, indebtedness and capitalisation of our Group which is prepared:

- (a) as at 30 June 2012, based on our unaudited combined financial statements;
- (b) as at 31 October 2012, based on our unaudited consolidated management accounts as adjusted to give effect to the Restructuring Exercise including the conversion of the Redeemable Convertible Loan; and
- (c) as adjusted to give effect to the application of the net proceeds from the Placement, after deducting estimated listing expenses related to the Placement.

You should read this table in conjunction with the “Independent Auditor’s Report on the Audited Combined Financial Statements for the financial years ended 31 December 2009, 2010 and 2011” and “Independent Auditor’s Review Report on the Unaudited Combined Financial Statements for the six-month financial period ended 30 June 2012” as set out in Appendices A and B to this Offer Document respectively and the section “Management’s Discussion and Analysis of Results of Operations and Financial Position” in this Offer Document.

(S\$’000)	As at 30 June 2012	As at 31 October 2012	As adjusted
<b>Cash and bank balances</b>	5,902	5,679	10,084
<b>Short-term debt</b>			
Secured finance lease liabilities	47	47	47
Guaranteed Redeemable Convertible Loan	1,150	—	—
	1,197	47	47
<b>Long-term debt</b>			
Secured finance lease liabilities	50	35	35
<b>Total indebtedness</b>	1,247	82	82
<b>Total shareholders’ equity</b>	26,070	30,567	34,972
<b>Total capitalisation and indebtedness</b>	27,317	30,649	35,054

As at the Latest Practicable Date, there were no material changes to our capitalisation and indebtedness as disclosed above, save for changes in our reserves arising from day-to-day operation in the ordinary course of business.

As at the Latest Practicable Date, our Company does not have any banking facility.

### Contingent Liabilities

As at the Latest Practicable Date, our Group does not have any contingent liabilities.

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## WORKING CAPITAL

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Our Group financed its operations through both internal and external sources. Our internal sources of funds comprise our existing cash and cash equivalents. Our external sources of funds comprise mainly borrowings from third parties, credit granted by suppliers and capital investment from Shareholders. Please refer to the section “Capitalisation and Indebtedness” of this Offer Document for further details.

Our Group had cash and cash equivalents of S\$4.4 million, S\$5.8 million, S\$4.8 million and S\$5.1 million as at 31 December 2009, 31 December 2010, 31 December 2011 and 30 June 2012 respectively.

We recorded positive working capital of approximately S\$8.9 million, S\$14.5 million, S\$20.7 million and S\$25.8 million as at 31 December 2009, 2010 and 2011 and 30 June 2012 respectively.

Our Directors are of the reasonable opinion that, after having made due and careful enquiry and after taking into account our Group’s net positive working capital as at 31 December 2009, 2010 and 2011 and 30 June 2012 and our existing cash and cash equivalents, the working capital available to us as at the date of lodgement of this Offer Document is sufficient for our present requirements and for at least 12 months after the listing of our Company on Catalist.

The Sponsor is of the reasonable opinion that, after having made due and careful enquiry and after taking into account our Group’s net positive working capital as at 31 December 2009, 2010 and 2011 and 30 June 2012 and our existing cash and cash equivalents, the working capital available to the Company as at the date of lodgement of this Offer Document is sufficient for its present requirements and for at least 12 months after the listing of the Company on Catalist.

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## INDUSTRY OVERVIEW

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*Unless expressly stated below, all the information and data presented in this section, the section “General Information on our Group — Prospects” and the section “General Information on our Group — Trend Information” of this Offer Document, are extracted from the research report (the “Industry Report”) dated 9 November 2012 prepared by the Independent Market Researcher. The Independent Market Researcher has been commissioned by our Company to prepare the Industry Report for the purposes of providing information for incorporation into this Offer Document. The following “Industry Overview” section has been extracted from the Industry Report. The Independent Market Researcher has advised us that the statistical and graphical information contained herein is drawn from its database and other sources. In connection therewith, the Independent Market Researcher has advised that: (a) certain information used by the Independent Market Researcher was derived from estimates or subjective judgements; (b) the information used by other data collection agencies may differ from the information used by the Independent Market Researcher; (c) reports and industry publications generally state that the information they contain has been obtained from sources they believe to be reliable but that the accuracy and completeness of that information is not guaranteed; (d) while the Independent Market Researcher has taken reasonable care in the collection and compilation of the statistical and graphical information and believes it to be accurate and correct, data collection and compilation is subject to limited validation procedures and may accordingly contain errors and omissions; and (e) the Independent Market Researcher’s methodologies for collection and compilation of information and data may differ from those of other sources, and does not reflect all or even necessarily a comprehensive set of the actual transactions occurring in the construction and civil engineering industry.*

*While our Directors have taken reasonable action to ensure that information from the Industry Report have been extracted in their proper form and context, and that such statements have been extracted accurately and fairly from the Industry Report, none of the Manager, Sponsor and Placement Agent or our Company or their respective officers, agents, employees and advisers have conducted an independent review of the content or independently verified the accuracy thereof. You should be aware that since the date of the Industry Report, there may have been changes in the construction and civil engineering industry and the various sectors therein which could affect the accuracy or completeness of the information in this section.*

### OVERVIEW OF THE CONSTRUCTION INDUSTRY IN SINGAPORE

The construction industry in Singapore is an important contributor to the country’s gross domestic product (“GDP”). The industry comprises public and private projects including building projects<sup>(1)</sup> as well as civil engineering projects. For 2011, the construction industry accounted for 3.7% of the country’s total GDP, recording a value of S\$11.2 billion. In the third quarter of 2012, the construction sector also reported 8.6% growth on a year-on-year basis.

**Note:**

(1) Building projects cover construction of residential, commercial, industrial and institutional buildings.



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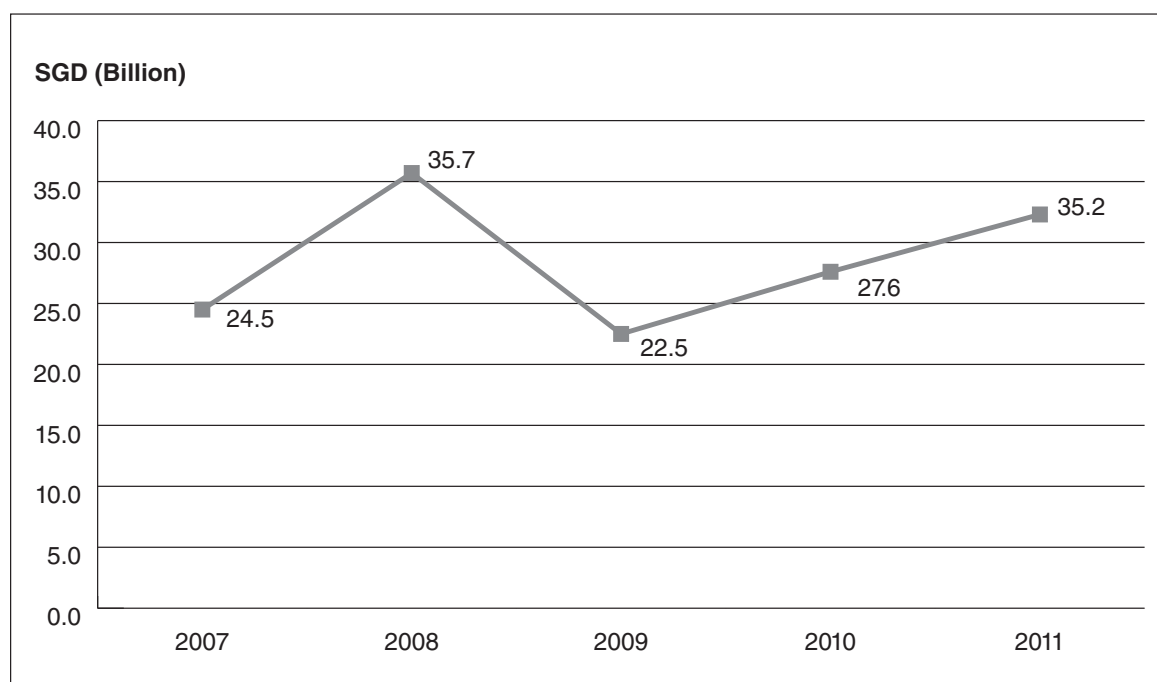
## INDUSTRY OVERVIEW

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### Construction Demand

In 2011, construction demand<sup>(1)</sup> in Singapore reached S\$35.2 billion, with public and private sector contracts accounting for a respective 43.3% and 56.7% of the total value of contracts awarded.

**Figure 1: Construction Demand for the 5-year Period from 2007 to 2011<sup>(2)</sup>**



Source: Industry Report

#### Notes:

- (1) Construction demand refers to the total value of construction contracts awarded, excluding reclamation projects.
- (2) Data as at 16 August 2012. The figures are rounded up to the nearest decimal place.

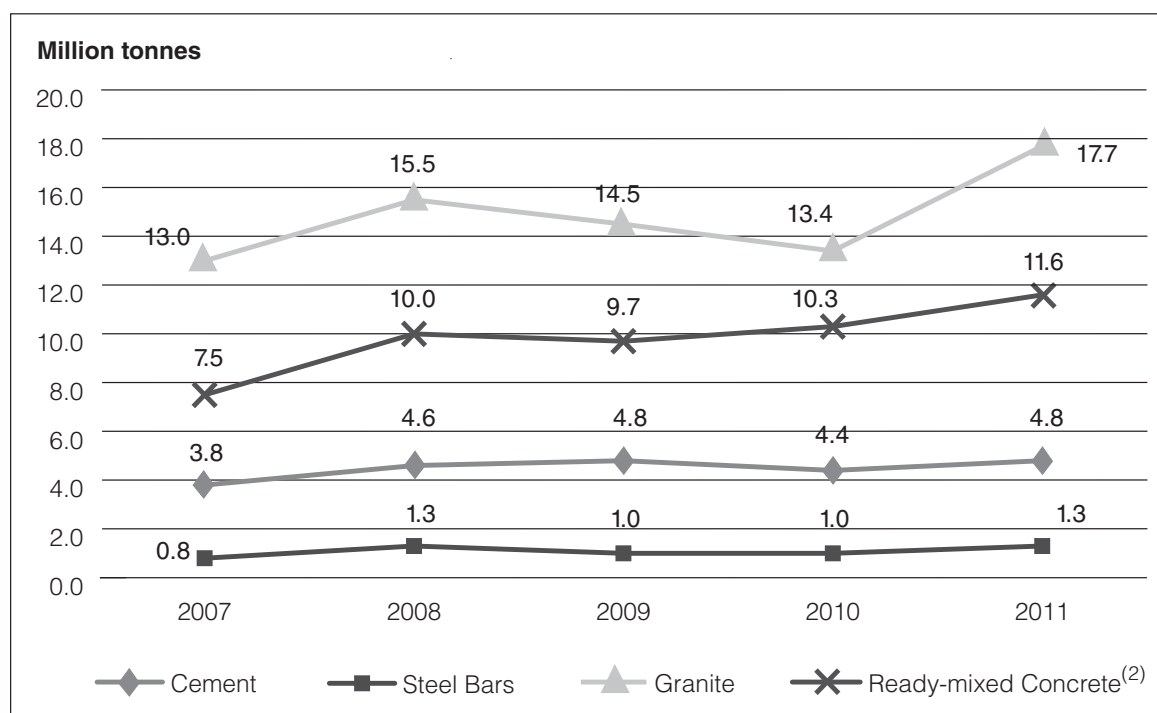
According to the BCA, on a year-on-year basis, construction demand grew approximately 27.8%, increasing from S\$27.6 billion in 2010 to S\$35.2 billion in 2011. In addition, the increase in demand was brought about by strong public sector construction demand for both public housing and MRT projects.

### Construction Materials

Demand for construction materials also reflected overall growth during the five-year period from 2007 to 2011, signifying a rise in construction projects. Steel bars and ready-mixed concrete posted the largest growth, registering compounded average growth rates (the “**CAGR**”) of 11.5% and 11.4% respectively.

## INDUSTRY OVERVIEW

**Figure 2: Demand for Construction Materials for the 5-year Period from 2007 to 2011<sup>(1)</sup>**



Source: Industry Report

### Notes:

- (1) Data as at 7 February 2012. Figures are rounded up to the nearest decimal place.
- (2) Units for ready-mixed concrete are measured in cubic metres.

BCA has forecasted that in view of the projected higher construction output in 2012, the estimated demand for construction materials will continue to increase.

## THE CIVIL ENGINEERING SECTOR IN SINGAPORE

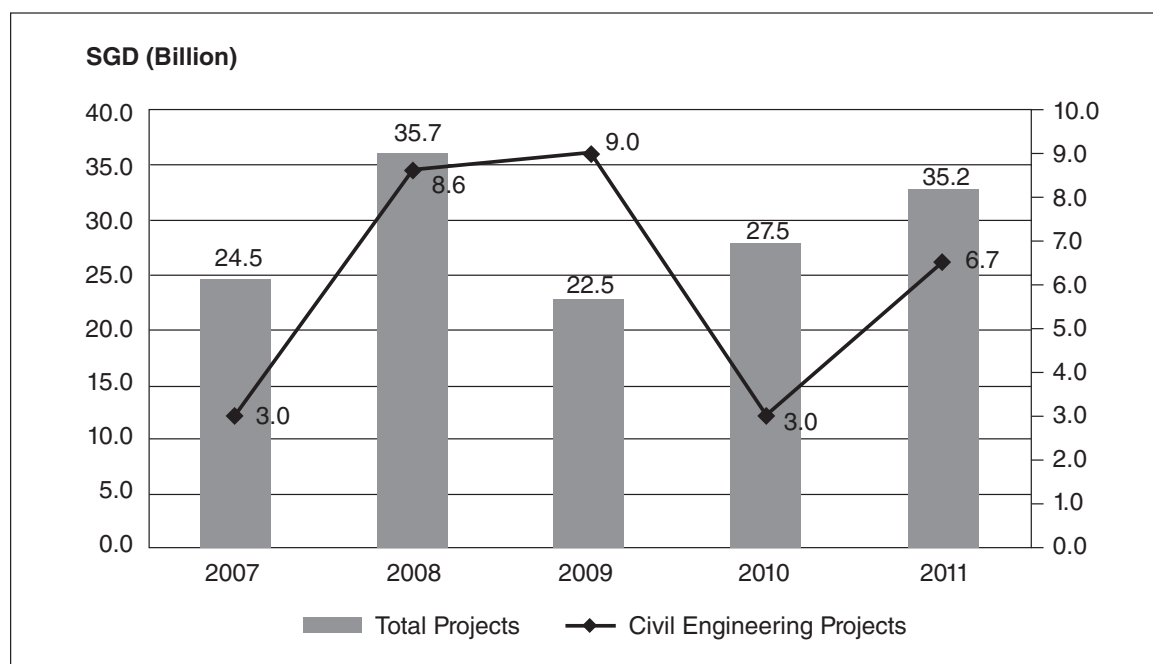
Civil engineering involves the planning, designing and execution of construction projects. The civil engineering sector is, thus, a segment of the construction industry.

### Construction Demand for Civil Engineering Projects

In 2011, civil engineering projects accounted for 19.1% of the total value of construction projects that were awarded. Although there was a decline in the value of civil engineering contracts awarded from 2009 to 2010, the value reflected a rebound in 2011, due to an increase in public sector projects.

## INDUSTRY OVERVIEW

**Figure 3: Construction Demand — Contracts Awarded for Civil Engineering Projects<sup>(1)</sup>**



Source: Industry Report

**Note:**

(1) Data as at 16 August 2012. Figures are rounded up to the nearest decimal place.

The following table further shows a breakdown of the value of contracts awarded for civil engineering projects in the public and private sectors for the past five years.

**Table 1: Breakdown of Contracts Awarded for Civil Engineering Projects<sup>(2)</sup>**

Year	Public Sector (S\$ billion)	Private Sector (S\$ billion)	Total (S\$ billion)
2007	2.1	0.9	3.0
2008	7.7	0.9	8.6
2009	8.2	0.8	9.0
2010	2.2	0.8	3.0
2011	6.1	0.6	6.7

Source: Industry Report

**Note:**

(2) Data excludes reclamation contracts. Data as at 16 August 2012. Figures are rounded off to the nearest decimal place.

The figures show that projects from the public sector accounted for a majority of the civil engineering projects in Singapore, indicating that the public sector is a key driver of the civil engineering sector.

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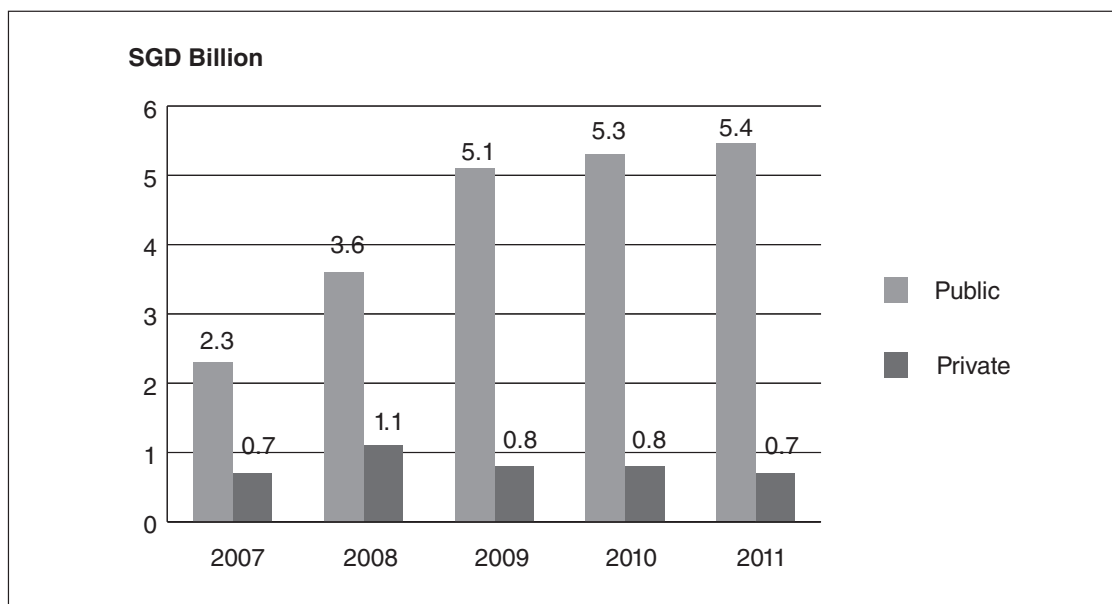
## INDUSTRY OVERVIEW

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### Construction Output for Civil Engineering Projects

Construction output refers to the periodic payments to a supplier, contractor or sub-contractor for work satisfactorily performed to date. It is measured by the value of certified progress payments (payment made for work done). In 2011, the total value of certified progress payments for construction projects was recorded at S\$28.8 billion, of which civil engineering projects comprised 21.1%, amounting to S\$6.1 billion. Public sector projects accounted for 88.2% of the total construction output for civil engineering projects in 2011, which amounted to S\$5.4 billion.

**Figure 4: Construction Output (Certified Progress Payments) for Civil Engineering Projects<sup>(1)</sup>**



**Notes:**

- (1) Data as at 25 October 2012 and excludes reclamation contracts. Figures were rounded off to the nearest decimal place.

### Industry Drivers

#### *Government Plans and Projects*

The government will be the main driver of the development of the construction and civil engineering sectors in Singapore.

For example, civil engineering companies can expect an increase in the number of drainage projects, with the government's recent focus on drainage infrastructure due to flooding issues. The Public Utilities Board has announced in January 2012 that it will spend an estimated S\$750.0 million to improve the drainage systems in Singapore. The funds will be used to carry out 20 drainage improvement projects over the next five years, which will help to minimise and mitigate the occurrences of flash floods in Singapore.

## INDUSTRY OVERVIEW

In addition, BCA announced that projects likely to be awarded in 2012 include Jurong Town Corporation's Medical Technology Hub at Tukang Innovation Grove, the expansion of Kallang Paya Lebar Expressway (KPE)/Tampines Expressway (TPE) Interchange, and the extension and reconstruction of the Newton flyover.

### *Singapore Budget 2012*

Under the Singapore Budget 2012, various authorities have announced the expenditure estimates for construction projects, as presented in the table below, which is not an exhaustive list.

**Table 2: Budget Expenditure Overview of the Singapore Government**

Ministry/Agencies	Budget 2012 (S\$)	Example of Projects
<b>Ministry of Transport</b>  <i>Agencies include:</i> <ul style="list-style-type: none"> <li>Land Transport Authority</li> <li>Maritime Port Authority</li> </ul>	5.3 billion	<b>Public Transport</b> <ul style="list-style-type: none"> <li>Civil Defence shelter requirements for MRT Downtown Line Phase 3</li> <li>North-East Sector MRT Line</li> </ul> <b>Infrastructure</b> <ul style="list-style-type: none"> <li>Construction of the Marina Coastal Expressway</li> <li>Tuas West Extension</li> <li>Improvement of the Central Expressway (CTE)/Pan-Island Expressway (PIE) Interchange</li> </ul>
<b>Ministry of the Environment and Water Resources</b>  <i>Agencies include:</i> <ul style="list-style-type: none"> <li>Public Utilities Board</li> </ul>	1.3 billion	<b>Drainage</b> <ul style="list-style-type: none"> <li>Construction of a barrage across Marina Channel</li> <li>Sewer schemes to serve Marina South and Pasir Ris/Tampines areas and phase out Nee Soon pumping station</li> <li>Active, Beautiful and Clean Waters Programme<sup>(1)</sup></li> </ul>

**Note:**

- (1) The Active, Beautiful and Clean Waters Programme ("ABC") was launched in 2006, with the aim to aesthetically improve Singapore's rivers and lakes. There are currently 20 successful ABC Waters projects, with four more to be completed in the next two years. In the next 10 to 15 years, over 100 ABC Waters proposals have been identified for implementation.

### *Tapping on Underground Space*

With limited space in the country, the Singapore government is looking into options of building underground facilities. These include power plants built underground, which would greatly reduce the amount of land space. The Ministry of National Development announced in January 2012 that

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## INDUSTRY OVERVIEW

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a Master Plan for underground space (“**Master Plan for Underground Space**”) will be released later in the year. Professor Lui Pao Chuen, an adviser to the Underground Master Plan Task Force, shared his thoughts regarding the possibility of an underground reservoir that could be the answer to the flooding issues in the country. It is expected that with the increasing developments and limited land space in the country, demand for expertise in underground structures will continue to grow. As such, opportunities for the construction industry and the civil engineering sector continue to exist.

As the population in Singapore increases, demand for more land to build houses and other infrastructure will also increase. As such, the need for a Common Services Tunnel, which is a network of tunnels (including water pipes and power cables) that are built underground, will increase. A Common Services Tunnel plays an important role in reducing the amount of road surface space needed, and at the same time, allows the maintenance and repair of pipes through various access points. The demand for a Common Services Tunnel will also create opportunities for construction and civil engineering companies.

### *Expanding Train Network*

With the Singapore government’s emphasis on developing the MRT as a preferred mode of transport, the length of the MRT network over the next 10 to 15 years will continue to increase. Development and expansion of the MRT lines will continue to provide more opportunities within the construction and civil engineering industry.

**Table 3: Description of On-Going and Upcoming Rail Projects**

Project Title	Description
<b>Downtown Line</b>	The Downtown Line will be built in three stages, with Stage 1, Stage 2 and Stage 3 to be completed in 2013, 2015 and 2017 respectively. Once completed, the Downtown Line will facilitate direct travel from the north-western and eastern areas of the island to the Central Business District and Marina Bay. The first section of the Downtown Line, consisting of six stations, is also likely to open in late 2013.
<b>Thomson Line</b>	<p>The Thomson Line will consist of 23 stations and will travel northwards from Marina Bay through the Central Business District and up through Ang Mo Kio to Woodlands. This proposed MRT line will help to connect estates such as Sin Ming and Thomson, which currently do not have any direct MRT links.</p> <p>The Thomson Line is currently under planning and evaluation, although several tenders for the project have already been released in October 2010 and January 2011. The proposed Thomson Line is fully underground and is expected to be built by 2018.</p>

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## INDUSTRY OVERVIEW

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Project Title	Description
<b>Eastern Region Line</b>	The Eastern Region Line will serve the residential estates of Tanjong Rhu, Marine Parade, Siglap, Bedok South and Upper East Coast and link them to Changi in the east. Similar to the Thomson Line, this is currently under planning and evaluation. It is expected to be built by 2020.
<b>New Extensions to East-West and North-South MRT Lines (Tuas West Extension)</b>	<p>Extensions to the East-West and North-South MRT Lines are also in plan for increasing the country's rail length. The East-West Line will be extended by the Tuas West Extension, consisting of a 7.5km twin tracked viaduct and four aboveground stations. The Tuas West Extension is expected to be operational in 2016.</p> <p>The North-South line that currently ends at the Marina Bay station will also be extended 1km southwards to the southern Marina Bay area, such as the new cruise terminal in Marina South.</p> <p>The project cost for the Tuas West extension is approximately S\$2.7 billion.</p>

*Source: Industry Report*

### THE CIVIL ENGINEERING SECTOR IN MALAYSIA

In 2011, the construction industry in Malaysia contributed approximately 3.2% (RM28.4 billion) to the country's total GDP, reflecting a 9.3% increase from 2010. With the government's objective to improve the standard and quality of the country's amenities and infrastructure developments, the CIDB expects the value of construction projects for 2012 to record over RM90.0 billion, which will be driven by both government and private projects. The construction industry is also expected to expand by 7.0% in 2012, on a year-on-year basis.

The Malaysian government has allocated RM230.0 billion for the period from 2011 till 2015 under the 10<sup>th</sup> Malaysia Plan ("10MP"), of which 60.0% is allocated for physical development. The 10MP is part of a series of Malaysian Plans, a five-year economic blueprint for the country. In line with the key focus areas of the 10MP, several projects are already underway. These will have a positive effect on the development of transport infrastructure in Malaysia.



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## GENERAL INFORMATION ON OUR GROUP

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### HISTORY

Our Company was incorporated in Singapore on 18 May 2012 under the Companies Act as a private company limited by shares, under the name of Kori Holdings Pte. Ltd.. Our Company's Registration Number is 201212407R. Our Company was converted into a public limited company and the name of our Company was changed to Kori Holdings Limited in connection therewith on 26 November 2012. Our Company became the holding company of our Group following the completion of the Restructuring Exercise. For more information, please refer to the section "Restructuring Exercise" of this Offer Document.

In 1982, we established one of our subsidiaries in Singapore, Kori Singapore, through which we successfully secured various major contracts as a general sub-contractor with emphasis in structural steelworks, such as installation and removal of steel strutting, decking and piling in a few notable civil/infrastructural engineering and construction projects in Singapore. Those projects include, among others, MRT construction projects, such as the Singapore MRT North South Line and the East West Line, and building construction projects, such as the MAS Building and the URA Centre.

In 1992, we ventured into the Malaysia market through our Malaysia subsidiary, Kori Malaysia, for the purpose of expanding our structural steelworks business in Malaysia. We secured various public infrastructural construction projects for the supply of our structural steelworks services as a sub-contractor in Malaysia. Those projects involved, among others, the construction of the Kuala Lumpur City Centre Twin Towers, the Kuala Lumpur Central Station, the Kuala Lumpur LRT and the Putrajaya LRT.

In the late 1990s, we further participated actively in large projects involving the fabrication and erection of ERSS for underground construction in various major public infrastructure construction projects in Singapore. Those projects include, among others, the Singapore MRT North East Line, Woodlands Checkpoint and Cantonment Complex Central Police Division Head Quarters.

In 1999, we established our Tunnel Division to provide tunnelling services which include, among others, providing skilled personnel, technical expertise and solutions tailored in accordance with the customers' specifications in different projects. In the same year, we were awarded our first contract to provide our tunnelling services in the construction of the Singapore MRT Changi Airport Line.

In the new millennium, our Group expanded our tunnelling operation business and provided more comprehensive tunnelling services in various notable public infrastructural construction projects in Singapore, Malaysia and Dubai. Those projects include, among others, the Singapore Deep Tunnel Sewerage System, the Singapore MRT Circle Line Stage 1 and 2 projects, the Malaysia Pahang-Selangor Raw Water Transfer project in Malaysia and the Dubai Metro Line.

In 2004, we established another subsidiary in Singapore, Ming Shin, through which we completed various notable projects in Singapore, such as, among others, the Singapore MRT Circle Line Stage 3 and 4 projects.

In 2007, our Group's portfolio in Singapore further expanded to provide turnkey services which include design, supply and installation of the steel components of ERSS.

In 2008, as part of our turnkey services, we started to acquire steel materials from the steel suppliers for the purpose of fabrication of the steel components of the ERSS onsite or offsite in our storage yard and we successfully secured contracts to provide our fabricated ERSS for the Singapore MRT Downtown Line Stage 1 projects, Marina Bay Financial Centre, Sentosa Gateway and Somerset 313 developments.

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## GENERAL INFORMATION ON OUR GROUP

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In 2009, we achieved, through Kori Singapore, the BCA Specialist Builders Licences for the provision of our structural steelworks, piling works, ground support and stabilisation works. Under the BCA's licensing of builders scheme, all the builders in Singapore carrying out building works have to apply for their builders licence by 16 June 2009 in order to raise professionalism among builders by requiring them to meet minimum standards of management, safety record and financial solvency.

In 2010, we successfully developed and built our Kori Large Panelling Traffic Decking System with our unique and advanced specialty in steel decking works which permits more efficient and stable decking works in Singapore. We also successfully engineered a full kilometre of five lanes carriageway above the Rochor Canal in the areas of Little India and Rochor for the Singapore MRT Downtown Line Stage 2 project. For more information on the Kori Large Panelling Traffic Decking System, please refer to the section "General Information on our Group — Business Overview" of this Offer Document.

In the same year, Kori Singapore was awarded the Best Contractor Award by our main contractor of the Millenia Station Project in recognition of our good performance in that project.

In 2011, Kori Singapore received the BCA Certification for OHSMS certifying that Kori Singapore has conformed to the requirements of OHSAS 18001: 2007 in the scope of strutting and decking works. Kori Singapore also attained the WSHC bizSAFE Star Level Certification for its health and safety practices.

Since 2011, in order to streamline our business operations, Ming Shin began to carry out private projects while Kori Singapore carried out public projects mandated by the LTA.

In the same year, we were awarded, through Kori Singapore, the Safety, Health and Environmental Conscious Sub-contractors Award for the Beauty World & Hillview Project and the Best Contractor Award by one of our main contractors in recognition of our overall good performance and quality services provided to them.

In 2012, we also achieved, through Kori Singapore, the BCA Certificate of Assessment for Re-usable Steel Strutting System in ERSS certifying that the steel materials we used or to be used on projects have been assessed to meet the general quality assurance requirements of BC1: 2008, a recognised assessment standard adopted by the BCA for adequate and reliable materials to ensure public safety in Singapore.

Kori Singapore attained numerous awards in 2012. In early 2012, Kori Singapore was awarded the Most Safety Conscious Contractor Award by our main contractor of the Botanic Garden & Stevens Station Project in recognition of our good performance in the area of safety and health. It also received the Best Contractor Award by one of our main contractors in recognition of the overall services provided by us in 2012. In addition, Kori Singapore was awarded a Subcontractor's Safety Recognition by LTA at its Annual Safety Awards 2012 in recognition of Kori Singapore's good performance in occupational safety and health management.

Our Group has entered into the Share Swap Agreements on 18 October 2012 and upon the completion of which on 22 November 2012 our Company became the holding company of the Group.

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## GENERAL INFORMATION ON OUR GROUP

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### BUSINESS OVERVIEW

We are a Singapore based multi-discipline engineering and construction services company and are principally engaged in providing civil/structural engineering and infrastructural construction services as a sub-contractor for commercial, industrial and public infrastructural construction projects. Our customers include local or overseas developers in the engineering construction industry.

Our Group's businesses can be categorised into two main segments as follows:

- Structural steelworks services; and
- Tunnelling services.

Our Singapore subsidiaries, namely Kori Singapore and Ming Shin are BCA registered licensed specialist builders in structural steelworks, piling works, ground support and stabilisation works which have completed projects in Singapore and Dubai. Our Malaysia subsidiary, Kori Malaysia, is a Malaysian based CIDB registered contractor in, among others, piling works and general civil engineering works.

### Structural Steelworks Services

We are a licensed structural steel contractor specialising in the design, supply and erection of ERSS, such as steel struts and sheet piles, as well as steel decking systems.

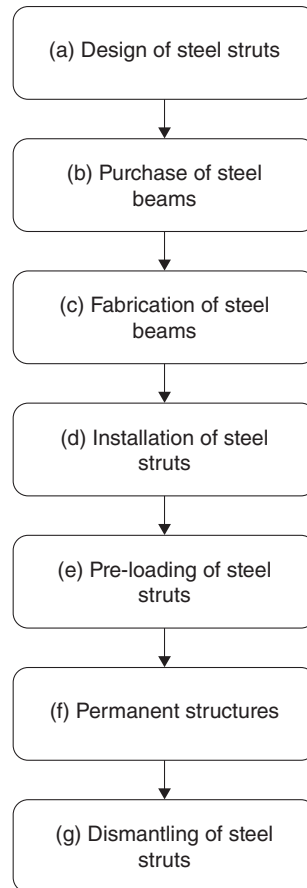
In general, we design, purchase and fabricate reusable steel struts and steel beams for temporary or permanent strutting works in earth retaining or stabilising structures for excavation works.

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## GENERAL INFORMATION ON OUR GROUP

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The following is a diagram of the working process for erecting our steel structures:



(a) Design of steel struts

Once we receive the order and engineering drawings from the main contractor, we will design the steel struts to meet the requirements and specifications of the main contractor for each project as the required length and size of the steel struts varies in different projects.

(b) Purchase of steel beams

To purchase steel beams for the purpose of fabrication, we will obtain quotations from our suppliers and place purchase orders with suppliers who are able to meet the specifications and delivery schedules at competitive prices.

(c) Fabrication of steel beams

The steel beams are mostly pre-fabricated offsite and transported to the project site once they are ready, to reduce the construction duration, labour cost, material wastage and delays attributed to adverse weather and to improve productivity at the project site.

(d) Installation of steel struts

The installation of steel struts involves, among others, installation of strut members and waler members, waler supporting brackets and strut supporting beams. Life lines and posts will be fixed during the strut installation process to enable a safe work environment for our staff onsite.

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## GENERAL INFORMATION ON OUR GROUP

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(e) Pre-loading of steel struts

Installed steel struts are required to be pre-loaded in accordance to design requirement. This process involves positioning pre-loading jacks beside the struts and applying jacking force to pre-load the struts.

(f) Permanent structures

Once the permanent structures are installed and constructed, we will proceed to dismantle the steel struts.

(g) Dismantling of steel struts

Prior to any physical removal works, a dismantling permit must be obtained for the dismantle of any steel components. Steel struts may be further cut to length so that they can be hoisted to surface. Clamps and bracket will also be attached by qualified riggers onto cut beam sections prior to lifting them by cranes which will be supervised by a lifting supervisor.

We also provide steel piling services which involve installation of decking posts, king posts or sheet pile retaining walls. In addition, we also provide services to remove the steel piles upon our customers' request in accordance with their needs in different projects.

We also design and supply steel decks for traffic diversion and working platforms. These steel decks are widely used as a road surface to maintain the traffic above the excavation directly underneath. It can also be used as a working platform surface for the construction of a steel structure on which such steel decking is placed. In 2010, we successfully developed and built our Kori Large Panelling Traffic Decking System with our unique and advanced specialty in steel decking works built through years of practice in various projects which permits more efficient and stable decking works. In particular, for our Kori Large Panelling Traffic Decking System, we use steel panels which consist of a special type of rugged grid-pattern beams sections as temporary platform. We have successfully engineered, by virtue of the Kori Large Panelling Traffic Decking System, a full kilometre of five lanes carriageway above the Rochor Canal in the areas of Little India and Rochor for the Singapore MRT Downtown Line Stage 2 project.

Save for our major steel strutting, piling and decking services, we also provide other relevant structural steelworks, including but not limited to the installation of steel strutting at launching shaft and receiving shaft as well as the installation of cast-in steel items at underground stations and in public underground infrastructural construction projects.

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## GENERAL INFORMATION ON OUR GROUP

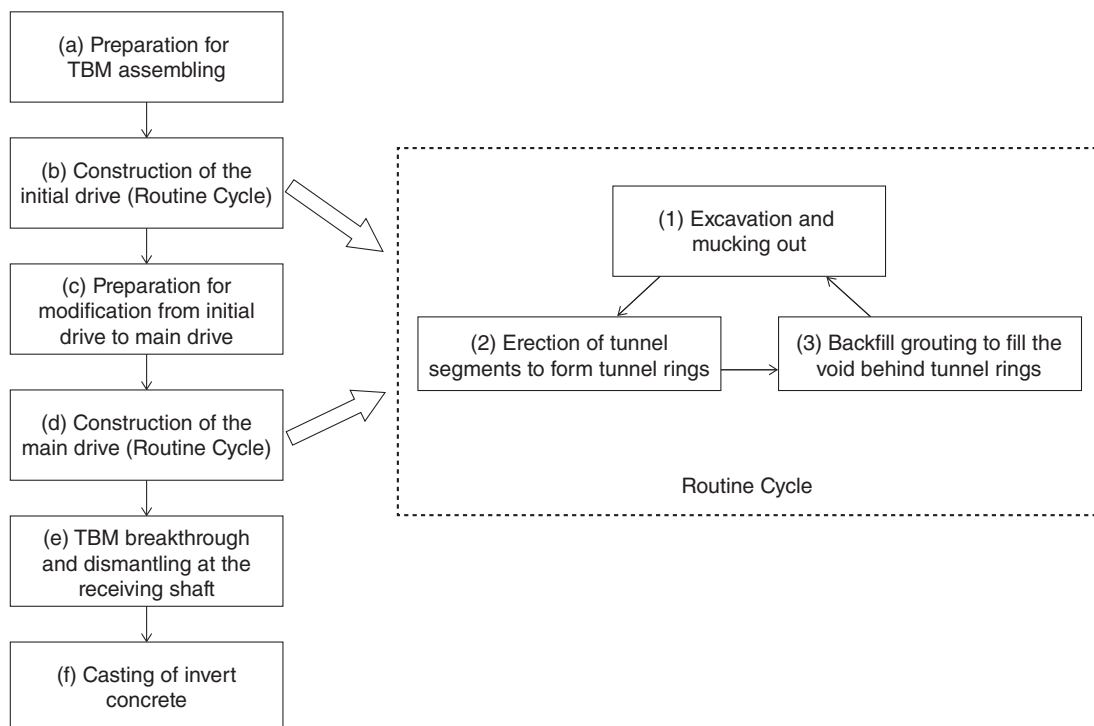
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### Tunnelling Services

We supply skilled personnel with the required technical expertise to provide macro-tunnelling works. Macro-tunnelling is used in the construction of underground railways, road tunnels, sewer tunnels water mains and various utilities tunnels where they will cause minimum disturbance to the environment and traffic flows.

Our tunnel engineer and well experienced and trained staff will coordinate with the tunnelling manager from the main contractors to undertake the full range of macro-tunnelling construction works. Our Group is one of the few players in the market that are able to carry out such macro-tunnelling operations in Singapore and Malaysia as a sub-contractor.

The following is a diagram of the working process in which our staff will be involved in a tunnelling project:



#### (a) Preparation for TBM assembling

Although the actual TBM assembling works will be carried out by other parties in a project, we are in charge of the preparation works before the assembling and launching of the TBM. These preparation works include, among others, the installation of TBM cradles, thrust frames and temporary rings and erection of staging platform.

The TBM cradle will be lowered down into the launching shaft and will be connected by bolt and welded to the steel plate embedded in the concrete of the base slab to secure the TBM cradle. Once the TBM cradle is completed, the TBM launching thrust frame will be installed on the shaft slab.

Upon the installation of the thrust frame, temporary rings will also be installed and erection of a staging platform will be carried out.

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## GENERAL INFORMATION ON OUR GROUP

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(b) Construction of the initial drive

To construct the initial drive of the tunnel, we will use the installed thrust frame to push the TBM forward to the wall of the shaft to bore the tunnel. A routine cycle of a three-stage process including (1) the excavation and mucking out; (2) erection of tunnel segments to form tunnel rings; and (3) backfill grouting to fill the void behind tunnel rings (the “**Routine Cycle**”) is adopted to construct the initial drive of a tunnel.

(1) *Excavation and mucking out*

The TBM will be driven within the specified operation parameters (which will be reviewed on a daily basis) and an empty muck skip will be prepared. To excavate the tunnel, the TBM will start with turning of the cutter head and inject soil conditioning through the cutter head.

(2) *Erection of tunnel segments to form tunnel rings*

Tunnel rings will be installed from the bottom to the top. The thrust jack will be left locked onto the previously built tunnel rings to keep the TBM tight into the tunnel face and only a few jacks will be removed to allow the placing of one tunnel segment at one time. When curves are being constructed, the key segment will then be installed.

(3) *Backfill grouting to fill the void behind tunnel rings*

Before the TBM commences any excavation work, we will use the grout pump to start pumping grout through the TBM tail grout port in order to obtain consistent filling of the void.

(c) Preparation for modification from initial drive to main drive

Upon the completion of the last tunnel ring of the initial drive of a tunnel, we will clean the grouting port and the thrust frame and pipes and cables previously installed during the initial drive will be removed.

Tests and checks on, among others, the TBM equipment, the emergency stop, fire suppression system and gas monitoring system, will be conducted by, among others, our tunnel engineer and the main contractor of the project before the commencement of any work for the construction of the main drive.

(d) Construction of the main drive

Although the thrust frame used to construct the initial drive has been removed during the modification stage, the previously erected tunnel segments will act as a thrust which enables us to push the TBM inside the shaft for construction of the main drive by carrying out the same Routine Cycle.

(e) TBM breakthrough and dismantling at the receiving shaft

During the process of approaching the receiving shaft by the TBM, we will monitor the tunnel eye for the displacement of the TBM. The TBM cradle will be installed on the shaft bottom and the TBM will be pushed inside the receiving shaft. Precast segment will be installed and the tail void between the precast segment and the ground will be grouted.

Upon the breakthrough to the receiving shaft, we will proceed to remove, among others, the TBM and other facilities or materials used to bore and to construct the tunnel.



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## GENERAL INFORMATION ON OUR GROUP

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(f) Casting of invert concrete

Inspections will be conducted by, among others, our tunnel engineer and the main contractor of the project before all the casting works are done. Concrete pump pipe lines will be installed at the far end of the invert concrete and the casting of the invert concrete will be carried out from the far end to the near end.

Leveraging on our outstanding construction quality and expertise and utilising advanced technologies and equipment, we provide tunnelling services in many landmark underground projects in Singapore, Malaysia and Dubai, such as the Singapore Deep Tunnel Sewerage System, the Singapore MRT Changi Airport Line and Circle Line, the Malaysia Pahang-Selangor Water Tunnel and the Dubai Metro Line.

### **Our Business Process**

We have developed a comprehensive set of business procedures for our operations, the key points of which are set out as follows:

#### Solicitation of Projects and Business Opportunities

Our Executive Directors would source for business opportunities from publicly available information as well as via the wide network of business contacts established by (i) our Chairman and Executive Director, Mr. Kori Nobuaki, over the past 30 years; and (ii) by our CEO and Managing Director, Mr. Hooi Yu Koh, over the past 17 years. Our Executive Directors also maintain constant contact with our Company's previous, existing and potential customers. Projects and business opportunities may also be sourced through the following means:

- (a) public tenders based on advertisements in the mass media such as publications, newspapers and internet notices or through the Singapore government's online procurement system, known as Government Electronic Business;
- (b) private tenders based on invitations to tender; or
- (c) referrals.

#### Evaluation of Projects and Pre-tender Preparation

We have established a tendering team to accommodate our project tendering needs. Members of the tendering team include our management and professional personnel who are familiar with the design, technology, proposal, contract terms and budgets related to tender preparation.

After obtaining the information required for the tendering, the tendering team will make an initial judgement on whether to proceed by considering factors including, among others, our qualification to undertake the project, sufficiency of our resources and costs and profitability of the project. If the tendering team reaches a favourable decision on a project, they would study the tendering documents and relevant criteria and prepare for the tendering.

Following a determination of which projects to pursue, the tendering team will further evaluate factors such as the project size and location, duration, availability of personnel, equipment required to undertake the project, the cost and predictable life of such equipment, credit analysis of our customers, the terms of payment, current backlog, competitive advantages and disadvantages, prior experience, status of competitors and negotiation with counterparties in order to accurately estimate costs or profits, evaluate tendering risks and develop tendering strategies.

The entire assessment process for the above would typically take a few days depending on the size and the complexity of the project and the form of contract.

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## GENERAL INFORMATION ON OUR GROUP

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### Award of Contract and Kick-off Preliminaries for the Awarded Contracts

We may conduct interviews to clarify issues such as pricing, materials and methods of construction and there may be negotiations to finalise the price and terms of the contract before the contract is awarded.

The size of the project team would depend on the size, complexity and requirements of the awarded project. The project team is responsible for the formulation of the project execution plan which would set out the functions and responsibilities of the parties involved, materials utilisation requirements, manpower and delivery schedules as well as the budget and costing for the projects. This would ensure the timely completion and delivery of projects with high quality standard required by our customers.

We also work closely with the main contractor to ensure that work coordination is seamless.

### Estimating Cost

Most of our contracts are awarded and carried out on a fixed-price basis with a pre-determined timetable for project completion. There are a number of factors that can influence the final project costs which include, among others, site and environmental conditions, geographic location of the project, pricing of raw materials and inclement weather conditions.

Subject to the timetable and standard of quality required, the measures we take to control project costs include, among others, monitoring and allocation of the relevant resources, monitoring the expenditures during the course of the project and controlling the expenses accrued within the estimated project costs to meet our cost estimates.

### Discussion on the Method Statements

We have developed two types of comprehensive method statements for our structural steelworks business and tunnelling works business. Both types of method statements contain comprehensive details on, among others, (a) all types of works to be done, (b) a step-by-step working procedure for each type of works, (c) all tools, plant and equipment to be used in each step, (d) checks and inspections on, among others, (i) the works done in each stage of a project; (ii) the materials; and (iii) all tools, plants and equipment to be used and the working condition at our storage yard and the project, (e) operational schematic diagrams and (f) quality control measures taken by us.

Upon providing the fee quote for the services to be provided by us, we will arrange for a meeting with all the relevant parties in a project to discuss the details stated in our method statements and make necessary amendments to it in accordance with, among others, the specifications and requirements of the project.

### Appointment of Sub-contractors and Suppliers

Although we play a role as a sub-contractor in our projects, we may appoint other sub-contractors and suppliers for our projects. We will select these sub-contractors and suppliers from a list of our pre-approved sub-contractors and suppliers which have met certain criteria determined by our Group.

Our sub-contractors and suppliers are chosen based on their track record, the quality of their performance and products and competitiveness in terms of their pricing.

### Construction Process Management

The project manager will manage the project in accordance with the project or design specification, and/or the LTA's Material and Workmanship Specification (the specification standards required to be met by LTA) for LTA projects, and track the progress of work, schedule of procurement and schedule of technical submission to ensure that these are carried out accordingly.

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## GENERAL INFORMATION ON OUR GROUP

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Our project manager, project engineers and site supervisors monitor the progress of the project and undertake appropriate quality planning and measures, including planning, supervising, inspecting, recording and reporting, to ensure optimum results and will procure all necessary actions to ensure that the project plan is being complied with.

### Completion of Projects

Our projects are undertaken on a stage-by-stage basis.

For projects which involve structural steelworks, upon the completion of each stage of the projects, the Qualified Persons engaged by the main contractor and/or the developer will conduct checks and inspections for the structural steelworks done in that particular stage and give a written instruction to us once they are satisfied with the works done in order for us to start the next stage of the project.

For projects which involve tunnelling works, upon the completion of the construction of a tunnel, the designer and/or the consultant from the main contractor together with the appointed representative of LTA will conduct checks and inspections for the works done and issue a Certificate of Completion to us once they are satisfied with the works done in accordance with the requirements of the projects.

### **Quality Control**

We are committed to achieving high quality standards in all our projects and the highest level of customer satisfaction possible. Some of the initiatives that we have implemented to ensure this include:

### Employee Selection

Our employees are employed on a stringent selection basis as the nature of our business is complex and requires high quality and safety standards. Potential employees with the relevant experience and necessary skills will be our first priority and their experience and skills will be assessed by our management in accordance with the requirements of our projects. We also send our selected employees to attend various training courses to ensure that they have all the necessary skills required in our projects and that they are kept updated on the latest trends and requirements of our industry. As at the Latest Practicable Date, 342 of our current employees are qualified and/or certified to perform, among others, structural steelworks, including but not limited to, welding works, decking works and piling works, and tunnelling works by the approved training centres of the relevant authorities in Singapore.

### Sub-contractor and Supplier Selection

As mentioned above, although we play a role as a sub-contractor in our projects, we may require other sub-contractors and suppliers for our projects and we will ensure that the sub-contractors and suppliers which we appoint have the relevant experience, proven track records, provide good quality products or service and are competitive in terms of their pricing.

We will select these sub-contractors and suppliers from a list of our pre-approved sub-contractors and suppliers which have met our requisite performance, delivery and quality standards set by our Group.

### Onsite Process Inspection and Material Handling

At each stage of the projects up to the handing over of the projects to our customers, our project managers and/or engineers conduct regular inspections to ensure that each stage is carried out according to the contracts' specifications and the prescribed procedures and methods.

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## GENERAL INFORMATION ON OUR GROUP

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In respect of our purchase of new steel materials and our buyback of the used steel materials from one project for the use in another project as a part of our structural steelworks business, we have adopted a quality assurance scheme to ensure material traceability and a high standard of reusability for the repeated use of the steel strutting system we supply in civil/structural engineering and infrastructural construction projects in accordance with BC1: 2008.

Under the quality assurance scheme on material traceability and reusability, our existing new and reusable steel materials are under strict control and we only accept steel materials that are certified to Class 1 steel grade classification of BC1: 2008 and they must also satisfy, *inter alia*, the following requirements in order for them to be used or reused in our projects:

- (a) all new steel materials will have to be sourced from audited mills with valid mill certificates; and
- (b) the steel materials will have to be subject to inspection and quality control check and a unique identification number shall be given for those steel materials that have been subject to quality control checks.

Before the ex-stock steel materials can be reused, we will conduct the following procedures including, *inter alia*:

- (a) carrying out tests on ex-stock steel materials, such as, among others, a mechanical test to ascertain the yield and tensile strength, elongation and impact toughness of those ex-stock steel materials and a chemical composition test;
- (b) all returned steel materials that are deemed as repairable will be cleaned, repaired, blasted and painted;
- (c) checks on the repaired steel materials will be conducted and steel materials that are found to be below the acceptable quality standard will be sent back for repair; and
- (d) the approved steel materials will be repainted with red oxide primer and identification number marking will also be painted and imprinted onto the repaired materials.

Save for our quality assurance scheme on the steel material traceability and reusability as described above, our project management team will ensure that the quality of all materials, including but not limited to, steel decks or sheet piles to be delivered are inspected and accepted by the project manager before they are used in the projects. The project manager will keep a record of all sheet piles, tunnel segments (approved by the Qualified Persons and provided by the main contractor of the projects) and other relevant steel materials. In particular, the tunnel segments to be erected and bolt tightened will be recorded on a daily basis upon the erection and bolt tightening.

### Corrective and Preventive Action Plans

In the event that any issue arise during the projects, the relevant team will work together with our quality control personnel to identify the cause of any problem, if any, and to propose the corrective action and also formulate a method for eliminating reoccurrence by means of a preventive action plan.

As far as we are aware, our Group has not experienced any major non-conformance with regard to our projects.

## GENERAL INFORMATION ON OUR GROUP

### Major Completed Projects

As at the Latest Practicable Date, our Group has completed the following major projects:

Contract	Contract Party	Duration	Value (S\$'000)	Description of Projects
<b>Kori Singapore</b>				
C823	Nishimatsu Construction Co., Ltd.	2004 – 2009	15,000	Supply and install strutting and decking at Paya Lebar Station, Tanjong Katong Station and Old Airport Station for Singapore MRT Circle Line Stage 2
Dubai Metro	Obayashi-Kajima-Yati Merkezi JT Metro JV	2007 – 2009	4,000	Supply skilled tunnelling crew for TBM bored tunnelling for Dubai Metro Red Line
Somerset 313	JDC Corporation	2008 – 2009	1,450	Supply and install strutting and decking at Somerset 313 Development in Singapore
Sentosa Gateway	Gammon Pte. Limited	2008 – 2009	1,000	Supply and install strutting and decking for Sentosa Gateway Avenue in Singapore
Marina Bay Financial Centre	Kajima Overseas Asia Pte. Ltd.	2008 – 2010	3,400	Supply and install strutting and decking at Package A4 at Marina Bay Financial Centre in Singapore (the “ <b>Marina Bay Financial Centre Project</b> ”)
C902	Shanghai Tunnel Engineering Co., Ltd.	2009 – 2012	10,100	Supply and install strutting and decking at Millenia Station for the Singapore MRT Downtown Line Stage 1 project (the “ <b>Millenia Station Project</b> ”)
<b>Ming Shin</b>				
C853	Taisei Corporation	2005 – 2007	6,000	TBM bored tunnelling works including the construction of cross passages, strutting and decking works at Marymount Station for Singapore MRT Circle Line Stage 3
C828	Nishimatsu Construction Co., Ltd.	2005 – 2009	1,900	TBM bored tunnelling works including the construction of cross passages, strutting and decking works at Nicoll Highway Station and Boulevard Station for Singapore MRT Circle Line Stage 1

## GENERAL INFORMATION ON OUR GROUP

Contract	Contract Party	Duration	Value (S\$'000)	Description of Projects
C906	Sembawang Engineers and Constructors Pte. Ltd.	2008 – 2010	13,568	Supply and install strutting at Bayfront Station and its connecting tunnels for the Singapore MRT Downtown Line Stage 1 (the <b>"Bayfront Station Project"</b> )
C905	Shimizu Corporation	2008 – 2010	2,050	Design, supply, install strutting at launching and receiving shaft between Promenade Station and Marina Bay for Singapore MRT Downtown Line Stage 1
C905	Shimizu Corporation	2008 – 2010	3,394	Supply skilled tunnelling crew for TBM bored tunnelling works between Promenade Station and Marina Bay for Singapore MRT Downtown Line Stage 1 (the <b>"Promenade &amp; Marina Bay Station Project"</b> )
C901	Hock Lian Seng Infrastructure Pte. Ltd.	2008 – 2010	13,752	Supply, and install strutting and decking at Marina Bay Station including associated tunnels for Singapore MRT Downtown Line Stage 1 (the <b>"Marina Bay Station Project"</b> )
<b>Kori Malaysia</b>				
Jimah Power Station	Tasei Corporation	2006 – 2008	8,000	Supply and install temporary ERSS, including strut, walers, steel piling and construction decking for the engineering, procurement and construction of Jimah Coal Fired Power Plant Project at Kuala Lukut, Mukim Jimah District of Port Dickson, Negeri Sembilan, Malaysia
The Crest	Mudajaya Corporation Bhd.	2008 – 2009	370	Provide temporary strutting works for the construction of a service apartment and a storey office with podium and basement car park at Off Jalan Ampang, Persiaran Sultan Ismail, KL, Malaysia
Pahang-Selangor Water Tunnel	Shimizu Corporation, Nishimatsu Construction, UEMB and IJM Joint Venture	2009 – 2010	1,100	Provide tunnelling works for the Pahang-Selangor Raw Water Transfer project in Malaysia (the <b>"Pahang-Selangor Raw Water Transfer Project"</b> )

## GENERAL INFORMATION ON OUR GROUP

### Major Projects Currently in Progress

As at the Latest Practicable Date, our Group is carrying out the following major projects:

Contract	Contract Party	Expected Duration	Value (S\$'000)	Description of Projects
<b>Kori Singapore</b>				
C921	Ssangyong Engineering & Construction Co., Ltd.	2009 – 2014	2,471	Supply tunnelling crew for tunnelling works and construction of stations and tunnels at Rochor Station and Little India Station for the Singapore MRT Downtown Line Stage 2
C921	Ssangyong Engineering & Construction Co., Ltd.	2009 – 2015	17,436	Supply and install traffic diversion decking including the installation of decking post above Rochor Canal for the Singapore MRT Downtown Line Stage 2 (the <b>“Rochor Canal Project”</b> )
C919	Sembawang Engineers and Constructors Pte. Ltd.	2010 – 2013	12,657	Supply and Install strutting and decking at Botanic Garden Station and Stevens Station for the Singapore MRT Downtown Line Stage 2 (the <b>“Botanic Garden &amp; Stevens Station Project”</b> )
C915	SK E&C (Singapore Branch)	2010 – 2013	11,914	Supply and install strutting and decking at launching shafts and cut and cover tunnels between stations at Beauty World and Hillview for the Singapore MRT Downtown Line Stage 2 (the <b>“Beauty World &amp; Hillview Project”</b> )
C920	Shanghai Tunnel Engineering Co., Ltd.	2010 – 2014	11,792	Supply and install strutting, decking, H-Pile extraction and sheet piling at Newton Station for the Singapore MRT Downtown Line Stage 2 (the <b>“Newton Station Project”</b> )
C920	Shanghai Tunnel Engineering Co., Ltd.	2010 – 2014	2,491	Supply tunnelling crew for TBM bored tunnelling works at stations and tunnels from Little India Station to Newton Station for the Singapore MRT Downtown Line Stage 2 (the <b>“Little India to Newton Station Project”</b> )



## GENERAL INFORMATION ON OUR GROUP

Contract	Contract Party	Expected Duration	Value (S\$'000)	Description of Projects
NIPE C4	Penta Ocean Construction Co., Ltd.	2011 – 2013	3,005	Supply skilled tunnelling crew for slurry TBM bored tunnelling works at NIPE (the <b>“NEWater Infrastructure Plan Extension Project”</b> )
C930	SK E&C (Singapore Branch)	2011 – 2014	10,099	Supply and install sheet piling and strutting at Ubi Station for the Singapore MRT Downtown Line Stage 3 (the <b>“Ubi Station Project”</b> )
C928	Sato Kogyo (S) Pte. Ltd.	2011 – 2014	45,300	Supply and install strutting, decking and tunnelling at Bedok Town Park Station and cut and cover its associated tunnels for the Singapore MRT Downtown Line Stage 3 (the <b>“Bedok Town Park Station Project”</b> )
C713	Shanghai Tunnel Engineering Co., Ltd.	2012 – 2014	462	Cut and cover tunnel to the existing North East Line siding tunnel for the extension of the Singapore MRT North East Line (the <b>“North East Line Extension Project”</b> )
C926	Cooperativa Muratori Cementisti Di Ravenna	2012 – 2015	12,200	Supply and install strutting, decking and tunnelling at Tampines West Station for the Singapore MRT Downtown Line Stage 3
C927	Cooperativa Muratori Cementisti Di Ravenna	2012 – 2015	13,350	Supply and install strutting, decking at Bedok Reservoir Station for the Singapore MRT Downtown Line Stage 3

## GENERAL INFORMATION ON OUR GROUP

### MAJOR CUSTOMERS

The customers each of whom accounted for 5.0% or more of our total revenue for FY2009, FY2010, FY2011 and HY2012 are provided below:

Customer	Services supplied	Percentage of total revenue (%)			
		FY2009	FY2010	FY2011	HY2012
Sembawang Engineers and Constructors Pte. Ltd.	(1) Structural steelworks at Botanic Gardens Station and Stevens Station for the Singapore MRT Downtown Line Stage 2 project; (2) structural steelworks at Bayfront Station and its connecting tunnels for the Singapore MRT Downtown Line Stage 1 project	23.0	0.0	18.0	16.9
Sato Kogyo (S) Pte. Ltd.	Structural steelworks and tunnelling works at Bedok Town Park Station for the Singapore MRT Downtown Line Stage 3 project	0.0	0.0	6.0	25.8
Shanghai Tunnel Engineering Co., Ltd.	(1) Tunnelling works and structural steelworks for the stations and tunnels at Newton for Singapore MRT Downtown Line Stage 2 project; (2) tunnelling works from Little India Station to Newton Station for Singapore MRT Downtown Line Stage 2 project; and (3) structural steelworks at Millenia Station for the Singapore MRT Downtown Line Stage 1 project	6.0	17.0	30.0	30.8
Hock Lian Seng Infrastructure Pte. Ltd.	Structural steelworks at Marina Bay Station and connecting tunnels for Singapore MRT Downtown Line Stage 1 project	19.0	12.0	1.0	0.0
SK E&C (Singapore Branch)	(1) Structural steelworks between stations at Beauty World and Hillview for Downtown Line Stage 2; and (2) structural steelworks at Ubi Station and its associated tunnels for Singapore MRT Downtown Line Stage 3 project	0.0	1.0	20.0	18.5

We are a sub-contractor and we receive progressive payments for our services based on the stage of completion of our projects.

Our revenue from Sembawang Engineers and Constructors Pte. Ltd., as a percentage of our total revenue, decreased significantly from 23.0% in FY2009 to 0.0% in FY2010 as there was minimal work provided to Sembawang Engineers and Constructors Pte. Ltd. by us in FY2010 as the Bayfront Station Project was nearing completion in FY2010. Our revenue from Sembawang

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## GENERAL INFORMATION ON OUR GROUP

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Engineers and Constructors Pte. Ltd., as a percentage of total revenue, increased to 18.0% in FY2011 and 16.9% in HY2012 as we secured a new project from Sembawang Engineers and Constructors Pte. Ltd. in FY2010, namely the Botanic Garden & Stevens Station Project and progressive payments were made to us for our services provided for that project in FY2011 and HY2012 respectively.

There was no revenue from Sato Kogyo (S) Pte. Ltd. in FY2009 and FY2010 as there was no contract between our Group and Sato Kogyo (S) Pte. Ltd. in those two financial years and, accordingly, no payment was received from it. Our revenue from Sato Kogyo (S) Pte. Ltd., as a percentage of the total revenue, increased to 6.0% in FY2011 as we secured a new project with Sato Kogyo (S) Pte. Ltd., namely the Bedok Town Park Project, in FY2011 and progressive payments were made to us for our services provided in that project. Our revenue from Sato Kogyo (S) Pte. Ltd., as a percentage of the total revenue, further increased to 25.8% in HY2012 as more work for the Bedok Town Park Project was completed in HY2012.

Our revenue attributable to Shanghai Tunnel Engineering Co., Ltd., as a percentage of our total revenue, had consistently increased from 6.0% in FY2009 to 30.8% in HY2012 as works were completed for the Millenia Station Project throughout FY2009 to FY2011. In addition, we secured another project, namely, the Newton Station Project and the Little India to Newton Station Project from Shanghai Tunnel Engineering Co., Ltd. in FY2010 and work was done for the Newton Station Project and the Little India to Newton Station Project in FY2010 and FY2011.

Our revenue from Hock Lian Seng Infrastructure Pte. Ltd., as a percentage of our total revenue, decreased from 19.0% in FY2009 to 12.0% in FY2010 because the work completed for the Marina Bay Station Project decreased in FY2010 and accordingly our Group received lower progressive payments in FY2010. The Marina Bay Station Project was completed in early FY2011, and accordingly the revenue attributable to Hock Lian Seng Infrastructure Pte. Ltd. further decreased to 1.0% in FY2011. No work was done for Hock Lian Seng Infrastructure Pte. Ltd. in HY2012.

Our revenue attributable to SK E&C (Singapore Branch), as a percentage of our total revenue, for FY2009 and FY2010 was 0.0% and 1.0%, respectively, as we did not have any contract with SK E&C (Singapore Branch) in FY2009 and minimal works were completed in respect of the Beauty World & Hillview Project which the Group secured from SK E&C (Singapore Branch) in FY2010. Our revenue from SK E&C (Singapore Branch), as a percentage of our total revenue subsequently increased to 20.0% and 18.5% in FY2011 and HY2012 respectively as more work was done by us for the Beauty World & Hillview Project in FY2011. There was also a new project, namely, the Ubi Station Project which our Group secured from SK E&C (Singapore Branch) in FY2011 and work for this project was done in FY2011 and HY2012.

Revenue contribution from our customers vary from year to year as a result of the nature of our business, which is conducted on a project basis and our revenue recognition accounting method which is based on the progress of a project. We may not generate similar projects in terms of size and scope with the same customers in subsequent years.

Save as disclosed above, our business and profitability are not materially dependent on any single customer.

To the best of our Directors' knowledge, we are not aware of any information or arrangements which would lead to a cessation or termination of our current relationship with any of our major customers.

None of our Directors or Substantial Shareholders or their respective Associates has any interest, direct or indirect, in any of the above major customers.

## GENERAL INFORMATION ON OUR GROUP

### MAJOR SUPPLIERS AND/OR SUB-CONTRACTORS

The suppliers each of whom accounted for 5.0% or more of our total purchases for FY2009, FY2010, FY2011 and HY2012 are provided below:

Supplier/Sub-Contractor	Materials / service supplied	Percentage of total purchases (%)			
		FY2009	FY2010	FY2011	HY2012
K2 Engineering & Construction Pte. Ltd. (a sub-contractor of the Company)	Manpower for strutting and decking works	4.0	3.0	6.0	9.2
Regency Steel Asia Pte. Ltd.	New steel beams	4.0	49.0	35.0	38.0
Sembawang Engineers and Constructors Pte. Ltd.	Used steel beams and material storage area	5.0	0.0	4.0	5.6
Nishimatsu Construction Co., Ltd.	Used steel beams	17.0	0.0	0.0	0.0

Our Group's purchases from K2 Engineering & Construction Pte. Ltd., as a percentage of total purchases, have increased throughout the Period Under Review from 4.0% in FY2009 to 9.2% in HY2012 as more labour and services were required from K2 Engineering & Construction Pte. Ltd. which is a long-term sub-contractor of our Group, to support the expansion of our business during this period.

Our Group's purchases from Regency Steel Asia Pte. Ltd., as a percentage of total purchases, increased significantly from 4.0% in FY2009 to 38.0% in HY2012 as we increased the purchase of new steel materials since FY2009 in line with the expansion of our structural steelworks services segment. The steel materials were supplied to the main contractors of our projects for use in the provision of our structural steelworks services.

In line with our strategy to expand our structural steelworks business segment by supplying reusable steel materials to the main contractors of our projects, we purchased used steel beams from Sembawang Engineers and Constructors Pte. Ltd., who was a customer in FY2009 and FY2011, and Nishimatsu Construction Co., Ltd., who was a customer in FY2011.

Our Group's purchases from Sembawang Engineers and Constructors Pte. Ltd., as a percentage of total purchases, was 5.0% in FY2009 as we purchased used steel beams from it in FY2009. It subsequently decreased to 0.0% in FY2010 because no purchase order was placed FY2010. Our Group's purchases attributable to Sembawang Engineers and Constructors Pte. Ltd., as a percentage of total purchases, increased to 4.0% in FY2011 because (i) a purchase order for used steel beams was placed in FY2011; and (ii) our Group had an arrangement to occupy a storage yard at Marina Grove from Sembawang Engineers and Constructors Pte. Ltd. for the purpose of material storage in FY2011. In HY2012, no purchase order for used steel beams was made but our Group continued its arrangement to occupy a storage yard from Sembawang Engineers and Constructors Pte. Ltd..

## GENERAL INFORMATION ON OUR GROUP

In addition, our Group had also, on one occasion, placed a purchase order with Nishimatsu Construction Co., Ltd. for used steel beams in FY2009, amounting to 17.0% of our total purchases in FY2009 and no purchase order was placed with it in FY2010, FY2011 and HY2012.

Save as disclosed above, our business and profitability are not materially dependent on any single supplier and/or sub-contractors.

To the best of our Directors' knowledge, we are not aware of any information or arrangements which would lead to a cessation or termination of our current relationship with any of our major suppliers and/or sub-contractors.

None of our Directors or Substantial Shareholders or their respective Associates has any interest, direct or indirect, in any of the above major suppliers and/or sub-contractors.

### PROPERTIES AND FIXED ASSETS

As at the Latest Practicable Date, our Group, through Kori Malaysia, owns the following properties:

Owned by	Nature and Description of Property	Location	Tenure	Approximate Gross Area (sq ft) <sup>(1)</sup>	Encumbrances	Usage
Kori Malaysia	Commercial shop office	69-3A, OG Business Park, Jalan Datuk Tan Yew Lai, Taman Tan Yew Lai, 58200 Kuala Lumpur, Wilayah Persekutuan <sup>(2)</sup>	Freehold	1,045	Nil	Office
Kori Malaysia	Apartment	Pangsapuri Seri Cempaka <sup>(3)</sup>	Freehold	850	Nil	Vacant

#### Notes:

- (1) Area stated rounded to the nearest sq ft.
- (2) We acquired the property from Mr. Chan Kok Onn pursuant a sale and purchase agreement dated 27 December 1998.
- (3) We acquired the property from Elegant Rank (M) Sdn. Bhd. pursuant to a sale and purchase agreement dated 27 March 2001.

## GENERAL INFORMATION ON OUR GROUP

As at the Latest Practicable Date, our Group leased or licensed the following properties:

Leased/ Licensed by	Location	Tenure	Approximate Gross Area (sq ft)	Monthly Rental	Lessor/ Licensor	Usage
Kori Singapore	24 River Valley Close #14-24 Pacific Mansion, Singapore 238435	6 January 2011 to 5 January 2013	1,345	S\$3,400	Mr. Chin Chin Keong	Accommodation
Kori Singapore	433B, Macpherson Road, Singapore 368144	25 May 2011 to 24 May 2013	1,200	S\$2,500	Mr. Zhang Wei	Accommodation
Kori Singapore	431B, Macpherson Road, Singapore 368142	19 July 2011 to 18 July 2013	1,200	S\$2,500	Mr. Zhang Wei	Accommodation
Kori Singapore	Homestay Residences Building located at 21-39 Kaki Bukit Avenue 3, Singapore 415920	1 August 2011 to 31 July 2013	515 (per room for three rooms)	S\$13,500 (comprising a monthly rental of S\$4,500 for each of the three rooms)	Homestay Residences Pte. Ltd.	Accommodation
Kori Singapore	Homestay Residences Building located at 21-39 Kaki Bukit Avenue 3, Singapore 415920	7 November 2011 to 6 November 2013	515	S\$4,800	Homestay Residences Pte. Ltd.	Accommodation
Kori Singapore	Homestay Residences Building located at 21-39 Kaki Bukit Avenue 3, Singapore 415920	6 December 2011 to 5 December 2013	515	S\$4,800	Homestay Residences Pte. Ltd.	Accommodation
Kori Singapore	Blk 271B Jurong West St 24 #03-41, Singapore 642271	1 January 2012 to 31 December 2012	172	S\$650	Narashila Bee Binte Omar	Accommodation

## GENERAL INFORMATION ON OUR GROUP

Leased/ Licensed by	Location	Tenure	Approximate Gross Area (sq ft)	Monthly Rental	Lessor/ Licensor	Usage
Kori Singapore	Blk 3 Joo Chiat Road #05-1181 Singapore 420003	15 February 2012 to 14 February 2014	914	S\$1,800	Mr. Ooi Swee Lam	Accommodation
Kori Singapore	Murai Lodge One at 1B Murai Farmway Singapore 709155	2 April 2012 to 1 April 2013	506	S\$3,000	QIB Facilities Management Pte. Ltd.	Accommodation
Kori Singapore	11 Sims Drive, #06-01, SCN Centre, Singapore 387385	1 May 2012 to 30 April 2015	1,593	S\$3,600 (comprising a monthly rental of S\$3,500 and S\$100 for service charge)	Sin Chung Nam Furniture Private Limited	Office
Kori Singapore	Homestay Residences Building located at 21-39 Kaki Bukit Avenue 3, Singapore 415920	1 June 2012 to 31 May 2013	515	S\$4,800	Homestay Residences Pte. Ltd.	Accommodation
Kori Singapore	Murai Lodge One at 1B Murai Farmway Singapore 709155	1 August 2012 to 31 January 2013	279 (per room for five rooms)	S\$15,000 (comprising a monthly rental of S\$3,000 for each of the five rooms)	QIB Facilities Management Pte. Ltd.	Accommodation
Kori Singapore	Murai Lodge One at 1B Murai Farmway Singapore 709155	1 August 2012 to 31 January 2013	279 (per room for five rooms)	S\$9,000 (comprising a monthly rental of S\$3,000 for each of the three rooms)	QIB Facilities Management Pte. Ltd.	Accommodation
Kori Singapore	State Land Lot 00304L (PT) TS30 at Marina Grove (Marina F)	1 November 2012 to 31 August 2013	109,845	S\$22,626 (being the temporary occupation licence fee)	Sembawang Engineers and Constructors Pte. Ltd.	Construction Storage
Kori Singapore	State Land at Bedok Industrial Park C	16 August 2012 to 15 April 2014	60,934	S\$11,111.21	Sato Kogyo (S) Pte. Ltd.	Construction Storage



## GENERAL INFORMATION ON OUR GROUP

Leased/ Licensed by	Location	Tenure	Approximate Gross Area (sq ft)	Monthly Rental	Lessor/ Licensor	Usage
Ming Shin	Murai Lodge One at 1B Murai Farmway Singapore 709155	1 August 2012 to 31 January 2013	279 (per room for four rooms)	S\$12,000 (total monthly rental for four rooms)	QIB Facilities Management Pte. Ltd.	Accommodation
Ming Shin	State Land Lot 00304L (PT) TS 30 at Marina Grove (Marina F)	1 January 2012 to 31 October 2012	109,845	S\$21,271.20, (including S\$17,726 per month for temporary occupation licence fee and S\$3,545.20 per month for administration charge)	Sembawang Engineers and Constructors Pte. Ltd.	Construction storage

### STAFF TRAINING POLICY

In order to ensure that our staff are competent in their roles and responsibilities, staff training constitutes a key aspect of our operations. Accordingly, our employees would be sent for courses and/or tests in order for them to obtain the necessary skills certifications for their respective areas of responsibilities.

Due to the nature of our operations, safety training courses or programmes for our employees are also viewed with utmost importance. Employees are regularly assigned for on-the-job training and safety induction courses conducted by the respective supervisor in different departments who may use the standard safety procedures or other relevant documents as training materials to ensure that employees are apprised of the most up-to-date safety measures and policies of each department so as to minimise safety breaches.

For our management and supervisory staff, we send and encourage them to attend certification courses for specific fields of our business operations. For example, we have sent our staff to attend certification courses approved by the WSHC and MOM, such as, among others, (a) the certification course for structural steel supervisors organised by the Singapore Structural Steel Society and the School of Graduate and Management Development BCA Academy; (b) Building Construction Supervisor Safety (BCSS) Course for all of our supervisory staff organised by the School of Graduate and Management Development BCA Academy; (c) the Lifting Supervisor Safety Course for our lifting supervisors organised by accredited schools; and/or (d) the Signalman and Rigger Course for all of our personnel appointed as signalman and riggers organised by accredited schools.

Some of our employees have completed and successfully passed the examination required for the certification and registration of qualified supervisors and have obtained the relevant certifications issued by the relevant authority.

We have also established a first aider team by sending staff to attend first aid courses, such as, among others, the Occupational First Aider Course and the Occupational First Aider Refresher Course organised by accredited schools to equip them with the necessary first aid knowledge and training required at our project sites or our storage yard.

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## GENERAL INFORMATION ON OUR GROUP

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### INSURANCE

As at the Latest Practicable Date, we maintain the following insurance policies to cover, among others, our operational, human resource and fixed asset risks:

- (a) group insurance;
- (b) industrial fire insurance to cover risk of fire;
- (c) group hospital and surgical insurance to cover the medical needs of our employees;
- (d) work injury compensation insurance to cover specific occupational diseases, personal injuries or deaths caused by accidents in the course of our Group's business;
- (e) public liability insurance;
- (f) health and safety insurance;
- (g) machinery all risks insurance;
- (h) industrial all risks insurance; and
- (i) money insurance.

The above insurance policies are reviewed annually to ensure that our Group has sufficient insurance coverage. Our Directors are of the view that the insurance coverage from the above insurance policies is sufficient for our present operations.

### SEASONALITY

Due to the project-based nature of our business, we have not observed any significant seasonal trends during the Period Under Review. Our Directors believe that there is no apparent seasonality factor which affects the civil/structural engineering and infrastructural construction industry. However, our business may be affected by policies which may be introduced by the government from time to time and fluctuations in demand in the civil/structural engineering and infrastructural construction industry.

### MARKETING AND BUSINESS DEVELOPMENT

Our overall marketing and business development activities are spearheaded by our Group's Chairman and Executive Director Mr. Kori Nobuaki, who is supported by our CEO and Managing Director Mr. Hooi Yu Koh, and our Executive Officers, in particular our Financial Controller, Ms. Chee Shew Yan, our Technical Controller, Mr. Ng Wai Kit, the Head of our Steel Division, Mr. Lee Yeng Tat, and the Head of our Tunnel Division, Mr. Chookul Charun. Together, they formulate and plan marketing strategies and activities for our structural steelworks services and the tunnelling services business.

Our marketing and business development approach is based on fostering long-term business relationships with our customers, sub-contractors and suppliers as well as to seek potential business opportunities in the structural steelworks services and tunnelling services business. Often, customers are concerned about the reliability and efficiency of the potential service provider. In this regard, our Directors believe our experience, reputation and track record allow us to market ourselves effectively to our customers.

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## GENERAL INFORMATION ON OUR GROUP

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In order to disseminate information readily on the background and track record of our Group, and to market our capabilities and services, a website at [www.kori.com.sg](http://www.kori.com.sg) was set up as a cost effective way to reach out to our counterparts, namely, developers in the civil/engineering construction industry, architects, engineering consultants and our other business associates in Singapore as well as in the region.

### RESEARCH AND DEVELOPMENT

We have successfully developed the Kori Large Panelling Traffic Decking System with our unique and advanced expertise in steel decking works built through years of practice in various projects. For the Kori Large Panelling Traffic Decking System, we use steel panels which consist of a special type of rugged grid-pattern beams sections as a temporary platform which permits more efficient and stable decking works.

We have also developed two types of comprehensive method statements for our structural steelworks business and tunnelling works business. Both types of method statements contain comprehensive details on, among others, (a) all types of works to be done, (b) a step-by-step working procedure for each type of works, (c) all tools, plant and equipment to be used in each step, (d) checks and inspections on, among others, (i) the works done in each stage of a project; (ii) all the materials; and (iii) tools, plants and equipment to be used and the working condition at our storage yard and the project site, (e) operational schematic diagrams; and (f) quality control measures taken by us.

As at the Latest Practicable Date, apart from developing the Kori Large Panelling Traffic Decking System and the comprehensive method statements for each of our structural steelworks business and tunnelling works business, we have not undertaken other research and development activities as the nature of our business does not require extensive research and development.

Our Group's expenditure on research and development activities in relation to the Kori Large Panelling Traffic Decking System and our method statements and the percentage of revenue of our Group spent on such activities in FY2009, FY2010, FY2011 and HY2012 were approximately S\$0.25 million (0.9%), S\$0.45 million (1.1%), S\$0.30 million (0.9%) and S\$0.20 million (0.8%), respectively.

### INTELLECTUAL PROPERTY

Our business and profitability are not materially dependent on any patent or grant of licences from third parties. We have not registered and do not own any trademark, patent or other intellectual property and have not paid or received any royalties for any licences or use of any intellectual property.

### GOVERNMENT REGULATIONS

Our business operations are subject to certain Singapore and international guidelines, laws and regulations. Save as disclosed below, as at the Latest Practicable Date, our business operations in Singapore are not subject to any special legislation or regulatory controls other than those generally applicable to companies and businesses incorporated and/or operating in Singapore.

#### Singapore

The following is a summary of the main laws and regulations of Singapore that are relevant to our business as at the Latest Practicable Date.

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## GENERAL INFORMATION ON OUR GROUP

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### Contractors Registry

The construction industry in Singapore is regulated by the BCA, whose primary role is to develop and regulate Singapore's building and construction industry. Currently, companies which carry on business activities in the construction industry are not required to register with the BCA. However, registration with the Contractors Registry maintained by the BCA is a pre-requisite to tender for projects in the public sector. Presently, there are seven major categories of registration, some of which are further sub-classified into six to seven grades, depending on the category of registration. Registration of a contractor with the BCA is dependent on the contractor fulfilling certain requirements relating to, among others, the value of previously completed projects and personnel resources. The grade assigned to each contractor is dependent on its minimum net worth and paid-up capital.

Our business in Singapore is carried out by our wholly-owned subsidiaries, Kori Singapore and Ming Shin. Kori Singapore and Ming Shin are currently registered with the BCA with a BCA grading of C2 under the category CW02 for civil engineering. The C2 grading enables Kori Singapore and Ming Shin to tender for public sector procurement in relation to civil engineering works of values up to a tendering limit of S\$1.3 million.

To maintain the existing BCA grading, there are certain requirements to be complied with, including but not limited to the following:

Type of permit/licence	Requirements
CW02 Civil Engineering (C2 grade)	<ul style="list-style-type: none"><li>• To secure, over a three-year period, projects with an aggregate contract value of at least S\$1 million</li><li>• To have a minimum paid-up share capital and a minimum net worth of S\$100,000</li><li>• To employ at least one professional personnel or two technical personnels with approved qualifications and a Safety Management Certificate awarded by BCA or OHSAS 18000 required for the C2 grade. Such approved qualifications refer to, for professional personnels, professional qualifications with a recognised degree in architecture, building, civil/structural engineering or equivalent and for technical personnels, technical qualifications in any of the following: (a) a recognised polytechnic diploma in architecture, building, and civil/structural engineering; (b) a national certificate in construction supervision; (c) an advance national building qualification/specialist diploma in mechanical and electronic coordination; or (d) other equivalent qualifications approved by the BCA.</li></ul>

### General Builder Licence and Specialist Builder Licence

The Building Control Act (Chapter 29) of Singapore, the Building Control (Amendment) Act 2007 and the Building Control (Licensing of Builders) Regulations 2008 set out the requirements for licensing of builders. All builders carrying out building works where plans are required to be approved by the Commissioner of Building Control and builders who work in specialist areas which have a high impact on public safety will require a Builder's Licence from 16 June 2009. There are two types of Builder's Licences, namely, the general builder licence (the "**General Builder Licence**") and the specialist builder licence (the "**Specialist Builder Licence**").

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## GENERAL INFORMATION ON OUR GROUP

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### *General Builder Licence*

Any builder undertaking general building works, excluding works that have been designated as specialist works to be carried out by Specialist Builder, is required to obtain a General Builder Licence. There are two classes of General Builder Licences, namely, a Class One licence (GB1) which permits the builder to undertake projects of any value and a Class Two licence (GB2) which permits the builder to undertake projects of up to S\$6.0 million.

As at the Latest Practicable Date, we have, through our Singapore subsidiaries Kori Singapore and Ming Shin, obtained the General Builder Licence (GB2).

### *Specialist Builder Licence*

A builder is required to obtain a Specialist Builder Licence if he undertakes any of the following specialist building works: piling works, ground support and stabilisation works, site investigation work, structural steelwork, pre-cast concrete work or in-situ post-tensioning work.

The relevant classes of Specialist Builder Licences to our businesses are as follows:

Classes of Specialist Builder Licence	Description
Specialist Builder (Piling Works) licence	Piling works comprising installation and testing of precast reinforced concrete or prestressed concrete piles, steel piles, bored cast-in-place reinforced concrete piles, caissons and special pile types like micro-piles, barrettes piles and composite piles, embedded retaining wall piles like diaphragm walls, contiguous bored piles or secant piles
Specialist Builder (Ground Support and Stabilisation Works) licence	Ground support and stabilisation works including installation and testing of ground anchors, soil nails, rock bolts, ground treatment like chemical grouting and jet-grouting, reinforced-earth, shotcreting and tunnel supports
Specialist Builder (Structural Steelwork) licence	Structural steelwork comprising (i) fabrication of structural elements; (ii) erection work like site cutting, site welding and site bolting; and (iii) installation of steel supports for underground building works

As at the Latest Practicable Date, we have, through our Singapore incorporated subsidiaries Kori Singapore and Ming Shin, obtained the abovementioned three classes of Specialist Builder Licence.

To maintain the Specialist Builder Licence(s), there are certain requirements to be complied with, including but not limited to the following:

- (i) To maintain a minimum paid-up capital of S\$25,000; and
- (ii) To maintain the continued employment of an approved person (the “**Approved Person**”) and a technical controller (the “**Technical Controller**”), both of which must have the relevant education background and practical experience as specified in the Building Control Act (Chapter 29) of Singapore.

The Approved Person is the appointed key personnel under whose charge and direction of the management of the business of the builder, insofar as it relates to general building works or specialist building works in Singapore, is to be at all times. The Approved Person must either (i) complete a course leading to a diploma in a construction-related field, or a bachelor’s degree or

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## GENERAL INFORMATION ON OUR GROUP

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post-graduate degree in any field and possess at least three years (in aggregate) of practical experience in the execution of construction projects (whether in Singapore or elsewhere) after attaining the corresponding qualification; or (ii) complete a course conducted by BCA known as “Essential Knowledge in Construction Regulations & Management for Licensed Builders” and possess at least eight years (in aggregate) of practical experience in the execution of construction projects in Singapore.

The Technical Controller is the appointed key personnel under whose personal supervision of the execution and performance of any general building works or specialist building works in Singapore the builder undertakes to be carried out. The Technical Controller must complete a course leading to a bachelor’s degree or post-graduate degree in field of civil or structural engineering from a recognised institution and possess at least five years (in aggregate) of practical experience in the execution of specialist building works of that class (whether in Singapore or elsewhere) after attaining the corresponding qualifications.

### Workplace and Health Safety Measures

Under the MOM’s Workplace Safety and Health Act (Chapter 354A of Singapore) (“**WSHA**”), every employer has the duty to take, so far as is reasonably practicable, such measures as are necessary to ensure the safety and health of his employees at work. These measures include providing and maintaining for the employees a work environment which is safe, without risk to health and adequate as regards facilities and arrangements for their welfare at work, ensuring that adequate safety measures are taken in respect of any machinery, equipment, plant, article or process used by the employees, ensuring that the employees are not exposed to hazards arising out of the arrangement, disposal, manipulation, organisation, processing, storage, transport, working or use of things in their workplace or near their workplace and under the control of the employer, developing and implementing procedures for dealing with emergencies that may arise while those persons are at work and ensuring that the person at work has adequate instruction, information, training and supervision as is necessary for that person to perform his work. More specific duties imposed by the MOM on employers are laid out in the Workplace Safety and Health (General Provisions) Regulations (“**WSHR**”). Some of these duties include taking effective measures to protect persons at work from the harmful effects of any exposure to any biohazardous material which may constitute a risk to their health.

Pursuant to the WSHR, the following equipment, amongst others, are required to be tested and examined by an examiner (the “**Authorised Examiner**”), who is authorised by the Commissioner of Workplace Safety and Health (“**CWSH**”), before they can be used in a factory and thereafter, at specified intervals:

- (i) hoist or lift;
- (ii) lifting gears; and/or
- (iii) lifting appliances and lifting machines.

Upon examination, the Authorised Examiner will issue and sign a certificate of test and examination, specifying the safe working load of the equipment. Such certificate of test and examination shall be kept available for inspection. Under the WSHR, it is the duty of the owner of the equipment/occupier of the workplace to keep a register containing the requisite particulars with respect to the lifting gears, lifting appliances and lifting machines. In addition to the above, under the WSHA, inspectors appointed by the CWSH may, among others, enter, workplace, to make such examination and inquiry as may be necessary to ascertain whether the provisions of



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## GENERAL INFORMATION ON OUR GROUP

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the WSHA are complied with, to take samples of any material or substance found in a workplace or being discharged from any workplace for the purpose of analysis or test, to assess the levels of noise, illumination, heat or harmful or hazardous substances in any workplace and the exposure levels of persons at work therein and to take into custody any article in the workplace which is required for the purpose of an investigation or inquiry under the WSHA.

Under the WSHA, the CWSH may serve a stop-work order in respect of a workplace if he is satisfied that (i) the workplace is in such condition, or is so located, or any part of the machinery, equipment, plant or article in the workplace is so used, that any process or work carried on in the workplace cannot be carried on with due regard to the safety, health and welfare of persons at work; (ii) any person has contravened any duty imposed by the WSHA; or (iii) any person has done any act, or has refrained from doing any act which, in the opinion of the CWSH, poses or is likely to pose a risk to the safety, health and welfare of persons at work. The stop-work order shall direct the person served with the order to immediately cease to carry on any work indefinitely or until such measures as are required by the CWSH have been taken to remedy any danger so as to enable the work in the workplace to be carried on with due regard to the safety, health and welfare of the persons at work.

The MOM has also introduced a demerit points system for the construction sector. The purpose of the demerit scheme is to improve the safety situation in the construction industry. Under this scheme, contractors who are found to have violated safety requirements at worksites will be given demerit points. A company which accumulates more than 18 demerit points within a 12-month period will be issued a warning. Continued accumulation of demerit points will result in more stringent corrective actions. If a worksite of a main contractor accumulates more than 18 demerit points, the worksite will have limited access to work permit holders for six months.

We are also subject to the Workplace Safety and Health (Construction) Regulations 2007 (“**WSHCR**”). Under the WSHCR, every occupier of a worksite shall implement and maintain at all times a safety and health management system for the purpose of ensuring the safety and protecting the health of every person within the worksite, whether or not the person is at work or is an employee of the occupier. A workplace safety and health co-ordinator shall be appointed by the occupier in respect of every worksite where the contract sum of the building operation or works of engineering construction carried out therein is less than S\$10.0 million. Any occupier of a worksite who contravenes this shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S\$10,000 and, in the case of continuing offence, to a further fine not exceeding S\$1,000 fine for every day or part thereof during which the offence continues after conviction. The workplace safety and health co-ordinator’s duty, in respect of a worksite, is to:

- (i) assist the occupier of the worksite to identify any unsafe condition in the worksite or unsafe work practice which is carried out in the worksite;
- (ii) recommend to the occupier of the worksite to implement such reasonably practicable measures to remedy the unsafe condition or unsafe work practice; and
- (iii) assist the occupier of the worksite to implement such reasonably practicable measures referred to in the paragraph above.

Any workplace safety and health co-ordinator who, without reasonable excuse, contravenes his duties as stated above shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S\$1,000 and, in the case of a second and subsequent offence, to a further fine not exceeding S\$5,000.

Where the contract sum of the building operation or works of engineering construction to be carried out in a worksite is S\$30.0 million or more, it shall be the duty of the occupier of the worksite to appoint a workplace safety and health auditor to audit the safety and health



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## GENERAL INFORMATION ON OUR GROUP

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management system of the worksite at least once every six months. Where the contract sum of the building operation or works of engineering construction to be carried out in a worksite is less than S\$30.0 million, it shall be the duty of the occupier of the worksite to (a) conduct a review of the safety and health management system of the worksite at least once every six months; and (b) if directed by the CWSH, appoint a workplace safety and health auditor to audit the safety and health management system of the worksite.

### Environmental laws and regulations

The Environmental Public Health Act (Chapter 95 of Singapore) ("**EPHA**") requires, among others, a person, during the erection, alteration, construction or demolition of any building or at any time, to take reasonable precautions to prevent danger to the life, health or well-being of persons using any public places from flying dust or falling fragments or from any other material, thing or substance. The EPHA also regulates, among others, the disposal and treatment of industrial waste and public nuisances.

Under the EPHA, the Ministry of Environment has empowered the Director-General of Public Health to serve a nuisance order on the owner or occupier of the premises on which the nuisance arises. Some of the nuisances which are liable to be dealt with by the Ministry of Environment and/or its statutory board, the National Environmental Agency, summarily under the EPHA include any factory or workplace which is not kept in a clean state and any place where there exists or is likely to exist any condition giving rise, or capable of giving rise to the breeding of flies or mosquitoes, any place where there occurs, or from which there emanates noise or vibration as to amount to a nuisance and any machinery, plant or any method or process used in any premises which causes a nuisance or is dangerous to public health and safety. The EPHA also requires the occupier of any construction site to employ a competent person to act as an Environmental Control Officer in the construction site for the purpose of exercising general supervision within the construction site of the observance of the provisions of, among others, the EPHA.

Kori Singapore has been fined on one occasion in December 2011 for creating conditions favourable for mosquito breeding at our storage yard. The total fine of S\$200 has since been paid by Kori Singapore.

The Environmental Protection and Management Act (Chapter 94A of Singapore) seeks to control the levels of pollution in Singapore by regulating the activities of various industries and regulates, among others, air pollution, water pollution, land pollution and noise control. Under the Environmental Pollution Control (Control of Noise at Construction Sites) Regulations, the owner or occupier of any construction site shall ensure that the level of noise emitted from his construction site shall not exceed the maximum permissible noise levels prescribed in such regulations.

### Approval and execution of plans of building works

Under the BCA's Building Control Act, no person shall commence or carry out, or permit or authorise the commencement or carrying out of, any building works unless the plans of the building works have been approved by the Commissioner of Building Control ("**CBC**") and in the case of structural works, there is in force a permit granted by the CBC to carry out the structural works. Before an application to the CBC for the approval of the plans of the building works is made, every person for whom any relevant building works are or are to be carried out, or the builder of such building works, shall appoint a Qualified Person to prepare the said plans in accordance with the Building Control Regulations 2003, and to supervise the building works. The carrying out of structural elements and concreting, piling, pre-stressing, tightening of high-friction

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## GENERAL INFORMATION ON OUR GROUP

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grip bolts or other critical structural works of a prescribed class of building works would also require the supervision of a Qualified Person or a site supervisor appointed by him. Under the Building Control Act, a builder undertaking any building works shall, *inter alia*, (i) ensure that the building works are carried out in accordance with the plans of the building works supplied to it by the Qualified Person and with any terms or conditions imposed by the CBC in accordance with the Building Control Act and the Building Control Regulations 2003, (ii) notify the CBC of any contravention of the provisions of the Building Control Act or the building regulations in connection with those building works and (iii) within seven days from the completion of the building works, certify that the new building has been erected or the building works have been carried out in accordance with the Building Control Act and the building regulations and deliver such certificate to the CBC.

The Building Control Regulations 2003 sets out certain requirements of the BCA relating to, among others, design and construction and the installation of exterior features. For example, no person shall, without the permission of the CBC, install any lift in any building, in installing an air-conditioning unit on the exterior of any building or which projects outwards from any building, a trained air-conditioning unit installer would have to be engaged to carry out the installation works relating to the air-conditioning unit, and whenever soil investigation and determination of the depth of the water table are to be carried out in respect of any building works, the Qualified Person shall submit the soil investigation reports to the CBC.

If the CBC is of the opinion that any building works, other than structural works, have been or are carried out in such a manner as (i) will cause, or will be likely to cause, a risk of injury to any person or damage to any property, (ii) will cause, or will be likely to cause, a total or partial collapse of any adjoining or other building or street or land; or (iii) will render, or will be likely to render, any adjoining or other building or street or land so dangerous that it will collapse or be likely to collapse either totally or partially, he may, by order, direct the person for whom those building works have been or are being carried out to immediately stop the building works and to take such remedial or other measures as he may specify to prevent the abovementioned situations from happening.

Under the Fire Safety Act (Chapter 109A of Singapore) (the “**Fire Safety Act**”), the person for whom any proposed fire safety works are to be commenced or carried out in any building shall apply to the Commissioner of Civil Defence (“**CCD**”) for approval of the plans of the fire safety works in accordance with the Fire Safety (Building Fire Safety) Regulations and such person shall appoint an appropriate Qualified Person to prepare those plans. No person shall commence or carry out or permit or authorise the commencement or carrying out of any fire safety works in any building unless the CCD has approved all the plans of the fire safety works. Upon completion of any fire safety works, the person for whom the fire safety works had been carried out shall apply for a fire safety certificate from the CCD in respect of the completed fire safety works.

Where, in the opinion of the CCD, any fire safety works are carried out or have been carried out in contravention of the Fire Code, the Fire Safety Act or any rules or regulations made thereunder, he may by order in writing require (i) the cessation of the unauthorised fire safety works until such order is withdrawn, (ii) such work or alteration to be carried out to the unauthorised fire safety works or the building or part thereof to which the unauthorised fire safety works relate as may be necessary to comply with the Fire Code, Fire Safety Act or any rules or regulations made thereunder, or (iii) the demolition of the building or part thereof to which the unauthorised fire safety works relate.

Under the Fire Safety Act, no person shall store or keep, or caused to be stored or kept, any petroleum or flammable material except, among others, under the authority of and in accordance with the provisions of a licence from the CCD and every condition specified therein, and such licence shall be applied for in accordance with the Fire Safety (Petroleum and Flammable Materials) Regulations 2005.

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## GENERAL INFORMATION ON OUR GROUP

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### Public Sector Standard Conditions of Contract for Construction Works

The Public Sector Standard Conditions of Contract for Construction Works (“**PSSCOC**”) was developed by the BCA to enable a common contract form to be used in all public sector construction projects. The PSSCOC contains terms relating to, among others, the general obligations of the contractor, programme for the works, quality in construction, commencement of works, suspension of works, time for completion, liquidated damages, defects, variations to the works, valuation of variations, procedures for claims, indemnity provisions, insurance, progress payments and final account and settlement of disputes.

### Employment of Foreign Workers

The employment of foreign workers in Singapore is governed by the Employment of Foreign Manpower Act (Chapter 91A of Singapore) and regulated by the MOM.

Under Section 5(1) of Employment of Foreign Manpower Act (Chapter 91A of Singapore), no person shall employ a foreign worker unless he has obtained in respect of the foreign worker a valid work pass from the MOM, which allows the foreign worker to work for him. Any person who fails to comply with or contravenes the section shall be guilty of an offence and shall (a) be liable on conviction to a fine of not less than S\$5,000 and not more than S\$30,000 or to imprisonment for a term not exceeding 12 months or to both; and (b) on a second or subsequent conviction, in the case of an individual be punished with a fine of not less than S\$10,000 and not more than S\$30,000 and with imprisonment for a term not less than one month and not more than twelve months; or in any case, be punished with a fine of not less than S\$20,000 and not more than S\$60,000.

From 1 July 2012, basic skilled construction work permit workers would be allowed to work up to a maximum of 10 years, while higher skilled workers would be allowed to work up to 18 years. As a transitional measure, MOM will grant an extension to the period of employment of all affected workers. Employers will have at least two years to upgrade their workers from basic skilled to higher skilled.

The availability of the foreign workers to the construction industry is regulated by the MOM through the following policy instruments:

- (i) approved source countries;
- (ii) dependency ceilings based on the ratio of local to foreign workers;
- (iii) the imposition of security bonds and levies; and
- (iv) quotas based on the man year entitlements (“**MYE**”) in respect of workers from Non-Traditional Sources (“**NTS**”) and the PRC.

#### *Approved source countries*

The approved source countries for construction workers are Malaysia, the People’s Republic of China (“**PRC**”), NTS and North Asian Sources (“**NAS**”). NTS include countries such as India, Thailand, Bangladesh, the Republic of the Union of Myanmar, the Philippines and Sri Lanka. NAS countries include Hong Kong, Macau, South Korea and Taiwan.

#### *Dependency ratio ceiling*

The dependency ratio ceiling for the construction industry is currently set at a ratio of one full-time local worker to seven foreign workers. This means that for every full-time Singapore Citizen or Singapore Permanent Resident employed by a company in the construction sector with regular full month CPF contributions made by the employer, our Company can employ seven foreign workers.

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## GENERAL INFORMATION ON OUR GROUP

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### *Foreign worker levies and security bonds*

The employment of foreign workers is also subject to the payment of levies. Pursuant to the Singapore government's Budget 2010, it was announced that the Government will raise levy rates for most work permits by between S\$10.0 and S\$30.0 on 1 July 2010, and they would be phasing in further adjustments in levy rates and tiers in 2010 and 2012. In the Singapore government's Budget 2011, it was announced that further increases to the foreign worker levies will be phased in at six-monthly intervals from January 2012 to July 2013. As at 10 October 2012, a levy of S\$350 will apply to basic skilled workers (including workers who possess the SEC or SEC(K) as defined below), and a levy of S\$250 will apply to higher skilled workers. For foreign workers with at least two years' working experience in the construction sector and who are exempt from MYE requirements, a levy of S\$500 will apply. Pursuant to the Singapore government's Budget 2012, MOM announced that a higher foreign worker levy of S\$650 will be introduced for basic skilled work permit holders in the MYE-waiver category from 1 January 2013, and this will be raised to S\$750 in July 2013.

For each NAS, NTS or PRC construction worker whom we have successfully obtained a work permit, a security bond of S\$5,000 in the form of a banker's guarantee or insurance guarantee is required to be furnished to the Controller of Work Passes.

### *Prior approval*

Construction companies must have prior approval ("**PA**") from MOM in order to employ foreign workers from NTS countries and the PRC. The PA indicates the number of foreign workers a company is allowed to bring in from NTS countries and the PRC. It also determines the number of workers who can have their work permits renewed, or who can be transferred from another company in Singapore. PAs are granted based on, *inter alia*, the duration of the work permits applied for, the number of full-time local workers employed by the company over the past three months as reflected in the company's CPF contribution statements and the number of MYEs allocated from the company's main contractor.

### *Certification*

All new NTS and PRC workers who have been approved under the PA scheme must also possess either the Skills Evaluation Certificate ("**SEC**") or the Skills Evaluation Certificate (Knowledge) ("**SEC(K)**") before they are allowed to work in Singapore. These schemes are initiatives by the BCA to raise the skill levels and productivity of the construction, as well as to enhance safety in the construction sector. All NAS workers must possess the SEC or the SEC(K) as well. All Malaysian workers must possess either Secondary 4 education or its equivalent, the SEC or SEC(K), before they are allowed to work in Singapore. These workers will be classified as basic skilled workers.

### *In-Principle Approval*

In addition, for each individual's work permit, in-principle approvals ("**IPAs**") have to be sought for each individual's work permit. The foreign construction worker is required to undergo a medical examination by a registered Singapore doctor and must pass such medical examination before a work permit can be issued to him.

### *Construction Safety Orientation Course ("**CSOC**")*

All foreign workers employed in the construction industry must attend a full-day CSOC. At the end of the course, the workers will receive a safety orientation pass if they are able to pass the requirements and assessment of the course. Foreign workers who fail the assessment will need

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## GENERAL INFORMATION ON OUR GROUP

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to retake the course. Employers must ensure that foreign workers attend the course within two weeks of arrival in Singapore. Employers who fail to ensure that their workers take and pass the CSOC course will be barred from applying for new work permits for three months, while the affected workers will have their work permits revoked.

### *MYEs*

The MYEs allocation system is a work permit allocation system pertaining to the employment of construction workers from NTS and the PRC. MYEs represent the total number of foreign workers that each main contractor is entitled to employ based on the value of the projects or contracts awarded by the developers or owners. At the time of the MYE application, the balance duration of the project must be at least one month and the total remaining contract value of the project must be at least S\$500,000. To employ NTS and PRC construction workers, the employer must make an application for MYE, PA and IPAs for individual work permits. The allocation of MYE is in the form of the number of “man-years” required to complete a project and only main contractors may apply for MYEs. All levels of sub-contractors are required to obtain their MYE allocation from their main contractors. A main contractor’s MYEs will expire on the completion date of the relevant project. Pursuant to the Singapore government’s Budget 2012, the MOM announced a further 5.0% cut in the MYE quota for new projects in July 2012. This is in addition to the 15.0% cut in the MYE quota for new projects in July 2013 as announced by the Singapore government in 2011 and the reduction in the MYE by 25.0% over three years for the construction sector as announced by the Singapore Government in 2010. This will bring cumulative MYE cuts to 45% by July 2013.

Under the work permit conditions, employers are required to provide acceptable accommodation for their foreign workers. Such accommodation must meet the statutory requirements set by various government agencies, including the National Environment Agency, the Public Utilities Board, the Singapore Civil Defence Force and the BCA. A list of approved off-site housing is provided by the relevant approving agencies, namely the URA, Singapore Land Authority, Jurong Town Corporation and the Housing and Development Board.

An employer of foreign workers is also subject to, among others, the provisions set out in the Employment Act (Chapter 91 of Singapore), the Employment of Foreign Manpower Act (Chapter 91A of Singapore), the Immigration Act (Chapter 133 of Singapore) and the Immigration Regulations.

### Work Injury Compensation Act

The Work Injury Compensation Act (Chapter 354 of Singapore) (“**WICA**”), which is regulated by the MOM, applies to workmen in all industries in respect of injury suffered by them in the course of their employment and sets out, among others, the amount of compensation they are entitled to and the method(s) of calculating such compensation. The WICA provides that if in any employment, personal injury by accident arising out of and in the course of the employment is caused to a workman, the employer shall be liable to pay compensation in accordance with the provisions of the WICA.

The WICA provides that, among others, where any person (referred to as the principal) in the course of its business or for the purpose of his trade or business contracts with any other person (referred to as the contractor) for the execution by the contractor of the whole or any part of any work undertaken by the principal, the principal shall be liable to pay to any workman employed in the execution of the work any compensation which he would have been liable to pay if that workman had been immediately employed by the principal.

### Building and Construction Industry Security of Payment Act

Prior to the introduction of the Building and Construction Industry Security of Payment Act (Chapter 30B of Singapore) (the “**BCISP Act**”), a construction contract between a main contractor and a sub-contractor would typically contain a “pay when paid” provision. Such provision would



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## GENERAL INFORMATION ON OUR GROUP

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provide that the liability of the main contractor to pay money owing to the sub-contractor is contingent or conditional on payment to the main contractor by a third party of the whole or part of that money, or make the due date for payment of money owing by the main contractor to the sub-contractor contingent or conditional on the date on which payment of the whole or any part of that money is made to the main contractor by the third party. With the introduction of the BCISP Act by the Ministry of National Development, such “pay when paid” provisions in construction or supply contracts are now rendered unenforceable and have no effect in relation to any payment for construction work carried out or undertaken to be carried out, or for goods or services supplied or undertaken to be supplied, under the contract.

The BCISP Act, regulated by the BCA, confers a statutory entitlement to progress payments on any person who has carried out any construction work or supplied any goods or services under a contract. The BCISP Act also contains provisions relating to, among others, the amount of the progress payment to which a person who has carried out any construction work is entitled under a contract, the valuation of the construction work carried out and the date on which a progress payment becomes due and payable (even where a construction contract does not provide for such date). In addition, the BCISP Act, among others, endorses the following rights:

- (i) the right of a claimant (being the person who is or claims to be entitled to a progress payment) who, in relation to a construction contract, fails to receive payment by the due date of an amount that is proposed to be paid by the respondent (being the person who is or may be liable to make a progress payment under a contract to a claimant) and accepted by the claimant, to make an adjudication application in relation to the payment claim. The BCISP Act has established an adjudication process by which a person may claim payments due under a contract and enforce payment of the adjudicated amount;
- (ii) the right of a claimant to suspend the carrying out of construction work or supply of goods or services, and to exercise a lien over goods supplied by the claimant to the respondent that are unfixed and which have not been paid for, or to enforce the adjudication as if it were a judgement debt, if such claimant is not paid after he obtains judgement against the respondent pursuant to an adjudication; and
- (iii) where the respondent fails to pay the whole or any part of the adjudicated amount to a claimant, the right of a principal of the respondent (being the person who is liable to make payment to the respondent for or in relation to the whole or part of the construction work that is the subject of the contract between the respondent and the claimant) to make direct payment of the outstanding amount of the adjudicated amount to the claimant, together with the right for such principal to recover such payment from the respondent.

### Malaysia

The following is a summary of the main laws and regulations of Malaysia that are relevant to our business as at the Latest Practicable Date.

#### Registry with the CIDB

The Construction Industry Development Board of Malaysia (the “CIDB”), was established under the Lembaga Pembangunan Industri Pembinaan Malaysia 1994 (the “CIDB Act”) to develop the construction industry in Malaysia. All contractors must be registered with the CIDB and must hold a valid certificate of registration issued by the CIDB to carry out and complete any construction works in Malaysia.

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## GENERAL INFORMATION ON OUR GROUP

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Our business in Malaysia is carried out by our wholly-owned subsidiary, Kori Malaysia, which is currently registered with the CIDB as a Grade G5 contractor which enables Kori Malaysia to tender for general building and civil engineering works up to a tendering limit of RM5 million under the following specializations:

- (i) piling works under the building construction category; and
- (ii) piling works and general civil engineering works under the civil construction category.

Kori Malaysia, as a contractor registered with the CIDB, must comply with the provisions under CIDB Act, the regulations enacted under the CIDB Act, the conditions under the certificate of registration issued by the CIDB and any terms, conditions or restrictions imposed by the CIDB from time to time. Kori Malaysia is also not allowed to participate in any tenders or carry on any construction projects outside the scope of its registration category.

Section 34 of the CIDB Act also requires every registered contractor to notify and submit to the CIDB any executed contracts on construction works which has a contract sum of above RM500,000. A levy of quarter per centum of the contract sum is imposed by the CIDB on the contract. Where a registered contractor fails to pay any levy due within such period as may be prescribed, the registered contractor shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding RM50,000.

### Registration with the Contractor Services Centre

The Ministry of Works of Malaysia may procure the services of contractors by way of tenders. Each tender is subject to different requirements imposed by the Ministry of Works of Malaysia, including the requirement that the contractor is registered with the Contractor Services Centre (also known as the Pusat Khidmat Kontraktor). If Kori Malaysia intends to participate in such tenders, Kori Malaysia may need to be registered with the Contractor Services Centre. The registration criteria for a contractor to be registered with the Contractor Services Centre contain requirements on the maximum foreign shareholding which may be allowed in the applicant company.

### Business Premise Licence and Advertisement Licence

Under Section 2 of the Licensing of Trades, Businesses and Industries (Federal Territory of Kuala Lumpur) By-Laws 1986, no person shall use any place or premises within the Federal Territory for any trade, business or industry for which fees have been prescribed in the schedule without a licence issued by the Commissioner of the City of Kuala Lumpur. However, the schedule does not prescribe fees for operating an office. In addition, an advertisement licence is required if a signage is used. The Group currently operates an office at the property it occupies in Kuala Lumpur and the Group does not have a signage at the aforementioned property.

### Occupational Safety and Health Act, 1994 (the “OSHA”)

OSHA contains provisions for securing the safety, health and welfare of persons at work, for protecting others against risks to safety or health in connection with the activities of persons at work, to establish the National Council for Occupational Safety and Health, and for matters connected therewith. Under the OSHA, various regulations such as the Occupational Safety And Health (Safety and Health Committee) Regulations 1996 and the Occupational Safety And Health (Notification of Accident, Dangerous Occurrence, Occupational Poisoning and Occupational Disease) Regulations 2004 have been passed.



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## GENERAL INFORMATION ON OUR GROUP

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The OSHA applies to various industries which includes construction, manufacturing and wholesale and retail trades and sets out amongst others, the general duties of employers and self-employed persons to their employees, general duties of designers, manufacturers and suppliers, general duties of employees and prohibition against use of plant or substance. Under Section 16 of the OSHA, it is provided that “except in such cases as may be prescribed, it shall be the duty of every employer and every self-employed person to prepare and as often as may be appropriate revise a written statement of his general policy with respect to the safety and health at work of his employees and the organisation and arrangements for the time being in force for carrying out that policy, and to bring the statement and any revision of it to the notice of all his employees.”

Under the OSHA, it is an offence to contravene any provision of the OSHA and the maximum general penalty on conviction (if no penalty is expressly provided) is a fine not exceeding RM10,000 or to imprisonment for a term not exceeding 1 year or both, and in the case of a continuing offence, to a fine not exceeding RM1,000 for every day or part of a day during which the offence continues after conviction.

Where a corporate body contravenes a provision of the OSHA or any regulation made thereunder, certain officers of the company (directors, managers, secretaries and other like officers) at the time of contravention shall be deemed to have contravened the provision and guilty of the offence, and may be charged jointly or severally with the corporate body.

### LICENCES, PERMITS, APPROVALS, CERTIFICATIONS AND AWARDS

Our business in Singapore is carried out by our wholly-owned subsidiaries, Kori Singapore and Ming Shin. Kori Singapore and Ming Shin are currently registered with the BCA with a BCA grading of C2 under the category CW02 for civil engineering. The C2 grading enables Kori Singapore and Ming Shin to tender for public sector procurement in relation to civil engineering works of values up to a tendering limit of S\$1.3 million.

Our business in Malaysia is carried out by our wholly-owned subsidiary, Kori Malaysia, which is currently registered with the CIDB as a Grade G5 contractor which enables Kori Malaysia to tender for general building and civil engineering works up to a tendering limit of RM5 million under the following specialisations:

- (i) piling works under the building construction category; and
- (ii) piling works and general civil engineering works under the civil construction category.

Kori Malaysia, as a contractor registered with the CIDB, must comply with the provisions under CIDB Act, the regulations enacted under the CIDB Act, the conditions under the certificate of registration issued by the CIDB and any terms, conditions or restrictions imposed by the CIDB from time to time. Kori Malaysia is also not allowed to participate in any tenders or carry on any construction projects outside the scope of its registration category.

To our best knowledge, our Group has obtained all necessary permits, approvals and licences required for our business and operations. As at the Latest Practicable Date, save for those disclosed herein, in the section “Risk Factors” and the section “General Information on our Group — Government Regulations” of this Offer Document, our business and operations are not subject to any special legislation or regulatory controls which have a material effect on our business and operations other than those generally applicable to companies and businesses operating in Singapore and Malaysia.

## GENERAL INFORMATION ON OUR GROUP

Please refer to the section “General Information on our Group — Government Regulations” of this Offer Document for a summary of the relevant laws and regulations in Singapore and Malaysia applicable to us.

The following are the main licences, permits, approvals, certificates and awards issued and/or granted to our Group which are essential for the business operations of our Group.

### Kori Singapore

Date of grant/ expiry date	Licence, permits, approvals, certificates and awards	Awarding organisation
Granted on 17 December 2010	Best Contractor Award	The main contractor of the Millenia Station Project
Granted on 25 October 2011	Safety, Health and Environmental Conscious Sub-contractors Award	The main contractor of the Beauty World & Hillview Project
Granted on 25 November 2011	Best Contractor Award	The main contractor
Granted on 11 January 2012	Most Safety Conscious Contractor Award	The main contractor of the Botanic Garden & Stevens Station Project
Granted on 3 August 2012	Best Contractor Award	The main contractor
Granted on 18 September 2012	Subcontractor’s Safety Recognition	LTA
Expiring on 31 October 2013	Certificate of Registration of OHSMS <sup>(1)</sup>	BCA
Expiring on 17 January 2014	bizSAFE Star Certificate <sup>(2)</sup>	WSHC
Expiring on 16 June 2015	Specialist Builder (Piling Works) licence <sup>(3)</sup>	BCA
Expiring on 16 June 2015	Specialist Builder (Ground Support and Stabilisation Works) licence <sup>(4)</sup>	BCA
Expiring on 16 June 2015	Specialist Builder (Structural Steelwork) licence <sup>(5)</sup>	BCA
Expiring on 20 July 2015	General Builder Licence Class two (“GB2”) <sup>(6)</sup>	BCA
Expiring on 31 December 2012	Certificate of Registration <sup>(7)</sup>	SLOTS
Expiring on 1 August 2015	CW02 Civil Engineering C2 Status	BCA

#### Notes:

- (1) Certificate of Registration of OHSMS issued by the BCA certifying that Kori Singapore has conformed to the requirements of OHSAS 18001: 2007 for strutting and decking works of Kori Singapore.
- (2) bizSAFE Star Certificate issued by the WSHC certifying that Kori Singapore has fulfilled the requirement to attain bizSAFE Star. bizSAFE is a programme tailored to assist enterprises, especially the small and medium enterprises, build up their workplace safety and health capabilities. It provides a five-level approach to help enterprises progress towards WSHMS capabilities. bizSAFE Star Level is the highest level (Level 5). In order to obtain, bizSAFE Star

## GENERAL INFORMATION ON OUR GROUP

Certification, the enterprise must implement the WSHMS plan and the enterprise must obtain a SS506 Certificate issued by the Singapore Accreditation Council accredited certification bodies or OHSAS 18001 or other equivalent certification accompanied by a risk management audit report by a MOM approved workplace safety and health auditor.

- (3) Specialist Builder Licence issued by the BCA certifying that Kori Singapore is licensed to undertake piling works. Please refer to the section “General Information on our Group — Government Regulations” of this Offer Document for more details.
- (4) Specialist Builder Licence issued by the BCA certifying that Kori Singapore is licensed to undertake ground support and stabilisation works. Please refer to the section “General Information on our Group — Government Regulations” of this Offer Document for more details.
- (5) Specialist Builder Licence issued by the BCA certifying that Kori Singapore is licensed to undertake structural steelworks. Please refer to the section “General Information on our Group — Government Regulations” of this Offer Document for more details.
- (6) General Builder Licence in Class two issued by BCA certifying that Kori Singapore is licensed to undertake projects of up to S\$6,000,000.
- (7) Certificate of Registration with the Registry of SLOTS issued by SLOTS certifying that Kori Singapore (a) has fulfilled the relevant requirements and was admitted to the Registry of SLOTS; and (b) has been awarded the trade registration qualifications of CS03, CS06 and CS08 for conducting concreting works, piling works and structural works respectively.

### Ming Shin

Expiry date	Licence, permits, approvals, certificates and awards	Awarding organisation
Expiring on 31 December 2012	Certificate of Registration <sup>(1)</sup>	SLOTS
Expiring on 1 March 2015	CW02 Civil Engineering C2 Status	BCA
Expiring on 8 April 2015	GB2 <sup>(2)</sup>	BCA
Expiring on 26 June 2015	Specialist Builder (Piling Works) licence <sup>(3)</sup>	BCA
Expiring on 26 June 2015	Specialist Builder (Ground Support and Stabilisation Works) licence <sup>(4)</sup>	BCA
Expiring on 26 June 2015	Specialist Builder (Structural Steelwork) licence <sup>(5)</sup>	BCA
Expiring on 6 November 2015	Certificate of Registration of SMS <sup>(6)</sup>	BCA

#### Notes:

- (1) Certificate of Registration with the Registry of SLOTS issued by SLOTS certifying that Ming Shin (a) has fulfilled the relevant requirements and was admitted to the Registry of SLOTS; and (b) has been awarded the trade registration qualifications of CS03, CS06 and CS08 for conducting concreting works, piling works and structural works, respectively.
- (2) General Builder Licence in Class 2 issued by BCA certifying that Ming Shin is licensed to undertake projects of up to S\$6,000,000.
- (3) Specialist Builder Licence issued by the BCA certifying that Ming Shin is licensed to undertake piling works. Please refer to the section “General Information on our Group — Government Regulations” of this Offer Document for more details.
- (4) Specialist Builder Licence issued by the BCA certifying that Ming Shin is licensed to undertake ground support and stabilisation works. Please refer to the section “General Information on our Group — Government Regulations” of this Offer Document for more details.

## GENERAL INFORMATION ON OUR GROUP

- (5) Specialist Builder Licence issued by the BCA certifying that Ming Shin is licensed to undertake structural steelworks. Please refer to the section “General Information on our Group — Government Regulations” of this Offer Document for more details.
- (6) Certificate of Registration of the SMS issued by the BCA certifying that Ming Shin has conformed to the requirements of the BCA’s Safety Management Certification System for small and medium construction firms for the scope of strutting, decking and tunnelling works.

### Kori Malaysia

Expiry date	Licence, permits, approvals, certificates and awards	Awarding organisation
Expiring on 22 April 2013	Certificate of Registration <sup>(1)</sup>	CIDB

**Note:**

- (1) Certificate of Registration issued by the CIDB certifying that Kori Malaysia is registered to undertake, among others, piling works and civil engineering construction works. Please refer to the section “General Information on our Group — Government Regulations” of this Offer Document for more details.

As at the Latest Practicable Date, none of the aforesaid permits, approvals, licences and certificates have been suspended, revoked or cancelled and to the best of our Directors’ knowledge and belief, we are not aware of any facts or circumstances which would cause such permits, approvals, licences and certificates to be suspended, revoked or cancelled, as the case may be, or any applications for, or renewal of, any of these licences, permits approvals and certificates to be rejected by the relevant authorities.

Besides having to obtain all necessary permits, approvals and licences required for our business and operations, our Group is required to comply with all environmental regulations and to ensure prompt payment of GST and CPF contributions. Apart from the S\$200 fine imposed on our subsidiary, Kori Singapore, on one occasion in December 2011 for creating conditions favourable for mosquito breeding at our storage yard, Kori Singapore was also required to pay a composition of S\$2,200 to the Comptroller of GST in July 2010 for the incorrect GST returns filed for the period between 1 July 2009 and 31 March 2010. All the above fines have since been paid by Kori Singapore. In addition, Kori Singapore was also required to pay a late payment interest of S\$974 to the CPF Board in Singapore for the late payment of its CPF contribution for December 2003. Such late payment interest and the outstanding CPF contribution were fully paid in February 2004.

In addition, our Group had also contravened certain governmental regulations in relation to some aspects of its business operations, including:

- (i) overtime limits as permitted under the MOM regulations; and
- (ii) there were several employees with CPF account contributions from both Kori Singapore and Ming Shin and accordingly, our Group’s foreign workers quota was calculated based on the duplicate CPF account contributions, resulting in our Group employing foreign workers in excess of that permitted under the MOM regulations,

(collectively (i) and (ii), the “**Past Breaches**”).

As at the Latest Practicable Date, all of these Past Breaches have either been rectified by our Group or our Group has ceased such business practices which have contravened the relevant governmental regulations.

Save as disclosed above, to the best of our Directors’ knowledge and belief, our Company and our subsidiaries have not breached any environmental regulations, MOM, CPF and GST regulations.

## GENERAL INFORMATION ON OUR GROUP

### CREDIT POLICY

#### Credit policy for our customers

Our services are generally provided on credit terms. In general, we normally extend to our customers credit ranging from 30 to 90 days depending on the size of the projects or contracts, our customers' creditworthiness and payment history. Our customers' payment profile and credit exposure are continuously monitored by our Executive Directors. Our trade receivables' turnover days for FY2009, FY2010, FY2011 and HY2012 are as follows:

	FY2009	FY2010	FY2011	HY2012
<b>Trade receivables' turnover days<sup>(1)</sup></b>	34	42	52	63

**Note:**

- (1) Trade receivables' turnover days is computed as follows:

$$\frac{\text{Average trade receivables balances}}{\text{Revenue}} \times \text{Number of days}$$

Where:

"Average trade receivables balance" is the average of the opening and closing trade receivables balances for the relevant financial year/period.

"Number of days" is defined as the number of calendar days in the relevant financial year/period.

The trade receivables' turnover days have increased from 34 days in FY2009 to 63 days in HY2012. This is attributable to the improvement of our customers' creditworthiness based on their historical payments to our Group such that we are willing to grant longer credit terms to our customers in order to secure larger contracts with them.

#### Credit policy from our suppliers

Payment terms granted by our suppliers and/or sub-contractors vary depending on, *inter alia*, our relationship with the suppliers and/or sub-contractors as well as the size of the projects. Typical credit terms granted by our suppliers and/or sub-contractors range from 30 days to 150 days. Our trade payables' turnover days for FY2009, FY2010, FY2011 and HY2012 are as follows:

	FY2009	FY2010	FY2011	HY2012
<b>Trade payables' turnover days<sup>(1)</sup></b>	83	52	86	118

**Note:**

- (1) Trade payables turnover days is computed as follows:

$$\frac{\text{Average trade payables balances}}{\text{Cost of sales}} \times \text{Number of days}$$

Where:

"Average trade payables balances" is the average of the opening and closing trade payables balances for the relevant financial year/period.

"Number of days" is defined as the number of calendar days in the relevant financial year/period.

The trade payables' turnover days have increased from 83 days in FY2009 to 118 days in HY2012. This is attributable to the better credit terms which have been accorded to our Group due to the improvement of our creditworthiness and the increase in the size of the projects that we have secured over the period.

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## GENERAL INFORMATION ON OUR GROUP

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Our Group has trade receivables amounting to S\$4.4 million that are past due as at 30 June 2012 but are not impaired. These receivables are unsecured and the analysis of their ageing as at 30 June 2012 is as follows:

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Trade receivables past due	As at 30 June 2012 (S\$'000)
Less than 30 days	4,035
31 to 60 days	339
61 to 90 days	—
91 to 120 days	—
More than 120 days	14

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We monitor all outstanding trade receivables closely and make specific provision in the event the recovery of any trade receivables appears doubtful. The quantum of such provision is dependent on the duration for which the trade receivables are overdue as well as our assessment on the likelihood that such trades may be unrecoverable.

### INVENTORY MANAGEMENT

We buyback the used steel struts and steel beams after dismantling the steel struts upon completion of a project. Typically, we treat the used steel struts and steel beams by cleaning, customising and repairing them before we resell and install them for other projects. The selling price for the treated steel struts and steel beams mainly depends on, among others, the years of previous usage, the condition of the reusability of the steel struts and steel beams and the steel price in the market. As a re-usable steel materials supplier, we have on 19 March 2012 achieved, through Kori Singapore, the Certificate of Assessment for Re-usable Steel Strutting System in ERSS issued by the BCA certifying that the steel materials used or to be used on projects have been assessed to meet the general quality assurance requirements of BC1: 2008, a recognised assessment standard adopted by the BCA for adequate and reliable materials to ensure public safety in Singapore.

Save for the reusable steel struts and steel beams, we do not maintain any significant levels of other inventories but procure whatever is required based on our project needs. The amount of such raw materials (including steel and other consumables) that we procure will depend on, among others, design specifications, the fabrication programme and delivery schedules. As at the Latest Practicable Date, our total inventories amounted to approximately S\$1.4 million and consist mainly of steel consumables.

We account for our inventory cost based on a first-in first-out basis. Inventories are stated at the lower of cost and net realisable value. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. We conduct a stock check on all inventories at the end of each financial year.

In accordance with our Group's accounting principles, the steel materials that we procure for our project requirements are accounted for by being charged directly to the contract work-in-progress account of the relevant project in our balance sheet. For the relevant reporting period, the proportionate amount of cost (including raw materials and other related project costs) associated with the percentage of completion for the project will then be recognised in our income statement.

### COMPETITION

We mainly provide structural steelworks and tunnelling services for civil/structural engineering and infrastructural construction projects. Within the civil/structural engineering and infrastructural construction industry, competition prevails from both domestic and foreign companies.

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## GENERAL INFORMATION ON OUR GROUP

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We believe the following service providers are our main competitors:

For structural steelworks services:

- Yongnam Engineering & Construction (Private) Limited;
- Hirose (Asia) Pte. Ltd.;
- Fuchi Engineering Pte Ltd; and
- T T J Design and Engineering Pte Ltd

For tunnelling services:

- Dongah Geological Engineering Co., Ltd.; and
- Fukuyama Engineering & Construction Pte. Ltd.

### COMPETITIVE STRENGTHS

We believe that we are able to compete effectively with the following competitive strengths:

#### Established Track Record

Our Group, through our subsidiaries, has more than 30 years of experience in the areas of structural steel and civil/structural engineering and has built up a good reputation in the respective industries.

A good working relationship with our customers built through our years of experience and participation in various projects and our reputation as a competent BCA licensed and registered builder has led us to win numerous large infrastructural construction projects which involve structural steelworks and tunnelling works in Singapore such as, *inter alia*, Singapore MRT Changi Airport Line, Circle Line, North East Line and Downtown Line.

Apart from securing projects in Singapore, our track record also extends overseas to include involvement in major transport infrastructure projects in Malaysia and Dubai, such as the planned underground section of the ongoing Kuala Lumpur MRT in Malaysia and the Dubai Metro Red Line.

Particularly, our Group has a reputation for prompt delivery and reliable design of quality steel components, including the reusable steel struts, sheet piles and panel steel decks, as well as provision of excellent strutting, decking and tunnelling services and customised solutions professionally tailored according to customers' needs and demand in different projects.

#### Strong Technical Expertise

We possess efficient and sophisticated design and construction techniques, such as our Kori Large Panelling Traffic Decking System and tunnel boring operation techniques and expertise, and skilled and experienced personnel such as our well trained designers and engineers who possess the necessary in-depth engineering knowledge and experience for structural steelworks and tunnelling works. This allows us to deal with technically demanding designs and specifications



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## GENERAL INFORMATION ON OUR GROUP

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from our customers. We continually import sophisticated engineering know-how in order to ensure that we possess the core technologies needed to develop our businesses in various markets and to maintain our status/ranking in the market as one of the leading players in the structural steelworks and tunnelling service industry.

### Stringent Quality Control Process

Our Group places strong emphasis on delivering high quality work on its projects.

Our Group has a well-trained quality control team for the inspection of our structural steelworks and tunnelling works. In addition, we have established strict quality control procedures at each stage of the fabrication and erection process all the way to final delivery. These quality control procedures, together with our in-depth engineering knowledge, ensure that we are able to execute complex and demanding projects in accordance with our customers' specifications.

Please refer to the section "General Information on our Group — Business Overview" of this Offer Document for further details.

### Experienced and Dedicated Management Team

Our Group is led by our Chairman and Executive Director, Mr. Kori Nobuaki, and our CEO and Managing Director, Mr. Hooi Yu Koh, who have more than 40 and 17 years of experience, respectively, in structural steel and civil/structural engineering industries both locally and in countries such as Malaysia and Dubai. Their capabilities are evidenced by the growth in our Group's revenue, profit, market coverage and scale of operations.

In addition to Mr. Kori Nobuaki and Mr. Hooi Yu Koh's extensive and in-depth knowledge of the structural steel and civil/structural engineering industries, our Group also possesses a dedicated management team, well supported by strong project managers, senior engineers and finance and administrative managers with substantial experience and the capability to handle the challenges of our Group's current business activities.

Our business operations require a highly skilled and experienced team, who has the relevant expertise and knowledge in their respective scope of work and responsibilities. With the current pool of managers, engineers and staff, our Group is able to provide excellent services in the very specialised and complex fields of civil/structural engineering construction works.

### Strong Business Relationships with Our Customers and Suppliers

We have established good business relationships through strong cooperation with the main contractors of our projects, our customers and suppliers and our project consultants who have facilitated our sourcing of business opportunities and contributed to our securing of projects.

We have been able to secure new projects from the main contractors and customers which we have worked with over the years as we have completed all our projects on time and handed them over to our main contractors or customers with minimal rectification works. The main contractors and customers whom we have worked with on a number of projects include, among others, Shanghai Tunnel Engineering Co., Ltd., Sembawang Engineers and Constructors Pte. Ltd., SK E&C (Singapore Branch), Penta Ocean Construction Co. Ltd. and Taisei Corporation.

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## GENERAL INFORMATION ON OUR GROUP

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### PROSPECTS

Our Directors believe that we will continue to enjoy growth in the foreseeable future while the civil/structural engineering and infrastructural construction industry continues to develop for the following reasons:

#### Singapore

##### Continued Construction Demand

According to the Industry Report, the overall construction activity in Singapore is expected to remain strong for 2012, due to a combination of contracts awarded in the past two years, and the on-going construction of major civil engineering projects, such as the MRT construction works. BCA anticipates construction demand for 2012 to be worth S\$22.0 billion to S\$28.0 billion, with public sector projects accounting for about 39.3% to 40.9% of the total construction demand. Infrastructure construction demand for 2012 is also expected to sustain healthy levels, at between S\$4.6 billion to S\$5.7 billion. This is a result of, among others, the remaining contracts for mechanical and engineering works for the Tuas West Extension and various road and bridge expansions by LTA.

According to the Industry Report, there are an estimated 54 civil engineering tenders that are expected to be called by local public agencies in the first half of 2013. Most of these tenders, approximately 55.6%, are expected to be called in the second quarter of the year. Of the 54 upcoming tenders, 43 tenders are valued up to S\$13 million each, 5 tenders are valued at S\$13 million to S\$40 million each and 6 tenders are above S\$40 million each.

According to the Industry Report, BCA expects the average construction demand for year 2013 and 2014 to moderate between S\$19.0 billion and S\$27.0 billion annually. BCA has projected that 60.0% of the total construction demand in these two years will come from the public sector, with continued public housing developments and higher construction demand for institutional building and civil engineering projects. It is expected that 60% of the total construction demand in these two years will come from building projects while the remaining 40% will come from civil engineering projects.

##### Growth in Singapore's Infrastructure

Singapore has seen significant growth over the last few years, with new developments such as the integrated resorts and construction of new expressways. As the population and number of tourists and immigrants increase, the government will continue to see a need to raise its spending on projects for further infrastructure development. These will include the need for more housing, transportation infrastructure, as well as industrial facilities. Some of the major on-going and new transport infrastructure projects in Singapore are, among others, Tuas West Extension, the widening of Bukit Batok East Avenue 3 and improvement of the Pan Island Expressway slip road between Clementi North Flyover and Toh Tuck Flyover, the widening of the road network and construction of a new vehicular underpass in Kallang Area and the construction of the Kallang/Paya Lebar Expressway which cost between S\$66.2 million to S\$1.9 billion for construction. Some of the major on-going and new rail improvement or extension works in Singapore include, *inter alia*, the extension of the Singapore MRT North South Line, the Tuas West Extension and infrastructure works for the Singapore MRT North-South and East West Lines with aggregate project costs ranging from S\$0.1 billion to S\$2.7 billion.

##### Growing Significance of Underground Building Works

According to the Industry Report, as the need for more facilities increases, there will be an increase in demand for land space catering to supplementary infrastructure such as sewerage systems, cable systems, and other common service tunnels. In addition, details of the Master Plan for Underground Space, if approved, will also spur the growth of the civil engineering industry, which specialises in underground construction works.

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## GENERAL INFORMATION ON OUR GROUP

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### Malaysia

#### Governmental Support for Infrastructural Development

According to the Industry Report, the Malaysian government has allocated RM230 billion for the period from 2011 till 2015 under the 10<sup>th</sup> Malaysia Plan (“**10MP**”), of which 60.0% is allocated for physical development. The 10MP is part of a series of Malaysian Plans, a five-year economic blueprint for the country.

According to the Industry Report, in line with the key focus areas of the 10MP, several projects are already underway, such as, *inter alia*, (a) the completion of the East-Coast Highway from Kuantan to Kuala Terengganu by 2012 to facilitate basic trade activities in Peninsular Malaysia; (b) the extension of an electrified double-track railway project to Johor Bahru; (c) the construction of a mass rapid transit system covering a 20km radius from the Kuala Lumpur city centre which is expected to carry two million passenger-trips per day; and (d) the building of a new low cost carrier terminal at Kuala Lumpur International Airport to cater for the rising number of flights. These projects will have a positive effect on the development of transport infrastructure in Malaysia.

### TREND INFORMATION

The following sections discuss some of the industry trends and drivers as set out in the Industry Report for the construction industry, with focus on the civil engineering sector in Singapore.

#### **Raising Productivity in the Construction Industry**

According to the Industry Report, the BCA has, in early 2012, announced the government’s plans in raising productivity and technology adoption within the construction industry. A new multi-skilling scheme will be introduced. The objective of this scheme is to provide an alternative pathway for workers to upgrade their skills, so that they are able to perform various tasks onsite. This will increase productivity and reduce the downtime for companies in the industry.

#### **Technology Adoption by the Construction Industry**

The construction industry is also adopting more technological applications to upgrade the quality of projects and to reduce labour reliance. The government has recently announced that the use of tools such as the Building Information Modelling will be made compulsory for all government projects in the future. The S\$250 million Construction Productivity and Capability Fund implemented by BCA supports technology adoption within the construction industry. To encourage companies in adopting technologies, BCA has announced that construction companies that utilise 3D modelling software can apply for a subsidy of up to S\$12.0 million with the Construction Productivity and Capability Fund.

#### **Promotion of Green Construction**

BCA is looking to support green building initiatives within the construction industry. In 2010, BCA announced a S\$15 million Sustainable Construction Capability Development Fund, which will assist industry players in adopting Sustainable Construction practices and technologies. The government body has also set to achieve a resource-efficiency of at least 80.0% in Singapore’s buildings, and to attain at least a Green Mark Certified rating by year 2030. In 2012, BCA announced that there are more than 1,000 green buildings in the country, and a record number of companies will be receiving the BCA Green and Gracious Builder Award.<sup>(1)</sup> In the same year, BCA also announced a new valuation guideline on green buildings. As such, the adoption of utilising green construction materials and energy saving measures can be expected to continue to increase within the construction industry.

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## GENERAL INFORMATION ON OUR GROUP

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### **Alternative Construction Projects**

Singapore has been facing issues of limited land space for its population and industrial uses, and has been exploring ways to save land space. Over the years, the country has built facilities such as tunnels and train stations underground, in order to save land for other purposes. Singapore has also turned to major subterranean projects, such as the construction of Jurong Rock Caverns (underground liquid hydrocarbon storage facility) off Jurong Island and the 10<sup>th</sup> expressway, and Marine Coastal Expressway.

Save as disclosed above, and as disclosed in the sections “Risk Factors”, “Management’s Discussion and Analysis of Results of Operations and Financial Position”, “General Information on our Group — Prospects” and “General Information on our Group — Business Strategies and Future Plans” of this Offer Document and barring any unforeseen circumstances, our Directors are not aware of any other significant recent trends in sales and in the costs and the prices of services or any other known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on our net sales or revenue, profitability, liquidity or capital resources, or that would cause financial information disclosed in this Offer Document to be not necessarily indicative of our future operating results or financial condition. Please also refer to the section “Cautionary Note regarding Forward-Looking Statements” of this Offer Document.

### **BUSINESS STRATEGIES AND FUTURE PLANS**

Our business strategies towards the future growth and expansion of our business are as follows:

#### **To advance our position as a service provider of structural steelworks and tunnelling works in Singapore**

We have a proven track record for both structural steelworks and tunnelling works. The recent noteworthy projects include, among others, the Singapore MRT Circle Line, Changi Airport Line, North East Line and Downtown Line.

Leveraging on our structural steelworks and tunnelling works expertise, we intend to expand our existing scope of work by further enhancing on our capabilities to be a more comprehensive and integrated structural steel fabricator and tunnelling service provider.

Being an accredited structural steel fabricator in Singapore, we intend to expand our structural steelworks business by applying for a Certificate of Accreditation under the Singapore Structural Steel Society which is higher than Category S4. This will allow us to participate in higher value tenders, increase the business profile of our Group and to capitalise on our reputation to secure larger and more profitable projects.

The current business scope of our tunnelling services only includes the supply of skilled personnel for provision of tunnelling works. We intend to expand our tunnelling business by purchasing tunnelling machinery and equipment and supplying and/or leasing them to the main contractor of each project which will increase our revenue stream and profitability.

We intend to utilise approximately S\$3.0 million of our net proceeds from the Placement for this purpose.

#### **To increase our presence and expand our tunnelling service business in overseas markets through joint ventures or strategic alliances**

Our Directors believe that countries such as Malaysia and Indonesia have high growth potential for infrastructure projects. We intend to expand our tunnelling service business through joint ventures or strategic alliances in Malaysia and Indonesia to include a whole turnkey service in addition to the provision of skilled personnel and technical know-how in projects that require our tunnelling services.

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## GENERAL INFORMATION ON OUR GROUP

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We believe that through such joint ventures or strategic alliances, our Group will gain access to the Malaysia and Indonesia infrastructure projects, customers and businesses as well as bring about greater economies of scale and provide impetus for our future growth.

We intend to utilise approximately S\$0.1 million of our net proceeds from the Placement to expand our tunnelling services in Malaysia and Indonesia through joint ventures or strategic alliances.

### **To complement our business through the acquisition of land for a new storage yard**

We have an arrangement with Sembawang Engineers and Constructors Pte. Ltd. (the “**Existing Yard**”) to occupy a storage yard which expires in August 2013. In addition to the foregoing yard, we have also, in July 2012, secured an arrangement with Sato Kogyo (S) Pte. Ltd., one of our major customers, for a new yard up to April 2014. The arrangement of the occupancy of this new yard allows us to increase our capacity to store more materials and better facilitate preparation for each of our projects. In addition, we also intend to acquire a parcel of land in Johor, Malaysia for the establishment of a new storage yard to increase our storage capacity, as the arrangement for our occupancy of the Existing Yard expires in August 2013 and we have been notified that any further extension of the occupancy of the Existing Yard beyond August 2013 will not be supported.

We intend to utilise approximately S\$1.0 million of our net proceeds from the Placement to part finance the acquisition of a parcel of land in Johor, Malaysia for the establishment of a new storage yard.

We note the increased opportunities in our businesses and we foresee higher demand of our structural steelworks services and tunnelling services. We believe that we will be able to leverage on our experience and capabilities to secure more major projects and hence expand our structural steelworks services and tunnelling services business.

### **ORDER BOOK**

As at the Latest Practicable Date, our order book for our structural steelworks and tunnelling services business stood at approximately S\$82.8 million which would translate into revenues for our Group over the next one to three years. As revenue from our structural steelworks and tunnelling services business is recognised based on the percentage-of-completion method, our order book excludes the contract value of completed works which have been recognised as revenue. The value of our order book is not indicative of our revenue for FY2012 as the revenue derived from our order book will be recognised over a number of years.

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## INTERESTED PERSON TRANSACTIONS

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### INTERESTED PERSON TRANSACTIONS

In general, transactions between our Group and any of our interested persons (namely, our Directors, Chief Executive Officer, Controlling Shareholders or any of their associates (as defined in the Rules of Catalist) of such Directors, Chief Executive Officer or Controlling Shareholders) (“**Interested Persons**” and each, an “**Interested Person**”) would constitute interested person transactions for the purposes of Chapter 9 of the Rules of Catalist.

Details of the present and ongoing transactions as well as past transactions between our Group and Interested Persons which are material in the context of the Placement are set out below. Save as disclosed in this section and the section “Restructuring Exercise” of this Offer Document, there are no material interested person transactions for FY2009, FY2010, FY2011, HY2012 and for the period from 1 July 2012 to the Latest Practicable Date (the “**Relevant Period**”).

### PAST INTERESTED PERSON TRANSACTIONS

#### (a) Personal loan to Mr. Kori Nobuaki

In February 2006, our subsidiary Kori Singapore had made available to our Chairman and Executive Director, Mr. Kori Nobuaki, an unsecured loan of S\$500,000 which was subject to an interest of 5.0% of the entire principal amount of the loan (the “**Loan**”) and had no fixed terms of repayment. The Loan was not made on an arm’s length basis as the interest of the Loan was lower than the prevailing interest rate for unsecured loans provided by banks or financial institutions in Singapore. During the Relevant Period, the largest amounts owed by Mr. Kori Nobuaki to our subsidiary, Kori Singapore, based on month-end balances was S\$56,919.60. In September 2009, Mr. Kori Nobuaki repaid to Kori Singapore S\$525,000, which represented the entire principal amount of the loan together with an interest of 5.0% of the entire principal amount of the loan. We do not intend to enter into any transactions of the above nature in the future.

#### (b) Transactions between Kori Singapore and Kori Engineering

Our Chairman and Executive Director, Mr. Kori Nobuaki is the sole shareholder of Kori Engineering and Mr. Kori Nobuaki and Mr. Hooi Yu Koh are directors of Kori Engineering which is undergoing the winding-up exercise. Accordingly, Kori Engineering is an associate of Mr. Kori Nobuaki and Mr. Hooi Yu Koh and an Interested Person under the Rules of Catalist. Accordingly, all transactions between our Group and Kori Engineering are regarded as interested person transactions.

Before 2009, our Group had, through our subsidiary Kori Singapore, entered into certain transactions with Kori Engineering. These transactions included, *inter alia*, the (a) purchases of steel components such as oil jacks, by Kori Singapore from Kori Engineering; and (b) sale of used steel components by Kori Singapore to Kori Engineering. Such transactions were entered into as Kori Engineering had sourced for and imported certain steel components from Japan exclusively for Kori Singapore. Such steel components were then supplied by Kori Singapore to main contractors for various projects in Singapore. When Kori Singapore bought back the used steel components from these main contractors, it would then on-sell the same to Kori Engineering which would in turn export the used steel components back to Japan.

These transactions were not made on an arm’s length basis as (a) Kori Engineering had not made any profit from selling the steel components to Kori Singapore as the steel components were purchased by Kori Singapore from Kori Engineering at cost price; and (b) Kori



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## INTERESTED PERSON TRANSACTIONS

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Singapore had not made any profit from purchasing the used steel components from the main contractors and subsequently on-selling the same to Kori Engineering, as it had sold the used steel components to Kori Engineering at cost price.

There have been no transactions entered into between Kori Singapore and Kori Engineering since 2009. In addition, save for a payment of S\$53,612.03 made to Kori Engineering on 21 June 2012 in full and final settlement of all amounts due for the transactions entered into between Kori Singapore and Kori Engineering before 2009, no other payments have been made by Kori Singapore to Kori Engineering, or *vice versa* during the Relevant Period. Further, we do not intend to enter into any transactions of the above nature in the future.

As at the Latest Practicable Date, saved as disclosed above, no other Director, Controlling Shareholder or their respective associates was or is interested in any material transaction undertaken by our Group during the Relevant Period.

### PRESENT AND ON-GOING INTERESTED PERSON TRANSACTIONS

**(a) Provision of indemnity by Mr. Kori Nobuaki and Mr. Hooi Yu Koh in respect of the potential additional tax liabilities which our Group may face**

For purposes of the Placement, our Group has appointed Nexia TS as our Independent Auditor and Reporting Accountants to re-audit the financial statements of Kori Singapore and Ming Shin for FY2009 and FY2010 in connection with the preparation of the combined financial statements of the Group (the “**Re-Audit**”). In the course of the Re-Audit, certain adjustments were made on contract revenue and cost recognised in FY2009 and FY2010. As a consequence, our Group may have to pay IRAS an additional tax of approximately S\$1.8 million, being the difference in income tax that has been paid for FY2009 and FY2010 and the estimated income tax that should be paid pursuant to the revised profit before tax.

Our Group has appointed KPMG Services Pte. Ltd. as our tax consultant to provide advice in respect of the implications of its income tax filings for FY2009 and FY2010 as a result of higher profit before tax as described above, and has made voluntary disclosures to IRAS regarding the aforementioned issue. As a result of adjustments made on contract revenue and cost in FY2009 and FY2010 leading to higher profit before tax as described above, our Group has made a provision of approximately S\$1.8 million in the financial statements of the Group for potential additional tax liabilities arising from the undercharged income tax for FY2009 and FY2010 and an additional approximately S\$0.22 million in respect of the possible penalties which may be imposed by IRAS on Kori Singapore and Ming Shin for filing incorrect returns for FY2009 and FY2010 (collectively, the “**S\$2.02 million Provision**”).

In relation to the potential additional tax liabilities which our Group may face, our Chairman and Executive Director, Mr. Kori Nobuaki, and our CEO and Managing Director, Mr. Hooi Yu Koh, who are also our Controlling Shareholders, have jointly and severally undertaken, pursuant to the Tax Indemnity to fully indemnify our Company, Kori Singapore and Ming Shin, against, amongst others, any additional tax liabilities, penalties or fines which may be imposed by IRAS over and in excess of the S\$2.02 million Provision which has been made in the financial statements of the Group for additional tax liabilities, penalties and fines which may be imposed by IRAS on Kori Singapore and Ming Shin for any undercharged income tax and/or filing incorrect returns.

The Tax Indemnity takes effect on the listing of the Company on Catalist and shall expire on the date of privatisation of our Company (whether by way of a scheme of arrangement pursuant to Section 210 of the Companies Act, compulsory acquisition of shares pursuant to Section 215 of the Companies Act, (or otherwise) whereby there would not be any minority interest in our Company.



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## INTERESTED PERSON TRANSACTIONS

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As no fees were paid by us to Mr. Kori Nobuaki and Mr. Hooi Yu Koh for the aforesaid arrangement, we believe that such transaction was not entered into on an arm's length basis or on normal commercial terms.

**(b) Provision of indemnity by Mr. Hooi Yu Koh and Mr. Kori Nobuaki in respect of the Group's past contraventions of certain governmental regulations**

Our Group contravened certain governmental regulations in relation to some aspects of its business operations, including:

- (i) overtime limits as permitted under the MOM regulations; and
- (ii) there were several employees with CPF account contributions from both Kori Singapore and Ming Shin and accordingly, the Group's foreign workers quota was calculated based on the duplicate CPF account contributions, resulting in the Group employing foreign workers in excess of that permitted under the MOM regulations.

(collectively (i) and (ii), the **"Past Breaches"**)

In relation to the potential liabilities which our Group may face for the Past Breaches, our Chairman and Executive Director, Mr. Kori Nobuaki, and our CEO and Managing Director, Mr. Hooi Yu Koh, who are also our Controlling Shareholders, have jointly and severally undertaken, pursuant to the Regulations Indemnity to fully indemnify our Company, Kori Singapore and Ming Shin, against any penalties, costs, expenses and liabilities suffered by our Company, Kori Singapore and Ming Shin which may arise from the Past Breaches.

The Regulations Indemnity takes effect on the listing of the Company on Catalist and shall expire on the date of privatisation of our Company (whether by way of a scheme of arrangement pursuant to Section 210 of the Companies Act, compulsory acquisition of shares pursuant to Section 215 of the Companies Act, (or otherwise) whereby there would not be any minority interest in our Company.

As no fees were paid by us to Mr. Kori Nobuaki and Mr. Hooi Yu Koh for the aforesaid arrangement, we believe that such transaction was not entered into on an arm's length basis or on normal commercial terms.

**(c) Provision of indemnity by Mr. Hooi Yu Koh and Mr. Kori Nobuaki in respect of the Kori Singapore Relevant Transfers and Kori Malaysia Relevant Transfers**

As the Kori Singapore Relevant Transfers and the Kori Malaysia Relevant Transfers were not carried out in accordance with the Articles of Association of Kori Singapore and Kori Malaysia respectively, our Chairman and Executive Director, Mr. Kori Nobuaki, and our CEO and Managing Director, Mr. Hooi Yu Koh, have executed the Indemnity to support our Group in respect of the Kori Singapore Relevant Transfers and Kori Malaysia Relevant Transfers.

Pursuant to the Indemnity, Mr. Kori Nobuaki and Mr. Hooi Yu Koh have undertaken to jointly and severally indemnify the Indemnified Entities against Relevant Claims made against the Indemnified Entities by persons who may have a right of claim or interest in the Kori Singapore Relevant Shares or the Kori Malaysia Singapore Relevant Shares in challenging the validity of the Kori Singapore Relevant Transfers or the Kori Malaysia Relevant Transfers, due to the non-compliance with Kori Singapore's Articles of Association or Kori Malaysia's Articles of Association (as the case may be), which the Indemnified Entities actually (and not

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## INTERESTED PERSON TRANSACTIONS

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potentially) suffers. For the avoidance of doubt, such Relevant Claims may include, *inter alia*, (i) claims on past income streams attributable to the Kori Singapore Relevant Shares and the Kori Malaysia Relevant Shares; and (ii) claims on future contributed income streams that are ascribed to the Kori Singapore Relevant Shares or the Kori Malaysia Relevant Shares.

The Indemnity is subject to, *inter alia*, the following conditions and limitations:

- (i) the Indemnity takes effect on the listing of the Company on Catalist and shall expire on the date of privatisation of our Company (whether by way of a scheme of arrangement pursuant to Section 210 of the Companies Act, compulsory acquisition of shares pursuant to Section 215 of the Companies Act, (or otherwise) whereby there would not be any minority interest in our Company;
- (ii) the Indemnity only indemnifies the Indemnified Entities against Relevant Loss directly made against the relevant Indemnified Entities by any person arising out of or in connection with the Relevant Claims, which the Indemnified Entities actually (and not potentially) suffers; and
- (iii) as the extent of a Relevant Loss cannot presently be quantified as the nature of a claim cannot presently be identified, the extent to which an Indemnified Entity will be compensated for a Relevant Loss pursuant to the Indemnity is also dependent on the ability of the Indemnifiers to compensate for such Relevant Loss.

As no fees were paid by us to Mr. Kori Nobuaki and Mr. Hooi Yu Koh for the aforesaid arrangement, we believe that such transaction was not entered into on an arm's length basis or on normal commercial terms.

**(d) Provision of indemnity by, among others, Mr. Hooi Yu Koh and Mr. Kori Nobuaki in respect of the guarantees in favour of the MOM in lieu of furnishing security bonds for the engagement of foreign workers**

As our Group employs foreign workers in Singapore, our Group is required to, amongst others, furnish a security bond of S\$5,000 in favour of the MOM for each foreign worker before we are allowed to employ a foreign worker. In lieu of furnishing a security bond for each foreign worker employed by our Group, our Group had obtained the services of HSBC Insurance (Singapore) Pte. Limited and China Taiping Insurance (Singapore) Pte. Ltd. (collectively, the “**Insurers**”) to provide a guarantee in favour of the MOM for each foreign worker employed by the Group (each a “**Guarantee**” and collectively, the “**Guarantees**”). The Guarantees provided by HSBC Insurance (Singapore) Pte. Limited are up to a maximum sum of S\$1,300,000 (the “**Maximum Sum**”).

In connection with the Guarantees provided by the Insurers, our Chairman and Executive Director, Mr. Kori Nobuaki, and our CEO and Managing Director, Mr. Hooi Yu Koh, have jointly and severally undertaken and agreed to indemnify and keep the Insurers indemnified against, amongst others, all demands, claims, actions, suits, liabilities, losses, costs and expenses that the Insurers may incur in connection with any Guarantee (the “**Personal Indemnities**”). As no fees were paid by us to Mr. Kori Nobuaki and Mr. Hooi Yu Koh for the aforesaid arrangement, we believe that such transaction was not entered into on an arm's length basis or on normal commercial terms. As at the Latest Practicable Date, our Group has 300 foreign workers, and the amount of Guarantees which have been provided by HSBC Insurance (Singapore) Pte. Limited and China Taiping Insurance (Singapore) Pte. Ltd. in favour of the MOM is S\$695,000 and S\$805,000 respectively.

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## INTERESTED PERSON TRANSACTIONS

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Mr. Kori Nobuaki and Mr. Hooi Yu Koh have indicated that they intend to procure the release and discharge of the Personal Indemnities by substituting the same with other securities acceptable to the Insurers upon the admission of our Company to Catalist of the SGX-ST.

However, in the event that:

- (i) the Insurers do not release them from their obligations under the Personal Indemnities and our Group is unable to secure alternative arrangements with the Insurers on similar terms, they will continue to provide the Personal Indemnities until such time that the Group is able to secure alternative arrangements at no less favourable terms from other insurance companies similar to those applicable to the current arrangement;
- (ii) our Group employs more foreign workers such that the amount of additional Guarantees required from HSBC Insurance (Singapore) Pte. Limited exceeds the Maximum Sum (the “**Additional Sum**”) and HSBC Insurance (Singapore) Pte. Limited requires them to provide a further indemnity in respect of the Additional Sum, they will provide the requisite indemnity until such time that our Group is able to secure alternative arrangements at no less favourable terms than that offered by HSBC Insurance (Singapore) Pte. Limited, from other insurance companies; and
- (iii) the Group employs more foreign workers and the Group is unable to procure additional Guarantees in respect of these foreign workers from the Insurers and/or other insurance companies on terms similar to those applicable to the current arrangement, without Mr. Kori Nobuaki and Mr. Hooi Yu Koh providing an indemnity to them, Mr. Kori Nobuaki and Mr. Hooi Yu Koh will provide the requisite indemnity to secure such additional Guarantee until such time that the Group is able to secure alternative arrangements at no less favourable terms than that offered by the Insurers.

**(e) Purchase of motor vehicles for the use of Mr. Kori Nobuaki and Mr. Hooi Yu Koh**

In July 2009, Kori Singapore entered into a hire purchase agreement for the hire purchase of a motor vehicle registered in the name of our Chairman and Executive Director, Mr. Kori Nobuaki as a trustee for Kori Singapore. The total amount of the loan taken out by Kori Singapore was S\$123,800 with an interest of 2.5% of the entire loan amount per annum. As at the Latest Practicable Date, S\$46,395 is still outstanding. The loan is expected to be fully repaid on 17 July 2014.

In July 2009, Kori Singapore also entered into another hire purchase agreement for the hire purchase of a motor vehicle registered in the name of our CEO and Managing Director, Mr. Hooi Yu Koh as a trustee for Kori Singapore. The total amount of the loan taken out by Kori Singapore is S\$109,100 with an interest of 2.5% of the entire loan amount per annum. As at the Latest Practicable Date, S\$40,897 is still outstanding. The loan is expected to be fully repaid on 20 July 2014.

Such transactions were not made on an arm's length basis as no consideration was paid by Mr. Kori Nobuaki and Mr. Hooi Yu Koh for their use of the motor vehicles. We do not intend to enter into any transactions of the above nature in the future.

As at the Latest Practicable Date, saved as disclosed above, there is no other on-going interested person transaction.

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## INTERESTED PERSON TRANSACTIONS

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### GUIDELINES AND REVIEW PROCEDURES FOR ON-GOING AND FUTURE INTERESTED PERSON TRANSACTIONS

Our Audit Committee will review and approve all interested person transactions to ensure that they are on normal commercial terms and on arm's length basis, that is, the transactions are transacted in terms and prices not more favourable to the Interested Persons than if they were transacted with a third party and are not prejudicial to the interests of our Group and our minority Shareholders in any way.

To ensure that all future interested person transactions are carried out on normal commercial terms and will not be prejudicial to the interests of our Group or our minority Shareholders, the following procedures will be implemented by our Group:

- (a) when purchasing any products or engaging any services from an Interested Person, two other quotations from non-Interested Persons will be obtained for comparison to ensure that the interests of our Group and minority Shareholders are not disadvantaged. The purchase price or fee for services shall not be higher than the most competitive price or fee of the two other quotations from non-Interested Persons. In determining the most competitive price or fee, all pertinent factors, including but not limited to quality, requirements, specifications, delivery time and track record will be taken into consideration;
- (b) when selling any products or supplying any services to an Interested Person, the price or fee and terms of two other successful transactions of a similar nature with non-Interested Persons will be used as comparison to ensure that the interests of our Group or minority Shareholders are not disadvantaged. The price or fee for the supply of products or services shall not be lower than the lowest price or fee of the two other successful transactions with non-Interested Persons;
- (c) in the case of renting properties from or to an Interested Person, the Board shall take appropriate steps to ensure that the rent is commensurate with the prevailing market rates, including adopting measures such as making relevant inquiries with landlords of similar properties and/or obtaining necessary reports or reviews published by property agents (including an independent valuation report by a property valuer, where considered appropriate). The amount payable shall be based on the most competitive market rental rate of similar properties in terms of size, suitability for purpose and location, based on the results of the relevant inquiries;
- (d) where it is not possible to compare against the terms of other transactions with unrelated third parties and given that the products or services may be purchased only from an Interested Person, the interested person transaction will be approved by either our CEO and Managing Director, if he has no interest in the transaction, or failing which, the Audit Committee, in accordance with our usual business practices and policies. In determining the transaction price payable to the Interested Person for such products and/or service, factors such as, but not limited to, quantity, requirements and specifications will be taken into account; and
- (e) in addition, we shall monitor all interested person transactions entered into by us and categorise these transactions as follows:
  - (i) a Category 1 interested person transaction is one where the value thereof is equal or in excess of 3.0% of the latest audited NTA of our Group; and
  - (ii) a Category 2 interested person transaction is one where the value thereof is below 3.0% of the latest audited NTA of our Group.

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## INTERESTED PERSON TRANSACTIONS

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All Category 1 interested person transactions must be approved by our Audit Committee prior to entry whereas Category 2 interested person transactions need not be approved by our Audit Committee prior to entry but shall be reviewed on a quarterly basis by our Audit Committee.

Our Audit Committee will review all interested person transactions, if any, on a quarterly basis to ensure that they are carried out on an arm's length basis and in accordance with the procedures outlined above, it will take into account all relevant non-quantitative factors. In the event that a member of our Audit Committee is interested in any such transaction, he will abstain from participating in review and approval process in relation to that particular transaction.

We shall prepare all the relevant information to assist the Audit Committee in its review and will keep a register recording all interested person transactions. The register shall also record the basis for entry into the transactions, including the quotations and other evidence obtained to support such basis.

In addition, the Audit Committee and the Board will also ensure that all disclosure, approval and other requirements on interested person transactions, including those required by prevailing legislation, the Rules of Catalist (in particular, Chapter 9) and relevant accounting standards, are complied with. The annual internal audit plan shall incorporate a review of all interested person transactions entered into at least on an annual basis. Such transactions will also be subject to the approval of our Shareholders if required by the Rules of Catalist. We will also endeavour to comply with the recommendations set out in the Code of Corporate Governance.

These internal audit reports will be reviewed by the Audit Committee to ascertain whether the guidelines and procedures established to monitor interested person transactions have been complied with. The Audit Committee shall also review from time to time such guidelines and procedures to determine if they are adequate and/or commercially practicable in ensuring that interested person transactions are conducted on normal commercial terms, on an arm's length basis and do not prejudice our interests and the interests of our minority Shareholders. Further, if during these periodic reviews by the Audit Committee, the Audit Committee is of the opinion that the guidelines and procedures as stated above are not sufficient to ensure that interested person transactions will be on normal commercial terms, on an arm's length basis and not prejudicial to our interests and the interests of our minority Shareholders, the Audit Committee will adopt such new guidelines and review procedures for future interested person transactions as may be appropriate.

Disclosure will be made in our annual report of the aggregate value of interested person transactions during the relevant financial year under review.

## POTENTIAL CONFLICTS OF INTERESTS

Save as disclosed in the sections entitled "Interested Person Transactions", "Directors, Executive Officers and Employees — Service Agreements" and "Restructuring Exercise" of this Offer Document, none of our Directors, Executive Officers, Controlling Shareholders or any of their associates has an interest, direct or indirect:

- (a) in any transaction to which our Group was or is to be a party;

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## INTERESTED PERSON TRANSACTIONS

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- (b) in any entity carrying on the same business or dealing in similar services which competes materially and directly with the existing business of our Group; and
- (c) in any enterprise or company that is our Group's customer or supplier of goods and services.

Save as disclosed in the sections entitled "Interested Person Transactions" and "Directors, Executive Officers and Employees — Service Agreements" of this Offer Document, none of our Directors has any interest in any existing contract or arrangement which is significant in relation to the business of our Company and its subsidiaries, taken as a whole.

### Interests of Experts

No expert is interested, directly or indirectly, in the promotion of, or in any property or assets which have, within the two (2) years preceding the date of this Offer Document, been acquired or disposed of by or leased to our Company or its subsidiaries or are proposed to be acquired or disposed of by or leased to our Company or its subsidiaries.

No expert (i) is employed on a contingent basis by our Company or its subsidiaries; or (ii) has a material interest, whether direct or indirect, in our Shares or the shares of our subsidiaries; or (iii) has a material economic interest, whether direct or indirect, in our Company, including an interest in the success of the Placement.

### Interests of the Manager, Sponsor and Placement Agent

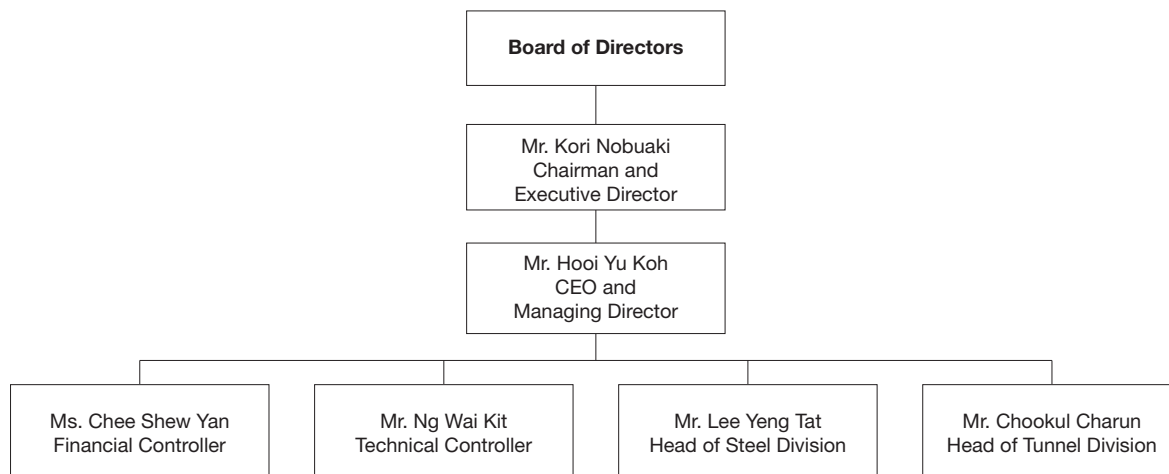
In the reasonable opinion of our Directors, PPCF does not have a material relationship with our Company save as disclosed below and in the section "General and Statutory Information — Management and Placement Arrangements" of this Offer Document:

- (a) PPCF is the Manager, Sponsor and Placement Agent in relation to the Placement; and
- (b) PPCF will be the continuing Sponsor of our Company for a period of three (3) years from the date our Company is admitted and listed on Catalist.

## DIRECTORS, EXECUTIVE OFFICERS AND EMPLOYEES

### MANAGEMENT REPORTING STRUCTURE

The following chart shows our management reporting structure as at the Latest Practicable Date.



### DIRECTORS

The board of Directors is entrusted with the responsibility for the overall management of our Group. Our Directors' particulars are listed below:

Name	Age	Address	Position
Mr. Kori Nobuaki	65	1 Sin Ming Avenue #04-02 Singapore 575728	Chairman and Executive Director
Mr. Hooi Yu Koh	41	24 River Valley Close #14-24 Singapore 238435	CEO and Managing Director
Mr. Nicholas Lazarus	40	16 Jalan Limbok Singapore 548703	Independent Director
Mr. Kuan Cheng Tuck	41	33 Mangis Road #03-09 Singapore 424968	Independent Director
Mr. Lim Yeok Hua	64	712A Upper Changi Road East #03-06 Changi Green Singapore 486843	Independent Director

The working and business experience, education and professional qualifications, if any, and areas of responsibility of our Directors are set out below:

**Mr. Kori Nobuaki** is the Chairman and Executive Director and founder of our Group and was appointed as a Director of our Company on 18 May 2012. Currently, he is also the Executive Director of Kori Singapore, Ming Shin and Kori Malaysia and is responsible for overseeing the strategic positioning and business expansion of the Group including making major business and finance decisions.

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



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## DIRECTORS, EXECUTIVE OFFICERS AND EMPLOYEES

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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 States of America till 1979. After Mr. Kori left Daisue Construction Japan, Mr. Kori ran his own business and managed a few strutting works projects between 1979 and 1981. In 1981, he joined Marubeni Trading, Singapore as a project engineer and was in charge of the strutting works and the management of Marubeni Trading, Singapore till December 1982 when he established our first subsidiary Kori Singapore.

Mr. Kori graduated from Hosei University of Japan with a Bachelor Degree in Engineering (Civil) in 1969.

**Mr. Hooi Yu Koh** is our CEO and Managing Director and was appointed as a Director of our Company on 18 May 2012. Mr. Hooi first joined our Group in 1996 and has served as our CEO and Managing Director since October 2005. Currently, he is also the Executive Director of Kori Singapore, Ming Shin and Kori Malaysia and he is responsible for the business management and day-to-day operations of the Group.

Mr. Hooi has more than 17 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 CEO and Executive Director of Kori Singapore in 2005 and 2012 respectively.

Mr. Hooi has been a member of the Singapore Welding Society since December 2004 and has been a certified welding inspector certified by the American Welding Society since January 2005.

Mr. Hooi graduated from University of Malaya with a Bachelor Degree in Engineering (Civil) (First Class Honours) in 1995 and was awarded the Mudajaya Scholarship Award and the Chan Sai Soo Award in September 1994 and August 1995, respectively.

Mr. Hooi is the brother-in-law of Ms. Chin Soon Mei, who is a director of Kori Malaysia.

**Mr. Nicholas Lazarus** is our Independent Director and was appointed on 16 November 2012. He has more than 14 years of experience in the legal industry and specialises in civil litigation, corporate finance and conveyancing. 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.

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 recognised by the Singapore Academy of Law, an 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.

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## DIRECTORS, EXECUTIVE OFFICERS AND EMPLOYEES

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Justicius Law Corporation provided legal services to our Group from October 2006 to December 2009, and had received, in aggregate, fees amounting to approximately S\$29,120 for its legal services. In order to prevent any conflict of interest, Mr. Lazarus has undertaken that he will not and/or he will procure that Justicius Law Corporation (for as long as he remains a lawyer employed by Justicius Law Corporation and/or a director and/or shareholder of Justicius Law Corporation) will not provide any legal service to the Company for as long as he remains an independent director of the Company (the “**Undertaking**”). Given the relatively small amount of legal fees received over a four year period, the absence of further business dealings since December 2009 and the Latest Practicable Date, and his written confirmation of his independence and the Undertaking to PPCF, the Directors and PPCF believe that Mr. Lazarus’s ability to exercise strong independent judgement and act in the best interests of the Group will not be compromised and are of the view that he meets the requirements to act as an independent director of the Company.

**Mr. Kuan Cheng Tuck** is our Independent Director and was appointed on 16 November 2012. He also currently serves as an independent director of FDS Networks Group Ltd (a company listed on the Main Board of the SGX-ST), CNMC Goldmine Holdings Limited (a company listed on Catalist of the 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 18 years of experience in the fields of accounting, auditing as well as business and financial advisory. Mr. Kuan has worked with various international accounting firms in Singapore and Malaysia between 1994 and early 2004. He set up and managed his own business and financial consulting firms in 2004 and his own accounting practice in 2005.

Mr. Kuan holds a Bachelor of Accountancy degree from the Nanyang Technological University of Singapore and a Bachelor of Laws (Honours) degree from the University of London. He is a fellow member of the Association of Chartered Certified Accountants, United Kingdom, and a member of the Institute of Certified Public Accountants of Singapore. He is also an associate member of the Singapore Association of Institute of Chartered Secretaries and Administrators.

**Mr. Lim Yeok Hua** is our Independent Director and was appointed on 16 November 2012. Mr. Lim is also presently an independent director of Manufacturing Integration Technology Ltd, Tritech Group Limited and JK Tech Holdings Limited.

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. Mr. Lim is a member of the Singapore Institute of Directors and the Institute of Certified Public Accountants of Singapore as well as an accredited tax advisor with the Singapore Institute of Accredited Tax Professionals.

Rule 406(3)(a) of the Rules of Catalist states that as a pre-quotation disclosure requirement, a listing applicant must release a statement (via SGXNET or in the offer document) identifying for each director, whether the person has prior experience (and what) or, if the director has no prior experience as a director of a listed company, whether the person has undertaken training in the roles and responsibilities of a director of a listed company. With regards to Rule 406(3)(a) of the Rules of Catalist, two of our Directors, Mr. Lim Yeok Hua and Mr. Kuan Cheng Tuck, have prior and/or current experience as directors of other public listed companies in Singapore, and are familiar with the roles and responsibilities of a director of a public listed company in Singapore. Our other Directors, Mr. Kori Nobuaki, Mr. Hooi Yu Koh and Mr. Nicholas Lazarus have attended the relevant trainings at the Singapore Institute of Directors to familiarise themselves with the roles and responsibilities of a director of a public listed company in Singapore.

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## DIRECTORS, EXECUTIVE OFFICERS AND EMPLOYEES

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Save as disclosed in the section “Directors, Executive Officers and Employees” of this Offer Document, none of our Directors are related to each other, our Executive Officers or our Substantial Shareholders.

Our Independent Directors do not have any existing business or professional relationship of a material nature with our Group, our Directors or Substantial Shareholders.

None of our Independent Directors sits on the board of our subsidiaries.

None of our Directors has any arrangement or understanding with any of our customers or suppliers pursuant to which such person was appointed as our Director.

The list of present and past directorships of each Director over the last five years excluding those held in our Company is set out below:

Name	Present directorships	Past directorships
Mr. Kori Nobuaki	<b>Group Companies</b> Kori Construction (S) Pte. Ltd. Kori Construction (M) Sdn. Bhd. Ming Shin Construction (S) Pte. Ltd.	<b>Group Companies</b> Nil
	<b>Other Companies</b> Kori Engineering (S) Pte. Ltd. (a Singapore incorporated company — in the process of winding up)	<b>Other Companies</b> B.S. Kenzai Pte. Ltd. Megumi International Pte. Ltd.
Mr. Hooi Yu Koh	<b>Group Companies</b> Kori Construction (S) Pte. Ltd. Kori Construction (M) Sdn. Bhd. Ming Shin Construction (S) Pte. Ltd.	<b>Group Companies</b> Nil
	<b>Other Companies</b> Kori Engineering (S) Pte. Ltd. (a Singapore incorporated company — in the process of winding up)	<b>Other Companies</b> Nil
Mr. Nicholas Lazarus	<b>Group Companies</b> Nil	<b>Group Companies</b> Nil
	<b>Other Companies</b> Justicius Law Corporation Sealife Shipping Pte. Ltd.	<b>Other Companies</b> Vanguard Business Solutions Pte. Ltd. (a Singapore incorporated company — struck out) Serenity Holding Pte. Ltd.
Mr. Kuan Cheng Tuck	<b>Group Companies</b> Nil	<b>Group Companies</b> Nil

## DIRECTORS, EXECUTIVE OFFICERS AND EMPLOYEES

Name	Present directorships	Past directorships
	<b>Other Companies</b> CW Group Holdings Limited CNMC Goldmine Holdings Limited FDS Networks Group Ltd KCT Consulting Pte. Ltd. Konifer Realty Sdn. Bhd. Kreston Consulting Pte. Ltd. Tahua Realty Sdn. Bhd.	<b>Other Companies</b> Falmac Limited China Oilfield Technology Services Group Ltd FAST Wah Lei International Holdings Limited ASA Group Holdings Limited SG Tech Holdings Limited
Mr. Lim Yeok Hua	<b>Group Companies</b> Nil <b>Other Companies</b> Manufacturing Integration Technology Ltd Radiant M & A Pte. Ltd. Radiant Management Services Pte Ltd Trittech Group Limited JK Tech Holdings Limited	<b>Group Companies</b> Nil <b>Other Companies</b> CNMC Goldmine Holdings Limited

Each of Mr. Kori Nobuaki and Mr. Hooi Yu Koh has agreed, pursuant to their Service Agreements that they shall not, during the period of employment and up to two years after the termination of their employment, engage, directly or indirectly, in any business which competes with any business carried on or proposed to be carried on by our Group. Please refer to the section “Directors, Executive Officers and Employees — Service Agreements” for further details.

### EXECUTIVE OFFICERS

The day-to-day operations of our Group are entrusted to our Executive Directors who are assisted by an experienced and qualified team of Executive Officers. The particulars of our Executive Officers are set out below:

Name	Age	Address	Position
Ms. Chee Shew Yan	43	Blk 97 Aljunied Crescent #11-433 Singapore 380097	Financial Controller
Mr. Ng Wai Kit	42	Blk 59 Simei Rise #04-60 Singapore 528793	Technical Controller
Mr. Lee Yeng Tat	51	433B Macpherson Road Singapore 368144	Head of Steel Division
Mr. Chookul Charun	32	3 Joo Chiat Road #05-1181 Singapore 420003	Head of Tunnel Division

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## DIRECTORS, EXECUTIVE OFFICERS AND EMPLOYEES

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Save as disclosed in the section “Directors, Executive Officers and Employees” of this Offer Document, none of our Executive Officers is related to each other, our Directors or our Substantial Shareholders.

The working and business experience and areas of responsibilities of our Executive Officers are set out below:

**Ms. Chee Shew Yan** is our financial controller. 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 also obtained the Certified Practising Accountant qualification from the Australian Society of Certified Practising Accountants in 1994. She has also been a member and chartered accountant of the Malaysian Institute of Accountants since 1998.

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

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

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. 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,

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## DIRECTORS, EXECUTIVE OFFICERS AND EMPLOYEES

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he joined Kori Singapore as a project manager and was responsible for the management of all the projects in the 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** is the Head of the Tunnel Division of our Group and has been responsible for the management of all our Group's tunnelling projects since January 2012.

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

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

The list of present and past directorships of each Executive Officer over the last five years is set out below:

<b>Name</b>	<b>Present directorships</b>	<b>Past directorships</b>
Ms. Chee Shew Yan	<b>Group Companies</b>	<b>Group Companies</b>
	Nil	Nil
	<b>Other Companies</b>	<b>Other Companies</b>
	Nil	Nil
Mr. Ng Wai Kit	<b>Group Companies</b>	<b>Group Companies</b>
	Nil	Nil
	<b>Other Companies</b>	<b>Other Companies</b>
	Nil	Nil

## DIRECTORS, EXECUTIVE OFFICERS AND EMPLOYEES

Name	Present directorships	Past directorships
Mr. Lee Yeng Tat	<b>Group Companies</b>	<b>Group Companies</b>
	Nil	Nil
	<b>Other Companies</b>	<b>Other Companies</b>
	Nil	Nil
Mr. Chookul Charun	<b>Group Companies</b>	<b>Group Companies</b>
	Nil	Nil
	<b>Other Companies</b>	<b>Other Companies</b>
	Nil	Nil

### DIRECTORS' AND EXECUTIVE OFFICERS' REMUNERATION

The remuneration (including bonus, contributions to CPF, directors' fees and benefits-in-kind) paid to our Directors and Executive Officers for FY2010 and FY2011 and the estimated remuneration (including bonus, contributions to CPF, directors' fees and benefits-in-kind) payable to them for FY2012 on an individual basis and in remuneration bands are as follows:

	FY2010	FY2011	FY2012 (Estimated)
<b>Directors</b>			
Mr. Kori Nobuaki	Band A	Band A	Band A
Mr. Hooi Yu Koh	Band B	Band A	Band A
Mr. Nicholas Lazarus	—	—	Band B
Mr. Kuan Cheng Tuck	—	—	Band B
Mr. Lim Yeok Hua	—	—	Band B
<b>Executive Officers</b>			
Ms. Chee Shew Yan	Band B	Band B	Band B
Mr. Ng Wai Kit	Band B	Band B	Band B
Mr. Lee Yeng Tat	Band B	Band B	Band B
Mr. Chookul Charun	Band B	Band B	Band B

**Notes:**

- (1) Band A: Compensation of between S\$250,001 to S\$500,000 per annum.
- (2) Band B: Compensation from S\$0 to S\$250,000 per annum.



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## DIRECTORS, EXECUTIVE OFFICERS AND EMPLOYEES

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### EMPLOYEES

A breakdown of the number of employees of our Group by business function as at 31 December 2009, 2010 and 2011 and 30 June 2012 is as follows:

Segmented by Function	As at 31 December 2009	As at 31 December 2010	As at 31 December 2011	As at 30 June 2012
Management	5	5	5	5
Administration	6	7	6	8
Technical	22	18	29	31
Project Operations	195	210	251	289
Logistics	3	4	6	6
<b>Total</b>	<b>231</b>	<b>244</b>	<b>297</b>	<b>339</b>

The number of our employees for project operations increased significantly from 195 as at 31 December 2009 to 289 as at 30 June 2012 as we managed to secure larger sized projects over the years and more labour was required to support the expansion of our operations.

Our employees are not unionised. The relationship and cooperation between the management and staff has always been good and is expected to continue in the future. There has not been any incidence of work stoppages or labour disputes which affected our operations.

As at the Latest Practicable Date, we do not have any employee who is hired on a temporary basis.

### Pension or retirement benefits

As at the Latest Practicable Date, save for the amounts set aside or accrued in respect of mandatory employee funds, we have not set aside or accrued any amounts to provide pension, retirement or similar benefits to our employees.

### SERVICE AGREEMENTS

On 9 November 2012, our Company entered into separate service agreements (collectively, the “**Service Agreements**” and individually, the “**Service Agreement**”) with our Chairman and Executive Director, Mr. Kori Nobuaki, and our CEO and Managing Director, Mr. Hooi Yu Koh, our Financial Controller, Ms. Chee Shew Yan and our Technical Controller, Mr. Ng Wai Kit (collectively, the “**Executives**” and individually, the “**Executive**”).

The Service Agreements are for an initial period of three years (the “**Initial Term**”) commencing with effect from the date of admission of our Company to Catalist, subject to renewal annually thereafter unless otherwise agreed in writing between our Company and the Executive or terminated in accordance with the Service Agreements. During the Initial Term, the parties may terminate the respective service agreement by either party giving not less than six months’ notice in writing to the other. We may also terminate the Service Agreements by notice upon the occurrence of certain events such as serious misconduct, bankruptcy or criminal conviction.

Pursuant to the terms of the respective Service Agreements, Mr. Kori Nobuaki, Mr. Hooi Yu Koh, Ms. Chee Shew Yan and Mr. Ng Wai Kit will receive an annual remuneration of S\$252,000, S\$264,000, S\$84,000 and S\$144,000 respectively.

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## DIRECTORS, EXECUTIVE OFFICERS AND EMPLOYEES

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Each of the Executives will also be entitled to a variable bonus (the “**Variable Bonus**”) to be determined by our Company based on their personal performance as well as the performance of our Group for each financial year. In addition, Mr. Hooi Yu Koh will, in respect of each financial year in which the audited consolidated profit before tax of our Group (after minority interests but before taking into account the Incentive Bonus as defined below and extraordinary items) (the “**Profit Before Tax**”) is at least S\$3 million, also be entitled to an incentive bonus (the “**Incentive Bonus**”) equivalent to a percentage of the Profit Before Tax as follows:

Profit Before Tax	Incentive Bonus
less than S\$3 million	Nil
S\$3 million and above but less than S\$5 million	2.0% of the amount in excess of S\$3 million
S\$5 million and above but less than S\$7 million	S\$40,000 and 2.5% of the amount in excess of S\$5 million
S\$7 million and above but less than S\$9 million	S\$90,000 and 3.0% of the amount in excess of S\$7 million
S\$9 million and above but less than S\$11 million	S\$150,000 and 3.5% of the amount in excess of S\$9 million
S\$11 million and above	S\$220,000 and 4.0% of the amount in excess of S\$11 million

Both Ms. Chee Shew Yan and Mr. Ng Wai Kit shall also be entitled to participate in the Share Plan at our Company’s discretion based on their personal performance as well as the performance of our Group for that year.

Our Group will also extend to each of the Executives, among others, insurance, medical and dental benefits in line with our Group’s prevailing policy. All entertainment expenses, travelling, hotel and other out-of-pocket expenses incurred by them in connection with our Group’s business will also be borne by our Group.

Under the terms of the Service Agreements, each of the Executives is subject to certain restrictive covenants as described below. Each of them is also prohibited, during the term of their Service Agreements and their termination thereof, to disclose any information, which they know or ought to reasonably know to be confidential concerning the business of our Group, so far as the information had come to their knowledge during their appointment with our Company.

Mr. Kori Nobuaki and Mr. Hooi Yu Koh shall not at any time during the period of their employment and for a period of two years after the expiry or termination of their employment for whatever reason, do or permit, *inter alia*, the following without the prior written consent of the Board:

- (a) being directly or indirectly carry on or be engaged or interested in any capacity in or concerned in the conduct of any other business competing with any business carried on or proposed to be carried on by our Group; and/or
- (b) solicit any customer or any person who is or has been during the preceding two years of their employment, a customer of our Group for the purpose of offering to that person goods and services similar to or competing with those of the business conducted by our Group.

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## DIRECTORS, EXECUTIVE OFFICERS AND EMPLOYEES

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Ms. Chee Shew Yan and Mr. Ng Wai Kit shall not at any time during the period of their employment and for a period of six (6) months after the expiry or termination of their employment for whatever reason, do or permit, *inter alia*, the following without the prior written consent of the Board:

- (a) being directly or indirectly carry on or be engaged or interested in any capacity in or concerned in the conduct of any other business competing with any business carried on or proposed to be carried on by our Group; and/or
- (b) solicit any customer or any person who is or has been during the preceding two years of their employment, a customer of our Group for the purpose of offering to that person goods and services similar to or competing with those of the business conducted by our Group.

Had the Service Agreements for the Executives been effective on 1 January 2011, the total remuneration payable to the Executives for FY2011 would have been approximately S\$0.97 million instead of S\$0.96 million and the profit after income tax would have been approximately S\$5.99 million instead of S\$6.00 million.

Our Group has previously entered into various contracts of employment with our Executive Directors and Executive Officers. Such contracts typically provide for the salaries payable to them, their working hours, annual leave and grounds of termination.

Save as disclosed above, there are no other existing or proposed Service Agreements between our Company or our subsidiaries and any of our Directors or Executive Officers. There are no existing or proposed service agreements entered into or to be entered into by our Directors or Executive Officers with our Company or any of our subsidiaries which provide for benefits upon termination of employment without cause.

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## CORPORATE GOVERNANCE

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### Audit Committee

Our Audit Committee comprises our Independent Directors, Mr. Nicholas Lazarus, Mr. Kuan Cheng Tuck and Mr. Lim Yeok Hua. The Chairman of our Audit Committee is Mr. Kuan Cheng Tuck.

After our listing on Catalist, our Executive Directors and Executive Officers will manage the business and operations of our Group. The Audit Committee will assist our Board of Directors with regards to discharging its responsibility to safeguard our Company's assets, maintain adequate accounting records, and develop and maintain effective systems of internal controls with an overall objective to ensure that our management has created and maintained an effective control environment in our Group.

Our Directors recognise the importance of corporate governance and the offering of high standards of accountability to the Shareholders. Our Audit Committee shall meet periodically to perform the following functions, *inter alia*:

- (a) assist our Board in the discharge of its responsibilities on financial reporting matters;
- (b) review, with the internal and external auditors, the audit plans, scope of work, their evaluation of the system of internal accounting controls, their management letter and our management's response, and results of our audits compiled by our internal and external auditors;
- (c) review the half-yearly and annual financial statements and results announcements before submission to our Board for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with financial reporting standards as well as compliance with the Rules of Catalist and any other statutory/regulatory requirements;
- (d) review the effectiveness and adequacy of our internal control and procedures, including accounting and financial controls and procedures and ensure coordination between our internal and external auditors, and our management, reviewing the assistance given by our management to the auditors, and discuss problems and concern, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of our management where necessary);
- (e) review the scope and results of the external audit, and the independence and objectivity of the external auditors;
- (f) review and discuss with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on our Group's operating results or financial position, and our management's response;
- (g) make recommendations to the Board on the proposals to the Shareholders on the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors;
- (h) review significant financial reporting issues and judgements with the Financial Controller and the external auditors so as to ensure the integrity of the financial statements of our Group and any formal announcements relating to our Group's financial performance before their submission to our Board of Directors;
- (i) to review and report to the Board at least annually the adequacy and effectiveness of our Group's material internal controls with the financial controller and the internal and external auditors, including financial, operation, compliance and information technology controls via reviews carried out by the internal auditors;

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## CORPORATE GOVERNANCE

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- (j) review and approve transactions falling within the scope of Chapter 9 and Chapter 10 of the Rules of Catalist (if any);
- (k) review any potential conflicts of interest;
- (l) review and approve all hedging policies and instruments (if any) to be implemented by our Group;
- (m) undertake such other reviews and projects as may be requested by our Board and report to our Board its findings from time to time on matters arising and requiring the attention of our Audit Committee;
- (n) review and establish procedures for receipt, retention and treatment of complaints received by our Group, *inter alia*, criminal offences involving our Group or its employees, questionable accounting, auditing, business, safety or other matters that impact negatively on our Group; and
- (o) generally to undertake such other functions and duties as may be required by statute or the Rules of Catalist, and by such amendments made thereto from time to time.

Our Audit Committee will meet, at a minimum, once every six months. Apart from the duties listed above, the Audit Committee shall commission an annual internal controls audit until such time that it is satisfied that the internal controls of our Group are sufficiently robust and effective in mitigating any key internal control weaknesses our Group may have. Prior to decommissioning such annual internal controls audit, our Board shall report to the Sponsor and the SGX-ST on the basis for deciding to decommission the annual internal controls audit, as well as the measures taken to rectify key weaknesses in and/or strengthen the internal controls of our Group. Thereafter, our Audit Committee shall commission such audits as and when it deems fit for the purposes of satisfying itself that the internal controls of our Group have remained robust and effective. Upon the completion of an internal control audit, our Board shall make the appropriate disclosures via the SGXNET of any weaknesses in our Group's internal controls which may be material or of a price-sensitive nature, as well as any follow-up actions to be taken by our Board.

Our Audit Committee shall also commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rules or regulations which has or is likely to have a material impact on our Group's operating results and/or financial position. Each member of our Audit Committee shall abstain from reviewing any particular transaction or voting on such resolution in respect of which he is or may be interested in.

In preparation for our Group's Listing, our Audit Committee has held discussions with our Financial Controller together with our Independent Auditor and Reporting Accountants, Nexia TS, in relation to our Group's internal controls. During the course of discussions, our Audit Committee was given a broad overview of our Group's current internal control procedures, with emphasis on our Group's internal controls of cash and bank balances and procedures on the reconciliation and confirmation of bank balances.

Our Board of Directors has also noted that no material internal control weaknesses have been raised by our Independent Auditor and Reporting Accountants, Nexia TS, in the course of their audit of the financial statements of our Group for the past three financial years ended 31 December 2009, 2010 and 2011.

Following our Group's listing on Catalist, our Audit Committee will continually review the effectiveness of the internal control procedures within the Group and, if necessary, outsource the Group's internal audit function to ensure the adequacy and sufficiency of internal controls procedures within the Group.

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## CORPORATE GOVERNANCE

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Based on the foregoing, our Board of Directors, after making all reasonable enquiries and to the best of its knowledge and belief, with the concurrence of our Audit Committee, is of the opinion that the internal controls of our Group are adequate to address the financial, operational and compliance risks.

Our Audit Committee having (i) conducted an interview with Ms. Chee Shew Yan; (ii) considered the qualifications and past working experience of Ms. Chee Shew Yan (as described in the section “Directors, Executive Officers and Employees — Executive Officers” of this Offer Document); (iii) observed her abilities, familiarity and diligence in relation to the financial matters and information of our Group; and (iv) noted the absence of negative feedback from Nexia TS, is of the view that Ms. Chee Shew Yan is suitable for the position of Financial Controller.

After making all reasonable enquiries, and to the best of the knowledge and belief of our Audit Committee, nothing has come to the attention of the members of our Audit Committee to cause them to believe that Ms. Chee Shew Yan does not have the competence, character, integrity expected of a Financial Controller (or its equivalent rank) of a listed issuer.

### **Nominating Committee**

The Nominating Committee comprises our Independent Directors, Mr. Nicholas Lazarus, Mr. Kuan Cheng Tuck and Mr. Lim Yeok Hua. The Chairman of our Nominating Committee is Mr. Lim Yeok Hua. Our Nominating Committee will be responsible for the following functions, *inter alia*:

- (a) reviewing and approving any new employment of related persons and proposed terms of their employment;
- (b) re-nomination of our directors for re-election of directors in accordance with our Articles of Association at each annual general meeting and having regard to the director’s contribution and performance;
- (c) determining annually whether or not a director of our Company is independent;
- (d) deciding whether or not a director of our Company is able to and has been adequately carrying out his duties as a director; and
- (e) to decide 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.

The Nominating Committee will decide how our Board’s performance is to be evaluated and propose objective performance criteria, subject to the approval of our Board, which addresses how our Board has enhanced long-term shareholders’ value. The performance evaluation will also include consideration of our Share price performance over a five-year period vis-à-vis the Singapore Straits Times Index and a benchmark index of our industry peers. Our Board will also implement a process to be carried out by the Nominating Committee for assessing the effectiveness of our Board as a whole and for assessing the contribution by each individual Director to the effectiveness of our Board.

Each member of the Nominating Committee shall abstain from voting on any resolutions in respect of the assessment of his performance or re-nomination as director of our Company. In the event that any member of the Nominating Committee has an interest in a matter being deliberated upon by the Nominating Committee, he will abstain from participating in the review and approval process relating to that matter.

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## CORPORATE GOVERNANCE

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Our Nominating Committee, PPCF and Mr. Kuan Cheng Tuck have considered his abilities and experience and are of the opinion that he will be able to devote sufficient time and attention to the matters of the Company due to the following:

- (a) He currently runs his own accounting and consulting practices and has much flexibility in managing his business. He would therefore be in a position to prioritise his time among his engagements;
- (b) The operations of the Company are not complicated and being an experienced independent director of listed companies, he believes he will be able to discharge his duties and responsibilities fairly comfortably. In addition, as the other proposed independent directors are highly qualified professionals with experience in the legal, accounting and tax industry, he strongly believes that they could complement each other and collectively contribute significantly to the Company; and
- (c) He has been diligently discharging his duties and responsibilities as an independent director of the other three listed companies for which he is currently acting as an independent director. To the best of his knowledge, to date, he has attended almost all the general meetings and the board and sub-committees meetings of the three listed companies whether they were held in Singapore or overseas.

Our Nominating Committee, PPCF and Mr. Lim Yeok Hua have considered his abilities and experience and are of the opinion that he will be able to devote sufficient time and attention to the matters of the Company due to the following:

- (a) He currently runs his own management consultancy firm and has discretion over his working hours and will have greater flexibility to prioritise his time among his various work commitments;
- (b) The operations of the Company are not complicated and being an experienced independent director of listed companies, he believes he will be able to discharge his duties and responsibilities fairly comfortably. In addition, as the other proposed independent directors are highly qualified professionals with experience in the legal, accounting and tax industry, he strongly believes that they could complement each other and collectively contribute significantly to the Company; and
- (c) He has been diligently discharging his duties and responsibilities as an independent director of the other three listed companies for which he is currently acting as an independent director. To the best of his knowledge, to date, he has attended all the meetings including annual general meetings of the other three listed companies.



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## CORPORATE GOVERNANCE

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### **Remuneration Committee**

Our Remuneration Committee comprises our Independent Directors, Mr. Nicholas Lazarus, Mr. Kuan Cheng Tuck and Mr. Lim Yeok Hua. The Chairman of our Remuneration Committee is Mr. Nicholas Lazarus. The role of our Remuneration Committee shall be to recommend to our Board a framework of remuneration for the Directors and Executive Officers, and specific remuneration packages for each Executive Director. The quantum of the bonus of our Executive Directors and CEO will be subject to the approval of our Remuneration Committee. The bonus for our other Executive Officers will be determined solely by our Executive Directors and CEO.

The Remuneration Committee's recommendations shall then be submitted for endorsement by our entire Board. The scope of responsibilities of our Remuneration Committee encompasses all aspects of remuneration, including but not limited to, our Directors' and Financial Controller's fees, salaries, allowances, bonuses, options and benefits in kind. Our Remuneration Committee shall also review the remuneration of senior management and employees related to our Directors. Each member of our Remuneration Committee shall abstain from voting on any resolutions in respect of his or her remuneration package.

### **Board Practices**

Our directors are to be appointed by our Shareholders at a general meeting and an election of Directors is held annually. One third (or the number nearest to one third) of our Directors are required to retire from office at least once every three years. However, a retiring Director is eligible for re-election at the meeting at which he retires. Further details on the appointment and retirement of Directors can be found in "Appendix C — Summary of Selected Articles of Association of our Company" to this Offer Document.

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## KORI EMPLOYEE SHARE OPTION SCHEME

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On 21 November 2012, our Shareholders adopted the Share Option Scheme.

The Share Option Scheme will provide eligible participants with an opportunity to participate in the equity of our Company and to motivate them towards better performance through increased dedication and loyalty. The Share Option Scheme, which forms an integral and important component of a compensation plan, is designed to primarily reward and retain employees whose services are vital to our well being and success.

As at the Latest Practicable Date, no Options have been granted under the Share Option Scheme.

### **Objectives of the Share Option Scheme**

The objectives of the Share Option Scheme are as follows:

- (a) to motivate participants to optimise their performance standards and efficiency and to maintain a high level of contribution to our Group;
- (b) to retain key employees whose contributions are essential to the long-term growth and profitability of our Group;
- (c) to instil loyalty to, and a stronger identification by participants with the long-term prosperity of, our Group;
- (d) to attract potential employees with relevant skills to contribute to our Group and to create value for our Shareholders; and
- (e) to align the interests of participants with the interests of our Shareholders.

### **Summary of the Share Option Scheme**

The rules of the Share Option Scheme may be inspected by Shareholders at the registered office of our Company for a period of six months from the date of registration of this Offer Document. The following is a summary of the rules of the Share Option Scheme:

#### Participants

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

Controlling shareholders and their associates will not be eligible to participate in the Share Option Scheme.

#### Administration of the Scheme

The Share Option Scheme shall be administered by the Administration Committee, with powers to determine, *inter alia*, the following:

- (a) persons to be granted Options;

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## KORI EMPLOYEE SHARE OPTION SCHEME

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- (b) number of Options to be offered; and
- (c) recommendations for modifications to the Share Option Scheme.

However, in compliance with the requirement of the Rules of Catalyst, a participant of the Share Option Scheme who is a member of the Administration Committee will not be involved in any deliberation or decision in respect of Options to be granted to that participant.

### Size of the Share Option Scheme

The total number of Shares over which the Administration Committee may grant Options on any date, when added to the number of Shares issued and issuable in respect of all Options granted under the Share Option Scheme (including the Share Plan and any other share option schemes of our Company) shall not exceed 15.0% of the number of issued Shares (including treasury shares, as defined in the Companies Act) on the day preceding the date of the relevant grant.

Our Directors believe that this limit gives us sufficient flexibility to decide upon the number of Option Shares to offer to the employees of our Group under the Share Option Scheme. The number of eligible participants is expected to grow over the years. Our Company, in line with its goals of ensuring sustainable growth, is constantly reviewing its position and considering the expansion of its talent pool which may involve employing new employees. The employee base and the number of eligible participants will increase as a result. The number of Options offered must also be significant enough to serve as a meaningful reward for contribution to our Group. The Administration Committee shall exercise its discretion in deciding the number of Shares to be granted to each employee under the Share Option Scheme which will depend on the performance and value of the employee to our Group.

### Options entitlements

The number of Option Shares to be offered to a participant shall be determined by the Administration Committee, in their absolute discretion. The Administration Committee shall consider criteria such as rank and responsibilities within the Group, performance, years of service/appointment and potential for future development of that participant and the performance of the Company.

### Options, exercise period and exercise price

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 (the “**Market Price**”) equal to the average of the last dealt prices for the Shares on the SGX-ST for the five consecutive market days immediately preceding the relevant date of grant of the relevant Option of a Share (the “**Incentive Option**”), provided that:
  - (i) the maximum discount shall not exceed 20.0% 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,

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## KORI EMPLOYEE SHARE OPTION SCHEME

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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.

### Grant of Options

There are no fixed periods for the grant of Options. As such, offers of 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.

### Termination of Options

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

### Acceptance of Options

The grant of Options shall be accepted within 30 days from the date of the offer. Offers of Options made to grantees, if not accepted before the closing date, will lapse. Upon acceptance of the offer, the grantee must pay our Company a consideration of S\$1.00.

### Rights of Shares arising from the exercise of Options

New Shares arising from the exercise of Options, when allotted and issued shall be subject to all the provisions of the Memorandum and Articles of Association of our Company and shall rank for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the Record Date for which is on or after the relevant date upon which such exercise occurred, and shall in all other respects rank *pari passu* with other existing Shares then in issue.

### Duration of the Share Option Scheme

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

### Abstention from voting

Participants who are Shareholders are to abstain from voting on any Shareholders' resolution relating to the Share Option Scheme.

### Modifications to the Share Option Scheme

The Share Option Scheme may be modified and/or altered from time to time by a resolution of the Administrative Committee, subject to the compliance with the requirements of the Listing Manual and the requirements of any other regulatory authorities as may be necessary.

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## KORI EMPLOYEE SHARE OPTION SCHEME

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However, no modification or alteration shall adversely affect the rights attached to Options granted prior to such modification or alteration except with the written consent of such number of participants under the Share Option Scheme who, if they exercised their Options in full, would thereby become entitled to not less than 75.0% of the number of all the Shares which would fall to be allotted upon exercise in full of all outstanding Options under the Share Option Scheme.

No alteration to certain rules of the Share Option Scheme which would be to the advantage of participants under the Share Option Scheme, such as the repricing of the exercise price of the Options and the replacement of existing Options, shall be made except with the prior approval of our Shareholders in general meeting.

### **Grant of Incentive Options with a discounted exercise price**

The ability to offer Options to participants of the Share Option Scheme with exercise prices set at a discount to the prevailing market prices of our Shares will operate as a means to recognise the performance of participants. This would motivate them to continue to excel while encouraging them to focus more on improving the profitability and return of our Group above a certain level, which will benefit all Shareholders when these are eventually reflected through share price appreciation. Incentive Options would be perceived in a more positive light by the participants, inspiring them to work hard and produce results in order to be offered Incentive Options, as only employees who have made outstanding contributions to the success and development of our Group would be granted Incentive Options.

The flexibility to grant Options with discounted prices is also intended to cater to situations where the stock market performance has overrun the general market conditions. In such events, the Administration Committee will have absolute discretion to:

- (a) grant Options set at a discount to Market Price of a Share (subject to a maximum limit of 20.0%); and
- (b) determine the participants to whom, and the Options to which, such reduction in exercise prices will apply.

In determining whether to give a discount and the quantum of the discount, the Administration Committee shall be at liberty to consider factors including the performance of our Company, our Group, the performance of the participant concerned, the contribution of the participant to the success and development of our Group and the prevailing market conditions. The Administration Committee will determine on a case-by-case basis whether a discount will be given, and if so, the quantum of the discount, taking into account the objective that is desired to be achieved by our Company and the prevailing market conditions. As the actual discount given will depend on the relevant circumstances, the extent of the discount may vary from one case to another, and from time to time, subject to a maximum discount of 20.0% of the Market Price of a Share. The discretion to grant Incentive Options will, however, be used judiciously.

It is envisaged that our Company may consider granting the Incentive Options under circumstances including (but not limited to) the following:

- (a) where, due to speculative forces in the stock market resulting in an overrun of the market, the market price of our Shares at the time of the grant of Incentive Options is not a true reflection of the financial performance of our Company;
- (b) to enable our Company to offer competitive remuneration packages in the event that the practice of granting Incentive Options become more significant components of executive remuneration packages, a discretion to grant Incentive Options will provide our Company with a means to maintain the competitiveness of our Group compensation strategy; and/or

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## KORI EMPLOYEE SHARE OPTION SCHEME

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- (c) where our Group needs to provide more compelling motivation for specific business units to improve their performance, grants of Incentive Options will help to align the interests of employees with those of our Shareholders by encouraging them to focus more on improving the profitability and return of our Group above a certain level which will benefit all Shareholders when these are eventually reflected through share price appreciation. As such, Incentive Options would be perceived more positively by the employees who receive such Incentive Options.

Such flexibility in determining the quantum of discount would enable the Administration Committee to tailor the incentives in the grant of Incentive Options to be commensurate with the performance and contribution of each individual participant. By individually recognising the degree of performance and contribution of each participant, the granting of Incentive Options at a commensurate discount would enable the Administration Committee to provide incentives for better performance, greater dedication and loyalty of the participants.

Our Company may also grant Market Price Options without any discount to the market price of our Company's shares. Additionally, our Company may, if it deems fit, impose conditions on the exercise of the Options (whether such Options are granted at the market price or at a discount to the market price), such as restricting the number of Shares for which the Option may be exercised during the initial years following its vesting.

### **Rationale for participation by employees of our Group in the Share Option Scheme**

The extension of the Share Option Scheme to employees of our Group allows us to have a fair and equitable system to reward directors and employees of our Company and/or subsidiaries who have made and who continue to make significant contributions to the long-term growth of our Group.

We believe that the grant of Options to the employees of our Group will enable us to attract, retain and provide incentives to its participants to produce higher standards of performance as well as encourage greater dedication and loyalty to our Group. This would enable our Company to give recognition to past contributions and services as well as motivating participants generally to contribute towards the long-term growth of our Group.

### **Rationale for participation by Non-Executive Directors (including Independent Directors) in the Share Option Scheme**

Although Non-Executive Directors are not involved in the day-to-day running of our operations, they play an invaluable role in furthering the business interests of our Group by contributing their experience and expertise. The participation by Non-Executive Directors in the Share Option Scheme will provide our Company with a further avenue to acknowledge and recognise their services and contributions to our Group as it may not always be possible to compensate them fully or appropriately by increasing the directors' fees or other forms of cash payment. For instance, Non-Executive Directors may bring strategic or other value to our Company which may be difficult to quantify in monetary terms. The grant of Options to Non-Executive Directors will allow our Company to attract and retain experienced and qualified persons from different professional backgrounds to join our Company as Non-Executive Directors, and to motivate our existing Independent Directors to take extra efforts to promote the interests of our Company and/or our Group.

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## KORI EMPLOYEE SHARE OPTION SCHEME

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In deciding whether to grant Options to Non-Executive Directors, the Administration Committee will take into consideration, among other things, the services and contributions made to the growth, development and success of our Group and the years of service of a particular Non-Executive Directors. The Administration Committee may also, where it considers relevant, take into account other factors such as the economic conditions and our Company's performance.

In order to minimise any potential conflict of interests and not to compromise the independence of the Non-Executive Directors, our Company intends to grant only a nominal number of Options granted under the Share Option Scheme to such Non-Executive Directors. In addition, in the event that any conflict of interests arises in any matter to be decided by the Board, our Company shall procure that the relevant Independent Directors abstain from voting on such matter at the Board meeting.

### **Cost of Options granted under the Share Option Scheme to our Company**

Any Options granted under the Share Option Scheme would have a fair value. In the event that such Options are granted at prices below the fair value of the Options, there will be a cost to our Company. Such costs may be more significant in the case of Incentive Options, where such Options are granted with exercise prices set at a discount to the prevailing market price of our Shares. The cost to our Company of granting Options under the Share Option Scheme would be as follows:

- (a) the exercise of an Option at the exercise price would translate into a reduction of the proceeds from the exercise of such Option, as compared to the proceeds that our Company would have received from such exercise had the exercise been made at the prevailing market price of our Shares. Such reduction of the exercise proceeds would represent the monetary cost to our Company;
- (b) as the monetary cost of granting Options with a discounted exercise price is borne by our Company, the earnings of our Company would effectively be reduced by an amount corresponding to the reduced interest earnings that our Company would have received from the difference in proceeds from exercise price with no discount versus the discounted exercise price. Such reduction would, accordingly, result in the dilution of our Company's EPS; and
- (c) the effect of the issue of new Shares upon the exercise of Options, is that our Company's NTA per Share will increase if the exercise price is above the NTA per Share and decrease, if the exercise price is below the NTA per Share.

The costs as discussed above would only materialise upon the exercise of the relevant Options. Share options have value because the option to buy a company's share for a fixed price during an extended future time period is a valuable right, even if there are restrictions attached to such an option. As our Company is required to account for share-based awards granted to our employees, the cost of granting Options will affect our financial results as this cost to our Company would be required to be charged to our Company's profit and loss account commencing from the time Options are granted. Subject as aforesaid, as and when Options are exercised, the cash inflow will add to the net tangible assets of our Company and its share capital base will grow. Where Options are granted with subscription prices that are set at a discount to the market prices for our Shares prevailing at the time of the grant of such Options, the amount of the cash inflow to our Company on the exercise of such Options would be diminished by the quantum of the discount given, as compared with the cash inflow that would have been receivable by our Company had the Options been granted at the market price of our Shares prevailing at the time of the grant.



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## **KORI EMPLOYEE SHARE OPTION SCHEME**

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The grant of Options will have an impact on our Company's reported profit under the accounting rules in the Singapore Financial Reporting Standards which is effective for financial periods beginning on or after 1 January 2013. It requires the recognition of an expense in respect of Options granted. The expenses will be based on the fair value of the Options at the date of grant (as determined by an option-pricing model) and will be recognised over the vesting period.

Details of the number of Options granted pursuant to the Share Option Scheme, the number of Options exercised and the exercise price (as well as any applicable discounts) will be disclosed in our annual report.

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## KORI PERFORMANCE SHARE PLAN

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On 21 November 2012, our Shareholders adopted the Share Plan.

We recognise that the contributions and continued dedication of the employees of the Group and Non-executive Directors, are critical to the future growth and development of our Group and have undertaken a review of employee remuneration and benefits to this end. The Share Plan is a new compensation scheme that promotes higher performance goals and recognises exceptional achievement. We have taken steps to align ourselves with and embrace local trends and best practices in compensation.

Unlike the Options granted under the Share Option Scheme, the Share Plan contemplates the award of fully-paid Shares to participants after certain pre-determined benchmarks have been met. Although we may, where appropriate, continue to distribute cash bonuses to the employees of the Group and Non-executive Directors, we 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.

As at the Latest Practicable Date, no Awards have been granted under the Share Plan.

### Objectives of the Share Plan

The Share Plan is based on the principle of pay-for-performance and is designed to enable us 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 us 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 our Company, thereby inculcating a stronger sense of identification with the long-term prosperity of our Group and promoting organisational commitment, dedication and loyalty of participants towards our Group;
- (b) to motivate participants to strive towards performance excellence and to maintain a high level of contribution to our 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 our Group.

### Overview of the Share Plan

The Share Plan is designed to reward its participants through the issue of fully-paid Shares according to the extent to which they complete certain time-based service conditions or achieve their performance targets over set performance periods.

Awards granted under the Share Plan may be time-based or performance-related, and in each instance, shall vest only:

- (a) where the Award is time-based, after the satisfactory completion of time-based service conditions, that is, after the Participant has served our Group for a specified number of years (such Awards being “**time-based Awards**”); or

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## KORI PERFORMANCE SHARE PLAN

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- (b) where the Award is performance-related, after the Participant achieves a pre-determined performance target (such Awards being “**performance-related Awards**”).

A time-based Award may be granted, for example, as a supplement to the cash component of the remuneration packages of senior executive officers our Company seeks to attract and recruit. A performance-related Award may be granted, for example, with a performance target based on the successful completion of a project or the successful achievement of certain quantifiable performance targets, such as sales growth or productivity enhancement.

Performance targets set are based on short to medium-term corporate objectives including market competitiveness, quality of returns, business growth and productivity growth. These performance targets include targets set based on criteria such as shareholders’ return, return on equity and EPS. By working towards and achieving their own performance targets, the participants would also indirectly be assisting our Company in attaining its corporate objectives and strategic business goals.

No minimum vesting periods are prescribed under the Share Plan for Awards, and the length of the vesting period in respect of each Award will be determined on a case-by-case basis.

We will announce the following information to the SGX-ST and the public immediately upon the grant of awards under the Share Plan:

- (a) total number of participants;
- (b) total number of shares granted; and
- (c) range of number of shares granted to each participant.

### Summary of the Share Plan

The rules of the Share Plan may be inspected by Shareholders at the registered office of our Company for a period of six months from the date of registration of this Offer Document. The following is a summary of the rules of the Share Plan:

#### Participants

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.

Controlling Shareholders and their associates will not be eligible to participate in the Share Plan.

#### Management of the Share Plan

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. However, in compliance with the requirements of the Listing Manual, 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.

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## KORI PERFORMANCE SHARE PLAN

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The Administration Committee will be responsible for:

- (a) determining the terms of grant of Awards (and variation thereof) to participants; and
- (b) the general administration of the Share Plan such as extension of the duration of the term of the Share Plan.

However, 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 such member.

### Size of the Share Plan

The (a) total number of new Shares which may be issued pursuant to Awards granted on any date; and (b) 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 our Company), shall not exceed 15.0% 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.

To enjoy greater flexibility in structuring remuneration and compensation packages, our Company believes that it should have a sufficient number of Shares to accommodate Awards issued under the Share Plan. Taking into consideration the size of the post-Placement share capital of our Company as well as the number of eligible participants in the Share Plan, our Directors believe that such limit is necessary to accommodate the existing number of participants to whom Awards may be granted under the Share Plan annually over the 10-year period of the Share Plan so as to create a meaningful compensation for the participants' contributions.

### Awards Entitlement

Awards represent the right of a participant to receive fully-paid Shares free of charge. Awards granted under the Share Plan may be time-based or performance-related as set out above.

In respect of time-based Awards, a participant is entitled to receive fully-paid Shares free of charge, upon the expiry of the prescribed vesting periods.

In the case of performance-related Awards, a participant is entitled to receive fully-paid Shares free of charge subject to certain prescribed performance targets being met.

The vesting periods of Awards (whether time-based or performance-related) will be determined by the Administration Committee and may not be subject to such time restrictions before vesting.

The selection of a participant, the type of Award (whether time-based or performance-related), the number of Award Shares to be granted to him, and the prescribed vesting period shall be determined at the absolute discretion of the Administration Committee, which shall take into account:

- (a) in respect of a participant being an employee of the Group, criteria such as his rank, job performance, potential for future development and his contribution to the success and development of our Group; and
- (b) in respect of a participant being a Non-executive Director, criteria such as his contribution to the success and development of our Group.

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## KORI PERFORMANCE SHARE PLAN

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In addition, for performance-related Awards, the extent of effort required to achieve the performance target(s) within the performance period shall also be considered.

The Administration Committee shall decide, in relation to each Award (whether time-based or performance related) to be granted to a participant:

- (a) the date on which the Award is to be granted;
- (b) the number of Award Shares;
- (c) the prescribed vesting period(s); and
- (d) the extent to which Award Shares shall be released at the end of each prescribed Vesting Period.

In the case of performance-related Awards, the Administration Committee shall also decide on:

- (a) the prescribed performance target(s);
- (b) the performance period during which the prescribed performance target(s) are to be satisfied; and
- (c) the extent to which Award Shares shall be released on the prescribed performance target(s) being satisfied (whether fully or partially) or exceeded or not being satisfied, as the case may be, at the end of the performance period.

### Grant of Awards

Awards may be granted at any time during the period when the Share Plan is in force. An Award letter confirming the Award and specifying, amongst others, in relation to a performance-related Award, the prescribed performance target(s) and the performance period during which the prescribed performance target(s) are to be satisfied, will be sent to each participant as soon as is reasonably practicable after making an Award.

### Vesting of Awards

Special provisions for the vesting and lapsing of Awards (some at the discretion of the Administration Committee) under certain circumstances include:

- (a) a participant, being an employee of the Group, ceasing for any reason whatsoever, to be in the employment of a company in our Group or in the event the company by which the participant is employed ceases to be a company in our Group;
- (b) a participant, being a Non-executive Director, ceasing to be a director of a company in our Group, for any reason whatsoever;
- (c) upon the bankruptcy of the participant;
- (d) ill health, injury, disability or death of a participant;
- (e) a participant committing any breach of any of the terms of his Award;
- (f) misconduct on the part of a participant as determined by the Administration Committee in its discretion;
- (g) a general offer being made of all or any part of our Shares;

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## KORI PERFORMANCE SHARE PLAN

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- (h) a scheme of arrangement or compromise between our Company and our Shareholders being sanctioned by the Court under the Companies Act;
- (i) an order for the compulsory winding-up of the Company being made;
- (j) a resolution for a voluntary winding-up (other than for amalgamation or reconstruction) of the Company being made; and/or
- (k) any other event approved by the Administration Committee.

Upon the occurrence of any of the events specified in paragraphs (g) to (j) above, the Administration Committee may consider, in its absolute discretion, whether or not to release any Award. If the Administration Committee decides to release any Award, then in determining the number of Shares to be vested in respect of such Award, the Administration Committee will have regard to the proportion of the vesting period(s) which has elapsed and the extent to which the prescribed performance target(s) (if any) has been satisfied.

Upon the occurrence of any of the events specified in paragraphs (a) to (f) above, an Award then held by a participant shall, subject as provided in the rules of the Share Plan and to the extent not yet released, immediately become void and cease to have effect and the participant shall have no claim whatsoever against our Company.

Our Company will have the flexibility to deliver Award Shares to participants upon the vesting of their Awards by way of:

- (a) an issue of new Shares; and/or
- (b) the purchase of existing Shares on behalf of the participants.

It is the intention of our Company that Award Shares will typically be delivered to participants upon the vesting of their Awards by way of an issue of new Shares. However, our Company anticipates that our Company may, in very limited circumstances, purchase existing Shares on behalf of the participants upon the vesting of their Awards. These circumstances include situations when our Shares are undervalued or when it otherwise makes economic sense to purchase existing Shares.

New Shares, when allotted and issued, and existing Shares, when transferred to the participants upon the release of Awards shall be subject to all the provisions of the Memorandum and Articles of Association of our Company and shall rank *pari passu* in all respects with the then existing issued Shares, save for any dividends, rights, allotments or distributions on the record date of which falls on or before the relevant vesting date of the Shares which are the subject of the Awards. For such purposes, record date means the date as at the close of business on which our Shareholders must be registered in order to participate in any dividends, rights, allotments or other distributions.

Shares which are the subject of:

- (a) a time-based Award shall, vest upon the expiry of each vesting period in relation to such Award and our Company shall release to the relevant participant the Award Shares to which his Award relates on the vesting date; and
- (b) a performance-related Award shall be vested with a participant on the vesting date, which shall be a Market Day falling as soon as practicable after the review by the Administration Committee of the performance target(s) prescribed in respect of such Award and determine whether it has been satisfied and, if so, the extent to which it has been satisfied, and, on the vesting date, the Administration Committee will procure the allotment or transfer to each participant of the number of Award Shares so determined.

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## KORI PERFORMANCE SHARE PLAN

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For the purposes of determining if performance target(s) in respect of performance-related Awards have been achieved, the Administration Committee has the right to make computational adjustments to the audited results of our Company or our Group, as the case may be, to take into account such factors as the Administration Committee may determine to be relevant, including changes in accounting methods, taxes and extraordinary events. The Administration Committee also has the discretion to amend the performance target(s) if the Administration Committee decides that a changed performance target would be a fairer measure of performance, or to waive the performance target where the participant has achieved a level of performance that the Administration Committee considers satisfactory notwithstanding that the performance target has not been fulfilled.

### Adjustments and Alterations under the Share Plan

If a variation in the share capital of our Company (whether by way of a capitalisation of profits or reserves, rights issue, reduction, subdivision, consolidation or distribution) shall take place, then:

- (a) the class and/or number of Award Shares to the extent not yet vested; and/or
- (b) the class and/or number of Shares over which future Awards may be granted under the Share Plan,

may, at the option of the Administration Committee, be adjusted in such manner as the Administration Committee may determine to be appropriate provided that, any adjustment shall be made in such a way that a participant will not receive a benefit that a Shareholder does not receive.

The issue of securities as consideration for an acquisition or a private placement of securities or the cancellation of issued shares purchased or acquired by our Company by way of a market purchase of such shares undertaken by our Company on the SGX-ST during the period when a share purchase mandate granted by our Shareholders (including any renewal of such mandate) is in force shall not normally be regarded as a circumstance requiring adjustment.

Any adjustment (except in relation to a capitalisation issue) must be confirmed in writing by the auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.

### Modifications to the Share Plan

The Share Plan may be modified and/or altered from time to time by a resolution of our Board, subject to the prior approval of the SGX-ST and such other regulatory authorities as may be necessary.

However, no modification or alteration shall adversely affect the rights attached to Awards granted prior to such modification or alteration except with the written consent of such number of participants under the relevant Plan who, if their Awards were released to them, would thereby become entitled to not less than 75.0% of the aggregate number of all our Shares which would be issued upon exercise in full of all outstanding Awards under the Share Plan.

No alteration shall be made to certain rules of the Share Plan to the advantage of the holders of the Awards, as the case may be, except with the prior approval of our Shareholders in general meeting.

### Duration of the Share Plan

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



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## KORI PERFORMANCE SHARE PLAN

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

### Abstention from voting

Participants who are Shareholders are to abstain from voting on any Shareholders' resolution relating to the Share Plan and any modification thereof. Participants may, however, act as proxies of Shareholders in respect of the votes of such Shareholders in relation to any such resolutions, provided that specific instructions have been given in the proxy forms on how the votes are to be cast in respect of the resolution.

### **Rationale for participation by employees of the Group in the Share Plan**

The grant of Awards to the employees of the Group allows us to have a fair and equitable system to reward our Directors and employees of the Group who have made and who continue to make significant contributions to the long-term growth of our Group.

We believe that the grant of Awards to the employees of the Group will enable us to attract, retain and provide incentives to our Directors and employees of the Group to produce higher standards of performance as well as encourage greater dedication and loyalty by enabling our Company to give recognition to past contributions and services as well as motivating participants generally to contribute towards the long-term growth of our Group.

### **Rationale for participation by Non-executive Directors (including Independent Directors) in the Share Plan**

Our Non-executive Directors come from diverse professions and working backgrounds. Although they are not involved in the day-to-day running of our Group's operations, they are able to contribute their extensive experience, knowledge, expertise and business contacts to the benefit of our Group and assist in our Group's business interests. Leveraging on their contacts, they may also be able to provide our Group with strategic or significant alliances or opportunities. Our Company therefore regards our Non-executive Directors as a resource pool from which we are able to tap business contacts, knowledge, expertise and experience.

Our Non-executive Directors are presently also members of our Audit Committee, Remuneration Committee and Nominating Committee. Each of these committees plays an important role in the corporate governance of our group.

Currently, our Non-executive Directors are remunerated only by way of directors' fees. Allowing the participation by our Non-executive Directors in the Share Plan provides our Company with a further avenue of acknowledging the services and contributions to our Group and to reward and give recognition to such services and contributions by way of remuneration comprising a combination of fees and Awards. This flexibility is important since it may not always be possible to compensate Non-executive Directors fully or appropriately by increasing the directors' fees or other forms of cash payment. Having a flexible remuneration system will enable our Company to continue to attract individuals of great ability and aptitude to serve as Non-executive Directors. In the long-term, this will help ensure the continuity of good corporate governance in our Company.

However, as the Share Plan is intended to cater primarily to employees of the Group who will comprise the bulk of the participants of the Share Plan, our Directors anticipate that awards that may be granted to our Non-executive Directors pursuant to the Share Plan, would not comprise

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## KORI PERFORMANCE SHARE PLAN

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a significant portion of the shares available under the Share Plan. Further, in order to minimise any potential conflict of interests which may arise as a result of granting Awards to Non-executive Directors who are also members of our Audit Committee, Remuneration Committee or Nominating Committee, any grant of awards to Non-executive Directors is anticipated to be minimal, with such grants being made as a token of our Company's appreciation for their contributions to our Company and to help further align their interests with those of our Shareholders. Our Non-executive Directors would generally continue to be remunerated for their services by way of directors' fees.

The Administration Committee shall act judiciously in the exercise of its discretion in respect of the grant of Awards to our Non-executive Directors. In deciding whether to grant Awards to our Non-executive Directors, the Administration Committee will take into consideration, among other things, the services and contributions made to the growth of our Group, attendance and participation in meetings and the years of service of a particular Non-executive Director. The Administration Committee may also, where it considers relevant, take into account other factors such as prevailing economic conditions and our performance. A Non-executive Director will abstain from voting as a Director or a member of the Administration Committee when the grant of Awards to him is being deliberated.

The grant of Awards to Non-executive Directors of our Company will be subject to and shall comply with the provisions of Section 76 of the Companies Act.

### **Financial Effects of the Share Plan**

The accounting rules in the Singapore Financial Reporting Standards are effective for financial periods beginning on or after 1 January 2005. It requires the fair value of employee services received in exchange for the grant of our Shares to be recognised as an expense. For equity-settled share-based payment transactions, the total amount to be expensed in the income statement over the vesting period is determined by reference to the fair value of the each Share granted at the grant date and the number of Shares vested by the vesting date, with a corresponding increase in equity.

Before the end of the vesting period, at each balance sheet date, the entity revises its estimates of the number of Shares that are expected to vest by the vesting date and recognises the impact of this revision in the income statement with a corresponding adjustment to equity. After the vesting date, no adjustment to the income statement would be made.

When new Shares are issued to participants, the share capital will increase. If existing Shares are purchased, as opposed to new Shares issued for delivery to participants, the Share Plan will have no impact on our Company's share capital.

The consolidated NTA will be decreased by the amount of expenses charged to the income statement if existing Shares are purchased. If new Shares are issued, there would be no effect on the consolidated NTA due to the offsetting effect of expenses recognised and increased share capital.

During the vesting period, the consolidated EPS would be reduced by both the expense recognised and the potential ordinary Shares to be issued under the Share Plan. NTA per Share would be diluted as a result of the reduced NTA if existing Shares are purchased or the increased share capital if new Shares are issued.

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## DESCRIPTION OF OUR SHARES

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The following statements are brief summaries of our capital structure and the more important rights and privileges of our Shareholders as conferred by the laws of Singapore and our Memorandum and Articles of Association. These statements summarise the material provisions of our Articles of Association but are qualified in entirety by reference to our Articles of Association and the laws of the Singapore. A copy of our Memorandum and Articles of Association will be available for inspection at our offices during normal business hours for a period of six months from the date of the registration of this Offer Document with the SGX-ST.

### Shares

Our Articles provide that we may issue shares of a different class with preferential, deferred, qualified or special rights, privileges or conditions as our Directors may think fit and may issue preference shares which are, or at our option are, redeemable, subject to certain limitations. Our Shares do not have a par value.

As at the date of this Offer Document, all the Shares have been issued and fully paid. All of our shares are in registered form. We may, subject to the provisions of the Companies Act and the listing rules of the SGX-ST, purchase our own Shares. However, we may not, except in circumstances permitted by the Companies Act, grant any financial assistance for the acquisition or proposed acquisition of our Shares.

### Shareholders

Only persons who are registered on our register of shareholders and, in cases in which the person so registered is CDP, the persons named as the depositors in the depository register maintained by CDP for our Shares, are recognised as our Shareholders. We will not, except as required by law, recognise any equitable, contingent, future or partial interest in any Share or other rights for any Share other than the absolute right thereto of the registered holder of that Share or of the person whose name is entered in the depository register for that share. We may close our register of members for any time or times if we provide the Accounting and Corporate Regulatory Authority of Singapore with at least 14 days' notice and the SGX-ST at least 10 clear market days' notice. However, the register may not be closed for more than 30 days in aggregate in any calendar year. We typically close the register to determine our shareholders' entitlement to receive dividends and other distributions.

### Transfer of Shares

There is no restriction on the transfer of fully paid Shares except where required by law or the listing rules or the rules or by-laws of the SGX-ST. Our Directors may, in their discretion, decline to register any transfer of Shares which are not fully paid or Shares on which we have a lien. Shares may be transferred by a duly signed instrument of transfer in a form approved by the SGX-ST. Our Directors may also decline to register any instrument of transfer unless, among other things, it has been duly stamped and is presented for registration together with the share certificate and such other evidence of title as they may require. We will replace lost or destroyed certificates for shares if we are properly notified and the applicant pays a fee which will not exceed S\$2.00 and furnishes any evidence and indemnity that our Directors may require.

### General Meetings of Shareholders

We are required to hold an annual general meeting every year. Our Directors may convene an extraordinary general meeting whenever they think fit and must do so if our Shareholders representing not less than 10.0% of the total voting rights of all our Shareholders, request in writing that such a meeting be held. In addition, two or more of our Shareholders holding not less

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## DESCRIPTION OF OUR SHARES

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than 10.0% of our issued share capital may call a meeting. Unless otherwise required by law or by our Articles, voting at general meetings is by ordinary resolution, requiring an affirmative vote of a simple majority of the votes cast at that meeting. An ordinary resolution suffices, for example, for the appointment of Directors. A special resolution, requiring the affirmative vote of at least 75.0% of the votes cast at the meeting, is necessary for certain matters under Singapore law, including voluntary winding up, amendments to our Memorandum and Articles of Association, a change of our corporate name and a reduction in our share capital or capital redemption reserve fund. We must give at least 21 days' notice in writing for every general meeting convened for the purpose of passing a special resolution. Ordinary resolutions generally require at least 14 days' notice in writing. The notice must be given to each of our shareholders who have supplied us with an address in Singapore for the giving of notices and must set forth the place, the day and the hour of the meeting and, in the case of special business, the general nature of that business.

### Voting Rights

A holder of our Shares is entitled to attend, speak and vote at any general meeting, in person or by proxy. A proxy does not need to be a Shareholder. A person who holds Shares through the SGX-ST book-entry settlement system will only be entitled to vote at a general meeting as a Shareholder if his name appears on the depository register maintained by CDP 48 hours before the general meeting. Except as otherwise provided in our Articles, two or more Shareholders must be present in person or by proxy to constitute a quorum at any general meeting. Under our Articles, on a show of hands, every Shareholder present in person and by proxy shall have one vote (provided that in the case of a Shareholder who is represented by two proxies, only one of the two proxies as determined by that Shareholder or, failing such determination, by the Chairman of the meeting in his sole discretion shall be entitled to vote on a show of hands), and on a poll, every Shareholder present in person or by proxy shall have one vote for each Share which he holds or represents. A poll may be demanded in certain circumstances, including by the Chairman of the meeting or by any Shareholder present in person or by proxy and representing not less than 10.0% of the total voting rights of all Shareholders having the right to attend and vote at the meeting or by not less than five members having the right to vote at the meeting. In the case of a tie vote, whether on a show of hands or a poll, the Chairman of the meeting shall be entitled to a casting vote.

### Dividends

We may, by ordinary resolution of our Shareholders, declare dividends at a general meeting, but we may not pay dividends in excess of the amount recommended by our Board. We must pay all dividends out of our profits. We may satisfy dividends by the issue of Shares to our shareholders. See the section "Bonus and Rights Issue" below. All dividends are paid *pro-rata* amongst our shareholders in proportion to the amount paid-up on each shareholder's shares, unless the rights attaching to an issue of any Share provide otherwise. Unless otherwise directed, dividends are paid by cheque or warrant sent through the post to each shareholder at his registered address. Notwithstanding the foregoing, the payment by us to CDP of any dividend payable to a shareholder whose name is entered in the depository register shall, to the extent of payment made to CDP, discharge us from any liability to that shareholder in respect of that payment.

### Bonus and Rights Issue

Our Board may, with the approval of our Shareholders at a general meeting, capitalise any reserves or profits (including profits or monies carried and standing to any reserve) and distribute the same as bonus shares credited as paid-up to our Shareholders in proportion to their shareholdings. Our Board may also issue rights to take up additional Shares to other Shareholders in proportion to their shareholdings. Such rights are subject to any conditions attached to such issue and the regulations of any stock exchange on which we are listed.

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## DESCRIPTION OF OUR SHARES

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### Takeovers

Under the Singapore Code on Take-overs and Mergers (the “**Take-over Code**”) issued by the Authority pursuant to Section 321 of the SFA, any person acquiring an interest, either on his own or together with persons acting in concert with him, in 30.0% or more of our voting shares must extend a takeover offer for the remaining voting shares in accordance with the provisions of the Take-over Code. In addition, a mandatory takeover offer is also required to be made if a person holding, either on his own or together with persons acting or presumed to be acting in concert with him, between 30.0% and 50.0% of the voting shares acquires additional voting shares representing more than 1.0% of the voting shares in any six-month period.

### Liquidation or Other Return of Capital

If we are liquidated or in the event of any other return of capital, holders of our Shares will be entitled to participate in any surplus assets in proportion to their shareholdings, subject to any special rights attaching to any other class of shares.

### Indemnity

As permitted by Singapore law, our Articles provide that, subject to the Companies Act, our Board and officers shall be entitled to be indemnified by us against any liability incurred in defending any proceedings, whether civil or criminal, which relate to anything done or omitted to have been done as an officer, director or employee and in which judgement is given in their favour or in which they are acquitted or in connection with any application under any statute for relief from liability in respect thereof in which relief is granted by the court. We may not indemnify our Directors and officers against any liability which by law would otherwise attach to them in respect of any negligence, default, breach of duty or breach of trust of which they may be guilty in relation to us.

### Limitations on Rights to Hold or Vote Shares

Except as described in “Voting Rights” and “Takeovers” above, there are no limitations imposed by Singapore law or by our Articles on the rights of non-resident Shareholders to hold or vote ordinary Shares.

### Minority Rights

The rights of minority shareholders of Singapore-incorporated companies are protected under Section 216 of the Companies Act, which gives the Singapore courts a general power to make any order, upon application by any of our shareholders, as they think fit to remedy any of the following situations where:

- (a) our affairs are being conducted or the powers of our Directors are being exercised in a manner oppressive to, or in disregard of the interests of, one or more of the shareholders; or
- (b) we take an action, or threaten to take an action, or our shareholders pass a resolution, or propose to pass a resolution, which unfairly discriminates against, or is otherwise prejudicial to, one or more of our shareholders, including the applicant.

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## DESCRIPTION OF OUR SHARES

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Singapore courts have a wide discretion as to the relief they may grant and such relief is in no way limited to those listed in the Companies Act itself. Without prejudice to the foregoing, the Singapore courts may:

- (a) direct or prohibit any act or cancel or vary any transaction or resolution;
- (b) regulate the conduct of our affairs in the future;
- (c) authorise civil proceedings to be brought in our name, or on our behalf, by a person or persons and on such terms as the court may direct;
- (d) provide for the purchase of a minority shareholder's shares by our other shareholders or by us and, in the case of a purchase of shares by us, a corresponding reduction of our share capital;
- (e) in the case of a purchase of shares by our Company, provide for a reduction accordingly of our Company's capital; or
- (f) provide that we be wound up.

### **Treasury Shares**

Our Articles of Association expressly permits our Company to purchase or acquire shares or stocks of our Company and to hold such shares or stocks (or any of them) as treasury shares in accordance with requirements of Section 76 of the Companies Act. Our Company may make a purchase or acquisition of our own shares (i) on a securities exchange if the purchase or acquisition has been authorised in advance by our Company in general meeting; or otherwise than on a securities exchange if the purchase or acquisition is made in accordance with an equal access scheme authorised in advance by our company in general meeting. The aggregate number of Shares held as treasury shares shall not at any time exceed 10.0% of the total number of Shares of our Company at that time. Any excess shares shall be disposed or cancelled before the end of a period of six months beginning with the day on which that contravention of limit occurs, or such further period as the Registrar may allow. Where shares or stocks are held as treasury shares by our Company through purchase or acquisition by our Company, our Company shall be entered in the register as the member holding those shares or stocks.

Our Company shall not exercise any right in respect of the treasury shares and any purported exercise of such a right is void. Such rights include any right to attend or vote at meetings and our 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 (whether in cash or otherwise) of our Company's assets (including any distribution of assets to members on a winding up) may be made, to our Company in respect of the treasury shares. However, this would not prevent an allotment of shares as fully paid bonus shares in respect of the treasury shares or the subdivision or consolidation of any treasury share into treasury share of a smaller amount, if the total value of the treasury shares after the subdivision or consolidation is the same as the total value of the treasury share before the subdivision or consolidation, as the case may be.

Where Shares are held as treasury shares, our Company may at any time (i) sell the Shares (or any of them) for cash; (ii) transfer the Shares (or any of them) for the purposes of or pursuant to an employees' share scheme; (iii) transfer the Shares (or any of them) as consideration for the acquisition of shares in or assets of another company or assets of a person; or (iv) cancel the Shares (or any of them).



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## EXCHANGE CONTROLS

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The discussion below is not intended to constitute a complete analysis of all exchange control consequences relating to the Group's operations of business in Singapore and Malaysia. Prospective investors in the Shares should consult their own legal advisers concerning the exchange control consequences of their particular situations. This description is based on laws, regulations and interpretations now in effect and available as of the date of this Offer Document. The laws, regulations and interpretations, however, may change at any time and any change can be retroactive. These laws and regulations are also subject to various interpretations and the relevant authorities or the courts can later disagree with the explanations or conclusions set out below.

### Singapore

There are no Singapore governmental laws, decrees, regulations or other legislation that may affect the following:

- (a) the import or export of capital, including the availability of cash and cash equivalents for use by the Company; and
- (b) the remittance of dividends, interest or other payments to non-resident holders of the Company's securities.

### Malaysia

The foreign exchange control framework in Malaysia is governed by the Exchange Control Act 1953 and the Malaysian foreign exchange policies and rules are administered by Bank Negara Malaysia, which is the Central Bank of Malaysia. These policies and rules regulate both residents and non-residents of Malaysia.

As at the Latest Practicable Date, there is no restriction on non-residents in respect of the repatriation of funds from divestment of Ringgit assets or profits/dividends arising from investments in Malaysia but the repatriation must be made in a foreign currency other than the currency of Israel. In the event that Bank Negara Malaysia introduces any restrictions on repatriation of funds in the future, the Company may be affected in its ability to repatriate dividends or distributions to its Shareholders from its business operations in Malaysia.

In respect of borrowings, a resident company is free to borrow any amount in foreign currency (other than the currency of Israel) from (a) licensed onshore banks; (b) International Islamic Banks; (c) resident related companies; and (d) non-resident non-bank related companies.

A resident company is also free to borrow in foreign currency up to the equivalent of RM100 million in aggregate on a corporate group basis from other non-residents, including financial institutions and related non-bank non-resident company which is solely set up to obtain credit facilities.

For the purposes of the foreign exchange administration rules in Malaysia, a related company includes ultimate holding company, parent or head office, branches (unincorporated entities), subsidiaries (companies that are more than 50.0% owned by the resident company), associate companies (companies that have between 10.0% and 50.0% shareholding relationship with the resident company) and sister companies (companies that have common shareholders with the resident company).



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## TAXATION

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### SINGAPORE TAXATION

The following is a discussion of certain tax matters arising under the current tax laws in Singapore on the tax consequences in relation to the purchase, ownership and disposal of the shares. The discussion is based on current tax laws in Singapore and is not intended to be and does not constitute legal or tax advice.

While this discussion is considered to be a correct interpretation of existing laws in force as at the date of this Offer Document, no assurance can be given that the courts or fiscal authorities responsible for the administration of such laws will agree with this interpretation or that changes in such law, which may be retrospective, will not occur. The discussion is limited to a general description of certain tax consequences in Singapore with respect to ownership of the shares by shareholders, and does not purport to be a comprehensive or exhaustive description of all of the tax considerations that may be relevant to a Shareholder's decision with regard to the Placement.

Shareholders should consult their own tax advisors regarding Singapore income tax and other consequences of owning and disposing of the Shares. It is emphasized that neither we, the Directors nor any other persons involved in this Placement accepts responsibility for any tax effects or liabilities resulting from the subscription, purchase, holding or disposal of our Shares.

#### Corporate income tax

A Singapore tax resident corporate taxpayer is subject to Singapore income tax on:

- income accrued in or derived from Singapore; and
- foreign sourced income received or deemed received in Singapore, unless otherwise exempted.

Foreign income in the form of branch profits, dividends and service fee income (the “**specified foreign income**”) received or deemed received in Singapore by a Singapore tax resident corporate taxpayer are exempted from Singapore tax subject to meeting the qualifying conditions.

A non-Singapore tax resident corporate taxpayer, subject to certain exceptions, is subject to Singapore income tax on income accrued in or derived from Singapore, and on foreign income received or deemed received in Singapore.

A company is regarded as tax resident in Singapore if the control and management of the company's business is exercised in Singapore. Normally, control and management of the company is vested in its board of directors and the place of residence of the company is where its directors meet.

The first S\$300,000 of chargeable income is exempt from tax as follows:

- (a) 75% of up to the first S\$10,000 of chargeable income; and
- (b) 50% of up to the next S\$290,000 of chargeable income.

The remaining chargeable income (after deducting the applicable tax exemption of the first S\$300,000 of chargeable income) will be taxed at the prevailing corporate tax rate, currently 17%.

#### Individual income tax

An individual taxpayer (both resident and non-resident) is subject to Singapore income tax on income accrued in or derived from Singapore, subject to certain exceptions. Foreign-sourced income received or deemed received by a Singapore tax resident individual is generally exempt

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## TAXATION

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from income tax in Singapore except for such income received through a partnership in Singapore. Certain Singapore-sourced investment income received or deemed received by individuals is also exempt from tax.

Currently, a Singapore tax resident individual is subject to tax at the progressive rates, ranging from 0% to 20.0%.

A non-Singapore tax resident individual is normally taxed at the tax rate of 20.0% except that Singapore employment income is taxed at a flat rate of 15.0% or at resident rates, whichever yields a higher tax.

An individual is regarded as a tax resident in Singapore if in the calendar year preceding the year of assessment, he was physically present in Singapore or exercised an employment in Singapore (other than as a director of a company) for 183 days or more, or if he ordinarily resides in Singapore.

### **Dividend distributions**

Under the one-tier corporate tax system, the tax paid by a resident company is a final tax and the distributable profits of the company can be paid to shareholders as tax exempt (one-tier) dividends. Dividends paid by us will be exempt from tax in the hands of Shareholders, regardless of the tax residence status or the legal form of the Shareholders. However, foreign Shareholders are advised to consult their own tax advisors to take into account the tax laws of their respective countries of residence and the existence of any double taxation agreement which their country of residence may have with Singapore.

### **Gains on disposal of Shares**

Singapore currently does not impose tax on capital gains. However, there are no specific laws or regulations which deal with the characterisation of capital gains. In general, gains or profits derived from the disposal of our Shares acquired for long-term investment purposes are considered as capital gains and not subject to Singapore tax.

On the other hand, where such gains or profits arise from activities which the Comptroller of Income Tax regards as the carrying on of a trade or business of dealing in shares in Singapore, gains or profits will ordinarily be taxed as income.

Based on the IRAS e-Tax Guide on “Income Tax: Certainty of Non-taxation of Companies’ Gains on Disposal of Equity Investments” dated 30 May 2012, the gains derived from the disposal of ordinary shares in an investee company during the period 1 June 2012 to 31 May 2017 (both dates inclusive) is not taxable if immediately prior to the date of the share disposal, the divesting company had held at least 20% of the ordinary shares in the investee company for a continuous period of at least 24 months. This rule does not apply to a divesting company whose gains or profits from the disposal of shares are included as part of its income based on the provisions of Section 26 of the Income Tax Act (Chapter 134); or disposal of shares in an unlisted investee company that is in the business of trading or holding Singapore immovable properties (other than the business of property development). A new section will be added to the Income Tax Act (Chapter 134) via the Income Tax (Amendment) Act 2012 to provide for this rule.

In addition, Shareholders who adopt the tax treatment to be aligned with the Singapore Financial Reporting Standard 39 Financial Instruments — Recognition and Measurement (“FRS 39”) may be taxed on gains or losses (not being gains or losses in the nature of capital) even though no sale or disposal of our Shares is made. Shareholders who may be subject to such tax treatment should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding and disposal of our Shares.

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## TAXATION

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### Stamp duty

There is no stamp duty payable on the subscription, allotment or holding of our shares.

Stamp duty is payable on the instrument of transfer of our shares at the rate of S\$2.00 for every S\$1,000 or any part thereof, computed on the consideration paid or market value of our shares registered in Singapore, whichever is higher.

The purchaser is liable for stamp duty, unless there is an agreement to the contrary. No stamp duty is payable if no instrument of transfer is executed (such as in the case of scripless shares, the transfer of which does not require instruments of transfer to be executed) or if the instrument of transfer is executed outside Singapore. However, stamp duty may be payable if the instrument of transfer which is executed outside Singapore is subsequently received in Singapore.

### GST

GST is a tax on domestic consumption of goods and services and on the importation of goods into Singapore. The standard rate of GST is currently 7.0%.

The sale of our shares by an investor belonging in Singapore to another person belonging in Singapore is an exempt supply not subject to GST.

Where our shares are sold by a GST-registered investor in the course of a business to a person belonging outside Singapore, and that person is outside Singapore when the sale is executed, the sale should generally, subject to satisfaction of certain conditions, be considered a taxable supply subject to GST at zero-rate. Any input GST incurred by a GST-registered investor in the making of this supply in the course of or furtherance of a business carried on by him is recoverable from the Comptroller of GST.

Services such as brokerage, handling and clearing services rendered by a GST-registered person to an investor belonging in Singapore in connection with the investor's purchase, sale or holding of our shares will be subject to GST at the current rate of 7.0%. Similar services rendered to an investor belonging outside Singapore is generally subject to GST at zero-rate, provided that the investor is outside Singapore when the services are performed and the services provided do not benefit any Singapore persons.

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## CLEARANCE AND SETTLEMENT

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Upon listing and quotation on Catalist, our Shares will be traded under the book-entry settlement system of the CDP, and all dealings in and transactions of our Shares through Catalist will be effected in accordance with the terms and conditions for the operation of Securities Accounts with the CDP, as amended, modified or supplemented from time to time.

Our Shares will be registered in the name of CDP or its nominee and held by CDP for and on behalf of persons who maintain, either directly or through Depository Agents, Securities Accounts with CDP. Persons named as direct Securities Account holders and Depository Agents in the Depository Register maintained by the CDP, rather than CDP itself, will be treated, under our Articles of Association and the Companies Act, as members of our Company in respect of the number of Shares credited to their respective Securities Accounts.

Persons holding our Shares in Securities Accounts with CDP may withdraw the number of Shares they own from the book-entry settlement system in the form of physical share certificates. Such share certificates will, however, not be valid for delivery pursuant to trades transacted on Catalist, although they will be prima facie evidence of title and may be transferred in accordance with our Articles of Association. A fee of S\$10.00 for each withdrawal of 1,000 Shares or less and a fee of S\$25.00 for each withdrawal of more than 1,000 Shares is payable upon withdrawing our Shares from the book entry settlement system and obtaining physical share certificates. In addition, a fee of S\$2.00 or such other amount as our Directors may decide, is payable to the share registrar for each share certificate issued and a stamp duty of S\$10.00 is also payable where our Shares are withdrawn in the name of the person withdrawing our Shares or S\$0.20 per S\$100.00 or part thereof of the last transacted price where it is withdrawn in the name of a third party. Persons holding physical share certificates who wish to trade on Catalist must deposit with CDP their share certificates together with the duly executed and stamped instruments of transfer in favour of CDP, and have their respective Securities Accounts credited with the number of Shares deposited before they can effect the desired trades. A fee of S\$10.00 is payable upon the deposit of each instrument of transfer with CDP. The above fees may be subject to such charges as may be in accordance with CDP's prevailing policies or the current tax policies that may be in force in Singapore from time to time.

Transactions in our Shares under the book-entry settlement system will be reflected by the seller's Securities Account being debited with the number of Shares sold and the buyer's Securities Account being credited with the number of Shares acquired. No transfer of stamp duty is currently payable for our Shares that are settled on a book-entry basis.

A Singapore clearing fee for trades in our Shares on Catalist is payable at the rate of 0.04% of the transaction value subject to a maximum of S\$600.00 per transaction. The clearing fee, instrument of transfer deposit fee and share withdrawal fee may be subject to GST at the prevailing rate of 7% (or such other rate prevailing from time to time).

Dealing in our Shares will be carried out in Singapore dollars and will be effected for settlement on CDP on a scripless basis. Settlement of trades on a normal "ready" basis on Catalist generally takes place on the third Market Day following the transaction date, and payment for the securities is generally settled on the following business day. CDP holds securities on behalf of investors in Securities Accounts. An investor may open a direct account with CDP or a sub-account with a CDP Depository Agent. The CDP Depository Agent may be a member company of the SGX-ST, bank, merchant bank or trust company.

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## GENERAL AND STATUTORY INFORMATION

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### INFORMATION ON DIRECTORS AND EXECUTIVE OFFICERS

1. Save as disclosed below, none of our Directors, Executive Officers and Controlling Shareholders:
  - (a) has, at any time during the last 10 years, had an application or a petition under any bankruptcy laws of any jurisdiction filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within two years from the date he ceased to be a partner;
  - (b) has, at any time during the last 10 years, had an application or a petition under any law of any jurisdiction filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within two years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency;
  - (c) has any unsatisfied judgement against him;
  - (d) has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose;
  - (e) has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach;
  - (f) has, at any time during the last 10 years, had judgement entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, nor has he been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part;
  - (g) has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust;
  - (h) has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust;
  - (i) has ever been the subject of any order, judgement or ruling of any court, tribunal or governmental body permanently or temporarily enjoining him from engaging in any type of business practice or activity;
  - (j) has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of affairs of:
    - (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere;

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## GENERAL AND STATUTORY INFORMATION

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- (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere;
- (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or
- (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,

in connection with any matter occurring or arising during the period when he was so concerned with the entity or business trust; or

- (k) has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Authority or any other regulatory authority, exchange, professional body or governmental agency, whether in Singapore or elsewhere.

### **Disclosure relating to our CEO and Managing Director, Mr. Hooi Yu Koh and our Executive Officer Mr. Lee Yeng Tat**

Kori Singapore was involved in the Nicoll Highway collapse incident in Singapore on 20 April 2004 as one of the sub-contractors of that project. Mr. Hooi Yu Koh and Mr. Lee Yeng Tat were involved in the investigation process conducted by the relevant authorities in Singapore. However, it was held that the liabilities were on the main contractor of the Nicoll Highway project due to, among others, two technical design errors in the design provided by the main contractor and neither Kori Singapore nor Mr. Hooi Yu Koh and Mr. Lee Yeng Tat were found liable for the collapse of Nicoll Highway. The duration of the whole project was extended by the LTA and hence the date of completion of the project was postponed accordingly. Kori Singapore was not subject to any penalty and did not incur any extra costs and expenses, save for costs and expenses incurred to engage legal counsels for their advice.

- 2. There is no shareholding qualification for Directors under our Articles of Association.
- 3. No option to subscribe for shares in, or debentures of, our Company or any of our subsidiaries has been granted to, or was exercised by, any of our Directors or Executive Officers within the two years preceding the date of this Offer Document.
- 4. Save as disclosed in the sections “Interested Person Transactions” and “Restructuring Exercise” of this Offer Document, none of our Directors is interested, directly or indirectly, in the promotion of, or in any property or assets which have, within the two years preceding the date of this Offer Document, been acquired or disposed of by or leased to us or any of our subsidiaries, or are proposed to be acquired or disposed of by or leased to us or any of our subsidiaries.
- 5. No sum or benefit has been paid or is agreed to be paid to any Director or expert, or to any firm in which such Director or expert is a partner or any corporation in which such Director or expert holds shares or debentures, in cash or shares or otherwise, by any person to induce him to become, or to qualify him as, a Director, or otherwise for services rendered by him or by such firm or corporation in connection with the promotion or formation of our Company.



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## GENERAL AND STATUTORY INFORMATION

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### SHARE CAPITAL

6. As at the Latest Practicable Date, there is one class of shares in the capital of our Company. There is no founder, management or deferred shares. The rights and privileges attached to our Shares are stated in our Articles of Association.
7. Save as disclosed in the sections “Share Capital” and “Restructuring Exercise” of this Offer Document, there are no changes in the share capital or the number and classes of shares of our Company or our subsidiaries within the last three years preceding the date of lodgement of this Offer Document.
8. Save as disclosed in the section “Share Capital” and “Restructuring Exercise” of this Offer Document, no shares in, or debentures of our Company or any of our subsidiaries have been issued, or are proposed to be issued, as fully or partly paid for cash or for a consideration other than cash, during the last three years preceding the date of lodgement of this Offer Document.
9. Save as disclosed under the section “Share Capital” of this Offer Document, as at the Latest Practicable Date, no person has been, or is entitled to be, given an option to subscribe for any shares in or debentures of our Company or any of our subsidiaries.

### MEMORANDUM AND ARTICLES OF ASSOCIATION

10. Our Company is registered in Singapore with the Accounting and Corporate Regulatory Authority with a registration number 201212407R.
11. A summary of our Articles of Association relating to, among others, Directors’ powers to vote on contracts in which they are interested, Directors’ remuneration, Directors’ borrowing powers, Directors’ retirement, Directors’ share qualification, rights pertaining to shares, convening of general meetings and alteration of capital are set out in “Appendix C — Summary of Selected Articles of Association of our Company” to this Offer Document. Our Articles of Association are available for inspection at our registered office in accordance with paragraph 39 in the section “General and Statutory Information — Documents Available for Inspection” of this Offer Document.

### MATERIAL CONTRACTS

12. The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by us within the two years preceding the date of lodgement of this Offer Document and are or may be material:
  - (a) The Convertible Loan Agreement dated 25 May 2012 entered between (a) the Pre-Placement Investors as the lenders, (b) the Company as the borrower, (c) Kori Singapore as a joint guarantor and (d) Ming Shin as another joint guarantor in relation to the grant of the Redeemable Convertible Loan convertible into Shares of our Company. Please refer to the section “Restructuring Exercise” of this Offer Document for more details.
  - (b) The Share Swap Agreement dated 18 October 2012 entered into between our Company and our Chairman and Executive Director, Mr. Kori Nobuaki and our CEO and Managing Director, Mr. Hooi Yu Koh in relation to the sale of respectively 4,920,000 and 3,280,000 shares, representing 100.0% of the share capital in Kori Singapore for an aggregate



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## GENERAL AND STATUTORY INFORMATION

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consideration of S\$15,989,983 to be satisfied in full by the allotment and issue of, respectively, 24,141,708 and 16,094,472 ordinary shares in our Company to Mr. Kori Nobuaki and Mr. Hooi Yu Koh. Please refer to the section “Restructuring Exercise” of this Offer Document for more details.

- (c) The Share Swap Agreement dated 18 October 2012 entered into between our Company and our Chairman and Executive Director, Mr. Kori Nobuaki and our CEO and Managing Director, Mr. Hooi Yu Koh in relation to the sale of respectively 60,000 and 40,000 shares, representing 100.0% of the share capital in Ming Shin for an aggregate consideration of S\$9,835,272 to be satisfied in full by the allotment and issue of, respectively, 14,849,313 and 9,899,542 ordinary shares in our Company to Mr. Kori Nobuaki and Mr. Hooi Yu Koh. Please refer to the section “Restructuring Exercise” of this Offer Document for more details;
- (d) The Share Swap Agreement dated 18 October 2012 entered into between our Company and our Chairman and Executive Director, Mr. Kori Nobuaki and our CEO and Managing Director, Mr. Hooi Yu Koh in relation to the sale of respectively 210,000 and 140,000 shares, representing 100.0% of the share capital in Kori Malaysia for an aggregate consideration of S\$244,385 to be satisfied in full by the allotment and issue of, respectively, 368,973 and 245,982 ordinary shares in our Company to Mr. Kori Nobuaki and Mr. Hooi Yu Koh. Please refer to the section “Restructuring Exercise” of this Offer Document for more details; and
- (e) The Consultancy Agreement dated 30 April 2012 entered into between our Group and Mr. Tan Lee Meng pursuant to which our Group appointed Mr. Tan Lee Meng to provide consultancy services (relating to the Placement) to our Company, which encompassed, amongst others, assisting our Group with our preparation for the Placement. Mr. Tan Lee Meng will receive a consultancy fee of S\$350,000 for such services rendered.

## LITIGATION

- 13. In November 2010, Mr. Tranthaisong Worawut, an ex-employee of Kori Singapore, filed an Originating Summons at the Subordinate Courts of Singapore against Kori Singapore requesting the attendance of its representatives on a hearing of an application by Mr. Tranthaisong Worawut to, among others, answer interrogatories in relation to a work injury compensation claim made by Mr. Tranthaisong Worawut. Mr. Tranthaisong Worawut claimed that he was injured whilst travelling as a passenger on a motor vehicle rented by Kori Singapore during his transportation to work and in the course of his employment on 13 July 2009 at Bartley Road East, Singapore. The aforesaid interrogatories were answered by Mr. Hooi Yu Koh, following which, in February 2011, a Writ of Summons was filed by Mr. Tranthaisong Worawut at the Subordinate Courts of Singapore against both Kori Singapore and Mr. Mohamed Yusope Bin Muntil, an employee of Kori Singapore and the driver of the aforesaid motor vehicle at the time of the accident. The matter was referred to the insurer of the aforesaid motor vehicle and the workmen’s compensation insurers of Kori Singapore who have taken over the conduct on this matter through their respective appointed solicitors. The case is currently pending.
- 14. Saved as disclosed above, as at the Latest Practicable Date, neither us nor any of our subsidiaries is engaged in any legal or arbitration proceedings, including those which are pending or known to be contemplated, which may have, or which have had in the 12 months immediately preceding the date of lodgement of the Offer Document, a material effect on our financial position or profitability and/or the financial position or profitability of our subsidiaries.

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## GENERAL AND STATUTORY INFORMATION

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### MANAGEMENT AND PLACEMENT ARRANGEMENTS

15. Pursuant to the Management Agreement dated 4 December 2012 entered into between our Company, the Vendor and PPCF as the Manager and Sponsor, our Company and the Vendor appointed PPCF to manage and sponsor the Listing. PPCF will receive a management fee for such services rendered.
16. Pursuant to the Placement Agreement dated 4 December 2012 entered into between our Company, the Vendor and PPCF as the Placement Agent, our Company and the Vendor appointed PPCF as the Placement Agent and PPCF agreed to procure purchasers of and/or subscriptions for the Placement Shares for a placement commission of 3.5% of the aggregate Placement Price for the total number of Placement Shares successfully purchased and/or subscribed, payable by our Company and the Vendor in the proportion in which the Placement Shares are offered by our Company and the Vendor pursuant to the Placement. PPCF may, at its absolute discretion appoint one or more sub-placement agents for the Placement.
17. Other than pursuant to the Placement Agreement, there are no contracts, agreements or understandings between our Company, the Vendor and any person or entity that would give rise to any claim for brokerage commission, finder's fees or other payments in connection with the offer and subscription of the Placement Shares.
18. Subject to the consent of the SGX-ST being obtained, the Management Agreement may be terminated by PPCF at any time before the close of the Application List on the occurrence of certain events including, but not limited to, the following:
  - (a) PPCF becomes aware of any material breach by our Company and/or its agent(s) of any warranties, representations, covenants or undertakings given by our Company to PPCF in the Management Agreement;
  - (b) there shall have been, since the date of the Management Agreement, any change or prospective change in or any introduction or prospective introduction of any legislation, regulation, policy, directive, guideline, rule or byelaw by any relevant government or regulatory body, whether or not having the force of law, or any other occurrence of similar nature that would materially change the scope of work, responsibility or liability required of PPCF; or
  - (c) in the case of a conflict of interest for PPCF, or any dispute, conflict or disagreement with our Company and/or the Vendor, or our Company and/or the Vendor willfully fails to comply with any advice from or recommendation of PPCF.
19. The Placement Agreement and the obligations of the Placement Agent under the Placement Agreement are conditional upon, amongst others, the following:
  - (a) the Offer Document having been registered by the SGX-ST, acting as agent on behalf of the Authority by the registration date of the Offer Document in accordance with the Rules of Catalist;
  - (b) the registration notice being issued or granted by the SGX-ST, acting as agent on behalf of the Authority and such registration notice not being revoked or withdrawn on or prior to the date of the closing of the Application List for the Placement Shares under the Placement ("**Closing Date**");

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## GENERAL AND STATUTORY INFORMATION

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- (c) the compliance by our Company and the Vendor to the satisfaction of the SGX-ST with all the conditions imposed by the SGX-ST in granting the registration notice (if any), where such conditions are required to be complied with by the Closing Date;
- (d) the SGX-ST not having withdrawn or changed the terms and conditions of its listing and quotation notice for the admission of our Company to the Official List of Catalist (the “**Admission**”) and our Company having complied with any conditions contained therein required to be complied with prior to the Admission;
- (e) such approvals as may be required for the transactions described in the Placement Agreement and in the Offer Document in relation to the Admission and the Placement being obtained, and not withdrawn or amended, on or before the date on which our Company is admitted to Catalist (or such other date as our Company, the Vendor and the Placement Agent may agree in writing);
- (f) there having been, in the reasonable option of the Placement Agent, no material adverse change or any development likely to result in a material adverse change in the financial or other condition of our Group between the date of the Placement Agreement and the Closing Date nor the occurrence of any event nor the discovery of any fact rendering untrue or incorrect in any respect, as at the Closing Date, any of the warranties or representations contained in the Placement Agreement nor any breach by our Company and the Vendor of any of their obligations thereunder;
- (g) the compliance by our Company and the Vendor with all applicable laws and regulations concerning the Admission, the Listing and the transactions contemplated in the Placement Agreement and the Offer Document and no new laws, regulations and directives having been promulgated, published and/or issued and/or having taken effect or any other similar matter having occurred which, in the reasonable opinion of the Placement Agent, has or may have an adverse effect on the Placement and the Listing;
- (h) the delivery by our Company and the Vendor to the Placement Agent on the Closing Date of a certificate, in the form set out in the Placement Agreement, signed by a Director for and on behalf of our Company and the Vendor respectively;
- (i) the delivery to the Placement Agent of copies of the legal due diligence reports prepared by the Legal Adviser to the Placement and Legal Adviser to our Company as to Singapore Law and Legal Adviser to our Company as to Malaysia Law in relation to the Admission and the Placement Agent being satisfied with the results, findings, advice, opinions and/or conclusions set out in such report;
- (j) the letters of undertaking referred to in the section “Shareholders — Moratorium” of this Offer Document being executed and delivered to the Manager, Sponsor and Placement Agent before the date of registration of the Offer Document; and
- (k) the Management Agreement not being terminated or rescinded pursuant to the provisions of the Management Agreement.

## MISCELLANEOUS

20. The nature of our business has been stated earlier in this Offer Document. The corporations which by virtue of Section 6 of the Companies Act are deemed to be related to us are set out in the section “Group Structure” of this Offer Document.

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## GENERAL AND STATUTORY INFORMATION

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21. There has been no previous issue of Shares by us or offer for sale of our Shares to the public within the two years preceding the date of this Offer Document.
22. There has not been any public take-over offer by a third party in respect of our Shares or by us in respect of shares of another corporation or units of a business trust which has occurred between the beginning of FY2011 and the Latest Practicable Date.
23. Save as disclosed in this Offer Document, no amount of cash or securities or benefit has been paid or given to any promoter within the two years preceding the Latest Practicable Date or is proposed or intended to be paid or given to any promoter at any time.
24. Save as disclosed in the section “General and Statutory Information — Management and Placement Arrangements” of this Offer Document, no commission, discount or brokerage has been paid or other special terms granted within the two years preceding the Latest Practicable Date or is payable to any Director, promoter, expert, proposed director or any other person for purchasing and/or subscribing or agreeing to purchase and/or subscribe or procuring or agreeing to procure purchases and/or subscriptions for any shares in, or debentures of, our Company or any of our subsidiaries.
25. No expert employed on a contingent basis by our Company or any of our subsidiaries, has a material interest, whether direct or indirect, in the shares of our Company or our subsidiaries, or has a material economic interest, whether direct or indirect, in our Company, including an interest in the success of the Placement.
26. Application monies received by us in respect of successful applications (including successful applications which are subsequently rejected) will be placed in a separate non-interest bearing account with the Receiving Banker. In the ordinary course of business, the Receiving Bank will deploy these monies in the inter-bank money market. All profits derived from the deployment of such monies will accrue to the Receiving Bank. Any refund of all or part of the application monies to unsuccessful or partially successful applicants will be made without any interest or any share of revenue or any other benefit arising therefrom.
27. Save as disclosed in this Offer Document, our Directors are not aware of any relevant material information including trading factors or risks which are unlikely to be known or anticipated by the general public and which could materially affect our profits and the profits of our subsidiaries.
28. Save as disclosed in this Offer Document, our financial condition and operations are not likely to be affected by any of the following:
  - (a) known trends or demands, commitments, events or uncertainties that will result in or are reasonably likely to result in our liquidity increasing or decreasing in any material way;
  - (b) material commitments for capital expenditure;
  - (c) unusual or infrequent events or transactions or any significant economic changes that materially affected the amount of reported income from operations; and
  - (d) known trends or uncertainties that have had or that we reasonably expect will have a material favourable or unfavourable impact on revenues or operating income.
29. Save as disclosed in this Offer Document, our Directors are not aware of any event which has occurred since the end of FY2011 to the Latest Practicable Date which may have a material effect on our financial position and results or the financial information provided in this Offer Document.

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## GENERAL AND STATUTORY INFORMATION

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30. Nexia TS is our current auditor. We currently have no intention of changing our auditor after the listing of our Company on Catalist.

### CONSENTS

31. The Independent Market Researcher, Converging Knowledge Private Limited, who is responsible for preparing the sections “Industry Overview”, “Prospects” and “Trend Information” of this Offer Document, has given and has not withdrawn its written consent to the issue of this document with the inclusion herein of its name and the above named sections and all references thereto in the form and context in which they respectively appear in this document, and to act in such capacity in relation to this Offer Document. The above named sections has been prepared for the purpose of incorporation in this Offer Document.
32. The Independent Auditor and Reporting Accountants, Nexia TS, has given and has not withdrawn its written consent to the issue of this Offer Document with the inclusion herein of the “Independent Auditor’s Report on the Audited Combined Financial Statements for the financial years ended 31 December 2009, 2010 and 2011” and the “Independent Auditor’s Review Report on the Unaudited Combined Financial Statements for the six-month financial period ended 30 June 2012” as set out in Appendices A and B of this Offer Document respectively and all references thereto in the form and context in which they appear in this Offer Document and references to its name in the form and context in which it appears in this Offer Document and to act in such capacity in relation to this Offer Document.
33. The Manager, Sponsor, and Placement Agent has given and has not withdrawn its written consent to the issue of this Offer Document with the inclusion herein of its name and references thereto in the form and context in which they appear in this Offer Document and to act in such capacities in relation to this Offer Document.
34. The Legal Adviser to the Placement and Legal Adviser to our Company as to Singapore Law, WongPartnership LLP, has given and has not withdrawn its written consent to the issue of this Offer Document with the inclusion herein of its name and references thereto in the form and context in which they appear in this Offer Document and to act in such capacity in relation to this Offer Document.
35. The Legal Adviser to our Company as to Malaysia law, Zaid Ibrahim & Co, has given and has not withdrawn its written consent to the issue of this Offer Document with the inclusion herein of its name and references thereto in the form and context in which they appear in this Offer Document and to act in such capacity in relation to this Offer Document.
36. Each of the Legal Adviser to the Placement and Legal Adviser to our Company as to Singapore law, the Legal Adviser to our Company as to Malaysia law, the Share Registrar, the Principal Bankers and the Receiving Banker do not make or purport to make any statement in this Offer Document or any statement upon which a statement in this Offer Document is based and each of them makes no representation regarding any statement in this Offer Document and to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any liability to any person which is based on, or arises out of, any statement, information or opinions in, or omission from, this Offer Document.

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## GENERAL AND STATUTORY INFORMATION

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### RESPONSIBILITY STATEMENT BY OUR DIRECTORS

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

### RESPONSIBILITY STATEMENT BY THE VENDOR

38. This Offer Document has been seen and approved by the Vendor and the Vendor accepts full responsibility for the accuracy of the information given in this Offer Document and confirms, after making all reasonable enquiries, that to the best of his knowledge and belief, this Offer Document constitutes full and true disclosure of all material facts about the Placement, our Company and its subsidiaries, and the Vendor is not aware of any facts the omission of which would make any statement in this Offer Document misleading. Where information in this Offer Document has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Vendor has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Offer Document in its proper form and context.

### DOCUMENTS AVAILABLE FOR INSPECTION

39. The following documents or copies thereof may be inspected at our registered office during normal business hours for a period of six months from the date of registration of this Offer Document with the SGX-ST, acting as agent on behalf of the Authority:
- (a) our Memorandum and Articles of Association;
  - (b) Independent Auditor's Report on the Audited Combined Financial Statements for the financial years ended 31 December 2009, 2010 and 2011 set out in Appendix A to this Offer Document;
  - (c) Independent Auditor's Review Report on the Unaudited Combined Financial Statements for the six-month financial period ended 30 June 2012 set out in Appendix B to this Offer Document;
  - (d) the material contracts referred to in this Offer Document;
  - (e) the letters of consent referred to in this Offer Document;
  - (f) the Service Agreements;
  - (g) the Industry Report;
  - (h) the Rules of the Kori Employee Share Option Scheme; and
  - (i) the Rules of the Kori Performance Share Plan.

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**APPENDIX A — INDEPENDENT AUDITOR'S REPORT  
ON THE AUDITED COMBINED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011**

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**Kori Holdings Limited and Its Subsidiaries**

**Statement by Directors**

**For the Financial Years Ended 31 December 2009, 2010 and 2011**

In the opinion of the directors,

- (i) the combined financial statements set out on pages A-4 to A-45 are drawn up so as to give a true and fair view of the state of affairs of the Group as at 31 December 2009, 2010 and 2011, and of the results of the business, changes in equity and cash flows of the Group for the financial years then ended, and
- (ii) at the date of this statement, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they fall due.

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NOBUAKI KORI  
*Director*

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HOOI YU KOH  
*Director*

4 December 2012



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**APPENDIX A — INDEPENDENT AUDITOR'S REPORT  
ON THE AUDITED COMBINED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011**

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**Kori Holdings Limited and Its Subsidiaries**

**Independent Auditor's Report**

**For the Financial Years Ended 31 December 2009, 2010 and 2011**

**4 December 2012**

**The Board of Directors**

**Kori Holdings Limited**

**11 Sims Drive**

**#06-01 SCN Centre**

**Singapore 387385**

Dear Sirs

We have audited the accompanying combined financial statements of Kori Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") set out on pages A-4 to A-45, which comprise the combined balance sheets of the Group as at 31 December 2009, 2010 and 2011, the combined statements of comprehensive income, combined statements of changes in equity and combined statements of cash flows for the financial years ended 31 December 2009, 2010 and 2011, and a summary of significant accounting policies and other explanatory information.

*Management's Responsibility for the Combined Financial Statements*

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

*Auditor's Responsibility*

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

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

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

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**APPENDIX A — INDEPENDENT AUDITOR’S REPORT  
ON THE AUDITED COMBINED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011**

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*Opinion*

In our opinion, the combined financial statements of the Group are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group as at 31 December 2009, 2010 and 2011, and the results, changes in equity and cash flows of the Group for each of the financial years ended on 31 December 2009, 2010 and 2011.

**Other Matters**

This report has been prepared for the purpose of inclusion in the Offer Document of the Company in connection with the initial public offering (“IPO”) of the ordinary shares of the Company on the Catalist Board of Singapore Exchange Securities Trading Limited.

**Nexia TS Public Accounting Corporation**  
***Public Accountants and Certified Public Accountants***  
**Singapore**

**Director-in-charge: Philip Tan Jing Choon**

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**APPENDIX A — INDEPENDENT AUDITOR'S REPORT  
ON THE AUDITED COMBINED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011**

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**Kori Holdings Limited and Its Subsidiaries**

**Combined Statements of Comprehensive Income  
For the Financial Years Ended 31 December 2009, 2010 and 2011**

	<b>Note</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
		<b>\$</b>	<b>\$</b>	<b>\$</b>
Revenue	4	28,032,177	39,992,327	34,687,050
Cost of works		(22,539,433)	(32,115,157)	(26,409,138)
Gross profit		5,492,744	7,877,170	8,277,912
Other income	5	651,584	843,579	674,886
Expenses				
— Administrative		(1,778,744)	(1,966,938)	(1,823,292)
— Finance	8	(3,893)	(6,770)	(5,823)
Profit before income tax		4,361,691	6,747,041	7,123,683
Income tax expense	9	(745,448)	(1,143,392)	(1,114,326)
<b>Net profit</b>		<b>3,616,243</b>	<b>5,603,649</b>	<b>6,009,357</b>
<b>Other comprehensive income:</b>				
— Currency translation differences arising from consolidation		266	(1,471)	7,612
<b>Total comprehensive income</b>		<b>3,616,509</b>	<b>5,602,178</b>	<b>6,016,969</b>
<b>Earnings per share attributable to equity holders of the Company</b>				
Basic	10	5.56	8.62	9.25
Diluted	10	5.56	8.62	9.25

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

**APPENDIX A — INDEPENDENT AUDITOR'S REPORT  
ON THE AUDITED COMBINED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011**

**Kori Holdings Limited and Its Subsidiaries**

**Combined Balance Sheets**

**As at 31 December 2009, 2010 and 2011**

	Note	2009 \$	2010 \$	2011 \$
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and bank balances	11	5,133,997	6,532,621	5,593,250
Trade and other receivables	12	12,046,552	20,883,605	27,402,135
Inventories	13	—	—	760,393
Deferred income tax assets	18	227,759	72,765	—
		<u>17,408,308</u>	<u>27,488,991</u>	<u>33,755,778</u>
<b>Non-current assets</b>				
Property, plant and equipment	15	<u>442,170</u>	<u>353,751</u>	<u>326,827</u>
<b>Total assets</b>		<u>17,850,478</u>	<u>27,842,742</u>	<u>34,082,605</u>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	16	7,517,833	11,163,060	10,408,413
Finance lease liabilities	17	52,710	46,593	46,593
Current income tax liabilities		<u>962,678</u>	<u>1,760,248</u>	<u>2,639,208</u>
		<u>8,533,221</u>	<u>12,969,901</u>	<u>13,094,214</u>
<b>Non-current liabilities</b>				
Finance lease liabilities	17	166,893	120,299	73,706
Deferred income tax liabilities	18	<u>—</u>	<u>—</u>	<u>5,104</u>
		<u>166,893</u>	<u>120,299</u>	<u>78,810</u>
<b>Total liabilities</b>		<u>8,700,114</u>	<u>13,090,200</u>	<u>13,173,024</u>
<b>NET ASSETS</b>		<u>9,150,364</u>	<u>14,752,542</u>	<u>20,909,581</u>
<b>EQUITY</b>				
Share capital	19	302,049	302,049	442,119
Currency translation reserve		266	(1,205)	6,407
Retained profits	20	<u>8,848,049</u>	<u>14,451,698</u>	<u>20,461,055</u>
<b>TOTAL EQUITY</b>		<u>9,150,364</u>	<u>14,752,542</u>	<u>20,909,581</u>

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

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**APPENDIX A — INDEPENDENT AUDITOR'S REPORT  
ON THE AUDITED COMBINED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011**

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**Kori Holdings Limited and Its Subsidiaries**

**Combined Statements of Changes in Equity  
For the Financial Years Ended 31 December 2009, 2010 and 2011**

	Share capital \$	Retained profits \$	Currency translation reserve \$	Total equity \$
<b>2009</b>				
Beginning of financial year	302,049	5,231,806	—	5,533,855
Total comprehensive income for the year	—	3,616,243	266	3,616,509
End of financial year	302,049	8,848,049	266	9,150,364
<b>2010</b>				
Beginning of financial year	302,049	8,848,049	266	9,150,364
Total comprehensive income for the year	—	5,603,649	(1,471)	5,602,178
End of financial year	302,049	14,451,698	(1,205)	14,752,542
<b>2011</b>				
Beginning of financial year	302,049	14,451,698	(1,205)	14,752,542
Issue of new shares	140,070	—	—	140,070
Total comprehensive income for the year	—	6,009,357	7,612	6,016,969
End of financial year	442,119	20,461,055	6,407	20,909,581

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

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**APPENDIX A — INDEPENDENT AUDITOR'S REPORT  
ON THE AUDITED COMBINED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011**

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**Kori Holdings Limited and Its Subsidiaries**

**Combined Statements of Cash Flows**

**For the Financial Years Ended 31 December 2009, 2010 and 2011**

	Note	2009 \$	2010 \$	2011 \$
<b>Cash flows from operating activities</b>				
Net profit		3,616,243	5,603,649	6,009,357
Adjustment for				
— Income tax expense		745,448	1,143,392	1,114,326
— Depreciation	15	79,398	101,331	96,745
— Gains on disposal of property, plant and equipment	5	(71,127)	(20,800)	(317)
— Interest income	5	(37,215)	(46,398)	(22,428)
— Interest expense	8	3,893	6,770	5,823
— Unrealised currency translation (gains)/losses		1,491	(4,072)	12,956
		4,338,131	6,783,872	7,216,462
<b>Change in working capital</b>				
— Trade and other receivables		(469,570)	(8,837,053)	(6,518,530)
— Trade and other payables		(4,704,597)	3,645,227	(754,647)
— Inventories		—	—	(760,393)
Cash (used in)/generated from operations		(836,036)	1,592,046	(817,108)
Income tax paid		(59,640)	(191,006)	(160,589)
<b>Net cash (used in)/provided by operating activities</b>		(895,676)	1,401,040	(977,697)
<b>Cash flows from investing activities</b>				
Additions to property, plant and equipment		(23,973)	(10,133)	(77,478)
Proceeds from disposal of property, plant and equipment		82,763	20,800	5,722
<b>Net cash provided by/(used in) investing activities</b>		58,790	10,667	(71,756)

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**APPENDIX A — INDEPENDENT AUDITOR’S REPORT  
ON THE AUDITED COMBINED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011**

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	Note	2009 \$	2010 \$	2011 \$
<b>Cash flows from financing activities</b>				
Interest received		37,215	46,398	22,428
Interest paid		(3,893)	(6,770)	(5,823)
Bank deposits pledged		(244,426)	(4,027)	(3,232)
Proceeds from issuance of ordinary shares		—	—	140,070
Repayment of finance lease liabilities		(130,300)	(52,711)	(46,593)
<b>Net cash (used in)/provided by financing activities</b>		(341,404)	(17,110)	106,850
<b>Net (decrease)/increase in cash and cash equivalents</b>		(1,178,290)	1,394,597	(942,603)
Beginning of financial year		5,567,218	4,388,928	5,783,525
End of financial year	11	4,388,928	5,783,525	4,840,922

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



# APPENDIX A — INDEPENDENT AUDITOR'S REPORT ON THE AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011

## Kori Holdings Limited and Its Subsidiaries

### Notes to the Combined Financial Statements

For the Financial Years Ended 31 December 2009, 2010 and 2011

## 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.”, to act as the holding corporation of the Group. On incorporation, the Company's issued and paid-up share capital was \$10 comprising ten shares. The Company was incorporated for the purpose of acquiring the existing companies of the Group pursuant to the Restructuring Exercise (Note 1.2).

The Company was converted into a public limited company and the name was changed to “Kori Holdings Limited” on 26 November 2012.

The address of its registered and principal place of business is 11 Sims Drive, #06-01 SCN Centre, Singapore 387385.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are described below.

The Group comprises the Company and the following subsidiaries and associated company:

Name of companies	Principal activities	Country of business/ incorporation	Equity holding		
			2009	2010	2011
			%	%	%
Kori Construction (S) Pte. Ltd.	Building construction and investment holding	Singapore	100	100	100
Ming Shin Construction (S) Pte. Ltd.	Building construction and civil engineering work	Singapore	100	100	100
Kori Construction (M) Sdn. Bhd.	Contractors for construction works for all kind	Malaysia	40	40	49

### 1.2 The Restructuring Exercise

The Company undertook the following exercise (“Restructuring Exercise”) in connection with the invitation:

#### (i) Incorporation of the Company

The Company was incorporated on 18 May 2012 in Singapore under the Companies Act as a private limited company. The principal activity of the Company is that of an investment holding company. At the time of incorporation, the Company had an issued and paid-up share capital of S\$10 comprising 10 shares held by Mr. Kori Nobuaki and Mr. Hooi Yu Koh in the proportion of 60.0% and 40.0% respectively.

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**APPENDIX A — INDEPENDENT AUDITOR'S REPORT  
ON THE AUDITED COMBINED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011**

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- (ii) Acquisition of Kori Construction (S) Pte. Ltd., Ming Shin Construction (S) Pte. Ltd. and Kori Construction (M) Sdn. Bhd.

On 28 February 2012, an aggregate of 178,500 shares in the issued and paid-up share capital of Kori Malaysia, representing 51.0% of the shareholding interest in Kori Malaysia, were transferred to Mr. Kori Nobuaki and Mr. Hooi Yu Koh from Ms. Hasniza Wazer and Ms. Fatimah Sulaiman for RM178,500 (the **"Share Transfer"**).

On 18 October 2012, the Company entered into three share swap agreements (collectively the **"Share Swap Agreements"**) with Mr. Kori Nobuaki and Mr. Hooi Yu Koh to acquire their respective shareholding interests in Kori Construction (S) Pte. Ltd., Ming Shin Construction (S) Pte. Ltd. and Kori Construction (M) Sdn. Bhd. for a purchase consideration of S\$15,989,983, S\$9,835,272 and S\$244,385 respectively based on the respective net assets of the three subsidiaries as at 30 June 2012. The purchase consideration for the entire equity interest in Kori Construction (S) Pte. Ltd., Ming Shin Construction (S) Pte. Ltd. and Kori Construction (M) Sdn. Bhd. was satisfied by the allotment and issuance of 65,599,990 new Shares (the **"Consideration Shares"**) in the capital of the Company to Mr. Kori Nobuaki and Mr. Hooi Yu Koh in the proportion of 60.0% and 40.0%, respectively.

- (iii) Pre-Placement Share Sale

On 22 May 2012, the Chairman and Executive Director, Mr. Kori Nobuaki entered into the Share Sale Agreement with the Purchasers, for the sale and purchase of an aggregate of 5,408,000 Shares in the Company, representing 8.24% of the then issued share capital of the Company (the **"Sale Shares"**) for an aggregate consideration of S\$676,000 (the **"Share Sale"**).

On 22 November 2012, the date of the completion of the Share Sale (which is conditional upon the completion of the acquisition of Kori Construction (S) Pte. Ltd., Ming Shin Construction (S) Pte. Ltd. and Kori Construction (M) Sdn. Bhd. by the Company), each of the Purchasers, save for Mr. Hooi Yu Koh, has made payment for their respective amount of purchase consideration to Mr. Kori Nobuaki upon the terms and conditions of the Share Sale Agreement. Pursuant to the Share Sale Agreement, Mr. Hooi Yu Koh shall make payment of his purchase consideration to Mr. Kori Nobuaki within 12 months from the date of the Share Sale Agreement.

Upon the completion of the Share Sale, each of Mr. Kori Nobuaki and Mr. Hooi Yu Koh shall hold 33,952,000 Shares and 29,848,000 Shares, representing 51.76% and 45.50% of the issued share capital of the Company respectively and the rest of the Purchasers shall hold an aggregate of 1,800,000 Shares, representing 2.74% of the issued share capital of the Company.

- (iv) Pre-Placement Redeemable Convertible Loan

On 25 May 2012, the Company entered into a \$1,200,000 Convertible Loan Agreement with, among others, the Pre-Placement Investors for the grant of the Redeemable Convertible Loan by the Pre-Placement Investors to the Company upon the terms and conditions of the Convertible Loan Agreement.

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## **APPENDIX A — INDEPENDENT AUDITOR'S REPORT ON THE AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011**

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### **1.3 Basis of Preparation**

The Restructuring Exercise involved companies which are under common control since all the entities which took part in the Restructuring Exercise were controlled by the same ultimate shareholders before and immediately after the Restructuring Exercise. The objective of the combined financial statements is to show what the historical information might have been had the combined group as describe in Note 1.2 and after the Restructuring Exercise had been in place since 1 January 2009 under the "pooling-of-interest" method.

Such manner of presentation reflects the economic substance of the combining companies, which were under common control throughout the financial years ended 31 December 2009, 2010 and 2011 presented, as a single economic enterprise, although the legal parent-subsidiary relationships were not established as at the respective balance sheet dates.

## **2 SIGNIFICANT ACCOUNTING POLICIES**

### **2.1 Statement of Compliance**

The combined financial statements of the Group are prepared in accordance with Singapore Financial Reporting Standards ("FRS") including related Interpretations promulgated by the Accounting Standards Council ("ASC").

The combined financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below. The combined financial statements are presented in Singapore Dollar ("S\$"), unless otherwise stated.

### **2.2 Use of Estimates and Judgements**

The preparation of the combined financial statements in accordance with FRS requires the Company's management to exercise its judgement in the process of the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the combined financial statements, are disclosed in Note 3. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of judgements about carrying values of assets and liabilities and which are not readily apparent from other sources. Actual results may differ from these estimates.

At the date of these financial statements, the Directors of the Company have considered and anticipated that the adoption of FRS that were in issue but not effective will not have any material impact on the combined financial statements.

The Group and the Company have adopted all the applicable new/revised FRS issued by the Accounting Standards Council ("ASC") that are relevant to its operations and effective for annual period beginning 1 January 2009. The adoption of these new/revised FRS has no material effect on the combined financial statements for the current and prior financial years.

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**APPENDIX A — INDEPENDENT AUDITOR’S REPORT  
ON THE AUDITED COMBINED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011**

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**2.3 Changes in Accounting Policies**

The Group has early adopted FRS and Interpretations to FRS (“INT FRS”), which are effective for accounting periods beginning on or after 1 January 2009, issued by the ASC for the preparation of these combined financial statements of the Group since 1 January 2009. FRS 101, First-time Adoption of Financial Reporting Standards, have been applied in preparing these combined financial statements.

The early adoption of FRS and INT FRS which are effective for periods beginning on or after 1 January 2009 did not result in any substantial changes to the Group’s accounting policies nor any significant impact on these combined financial statements.

**2.4 Common Control Business Combination Outside the Scope of FRS 103**

A business combination involving entities under common control is a business combination in which all the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. The Restructuring Exercise described in Note 1.2 resulted in a business combination involving common control entities, and accordingly the accounting treatment is outside the scope of FRS 103 Business Combinations. For such common control business combinations, the merger accounting principles are used to include the assets, liabilities, results, equity changes and cash flows of the combining entities in the combined financial statements.

In applying merger accounting, financial statement items of the combining entities or businesses for the reporting period in which the common control combination occurs are included in the combined financial statements of the combined entity as if the combination had occurred from the date when the combining entities or businesses first came under the control of the controlling party or parties.

The combined financial statements of the Group for the financial years ended 31 December 2009, 2010 and 2011, were prepared in accordance with the principle of merger accounting as if the Restructuring Exercise had been completed on 1 January 2009. Such manner of presentation reflects the economic substance of the combining entities as a single economic enterprise, although the legal parent-subsidary relationship was not established until after the balance sheet date.

In preparing the combined financial statements, transactions, balances and unrealised gains on transactions between group companies are eliminated. A single uniform set of accounting policies is adopted by the combined entity. The combined entity recognised the assets, liabilities and equity of the combining entities or businesses at the carrying amounts in the combined financial statements. There is no recognition of any goodwill or excess of the acquirer’s interest in the net fair value of the acquiree’s identifiable assets, liabilities and contingent liabilities over cost at the time of the common control combination. The aggregate paid-up capital and reserves of the subsidiaries are shown as the Group’s share capital and reserves for the financial years ended 31 December 2009, 2010 and 2011.

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**APPENDIX A — INDEPENDENT AUDITOR'S REPORT  
ON THE AUDITED COMBINED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011**

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**2.5 Group Accounting**

***Subsidiaries***

***(i) Consolidation***

Subsidiaries are entities (including special purpose entities) over which the Group has power to govern the financial and operating policies so as to obtain benefits from its activities, generally accompanied by a shareholding giving rise to a majority of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

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

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which 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, 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 by the Group.

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

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.

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

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**APPENDIX A — INDEPENDENT AUDITOR'S REPORT  
ON THE AUDITED COMBINED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011**

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*(iii) Disposals*

When a change in the Company's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts 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 interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained investment at the date when control is lost and its fair value is recognised in profit or loss.

*(iv) 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 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.

## **2.6 Revenue Recognition**

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

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

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

Revenue from construction contract is recognised based on the percentage of completion method as disclosed in Note 2.9.

*(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.

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**APPENDIX A — INDEPENDENT AUDITOR'S REPORT  
ON THE AUDITED COMBINED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011**

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**2.7 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.

*(b) Depreciation*

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	<b><u>Useful Lives</u></b>
— Furniture and fittings	10 years
— Motor vehicles	5 years
— Office equipment	1 – 10 years
— Plant and machinery	5 years
— Site office	20 years
— Freehold property	50 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 the profit or loss when the changes arise.

*(c) Subsequent expenditure*

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

*(d) Disposal*

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



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**APPENDIX A — INDEPENDENT AUDITOR’S REPORT  
ON THE AUDITED COMBINED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011**

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**2.8 Impairment of Non-Financial Assets**

*Property, plant and equipment*

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

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

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

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in the profit or loss.

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 the profit or loss.

**2.9 Construction Contracts**

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

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

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 activity 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.

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**APPENDIX A — INDEPENDENT AUDITOR’S REPORT  
ON THE AUDITED COMBINED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011**

---

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

Progress billing not yet paid by customers and retention monies are included within “Trade and other receivables”. Advances received are included within “Trade and other payables”.

## **2.10 Cash and Cash Equivalents**

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

## **2.11 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 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 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.

## **2.12 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 first-in-first-out basis. Net realisable value is the estimated selling price of construction services less the applicable costs of conversion to complete the services and variable selling expenses.

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**APPENDIX A — INDEPENDENT AUDITOR'S REPORT  
ON THE AUDITED COMBINED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011**

---

**2.13 Trade and Other Payables**

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

**2.14 Income Taxes**

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

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

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries 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.

**2.15 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.

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**APPENDIX A — INDEPENDENT AUDITOR'S REPORT  
ON THE AUDITED COMBINED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011**

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**2.16 Currency Translation**

*(a) Functional and presentation currency*

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

*(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 from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rate at the balance sheet date are recognised in profit or loss, unless they arise from borrowings in foreign currencies, other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations. Those currency translation differences are recognised in the currency translation reserve in other comprehensive income and transferred to the profit or loss as part of the gain or loss on disposal of the foreign operation.

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 the other comprehensive income and accumulated in currency translation reserve.

**2.17 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.

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**APPENDIX A — INDEPENDENT AUDITOR'S REPORT  
ON THE AUDITED COMBINED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011**

---

**2.18 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.

**2.19 Dividends to Company's Shareholders**

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

**2.20 Government Grant**

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 grant relating to expense is deducted directly from the related expenses.

**2.21 Fair Value Estimation**

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

**2.22 Leases**

*When the Group is the lessee:*

The Group leases motor vehicles and certain plant and machinery under finance leases and workers quarters 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 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.

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**APPENDIX A — INDEPENDENT AUDITOR'S REPORT  
ON THE AUDITED COMBINED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011**

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**2.23 Segment Reporting**

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

**3 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS**

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

(a) Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these assets to be within 1 – 50 years. The carrying amounts of the Group's property, plant and equipment as at 31 December 2009, 2010 and 2011 are \$442,170, \$353,751 and \$326,827 respectively. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore, future depreciation charges could be revised.

(b) Construction contracts

The Group recognises contract revenue to the extent of contract costs incurred where it is probable those costs will be recoverable or based on the stage of completion method. The stage of completion is measured by reference to the contract costs incurred to date compared to the estimated total costs for the contract.

Significant assumptions are required to determine the stage of completion, the estimated total contract revenue and contract cost, as well as the recoverability of the contracts. Total contract revenue also includes an estimation of the recoverable variation works that are recoverable from the customers. In making judgement, the Group evaluates by relying on past experience.

If the revenue on uncompleted contracts at the balance sheet date increases/decreases by 5% from management estimates, the Group's revenue for the financial years ended 31 December 2009, 2010 and 2011 will increase/decrease by \$1,334,265, \$2,184,446 and \$1,774,156 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 years ended 31 December 2009, 2010 and 2011 will decrease/increase by \$180,812, \$280,182 and \$300,468 respectively.

**APPENDIX A — INDEPENDENT AUDITOR'S REPORT  
ON THE AUDITED COMBINED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011**

(c) Income taxes

The Group has exposure to income taxes in Singapore and Malaysia. Significant judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amounts of the Group's current income tax liabilities were \$962,678, \$1,760,248 and \$2,639,208 as at 31 December 2009, 2010 and 2011 respectively. The carrying amounts of the Group's deferred income tax assets/(liabilities) were \$227,759, \$72,765 and (\$5,104) as at 31 December 2009, 2010 and 2011 respectively.

**4 REVENUE**

	2009	2010	2011
	\$	\$	\$
Revenue from structural steel works	26,373,453	35,891,522	33,174,878
Revenue from tunnelling	1,658,724	4,100,805	1,512,172
	<u>28,032,177</u>	<u>39,992,327</u>	<u>34,687,050</u>

**5 OTHER INCOME**

	2009	2010	2011
	\$	\$	\$
Net foreign currency gains	—	185,420	100,375
Gains on disposal of property, plant and equipment	71,127	20,800	317
Government grant — Jobs Credit Scheme	132,514	22,847	—
Income from sales of scrap materials	218,772	399,452	492,426
Interest income — bank deposits	37,215	46,398	22,428
Secondment of project engineers	141,816	158,782	39,295
Others	50,140	9,880	20,045
	<u>651,584</u>	<u>843,579</u>	<u>674,886</u>

The Jobs Credit Scheme is a cash grant introduced in the Singapore Budget 2009 to help businesses preserve jobs in the economic downturn. The amount an employer can receive would depend on the fulfilment of certain conditions under the scheme.



**APPENDIX A — INDEPENDENT AUDITOR'S REPORT  
ON THE AUDITED COMBINED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011**

**6 EXPENSES BY NATURE**

	<b>2009</b>	<b>2010</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Materials	7,494,131	14,555,792	9,935,880
Sub-contractors' charges	2,989,453	4,850,768	2,926,752
Employee compensation (Note 7)	6,571,165	7,391,712	7,561,134
Worksite	3,016,530	2,835,815	4,285,605
Entertainment	128,880	83,161	98,592
Rental on operating leases	2,316,341	2,736,601	2,207,080
Insurance	67,731	68,224	69,078
Transport and travelling	127,235	135,859	125,925
Professional fees	211,151	963,633	679,823
Depreciation (Note 15)	79,398	101,331	96,745
Provision for loss on contract	997,339	—	—
Other	318,823	359,199	245,816
Total cost of works and administrative expenses	<u>24,318,177</u>	<u>34,082,095</u>	<u>28,232,430</u>

**7 EMPLOYEE COMPENSATION**

	<b>2009</b>	<b>2010</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Wages and salaries	6,161,403	7,093,623	7,286,168
Employers' contribution to defined contribution plans including Central Provident Fund	195,406	228,807	203,205
Other benefits	214,356	69,282	71,761
	<u>6,571,165</u>	<u>7,391,712</u>	<u>7,561,134</u>

**8 FINANCE EXPENSE**

	<b>2009</b>	<b>2010</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Interest expense — Finance lease liabilities	<u>3,893</u>	<u>6,770</u>	<u>5,823</u>

**APPENDIX A — INDEPENDENT AUDITOR'S REPORT  
ON THE AUDITED COMBINED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011**

**9 INCOME TAX EXPENSE**

	2009	2010	2011
	\$	\$	\$
Tax expense/(credit) attributable to profit is made up of			
Current provision:			
— Current income tax			
Singapore	962,678	1,011,542	968,139
Foreign	—	(22,361)	73,345
— Deferred income tax	(233,180)	154,816	74,777
	<u>729,498</u>	<u>1,143,997</u>	<u>1,116,261</u>
Under/(Over) provision in prior financial years	15,950	(605)	(1,935)
	<u><u>745,448</u></u>	<u><u>1,143,392</u></u>	<u><u>1,114,326</u></u>

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

	2009	2010	2011
	\$	\$	\$
Profit before income tax	<u>4,361,691</u>	<u>6,747,041</u>	<u>7,123,683</u>
Tax calculated at tax rate of 17% (2010:17% and 2009: 17%)	741,487	1,146,997	1,211,026
Effects of:			
— Different tax rate in other countries	(1,605)	(6,969)	14,953
— Singapore statutory stepped income exemption	(25,925)	(51,850)	(51,850)
— Expenses not deductible for tax purposes	45,166	51,361	28,964
— Income not subject for tax purposes	(34,087)	(7,420)	(2,898)
— Other tax incentives	—	(867)	(19,975)
— Utilisation of previously unrecognised capital allowance	—	—	(65,618)
— Others	4,462	12,745	1,659
	<u><u>729,498</u></u>	<u><u>1,143,997</u></u>	<u><u>1,116,261</u></u>

**10 EARNINGS PER SHARE**

For illustrative purpose, the calculation of the basic earnings per share is based on the net profit attributable to equity holders of the Company for the financial years ended 31 December 2009, 2010 and 2011 and on 650,000 ordinary shares, representing the aggregate number of fully paid and issued ordinary share capital of Kori Construction (S) Pte. Ltd., Ming Shin Construction (S) Pte. Ltd. and Kori Construction (M) Sdn. Bhd.

There were no diluted earnings per share for the financial years ended 31 December 2009, 2010 and 2011 as there were no potential ordinary shares outstanding.

**APPENDIX A — INDEPENDENT AUDITOR'S REPORT  
ON THE AUDITED COMBINED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011**

**11 CASH AND BANK BALANCES**

	<b>2009</b>	<b>2010</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Cash at bank and on hand	3,121,564	4,456,110	4,109,148
Short-term bank deposits	2,012,433	2,076,511	1,484,102
	<u>5,133,997</u>	<u>6,532,621</u>	<u>5,593,250</u>

For the purpose of presenting the combined statements of cash flows, the combined cash and bank balances comprise the following:

	<b>2009</b>	<b>2010</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Cash and bank balances (as above)	5,133,997	6,532,621	5,593,250
Less: Short-term bank deposits pledged	(745,069)	(749,096)	(752,328)
Cash and cash equivalents per combined statements of cash flows	<u>4,388,928</u>	<u>5,783,525</u>	<u>4,840,922</u>

Short-term bank deposits are pledged as security for letters of guarantee of \$752,328 (2010: \$749,096 and 2009: \$745,069).

**12 TRADE AND OTHER RECEIVABLES**

	<b>2009</b>	<b>2010</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Trade receivables — non-related parties	4,064,321	5,056,336	4,758,983
Construction contracts:			
— Due from customers (Note 14)	4,081,517	12,226,428	19,113,145
— Retention (Note 14)	3,762,777	3,396,352	2,756,693
	7,844,294	15,622,780	21,869,838
Non-trade receivables — non-related parties	16,515	66,986	430,782
Deposits	109,921	105,368	325,526
Prepayments	11,501	32,135	17,006
	<u>12,046,552</u>	<u>20,883,605</u>	<u>27,402,135</u>

**13 INVENTORIES**

	<b>2009</b>	<b>2010</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Steel beams	<u>—</u>	<u>—</u>	<u>760,393</u>

The cost of inventories recognised as an expense and included in “cost of works” amounts to \$9,928,880 (2010: \$14,564,097 and 2009: \$6,320,033).

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**APPENDIX A — INDEPENDENT AUDITOR'S REPORT  
ON THE AUDITED COMBINED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011**

---

**14 CONSTRUCTION CONTRACTS**

	2009	2010	2011
	\$	\$	\$
<i>Construction contract work-in-progress</i>			
Aggregate costs incurred and profits recognised (less losses recognised) to date on uncompleted construction contracts	110,430,085	93,819,146	114,952,688
Less: Progress billings	<u>(107,271,681)</u>	<u>(83,540,419)</u>	<u>(97,764,784)</u>
	<u>3,158,404</u>	<u>10,278,727</u>	<u>17,187,904</u>
 Presented as:			
Due from customers on construction contracts (Note 12)	4,081,517	12,226,428	19,113,145
Due to customers on construction contracts (Note 16)	<u>(923,113)</u>	<u>(1,947,701)</u>	<u>(1,925,241)</u>
	<u>3,158,404</u>	<u>10,278,727</u>	<u>17,187,904</u>
 Retentions on construction contracts (Note 12)	<u>3,762,777</u>	<u>3,396,352</u>	<u>2,756,693</u>

**APPENDIX A — INDEPENDENT AUDITOR'S REPORT  
ON THE AUDITED COMBINED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011**

**15 PROPERTY, PLANT AND EQUIPMENT**

<b>2009</b>	<b>Furniture and fittings \$</b>	<b>Motor vehicles \$</b>	<b>Office equipment \$</b>	<b>Plant and machinery \$</b>	<b>Site office \$</b>	<b>Freehold property \$</b>	<b>Total \$</b>
<i>Cost</i>							
Beginning of financial year	74,176	370,434	69,402	726,216	35,800	75,376	1,351,404
Currency translation differences	(23)	(1,086)	(272)	—	—	(693)	(2,074)
Additions	522	340,613	11,775	2,663	—	—	355,573
Disposals	—	(204,888)	—	—	—	—	(204,888)
End of financial year	74,675	505,073	80,905	728,879	35,800	74,683	1,500,015
<i>Accumulated depreciation</i>							
Beginning of financial year	52,756	298,520	54,725	723,453	30,773	12,294	1,172,521
Currency translation differences	(12)	(505)	(185)	—	—	(119)	(821)
Depreciation charge (Note 6)	4,852	52,635	15,858	2,763	1,790	1,500	79,398
Disposals	—	(193,253)	—	—	—	—	(193,253)
End of financial year	57,596	157,397	70,398	726,216	32,563	13,675	1,057,845
<b>Net book value at end of financial year</b>	<b>17,079</b>	<b>347,676</b>	<b>10,507</b>	<b>2,663</b>	<b>3,237</b>	<b>61,008</b>	<b>442,170</b>

**APPENDIX A — INDEPENDENT AUDITOR'S REPORT  
ON THE AUDITED COMBINED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011**

<b>2010</b>	<b>Furniture and fittings</b>	<b>Motor vehicles</b>	<b>Office equipment</b>	<b>Plant and machinery</b>	<b>Site office</b>	<b>Freehold property</b>	<b>Total</b>
<u>Cost</u>	\$	\$	\$	\$	\$	\$	\$
Beginning of financial year	74,675	505,073	80,905	728,879	35,800	74,683	1,500,015
Currency translation differences	56	2,036	615	56	—	1,567	4,330
Additions	1,681	—	8,452	—	—	—	10,133
Disposals	—	(76,500)	—	—	—	—	(76,500)
End of financial year	76,412	430,609	89,972	728,935	35,800	76,250	1,437,978
<u>Accumulated depreciation</u>							
Beginning of financial year	57,596	157,397	70,398	726,216	32,563	13,675	1,057,845
Currency translation differences	26	827	429	(5)	—	274	1,551
Depreciation charge (Note 6)	3,857	86,296	8,232	549	858	1,539	101,331
Disposals	—	(76,500)	—	—	—	—	(76,500)
End of financial year	61,479	168,020	79,059	726,760	33,421	15,488	1,084,227
<b>Net book value at end of financial year</b>	<b>14,933</b>	<b>262,589</b>	<b>10,913</b>	<b>2,175</b>	<b>2,379</b>	<b>60,762</b>	<b>353,751</b>

**APPENDIX A — INDEPENDENT AUDITOR'S REPORT  
ON THE AUDITED COMBINED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011**

<b>2011</b>	<b>Furniture and fittings</b>	<b>Motor vehicles</b>	<b>Office equipment</b>	<b>Plant and machinery</b>	<b>Site office</b>	<b>Freehold property</b>	<b>Total</b>
<u>Cost</u>	\$	\$	\$	\$	\$	\$	\$
Beginning of financial year	76,412	430,609	89,972	728,935	35,800	76,250	1,437,978
Currency translation differences	(76)	(2,296)	(710)	(63)	—	(1,768)	(4,913)
Additions	4,736	—	4,196	61,296	7,250	—	77,478
Disposals	—	(8,989)	(2,342)	—	—	—	(11,331)
End of financial year	81,072	419,324	91,116	790,168	43,050	74,482	1,499,212
<u>Accumulated depreciation</u>							
Beginning of financial year	61,479	168,020	79,059	726,760	33,421	15,488	1,084,227
Currency translation differences	(40)	(1,637)	(604)	(15)	—	(365)	(2,661)
Depreciation charge (Note 6)	3,826	78,552	6,916	5,640	316	1,495	96,745
Disposal	—	(3,596)	(2,330)	—	—	—	(5,926)
End of financial year	65,265	241,339	83,041	732,385	33,737	16,618	1,172,385
<b>Net book value end of financial year</b>	<b>15,807</b>	<b>177,985</b>	<b>8,075</b>	<b>57,783</b>	<b>9,313</b>	<b>57,864</b>	<b>326,827</b>

(a) Included within the additions in the combined financial statements are motor vehicles acquired under finance leases amounting to \$nil (2010: \$nil and 2009: \$331,600).

The carrying amounts of motor vehicles held under finance leases are \$165,800 (2010: \$232,120 and 2009: \$298,440) at the balance sheet date.



**APPENDIX A — INDEPENDENT AUDITOR'S REPORT  
ON THE AUDITED COMBINED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011**

**16 TRADE AND OTHER PAYABLES**

	2009 \$	2010 \$	2011 \$
Trade payables — non-related parties	3,636,169	5,578,352	6,795,734
Construction contracts			
— Due to customers (Note 14)	923,113	1,947,701	1,925,241
Other payables — non-related parties	1,481,564	2,099,104	491,053
Accrued operating expenses	1,476,987	1,537,903	1,196,385
	<u>7,517,833</u>	<u>11,163,060</u>	<u>10,408,413</u>

**17 FINANCE LEASE LIABILITIES**

The Group leases motor vehicles 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.

	2009 \$	2010 \$	2011 \$
Minimum lease payments due			
— Not later than one year	73,574	52,415	52,416
— Between one and five years	173,663	135,341	82,924
	<u>247,237</u>	<u>187,756</u>	<u>135,340</u>
Less: Future finance charges	(27,634)	(20,864)	(15,041)
Present value of finance lease liabilities	<u>219,603</u>	<u>166,892</u>	<u>120,299</u>

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

— Not later than one year	52,710	46,593	46,593
— Between two to five years	166,893	120,299	73,706
	<u>219,603</u>	<u>166,892</u>	<u>120,299</u>

**18 DEFERRED INCOME TAX ASSETS/LIABILITIES**

	2009 \$	2010 \$	2011 \$
Deferred income tax assets			
— to be recovered within one year	234,256	73,340	—
Deferred income tax liabilities			
— to be settled within one year	6,497	575	5,104

**APPENDIX A — INDEPENDENT AUDITOR'S REPORT  
ON THE AUDITED COMBINED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011**

Movement in deferred income tax assets/(liabilities) is as follows:

	Provisions \$	Tax losses \$	Other \$	Total \$
<b>2009</b>				
Beginning of financial year	—	—	(5,445)	(5,445)
Currency translation differences	—	—	24	24
Credited/(charged) to profit or loss	169,547	65,955	(2,322)	233,180
End of financial year	169,547	65,955	(7,743)	227,759
<b>2010</b>				
Beginning of financial year	169,547	65,955	(7,743)	227,759
Currency translation differences	—	—	(178)	(178)
(Charged)/credited to profit or loss	(95,073)	(65,955)	6,212	(154,816)
End of financial year	74,474	—	(1,709)	72,765
<b>2011</b>				
Beginning of financial year	74,474	—	(1,709)	72,765
Currency translation differences	—	—	(3,092)	(3,092)
Charged to profit or loss	(74,474)	—	(303)	(74,777)
End of financial year	—	—	(5,104)	(5,104)

Deferred income tax assets are recognised for capital allowances carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unrecognised tax losses of nil (2010: nil and 2009: \$387,971) and capital allowances of \$3,382 (2010: \$3,382 and 2009: \$3,382) at the balance sheet date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with capital allowances in their respective countries of incorporation. The capital allowances will expire between 2013 and 2014.

**APPENDIX A — INDEPENDENT AUDITOR'S REPORT  
ON THE AUDITED COMBINED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011**

**19 SHARE CAPITAL**

The Company was incorporated on 18 May 2012 in the Republic of Singapore as an investment holding company with an initial issued and paid-up share capital of \$10, comprising 10 ordinary shares.

For the purpose of the preparation of the combined balanced sheets, the share capital as at 31 December 2011 represent the aggregate amounts of the paid-up capital of the following companies:

	No. of ordinary shares	Amount \$
<b><u>Ordinary shares of no par value, fully paid</u></b>		
Kori Construction (S) Pte. Ltd.	200,000	200,000
Ming Shin Construction (S) Pte. Ltd.	100,000	100,000
Kori Construction (M) Sdn. Bhd.	350,000	142,119
	<u>650,000</u>	<u>442,119</u>

The movements in the share capital are as follows:

	Kori Construction (S) Pte. Ltd. \$	Ming Shin Construction (S) Pte. Ltd. \$	Kori Construction (M) Sdn. Bhd. \$	Total \$
As at 31 December 2009 and 2010	<u>200,000</u>	<u>100,000</u>	<u>2,049</u>	<u>302,049</u>
Beginning of financial year 2011	200,000	100,000	2,049	302,049
Issuance of shares	<u>—</u>	<u>—</u>	140,070	140,070
End of financial year 2011	<u>200,000</u>	<u>100,000</u>	<u>142,119</u>	<u>442,119</u>

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

**20 RETAINED PROFITS**

Retained profits of the Group are distributable.

**21 RELATED PARTY TRANSACTIONS**

Parties are considered to be related to the Group 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.

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**APPENDIX A — INDEPENDENT AUDITOR'S REPORT  
ON THE AUDITED COMBINED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011**

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

(a) Key management personnel compensation

Key management personnel compensation is as follows:

	<b>2009</b>	<b>2010</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Salaries and bonuses	539,107	717,238	735,045
Employer's contribution to defined contribution plans including Central Provident Fund	21,743	24,910	32,603
	<u>560,850</u>	<u>742,148</u>	<u>767,648</u>

Included in the above is total compensation to directors of the Group amounting to \$560,850, \$742,148 and \$767,749 for the financial years ended 31 December 2009, 2010 and 2011 respectively.

## 22 COMMITMENTS

### Operating lease commitments

The Group leases dormitory for workers 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 at the statement of financial position date but not recognised as liabilities, are analysed as follows:

	<b>2009</b>	<b>2010</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Not later than one year	165,311	115,995	771,955
Between one and five years	102,368	55,200	258,968
	<u>267,679</u>	<u>171,195</u>	<u>1,030,923</u>

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**APPENDIX A — INDEPENDENT AUDITOR'S REPORT  
ON THE AUDITED COMBINED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011**

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**23 FINANCIAL RISK MANAGEMENT**

*Financial risk factors*

The Group's activities expose it to market risk (including currency risk and interest rate risk), credit risk, liquidity risk and capital risk. The Group's overall risk management strategy seeks to minimise 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.

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

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

(a) Market risk

(i) *Currency risk*

Foreign currency risk arises from transaction denominated in currencies other than the functional currency of the Company. The Group's business operations are not exposed to significant foreign currency risks as it has no significant transactions dominated in foreign currencies.

**APPENDIX A — INDEPENDENT AUDITOR'S REPORT  
ON THE AUDITED COMBINED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011**

	SGD \$	USD \$	MYR \$	Total \$
<u>As 31 December 2009</u>				
<b>Financial assets</b>				
Cash and bank balances	4,069,609	—	1,064,388	5,133,997
Trade and other receivables	7,781,600	—	114,501	7,896,101
Intercompany receivables	14,497,584	—	—	14,497,584
Deposits	108,270	—	1,651	109,921
	<u>26,457,063</u>	<u>—</u>	<u>1,180,540</u>	<u>27,637,603</u>
<b>Financial liabilities</b>				
Finance lease liabilities	219,603	—	—	219,603
Intercompany payables	14,497,584	—	—	14,497,584
Other financial liabilities	5,281,166	—	1,366,041	6,647,207
	<u>19,998,353</u>	<u>—</u>	<u>1,366,041</u>	<u>21,364,394</u>
<b>Net financial assets/(liabilities)</b>	6,458,710	—	(185,501)	6,273,209
Add: Net non-financial assets	2,794,517	—	82,638	2,877,155
<b>Net assets/(liabilities)</b>	<u>9,253,227</u>	<u>—</u>	<u>(102,863)</u>	<u>9,150,364</u>
<b>Currency profile including non-financial assets/(liabilities)</b>	<u>9,253,227</u>	<u>—</u>	<u>(102,863)</u>	<u>9,150,364</u>
<b>Currency exposure of financial assets/ (liabilities) net of those denominated in the respective entities' functional currencies</b>	<u>—</u>	<u>—</u>	<u>(102,863)</u>	<u>(102,863)</u>

**APPENDIX A — INDEPENDENT AUDITOR'S REPORT  
ON THE AUDITED COMBINED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011**

	SGD \$	USD \$	MYR \$	Total \$
<u>As 31 December 2010</u>				
<b>Financial assets</b>				
Cash and bank balances	4,928,231	—	1,604,390	6,532,621
Trade and other receivables	8,453,728	—	65,946	8,519,674
Intercompany receivables	16,994,632	—	—	16,994,632
Deposits	103,820	—	1,548	105,368
	<u>30,480,411</u>	<u>—</u>	<u>1,671,884</u>	<u>32,152,295</u>
<b>Financial liabilities</b>				
Finance lease liabilities	166,892	—	—	166,892
Intercompany payables	16,994,632	—	—	16,994,632
Other financial liabilities	5,733,799	1,588,908	1,892,652	9,215,359
	<u>22,895,323</u>	<u>1,588,908</u>	<u>1,892,652</u>	<u>26,376,883</u>
<b>Net financial assets/(liabilities)</b>	7,585,088	(1,588,908)	(220,768)	5,775,412
Add: Net non-financial assets/(liabilities)	9,008,891	—	(31,761)	8,977,130
<b>Net assets/(liabilities)</b>	<u>16,593,979</u>	<u>(1,588,908)</u>	<u>(252,529)</u>	<u>14,752,542</u>
<b>Currency profile including non-financial assets/(liabilities)</b>	<u>16,593,979</u>	<u>(1,588,908)</u>	<u>(252,529)</u>	<u>14,752,542</u>
<b>Currency exposure of financial assets/ (liabilities) net of those denominated in the respective entities' functional currencies</b>	<u>—</u>	<u>(1,588,908)</u>	<u>(252,529)</u>	<u>(1,841,437)</u>



**APPENDIX A — INDEPENDENT AUDITOR'S REPORT  
ON THE AUDITED COMBINED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011**

	SGD \$	USD \$	MYR \$	Total \$
<u>As 31 December 2011</u>				
<b>Financial assets</b>				
Cash and bank balances	5,183,730	—	409,520	5,593,250
Trade and other receivables	7,844,871	—	101,586	7,946,458
Intercompany receivables	24,183,141	—	—	24,183,141
Deposits	324,219	—	1,308	325,526
	<u>37,535,961</u>	<u>—</u>	<u>512,414</u>	<u>38,048,375</u>
<b>Financial liabilities</b>				
Finance lease liabilities	120,299	—	—	120,299
Intercompany payables	24,183,141	—	—	24,183,141
Other financial liabilities	6,908,293	1,337,121	237,759	8,483,173
	<u>31,211,733</u>	<u>1,337,121</u>	<u>237,759</u>	<u>32,786,613</u>
<b>Net financial assets/(liabilities)</b>	6,324,228	(1,337,121)	274,655	5,261,762
Add: Net non-financial assets	15,614,897	—	32,922	15,647,819
<b>Net assets/(liabilities)</b>	<u>21,939,125</u>	<u>(1,337,121)</u>	<u>307,577</u>	<u>20,909,581</u>
<b>Currency profile including non-financial assets/(liabilities)</b>	<u>21,939,125</u>	<u>(1,337,121)</u>	<u>307,577</u>	<u>20,909,581</u>
<b>Currency exposure of financial assets/ (liabilities) net of those denominated in the respective entities' functional currencies</b>	<u>—</u>	<u>(1,337,121)</u>	<u>307,577</u>	<u>(1,029,544)</u>

(ii) *Interest rate risk*

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 risk is primarily from short-term deposits that will mature from one to twelve months. 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 0.25% (2010: 0.45% and 2009: 0.55%) per annum. Any significant movement in the interest rates is not likely to be material to the Group.

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**APPENDIX A — INDEPENDENT AUDITOR'S REPORT  
ON THE AUDITED COMBINED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011**

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(b) Credit risk

Credit risk refers to the risk that counter-parties will default on their contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group are bank deposits and trade and other receivables. For trade receivables, the Group adopts the policy of focusing on government bodies as its customers due to their low default risk on billings and 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 (2010: 3 debtors and 2009: 3 debtors) that individually represented more than 10% of trade receivables.

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

The credit risk for trade receivables based on the information provided to key management is as follows:

	2009 \$	2010 \$	2011 \$
<u>By geographical areas</u>			
Singapore	11,908,615	20,679,116	26,628,821
<u>By types of customers</u>			
Non-related parties	11,908,615	20,679,116	26,628,821

(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.

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**APPENDIX A — INDEPENDENT AUDITOR’S REPORT  
ON THE AUDITED COMBINED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011**

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(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.

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

	2009	2010	2011
	\$	\$	\$
Past due < 3 months	1,125,367	—	14,450
Past due 3 to 6 months	472,194	284,642	—
Past due over 6 months	149,103	317,185	205,315
	<u>1,746,664</u>	<u>601,827</u>	<u>219,765</u>

There are no trade receivables that are past due and impaired as the Group has received the payments from customers after the respective financial year ends.

(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.

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.

**APPENDIX A — INDEPENDENT AUDITOR'S REPORT  
ON THE AUDITED COMBINED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011**

	Less than 1 year \$	Between 1 and 2 years \$	Between 2 and 5 years \$
<u>Group</u>			
<b>At 31 December 2009</b>			
Trade and other payables	7,517,833	—	—
Finance lease liabilities	59,480	104,832	82,925
	7,577,313	104,832	82,925
<b>At 31 December 2010</b>			
Trade and other payables	11,163,060	—	—
Finance lease liabilities	52,416	104,832	30,509
	11,215,476	104,832	30,509
<b>At 31 December 2011</b>			
Trade and other payables	10,408,413	—	—
Finance lease liabilities	52,416	82,925	—
	10,460,829	82,925	—

(d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder 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.

The Group's strategy is to maintain gearing ratio within 15% to 30%.

The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as finance lease liabilities plus trade and other payables less cash and bank balances. Total capital is calculated as total equity plus net debt.

	2009 \$	2010 \$	2011 \$
Net debt	2,603,439	4,797,331	4,935,462
Total equity	9,150,364	14,752,542	20,909,581
Total capital	11,753,803	19,549,873	25,845,043
Gearing ratio	22%	25%	19%

The Group has no externally imposed capital requirements for the financial years ended 31 December 2009, 2010 and 2011.

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**APPENDIX A — INDEPENDENT AUDITOR'S REPORT  
ON THE AUDITED COMBINED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011**

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**24 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:

<b>31 December 2009</b>	<b>Structural Steel \$</b>	<b>Tunnelling \$</b>	<b>Total \$</b>
<b>Sales</b>	26,373,453	1,658,724	28,032,177
<b>Gross profit</b>	<u>4,860,502</u>	<u>632,242</u>	5,492,744
Other income			651,584
Administrative expenses			(1,778,744)
Finance expense			<u>(3,893)</u>
Profit before tax			4,361,691
Income tax expense			<u>(745,448)</u>
<b>Net profit</b>			<u>3,616,243</u>
Net profit includes:			
— Depreciation (Note 15)			79,398
<b>Segment assets</b>	<u>11,153,227</u>	<u>755,388</u>	<u>11,908,615</u>
Total assets includes:			
— Additions to property, plant and equipment (Note 15)			355,573
<b>Segment liabilities</b>	<u>5,354,906</u>	<u>9,177</u>	<u>5,364,083</u>

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**APPENDIX A — INDEPENDENT AUDITOR'S REPORT  
ON THE AUDITED COMBINED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011**

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<b>31 December 2010</b>	<b>Structural Steel \$</b>	<b>Tunnelling \$</b>	<b>Total \$</b>
<b>Sales</b>	35,891,522	4,100,805	39,992,327
<b>Gross profit</b>	<u>7,029,311</u>	<u>847,859</u>	7,877,170
Other income			843,579
Administrative expenses			(1,966,938)
Finance expense			<u>(6,770)</u>
Profit before tax			6,747,041
Income tax expense			<u>(1,143,392)</u>
<b>Net profit</b>			<u>5,603,649</u>
Net profit includes:			
— Depreciation (Note 15)			101,331
<b>Segment assets</b>	<u>20,451,771</u>	<u>227,345</u>	<u>20,679,116</u>
Total assets includes:			
— Additions to property, plant and equipment (Note 15)			10,133
<b>Segment liabilities</b>	<u>7,584,808</u>	<u>184,412</u>	<u>7,769,220</u>

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**APPENDIX A — INDEPENDENT AUDITOR'S REPORT  
ON THE AUDITED COMBINED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011**

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31 December 2011	Structural Steel \$	Tunnelling \$	Total \$
<b>Sales</b>	33,174,878	1,512,172	34,687,050
<b>Gross profit</b>	<u>7,458,527</u>	<u>819,385</u>	8,277,912
Other income			674,886
Administrative expenses			(1,823,293)
Finance expense			<u>(5,823)</u>
Profit before tax			7,123,682
Income tax expense			<u>(1,114,326)</u>
<b>Net profit</b>			<u>6,009,356</u>
Net profit includes:			
— Depreciation (Note 15)			96,745
<b>Segment assets</b>	<u>25,835,347</u>	<u>787,358</u>	<u>26,622,705</u>
Total assets includes:			
— Additions to property, plant and equipment (Note 15)			77,478
<b>Segment liabilities</b>	<u>8,261,021</u>	<u>34,157</u>	<u>8,295,178</u>

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



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**APPENDIX A — INDEPENDENT AUDITOR'S REPORT  
ON THE AUDITED COMBINED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011**

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

For the purposes of monitoring segment performance and allocating resources between segments, the management monitors the inventories and receivables attributable to each segment. All assets are allocated to reportable segments other than cash and bank balances, trade and other receivables, inventories, deferred income tax assets and property, plant and equipment.

	<b>2009</b>	<b>2010</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Segment assets for reportable segments	11,908,615	20,679,116	26,622,705
Unallocated:			
— Cash and bank balances	5,133,997	6,532,621	5,593,250
— Trade and other receivables	137,937	204,489	779,430
— Inventories	—	—	760,393
— Property, plant and equipment	442,170	353,751	326,827
— Deferred income tax assets	227,759	72,765	—
	<u>17,850,478</u>	<u>27,842,742</u>	<u>34,082,605</u>

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

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

	<b>2009</b>	<b>2010</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Segment liabilities for reportable segments	5,364,083	7,769,220	8,295,178
Unallocated:			
— Trade and other payables	2,153,750	3,393,840	2,113,235
— Income tax liabilities	962,678	1,760,248	2,639,208
— Deferred income tax liabilities	—	—	5,104
— Finance lease liabilities	219,603	166,892	120,299
	<u>8,700,114</u>	<u>13,090,200</u>	<u>13,173,024</u>

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**APPENDIX A — INDEPENDENT AUDITOR’S REPORT  
ON THE AUDITED COMBINED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011**

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**25 NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS**

Below are the mandatory standards and amendments to existing standards that have been published and relevant for the Group’s accounting periods beginning on or after 1 January 2012 which the Group has not early adopted:

- Amendments to FRS 1 — Presentation of Financial Statements (effective for annual periods beginning on or after 1 July 2012)
- Amendments to FRS 12 — Deferred tax: recovery of underlying assets (effective for annual periods beginning on or after 1 January 2012)
- Amendments to FRS 32 — Offsetting financial assets and financial liabilities (effective for annual periods beginning on or after 1 January 2014)
- Amendments to FRS 107 — Transfers of financial assets (effective for annual periods beginning on or after 1 July 2011)
- Amendments to INT FRS 114 — Prepayments of a minimum funding requirement (effective for annual periods commencing on or after 1 January 2011)
- FRS 110 — Combined financial statements (effective for annual periods beginning on or after 1 January 2013)
- FRS 111 — Joint arrangements (effective for annual periods beginning on or after 1 January 2013)
- FRS 112 — Disclosure of interest in other entities (effective for annual periods beginning on or after 1 January 2013)
- FRS 113 — Fair value measurements (effective for annual periods beginning on or after 1 January 2013)
- FRS 19 (revised) — Employee benefits (effective for annual periods beginning on or after 1 January 2013)
- FRS 27 (revised) — Separate financial statements (effective for annual periods beginning on or after 1 January 2013)
- FRS 28 (revised) — Investments in associates and joint ventures (effective for annual periods beginning on or after 1 January 2013)

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.

**26 AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE**

The combined financial statements of Kori Holdings Limited and its Subsidiaries for the financial years ended 31 December 2009, 2010 and 2011 were authorised for issue in accordance with a resolution of the Board of Directors on 4 December 2012.

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**APPENDIX B — INDEPENDENT AUDITOR'S REVIEW REPORT ON  
THE UNAUDITED COMBINED FINANCIAL STATEMENTS  
FOR THE SIX-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2012**

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**Kori Holdings Limited and Its Subsidiaries**

**Statement by Directors**

**For the Six-month Period Ended 30 June 2012**

In the opinion of the directors,

- (i) the unaudited combined financial statements set out on pages B-4 to B-42 are drawn up so as to give a true and fair view of the state of affairs of the Group as at 30 June 2012, and of the results of the business, changes in equity and cash flows of the Group for the six-month period then ended, and
- (ii) at the date of this statement, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they fall due.

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NOBUAKI KORI  
*Director*

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HOOI YU KOH  
*Director*

4 December 2012

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**APPENDIX B — INDEPENDENT AUDITOR'S REVIEW REPORT ON  
THE UNAUDITED COMBINED FINANCIAL STATEMENTS  
FOR THE SIX-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2012**

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**Kori Holdings Limited and Its Subsidiaries**

**Independent Auditor's Review Report  
For the Six-month Period Ended 30 June 2012**

**4 December 2012**

**The Board of Directors  
Kori Holdings Limited  
11 Sims Drive  
#06-01 SCN Centre  
Singapore 387385**

Dear Sirs

We have reviewed the accompanying unaudited combined financial statements of Kori Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") set out on pages B-4 to B-42, which comprise the combined balance sheet of the Group as at 30 June 2012, the combined statement of comprehensive income, combined statement of changes in equity and combined statement of cash flows for the six-month financial period ended 30 June 2012, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these unaudited financial information in accordance with Singapore Financial Reporting Standards. Our responsibility is to express a conclusion on these unaudited combined financial statements based on our review.

We conducted our review in accordance with Singapore Standards on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards in Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unaudited combined financial statements do not present fairly, in all material respects, the financial position of the Group as at 30 June 2012, and of the Group's consolidated results of operations, changes in equity and cash flows for the six-month financial period ended 30 June 2012 in accordance with the Singapore Financial Reporting Standards.

The comparative figures for the corresponding six-month financial period ended 30 June 2011 were extracted from the unaudited management financial information which we have not carried out a review of those financial information. The unaudited combined financial information for the corresponding six-month financial period ended 30 June 2011 is the responsibility of the management.

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**APPENDIX B — INDEPENDENT AUDITOR'S REVIEW REPORT ON  
THE UNAUDITED COMBINED FINANCIAL STATEMENTS  
FOR THE SIX-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2012**

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**Other Matters**

This report has been prepared for the purpose of inclusion in the Offer Document of the Company in connection with the initial public offering ("IPO") of the ordinary shares of the Company on the Catalist Board of Singapore Exchange Securities Trading Limited.

**Nexia TS Public Accounting Corporation**  
*Public Accountants and Certified Public Accountants*  
**Singapore**

**Director-in-charge: Philip Tan Jing Choon**

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**APPENDIX B — INDEPENDENT AUDITOR'S REVIEW REPORT ON  
THE UNAUDITED COMBINED FINANCIAL STATEMENTS  
FOR THE SIX-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2012**

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**Kori Holdings Limited and Its Subsidiaries**

**Unaudited Combined Statement of Comprehensive Income  
For the Six-month Period Ended 30 June 2012**

		<b>Six-month period ended 30 June</b>	
	<b>Note</b>	<b>2012 \$ (Unaudited)</b>	<b>2011 \$ (Unaudited)</b>
Contract revenue	4	26,653,140	17,135,847
Contract cost		(20,114,847)	(12,839,159)
Gross profit		6,538,293	4,296,688
Other income	5	548,950	330,258
Expenses			
— Administrative		(940,332)	(902,094)
— Finance	8	(2,911)	(2,911)
Profit before income tax		6,144,000	3,721,941
Income tax expense	9	(1,027,127)	(561,293)
<b>Net profit</b>		5,116,873	3,160,648
<b>Other comprehensive income:</b>			
— Currency translation difference arising from consolidation		(6,814)	6,038
<b>Total comprehensive income</b>		5,110,059	3,166,686
<b>Earnings per share attributable to equity holders of the Company</b>			
Basic	10	7.86	4.87
Diluted	10	7.86	4.87

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

**APPENDIX B — INDEPENDENT AUDITOR'S REVIEW REPORT ON  
THE UNAUDITED COMBINED FINANCIAL STATEMENTS  
FOR THE SIX-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2012**

**Kori Holdings Limited and Its Subsidiaries**

**Unaudited Combined Balance Sheet  
As at 30 June 2012**

	Note	30 June 2012 \$ (Unaudited)	31 December 2011 \$ (Audited)
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and bank balances	11	5,901,603	5,593,250
Trade and other receivables	12	30,714,165	27,402,135
Inventories	13	1,414,753	760,393
Deferred listing expenses	15	615,560	—
		<u>38,646,081</u>	<u>33,755,778</u>
<b>Non-current assets</b>			
Property, plant and equipment	16	<u>292,844</u>	<u>326,827</u>
<b>Total assets</b>		<u>38,938,925</u>	<u>34,082,605</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	17	8,277,446	10,408,413
Convertible loans	18	1,150,000	—
Current income tax liabilities		3,339,816	2,639,208
Finance lease liabilities	19	<u>46,593</u>	<u>46,593</u>
		<u>12,813,855</u>	<u>13,094,214</u>
<b>Non-current liabilities</b>			
Finance lease liabilities	19	50,410	73,706
Deferred income tax liabilities	20	<u>5,020</u>	<u>5,104</u>
		<u>55,430</u>	<u>78,810</u>
<b>Total liabilities</b>		<u>12,869,285</u>	<u>13,173,024</u>
<b>NET ASSETS</b>		<u>26,069,640</u>	<u>20,909,581</u>
<b>EQUITY</b>			
Share capital	21	442,119	442,119
Other reserves	22	49,593	6,407
Retained profits	23	<u>25,577,928</u>	<u>20,461,055</u>
<b>TOTAL EQUITY</b>		<u>26,069,640</u>	<u>20,909,581</u>

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



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**APPENDIX B — INDEPENDENT AUDITOR'S REVIEW REPORT ON  
THE UNAUDITED COMBINED FINANCIAL STATEMENTS  
FOR THE SIX-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2012**

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**Kori Holdings Limited and Its Subsidiaries**

**Unaudited Combined Statement of Changes in Equity  
For the Six-month Period Ended 30 June 2012**

	Share capital \$	Retained profits \$	Equity component of convertible loan	Currency translation reserve \$	Total equity \$
<b>Unaudited</b>					
Balance at 31 December 2011	442,119	20,461,055	—	6,407	20,909,581
Convertible loan — equity component (Note 22 (b))	—	—	50,000	—	50,000
Total comprehensive income for the six-month period	—	5,116,873	—	(6,814)	5,110,059
<b>Balance at 30 June 2012</b>	<u>442,119</u>	<u>25,577,928</u>	<u>50,000</u>	<u>(407)</u>	<u>26,069,640</u>
<b>Unaudited</b>					
Balance at 31 December 2010	302,049	14,451,698	—	(1,205)	14,752,542
Issuance of new shares	140,070	—	—	—	140,070
Total comprehensive income for the six-month period	—	3,160,648	—	6,038	3,166,686
<b>Balance at 30 June 2011</b>	<u>442,119</u>	<u>17,612,346</u>	<u>—</u>	<u>4,833</u>	<u>18,059,298</u>

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

**APPENDIX B — INDEPENDENT AUDITOR'S REVIEW REPORT ON  
THE UNAUDITED COMBINED FINANCIAL STATEMENTS  
FOR THE SIX-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2012**

**Kori Holdings Limited and Its Subsidiaries**

**Unaudited Combined Statement of Cash Flows  
For the Six-Month Period Ended 30 June 2012**

		<b>Six-month period ended 30 June</b>	
	<b>Note</b>	<b>2012 \$ (Unaudited)</b>	<b>2011 \$ (Unaudited)</b>
<b>Cash flows from operating activities</b>			
Net profit		5,116,873	3,160,648
Adjustment for			
— Income tax expense		1,027,127	561,293
— Depreciation		57,170	45,887
— Gain on disposal of property, plant and equipment		(817)	—
— Interest expense	8	2,911	2,911
— Interest income	5	(3,020)	(5,452)
— Unrealised currency translation (gains)/losses		(5,057)	8,892
		<u>6,195,187</u>	<u>3,774,179</u>
<b>Change in working capital</b>			
— Trade and other receivables		(3,312,030)	(3,997,230)
— Trade and other payables		(2,130,967)	(3,328,774)
— Inventories		(654,360)	—
		<u>97,830</u>	<u>(3,551,825)</u>
<b>Cash generated from/(used in) operations</b>			
Income tax paid		(326,519)	(86,600)
		<u>(228,689)</u>	<u>(3,638,425)</u>
<b>Net cash used in by operating activities</b>			
<b>Cash flows from investing activities</b>			
Additions to property, plant and equipment		(29,033)	(6,251)
Proceeds from disposal of property, plant and equipment		4,822	5,359
		<u>(24,211)</u>	<u>(892)</u>
<b>Net cash used in investing activities</b>			
<b>Cash flows from financing activities</b>			
Interest received		3,020	5,452
Interest paid		(2,911)	(2,911)
Repayment of finance lease liabilities		(23,296)	(23,295)
Deferred listing expenses		(615,560)	—
Proceeds from convertible loan		1,200,000	—
Bank deposits pledged		1	(3,232)
Issuance of shares		—	140,070
		<u>561,254</u>	<u>116,084</u>
<b>Net cash provided by financing activities</b>			
<b>Net increase/(decrease) in cash and cash equivalents</b>		<u>308,354</u>	<u>(3,523,233)</u>
Beginning of financial period		<u>4,840,921</u>	<u>5,783,525</u>
End of financial period	11	<u>5,149,275</u>	<u>2,260,292</u>

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

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**APPENDIX B — INDEPENDENT AUDITOR'S REVIEW REPORT ON  
THE UNAUDITED COMBINED FINANCIAL STATEMENTS  
FOR THE SIX-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2012**

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**Kori Holdings Limited and Its Subsidiaries**

**Notes to the Unaudited Combined Financial Statements  
For the Six-Month Period Ended 30 June 2012**

**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.", to act as the holding corporation of the Group. On incorporation, the Company's issued and paid-up share capital was \$10 comprising ten shares. The Company was incorporated for the purpose of acquiring the existing companies of the Group pursuant to the Restructuring Exercise (Note 1.2).

The Company was converted into a public limited company and the name was changed to "Kori Holdings Limited" on 26 November 2012.

The address of its registered and principal place of business is 11 Sims Drive, #06-01 SCN Centre, Singapore 387385.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are described below.

The Group comprises the Company and the following subsidiaries:

Name of companies	Principal activities	Country of business/ incorporation	Equity holding	
			30 June 2011	30 June 2012
			%	%
Kori Construction (S) Pte. Ltd.	Building construction and investment holding	Singapore	100	100
Ming Shin Construction (S) Pte. Ltd.	Building construction and civil engineering work	Singapore	100	100
Kori Construction (M) Sdn. Bhd.	Contractors for construction works for all kind	Malaysia	100	40

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## APPENDIX B — INDEPENDENT AUDITOR'S REVIEW REPORT ON THE UNAUDITED COMBINED FINANCIAL STATEMENTS FOR THE SIX-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2012

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### 1.2 The Restructuring Exercise

The Company undertook the following exercise ("Restructuring Exercise") in connection with the invitation:

(i) Incorporation of the Company

The Company was incorporated on 18 May 2012 in Singapore under the Companies Act as a private limited company. The principal activity of the Company is that of an investment holding company. At the time of incorporation, the Company had an issued and paid-up share capital of S\$10 comprising 10 shares held by Mr. Kori Nobuaki and Mr. Hooi Yu Koh in the proportion of 60.0% and 40.0% respectively.

(ii) Acquisition of Kori Construction (S) Pte. Ltd., Ming Shin Construction (S) Pte. Ltd. and Kori Construction (M) Sdn. Bhd.

On 28 February 2012, an aggregate of 178,500 shares in the issued and paid-up share capital of Kori Malaysia, representing 51.0% of the shareholding interest in Kori Malaysia, were transferred to Mr. Kori Nobuaki and Mr. Hooi Yu Koh from Ms. Hasniza Wazer and Ms. Fatimah Sulaiman for RM178,500 (the "**Share Transfer**").

On 18 October 2012, the Company entered into three share swap agreements (collectively the "**Share Swap Agreements**") with Mr. Kori Nobuaki and Mr. Hooi Yu Koh to acquire their respective shareholding interests in Kori Construction (S) Pte. Ltd., Ming Shin Construction (S) Pte. Ltd. and Kori Construction (M) Sdn. Bhd. for a purchase consideration of S\$15,989,983, S\$9,835,272 and S\$244,385 respectively based on the respective net assets of the three subsidiaries as at 30 June 2012. The purchase consideration for the entire equity interest in Kori Construction (S) Pte. Ltd., Ming Shin Construction (S) Pte. Ltd. and Kori Construction (M) Sdn. Bhd. was satisfied by the allotment and issuance of 65,599,990 new Shares (the "**Consideration Shares**") in the capital of the Company to Mr. Kori Nobuaki and Mr. Hooi Yu Koh in the proportion of 60.0% and 40.0%, respectively.

(iii) Pre-Placement Share Sale

On 22 May 2012, the Chairman and Executive Director, Mr. Kori Nobuaki entered into the Share Sale Agreement with the Purchasers, for the sale and purchase of an aggregate of 5,408,000 Shares in the Company, representing 8.24% of the then issued share capital of the Company (the "**Sale Shares**") for an aggregate consideration of S\$676,000 (the "**Share Sale**").

On 22 November 2012, the date of the completion of the Share Sale (which is conditional upon the completion of the acquisition of Kori Construction (S) Pte. Ltd., Ming Shin Construction (S) Pte. Ltd. and Kori Construction (M) Sdn. Bhd. by the Company), each of the Purchasers, save for Mr. Hooi Yu Koh, has made payment for their respective amount of purchase consideration to Mr. Kori Nobuaki upon the terms and conditions of the Share Sale Agreement. Pursuant to the Share Sale Agreement, Mr. Hooi Yu Koh shall make payment of his purchase consideration to Mr. Kori Nobuaki within 12 months from the date of the Share Sale Agreement.

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## **APPENDIX B — INDEPENDENT AUDITOR'S REVIEW REPORT ON THE UNAUDITED COMBINED FINANCIAL STATEMENTS FOR THE SIX-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2012**

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Upon the completion of the Share Sale, each of Mr. Kori Nobuaki and Mr. Hooi Yu Koh shall hold 33,952,000 Shares and 29,848,000 Shares, representing 51.76% and 45.50% of the issued share capital of the Company respectively and the rest of the Purchasers shall hold an aggregate of 1,800,000 Shares, representing 2.74% of the issued share capital of the Company.

### **(iv) Pre-Placement Redeemable Convertible Loan**

On 25 May 2012, the Company entered into a \$1,200,000 Convertible Loan Agreement with, among others, the Pre-Placement Investors for the grant of the Redeemable Convertible Loan by the Pre-Placement Investors to the Company upon the terms and conditions of the Convertible Loan Agreement.

### **1.3 Basis of Preparation**

The Restructuring Exercise involved companies which are under common control since all the entities which took part in the Restructuring Exercise were controlled by the same ultimate shareholders before and immediately after the Restructuring Exercise. The objective of the combined financial statements is to show what the historical information might have been had the combined group as describe in Note 1.2 and after the Restructuring Exercise had been in place since 1 January 2009 under the "pooling-of-interest" method.

Such manner of presentation reflects the economic substance of the combining companies, which were under common control throughout the financial period ended 30 June 2012, presented, as a single economic enterprise, although the legal parent-subsidiary relationships were not established as at the respective balance sheet dates.

## **2 SIGNIFICANT ACCOUNTING POLICIES**

### **2.1 Statement of Compliance**

The combined financial statements of the Group are prepared in accordance with Singapore Financial Reporting Standards ("FRS") including related Interpretations promulgated by the Accounting Standards Council ("ASC").

The combined financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below. The combined financial statements are presented in Singapore Dollar ("S\$"), unless otherwise stated.

### **2.2 Use of Estimates and Judgements**

The preparation of the combined financial statements in accordance with FRS requires the Company's management to exercise its judgement in the process of the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the combined financial statements, are disclosed in Note 3. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of judgements about carrying values of assets and liabilities and which are not readily apparent from other sources. Actual results may differ from these estimates.

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## **APPENDIX B — INDEPENDENT AUDITOR'S REVIEW REPORT ON THE UNAUDITED COMBINED FINANCIAL STATEMENTS FOR THE SIX-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2012**

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At the date of these financial statements, the Directors of the Company have considered and anticipated that the adoption of FRS that were in issue but not effective will not have any material impact on the combined financial statements.

The Group and the Company have adopted all the applicable new/revised FRS issued by the Accounting Standards Council ("ASC") that are relevant to its operations and effective for annual period beginning 1 January 2009. The adoption of these new/revised FRS has no material effect on the combined financial statements for the current and prior six-months periods.

### **2.3 Changes in Accounting Policies**

The Group has early adopted FRS and Interpretations to FRS ("INT FRS"), which are effective for accounting periods beginning on or after 1 January 2009, issued by the ASC for the preparation of these combined financial statements of the Group since 1 January 2009. FRS 101, First-time Adoption of Financial Reporting Standards, have been applied in preparing these combined financial statements.

The early adoption of FRS and INT FRS which are effective for periods beginning on or after 1 January 2009 did not result in any substantial changes to the Group's accounting policies nor any significant impact on these combined financial statements.

### **2.4 Common Control Business Combination Outside the Scope of FRS 103**

A business combination involving entities under common control is a business combination in which all the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. The Restructuring Exercise described in Note 1.2 resulted in a business combination involving common control entities, and accordingly the accounting treatment is outside the scope of FRS 103 Business Combinations. For such common control business combinations, the merger accounting principles are used to include the assets, liabilities, results, equity changes and cash flows of the combining entities in the combined financial statements.

In applying merger accounting, financial statement items of the combining entities or businesses for the reporting period in which the common control combination occurs are included in the combined financial statements of the combined entity as if the combination had occurred from the date when the combining entities or businesses first came under the control of the controlling party or parties.

The unaudited combined financial statement of the Group for the financial period ended 30 June 2012, were prepared in accordance with the principle of merger accounting as if the Restructuring Exercise had been completed on 1 January 2009. Such manner of presentation reflects the economic substance of the combining entities as a single economic enterprise, although the legal parent-subsidiary relationship was not established until after the balance sheet date.

In preparing the combined financial statements, transactions, balances and unrealised gains on transactions between group companies are eliminated. A single uniform set of accounting policies is adopted by the combined entity. The combined entity recognised the assets, liabilities and equity of the combining entities or businesses at the carrying

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## **APPENDIX B — INDEPENDENT AUDITOR'S REVIEW REPORT ON THE UNAUDITED COMBINED FINANCIAL STATEMENTS FOR THE SIX-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2012**

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amounts in the combined financial statements. There is no recognition of any goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of the common control combination. The aggregate paid-up capital and reserves of the subsidiaries are shown as the Group's share capital and reserves for the financial period ended 30 June 2012.

### **2.5 Group Accounting**

#### **(a) Subsidiaries**

##### *(i) Consolidation*

Subsidiaries are entities (including special purpose entities) over which the Group has power to govern the financial and operating policies so as to obtain benefits from its activities, generally accompanied by a shareholding giving rise to a majority of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

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

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which 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, 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 by the Group.

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

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.



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## APPENDIX B — INDEPENDENT AUDITOR'S REVIEW REPORT ON THE UNAUDITED COMBINED FINANCIAL STATEMENTS FOR THE SIX-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2012

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

### *(iii) Disposals*

When a change in the Company's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts 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 interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained investment at the date when control is lost and its fair value is recognised in profit or loss.

### *(iv) 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 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.

## **2.6 Revenue Recognition**

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

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

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

Revenue from construction contract is recognised based on the percentage of completion method as disclosed in Note 2.9.

### *(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.

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**APPENDIX B — INDEPENDENT AUDITOR'S REVIEW REPORT ON  
THE UNAUDITED COMBINED FINANCIAL STATEMENTS  
FOR THE SIX-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2012**

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**2.7 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.

*(b) Depreciation*

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	<u><b>Useful Lives</b></u>
— Furniture and fittings	10 years
— Motor vehicles	5 years
— Office equipment	1 – 10 years
— Plant and machinery	5 years
— Site office	20 years
— Freehold property	50 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 the profit or loss when the changes arise.

*(c) Subsequent expenditure*

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

*(d) Disposal*

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

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## **APPENDIX B — INDEPENDENT AUDITOR'S REVIEW REPORT ON THE UNAUDITED COMBINED FINANCIAL STATEMENTS FOR THE SIX-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2012**

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### **2.8 Impairment of Non-Financial Assets**

#### *Property, plant and equipment*

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

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

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

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in the profit or loss.

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 periods. A reversal of impairment loss for an asset is recognised in the profit or loss.

### **2.9 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 as to the extent of contract cost incurred that are likely to be recoverable. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

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

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 period in connection with future activity 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.

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## **APPENDIX B — INDEPENDENT AUDITOR'S REVIEW REPORT ON THE UNAUDITED COMBINED FINANCIAL STATEMENTS FOR THE SIX-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2012**

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

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

### **2.10 Cash and Cash Equivalents**

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

### **2.11 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 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 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.

### **2.12 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 first-in-first-out basis. Net realisable value is the estimated selling price of construction services less the applicable costs of conversion to complete the services and variable selling expenses.

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## **APPENDIX B — INDEPENDENT AUDITOR'S REVIEW REPORT ON THE UNAUDITED COMBINED FINANCIAL STATEMENTS FOR THE SIX-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2012**

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### **2.13 Trade and Other Payables**

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

### **2.14 Income Taxes**

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

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

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries 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.

### **2.15 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.

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**APPENDIX B — INDEPENDENT AUDITOR'S REVIEW REPORT ON  
THE UNAUDITED COMBINED FINANCIAL STATEMENTS  
FOR THE SIX-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2012**

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**2.16 Currency Translation**

*(a) Functional and presentation currency*

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

*(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 from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rate at the balance sheet date are recognised in profit or loss, unless they arise from borrowings in foreign currencies, other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations. Those currency translation differences are recognised in the currency translation reserve in other comprehensive income and transferred to the profit or loss as part of the gain or loss on disposal of the foreign operation.

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 the other comprehensive income and accumulated in currency translation reserve.

**2.17 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.

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**APPENDIX B — INDEPENDENT AUDITOR'S REVIEW REPORT ON  
THE UNAUDITED COMBINED FINANCIAL STATEMENTS  
FOR THE SIX-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2012**

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**2.18 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.

**2.19 Dividends to Company's Shareholders**

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

**2.20 Government Grant**

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 grant relating to expense is deducted directly from the related expenses.

**2.21 Fair Value Estimation**

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

**2.22 Leases**

*When the Group is the lessee:*

The Group leases motor vehicles and certain plant and machinery under finance leases and workers quarters 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 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.



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## **APPENDIX B — INDEPENDENT AUDITOR'S REVIEW REPORT ON THE UNAUDITED COMBINED FINANCIAL STATEMENTS FOR THE SIX-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2012**

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### *(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.

### **2.23 Segment Reporting**

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

### **2.24 Deferred Listing Expenses**

Listing expense is capitalised as deferred listing expenses when it is directly related to the issuance of new shares pursuant to the IPO.

## **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) Depreciation of property, plant and equipment**

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these assets to be within 1 – 50 years. The carrying amounts of the Group's property, plant and equipment as at 30 June 2012 and 31 December 2011 are \$292,844 and \$326,827 respectively. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore, future depreciation charges could be revised.

### **(b) Construction contracts**

The Group recognises contract revenue to the extent of contract costs incurred where it is probable those costs will be recoverable or based on the stage of completion method. The stage of completion is measured by reference to the contract costs incurred to date compared to the estimated total costs for the contract.

Significant assumptions are required to determine the stage of completion, the estimated total contract revenue and contract cost, as well as the recoverability of the contracts. Total contract revenue also includes an estimation of the recoverable variation works that are recoverable from the customers. In making judgement, the Group evaluates by relying on past experience.

If the revenue on uncompleted contracts at the balance sheet date increases/decreases by 5% from management estimates, the Group's revenue for the six-month financial period ended 30 June 2012 and 2011 will increase/decrease by \$1,344,665 and \$822,906 respectively.

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**APPENDIX B — INDEPENDENT AUDITOR'S REVIEW REPORT ON  
THE UNAUDITED COMBINED FINANCIAL STATEMENTS  
FOR THE SIX-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2012**

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If the contract costs of uncompleted contracts to be incurred increase/decrease by 5% from management's estimates, the Group's profit for the six-month financial period ended 30 June 2012 and 2011 will increase/decrease by \$255,844 and \$158,032 respectively.

**(c) Income taxes**

The Group has exposure to income taxes in Singapore and Malaysia. Significant judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amounts of the Group's current income tax liabilities and deferred income tax liabilities were \$3,339,816 (31 December 2011: \$2,639,208) and \$5,020 (31 December 2011: \$5,104) respectively.

**4 CONTRACT REVENUE**

	Six-month period ended 30 June	
	2012	2011
	\$	\$
	(Unaudited)	(Unaudited)
Structural steel works	24,466,144	16,681,174
Tunnelling	2,186,996	454,673
	<u>26,653,140</u>	<u>17,135,847</u>

**5 OTHER INCOME**

	Six-month period ended 30 June	
	2012	2011
	\$	\$
	(Unaudited)	(Unaudited)
Net foreign exchange gains	28,896	104,738
Gains on disposal of property, plant and equipment	817	—
Income from sales of scrap materials	369,489	191,964
Interest income — bank deposits	3,020	5,453
Secondment of project engineers	105,351	15,665
Others	41,377	12,438
	<u>548,950</u>	<u>330,258</u>

**APPENDIX B — INDEPENDENT AUDITOR'S REVIEW REPORT ON  
THE UNAUDITED COMBINED FINANCIAL STATEMENTS  
FOR THE SIX-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2012**

**6 EXPENSES BY NATURE**

	Six-month period ended 30 June	
	2012	2011
	\$	\$
	(Unaudited)	(Unaudited)
Materials	8,173,828	6,431,707
Sub-contractors' charges	4,513,935	1,035,080
Employee compensation (Note 7)	3,464,366	3,229,534
Worksite	2,849,090	1,694,902
Entertainment	23,326	52,377
Rental on operating leases	1,407,076	859,191
Insurance	66,210	60,280
Transport and travelling	81,779	64,290
Professional fees	229,334	159,425
Depreciation (Note 16)	57,170	45,887
Other	189,065	108,580
Total contract cost and administrative expenses	21,055,179	13,741,253

**7 EMPLOYEE COMPENSATION**

	Six-month period ended 30 June	
	2012	2011
	\$	\$
	(Unaudited)	(Unaudited)
Wages and salaries	3,368,497	3,106,231
Employers' contribution to defined contribution plans including Central Provident Fund	78,227	83,967
Other benefits	17,642	39,336
	3,464,366	3,229,534

**8 FINANCE EXPENSE**

	Six-month period ended 30 June	
	2012	2011
	\$	\$
	(Unaudited)	(Unaudited)
Interest expense — Finance lease liabilities	2,911	2,911

**APPENDIX B — INDEPENDENT AUDITOR'S REVIEW REPORT ON  
THE UNAUDITED COMBINED FINANCIAL STATEMENTS  
FOR THE SIX-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2012**

**9 INCOME TAX EXPENSE**

	Six-month period ended 30 June	
	2012	2011
	\$	\$
	(Unaudited)	(Unaudited)
Tax expense attributable to profit is made up of		
Current provision:		
— Current income tax		
Singapore	1,017,301	523,706
Foreign country	9,826	37,587
	1,027,127	561,293
Under/(Over) provision in prior years	—	—
	1,027,127	561,293

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

	Six-month period ended 30 June	
	2012	2011
	\$	\$
	(Unaudited)	(Unaudited)
Profit before income tax	6,144,000	3,721,941
Tax calculated at tax rate of 17% (2011: 17%)	1,044,480	632,730
Effects of:		
— Different tax rates in other countries	1,559	8,193
— Expenses not deductible for tax purposes	25,465	20,059
— Singapore statutory stepped income exemption	(25,925)	(51,850)
— Income not subject for tax purposes	—	(927)
— Tax incentives	(16,726)	(6,335)
— Utilisation of previously unrecognised capital allowances	(3,117)	(32,526)
— Others	1,391	(8,051)
	1,027,127	561,293

**10 EARNINGS PER SHARE**

For illustrative purpose, the calculation of the basic earnings per share is based on the net profit attributable to equity holders of the Company for the six-month period ended 30 June 2012 and on 650,000 ordinary shares, representing the aggregate number of fully paid and issued ordinary share capital of Kori Construction (S) Pte. Ltd., Ming Shin Construction (S) Pte. Ltd. and Kori Construction (M) Sdn. Bhd.

There were no diluted earnings per share for the six-month period ended 30 June 2012 as there were no potential ordinary shares outstanding.

**APPENDIX B — INDEPENDENT AUDITOR'S REVIEW REPORT ON  
THE UNAUDITED COMBINED FINANCIAL STATEMENTS  
FOR THE SIX-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2012**

**11 CASH AND BANK BALANCES**

	<b>30 June 2012 \$ (Unaudited)</b>	<b>31 December 2011 \$ (Audited)</b>
Cash at bank and on hand	4,420,590	4,109,148
Short-term bank deposits	1,481,013	1,484,102
	<u>5,901,603</u>	<u>5,593,250</u>

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

	<b>30 June 2012 \$ (Unaudited)</b>	<b>31 December 2011 \$ (Audited)</b>
Cash and bank balances (as above)	5,901,603	5,593,250
Less: Short-term bank deposits pledged	(752,328)	(752,329)
Cash and cash equivalents per combined statement of cash flows	<u>5,149,275</u>	<u>4,840,921</u>

Short-term bank deposits are pledged as security for letters of guarantee of \$752,329 (2011: \$752,328).

**12 TRADE AND OTHER RECEIVABLES**

	<b>30 June 2012 \$ (Unaudited)</b>	<b>31 December 2011 \$ (Audited)</b>
Trade receivables		
— Non-related parties	4,387,594	4,758,983
Construction contracts		
— Due from customers (Note 14)	21,853,661	19,113,145
— Retention (Note 14)	3,999,366	2,756,693
	<u>25,853,027</u>	<u>21,869,838</u>
Non-trade receivables — non-related parties	109,360	430,780
Deposits	338,693	325,527
Prepayments	25,491	17,007
	<u>30,714,165</u>	<u>27,402,135</u>

**APPENDIX B — INDEPENDENT AUDITOR'S REVIEW REPORT ON  
THE UNAUDITED COMBINED FINANCIAL STATEMENTS  
FOR THE SIX-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2012**

**13 INVENTORIES**

	30 June 2012 \$ (Unaudited)	31 December 2011 \$ (Audited)
Steel beams	1,414,753	760,393

The cost of inventories recognised as an expense and included in “contract cost” for the six-month period ended 30 June 2012 amounts to \$8,173,828 (2011: \$9,935,880).

**14 CONSTRUCTION CONTRACTS**

	30 June 2012 \$ (Unaudited)	31 December 2011 \$ (Audited)
<i>Construction contract work-in-progress</i>		
Aggregate costs incurred and profits recognised (less losses recognised) to date on uncompleted construction contracts	86,059,378	114,952,688
Less: Progress billings	(64,562,399)	(97,764,784)
	<u>21,496,979</u>	<u>17,187,904</u>
Presented as:		
Due from customers on construction contracts (Note 12)	21,853,661	19,113,145
Due to customers on construction contracts (Note 17)	(356,682)	(1,925,241)
	<u>21,496,979</u>	<u>17,187,904</u>
Retentions on construction contracts (Note 12)	<u>3,999,366</u>	<u>2,756,693</u>

**15 DEFERRED LISTING EXPENSES**

	30 June 2012 \$ (Unaudited)	31 December 2011 \$ (Audited)
Consultation fees	437,360	—
Professional fees	137,455	—
Other	40,745	—
	<u>615,560</u>	<u>—</u>

**APPENDIX B — INDEPENDENT AUDITOR'S REVIEW REPORT ON  
THE UNAUDITED COMBINED FINANCIAL STATEMENTS  
FOR THE SIX-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2012**

**16 PROPERTY, PLANT AND EQUIPMENT**

	<b>Furniture and fittings \$</b>	<b>Motor vehicles \$</b>	<b>Office equipment \$</b>	<b>Plant and machinery \$</b>	<b>Site office \$</b>	<b>Freehold Property \$</b>	<b>Total \$</b>
<b>30 June 2012</b>							
<b>(Unaudited)</b>							
<u>Cost</u>							
Beginning of financial period	81,072	419,324	91,116	790,168	43,050	74,482	1,499,212
Currency translation differences	(87)	(2,383)	(777)	(72)	—	(2,023)	(5,342)
Additions	—	—	25,408	—	3,625	—	29,033
Disposals	(35,880)	(8,189)	(26,619)	(445,706)	—	—	(516,394)
End of financial period	45,105	408,752	89,128	344,390	46,675	72,459	1,006,509
<u>Accumulated depreciation</u>							
Beginning of financial period	65,265	241,339	83,041	732,385	33,737	16,618	1,172,385
Currency translation differences	(55)	(2,216)	(725)	(34)	—	(471)	(3,501)
Depreciation charge (Note 6)	1,542	39,250	8,861	6,396	377	744	57,170
Disposals	(35,879)	(8,189)	(22,615)	(445,706)	—	—	(512,389)
End of financial period	30,873	270,184	68,562	293,041	34,114	16,891	713,665
<b>Net book value at end of financial period</b>	<b>14,232</b>	<b>138,568</b>	<b>20,566</b>	<b>51,349</b>	<b>12,561</b>	<b>55,568</b>	<b>292,844</b>



**APPENDIX B — INDEPENDENT AUDITOR'S REVIEW REPORT ON  
THE UNAUDITED COMBINED FINANCIAL STATEMENTS  
FOR THE SIX-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2012**

<b>2011</b>	<b>Furniture and fittings \$</b>	<b>Motor vehicles \$</b>	<b>Office equipment \$</b>	<b>Plant and machinery \$</b>	<b>Site office \$</b>	<b>Freehold property \$</b>	<b>Total \$</b>
<u>Cost</u>							
Beginning of financial year	76,412	430,609	89,972	728,935	35,800	76,250	1,437,978
Currency translation differences	(76)	(2,296)	(710)	(63)	—	(1,768)	(4,913)
Additions	4,736	—	4,196	61,296	7,250	—	77,478
Disposals	—	(8,989)	(2,342)	—	—	—	(11,331)
End of financial year	81,072	419,324	91,116	790,168	43,050	74,482	1,499,212
<u>Accumulated depreciation</u>							
Beginning of financial year	61,479	168,020	79,059	726,760	33,421	15,488	1,084,227
Currency translation differences	(40)	(1,637)	(604)	(15)	—	(365)	(2,661)
Depreciation charge	3,826	78,552	6,916	5,640	316	1,495	96,745
Disposal	—	(3,596)	(2,330)	—	—	—	(5,926)
End of financial year	65,265	241,339	83,041	732,385	33,737	16,618	1,172,385
<b>Net book value at end of financial year</b>	<b>15,807</b>	<b>177,985</b>	<b>8,075</b>	<b>57,783</b>	<b>9,313</b>	<b>57,864</b>	<b>326,827</b>

The carrying amounts of motor vehicles held under finance leases are \$144,494 (2011: \$165,800) at the balance sheet date.

**APPENDIX B — INDEPENDENT AUDITOR'S REVIEW REPORT ON  
THE UNAUDITED COMBINED FINANCIAL STATEMENTS  
FOR THE SIX-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2012**

**17 TRADE AND OTHER PAYABLES**

	<b>30 June 2012 \$ (Unaudited)</b>	<b>31 December 2011 \$ (Audited)</b>
Trade payables — non-related parties	6,225,729	6,795,734
Construction contracts		
— Due to customers (Note 14)	356,682	1,925,241
Other payables — non-related parties	915,319	491,053
Accrued operating expenses	779,716	1,196,385
	<u>8,277,446</u>	<u>10,408,413</u>

**18 CONVERTIBLE LOANS**

On 25 May 2012, the Company entered into a convertible loan agreement for an aggregate amount of \$1,200,000 with various prospective investors. The loan is due for repayment one year from drawdown date of \$1,200,000 plus 1.00% interest on the principal amount or conversion into conversion shares upon receiving notification from Singapore Exchange Securities Limited ("SGX-ST") for the registration of the offer documents for the listing of the Company.

The fair value of the liability component, included in current liabilities, is calculated using a market interest rate for an equivalent non-convertible term loan at the date of issue. The residual amount, representing the value of the equity conversion component, is included in shareholders' equity in other reserves (Note 22 (b)).

The carrying amount of the liability component of the convertible loan at the balance sheet date is derived as follows:

	<b>30 June 2012 \$ (Unaudited)</b>	<b>31 December 2011 \$ (Audited)</b>
Principal amount of convertible loan	1,200,000	—
Equity conversion component on initial recognition (Note 22 (b))	(50,000)	—
Liability component at end of financial year	<u>1,150,000</u>	<u>—</u>

**APPENDIX B — INDEPENDENT AUDITOR'S REVIEW REPORT ON  
THE UNAUDITED COMBINED FINANCIAL STATEMENTS  
FOR THE SIX-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2012**

**19 FINANCE LEASE LIABILITIES**

The Group leases motor vehicles 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.

	<b>30 June 2012 \$ (Unaudited)</b>	<b>31 December 2011 \$ (Audited)</b>
Minimum lease payments due		
— Not later than one year	52,415	52,415
— Between one and five years	56,718	82,925
	<u>109,133</u>	<u>135,340</u>
Less: Future finance charges	(12,130)	(15,041)
Present value of finance lease liabilities	<u>97,003</u>	<u>120,299</u>

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

• Not later than one year	46,593	46,593
• Between two to five years	50,410	73,706
	<u>97,003</u>	<u>120,299</u>

**20 DEFERRED INCOME TAX LIABILITIES**

	<b>30 June 2012 \$ (Unaudited)</b>	<b>31 December 2011 \$ (Audited)</b>
Deferred income tax liabilities		
— to be settled within one year	5,020	5,104

Movement in deferred income tax assets and liabilities is as follows:

	<b>Provisions \$</b>	<b>Other \$</b>	<b>Total \$</b>
<b>30 June 2012 (Unaudited)</b>			
Beginning of financial period	—	(5,104)	(5,104)
Currency translation differences		84	84
End of financial period	<u>—</u>	<u>(5,020)</u>	<u>(5,020)</u>

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**APPENDIX B — INDEPENDENT AUDITOR'S REVIEW REPORT ON  
THE UNAUDITED COMBINED FINANCIAL STATEMENTS  
FOR THE SIX-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2012**

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	Provisions \$	Other \$	Total \$
<b>31 December 2011</b>			
Beginning of financial year	74,474	(1,709)	72,765
Currency translation differences	—	(3,092)	(3,092)
Charged to profit or loss	(74,474)	(303)	(74,777)
	<u>—</u>	<u>(5,104)</u>	<u>(5,104)</u>
End of financial year	<u>—</u>	<u>(5,104)</u>	<u>(5,104)</u>

Deferred income tax assets are recognised for capital allowances carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has capital allowances of \$3,583 (2011: \$3,583) at the balance sheet date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with capital allowances in their respective countries of incorporation. The capital allowances will expire between 2013 and 2014.

## **21 SHARE CAPITAL**

The Company was incorporated on 18 May 2012 in the Republic of Singapore as an investment holding company with an initial issued and paid-up share capital of \$10, comprising 10 ordinary shares.

For the purpose of the preparation of the combined balanced sheets, the share capital as at 30 June 2012 represent the aggregate amounts of the paid-up capital of the following companies:

	No. of ordinary shares	Amount \$
<b><u>Fully paid and issued ordinary shares</u></b>		
Kori Construction (S) Pte. Ltd.	200,000	200,000
Ming Shin Construction (S) Pte. Ltd.	100,000	100,000
Kori Construction (M) Sdn Bhd	350,000	142,119
	<u>650,000</u>	<u>442,119</u>

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

**APPENDIX B — INDEPENDENT AUDITOR'S REVIEW REPORT ON  
THE UNAUDITED COMBINED FINANCIAL STATEMENTS  
FOR THE SIX-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2012**

**22 OTHER RESERVES**

	30 June 2012 \$ (Unaudited)	31 December 2011 \$ (Audited)
(a) <u>Composition:</u>		
Currency translation reserve	(407)	6,407
Equity component of convertible loan	50,000	—
	49,593	6,407
(b) <u>Movements:</u>		
(i) <i>Currency translation reserve</i>		
Beginning of financial period/year	6,407	(1,205)
Net currency translation differences on financial statements of foreign subsidiary	(6,814)	7,612
End of financial period/year	(407)	6,407
(ii) <i>Equity component of convertible loan</i>		
Convertible loan — equity component (Note 18)	50,000	—

**23 RETAINED PROFITS**

Retained profits of the Group are distributable.

**24 RELATED PARTY TRANSACTIONS**

Parties are considered to be related to the Group 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.

Key management personnel compensation

Key management personnel compensation is as follows:

	Six-month period ended 30 June 2012 \$ (Unaudited)	2011 \$ (Unaudited)
Salaries and bonuses	287,210	287,449
Employer's contribution to defined contribution plans including Central Provident Fund	13,500	14,449
	300,710	301,898

Included in the above is total compensation to directors of the Group amounting to \$107,960 for the six-month period ended 30 June 2012 (2011: \$287,450) respectively.

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**APPENDIX B — INDEPENDENT AUDITOR'S REVIEW REPORT ON  
THE UNAUDITED COMBINED FINANCIAL STATEMENTS  
FOR THE SIX-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2012**

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**25 COMMITMENTS**

Operating lease commitments

The Group leases dormitory for workers 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 at the statement of financial position date but not recognised as liabilities, are analysed as follows:

	<b>30 June 2012</b>	<b>31 December 2011</b>
	<b>\$</b>	<b>\$</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Not later than one year	468,228	771,955
Between one and five years	150,386	258,968
	<u>618,614</u>	<u>1,030,923</u>

**26 FINANCIAL RISK MANAGEMENT**

*Financial risk factors*

The Group's activities expose it to market risk (including currency risk and interest rate risk), credit risk, liquidity risk and capital risk. The Group's overall risk management strategy seeks to minimise 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.

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

## APPENDIX B — INDEPENDENT AUDITOR'S REVIEW REPORT ON THE UNAUDITED COMBINED FINANCIAL STATEMENTS FOR THE SIX-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2012

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

(a) Market risk

(i) *Currency risk*

Foreign currency risk arises from transaction denominated in currencies other than the functional currency of the Company. The Group's business operations are not exposed to significant foreign currency risks as it has no significant transactions dominated in foreign currencies.

	SGD \$	USD \$	MYR \$	Total \$
<u>As 30 June 2012</u>				
<b>(Unaudited)</b>				
<b>Financial assets</b>				
Cash and bank balances	5,542,377	—	359,226	5,901,603
Trade and other receivables	10,608,506	—	58,407	10,666,913
Intercompany receivables	30,157,812	—	—	30,157,812
Deposits	337,938	—	755	338,693
	<u>46,646,633</u>	<u>—</u>	<u>418,388</u>	<u>47,065,021</u>
<b>Financial liabilities</b>				
Finance lease liabilities	97,003	—	—	97,003
Intercompany payables	30,157,812	—	—	30,157,812
Other financial liabilities	4,940,386	2,823,791	156,582	7,920,759
	<u>35,195,201</u>	<u>2,823,791</u>	<u>156,582</u>	<u>38,175,574</u>
<b>Net financial assets/(liabilities)</b>	11,451,432	(2,823,791)	261,806	8,889,447
Add: Net non-financial assets	17,180,193	—	—	17,180,193
<b>Net assets/(liabilities)</b>	<u>28,631,625</u>	<u>(2,823,791)</u>	<u>261,806</u>	<u>26,069,640</u>
<b>Currency profile including non-financial assets/(liabilities)</b>	<u>28,631,625</u>	<u>(2,823,791)</u>	<u>261,806</u>	<u>26,069,640</u>
<b>Currency exposure of financial assets/(liabilities) net of those denominated in the respective entities' functional currencies</b>	<u>—</u>	<u>(2,823,791)</u>	<u>261,806</u>	<u>(2,561,985)</u>



**APPENDIX B — INDEPENDENT AUDITOR'S REVIEW REPORT ON  
THE UNAUDITED COMBINED FINANCIAL STATEMENTS  
FOR THE SIX-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2012**

	SGD \$	USD \$	MYR \$	Total \$
<u>As 31 December 2011</u>				
<b>Financial assets</b>				
Cash and bank balances	5,183,730	—	409,520	5,593,250
Trade and other receivables	7,844,871	—	101,586	7,946,457
Intercompany receivables	24,183,141	—	—	24,183,141
Deposits	324,219	—	1,308	325,527
	<u>37,535,961</u>	<u>—</u>	<u>512,414</u>	<u>38,048,375</u>
<b>Financial liabilities</b>				
Finance lease liabilities	120,299	—	—	120,299
Intercompany payables	24,183,141	—	—	24,183,141
Other financial liabilities	6,908,293	1,337,121	237,759	8,483,173
	<u>31,211,733</u>	<u>1,337,121</u>	<u>237,759</u>	<u>32,786,613</u>
<b>Net financial assets/(liabilities)</b>	6,324,228	(1,337,121)	274,655	5,261,762
Add: Net non-financial assets	15,614,897	—	32,922	15,647,819
<b>Net assets/(liabilities)</b>	<u>21,939,125</u>	<u>(1,337,121)</u>	<u>307,577</u>	<u>20,909,581</u>
<b>Currency profile including non-financial assets/(liabilities)</b>	<u>21,939,125</u>	<u>(1,337,121)</u>	<u>307,577</u>	<u>20,909,581</u>
<b>Currency exposure of financial assets/ (liabilities) net of those denominated in the respective entities' functional currencies</b>	<u>—</u>	<u>(1,337,121)</u>	<u>307,577</u>	<u>(1,029,544)</u>

(ii) *Interest rate risk*

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 risk is primarily from short-term deposits that will mature from one to twelve months. 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 interest rates for short-term bank deposits are 0.25% per annum in the six-month period 2012 (2011: 0.25%–0.45%). Any significant movement in the interest rates is not likely to be material to the Group.

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**APPENDIX B — INDEPENDENT AUDITOR'S REVIEW REPORT ON  
THE UNAUDITED COMBINED FINANCIAL STATEMENTS  
FOR THE SIX-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2012**

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(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 (including amount due from customers on construction contracts and retention receivables), the Group adopts the policy of focusing on government bodies as its customers due to their low default risk on billings and 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 (2011: 3 debtors) that individually represented more than 10% of trade receivables.

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

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

	<b>30 June 2012 \$ (Unaudited)</b>	<b>31 December 2011 \$ (Audited)</b>
<u>By geographical areas</u>		
Singapore	30,240,621	26,628,821
	<u>30,240,621</u>	<u>26,628,821</u>
<u>By types of customers</u>		
Non-related parties	30,240,621	26,628,821
	<u>30,240,621</u>	<u>26,628,821</u>

(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 six-month financial period ended 30 June 2012 and financial year ended 31 December 2011.

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**APPENDIX B — INDEPENDENT AUDITOR'S REVIEW REPORT ON  
THE UNAUDITED COMBINED FINANCIAL STATEMENTS  
FOR THE SIX-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2012**

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(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.

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

	<b>30 June 2012 \$ (Unaudited)</b>	<b>31 December 2011 \$ (Audited)</b>
Past due < 3 months	338,946	14,450
Past due 3 to 6 months	8,290	—
Past due over 6 months	5,454	6,911
	<u>352,690</u>	<u>21,361</u>

There are no trade receivables that are past due and impaired as the Group has received the payments from customers after the respective six-month period ended 30 June 2012 and financial year ended 31 December 2011.

(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.

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.

	<b>Less than 1 year \$</b>	<b>Between 1 and 2 years \$</b>	<b>More than 2 years \$</b>
<b>Group</b>			
<b>At 30 June 2012</b>			
<b>(Unaudited)</b>			
Trade and other payables	8,277,446	—	—
Finance lease liabilities	52,415	56,717	—
	<u>8,329,861</u>	<u>56,717</u>	<u>—</u>

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**APPENDIX B — INDEPENDENT AUDITOR'S REVIEW REPORT ON  
THE UNAUDITED COMBINED FINANCIAL STATEMENTS  
FOR THE SIX-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2012**

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	Less than 1 year \$	Between 1 and 2 years \$	More than 2 years \$
<b>Group</b>			
<b>At 31 December 2011</b>			
<b>(Audited)</b>			
Trade and other payables	10,408,413	—	—
Finance lease liabilities	52,415	82,925	—
	10,460,828	82,925	—

(d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder 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.

The Group's strategy is to maintain gearing ratio within 15% to 30%.

The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as trade and other payables plus convertible loans and finance lease liabilities less cash and bank balances. Total capital is calculated as total equity plus net debt.

	30 June 2012 \$ (Unaudited)	31 December 2011 \$ (Audited)
Net debt	3,622,846	4,935,462
Total equity	26,069,640	20,909,581
Total capital	29,692,486	25,845,043
Gearing ratio	12%	19%

The Group has no externally imposed capital requirements for the six-month period ended 30 June 2012 and financial year ended 31 December 2011.

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**APPENDIX B — INDEPENDENT AUDITOR'S REVIEW REPORT ON  
THE UNAUDITED COMBINED FINANCIAL STATEMENTS  
FOR THE SIX-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2012**

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**27 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:

	<b>Structural Steel \$</b>	<b>Tunnelling \$</b>	<b>Total \$</b>
<b>Six-month period ended 30 June 2012 (Unaudited)</b>			
<b>Contract revenue</b>	24,466,144	2,186,996	26,653,140
<b>Gross profit</b>	<u>5,675,479</u>	<u>862,814</u>	6,538,293
Other income			548,950
Administrative expenses			(940,332)
Finance expense			<u>(2,911)</u>
Profit before tax			6,144,000
Income tax expense			<u>(1,027,127)</u>
<b>Net profit</b>			<u>5,116,873</u>
Net profit includes:			
— Depreciation (Note 16)			<u>57,170</u>
<b>Six-month period ended 30 June 2011 (Unaudited)</b>			
<b>Contract revenue</b>	16,681,174	454,673	17,135,847
<b>Gross profit</b>	<u>3,920,561</u>	<u>376,127</u>	4,296,688
Other income			330,258
Administrative expenses			(902,094)
Finance expense			<u>(2,911)</u>
Profit before tax			3,721,941
Income tax expense			<u>(561,293)</u>
<b>Net profit</b>			<u>3,160,648</u>
Net profit includes:			
— Depreciation			<u>45,966</u>

**APPENDIX B — INDEPENDENT AUDITOR'S REVIEW REPORT ON  
THE UNAUDITED COMBINED FINANCIAL STATEMENTS  
FOR THE SIX-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2012**

	Structural Steel \$	Tunnelling \$	Total \$
<b>30 June 2012 (Unaudited)</b>			
<b>Segment assets</b>	26,809,198	1,245,672	28,054,870
Total assets includes:			
Additions to property, plant and equipment (Note 16)			29,033
<b>Segment liabilities</b>	5,821,559	371,689	6,193,248
<b>31 December 2011 (Audited)</b>			
<b>Segment assets</b>	25,835,347	787,358	26,622,705
Total assets includes:			
Additions to property, plant and equipment (Note 16)			77,478
<b>Segment liabilities</b>	8,261,021	34,157	8,295,178

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

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

For the purposes of monitoring segment performance and allocating resources between segments, the management monitors the inventories and receivables attributable to each segment. All assets are allocated to reportable segments other than cash and bank balances, trade and other receivables, inventories, deferred listing expenses and property, plant and equipment.

	30 June 2012 \$ (Unaudited)	31 December 2011 \$ (Audited)
Segment assets for reportable segments	28,054,870	26,622,705
Unallocated:		
— Cash and bank balances	5,901,604	5,593,250
— Trade and other receivables	2,659,294	779,430
— Inventories	1,414,753	760,393
— Deferred listing expenses	615,560	—
— Property, plant and equipment	292,844	326,827
	38,938,925	34,082,605

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**APPENDIX B — INDEPENDENT AUDITOR'S REVIEW REPORT ON  
THE UNAUDITED COMBINED FINANCIAL STATEMENTS  
FOR THE SIX-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2012**

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

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

	<b>30 June 2012 \$ (Unaudited)</b>	<b>31 December 2011 \$ (Audited)</b>
Segment liabilities for reportable segments	6,193,248	8,295,178
Unallocated:		
— Trade and other payables	2,084,198	2,113,235
— Convertible loans	1,150,000	—
— Current income tax liabilities	3,339,816	2,639,208
— Deferred income tax liabilities	5,020	5,104
— Finance lease liabilities	97,003	120,299
	12,869,285	13,173,024

## **28 NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS**

Below are the mandatory standards and amendments to existing standards that have been published and relevant for the Group's accounting periods beginning on or after 1 July 2012 which the Group has not early adopted:

- Amendments to FRS 1 — Presentation of Financial Statements (effective for annual periods beginning on or after 1 July 2012)
- Amendments to FRS 12 — Deferred tax: recovery of underlying assets (effective for annual periods beginning on or after 1 January 2012)
- Amendments to FRS 32 — Offsetting financial assets and financial liabilities (effective for annual periods beginning on or after 1 January 2014)
- Amendments FRS 107 — Transfers of financial assets (effective for annual periods beginning on or after 1 July 2011)
- Amendments to INT FRS 114 — Prepayments of a minimum funding requirement (effective for annual periods commencing on or after 1 January 2011)
- FRS 110 — Combined financial statements (effective for annual periods beginning on or after 1 January 2013)
- FRS 111 — Joint arrangements (effective for annual periods beginning on or after 1 January 2013)
- FRS 112 — Disclosure of interest in other entities (effective for annual periods beginning on or after 1 January 2013)



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**APPENDIX B — INDEPENDENT AUDITOR'S REVIEW REPORT ON  
THE UNAUDITED COMBINED FINANCIAL STATEMENTS  
FOR THE SIX-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2012**

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- FRS 113 — Fair value measurements (effective for annual periods beginning on or after 1 January 2013)
- FRS 19 (revised) — Employee Benefits (effective for annual periods beginning on or after 1 January 2013)
- FRS 27 (revised) — Separate financial statements (effective for annual periods beginning on or after 1 January 2013)
- FRS 28 (revised) — Investments in associates and joint ventures (effective for annual periods beginning on or after 1 January 2013)

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.

**29 AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE**

The unaudited combined financial statements of Kori Holdings Limited and its Subsidiaries for the six-month period ended 30 June 2012 were authorised for issue in accordance with a resolution of the Board of Directors on 4 December 2012.

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## **APPENDIX C — SUMMARY OF SELECTED ARTICLES OF ASSOCIATION OF OUR COMPANY**

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The discussion below provides information about certain provisions of our Memorandum and Articles of Association and certain aspects of Singapore company law. This description is only a summary and is qualified by reference to the Companies Law and our Memorandum and Articles of Association. The instruments that constitute and define us are our Memorandum and Articles of Association.

### **REGISTRATION NUMBER**

We are registered in Singapore with the Accounting and Corporate Regulatory Authority. Our company registration number is 201212407R.

### **SUMMARY OF OUR ARTICLES OF ASSOCIATION**

#### **1. Directors**

##### **(a) Ability of interested directors to vote**

A Director shall not vote in respect of any contract, proposed contract or arrangement or any other proposal in which he has any personal material interest, and he shall not be counted in the quorum present at the meeting.

##### **(b) Remuneration**

Fees payable to non-executive Directors shall be a fixed sum (not being a commission on or a percentage of profits or turnover of the Company) as shall from time to time be determined by the Company in general meeting. Fees payable to Directors shall not be increased except at a general meeting convened by a notice specifying the intention to propose such increase.

Any Director who holds any executive office, or who serves on any committee of the Directors, or who performs services outside the ordinary duties of a Director, may be paid extra remuneration by way of salary, commission or otherwise, as the Directors may determine.

The remuneration of a Managing Director shall be fixed by the Directors and may be by way of salary or commission or participation in profits or by any or all of these modes but shall not be by a commission on or a percentage of turnover. The Directors shall have power to pay pensions or other retirement, superannuation, death or disability benefits to (or to any person in respect of) any Director for the time being holding any executive office and for the purpose of providing any such pensions or other benefits, to contribute to any scheme or fund or to pay premiums.

##### **(c) Borrowing**

Our Directors may exercise all the powers of our Company to raise or borrow money, to mortgage or charge its undertaking, property and uncalled capital, and to secure any debt, liability or obligation of our Company.

##### **(d) Retirement Age Limit**

There is no retirement age limit for Directors under our Articles of Association. Section 153 of the Companies Act however, provides that no person of or over the age of 70 years shall be appointed a director of a public company, unless he is appointed or re-appointed as a director of the Company or authorised to continue in office as a director of the Company by way of an ordinary resolution passed at an annual general meeting of the Company.

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## **APPENDIX C — SUMMARY OF SELECTED ARTICLES OF ASSOCIATION OF OUR COMPANY**

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### **(e) Shareholding Qualification**

There is no shareholding qualification for Directors in the Memorandum and Articles of Association of the Company.

## **2. Share rights and restrictions**

We currently have one class of shares, namely, ordinary shares. Only persons who are registered on our register of shareholders are recognised as our shareholders. In cases where the person so registered is CDP, the persons named as the depositors in the depository register maintained by CDP for the ordinary shares are recognised as our shareholders.

### **(a) Dividends and distribution**

We may, by ordinary resolution of our shareholders, declare dividends at a general meeting, but we may not pay dividends in excess of the amount recommended by our Directors. We must pay all dividends out of profits available for distribution. We may capitalise any sum standing to the credit of any of the Company's reserve accounts and apply it to pay dividends, if such dividends are satisfied by the issue of shares to our shareholders. All dividends are paid pro-rata amongst our shareholders in proportion to the amount paid up on each shareholder's ordinary shares, unless the rights attaching to an issue of any ordinary share provide otherwise. Unless otherwise directed, dividends are paid by cheque or warrant sent through the post to each shareholder at his registered address. Notwithstanding the foregoing, the payment by us to CDP of any dividend payable to a shareholder whose name is entered in the depository register shall, to the extent of payment made to CDP, discharge us from any liability to that shareholder in respect of that payment.

The payment by the Directors of any unclaimed dividends or other monies payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof. All dividends unclaimed after being declared may be invested or otherwise made use of by the Directors for the benefit of the Company. Any dividend unclaimed after a period of six years after having been declared may be forfeited and shall revert to the Company but the Directors may thereafter at their discretion annul any such forfeiture and pay the dividend so forfeited to the person entitled thereto prior to the forfeiture.

The Directors may retain any dividends or other monies payable on or in respect of a share on which our Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

### **(b) Voting rights**

A holder of our ordinary shares is entitled to attend and vote at any general meeting, in person or by proxy. Proxies need not be a shareholder. A person who holds ordinary shares through the SGX-ST book-entry settlement system will only be entitled to vote at a general meeting as a shareholder if his name appears on the depository register maintained by CDP at least 48 hours before the general meeting. Except as otherwise provided in our Articles of Association, two or more shareholders must be present in person or by proxy to constitute a quorum at any general meeting. Under our Articles

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## **APPENDIX C — SUMMARY OF SELECTED ARTICLES OF ASSOCIATION OF OUR COMPANY**

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of Association, on a show of hands, every shareholder present in person and by proxy shall have one vote, and on a poll, every shareholder present in person or by proxy shall have one vote for each ordinary share which he holds or represents. A poll may be demanded in certain circumstances, including by the Chairman of the meeting or by any shareholder present in person or by proxy and representing not less than 10% of the total voting rights of all shareholders having the right to attend and vote at the meeting or by any two shareholders present in person or by proxy and entitled to vote. In the case of a tie vote, whether on a show of hands or a poll, the Chairman of the meeting shall be entitled to a casting vote.

### **3. Change in capital**

Changes in the capital structure of our Company (for example, an increase, consolidation, cancellation, sub-division or conversion of our share capital) require shareholders to pass an ordinary resolution. General meetings at which ordinary resolutions are proposed to be passed shall be called by at least 14 days' notice in writing. The notice must be given to each of our shareholders who have supplied us with an address in Singapore for the giving of notices and must set forth the place, the day and the hour of the meeting. The reduction of our share capital is subject to the conditions prescribed by law.

### **4. Variation of rights of existing shares or classes of shares**

Subject to the Companies Act, whenever the share capital of the Company is divided into different classes of shares, the special rights attached to any class may be varied or abrogated either with the consent in writing of the holders of three-quarters of the total voting rights of the issued shares of the class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of the class. To every such separate general meeting, the provisions of our Articles of Association relating to general meetings of the Company and to the proceedings thereat shall mutatis mutandis apply, except that the necessary quorum shall be two persons holding or representing by proxy at least one-third of the total voting rights of the issued shares of the class, and that any holder of shares of the class present in person or by proxy may demand a poll and that every such holder shall on a poll have one vote for every share of the class held by him, provided always that where the necessary majority for such a special resolution is not obtained at such general meeting, consent in writing if obtained from the holders of three-quarters of the total voting rights of the issued shares of the class concerned within two months of such general meeting shall be as valid and effectual as a special resolution carried at such general meeting. These provisions shall apply to the variation or abrogation of the special rights attached to some only of the shares of any class as if each group of shares of the class differently treated formed a separate class the special rights whereof are to be varied or abrogated.

The relevant Article does not impose more significant conditions than the Companies Act in this regard.

### **5. Limitations on foreign or non-resident shareholders**

There are no limitations imposed by Singapore law or by our Articles of Association on the rights of our shareholders who are regarded as non-residents of Singapore, to hold or vote their shares.

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## APPENDIX D — TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

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You are invited to apply and subscribe for and/or purchase the Placement Shares at the Placement Price, subject to the following terms and conditions:

1. **YOUR APPLICATION MUST BE MADE IN LOTS OF 1,000 PLACEMENT SHARES AND INTEGRAL MULTIPLES THEREOF. YOUR APPLICATION FOR ANY OTHER NUMBER OF PLACEMENT SHARES WILL BE REJECTED.**
2. Your application for Placement Shares may only be made by way of Placement Shares Application Forms.

**YOU MAY NOT USE CPF FUNDS TO APPLY FOR THE PLACEMENT SHARES.**

3. **You are allowed to submit only one application in your own name for the Placement Shares.**

**If you, being other than an approved nominee company, have submitted an application for Placement Shares in your own name, you should not submit any other application for Placement Shares for any other person. Such separate applications shall be deemed to be multiple applications and may be rejected at the discretion of our Company, the Vendor, the Manager, Sponsor and Placement Agent.**

**Joint and multiple applications shall be rejected. If you submit or procure submissions of multiple share applications for the Placement Shares, you may be deemed to have committed an offence under the Penal Code (Chapter 224) and the SFA, and your applications may be referred to the relevant authorities for investigation. Multiple applications or those appearing to be or suspected of being multiple applications may be rejected at the discretion of our Company, the Vendor, the Manager, Sponsor and Placement Agent.**

4. Our Company, the Vendor, the Manager, Sponsor and Placement Agent will not accept applications from any person under the age of 18 years, undischarged bankrupts, sole proprietorships, partnerships, or non-corporate bodies, joint Securities Account holders of CDP and from applicants whose addresses (as furnished in their Application Forms) bear post office box numbers. No person acting or purporting to act on behalf of a deceased person is allowed to apply under the Securities Account with CDP in the deceased's name at the time of application.
5. Our Company, the Vendor, the Manager, Sponsor and Placement Agent will not recognise the existence of a trust. Any application by a trustee or trustees must be made in his/her/their own name(s) and without qualification or, where the application is made by way of an Application Form by a nominee, in the name(s) of an approved nominee company or companies after complying with paragraph 6 below.
6. **OUR COMPANY, THE VENDOR, THE MANAGER, SPONSOR AND PLACEMENT AGENT WILL NOT ACCEPT APPLICATIONS FROM NOMINEES EXCEPT THOSE MADE BY APPROVED NOMINEE COMPANIES ONLY.** Approved nominee companies are defined as banks, merchant banks, finance companies, insurance companies and licensed securities dealers in Singapore and nominee companies controlled by them. Applications made by nominees other than approved nominee companies shall be rejected.

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## APPENDIX D — TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

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7. **IF YOU ARE NOT AN APPROVED NOMINEE COMPANY, YOU MUST MAINTAIN A SECURITIES ACCOUNT WITH CDP IN YOUR OWN NAME AT THE TIME OF YOUR APPLICATION.** If you do not have an existing Securities Account with CDP in your own name at the time of your application, your application will be rejected. If you have an existing Securities Account with CDP but fail to provide your Securities Account number or provide an incorrect Securities Account number in Section B of the Application Form, your application is liable to be rejected. Subject to paragraph 8 below, your application shall be rejected if your particulars such as name, NRIC/passport number, nationality, permanent residence status and CDP Securities Account number provided in your Application Form differ from those particulars in your Securities Account as maintained with CDP. If you possess more than one individual direct Securities Account with CDP, your application shall be rejected.
8. **Notwithstanding paragraph 7 above, if your address as stated in the Application Form is different from the address registered with CDP, you must inform CDP of your updated address promptly, failing which the notification letter on successful allotment and other correspondence from CDP will be sent to your address last registered with CDP.**
9. **Our Company, the Vendor, the Manager, Sponsor and Placement Agent reserve the right to reject any application which does not conform strictly to the instructions set out in the Application Form and in this Offer Document or with the terms and conditions of this Offer Document or, in the case of an application by way of an Application Form, which is illegible, incomplete, incorrectly completed or which is accompanied by an improperly drawn remittance or improper form of remittance or remittances which are not honoured upon the first presentation.**
10. **Our Company, the Vendor, the Manager, Sponsor and Placement Agent further reserve the right to treat as valid any applications not completed or submitted or effected in all respects in accordance with the instructions set out in the Application Forms or the terms and conditions of this Offer Document, and also to present for payment or other processes all remittances at any time after receipt and to have full access to all information relating to, or deriving from, such remittances or the processing thereof.**
11. Our Company, the Vendor, the Manager, Sponsor and Placement Agent reserve the right to reject or to accept, in whole or in part, or to scale down or to ballot, any application, without assigning any reason therefor, and no enquiry and/or correspondence on the decision with regards hereto will be entertained. In deciding the basis of allotment and/or allocation which shall be at the discretion of our Company, the Vendor, the Manager, Sponsor and Placement Agent, due consideration will be given to the desirability of allotting and/or allocating the Placement Shares to a reasonable number of applicants with a view to establishing an adequate market for our Shares.
12. Share certificates will be registered in the name of CDP or its nominee and will be forwarded only to CDP. It is expected that CDP will send to you, at your own risk, within 15 Market Days after the close of the Application List, a statement of account stating that your Securities Account has been credited with the number of Placement Shares allotted and/or allocated to you, if your application is successful. This will be the only acknowledgement of application monies received and is not an acknowledgement by our Company, the Vendor, the Manager, Sponsor and Placement Agent. You irrevocably authorise CDP to complete and sign on your behalf, as transferee or renounee, any instrument of transfer and/or other documents required for the issue or transfer of the Placement Shares allotted and/or allocated to you.

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## APPENDIX D — TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

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13. In the event that our Company lodges a supplementary or replacement Offer Document (“**Relevant Document**”) pursuant to the SFA or any applicable legislation in force from time to time prior to the close of the Placement, and the Placement Shares have not been issued and/or transferred, we (and on behalf of the Vendor) will (as required by law), and subject to the SFA, at our sole and absolute discretion either:
- (i) within two days (excluding any Saturday, Sunday or public holiday) from the date of lodgement of the Relevant Document, give you notice in writing of how to obtain, or arrange to receive, a copy of the same and provide you with an option to withdraw your application and take all reasonable steps to make available within a reasonable period the Relevant Document to you if you have indicated that you wish to obtain, or have arranged a copy of the Relevant Document; or
  - (ii) within seven days of the lodgement of the Relevant Document give you a copy of the Relevant Document and provide you with an option to withdraw; or
  - (iii) deem your application as withdrawn and cancelled and refund your application monies (without interest or any share of revenue or other benefit arising therefrom) to you within seven days from the lodgement of the Relevant Document.

Where you have notified us within 14 days from the date of lodgement of the Relevant Document of your wish to exercise your option under paragraph 13(i) and (ii) above to withdraw your application, we (and on behalf of the Vendor) shall pay to you all monies paid by you on account of your application for the Placement Shares without interest or any share or revenue or other benefit arising therefrom and at your own risk, within seven days from the receipt of such notification.

In the event that at any time at the time of the lodgement of the Relevant Document, the Placement Shares have already been issued and/or transferred but trading has not commenced, we (and on behalf of the Vendor) will (as required by law), and subject to the SFA, either:

- (a) within two days (excluding any Saturday, Sunday or public holiday) from the date of the lodgement of the Relevant Document, give you notice in writing of how to obtain, or arrange to receive, a copy of the same and provide you with an option to return to the Company the Placement Shares which you do not wish to retain title in and take all reasonable steps to make available within a reasonable period the Relevant Document to you if you have indicated that you wish to obtain, or have arranged to receive, a copy of the Relevant Document; or
- (b) within seven days from the lodgement of the Relevant Document give you a copy of the Relevant Document and provide you with an option to return the Placement Shares; or
- (c) deem the issue and/or transfer as void and refund your payment for the Placement Shares (without interest or any share of revenue or other benefit arising therefrom) to you within seven days from the lodgement of the Relevant Document.

Any applicant who wishes to exercise his option under paragraph 13(a) and (b) above to return the Placement Shares issued and/or transferred to him shall, within 14 days from the date of lodgement of the Relevant Document, notify us of this and return all documents, if any, purporting to be evidence of title of those Placement Shares, whereupon we (and on



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## APPENDIX D — TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

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behalf of the Vendor) shall, subject to the SFA, within seven days from the receipt of such notification and documents, pay to him all monies paid by him for the Placement Shares without interest or any share of revenue or other benefit arising therefrom and at his own risk, and the Placement Shares issued and/or transferred to him shall be void.

Additional terms and instructions applicable upon the lodgement of the supplementary or replacement offer document, including instructions on how you can exercise the option to withdraw, may be found in such supplementary or replacement offer document.

14. You irrevocably authorise CDP to disclose the outcome of your application, including the number of Placement Shares allotted and/or allocated to you pursuant to your application, to our Company, the Vendor, the Manager, Sponsor and the Placement Agent and, any other parties so authorised by the foregoing persons.
15. Any reference to “you” or the “applicant” in this section shall include an individual, a corporation, an approved nominee and trustee applying for the Placement Shares through the Placement Agent or their designated sub-placement agent(s).
16. By completing and delivering an Application Form in accordance with the provisions of this Offer Document, you:
  - (a) irrevocably offer, agree and undertake to subscribe for and/or purchase the number of Placement Shares specified in your application (or such smaller number for which the application is accepted) at the Placement Price and agree that you will accept such Placement Shares as may be allotted and/or allocated to you, in each case, on the terms of and subject to the conditions set out in this Offer Document and the Memorandum and Articles of Association of our Company;
  - (b) agree that the aggregate Placement Price for the Placement Shares applied for is due and payable to our Company and the Vendor upon application;
  - (c) warrant the truth and accuracy of the information contained, and representations and declarations made, in your application, and acknowledge and agree that such information, representations and declarations will be relied on by our Company, the Vendor, the Manager, Sponsor and Placement Agent in determining whether to accept your application and/or whether to allot and/or allocate any Placement Shares to you; and
  - (d) agree and warrant that, if the laws of any jurisdictions outside Singapore are applicable to your application, you have complied with all such laws and none of our Company, the Vendor, the Manager, Sponsor and Placement Agent will infringe any such laws as a result of the acceptance of your application.
17. Acceptance of applications will be conditional upon, *inter alia*, our Company, the Vendor, the Manager, Sponsor and Placement Agent being satisfied that:
  - (a) permission has been granted by the SGX-ST to deal in and for quotation of all our existing Shares (including the New Shares and the Vendor Shares) and the Award Shares and the Option Shares on the Catalist;
  - (b) the Management Agreement and the Placement Agreement referred to in the section “General and Statutory Information — Management and Placement Arrangements” of this Offer Document have become unconditional and have not been terminated or cancelled prior to such date as our Company may determine; and

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## APPENDIX D — TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

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- (c) the Authority or other competent authority has not served a stop order (“**Stop Order**”) which directs that no or no further shares to which this Offer Document relates be allotted and/or allocated.
18. In the event that a Stop Order in respect of the Placement Shares is served by the Authority or other competent authority, and
- (a) where the Placement Shares have not been issued, and/or transferred, all applications shall be deemed to have been withdrawn and cancelled and we shall refund (at your own risk) all monies paid on account of your application of the Placement Shares (without interest or any share of revenue or other benefit arising therefrom) to you within 14 days of the date of the Stop Order; or
  - (b) If the Placement Shares have already been issued and/or transferred but trading has not commenced, the issue of the Placement Shares (as required by law) shall be deemed void and our Company (and on behalf of the Vendor) shall within 14 days from the date of the Stop Order, refund (at your own risk) all monies paid on account of your application for the Placement Shares (without interest or any share of revenue or other benefit arising therefrom).
- This shall not apply where only an interim Stop Order has been served.
19. In the event that an interim Stop Order in respect of the Placement Shares is served by the Authority or other competent authority, no Placement Shares shall be issued during the time when the interim Stop Order is in force.
20. The Authority or other competent authority is not able to serve a Stop Order in respect of the Placement Shares if the Placement Shares have been issued, listed on a securities exchange and trading in them has commenced.
21. In the event of any changes in the closure of the Application List or the time period during which the Placement is open, we will publicly announce the same through a SGXNET announcement to be posted on the Internet at the SGX-ST website <http://www.sgx.com> and through a paid advertisement in a local newspaper.
22. Our Company, the Vendor, the Manager, Sponsor and Placement Agent will not hold any application in reserve.
23. Our Company, the Vendor, the Manager, Sponsor and Placement Agent will not allot and/or allocate Shares on the basis of this Offer Document later than six months after the date of registration of this Offer Document by the SGX-ST, acting as agent on behalf of the Authority.
24. Additional terms and conditions for applications by way of Application Form are set out on pages D-6 to D-9 of this Offer Document.

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## APPENDIX D — TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

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### ADDITIONAL TERMS AND CONDITIONS FOR APPLICATIONS USING APPLICATION FORM

Applications by way of an Application Form shall be made on, and subject to, the terms and conditions of this Offer Document including, but not limited to, the terms and conditions appearing below, as well as those set out in the section “Terms, Conditions And Procedures For Application and Acceptance” of this Offer Document as well as the Memorandum and Articles of Association of our Company.

1. Your application for the Placement Shares must be made using the **BLUE** Application Form accompanying and forming part of this Offer Document. **ONLY ONE APPLICATION** should be enclosed in each envelope.

We draw your attention to the detailed instructions contained in the Application Form and this Offer Document for the completion of the Application Form which must be carefully followed. **Our Company, the Vendor, the Manager, Sponsor and Placement Agent reserve the right to reject applications which do not conform strictly to the instructions set out in the Application Form and this Offer Document or which are illegible, incomplete, incorrectly completed or which are accompanied by improperly drawn remittances or improper form of remittances which are not honoured upon their first presentation.**

2. Your Application Form must be completed in English. Please type or write clearly in ink using **BLOCK LETTERS**.
3. All spaces in the Application Forms, except those under the heading “**FOR OFFICIAL USE ONLY**”, must be completed and the words “**NOT APPLICABLE**” or “**N.A.**” should be written in any space that is not applicable.
4. Individuals, corporations, approved nominee companies and trustees must give their names in full. If you are an individual, you must make your application using your full name as it appears in your identity cards (if you have such identification document) or in your passports and, in the case of corporation, in your full name as registered with a competent authority. If you are not an individual, you must complete the Application Form under the hand of an official who must state the name and capacity in which he signs the Application Form. If you are a corporation completing the Application Form, you are required to affix your Common Seal (if any) in accordance with your Memorandum and Articles of Association or equivalent constitutive documents of the corporation. If you are a corporate applicant and your application is successful, a copy of your Memorandum and Articles of Association or equivalent constitutive documents must be lodged with our Company’s Share Registrar and Share Transfer Office. Our Company, the Vendor, the Manager, Sponsor and Placement Agent reserve the right to require you to produce documentary proof of identification for verification purposes.
5.
  - (a) You must complete Sections A and B and sign on page 1 of the Application Form.
  - (b) You are required to delete either paragraph 7(a) or 7(b) on page 1 of the Application Form. Where paragraph 7(a) is deleted, you must also complete Section C of the Application Form with particulars of the beneficial owner(s).
  - (c) If you fail to make the required declaration in paragraph 7(a) or 7(b), as the case may be, on page 1 of the Application Form, your application is liable to be rejected.
6. You (whether you are an individual or corporate applicant, whether incorporated or unincorporated and wherever incorporated or constituted) will be required to declare whether

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## APPENDIX D — TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

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you are a citizen or permanent resident of Singapore or a corporation in which citizens or permanent residents of Singapore or any body corporate constituted under any statute of Singapore having an interest in the aggregate of more than 50.0 per cent. of the issued share capital of or interests in such corporations. If you are an approved nominee company, you are required to declare whether the beneficial owner of the Placement Shares is a citizen or permanent resident of Singapore or a corporation, whether incorporated or unincorporated and wherever incorporated or constituted, in which citizens or permanent residents of Singapore or any body corporate whether incorporated or unincorporated and wherever incorporated or constituted under any statute of Singapore have an interest in the aggregate of more than 50.0 per cent. of the issued share capital of or interests in such corporation.

7. The completed and signed **BLUE** Placement Shares Application Form and the correct remittance in full in respect of the number of Placement Shares applied for (in accordance with the terms and conditions of this Offer Document) with your name and address written clearly on the reverse side, must be enclosed and sealed in an envelope to be provided by you. You must affix adequate postage on the envelope (if despatching by ordinary post) and thereafter the sealed envelope must be **DESPATCHED BY ORDINARY POST OR DELIVERED BY HAND** at your own risk to **Tricor Barbinder Share Registration Services, 80 Robinson Road, #02-00, Singapore 068898 to arrive by 12.00 noon on 7 December 2012 or such other time as our Company and the Vendor may, in consultation with the Manager, Sponsor and Placement Agent, decide. Local Urgent Mail or Registered Post must NOT be used.** Your application must be accompanied by a remittance in Singapore currency for the full amount payable, in respect of the number of Placement Shares applied for, in the form of a **BANKER'S DRAFT** or **CASHIER'S ORDER** drawn on a bank in Singapore, made out in favour of "**KORI HOLDINGS SHARE ISSUE ACCOUNT**" crossed "**A/C PAYEE ONLY**", with your name, CDP Securities Account Number and address written clearly on the reverse side. **Applications not accompanied by any payment or accompanied by any other form of payment will not be accepted.** We will reject remittances bearing "**NOT TRANSFERABLE**" or "**NON TRANSFERABLE**" crossings. No acknowledgement or receipt will be issued by us, the Vendor or the Manager, Sponsor and Placement Agent for applications and application monies or remittance received.
8. Monies paid in respect of unsuccessful applications are expected to be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post within 24 hours of allocating of applications at your own risk. Where your application is rejected or accepted in part only, the full amount or the balance of the application monies, as the case may be, will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post at your own risk within 14 Market Days after the close of the Application List, provided that the remittance accompanying such application which has been presented for payment or other processes has been honoured and application monies have been received in the designated share issue account. In the event that the Placement is cancelled by us following the termination of the Management Agreement and/or the Placement Agreement or the Placement does not proceed for any reason, the application monies received will be refunded (without interest or any share of revenue or any other benefit arising therefrom) to you by ordinary post at your own risk within five Market Days of the termination of the Placement. In the event that the Placement is cancelled by us following the issuance of a Stop Order by the Authority or the SGX-ST (acting as agent on behalf of the Authority), the application monies received will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post at your own risk within 14 Market Days from the date of the Stop Order.
9. Applications that are illegible, incomplete or incorrectly completed or accompanied by improperly drawn remittances or improper form of remittance or which are not honoured upon their first presentation are liable to be rejected.

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## APPENDIX D — TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

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10. Capitalised terms used in the Application Form and defined in this Offer Document shall bear the meanings assigned to them in this Offer Document.
11. You irrevocably agree and acknowledge that your application is subject to risks of fire, acts of God and other events beyond the control of our Company, our Directors, the Manager, Sponsor and Placement Agent, and/or any other party involved in the Placement and if, in any such event, our Company and/or the Manager, Sponsor and Placement Agent does not receive your Application Form, you shall have no claim whatsoever against our Company, the Manager, Sponsor and the Placement Agent and/or any other party involved in the Placement for the Placement Shares applied for or for any compensation, loss or damage.
12. By completing and delivering the Application Form, you agree that:
  - (a) in consideration of our Company and the Vendor having distributed the Application Form to you and agreeing to close the Application List at **12.00 noon on 7 December 2012** or such other time or date as our Company and the Vendor may, in consultation with the Manager, Sponsor and Placement Agent, decide and by completing and delivering the Application Form, you agree that:
    - (i) your application is irrevocable; and
    - (ii) your remittance will be honoured on first presentation and that any application monies returnable may be held pending clearance of your payment without interest or any share of revenue or other benefit arising therefrom;
  - (b) neither our Company, the Manager, Sponsor and the Placement Agent nor any other party involved in the Placement shall be liable for any delays, failures or inaccuracies in the recording, storage or transmission or delivery of data relating to your application to us or CDP due to breakdowns or failure of transmission, delivery or communication facilities or any risks referred to in paragraph 11 above or to any cause beyond their respective controls;
  - (c) all applications, acceptances and contracts resulting therefrom under the Placement shall be governed by and construed in accordance with the laws of Singapore and that you irrevocably submit to the non-exclusive jurisdiction of the Singapore courts;
  - (d) in respect of the Placement Shares for which your application has been received and not rejected, acceptance of your application shall be constituted by written notification and not otherwise, notwithstanding any remittance being presented for payment by or on behalf of our Company;
  - (e) you will not be entitled to exercise any remedy of rescission for misrepresentation at any time after acceptance of your application;
  - (f) in making your application, reliance is placed solely on the information contained in this Offer Document and that none of our Company, the Vendor, the Manager, Sponsor and Placement Agent or any other person involved in the Placement shall have any liability for any information not so contained;

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## **APPENDIX D — TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE**

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- (g) you consent to the disclosure of your name, NRIC/passport number, address, nationality, permanent resident status, CDP Securities Account number, and share application amount to our Share Registrar, CDP, SCCS, SGX-ST, our Company, the Vendor, the Manager, Sponsor and Placement Agent or other authorised operators; and
- (h) you irrevocably agree and undertake to subscribe for and/or purchase the number of Placement Shares applied for as stated in the Application Form or any smaller number of such Placement Shares that may be allotted and/or allocated to you in respect of your application. In the event that our Company decides to allot and/or allocate any smaller number of Placement Shares or not to allot and/or allocate any Placement Shares to you, you agree to accept such decision as final.

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## APPENDIX E — RULES OF THE KORI EMPLOYEE SHARE OPTION SCHEME

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### 1. NAME OF THE SCHEME

The Scheme shall be called the “Kori Employee Share Option Scheme”.

### 2. DEFINITIONS

2.1 In the Scheme, unless the context otherwise requires, the following words and expressions shall have the following meanings:

“Administration Committee”	The Administration Committee comprising of members of the remuneration committee of the Company to administer the Scheme
“Adoption Date”	The date on which the Scheme is adopted by the Company in general meeting
“Aggregate Subscription Cost”	The total amount payable for Shares which may be acquired on the exercise of an Option
“Articles”	The Articles of Association of the Company, as amended from time to time
“Associates”	Has the meaning ascribed to it in the SGX-ST Listing Manual
“Auditors”	The auditors of the Company for the time being
“Board”	The board of directors of the Company
“Catalist”	The sponsor-supervised listing platform of the SGX-ST
“CDP”	The Central Depository (Pte) Limited
“CPF”	Central Provident Fund
“Companies Act”	The Companies Act (Chapter 50 of Singapore) as amended, modified or supplemented from time to time
“Company”	Kori Holdings Limited, a public company incorporated in Singapore with limited liability
“control”	The capacity to dominate decision making, directly or indirectly, in relation to the financial and operating policies of the Company
“Controlling Shareholder”	A person who: (a) holds directly or indirectly 15.0% or more of the number of all voting shares in a company; or (b) in fact exercises control over a company, unless otherwise determined



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## APPENDIX E — RULES OF THE KORI EMPLOYEE SHARE OPTION SCHEME

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“Date of Grant”	In relation to an Option, the date on which the Option is granted pursuant to Rule 6
“Director”	A person holding office as a director for the time being of the Company and/or its Subsidiaries, as the case may be
“Employee”	An employee or an Executive Director of the Group selected by the Administration Committee to participate in the Scheme
“Executive Director”	A director for the time being of the Company and/or any of its Subsidiaries, holding office in an executive capacity in the Company and/or such Subsidiary
“Exercise Period”	<p>The period for the exercise of an Option, being a period commencing:</p> <ul style="list-style-type: none"><li>(a) after the first anniversary of the Date of Grant and expiring on the tenth anniversary of such Date of Grant in the case of a Market Price Option; and</li><li>(b) after the second anniversary of the Date of Grant and expiring on the tenth anniversary of such Date of Grant in the case of an Incentive Option</li></ul>
“Exercise Price”	The price at which a Participant shall subscribe for each Share upon the exercise of an Option which shall be the price as determined in accordance with Rule 7, as adjusted in accordance with Rule 12
“Grantee”	The person to whom an offer of an Option is made
“Group”	The Company and its Subsidiaries
“Incentive Option”	An Option granted with the Exercise Price set at a discount to the Market Price
“Market Day”	A day on which the SGX-ST is open for trading in securities
“Market Price”	A price equal to the average of the last dealt prices for the Shares on the SGX-ST over the five consecutive Trading Days immediately preceding the Date of Grant of that Option, as determined by the Administration Committee by reference to the daily official list or any other publication published by the SGX-ST, rounded to the nearest whole cent in the event of fractional prices
“Market Price Option”	An Option granted with the Exercise Price set at the Market Price

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## APPENDIX E — RULES OF THE KORI EMPLOYEE SHARE OPTION SCHEME

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“Non-executive Director”	A director (other than an Executive Director) from time to time of the Company and/or any of its Subsidiaries
“Option”	The right to subscribe for Shares granted or to be granted to an Employee pursuant to the Scheme and for the time being subsisting
“Participant”	The holder of an Option
“Record Date”	The date as at the close of business (or such other time as may have been prescribed by the Company) on which Shareholders must be registered in order to participate in the dividends, rights, allotments or other distributions (as the case may be)
“Rules”	Rules of the Scheme
“Rules of Catalist”	Section B of the SGX-ST Listing Manual dealing with the rules of Catalist, as from time to time amended, modified or supplemented
“Scheme”	The Kori Employee Share Option Scheme, as may be modified or altered from time to time
“Securities Account”	The securities account maintained by a Depositor with CDP
“Shareholders”	Registered holders of Shares, except where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares, mean the Depositors whose Securities Accounts are credited with Shares
“SGX-ST”	Singapore Exchange Securities Trading Limited
“SGX-ST Listing Manual”	Listing Manual of the SGX-ST
“Shares”	Ordinary shares in the capital of the Company
“Subsidiary”	A company (whether incorporated within or outside Singapore and wheresoever resident) being a subsidiary for the time being of the Company within the meaning of Section 5 of the Companies Act
“Trading Day”	A day on which the Shares are traded on the SGX-ST
“S\$”	Singapore dollar
“%”	Per centum or percentage

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## **APPENDIX E — RULES OF THE KORI EMPLOYEE SHARE OPTION SCHEME**

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- 2.2 The terms “Depositor”, “Depository Agent” and “Depository Register” shall have the meanings ascribed to them respectively by Section 130A of the Companies Act.
- 2.3 Words importing the singular number shall, where applicable, include the plural number and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter gender.
- 2.4 Any reference to a time of a day in the Scheme is a reference to Singapore time.
- 2.5 Any reference in the Scheme 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 or any statutory modification thereof and used in the Scheme shall have the meaning assigned to it under the Companies Act.

### **3. OBJECTIVES OF THE SCHEME**

- 3.1 The Scheme is a share incentive plan. The Scheme is proposed on the basis that it is important to retain staff whose contributions are essential to the well-being and prosperity of the Group and to give recognition to outstanding Employees who have contributed to the growth of the Group.
- 3.2 The objectives of the Scheme are as follows:
- (a) the motivation of each Participant to optimise his performance standards and efficiency and to maintain a high level of contribution to the Group;
  - (b) the retention of key employees of the Group whose contributions are essential to the long-term growth and profitability of the Group;
  - (c) to instil loyalty to, and a stronger identification by the Participants with the long-term prosperity of, the Group;
  - (d) to attract potential employees with relevant skills to contribute to the Group and to create value for the Shareholders of the Company; and
  - (e) to align the interests of the Participants with the interests of the Shareholders.

### **4. ELIGIBILITY OF PARTICIPANTS**

- 4.1 The Employee’s eligibility to participate in the Scheme shall be at the absolute discretion of the Administration Committee. Such person must:
- (a) be confirmed in his/her employment with the Group;
  - (b) have attained the age of 18 years on or before the Date of Grant; and
  - (c) not be an undischarged bankrupt and must not have entered into a composition with his creditors.
- 4.2 Non-executive Directors who satisfy the eligibility requirements in Rule 4.1(b) and (c) shall also be eligible to participate in the Scheme.

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## **APPENDIX E — RULES OF THE KORI EMPLOYEE SHARE OPTION SCHEME**

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4.3 For the avoidance of doubt, Controlling Shareholders and their Associates shall not be eligible to participate in the Scheme.

4.4 Subject to the Companies Act and any requirement of the SGX-ST, the terms of eligibility for participation in the Scheme may be amended from time to time at the absolute discretion of the Administration Committee, which would be exercised judiciously.

### **5. OPTION ENTITLEMENT**

Subject to Rule 4, Rule 11 and Rule 12, the aggregate number of Shares in respect of which Options may be offered to a Grantee for subscription in accordance with the Scheme shall be determined at the discretion of the Administration Committee, which would be exercised judiciously, who shall take into account criteria such as the rank and responsibilities within the Group, performance, years of service/appointment and potential for future development of the Grantee and the performance of the Company.

### **6. GRANT AND ACCEPTANCE OF OPTIONS**

6.1 Subject as provided in Rule 11, the Administration Committee may grant Options at any time during the period when the Scheme is in force, provided that in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is made, Options may only be granted on or after the second Market Day from the date on which such announcement is released.

6.2 The Letter of Offer to grant an Option shall be in, or substantially in, the form set out in Schedule A, subject to such modification as the Administration Committee may from time to time determine.

6.3 An Option shall be personal to the person to whom it is granted and shall not be transferred (other than to a Participant's personal representative on the death of that Participant), charged, assigned, pledged or otherwise disposed of, in whole or in part, except with the prior approval of the Administration Committee.

6.4 The grant of an Option under this Rule 6 shall be accepted by the Grantee within 30 days from the Date of Grant of that Option and, in any event, not later than 5.00 p.m. on the thirtieth day from such Date of Grant by completing, signing and returning the Acceptance Form in or substantially in the form set out in Schedule B, subject to such modification as the Administration Committee may from time to time determine, accompanied by payment of S\$1.00 as consideration.

6.5 If a grant of an Option is not accepted in the manner as provided in Rule 6.4, such offer shall, upon the expiry of the 30-day period, automatically lapse and become null, void and of no effect.

### **7. EXERCISE PRICE**

Subject to any adjustment pursuant to Rule 12, the Exercise Price for each Share in respect of which an Option is exercisable shall be determined by the Administration Committee, in its absolute discretion, on the Date of Grant, at:

(a) a price equal to the Market Price; or

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## APPENDIX E — RULES OF THE KORI EMPLOYEE SHARE OPTION SCHEME

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- (b) a price which is set at a discount to the Market Price, provided that:
  - (i) the maximum discount shall not exceed 20.0% 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.

### 8. RIGHTS TO EXERCISE OPTIONS

8.1 Subject as provided in Rule 8 and Rule 9, a Market Price Option or an Incentive Option, as the case may be, shall be exercisable, in whole or in part, during the Exercise Period applicable to that Option.

8.2 An Option shall, to the extent unexercised, immediately lapse without any claim whatsoever against the Company:

- (a) in the event of misconduct on the part of the Participant as determined by the Administration Committee in its discretion;
- (b) subject to Rule 8.3(b), where the Participant ceases at any time to be in the employment of any of the Group, for any reason whatsoever;
- (c) the bankruptcy of the Participant or the happening of any other event which results in his being deprived of the legal or beneficial ownership of an Option; or
- (d) the company by which he is employed ceasing to be a company within the Group, or the undertaking or part of the undertaking of such company being transferred otherwise than to another company within the Group.

For the purpose of Rule 8.2(b), the Participant shall be deemed to have ceased to be so employed as of the last day of his employment. For avoidance of doubt, no Option shall lapse pursuant to Rule 8.2(b) in the event of any transfer of employment of a Participant between companies in the Group.

8.3 In any of the following events, namely:

- (a) where the Participant ceases at any time to be in the employment of the Group by reason of:
  - (i) ill health, injury or disability (in each case, evidenced to the satisfaction of the Administration Committee);
  - (ii) redundancy;
  - (iii) retirement at or after the legal retirement age; or
  - (iv) retirement before the legal retirement age with the consent of the Administration Committee; or

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## APPENDIX E — RULES OF THE KORI EMPLOYEE SHARE OPTION SCHEME

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- (b) where the Participant ceases at any time to be in the employment of any of the companies in the Group by reason of any other event approved in writing by the Administration Committee,

the Participant may exercise any Option:

- (i) in the case where the cessation of employment or cessation to be a Director, as the case may be, occurs after the first day of the Exercise Period in respect of such Option, within the period of 18 months after the date of such cessation of employment or such cessation to be a director, as the case may be, or before the expiry of the Exercise Period in respect of that Option, whichever is earlier, and upon expiry of such period the Option shall lapse; and
- (ii) in the case where the cessation of employment or cessation to be a Director, as the case may be, occurs before the first day of the Exercise Period in respect of such Option, within the period of 18 months after the first day of the Exercise Period in respect of that Option, and upon expiry of such period the Option shall lapse.

- 8.4 If a Participant dies, whether or not while still in the employment of any of the companies in the Group and at the date of his death holds any unexercised Option, such Option shall continue to be exercisable by the duly appointed personal representatives of the Participant:

- (a) in the case where death occurs after the first day of the Exercise Period in respect of such Option, within the period of 18 months after the date of such cessation of employment or before the expiry of the Exercise Period in respect of that Option, whichever is earlier, and upon expiry of such period the Option shall lapse; and
- (b) in the case where the death occurs before the first day of the Exercise Period in respect of such Option, within the period of 18 months after the first day of the Exercise Period in respect of that Option, and upon expiry of such period, the Option shall lapse.

### 9. TAKE-OVER AND WINDING-UP OF THE COMPANY

- 9.1 Notwithstanding Rule 8 but subject to Rule 9.5, in the event of a take-over being made for the Shares, a Participant shall be entitled to exercise any Option held by him and as yet unexercised, in respect of such number of Shares comprised in that Option as may be determined by the Administration Committee in its absolute discretion, in the period commencing on the date on which such offer is made or, if such offer is conditional, the date on which such offer becomes or is declared unconditional, as the case may be, and ending on the earlier of:

- (a) the expiry of six months thereafter, unless prior to the expiry of such six-month period, at the recommendation of the officer and with the approvals of the Administration Committee and the SGX-ST, such expiry date is extended to a later date (in either case, being a date falling not later than the expiry of the Exercise Period relating thereto); or
- (b) the date of expiry of the Exercise Period relating thereto,

whereupon the Option then remaining unexercised shall lapse.

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## APPENDIX E — RULES OF THE KORI EMPLOYEE SHARE OPTION SCHEME

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Provided that if during such period, the offeror becomes entitled or bound to exercise rights of compulsory acquisition under the provisions of the Companies Act and, being entitled to do so, gives notice to the Participants that it intends to exercise such rights on a specified date, the Option shall remain exercisable by the Participant until the expiry of such specified date or the expiry of the Exercise Period relating thereto, whichever is earlier. Any Option not so exercised shall lapse provided that the rights of acquisition or obligations to acquire shall have been exercised or performed, as the case may be. If such rights or obligations have not been exercised or performed, the Option shall, notwithstanding Rule 8, remain exercisable until the expiry of the Exercise Period relating thereto.

- 9.2 If under any applicable laws, the court sanctions a compromise or arrangement proposed for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with another company or companies, each Participant shall be entitled, notwithstanding Rule 8 but subject to Rule 9.5, to exercise any Option then held by him, in respect of such number of Shares comprised in that Option as may be determined by the Administration Committee in its absolute discretion, during the period commencing on the date upon which the compromise or arrangement is sanctioned by the court and ending either on the expiry of 60 days thereafter or the date upon which the compromise or arrangement becomes effective, whichever is later (but not after the expiry of the Exercise Period relating thereto), whereupon the Option shall lapse and become null and void.
- 9.3 If an order is made for the winding-up of the Company on the basis of its insolvency, all Options, to the extent unexercised, shall lapse and become null and void.
- 9.4 In the event a notice is given by the Company to its members to convene a general meeting for the purposes of considering and, if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall on the same date as or soon after it dispatches such notice to each member of the Company give notice thereof to all Participants (together with a notice of the existence of the provision of this Rule 9.4) and thereupon, each Participant (or his personal representative) shall be entitled to exercise all or any of his Options at any time not later than two business days prior to the proposed general meeting of the Company by giving notice in writing to the Company, accompanied by a remittance for the Aggregate Subscription Cost whereupon the Company shall as soon as possible and in any event, no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the Participant credited as fully paid.
- 9.5 If in connection with the making of a general offer referred to in Rule 9.1 or the scheme referred to in Rule 9.2 or the winding-up referred to in Rule 9.4, arrangements are made (which are confirmed in writing by the Auditors, acting only as experts and not as arbitrators, to be fair and reasonable) for the compensation of Participants, whether by the continuation of their Options or the payment of cash or the grant of other options or otherwise, a Participant holding an Option, as yet not exercised, may not, at the discretion of the Administration Committee, be permitted to exercise that Option as provided for in this Rule 9.
- 9.6 To the extent that an Option is not exercised within the periods referred to in this Rule 9, it shall lapse and become null and void.



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## **APPENDIX E — RULES OF THE KORI EMPLOYEE SHARE OPTION SCHEME**

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### **10. EXERCISE OF OPTIONS, ALLOTMENT AND LISTING OF SHARES**

- 10.1 Subject to Rule 8.1, an Option may be exercised, in whole or in part, by a Participant giving notice in writing to the Company in or substantially in the form set out in Schedule C, subject to such modification as the Administration Committee may from time to time determine. Such notice must be accompanied by payment in cash for the Aggregate Subscription Cost in respect of the Shares for which that Option is exercised and any other documentation the Administration Committee may require. An Option shall be deemed to be exercised upon receipt by the Company of the said notice, duly completed, and the Aggregate Subscription Cost. All payments made shall be made by cheque, cashiers' order, banker's draft or postal order made out in favour of the Company or such other mode of payment as may be acceptable to the Company.
- 10.2 Subject to all such consents or other required action of any competent authority under any regulations or enactment for the time being in force as may be necessary and subject to the compliance with the terms of the Scheme and the Memorandum and Articles of Association of the Company, the Company shall, within 10 Market Days after the exercise of an Option, allot the relevant Shares and despatch to CDP the relevant share certificates by ordinary post or such other mode as the Administration Committee may deem fit. The Company shall, as soon as practicable after such allotment, apply to the SGX-ST for permission to deal in and for quotation of such Shares, if necessary.
- 10.3 Shares which are allotted on the exercise of an Option by a Participant shall be issued in the name of CDP to the credit of the securities account of that Participant maintained with CDP, the securities sub-account of that Participant maintained with a Depository Agent or the CPF investment account maintained with a CPF agent bank.
- 10.4 Shares allotted and issued on exercise of an Option shall:
- (a) be subject to all the provisions of the Memorandum and Articles of Association of the Company; and
  - (b) rank in full for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the Record Date for which is on or after the relevant date upon which such exercise occurred, and shall in all other respects rank *pari passu* with other existing Shares then in issue.
- 10.5 The Company shall keep available sufficient unissued Shares to satisfy the full exercise of all Options for the time being remaining capable of being exercised.

### **11. LIMITATION ON THE SIZE OF THE SCHEME**

The total number of new Shares over which the Administration Committee may grant Options on any date, when added to the number of new Shares issued and issuable in respect of all Options granted under the Scheme, and all awards granted under any other share option, share incentive, performance share or restricted share plan implemented by the Company and for the time being in force, shall not exceed 15.0% of the number of all issued Shares (excluding treasury shares, as defined in the Companies Act) on the day preceding that date.

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## **APPENDIX E — RULES OF THE KORI EMPLOYEE SHARE OPTION SCHEME**

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### **12. ADJUSTMENT EVENTS**

12.1 If a variation in the issued ordinary share capital of the Company (whether by way of a capitalisation of profits or reserves or rights issue, reduction, subdivision, consolidation, distribution or otherwise) shall take place, then:

- (a) the Exercise Price of the Shares, class and/or number of Shares comprised in an Option to the extent unexercised; and/or
- (b) the class and/or number of Shares over which Options may be granted under the Scheme,

shall be adjusted in such manner as the Administration Committee may determine to be appropriate.

12.2 Unless the Administration Committee considers an adjustment to be appropriate, the issue of securities as consideration for an acquisition or a private placement of securities, or the cancellation of issued Shares purchased or acquired by the Company by way of a market purchase of such Shares undertaken by the Company on the SGX-ST during the period when a share purchase mandate granted by the Shareholders (including any renewal of such mandate) is in force, shall not normally be regarded as a circumstance requiring adjustment.

12.3 Notwithstanding the provisions of Rule 12.1:

- (a) no such adjustment shall be made if as a result the Participant receives a benefit that a Shareholder does not receive; and
- (b) any adjustment (except in relation to a capitalisation issue) must be confirmed in writing by the Auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.

12.4 Upon any adjustment required to be made pursuant to this Rule 12, the Company shall notify the Participant (or his duly appointed personal representatives where applicable) in writing and deliver to him (or his duly appointed personal representatives where applicable) a statement setting forth the Exercise Price thereafter in effect and class and/or number of Shares thereafter to be issued on the exercise of the Option. Any adjustment shall take effect upon such written notification being given.

### **13. ADMINISTRATION OF THE SCHEME**

13.1 The Scheme shall be administered by the Administration Committee in its absolute discretion with such powers and duties as are conferred on it by the Board, provided that no member of the Administration Committee shall participate in any deliberation or decision in respect of Options to be granted to him or held by him.

13.2 The Administration Committee shall have the power, from time to time, to make and vary such regulations (not being inconsistent with the Scheme) for the implementation and administration of the Scheme as they think fit. Any matter pertaining or pursuant to the Scheme and any dispute and uncertainty as to the interpretation of the Scheme, any rule, regulation or procedure thereunder or any rights under the Scheme shall be determined by the Administration Committee.

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## **APPENDIX E — RULES OF THE KORI EMPLOYEE SHARE OPTION SCHEME**

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13.3 Neither the Scheme nor the grant of Options under the Scheme shall impose on the Company or the Administration Committee any liability whatsoever in connection with:

- (a) the lapsing or early expiry of any Options pursuant to any provision of the Scheme;
- (b) the failure or refusal by the Administration Committee to exercise, or the exercise by the Administration Committee of, any discretion under the Scheme; and/or
- (c) any decision or determination of the Administration Committee made pursuant to any provision of the Scheme.

13.4 Any decision or determination of the Administration Committee made pursuant to any provision of the Scheme (other than a matter to be certified by the Auditors) shall be final, binding and conclusive.

### **14. NOTICES**

14.1 Any notice required to be given by a Participant to the Company shall be sent or made to the principal place of business of the Company or such other addresses (including electronic mail addresses) or facsimile number, and marked for the attention of the Administration Committee, as may be notified by the Company to him in writing.

14.2 Any notices or documents required to be given to a Participant or any correspondence to be made between the Company and the Participant shall be given or made by the Administration Committee (or such person(s) as it may from time to time direct) on behalf of the Company and shall be delivered to him by hand or sent to him at his home address, electronic mail address or facsimile number according to the records of the Company or the last known address, electronic mail address or facsimile number of the Participant.

14.3 Any notice or other communication from a Participant to the Company shall be irrevocable, and shall not be effective until received by the Company. Any other notice or communication from the Company to a Participant shall be deemed to be received by that Participant, when left at the address specified in Rule 14.2 or, if sent by post, on the day following the date of posting or, if sent by electronic mail or facsimile transmission, on the day of despatch.

### **15. MODIFICATIONS TO THE SCHEME**

15.1 Any or all the provisions of the Scheme may be modified and/or altered at any time and from time to time by resolution of the Administration Committee, except that:

- (a) no modification or alteration shall alter adversely the rights attaching to any Option granted prior to such modification or alteration except with the consent in writing of such number of Participants who, if they exercised their Options in full, would thereby become entitled to not less than 75.0% of the number of all the Shares which would fall to be allotted upon exercise in full of all outstanding Options;
- (b) any modification or alteration which would be to the advantage of Participants under the Scheme shall be subject to the prior approval of the Shareholders in general meeting; and
- (c) no modification or alteration shall be made without the prior approval of the SGX-ST and such other regulatory authorities as may be necessary.

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## **APPENDIX E — RULES OF THE KORI EMPLOYEE SHARE OPTION SCHEME**

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15.2 Notwithstanding anything to the contrary contained in Rule 15.1, the Administration Committee may at any time by resolution (and without other formality, save for the prior approval of the SGX-ST) amend or alter the Scheme in any way to the extent necessary to cause the Scheme to comply with any statutory provision or the provision or the regulations of any regulatory or other relevant authority or body (including the SGX-ST).

15.3 Written notice of any modification or alteration made in accordance with this Rule 15 shall be given to all Participants.

### **16. TERMS OF EMPLOYMENT UNAFFECTED**

The terms of employment of a Participant shall not be affected by his participation in the Scheme, which shall neither form part of such terms nor entitle him to take into account such participation in calculating any compensation or damages on the termination of his employment for any reason.

### **17. DURATION OF THE SCHEME**

17.1 The Scheme shall continue to be in force at the discretion of the Administration Committee, subject to a maximum period of 10 years commencing on the Adoption Date, provided always that the Scheme 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.

17.2 The Scheme may be terminated at any time by the Administration Committee, at the discretion of the Administration Committee, or by resolution of the Company in general meeting, subject to all relevant approvals which may be required and if the Scheme is so terminated, no further Options shall be offered by the Company hereunder.

17.3 The termination of the Scheme shall not affect Options which have been granted and accepted as provided in Rule 6.4, whether such Options have been exercised (whether fully or partially) or not.

### **18. TAXES**

All taxes (including income tax) arising from the exercise of any Option granted to any Participant under the Scheme shall be borne by that Participant.

### **19. COSTS AND EXPENSES OF THE SCHEME**

19.1 Each Participant shall be responsible for all fees of CDP relating to or in connection with the issue and allotment of any Shares pursuant to the exercise of any Option in CDP's name, the deposit of share certificate(s) with CDP, the Participant's securities account with CDP, or the Participant's securities sub-account with a Depository Agent or CPF investment account with a CPF agent bank.

19.2 Save for the taxes referred to in Rule 18 and such other costs and expenses expressly provided in the Scheme to be payable by the Participants, all fees, costs and expenses incurred by the Company in relation to the Scheme including but not limited to the fees, costs and expenses relating to the allotment and issue of Shares pursuant to the exercise of any Option shall be borne by the Company.

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## APPENDIX E — RULES OF THE KORI EMPLOYEE SHARE OPTION SCHEME

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### 20. DISCLAIMER OF LIABILITY

Notwithstanding any provisions herein contained, the Administration Committee and the Company shall not under any circumstances be held liable for any costs, losses, expenses and damages whatsoever and howsoever arising in any event, including but not limited to the Company's delay in issuing the Shares or applying for or procuring the listing of the Shares on the SGX-ST in accordance with Rule 10.2.

### 21. DISCLOSURE IN ANNUAL REPORT

The following disclosures (as applicable) will be made by the Company in its annual report for so long as the Scheme continues in operation:

- (a) the names of the members of the Administration Committee;
- (b) the information in respect of Options granted to the following Participants in the table set out below:
  - (i) Directors of the Company;
  - (ii) Participants, other than those in (i) above, who receive 5.0% or more of the total number of Shares comprised in Options available under the Scheme.

Name of Participant	Number of Shares comprised in Options granted during financial year under review (including terms)	Aggregate number of Shares comprised in Options granted since commencement of Scheme to end of financial year under review	Aggregate number of Shares comprised in Options exercised since commencement of Scheme to end of financial year under review	Aggregate number of Shares comprised in Options outstanding as at end of financial year under review
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- (c) the number of Incentive Options during the financial year under review in the following bands:

Discount to the Market Price %	Aggregate number of Incentive Options granted during the financial year under review	Proportion of Incentive Options to Market Price Options granted during the financial year under review
0 – 10		
11 – 20		

- (d) Disclosure in the annual report of information on Options granted to directors and employees of the Company's parent company and its subsidiaries would not be necessary as such persons are not Participants.

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## **APPENDIX E — RULES OF THE KORI EMPLOYEE SHARE OPTION SCHEME**

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### **22. ABSTENTION FROM VOTING**

Participants who are Shareholders are to abstain from voting on any Shareholders' resolution relating to the Scheme.

### **23. DISPUTES**

Any disputes or differences of any nature arising hereunder shall be referred to the Administration Committee and its decision shall be final and binding in all respects.

### **24. GOVERNING LAW**

The Scheme shall be governed by, and construed in accordance with, the laws of the Republic of Singapore. The Participants, by accepting Options in accordance with the Scheme, and the Company submit to the exclusive jurisdiction of the courts of the Republic of Singapore.

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## APPENDIX E — RULES OF THE KORI EMPLOYEE SHARE OPTION SCHEME

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Schedule A

### KORI EMPLOYEE SHARE OPTION SCHEME

#### LETTER OF OFFER

Serial No: \_\_\_\_\_

Date: \_\_\_\_\_

To: **[Name]**  
**[Designation]**  
**[Address]**

***Private and Confidential***

Dear Sir/Madam,

1. We have the pleasure of informing you that, pursuant to the Kori Employee Share Option Scheme (the “**Share Option Scheme**”), you have been nominated to participate in the Share Option Scheme by the Administration Committee (the “**Administration Committee**”) appointed by the Board of Directors of Kori Holdings Limited (the “**Company**”) to administer the Share Option Scheme. Terms as defined in the Share Option Scheme shall have the same meaning when used in this letter.
2. Accordingly, in consideration of the payment of a sum of S\$1.00, an offer is hereby made to grant you an option (the “**Option**”), to subscribe for and be allotted \_\_\_\_\_ Shares at the price of S\$\_\_\_\_\_ for each Share.
3. The Option is personal to you and shall not be transferred, charged, pledged, assigned or otherwise disposed of by you, in whole or in part, except with the prior approval of the Administration Committee.
4. The Option shall be subject to the terms of the Share Option Scheme, a copy of which is available for inspection at the business address of the Company.
5. If you wish to accept the offer of the Option on the terms of this letter, please sign and return the enclosed Acceptance Form with a sum of S\$1.00 not later than 5.00 p.m. on \_\_\_\_\_, failing which this offer will lapse.

Yours faithfully,

**For and on behalf of  
Kori Holdings Limited**

\_\_\_\_\_  
**Name:**  
**Designation:**



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## APPENDIX E — RULES OF THE KORI EMPLOYEE SHARE OPTION SCHEME

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### Schedule B

#### ***KORI EMPLOYEE SHARE OPTION SCHEME***

#### *ACCEPTANCE FORM*

Serial No: \_\_\_\_\_

Date: \_\_\_\_\_

To: The Administration Committee,  
Kori Employee Share Option Scheme

Closing Date for Acceptance of Offer	:	_____
Number of Shares Offered	:	_____
Exercise Price for each Share	:	S\$ _____
Total Amount Payable	:	S\$ _____

I have read your Letter of Offer dated \_\_\_\_\_ and agree to be bound by the terms of the Letter of Offer and the Share Option Scheme referred to therein. Terms defined in your Letter of Offer shall have the same meanings when used in this Acceptance Form.

I hereby accept the Option to subscribe for \_\_\_\_\_ Shares at S\$\_\_\_\_\_ for each Share. I enclose cash for S\$1.00 in payment for the purchase of the Option/I authorise my employer to deduct the sum of S\$1.00 from my salary in payment for the purchase of the Option.

I understand that I am not obliged to exercise the Option.

I confirm that my acceptance of the Option will not result in the contravention of any applicable law or regulation in relation to the ownership of shares in the Company or options to subscribe for such shares.

I agree to keep all information pertaining to the grant of the Option to me confidential.

I further acknowledge that you have not made any representation to induce me to accept the offer and that the terms of the Letter of Offer and this Acceptance Form constitute the entire agreement between us relating to the offer.

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## APPENDIX E — RULES OF THE KORI EMPLOYEE SHARE OPTION SCHEME

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Please print in block letters

Name in full : \_\_\_\_\_

Designation : \_\_\_\_\_

Address : \_\_\_\_\_

Nationality : \_\_\_\_\_

\*NRIC/Passport No. : \_\_\_\_\_

Signature : \_\_\_\_\_

Date : \_\_\_\_\_

Note:

\* Delete accordingly

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## APPENDIX E — RULES OF THE KORI EMPLOYEE SHARE OPTION SCHEME

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### Schedule C

#### KORI EMPLOYEE SHARE OPTION SCHEME

##### FORM OF EXERCISE OF OPTION

Total number of ordinary shares (the “ <b>Shares</b> ”) offered at S\$_____ for each Share (the “ <b>Exercise Price</b> ”) under the Kori Employee Share Option Scheme on _____ (Date of Grant)	:	_____
Number of Shares previously allotted thereunder	:	_____
Outstanding balance of Shares to be allotted thereunder	:	_____
Number of Shares now to be subscribed	:	_____

To: The Administration Committee, Kori Employee Share Option Scheme,

1. Pursuant to your Letter of Offer dated \_\_\_\_\_ and my acceptance thereof, I hereby exercise the Option to subscribe for \_\_\_\_\_ Shares in Kori Holdings Limited (the “**Company**”) at S\$\_\_\_\_\_ for each Share.
2. I enclose a \*cheque/cashier’s order/banker’s draft/postal order no. \_\_\_\_\_ for S\$\_\_\_\_\_ by way of subscription for the total number of the said Shares.
3. I agree to subscribe for the said Shares subject to the terms of the Letter of Offer, the Kori Employee Share Option Scheme and the Memorandum and Articles of Association of the Company.
4. I declare that I am subscribing for the said Shares for myself and not as a nominee for any other person.
5. I request the Company to allot and issue the Shares in the name of The Central Depository (Pte) Limited (“**CDP**”) for credit of my \*Securities Account with CDP/Sub-Account with the Depository Agent/CPF investment account with my Agent Bank specified below and I hereby agree to bear such fees or other charges as may be imposed by CDP in respect thereof.

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## APPENDIX E — RULES OF THE KORI EMPLOYEE SHARE OPTION SCHEME

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Please print in block letters

Name in full : \_\_\_\_\_

Designation : \_\_\_\_\_

Address : \_\_\_\_\_

Nationality : \_\_\_\_\_

\*NRIC/Passport No. : \_\_\_\_\_

\*Direct Securities Account No. : \_\_\_\_\_

OR

\*Sub-Account No. : \_\_\_\_\_

Name of Depository Agent : \_\_\_\_\_

OR

\*CPF Investment

Account No. : \_\_\_\_\_

Name of Agent Bank : \_\_\_\_\_

Signature : \_\_\_\_\_

Date : \_\_\_\_\_

Note:

\* Delete accordingly

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## APPENDIX F — RULES OF THE KORI PERFORMANCE SHARE PLAN

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### 1. NAME OF THE PLAN

This Plan shall be called the “Kori Performance Share Plan”.

### 2. DEFINITIONS

2.1 In this Plan, unless the context otherwise requires, the following words and expressions shall have the following meanings:

“Administration Committee”	The Administration Committee comprising of members of the remuneration committee of the Company to administer the Plan
“Adoption Date”	The date on which the Plan is adopted by the Company in general meeting
“Articles”	The Articles of Association of the Company, as amended or modified from time to time
“Associates”	Has the meaning ascribed to it in the Rules of Catalist
“Auditors”	The auditors for the time being of the Company
“Award”	A contingent award of Shares granted under Rule 5
“Award Letter”	A letter in such form as the Administration Committee shall approve, confirming an Award granted to a Participant by the Administration Committee
“Board”	The board of directors of the Company
“Catalist”	The sponsor-supervised listing platform of the SGX-ST
“CDP”	The Central Depository (Pte) Limited
“Companies Act”	The Companies Act (Chapter 50 of Singapore), as amended, modified or supplemented from time to time
“Company”	Kori Holdings Limited, a public company incorporated in Singapore with limited liability
“control”	The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of a company
“Controlling Shareholder”	A person who: (a) holds directly or indirectly 15.0% or more of the number of all voting shares in a company; or (b) in fact exercises control over a company, unless otherwise determined

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## APPENDIX F — RULES OF THE KORI PERFORMANCE SHARE PLAN

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“Date of Grant”	In relation to an Award, the date on which the Award is granted pursuant to Rule 5
“Director”	A person holding office as a director for the time being of the Company and/or any of its Subsidiaries, as the case may be
“Employee”	An employee of the Group selected by the Administration Committee to participate in the Plan
“Executive Director”	A director for the time being of the Company and/or any of its Subsidiaries, holding office in an executive capacity in the Company and/or such Subsidiary
“Group”	The Company and its Subsidiaries
“Market Day”	A day on which the SGX-ST is open for trading of securities
“New Shares”	The new Shares which may be allotted and issued from time to time pursuant to the release of Awards granted under the Plan
“Non-executive Director”	A director (other than an Executive Director) from time to time of the Company and/or any of its Subsidiaries
“Participant”	The holder of an Award
“Performance Condition”	In relation to a Performance-related Award, the condition specified on the Date of Grant in relation to that Award
“Performance-related Award”	An Award in relation to which a Performance Condition is specified
“Performance Period”	In relation to a Performance-related Award, a period, the duration of which is to be determined by the Administration Committee on the Date of Grant, during which the Performance Condition is to be satisfied
“Plan”	The Kori Performance Share Plan, as the same may be modified or altered from time to time
“Record Date”	The date as at the close of business (or such other time as may have been prescribed by the Company) on which Shareholders must be registered in order to participate in the dividends, rights, allotments or other distributions (as the case may be)

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## APPENDIX F — RULES OF THE KORI PERFORMANCE SHARE PLAN

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“Release”	In relation to an Award, the release at the end of the Vesting Period relating to that Award of all or some of the Shares to which that Award relates in accordance with Rule 7 and, to the extent that any Shares which are the subject of the Award are not released pursuant to Rule 7, the Award in relation to those Shares shall lapse accordingly, and “Released” shall be construed accordingly
“Released Award”	An Award in respect of which the Vesting Period relating to that Award has ended and which has been released in accordance with Rule 7
“Rules”	Rules of the Plan
“Rules of Catalyst”	Section B of the Listing Manual dealing with the rules of Catalyst, as from time to time amended, modified or supplemented
“SGX-ST”	Singapore Exchange Securities Trading Limited
“SGX-ST Listing Manual”	Listing Manual of the SGX-ST
“Securities Accounts”	The securities account maintained by a Depositor with CDP
“Shareholders”	Registered holders of Shares, except where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares, mean the Depositors whose Securities Accounts are credited with Shares
“Shares”	Ordinary shares in the capital of the Company
“Subsidiary”	A company (whether incorporated within or outside Singapore and wheresoever resident) being a subsidiary for the time being of the Company within the meaning of Section 5 of the Companies Act
“Trading Day”	A day on which the Shares are traded on the SGX-ST
“Vesting”	In relation to Shares which are the subject of a Released Award, the absolute entitlement to all or some of the Shares which are the subject of a Released Award and “Vest” and “Vested” shall be construed accordingly



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## APPENDIX F — RULES OF THE KORI PERFORMANCE SHARE PLAN

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| “Vesting Date”   | In relation to Shares which are the subject of a Released Award, the date (as determined by the Administration Committee and notified to the relevant Participant) on which those Shares have Vested pursuant to Rule 7 |
| “Vesting Period” | In relation to an Award, a period or periods, the duration of which is to be determined by the Administration Committee at the Date of Grant  |
| “S\$”            | Singapore dollars   |
| “%”              | Per centum or percentage  |
- 2.2 The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the meanings ascribed to them, respectively, in Section 130A of the Companies Act.
- 2.3 Words importing the singular number shall, where applicable, include the plural number and vice versa. Words importing the masculine gender shall, where applicable, include the feminine and neuter gender.
- 2.4 Any reference to a time of a day in the Plan is a reference to Singapore time.
- 2.5 Any reference in the Plan 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 and used in the Plan shall have the meaning assigned to it under the Companies Act.
- 3. OBJECTIVES OF THE PLAN**
- 3.1 The Plan is a performance incentive scheme which will form an integral part of the Group’s incentive compensation program.
- 3.2 The objectives of the Plan are as follows:
- (a) provide an opportunity for Participants 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) motivate Participants to strive towards performance excellence and to maintain a high level of contribution to the Group;
  - (c) give recognition to contributions made or to be made by Participants by introducing a variable component into their remuneration package; and
  - (d) 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.

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## **APPENDIX F — RULES OF THE KORI PERFORMANCE SHARE PLAN**

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### **4. ELIGIBILITY OF PARTICIPANTS**

4.1 Any person shall be eligible to participate in the Plan at the absolute discretion of the Administration Committee if at the Date of Grant such person must:

- (a) be confirmed in his/her employment with the Group;
- (b) have attained the age of 18 years; and
- (c) not be an undischarged bankrupt and must not have entered into a composition with his/her creditors.

4.2 Non-executive Directors who satisfy the eligibility requirements in Rule 4.1(b) and (c) shall also be eligible to participate in the Plan.

4.3 For the avoidance of doubt, Controlling Shareholders and their associates will not be eligible to participate in the Plan.

4.4 The eligibility of Participants to participate in the Plan, and the number of Shares which are the subject of each Award to be granted to a Participant in accordance with the Plan and the Vesting Period shall be determined at the absolute discretion of the Administration Committee, which shall take into account:

- (a) the financial performance of the Group;
- (b) in respect of a Participant being an Employee, criteria such as his rank, job performance, potential for future development and his contribution to the success and development of the Group; and
- (c) in respect of a Participant being a Non-executive Director, criteria such as his contribution to the success and development of the Group.

In addition, for Performance-related Awards, the extent of effort required to achieve the Performance Condition within the Performance Period shall also be considered.

4.5 Subject to the Companies Act and any requirement of the SGX-ST, the terms of eligibility for participation in the Plan may be amended from time to time at the absolute discretion of the Administration Committee, which would be exercised judiciously.

### **5. GRANT OF AWARDS**

5.1 Subject as provided in Rule 8, the Administration Committee may grant Awards to Employees as the Administration Committee may select in its absolute discretion, at any time during the period when the Plan is in force.

5.2 The Administration Committee shall decide, in its absolute discretion, in relation to each Award:

- (a) the Participant;
- (b) the Date of Grant;

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## APPENDIX F — RULES OF THE KORI PERFORMANCE SHARE PLAN

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- (c) the number of Shares which are the subject of the Award;
- (d) the prescribed Vesting Period(s);
- (e) the extent to which Shares which are the subject of that Award shall be Released at the end of each prescribed Vesting Period; and
- (f) in the case of a Performance-related Award, the Performance Period and the Performance Condition,

PROVIDED THAT:

- (i) any grant of an Award to Non-executive Directors will be subject to and shall comply with the provisions of Section 76 of the Companies Act; and
- (ii) subject to Rules 5.3 and 6, the Vesting Period(s) shall not be of shorter duration than the minimum vesting periods prescribed under the SGX-ST Listing Manual in respect of employee share options.

5.3 The Administration Committee may amend or waive the Vesting Period(s) and, in the case of a Performance related Award, the Performance Period and/or the Performance Condition in respect of any Award:

- (a) in the event of a general offer (whether conditional or unconditional) being made for all or any part of the Shares, or a scheme of arrangement or compromise between the Company and its Shareholders being sanctioned by the Court under the Companies Act, or a proposal to liquidate or sell all or substantially all of the assets of the Company; or
- (b) in the case of a Performance-related Award, if anything happens which causes the Administration Committee to conclude that:
  - (i) a changed Performance Condition would be a fairer measure of performance, and would be no less difficult to satisfy; or
  - (ii) the Performance Condition should be waived as the Participant has achieved a level of performance that the Administration Committee considers satisfactory notwithstanding that the Performance Condition may not have been fulfilled,

and shall notify the Participants of such change or waiver (but accidental omission to give notice to any Participant(s) shall not invalidate any such change or waiver).

5.4 As soon as reasonably practicable after making an Award, the Administration Committee shall send to each Participant an Award Letter confirming the Award and specifying in relation to the Award:

- (a) the Date of Grant;
- (b) the number of Shares which are the subject of the Award;
- (c) the prescribed Vesting Period(s);

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## APPENDIX F — RULES OF THE KORI PERFORMANCE SHARE PLAN

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- (d) the extent to which Shares which are the subject of that Award shall be released at the end of each prescribed Vesting Period; and
- (e) in the case of a Performance-related Award, the Performance Period and the Performance Condition.

5.5 Participants are not required to pay for the grant of Awards.

5.6 An Award or Released Award shall be personal to the Participant to whom it is granted and no Award or Released Award or any rights thereunder shall not be transferred, charged, assigned, pledged, mortgaged, encumbered or otherwise disposed of, in whole or in part, and if a Participant shall do, suffer or permit any such act or thing as a result of which he would or might be deprived of any rights under an Award or Released Award, that Award or Released Award shall immediately lapse.

### 6. EVENTS PRIOR TO THE VESTING DATE

6.1 An Award, to the extent not yet Released, shall forthwith become void and cease to have effect on the occurrence of any of the following events (and in such an event, the Participant shall have no claim whatsoever against the Company, its Directors or employees):

- (a) a Participant, being an Employee, ceasing for any reason whatsoever, to be in the employment of the Company and/or the relevant Subsidiary or in the event the company by which the Employee is employed ceases to be a company in the Group;
- (b) a Participant, being a Non-executive Director, ceasing to be a director of the Company and/or the relevant Subsidiary, as the case may be, for any reason whatsoever;
- (c) upon the bankruptcy of the Participant or the happening of any other event which results in him being deprived of the legal or beneficial ownership of or interest in such Award;
- (d) ill health, injury, disability or death of a Participant;
- (e) a Participant commits any breach of any of the terms of his Award;
- (f) misconduct on the part of a Participant as determined by the Company in its discretion;
- (g) a take-over, winding-up or reconstruction of the Company; and/or
- (h) any other event approved by the Administration Committee.

For the purpose of Rule 6.1(a) above, an Employee shall be deemed to have ceased to be in the employment of the Company or the Subsidiary (as the case may be) on the date on which he gives notice of termination of employment, unless prior to the date on which termination takes effect, the Employee has (with the consent of the Company or the Subsidiary (as the case may be)) withdrawn such notice.

For the purpose of Rule 6.1(b), a Participant shall be deemed to have ceased to be an Non-executive Director as of the date the notice of resignation of or termination of directorship, as the case may be, is tendered by or is given to him, unless such notice shall be withdrawn prior to its effective date.

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## **APPENDIX F — RULES OF THE KORI PERFORMANCE SHARE PLAN**

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- 6.2 The Administration Committee may in its absolute discretion and on such terms and conditions as it deems fit, preserve all or any part of any Award notwithstanding the provisions of any other Rules including Rules 6.1 and 7.1. Further to such exercise of discretion, the Awards shall be deemed not to have become void nor cease to have effect in accordance with the relevant provisions in Rule 6.1.
- 6.3 Without prejudice to the provisions of Rules 5.3 and 7.1, to the extent of an Award yet to be Released, if any of the following occurs:
- (a) a general offer (whether conditional or unconditional) being made for all or any part of the Shares;
  - (b) a scheme of an arrangement or compromise between the Company and its Shareholders being sanctioned by the Court under the Companies Act;
  - (c) an order for the compulsory winding-up of the Company is made; or
  - (d) a resolution for a voluntary winding-up (other than for amalgamation or reconstruction) of the Company being made,

the Administration Committee may consider, at its discretion, whether or not to Release such Award. If the Administration Committee decides to Release such Award, then in determining the number of Shares to be Vested in respect of such Award, the Administration Committee will have regard to the proportion of the Vesting Period(s) which has elapsed and the extent to which the Performance Condition (if any) has been satisfied. Where such Award is Released, the Administration Committee will, as soon as practicable after such Release, procure the allotment or transfer to each Participant of the number of Shares so determined, such allotment or transfer to be made in accordance with Rule 7.

### **7. RELEASE OF AWARDS**

- 7.1 (a) In relation to each Performance-related Award, as soon as reasonably practicable after the end of the relevant Performance Period, the Administration Committee shall review the Performance Condition specified in respect of that Award and determine whether it has been satisfied and, if so, the extent to which it has been satisfied.

If the Administration Committee determines in its sole discretion that the Performance Condition has not been satisfied or if the relevant Participant (being an Employee) has not continued to be an Employee from the Date of Grant up to the end of the relevant Performance Period, that Award shall lapse and be of no value and the provisions of Rule 7 (save for this Rule 7.1(a)) shall be of no effect.

The Administration Committee shall have the discretion to determine whether the Performance Condition has been satisfied (whether fully or partially) or exceeded and, in making any such determination, the Administration Committee shall have the right to make computational adjustments to the audited results of the Company or the Group, as the case may be, to take into account such factors as the Administration Committee may determine to be relevant, including changes in accounting methods, taxes and extraordinary events.

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## APPENDIX F — RULES OF THE KORI PERFORMANCE SHARE PLAN

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Subject to:

- (i) (in relation to a Performance-related Award) the Administration Committee having determined that the Performance Condition has been satisfied;
- (ii) the relevant Participant (being an Employee) having continued to be an Employee from the Date of Grant up to the end of the relevant Vesting Period;
- (iii) the Administration Committee being of the opinion that the job performance of the relevant Participant has been satisfactory;
- (iv) such consents (including any approvals required by the SGX-ST) as may be necessary;
- (v) compliance with the terms of the Award, the Plan, the Articles and the Memorandum of Association of the Company;
- (vi) where Shares are to be allotted or transferred on the release of an Award, the Participant having a securities account with CDP and compliance with the applicable requirements of CDP; and
- (vii) where New Shares are to be allotted on the release of an Award, the Company being satisfied that the Shares which are the subject of the Released Award will be listed for quotation on the SGX-ST,

upon the expiry of each Vesting Period in relation to an Award, the Company shall Release to the relevant Participant the Shares to which his Award relates on the Vesting Date.

- (b) Shares which are the subject of a Released Award shall be Vested to a Participant on the Vesting Date, which shall be a Market Day falling as soon as practicable after the Release of such Award in accordance with Rule 7.1(a) and, on the Vesting Date, the Administration Committee will procure the allotment or transfer to each Participant of the number of Shares so determined.
  - (c) Where New Shares are allotted upon the Vesting of any Award, the Company shall, as soon as practicable after such allotment, apply to the SGX-ST for the listing and quotation of such Shares.
- 7.2 Shares which are allotted or transferred on the Release of an Award to a Participant shall be registered in the name of, or transferred to, CDP to the credit of the securities account of that Participant maintained with CDP or the securities sub-account of that Participant maintained with a Depository Agent.
- 7.3 New Shares allotted and issued, and existing Shares procured by the Company on behalf of the Participants for transfer, upon the Release of an Award shall:
- (a) be subject to all the provisions of the Articles and the Memorandum of Association of the Company; and
  - (b) rank for any dividend, right, allotment or other distribution on the Record Date of which is on or after the relevant Vesting Date and (subject as aforesaid) will rank *pari passu* in all respects with the Shares then existing.

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## **APPENDIX F — RULES OF THE KORI PERFORMANCE SHARE PLAN**

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### **8. LIMITATION ON THE SIZE OF THE PLAN**

The aggregate number of Shares which may be issued and/or transferred pursuant to Awards granted under the Plan on any date, when added to the number of Shares issued and issuable and/or transferred and transferrable in respect of (a) all Awards granted under the Plan, and (b) all options granted under any other share option, share incentive, performance share or restricted share plan implemented by the Company and for the time being in force, shall not exceed 15.0% of the number of all issued Shares (excluding treasury shares, as defined in the Companies Act) on the day preceding that date.

### **9. ADJUSTMENT EVENTS**

9.1 If a variation in the issued share capital of the Company (whether by way of a capitalisation of profits or reserves, rights issue, reduction, subdivision, consolidation, distribution or otherwise) shall take place, then:

- (a) the class and/or number of Shares which are the subject of an Award to the extent not yet Vested and the rights attached thereto; and/or
- (b) the class and/or number of Shares in respect of which Awards may be granted under the Plan,

may, at the option of the Administration Committee, be adjusted in such manner as the Administration Committee may determine to be appropriate, provided that any such adjustment shall be made in such a way that a Participant will not receive a benefit that a Shareholder does not receive.

9.2 Unless the Administration Committee considers an adjustment to be appropriate, the issue of securities as consideration for an acquisition or a private placement of securities, or the cancellation of issued Shares purchased or acquired by the Company by way of a market purchase of such Shares undertaken by the Company on the SGX-ST during the period when a share purchase mandate granted by Shareholders (including any renewal of such mandate) is in force, shall not normally be regarded as a circumstance requiring adjustment.

9.3 Notwithstanding the provisions of Rule 9.1, any adjustment (except in relation to a capitalisation issue) must be confirmed in writing by the Auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.

9.4 Upon any adjustment being made pursuant to this Rule 9, the Company shall notify the Participant (or his duly appointed personal representatives where applicable) in writing and deliver to him (or his duly appointed personal representatives where applicable) a statement setting forth the class and/or number of Shares thereafter to be issued or transferred on the Vesting of an Award and the date on which such adjustment shall take effect.

9.5 Notwithstanding the provisions of Rule 9.1 or that no adjustment is required under the provisions of the Plan, the Administration Committee may, in any circumstances where it considers that no adjustment should be made or that it should take effect on a different date or that an adjustment should be made to any of the matters referred to in Rule 9.1 notwithstanding that no adjustment is required under the said provisions (as the case may be), request the Auditors to consider whether for any reasons whatsoever the adjustment



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## **APPENDIX F — RULES OF THE KORI PERFORMANCE SHARE PLAN**

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or the absence of an adjustment is appropriate or inappropriate as the case may be, and, after such consideration, no adjustment shall take place or the adjustment shall be modified or nullified or an adjustment made (instead of no adjustment made) in such manner and on such date as shall be considered by such Auditors (acting only as experts and not as arbitrators) to be in their opinion appropriate.

### **10. ADMINISTRATION OF THE PLAN**

- 10.1 The Plan shall be administered by the Administration Committee in its absolute discretion, with such powers and duties as are conferred on it by the Board, provided that no member of the Administration Committee shall participate in any deliberation or decision in respect of Awards granted or to be granted to him or held by him.
- 10.2 The Administration Committee shall have the power, from time to time, to make and vary such arrangements, guidelines and/or regulations (not being inconsistent with the Plan) for the implementation and administration of the Plan, to give effect to the provisions of the Plan and/or to enhance the benefit of the Awards and the Released Awards to the Participants, as it may, in its absolute discretion, think fit.
- 10.3 The Company shall bear the costs of establishing and administering the Plan.

### **11. NOTICES**

- 11.1 A Participant shall not by virtue of being granted any Award be entitled to receive copies of any notices or other documents sent by the Company to Shareholders of the Company.
- 11.2 Any notice or other communication between the Company and a Participant may be given by sending the same by prepaid post or by personal delivery to, in the case of the Company, its registered office and, in the case of the Participant, his address as notified by him to the Company from time to time.
- 11.3 Any notice or other communication sent by post:
  - (a) by the Company shall be deemed to have been received 24 hours after the same was put in the post properly addressed and stamped and/or;
  - (b) by the Participant shall be deemed to have been received when the same is received by the Company at the registered office of the Company.

### **12. MODIFICATIONS TO THE PLAN**

- 12.1 Any or all the provisions of the Plan may be modified and/or altered at any time and from time to time by resolution of the Board, except that:
  - (a) no modification or alteration shall be made which would adversely affect the rights attached to any Award granted prior to such modification or alteration except with the prior consent in writing of such number of Participants who, if their Awards were Released to them upon the expiry of all the Vesting Periods applicable to their Awards, would be entitled to not less than 75.0% of the aggregate number of the Shares which would fall to be vested upon the Release of all outstanding Awards upon the expiry of all the Vesting Periods applicable to all such outstanding Awards;

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## **APPENDIX F — RULES OF THE KORI PERFORMANCE SHARE PLAN**

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- (b) no modification or alteration to the definitions of “Associate”, “Administration Committee”, “Controlling Shareholders”, “Employee”, “Participant”, “Performance Period” and “Vesting Period” and the provisions of Rules 4, 5, 7, 8, 9, 10 and this Rule 12 shall be made to the advantage of Participants except with the prior approval of the Shareholders of the Company in general meeting; and
  - (c) no modification or alteration shall be made without the prior approval of the SGX-ST and such other regulatory authorities as may be necessary.
- 12.2 Notwithstanding anything to the contrary contained in Rule 12.1, the Board may at any time by resolution (and without other formality, save for the prior approval of the SGX-ST) amend or alter the Plan in any way to the extent necessary to cause the Plan to comply with any statutory provision or the provision or the regulations of any regulatory or other relevant authority or body (including the SGX-ST).
- 12.3 Written notice of any modification or alteration made in accordance with this Rule 12 shall be given to all Participants but accidental omission to give notice to any Participant(s) shall not invalidate any such modifications or alterations.

### **13. TERMS OF EMPLOYMENT UNAFFECTED**

Notwithstanding the provisions of any other Rule:

- (a) the Plan or any Award shall not form part of any contract of employment between the Company and/or any Subsidiary and/or any Employee and the rights and obligations of any individual under the terms of the office or employment with any such company shall not be affected by his participation in the Plan or any right which he may have to participate in it or any Award which he may be granted and the Plan or any Award shall afford such an individual no additional rights to compensation or damages in consequence of the termination of such office or employment for any reason whatsoever (whether lawful or not); and
- (b) the Plan shall not confer on any person any legal or equitable rights (other than those constituting the Awards themselves) against the Company and/or any Subsidiary directly or indirectly or give rise to any cause of action at law or in equity against any such company, its directors or employees.

### **14. DURATION OF THE PLAN**

- 14.1 The Plan shall continue to be in operation at the discretion of the Administration Committee for a maximum period of 10 years commencing on the Adoption Date, provided always that the Plan may, subject to applicable laws and regulations, continue beyond the above stipulated period with the approval of the Shareholders of the Company by ordinary resolution in general meeting and of any relevant authorities which may then be required.
- 14.2 The Plan may be terminated at any time by the Administration Committee and by resolution of the Company in general meeting, subject to all relevant approvals which may be required and if the Plan is so terminated, no further Awards shall be granted by the Company hereunder.
- 14.3 The termination of the Plan shall not affect Awards which have been granted, whether such Awards have been Released (whether fully or partially) or not.

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## APPENDIX F — RULES OF THE KORI PERFORMANCE SHARE PLAN

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### 15. ANNUAL REPORT DISCLOSURE

The Company shall make the following disclosures in its annual report to Shareholders for the duration of the Plan:

- (a) the names of the members of the Administration Committee;
- (b) information as required in the table below for the following Participants:
  - (i) Participants who are Directors;
  - (ii) Participants, other than those in (i) above, who receive Awards comprising Shares representing 5.0% or more of the aggregate of:
    - (1) total number of New Shares available under the Plan; and
    - (2) the total number of existing Shares purchased for delivery of Released Awards under the Plan.

Name of Participant	Number of New Shares allotted pursuant to Release of Awards under the Plan during financial year under review (including terms)	Number of existing Shares purchased for delivery pursuant to Release of Awards under the Plan during financial year under review (including terms)	Aggregate number of New Shares allotted and existing Shares purchased for delivery since commencement of the Plan to end of financial year under review	Aggregate number of Shares comprised in Awards which have not been Released as at the end of the financial year under review
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- (c) in relation to the Plan, the following particulars:
  - (i) the aggregate number of Shares comprised in Awards granted since the commencement of the Plan to the end of the financial year under review;
  - (ii) the aggregate number of Shares comprised in Awards which have Vested during the financial year under review and in respect of such Awards, the proportion of:
    - (1) New Shares issued; and
    - (2) where applicable, existing Shares purchased, including the range of prices at which such Shares have been purchased,upon the Vesting of Released Awards; and
  - (iii) the aggregate number of Shares comprised in Awards which have not been Released as at the end of the financial year under review.
- (d) if any of the disclosures above in the foregoing of this Rule 15 is not applicable, an appropriate negative statement will be included in the annual report.

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## **APPENDIX F — RULES OF THE KORI PERFORMANCE SHARE PLAN**

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### **16. ABSTENTION FROM VOTING**

Participants who are Shareholders are to abstain from voting on any Shareholders' resolution relating to the Plan. Participants may act as proxies of Shareholders of the Company in respect of the votes of such Shareholders in relation to any such resolution provided that specific instructions have been given in the proxy forms on how the votes are to be cast in respect of the resolution.

### **17. TAXES, COSTS AND EXPENSES OF THE PLAN**

- 17.1 Notwithstanding anything herein, each Participant shall be responsible for all fees of CDP relating to or in connection with the issue and allotment or transfer of any Shares pursuant to the Release of any Award in CDP's name, the deposit of share certificate(s) with CDP, the Participant's securities account with CDP, or the Participant's securities sub-account with a CDP Depository Agent.
- 17.2 The Participants shall be responsible for obtaining any governmental or other official consent that may be required by any country or jurisdiction in order to permit the grant or Vesting of the relevant Award. All taxes (including income tax) arising from the grant or Vesting of any Award under the Plan shall be borne by that Participant. The Company shall not be responsible for any failure by the Participant to obtain any such consent or for any tax or other liability to which the Participant may become subject as a result of his participation in the Plan.

### **18. DISCLAIMER OF LIABILITY**

Notwithstanding any provisions herein contained, the Company, its Directors or employees or the Administration Committee shall not under any circumstances be held liable for any costs, losses, expenses liabilities or damages whatsoever and howsoever arising in respect of any matter under or in connection with the Plan, including but not limited to any delay or failure to issue, or procure the transfer of, the Shares or to apply for or procure the listing of new Shares on the SGX-ST in accordance with Rule 7.1(c) (and any other stock exchange on which the Shares are quoted or listed).

### **19. DISPUTES**

Any disputes or differences of any nature arising hereunder (other than matters to be confirmed by the Auditors in accordance with the Plan) shall be referred to the Administration Committee and its decision shall be final and binding in all respects (including any decisions pertaining to disputes as to interpretation of the Plan or any Rule, regulation, procedure thereunder or as to any rights under the Plan).

### **20. GOVERNING LAW**

The Plan shall be governed by, and construed in accordance with, the laws of the Republic of Singapore. The Participants, by being granted Awards in accordance with the Plan, and the Company submit to the exclusive jurisdiction of the courts of the Republic of Singapore.





**KORI HOLDINGS LIMITED**

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